CORINTHIA

GROUP

2022 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
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 2022, 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 2022, 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.

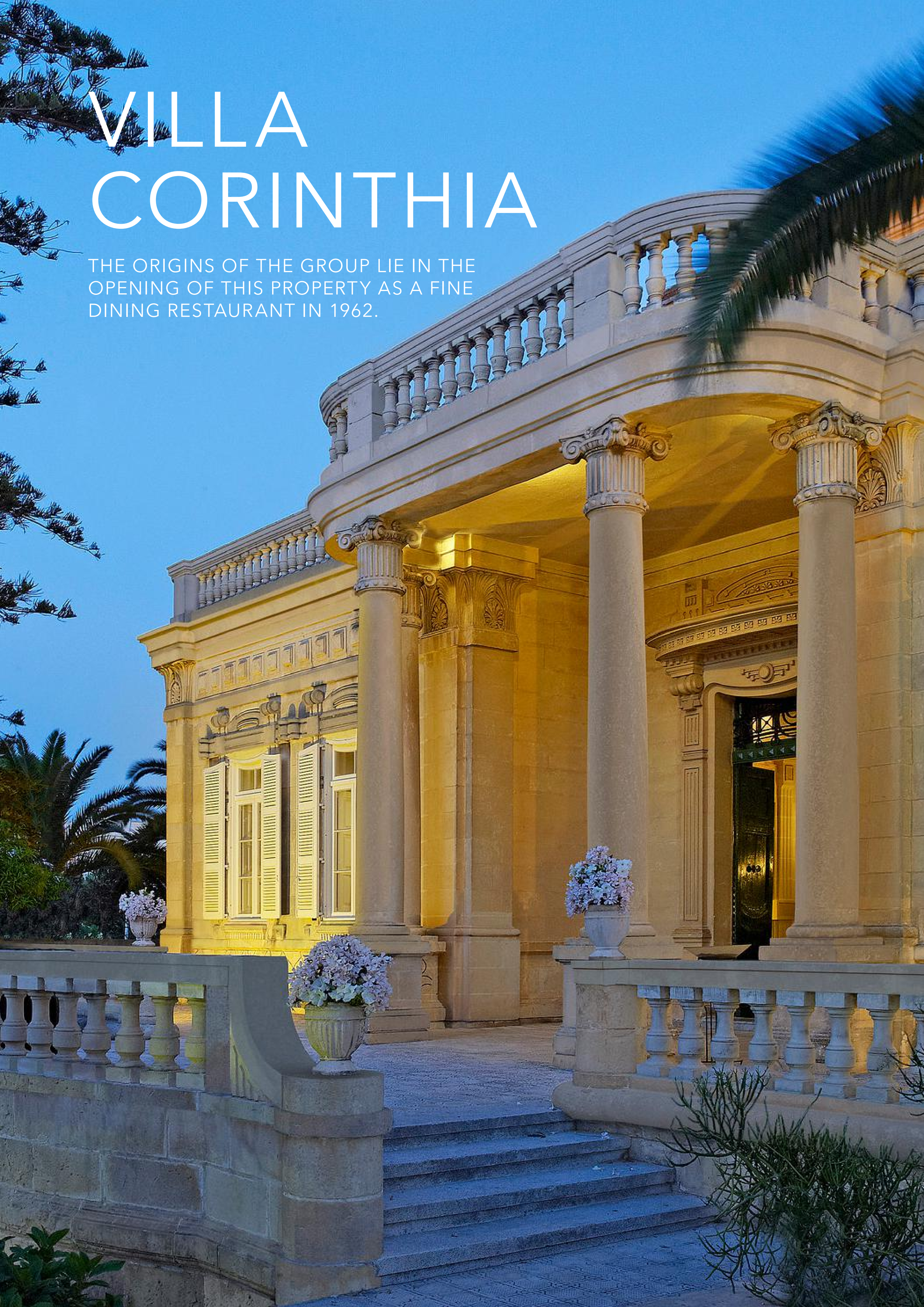
International Hotel Investments p.l.c.
22, Europa Centre Floriana FRN 1400, Malta.
www.corinthiagroup.com

CONTENTS

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.

QPM 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, 414 Rooms · 100% Holding
LISBON	Corinthia Hotel, 518 Rooms · 100% Holding
LONDON*	Corinthia Hotel & Residences, 283 Rooms · 50% Holding
MALTA	Corinthia Palace Hotel – Attard, 147 Rooms · 100% Holding
	Corinthia Hotel – St George's Bay, 248 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
PRAGUE	Corinthia Hotel, 539 Rooms · 100% Holding
ST PETERSBURG	Corinthia Hotel, 388 Rooms · 100% Holding
TRIPOLI	Corinthia Hotel, 300 Rooms · 100% Holding

HOTELS MANAGED

BUCHAREST	Corinthia Hotel, opening 2024, Former Grand Hotel Du Boulevard, 30 Rooms
BUDAPEST	Aquincum Hotel, 310 Rooms
DOHA	Corinthia Hotel, Residences, Golf & Yacht Club, opening 2025, 110 Rooms
KHARTOUM	Corinthia Hotel, 230 Rooms
NEW YORK	opening 2024, 100 Rooms, 12 Residences
PRAGUE	Panorama Hotel, 441 Rooms
ROME	Corinthia Hotel, opening 2024, 60 Rooms
TUNIS	Ramada Plaza, 309 Rooms
MALTA	Verdi Hotel, 106 Rooms
RIYADH	Corintorinthia Hotel and Residences, opening 2025, 80 Rooms and 10 Residential Villas

LAND & COMMERCIAL PROPERTIES

BUDAPEST	Royal Residences
LONDON	10, Whitehall Place Residences
MALTA	Corinthia Oasis, (Detailed Design Underway)
ST PETERSBURG	Nevskij Plaza Shopping & Office Centre
TRIPOLI	Corinthia Commercial Centre

*PARTLY OWNED


BRUSSELS
BUCHAREST
BUDAPEST
DOHA
KHARTOUM
LISBON
LONDON
MALTA
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

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).

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.

JOSEPH PISANI

Founder director and member of the main board of CPHCL 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.

RICHARD CACHIA CARUANA

Joined the Board of IHI in 2022 as an independent director. He is also an Independent Director, Chairperson of the IHI Audit Committee and the IHI Remuneration and Nominations Committee. He has occupied senior positions within the Maltese government and the European Union. In particular, he was Malta's Chief Negotiator for its EU accession negotiations, a long-serving Chief of Staff to the Maltese Prime Minister and Member of the EU's Committee of Permanent Representatives.

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.

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.

MOHAMED MAHMOUD SHAWSH

Joined the Board of IHI in 2022. Mr Shawsh holds the position of Chief Investment Officer at LAFICO. Prior to taking up this position in 2021, Mr Shawsh occupied several senior positions within subsidiaries of LAFICO and International Companies including BP Exploration, Libya. He is experienced in digital transformation, financial investments and risk management. Mr Shawsh holds a bachelor's degree in Accounting and Finance from the National Institute of Business Administration in Tripoli and a high diploma in accounting and finance, from the High Institute of Administrative and Financial Occupations, Tripoli.

JEAN-PIERRE SCHEMBRI

Company Secretary and Chief Administrative Officer, 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 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 2022

INDIRIZZ TAĊ-CHAIRMAN GĦAS-SENA LI GĦALQET FIL-31 TA' DIĊEMBRU 2022

Dear fellow shareholders,

I look forward to having the opportunity to once again meet you at the forthcoming AGM. It is important and uplifting for me to meet you, especially after the challenging times we had to face during the pandemic when travel and people- to-people contact had become difficult and at times impossible.

I must express my sincere gratitude and appreciation for the loyalty and commitment you have shown towards the Company, and for your sustained investment during these difficult times. I am confident that in the years to come, you will remain part of the Company's success as we embark on the road to recovery.

The pandemic continued to pose severe challenges to our business in the first quarter of the year. However, the various vaccination programmes in the different countries within which we operate, coupled with the lifting of travel restrictions, propelled a quick recovery in the second half of 2022, which saw a significant, speedy recovery and an increasing demand for our hotels.

Unfortunately, the pandemic was followed by rising inflation, in particular, the increase in costs of wages, fuel and a wide variety of goods. To mention one area, in 2022, our energy cost increased by 93.48% year on year. Additionally, the increase in interest rates by the monetary authorities to combat inflation resulted in a significant rise in our cost of borrowing.

Moreover, the war in Ukraine and the situation in Russia have negatively impacted our Hotel and Commercial Centre in St Petersburg while our project in Moscow, in which we have a 10% shareholding, has been put on hold. IHI's interest in St Petersburg represents approximately 5.6% of the Group's total revenue and 8% assets. It is pertinent to point out that due to the uncertainties brought about by the situation in Russia we took the immediate initiative to repay in advance and in full the €40 million loan that was on balance for the Hotel and Commercial centre in St Petersburg.

Despite these challenges, which we have persistently countered to the best of our ability, Corinthia has sustained a healthy recovery.

We have reacted quickly to these developments and issued clear instructions to our management to curtail costs efficiently and recover our losses suffered during the pandemic, no doubt full recovery will require some time. The IHI Board issued clear instructions to keep constant watch on our manning levels, making sure that our personnel levels be reduced by at least 15 per cent less than in 2019. Moreover, we have asked management to keep constant watch and active control of our energy consumption, which combined efforts have had a very positive result.

Operating profit before depreciation and fair value adjustments EBITDA for 2022 amounted to €51.7 million,

Għeżież ħbieb azzjonisti,

Inħares 'l quddiem għall-opportunità li għal darb'oħra niltaqa' magħkom fil-Laqgħa Ġenerali Annwali li jmiss. Għalija hi okkażjoni importanti li niltaqa` magħkom, speċjalment wara ż-żminijiet ta' sfida li kellna ngħaddu minnhom matul il-pandemija meta s-safar u l-kuntatt personali kienu saru diffiċli, u xi drabi impossibbli.

Sinċerament nesprimi l-gratitudni u apprezzament tiegħi għal-lealtà u mpenn li wrejtu lejn il-Kumpanija u għall-investiment tagħkom li sostnejtu matul dawn iż-żminijiet diffiċli. Jien fiduċjuż li fis-snin li ġejjin, intom tibqgħu parti mis-suċċess ta' din il-Kumpanija waqt li nibdew it-triq tal-irkupru.

Il-pandemija kompliet toħloq sfidi iebsin ħafna għall-kummerċ tagħna fl-ewwel kwart tas-sena. Madankollu, id-diversi programmi ta' vaċċinazzjoni f'pajjiżi differenti fejn aħna noperaw, flimkien mat-tneħħija ta' restrizzjonijiet fuq safar, għaġġlu l-irkupru fit-tieni nofs tas-sena 2022, u rajna wkoll żieda fit-talba għall-lukandi tagħna.

Sfortunatament, il-pandemija ġiet segwita b'żieda fl-inflazzjoni, b'mod partikolari b'żieda fl-ispiża tal-pagi, il-karburant u numru kbir ta' oġġetti. Biex insemmi qasam wieħed, fis-sena 2022, l-ispiża tagħna għall-enerġija żdiedet bi 93.48% minn sena għall-oħra. Barra minn hekk, iż-żidiet imħabbra mill-awtoritajiet monetarji fir-rati tal-imgħax komplew ikabbru b'mod sinifikanti l-ispiża tas-self tagħna.

Ukoll, il-gwerra fl-Ukrajna u s-sitwazzjoni fir-Russja laqtu b'mod negattiv il-Lukanda u ċ-Ċentru Kummerċjali tagħna f'San Petroburgu, waqt li l-proġett tagħna f'Moska, fejn għandna 10% tal-ishma, għalissa ġie sospiż. L-interess ta' IHI f'San Petroburgu jirrappreżenta madwar 5.6% tad-dħul totali tal-Grupp u 8% tal-assi.

Hu xieraq li nsemmi li minħabba l-inċertezzi maħluqa mis-sitwazzjoni fir-Russja, aħna minnufih ħadna l-inizjattiva li nħallsu bil-quddiem is-self kollu ta' €40 miljun li kien il-bilanċ dovut għal-Lukanda u ċ-Ċentru Kummerċjali f'San Petroburgu.

Minkejja dawn l-isfidi, li aħna ġġilidna b'mod persistenti u bl-aħjar ħidma tagħna, il-Corinthia sostniet irkupru b'saħħtu.

Aħna irreaġixxejna malajr għal dawn l-iżviluppi u ħriġna struzzjonijiet ċari lill-Maniġment biex innaqqsu l-ispejjeż b'mod effiċjenti u b'hekk nirkupraw it-telf li sofrejna matul il-pandemija. Bla dubju, l-irkupru totali jieħu aktar żmien. Għalhekk, il-Bord tal-IHI ħareġ struzzjonijiet ċari biex jiġi monitorat il-livell tal-impjieg, waqt li nassiguraw li dan il-livell tal-impjieg jonqos mill-inqas bi 15% minn dak tas-sena 2019. Barra minn hekk staqsejna lill-Maniġment biex jiġi kontrollat il-konsum tal-enerġija. Dawn l-isforzi flimkien għandhom ikollhom riżultat tassew pożittiv.

Il-profitt operattiv qabel id-deprezzament u l-aġġustamenti tal-valur ġust (EBITDA) għas-sena 2022 ammontaw għal which, when compared to 2021, shows an improvement of €25.2million. It is appropriate to note that in 2019 our EBITDA figure hit €69.8 million. 2022 Revenue was at €238.2 million, with the hotels segment increasing by 95% year on year. The overall revenue level stood at 89% of 2019. Looking forward to 2023, we are forecasting a further improvement in our performance, which should bring us closer to the 2019 results.

DEVELOPMENT OF REAL ESTATE

When IHI was first set up as a public Company, our main business for the first ten years was developing hotels and real estate with the objective of ultimately operating them under the Corinthia Brand. Today, we can affirm that our brand has achieved global recognition, especially with the opening of our London Hotel in 2011. In the forthcoming 12/18 months, IHI will be operating seven new properties, thus further consolidating the strength and image of our brand.

Whilst taking on board the management of third-party hotel properties is a faster and less capital-intensive way to display our Corinthia Flag, one must not, on the other hand, overlook the capital gain achieved when acting as a developer, where, after buying at a correct price and developing at competitive rates, the opening of a new property would generally result in a minimum of 20% gain.

Subsequently, with the maturity of the business, it is estimated that the best time to sell a successful hotel is between five and seven years. This would be the norm to realise the maximum gain, allowing us the opportunity to partially re-invest and distribute dividends. I firmly believe that we should not lose sight of the importance of this strategy of continuing to invest in hotels and real estate development. Whilst aggressively pursuing the management of third-party hotels, we must nonetheless continue to pursue the possibility of further investments in hotel and real estate in fact, our management is currently evaluating several proposals for investments in Europe and beyond.

SALE OF PRAGUE HOTEL

We have, once again, put the Corinthia Hotel in Prague on the market. You will recall that before the pandemic, we had almost completed the sale of this property however, the deal had come to a halt because of the pandemic. We trust that we can be successful this time round, though I hasten to add that we will obviously only sell this hotel if and when the right offer comes along.

Separately, there is an additional plot of land adjacent to the Prague Hotel, which could also be developed for offices. The location of both the hotel and adjacent site is excellent as it commands magnificent views of Prague and is only 100 meters away from the underground, being just two stops away from central Prague.

€51.7 miljun. Meta mqabbel mas-sena 2021, dan juri titjib ta' €25.2 miljun. Hu tajjeb li ninnotaw li fl-2019 l-EBITDA tagħna laħqet €69.7 miljun. Id-dħul fl-2022 kien ta' €238.2 miljun, meta t-taqsima tal-lukandi żdiedet b'95% sena b'sena. B'hekk il-livell tad-dħul totali kien ilaħħaq mad- 89% tas-sena 2019.

Meta nħarsu 'l quddiem għal 2023, aħna nbassru aktar titjib fil-prestazzjoni tagħna li għandha tkun aktar qrib ir-riżultati tas-sena 2019.

ŻVILUPP TA' PROPRJETÀ IMMOBBLI

Meta IHI saret kumpanija pubblika, in-negozju prinċipali tagħna fl-ewwel għaxar snin kien l-iżvilupp tal-lukandi u proprjetà immobbli sabiex noperawhom taħt il-marka 'Corinthia'. Illum nistgħu nistqarru li l-marka tagħna kisbet rikonoxximent globali, speċjalment bil-ftuħ tal-Lukanda tagħna f'Londra fl-2011. F'dawn it-12/18 -il xahar li ġejjin, IHI ser tkun qed tmexxi seba' proprjetajiet ġodda, u b'hekk tikkonsolida aktar is-saħħa u l-immaġini tal-marka tagħna.

Waqt li hu minnu li t-tmexxija ta' lukandi proprjetà ta' terzi hu proċess aktar mgħaġġel u jkollu bżonn ferm inqas kapital biex inkattru l-bandiera ta' Corinthia, m'għandniex min-naħa l-oħra ninsew il-qligħ kapitali li wieħed jagħmel meta jaħdem ta' żviluppatur wara li jkun xtara bi prezz tajjeb u żviluppa b'rati kompetittivi. F'dan il-każ, il-ftuħ ta' proprjetà ġdida twassal għal qligħ ta' mill-anqas 20%.

Wara li n-negozju jimmatura, hu stmat li l-aħjar żmien biex tbiegħ lukanda li rnexxiet hu bejn ħamsa u seba' snin. Din hi n-norma biex nagħmlu l-akbar qligħ, waqt li jkollna l-opportunità li nerġgħu ninvestu parti minnhom u nqassmu dividendi. Nemmen b'mod qawwi li m'għandniex ninsew l-importanza ta' din l-istrateġija li nkomplu ninvestu f'lukandi u proprjetà immobbli. Waqt li għandna nkomplu bi sħiħ it-tmexxija ta' lukandi ta' terzi, għandna madankollu xorta nkomplu nfittxu aktar possibilitajiet ta' investimenti f'lukandi u proprjetà immobbli. Fil-fatt, il-Maniġment tagħna qiegħed bħalissa jqis diversi proposti ta' investimenti fl-Ewropa u lil hinn.

BEJGĦ TAL-LUKANDA FI PRAGA

Għal darb' oħra, poġġejna 'l Corinthia Hotel ta' Praga fuq is-suq. Tiftakru li qabel il-pandemija konna kważi temmejna l-bejgħ ta' din il-lukanda, liema bejgħ kellu jieqaf minħabba l-pandemija. Nemmnu li għandu jkollna suċċess din id-darba, għalkemm inżid minnufih li aħna ovvjament inbiegħu biss jekk u meta jkollna l-offerta ġusta.

Separatament, hemm biċċa art maġenb il-Prague Hotel li tista' tiġi żviluppata f'uffiċini. Il-post fejn hemm il-lukanda u l-art huma eċċellenti għax hemm vista mill-isbaħ ta' Praga u qegħdin biss 100 metru 'l bogħod mill-underground, b'żewġ waqfiet miċ-ċentru ta' Praga.

DEVELOPMENT PROJECTS

In view of our upcoming openings, in the next 12 to 18 months, our Company will propel itself to new heights. In the pipeline, we have a number of projects in key locations in Brussels, Rome, New York, Doha, and Bucharest. Moreover, we have recently also signed a management agreement for a hotel in Riyadh, Saudi Arabia. The impact these openings will have on our brand will undoubtedly be substantial, whilst new opportunities will also come our way as a consequence of these new hotel openings.

In addition, plans on the Corinthia Oasis, formerly known as Hal Ferh, incorporating a hotel of 162 keys and 25 hotel-serviced villas, are well advanced as works on the detailed designs have progressed significantly whilst works on the road widening are currently underway. The amended permit should be in hand before end 2023 and our timetable is to have the tender document for excavation and civil works ready and issued by the end of this year.

We are also actively working on expanding our brand in the Gulf region. I have just returned from the Gulf, where we held several meetings with distinguished personalities in Oman, UAE, Qatar and Saudi Arabia. I am very confident that this region presents several opportunities for our Group, and we are currently in advanced discussions with several entities to conclude three to four new hotel management agreements in the next 12 months, particularly in Saudi Arabia, Oman and possibly Dubai. These will further expose our brand in a region which is fertile with new challenges, and ever-growing horizons.

During my visit to Jeddah, we signed a Memorandum of Understanding (MoU) with the Jeddah Central Development Company (JCDC), a wholly-owned company of the Public Investment Fund (PIF) and the master developer of the Jeddah Central development. The MoU provides a basis to explore cooperation in developing and operating assets within the Marina district.

The MoU establishes a framework for CHL, our hotel management company, and QP, our project management company, to develop and operate assets within the Marina District. The Marina is part of the Jeddah Central 9.5-kilometre waterfront on the Red Sea. The Marina will serve as a gateway to the city on the Red Sea coast, creating a thriving residential marine community, hotels, including recreational facilities, retail outlets, restaurants, and cafes.

The many challenges and opportunities ahead are most exciting and will intensify our determination to move forward. We have never considered challenges as hurdles but view them as opportunities. By playing our cards correctly, we will indeed become a global leader in our industry.

OUR STRATEGY

If anyone had to ask me about our vision when we started our Company, I would have never imagined that Corinthia would

PROĠETTI TA' ŻVILUPP

Minħabba dawn il-fatturi fit-12 sa 18-il xahar li ġejjin, il-Kumpanija ser tilħaq quċċati ġodda. Għandna ppjanati numru ta' proġetti f'lokalitajiet ġodda f'pożizzjonijiet ewlenin ġewwa Brussell, Ruma, New York, Doha u Bukarest. Barra minn hekk, dan l-aħħar iffirmajna ftehim ta' management għal-lukanda f'Riyadh, Arabja Sawdija. L-impatt ta' dawn il-ftuħ fuq il-marka tagħna ser ikun, bla dubju, wieħed sostanzjali waqt li ser jinħolqu opportunitajiet ġodda konsegwenza tal-ftuħ ta' dawn il-lukandi.

Barra minn hekk, il-pjanijiet għal Corinthia Oasis, qabel magħrufa bħala Ħal-Ferħ, li tinkorpora lukanda ta' 162 ċavetta u 25 villa b'servizz offrut mil-lukanda, huma avvanzati billi xogħlijiet fuq disinji dettaljati mxew 'il quddiem sew, waqt li t-twessiegħ tat-triq qed isir. Il-permess emendat għandu jkun f'idejna qabel l-aħħar tal-2023 u l-iskeda tagħna hi li jkollna d-dokument tat-tender għall-iskavar u xogħlijiet ċivili lest u maħruġ sal-aħħar ta' din is-sena.

Qegħdin ukoll naħdmu biex nespandu l-marka tagħna fir-Reġjun tal-Golf Għarbi. Jien għadni kif ġejt lura mill-Golf fejn kelli ħafna laqgħat ma' personalitajiet distinti fl-Oman, l-UAE, il-Qatar u l-Arabja Sawdija. Inħossni kunfidenti tassew li dan ir-reġjun joffri diversi opportunitajiet għall-Grupp tagħna. Bħalissa għaddejjin ukoll b'diskussjonijiet avvanzati ma' entitajiet differenti biex nikkonkludu tlieta jew erba' ftehim ta' tmexxija ta' lukandi ġodda fi żmien dawn it-12 -il xahar li ġejjin, partikolarment fl-Arabja Sawdija, l-Oman u possibbilment f'Dubai. Dawn ser ikomplu jesponu aktar l-isem ta' Corinthia f'reġjun fertili bi sfidi ġodda u orizzonti li dejjem jikbru.

Tul il-mawra tiegħi f'Jedda, iffirmajna Memorandum of Understanding mal-Jeddah Central Development Company, li hi kumpanija kollha kemm hi proprjetà tal-Public Investment Fund u l-iżviluppaturi ewlieni ta' Jeddah Central Development. Dan il-Memorandum jipprovdi bażi biex nesploraw kooperazzjoni fl-iżvilupp u operat tal-assi ġewwa d-distrett tal-Marina.

Il-Memorandum jistabbilixxi qafas għal CHL, il-kumpanija tagħna tal-immaniġġjar tal-lukandi, biex tiżviluppa u topera assi fid-distrett tal-Marina, parti mill-Jeddah Central, waterfront ta' 9.5 kilometri fuq il-Baħar l-Aħmar. Il-Marina ser isservi bħala aċċess għall-belt fuq ix-xatt tal-Baħar l-Aħmar, u b'hekk toħloq komunità ta' marina residenzjali, lukandi b'faċilitajiet ta' rikreazzjoni, ħwienet, restoranti u caffe`.

Dawn l-isfidi u opportunitajiet li ġejjin huma tassew importanti u jżidu d-determinazzjoni tagħna li nikbru fil-qasam tagħna. Aħna qatt ma kkunsidrajna l-isfidi bħala ostakli imma pjuttost dejjem narawhom bħala opportunitajiet. Jekk nilgħabu tajjeb l-karti tagħna, ser insiru tassew mexxejja globali fl-industrija tagħna.

L-ISTRATEĠIJA TAGĦNA

Kieku xi ħadd kellu jistaqsini fuq il-viżjoni tagħna meta bdejna l-Kumpanija, ma kont qatt nimmaġina li Corinthia xi darba one day become an international player providing a multi-pronged capability to function as a developer, investor, project manager and ultimately, a hotel operator. As you know, we now offer the following services:

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

This multi-faceted approach has proved very beneficial, especially when certain difficulties may hinder some activities but allow others to operate profitably. We are today quite a unique organisation as few companies worldwide offer such diverse services of a one-stop shop. And I am confident this evolution will continue to progress further.

Looking forward, our business strategy is based on a number of pillars, namely:

- Maximising revenue and profitability from our hotel operations and other businesses;
- Disposing of non-core properties and others which are mature in terms of gains to be made and properties which can never fit our Corinthia Brand standards; and
- Putting our Corinthia flag on luxury third-party-owned properties and being ready to have a minority investment in such properties when the right opportunity presents itself.

QP

QP has developed into a one-stop-shop for project management and architectural-related services and is now the largest architectural firm in Malta, working on various projects in Malta and overseas. At the same time, in order to maximise its earning potential, QP is actively seeking development opportunities in international markets.

UPSCALE BRAND (FOUR STAR/UPSCALE)

Corinthia has, over many years, focused on developing a luxury brand. The name Corinthia has now become synonymous with this level of service and is widely recognised internationally. Nevertheless, in looking forward to expanding our reach, we see the need to also provide hotel management services for what the industry defines as upscale properties, at the upper four and lower five-star levels, of which there are many more on the market. In fact, we already do manage a number of such properties under white-label agreements.

In this context, we are actively working on setting up a second brand, positioned to include upscale hotels which cannot be serviced by the Corinthia brand.

This second brand will be called Verdi Hotels, and we plan to launch it later this year and expand internationally in the next 12-15 months, managing hotels which are both internally

ser issir entità internazzjonali li tipprovdi kapaċità multipla li tiffunzjona bħala żviluppatur, investitur, maniġer ta' proġetti, u fl-aħħar operatur ta' lukandi. Bħal ma tafu, aħna noffru dawn is-servizzi:

- Sidien ta' proprjetà permezz ta' IHI;
- Żviluppaturi permezz ta' CDI;
- Maniġers ta' proġetti permezz ta' QP;
- Maniġers ta' lukandi permezz ta' CHL; u
- Catering industrijali permezz ta' Corinthia Caterers.

Dan l-approċċ multiplu wera li hu ta' benefiċċju, speċjalment meta ċerti diffikultajiet jistgħu jxekklu xi attivitajiet waqt li jħallu oħrajn joperaw bi qligħ. Illum aħna organizzazzjoni pjuttost unika għax huma ftit il-kumpaniji fid-dinja li joffru servizzi daqshekk diversi bħala one-stop-shop. Jiena fiduċjuż li din l-evoluzzjoni ser tkompli timxi aktar 'l quddiem.

Meta nħarsu 'l quddiem, l-istrateġija tan-negozju tagħna hi bbażata fuq numru ta' pilastri, jiġifieri:

- Nimmassimizzaw id-dħul u l-profitti mit-tmexxija tal-lukandi u negozju ieħor;
- Nbiegħu proprjetajiet mhux essenzjali u oħrajn li laħqu l-quċċata f'terminu ta' qligħ li jista' jsir, u proprjetajiet li jistonaw mal-istandards tal-marka Corinthia; u
- Inpoġġu l-bandiera tagħna ta' Corinthia fuq proprjetajiet lussużi ta' terzi li jkunu lesti jaċċettaw investiment ta' minoranza meta l-opportunità tajba tippreżenta ruħha.

QP

QP żviluppat f'one-stop-shop għall-immaniġġjar ta' proġetti u servizzi arkitettoniċi. Illum saret l-akbar ditta arkitettonika f'Malta, u taħdem fuq diversi proġetti kemm ġewwa Malta kif ukoll barra minn xtutna. Fl-istess waqt, sabiex timmassimizza l-potenzjal tagħha ta' qligħ, QP attivament tfittex opportunitajiet fi swieq internazzjonali.

MARKA *UPSCALE* (4 STILEL / *UPSCALE*)

Għal ħafna snin, Corinthia iffokat fuq żvilupp ta' marka ta' lussu. L-isem Corinthia issa sar sinonimu ma' dan il-livell ta' servizz u hu rikonoxxut internazzjonalment. Madankollu, meta nħarsu 'l quddiem biex nespandu aktar, inħossu l-bżonn li wkoll nipprovdu servizzi ta' tmexxija ta' lukandi li l-industrija tikkonsidra ta' lussu, ta' livelli ta' erba' jew ħames stilel, li hawn ħafna aktar minnhom fis-suq. Fil-fatt, diġà qed immexxu numru ta' proprjetajiet bħal dawn taħt ftehim white label. F'dan il-kuntest, aħna qed naħdmu bi sħiħ biex noħolqu t-tieni marka li tinkludi lukandi ta' lussu li ma jistgħux jitmexxew bil-marka Corinthia.

Din it-tieni marka ser tissejjah 'Verdi Hotels' u qed nippjanaw li nvarawha aktar tard din is-sena, u nespanduha internazzjonalment fil-perjodu bejn it-12 u l-15 il-xahar li ġejjin. Din ser tmexxi lukandi li huma proprjetà tagħna, kif ukoll oħrajn ta' msieħba eżistenti u ta' terzi persuni.

owned as also others owned by existing partners and other third parties.

While initially being set up as an extension of the Corinthia Hotels management platform, it is the intention to establish Verdi Hotels as a stand-alone business with its own Board and management infrastructure.

We are further emphasizing our industrial catering, where we are taking steps to reinforce our industrial catering in Malta, restart this business in Libya, and seek new potential markets elsewhere.

LOOKING FORWARD

I have in the past given you a clear commitment that at the right time, we will go for a second listing in a liquid market and increase the free float to a minimum of 25 per cent. This will involve raising some 250 million shares. One can only imagine the Company's potential growth with such funds in hand.

Going for a second listing is not a short-term project. Much preparation is needed with the support of our international brokers. Amongst other things, we will need to take some crucial decisions, in particular:

- Continue to strengthen our corporate governance structures;
- Maximise exigencies resulting in improved profits in all our operations; and
- Be in a position to deliver regular dividends to our shareholders. This will be possible once we sell a number of non-core properties and reduce our debt commitments.

In the meantime, our discussions with UDC have slowed down, in view of the unfavorable current climate in the World's financial markets. However, these discussions are still ongoing and we will keep you updated with any future developments.

CORINTHIA FAMILY

I CANNOT EMPHASISE ENOUGH THAT IN OUR GROWTH PROCESS, WE MUST ALSO ENSURE TO RETAIN A FIRM HOLD ON OUR FOUNDATIONS WHICH ARE OUR VALUES OF INTEGRITY, FAMILY, COMMITMENT, AND PASSION, AS THESE ELEMENTS ULTIMATELY GIVE US A CUTTING EDGE OVER OUR COMPETITION.

In our constant and determined drive forward, Corinthia has always remained faithful to its guiding principles embodied in 'The Spirit of Corinthia'. We have also ingrained in our colleagues, the employees, in every country where we

Għalkemm din il-marka għall-bidu ser titwaqqaf bħala estensjoni tal-pjattaforma ta' tmexxija ta' Corinthia Hotels, l-intenzjoni tagħna hi li nistabbilixxu l-Verdi Hotels bħala negozju indipendenti bil-marka u struttura ta' tmexxija tiegħu.

Barra minn hekk, qed nenfasizzaw aktar il-catering industrijali tagħna fejn qegħdin nieħdu passi biex, barra li ninfurzaw dan f'Malta, nerġgħu nibdew dan in-negozju fil-Libja u nfittxu swieq potenzjali ġodda f'postijiet oħra.

INĦARSU 'L QUDDIEM

Fil-passat kont tajt impenn ċar li fi żmien propizju, aħna mmorru għat-tieni listing f'suq likwidu u nżidu l-free float għall-minimu ta' 25%. Dan jinvolvi li nżidu madwar 250 miljun sehem. Wieħed jista' jimmaġina kemm jista' jikber il-potenzjal tal-Kumpanija b'dawn il-fondi f'idejha.

Li mmorru għat-tieni listing, mhux proġett ta' terminu qasir. Hemm bżonn ta' ħafna preparazzjoni bl-għajnuna tal-brokers internazzjonali tagħna. Fost oħrajn, ikollna nieħdu deċiżjonijiet kruċjali, partikolarment:

- Inkomplu nsaħħu l-istrutturi tagħna tal-corporate governance;
- Nimmassimizzaw l-esiġenzi li jwasslu għal titjib fi profitti fl-operazzjoniet kollha tagħna; u
- Inkunu f'pożizzjoni li regolarment inqassmu dividendi lill-azzjonisti. Dan ikun possibbli meta nbiegħu numru ta' proprjetajiet mhux essenzjali u nnaqqsu d-debiti.

Sadanittant, ir-ritmu tad-diskussjonijiet tagħna ma' UDC naqas minħabba l-klima kurrenti sfavorevoli fis-swieq finanzjarji tad-dinja. Madankollu, dawn id-diskussjonijiet għadhom għaddejjin u nżommukom infurmati bi żviluppi ulterjuri.

IL-FAMILJA CORINTHIA

MA NISTAX NISĦAQ BIŻŻEJJED LI FIL-PROĊESS TA' TKABBIR TAGĦNA, GĦANDNA WKOLL NASSIGURAW LI NŻOMMU SOD MAL-VALURI TAGĦNA LI HUMA INTEGRITÀ, FAMILJA, IMPENN, U PASSJONI. FL-AĦĦAR MILL-AĦĦAR, DAWN JAGĦTUNA L-AKBAR VANTAĠĠ FUQ IL-KOMPETITURI TAGĦNA.

Fil-mixja 'l quddiem kostanti u determinata tagħha, Corinthia dejjem baqgħet fidila lejn il-prinċipji ta' gwida magħġuna fl-'Ispirtu ta' Corinthia'. Dejjem nissilna sentiment qawwi ta' għaqda mhux biss bejn kollegi impjegati fi kwalunkwe pajjiż li noperaw, iżda wkoll ma' oħrajn fi bżonn. L-esperjenza tal-COVID mhux biss ma naqqasx dan l-ispirtu iżda saħħaħ id-determinazzjoni tagħna li ngħinu u nkattru qlub twajba. Aħna konxji ħafna minn din il-filosofija ta' familja, l-ispirtu li jeleva ħajjitna.

operate, a strong feeling of camaraderie, not only between themselves but also extending to others in need. The COVID experiences have not only failed to wane this spirit but have boldened the determination to help and engender better hearts. We are very conscious of this family philosophy, the spirit of uplifting lives.

Our culture is the living core of our existence. It distinguishes Corinthia from our competitors as we offer memorable experiences to those who choose our services. My personal philosophy that has shaped the culture of Corinthia over the years is that we all passionately hold and own the aspiration and the responsibility to uplift the lives of our guests and one another. Corinthia is not merely a conglomeration of buildings or places but primarily people and a culture guided by a clear aspiration and spirit. We own and operate luxury and upscale hotels in various parts of the world but what has really driven our success over the past decades is our people, our culture, our purpose.

Much has changed in the world since our humble beginnings, but the family values that have guided our behaviour over the years remain the beacons that guide us to navigate successfully through our challenges and opportunities. This Spirit of Corinthia is our pulsating heart, which distinguishes us from the rest.

We look forward with our typical determination and passion. We see great challenges but equally great opportunities to develop further. The excitement of the future fuels us with the energy and belief that Corinthia's flag will continue to fly with pride and appreciation in more countries to make our name truly global.

We are aware of potential international political and economic turmoil but, as true and valid captains, we shall firmly manage the rudder of our Corinthia ship to overcome the menacing waves.

Dear Shareholders, I conclude by expressing my genuine appreciation to all of you for your trust and support, which nourish our tenacity and determination to offer our very best at all times without fear of the hurdles and problems that sometimes overshadow the scenario in which we operate.

My thanks also go to my colleagues on the Board of Directors, our management and general employees for their active participation in our Corinthia story who all contribute to our Company's success.

Together, we will grow further. Together, we will make Corinthia a global name to be respected and appreciated.

Signed by
ALFRED PISANI
Executive Chairman
on 18 April 2023.

Il-kultura tagħna hi tassew il-qalba tal-eżistenza tagħna. Tiddistingwina mill-kompetituri tagħna għax aħna noffru esperjenzi memorabbli lil dawk li jagħżlu s-servizzi tagħna. Il-filosofija personali tiegħi li għaġnet il-kultura ta' Corinthia tul is-snin, hi li aħna lkoll ngħożżu u nagħmlu tagħna l-aspirazzjonijiet u r-responsabbiltà li nelevaw il-ħajja ta' xulxin u tal-klijenti tagħna. Corinthia mhix biss konglomerazzjoni ta' bini jew postijiet, imma primarjament għaqda ta' kultura u persuni ggwidati bi spirtu u aspirazzjonijiet ċari. Aħna tassew propjetarji w operaturi ta' lukandi lussużi f'ħafna nħawi tad-dinja, iżda dawk li tassew mexxewna għas-suċċess matul l-għexieren ta' snin huma n-nies tagħna, il-kultura tagħna, l-għan tagħna.

Id-dinja rat tibdil kbir minn żmien l-oriġini umli tagħna. Imma l-valuri ta' familja li ggwidaw l-imġieba tagħna tul is-snin jibqgħu d-dwal li jmexxina biex ninnavigaw b'suċċess qalb l-isfidi u l-opportunitajiet. Dan l-Ispirtu ta' Corinthia hu l-qalb tagħna li tħabbat u li tiddistingwina mill-oħrajn.

Inħarsu 'l quddiem bid-determinazzjoni u passjoni tipiċi tagħna. Naraw quddiemna sfidi kbar, iżda fl-istess ħin opportunitajiet daqstant kbar li niżviluppaw aktar. L-eċitament tal-futur isaħħaħ fina l-enerġija u t-twemmin li l-bandiera ta' Corinthia tkompli tittajjar bi kburija u apprezzament f'aktar pajjiżi biex tagħmel isimha tassew wieħed globali.

Aħna konxji mill-potenzjal tat-taqlib politiku u ekonomiku imma, bħall-kaptani veri u validi, inkomplu mmexxu b'mod sod it-tmun tal-vapur Corinthia biex ngħelbu t-theddid tal-mewġ.

Għeżież azzjonisti, nagħlaq billi nesprimi l-apprezzament ġenwin tiegħi lilkom ilkoll għall-fiduċja u l-appoġġ tagħkom li jsaħħu t-tenaċità u d-determinazzjoni tagħna biex noffru l-aħjar fiż-żminijiet kollha, mingħajr biża' ta' ostakoli u problemi li kultant idallmu x-xenarju li fih naħdmu.

Nirringrazzja wkoll lill-kollegi fil-Bord tad-Diretturi, il-Maniġment, u l-impjegati kollha għas-sehem attiv tagħhom fl-istorja tal-Corinthia u li kollha jikkontribwixxu għas-suċċess tal-Kumpanija tagħna.

Flimkien inkomplu nikbru. Flimkien nagħmlu Corinthia isem li jkun rispettat u apprezzat globalment.

Iffirmat minn
ALFRED PISANI
Chairman Eżekuttiv
fit-18 ta' April 2023.

CEO'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Dear Shareholders,

It is my pleasure to present our management report on our business for the year 2022.

This report will dwell on the Group's performance as we emerge from the ravages caused by the pandemic, a reality that lingered well into the year under review, only to be followed and compounded by inflation, rising interest rates, and tight labour markets for the remainder of the year.

On the other hand, whilst reviewing the year from today's relatively comforting vantage point is an opportune moment for introspection on the recent years' calamitous events impacting the hospitality industry, it is equally an opportunity to cast our confident eyes on the period ahead which we anticipate being characterised by progressive recovery and rapid growth.

From a financial perspective, our statements show a year-end breakeven position achieved following the prior years' pandemic losses.

Revenues shot back to €238 million relative to the prior year's €129 million.

EBITDA, in itself a measure of our operating health, rose to €51 million, doubling in real terms from that achieved 2021.

We now expect conversion ratios from Revenue to EBITDA to continue to improve in the years ahead, although we must take note of the fact that the outcome of the pandemic, and the consequences of war in Europe for most of 2022, has been spiralling inflation in payroll, supplies and energy bills, as well as interest rate hikes.

We have of course sought to counter or minimise these pressures by retaining as many of the efficiencies and cost discipline gained in the pandemic years as we can.

On the other hand, the reality of open markets, and the continued curtailment of demand at two of our owned hotels in Tripoli and St Petersburg, means that matching our cost base with corresponding higher occupancies and room rates for overnight stays is not always as possible in the immediate term, in some countries more than others.

The table below focuses on the select elements of our P&L.

	2019 €'000	2020 €'000	2021 €'000	2022 €'000
Owned Hotels Revenue	219,404	63,197	103,595	201,894
Rental Income	13,694	12,520	10,250	11,104
Catering Income	25,081	8,468	10,121	18,533
Fee Income from third parties	10,107	7,724	5,300	6,676
Turnover	**268,286**	**91,909**	**129,266**	**238,207**
Select Costs Highlights				
Payroll	*(93,442)*	*(47,373)*	*(50,528)*	*(86,034)*
Energy	*(8,384)*	*(4,972)*	*(6,007)*	*(11,886)*
Operating results before depreciation and fair value	**69,790**	**(3,807)**	**26,528**	**51,706**
Margin	*26.01%*	*-4.14%*	*20.52%*	*21.71%*
Adjusted operating results before depreciation and fair value*	**60,290**	**(3,173)**	**22,657**	**41,974**
Select Below-the-line Items				
Fair value movements	*5,220*	*(7,481)*	*(4,164)*	*(10,752)*
Depreciation	*(36,766)*	*(35,779)*	*(30,613)*	*(29,164)*
Net interest costs	*(23,219)*	*(22,852)*	*(24,478)*	*(27,720)*
Net profit/Loss before Tax	**13,912**	**(90,362)**	**(39,584)**	**(1,094)**
Tax	**(8,793)**	**14,713**	**9,256**	**(1,248)**
Net profit/Loss after tax	**5,119**	**(75,649)**	**(30,328)**	**(2,342)**

* Adjusted to reflect actual % shareholding ownership in subsidiary operations

The figures above highlight the points made on inflationary cost increases relative to prior years actual costs.

Payroll in particular is impacted negatively by the elimination of pandemic-era subsidies and a gradual rebuilding of our manning levels to cater to demand in our hotels. It is important to highlight that your Board had directed a policy to retain as many of our workforce as possible throughout the pandemic and thereafter, a position that has been vindicated not only by the positive retention of thousands of loyal, trained and hard-working colleagues, but also the reality of labour scarcity in the hospitality industry's post pandemic era.

Payroll and other P&L numbers in 2022 are also impacted by the full consolidation of the Golden Sands Hotel in Malta, following the acquisition of the remaining 50% share held by 3rd parties in 2021.

The same commentary on cost applies to energy, impacted in some countries more than others, as a consequence of conflict in Europe. Global dynamics will no doubt gradually re-align utility costs versus revenue potential but nonetheless, was an immediate term reality in 2022.

The detailed audited financial statements printed later in this annual report also provide a view on the carrying value of our assets. Our Chairman has commented on various occasions on the fact that whilst carrying values reflect 3rd party technical valuations based on projected incomes in our hotels, we have demonstrated over time that a sale of such assets could typically fetch higher pricing given incoming buyers basing offers on a wider potential of the intrinsic real estate of our hotels. This was evidenced in 2019 when we, as operators of a four-star hotel in Prague, successfully sold this hotel on behalf of its owner, one of our institutional shareholders, for a value of €83.5 million versus its carrying value of €46 million. Likewise, we are now in the midst of a formal sales process of our Group's own hotel in Prague, the Corinthia, where initial offers from reputable buyers are significantly in excess of the €89 million carrying value.

In this context, overall, we have been impacted by a very marginal net fair value loss of €3.8 million in our carrying value relative to our property asset values of €1,336 million, albeit relatively further impacted by exchange rate differentials in our Sterling and Rouble valuations for our London and St Petersburg assets respectively.

Taking a broader look, the ownership of hotels and commercial real estate, as distinct to the business of managing our own and partner hotels in return for fees, remains the bedrock of our financial stability. Ultimately, with this value being real and realisable, your Board has directed management to accelerate the process to crystallise gains on our real estate through targeted asset sales, focusing on Prague in 2023, and in the process utilising proceeds to retain healthy debt to value ratios, provide capital for further investment in new Corinthia-branded projects, and augment shareholder returns by cash dividends over and above capital value secured in property.

GOP OWNED HOTELS + SELECT BUSINESS UNITS

GOP is a measure of our hotels' operating income, which funds are required for the payment of such hotels' financing and capital expenditure reserves. All our hotels' performances improved dramatically year on year, as is expected, with some exceeding profits generated in 2019, mostly notable in London where demand and higher room rates have led to a GOP of just under €30 million. In Malta and Lisbon, our six hotels in these locations are at over two thirds the contribution generated in 2019 and well on track to a full recovery in 2023. Our other hotels in Prague and Budapest are recovering at a slower pace in terms of GOP, mostly caused by higher utility bills as explained earlier.

RUSSIA

A word on our investment in St Petersburg is merited. IHI had acquired five properties on the city's main boulevard in January 2002 by way of an amicable debt restructuring process involving the Government of Austria as creditor and various Russian state bodies as counter parties. The acquisition was shortly followed by a comprehensive refurbishment and reconstruction of the three main buildings in the assemblage, resulting in a new five-star Corinthia Hotel and a prominent commercial centre offering offices and retail areas for rent. The investment represents approximately 5.6% of the Group's total revenue and 8% of the Group's assets.

Throughout the years, we have become a responsible and proactive player in the city's hospitality and commercial real estate sector, employing thousands of past and present committed colleagues who we consider members of our wider Corinthia family as much as anyone else in the Group. The conflict arising in 2022, and its repercussions on Russia itself, have been amply recorded. From our angle, as owners of property, which is different to being solely operators or franchisors, our focus is that of protecting our shareholders' full ownership rights, as indeed several other hospitality companies owning property in the country have done. Our hotel and commercial centre thus continue to operate, with demand driven mostly from within Russia itself, not too dissimilar to the pandemic era. At all times, we have ensured and continue to ensure that we adhere to EU rules and regulations and of course, Russian legislation, acting with the advice and support of professional legal firms in Europe and within Russia. It is in this context, that upon advice, we acted rapidly to fully repay an outstanding loan totalling c. €40 million to a Russian Bank which was set to become subject to EU sanctions. This significant and unplanned claim on our cash reserves had of course bore down heavily upon our immediate term cash flow position, which we have mitigated partly, to the tune of €24.5 million, by tapping into EU-subsidised loans intended to support companies impacted by the conflict. Meanwhile, a restructuring of our corporate set up in St Petersburg is underway. On the other hand, our ability to identify €40 million at short notice is in itself testament to the financial wellbeing of the Group.

REFOCUSING

Following two years of emergency planning in relation to the pandemic and significant gaps in manning, the year under review has seen stability return to our operations on an operational front.

Our senior management teams, at IHI plc, at our operating company Corinthia Hotels, and within our owned and operated hotels, are largely back to full complement.

At corporate level, within the structures of IHI plc, we have reinforced our asset management, internal audit, risk, governance and compliance structures by adding resources and qualified personnel, at a time of personnel changes on your Board's statutory audit and remuneration committees. The degree and quantum of regulatory oversight and reporting requirements is ever increasing and, as a plc, we are fully committed to fulfilling all our obligations in this regard.

One area in particular that is gaining relevance to our business is the area of sustainability, covering environmental, governance and social angles. We have in fact recruited a qualified Head of Sustainability positioned within Corinthia Hotels precisely to help formulate policies and coordinate our actions in this field, focusing on our hotel operations initially, and addressing this subject from the point of view of our customers and their expectations, our staff and their aspirations, our funders and their demands and our regulators and their parameters. A sustainability forum grouping senior team members from hotel operations, governance and engineering has in fact been put together to ensure that all our decisions and directions on sustainability practices permeate across the Group.

Within Corinthia Hotels [CHL], we retained our pre-pandemic policy of ensuring we have a full senior team that is world class and of sufficient band width to handle several more operations under management, worldwide. This is seen by us as an investment in our strategy to focus our growth on the provision of management services and our Corinthia brand to 3rd party hotel developers and owners. CHL will increasingly become a mainstay within the Group, and on current operations plus signed up new hotels under construction, we forecast EBITDA to near the €20 million target once these new hotels come on stream and stabilise their income. Furthermore, we want to grow further and are currently negotiating new contracts in several parts of the world.

It is with this growth in mind that we have re-assembled a world class team, longstanding local entrepreneurially minded managers, with a superb cadre of newer colleagues drawn from the world's best companies. CHL is today comprised of divisions which cover:

- Operations, covering our involvement in the design and development of new Corinthia Hotels under development, as well as responsibility for current operations and support to all our hotel GMs, engineering, standards, quality and sustainability
- Finance, covering procurement and IT
- HR, covering culture and people
- Commercial, covering revenue management, sales, PR and marketing, distribution and loyalty programmes
- Business Growth, covering the sourcing of new opportunities and negotiation of agreements for new Corinthia Hotels under management.

Each of these areas is headed by a senior team member, supported by heads and directors responsible for particular areas of expertise.

The team is partly based in our head office in Malta, and in a parallel corporate office in a building CHL acquired in August 2022 in London, right across our own London hotel. We have also registered new entities in the USA and Italy to handle our upcoming operations in these countries, as well as opened a new office in Dubai to cater for our operating needs and support in the Gulf and Africa.

CHL's 10% shareholding and membership of the Global Hotel Alliance continues to reap rewards, principally in generating bookings from customers of our partner hotel chains staying at our own hotels. The alliance, whose board is chaired by CHL for the current period, offers a common loyalty programme for over 25 hotel groups worldwide.

In parallel to focusing growth of the Corinthia Brand in the luxury segment by way of management agreements entered into by CHL, we have also taken the first steps to create a new brand, catering for the upper four star and lower five-star segment, a category known in our industry as the upscale segment. We are in the final stages of registering a new name worldwide. A new team, separate to that of CHL, is being assembled and the first operations under a new brand will be rolled out in 2024, initially by reflagging some of our owned hotels which today are operating without any Brand. As with the Corinthia brand, the new brand will be grown worldwide mostly by way of management agreements.

Finally, we wish to highlight the impressive growth and positioning of QP, our multi-disciplinary design, engineering and project and construction management company providing concept and detailed design, structural and building services, engineering services and construction management services. QP has supported IHI in its developments over the years and is now further expanding internationally in Europe, Africa and the Middle East.

Likewise, on the industrial catering front we have reorganised our senior management with a view to re-energizing this business.

PROJECTS AND GROWTH

In concluding this review, we wish to highlight the state of play in our ongoing Corinthia Hotel developments.

In Rome, Brussels, New York and Bucharest, we are in the advanced stages of construction and refurbishment. All these hotels are expected to open their doors sometime in the first half of 2024. All are being designed and developed to compete right at the top of their respective markets, in the luxury segment. The GMs for all these hotels have been identified and recruited and the process of pre-opening marketing and assembling teams has commenced. Further details on these hotels and their design and amenities are provided later in this report.

Likewise, design work and construction has started in our new Corinthia Hotels in Riyadh and Doha. In the latter destination, we have successfully opened the Corinthia Yacht Club and Golf Course in time for the FIFA world cup in Qatar in December 2022. The hotel, residences and beach club component of the Doha development, as the Riyadh hotel and residential project, will be completed for inauguration by 2025.

Closer to home, in Malta, the Oasis project is nearing design completion. Full permits are expected in 2023 and construction to commence in 2024. This landmark project will deliver a 162-key luxury Corinthia and 25 residences in a highly landscaped, low-intensity and low-rise environment, in keeping with the pristine nature of the northern shores in Malta.

It is apt to highlight that these new projects have brought along several new relationships to Corinthia, especially in the culinary field. In New York, we are teaming up with the famed Casa Tua restaurant and members club from Miami, who will open their New York operation at our hotel. Other famed restaurant brands, such as Kai from Mayfair, Carlo Cracco from Milan are joining the Corinthia ecosystem of restaurant offerings alongside our existing brand partnerships with the likes of Tom Kerridge in London. Whilst we have many homegrown brands and culinary talent inside the company, it also important to reach out and bring global names and partners into our hotels to compete at the luxury level.

CLOSING REMARKS

Dear shareholders, in concluding our management report, I wish to thank you, and your Board, for your continued support and confidence. We also wish to especially thank our Chairman for his steadfast and inspiring leadership, having founded and led the company from its humble beginnings in Malta 60 years ago. I also wish to pay tribute to our colleague Joe Fenech, a former co-CEO of mine, who sadly passed away in 2022 having provided decades of service to the company. Finally, a word of thanks goes to my colleagues in the senior team and each and every Corinthian across the many countries in which we operate. Our business is not only about real estate, but above all, about the spirit of Corinthia which provides a diverse, embracing and warm culture that allows everyone to pursue their careers, and our guests and customers to enjoy our services.

Signed by Simon Naudi (Chief Executive Officer) on 18 April 2023.

DEVELOPMENTS ROME

CORINTHIA · ROME

FORMER HEADQUARTERS OF BANK OF ITALY.
BUILT IN THE LATE 19TH CENTURY.

OUR ROLE: DEVELOPMENT MANAGER, OPERATING LESSEE

INVESTOR: THE REUBEN BROTHERS

STATUS: CONSTRUCTION COMMENCED, OPENING 2024

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 BRUSSELS

CORINTHIA · BRUSSELS

FORMERLY THE GRAND HOTEL ASTORIA. BUILT IN 1909.

OUR ROLE: INVESTOR VIA NLI HOLDINGS, DEVELOPMENT MANAGER, OPERATOR

STATUS: CONSTRUCTION COMMENCED, OPENING 2024

LOCATION: RUE ROYALE – AAA

AMENITIES: 121 KEYS, RESTAURANT, LOUNGE, GARDEN, SPA

Work is at an advanced stage on transforming the landmark Grand Hotel Astoria into a 121-key luxury Corinthia hotel. The super structure is completed and internal fit out is progressing. Corinthia Developments International Limited is contracted to deliver the project, QP as the project manager whilst Corinthia Hotels Limited is the operator.

DEVELOPMENTS DOHA

CORINTHIA · DOHA

THE CORINTHIA HOTEL, YACHT CLUB & VILLAS IN DOHA.

OUR ROLE: OPERATOR, RESIDENTIAL BRANDING

INVESTOR: UDC OF QATAR

STATUS: CONSTRUCTION COMMENCED, OPENING 2025

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. The Corinthia yacht club is now operational. The construction of the hotel has commenced and is well underway.

DEVELOPMENTS RIYADH

CORINTHIA · RIYADH

OUR ROLE: OPERATOR, RESIDENTIAL BRANDING

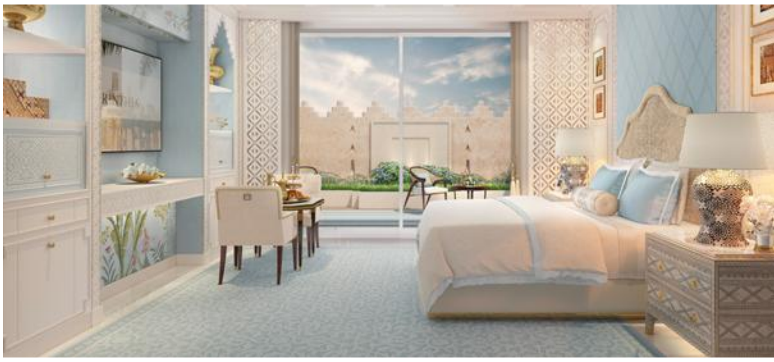
INVESTOR: DIRIYAH GATE DEVELOPMENT AUTHORITY

STATUS: OPENING 2025

LOCATION: DIRIYAH, RIYADH, SAUDI ARABIA

AMENTIES: 80 KEYS, 10 RESIDENTIAL VILLAS, 5 DINING OUTLETS

Corinthia Hotels will operate a hotel, residential serviced villas and five dining outlets under development at Diriyah in Riyadh, Saudi Arabia. The project forms part of the wider development of Diriyah, which is being regenerated into the Kingdom's foremost historical, cultural and lifestyle destination. This will feature the establishment of more than a dozen, new premium hotels including the Corinthia.



DEVELOPMENTS BUCHAREST

CORINTHIA · BUCHAREST

FORMER GRAND HOTEL DU BOULEVARD. BUILT IN 1867.

OUR ROLE: OPERATOR

STATUS: CONSTRUCTION COMMENCED, OPENING 2024

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 NEW YORK

CORINTHIA · NEW YORK

OUR ROLE: OPERATOR

INVESTOR: THE REUBEN BROTHERS

STATUS: CONSTRUCTION UNDERWAY, OPENING 2024

LOCATION: MADISON AVENUE, UPPER EAST SIDE - AAA

AMENITIES: 100 KEYS, 12 RESIDENCES, RESTAURANT, LOUNGE, SPA

Works on site have commenced and the hotel is expected to start operating in Q1 2024.

DEVELOPMENTS MALTA

CORINTHIA · MALTA

OUR ROLE: DEVELOPER, OPERATOR

INVESTOR: IHI P.L.C.

STATUS: DETAILED DESIGN UNDERWAY

LOCATION: NORTH COAST OF MALTA - AAA

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

A planning permit is expected to be in hand by end of 2023. Demolition of existing structures is completed and tenders for the development works should be issued in time to proceed with construction in 2024.

DIRECTORS' AND OTHER STATUTORY REPORTS &

FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022.

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

Total revenue for the year under review increased to €238.2 million from €129.3 million last year, an increase of 84%. Total Revenue represents 89% of 2019 revenue figures. In reviewing this performance, it is important to note that the financial performance for 2022 was again partially impacted by COVID-19, in particular during the first quarter of the year and by the military conflict between Russia and Ukraine in February 2022. This conflict led to international sanctions on Russia and had an effect on the Group's results and assets held in Russia as disclosed in Note 5.2. The geopolitical situation between Russia and the west resulted in a drop in international business which consequentially delayed the recovery from COVID-19 in Russia. On a positive note, in spite of the situation in and around the Russian market, the hotel maintained the same occupancy levels as in 2021 in view of the local trade that the hotel always enjoyed.

On the strength of the increased revenue, the Group recorded a gain on operating results before depreciation and fair value of €51.7 million, an increase of €25.2 million from the operating results before depreciation and fair value movements of €26.5 million registered last year.

In 2022, the Group is reporting in its Income Statement, an overall exchange gain of €15.1 million, compared to a loss on exchange of €2.5 million the year before. This positive movement in exchange differences is mainly related to the St Petersburg property as the Rouble continued to recover. In May 2022, the bank loan on the property in St. Petersburg was fully settled resulting in a realised gain on exchange of €12.09 million and eliminated future exchange rate volatility from the Income Statement on this loan.

In 2021, on account of continued recovery from COVID-19 the Group recognized property uplifts of €79.7 million. In 2022, on account of further recovery, the Group recognized a further uplift on the property in London of €12.7 million. This uplift was offset by fair value losses recognized on the property in St Petersburg amounting to €9.7 million, following the hostilities by Russia on Ukraine and the ensuing sanctions which materially affected the business. In addition to the fair value loss recognised in the other comprehensive income on the hotel, the Group also recorded in its Income Statement, a fair value loss of €5.89 million on the St. Petersburg commercial centre.

The weakening of the Sterling in 2022 relative to the reporting currency of the Group, which is the Euro, resulted in a loss on translation of the investment in London. The Group recorded a combined currency translation loss of €22.6 million in Other Comprehensive Income, relative to a gain of €28.0 million registered in 2021.

The Group registered a loss on total comprehensive income of €20.3 million in 2022 against a gain of €65.0 million registered in 2021. The share of loss of total comprehensive income attributable to the shareholders of IHI amounted to €17.9 million for the year under review. The corresponding figure for 2021 was a gain of €21.5 million.

At 31 December 2022, the Group is reporting a negative working capital of €26.5 million relative to a positive working capital of €54.4 million reported in 2021. This position takes into account the repayment of a bank loan due in 2023 amounting to €29.0 million which is classified as a current liability as at 31 December 2022, discussions are ongoing to refinance this loan.

FUTURE DEVELOPMENTS

As the Group continues to recover from the pandemic, we expect conversion ratios from Revenue to operating results before depreciation and fair value movements to continue to improve. This improvement is tempered by inflationary pressures, rising interest rates and tight labour market in consequence of the economic effects of the pandemic and the military conflict in Russia.

We continue to counter or minimise these pressures by retaining as many of the efficiencies and cost discipline gained during the pandemic.

The Group will continue with its strategy to handle several more operations under management worldwide through its subsidiary Corinthia Hotels Limited (CHL).

In Rome, Brussels, New York and Bucharest, we are in the advanced stages of construction and refurbishment. All these hotels are expected to open their doors in the first half of

2024. Likewise, design work and construction has started in our new Corinthia Hotels in Riyadh and Doha. In Doha, the hotel, residences and beach club component of this development will be completed for inauguration by 2025. In Malta, the Oasis project is nearing design completion. Full permits are expected in 2023 and construction to commence in 2024.

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 and Russia 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.

RESERVES

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

BOARD OF DIRECTORS

Mr Alfred Pisani (Executive Chairman)
Mr Richard Cachia Caruana (Appointed: 9 June 2022)
(Senior Independent Director)
Mr Frank Xerri de Caro
Mr Moussa Atiq Ali
Mr Hamad Buamim
Mr Douraid Zaghouani
Mr Joseph Pisani
Mr Mohamed Mahmoud Shawsh (Appointed: 4 July 2022)
Mr Abdulnaser Ahmida (Resigned: 4 July 2022)
Mr Joseph Fenech (Demise: 3 August 2022)

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 19 April 2023 by Alfred Pisani (Executive Chairman) and Richard Cachia Caruana (Senior Independent Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

ALFRED PISANI
Executive Chairman

RICHARD CACHIA CARUANA
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 vital pillars for its continued growth:

- 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.

SUSTAINABILITY

Sustainability for the organisation can be summed up as "the ability to use resources sustainably in order to improve the long-term viability of the business concern." Using resources sustainably involves creating a positive interaction with the environment, people and society while ensuring no harm is caused. It involves a commitment to preserving resources for generations to come, ensuring their availability and continuity.

The Group has taken a strategic decision to intensify and holistically coordinate its sustainability efforts and has thereby introduced a new role within the organisation: Head of Sustainability. The post has been filled as of the beginning of 2023. The Head of Sustainability will be responsible for building on the group's sustainability policies and initiatives, whilst creating a consolidated, structured, and measurable approach towards fulfilling the Group's environmental, social and governance (ESG) obligations.

This role will be fundamental for the organisation to develop a sustainability strategy, covering all areas of organisational conduct by developing a framework within which action plans will be established for each business unit, and a methodology for the measurement of progress will be introduced. The Head of Sustainability will oversee the establishment of a small action team within each business unit to execute, control, monitor, measure, and report sustainability activity, and will communicate with all internal stakeholders as well as engage with external consultants to assist in setting up and enhancing the quality of the deliverables.

Overall, the Head of Sustainability is responsible for driving the organisation's sustainability agenda, ensuring that sustainability is embedded in the organisation's culture and operations to deliver tangible results that contribute to a more sustainable future.

In order to improve the sustainability of the organisation, the Company and its subsidiaries will continuously identify the pertinent topics that fall under each of the 3 main pillars of ESG and update the holistic strategy to tackle them simultaneously.

The following topics that will be given priority in 2023 include:

- Environmental
  - Energy efficiency
  - Waste reduction - encompassing food waste, unrecyclable materials, packaging waste and hazardous waste

    - ¤ Use of renewable energy
- Social
    - ¤ Consolidation of policies related to employee rights and conditions of work
    - ¤ Establishing ethical code for suppliers
    - ¤ Co-ordinating social initiatives within the local communities
- Governance
    - ¤ Align measurement and reporting to ESG, CSRD and EU taxonomy requirements
    - ¤ Follow and implement local and EU directives in this regard
    - ¤ Coordinate and centralise control of sustainability initiatives already started by individual business units

The underpinning goals are to contribute to some of the 17 Sustainable Development Goals (SDGs) set out by the United Nations in 2015 for the 2030 Agenda for Sustainable Development. This has the underlying objective of promoting development that contributes to ending poverty, protecting the planet and ensuring peace and prosperity. The key SDGs that will have a relation to the company are, good health and wellbeing, good quality education, gender equality, clean water, affordable and clean energy, decent work and economic growth, resilient infrastructure, reduce inequalities, responsible consumption, climate action and life on land. All actions should contribute to one or more of these goals without adverse effects, all while tackling climate change and working to preserve our natural environment.

ENVIRONMENT

The main topics tackled over 2022 were related to energy efficiency in terms of operational improvements, use of renewable energy systems (RES), energy data collection, energy monitoring and analysis, water conservation initiatives and waste management strategies. All these measures had the objective of reducing direct and indirect CO_2 emissions of the Group.

ENERGY CONSUMPTION AND EMISSIONS

The Group has further enhanced its procedures for energy data gathering with monthly utility data being collected and analysed. This procedure is standardised throughout the properties within the group and has helped to further improve energy management and reduce emissions. Further improvements in automated data gathering, sub metering and monitoring are also being rolled out and this first phase should be concluded in 2023. Further investment in automated data collection, monitoring and control systems are also being investigated.

The continued rollout of technologies and solutions, together with more concentrated operational measures, have increased overall energy efficiency and driven down relative emissions. Company policy and effective management of resources has had a tangible effect and although occupancy increased, the relative energy cost did not increase by the same proportion, as can be demonstrated by the KPIs with per Occupied Room (OR) data.

ENERGY AND EMISSIONS 2022

Energy Consumed	Volume	Energy		CO_2e
	Lit	kWh		Tons
Fuel Consumed Transport				
Fuel consumed - Diesel	4,011	40,430	0.04%	11
Fuel consumed - Petrol	5,475	48,441	0.05%	12
Fuel Consumed Total Transport	9,486	88,871	0.10%	23
Fuel Consumed				
Heating/Hot Water				
LPG		898,268	0.98%	205
LHO (Diesel/gasoline)		7,914,153	8.59%	2,118
NG		30,052,245	32.62%	6,069
Other (kitchen)				
LPG		1,078,492	1.17%	246
LHO (Diesel/gasoline)		-	-	-
NG		-	-	-
Fuel Consumed Total Non-Transport		39,943,159	43.36%	8,639
Electricity Generated RES (PV)		5,470		
Electricity Generated CHP		591,760	0.64%	171
Electricity Consumed		51,501,394	55.90%	19,468
Total Energy Consumed excl. RES		92,125,184	100.00%	28,300
Net Energy Consumed		92,119,714	99.99%	27,905

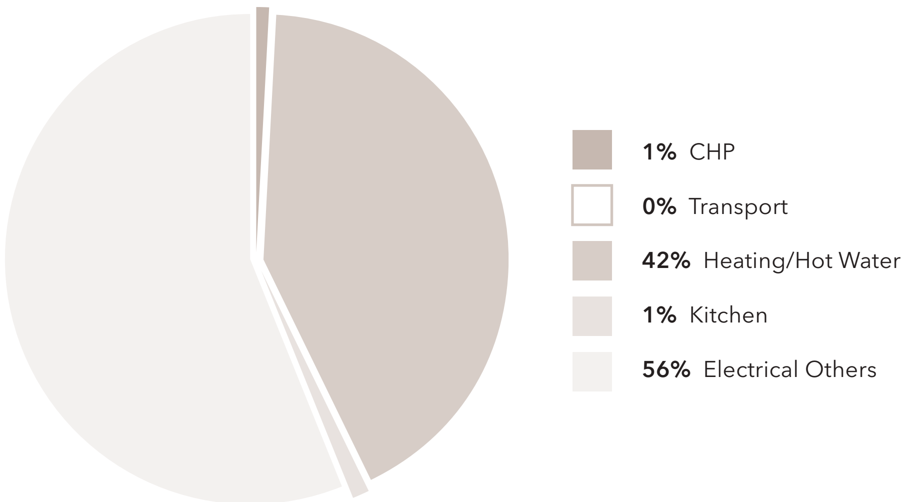
Note: Figures for fuel in 2022 have been reviewed and split by fuel source and by their main application, that is heating and hot water combined and other uses, mainly use for cooking in kitchens. A thorough review of source data led to a rationalisation exercise and data is now gathered in kWh due to the complications of variable specific energy of fuel that differs by country, season and supplier.

Total energy consumed for 2022 was 92,125,184 kWh notwithstanding an increase in occupancy across the whole Group. Occupancy increased by 74% as can be seen in the table below. The total CO_2e footprint stands at 28,300 tons. Electricity generated by the PV plant was lower in 2022 due to a changeover where old systems were removed and new ones installed, such that there were many months where no PV plant was operational, with these only coming online in December 2022. Combined Heat and Power (CHP) generation has been separated from RES for ease of analysis.

OCCUPANCY			
2022	**2021**	**Change**	
600,612	345,760	254,852	74%
45%	26%		

ENERGY BY AREA	kWh	
Transport	88,871	0.10%
Heating/Hot Water	38,864,667	42.19%
Kitchen	1,078,492	1.17%
Electrical Others	51,501,394	55.90%
CHP	591,760	0.64%
Total	**92,125,184**	**100.00%**

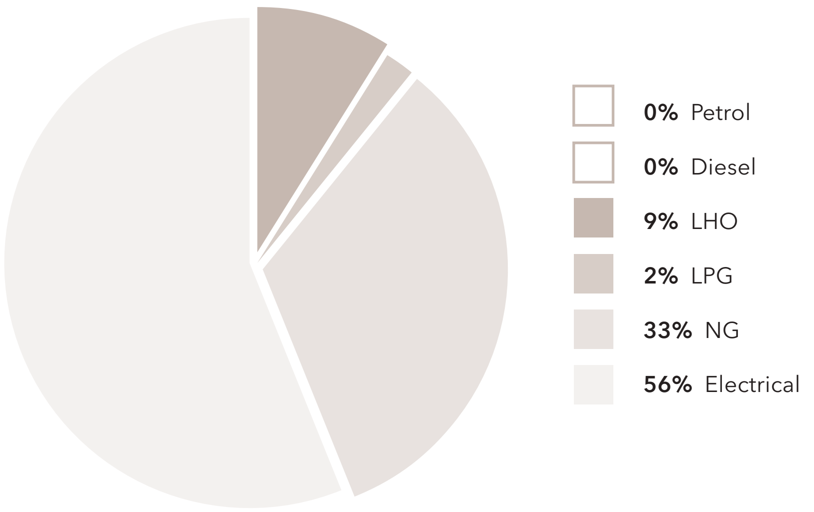
ENERGY BY AREA KWH



The main uses of energy were for electrical reasons, making up 55.9% of total energy consumption, as can be seen in the tabulation above. This was followed by energy required for heating and hot water, totalling 42.19%. Energy used in kitchens was less significant, making up 1.17% of total energy consumption, and CHP only contributed 0.64% which was primarily attributed to the CHP in London. Fuel for transport was mainly affected by an increase in use of petrol in Tripoli due to the security problems in the country and the need to provide secure transport for guests and staff. Notwithstanding, fuel consumption attributed to transport remains minimal, with a contribution of only 0.1% of total energy use.

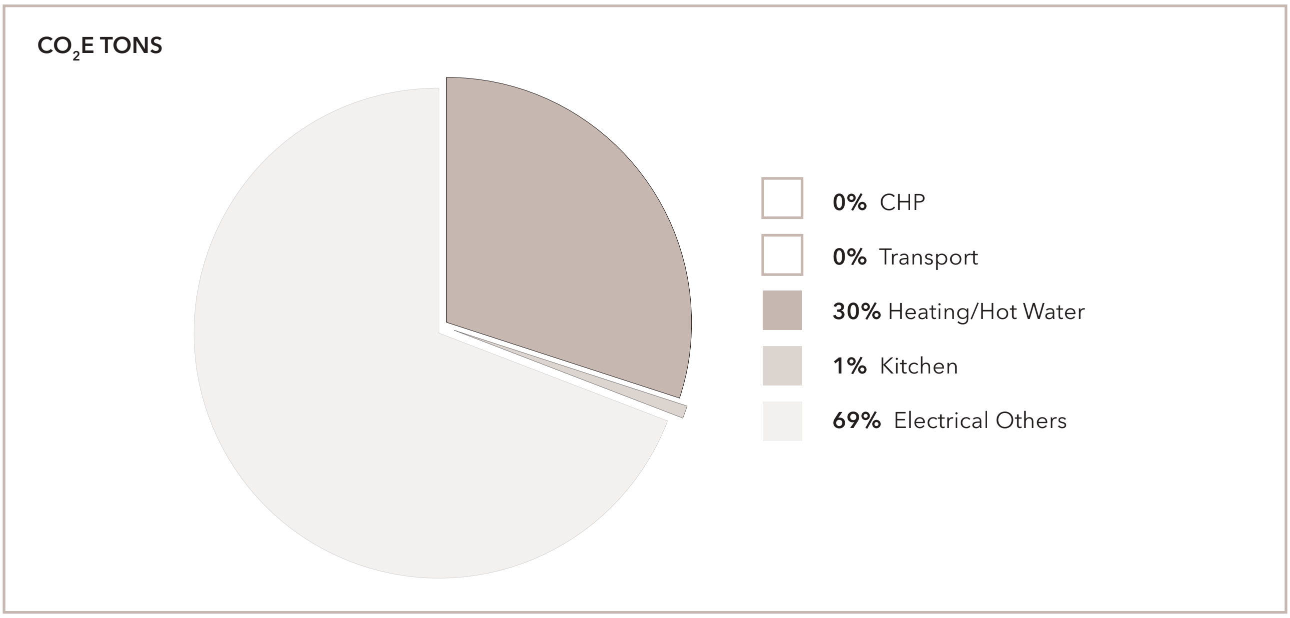
ENERGY BY FUEL	kWh	
Diesel	40,430	0.04%
Petrol	48,441	0.05%
LHO	7,914,153	8.59%
LPG	1,976,761	2.15%
NG	30,644,005	33.26%
Electrical	51,501,394	55.90%
Total	**92,125,184**	**100.00%**

ENERGY BY TYPE KWH

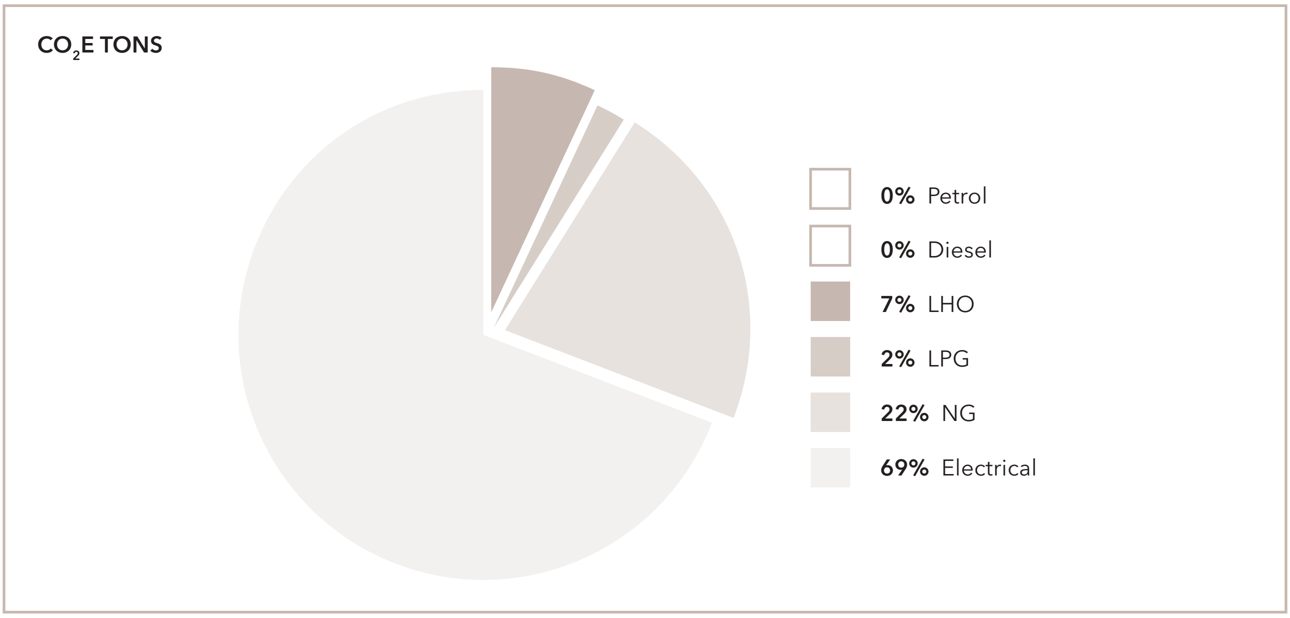


The main fuels used in 2022 were natural gas at 33.26% of total energy followed by light heating oil (LHO) 8.59% used mainly for boilers in Malta hotels with LPG at 2.15% of total energy use. Absolute values in kWh can be seen in tabulation above.

ENERGY BY AREA	CO2e TONS	CO2e TONS
Transport	23	0.08%
Heating/Hot Water	8,393	29.66%
Kitchen	246	0.87%
Electrical Others	19,468	68.79%
CHP	171	0.60%
Total	**28,300**	**100.00%**



ENERGY BY FUEL	CO2e TONS	CO2e TONS
Diesel	11	0.04%
Petrol	12	0.04%
LHO	2,118	7.49%
LPG	451	1.59%
NG	6,240	22.05%
Electrical	19,468	68.79%
Total	**28,300**	**100.00%**



The CO2 equivalent emissions footprint followed closely the energy consumption use but due to different CO2e, content was slightly different. In fact, in 2022 electrical energy source remained the main contributor with 68.79% of the total CO2e footprint with 19,468 tons, followed by natural gas with 22.05% and 6,240 tons.

DIRECT ENERGY PER OCCUPIED ROOM (OR)

	2022		2021		Change	
Total available Rooms	1,336,265		1,336,265			
Occupied Rooms	600,612	45%	345,760	26%	254,852	74%
Energy Consumed per Occupied Room	Energy	CO2e	Energy	CO2e		
	kWh/OR	Kg	kWh/OR	Kg	kWh/OR	
Fuel Consumed / OR						
Heating/Hot Water /OR						
LPG / OR	1.50	0.34	2.22	0.51	-0.73	-33%
LHO (Diesel/gasoline) / OR	13.18	3.53	18.31	4.90	-5.13	-28%
NG / OR	50.04	10.11	83.49	16.86	-33.45	-40%
Other (kitchen) / OR						
LPG / OR	1.80	0.41	2.24	0.51	-0.45	-20%
LHO (Diesel/gasoline)	-	-	-	-	-	0%
NG	-	-	-	-	-	0%
Fuel Consumed Total Non-Transport	66.50	14.38	106.26	22.78	-39.75	-37%
Electricity Generated RES (PV) / OR	0.01	-	0.06	-	-0.05	-84%
Electricity Generated CHP / OR	0.99	0.00	2.75	0.00	-1.76	-64%
Electricty Consumed / OR	85.75	32.67	116.14	44.25	-30.39	-26%
Total Energy Consumed excl RES / OR	153.24	47.05	225.15	67.03	-71.91	-32%
Net Energy Consumed / OR	153.23	46.68	225.09	65.98	-71.87	-32%

Note: The analysis methodology was refined to set main KPI as the Direct Energy per Occupied room (OR) as this is more representative of the performance of the properties.

In the year under review, the total energy consumed decreased from 225.15 kWh per occupied room in 2021 to 153.24 kWh per occupied room in 2022. This is a drop of 32%. The corresponding CO2e decrease was 19.98 Kg/OR. Non-transport fuel decreased by 37% while electrical consumption decreased by 26%. The main reason for this was twofold:

- Inherently higher efficiencies as occupancy levels increased due to a reduction in the base load effect and a drive within the group to reduce energy consumption by fine tuning operational parameters; and
- Taking all measures to eliminate energy waste.

A program for the renewal of the plant that offers higher energy efficiency equipment is being studied, as well as add-on solutions to the plant and building envelope that would result in a further increase in energy efficiency. Reduction in energy use while increasing efficiency lowers operational costs and increases sustainability of the business while reducing CO2e footprint.

USING WATER EFFICIENTLY

Total Volume of Water Withdrawn from Source	2022	2021	Change	
Units	m3	m3	m3	
Municipal Mains Supply (volume from water meter)	386,674	297,788	88,886	30%
Private Water Supplier by Bowser (volume from bowser receipts)	15,280	7,998	7,282	91%
Groundwater Self-Abstraction (meter installed by WSC)	-	-	-	
Private RO facility (sea-well) (private metering facilities)	146,338	266,869	-120,531	-45%
Harvested Rain Water (volume of reservoir and number of times use)	3,950	7,050	-3,100	-44%
Treated Wastewater (private metering facilities – if applicable)	-	-	-	
Total water consumed	552,242	579,705	-27,463	-5%
Total Guests	994,307	581,691	412,616	71%
Water per guest (m3/guest)	0.5554	0.9966	-0.4412	-44%

Note: The analysis methodology was refined to set main KPI as water per guest as the relationship between water use is linked directly to number of guests rather than occupied rooms.

The Group efforts to reduce water consumption resulted in an overall drop of 5% from 2021 figures. This drop was notwithstanding an increase of 412,616 guest stays across the group. Thus, the water per guest decreased by 44% in 2021. This is thanks to the successful deployment of the following measures;

- 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
- The encouragement of water efficient behaviours during technical and operational visits.

In 2022 there was no recycled water as the existing sewage water recycling plant remained inoperative due to problems of support and a lack of parts. This will be addressed in 2023 but substantial capital expense will be needed. Further studies are being conducted into the possibility of increasing the rainwater catchment and/or grey water systems to produce and use second-class water for irrigation and other domestic uses, such as water for toilets.

MANAGING WASTE

The Group is keeping abreast with increased waste regulations as they fold out throughout the territories where the Group's Hotels are sited. Notwithstanding the great differences in these regulations the Group strives to be ahead especially where the regulations are lacking. A focus on reduction, recycling and reuse is adopted throughout all the Groups operations.

MANAGING WASTE

Waste by Type and Disposal method	2022	2021	Change	
Units	kg	kg	kg	
Hazardous waste by type and disposal method				
Acids (kg)	-	-		
Solvents (kg)	-	-		
Toxic metals (kg)	9	23	-14	-61%
Other (kg)	145	126	19	15%
kitchen oil (kg)	2,970	-	2,970	
Total Kg of hazardous waste generated	3,124	149	2,975	1997%
Non Hazardous waste by type and disposal method				
Commingled (Cardboard + Plastic + Glass) (kg)	255,537	118,840	136,697	115%
Glass (kg)	186,593	106,768	79,825	75%
Metal (kg)	24,766	6,081	18,685	307%
General waste (kg)	1,629,051	1,359,136	269,915	20%
Organic Waste (kg)	235,182	482,953	- 247,771	-51%
Plastic(Kg)	99,739	38,148	61,591	161%
Total Kg of non-harardous waste generated	2,430,868	2,111,926	318,942	15%
Total Waste	2,433,992	2,112,075	321,917	15%

Note: In 2022 the Group started to quantify and record used kitchen oil that is being collected separately and sent for recycling.

Despite a 71% increase in the number of guests, the results of 2022 show a more moderate increase of 15% in overall waste production. This shows an improvement in efficiency as the increase is far less than the increase in activity. This signifies that the best practice recommendations are having a positive effect on operations with regards to waste.

Despite this, the Group is committed to further improving and seeking better data collection methods for waste, as often they rely on waste subcontractor measurements, which can be problematic. In addition, the Group will continue to study and seek solutions that allow for the reduction of waste generation and better possibilities for recycling and reuse.

CURRENT INITIATIVES

The Group focused on Energy Efficiency by initiating a number of operational measures for reduction of energy waste:

1. Low occupancy hotels which have zoned systems must close off sections of the hotel and operate using the minimum number of sections possible at all times. During these periods the following apply:
    a. In closed off sections only minimal water circulation should be kept, to ensure against freezing of pipes. Keep minimum 15°C.
    b. All Fan Coil Units (FCU) to be stopped.
    c. Only one circuit of lighting to be left on for security/safety reasons.
    d. Fresh air supplies to be limited to 6 hours a day – all Air Handling Units (AHU) to be stopped otherwise
    e. Flush toilets once per week
2. Optimise kitchen hours and ensure that only equipment being used is switched on.
3. Reduce dishwasher operating hours to operate on full load only.
4. Switch off 50% of lifts for both public and service use.
5. Reduce laundry hours and ensure that loads are maximised, and other equipment operates strictly when and as needed.
6. Saunas and steam rooms to be operated on demand.
7. Operating temperatures to be as follows:
    a. Lobbies and public areas – 19 °C in heating – 25 °C in cooling.
    b. Guest rooms & meeting rooms – 23 °C in heating mode – 21 °C in cooling.
    c. Chiller set point 9 °C.

   d. Kitchens 26 °C.
   e. Back of House (BOH) 19 °C in heating and 23 °C in cooling.
8. Water pressure to be reduced from pump side to 3.5 bar for both hot and cold water. For high rise buildings ensure you have 2 bar minimum at guest room shower.
9. Where the Building Management System (BMS) is in operation cycle ALL circulation pumps (hot water, cold water, cooling/heating and pools) 30 minutes ON and 30 minutes OFF between 23.00 and 05.00 every night.
10. Where possible use cold fresh air to cool areas such as kitchens and the gym through the AHUs.
11. Stop all public area AHUs between 23.00 and 05.00.
12. Distribute the storage of cold room items into the least number of fridges/freezers and switch off as many as possible. Reduce stocks levels to achieve this where possible.
13. Lighting in all BOH areas particularly loading bays and garages to be minimised from 21.00 to 05.00 leaving a minimum amount of lighting for CCTV safety and security purposes only.
14. Check water flushing volume and reduce to a maximum of 12L/flush by adding ballasts in flushings (these can be similar to mineral water bottles filled with sand).
15. Monitor utility consumption on a daily basis and investigate any anomalous consumption immediately.
16. Keep outside doors closed to avoid heating/cooling loss.
17. Housekeeping to ensure the rooms in use are fully switched off after cleaning.
18. Security and maintenance personnel to ensure all areas are switched off during patrols.

The Group also continued the rollout of its Hotel Energy management system EDGE MARS in 5 Hotels. This digital energy management system uses AI and machine learning to identify opportunities to improve energy performance and optimise central plant and other site equipment whilst improving guest comfort.

CORINTHIA BUDAPEST
The Building Management System (BMS) installation was delayed and should commence in February 2023. This will allow for a reduction in energy consumption of between 8 – 10 per cent per annum. The hotel will commence EDGE MARS in February of 2023 with planned registered savings.

CORINTHIA LISBON
The hotel commenced EDGE MARS in July 2022 with registered savings over the following months.

CORINTHIA LONDON
An energy audit was carried out in conjunction with GALP (a Portuguese-based company) the indicated savings are an overall of 28% over both Natural gas and Electricity.

CORINTHIA ST GEORGES
The hotel commenced EDGE MARS in January of 2021 with registered savings over all of 2022. Installation of the 118 kWp PV plant started in Q4 2022 with connection planned for January 2023. The PV plant is estimated to generate 202 MWh per year.

CORINTHIA TRIPOLI
A new borehole system for chillers has been commissioned and testing of the borehole has started with cost impact evaluated once results are known.

CORINTHIA PALACE
Installation of the 232 kWp PV plant started in Q4 2022 with connection planned for January/February 2023. The PV plant is estimated to generate 364 MWh per year.

CORINTHIA ST PETERSBURG
The hotel commenced EDGE MARS in November of 2021 with registered savings over all of 2022.

MARINA
The 161 kWp PV system was installed and connected by December 2022. This plant is envisaged to generate 245 MWh per year.

RADISSON BAY POINT
The hotel commenced EDGE MARS in July of 2022 with registered savings over all the rest of 2022. Installation of the 165 kWp PV plant started in Q4 2022 with connection planned for January 2023. The PV plant is estimated to generate 268 MWh per year.

RADISSON GOLDEN SANDS
The PV system was delayed due to planning requirements due to its location in a rural setting. An upgrading of the BMS system was started and is expected to be completed Q1 2023.

SOCIAL AND EMPLOYEE MATTERS

EMPLOYEES
The Group employed 2,467 full-time and temporary (part-time) employees in 2022. Of these, 1,966 were fulltime (FTE) (1,491 FTE in 2021) and 501 were part-time (PTE) (532 PTE in 2021). In 2022, the workforce was composed of 1,290 male permanent staff, that is, 61 per cent of FTE (990, that is, 59 percent of FTE in 2021) and 167 male temporary staff (that is, 49 per cent of PTE) compared to 198 (55 per cent of PTE) for the previous year. The number of female temporary staff read 177 (that is, 51 per cent of PTE) for the year under review compared to 160 (that is, 45 per cent of PTE) in 2021.

The number of Maltese nationals, both FTE and PTE, in the Group amounted to 765 (780 in 2021). Of these, 486 (that is, 57 per cent) were male and 279 (that is, 36 per cent) were female. The number of non-Maltese employees, both FTE and PTE, read 1,703 (1,259 in 2021). Of these, 971 (that is, 57 per cent) were male and 732 (that is, 43 per cent) were female. Some units within the Group have a unionised workforce.

	2022	2021
Total no. of Employees	2,467	2,023
No. of Full Time Employees (FTE)	1,966	1,491
No. of Part Time Employees (PTE)	501	532

2022								
Number of employees by employment contract				**Permanent**				**Temporary**
% Contract type				79.67%				20.28%
Permanent vs Temporary Contract Ratio								3.9
By gender	Male	Female	Total	%	Male	Female	Total	%
Employees in Management	209	169	378	45%	7	4	11	36%
Board of Directors	6	2	8	25%	-	-	-	0%
Workforce	1,075	663	1,738	38%	160	173	333	52%
By Nationality								
Maltese	436	246	682	36%	50	33	83	40%
Foreign	854	588	1,442	41%	117	144	261	55%
Multi-national workforce (%)				68%				76%
Total Multi-national Workforce								69%

2021								
Number of employees by employment contract				**Permanent**				**Temporary**
% Contract type				73.72%				26.28%
Permanent vs Temporary Contract Ratio								2.8
By gender	Male	Female	Total	%	Male	Female	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 (%)				64%				53%
Total Multi-national Workforce								62%

It is the Group's philosophy to invest in the learning and development of its workforce. It firmly embraces the practice of giving each willing and able employee the opportunity to grow and to be promoted to leadership positions.
Managers are expected to lead by example, to treat their immediate reports in a caring manner, with dignity and respect. Employees in leadership positions are expected to act as coaches rather than bosses and to engage in meaningful conversations with their immediate reports with a view to evaluating performance and behaviour, as well as discussing career progression.

Given that the Group operates businesses in multiple destinations, employees with potential for further development are given the chance to undertake cross-exposure programmes and management traineeships. Additionally, throughout the year, employees are provided with various in-person and online learning programmes aimed at fine-tuning their operational know-how and contributing towards their personal and professional development.

	2022	2021
Average hours of training that the organization's employees have undertaken during the reporting period	**Hours**	**Hours**
Total no. of hours of training	45,009	94,115
Total no. of labour hours	2,886,541	2,349,482
Total no. of hours of training vs. total number of hours	1.6%	4.0%
Percentage of employees receiving regular performance and career development reviews	%	%
Number of employees receiving regular performance and career development reviews	725	71
% employees receiving regular performance and career development reviews	29%	4%

On an ongoing basis, employees at all levels, be it operative, supervisory, middle, and senior management are given equal opportunity to receive education and training in generic and specialist skills to ensure knowledge and the proper execution of the duties and responsibilities associated with their respective job. Training is provided in-house or via third party training service providers.

DIVERSITY

The Group is committed to inclusion and diversity in the workplace and in the promotion of equal opportunity in employment regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion, belief or non-belief, sex, or sexual orientation (Protected Characteristics) or any other characteristics identified by local law and regulation.

The Group is an equal opportunities employer and understands the importance of family life. It supports parents by facilitating parenting through family-friendly measures, including parental leave to both male and female members of its workforce.

HEALTH AND SAFETY

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

Crisis management plans and business continuity plans have been completed for all our opened properties in 2022. Training is to be finalised Q1 2023.

During 2022, system upgrades have remained a major priority and mainly focused on:

- CCTV systems
- Guest rooms' door lock systems
- Scanning machines; no changes in 2022
- Undertaking of security risk assessments
- Sanitising equipment to mitigate Covid-19

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

A new health and safety management system is in process of development to meet today's International Health & Safety requirements. The new management plan will include a new health and safety policy, general statement of intent, new implementation arrangements, risk assessments, safety checklists, statutory compliance (e.g. service and maintenance regimes etc.). The management plan is in process to be digitalised so that related work can be completed online via desktops & via the shield's safety app. The new Health & Safety plan is scheduled to be launched Q3 2023 and will start with the properties in Malta.

After completion of implementation of health and safety management system, the leisure safety program will be developed and launched including new swimming pools operating policy (normal operating procedures (NOP) and specific pool emergency action plans (EAP)). The implementation will capture all the above-mentioned elements: new operating policy, (NOP +EAP) specific risk assessments, statutory checks, etc. To be implemented latest Q4 2023.

SECURITY MANAGEMENT

The existing security policy and procedures document that was issued in 2014 is being reviewed and updated. A vulnerability assessment & physical security risk assessments program will be launched in 2023.

FOOD SAFETY

During 2022 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.

Following the leisure safety implementation, a new food safety policy will be established, created by Environmental Health Practitioners in the UK in line with international HACCP requirements. To be implemented latest Q4 2023.

PROCUREMENT PRACTICES

Corporate initiatives started in 2021 were still being rolled out in 2022 and work started on other areas such as guest amenities and soaps to ensure that the Group is more eco-friendly by the end of 2023.

ONGOING GROUP INITIATIVES

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

The '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.

CORINTHIA LISBON INITIATIVES

Corinthia Lisbon started a number of eco-sustainability purchasing measures in 2022:

- Replaced 1598 plastic minibar bottles with glass bottles, resulting in a savings of plastic waste.
- Replaced plastic cocktail stirrers with wooden stirrers, resulting in a savings of 19,000 units of plastic waste.
- Replaced plastic straws with wooden straws, resulting in a savings of 10,500 units of plastic waste.
- Replaced 200kg of plastic bags used for guests' clothes with paper, with half of them still in use until a suitable replacement for suit holders is found.
- Replaced plastic single servings of butter with foil-

wrapped butter, resulting in a savings of 1081 kg of plastic waste.

A number of other projects were planned for 2023;

- Replace 5,250 mini bar coasters with more professional units
- Replace 0.33cl plastic bottles with 13,212 Tetra packs

CORINTHIA LONDON

Corinthia London started a number of interesting measures in 2022:

RECYCLABLE COFFEE PODS

Introduce recyclable coffee pods in guestrooms to reduce overall waste, with maids collecting the pods for recycling.

Anticipated impact: recycling up to 47,000 capsules per year (2022 volumes) with an equivalent of 9.4 tons of CO_2e.

SUSTAINABLE PACKAGING BATHROOM AMENITIES

Purpose: Introducing new packaging for bathroom amenities 100% recyclable and plastic free.

Scope: plastic wrapping will be removed from all bathroom amenities and new seal to be implemented.

Measurable impact: plastic packaging to be removed in more than 52k bathroom amenities (based on 2022 volumes) equivalent to approx. 10.6 tonnes of CO_2e.

COFFEE WASTE MANAGEMENT

Purpose: Recycling of coffee waste from all Food and Beverage outlets.

Scope: Weekly collections of coffee waste are arranged in partnership with First Mile Ltd to be transformed into biofuel for use in BBQs and chimneys.

Measurable Impact: Reduction of general waste and increased recycling of coffee grounds.

TAKE BACK PROJECT

Purpose: To reduce cardboard intake by liaising with suppliers to reuse boxes.

Scope: Drivers are requested to remove food items from boxes and rearrange them on designated food delivery trolleys. Cardboard boxes should be taken back to the depot for reuse.

Measurable Impact: Reduction in CO_2 emissions from waste collectors and recognition for sustainability efforts from a governmental body.

FOOD SUPPLIER SELECTION

Purpose: Ensure the procurement of fresh produce and proteins from sustainable sources.

Scope: Focus on sustainable farming and practices in 2023 when selecting suppliers, requiring relevant information and on-site visits to assess practices.

Measurable Impact: Responsible farming prevents depletion of natural stock, sustaining species and replenishing necessary levels for sustainability.

SOCIAL AND COMMUNITY ACTIVITIES

Throughout 2022, Corinthia has lived up to its ideals of helping those in need. Members of the staff all across the Group and associated companies have been vigorously present in noble activities, often forgetting their own pressing personal needs.

MALTA

CORINTHIA ST GEORGE'S, MARINA HOTEL, RADISSON ST JULIANS

In October, the team at Corinthia St George's Bay, in collaboration with Nature Trust, took part in a clean-up in the Pembroke area to raise awareness of sustainability and a more ecological future. Over the summer, employees across the three Corinthia St Julian's operations joined forces to raise money for the Foundation for Social Welfare Services – Children's Unit, an important cause that continues to make a tangible difference to many young lives.

They also held a Pink October Fundraising event in which the three St Julian's hotels raised awareness and funds for The Marigold Foundation - Malta, a local non-profit organisation whose objective is to empower people and strengthen voices positively. The initiative, called 'know your apples,' is intended to promote screening and prevention of cancer.

RADISSON GOLDEN SANDS

Radisson Blu Resort & Spa, Golden Sands supported through donations the SOS Children's Village, which provides a typical family environment to children who have lost or are at risk of losing parental care; Ajay Shrestha, a young Nepalese who died in a traffic accident in Malta; Puttinu Cares; Len and Jacob Wellness Fund (Nine-year-old twins Len and Jacob who have a rare disability); Life Network Foundation Malta, which fosters a culture that embraces and celebrates every human life; and Food Bank Malta Foundation whose motto is 'We believe no child or adult should ever experience hunger.'

CZECH REPUBLIC

CORINTHIA PRAGUE

Corinthia Prague collected gifts for children in the foster home Klokánek, a facility for children requiring immediate assistance. Its mission is to protect the child when separated from parents and other loved ones and support the child's contact with family and other loved ones during the child's stay in the facility. Corinthia Prague also organised a St Nicolas Christmas Party for the children of all hotel employees and sponsored a conference of orphanages' directors.

November saw a well-organised initiative of blood donation by hotel employees. One cannot omit a collection of gifts for children for Klánovice Children's Home and vouchers offered in fundraising activities to support social causes.

Corinthia Prague hired some new colleagues and provided a temporary complimentary accommodation as these were refugees from Ukraine. They also accommodated a colleague's family for a week - also refugees from Ukraine - and offered 60 rooms to refugees from Ukraine for a special rate. This was organised by the Association of Hotels and Restaurants and paid for by the government.

Corinthia Prague offered a special rate to its corporate clients, allocating their employees from Ukraine to the Czech Republic.

HUNGARY

CORINTHIA BUDAPEST

Corinthia Budapest donated over 500 kg of clothes to the Red Cross. It also co-sponsored the Burns Charity Supper, which raised more than €28,000. The Burns Suppers, organised by the Robert Burns International Foundation, have been held in the ballroom of the Corinthia Budapest, since 2004. The Foundation's mission is to help sick and underprivileged children in Hungary. It also hosted a St George Charity event, which raised more than €5,000.

LIBYA

CORINTHIA TRIPOLI

Corinthia Tripoli once again resorted to humanitarian ways to assist staff and their families who found themselves in financial and humane difficulties.

PORTUGAL

CORINTHIA LISBON

They donated meals to Acreditar (responsible for monitoring the legislative situation for supporting children with cancer and their families) during the COVID-19 pandemic. Corinthia Lisbon gathered supplies, medicines, and clothing for the Ukrainian refugees in Portugal and also hosted two Ukrainian families at two hotel apartments. Donations were also made to Cruz Vermelha Portuguesa (Portuguese Red Cross): Toys and clothing were collected by Corinthia Lisbon employees and their families throughout the year and donated to Cruz Vermelha Portuguesa. Miguel, a four-year-old boy with cerebral palsy, received tender love and attention. The therapy and physiotherapy sessions were paid for with plastic bottle caps collected in the hotel's restaurants, rooms, and other areas.

Local Police and Firefighters were also kept in mind. Throughout the year, meals were donated to local firefighters. Food, goods, and coffee machines were also presented to local police officers and stations. The hotel has a food waste-control programme in place. Every day, untouched leftover food is collected and donated to Refood Benfica who helps the neediest.

RUSSIA

CORINTHIA ST PETERSBURG

For over nine years, Corinthia St Petersburg has supported SOS Children's Villages, an international non-profit, non-governmental charity organisation helping orphans. Each December, Corinthia St Petersburg hosted a charity event for kids with a creative masterclass, sweet treats, and music. This year, they organised a traditional festive event. Children made New Year and Christmas greeting cards in a master class with St Petersburg fashion designer Asya Kogel.

Corinthia St Petersburg donated a significant amount of items, such as curtains, pillows, bed linen, sofas and furniture items, etc., to several city charity organisations in St. Petersburg, including Malteser Hilfsdienst for homeless and poor people; St. Petersburg Center for supporting homeless people; Nursing Homes Care and Kind Hearts; an orphan house for disabled children and adults in Peterhof city and the Charity organisation Perspectives, which helps children with disabilities in orphanages and daycare centres.

In 2022, traditional support was offered to the International Women's Club with a gift voucher for the lottery in their charity Winter Bazar.

UNITED KINGDOM

CORINTHIA LONDON

Last year Corinthia London partnered with one of the top rate consultancies called BRE to work with them on a proper CSR strategy for an all-encompassing approach, including responsible sourcing, sustainability, philanthropy, charity, staff welfare, social community engagement etc. Corinthia London's commitment was formulated earlier in 2022 after the work with BRE was completed. They now have a core CSR committee which consists of four Executives who have taken the responsibility of bringing this CSR promise into practice. Its commitment as a Hotel was formulated earlier in the year.

CORINTHIA CATERERS

For several years, Corinthia Caterers have been helping Dar il-Kaptan Foundation for Respite Care services to anyone with a disability, irrespective of their condition or financial situation. They attend to the Foundation's catering needs when they want to hold a party or for their Christmas festivity. Furthermore, Corinthia Caterers took the initiative to collect a sum from staff members and presented a handsome amount to Dar il-Kaptan.

COSTA COFFEE

Costa Coffee is highly geared toward social and community activities. Joining forces with Sigma Foundation, Costa Coffee Malta assisted Costa Foundation in raising funds for water conservation equipment for two schools in Ethiopia. These countries were also coffee-growing communities, which Costa wished to support and ensure their sustainability. One school in Wote had just been upgraded by the Costa Foundation and now requires a water reservoir of $5m^3$. This water will benefit over 1400 students and teachers. The second project funded by Costa Coffee is Adeyi school, which involves water tanks and water points for the school and community, a new spring and 7 km of pipeline and several trainers to benefit a total of 7540 members of communities and students.

In May 2022, Costa Coffee Malta organised a walk of 120 km from Sarria to Santiago de Compostela, collecting over €2,200 to help build a school in Bonga, Ethiopia, which should be inaugurated in early 2023. A considerable sum for the Costa Foundation was also raised during a barbecue for staff families, and friends served by the management. International Coffee Day was celebrated from the 3rd to the 7th of October by donating 10% of all Cappuccino sales to the Costa Foundation. Furthermore, during Barista of the Year, a raffle was held, with ticket sales added to the fund.

Costa also played its part in L-Istrina 2022, a very successful televised marathon collection of funds for good causes headed by the President of Malta. Throughout December, its Loyalty Club members were encouraged to donate their points to be transferred into cash and contributed to L-Istrina. The Costa team also set up a Coffee Cart and served hot drinks to all volunteers throughout Boxing Day during the televised marathon.

QP

CSR Focus Group is made up of 13 colleagues. The Focus Group actively organised several initiatives. QP managed to put together a considerable monetary donation for Caritas, which in collaboration with Caritas International, collected funds to financially assist people in Ukraine for:

- Provision of food, water, accommodation and personal hygiene items;
- Helping vulnerable people to join their relatives who were living in safe areas;
- Developing recreational spaces for children to participate in sports and activities that alleviate some of the psychological distress they were going through.

A direct channel of communication and collaboration was made with the Consulate of Ukraine in Malta. Items such as food and hygiene items were delivered and made available to both Ukrainian nationals seeking refuge in Malta and others overseas in neighbouring countries of Ukraine. A team member forming part of the Red Cross Organisation performed voluntary work for two weeks at the front between Poland and Ukraine. He was supported by the company and a couple of colleagues who donated vacation leave from their respective unutilised leave.

Ronald McDonald House Charities Malta (RMHC Malta): A collaboration with RMHC Malta has been discussed. RMHC hosts educational and specialised support programs to give children facing intellectual, developmental or social challenges the essential life skills they need to thrive. QP shall assist with the digital documentation of the new Learning Centre in Qawra. In addition, it is in discussions to use the facilities during departmental staff meetings and team building activities.

SOAR Hub: SOAR is a peer-support service which supports women and children survivors of domestic violence who are trying to restart their lives in the community. The service is led by qualified and trained survivors. SOAR offers a range of services, programmes, projects and activities. It runs a support group with weekly social, creative and learning group activities. The collaboration proceeded during 2022 with QP's direct assistance and support. Discussions are now underway to support further by providing detailed drawing packages, schedules and specifications, as well as associated Bill of Quantities, which shall be used for the funding application and tender process for the selection of contractors. QP shall review and advise regarding permit conditions relating to the Heritage Superintendence and follow up on the validity of the Restawra Darek grant. PA and BCA documentation will be prepared before the commencement of work. Condition reports for the neighbouring properties will need updating closer to the commencement date of works.

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 focussed 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 12 times during 2022 with detailed minutes being kept of all proceedings and decisions taken.

SUSTAINABILITY

The Group has a clear agenda that is being driven forward with great commitment and a clear business focus. Sustainability is key in this and is an important driver of the Group's operational and financial development in the long term. Not only will the new role of Head of Sustainability be fundamental in making this a successful journey but will also increase value by helping to create resource efficient properties and operations that reduce the Groups climatic footprint notwithstanding the forecasted growth. All 3 pillars of Sustainability will be addressed thus we will strive to continually improve our environmental performance whilst also enhancing our interaction with Society and fine tuning our Governance. The Group is focusing on integrating sustainability in a strategic and structured way throughout the diverse property and operations portfolio.

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 composed of senior management executives with diverse backgrounds and expertise in their respective fields are responsible for overseeing the implementation of policies and practices aimed at enhancing the compliance framework in the Group.
To provide an effective structure for managing risk across the organization, a Risk Management Policy has been established to formalize and communicate the approach towards risk management.

The Group has adopted a standard methodology, based on the International Risk Management Standard ISO 31000:2009 and the COSO (Committee of Sponsoring Organisations of the Treadway Commission) standard for Enterprise Risk Management, to guide its risk management practices.

Through an effective risk management framework, which includes key Group policies, the organisation proactively identifies, mitigates, and manages principal business risks.

Recognizing the importance of sustainability as a risk factor, the organisation has incorporated sustainability risks in its Group Risk register, which assesses the principal strategic and operational risks affecting the organization.

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,
iv. 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,
v. 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,
vi. 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
vii. 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 objectives of the policy are 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 investigate 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 2022.

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 adopted a Conflict of Interest policy in 2022. Regular training on this policy is being provided.

EMPLOYEE HANDBOOK

All hotel employees receive a copy of the employee handbook and this will be reviewed in 2023.

The employee handbook is aimed at introducing employees to the purpose and values of the Company, as well as to share information related to key policies and procedures, including anti-fraud, anti-bribery, whistleblowing, fair competition, equal opportunity, customer/employee data privacy, as well as anti-modern slavery.

All employees will be familiarised with the content of the handbook, thereby ensuring that they are aware of the Group's expectations related to ethical and professional conduct.

Management has the responsibility to set exemplary standards of behaviour, to lead by example, and to ensure adherence to policies and procedures.

CONSOLIDATED DISCLOSURES PURSUANT TO ARTICLE 8 OF THE TAXONOMY REGULATION

INTRODUCTION

In order to achieve the targets established by the European Union of reaching net zero greenhouse gas ('GHG') emissions by 2050, with an interim target of reducing GHG emissions by 55%, compared to 1990 levels, by 2030, the European Commission ('EC') has developed a taxonomy classification system, by virtue of EU Regulation 2020/852, ('the Taxonomy Regulation' or 'the EU Taxonomy'), which establishes the criteria for determining whether an economic activity qualifies as environmentally sustainable.

The EU Taxonomy establishes criteria in terms of six environmental objectives, against which entities will be able to assess whether economic activities qualify as environmentally sustainable. In order to qualify as such, an economic activity must be assessed to substantially contribute to at least one of these environmental objectives, whilst doing no significant harm ('DNSH') to the remaining objectives. This is achieved by reference to technical screening criteria established in delegated acts to the EU Taxonomy. The economic activity is also required to meet minimum safeguards established in the EU Taxonomy. The six environmental objectives considered by the EU Taxonomy are the following:

i. Climate change mitigation;
ii. Climate change adaptation;
iii. Sustainable use and protection of water and marine resources;
iv. Transition to a circular economy;
v. Pollution prevention and control; and
vi. Protection and restoration of biodiversity and ecosystems.

The EC subsequently adopted a Delegated Act supplementing Article 8 of the Taxonomy Regulation ('the Disclosures Delegated Act') in 2021, which establishes the disclosure requirements of entities within the scope of the Taxonomy Regulation. At this stage, this solely comprises entities subject to an obligation to publish non-financial information pursuant to Article 19a or Article 29a of Directive 2013/34/EU (being those entities subject to the Non-Financial Reporting Directive, 'NFRD').

In the following section, the Group, as a non-financial parent undertaking, presents the share of its turnover, capital expenditure (CapEx) and operating expenditure (OpEx) for the reporting period ended 31 December 2022, which are associated with taxonomy-eligible and taxonomy-aligned economic activities related to the first two environmental objectives (climate change mitigation and climate change adaptation) in accordance with Article 8 of the Taxonomy Regulation. The remaining four environmental objectives are expected to be captured as from 1 January 2024, in accordance with the draft Environmental Delegated Act ('EDA') which was published on 5 April 2023 and is subject to a feedback period until expected adoption by EC by June 2023. The Group will therefore continue to monitor market regulation and guidance in respect of this aspect of its Taxonomy reporting, given the imminent nature of such reporting requirements.

OUR ACTIVITIES

OVERVIEW

Proportion of taxonomy-eligible and taxonomy-aligned economic activities in total turnover, Capex and Opex in FY 2022

FY 2022	Total (€000)	Proportion of taxonomy-eligible (non-aligned) economic activities	Proportion of taxonomy-aligned economic activities	Proportion of taxonomy non-eligible economic activities
Turnover	238,207	4.7%	0%	95.3%
CapEx	46,061	75.0%	0%	25.0%
OpEx	6,744	0%	0%	100%

DEFINITIONS

'Taxonomy-eligible economic activity' means an economic activity that is described in the delegated acts supplementing the Taxonomy Regulation (that is, the Climate Delegated Act as of now), irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts.

The Climate Delegated Act is structured such that Annex I contains a list of activities and the respective technical screening criteria in relation to the Climate Change Mitigation objective, whereas Annex II relates to the Climate Change Adaptation objective, with potentially different activities being considered in the different annexes.

A 'Taxonomy-aligned economic activity' refers to a taxonomy-eligible activity which:

i. complies with the technical screening criteria as defined in the Climate Delegated Act, where such criteria comprise:

   a. substantial contribution to one or more environmental objectives; and also
   b. 'do no significant harm' to any of the remaining environmental objectives;

ii. compliance with minimum safeguards regarding human and consumer rights, anti-corruption and bribery, taxation, and fair competition.

'Taxonomy-non-eligible economic activity' means any economic activity that is not described in the delegated acts supplementing the Taxonomy Regulation.

TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

The Group have examined all economic activities carried out to see which of these are taxonomy-eligible and also taxonomy-aligned in accordance with Annexes I and II to the Climate Delegated Act. The table below indicates the activities performed by the Group which have been identified as taxonomy-eligible and the environmental objective to which the activity may be associated with. Information on the extent to which the economic activities are also taxonomy-aligned is provided in the KPI templates further below.

Taxonomy-eligible activities were identified by extracting the total revenue, CapEx and OpEx required to be captured in the denominators of the respective KPIs and assessing the NACE code of the activities to which the amounts relate. The Group then assessed which of the identified NACE codes relate to activities included within the annexes to the Climate Delegated Act. For the identified eligible activities, the Group then began the process to begin assessing them against the technical screening criteria. However, this process is still currently ongoing, with no activities presently being classified as taxonomy-aligned.

Through the activity highlighted in the table below, the Group generates turnover, and generally incurs both CapEx and OpEx for these activities.

Taxonomy-eligible economic activities							
Economic activity	**Description**	**Turnover (%)***	**CapEx (%)***	**OpEx (%)***	**Climate change mitigation**	**Climate change adaptation**	**NACE code**
7.7 Acquisition and Ownership of buildings	The generation of rental income through investment property held by the Group	4.7%	13.5%	-	✓	✓	L68

*% of the total turnover, CapEx and OpEx included in the denominator of the respective KPI

TAXONOMY ELIGIBILITY

Economic activities classified under activity 7.7 'Acquisition and ownership of buildings' relate to the generation of rental income through investment property leased by the Group.

The CapEx classified as taxonomy-eligible entails capital investments which relate to necessary components to execute the respective turnover-generating economic activity. In the current year, this relates purely to the acquisition of a new property by the Group, partly classified as 'Investment Property' and which is currently leased and generating rental income.

OTHER TURNOVER GENERATING ACTIVITIES PERFORMED BY THE GROUP CLASSIFIED AS TAXONOMY NON-ELIGIBLE

The Group's taxonomy non-eligible economic activities relate largely to the provision of accommodation services through the Corinthia hotel network owned by the Group. Unlike long-term accommodation services such as those relating the leasing of investment property, the provision of short-term accommodation is not captured by the Climate Delegated Act, and therefore the majority of the Group's activities are non-eligible.

Other taxonomy non-eligible activities of the Group include:

- Food and beverage service activities, including restaurants owned by the Group and catering for corporate events, weddings and airlines.
- Hotel Management services, including the management and operation of hotel properties by providing on-site support and services in all areas of hospitality management.
- Construction and property consultancy, specialising in project management, cost management, design services, architecture, land surveying and archaeology.

TAXONOMY ELIGIBILITY OF INVESTMENT ACTIVITIES NOT DIRECTLY RELATED TO TURNOVER-GENERATING ACTIVITIES

Further to the activities from which the Group generates turnover, and generally incurs both CapEx and OpEx, the Group also engages in investment activities not directly related to its turnover-generating activities as highlighted below.

Individually taxonomy-eligible CapEx/OpEx and the corresponding economic activities						
Economic activity	**Description of the taxonomy-eligible purchased output or individual measure**	**CapEx (%)***	**OpEx (%)***	**Climate change mitigation**	**Climate change adaptation**	**NACE code**
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	The acquisition of motor vehicles designated as category M1 and N1	0.4%	-	✓	✓	N77
7.1 Construction of new buildings	The development of new hotel properties	47.7%	-	✓	✓	F41

7.3 Installation, maintenance and repair of energy efficiency equipment	The installation of the energy efficient equipment in the Group's existing buildings (primarily the replacement of air conditioners and kitchen/sanitary water fittings)	1.0%	-	✓	✓	F43
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	The installation of devised for measuring, regulating and controlling energy performance in one of the Group's existing buildings.	0.1%	-	✓	✓	F43
7.7 Acquisition and ownership of buildings	The acquisition of property to be utilised internally by the Group	12.4%	-	✓	✓	L68

*% of the total CapEx and OpEx included in the denominator of the respective KPI

TAXONOMY ALIGNMENT

Determining whether an activity meets the requirements to be classified as taxonomy-aligned requires considerable detailed information about the activity in order to properly assess it against the established technical screening criteria.

The Group is currently still in the process of gathering the necessary information in order to conclude that activities may be considered as taxonomy-aligned and verifying its accuracy. As a result of the ongoing process, the Group has not been able to substantiate the alignment of any of its activities in the current year.

Despite not being able to fully substantiate the alignment of any of its activities, the Group has identified instances of partial alignment in the current year.

Economic activities classified under activity 6.5 'Transport by motorbikes, passenger cars and light commercial vehicles', include the acquisition of a plug-in hybrid vehicle. In this instance, the substantial contribution requirements in relation to the climate change mitigation objective are considered to be met given that the specific emissions of C02 are lower than 50gCO2/km. However, the Group has not been able to assess the DNSH criteria for the activity, particularly in relation to the recyclability of the materials of the vehicle. Furthermore, the Group has not been able to assess the DNSH criteria for pollution prevention and control which relates to the specifications of the tyres of the vehicle. Therefore, continued engagement with suppliers will be required to identify whether such activities may be considered as taxonomy-aligned in the future (this applies specifically in the case of the plug-in hybrid vehicles purchased, and does not capture other internal combustion engine vehicles acquired by the Group).

As further progress is made in the Group's internal assessment process, certain activities may be identified as taxonomy-aligned without the need for further capital investments.

However, as a result of no activities being considered as taxonomy-aligned in the current year, disclosure requirements surrounding the assessment of taxonomy-alignment in accordance with section 1.2.2.1 of the Disclosures Delegated Act are not deemed to be applicable to the Group.

OUR KPIS AND ACCOUNTING POLICIES

The key performance indicators ('KPIs') comprise the turnover KPI, the CapEx KPI and the OpEx KPI. In presenting the Taxonomy KPIs, the Group uses the templates provided in Annex II to the Disclosures Delegated Act. Since the KPIs need to include an assessment of taxonomy-alignment for the first time for the reporting period 2022, the Group does not present comparative figures on taxonomy-alignment. Moreover, since the Group is not performing any of the activities related to natural gas and nuclear energy (activities 4.26-4.31), the Group is not using the dedicated templates introduced by the Complementary Delegated Act as regards activities in certain energy sectors.

TURNOVER KPI TEMPLATE FOR FINANCIAL YEAR 2022

				Substantial contribution criteria		DNSH Criteria									
Econimic activities	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate Change adaptation	Climate change mitigation	Climate Change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of turnover Year N	Taxonomy aligned proportion of turnover Year N-1	Category (enabling activity or transitional activity)
		EUR'000	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E/T
A. TAXONOMY-ELIGIBLE ACTIVITIES															
A.1 Environmentally sustainable activities (Taxonomy-aligned)															
Turnover of environmentally sustainable activities (Taxonomy aligned) (A.1)		-	0%	0%	0%								0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)															
7.7 Acquisition and ownership of buildings	L68	11,104	4.7%												
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		11,104	4.7%												
Total Turnover of Taxonomy eligible activities (A.1 + A.2) (A)		**11,104**	**4.7%**										**0%**		
B. TAXONOMY-NON ELIGIBLE ACTIVITIES															
Turnover of taxonomy-non-eligible activities (B)		**227,103**	**95.3%**												
Total (A+B)		**238,207**	**100%**												

CAPEX KPI TEMPLATE FOR FINANCIAL YEAR 2022

				Substantial contribution criteria		DNSH Criteria										
Econimic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate Change adaptation	Climate change mitigation	Climate Change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of CapEx Year N	Taxonomy aligned proportion of CapEx Year N-1	Category (enabling activity)	Category (transitional activity)
		EUR'000	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1 Environmentally sustainable activities (Taxonomy-aligned)																
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	0%	0%								0%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	N77	191	0.4%													
7.1 Construction of new buildings	F41	23,285	47.7%													
7.3 Installation, maintenance and repair of energy efficiency equipment	F43	509	1.0%													
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	F43	30	0.1%													
7.7 Acquisition and ownership of buildings	L68	12,650	25.9%													
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		36,665	75.0%													
Total CapEx of Taxonomy eligible activities (A.1 + A.2) (A)		**36,665**	**75.0%**										**0%**			
B. TAXONOMY-NON ELIGIBLE ACTIVITIES																
CapEx of taxonomy-non-eligible activities (B)		**12,193**	**25.0%**													
Total (A+B)		**48,858**	**100%**													

OPEX KPI TEMPLATE FOR FINANCIAL YEAR 2022

				Substantial contribution criteria		DNSH Criteria									
Econimic activities	Code(s)	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate Change adaptation	Climate change mitigation	Climate Change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of OpEx Year N	Taxonomy aligned proportion of OpEx Year N-1	Category (enabling activity or transitional activity)
		EUR'000	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E/T
A. TAXONOMY-ELIGIBLE ACTIVITIES															
A.1 Environmentally sustainable activities (Taxonomy-aligned)															
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	0%	0%								0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)															
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	0.0%												
Total OpEx of Taxonomy eligible activities (A.1 + A.2) (A)		**-**	**0.0%**										**0%**		
B. TAXONOMY-NON ELIGIBLE ACTIVITIES															
OpEx of taxonomy-non-eligible activities (B)		**6,744**	**100.0%**												
Total (A+B)		**6,744**	**100%**												

The specification of the KPIs is determined in accordance with Annex I to the Disclosures Delegated Act. The Group adopts the methodology to determine taxonomy-alignment in accordance with the legal requirements and describes its policies in this regard as follows:

TURNOVER KPI

DEFINITION

The proportion of taxonomy-aligned economic activities of the total turnover has been calculated as the part of net turnover derived from products and services associated with taxonomy-aligned economic activities (numerator) divided by the net turnover (denominator), in each case for the financial year from 1 January 2022 to 31 December 2022. Given that the Group has not identified any taxonomy-aligned economic activities, the current proportion of alignment is 0%.

The denominator of the turnover KPI is based on the consolidated net turnover in accordance with paragraph 82(a) of IAS 1. For further details on our accounting policies regarding the Group's consolidated net turnover, refer to disclosure note 3.25 'Revenue recognition' in the Group's consolidated financial statements included in this Annual Report.

RECONCILIATION

The Group's consolidated net turnover captured in the denominator of the KPI of €238,207,000 reconciles with the amount disclosed in the 'Revenue' financial statement line item included in the 'Income Statements' in the consolidated financial statements included in this annual report. Additionally, the amount also reconciles to Note 6 'Segment reporting' summarised below.

REVENUE RECONCILIATION	AMOUNT (€000)	AMOUNT (€000)
Turnover as per KPI denominator		238,207
Turnover as per the consolidated financial statements relating to:		
Hotels *(referred to as segment revenue)*	201,894	
Rental income from investment property	11,104	
Hotel management company revenue	16,580	
Catering business revenue	18,533	
Project management revenue	7,207	
Development revenue	325	
Holding company revenue	3,985	
Elimination of intra-group revenue	(21,421)	238,207
Difference		-

From the amounts disclosed above, the full amount of €11,104,000 allocated to 'Rental income from investment property' is disclosed as taxonomy-eligible under activity 7.7 'Acquisition and ownership of buildings' in the Turnover KPI.

All other revenue allocated to other activities, amounting to €227,103,000 is all disclosed as taxonomy non-eligible in the Turnover KPI.

CAPEX KPI

DEFINITION

The CapEx KPI is defined as taxonomy-aligned CapEx (numerator) divided by the Group's total CapEx (denominator).

Total CapEx consists of additions to tangible and intangible fixed assets during the financial year, before depreciation, amortisation, and any remeasurements, including those resulting from revaluations and impairments, as well as excluding changes in fair value. It includes acquisitions of tangible fixed assets (IAS 16), intangible fixed assets (IAS 38) and right-of-use assets (IFRS 16) and acquisitions of investment properties (IAS 40). Additions as a result of business combinations would also be captured however, the Group had no such activities in the current year. For further details on our accounting policies regarding the Group's CapEx, refer to disclosure notes 3.10 'Property plant and equipment',3.11 'Investment property', 3.12 'Intangible assets' and 16 'Leases' , in the Group's consolidated financial statements included within this annual report.

The Disclosures Delegated Act established three categories under which to classify CapEx:

a. CapEx related to assets or processes that are associated with Taxonomy-aligned economic activities ("category a"). In this case, the Group considers that assets and processes are associated with Taxonomy-aligned economic activities where they are essential components necessary to execute an economic activity.

   The Group follows the generation of external revenues as a guiding principle to identify economic activities that are associated with CapEx under this category (a).

   Eligible CapEx under this category has been disclosed in the table named 'Taxonomy-eligible economic activity' in the 'Taxonomy eligible and Taxonomy-aligned economic activities' section above.

b. CapEx that is part of a plan to upgrade a Taxonomy-eligible economic activity to become Taxonomy-aligned or to expand a Taxonomy-aligned economic activity ("category b").

   The Group has currently not developed such a plan, and therefore, no CapEx is considered to be eligible under this category.

c. CapEx related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling certain target activities to become low-carbon or to lead to GHG reductions ("category c").

The Group distinguishes between the purchase of output and individual measures as follows:

- 'Purchase of output' relates to when the Group just acquires the product or service that is mentioned in the activity description.
- 'Individual measure' refers to when the Group acquires a product through an activity that is regularly performed by the supplier, but where the Group controls the content and design of the product in detail.

Eligible CapEx under this category has been disclosed in the table named 'Individually taxonomy-eligible CapEx/OpEx and the corresponding economic activities' in the 'Taxonomy eligibility of investment activities not directly related to turnover generating activities' section above. The full amount of CapEx considered under this category relates purely to 'purchase of output'.

Purchases of output qualify as taxonomy-aligned CapEx in cases where it can be verified that the respective supplier performed a taxonomy-aligned activity to produce the output that the Group acquired. Since taxonomy-alignment also includes DNSH criteria and minimum safeguards, the Group is not able to assess the Taxonomy-alignment on its own. For the purchased output in 2022, we were not able to obtain any conclusive confirmation of taxonomy-alignment.

In order to avoid double counting in the CapEx KPI, the Group ensured that CapEx captured as part of "category a", which relates to turnover-generating activities, was not also included with the activities identified within "category c", particularly in the case of taxonomy-eligible CapEx relating to the acquisition of a property which is partly leased out to third parties and partly utilised by the Group in the performance of its own operations.

RECONCILIATION

The Group's total CapEx captured in the denominator of the KPI can be reconciled to the consolidated financial statements of the Group included in this annual report, by reference to the respective disclosures capturing the additions for property, plant and equipment, investment property, intangible assets, and right-of-use assets.

CAPEX RECONCILIATION	AMOUNT (€000)	AMOUNT (€000)	
CapEx as per KPI denominator		48,858	
Additions as per the consolidated financial statements relating to:			
Property, plant and equipment	38,843		*Disclosure Note 15*
Investment property	6,596		*Disclosure Note 14*
Intangible assets	19		*Disclosure Note 12*
Right-of-use assets	3,400	48,858	*Disclosure Note 16*
Difference		-	

The following is a detailed breakdown of the property, plant and equipment, investment property, intangible assets, and right of use assets amongst the different activities disclosed in the Capex KPI.

DETAILED BREAKDOWN OF PROPERTY, PLANT AND EQUIPMENT ADDITIONS	AMOUNT (€000)	AMOUNT (€000)
PPE additions as per the consolidated financial statements		38,843
Allocation of PPE in the CapEx KPI		
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	59	
7.1 Construction of new buildings	23,285	
7.3 Installation, maintenance and repair of energy efficiency equipment	509	
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	30	
7.7 Acquisition and Ownership of buildings	6,054	
Taxonomy non-eligible	8,906	38,843
Difference		-

DETAILED BREAKDOWN OF INVESTMENT PROPERTY ADDITIONS	AMOUNT (€000)	AMOUNT (€000)
Investment property additions as per the consolidated financial statements		6,596
Allocation of Investment Property in the CapEx KPI		
7.7 Acquisition and Ownership of buildings	6,596	
Taxonomy non-eligible	-	6,596
Difference		-

DETAILED BREAKDOWN OF INTANGIBLE ASSETS ADDITIONS	AMOUNT (€000)	AMOUNT (€000)
Intangible asset additions as per the consolidated financial statements		19
Allocation of Intangible Assets in the CapEx KPI		
Taxonomy non-eligible		19
Difference		-

DETAILED BREAKDOWN OF RIGHT OF USE ASSET ADDITIONS	AMOUNT (€000)	AMOUNT (€000)
Right of use asset additions as per the consolidated financial statements		3,400
Allocation of ROU in the CapEx KPI		
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	132	
Taxonomy non-eligible	3,268	3,400
Difference		-

OPEX KPI

DEFINITION

The OpEx KPI is defined as taxonomy-aligned OpEx (numerator) divided by the Group's total OpEx (denominator).

Total OpEx consists of direct non-capitalised costs that relate to all forms of maintenance and repair. This includes staff costs, costs for services and material costs for daily servicing as well as for regular and unplanned maintenance and repair measures. Direct non-capitalised costs in relation to research and development, building renovation measures and short-term leases would also be captured, however, no such costs were incurred in the current year.

The OpEx considered by the Group does not include expenses relating to the day-to-day operation of PPE, such as raw materials, cost of employees operating any equipment and electricity or fluids that are necessary to operate the PPE. Amortisation and depreciation are also not included in the OpEx KPI.

The Group also excludes direct costs for training and other human resources adaptation needs from the denominator and the numerator. This is because Annex I to the Disclosures Delegated Act lists these costs only for the numerator, which does not allow a mathematically meaningful calculation of the OpEx KPI.

The OpEx of the Group recognised during the financial year ended December 2022 is disclosed further in the Group's consolidated financial statements included within this annual report in disclosure note 7 'Expenses by nature', with the full amount included in the denominator of the KPI, €6,744,000 relating fully to 'repairs and maintenance' disclosed in note 7.

Given that the Group has not identified any CapEx as being taxonomy-aligned, naturally, no OpEx is able to be considered as taxonomy-aligned.

FURTHER EXPLANATIONS

Due to the manner in which the Group's internal data is structured, it is not able to accurately extract the exact nature of the repairs and maintenance costs incurred throughout the year. Therefore, whilst the Group is aware that the majority of such costs incurred pertain to buildings owned by the Group and should be allocated to activity 7.7 'Acquisition and ownership of buildings', and that lesser amount relate to activity 6.5 'Transport by motorbikes, passenger cars and light commercial vehicles', the accurate amounts cannot be determined at this stage. Therefore, the Group has opted to classify all OpEx as taxonomy non-eligible in the current year as opposed to developing an allocation method to distribute the expenses to different activities.

However, going forward, the Group is assessing an appropriate manner to enhance its current system capabilities to allocate repairs and maintenance costs to the respective activities that they relate, with the intent of achieving more accurate reporting in the coming period.

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 Executive 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.

The CEO is responsible to:

- Manage the company's overall operations and development efforts;
- Drive profitability and increase shareholder's value;
- Communicate with the board on a regular basis and implement the strategy, decisions and polices adopted by the board; and
- Ensure conformity with corporate governance policies adopted by the board.

PRINCIPLE 3: COMPOSITION OF THE BOARD

The board of directors consists of one executive chairman and seven 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 /her dual role as executive director of the Company and his/her role as officer of IHI's parent company, CPHCL Company Limited and its other subsidiaries.

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.

Directors are to be mindful of maintaining independence, professionalism and integrity in carrying out their duties, responsibilities and providing judgement as directors of the Company.

Directors individually declare that they undertake 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, Executive Chairman	29 March 2000
Non-executive Director	
Mr Frank Xerri de Caro	02 July 2004
Mr Hamad Buamim	31 December 2013
Mr Abdulnaser Ahmida	21 January 2014 (until 4 July 2022)
Mr Douraid Zaghouani	03 November 2014
Mr Joseph Pisani	22 December 2014
Mr Joseph Fenech	20 April 2021 (until 3 August 2022)
Mr Moussa Atiq Ali	23 July 2021
Mr Richard Cachia Caruana	9 June 2022
Mr Mohamed Mahmoud Shawsh	4 July 2022
Mr David Curmi	17 February 2021 (until 9 June 2022)

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 Joseph Fenech	3
Mr Frank Xerri de Caro	5
Mr Moussa Atiq Ali	4
Mr Hamad Buamim	4
Mr Richard Cachia Caruana	1
Mr Abdulnaser Ahmida	3
Mr Mohamed Mahmoud Shawsh	2
Mr Douraid Zaghouani	5
Mr David Curmi	3
Mr Joseph Pisani	5

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 12 times. The internal and external auditors were invited to attend these meetings.

Mr Richard Cachia Caruana acts as Chairman as from 9 June 2022 succeeding Mr Frank Xerri de Caro, Mr Abdulnaser Ahmida (until 4 July 2022), Mr Joseph Pisani, Mr Mohamed Mahmoud Shawsh and Mr Joseph Fenech (until 3 August 2022) act as members, the Company Secretary, Mr Jean-Pierre Schembri acts as Secretary to the committee. The independent directors currently sitting on the Committee are Mr Richard Cachia Caruana and Mr Mohamed Mahmoud Shawsh.

The board of directors, in terms of Capital Markets Rule 5.118A, has indicated Mr Mohamed Mahmoud Shawsh 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 accounting and auditing 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.

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 Richard Cachia Caruana (as Chairman from 9 June 2022) succeeding Mr Frank Xerri de Caro, Mr Abdulnaser Ahmida (until 4 July 2022), Mr Joseph Pisani, Mr Mohamed Mahmoud Shawsh and Mr Joseph Fenech (until 3 August 2022). Mr Jean-Pierre Schembri acts as Secretary to the committee.

The Nomination and Remuneration committee met six times in the course of 2022.

PRINCIPLE 9: RELATIONS WITH SHAREHOLDERS AND 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 2022 Annual General Meeting on a remote basis on 9 June 2022. The Company also provided facilities for those Members who wished to follow the proceedings of the Meeting physically at The Radisson Blu Resort, St Julian's. 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 2022, 16 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 2022 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 CPHCL Company Limited are entered into in the ordinary course of business.

A new Conflict of Interest policy was approved by the IHI Board of Directors on 6th September 2022. This policy has now come into effect. This policy aims to increase transparency and integrity within the Group by giving all members the opportunity to disclose any potential Conflict of Interest they may be involved in. The policy lists several situations which may lead to a Conflict of Interest and also stipulates that acceptance of gifts, such as hospitality, free travel, tickets, or invitations to sports or entertainment events or other benefits, is considered a conflict of interest if the value of the gift is equal to or greater than €200 or in total exceeds €200 in a 12-month period.

As at year end, Mr Alfred Pisani had a beneficial interest of 5,061,879 shares. Mr Richard Cachia Caruana had an indirect beneficial interest of 1,000 shares, Mr Frank Xerri de Caro had a beneficial interest of 10,927 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.

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 Richard Cachia Caruana (Senior Independent Director and Chairman of the Audit Committee) and Joseph Pisani (Director) on 19 April 2023.

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 2022:

	SHARES	%
CPHCL 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 18 April 2023.

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 9th June 2022, approved an aggregate figure for fees and remuneration due to the Chairman and non-Executive Directors of the Company, capped at €1,300,000 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 2022 the members of the committee were Mr Richard Cachia Caruana as Chairman (from 9 June 2022) succeeding Mr Frank Xerri de Caro, and non-executive directors Mr Joseph Pisani, Mr Mohamed Mahmoud Shawsh (from 6 July 2022) and Mr Joseph Fenech (until 3 August 2022) 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 CEO 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 2022, the Company doesn't award share-based remuneration. In general, the Company does not offer profit-sharing or pension benefit schemes. For our UK based employees, in line with local legislative requirements, the Company provides for a voluntary workplace pension scheme.

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 and 2021 for the Executive 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 Executive Chairman, CEO and all senior executives of the Company had significant parts of their salaries deferred up to 60% of their salary, during 2020 and 2021, in view of the economic situation brought about by the COVID-19 pandemic. The deferred salaries were reimbursed between 2021 and 2022. For 2021, instead of the usual bonuses for the Executive Chairman, CEOs and all senior executives the Company decided 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 and the CEO during 2022 amounted to €2,129,061.

The remuneration and emoluments earned and paid to the Directors and the CEO for 2022, including fees paid in connection with their membership of board committees and other subsidiary boards are:

	2022 FIXED REMUNERATION EARNED (INCL. FIXED BASE SALARY AND DIRECTORS' FEES)	2022 VARIABLE REMUNERATION	2021 FIXED REMUNERATION EARNED (INCL. FIXED BASE SALARY AND DIRECTORS' FEES)	2021 VARIABLE REMUNERATION	CHANGE %
Mr Alfred Pisani, Executive Chairman	455,934	310,131	451,530	-	-3
Mr Frank Xerri de Caro, Senior Non-Executive Director	123,457	-	115,000	-	-
Dr Joseph J. Vella, Independent Non-Executive Director - resigned 20 April 2021*	-	-	21,398	-	-
Mr Salem Hnesh, Non-Executive Director - resigned 8 July 2021*	-	-	9,687	-	-
Mr Abdulnaser Ahmida, Non-Executive Director - resigned 4 July 2022*	28,483	-	54,336	-	-
Mr Hamad Buamim, Non-Executive Director	15,471	-	15,000	-	-
Mr Abuagila Almahdi, Non-Executive Director - resigned 9 July 2021*	-	-	-	-	-
Mr Douraid Zaghouani, Non-Executive Director	15,471	-	15,000	-	-
Mr Joseph Pisani, Non-Executive Director	120,471	-	67,500	-	-
Mr Moussa Atiq Ali, Non-Executive Director - appointed 23 July 2021	50,007	-	25,000	-	-
Mr David Curmi, Non-Executive Director - appointed 17 February 2021 - resigned 9 June 2022*	6,677	-	13,017	-	-
Mr Joseph Fenech, Director - appointed 20 April 2021* - deceased 3 August 2022	70,000	-	60,000	-	-
Mr Richard Cachia Caruana, Senior Independent Non-Executive Director - appointed 9 June 2022*	67,000	-	-	-	-

Mr Mohamed Mahmoud Shawsh, Non-Executive Director - appointed 4 July 2022*	35,522	-	-	-	-
Subtotal	**988,493**	**310,131**	**847,468**	**-**	**-**
Mr Joseph Fenech, Joint CEO - resigned 20 April 2021*	-	-	215,597	-	-100
Mr Simon Naudi, CEO	615,895	209,869	440,143	91,000	40
	1,604,388	**520,000**	**1,503,208**	**91,000**	

During the year the composition of the Company's subsidiary boards and committees were reorganised resulting in the above movements. Director's remuneration levels reflect the number of subsidiary companies' boards on which the different Directors sit on, as also certain statutory positions, including the Audit and Remuneration Committees. 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.

	2022 €	2021 €	2020 €	CHANGE 2022-2021 %	CHANGE 2021-2020 %
Annual aggregate employee remuneration	73,634,000	55,228,000	56,603,000	–	–
Employee remuneration (excluding CEOs remuneration)	72,808,236	54,481,260	55,774,000	–	–
CEOs remuneration	825,765	746,740	828,780	10	–
Company performance – operating results before depreciation and fair value gains/(losses)	51,706,000	26,528,000	(3,807,000)	*	*
Average employee remuneration (excluding CEOs) – full-time equivalent	32,374	29,417	30,763	10	(4)

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

2021 and 2020 was 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 will be reviewed at the 2024 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 Richard Cachia Caruana (Senior Independent Director) on 18 April 2023.

Registered Office
22 Europa Centre,
Floriana FRN 1400,
Malta

INCOME STATEMENT
THE GROUP

	NOTES	2022 €'000	2021 €'000
Revenue	6	**238,207**	129,266
Costs of providing services	7	**(125,586)**	(65,620)
Gross Profit		**112,621**	63,646
Marketing costs		**(7,604)**	(4,506)
Administrative expenses	7	**(36,941)**	(27,647)
Other operating expenses	7	**(16,370)**	(4,965)
Operating results before depreciation and fair value gains/(losses)		**51,706**	26,528
Depreciation and amortisation	7, 12, 15, 16	**(29,164)**	(30,613)
Other losses arising on property, plant and equipment	15	**(100)**	(5,353)
Impairment loss on property, plant and equipment	15	**(1,207)**	-
Net changes in fair value of investment property	14	**(6,620)**	1,321
Net changes in fair value of indemnification assets	13	**-**	(6,228)
Other operational exchange losses		**(304)**	(1,564)
Results from operating activities	6	**14,311**	(15,909)
Net changes in fair value of financial assets through profit and loss	22	**(2,925)**	743
Finance income	9		
- interest and similar income		**440**	506
Finance costs	9		
- interest expense and similar charges		**(28,160)**	(24,984)
- net exchange differences on borrowings		**15,367**	(908)
Share of net (loss)/gain of associates and joint ventures accounted for using the equity method	18	**(61)**	1,124
Other gains/(losses)		**198**	(156)
Reclassification of currency translation reserve to profit or loss upon loss in subsidiary		**(264)**	-
Loss before tax		**(1,094)**	(39,584)
Tax (expense)/credit	10	**(1,248)**	9,256
Loss for the year		**(2,342)**	(30,328)
Loss for the year attributable to:			
- Owners of IHI		**(5,442)**	(28,312)
- Non-controlling interests		**3,100**	(2,016)
Loss for the year attributable to Owners of IHI and non-controlling interest		**(2,342)**	(30,328)
Earnings per share	11	**(0.01)**	(0.05)

STATEMENT OF COMPREHENSIVE INCOME

THE GROUP

	NOTES	2022 €'000	2021 €'000
Loss for the year		**(2,342)**	(30,328)
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss			
Gross surplus arising on revaluation of hotel properties	15, 25	**2,959**	78,385
Deferred tax on surplus arising on revaluation of hotel property	10.2	**1,949**	(1,497)
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	10.2	**(22,559)**	27,961
Deferred tax arising on currency translation differences	10.2	**(666)**	(1,143)
Share of other comprehensive income of joint ventures and associates accounted for using the equity method			
- currency translation differences	18.1	**71**	(8,338)
Items reclassified to profit or loss			
Reclassification of currency translation reserve to profit or loss upon loss in subsidiary		**264**	-
Other comprehensive (loss)/income for the year, net of tax		**(17,982)**	95,368
Total comprehensive (loss)/income for the year		**(20,324)**	65,040
Attributable to:			
- Owners of IHI		**(17,860)**	21,523
- Non-controlling interests		**(2,464)**	43,517
Total comprehensive income for the year		**(20,324)**	65,040

STATEMENT OF FINANCIAL POSITION

THE GROUP

	NOTES	31 DECEMBER 2022 €'000	31 DECEMBER 2021 €'000
Assets			
Non-current			
Intangible assets	12	**46,785**	48,216
Indemnification assets	13	**17,168**	17,168
Investment property	14	**167,682**	161,149
Property, plant and equipment	15	**1,254,715**	1,259,688
Right-of-use assets	16	**11,626**	11,203
Deferred tax assets	33	**18,019**	19,028
Investments accounted for using the equity method	18	**5,198**	5,188
Financial assets at fair value through profit or loss	22	**5,373**	6,898
Other financial assets at amortised cost	19	**6,460**	5,915
Trade and other receivables	21	**1,535**	982
Total non-current assets		**1,534,561**	1,535,435
Current			
Inventories	20	**14,606**	12,531
Other financial assets at amortised cost	19	**152**	61
Trade and other receivables	21	**45,337**	35,315
Current tax asset		**50**	745
Financial assets at fair value through profit or loss	22	**1,018**	8,978
Cash and cash equivalents	23	**66,231**	102,087
Assets placed under trust arrangement	31, 42	**77**	77
Total current assets		**127,471**	159,794
Total assets		**1,662,032**	1,695,229

STATEMENT OF FINANCIAL POSITION

THE GROUP

	NOTES	31 DECEMBER 2022 €'000	31 DECEMBER 2021 €'000
Equity and liabilities			
Equity			
Capital and reserves attributable to owners of IHI:			
Issued capital	24	**615,685**	615,685
Revaluation reserve	25	**59,559**	61,003
Translation reserve	26	**(31,023)**	(20,049)
Reporting currency conversion difference	28	**443**	443
Other components of equity	27	**2,617**	2,617
Accumulated losses	29	**(40,382)**	(34,940)
Equity attributable to owners of IHI		**606,899**	624,759
Non-controlling interests		**210,993**	213,457
Total equity		**817,892**	838,216
Liabilities			
Non-current			
Trade and other payables	34	**10,543**	10,608
Bank borrowings	30	**277,490**	348,528
Bonds	31	**273,062**	282,591
Lease liabilities	16	**10,542**	9,210
Other financial liabilities	32	**26,714**	6,827
Deferred tax liabilities	33	**91,596**	93,693
Provisions		**206**	206
Total non-current liabilities		**690,153**	751,663
Current			
Trade and other payables	34	**83,634**	76,893
Bank borrowings	30	**56,790**	24,948
Bond	31	**9,985**	-
Lease liabilities	16	**1,943**	2,611
Other financial liabilities	32	**113**	103
Current tax liabilities		**1,522**	795
Total current liabilities		**153,987**	105,350
Total liabilities		**844,140**	857,013
Total equity and liabilities		**1,662,032**	1,695,229

The financial statements were approved and authorised for issue by the Board of Directors on 18 April 2023. The financial statements were signed on behalf of the Board of Directors by Alfred Pisani (Executive Chairman) and Richard Cachia Caruana (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

	NOTES	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 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**
Balance at 1 January 2022		**615,685**	**61,003**	**(20,049)**	**443**	**2,617**	**(34,940)**	**624,759**	**213,457**	**838,216**
Loss for the year		**-**	**-**	**-**	**-**	**-**	**(5,442)**	**(5,442)**	**3,100**	**(2,342)**
Other comprehensive income		**-**	**(1,444)**	**(10,974)**	**-**	**-**	**-**	**(12,418)**	**(5,564)**	**(17,982)**
Total comprehensive income		**-**	**(1,444)**	**(10,974)**	**-**	**-**	**(5,442)**	**(17,860)**	**(2,464)**	**(20,324)**
Balance at 31 December 2022		**615,685**	**59,559**	**(31,023)**	**443**	**2,617**	**(40,382)**	**606,899**	**210,993**	**817,892**

STATEMENT OF CASH FLOWS

THE GROUP

	NOTES	2022 €'000	2021 €'000
Loss before tax		**(1,094)**	(39,584)
Adjustments	36	**53,008**	66,680
Working capital changes:			
Inventories		**(2,191)**	(225)
Trade and other receivables		**(9,450)**	1,670
Trade and other payables		**9,991**	2,076
Cash generated from/(used in) operations		**50,264**	30,617
Tax paid		**(483)**	(915)
Net cash generated from/(used in) operating activities		**49,781**	29,702
Investing activities			
Payments to acquire property, plant and equipment		**(38,680)**	(14,883)
Payments to acquire intangible assets		**(19)**	(105)
Payments to acquire investment property		**(6,596)**	(186)
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		**(90)**	(205)
Proceeds from sale of financial asset at fair value through profit or loss		**6,273**	2,115
Loan to other investee		**-**	(407)
Interest received		**440**	506
Net cash generated from/(used in) investing activities		**(38,672)**	8,694

STATEMENT OF CASH FLOWS
THE GROUP

	NOTES	2022 €'000	2021 €'000
Financing activities			
Proceeds from bank borrowings		**20,907**	17,093
Repayment of bank borrowings		**(58,261)**	(38,170)
Proceeds from the issue of bonds		**-**	70,430
Payments for redemption of bonds		**-**	(10,430)
Bond issue costs		**-**	(840)
Advances by Ultimate parent		**20,000**	7,201
Principal elements of lease payments		**(2,553)**	(1,553)
Contributions to sinking fund		**-**	(2,143)
Release from sinking fund		**-**	7,703
Interest paid		**(26,882)**	(24,647)
Net cash generated from/(used) in financing activities		**(46,789)**	24,644
Net change in cash and cash equivalents		**(35,680)**	63,040
Cash and cash equivalents at beginning of year		**97,906**	36,383
Effect of translation of group entities to presentation currency		**(6,486)**	(1,517)
Cash and cash equivalents at end of year	23	**55,740**	97,906

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

STATEMENT OF COMPREHENSIVE INCOME

THE COMPANY

	NOTES	2022 €'000	2021 €'000
Interest income on other financial assets at amortised cost		**5,210**	3,154
Management fees and other similar income		**3,637**	3,531
Interest expense and similar charges		**(15,139)**	(13,389)
Administrative expenses		**(7,450)**	(5,832)
Credit losses on loans receivable and other assets	42.1	**201**	(1,314)
Loss before tax		**(13,541)**	(13,850)
Tax income	10	**4,644**	3,539
Loss for the year		**(8,897)**	(10,311)
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	18.2, 27.2, 17.3	**(6,097)**	39,538
Income tax relating to these items	27.2	**(432)**	444
Reversal of deferred income tax liability on fair value movements	27.2	**-**	10,034
Other comprehensive income for the year, net of tax		**(6,529)**	50,016
Total comprehensive income for the year		**(15,426)**	39,705

STATEMENT OF FINANCIAL POSITION

THE COMPANY

	NOTES	31 DECEMBER 2022 €'000	31 DECEMBER 2021 €'000
Assets			
Non-current			
Intangible assets	12	**2,414**	2,439
Indemnification assets	13	**1,997**	1,997
Property, plant and equipment	15	**139**	123
Right-of-use assets	16	**84**	339
Deferred tax assets	33	**8,236**	4,993
Investments in subsidiaries	17	**827,858**	832,378
Investments in associates and joint ventures	18	**5,198**	5,188
Other financial assets at amortised cost	19	**140,138**	96,610
Total non-current assets		**986,064**	944,067
Current			
Other financial assets at amortised cost	19	**2,556**	2,556
Trade and other receivables	21	**60,468**	58,971
Current tax asset		**31**	192
Cash and cash equivalents	23	**8,564**	40,438
Assets placed under trust arrangement	42, 31	**77**	77
Total current assets		**71,696**	102,234
Total assets		**1,057,760**	1,046,301

STATEMENT OF FINANCIAL POSITION

THE COMPANY

	NOTES	31 DECEMBER 2022 €'000	31 DECEMBER 2021 €'000
Equity			
Issued capital	24	**615,685**	615,685
Other reserves	27.2	**61,185**	67,714
Reporting currency conversion difference	28	**443**	443
(Accumulated losses)/retained earnings	29	**(2,031)**	6,866
Total equity		**675,282**	690,708
Liabilities			
Non-current			
Trade and other payables	34	**1,574**	1,961
Bank borrowings	30	**16,739**	15,561
Bonds	31	**273,062**	282,591
Other financial liabilities	32	**52,955**	28,167
Lease liabilities	16	**50**	92
Deferred tax liabilities	33	**11,840**	11,407
Total non-current liabilities		**356,220**	339,779
Current			
Trade and other payables	34	**12,686**	12,706
Bank borrowings	30	**3,460**	2,747
Bonds	31	**9,985**	-
Other financial liabilities	32	**87**	101
Lease liabilities	16	**40**	260
Total current liabilities		**26,258**	15,814
Total liabilities		**382,478**	355,593
Total equity and liabilities		**1,057,760**	1,046,301

The financial statements were approved and authorised for issue by the Board of Directors on 18 April 2023. The financial statements were signed on behalf of the Board of Directors by Alfred Pisani (Executive Chairman) and Richard Cachia Caruana (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	(ACCUMULATED LOSSES) / RETAINED EARNINGS €'000	TOTAL EQUITY €'000
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
Balance at 1 January 2022	**615,685**	**67,714**	**443**	**6,866**	**690,708**
Loss for the year	**-**	**-**	**-**	**(8,897)**	**(8,897)**
Other comprehensive income	**-**	**(6,529)**	**-**	**-**	**(6,529)**
Total comprehensive income	**-**	**(6,529)**	**-**	**(8,897)**	**(15,426)**
Balance at 31 December 2022	**615,685**	**61,185**	**443**	**(2,031)**	**675,282**

STATEMENT OF CASH FLOWS
THE COMPANY

	NOTES	2022 €'000	2021 €'000
Loss before tax		**(13,541)**	(13,850)
Adjustments	36	**10,322**	10,945
Working capital changes:			
Trade and other receivables		**(4,451)**	(3,600)
Trade and other payables		**(477)**	662
Cash used in operations		**(8,147)**	(5,843)
Tax Refund		**160**	-
Net cash used in operating activities		**(7,987)**	(5,843)
Investing activities			
Payments to acquire property, plant and equipment		**(48)**	(19)
Payments to acquire right of use		**30**	-
Payments to acquire intangible assets		**(2)**	(32)
Loan repayments received from related parties		**(34,992)**	(4,346)
Net cash used in investing activities		**(35,012)**	(4,397)
Financing activities			
Drawdowns of bank borrowings		**5,000**	2,500
Proceeds from bank borrowings		**-**	-
Repayment of bank borrowings		**(3,110)**	(1,601)
Proceeds of loans from related parties		**4,100**	(12,993)
Proceeds of loan from ultimate parent		**20,000**	6,623
Proceeds from bond issue		**-**	70,431
Repayment of bond		**-**	(10,431)
Lease payment – principal		**(271)**	(282)
Bond issue costs		**-**	(840)
Contributions to sinking fund		**-**	(2,143)
Release from sinking fund		**-**	7,703
Interest paid		**(14,594)**	(13,002)
Net cash generated from financing activities		**11,125**	45,965
Net change in cash and cash equivalents		**(31,874)**	35,725
Cash and cash equivalents at beginning of year		**40,438**	4,713
Cash and cash equivalents at end of year	23	**8,564**	40,438

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 CPHCL Company Limited (formerly Corinthia Palace Hotel Company Limited) (CPHCL) with the same registered office address.

2. NATURE OF OPERATIONS

International Hotel Investments p.l.c. and its 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 and commercial centres. The Group is also actively engaged in the provision of residential accommodation and project management services.

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. During 2022, the Group's operations in Russia were also impacted in view of the military conflict between Russia and Ukraine. The geopolitical situation between Russia and the west resulted in a drop in international business to and from Russia, and in sanctions and counter sanctions being imposed (Note 5.2).

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 to ensure funds are available.

In 2022, due to the evolving situation in and around the Russian market, the Group opted to settle in full its bank loan on its property in St. Petersburg. Naturally this has impacted the Group's cashflows and liquidity.

Operating conditions improved considerably during 2022 as the operations continue to recover from the effect of the COVID-19 pandemic. In 2022, the Group recorded a substantially improved operating result before depreciation and fair value adjustments of €51.7m compared to €26.5m last year. The Group is projecting that consolidated revenue levels will revert to pre COVID-19 benchmarks during 2024. It is expected that individual properties will revert over a different timeline, with some attaining this level of performance before 2024.

During the preceding financial years, the Group had engaged in an extensive dialogue with its funding banks in Malta and internationally and had 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 extended to the first part of 2022. All ad hoc arrangements have now reverted back to their pre COVID-19 terms and all capital and interest is being met when due. 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 any breaches of these covenants that occurred in 2022 or are expected to occur in the early part of 2023. The situation is being kept under constant review and if additional waivers will be required these will be applied for in due time.

At 31 December 2022, the Group had access to €95m, comprising €28.8m of undrawn committed facilities and €66.2m 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.

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 2022 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.

WORKING CAPITAL POSITION

The Group's working capital position as at the end of December 2022 reflects a deficit of €26.5m (2021: surplus of €54.4m). This position takes into account the repayment of a bank loan due in 2023 amounting to €29m which is classified as a current liability as at December 2022. The Group is currently working on refinancing this loan and on obtaining fresh loans.

Apart from the surplus cash flows generated from the Group's operations and investment, the Group maintains a policy of supplementing cash available for its working capital requirements with various financing initiatives and the disposal of non-core assets.

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.

3.3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2022

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

- Annual improvements to IFRS Standards 2018-2020 Cycle
- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Onerous Contracts – Cost of Fulfilling a contract- Amendments to IAS 37

The amendments listed above did not have any impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods.

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 1 January 2023 and after. 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. In the Group's consolidated financial statements, 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.

In the Group's consolidated financial statements, interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated statement of financial position.

(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.

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 separate 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 business 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.

(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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates or a monthly weighted

average rate when there are significant fluctuations in the currency during the year (unless these are 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 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.

3.11 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 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, joint venture or 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 not amortised, but it is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is 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 mainly 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 no 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

3.13 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 assess 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 as 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.

3.15 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 is 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 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 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 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 tax asset is realised or the deferred 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.

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 assets.

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.

(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 and Russia are disclosed in Note 5.

Estimations, uncertainties and judgements made in determining the lease term in relation to lease accounting are disclosed in Note 16.

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 is 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, with the exception to those listed above, 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 AND RUSSIA

5.1 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 €67.1 million (2021: €69.5 million);
- An adjoining Commercial Centre to the above-mentioned hotel, with a carrying amount of €75.3 million (2021: €75.3 million);
- The ownership of a site surrounding the hotel, with a carrying amount of €29.5 million (2021: €29.5 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 (2021: €5.2 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 which were initially scheduled for June 2022, were pushed back to the end of 2022 and later pushed back again. The delay of national elections together with the confirmation of a new government cabinet by the eastern-based House of Representatives in February 2022, has returned Libya to a state of institutional division with two parallel government administrations in the East and West. The state of economic uncertainty that continued to prevail during the financial year ended 31 December 2022 continues to impact negatively the Libyan hospitality and real estate sectors which in turn impacts 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 in 2021 which saw the Group's revenue and profitability reduce significantly, it should be noted that the turnover registered during 2022 by Corinthia Towers Tripoli Limited amounts to €12.19 million (2021: €11.05 million) representing 5.12% (2021: 8.55%) of the Group's Revenue, with a profit before tax of €4.33 million (2021: profit before tax and devaluation of €4.57 million). Current year's revenue includes €7.90 million (2021: €7.55 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.

Whilst the Commercial Centre continued to generate positive net contributions as in previous years, the year ended 2022 saw the hotel also generating a positive net operational financial result (2021: loss €2.57m). Management's objective for the hotel is to continue to build on this positive result 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 judgemental. The operating performance of the assets in Libya has remained relatively stable when compared to last year.

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

	CARRYING AMOUNT AS AT	
	31 DECEMBER 2022 €M	31 DECEMBER 2021 €M
Corinthia Towers Tripoli Limited		
Property, plant and equipment	**67.1**	69.5
Investment property	**104.8**	104.8
Inventories	**1.8**	1.6
Trade receivables, net of provisions	**0.3**	1.1
Current tax receivable	**-**	0.6
Medina Towers J.S.C.		
Investment in associate accounted for using the equity method of accounting	**5.2**	5.2

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 2023 are encouraging and occupancy levels of 20% 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 €2.59 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 €22.12 million accounted for between 2016 and 2022.

In the case of the Commercial Centre, the carrying amount of the property is unchanged as at 31 December 2022.

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 2022, which is unchanged from the carrying amount as at 31 December 2021. 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 2022 held in Libyan Dinar comprise the project site carried at LYD 67.81 million equivalent to €13.16 million (2021: LYD 67.81 million equivalent to €13 million), and Euro denominated cash balances amounting to €7.90 million (2021: €7.79 million). The carrying amount of investment held by the Group in this project amounts to €5.20 million (2021: €5.19 million).

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.

5.2 THE GROUP'S OPERATIONS IN RUSSIA

The Group's investments in Russia principally comprise:

- The Corinthia Hotel St Petersburg, a fully owned five-star hotel in St. Petersburg with a carrying amount of €71.83 million (2021: €75.97 million) managed through IHI Benelux B.V., a company registered in The Netherlands, with a branch in St Petersburg;
- An adjoining Commercial Centre to the above-mentioned hotel, with a carrying amount of €52.48 million (2021: €51.6 million) also operated by IHI Benelux B.V.; and
- A 10% equity investment in Lizar Holdings Limited, a hotel and residential development in Moscow, having a carrying amount of €0.03 million (2021: €0.03 million) and a loan receivable amounting to €6.5m (2021: €5.9m).

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 counter-sanctions imposed by Russia itself continues to evolve. The consequences of these sanctions on the group and future effects on operational incomes are difficult to determine and depend on the duration of this conflict. The Group has engaged international legal advisers to assist in managing the situation that the sanctions have brought about.

The geopolitical situation between Russia and the west resulted in a drop in international business. Nevertheless the hotel maintained the same occupancy levels as in 2021 in view of the local trade that the hotel always enjoyed.

Earlier this year, due to the evolving situation in and around the Russian market and in view of the escalating sanctions that were being imposed on Russia, the Group settled the bank loan on its property in St. Petersburg. Whilst naturally impacting on the Group's cashflows, the transaction has also had the beneficial effect of removing exchange rate volatility which the Group had experienced during past years due to this facility.

Both the hotel and the Commercial Centre have remained operational since the eruption of the conflict and it has been assumed that this situation will continue. The turnover registered during 2022 by IHI Benelux B.V. amounts to €13.26 million (2021: €10.58 million) representing 5.57% (2021: 8.19%) of the Group's Revenue, with a profit before tax of €4.86 million (2021: profit before tax of €6.15 million). Current year's revenue includes €3.20 million (2021: €2.70 million) generated from rental contracts attributable to the Commercial Centre.

The settlement of the bank loan in the current year resulted in a gain on exchange of €12.09 million reported in the income statement with net exchange differences on borrowings.

Management's objective for the hotel and the Commercial Centre is to continue to build on the local trade and to ensure that payroll and other operating costs are managed in the context of the reduced operating income levels. At the same time, the company continues to invest in maintenance to ensure that the hotel is kept in a pristine condition to allow it to benefit from increased revenues once the situation improves and international travellers return.

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

	CARRYING AMOUNT AS AT	
	31 DECEMBER 2022 €M	31 DECEMBER 2021 €M
IHI Benelux B.V.		
Property, plant and equipment	**71.8**	76.0
Investment property	**52.5**	51.6
Inventories	**0.7**	0.6
Trade receivables, net of provisions	**0.1**	0.1
Moscow project		
Investment and loans	**6.5**	5.9

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 Russia are largely dependent on how soon the economic and political situation in and around Russia will return to normality and on how quickly international sanctions are lifted.

In assessing the value of the Hotel, the Directors recognised that the recent developments resulted in a drastic drop in international trade and consequentially a delay in the recovery from COVID-19. As a result, the valuation assessment carried out by professional valuers includes a higher element of uncertainty, and resulted in a fair value loss of €9.74 million (2021: uplift of €5.24 million) on the hotel, reported in other comprehensive income and €5.90 million (2021: €1.63 million) on the Commercial Centre reported in the income statement.

In view of the prevailing circumstances in Russia, the Moscow hotel project owned by an associate of the Group was suspended.

It is somewhat difficult to predict when the geopolitical situation between Russia and the West will start stabilising and forecasting the timing of any economic recovery in Russia is judgmental. Considering the central and strategic location of the hotel and Commercial Centre, the Group's performance in respect of its operations in Russia 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.

INFORMATION ABOUT REPORTABLE SEGMENTS

HOTELS	MALTA		LISBON		BUDAPEST		ST. PETERSBURG	
	2022 €'000	2021 €'000	**2022 €'000**	2021 €'000	**2022 €'000**	2021 €'000	**2022 €'000**	2021 €'000
Segment revenue	**53,466**	28,898	**25,189**	7,800	**15,686**	5,878	**10,053**	7,876
Operating results before depreciation and fair value gains/(losses)	**9,565**	4,356	**5,506**	(434)	**2,885**	1,491	**1,552**	2,172
Depreciation and amortisation	**(5,766)**	(5,810)	**(4,017)**	(3,965)	**(1,629)**	(1,655)	**(2,222)**	(1,655)
Segment profit or loss	**3,799**	(1,454)	**1,489**	(4,399)	**1,256**	(164)	**(670)**	517

HOTELS	PRAGUE		LONDON		TRIPOLI		TOTAL	
	2022 €'000	2021 €'000	**2022 €'000**	2021 €'000	**2022 €'000**	2021 €'000	**2022 €'000**	2021 €'000
Segment revenue	**10,735**	5,056	**82,472**	44,582	**4,293**	3,505	**201,894**	103,595
Operating results before depreciation and fair value gains/(losses)	**(90)**	(288)	**(90)**	9,776	**143**	(852)	**33,646**	16,221
Depreciation and amortisation	**(1,742)**	(1,742)	**(1,742)**	(8,642)	**(2,589)**	(2,580)	**(26,436)**	(26,049)
Segment profit or loss	**(1,832)**	(2,030)	**5,614**	1,134	**(2,446)**	(3,432)	**7,210**	(9,828)

HOTELS	TOTAL	
	2022 €'000	2021 €'000
Segment revenue	**201,894**	103,595
Rental income from investment property	**11,104**	10,250
Hotel management company revenue	**16,580**	7,339
Catering business revenue	**18,533**	10,121
Project management revenue	**7,207**	6,071
Development revenue	**325**	271
Holding company revenue	**3,985**	2,795
Elimination of intra-group revenue	**(21,421)**	(11,176)
Group revenue	**238,207**	129,266
Segment profit or loss	**7,210**	(9,828)
Net rental income from investment property	**8,973**	7,913
Change in fair value of investment property	**(6,620)**	1,321
Movement in fair value of tax indemnity	**-**	(6,228)
Catering business result	**919**	497
Other impairments	**(1,307)**	(5,353)
Project management business result	**1,298**	875
Development business result	**(228)**	(355)
Corporate office operating profit	**(5,453)**	(12,951)
Hotel management company operating profit	**2,652**	7,045
Depreciation	**(1,278)**	(2,547)
Amortisation	**(1,450)**	(2,017)
Unallocated items	**(1,085)**	(2,292)
Consolidation adjustments	**10,680**	8,011
	14,311	(15,909)
Share of results from equity accounted investments	**(61)**	1,124
Net changes in fair value of financial assets at fair value through profit and loss	**(2,925)**	743
Finance income	**440**	506
Finance costs	**(12,793)**	(25,892)
Reclassification of currency translation reserve to profit and loss	**-**	-
Other exceptional gains/(losses)	**198**	(156)
Reclassification of currency translation reserve to profit or loss	**(264)**	-
Loss before tax	**(1,094)**	(39,584)

NON-CURRENT ASSETS	MALTA		LISBON		BUDAPEST		ST. PETERSBURG	
	2022 €'000	2021 €'000	**2022 €'000**	2021 €'000	**2022 €'000**	2021 €'000	**2022 €'000**	2021 €'000
Hotels	**209,646**	207,463	**108,615**	112,181	**119,758**	120,641	**71,830**	75,965
Investment properties								
Hotel management								
Catering business								
Project management business								
Development business								
Holding company								
Unallocated items								

NON-CURRENT ASSETS	PRAGUE		LONDON		TRIPOLI		TOTAL	
	2022 €'000	2021 €'000	**2022 €'000**	2021 €'000	**2022 €'000**	2021 €'000	**2022 €'000**	2021 €'000
Hotels	**89,438**	90,909	**514,401**	533,490	**67,135**	69,477	**1,180,823**	1,210,126
Investment properties							**167,682**	161,149
Hotel management							**38,913**	35,543
Catering business							**11,721**	10,954
Project management business							**2,484**	3,102
Development business							**-**	1
Holding company							**79,185**	59,382
Unallocated items							**53,753**	55,178
							1,534,561	1,535,435

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	
	2022 €'000	**2021 €'000**	**2022 €'000**	**2021 €'000**
Loss/(gain) on disposal of property, plant and equipment	**166**	5,353	**-**	-
Depreciation of property, plant and equipment (Note 15)	**24,919**	25,702	**33**	30
Depreciation of right-of-use assets (Note 16)	**2,795**	2,894	**255**	263
Amortisation of intangible assets (Note 12)	**1,450**	2,017	**26**	31
Professional fees	**4,181**	4,155	**342**	552
Cost of goods sold	**22,009**	11,845	**-**	-
Energy utilities	**11,886**	6,007	**14**	6
Employee benefit expenses (Note 8)	**70,123**	43,828	**4,610**	3,125
Property taxes	**4,636**	1,715	**-**	-
Repairs and maintenance	**6,744**	4,900	**-**	-

In 2021 a gain on termination of a service agreement amounting to €4.09 million was netted off against the Group's other operating costs/income included within the Income Statement.

Director's remuneration charged in the income statements in 2022 amounted to €1.3m (2021: €0.9m). The gross amount includes a fixed portion of €1m (2021: €0.9m) and a variable portion of €0.3m (2021: Nil). Directors' fees charged in the income statement in 2022 amounted to €0.6m (2021: €0.4m).

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 2022 and 31 December 2021 are shown in the table below.

	THE GROUP		THE COMPANY	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Annual statutory audit	**685**	652	**134**	127
Tax compliance and advisory fees	**41**	46	**14**	7
Other non-audit services	**2**	78	**-**	78
	727	776	**148**	212

Fees charged by the parent company auditor for services rendered during the financial year ended 31 December 2022 and 2021 to the Group relating to the annual statutory audit, tax compliance and advisory fees and other non-audit services amounted to €400,000 (2021: €460,000).

8. PERSONNEL EXPENSES

	THE GROUP		THE COMPANY	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Wages and salaries	**58,317**	36,829	**4,089**	2,908
Social security contributions	**6,057**	3,728	**74**	56
Other staff costs	**5,749**	3,271	**447**	161
	70,123	43,828	**4,610**	3,125

Weekly average number of employees:

	THE GROUP		THE COMPANY	
	2022 NO.	2021 NO.	2022 NO.	2021 NO.
Management and administrative	**559**	492	**33**	26
Operating	**1,690**	1,360	**-**	-
	2,249	1,852	**33**	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 €3.2m and €0.1m (2021: €11.4m 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.

In addition to the amounts shown in the above table, the Group also incurred outsourced labour costs amounting to € 15.6m (2021: € 6.7m).

9. FINANCE INCOME AND FINANCE COSTS

	THE GROUP	
	2022 €'000	2021 €'000
Finance income:		
Interest income on:		
Loans advanced to related companies	**127**	108
Loans advanced to other investee	**248**	262
Bank deposits	**65**	136
Finance income	**440**	506
Finance costs:		
Interest expense on:		
Bank borrowings	**(12,832)**	(10,857)
Bonds	**(12,788)**	(11,182)
Amortisation of transaction costs on borrowings	**(761)**	(1,228)
Lease liabilities (Note 16)	**(679)**	(768)
Other costs	**(1,100)**	(949)
Net exchange differences	**15,367**	(908)
Finance costs	**(12,793)**	(25,892)

10. TAX CREDIT/(EXPENSE)

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

	THE GROUP		THE COMPANY	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Current taxation:				
- Current year tax credit/(expense)	**(1,904)**	(1,755)	**-**	(867)
Deferred taxation:				
- Deferred tax income	**684**	11,049	**4,644**	4,406
- Adjustment recognised in financial period				
for deferred tax of prior period	**(28)**	(38)	**-**	-
	(1,248)	9,256	**4,644**	3,539

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

10.1 TAX CREDIT/(EXPENSE) RECONCILIATION

	THE GROUP		THE COMPANY	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Loss before tax	**(1,094)**	(39,584)	**(13,541)**	(13,850)
Income tax using the Company's domestic tax rate of 35%	**383**	13,855	**4,739**	4,847
Effect of (losses)/income subject to foreign/different tax rates	**1,192**	(10)	**-**	(16)
Effect of reduction in tax rate on opening temporary difference	**617**	(975)	**-**	-
Non-tax deductible expenses	**(3,225)**	(2,485)	**(113)**	(85)
Non taxable income	**-**	-	**-**	-
Over/(under) provision in respect of previous years	**(28)**	212	**(8)**	(1,157)
Movement in unrecognised temporary differences	**(254)**	(420)	**26**	-
Effect of Group's share of profit and loss of investments recognised using the equity method	**(21)**	393	**-**	-
Other	**88**	(1,314)	**-**	(50)
Tax credit/(expense)	**(1,248)**	9,256	**4,644**	3,539

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:

	2022			2021		
	BEFORE TAX €'000	TAX CREDIT €'000	NET OF TAX €'000	BEFORE TAX €'000	TAX CREDIT €'000	NET OF TAX €'000
Group						
Fair valuation of land and buildings	**2,959**	**1,949**	**4,908**	78,385	(1,497)	76,888
Currency translation differences	**(22,559)**	**(666)**	**(23,225)**	27,961	(1,143)	26,818
	(19,600)	**1,283**	**(18,317)**	106,346	(2,640)	103,706
Company						
Fair value movements on investments in subsidiaries, associates and joint ventures	**(6,097)**	**(432)**	**(6,529)**	39,538	10,478	50,016

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	
	2022 €'000	2021 €'000
Loss from operations attributable to the owners of the parent	**(5,442)**	(28,312)
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
Earnings per share	**(0.01)**	(0.05)

As at 31 December 2022 and 2021, 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 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
At 1 January 2022	**37,608**	**25,121**	**9,108**	**463**	**23,334**	**3,289**	**98,923**
Additions	**-**	**-**	**11**	**-**	**-**	**8**	**19**
Exchange differences	**-**	**-**	**(2)**	**-**	**-**	**-**	**(2)**
At 31 December 2022	**37,608**	**25,121**	**9,117**	**463**	**23,334**	**3,297**	**98,940**
Amortisation							
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
At 1 January 2022	**17,482**	**3,193**	**9,008**	**450**	**17,695**	**2,879**	**50,707**
Amortisation for the year	**-**	**-**	**47**	**13**	**1,317**	**73**	**1,450**
Exchange differences	**-**	**-**	**(2)**	**-**	**-**	**-**	**(2)**
At 31 December 2022	**17,482**	**3,193**	**9,053**	**463**	**19,012**	**2,952**	**52,155**
Carrying amount							
At 1 January 2021	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
At 31 December 2022	**20,126**	**21,928**	**64**	**-**	**4,322**	**345**	**46,785**

	THE COMPANY		
	BRAND €'000	OTHERS €'000	TOTAL €'000
Cost			
At 1 January 2021	2,400	71	2,471
Additions	-	32	32
At 31 December 2021	2,400	103	2,503
At 1 January 2022	**2,400**	**103**	**2,503**
Additions	**-**	**1**	**1**
At 31 December 2022	**2,400**	**104**	**2,504**
Amortisation			
At 1 January 2021	-	33	33
Amortisation for the year	-	31	31
At 31 December 2021	-	64	64
At 1 January 2022	**-**	**64**	**64**
Amortisation for the year	**-**	**26**	**26**
At 31 December 2022	**-**	**90**	**90**
Carrying amount			
At 1 January 2021	2,400	38	2,438
At 31 December 2021	2,400	39	2,439
At 31 December 2022	**2,400**	**14**	**2,414**

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 €1.1m 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 2022 and 2021.

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 – 2032, 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 (2021 - 68.0%);
- revenue from other properties is assumed to increase by 2.0% per annum on 2022 budget (2021 – 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 (2021 – 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.

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 GOLDEN SANDS RESORT LTD

During the year ended 31 December 2021, 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.

GOODWILL ON THE ACQUISITION OF IHI TOWERS S.R.O. AND IHI MALTA HOTEL LTD

Following an assessment of the cash generating unit of the Corinthia Hotel Prague and Corinthia Palace Hotel , the value of Goodwill amounting to €17.5m that was recognised on acquisition was fully impaired in 2008 and 2020 respectively.

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 2022, the Group operated fifteen outlets (2021: thirteen) each enjoying a strategic location in areas popular for retail operations. The carrying amount of the Brand design fees and other rights for Costa Coffee Malta amounted to €0.1 million (2021: €0.2 million).

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 2022 and 2021.

OTHERS

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

13. INDEMNIFICATION ASSETS

	THE GROUP		THE COMPANY	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
At 1 January	**17,168**	23,396	**1,997**	1,997
Movement during the year	**-**	(6,228)	**-**	-
At 31 December	**17,168**	17,168	**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 2021 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	
	2022 €'000	2021 €'000
At 1 January	**161,149**	191,355
Change in fair value (a)	**(6,620)**	1,321
Disposals	**-**	(37,227)
Additions	**6,596**	186
Transfer from property, plant and equipment (Note 15)	**1,200**	-
Currency translation differences	**5,357**	5,514
At 31 December	**167,682**	161,149

The transfer from property, plant and equipment relates to one of the buildings in St. Petersburg, Russia. This building will in the future be used for leasing purposes and consequently its original cost and improvements made are being transferred from property, plant and equipment to investment property.

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 2022 €'000	2021 €'000
Investment property		
Commercial Centre in St Petersburg	**52,484**	51,600
Commercial Centre in Tripoli	**75,344**	75,344
Apartment block in Lisbon	**5,908**	4,705
Site in Tripoli	**29,500**	29,500
Office block in London	**4,446**	-
	167,682	161,149

b. Investment properties are hypothecated with a carrying amount of €109.3m (2021: €156.4m) 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 €11.1m (2021: €10.3m) and direct expenses to €2.1m (2021: €2.3m).

d. Direct operating expenses in relation to investment properties that did not generate rental income amounted to €0.05m (2021: nil).

e. 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 2022 €'000	2021 €'000
Within 1 year	**7,098**	8,857
Between 1 and 2 years	**3,038**	4,786
Between 2 and 3 years	**2,329**	1,041
Between 3 and 4 years	**1,621**	491
Between 4 and 5 years	**1,588**	440
Later than 5 years	**34**	-
	15,708	15,615

The London apartment was sold in 2021.

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 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
Balance at 1 January 2022	**1,396,015**	**135,179**	**120,890**	**1,351**	**62,386**	**1,715,821**
Revaluation	**2,959**	**-**	**-**	**-**	**-**	**2,959**
Revaluation adjustment *	**(4,634)**	**-**	**-**	**-**	**-**	**(4,634)**
Additions	**10,814**	**2,378**	**2,306**	**60**	**23,285**	**38,843**
Reallocations	**660**	**265**	**533**	**-**	**(1,458)**	**-**
Disposals	**-**	**(500)**	**(223)**	**(306)**	**-**	**(1,029)**
Other movements	**(263)**	**-**	**-**	**-**	**(937)**	**(1,200)**
Other write-offs	**-**	**-**	**-**	**-**	**(98)**	**(98)**
Currency translation differences	**(19,634)**	**(2,050)**	**(2,185)**	**5**	**172**	**(23,692)**
Balance at 31 December 2022	**1,385,917**	**135,272**	**121,321**	**1,110**	**83,350**	**1,726,970**
Depreciation and impairment losses						
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
Balance at 1 January 2022	**238,876**	**111,195**	**105,162**	**900**	**-**	**456,133**
Depreciation for the year	**16,797**	**3,950**	**4,093**	**79**	**-**	**24,919**
Impairment losses	**1,207**	**-**	**-**	**-**	**-**	**1,207**
Revaluation adjustment *	**(4,634)**	**-**	**-**	**-**	**-**	**(4,634)**
Disposals	**-**	**(486)**	**(157)**	**(306)**	**-**	**(949)**
Currency translation differences	**(449)**	**(1,931)**	**(2,045)**	**4**	**-**	**(4,421)**
Balance at 31 December 2022	**251,797**	**112,728**	**107,053**	**677**	**-**	**472,255**
Carrying amounts						
At 1 January 2021	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
At 31 December 2022	**1,134,120**	**22,544**	**14,268**	**433**	**83,350**	**1,254,715**

* 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 2022 in respect of the Group's properties amounting to €3m have been recognised within other comprehensive income. These fair value movements relate to an uplift to Corinthia Hotel London, and an impairment on the Corinthia Hotel St Petersburg. In 2021, changes in fair value in respect of the Group's properties have been recognised within other comprehensive income, €5.0m of which 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.

An amount of €1.2m (2021: Nil) was also recognised in the profit and loss account in relation to the impairment on the office block in London.

During the current year a loss of €0.1m was recognised in the profit and loss account with regards to the work in progress of Hotel Astoria. In 2021 a write off of €5.35 million was also taken in the profit and loss with regards to the work in progress on Five Star Hotels Ltd.

	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 2021	4	252	190	42	488
Additions	-	18	1	-	19
Balance at 31 December 2021	4	270	191	42	507
Balance at 1 January 2022	**4**	**270**	**191**	**42**	**507**
Additions	**-**	**30**	**19**	**-**	**49**
Balance at 31 December 2022	**4**	**300**	**210**	**42**	**556**
Depreciation					
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
Balance at 1 January 2022	**1**	**214**	**127**	**42**	**384**
Depreciation for the year	**-**	**22**	**11**	**-**	**33**
Balance at 31 December 2022	**1**	**236**	**138**	**42**	**417**
Carrying amounts					
At 1 January 2021	3	58	73	-	134
At 31 December 2021	3	56	64	-	123
At 31 December 2022	**3**	**64**	**72**	**-**	**139**

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 2022, and do not take into account the events after reporting period.

In 2022, 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 and other 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 and an office block in London. The apartment in London was sold in 2021. During the current year, the Group acquired an office block in London which is partly used as offices, and hence classified as property, plant and equipment, and partly earmarked for leasing to third parties, and hence classified with investment properties. All the recurring property fair value measurements at 31 December 2022 and 2021, 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.

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 2022 and 2021, 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.
Capitalisation rate	mainly a function of the WACC rate and taking into consideration the assumed stabilised growth rate for the remaining life of the asset

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 includes 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.

INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) AS AT 31 DECEMBER 2022

DESCRIPTION BY CLASS BASED ON HIGHEST AND BEST USE	FAIR VALUE AT 31 DEC 2022 €'000	FAIR VALUE AT 31 DEC 2021 €'000	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS							
				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	
CURRENT USE AS HOTEL/OTHER PROPERTIES (CLASSIFIED AS PROPERTY, PLANT AND EQUIPMENT):			INCOME CAPITALISATION APPROACH (DCF)	**2022**	2021	**2022 %**	2021 %	**2022 %**	2021 %	**2022 %**	2021 %
Corinthia Hotel & SPA Lisbon	**108,615**	112,181		**FY23-FY27 €2.7m - €9.8**	FY22-FY26 €1.6m - €9.7m	**10.28**	9.42	**2.00**	2.59	**8.28**	6.83
Corinthia Hotel Prague	**89,438**	90,909		**FY23-FY27 €1.8m - €7.9m**	FY22-FY26 €2.0m - €7.2m	**10.20**	8.30	**2.00**	1.60	**8.20**	6.70
Marina Hotel, St. George's Bay, Malta	**28,977**	28,974		**FY23-FY27 €2.3m - €2.5m**	FY22-FY26 €2.0m - €3.8m	**10.38**	10.52	**2.00**	2.00	**8.38**	8.52
Corinthia Hotel, St.George's Bay, Malta	**36,384**	36,951		**FY23-FY27 €4.0m - €4.3m**	FY22-FY26 €2.9m - €59m	**13.67**	11.94	**2.00**	2.00	**11.67**	9.94
Corinthia Hotel St Petersburg	**71,830**	75,965		**FY23-FY27 RUB267.7m – RUB615.4m**	FY22-FY26 RUB208.9m – RUB627.6m	**13.85**	12.25	**4.85**	4.00	**9.00**	8.25
Corinthia Hotel Tripoli	**67,135**	69,477		**FY23-FY27 (€0.5m) - €4.6m**	FY22-FY26 €1.45m - €6.2m	**14.45**	14.60	**2.00**	1.60	**12.45**	13.00
Radisson Blu Resort, Malta	**34,028**	34,654		**FY23-FY27 €3.2m - €3.4m**	FY22-FY26 €2.0m - €5.4m	**12.44**	11.69	**2.00**	2.00	**10.44**	9.69
Corinthia Hotel London	**512,990**	533,156		**FY23-FY27 £16.2m - £22.0m**	FY22-FY26 £9.4m - £21.5m	**7.99**	6.90	**2.00**	2.90	**4.00**	4.00

DESCRIPTION BY CLASS BASED ON HIGHEST AND BEST USE	FAIR VALUE AT 31 DEC 2022 €'000	FAIR VALUE AT 31 DEC 2021 €'000	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS							
CURRENT USE AS HOTEL/OTHER 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**	
				2022	2021	**2022 %**	2021 %	**2022 %**	2021 %	**2022 %**	2021 %
Corinthia Palace Hotel and Spa, Malta	**32,717**	32,000		**FY23-FY27 €0.9m - €2.4m**	FY22-FY26 €1.6m - €5.6m	**11.61**	11.45	**2.00**	1.60	**9.61**	9.85
Golden Sands Resort, Malta	**62,455**	60,076		**FY23-FY27 €3.9m - €4.2m**	FY22-FY26 €2.5m - €7.9m	**8.46**	12.00	**2.00**	1.60	**6.46**	10.40
Corinthia Hotel Budapest	**119,632**	120,396		**FY23-FY27 €3.8m - €10.4m**	FY22-FY26 €5.6m - €13.1m	**10.06**	9.00	**2.00**	1.60	**8.06**	7.40
CURRENT USE AS HOTEL/OTHER PROPERTIES (CLASSIFIED AS PROPERTY, PLANT AND EQUIPMENT):			**ADJUSTED SALES-COMPARISON APPROACH**	**SALES PRICE PER SQUARE METER**							
				2022	**2021**						
Office block in London	**4,574**	-		**£8,122**	-						

DESCRIPTION BY CLASS BASED ON HIGHEST AND BEST USE	FAIR VALUE AT 31 DEC 2022 €'000	FAIR VALUE AT 31 DEC 2021 €'000	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS							
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**	
				2022	2021	**2022 %**	2021 %	**2022 %**	2021 %	**2022 %**	2021 %
Commercial Centre in St Petersburg	**52,484**	51,600		**FY23-FY27 RUB7.3m – RUB437.7m**	FY22-FY26 RUB79.2m – RUB439.1m	**12.80**	12.60	**4.00**	4.14	**8.80**	8.46
Commercial Centre in Tripoli	**75,344**	75,344		**FY23-FY27 €6.5m - €4.7m**	FY22-FY26 €6.0m - €6.8m	**8.48**	10.00	**0.00**	1.60	**8.48**	8.40
CURRENT PROPERTY FOR COMMERCIAL USE (CLASSIFIED AS INVESTMENT PROPERTY):			**ADJUSTED SALES-COMPARISON APPROACH**	**SALES PRICE PER SQUARE METER**							
				2022	**2021**						
Apartment block in Lisbon	**5,908**	4,705		**€8,172**	€6,508						
Site in Tripoli	**29,500**	29,500		**€2,300**	€2,300						
CURRENT PROPERTY FOR COMMERCIAL USE (CLASSIFIED AS INVESTMENT PROPERTY):			**ADJUSTED SALES-COMPARISON APPROACH**	**SALES PRICE PER SQUARE METER**							
				2022	**2021**						
Office block in London	**4,446**	-		**£8,122**	-						

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, followed by another uplift in 2022. A considerable fair value loss on the carrying amount of the Corinthia Hotel St. Petersburg was reflected in 2022 as a result of the prevailing uncertainty in Russia as further explained in Note 5.2. This fair value loss was an effect of both the reductions in income streams expected in view of the current situation prevailing in Russia, as well as due to the increased WACC rates as a result of increased inflation and interest rates together with the increased country risk premium. The shift in the carrying amounts of the Corinthia Hotel St. Petersburg and Corinthia Hotel London in 2022 and 2021 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 2022.

As explained in Note 5.1 and 5.2 to the financial statements, the future performance of the Group's hotels and the commercial centres situated in Tripoli and Russia and the fair value of the related property assets are largely dependent on how soon the political and economical situation in Libya and the geopolitical situation between Russia and the west will return to normality and on how quickly the international oil and gas industry recovers and how soon international sanctions are lifted once political risks subside. In accordance with the fair valuations as at 31 December 2022 no further impairment charges were deemed necessary on the Tripoli property assets 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		SHIFT IN CASH FLOWS (OPERATING RESULTS BEFORE DEPRECIATION AND FAIR VALUE) (+/- 5%)	
	+/- 1% 2022 €'000	+/- 0.5% 2021 €'000	2022 €'000	2021 €'000
Corinthia Hotel & Spa Lisbon	**-11,903 to +15,183**	-8,339 to +9,662	**+/- 5,381**	+/- 5,691
Corinthia Hotel Budapest	**-13,760 to +17,687**	-7,758 to +8,888	**+/- 5,982**	+/- 6,009
Corinthia Hotel Prague	**-10,439 to +13,377**	-6,918 to +8,053	**+/- 4,472**	+/- 4,564
Marina Hotel, St George's Bay, Malta	**-2,971 to +3,775**	+/- 3,287	**+/- 1,449**	+/- 2,065
Corinthia Hotel St George's Bay, Malta	**-2,725 to +3,235**	+/- 5,086	**+/- 1,819**	+/- 3,212
Corinthia Hotel St Petersburg	**-2,616 to +2,750**	-4,382 to +4,953	**+/- 3,592**	+/- 3,761
Corinthia Hotel Tripoli	**-7,623 to +9,158**	-3,566 to +3,884	**+/- 3,357**	+/- 3,471
Commercial Centre in St Petersburg	**-5,693 to +7,176**	-1,767 to +1,991	**+/- 2,624**	+/- 1,589
Commercial Centre in Tripoli	**-8,419 to +10,765**	-4,000 to +4,501	**+/- 3,765**	+/- 3,765
Radisson Blu Resort, Malta	**-2,836 to +3,436**	+/- 2,921	**+/- 1,702**	+/- 4,768
Corinthia Hotel London	**+/- 34,000**	+/- 18,581	**+/- 22,000**	+/- 22,088
Corinthia Palace Hotel and Spa, Malta	**-2,752 to +3,410**	-1,718 to +1,907	**+/- 1,302**	+/- 1,613
Golden Sands Resort, Malta	**-8,119 to +11,090**	-4,227 to +4,689	**+/- 3,123**	+/- 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 2022 €'000	MOVEMENT €'000	AT 31 DECEMBER 2022 €'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	-	25,129
Corinthia Hotel London	81,429	12,703	94,132
Marina Hotel, St George's Bay, Malta	9,206	-	9,206
Corinthia Hotel St Petersburg	13,813	(9,744)	4,069
Radisson Blu Resort, Malta	4,284	-	4,284
	198,798	**2,959**	**201,757**

	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

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

	THE GROUP		
	AT 1 JANUARY 2022 €'000	MOVEMENT €'000	AT 31 DECEMBER 2022 €'000
Hotel and other properties			
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
Office block in London	-	1,207	1,207
	15,359	**1,207**	**16,566**

	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**

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

The shifts in fair value determined in 2022 and 2021, 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.

15.3 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	
	2022 €'000	**2021 €'000**
Hotel and other properties		
Corinthia Hotel St George's Bay, Malta	**36,384**	36,951
Corinthia Hotel & Spa Lisbon	**108,615**	112,181
Corinthia Hotel Prague	**89,438**	90,909
Corinthia Hotel Tripoli	**67,135**	69,477
Corinthia Hotel Budapest	**119,632**	120,396
Corinthia Hotel St Petersburg	**71,830**	75,965
Corinthia Hotel London	**512,990**	533,156
Marina Hotel, St George's Bay, Malta	**28,977**	28,974
Radisson Blu Resort, Malta	**34,028**	34,654
Golden Sands Resort Limited	**62,455**	60,076
Corinthia Palace Hotel and Spa, Malta	**32,717**	32,000
Office block in London	**4,574**	-
	1,168,775	1,194,739

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 €933.1m (2021: €958.3m). The revalued amounts include a revaluation surplus of €201.7m before tax (2021: €198.8m), which is not available for distribution to the shareholders of IHI.

15.5 USE AS COLLATERAL

All tangible fixed assets owned by the Group, except for Corinthia Hotel & commercial centre in St. Petersburg, are hypothecated in favour of the Group's bankers as collateral for amounts borrowed as stated in Note 30. The Corinthia Hotel Budapest is hypothecated in favour of a bond as stated in Note 31.

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 2022 €'000	31 DECEMBER 2021 €'000	31 DECEMBER 2022 €'000	31 DECEMBER 2021 €'000
Right-of-use assets				
Land and buildings	**9,947**	9,505	**-**	188
Plant and equipment	**1,414**	1,372	**-**	-
Motor vehicles	**265**	326	**84**	151
	11,626	11,203	**84**	339
Lease liabilities				
Current	**1,943**	2,611	**40**	260
Non-current	**10,542**	9,210	**50**	92
	12,485	11,821	**90**	352

Additions to the Group's and the Company's right-of-use assets during the 2022 financial year were €3.4m and €0.03m respectively (2021 were 2.0m and €0.03m respectively).

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 2022 €'000	31 DECEMBER 2021 €'000	31 DECEMBER 2022 €'000	31 DECEMBER 2021 €'000
Depreciation charge of right-of-use assets				
Land and buildings	**2,203**	2,206	**199**	188
Plant and equipment	**449**	531	**-**	-
Motor vehicles	**143**	157	**56**	75
	2,795	2,894	**255**	263
Interest expense (included in finance cost)	**679**	768	**12**	25
Expense relating to variable lease payments not included in lease liabilities	**791**	766	**-**	-

The total cash outflow for leases in 2022 was €4.8m (2021: €4.1m) for the Group and €0.3m (2021: €0.3m) 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 €0.01m (2021: €1.1m) for the Group and nil (2021: €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.

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 10% 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% 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 2022 amounts to €0.8m (2021: €0.8m). 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	
	2022 €'000	2021 €'000
Share in subsidiary companies (Note 17.3)	**658,466**	664,573
Loans to subsidiary companies	**169,392**	167,805
	827,858	832,378

17.1 *PRINCIPAL SUBSIDIARIES*

The Group had the following subsidiaries as at 31 December 2022 and 31 December 2021:

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	
			2022	2021	2022	2021	2022	2021
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 Centre Libya	**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**	100	**-**	-
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	**-**	-

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	
			2022	2021	2022	2021	2022	2021
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	**-**	-
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	**-**	-

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	
			2022	2021	2022	2021	2022	2021
Bay Point Hotel Limited	22, Europa Centre Floriana Malta	Owner and operator of hotel	**100**	100	**100**	100	**-**	-
Bay Point Collection Limited	First NameHouse, 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	**-**	-
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

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	
			2022	2021	2022	2021	2022	2021
NLI 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
Corinthia Palace Hotel Company Limited (formerly: 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	**-**	-
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**	100	**-**	-
Hotel Astoria S.A.	Rue Royal 103 1000 Bruxelles Belgium	Owner of site being developed into the Corinthia Brussels	**-**	-	**50**	50	**50**	50

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	
			2022	2021	2022	2021	2022	2021
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	100	-	-
16 Craven House Limited	10 Whitehall Place London SW1A 2BD United Kingdom	Property owner	-	-	100	-	-	-
Corinthia Hotels Holdings s.r.l.	8, Piazza di San Silvestro Roma CAP 00187 Italia	Holding company	-	-	100	-	-	-
Corinthia Hotels Management DMCC	Address: Unit No: AG-13-H-F121, AG Tower, Plot No: JLT-PH1-I1A, Jumeirah Lakes Towers, Dubai, United Arab Emirates	Hotel Management Company	-	-	100	-	-	-
Corinthia Parliamento s.r.l.	8, Piazza di San Silvestro Roma CAP 00187 Italia	Hotel operator	-	-	100	-	-	-

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.

All subsidiary undertakings are included in the consolidation.

Bay Point Properties Limited, The Coffee Company Spain S.L., NLI Penthouse Limited and NLI Finance Limited were dissolved in 2021.

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	2022 €'000	2021 €'000
Current assets	**47,385**	47,185
Current liabilities	**(35,932)**	(33,344)
Current net assets	**11,453**	13,841
Non-current assets	**575,730**	581,037
Non-current liabilities	**(164,471)**	(167,230)
Non-current net assets	**411,259**	413,807
Net assets	**422,712**	427,648
Accumulated NCI	**211,356**	213,824

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME	2022 €'000	2021 €'000
Revenue	**82,519**	44,658
Gain/(loss) for the period	**5,204**	(2,841)
Other comprehensive income	**(10,140)**	91,823
Total comprehensive income	**(4,936)**	88,982
Loss allocated to NCI	**2,602**	(1,420)
Other comprehensive income allocated to NCI	**(5,070)**	45,912
Dividend paid to NCI	**-**	-

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME	2022 €'000	2021 €'000
Cash flows from operating activities	**17,390**	6,843
Cash flows from investing activities	**(12,380)**	29,818
Cash flows used in financing activities	**405**	(25,386)
Net increase/(decrease) in cash and cash equivalents	**5,415**	11,275

17.3 SHARES IN SUBSIDIARY COMPANIES

	THE COMPANY	
	2022 €'000	2021 €'000
At 1 January	**664,573**	618,039
Additions	**-**	-
Transfers	**-**	-
Other movements	**-**	-
Change in fair value	**(6,107)**	46,534
At 31 December	**658,466**	664,573

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 Group's and Company's statements of financial position are as follows:

	THE GROUP AND COMPANY	
	2022 €'000	2021 €'000
Associates	**5,198**	5,188
Joint ventures	**-**	-
At 31 December	**5,198**	5,188

The amounts recognised in the Group's and Company's income statements are as follows:

	THE GROUP AND COMPANY	
	2022 €'000	2021 €'000
Associates	**(61)**	1,342
Joint ventures	**-**	(218)
At 31 December	**(61)**	1,124

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

	THE GROUP	
	2022 €'000	2021 €'000
Associates	**71**	(8,338)
Joint ventures	**-**	-
At 31 December	**71**	(8,338)

18.2 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

	THE COMPANY	
	2022 €'000	**2021 €'000**
Associates	**5,198**	5,188
At 31 December	**5,198**	5,188

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

	THE COMPANY	
	2022 €'000	**2021 €'000**
Associates	**10**	(6,996)
At 31 December	**10**	(6,996)

18.3 INVESTMENTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2022 €'000	**2021 €'000**	**2022 €'000**	**2021 €'000**
At 1 January	**5,188**	12,184	**5,188**	12,184
Share of results	**(61)**	1,342	**-**	-
Share of other comprehensive income	**71**	(8,338)	**-**	-
Fair value movements	**-**	-	**10**	(6,996)
Other movements	**-**	-	**-**	-
At 31 December	**5,198**	5,188	**5,198**	5,188

Set out below are the associates of the Group as at 31 December 2022 and 31 December 2021. 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	
			2022	**2021**
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.	
	2022 €'000	2021 €'000
Non-current assets	**13,212**	13,032
Current assets	**7,673**	7,781
Total assets	**20,885**	20,813
Current liabilities	**93**	61
Total liabilities	**93**	61
(Loss)/profit for the year	**(244)**	5,371
Other comprehensive income	**284**	(33,362)
Total comprehensive income	**40**	(27,991)

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.	
	2022 €'000	2021 €'000
1 January	**20,752**	48,743
Profit/(loss) for the period	**(244)**	5,371
Other comprehensive income	**284**	(33,362)
Closing net assets	**20,792**	20,752
Interest in associate (25%)	**5,198**	5,188
Carrying value	**5,198**	5,188

18.4 INVESTMENTS IN JOINT VENTURES

	THE GROUP 2021 €'000
At 1 January	19,647
Share of results	(218)
Derecognition of joint venture (Note 39)	(19,459)
Other movements	30
At 31 December	-

The joint ventures listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

In 2021 the Group has acquired the remaining 50% shares of Golden Sands Resort Limited and is now considered a subsidiary.

COMPANY NAME	REGISTERED OFFICE	NATURE OF BUSINESS	% OF OWNERSHIP INTEREST HELD BY THE GROUP AND THE COMPANY 2022	2021
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.

AZURE RESORTS GROUP

The Azure Resorts Group was placed into liquidation during 2020 and subsequently the holding of the Group was transferred to financial assets at fair value through profit or loss as disclosed in Note 22.

In 2022, a fair value loss of €1.5m (2021: €0.5m) was recognised in profit and loss as disclosed in Note 22.

18.4.1 EQUITY IN JOINT VENTURES

Summarised financial information of material joint ventures is set out below:

	GOLDEN SANDS RESORT FEBRUARY 2021 €000
Cash and cash equivalents	731
Non-current assets	61,600
Current assets	1,872
Total assets	64,203
Current financial liabilities (excluding trade and other payables and provisions)	2,755
Current liabilities	10,690
Non-current financial liabilities (excluding trade and other payables and provisions)	11,160
Non-current liabilities	28,699
Total liabilities	39,389

18.4.2 SUMMARISED FINANCIAL INFORMATION FOR MATERIAL JOINT VENTURES

	GOLDEN SANDS RESORT 2-MONTH PERIOD ENDED FEBRUARY 2021 €000
Revenue	570
Other operating results before depreciation and fair value losses	(283)
Depreciation and amortisation	(277)
Interest expense	(113)
Income tax expense	236
Loss for the year	(437)
Total comprehensive income	(437)

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

	GOLDEN SANDS RESORT 2-MONTH PERIOD ENDED FEBRUARY 2021 €000
1 January	26,442
Loss for the period	(437)
Other comprehensive income	-
Closing net assets as at February 2021	26,005
Interest in joint venture (50%)	13,003
Derecognition of joint venture	(19,459)
Goodwill	6,456
Carrying value	-

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, Golden Sands Resort Limited is no longer a joint venture and the results and financial position of these businesses are consolidated within the Group from the date of acquisition onwards.

19. OTHER FINANCIAL ASSETS AT AMORTISED COST

	THE GROUP		THE COMPANY	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Non-current				
Group companies	**-**	-	**140,138**	96,610
Other investees	**6,460**	5,898	**-**	-
Other	**-**	17	**-**	-
Total non-current loans receivable	**6,460**	5,915	**140,138**	96,610
Current				
Group companies	**-**	-	**2,556**	2,556
Other	**152**	61	**-**	-
Total current loans receivable	**152**	61	**2,556**	2,556

Disclosure in respect of the fair value of the above financial assets is presented within Note 42.7.

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.

TERMS

€4.2m (2021: €1.5m) of the Company's loans to Group companies are unsecured and bear interest at 4.00%.

Nil (2021: €1.6m) of the Company's loans to Group companies are unsecured and bear interest at 4.65%.

€0.3m (2021: €2.3m) of the Company's loans to Group companies are unsecured and bear interest at 4.65%.

€97.9m (2021: €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 (2021: €25.9m) of the Company's loans to Group companies are unsecured, bear interest at 4.00% and are subordinated to bank loans.

€4.3m (2021: €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 (2021: €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 (2021: €1.0m) of the Company's loans to Group companies are unsecured, bear interest at 3% and are subordinated to bank loans.

€6.01m (2021: €5.9m) of the Company's loans to Group companies are unsecured, bear interest at 4.00%.

€2.6m (2021: €2.6m) of the Company's loans to Group companies are unsecured and interest-free.

€6.45m (2021: €5.9m) of the Group's loans to other investees are unsecured, bear interest at 4% and are repayable not later than 10 June 2029.

€0.02m (2021: €0.08m) of the Group's loans to other investees are unsecured, bear interest at 5% and are repayable not later than May 2023.

€0.14m (2021: nil) of the Group's loans to other investees are unsecured and interest-free and are repayable within one year.

20. INVENTORIES

	THE GROUP	
	2022 €'000	2021 €'000
Food and beverages	**3,414**	2,502
Consumables	**1,189**	817
Goods held for resale	**244**	889
Consumables and others	**9,759**	8,323
	14,606	12,531

21. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Non-current				
Trade receivables	**-**	97	**-**	-
Credit loss allowances	**-**	(42)	**-**	-
Other receivables	**958**	486	**-**	-
Financial assets	**958**	541	**-**	-
Contract assets	**577**	441	**-**	-
Total receivables – non-current	**1,535**	982	**-**	-
Current				
Trade receivables	**23,209**	16,461	**2**	4
Credit loss allowances	**(3,822)**	(3,956)	**-**	-
Amounts owed by:				
Parent company	**8,597**	8,904	**33**	1,074
Subsidiary companies	**-**	-	**56,227**	55,439
Associate companies	**33**	32	**-**	-
Joint ventures	**201**	5	**201**	-
Other related companies	**6,246**	5,766	**596**	420
Other receivables	**2,587**	2,123	**126**	82
Financial assets	**37,051**	29,335	**57,185**	57,019
Contract assets	**2,179**	1,614	**3,057**	1,740
Advance payments in respect of capital creditors	**781**	933	**-**	-
Statutory receivables	**1,341**	517	**-**	-
Prepayments	**3,985**	2,916	**226**	212
Total receivables – current	**45,337**	35,315	**60,468**	58,971

Amounts owed by related parties are unsecured, interest free and are repayable on demand.

Disclosure in respect of the fair value of trade and other receivables is presented within Note 42.7.

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 2022 and 2021, 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	
	2022 €'000	2021 €'000
Non-current assets		
Unlisted equity securities	**5,373**	6,898
Current assets		
Listed securities		
Equities	**-**	3,227
Mutual funds	**1,018**	5,751
Total current assets	**1,018**	8,978

During the year, the Group recognised a net fair value loss of €2.9m (2021: gain of €0.7m) in profit or loss on financial assets. The fair value losses on these financial assets are primarily due to a fair value loss incurred on the Group's investment in listed securities amounting to €1.4m and an amount of €1.5m relating to a fair value loss on the Group's investment in Azure Resorts Group (2021: fair value gain earned in 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 holding in Azure Resorts Group 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 €2m (2021: €3.5m).

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	
			2022	2021
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% (2021: 13%) 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		THE COMPANY	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Cash and bank balances:				
Current	**66,231**	102,087	**8,564**	40,438
Cash and cash equivalents in the statement of financial position	**66,231**	102,087	**8,564**	40,438
Bank overdraft (Note 30)	**(10,491)**	(4,181)	**-**	-
Cash and cash equivalents in the statement of cash flows	**55,740**	97,906	**8,564**	40,438

The bank balances include amounts of €9.8m (2021: €8.9m) set aside by the Group for debt servicing requirements of which €0.7m (2021: €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 (2021: 615.7m) ordinary shares of €1 each, fully paid up.

	THE GROUP AND COMPANY	
	2022 €'000	2021 €'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 2022	158,084	(25,317)	132,767
Revaluation surplus arising during the year:			
Corinthia Hotel St Petersburg	(9,744)	1,949	(7,795)
Corinthia Hotel London			
- Gross of non-controlling interest	12,703	-	12,703
- Share attributable to non-controlling interests	(6,352)	-	(6,352)
- Share attributable to owners of the parent	6,351	-	6,351
	(3,393)	1,949	(1,444)
At 31 December 2022	**154,691**	**(23,368)**	**131,323**
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	4,069	(813)	3,256
Corinthia Hotel London	47,066	-	47,066
	154,691	**(23,368)**	**131,323**

	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

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	
	2022 €'000	2021 €'000
Aggregate amounts disclosed in tables above:	**131,323**	132,767
Bonus and other similar share issues:		
Opening and closing balance	**(71,764)**	(71,764)
Total revaluation reserve	**59,559**	61,003

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 2021, 31 December 2021 and 31 December 2022	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 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
As at 1 January 2022	**166,813**	**(75,090)**	**(24,009)**	**67,714**
Fair value movements on investments in subsidiaries, associates and joint ventures, net of tax	**(6,529)**	**-**	**-**	**(6,529)**
At 31 December 2022	**160,284**	**(75,090)**	**(24,009)**	**61,185**

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	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Bank overdraft	**10,491**	4,181	**-**	-
Bank loans	**323,789**	369,295	**20,199**	18,308
	334,280	373,476	**20,199**	18,308
Comprising:				
Non-current bank borrowings				
Bank loans due within 2 - 5 years	**266,542**	321,642	**16,739**	13,706
Bank loans due later than 5 years	**10,948**	26,886	**-**	1,855
	277,490	348,528	**16,739**	15,561
Current bank borrowings				
Bank overdraft	**10,491**	4,181	**-**	-
Bank loans due within 1 year	**46,299**	20,767	**3,460**	2,747
	56,790	24,948	**3,460**	2,747

Bank borrowings are subject to variable interest rates linked to Euribor, other reference rates or bank base rates with an average interest rate of 3.96% annually at 31 December 2022 (2021: 2.94% annually) for the Group and 2.43% annually at 31 December 2022 (2021: 2.43%) 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	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Bond VI	**9,985**	9,969	**9,985**	9,969
Bond VII	**44,712**	44,601	**44,712**	44,601
Bond IX	**34,896**	34,823	**34,896**	34,823
Bond X	**54,677**	54,595	**54,677**	54,595
Bond XI	**59,546**	59,443	**59,546**	59,443
Bond XII	**79,231**	79,160	**79,231**	79,160
	283,047	282,591	**283,047**	282,591
Non-current	**273,062**	282,591	**273,062**	282,591
Current	**9,985**	-	**9,985**	-
	283,047	282,591	**283,047**	282,591

(I) THE GROUP HAS THE FOLLOWING BONDS IN ISSUE:

THE COMPANY	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 amounting to €20.0m and issued Bond XII for a total amount of €80.0m.

(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. The only exception is Bond X for €55m which is secured by the Hotel property owned by IHI Hungary

(IV) SINKING FUNDS

The required contributions to the sinking funds as deposited under a trust arrangement as at 31 December 2022 amounted to €0.8m (2021: €0.8m).

(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 2021	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
Amortisation of transaction costs	-	16	111	73	82	103	71	456
At 31 December 2022	**-**	**9,985**	**44,712**	**34,896**	**54,677**	**59,546**	**79,231**	**283,047**

Disclosure in respect of the fair value of the bonds is presented within Note 42.7.

The market price of bonds in issue is as follows:

	2022 €	2021 €
Bond VI	**100,0**	103.0
Bond VII	**102.0**	102.7
Bond IX	**101.5**	101.1
Bond X	**99.0**	102.5
Bond XI	**99.5**	100.0
Bond XII	**90.0**	100.2

32. OTHER FINANCIAL LIABILITIES

	THE GROUP		THE COMPANY	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Amounts owed to:				
Ultimate parent	**26,623**	6,623	**26,623**	6,623
Group companies	**-**	-	**26,419**	21,645
Other	**204**	307	**-**	-
	26,827	6,930	**53,042**	28,268
Non-current liabilities				
Amounts owed to:				
Ultimate parent	**26,623**	6,623	**26,623**	6,623
Group companies	**-**	-	**26,332**	21,544
Other	**91**	204	**-**	-
	26,714	6,827	**52,955**	28,167
Current liabilities				
Amounts owed to:				
Group companies	**-**	-	**87**	101
Other	**113**	103	**-**	-
	113	103	**87**	101

The carrying amount of the borrowings subject to a variable interest rate is considered a reasonable approximation of fair value on the basis of discounted cash flows. In the case of borrowing subject to a fixed rate of interest, the fair value is disclosed in Note 42.7. The terms of the amounts owed by the Company, as applicable, are as follows:

	€'000	INTEREST	REPAYABLE BY
At 31 December 2022			
Group companies	**7,487**	4.95%	Due by 10 March 2027
Group companies	**13,000**	Euribor + 2.65%	Due by 28 February 2026
Group companies	**687**	4.65%	Due by 22 December 2024
Group companies	**4,440**	0%	Due within 3 years
Group companies	**718**	0%	Due within 3 years
Group companies	**87**	0%	Due within 3 years
Ultimate parent	**26,623**	3%	Due by 11 January 2026
	53,042		
At 31 December 2021			
Group companies	3,887	4.95%	Due by 10 March 2027
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		

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	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Depreciation of property, plant and equipment	**-**	-	**(43,563)**	(41,252)	**(43,563)**	(41,252)
Fair valuation of land and buildings	**-**	-	**(67,272)**	(69,566)	**(67,272)**	(69,566)
Fair valuation of investment property	**-**	-	**(11,640)**	(12,381)	**(11,640)**	(12,381)
Intangible assets	**-**	-	**(2,692)**	(1,987)	**(2,692)**	(1,987)
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	**57,723**	57,365	**-**	-	**57,723**	57,365
Exchange differences	**-**	-	**(121)**	(761)	**(121)**	(761)
Provision on trade receivables	**800**	759	**-**	-	**800**	759
Other	**234**	204	**-**	-	**234**	204
Tax assets/(liabilities) – before offsetting	**58,858**	58,429	**(132,435)**	(133,094)	**(73,577)**	(74,665)
Offset in the statement of financial position	**(40,839)**	(39,401)	**40,839**	39,401	**-**	-
Tax assets/(liabilities) – as presented in the statement of financial position	**18,019**	19,028	**(91,596)**	(93,693)	**(73,577)**	(74,665)

THE COMPANY	ASSETS		LIABILITIES		NET	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Depreciation of property, plant and equipment	**63**	43	**-**	-	**63**	43
Investment in subsidiaries	**-**	-	**(11,840)**	(11,408)	**(11,840)**	(11,408)
Unrelieved tax losses and unabsorbed capital allowances	**8,117**	4,957	**-**	-	**8.117**	4,957
Exchange differences	**-**	-	**56**	(6)	**56**	(6)
Tax assets/(liabilities)	**8,180**	5,000	**(11,784)**	(11,414)	**(3,604)**	(6,414)
Offset in the statement of financial position	**56**	(7)	**(56)**	7	**-**	-
Tax assets/(liabilities) – as presented in statement of financial position	**8,236**	4,993	**(11,840)**	(11,407)	**(3,604)**	(6,414)

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.

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 01.01.2021 €'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	RECOGNISED IN PROFIT OR LOSS €'000	RECOGNISED IN OTHER COMPREHENSIVE INCOME €'000	CURRENCY TRANSLATION DIFFERENCES €'000	OTHER €'000	BALANCE 31.12.2022 €'000
Property, plant and equipment	(96,579)	(2,073)	(1,497)	(1,010)	(9,659)	-	(110,818)	(385)	1,949	(1,581)	-	(110,835)
Investment property	(15,082)	3,028	-	(327)	-	-	(12,381)	1,396	-	(655)	-	(11,640)
Intangible assets	(1,326)	(661)	-	-	-	-	(1,987)	(706)	-	1	-	(2,692)
Investments in subsidiaries	(7,147)	-	-	-	-	-	(7,147)	-	-	-	-	(7,147)
Investments in associates	101	-	-	-	-	-	101	-	-	-	-	101
Unrelieved tax losses and capital allowances	45,332	12,404	(1,143)	2,211	(86)	(1,353)	57,365	(367)	(666)	1,564	(173)	57,723
Exchange differences	(297)	(464)	-	-	-	-	(761)	640	-	-	-	(121)
Provision on trade receivables	1,996	(1,220)	-	(17)	-	-	759	41	-	-	-	800
Others	193	(3)	-	14	-	-	204	37	-	(7)	-	234
	(72,809)	11,011	(2,640)	871	(9,745)	(1,353)	(74,665)	656	1,283	(678)	(173)	(73,577)

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 2022, the Group did not recognise deferred income tax assets of €8.5m (2021: €8.5m), in respect of losses amounting to €24.4m (2021: €24.4m) 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 01.01.2021 €'000	RECOGNISED IN PROFIT OR LOSS €'000	RECOGNISED IN OTHER COMPREHENSIVE INCOME €'000	SURRENDER OF LOSSES €'000	BALANCE 31.12.2021 €'000	RECOGNISED IN PROFIT OR LOSS €'000	RECOGNISED IN OTHER COMPREHENSIVE INCOME €'000	SURRENDER OF LOSSES €'000	BALANCE 31.12.2022 €'000
Property, plant and equipment	(41)	84	-	-	43	20	-	-	63
Investments in subsidiaries	(21,886)	-	10,478	-	(11,408)	-	(432)	-	(11,840)
Investments in associates	-	-	-	-	-	-	-	-	-
Unrelieved tax losses and capital allowances	8,640	4,589	-	(8,272)	4,957	4,562	-	(1,402)	8,117
Exchange differences	261	(267)	-	-	(6)	62	-	-	56
	(13,026)	4,406	10,478	(8,272)	(6,414)	4,644	(432)	(1,402)	(3,604)

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 2022 and 31 December 2021.

34. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Non-current				
Trade payables	**-**	166	**-**	166
Other payables	**1,468**	2,091	**102**	686
Accruals	**271**	271	**271**	271
Refundable lease deposits	**263**	69	**-**	-
Financial liabilities	**2,002**	2,597	**373**	1,123
Contract liabilities	**2,053**	2,560	**-**	-
Other statutory liabilities	**6,488**	5,451	**1,201**	838
Total payables - non-current	**10,543**	10,608	**1,574**	1,961
Current				
Trade payables	**17,784**	14,587	**169**	831
Amounts owed to:				
Parent company	**1,158**	1,064	**-**	-
Subsidiary companies	**-**	-	**3,274**	2,278
Associates	**238**	769	**238**	239
Joint ventures	**-**	2	**-**	-
Other related parties	**8,297**	7,665	**2**	1
Capital creditors	**2,337**	1,177	**-**	-
Other payables	**5,375**	10,113	**1,886**	1,370
Refundable lease deposits	**564**	765	**-**	-
Accruals	**28,542**	25,218	**6,794**	6,927
Financial liabilities	**64,295**	61,360	**12,363**	11,646
Contract liabilities	**4,014**	4,576	**-**	-
Advance payments	**2,811**	-	**-**	-
Lease payments received in advance	**1,915**	1,928	**-**	-
Statutory liabilities	**10,599**	9,029	**323**	1,060
Total payables - current	**83,634**	76,893	**12,686**	12,706

Amounts owed to related parties are unsecured, interest free and are repayable on demand.

Disclosure in respect of the trade and other payables is presented within Note 42.7.

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 €2.6m (2021: £2.3m, €2.7m), of which £1.8m equivalent to €2.1m (2021: £1.9m, €2.2m), 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 2022 that was included in the contract liability balance at the beginning of the period amounted to €3.2m (2021: €2.9m).

35. DIVIDENDS

No dividends were declared for the financial year ended 31 December 2022 and 2021.

36. CASH FLOW INFORMATION

36.1 CASH GENERATED FROM/(USED IN) OPERATIONS

	THE GROUP		THE COMPANY	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Adjustments:				
Depreciation of property, plant and equipment	**24,919**	25,702	**33**	30
Depreciation of right-of-use assets	**2,795**	2,894	**255**	263
Increase in provision for impairment of trade receivables	**157**	405	**-**	1,092
Net loss/(gain) arising on disposal of property, plant and equipment	**(33)**	5,353	**-**	-
Amortisation of intangible assets	**1,450**	2,017	**26**	31
Impairment losses on intangible assets	**-**	(72)	**-**	-
Other losses on property, plant and equipment	**-**	-	**-**	-
Other losses arising on property, plant and equipment	**-**	-		
Tax indemnity	**-**	6,228		
Bad debts provision	**-**	-		
Other write offs	**1,207**	225		
Net gain on disposal of intangible assets	**-**	-	**(31)**	-
Net impairment losses on property, plant and equipment	**-**	-	**-**	-
Net changes in fair value of contingent consideration	**-**	-	**-**	-
Fair value movements on investment properties	**6,620**	(1,321)	**-**	-
Fair value movements on investments	**2,925**	(743)	**-**	-
Share of results of associates and joint ventures	**61**	(1,124)	**-**	-
Net changes in fair value of indemnification assets	**-**	-	**-**	-
Amortisation of transaction costs on borrowings	**761**	1,228	**455**	432
Lease concessions	**(14)**	(1,130)	**-**	-
Interest income	**(440)**	(506)	**(5,210)**	(3,154)
Interest expense	**27,399**	23,756	**14,614**	12,956
Dividend income	**-**	-	**-**	-
Reclassification of Azure	**264**	-	**-**	-
Net exchange differences	**(15,063)**	3,768	**180**	(705)
	53,008	66,680	**10,322**	10,945

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 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)
As at 1 Jan 2022						
- Principal	**77**	**(282,591)**	**(369,295)**	**(6,930)**	**(11,821)**	**(670,560)**
- Accrued interest	**-**	**(4,269)**	**(1,162)**	**-**	**-**	**(5,431)**
- Net	**77**	**(286,860)**	**(370,457)**	**(6,930)**	**(11,821)**	**(675,991)**
Cash flows	**-**	**12,788**	**50,768**	**(20,000)**	**3,233**	**46,789**
Foreign exchange						
Adjustments	**-**	**-**	**8,458**	**-**	**-**	**8,458**
Currency translation						
Differences	**-**	**-**	**-**	**-**	**-**	**-**
Other movements	**-**	**(13,244)**	**(14,134)**	**103**	**(3,897)**	**(31,172)**
As at 31 December 2022	**77**	**(287,316)**	**(325,365)**	**(26,827)**	**(12,485)**	**(651,916)**
Comprising:						
- Principal	**77**	**(283,047)**	**(323,789)**	**(26,827)**	**(12,485)**	**(646,071)**
- Accrued interest	**-**	**(4,269)**	**(1,576)**	**-**	**-**	**(5,845)**
As at 31 December 2021	**77**	**(287,316)**	**(325,365)**	**(26,827)**	**(12,485)**	**(651,916)**

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 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)
As at 1 Jan 2022						
- Principal	**77**	**(282,591)**	**(18,308)**	**(28,268)**	**(352)**	**(329,442)**
- Accrued interest	**-**	**(4,269)**	**(745)**	**-**	**-**	**(5,014)**
- Net	**77**	**(286,860)**	**(19,053)**	**(28,268)**	**(352)**	**(334,456)**
Cash flows	**-**	**12,788**	**(84)**	**(24,100)**	**271**	**(11,125)**
Other movements	**-**	**(13,244)**	**(1,816)**	**(674)**	**(9)**	**(15,743)**
As at 31 December 2022	**77**	**(287,316)**	**(20,953)**	**(53,042)**	**(90)**	**(361,324)**
Comprising:						
- Principal	**77**	**(283,047)**	**(20,199)**	**(53,042)**	**(90)**	**(356,301)**
- Accrued interest	**-**	**(4,269)**	**(754)**	**-**	**-**	**(5,023)**
As at 31 December 2022	**77**	**(287,316)**	**(20,953)**	**(53,042)**	**(90)**	**(361,324)**

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	
	2022 €'000	2021 €'000
Contracted for:		
Property, plant and equipment	**89,212**	91,755
Authorised but not yet contracted for:		
Property, plant and equipment	**27,473**	67,856
	116,685	159,611

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 as at 26 February 2021 were 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.

40.1 TRANSACTIONS WITH RELATED PARTIES

	THE GROUP		THE COMPANY	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Revenue				
Services rendered to:				
Parent company	**550**	550	**550**	550
Subsidiaries	**-**	-	**3,269**	2,229
Other related parties	**978**	356	**-**	-
	1,528	906	**3,819**	2,779
Financing				
Interest income				
Parent company	**65**	52	**-**	12
Subsidiaries	**-**	-	**5,210**	3,142
Other related parties	**307**	318	**-**	-
Interest expenses				
Parent company	**(564)**	(408)	**(564)**	(408)
Subsidiaries	**-**	-	**(760)**	(682)
Other related parties	**-**	(3)		
	(192)	(41)	**3,886**	2,064

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 2022, the remuneration of the Executive Chairman and Senior Executives of the Company and its subsidiaries amounted to €7.0m (2021: €6.5m). The foregoing comprises a fixed portion of €5.6m (2021: €6.0m) and a variable portion of €1.4m (2021: €0.5m).

41. EVENTS AFTER THE REPORTING PERIOD

No 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	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Classes of financial assets – fair value through profit or loss				
Investments in debt instruments	**1,019**	5,751	**-**	-
Classes of financial assets - carrying amounts				
Long-term loans	**6,460**	5,915	**140,138**	96,610
Short-term loans	**152**	61	**2,556**	2,556
Assets placed under trust arrangement	**77**	77	**77**	77
Trade and other receivables, including contract assets	**44,587**	35,929	**60,242**	58,759
Cash in hand and at bank	**66,231**	102,087	**8,564**	40,438
	118,526	149,820	**211,577**	198,440

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.

(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 2022 and 31 December 2021 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 2022 and 31 December 2021 is deemed immaterial by management.

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 2022 and 31 December 2021.

The closing loss allowances for trade receivables and contract assets as at 31 December 2022 reconcile to the opening loss allowance as follows:

THE GROUP	TRADE RECEIVABLES AND CONTRACT ASSETS	
	2022 €'000	2021 €'000
Opening loss allowance as at 1 January	**3,998**	6,390
Increase in loss allowance recognised		
in profit or loss during the year	**281**	523
Receivables written off during the year		
as uncollectible	**(412)**	88
Unused amounts reversed	**(124)**	(118)
Currency translation differences	**75**	(2,885)
At 31 December	**3,818**	3,998

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.

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.

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	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Amounts due from subsidiaries	**-**	-	**142,694**	99,166
Amounts due from other investees	**6,460**	5,898	**-**	-
At 31 December	**6,460**	5,898	**142,694**	99,166

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 €1m. (2021: €1.95m).

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 2022 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's working capital position as at the end of December 2022 reflects a deficit of €26.5m (2021: surplus of €54.4m) as disclosed in further detail in Note 3.1.

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. 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. The group has access to unutilised bank overdrafts amounting to €16.1m and undrawn bank loans amounting to €28.8m at the end of the reporting period. The bank overdrafts are renewed yearly and the bank loans can be withdrawn within one year or beyond.

As at 31 December 2022 and 31 December 2021 the Group has financial liabilities, including estimated interest payments, with contractual maturities which are summarised below:

THE GROUP	CURRENT	NON-CURRENT	
31 DECEMBER 2022	WITHIN 1 YEAR €'000	1-5 YEARS €'000	MORE THAN 5 YEARS €'000
Non-derivatives:			
Bank borrowings	**65,747**	**288,374**	**11,529**
Bonds	**22,788**	**227,788**	**88,768**
Lease liabilities	**2,232**	**5,592**	**20,705**
Bank overdraft	**10,491**	**-**	**-**
Trade and other payables	**64,295**	**2,002**	**-**
Other financial liabilities	**931**	**28,350**	**-**
	166,484	**552,106**	**121,002**

This compares to the maturity of the Group's financial liabilities in the previous reporting period as follows:

THE GROUP	CURRENT	NON-CURRENT	
31 DECEMBER 2021	WITHIN 1 YEAR €'000	1-5 YEARS €'000	MORE THAN 5 YEARS €'000
Non-derivatives:			
Bank borrowings	31,546	335,076	27,282
Bonds	10,668	243,403	112,785
Lease liabilities	2,905	4,971	20,673
Bank overdraft	4,181	-	-
Trade and other payables	61,360	2,597	-
Other financial liabilities	329	7,460	-
	110,989	593,507	160,740

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 2022 and 31 December 2021 the Company has financial liabilities, including estimated interest payments, with contractual maturities which are summarised below:

THE COMPANY	CURRENT	NON-CURRENT	
31 DECEMBER 2022	WITHIN 1 YEAR €'000	1-5 YEARS €'000	MORE THAN 5 YEARS €'000
Non-derivatives:			
Bank borrowings	4,574	13,520	-
Bonds	22,788	227,788	88,768
Other financial liabilities	2,646	56,767	-
Lease liabilities	38	53	-
Trade and other payables	12,363	373	-
	42,409	**298,501**	**88,768**

This compares to the maturity of the Company's financial liabilities in the previous reporting periods as follows:

THE COMPANY	CURRENT	NON-CURRENT	
31 DECEMBER 2021	WITHIN 1 YEAR €'000	1-5 YEARS €'000	MORE THAN 5 YEARS €'000
Non-derivatives:			
Bank borrowings	3,321	15,073	1,880
Bonds	10,668	243,403	112,785
Other financial liabilities	736	26,639	3,923
Bank overdraft	-	-	-
Lease liabilities	272	99	-
Trade and other payables	11,646	1,123	-
	26,643	286,337	118,588

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	2022 FUNCTIONAL CURRENCY				2021 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	**1,410**	**285**	**535**	**-**	368	1,119	101	-
Other receivables	**109**	**48**	**292**	**-**	53	56	89	-
Liabilities:								
Bank borrowings	**-**	**-**	**-**	**-**	-	-	-	(42,472)
Trade payables	**(384)**	**(228)**	**(1,278)**	**-**	(372)	(371)	(639)	-
Other payables	**(1,220)**	**(656)**	**(1,091)**	**-**	(1,357)	(997)	(814)	-
Net exposure	**(85)**	**(551)**	**(1,542)**	**-**	(1,308)	(193)	(1,263)	(42,472)

On 1 June 2022, the Group settled in full the bank loan in Russia. This had the beneficial effect of removing exchange rate volatility which the Group had experienced during past years due to this facility. Consequently in 2022 the Group recognised a realised gain on exchange of €12.09m in its income statement.

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 €97.8m (2021: €53.6m) and €20.1m (2021: €17.2m) 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 2022, if the euro had weakened/strengthened by 10% (2021: 10%) against the Rouble with all other variables held constant, the Group's equity would have been €13.1m lower/€13.1m higher (2021: €8.1m lower/€8.1m 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	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Fixed rate instruments				
Financial assets:				
Parent company loan and other loans receivable	**6,612**	5,976	**42,285**	43,057
Assets placed under trust arrangement	**77**	77	**77**	77
Financial liabilities:				
Bonds	**(283,047)**	(282,591)	**(283,047)**	(282,591)
Parent company loan and other financial liabilities	**(26,827)**	(6,930)	**(34,797)**	(10,510)
	(303,185)	(283,468)	**(275,482)**	(249,967)
Variable rate instruments				
Financial assets:				
Loans to related company	**-**	-	**97,853**	53,553
Financial liabilities:				
Bank borrowings	**(334,280)**	(373,476)	**(20,199)**	(18,308)
Other financial liabilities	**-**	-	**(13,000)**	(13,000)
	(334,280)	(373,476)	**64,654**	22,245

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 that are based on fixed rates on interest whenever practicable. The Group is exposed to fair value interest rate risk on its financial assets and liabilities bearing fixed rates of interest, but with the exception to the investments in bond securities, which are measured at fair value, all the other instruments are measured at amortised cost and accordingly a shift in interest rates would not have an impact on profit or loss or total comprehensive income. Management does not consider a reasonable shift in interest will have a significant impact on the Group's and Company's equity and post tax profit as a result of a change in the fair value of its investments in bond securities.

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 250 (2021:100 basis points) higher/lower with all other variables held constant, post-tax profit for the year for the Group would have been €8.1m (2021: €3.7m) lower/higher as a result of higher/lower net interest expense.

At 31 December, if interest rates had been 250 (2021:100 basis points) higher/lower with all other variables held constant, post-tax profit for the year for the Company would have been €480.5k (2021: €198.9k) lower/higher as a result of higher/lower net interest expense.

(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 2022, the carrying amount of these investments amounted to €6.4m (2021: €15.8m).

€1m (2021: €9m) 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	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Bank loans (Note 30)	**323,789**	369,295	**20,199**	18,308
Other financial liabilities (Note 32)	**26,827**	6,930	**53,042**	28,268
Bonds (Note 31)	**283,047**	282,591	**283,047**	282,591
Lease liabilities (Note 16)	**12,485**	11,821	**90**	352
Less: cash and cash equivalents (Note 23)	**(55,740)**	(97,906)	**(8,564)**	(40,438)
Net debt	**590,408**	572,731	**347,814**	289,081
Total equity	**817,892**	838,216	**675,282**	690,708
Total capital	**1,408,300**	1,410,947	**1,023,096**	979,789
Net debt ratio	**41.92%**	40.59%	**34.00%**	29.50%

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.

42.5 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

	THE GROUP		THE COMPANY	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Assets				
Other financial assets at amortised cost				
Cash at bank and in hand	**66,231**	102,087	**8,564**	40,438
- Trade receivables	**19,387**	12,559	**2**	4
- Other receivables	**3,545**	2,609	**126**	82
- Amounts due from Group and related companies	**15,077**	14,707	**369,143**	323,904
Assets placed under trust arrangement	**77**	77	**77**	77
Amounts due from other investees	**6,460**	5,898	**-**	-
Financial assets measured at fair value				
Equity securities				
- Investments in subsidiaries	**-**	-	**658,466**	664,573
- Investments in associates and joint ventures	**-**	-	**5,198**	5,188
Financial assets at fair value through profit or loss	**5,373**	6,898	**-**	-
Listed equities:				
Financial assets at fair value through profit or loss	**-**	3,227	**-**	-
Funds and mutual funds				
Financial assets at fair value through profit or loss	**1,018**	5,751	**-**	-
Total assets	**117,168**	153,813	**1,041,576**	1,034,266

	THE GROUP		THE COMPANY	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Other financial liabilities measured at amortised cost				
- Bank borrowings	**334,280**	373,476	**20,199**	18,308
- Bonds	**283,047**	282,591	**283,047**	282,591
- Other financial liabilities	**26,827**	6,930	**53,042**	28,268
- Lease liabilities	**12,485**	11,821	**90**	352
- Trade payables	**17,784**	14,753	**169**	997
- Other payables	**19,700**	23,715	**5,502**	4,574
- Accruals	**28,813**	25,489	**7,065**	7,198
Total liabilities	**722,936**	738,775	**369,114**	342,288

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.

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	2022 €	2021 €
Level 1		
Investments in publicly-traded securities measured at fair value through profit or loss	**1,018**	8,978
Level 3		
Investments in unlisted equities measured at fair value through profit or loss	**5,373**	6,898

THE COMPANY	2022 €	2021 €
Level 3		
Investments in subsidiaries (a)	**658,466**	664,573
Investments in associates and joint ventures (b)	**5,198**	5,188

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, or the share of adjusted net asset value.

Movements in these investments are portrayed in the table below:

THE GROUP	2022 €'000	2021 €'000
	LEVEL 3	
At 1 January	**6,898**	7,198
Acquisitions	**-**	205
Fair value movements	**(1,525)**	(505)
At 31 December	**5,373**	6,898

There have been no transfers of financial assets between the different level of the fair value hierarchy.

42.7 FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COST

The table below provides information about the fair values of the Group's and the Company's non-current financial instruments which are not measured at fair value and which bear interest at a fixed rate. For financial instruments bearing interest at floating rates, management is of the opinion that the fair values are not significantly different from the carrying value since the interest on these instruments already reflect the current market rates and counterparty risk has not significantly changed.

	THE GROUP			
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
	LEVEL 1		LEVEL 3	
Financial assets				
Other financial assets at amortised cost	**-**	-	**5,565**	5,976
Financial liabilities				
Bonds	**277,575**	282,591	**-**	-
Other financial liabilities	**-**	-	**24,828**	6,930
	277,575	282,591	**24,828**	6,930

	THE COMPANY			
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
	LEVEL 1		LEVEL 3	
Financial assets				
Loans receivable bearing fixed interest rates	**-**	-	**36,589**	266,971
Financial liabilities				
Bonds	**277,575**	282,591	**-**	-
Other financial liabilities	**-**	-	**24,828**	28,268
	277,575	282,591	**24,828**	28,268

The bonds are classified as Level 1 hierarchy since they are listed in an active market and the fair values are determined based on the market price at the reporting date.

The fair values of the financial assets and financial liabilities classified as Level 3 hierarchy during 2022 were calculated based on a cash flow discounted using the current lending rate for similar instruments at the reporting date. They are classified as Level 3 hierarchy due to the use of unobservable inputs including counterparty risk. Management considers the carrying amounts of these instruments for the comparative period presented to be a reasonable estimate of their fair values due to insignificant changes in the interest rates and counterparty risks.

The directors consider the carrying amount of the trade and other receivables, assets placed under trust arrangement and trade and other payables to be a 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.

43. ULTIMATE CONTROLLING PARTY

The Group's ultimate parent company is CPHCL Company Limited, the registered office of which is 22, Europa Centre, Floriana FRN 1400, Malta.

CPHCL Company Limited 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 the Parent Company financial statements (the "financial statements") of International Hotel Investments p.l.c. give a true and fair view of the Group and the Parent Company's financial position as at 31 December 2022, and of their 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 2022;
- 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 2022;
- 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 2022;
- 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

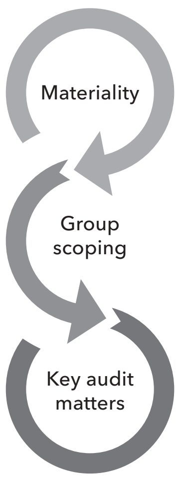
We are independent of the Group and the Parent Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements 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 2022 to 31 December 2022, are disclosed in Note 7.1 to the financial statements.

OUR AUDIT APPROACH

OVERVIEW



- Overall group materiality: €2,400,000, which represents approximately 1% of total revenue.

- 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 including highlights on the valuation uncertainties in Russia and 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.

Overall group materiality	€2,400,000
How we determined it	Approximately 1% of total revenue
Rationale for the materiality benchmark applied	We have applied revenue as a benchmark as we considered that this provides us with an adequate 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 €240,000 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 INCLUDING HIGHLIGHTS ON THE VALUATION UNCERTAINTIES IN RUSSIA AND LIBYA	
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 2022. 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: and • 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.	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 2022. • 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 to factor the impact of the current macroeconomic environment, including the increase in interest rates and costs.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
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.	We challenged the Company's valuations to assess whether they fell within a reasonable range of the expectations developed. Management was able to provide explanations and refer to appropriate supporting evidence. We have also assessed the appropriateness of disclosures in Note 15 to the financial statements, including those regarding the key valuation assumptions applied in the property valuations in this respect.
PROPERTIES HELD IN RUSSIA AND LIBYA The valuations of the properties held in Russia and Libya are characterised by a higher degree of estimation uncertainty brought about by the geo-political tensions and the market situation in the respective countries. **RUSSIA** The military conflict between Russia and Ukraine, alongside the consequent economic sanctions, have had an adverse impact on the Group's operations in Russia. The projected future cashflows impacting the property valuations had to be revised downwards to reflect economic conditions as at 31 December 2022. The discount rates assumed in the valuation of these properties also had to be reassessed to take into account the heightened risks prevalent as at year end. The Group's assets in Russia principally comprise the Corinthia St. Petersburg Hotel valued at €71.8 million and the adjoining investment property with a carrying amount of €52.5 million as detailed in Note 5.2. The Group has reflected fair value declines on the hotel and investment property amounting to €9.7 million and €5.9 million respectively (excluding foreign exchange movements). The movements in fair value during 2022 are analysed in Notes 14 and 15. **LIBYA** Since 2014, Libya has experienced severe political instability due to the collapse of the central government and the country has been going through difficult times ever since. This prevailing situation has impacted and continues to impact the Group's financial results in Libya, which has impacted the level of economic performance from its operations in Libya, particularly from its hotel operations. The Group's assets in Libya principally comprise the Corinthia Hotel Tripoli with a carrying amount of €67.1 million and the adjoining investment property with a carrying amount of €104.8 million.	In addition to the procedures listed above, we also performed the following on the properties held by the Group in Russia and Libya: • We engaged in several discussions with management to better understand the current circumstances impacting their business (e.g. level of occupancy, rates being charged, relevant sanctions, liquidity) and how management was responding to these geopolitical and economic challenges; • Together with our experts, we held meetings with the valuers and challenged a number of assumptions to ensure that the appropriate risk is reflected in the projected cash flows and the discount rate used in the valuation models; • With regards to expected future cash flows, we obtained the most recent forecasts approved by the audit committee/board reflecting current developments and conditions and the expected related consequences. We compared the underlying assumptions against recent market research and, in particular, we challenged the speed of recovery in the cash flows. We also obtained the actual results after year end to understand and challenge the projected cash flows being used in the valuation models. • With regards to the discount rate, we reassessed the different inputs into its calculation to ensure that changes in observable inputs had been captured and that the discount rate was also including an appropriate risk premium that reflects the increased uncertainty and volatility in these countries; • We considered different scenarios when sensitising the key inputs to the expected cash flows to determine a range of potential outcomes; and

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
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 there were no major changes during the last year when it comes to the significant political and economic uncertainty prevailing in this country. With respect to the hotel, the directors have retained the expectations for a gradual recovery. The economic impact of the geopolitical risks associated with Russia and Libya depends on variables that are difficult to predict. The assumptions underlying the valuation of the properties held in these countries (Note 5) are subject to a higher level of estimation in view of the significant uncertainties surrounding the operations in these countries and, therefore, the related projected cash flows (including their timing) and the discount rate applied to these cashflows that captures these uncertainties. **REFERENCE TO RELATED DISCLOSURES** The disclosures pertaining to property valuations are included in Notes 5, 14 and 15 to the Group's financial statements.	• We evaluated the adequacy of the disclosures made in the financial statements regarding the situation in Russia and 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 Russia and Libya and their impact on the Group's results for 2022. The note also explains the significant uncertainties and judgements surrounding the valuation of the Group's assets in Russia and Libya that have also a bearing on the projected cash flows from the relative operations, which are in turn influenced by how soon the political situation in Russia and Libya will return to normality. In the case of certain underlying valuation assumptions, we formed a different view from that of management, but in our view the overall differences were within a reasonable range of outcomes. *As it is uncertain as to when the geopolitical risks associated with Russia and Libya will subside, the estimation uncertainty related to the valuation of the Group's assets in these territories remains heightened. We believe that different plausible scenarios may impact the financial performance of both the Russia and Libya operations and the valuation of related assets in a significant manner. 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. 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 Russia and Libya.*

We have no key audit matters to report with respect to our audit of the parent company financial statements.

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 (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.

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, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- 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.

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 2022, 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 2022 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

OTHER REPORTING REQUIREMENTS

The Annual Report and Financial Statements 2022 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 2022 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.

AREA OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS 2022 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.

AREA OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS 2022 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 8 years.

PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi, Malta

Lucienne Pace Ross
Partner

18 April 2023

CORINTHIA

GROUP

INTERNATIONAL HOTEL INVESTMENTS P.L.C.
2022 ANNUAL REPORT & FINANCIAL STATEMENTS

CORINTHIA

GROUP

INTERNATIONAL HOTEL INVESTMENTS P.L.C.
22, EUROPA CENTRE FLORIANA FRN 1400, MALTA.
CO. REG. NO.: C26136

WWW.CORINTHIAGROUP.COM