FINANCIAL ANALYSIS SUMMARY

26 September 2023

ISSUER

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

Prepared by:

MZ INVESTMENTS

MZ INVESTMENTS

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The Directors
International Hotel Investments p.l.c.
22, Europa Centre
Floriana FRN 1400
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26 September 2023

Dear Board Members,

Financial Analysis Summary

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

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

(a) Historical financial data for the three years ended 31 December 2020 to 31 December 2022 has been extracted from audited financial statements of the Issuer for the three years in question.

(b) The projected data for the years ending 31 December 2023 and 31 December 2024 has been provided by management.

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

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

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

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

Yours faithfully,

Evan Mohnani
Head of Corporate Broking

TABLE OF CONTENTS

PART 1 – INFORMATION ABOUT THE ISSUER

1. KEY ACTIVITIES

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

RECENT AND ONGOING PROJECTS

Described hereunder are recent and ongoing projects and developments of the Group’s business. These points are set out in no particular order, both chronological as well as strategic or financial.

Corinthia Hotel Rome ***(opening 2024)***

Corinthia Hotels Limited (“**CHL**”), through a lease agreement, will be operating a redeveloped hotel property in Rome which was acquired and is being funded through its extensive reconstruction and refurbishment by a third-party investor. The property is the former seat of the Bank of Italy in Parliament Square. Works are at an advanced stage for the conversion of the 7,000m^2 building into a luxury hotel featuring 60 guest rooms including a number of suites. The public areas include 2 restaurants, bars and lounges, all wrapped around a central garden. The hotel also has a spa and other amenities. CDI Limited (“**CDI**”), IHI’s development company, is contracted to support in the delivery of the project, whilst CHL is the operator and lessee.

Corinthia Hotel Brussels ***(opening 2024)***

The project entails the development and opening of a grand luxury Corinthia Hotel in Brussels, Belgium. The owner of this investment is NLI Holdings Ltd, in which IHI has a 50% shareholding. NLI acquired the former Grand Hotel Astoria in Brussels in 2016, together with an empty land plot adjoining the listed hotel building and four vacant town houses at the rear of the original hotel. The said acquisitions were originated and executed by CDI. QPM Limited (“**QP**”), an IHI subsidiary, is engaged as project manager to coordinate and supervise the reconstruction process. Once complete, the hotel will be operated by CHL.

The new hotel will have 126 luxury bedrooms and suites and will offer unrivalled amenities for the city of Brussels including a fully restored grand ballroom, an 850m^2 spa, various dining venues, meeting facilities and high-end retail shops.

Corinthia Hotel New York ***(opening 2024)***

The property was acquired by the private investment firm Reuben Brothers in 2020 and is in New York’s luxurious upper east side. Works are ongoing for the development of a Corinthia Hotel which shall comprise 97 guest rooms (including 33 suites, 5 signature suites and 12 luxury residences). By virtue of the management agreement, CHL is appointed as the manager of the hotel to provide management services and to supervise, direct and control the management and the marketing of the hotel. The management agreement provides for an initial term of 25 years from commencement of operation subject to an extension.

Corinthia Hotel Bucharest ***(opening 2024)***

In March 2018, CHL entered into a management agreement with the owners of the former Grand Hotel du Boulevard, to be redeveloped as the Corinthia Hotel Bucharest. Subsequent to the above signing, QP was engaged for a period of time by the property owners to provide support and project management on certain technical aspects. Design development of the regeneration of this listed property is complete and works have commenced on site, to be completed in 2024. The reconstructed hotel will feature 30 luxury suites as well as the fully restored Grand Ballroom and various dining and leisure venues.

Corinthia Hotel & Residences Doha *(opening 2025)*

CHL has entered into contractual arrangements with United Development Company ("**UDC**"), the Qatari master developer of The Pearl in Doha, to manage and operate a luxury Corinthia Hotel being built on UDC's newest flagship real estate development, named Gewan Island. The Corinthia Hotel Doha occupies an area of 13,000m^2 and will feature 110 guestrooms, a 1,000-person banquet hall, several restaurants and a luxurious spa facility. The project also includes 18 nearby luxury branded villas for sale or lease, a golf course, and a beach club, which will be managed, together with the afore-mentioned hotel, by CHL under the Corinthia brand umbrella. The yacht club is now operational and is affiliated to the Monaco Yacht Club. It features members' lounges and amenities as well as a signature restaurant from Mayfair, London.

Corinthia Hotel Diriyah *(opening 2026)*

In October 2022, CHL entered into a technical and pre-opening services agreement and a 20-year hotel management agreement with Diriyah Gate Company Limited ("**DGCL**"), a company incorporated under the laws of the Kingdom of Saudi Arabia and committed to delivering the Diriyah Gate development project. Diriyah Gate is a US$20 billion heritage and tourism project spearheaded by Diriyah Gate Development Authority. The development will be home to 100,000 people and aims to attract 25 million visitors annually. It will comprise museums, shopping, restaurants and hotels and will be a world-class hub for education, recreation, culture, retail and hospitality. DGCL is fully owned by the Saudi Arabia Public Investment Fund ("**PIF"**), the government of Saudi Arabia's sovereign wealth fund, which has made a commitment to inject into DGCL funds to ensure that DGCL can fulfil its commitments and obligations, including the Diriyah Gate development, which, amongst other hotel developments, includes the Corinthia Hotel Diriyah. The Corinthia Hotel will be an ultra-luxury venue, located on the main luxury shopping street of the newly redeveloped historic city and surrounded by several other luxury hotels. The Corinthia property will comprise 80 hotel rooms and suites and 10 residences which will have access to hotel services. Under the hotel management agreement, the owner has undertaken to open by October 2026.

Corinthia Hotel Maldives *(opening 2026)*

In May 2023, CHL entered into a technical and pre-opening services agreement and a 20-year hotel management agreement with Maarah Pvt Ltd, a Maldivian entity, forming part of Niro Investment Group, a Romanian investment company having operations in Romania, the Middle East and South Asia. Maarah exclusively holds the head lease to the lagoon known as Lagoon 19 located in Kaafu Atoll, Maldives. Works on the first phase of the reclamation of the development of the resort are underway. The resort, to be known as the Corinthia Maldives, will feature a 73-key resort structured as an island resort extending on a main island of *circa* 124,000m^2 and a second exclusive island of *circa* 15,000m^2 being reclaimed over a submerged atoll, in proximity to Male. CHL is retained to advise on the technical and pre-opening services prior to opening. Under the technical services agreement, the owner has undertaken to open by 2026 when the resort will open to the public managed and operated as a luxury Corinthia Hotel resort. The resort consists of an aquatic-inspired architecture designed by global firm HKS with the main pavilion and independent water-edge villas on the main island and wellness facilities on the smaller island. The resort will include multiple restaurants operated with internationally renowned brands, water sports and jetty access, staff accommodation and full ancillary supporting facilities.

Corinthia Oasis Project

IHI owns an 83,000m^2 brownfield beachfront site in the pristine, rural north of Malta. The Group completed in 2021 the re-zoning of the site at Golden Bay to permit 25 low-rise detached hotel-serviced villas alongside a 162-key luxury resort property. In same year, the Maltese Parliament ratified a change of zoning to allow the development of the residential component, versus an agreed incremental payment of €10.5 million over and above what was originally paid for the land when privatised several years ago. Architectural designs are largely completed in keeping with IHI's aim to create a luxury low-rise, highly landscaped resort that is sensitive to Malta's character, materiality and rural environment.

UK-based designers and landscape experts have been engaged and an application to Planning Authority has been submitted. Works will commence once permits are in hand, expected by end of 2023. IHI has approved a pre–contract programme of works for the Corinthia Oasis Project over approximately a 2.5-year term with a target completion date for the project in 2026.

Other Developments

With its Corinthia brand now firmly established as a luxury operator on four continents, and an operating infrastructure capable of further globalising the brand, the Company decided to expand into the upper 4-star and lower 5-star segment. This second brand will be called Verdi Hotels.

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

IHI is in the final stages of registering the name Verdi Hotels worldwide. A new team, separate to that of CHL, is being assembled and the first operations under this new brand will be rolled out in 2024, initially by reflagging some of the Group's owned hotels which today are operating without any brand. Furthermore, the Group is in discussions with partners, and indeed agreed with one of its shareholders LAFICO, to operate any hotels they may own worldwide which require such services under the Verdi Hotels brand.

2. DIRECTORS AND KEY EMPLOYEES

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

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

Mr Alfred Pisani	Chairman
Mr Moussa Atiq Ali	Non-Executive Director
Mr Hamad Buamin	Independent Non-Executive Director
Mr Richard Cachia Caruana	Senior Independent Non-Executive Director
Mr Joseph Pisani	Non-Executive Director
Mr Mohamed Mahmoud Shawsh	Independent Non-Executive Director
Mr Frank Xerri de Caro	Senior Non-Executive Director
Mr Douraid Zaghouani	Independent Non-Executive Director
Mr Alfred Camilleri	Independent Non-Executive Director

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

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

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

The weekly average number of employees engaged at the Issuer's corporate office and in its owned hotels during FY2022 amounted to 2,249 persons (FY2021: 1,852 persons).

3. PRINCIPAL ASSETS

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

International Hotel Investments p.l.c.
Principal Assets and Operations as at 30 June 2023

Name	Location	Description	% ownership	No. of hotel rooms
Corinthia Hotel Prague	Czech Republic	Property owner	100	539
Corinthia Hotel Budapest	Hungary	Property owner	100	439
Corinthia Hotel Tripoli	Libya	Property owner	100	300
Commercial property Tripoli	Libya	Property owner	100	n/a
Corinthia Hotel St George's Bay	Malta	Property owner	100	248
Marina Hotel St George's Bay	Malta	Property owner	100	200
Radisson Blu Resort St Julians	Malta	Property owner	100	252
Radisson Blu Resort & Spa Golden Sands	Malta	Property owner	100	338
Corinthia Palace Hotel & Spa	Malta	Property owner	100	147
Corinthia Hotels Limited	Malta	Hotel management	100	n/a
QPM Limited	Malta	Project management	100	n/a
CDI Limited	Malta	Project development	100	n/a
Corinthia Catering and Catermax	Malta	Event catering	100	n/a
Corinthia Oasis	Malta	Vacant site *(to be developed)*	100	n/a
Costa Coffee	Malta	Retail catering	100	n/a
Corinthia Hotel Lisbon	Portugal	Property owner	100	518
Pinhiero Chagas	Portugal	Residential apartment block	100	n/a
Corinthia Hotel St Petersburg	Russia	Property owner	100	388
Commercial property St Petersburg	Russia	Property owner	100	n/a
Craven House *(commercial property)*	United Kingdom	Property owner	100	n/a
Benghazi Development	Libya	Mixed-use property *(to be developed)*	55	n/a
Corinthia Grand Astoria Hotel Brussels*	Belgium	Property owner *(under development)*	50	126
Corinthia Hotel & Residences London*	United Kingdom	Property owner	50	283
Medina Tower	Libya	Mixed-use property *(to be developed)*	25	n/a
Corinthia Hotel & Residences Moscow	Russia	Property owner *(development on hold)*	10	n/a
				3,778

** under control and management of IHI*

The following table illustrates the carrying values of the principal properties of the Issuer, accounted for in the audited consolidated balance sheet as at 31 December 2020, 2021 and 2022 under the headings: “investment property”, “property, plant & equipment” and “investments accounted for using the equity method”:

International Hotel Investments p.l.c. **Valuation of Principal Properties** **as at 31 December**	**2020** **€’000**	**2021** **€’000**	**2022** **€’000**	
Investment Properties				
Commercial Centre St Petersburg	49,350	51,600	52,484	
Commercial Centre Tripoli	73,743	75,344	75,344	
Apartment Block Lisbon	3,168	4,705	5,908	
Site in Tripoli	29,500	29,500	29,500	
Office block in London	-	-	4,446	(1)
Apartment in London	35,594	-	-	(2)
	191,355	**161,149**	**167,682**	
Hotel Properties and Offices				
Corinthia Hotel St George's Bay	37,819	36,951	36,384	
Radisson Blu Resort, St Julians	35,536	34,654	34,028	
Corinthia Hotel Lisbon	115,048	112,181	108,615	
Corinthia Hotel Prague	92,636	90,909	89,438	
Corinthia Hotel Tripoli	71,707	69,477	67,135	
Corinthia Hotel Budapest	116,727	120,396	119,632	
Corinthia Hotel St Petersburg	66,934	75,965	71,830	
Corinthia Hotel London	438,060	533,156	512,990	
Corinthia Palace Hotel and Spa	32,701	32,000	32,717	
Marina Hotel	29,385	28,974	28,977	
Golden Sand Resort	-	60,076	62,455	(3)
Office block in London	-	-	4,574	(1)
	1,036,553	**1,194,739**	**1,168,775**	
Joint Ventures and Associates				
Radisson Blu Resort & Spa Golden Sands *(50%)*	19,647	-	-	(3)
Medina Towers J.S.C. *(25%)*	12,184	5,188	5,198	(4)
	31,831	**5,188**	**5,198**	
Assets in the Course of Development				
The Heavenly Collection Ltd *(Corinthia Oasis)*	21,951	24,444	28,657	
Corinthia Grand Astoria Hotel Brussels	24,570	31,943	47,897	
	46,521	**56,387**	**76,554**	
Total	**1,306,260**	**1,417,463**	**1,418,209**	

Notes:

(1) In August 2022, CHL completed the acquisition of a central office block, Craven House. The Group occupies the top three floors whilst the remaining space is available for lease by third parties.

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

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

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

4. OTHER ASSETS

CORINTHIA BRAND

During 2019, IHI acquired rights to use the Corinthia brand in all respects. The acquired rights are in addition to the rights previously held by the Group on the acquisition of the Corinthia brand in 2010. The Corinthia brand is recognised in the statement of financial position as an intangible asset amounting to €21.9 million (FY2021: €21.9 million).

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

BENGHAZI PROJECT

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

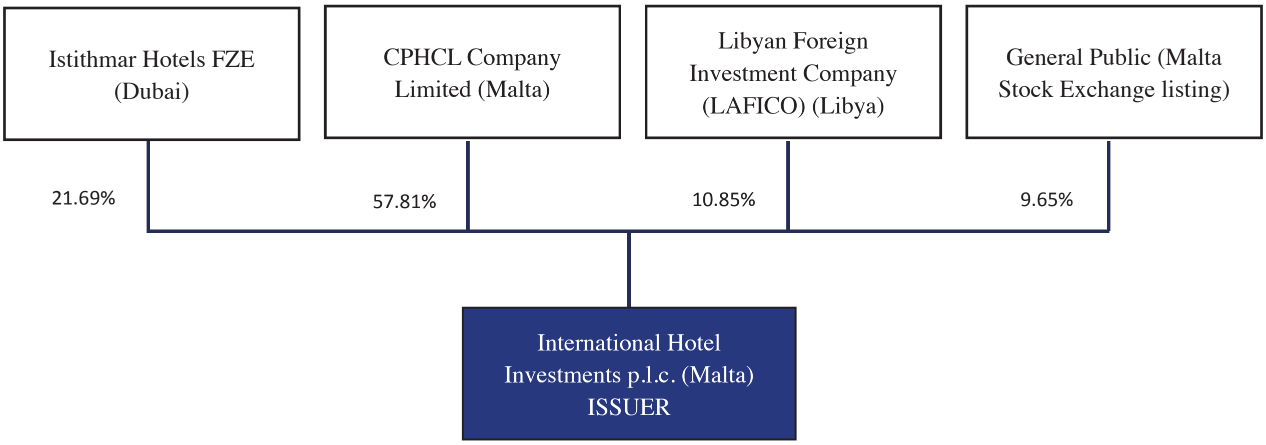
PROJECT MANAGEMENT

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

Revenue generated by QP in FY2022 amounted to €7.2 million compared to €6.1 million in FY2021 (18%). It is worth noting that over 55% of revenue was generated from third party owned projects, which are totally unrelated to the Corinthia Group.

5. ORGANISATIONAL STRUCTURE

The diagram below summaries, in simplified format, the structure of the Issuer and the position within the said Group of the Corinthia Group. The complete list of companies forming part of the Group is included in section 17 of the 2022 Annual Report & Financial Statements.



PART 2 – OPERATIONAL DEVELOPMENT

6. HOTEL OPERATIONS

6.1 ROOM INVENTORY

The Issuer fully owns 10 hotel properties and 50% in each of 2 other hotel properties (namely, Corinthia Hotel & Residences London and Corinthia Grand Hotel Astoria Brussels (under construction)). The complete list is included in section 3 of this report.

The owned-room inventory of the Issuer as at 31 December 2022 amounted to 3,778 rooms (31 December 2021: 3,788 rooms).

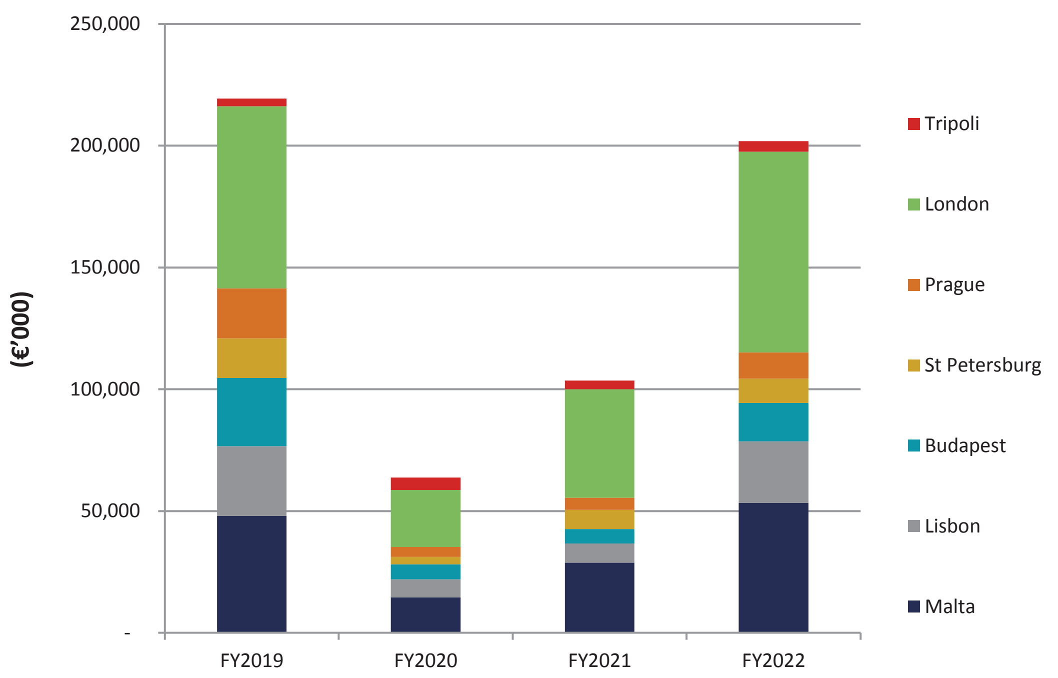
6.2 Performance Review

The table below summarises the financial performance of the Group's hotel operations over the four-year period between 2019 and 2022.

International Hotel Investments p.l.c.				
Hotel Operations	**FY2019**	**FY2020**	**FY2021**	**FY2022**
	Actual	**Actual**	**Actual**	**Actual**
	€'000	**€'000**	**€'000**	**€'000**
Revenue				
Malta	48,000	14,692	28,898	53,466
Lisbon	28,635	7,358	7,800	25,189
Budapest	28,054	6,184	5,878	15,686
St Petersburg	16,243	3,020	7,876	10,053
Prague	20,454	4,001	5,056	10,735
London	74,862	23,354	44,582	82,472
Tripoli	3,156	5,148	3,505	4,293
Total revenue	**219,404**	**63,757**	**103,595**	**201,894**
Year-on-year % change in revenue		*-71%*	*62%*	*95%*
EBITDA				
Malta	10,623	(2,333)	4,356	9,565
Lisbon	7,911	(534)	(434)	5,506
Budapest	8,181	110	1,491	2,885
St Petersburg	5,848	(1,693)	2,172	1,552
Prague	5,231	(2,328)	(288)	(90)
London	15,272	(1,895)	9,776	14,085
Tripoli	(2,141)	(548)	(852)	143
Total EBITDA	**50,925**	**(9,221)**	**16,221**	**33,646**
Depreciation and amortisation	(30,691)	(23,674)	(26,049)	(26,436)
Segment profit or loss	**20,234**	**(32,895)**	**(9,828)**	**7,210**
EBITDA margin *(%)*				
Malta	22.1	(15.9)	15.1	17.9
Lisbon	27.6	(7.3)	(5.6)	21.9
Budapest	29.2	1.8	25.4	18.4
St Petersburg	36.0	(56.1)	27.6	15.4
Prague	25.6	(58.2)	(5.7)	(0.8)
London	20.4	(8.1)	21.9	17.1
Tripoli	(67.8)	(10.6)	(24.3)	3.3
Overall EBITDA margin	**23.2**	**(14.5)**	**15.7**	**16.7**

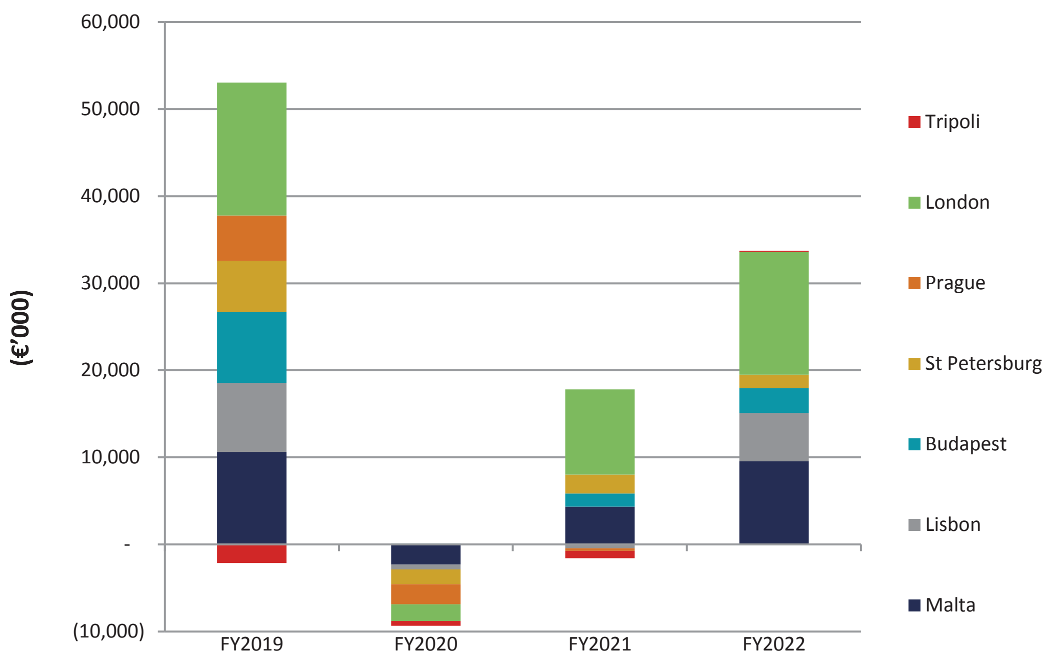
Source: Annual reports FY19 - FY22, management information, MZI analysis

Hotel Operations - Revenue



Source: Management information.

Hotel Operations - EBITDA



Source: Management information.

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

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

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

EBITDA recovered from a loss of €9.2 million in FY2020 to €16.2 million in FY2021. During the reviewed period, the Group's hotel operations reported an EBITDA margin of 15.7% (FY2020: -14.5%). After accounting for depreciation and amortisation, the Group's hotel operations registered a segment loss of €9.8 million compared to a loss of €32.9 million in FY2020 (FY2019: profit of €20.2 million).

In FY2022, revenue from hotel operations increased y-o-y by €98.3 million (+95%) to €201.9 million on account of the continued recovery post COVID-19 pandemic. Total revenue represents 92% of FY2019 revenue figure, though the Radisson Blu Resort & Spa Golden Sands was not a subsidiary of the Group in FY2019. Comparing FY2022 to FY2019 revenue by hotel property, it is observed that Corinthia Hotel London performed better by 10%. In contrast, Corinthia Hotel Budapest and Corinthia Hotel Prague underperformed by 44% and 48% respectively. Furthermore, due to the absence of international business in Russia following the imposition of sanctions thereon, revenue generated by Corinthia Hotel St Petersburg in FY2022 was 38% below FY2019's figures.

Total EBITDA in FY2022 amounted to €33.6 million, an increase of €17.4 million (+107%) from the prior year but 34% below EBITDA generated by the Group from hotel operations in FY2019. Apart from the underperformance of a number of the Group's hotel properties, the outcome of the pandemic and the consequences of war in Ukraine has caused an increase in inflation which has adversely impacted operating costs, mainly higher payroll, energy bills and an increase in cost of supplies.

Overall, the Group registered a segment profit in FY2022 of €7.2 million compared to a loss of €9.8 million in the previous financial year (FY2019: profit amounted to €20.2 million).

7. OTHER OPERATIONS

7.1 REAL ESTATE

The table below summarises the financial performance of the Group's real estate segment over the four-year period between 2019 and 2022.

International Hotel Investments p.l.c.				
Real Estate	**FY2019**	**FY2020**	**FY2021**	**FY2022**
	Actual	**Actual**	**Actual**	**Actual**
	€'000	**€'000**	**€'000**	**€'000**
Revenue				
Tripoli	7,236	7,351	7,548	7,901
St Petersburg	5,424	4,213	2,702	3,203
London penthouse	1,034	956	-	-
Total revenue	**13,694**	**12,520**	**10,250**	**11,104**
EBITDA				
Tripoli	6,736	6,782	6,973	7,281
St Petersburg	4,189	3,283	1,671	1,745
London	814	907	(731)	-
Other	-	-	-	(53)
Total EBITDA	**11,739**	**10,972**	**7,913**	**8,973**
EBITDA margin *(%)*				
Tripoli	93.1	92.3	92.4	92.2
St Petersburg	77.2	77.9	61.8	54.5
London	78.7	94.9	n/a	n/a
Overall EBITDA margin	**85.7**	**87.6**	**77.2**	**80.8**

Source: Annual reports FY19 - FY22, management information, MZI analysis

The Group operates a commercial centre measuring *circa* 10,000 square metres adjacent to the Corinthia Hotel Tripoli, Libya. Despite the ongoing instability in Libya, the Commercial Centre has remained operational and fully leased out. In FY2022, the Commercial Centre generated €7.9 million in revenue compared to €7.5 million in the prior year. The EBITDA margin is relatively high and has remained constant above 90%.

The commercial properties in St Petersburg comprise a mix of commercial areas, shops and office space, with total rentable area in excess of 11,600 square metres. In FY2020, rental income declined by €1.2 million (y-o-y) to €4.2 million (FY2019: €5.4 million). The said decrease resulted from slightly lower occupancies in the year and the depreciation of the Russian rouble against the euro. In FY2021, revenue decreased by €1.5 million (-36%) following the termination of two leases during the said year. Revenue in FY2022 remained relatively stable at €3.2 million. EBITDA in the last financial year amounted to €1.75 million compared to €1.67 million in FY2021.

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

7.2 HOTEL MANAGEMENT

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

The portfolio of hotels managed by CHL comprise the following:

CORINTHIA HOTELS LIMITED
Managed Hotel Portfolio as at 31 December 2022

Name	Location	% ownership	No. of hotel rooms
Owned and managed properties (operational)			
Corinthia Hotel Budapest	Hungary	100	439
Corinthia Hotel St Petersburg	Russia	100	388
Corinthia Hotel Lisbon	Portugal	100	518
Corinthia Hotel Prague	Czech Republic	100	539
Corinthia Hotel Tripoli	Libya	100	300
Corinthia Hotel St George's Bay	Malta	100	248
Marina Hotel St George's Bay	Malta	100	200
Radisson Blu Resort St Julians	Malta	100	252
Corinthia Palace Hotel & Spa	Malta	100	147
Radisson Blu Resort & Spa Golden Sands	Malta	100	338
Corinthia Hotel & Residences London	United Kingdom	50	283
Owned & managed properties (under development)			
Corinthia Grand Astoria Hotel Brussels *(opening 2024)*	Belgium	50	126
Managed properties (operational)			
Aquincum Hotel Budapest	Hungary	-	310
Ramada Plaza	Tunisia	-	309
Panorama Hotel Prague	Czech Republic	-	440
Corinthia Hotel Khartoum	Sudan	-	230
Managed properties (under development)			
Corinthia Hotel Bucharest *(opening 2024)*	Romania	-	33
Corinthia Hotel Residences Doha *(opening 2025)*	Qatar	-	110
Corinthia Hotel Rome *(opening 2024)*	Italy	-	60
Corinthia Hotel New York *(opening 2024)*	United States of America	-	97
Corinthia Hotel Diriyah *(opening 2026)*	Saudi Arabia	-	80
			5,447

CHL is a full-service hotel management company with in-house skills and capabilities supporting the Corinthia brand and operations. It has a track record of driving performance improvements across the Corinthia Group's existing assets and of third parties. It ensures consistent service levels and performance across the properties. CHL is scaled to support the future growth of the Corinthia brand. CHL currently manages or is involved in the development of 12 owned (fully or partly) hotels (11 operational and 1 under development), 2 hotels owned by its parent company CPHCL, and 7 third party properties (2 operational and 5 under development).

Management contracts are typically entered into and structured for a 20-year term. Its key commercial terms include management fees based on total turnover, marketing and reservation fees based on rooms' revenue and incentive fees based on gross operating profit achieved. It is an efficient use of capital and resource with minimal capital outlay, if any, required for each new management contract and a cost-effective way to gain in-depth knowledge of various markets.

The company's operations are segmented into the following areas:

- Operations – comprises the design and development of new Corinthia Hotels under development, as well as responsibility for current operations and support to all general managers, engineering, standards, quality, and sustainability.
- Finance - covers procurement and IT.
- Human Resources - involves culture and people.
- Commercial - covers revenue management, sales, PR and marketing, distribution and loyalty programmes.
- Business Growth - includes sourcing of new opportunities and negotiation of agreements for new Corinthia Hotels under management.

CHL has a 10% shareholding in GHA Holdings Limited ("**GHA**"), a company that owns the Global Hotel Alliance of which CHL has been a member alongside 25 other hotel brands. The ownership of GHA also comprises founding shareholders Kempinski, Minor, Pan Pacific, Oracle, and, since 2022, A Small World of Switzerland.

The following table summarises the financial performance of CHL over the four-year period FY2019 to FY2022:

International Hotel Investments p.l.c.				
Hotel Management	**FY2019**	**FY2020**	**FY2021**	**FY2022**
	Actual	**Actual**	**Actual**	**Actual**
	€'000	**€'000**	**€'000**	**€'000**
Revenue				
Owned hotels	14,769	2,743	6,696	15,029
Third party owned hotels	1,868	418	497	1,383
Other	326	45	146	168
Total revenue	**16,963**	**3,206**	**7,339**	**16,580**
EBITDA	**8,107**	**(2,314)**	**7,045**	**2,652**
EBITDA margin *(%)*	**47.8**	**(72.2)**	**96.0**	**16.0**

Source: Annual reports FY19 - FY22, management information, MZI analysis

Due to the significant decline in hotel services and revenue generation during FY2020, CHL's revenue decreased by 81% from €17.0 million in FY2019 to €3.2 million. In FY2021, revenue recovered to €7.3 million and almost matched FY2019's revenue in the last financial year (€16.6 million compared to €17.0 million in FY2019). Notwithstanding, EBITDA in FY2022 amounted to €2.7 million, a decrease of 62% or €4.4 million when compared to the previous year (FY2021: €7.0 million).

It is noted that in FY2021, CHL received $5 million on account of the company's exit from the Meydan Beach Hotel Dubai project. Furthermore, the much lower EBITDA margin registered in FY2022 compared to the prior year was mainly due to: (i) an increase in employees and payroll costs as CHL started ramping up their manning post-pandemic and in preparation for the new management agreements and planned openings in the coming months and years; (ii) the return of certain activities such as quality audits, employee satisfaction surveys, health and safety and property audits; and (iii) set up costs of a new company in the U.S. in preparation for the New York hotel opening.

7.3 CATERING

The following table summarises the financial performance of the Group's catering segment over the four-year period FY2019 to FY2022:

International Hotel Investments p.l.c.				
Catering	**FY2019**	**FY2020**	**FY2021**	**FY2022**
	Actual	**Actual**	**Actual**	**Actual**
	€'000	**€'000**	**€'000**	**€'000**
Revenue				
Costa Malta	9,456	3,211	4,745	7,934
Costa Spain	5,463	1,138	-	-
Corinthia Caterers Limited	6,174	2,230	3,464	8,198
Catermax Limited	3,988	1,889	1,912	2,401
Total revenue	**25,081**	**8,468**	**10,121**	**18,533**
EBITDA				
Costa Malta	1,839	(258)	627	806
Costa Spain	(443)	(889)	-	-
Corinthia Caterers Limited	(597)	(1,085)	(307)	155
Catermax Limited	130	(18)	177	(42)
Total EBITDA	**929**	**(2,250)**	**497**	**919**
EBITDA margin *(%)*				
Costa Malta	19.4	(8.0)	13.2	10.2
Costa Spain	(8.1)	(78.1)	n/a	n/a
Corinthia Caterers Limited	(9.7)	(48.7)	(8.9)	1.9
Catermax Limited	3.3	(1.0)	9.3	(1.7)
Overall EBITDA margin	**3.7**	**(26.6)**	**4.9**	**5.0**

Source: Annual reports FY19 - FY22, management information, MZI analysis

The impact of the pandemic resulted in the temporary closure of Costa Coffee outlets in Q2 2020 and restricted operations thereafter. The Costa Coffee Spain operation was closed in 2020 and placed into voluntary liquidation. The outlets located at Malta International Airport were directly impacted by the significant drop in airport passengers following the imposition of travel restrictions between March and December 2020. In consequence, Costa Malta reported revenue of €3.2 million in FY2020, a decrease of 66% compared to the prior year (FY2019: €9.5 million). Revenue is gradually returning back to normal levels mainly on account of an increase in tourism which has a positive effect on turnover.

Corinthia Caterers Limited and Catermax Limited are principally involved in event and contract catering services, and in FY2022 generated €10.6 million (in aggregate), which is €0.4 million higher when compared to FY2019. Both businesses have yet to generate meaningful EBITDA but are performing substantially better when noting the operating losses incurred in previous years.

8. ECONOMIC ANALYSIS

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

8.1 HUNGARY[1]

Hungary's GDP[2] contracted and inflation spiralled upward in the second half of 2022 as the economy was exposed to higher commodity prices, weaker external demand and tighter financing conditions. Lower energy prices and an expected disinflation are set to trigger a gradual recovery as from the second half of 2023. The budget deficit is projected to remain elevated, reflecting high expenditure levels and the impact of lasting revenue-decreasing measures adopted in recent years.

Hungary's economy entered into a recession in the second half of 2022, as the impact of higher energy prices and monetary tightening took hold. Investment fell, while consumption and export growth also slowed down. Real GDP contracted by 0.4% q-o-q in 2022-Q4, and monthly indicators point to a further drop in 2023-Q1.

Annual GDP growth is forecast to slow down from 4.6% in 2022 to 0.5% in 2023, and then pick up to 2.8% in 2024 supported by lower energy commodity prices and an expected disinflation. Consumption is projected to decline in 2023 but return to growth in 2024, driven by developments in real income. Investment is set to remain muted throughout the forecast horizon due to low demand, tight financing conditions and fiscal consolidation efforts. Exports are projected to slow down in 2023 but pick up in 2024, in line with external demand, and supported by ongoing foreign direct investment projects. On the other hand, weaker domestic demand is set to hold back imports throughout the forecast horizon, ensuring a positive contribution of net exports to GDP growth. The agricultural sector contributed negatively to growth by 1.1% of GDP in 2022 due to severe droughts, but the recovery of crop yields is set to boost GDP this year, mainly through inventory accumulation.

Higher energy prices worsened the current account balance to -8.2% of GDP in 2022. The recent fall of commodity prices and the moderation of import demand are expected to reverse this development, and the current account is projected to improve to -2.8% by 2024.

Labour demand remained resilient during the economic slowdown of recent quarters and the unemployment rate rose only modestly to 4.1% in 2023-Q1. It is projected to rise to 4.2% on average in 2023, to then fall back to 4.0% in 2024. Shortages of skilled workers are expected to persist, exacerbated by population ageing. Nominal wage growth is set to remain robust, in line with limited labour market slack and high inflation. For 2023, wage growth is also boosted by a 16% minimum wage hike. Real wages are currently declining due to high inflation, but they are expected to rise again as from autumn 2023.

HICP[3] inflation appears to have peaked at 25.9% in 2023-Q1, following the phase-out of the motor fuel price cap in December 2022. The inflation rate is set to ease in the subsequent quarters, driven by base effects, lower commodity prices, the recent currency appreciation and weak consumer demand. The annual average inflation rate is projected to increase from 15.3% in 2022 to 16.4% in 2023, and then drop to 4.0% in 2024. The forecast assumes that the price cap on certain basic food items is not extended again beyond June 2023, and that residential utility prices remain unchanged.

Downside risks to the growth outlook stem from a sudden increase in the country risk premium which might also constrain fiscal policy, and from the exposure of the economy to a potential spike in energy prices. Upside risks to inflation are related to a potentially looser fiscal policy stance, high wage growth in a tight labour market, and the de-anchoring of inflation expectations.

[1] Economic Forecast – Spring 2023 (European Commission Institutional Paper 200 May '23).
[2] Gross Domestic Product (GDP) is an estimate of the value of goods and services produced in the economy over a period of time.
[3] Harmonised Index of Consumer Prices measures the changes over time in the prices of consumer goods and services acquired by households.

8.2 RUSSIA[4]

Russian real GDP contracted by 2.1% in 2022, reflecting the adverse economic impact of its war of aggression against Ukraine and the international sanctions. The GDP fall was driven by a slump in exports, despite Russia's ability to redirect its oil exports to new willing buyers, albeit at a discount, and by a decrease in private consumption, amid declining real incomes and outward migration. Companies' inventories were substantially depleted due to import restrictions. The main impetus came from public consumption and investment boosted by demand from the military production and logistics sectors as companies strived to establish new trading routes and supply chains.

Nominal wages are expected to outpace inflation in 2023 due to labour market pressures stemming from partial mobilisation and outward migration. However, private consumption is set to remain depressed, reflecting ongoing war-related uncertainty. Public funds are expected to continue supporting new domestic production capacities to back import substitution policies, additional infrastructure to facilitate a trade shift towards the east, and military production. Nevertheless, investment activity is not expected to retain the pace of the previous year as projects commenced before the war are coming to the completion phase and new private investment is limited by declining profits, departure of Western companies and persisting uncertainty. The ongoing fiscal stimulus is forecast to fully offset these negative developments, with domestic demand having a neutral contribution to growth.

The EU's diversification of gas supplies away from Russia coupled with its embargo on seaborne oil and refined oil products, are expected to hinder export recovery as Russia is unlikely to fully replace lost markets. Imports are projected to recover only gradually amid ongoing sanctions and a weakening rouble reflecting deterioration of the current account surplus on the back of easing energy prices. Net exports are hence set to pose a negative drag on growth. Overall, real GDP is forecast to contract by 0.9% in 2023.

As the economy gradually adjusts to the sanctions, a modest recovery of 1.3% is projected in 2024. However, international isolation and the pivot towards a war economy are expected to channel resources to less productive sectors, weighing negatively on future potential output.

Amid ongoing high war-related uncertainty, the balance of risks to the growth outlook is deemed to be tilted to the downside. Significant negative risks stem from a possible new wave of mobilisation, which could further exacerbate pressures on the labour market, and stronger enforcement of sanctions against Russia's aggression of war against Ukraine, which could hinder production in some sectors more than currently foreseen.

After a spike in April 2022, inflation continued easing and averaged 13.7% in 2022. This allowed the Central Bank of Russia to reduce its benchmark rate from 20% to 7.5% in September 2022. With the post-invasion price shock moving into the baseline, inflation is forecast to decline to 6.4% in 2023 and to drop further to 4.6% in 2024. Elevated inflation expectations and inflationary risks stemming from high fiscal spending, deteriorating terms of trade amid a depreciating rouble, and wage pressures reflecting a tight labour market are expected to limit the room for loosening monetary policy despite the fragile economic outlook.

8.3 PORTUGAL[5]

After a strong rebound in early 2023, economic growth is set to weaken in the second quarter of the year and to pick up again thereafter. Headline inflation is projected to moderate although wage adjustments amid record high employment are expected to keep pressure on prices of services. After narrowing to 0.4% of GDP in 2022, Portugal's general government deficit is forecast to improve to 0.1% of GDP in 2023 and 2024.

[4] Economic Forecast – Spring 2023 (European Commission Institutional Paper 200 May '23).
[5] Economic Forecast – Spring 2023 (European Commission Institutional Paper 200 May '23).

Economic activity picked up at the beginning of 2023, helped by a further increase in tourism. GDP growth is estimated at 1.6% (q-o-q) in 2023-Q1, strongly up from the rates recorded in the previous three quarters. However, domestic demand remained weak, as private consumption was constrained by the decline in purchasing power of households in previous quarters and investors were confronted with higher interest rates. The external sector was the major growth driver in 2023-Q1, benefiting from the recovery in global supply chains and a very strong increase in tourism visits, in particular from North America. The steep recovery in Portugal's water reservoirs also supported the external balance, as the rebound in domestic hydropower production reduced import demand for electricity and natural gas. Economic growth is projected to weaken in 2023-Q2 and to pick up again in the following quarters against the backdrop of a gradual recovery in households' real disposable income and private consumption. Investment growth is also set to improve, as the drop in global commodity prices and the recovery in global supply chains, along with the expected inflows of EU funds, are projected to outweigh the negative impact of higher interest rates. In full-year terms, real GDP growth is forecast to slow down from 6.7% in 2022 to 2.4% in 2023 and 1.8% in 2024.

In the external sector, exports are projected to rise much faster than imports in 2023 due mainly to the strong performance in tourism. In 2024, imports are projected to grow somewhat faster than exports in line with the recovery in private consumption and investment. In normal terms, Portugal's external balance is forecast to benefit substantially from the drop in energy prices in 2023 and higher prices in tourism, leading to a marked improvement in the current account balance.

The unemployment rate improved from 6.6% in 2021 to 6.0% in 2022. However, the monthly figures increased in late 2022 and early 2023, driven by a strong rise in job-seeking activity while employment grew only marginally. Both employment and activity rates reached record high levels in early 2023 amid rising wage pressures. In annual average terms, unemployment is forecast at 6.5% in 2023 and 6.3% in 2024 amid a moderate increase in employment and real wages, broadly compensating employees for the loss of purchasing power in 2022.

After reaching a historic high of 10.2% (y-o-y) in 2022-Q4, HICP inflation moderated to 8.4% (y-oy) in 2023-Q1. The reduction was largely driven by lower energy prices while food prices remained elevated. Inflation is set to moderate further over the forecast horizon, driven initially by the energy price index and later by food and non-industrial goods. In 2023, the moderation in food prices is also supported by a suspension of VAT rates for essential food products effective from 18 April until end-October. Overall, inflation is forecast at 5.1% in 2023 and 2.7% in 2024. Core inflation is expected to move somewhat above the headline rate, as the projected recovery in real incomes will weigh on prices of services, which are also set to moderate but at a softer pace.

8.4 CZECH REPUBLIC[6]

Following moderate economic activity in 2022, real GDP growth in Czech Republic is forecast to decelerate to 0.2% in 2023, due to elevated price pressures amid tight domestic financial conditions. The inflation rate is set to remain close to 12% in 2023 but to decline to 3.4% in 2024. The general government deficit is still affected by energy support measures in 2023, but it is forecast to decline to 3% in 2024.

Czech Republic's real GDP grew by 2.5% in 2022, driven by investment and increased inventories, while dampened by weak household consumption amid lower consumer confidence and the tighter financial situation of Czech households. Economic activity is expected to remain subdued over the first half of 2023, with real GDP growth in the first quarter estimated at 0.1% q-o-q, mainly on the back of foreign demand amid low domestic consumption. Annual GDP growth is forecast to slow to 0.2% in 2023, and to recover to 2.6% in 2024, reaching pre-pandemic output levels at the end of 2023.

Despite several fiscal stimulus measures, household consumption declined for five consecutive quarters until the end of 2022 and is expected to remain subdued also in 2023. Declining real disposable income and tightening financing conditions are the key factors. Household consumption is forecast to start increasing during 2023. In line with developments in real income, household consumption is projected to become the main driver of real GDP growth in 2024 together with foreign demand.

[6] Economic Forecast – Spring 2023 (European Commission Institutional Paper 200 May '23).

Investment activity picked up significantly in 2022 and is expected to remain the key growth driver in 2023, significantly supported by EU structural and RRF funds. At the same time, the tight financial conditions and persistent labour shortages are expected to weigh on business investment growth over the forecast horizon. The easing of supply chain problems is set to have a positive impact on exports, which are projected to increase in 2023 and 2024. Weaker domestic demand is set to hold back imports in 2023. While imports are expected to rebound in 2024, a positive contribution of net exports to GDP growth is forecast over the forecast horizon.

This outlook is subject to high uncertainty, most notably, in relation to the risks of further disruptions of energy markets given the energy intensity of the Czech economy.

Labour demand remained resilient to the economic slowdown in recent quarters and the unemployment rate declined to 2.2% in 2022. It is forecast to remain low in 2023, around 2.8%, and to decline to 2.6% in 2024. Shortages of skilled workers are set to persist. Despite the tight labour market, real wages are still projected to decline in 2023, as nominal wage growth lags behind inflation. Real wages are expected to increase by 3.2% in 2024 amidst recovering economic activity.

Headline inflation appears to have peaked at 18% in 2023-Q1, following the phase-out of the savings tariff on energy prices, which was not fully offset by a cap on electricity and gas prices introduced by the Czech government. Energy prices are expected to decline in 2023-Q2 and remain stable afterwards. The inflation rate is set to decrease, driven mainly by base effects, accompanied by lower commodity prices, recent currency appreciation and weak consumer demand. The annual average inflation rate is projected to decelerate from 14.6% in 2022 to 11.9% in 2023 and to then drop further to 3.4% in 2024 on the back of a decrease in energy costs and related spill-over effects. This forecast assumes that the price cap on energy is phased out in December 2023. The economic outlook remains sensitive to energy commodity prices and financing conditions.

8.5 LIBYA

The delay of national elections originally scheduled for December 2021, with no agreement on the new dates nor on the legal and constitutional basis for these proposed elections, has brought a return to political division in Libya. 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. Competition between rival governments led to the blockade and shutdowns of oil facilities and armed clashes in the capital.

Political and security tensions could hinder the economic rebound registered in 2021. Oil production in the second quarter of 2022 averaged 0.88 million barrels per day, 33% less than during the first quarter. Soaring international oil prices improved the fiscal surplus during the first eight months of 2022 to 13% of 2021 GDP, excluding spending of the National Oil Corporation, compared to 7% during the same period in 2021. The trade balance surplus grew by 72% in nominal USD terms during the first five months of 2022 compared to the same period in 2021. Foregone oil revenues due to the blockade of oil facilities amounted to around USD4 billion. At the beginning of the third quarter of 2022, oil production resumed at 1 million barrels per day.

Political uncertainty in Libya will likely slow down economic recovery. If the country could sustain current levels of oil production and exports, it will benefit from increasing global oil prices, translating into higher fiscal revenues and more significant inflows of hard currency. This will positively impact its growth and its fiscal and external balances. Transparent and accountable management of Libya's oil revenues and public spending will be critical to ensure that the country's wealth benefits the population. However, positive economic performances depend on the improvement of political and security conditions. Other shocks to the global economy, or shocks to global commodity prices, would adversely affect Libya's economic activity and household welfare[7].

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

8.6 UNITED KINGDOM[8]

The UK economy is expected to see a modest contraction in 2023, as household real incomes continue to fall and consumption and external demand soften, while business investment remains weak. A mild recovery is foreseen in 2024, as inflation continues to ease and growing employment and rising real wages boost household real incomes. At the same time, the labour market is tight, core inflation is high, and potential output is growing only slowly. Persistence in core inflation is a key downside risk.

The UK economy grew by 4.1% y-o-y in 2022 but this largely reflected the very large statistical carryover (of 3.6%) from 2021. Growth stagnated after March 2022, under the impact of higher energy prices and worsening sentiment in the wake of Russia's invasion of Ukraine. The tight labour market and government fiscal transfers to offset higher energy costs have helped underpin household consumption, which grew by 5.6% in 2022, despite a 2% fall in household real disposable incomes.

Alongside many EU economies, UK high frequency data improved in early 2023, with PMIs (Purchasing Managers' Index) picking up (notably for services) and consumer confidence improving, though from low levels. Monthly GDP data also suggest that output in 2023-Q1 has remained steady despite widespread expectations of a contraction. Household consumption is expected to show no growth in 2023 overall, as real wages continue to fall, and higher interest rates feed through into higher mortgage costs. Consumption is projected to start to gradually pick-up in the second half of 2023 and into 2024 as lower energy prices feed through with the adjustment of regulated price caps from July.

Higher interest rates are expected to lead to a fall in residential and business investment in 2023, with business investment seeing only a modest pick-up in 2024. Export and import volumes are both set to decrease in 2023, with net exports providing a positive contribution to overall growth. Goods exports were significantly inflated in 2022 by large exports of precious metals that are projected to taper off sharply, while services exports will be limited by the weak global outlook. Services imports are expected to normalise somewhat after a surprising bounce in 2022, given the weakness of domestic demand. Relatively rapid growth in government consumption and investment are expected to provide support in 2023, and to a lesser extent in 2024. Overall, UK GDP growth is forecast to contract by 0.2% in 2023 and then rise by 1% in 2024.

The labour market remains tight. While employment was still 100K below pre-pandemic levels in 2022-Q4, the labour force had fallen by around 280K, and unemployment at year end was just 3.7%. Unemployment is expected to edge up in 2023 and 2024 as employment growth slows below the growth in labour supply, fuelled in part by higher migration, largely from outside the EU. Potential output growth in the UK has been lower than the EU average for some years and is estimated at 0.8% in 2022. This reflects not only a fall in labour market participation, but also the stagnation of business investment in recent years and weak underlying productivity growth.

Inflation rose sharply in 2022, from 5.5% in January to a peak of 11.1% in October and slowed only marginally thereafter, to 10.1% in March 2023. The core inflation rate was 6.2% in March, only slightly down from the peak of 6.5% in October 2022. As inflation has picked up, wage growth has also accelerated, with private sector nominal wages growing by 6.6% in both January and February 2023. The Bank of England raised policy rates steadily from 0.25% in early 2022 to 4.25% in March 2023 and markets have priced in further tightening. Lower energy prices are expected to reduce headline inflation significantly in coming quarters, but the outlook for core inflation is less clear, given the high pace of nominal wage growth and the tight labour market.

8.7 MALTA[9]

The Maltese economy grew by 7.1% in real terms in 2022, driven by strong private domestic demand and investment as well as the better-than-expected recovery in tourism. Furthermore, the unemployment rate remained low at 3% of the labour supply despite the high level of inflation which stood at 6.1%.

[8] Economic Forecast – Spring 2023 (European Commission Institutional Paper 200 May '23).
[9] Central Bank of Malta – 'Outlook for the Maltese Economy', 24 August 2023.

Economic growth is projected to ease to 3.7% in 2023 and stabilise at 3.6% in both 2024 and 2025. Net exports are expected to be the main contributor to growth in 2023 reflecting the projected decrease in imports (following the upsurge of investment equipment in 2022) as well as the growth in exports. The rate of growth in government consumption expenditure is also projected to increase, to 4.2% from 2.4% in 2022, and stabilise near the 4% level in 2024 and 2025. On the other hand, the rate of growth in private consumption expenditure is anticipated to slow to 4.3% from 9.8% in 2022 and remain close to the 4% level in both 2024 and 2025. This slowdown reflects the normalisation of consumer demand following the strong post-pandemic recovery, as well as slower growth in real disposable income due to high inflation. The latter is projected to ease to 5.9% in 2023 and drop further to 3.1% and 2.3% in 2024 and 2025 respectively. In parallel, however, the unemployment rate is projected to remain very low and only increase marginally to 3.1% by 2025.

Despite the upsurge in inflation, pandemic-related savings are expected to remain a catalyst to private consumption. Nevertheless, the saving ratio is envisaged to retreat from 28.8% in 2022 to 26.1% in 2025 which would be close to the level prior to the outbreak of the pandemic.

Investment is projected to decline by 21.9% in 2023 before registering a growth of 1.5% in 2024 and 2.7% in 2025. Private investment is expected to contract by around 26% in 2023, mostly reflecting the extraordinary outlays in the aviation sector in 2023. Furthermore, both residential and non-residential construction are projected to contract in 2022 reflecting a softening in sentiment across this sector. Growth in private investment is projected to stand at 3.5% and 3.1% for 2024 and 2025 respectively.

After dropping by around 8.5% in 2022, government investment is projected to grow by 4.3% in 2023, decline by 7.2% in 2024, and grow again by 0.8% in 2025. These dynamics are partly driven by the expected take up of EU funds, notably the full absorption of funds from the 2014-2020 financing framework by 2023, and the increased take up of the Recovery and Resilience Facility grants in 2023 and 2024. Furthermore, domestically funded investment is set to be lower than the level reached in 2022.

The general government deficit is projected to decline gradually to 3.3% by 2025 from 5.8% in 2022, driven by a declining share of expenditure in GDP mainly due to the profile of inflation-mitigation measures. On the other hand, the general government debt-to-GDP ratio is expected to increase to 54.8% by 2025 from 53.2% in 2022, due to the expected level of primary deficits which are projected to offset the debt-decreasing impact of the interest-growth differential.

9. GROUP FINANCIAL INFORMATION

The financial information provided hereunder is extracted from the audited consolidated financial statements of IHI for each of the years ended 31 December 2020 to 31 December 2022. The projected financial information for the years ending 31 December 2023 and 31 December 2024 has been provided by management of the Company.

The Group's operations in Libya and Russia

Note 5 to the 2022 financial statements explains the significant uncertainties and judgments surrounding the valuation of the Group's assets in Libya that have a bearing on the projected cash flows from the relative operations, and which are in turn influenced by the timing of a recovery in the country. Different plausible scenarios may impact the financial performance of the Libya operations and the valuation of related assets in a significant matter. This matter is considered to be of fundamental importance to stakeholders because of the potential impact that this uncertainty may have on the valuation of the Group's assets in Libya and the recoverability of certain debtors, which as at 31 December 2022 were carried at €177.1 million and €2.1 million respectively (2021: €179.5 million and €3.3 million respectively).

The same note to the 2022 financial statements also describes the prevailing circumstances in Russia and the higher element of uncertainty in carrying out a valuation assessment of the Group's assets in Russia. In February 2022, a military conflict erupted between Russia and Ukraine with consequential international sanctions being imposed on Russia. The situation regarding these sanctions and any counter sanctions that Russia itself has imposed on the international community is continuously developing. The consequences these sanctions could have on the Group are difficult to determine. The Group has engaged international legal advisers to assist in managing the situation that the sanctions may have brought about.

The Group owns a hotel in St Petersburg with an adjoining Commercial Centre which have been in operation for a number of years. Both the hotel and the Commercial Centre are presently operational and have maintained the same level of activity as in FY2021. Depending on the duration of this conflict, this may have an adverse effect on operations. Apart from business disruptions which may influence the valuation of the hotel and commercial centre, this situation increased the volatility of the Rouble exchange rate and may impact the amount reported in the Group's financial statements. As at 31 December 2022, the Group's assets in Russia were carried at €130.8 million (2021: €133.5 million).

Projections

The projected financial information relates to events in the future and is based on assumptions which IHI believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

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International Hotel Investments p.l.c. Consolidated Statement of Comprehensive Income for the financial year 31 December	2020 Actual €'000	2021 Actual €'000	2022 Actual €'000	2023 Forecast €'000	2024 Projection €'000
Revenue	91,909	129,266	238,207	277,763	339,870
Costs of providing services	(53,956)	(65,620)	(125,586)	(157,872)	(190,304)
Gross profit	**37,953**	**63,646**	**112,621**	**119,891**	**149,566**
Marketing costs and administrative expenses	(32,873)	(32,153)	(44,545)	(48,166)	(59,370)
Other operating costs	(8,887)	(4,965)	(16,370)	(16,846)	(14,062)
EBITDA	**(3,807)**	**26,528**	**51,706**	**54,879**	**76,134**
Depreciation and amortisation	(35,779)	(30,613)	(29,164)	(28,655)	(31,677)
Adjustments in value of property and intangible assets	(10,521)	(4,032)	(7,927)	-	-
Other operational exchange losses	57	(1,564)	(304)	-	-
Changes in value of liabilities and indemnification assets	-	(6,228)	-	-	-
Results from operating activities	**(50,050)**	**(15,909)**	**14,311**	**26,224**	**44,457**
Share of profit / (loss): equity accounted investments	(2,448)	1,124	(61)	-	-
Finance income	702	506	440	251	400
Finance costs	(23,554)	(24,984)	(28,160)	(38,356)	(51,770)
Other	(15,012)	(321)	12,376	(1,824)	1,173
Loss before tax	**(90,362)**	**(39,584)**	**(1,094)**	**(13,705)**	**(5,740)**
Taxation	14,713	9,256	(1,248)	2,007	(664)
Loss for the year	**(75,649)**	**(30,328)**	**(2,342)**	**(11,698)**	**(6,404)**
Other comprehensive income / (expense)					
Gross surplus / (impairment) - revaluation of hotel properties	(10,246)	78,385	2,959	-	-
Other effects, currency translation diff. and tax	(38,076)	16,983	(20,941)	401	1,592
	(48,322)	**95,368**	**(17,982)**	**401**	**1,592**
Total comprehensive income / (expense) for the year net of tax	**(123,971)**	**65,040**	**(20,324)**	**(11,297)**	**(4,812)**

Key Financial Ratios	**FY2020 Actual**	**FY2021 Actual**	**FY2022 Actual**	**FY2023 Forecast**	**FY2024 Projection**
EBITDA margin *(%)* *(EBITDA / revenue)*	(4.14)	20.52	21.71	19.76	22.40
Operating profit margin *(%)* *(Operating profit / revenue)*	(54.46)	(12.31)	6.01	9.44	13.08
Net profit margin *(%)* *(Profit after tax / revenue)*	(82.31)	(23.46)	(0.98)	(4.21)	(1.88)
Return on equity *(%)* *(Profit after tax / average equity)*	(9.06)	(3.76)	(0.28)	(1.43)	(0.80)
Return on assets *(%)* *(Profit after tax / average assets)*	(4.68)	(1.87)	(0.14)	(0.68)	(0.37)
Return on invested capital *(%)* *(Operating profit / average equity and net debt)*	(3.63)	(1.16)	1.02	1.81	2.94
Interest cover *(times)* *(EBITDA / net finance costs)*	(0.17)	1.08	1.87	1.44	1.48

Source: MZ Investment Services Ltd

The financial performance for **FY2020** was materially impacted by COVID-19 and the restrictions and limitations it imposed on the Group's businesses and everyday lives. Total revenue for the year under review amounted to €91.9 million, a reduction of €176.4 million from the revenue generated the year before on account of lockdowns and other restrictions imposed in all countries where the Group operates.

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

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

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

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

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

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

The Group registered a loss on total comprehensive income of €123.97 million in 2020 against a profit of €38.9 million registered in 2019.

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

The above-mentioned increase in revenue reversed an EBITDA loss of €3.8 million registered in FY2020 to a positive EBITDA amounting to €26.5 million. The Group achieved an EBITDA margin of 21% in FY2021, five percentage points lower than pre-pandemic level of 26% (FY2019). The interest cover in the reviewed year was at 1.08 times (FY2019: 3.01 times).

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

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

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

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

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

The Group's revenue in **FY2022** increased by 84% or €108.9 million (y-o-y) to €238.2 million mainly on account of the ongoing recovery in hospitality activities but still 11% below FY2019's turnover. All hotels registered higher revenues over the prior year, most notably the Corinthia hotels in London, Lisbon, Budapest, Malta and Prague. The y-o-y increase in revenue reported by Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg was less than 30% due to country-specific issues described elsewhere in this report.

As a result of higher revenues, the Group's EBITDA increased from €26.5 million in FY2021 to €51.7 million in FY2022 (+95% or €25.2 million). EBITDA margin increased marginally from 20.5% in FY2021 to 21.7% in FY2022, which was considerably lower when compared to the 26.0% EBITDA margin achieved in FY2019. The underperformance at EBITDA level reflected the adverse impact of rising costs due to inflation, payroll and the termination of wage supplements and other similar schemes that were made available by governments during FY2020 and FY2021 to mitigate to some extent the downturn caused by the pandemic.

Depreciation & amortisation remained broadly unchanged at *circa* €30 million but finance costs increased by €3.2 million to €28.2 million (FY2021: €25.0 million). Interest cover improved from 1.08 times in FY2021 to 1.87 times. The Group registered a loss of €7.9 million in value of property and intangible assets (FY2021: loss of €4.0 million), which principally comprised a fair value loss of €5.9 million on the St Petersburg commercial centre.

The Group reported a gain of €12.4 million classified as 'Other' in the income statement compared to a loss of €0.3 million in FY2021. This positive movement mainly related to a recovery in the Rouble relative to the Euro.

Overall, the Group registered a loss for the year of €2.3 million compared to a loss of €30.3 million in FY2021.

In FY2021, on account of continued recovery from COVID-19 the Group recognized property uplifts of €79.7 million. In FY2022, on account of further recovery, the Group recognised a further uplift on the property in London of €12.7 million. This uplift was offset by fair value losses recognised 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.

The weakening of the Sterling in FY2022 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 and other effects of €20.9 million in Other Comprehensive Income relative to a gain of €17.0 million registered in FY2021.

The Group registered a loss on total comprehensive income of €20.3 million in FY2022 against a gain of €65.0 million registered in FY2021.

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

The Group is projecting to generate revenue of €277.8 million in **FY2023** (June analysis: €282.0 million, -1.5%), an increase of €39.6 million (+17%) from the prior year (FY2022: €238.2 million) and +4% over FY2019's reported turnover. Notable y-o-y increases are expected from the Malta Hotels, Corinthia Hotel Budapest, Corinthia Hotel Lisbon and Corinthia Hotel Prague. On the other hand, revenues generated from the Corinthia Hotel St Petersburg and Corinthia Hotel Tripoli are projected to remain unchanged from a year earlier.

In consequence of the y-o-y increase in Group revenue, EBITDA is expected to increase by 6% from €51.7 million in FY2022 to €54.9 million (June analysis: €59.6 million, -7.9%). As such, EBITDA margin is expected to decrease by 2 percentage points to 20%. Interest cover for the projected year is estimated at 1.44 times compared to 1.87 times in FY2022. EBITDA conversion is expected to be impacted by inflationary pressures on payroll and other costs such as energy, and additional expenses from CHL's operations. CHL is presently taking on new senior personnel and incurring pre-opening costs as it ramps up its activity, expertise and resources in advance of the opening of several new, luxury Corinthia hotels in 2024 and 2025. In the comparative financial year (FY2022), the Group was positively impacted by wage subsidies.

Management has assumed nil adjustments in value of property and intangible assets (FY2022: impairments of €7.9 million).

Finance costs are projected to increase by €10.2 million, from €28.2 million in FY2022 to €38.4 million (June analysis: €39.3 million, -2.3%), on account of higher interest rates vis-à-vis loans with variable interest rates and an increase in total borrowings.

In FY2022, the Group reported a gain of €12.4 million classified as 'Other' in the income statement which was mainly related to a recovery in the Rouble relative to the Euro. A similar gain is not expected in FY2023, thus resulting in an adverse y-o-y variance of €14.2 million.

The Group expects to register a loss for the year of €11.7 million (June analysis: loss of €8.2 million) compared to a loss of €2.3 million in FY2022. The financial projections assume no translation differences (accounted for in other comprehensive income) as such projections have been based on constant exchange rates (FY2022: loss of €20.9 million). Overall, the Group is projecting total comprehensive expense in FY2023 to amount to €11.3 million (June analysis: total comprehensive expense amounting to €19.2 million) compared to a loss of €20.3 million registered in FY2022.

The projections for **FY2024** assume continued improvement in operational performance of Corinthia Hotels and further assume growth from new developments, namely Corinthia Hotel Brussels and Corinthia Hotel Rome. In hotel management, considerable growth is anticipated as new hotels are set to complete development and commence operations (in FY2024 - Corinthia Hotel Bucharest and Corinthia Hotel New York). As such, the Group is projecting revenue for the said financial year to amount to €339.9 million, an increase of 22% over FY2023's revenue of €277.8 million.

The increase in revenue is expected to have a positive impact on the Group's EBITDA, which is projected to increase from €54.9 million in FY2023 to €76.1 million. Also, the EBITDA margin is expected to increase to 22% (from 20% in FY2023). Notwithstanding, interest cover is projected to remain unchanged at 1.48 times on account of an increase in the Group's indebtedness and higher finance costs.

Depreciation & amortisation is expected to increase from €28.7 million in FY2023 to €31.7 million in FY2024. The y-o-y increase is principally due to the depreciation charge of right-of-use asset following the recognition of a right-of-use asset and a lease liability in relation to the 20-year lease agreement for the Corinthia Hotel Rome property.

In view of the projected increase in Group borrowings and higher variable interest rates, the Group's finance costs are expected to increase by 35%, from €38.4 million in FY2023 to €51.8 million.

Overall, the Group is projected to report total comprehensive expense of €4.8 million in FY2024 compared to €11.3 million in the prior projected year.

International Hotel Investments p.l.c. Consolidated Statement of Financial Position as at 31 December	2020 Actual €'000	2021 Actual €'000	2022 Actual €'000	2023 Forecast €'000	2024 Projection €'000
ASSETS					
Non-current assets					
Intangible assets (including indemnification)	68,035	65,384	63,953	63,431	62,098
Investment property	191,355	161,149	167,682	152,860	152,860
Property, plant and equipment	1,102,885	1,259,688	1,254,715	1,306,523	1,343,827
Right-of-use assets	11,690	11,203	11,626	11,675	90,865
Investments accounted for using the equity method	31,831	5,188	5,198	5,198	5,198
Other investments	7,198	6,898	5,373	14,567	18,567
Other fin. assets at amortised cost and receivables	6,739	6,897	7,995	7,996	7,996
Deferred tax assets	14,214	19,028	18,019	18,452	18,452
Assets placed under trust management	-	-	-	-	-
	1,433,947	1,535,435	1,534,561	1,580,702	1,699,863
Current assets					
Inventories	10,647	12,531	14,606	17,353	20,642
Other fin. assets at amortised cost and receivables	43	61	152	-	-
Trade and other receivables	35,106	35,315	45,337	60,745	64,433
Taxation	3,324	745	50	32	32
Financial assets at fair value through profit or loss	9,250	8,978	1,018	152	152
Cash and cash equivalents	46,145	102,087	66,231	108,698	60,704
Assets placed under trust management	5,637	77	77	-	-
	110,152	159,794	127,471	186,980	145,963
Total assets	**1,544,099**	**1,695,229**	**1,662,032**	**1,767,682**	**1,845,826**
EQUITY					
Capital and reserves					
Called up share capital	615,685	615,685	615,685	615,685	615,685
Reserves and other equity components	(3,646)	44,014	31,596	18,644	17,041
Retained earnings (accumulated losses)	(8,803)	(34,940)	(40,382)	(51,677)	(56,489)
Minority interest	169,940	213,457	210,993	217,280	215,709
	773,176	**838,216**	**817,892**	**799,932**	**791,946**
LIABILITIES					
Non-current liabilities					
Bank borrowings	345,920	348,528	277,490	261,462	348,058
Bonds	203,061	282,591	273,062	297,845	253,305
Lease and other financial liabilities	9,767	16,037	37,256	40,106	125,897
Other non-current liabilities	92,479	104,507	102,345	94,679	88,123
	651,227	751,663	690,153	694,092	815,383
Current liabilities					
Bank overdrafts	9,762	4,181	10,491	9,867	30,802
Bank borrowings	17,465	20,767	46,299	182,597	73,254
Bonds	19,938	-	9,985	-	45,000
Lease and other financial liabilities	2,711	2,714	2,056	2,152	4,902
Other current liabilities	69,820	77,688	85,156	79,042	84,539
	119,696	105,350	153,987	273,658	238,497
	770,923	**857,013**	**844,140**	**967,750**	**1,053,880**
Total equity and liabilities	**1,544,099**	**1,695,229**	**1,662,032**	**1,767,682**	**1,845,826**
Total debt	*608,624*	*674,818*	*656,639*	*794,029*	*881,218*
Net debt	*556,842*	*572,654*	*590,331*	*685,331*	*820,514*
Invested capital (total equity plus net debt)	*1,330,018*	*1,410,870*	*1,408,223*	*1,485,263*	*1,612,460*

Key Financial Ratios	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Forecast	FY2024 Projection
Net debt-to-EBITDA *(times)* *(Net debt / EBITDA)*	n/a	21.59	11.42	12.49	10.78
Net debt-to-equity *(times)* *(Net debt / total equity)*	0.72	0.68	0.72	0.86	1.04
Net gearing *(%)* *(Net debt / net debt and total equity)*	41.87	40.59	41.92	46.14	50.89
Debt-to-asset *(times)* *(Total debt / total assets)*	0.39	0.40	0.40	0.45	0.48
Leverage *(times)* *(Total assets / total equity)*	2.00	2.02	2.03	2.21	2.33
Current ratio *(times)* *(Current assets / current liabilities)*	0.92	1.52	0.83	0.68	0.61

Source: MZ Investment Services Ltd

Total assets of the Group as at 31 December **2022** amounted to €1,662 million (FY2021: €1,695 million) and principally include the assets described in section 3 of this report.

The net decrease in total assets of €33 million (y-o-y) was principally on account of the following:

i) A net increase in inventories and trade & other receivables of €12.1 million reflecting the recovery in operating activities.

ii) A decrease in cash balances of €35.9 million mainly reflecting the repayment in advance and in full of the €40 million loan of the St Petersburg Hotel and Commercial Centre.

The Group's equity value decreased by €20.3 million (y-o-y) primarily in consequence of the total comprehensive loss reported in 2022.

Total liabilities decreased by €12.9 million (y-o-y) and mainly represented a net reduction in total borrowings of €18.2 million offset by an increase in trade payables of €7.5 million.

Net gearing ratio of the Group increased by 1.33 percentage points from 40.59% in 2021 to 41.92% in 2022. On the other hand, net debt-to-EBITDA improved considerably from 21.59 times in 2021 to 11.42 times in 2022 on account of the material y-o-y increase in EBITDA. The liquidity ratio weakened to 0.83 times compared to 1.52 times in 2021, impacted by a bank loan and bond issue due in 2023 amounting to €39.0 million (in aggregate) which have been classified as current liabilities.

In FY2023, total assets are expected to increase by €105.7 million mainly on account of the following:

i) investment property is expected to decrease y-o-y by €14.8 million, which reflects the disposal of the Lisbon apartments;

ii) an increase in property, plant & equipment of €51.8 million (net of depreciation charge) comprising various refurbishment programmes and projected development of Grand Hotel Astoria;

iii) an increase of €9.2 million in other investments, mainly contract assets which principally reflects the expected key money due on the New York hotel property;

iv) a net increase in inventories and trade & other receivables of €18.2 million is reflective of the continued increase in operating activities;

v) an increase in projected cash balances of €42.5 million as explained further in the commentary on the cash flow statement below.

Total liabilities are projected to increase by €123.7 million (y-o-y), which movement is expected to emanate primarily from changes in borrowings and other financial liabilities.

Bank borrowings are projected to increase by €84.8 million to €419.1 million (FY2022: €334.3 million), while debt securities are expected to increase by €49.7 million to €332.7 million. In view of the increased borrowings, the Group's gearing ratio is projected to increase by *circa* 4 percentage points to 46%, while net debt-to-EBITDA is anticipated to increase from 11.4 times in 2022 to 12.5 times in 2023.

The liquidity ratio for FY2023 is expected to weaken to 0.68 times compared to 0.83 times in the prior year. In FY2023, bank borrowings and bonds amounting to €182.6 (in aggregate) are due within one year and therefore classified as current liabilities. These borrowings are expected to be refinanced by means of new bank facilities and proposed new bonds.

In FY2024, total assets are expected to increase by €78.1 million mainly on account of the following:

i) an increase in property, plant & equipment of €37.3 million (net of depreciation charge) comprising various renovation and refurbishment programmes and projected development of Grand Hotel Astoria;
ii) an increase of €79.2 million in right-of-use assets which principally reflects the lease agreement on the Rome hotel property. The property is being developed by the lessor and will be operated by CHL;
iii) a decrease in projected cash balances of €48.0 million as explained further in the commentary on the cash flow statement below.

Total liabilities are projected to increase by €78.1 million (y-o-y), which movement is expected to emanate primarily from the recognition of the lease liability for the lease of the Rome hotel property.

Bank borrowings and debt securities are projected to remain broadly unchanged at €452.1 million (FY2023: €453.9 million) and €298.3 million (FY2023: €297.8 million) respectively. Notwithstanding, due to the projected decrease in cash balances and higher lease liabilities, the Group's gearing ratio is expected to increase by *circa* 5 percentage points to 51%. In contrast, net debt-to-EBITDA is anticipated to improve from 12.5 times in 2023 to 10.8 times in 2024 on account of higher projected y-o-y EBITDA.

International Hotel Investments p.l.c. Consolidated Cash Flow Statement for the financial year 31 December	**2020 Actual €'000**	**2021 Actual €'000**	**2022 Actual €'000**	**2023 Forecast €'000**	**2024 Projection €'000**
Net cash from / (used in) operating activities	(2,965)	29,748	49,781	32,573	68,989
Net cash from / (used in) investing activities	(11,709)	8,694	(38,672)	(81,097)	(69,430)
Net cash from / (used in) financing activities	(14,860)	24,644	(46,789)	92,690	(68,488)
Net movement in cash and cash equivalents	**(29,534)**	**63,086**	**(35,680)**	**44,166**	**(68,929)**
Cash and cash equivalents at beginning of year	65,463	36,383	97,906	55,740	98,831
Effect of translation of presentation currency	454	(1,563)	(6,486)	(1,075)	-
Cash and cash equivalents at end of year	**36,383**	**97,906**	**55,740**	**98,831**	**29,902**

Net cash flows from operating activities principally relate to the operations of the Group, which are analysed in further detail in Part 2 of this report. In 2022, operations across the Group's properties were significantly higher compared to 2021, and this is reflected in higher net cash inflows from operating activities which amounted to €49.8 million (FY2021: inflows of €29.7 million). In the projected years (2023 and 2024), the Group expects to generate €32.6 million and €69.0 million respectively in net cash from operating activities. This is reflective of the anticipated growth in the Group's operating profit from existing properties as well as new owned and managed hotels.

In FY2022, net cash used in investing activities amounted to €38.7 million on account of the development of the Grand Hotel Astoria, re-purchase of timeshare weeks at the Golden Sands and further expenditure at Corinthia Oasis. On the other hand, the Group generated €6.3 million from sale of financial assets.

In the projected two financial years, the Group is projecting net cash used in investing activities to amount to €150.5 million. Capital expenditure predominantly relates to the development of the Grand Hotel Astoria and is estimated at €143.4 million. Furthermore, the Group will be settling key money amounting to €9.2 million in FY2023 for the signing of the management agreement relating to the New York hotel and €4.0 million in FY2024 as contribution to the development of the Corinthia Hotel Rome. Projected cash inflows of €6.1 million in FY2023 relate to the disposal of the Lisbon apartments.

Financing activities principally comprise movement in bank and other borrowings, payment of leases and interest paid. During FY2022, the Group made net repayment of bank loans of €37.4 million and received advances of €20.0 million from its ultimate parent. Interest paid during the year amounted to €26.9 million while lease payments amounted to €2.6 million.

Net cash from financing activities in FY2023 is projected to amount to €92.7 million and shall comprise net cash inflows from borrowings (mainly bank loan facilities) of €119.0 million. In addition, an amount of €14.3 million is expected to be raised from the proposed bond issue. Net cash outflows are projected to amount to €40.6 million, comprising mainly payment of lease obligations of €2.4 million and interest payable of €38.2 million.

In FY2024, the Group is projected to use €68.5 million for financing activities. Net repayment of borrowings is estimated to amount to €18.0 million while lease obligations and interest payable are projected at €3.5 million and €47.0 million respectively.

10. RELATED PARTY DEBT SECURITIES

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

Security ISIN	Amount Outstanding	Security Name
MT0000101262	€ 40,000,000	4.25% CPHCL Finance plc Unsecured & Guaranteed Bonds 2026

Source: Malta Stock Exchange

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

Security ISIN	Amount Outstanding	Security Name
n/a	€ 11,000,000	6.00% Mediterranean Investments Holding plc Unsecured Notes 2023-2025 *(unlisted)*
MT0000371303	€ 30,000,000	5.25% Mediterranean Investments Holding plc Unsecured & Guaranteed Bonds 2027
MT0000371311	€ 20,000,000	5.85% Mediterranean Investments Holding plc Unsecured & Guaranteed Bonds 2028
	€ 61,000,000	

Source: Malta Stock Exchange

11. INFORMATION RELATING TO THE ISSUER'S EQUITY

The 615,684,920 ordinary shares of the Issuer, having a nominal value of €1.00 per share, are listed on the Regulated Main Market of the Malta Stock Exchange. The key market data relating to these ordinary shares is provided hereunder:

International Hotel Investments p.l.c. **Key Equity Market Data**		
Total number of shares in issue *('000)*	*[A]*	615,685
Share price as at 31 August 2023 *(€)*	*[B]*	0.505
Market capitalisation *(€'000)*	*[A multiplied by B]*	310,921
FY2022 net loss attributable to shareholders *(€'000)*	*[C]*	(5,442)
Loss per share *(€)*	*[C dividend by A]*	(0.009)
Price-to-earnings ratio *(times)*	*[A multiplied by B] divided by [C]*	(57.13)
Shareholders' funds as at 30 June 2023 *(€'000)*	*[D]*	583,371
Net asset value per share *(€)*	*[D divided by A]*	0.948
Price-to-net asset value *(times)*	*[A multiplied by B] divided by [D]*	0.53

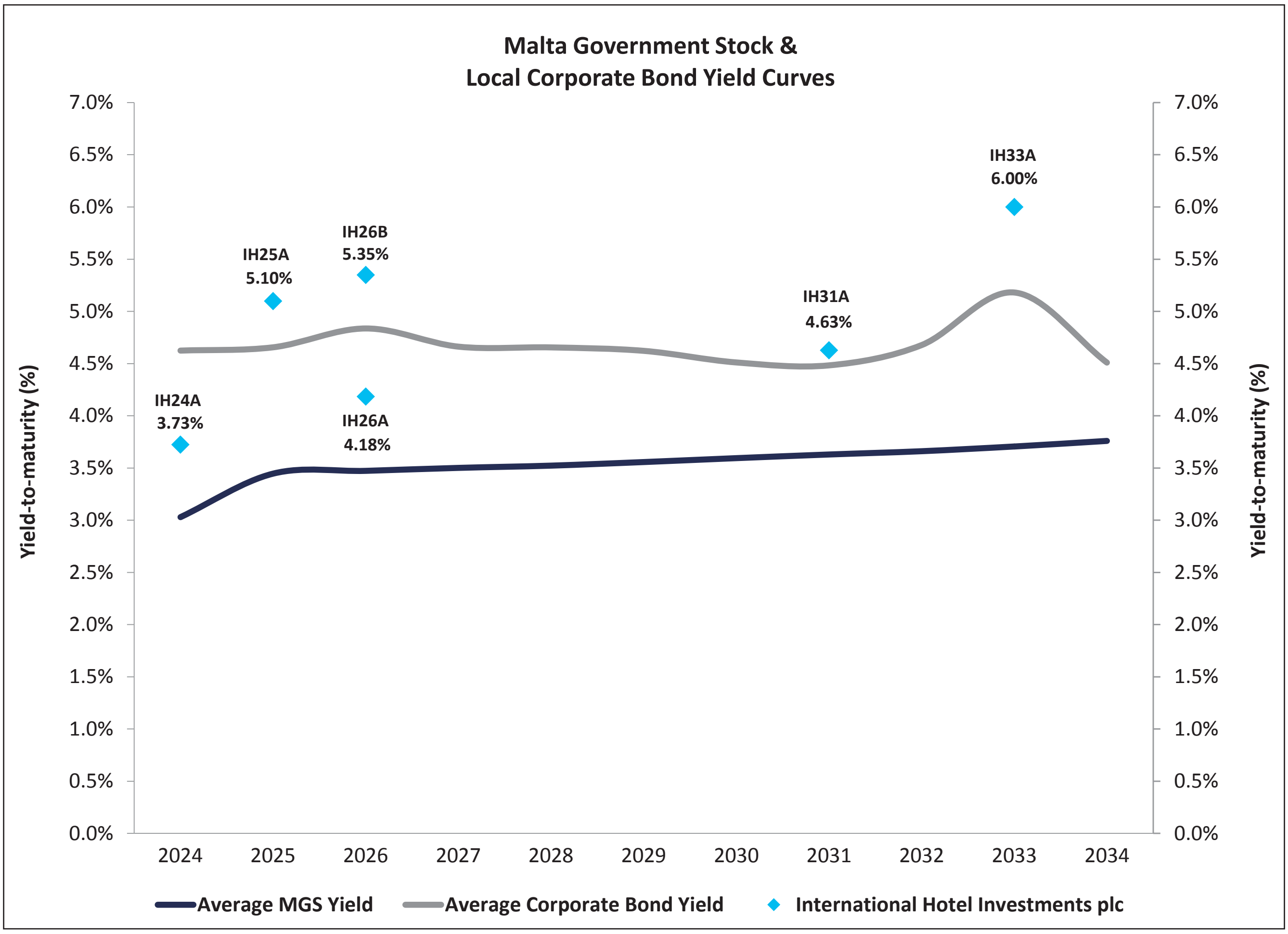
PART 4 – COMPARATIVE ANALYSIS

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

Comparative Analysis*	Amount Issued (€'000)	Yield-to-Maturity (%)	Interest Cover (times)	Net Debt-to-EBITDA (times)	Net Gearing (%)	Debt-to-Assets (times)
6.00% AX Investments plc Unsecured & Guaranteed 2024	40,000	4.84	1.75	14.74	30.01	0.28
6.00% International Hotel Investments plc Unsecured 2024	35,000	3.73	1.87	11.42	41.92	0.40
5.30% Mariner Finance plc Unsecured 2024	17,684	5.29	4.72	5.95	49.91	0.49
5.00% Hal Mann Vella Group plc Secured 2024	30,000	4.88	2.42	9.45	51.80	0.44
5.10% 1923 Investments plc Unsecured 2024	36,000	5.07	4.81	2.94	47.79	0.40
4.25% Best Deal Properties Holding plc Secured & Guaranteed 2024	6,365	3.58	13.29	4.71	63.61	0.65
5.75% International Hotel Investments plc Unsecured 2025	45,000	5.10	1.87	11.42	41.92	0.40
5.10% 6PM Holdings plc Unsecured 2025	13,000	5.09	10.95	0.38	11.16	0.17
4.50% Hili Properties plc Unsecured & Guaranteed 2025	37,000	4.49	1.80	12.53	45.87	0.46
3.70% Gap Group plc Secured & Guaranteed 2023/2025	12,308	3.69	33.21	4.85	56.20	0.69
4.35% Hudson Malta plc Unsecured & Guaranteed 2026	12,000	4.34	6.11	4.89	71.67	0.57
4.25% CPHCL Finance plc Unsecured & Guaranteed 2026	40,000	4.24	1.66	12.42	42.45	0.40
4.00% International Hotel Investments plc Secured 2026	55,000	4.18	1.87	11.42	41.92	0.40
5.00% Dizz Finance plc Unsecured & Guaranteed 2026	8,000	4.78	1.91	10.70	79.93	0.59
3.75% Premier Capital plc Unsecured 2026	65,000	5.11	11.25	2.09	61.67	0.56
4.00% International Hotel Investments plc Unsecured 2026	60,000	5.35	1.87	11.42	41.92	0.40
3.25% AX Group plc Unsecured 2026	15,000	4.24	1.75	14.74	30.01	0.28
3.90% Gap Group plc Secured & Guaranteed 2024/2026	21,000	4.22	33.21	4.85	56.20	0.69
4.00% Hili Finance Company plc Unsecured & Guaranteed 2027	50,000	4.62	4.64	4.84	69.79	0.63
4.35% SD Finance plc Unsecured & Guaranteed 2027	65,000	4.80	4.68	1.74	22.08	0.26
4.00% Eden Finance plc Unsecured & Guaranteed 2027	40,000	5.54	4.24	5.37	25.33	0.23
5.25% Mediterranean Investments Holding plc Unsecured & Guaranteed 2027	30,000	5.24	3.79	3.30	22.75	0.21
4.00% Stivala Group Finance plc Secured & Guaranteed 2027	45,000	4.00	5.61	4.81	28.97	0.26
4.75% Best Deal Properties Holding Plc Secured & Guaranteed 2025/2027	15,000	4.55	13.29	4.71	63.61	0.65
4.75% Gap Group plc Secured & Guaranteed 2025/2027	23,000	4.49	33.21	4.85	56.20	0.69
3.85% Hili Finance Company plc Unsecured & Guaranteed 2028	40,000	4.78	4.64	4.84	69.79	0.63
5.85% Mediterranean Investments Holding plc Unsecured & Guaranteed 2028	20,000	5.26	3.79	3.30	22.75	0.21
3.65% Stivala Group Finance plc Secured & Guaranteed 2029	15,000	3.84	5.61	4.81	28.97	0.26
3.80% Hili Finance Company plc Unsecured & Guaranteed 2029	80,000	4.58	4.64	4.84	69.79	0.63
3.75% AX Group plc Unsecured 2029	10,000	3.75	1.75	14.74	30.01	0.28
6.25% GPH Malta Finance plc Unsecured & Guaranteed 2030	18,144	5.87	1.73	7.63	94.01	0.75
3.65% International Hotel Investments plc Unsecured 2031	80,000	4.63	1.87	11.42	41.92	0.40
3.50% AX Real Estate plc Unsecured 2032	40,000	4.29	2.31	13.83	42.36	0.41
5.00% Mariner Finance plc Unsecured 2032	36,930	5.00	4.72	5.95	49.91	0.49
6.00% International Hotel Investments plc Unsecured 2033	60,000	6.00	1.87	11.42	41.92	0.40
4.50% The Ona plc Secured & Guaranteed 2028/2034	16,000	4.51	44.17	9.76	64.11	0.59
5.50% Juel Group plc Secured & Guaranteed 2035	32,000	5.16	3.35	11.26	55.24	0.51

As at 31 August 2023

Sources: Malta Stock Exchange
M.Z. Investment Services Limited
Most recent audited annual financial statements except for Juel Group plc (FY2024 – forecast)



The **6.00% IHI unsecured bonds 2024** had a yield-to-maturity ("**YTM**") of 3.73% as at 31 August 2023, which was 90 basis points lower than the average YTM of 4.62% of other local corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity stood at 70 basis points.

The **5.75% IHI unsecured bonds 2025** had a yield-to-maturity YTM of 5.10% as at 31 August 2023, which was 44 basis points higher than the average YTM of 4.66% of other local corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity stood at 165 basis points.

The **4.00% IHI secured bonds 2026** had a yield-to-maturity YTM of 4.18% as at 31 August 2023, which was 65 basis points lower than the average YTM of 4.84% of other local corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity stood at 71 basis points.

The **4.00% IHI unsecured bonds 2026** had a yield-to-maturity YTM of 5.35% as at 31 August 2023, which was 51 basis points higher than the average YTM of 4.84% of other local corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity stood at 188 basis points.

The **3.65% IHI unsecured bonds 2031** had a yield-to-maturity YTM of 4.63% as at 31 August 2023, which was 14 basis points higher than the average YTM of 4.48% of other local corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity stood at 100 basis points.

The new **6.00% IHI unsecured bonds 2033** have been priced at 82 basis points above the average YTM of 5.18% of other local corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity as at 31 August 2023 is 229 basis points.

PART 5 - EXPLANATORY DEFINITIONS

INCOME STATEMENT	
Revenue	Total income generated from business activities.
EBITDA	Earnings before interest, taxes, depreciation, and amortisation. It is a metric used for gauging a company's operating performance, excluding the impact of its capital structure, and is usually interpreted as a loose proxy for operating cash flow generation.
Operating profit	Profit from core operations excluding interest and tax.
Profit after tax	Net profit generated from all business activities.
PROFITABILITY RATIOS	
EBITDA margin	EBITDA as a percentage of revenue.
Operating profit margin	Operating profit as a percentage of total revenue.
Net profit margin	Profit after tax as a percentage of total revenue.
Return on equity	Measures the rate of return on the company's net assets and is computed by dividing the net profit by average equity.
Return on assets	Measures the rate of return on the company's assets and is computed by dividing the net profit by average assets.
Return on invested capital	Measures the rate of return from core operations and is computed by dividing operating profit by the average amount of equity and net debt.
CASH FLOW STATEMENT	
Net cash flow from / (used in) operating activities	The amount of cash generated (or consumed) from the normal conduct of business.
Cash flow from / (used in) investing activities	The amount of cash generated (or consumed) from activities related to the acquisition, disposal, and/or development of long-term assets and other investments.
Cash flow from / (used in) financing activities	The amount of cash generated (or consumed) that have an impact on the company's capital structure and thus result in changes to share capital and borrowings.
BALANCE SHEET	
Non-current assets	These represent long-term investments which full value will not be realised within the next twelve months. Such assets, which typically include property, plant, equipment, and investment property, are capitalised rather than expensed, meaning that a company amortises the cost of the asset over the number of years for which the asset will be in use instead of allocating the entire cost to the accounting year in which the asset was acquired.
Current assets	All assets which could be realisable within a twelve-month period from the balance sheet date. Such amounts may include development stock, accounts receivable, cash and bank balances.

Non-current liabilities	These represent long-term financial obligations which are not due within the next twelve months, and typically include long-term borrowings and debt securities.
Current liabilities	Liabilities which fall due within the next twelve months from the balance sheet date, and typically include accounts payable and short-term debt.
Total equity	Represents the residual value of the business (assets minus liabilities) and typically includes the share capital, reserves, as well as retained earnings.
FINANCIAL STRENGTH/CREDIT RATIOS	
Interest cover	Measures the extent of how many times a company can pay its net finance costs from EBITDA.
Net debt-to-EBITDA	Measures how many years it will take a company to pay off its net interest-bearing liabilities (including lease liabilities) from its EBITDA generation capabilities, assuming that net debt and EBITDA are held constant.
Net debt-to-equity	Shows the proportion of net debt (including lease liabilities) to the amount of equity.
Net gearing	Shows the proportion of equity and net debt used to finance a company's business and is calculated by dividing a company's net debt by net debt plus equity.
Debt-to-asset	Shows the degree to which a company's assets are funded by debt and is calculated by dividing all interest-bearing liabilities by total assets.
Leverage	Shows how much equity a company is using to finance its assets.
Current ratio	Measures whether or not a company has enough resources to pay its short-term liabilities from its short-term assets.