Financial Analysis Summary

28 June 2024

Issuer

CPHCL Finance p.l.c.

(C 25104)

Guarantor

CPHCL Company Limited

(C 257)

Prepared by:

MZ INVESTMENTS

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The Board of Directors
CPHCL Finance p.l.c.
22, Europa Centre
Floriana FRN 1400
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28 June 2024

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 CPHCL Finance p.l.c. (the "**Issuer**") and CPHCL Company Limited (the "**Guarantor**" or "**Corinthia Group**" or "**Group**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data has been extracted from the audited financial statements of: (i) the Issuer for the financial years ended 28 February 2022, 28 February 2023 and 29 February 2024; and (ii) the Guarantor for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023.

(b) The forecast data for the year ending 28 February 2025 (in relation to the Issuer) and 31 December 2024 (in relation to the Guarantor) has been provided by management.

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

(d) The ratios quoted in this Analysis have been computed by applying the definitions set out in Part 5 – Explanatory Definitions of this report.

(e) Relevant financial data in respect of the companies included in Part 4 – Comparative Analysis of this Analysis has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Malta Business Registry, as well as other sources providing financial information.

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This Analysis is meant to assist existing and potential investors in the Issuer's securities by summarising the more important financial information of the Group. This Analysis does not contain all data that is relevant to investors. This 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 or not invest in any of the Issuer's securities. We will not accept any liability for any loss or damage arising out of the use of this Analysis. As with all investments, existing and potential investors are encouraged to seek professional advice before investing in the Issuer's securities.

Yours faithfully,

Evan Mohnani
Head of Corporate Broking

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PART 1 – INFORMATION ABOUT THE ISSUER AND GUARANTOR

1. ISSUER'S KEY ACTIVITIES

The principal activity of CPHCL Finance p.l.c. (the "**Issuer**") is to finance the ownership, development, operation and financing of hotels, resorts and leisure facilities, forming part of the Corinthia Group, of which it is a member.

The Issuer is not engaged in any trading activities but is involved in raising funds, mainly through the issue of bonds, and advancing same to its parent company CPHCL Company Limited as and when the demands of its business or the demands of a particular project so require. Accordingly, the Issuer is economically dependent on the operations, performance and prospects of the Corinthia Group.

2. DIRECTORS OF THE ISSUER

The Issuer is managed by a Board comprising five directors who are entrusted with its overall direction and management. The Board members of the Issuer as at the date of this report are included hereunder:

Frank Xerri de Caro	Chairman and Non-Executive Director
Alfred Camilleri	Non-Executive Director
Mario P. Galea	Non-Executive Director
Joseph J. Vella	Non-Executive Director
Rachel Stilon	Executive Director

3. GUARANTOR'S KEY ACTIVITIES

CPHCL Company Limited ("**CPHCL**" or the "**Guarantor**") is the parent company of the Corinthia Group and is principally engaged, directly or through subsidiaries and associated entities, in investments that are predominantly focused on the ownership, development and operation of mixed-use real estate developments that consist mainly of hotels, residences, offices, retail and commercial areas, as well as project management, industrial and event catering, in various countries.

4. DIRECTORS OF THE GUARANTOR

The Guarantor is managed by a Board consisting of six directors entrusted with its overall direction and management, including the establishment of strategies for future development. In the execution of the strategic direction, investment and management oversight of the Corinthia Group, the Board is assisted by the Chief Executive Officer and Senior Management of the operating business entities within the Corinthia Group.

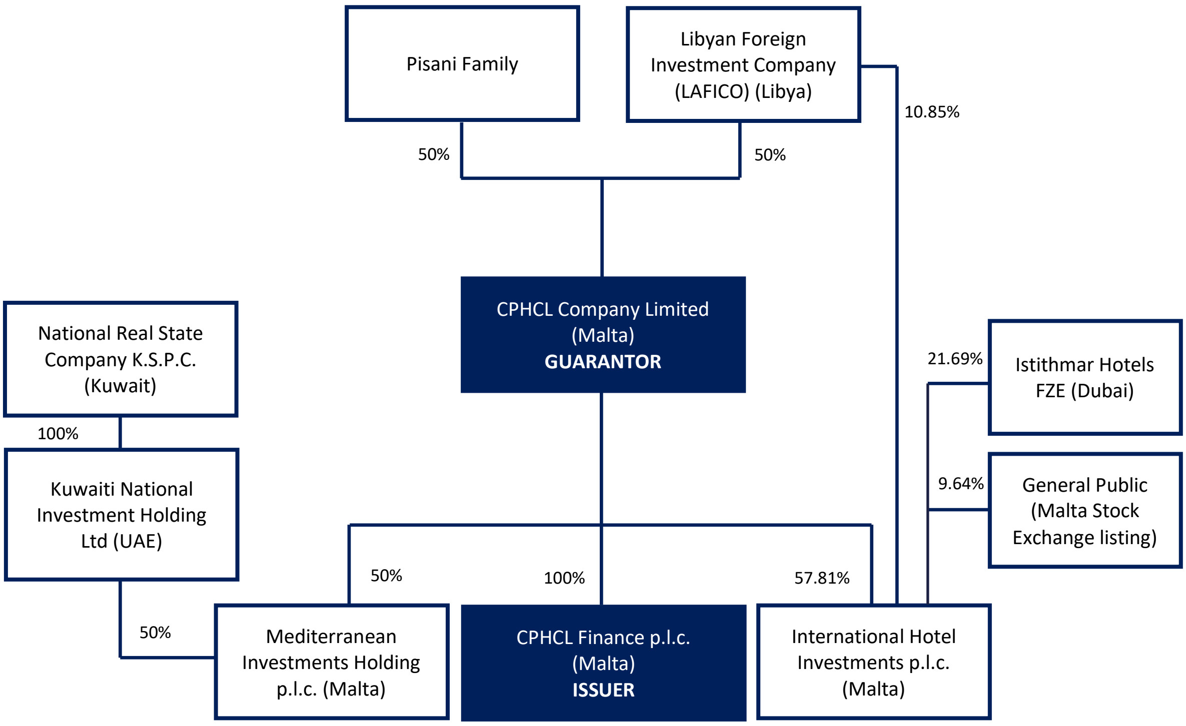
The Board members of the Guarantor as at the date of this report are included hereunder:

Alfred Pisani	Chairman and Executive Director
Joseph Pisani	Executive Director
Victor Pisani	Executive Director
Khaled AMR Algonsel	Non-Executive Director
Abdulrahman A.M. Dibiba	Non-Executive Director
Mohamed Monder Al Moktar Alghnimi	Non-Executive Director

The weekly average number of employees engaged with the companies forming part of the Corinthia Group during FY2023 amounted to 3,270 persons (FY2022: 2,774 persons).

5. CORINTHIA GROUP ORGANISATIONAL STRUCTURE & PRINCIPAL ASSETS

The diagram below illustrates the principal subsidiaries and associates within the organisational structure of the Corinthia Group.



The following table provides a list of the principal assets and operations owned by the respective Corinthia Group companies:

Corinthia Group
Principal Assets & Operations

Name	Location	Description	% ownership	No. of hotel rooms
CPHCL Company Limited				
Verdi Budapest, Aquincum	Hungary	Property owner	100	310
Malta Fairs and Conventions Centre Limited	Malta	Events & exhibitions centre	100	n/a
Quality Talent Limited	Malta	Recruitment	100	n/a
Swan Laundry and Drycleaning Co. Limited	Malta	Laundry & dry cleaning	100	n/a
Ramada Plaza Tunis Hotel	Tunisia	Property owner	100	309
CPHCL Investments (UK) Limited	United Kingdom	Property company	100	n/a
Danish Bakery Limited	Malta	Industrial bakery	65	n/a
International Hotel Investments p.l.c.				
Former Corinthia Hotel Prague*	Czech Republic	Property owner	100	539
Corinthia Hotel Budapest	Hungary	Property owner	100	438
Corinthia Hotel Tripoli	Libya	Property owner	100	299
Commercial property Tripoli	Libya	Property owner	100	n/a
Corinthia Hotel St George’s Bay	Malta	Property owner	100	248
Verdi St George’s Bay, Marina	Malta	Property owner	100	200
Corinthia Palace Hotel & Spa	Malta	Property owner	100	147
Radisson Blu Resort St Julians	Malta	Property owner	100	252
Radisson Blu Resort & Spa Golden Sands	Malta	Property owner	100	338
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 Ltd and Catermax Ltd	Malta	Event & retail 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
Mediterranean Investments Holding p.l.c.				
Palm City Residences	Libya	Gated residence complex	100	n/a
Palm Waterfront	Libya	Vacant site (to be developed)	100	n/a
Medina Tower	Libya	Mixed-use property (to be developed)	25	n/a
				4,395

** under control and management of IHI*

** The Corinthia Prague was leased to third parties on 1 April 2024 and has since been de-branded.*

A description and analysis of the operational activities of each of International Hotel Investments p.l.c. and Mediterranean Investments Holding p.l.c. is included in their respective financial analysis reports which are available on their respective websites: www.ihiplc.com and www.mihplc.com.

PART 2 – MARKET TREND INFORMATION

6. ECONOMIC ANALYSIS

6.1 EUROPE *(EXCLUDING RUSSIA)*[1]

The EU economy staged a comeback at the start of 2024, following a prolonged period of stagnation. Activity in the euro area expanded at the same pace, marking the end of the mild recession experienced in the second half of 2023. Meanwhile, inflation across the EU cooled further in 2024-Q1.

GDP growth in 2024 is projected at 1.0% in the EU and 0.8% in the euro area, and improve to 1.6% and 1.4% respectively in 2025. Importantly, almost all Member States are expected to return to growth in 2024. With economic expansion in the southern rim of the EU still outpacing growth in north and western Europe, economic convergence within the EU is set to progress further.

Economic activity broadly stagnated in 2023 and private consumption only grew by 0.4%. Despite robust employment and wage growth, labour incomes barely outpaced inflation. Moreover, households put aside a larger share of their disposable incomes than in 2022, as high interest rates kept the opportunity cost of consumption elevated, while high uncertainty, the erosion of the real value of wealth by inflation and the fall in real estate prices sustained precautionary savings. Investment grew by 1.5% in 2023, but largely driven by a sizeable carry-over from 2022. Especially towards the end of the year, weakness in investment was widespread across Member States and asset types, with a pronounced downsizing of the interest-rate-sensitive construction sector.

Meanwhile, HICP[2] inflation has continued declining. From a peak of 10.6% in October 2022, inflation in the euro area is estimated to have reached 2.4% in April 2024. Inflation in the EU followed a similar path, with the March reading coming in at 2.6%. Rapid fall in retail energy prices throughout 2023 was the main driver of the inflation decline, but underlying inflationary pressures started easing too in the second half of 2023, amidst the weak growth momentum.

Expectations for imminent and decisive rate cuts across the world have been pared back in recent weeks, as underlying inflationary pressures - especially in the US – have proved more persistent than previously expected. In the euro area, where the European Central Bank last hiked its policy interest rates in September 2023, markets now expect a more gradual pace of policy rate cuts than in winter. Euribor-3 months futures suggest that euro area short-term nominal interest rates will decrease from 4% to 3.2% by the end of the year and to 2.6% by the end of 2025.

Although retail interest rates have already started to come down, bank lending has so far failed to rebound, due to some further tightening of credit standards, but especially lower corporate demand for loans. However, as interest rates keep falling, the conditions for a gradual expansion of investment

[1] Economic Forecast – Spring 2024 (European Commission Institutional Paper 286 May '24).

[2] Harmonised Index of Consumer Prices measures the changes over time in the prices of consumer goods and services acquired by households.

activity remain in place and are even bolstered by the robust financial deleveraging in preceding quarters.

Notwithstanding evidence of cooling demand, the labour market remains tight. In March 2024 the EU unemployment rate stood at its record low of 6.0%, and other measures of labour market slack remain near record-low levels. Furthermore, the unemployment rate continued falling in Member States recording the highest rates, resulting in continued decline of dispersion across countries. This strong labour market performance reflects favourable developments in both labour demand and labour supply, also due to migration. Going forward, the impulse of these positive drivers is set to abate, and employment growth is expected to be more subdued.

Over the forecast horizon, however, the EU economy is still expected to generate another 2.5 million jobs, while the unemployment rate should hover around the current record-low rates. Nominal compensation per employee expanded by 5.8% in 2023 in the EU, with a gradual deceleration in the second half of the year. It is projected to decelerate further throughout the forecast horizon, alleviating underlying inflationary pressures. Importantly, growth in real wages – which started towards the end of 2023 – is set to continue throughout the forecast horizon. By 2025, average real wages are set to fully recover their 2021 levels, though this is not the case for all Member States.

EU exports of goods and services are expected to expand by 1.4% in 2024 and to attain 3.1% in 2025. Imports are also set to rebound, implying a neutral or only marginally positive contribution to EU growth of net external demand in the two forecast years. With favourable movements in terms of trade, the current account balance of the EU is expected to rise back to 3.1% of GDP in both years, in line with pre-pandemic average, though with a larger contribution of export of services.

As in 2023, eleven Member States are projected to record a general government deficit exceeding 3% of GDP in 2024, dropping to nine in 2025. The EU fiscal stance turned neutral in 2023, after significant expansion in the 2020-22 period. It is set to be contractionary in 2024 and to turn broadly neutral in 2025.

6.2 RUSSIA[3]

After a surprisingly strong rebound in 2023, economic growth in Russia is projected to ease in 2024 and 2025, as tight monetary policy gradually weighs on economic activity. Inflation is expected to show persistence, amid sustained fiscal spending and tight labour market pushing up wages. Additional revenue measures are set to help financing war expenditure and keep public finances in check overall, with general government debt projected to remain below 21.5% of GDP in 2025.

Russian real GDP expanded by 3.6% in 2023, after having contracted by 1.2% in the previous year. The rebound was mainly driven by private consumption, supported by increased real wages in the context of a tight labour market and improved consumer confidence. Government expenditure also propped up private consumption, through increased payments and transfers to soldiers and their families, in

[3] Economic Forecast – Spring 2024 (European Commission Institutional Paper 286 May ’24).

addition to boosting public investment and consumption necessary for the ongoing war in Ukraine. Private investment picked up too in response to the steady growth in domestic demand for Russian products resulting from the departure of many foreign companies from Russia and the need to create a new transport and logistics infrastructure towards the East. In addition, government-supported measures aimed at substituting earlier imported goods and expanding the military-industrial sector played an important role.

The Russian economy started 2024 on a strong footing. High frequency indicators such as industrial production and business sentiment improved further in the initial months of the year. Retail sales and consumer confidence also increased, with the latter reaching its highest level since 2014. The labour market remained tight and is set to continue that way, as declining net inward migration and increased labour demand from the military sector are expected to persist as long as the war in Ukraine continues. Consequently, private consumption is forecast to expand this year on the back of the strong real wage growth, although at a slower pace than in 2023. Public consumption and investment are expected to continue to grow driven by war and diversion of trade routes towards Asia. The combination of these factors is projected to drive investment in 2024 before it weakens somewhat in 2025 as the impact of tight monetary conditions settle in.

Over the forecast horizon a limited pick up in exports is projected, as the feasibility of export partner substitution varies by sector. Among the goods facing export substitution challenges is the major item natural gas, which faces currently inadequate pipeline and LNG infrastructure for the reorientation of its export. The re-routing of other exports, such as crude oil, oil products and metals, can be facilitated with less frictions. On the back of sustained household consumption, a relatively strong growth of imports is expected. The contribution of net exports to GDP growth is hence projected to remain negative in 2024 and 2025.

Overall, GDP growth is expected to slow over the forecast horizon to 2.9% in 2024 and 1.7% in 2025.

The risks to Russia's growth outlook are tilted on the downside. Additional sanctions and their stricter enforcement could limit Russia's exports and hinder production in import-dependent domestic sectors. Furthermore, a new wave of mobilisation could further exacerbate labour shortages contributing to protracted high inflation and thus tight monetary policy.

Inflation has been back on the rise since summer 2023, fuelled by high real wage growth and a weakening rouble. It averaged 5.9% for the year. In reaction to these developments the Central Bank of Russia hiked its benchmark policy rate by 850 basis points to 16% by December. Despite this effort, inflation remained elevated in the first months of 2024, exceeding 7%, well above the official inflation target of 4%. Given continued wage pressures amid a tight labour market, and ongoing war-driven government spending, inflation is projected to moderate only gradually over the forecast horizon, to reach 6.6% in 2024 and 4.5% in 2025.

6.3 LIBYA[4]

Libya has been mired in conflict and political uncertainty since the fall of the Ghaddafi regime in 2011. Until recently, the country's fragmentation hampered policymaking and the collection of key economic data. However, the country has made significant efforts to move forward and overcome the economic challenges brought about by political conflict. Indeed, as Libya paves the way for its economic recovery, it has made improvements in data collection, sharing, and transparency that have enabled the IMF to resume its surveillance after a decade-long hiatus.

In its first economic health check in a decade, the IMF identified key strengths and opportunities that are expected to support Libya's recovery. The Central Bank of Libya has maintained a large stock of international reserves, supported by a fixed exchange rate, capital controls, and various temporary arrangements. This played an important role in helping the country overcome the exceptional swings in oil production and revenues that occurred post-revolution.

With vast oil and gas reserves, Libya has one of the highest GDP per capita levels in Africa. Hydrocarbon production is expected to continue to be a critical part of Libya's economic future, making up around 95% of exports and government revenue. However, the key challenge for the country will be to diversify away from oil and gas while fostering a stronger and more inclusive private sector.

It is widely recognised that Libya needs an economic strategy that stipulates a way forward for itself. This would be an opportunity for the Libyan people to rally behind a plan that optimises the use of the country's energy resources with a view of diversifying the economy and break away from the Ghaddafi-era policies that fostered corruption. However, the success of any reforms will depend on creating a stable political and security environment as well as strong institutions.

The resilience and determination demonstrated by the Libyan people since 2011 serve as beacon of hope for a better future. Despite facing significant challenges, Libya has a high potential for economic reconstruction and diversification, backed by considerable financial resources. This potential resides on four pillars: (i) achieving a sustainable political agreement for Libya's future, (ii) devising a shared vision for economic and social advancement, (iii) creating a modern public financial management system for equitable wealth distribution and transparent fiscal policies, and (iv) developing a comprehensive social policy that facilitates public administration reform and differentiates between social transfers and public wages. These elements will set the foundation for Libya's prosperous future.

6.4 TUNISIA

Tunisia's economic recovery slowed in the first half of 2023 as the country continued to grapple with persistent drought, external financing challenges, increasing domestic debt build-up of important public service enterprises and regulatory obstacles, according to the World Bank's Fall 2023 Economic Monitor of Tunisia.

[4] **Source:** IMF, '*After a Decade-Long Hiatus, IMF Surveillance Resumes in Libya*', available at https://www.imf.org/en/News/Articles/2023/06/12/cf-after-a-decade-long-hiatus-imf-surveillance-resumes-in-libya.

Despite some encouraging developments, including improvements in trade terms and a resurgence of tourism, Tunisia's GDP growth for 2023 was forecast to be around 1.2%, a modest recovery when compared to counterparts in the region and half the growth rate of 2022. A growth forecast of 3% in 2024 is subject to risks created by the evolution of the drought, the financing conditions and the pace of reforms. Tourism receipts increased by 47% as of the end of August 2023, which along with transport services contributed 0.8 percentage points to overall GDP growth and helped to alleviate the current account deficit.[5]

Inflation is projected to have risen to 9.2% in 2023 before an expected fall to 6.8% in 2024, assuming prudent monetary policy and easing external inflationary pressure. The fiscal and current account deficits are projected to narrow as a result of the National Reform Program launched in 2022 to strengthen private investment, consolidate public finances, and improve the performance of public enterprises. But this outlook could worsen due to the high risk of debt distress, which could limit access to external financing. Possible headwinds include social tensions triggered by rising prices in a difficult economic context for households, a restrictive fiscal policy that penalises public investment, and worsening political uncertainties. To stabilise its macroeconomic framework, Tunisia should adopt a medium-term sovereign debt reduction strategy, implement a plan to restructure public enterprises, reduce its external debt underwritten by the government and conclude a preliminary agreement with the International Monetary Fund to restore fiscal sustainability backed by a 48-month loan of $1.9 billion to send a positive signal to private investors and donors and unlock concessional financing from other development partners.[6]

[5] "Tunisia's Economic Recovery Slows Down Amid the Drought", press release 6 November 2023, (https://www.worldbank.org/en/news/press-release/2023/11/06/tunisia-s-economic-recovery-slows-down-amid-the-drought).
[6] "Tunisia Economic Outlook", African Development Bank Group (https://www.afdb.org/en/countries-north-africa-tunisia/tunisia-economic-outlook).

PART 3 – GROUP PERFORMANCE REVIEW

7. FINANCIAL INFORMATION RELATING TO CPHCL FINANCE P.L.C.

The following financial information is extracted from the audited financial statements of the Issuer for the years ended 28 February 2022, 28 February 2023 and 29 February 2024.

The forecast financial information for the year ending 28 February 2025 has been provided by management of the Company. The projected financial statements are based on future events and assumptions which the Issuer believes to be reasonable.

CPHCL Finance p.l.c. Income Statement for the financial year 28 February	**2022 Actual €'000**	**2023 Actual €'000**	**2024 Actual €'000**	**2025 Forecast €'000**
Finance income	1,750	1,760	1,780	1,780
Finance costs	(1,700)	(1,700)	(1,700)	(1,700)
Administrative expenses	(40)	(37)	(46)	(49)
Profit before tax	**10**	**23**	**34**	**31**
Taxation	(4)	(21)	(28)	(28)
Profit for the year	**6**	**2**	**6**	**3**
Total comprehensive income for the year	**6**	**2**	**6**	**3**

CPHCL Finance p.l.c. Cash Flow Statement	**2022 Actual €'000**	**2023 Actual €'000**	**2024 Actual €'000**	**2025 Forecast €'000**
Net cash from operating activities	(40)	(49)	(83)	(77)
Net cash from investing activities	1,750	1,750	1,761	1,780
Net cash from financing activities	(1,700)	(1,700)	(1,700)	(1,700)
Net movement in cash and cash equivalents	**10**	**1**	**(22)**	**3**
Cash and cash equivalents at beginning of year	73	83	84	62
Cash and cash equivalents at end of year	**83**	**84**	**62**	**65**

CPHCL Finance p.l.c. Statement of Financial Position as at 28 February	2022 Actual €'000	2023 Actual €'000	2024 Actual €'000	2025 Forecast €'000
ASSETS				
Non-current assets				
Loans owed by parent company	39,910	39,910	39,910	39,910
	39,910	39,910	39,910	39,910
Current assets				
Receivables	1,912	1,927	1,993	1,993
Other assets	20	20	19	19
Cash and cash equivalents	83	84	62	65
	2,015	2,031	2,074	2,077
Total assets	**41,925**	**41,941**	**41,984**	**41,987**
EQUITY				
Capital and reserves				
Called up share capital	250	250	250	250
Retained earnings	16	18	24	27
	266	**268**	**274**	**277**
LIABILITIES				
Non-current liabilities				
Bonds in issue	40,000	40,000	40,000	40,000
Current liabilities				
Payables	1,659	1,673	1,710	1,710
	41,659	**41,673**	**41,710**	**41,710**
Total equity and liabilities	**41,925**	**41,941**	**41,984**	**41,987**

The Issuer is a fully owned subsidiary of CPHCL, the parent company of the Corinthia Group, and is principally engaged to act as a finance company.

There were no material movements in the statement of financial position as at 29 February 2024 compared to the prior year. As such, loans owed by parent company were unchanged at €39.9 million, whilst outstanding bonds amounted to €40 million.

During the year under review, the Issuer registered total comprehensive income of €5,552 compared to €2,373 in FY2023.

No material transactions and, or movements are being projected for FY2025.

8. FINANCIAL INFORMATION RELATING TO CPHCL COMPANY LIMITED

The financial information provided hereunder is extracted from the audited consolidated financial statements of CPHCL for each of the years ended 31 December 2021 to 31 December 2023. The forecast financial information for the year ending 31 December 2024 has been provided by management of the company.

THE GROUP'S OPERATIONS IN LIBYA AND RUSSIA

Note 5 to the 2023 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 2023 were carried at €286.2 million and €2.4 million respectively (2022: €276.8 million and €2.1 million respectively).

The same note to the 2023 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 have remained operational, but the future effects on operational incomes are difficult to determine and depend on the duration of this conflict. 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 2023, the Group's assets in Russia were carried at €97.9 million (2022: €130.8 million).

PROJECTIONS

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

CPHCL Company Limited Consolidated Income Statement for the financial year 31 December	2021 Actual €'000	2022 Actual €'000	2023 Actual €'000	2024 Forecast €'000
Revenue	145,679	270,345	326,893	353,322
Costs of providing services	(74,705)	(141,987)	(171,858)	(196,567)
Gross profit	**70,974**	**128,358**	**155,035**	**156,755**
Marketing costs and administrative expenses	(39,936)	(56,067)	(72,059)	(73,731)
Other operating costs	(7,160)	(20,290)	(23,158)	(23,183)
EBITDA	**23,878**	**52,001**	**59,818**	**59,841**
Depreciation and amortisation	(33,452)	(31,634)	(30,092)	(30,126)
Other net income / (expenses)	(5,353)	(100)	(1,680)	-
Gain / (loss) on exchange	(2,055)	425	(1,480)	-
Adjustments in value of hotel & other properties, intangibles	1,321	(7,827)	6,698	-
Results from operating activities	**(15,661)**	**12,865**	**33,264**	**29,715**
Finance costs	(28,793)	(31,885)	(42,511)	(47,343)
Finance income	795	563	1,251	743
Movement in value of financial assets	1,351	(3,640)	(1,541)	-
Gain on sale of investment in subsidiaries	5,817	-	-	-
Share of results of associate companies	7,479	5,317	6,360	6,931
Other	(1,238)	15,398	(2,077)	377
Loss before tax	**(30,250)**	**(1,382)**	**(5,254)**	**(9,577)**
Taxation	8,452	(2,051)	(5,817)	562
Net loss	**(21,798)**	**(3,433)**	**(11,071)**	**(9,015)**
Other comprehensive income / (expense)				
Gross surplus / (impairment) on revaluation of hotels & other assets	78,385	2,959	58,999	-
Share of other comprehensive income of equity accounted investments	144	230	266	-
Other effects and tax	14,575	(23,897)	(31,478)	8,195
	93,104	**(20,708)**	**27,787**	**8,195**
Total comprehensive income / (expense) net of tax	**71,306**	**(24,141)**	**16,716**	**(820)**

Key Financial Ratios	**FY2021 Actual**	**FY2022 Actual**	**FY2023 Actual**	**FY2024 Forecast**
EBITDA margin *(%)* *(EBITDA / revenue)*	16.39	19.24	18.30	16.94
Operating profit margin *(%)* *(Operating profit / revenue)*	(10.75)	4.76	10.18	8.41
Net profit margin *(%)* *(Profit after tax / revenue)*	(14.96)	(1.27)	(3.39)	(2.55)
Return on equity *(%)* *(Profit after tax / average equity)*	(2.52)	(0.39)	(1.25)	(1.02)
Return on assets *(%)* *(Profit after tax / average assets)*	(1.22)	(0.19)	(0.60)	(0.48)
Return on invested capital *(%)* *(Operating profit / average equity and net debt)*	(1.06)	0.85	2.15	1.85
Interest cover *(times)* *(EBITDA / net finance costs)*	0.85	1.66	1.45	1.28

Source: MZ Investment Services Ltd

INCOME STATEMENT

The financial performance for **2022** was again partially impacted by COVID-19, particularly during the first quarter of the year. The military conflict which erupted in February 2022 between Russia and Ukraine and which led to international sanctions on Russia, also had an effect on the Group's results and assets held in Russia. The geopolitical situation between Russia and the west resulted in a drop in international business which consequentially delayed the recovery from COVID-19 in Russia. On a positive note, in spite of the situation in and around the Russian market, the hotel maintained the same occupancy levels as in 2021 in view of the local trade that the hotel always enjoyed. All hotels (excluding Russia and Libya) registered higher revenues over the prior year, most notably the Corinthia hotels in London, Lisbon, Budapest, Malta and Prague.

The Group's revenue in FY2022 increased by €124.7 million (+86%) to €270.3 million (FY2021: €145.7 million). Revenue generated in 2022 represented 86% of the 2019 pre-COVID-19 revenue figure.

On the strength of the increased revenue, the Group registered an EBITDA of €52.0 million compared to €23.9 million in 2021, an increase of €28.1 million. Furthermore, EBITDA margin improved from 16.4% in FY2021 to 19.2%. In consequence of the aforesaid year-on-year increase in both revenue and EBITDA, the negative results from operating activities reported in FY2021 of €15.7 million was converted to a profit of €12.9 million (that is, a positive movement of €28.6 million).

Finance costs for the year under review increased by €3.1 million to €31.9 million (FY2021: €28.8 million). Notwithstanding, interest cover improved from 0.85 times in FY2021 to 1.66 times in FY2022. Depreciation and amortisation decreased by €1.8 million year-on-year to €31.6 million.

The Group registered a loss of €7.8 million in value of property and intangible assets (FY2021: gain of €1.3 million), which principally comprised a fair value loss of €5.9 million on the St Petersburg commercial centre.

Share of results of associate companies primarily relates to Mediterranean Investments Holding p.l.c., the owner of the Palm City Residences in Libya through the subsidiary company Palm City Ltd. The Group's share of results of associate companies amounted to €5.3 million compared to €7.5 million in FY2021.

In FY2022, the Group reported in its Income Statement a gain of €15.4 million compared to a loss in FY2021 of €1.2 million (classified as 'Other'), which principally reflects a positive movement in exchange differences relating to the St. Petersburg property as the Rouble continued to recover. In May 2022, the bank loan on the property in St. Petersburg was fully settled resulting in a realised gain on exchange of €12.09 million and eliminated future exchange rate volatility from the Income Statement on this loan.

The Group registered a loss of €3.4 million in FY2022 compared to a loss of €21.8 million in the prior year.

In FY2021 on account of continued recovery from COVID-19 and the positive results achieved in some properties, especially the London Hotel, the Group recognised property uplifts of €79.7 million. In FY2022, on account of continued 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 St. Petersburg property amounting to €9.7 million, following the hostilities by Russia on Ukraine and the ensuing sanctions which materially affected the business. In aggregate, gross surplus in other comprehensive income amounted to €2.96 million (FY2021: €78.4 million).

The weakening of 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 loss of €23.9 million in 'other effects and tax', which mainly comprised currency translation movements, relative to a gain of €14.6 million registered in FY2021.

Overall, the Group registered total comprehensive expense in FY2022 of €24.1 million compared to a total comprehensive income of €71.3 million in the prior year.

Total revenue for **FY2023** amounted to €326.9 million, an increase of €56.6 million (+21%) compared to the prior year (FY2022: €270.3 million) and +4% over FY2019's aggregate revenue. The year-on-year growth in revenue is primarily reflective of the post-pandemic positive trend in travel.

The Group's operating costs increased by €48.7 million (or 22%) year-on-year due to an increase in personnel and salaries, energy bills, food cost and other operational costs. In 2023, the Group incurred pre-opening costs amounting to €1.9 million relating to the openings in Rome and Brussels. As such, EBITDA increased by €7.8 million (or 15%) year-on-year to €59.8 million (FY2022: €52.0 million), which is 85% of EBITDA achieved in FY2019. As a result, the Group's EBITDA margin decreased from 19% in FY2022 to 18% in FY2023.

Results from operating activities increased by €20.4 million from the prior year to €33.3 million, mainly on account of adjustments in value of Group properties and intangibles (FY2023: gain of €6.7 million; FY2022: loss of €7.8 million). During the year, the Group recognised an uplift of €7.9 million on the Tripoli Commercial Centre, offset by a decrease in fair value on the St Petersburg investment property of €1.7 million.

Finance costs increased by €10.6 million year-on-year to €42.5 million on account of an increase in debt levels and higher interest rates on variable loans. As a result, interest cover weakened from 1.66 times in FY2022 to 1.45 times in FY2023. The Group's share of net profit of associates and joint ventures, principally relating to Mediterranean Investments Holding p.l.c., contributed €6.4 million to the Group's profitability (FY2022: €5.3 million).

The item "Other" primarily comprises currency exchange differences. In 2023, the Group reported an exchange loss of €2.0 million compared to a gain on exchange of €15.6 million a year earlier. The positive movement in exchange differences in the prior year was mainly related to the St Petersburg property and to the repayment of the bank loan on this property in May 2022. This repayment had eliminated future exchange rate volatility from the income statement on this loan.

In consequence of the foregoing, the Group reported a loss for the year of €11.1 million (FY2022: loss of €3.4 million). During the current year, the Group recognised uplifts on the London hotel amounting to €17.3 million, on the Corinthia Hotel Lisbon of €12.2 million and €37.5 million on its Malta properties, on account of continued recovery and improved operational performance. These uplifts were offset by fair value losses recognised on the two properties in Hungary amounting in total to €8 million, following the delay in recovery for this operation due to inflationary pressures including a hike in energy prices.

The Group recorded a combined currency translation loss of €19.9 million relative to a loss of €25.3 million registered in 2022. The weakening of the Rouble in 2023 relative to the Euro resulted in a loss on translation of the investment in Russia. This was partially offset by gains on the Pound Sterling in relation to the Group's operations in London. "Other effects and tax" also includes deferred tax of €15.3 million arising on revaluation of hotel properties.

The Group's total comprehensive income for FY2023 amounted to €16.7 million compared to a total comprehensive expense of €24.1 million registered in 2022.

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.

Revenue in **FY2024** is projected to increase by €26.4 million (+8%) year-on-year to €353.3 million on account of further improvement in the hospitality business and the commencement of operations of the Corinthia Hotel Brussels in Q4 2024. During the year, the Group will also initiate managing third-party owned hotels, namely Corinthia Hotel Bucharest and Corinthia Hotel New York. Notwithstanding the expected higher revenue, gross profit is set to remain broadly in line with the figure achieved in the prior year due to a projected increase of €24.7 million in direct costs.

EBITDA in FY2024 is expected to equal FY2023's figure at €59.8 million and as a result, EBITDA margin is forecasted to decrease by 1 percentage point to 17%. The Group's EBITDA will be adversely affected by *circa* €7.2 million of pre-opening costs which are one-off in nature. These costs consist of expensed payroll and marketing costs incurred by the Group in anticipation of the Hotels' launch in Brussels and Rome in the coming months, at which point revenue and profits will start to be generated. EBITDA adjusted for pre-opening costs is €67.0 million, resulting in an EBITDA conversion of 19%.

Higher borrowings and interest rates are expected to adversely impact finance costs by €4.8 million to €47.3 million (FY2023: €42.5 million). Accordingly, interest cover is set to weaken from 1.45 times in FY2023 to 1.28 times in the forecast year.

The Group is projecting a combined currency translation gain of €8.2 million in FY2024 compared to a loss of €19.9 million a year earlier (accounted for in other comprehensive income/expense). Accordingly, the Group expects to report total comprehensive expense of €0.8 million (FY2023: total comprehensive income amounting to €16.7 million).

CPHCL Company Limited Statement of Financial Position as at 31 December	2021 Actual €'000	2022 Actual €'000	2023 Actual €'000	2024 Forecast €'000
ASSETS				
Non-current assets				
Intangible assets	9,647	9,033	9,463	9,085
Investment properties	178,840	185,624	179,377	261,770
Property, plant and equipment	1,306,960	1,299,101	1,383,567	1,365,892
Investments in associates & joint ventures	99,026	104,704	108,103	112,033
Right-of-use assets	15,020	15,402	18,628	16,968
Other financial assets	8,590	9,117	6,120	6,809
Deferred tax assets	35,428	36,166	37,766	37,965
Financial assets	6,898	5,373	3,411	3,411
Trade and other receivables	1,014	1,539	687	7,453
	1,661,423	1,666,059	1,747,122	1,821,386
Current assets				
Inventories	14,805	17,030	16,755	20,342
Trade and other receivables	30,634	42,942	45,152	67,830
Taxation	1,015	283	2,300	2,103
Financial assets	12,306	3,607	386	572
Assets placed under trust arrangement	77	77	77	77
Cash and cash equivalents	143,062	77,657	101,398	46,651
Assets held for sale	134	102	62	62
	202,033	141,698	166,130	137,637
Total assets	**1,863,456**	**1,807,757**	**1,913,252**	**1,959,023**
EQUITY				
Called up share capital	20,000	20,000	20,000	20,000
Other reserves	146,527	135,677	142,157	145,232
Retained earnings	257,763	253,271	249,002	246,098
Non-controlling interest	475,276	466,477	480,772	479,781
	899,566	**875,425**	**891,931**	**891,111**
LIABILITIES				
Non-current liabilities				
Borrowings, bonds and other financial liabilities	718,961	636,502	716,183	672,047
Lease liabilities	13,712	15,018	17,943	16,442
Other non-current liabilities	113,876	114,097	130,252	126,795
	846,549	765,617	864,378	815,284
Current liabilities				
Bank overdrafts	4,798	11,028	8,755	13,978
Borrowings and bonds	23,036	58,742	42,959	133,995
Lease liabilities	2,757	2,214	2,889	2,757
Other current liabilities	86,750	94,731	102,340	101,898
	117,341	166,715	156,943	252,628
	963,890	**932,332**	**1,021,321**	**1,067,912**
Total equity and liabilities	**1,863,456**	**1,807,757**	**1,913,252**	**1,959,023**
Total debt	*763,264*	*723,504*	*788,729*	*839,219*
Net debt	*620,125*	*645,770*	*687,254*	*792,491*
Invested capital (total equity plus net debt)	*1,519,691*	*1,521,195*	*1,579,185*	*1,683,602*

Key Financial Ratios	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast
Net debt-to-EBITDA *(times)* *(Net debt / EBITDA)*	25.97	12.42	11.49	13.24
Net debt-to-equity *(times)* *(Net debt / total equity)*	0.69	0.74	0.77	0.89
Net gearing *(%)* *(Net debt / net debt and total equity)*	40.81	42.45	43.52	47.07
Debt-to-asset *(times)* *(Total debt / total assets)*	0.41	0.40	0.41	0.43
Leverage *(times)* *(Total assets / total equity)*	2.07	2.07	2.15	2.20
Current ratio *(times)* *(Current assets / current liabilities)*	1.72	0.85	1.06	0.54

Source: MZ Investment Services Ltd

STATEMENT OF FINANCIAL POSITION

Total assets in **FY2023** amounted to €1,913 million, an increase of €105.5 million from a year earlier. The principal movements during the year included the following:

(i) Investment property decreased by €6.2 million year-on-year, on account of currency translation losses amounting to €12.6 million mainly due to a weaker Russian Rouble versus the Euro, which was partly mitigated by net fair value uplifts of €6.4 million (primarily Tripoli Commercial Centre +€7.9 million; St Petersburg Commercial Centre -€1.7 million).

(ii) Property, plant, and equipment increased by €84.5 million (net of depreciation charge) and consisted of various refurbishment programmes and development expenditure on the Corinthia Hotel Brussels project. Also included is a net uplift in fair value of hotel properties of €59.0 million.

(iii) Cash balances were higher compared to FY2022 by €23.7 million as explained further in the commentary on the cash flow statement below.

Total liabilities increased by €89.0 million year-on-year, which movement emanated primarily from changes in borrowings and other financial liabilities.

Total debt increased by €65.2 million to €788.7 million (FY2022: €723.5 million). In view of the increased borrowings, the Group's gearing ratio increased by 2 percentage points to 44%, while net debt-to-EBITDA decreased from 12.4 times in 2022 to 11.5 times in 2023.

During the year, other current liabilities (mainly comprising trade and other payables) increased on a comparable basis by €7.6 million. The current ratio for FY2023 improved to 1.06 times compared to 0.85 times in the prior year.

Deferred tax liabilities (in non-current liabilities) increased by €16.2 million year-on-year on account of the net uplifts in carrying value of Group properties.

In FY2024, total assets are expected to increase by €45.7 million mainly on account of the following:

(i) Investment property is expected to increase by €82.4 million year-on-year, which reflects the reclassification of the Prague hotel (formerly Corinthia Hotel Prague) as an investment property and disposal of the Lisbon apartments assumed to be completed during the projected financial year.

(ii) Property, plant and equipment is projected to decrease by €17.7 million year-on-year. In FY2024, development costs in connection with Corinthia Hotel Brussels and improvements to other properties (comprising renovation and refurbishment programmes) are estimated to amount to €95.6 million. On the other hand, the Prague hotel, having a carrying value of €87.9 million, will be reclassified from property, plant and equipment to investment property. The remaining balance reflects mainly annual depreciation charge.

(iii) An increase of €6.8 million in "trade and other receivables" (non-current assets), principally represents key money due on the New York property.

(iv) An increase in trade and other receivables (current assets) of €22.6 million is reflective of the continued increase in operating activities.

(v) A decrease in projected cash balances of €54.7 million as explained further in the commentary on the cash flow statement below.

Total liabilities are projected to increase by €46.6 million year-on-year, which movement is expected to emanate primarily from a net increase in total debt.

Borrowings, bonds and other financial liabilities are projected to increase by €52.1 million from €767.9 million in FY2023 to €820.0 million. In consequence, the Group's net gearing ratio is expected to increase by circa 3 percentage points to 47%, and net debt-to-EBITDA is anticipated to weaken from 11.5 times in 2023 to 13.2 times in 2024.

In FY2024, bank borrowings and bonds amounting to €134.0 (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.

CPHCL Company Limited Cash Flow Statement for the financial year 31 December	2021 Actual €'000	2022 Actual €'000	2023 Actual €'000	2024 Forecast €'000
Net cash from / (used in) operating activities	30,176	47,815	58,119	44,874
Net cash from / (used in) investing activities	19,714	(41,063)	(51,956)	(82,020)
Net cash from / (used in) financing activities	10,495	(71,236)	17,413	(21,320)
Net movement in cash and cash equivalents	**60,385**	**(64,484)**	**23,576**	**(58,466)**
Cash and cash equivalents at beginning of year	79,863	138,264	66,629	92,643
Effect of translation of group entities to presentation currency	(1,984)	(7,151)	2,438	(1,504)
Cash and cash equivalents at end of year	**138,264**	**66,629**	**92,643**	**32,673**

STATEMENT OF CASH FLOWS

Net cash flows from operating activities principally relate to the hospitality operations of the Group. In 2023, operations across the Group's properties continued to improve compared to the previous two financial years, and this is reflected in higher net cash inflows from operating activities which amounted to €58.1 million (FY2022: inflows of €47.8 million; FY2021: inflows of €30.2 million). In the forecast year (2024), the Group expects to generate €44.9 million in net cash from operating activities, a decrease of €13.2 million compared to a year earlier.

During FY2023, the Group utilised a net amount of €52.0 million in investing activities primarily to acquire property, plant and equipment amounting to €58.8 million on account of the development of the Corinthia Hotel Brussels and other expenditure. On the other hand, the Group received €8.1 million from the disposal of financial assets, dividends and interest income.

In FY2024, the Group is projecting net cash used in investing activities to amount to €82 million. Expenditure on the Corinthia Hotel Brussels and other Group properties is expected to amount to €88.4 million. Furthermore, the Group will be settling €7.0 million in relation to key money on the New York hotel. Projected cash inflows of €6.4 million relate to the disposal of the Pinhiero Chagas apartments, while dividend and interest receivables are estimated at €6.8 million (in aggregate).

Financing activities principally comprise movement in bank and other borrowings, issuance of debt securities, payment of leases and dividends, and interest paid. In FY2023, net cash inflows amounted to €17.4 million compared to net cash outflows of €71.2 million in the previous year. During the reviewed year, net drawdowns from bank loans and related party loans amounted to €38.2 million (FY2022: net repayments of €39.4 million), while lease obligations and interest payments amounted to €3.4 million (FY2022: €3.5 million) and €39.7 million (FY2022: €28.3 million) respectively. In FY2023, the Group received net proceeds from the issue of bonds of €25.2 million.

Net cash used in financing activities in FY2024 is projected to amount to €21.3 million and shall comprise net cash inflows from borrowings (mainly bank facilities, bonds and related party loans) of €34.4 million. Net cash outflows are projected to amount to €55.7 million, comprising mainly payment of lease obligations of €2.4 million and interest payable of €51.7 million.

9. VARIANCE ANALYSIS

The following financial information relates to the variance analysis between the forecast financial information for the year ended 31 December 2023 included in the prior year's Financial Analysis Summary dated 2 June 2023 and the audited consolidated financial statements for the year ended 31 December 2023.

CPHCL Company Limited Consolidated Income Statement for the financial year 31 December 2023	**Actual €'000**	**Forecast €'000**	**Variance €'000**
Revenue	326,893	321,493	5,400
Costs of providing services	(171,858)	(171,610)	(248)
Gross profit	**155,035**	**149,883**	**5,152**
Marketing costs and administrative expenses	(72,059)	(68,644)	(3,415)
Other operating costs	(23,158)	(23,761)	603
EBITDA	**59,818**	**57,478**	**2,340**
Depreciation and amortisation	(30,092)	(31,147)	1,055
Other net income / (expenses)	(1,680)	-	(1,680)
Gain / (loss) on exchange	(1,480)	-	(1,480)
Adjustments in value of hotel & other properties, intangibles	6,698	-	6,698
Results from operating activities	**33,264**	**26,331**	**6,933**
Finance costs	(42,511)	(42,854)	343
Finance income	1,251	337	914
Movement in value of financial assets	(1,541)	-	(1,541)
Gain on sale of investment in subsidiaries	-	-	-
Share of results of associate companies	6,360	7,319	(959)
Other	(2,077)	(1,710)	(367)
Loss before tax	**(5,254)**	**(10,577)**	**5,323**
Taxation	(5,817)	186	(6,003)
Net loss	**(11,071)**	**(10,391)**	**(680)**
			-
Other comprehensive income / (expense)			-
Gross surplus / (impairment) on revaluation of hotels & other assets	58,999	-	58,999
Share of other comprehensive income of equity accounted investments	266	-	266
Other effects and tax	(31,478)	(11,219)	(20,259)
	27,787	**(11,219)**	**39,006**
			-
Total comprehensive income / (expense) net of tax	**16,716**	**(21,610)**	**38,326**

In 2023, the Group performed better than expected at the operational level – in particular, actual revenue was higher by 2% (or €5.4 million) while EBITDA was higher than projected by 4% (or €2.3 million). A net gain in value of property and intangible assets of €6.7 million, which was not reflected in the forecast financial information, had a positive impact on the Group's results. However, due to an unfavourable variance of €6.0 million in tax expense (principally comprising deferred taxation), the loss for the year was broadly in line with the forecasted figure.

The Group reported total comprehensive income of €16.7 million compared to a forecast total comprehensive expense of €21.6 million, thus resulting in a positive variance of €38.3 million. When the projections were compiled, the Group had not anticipated a net uplift in fair value of hotel properties (net of deferred tax). Furthermore, the projected net currency translation loss (due to a weaker Russian Rouble in 2023 against the Euro) was underestimated by €4.1 million.

CPHCL Company Limited **Cash Flow Statement** **for the financial year 31 December 2023**	**Actual** **€'000**	**Forecast** **€'000**	**Variance** **€'000**
Net cash from / (used in) operating activities	58,119	41,241	16,878
Net cash from / (used in) investing activities	(51,956)	(82,659)	30,703
Net cash from / (used in) financing activities	17,413	50,433	(33,020)
Net movement in cash and cash equivalents	**23,576**	**9,015**	**14,561**
Cash and cash equivalents at beginning of year	66,629	66,629	-
Effect of translation of group entities to presentation currency	2,438	(629)	3,067
Cash and cash equivalents at end of year	**92,643**	**75,015**	**17,628**

Actual net movement in cash and cash equivalents was higher than projected by €14.6 million.

Cash inflows from operating activities were higher than projected by €16.9 million on account of better-than-expected performance by the Group's hotels.

Development costs and other capital expenditure were lower than forecasted and the payment of key money for the New York property did not materialise in 2023. On the other hand, the Lisbon apartments were not sold in 2023 as initially projected which would have resulted in a cash inflow to the Group. As such, net cash used in investing activities was lower than expected by €30.7 million.

In financing activities, actual cash inflows amounted to €17.4 million compared to a projected net cash inflow of €50.4 million, thus resulting in a negative variance of €33.0 million.

CPHCL Company Limited Statement of Financial Position as at 31 December 2023	Actual €'000	Forecast €'000	Variance €'000	
ASSETS				
Non-current assets				
Intangible assets	9,463	9,163	300	
Investment properties	179,377	173,984	5,393	(i)
Property, plant and equipment	1,383,567	1,342,117	41,450	(ii)
Investments in associates & joint ventures	108,103	112,022	(3,919)	
Right-of-use assets	18,628	15,057	3,571	
Other financial assets	6,120	7,480	(1,360)	
Deferred tax assets	37,766	36,261	1,505	
Financial assets	3,411	5,373	(1,962)	
Trade and other receivables	687	10,527	(9,840)	(iii)
	1,747,122	1,711,984	35,138	
Current assets				
Inventories	16,755	19,912	(3,157)	(iv)
Trade and other receivables	45,152	53,618	(8,466)	(iv)
Taxation	2,300	228	2,072	
Financial assets	386	2,741	(2,355)	
Assets placed under trust arrangement	77	-	77	
Cash and cash equivalents	101,398	80,657	20,741	(v)
Assets held for sale	62	102	(40)	
	166,130	157,258	8,872	
Total assets	**1,913,252**	**1,869,242**	**44,010**	
EQUITY				
Called up share capital	20,000	20,000	-	
Other reserves	142,157	122,386	19,771	
Retained earnings	249,002	246,493	2,509	
Non-controlling interest	480,772	464,937	15,835	
	891,931	**853,816**	**38,115**	(ix)
LIABILITIES				
Non-current liabilities				
Borrowings, bonds and other financial liabilities	716,183	723,856	(7,673)	
Lease liabilities	17,943	15,239	2,704	
Other non-current liabilities	130,252	109,345	20,907	(vii)
	864,378	848,440	15,938	
Current liabilities				
Bank overdrafts	8,755	5,642	3,113	
Borrowings and bonds	42,959	69,208	(26,249)	
Lease liabilities	2,889	2,094	795	
Other current liabilities	102,340	90,042	12,298	(viii)
	156,943	166,986	(10,043)	
	1,021,321	**1,015,426**	**5,895**	
Total equity and liabilities	**1,913,252**	**1,869,242**	**44,010**	
Total debt	*788,729*	*816,039*	*(27,310)*	(vi)
Net debt	*687,254*	*735,382*	*(48,128)*	
Invested capital (total equity plus net debt)	*1,579,185*	*1,589,198*	*(10,013)*	

The amount of total assets as at 31 December 2023 was higher than projected by €44.0 million. Below are the main variances in total assets:

(i) Investment property was higher than projected by €5.4 million. Management had assumed in the projections the sale of the Lisbon apartments and therefore a decrease of €14.8 million in investment property. This disposal did not materialise in 2023. Furthermore, the projections had not anticipated a net uplift in fair value of commercial property by €6.4 million and underestimated the adverse currency translation difference (Russian Rouble vs Euro) of €12.6 million.

(ii) Property, plant and equipment was higher than projected by €41.5 million. The forecast amount had not included a net uplift in fair value of hotel properties of €59.0 million. On the other hand, the projected expenditure on various refurbishment programmes and development of Corinthia Hotel Brussels was lower than anticipated, which has been deferred to the subsequent financial year/s.

(iii) Other investments were lower than forecasted by €9.8 million, mainly due to the fact that the key money due on the New York hotel property was not settled in 2023 as originally expected. This amount will be paid in the coming two years.

(iv) Inventories and trade and other receivables were lower than expected by €11.6 million (in aggregate).

(v) Actual cash balances amounted to €101.4 million compared to a projected amount of €80.7 million (a net positive difference of €20.7 million).

Total liabilities were higher than forecast by €5.9 million, mainly due to:

(vi) Total debt (bank borrowings, bonds, lease obligations and other financial liabilities) was lower than projected by €27.3 million.

(vii) Other non-current liabilities, primarily being deferred tax liabilities, were higher than expected by €20.9 million on account of the uplifts in fair value of Group assets.

(viii) Other current liabilities, which comprise trade and other payables and accruals, were higher than anticipated by €12.3 million.

Capital and reserves (note ix) were higher than projected by €38.1 million on account of net uplifts in carrying value of Group properties which was partly offset by an adverse movement in currency translation reserves.

10. DEBT SECURITIES ISSUED BY ASSOCIATED COMPANIES

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

Security ISIN	Security	Symbol Code	Amount Outstanding	Market Price*
n/a	6.00% Mediterranean Investments Holding p.l.c. Unsecured 2023-2025**	n/a	€ 11,000,000	n/a
MT0000371303	5.25% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2027	MI27A	€ 30,000,000	100.00%
MT0000371311	5.85% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2028	MI28A	€ 20,000,000	102.40%
			€ 61,000,000	

** As at 15 May 2024.*

*** Unlisted*

PART 4 – COMPARATIVE ANALYSIS

The Table below provides a comparison between the Group and its bonds with other debt issuers and their respective debt securities listed on the Regulated Main Market (Official List) of the Malta Stock Exchange. Although there are significant variances between the activities of the Group and those of other debt issuers (including different industries, principal markets, competition, capital requirements etc.), and material differences between the risks associated with the Group's business/es and those of other debt issuers, the comparative analysis illustrated in the Table below serves as an indication of the relative financial strength and creditworthiness of the Group.

Comparative Analysis*	Amount Issued	Yield-to-Maturity / Worst	Interest Cover	Net Debt-to-EBITDA	Net Gearing	Debt-to-Assets
	(€'000)	*(%)*	*(times)*	*(times)*	*(%)*	*(times)*
5.00% Hal Mann Vella Group p.l.c. Secured 2024	30,000	3.81	2.21	9.47	51.49	0.43
4.25% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2024	1,267	4.17	57.57	9.38	69.21	0.64
5.75% International Hotel Investments p.l.c. Unsecured 2025	45,000	5.75	1.61	10.49	43.07	0.41
5.10% 6PM Holdings p.l.c. Unsecured 2025**	13,000	6.86	16.04	0.65	17.79	0.20
4.50% Hili Properties p.l.c. Unsecured & Guaranteed 2025	37,000	4.11	1.80	8.70	46.06	0.45
4.35% Hudson Malta p.l.c. Unsecured & Guaranteed 2026	12,000	4.63	5.64	6.37	77.20	0.60
4.25% CPHCL Finance p.l.c. Unsecured & Guaranteed 2026	40,000	4.25	1.45	11.49	43.52	0.41
4.00% International Hotel Investments p.l.c. Secured 2026	55,000	3.99	1.61	10.49	43.07	0.41
5.00% Dizz Finance p.l.c. Unsecured & Guaranteed 2026	8,000	4.99	2.27	8.24	80.39	0.57
3.75% Premier Capital p.l.c. Unsecured 2026	65,000	4.38	10.89	2.16	65.14	0.57
4.00% International Hotel Investments p.l.c. Unsecured 2026	60,000	5.34	1.61	10.49	43.07	0.41
3.25% AX Group p.l.c. Unsecured 2026	15,000	3.33	1.24	21.28	39.42	0.36
3.90% Gap Group p.l.c. Secured & Guaranteed 2024-2026	16,702	3.89	n/a	3.15	52.66	0.56
4.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2027	50,000	3.62	4.60	4.44	69.59	0.61
4.35% SD Finance p.l.c. Unsecured & Guaranteed 2027	65,000	4.26	4.68	1.74	22.08	0.26
4.00% Eden Finance p.l.c. Unsecured & Guaranteed 2027	40,000	4.04	5.43	4.21	26.73	0.24
5.25% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2027	30,000	5.24	5.42	2.67	20.40	0.19
4.00% Stivala Group Finance p.l.c. Secured & Guaranteed 2027	45,000	3.99	5.67	4.17	22.93	0.21
4.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2025-2027	15,000	5.06	57.57	9.38	69.21	0.64
4.75% Gap Group p.l.c. Secured & Guaranteed 2025-2027	23,000	4.74	n/a	3.15	52.66	0.56
3.85% Hili Finance Company p.l.c. Unsecured & Guaranteed 2028	40,000	4.27	4.60	4.44	69.59	0.61
5.85% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2028	20,000	5.19	5.42	2.67	20.40	0.19
5.75% Plan Group p.l.c. Secured & Guaranteed 2028	12,000	4.62	7.37	9.26	54.58	0.48
3.65% Stivala Group Finance p.l.c. Secured & Guaranteed 2029	15,000	3.78	5.67	4.17	22.93	0.21
3.80% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	4.87	4.60	4.44	69.59	0.61
3.75% AX Group p.l.c. Unsecured 2029	10,000	3.75	1.24	21.28	39.42	0.36
5.25% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2024	15,000	4.98	57.57	9.38	69.21	0.64
6.25% GPH Malta Finance p.l.c. Unsecured & Guaranteed 2030	18,144	6.24	1.73	7.63	94.01	0.75
3.65% International Hotel Investments p.l.c. Unsecured 2031	80,000	4.69	1.61	10.49	43.07	0.41
3.50% AX Real Estate p.l.c. Unsecured 2032	40,000	5.10	2.04	12.44	49.30	0.45
5.00% Mariner Finance p.l.c. Unsecured 2032	36,930	4.85	4.89	6.08	50.77	0.50
5.85% AX Group p.l.c. Unsecured 2033	40,000	5.19	1.24	21.28	39.42	0.36
6.00% International Hotel Investments p.l.c. Unsecured 2033	60,000	5.34	1.61	10.49	43.07	0.41
4.50% The Ona p.l.c. Secured & Guaranteed 2028-2034	16,000	4.63	3.09	16.34	74.89	0.65
5.50% Juel Group p.l.c. Secured & Guaranteed 2035	32,000	5.20	3.35	11.26	55.24	0.51

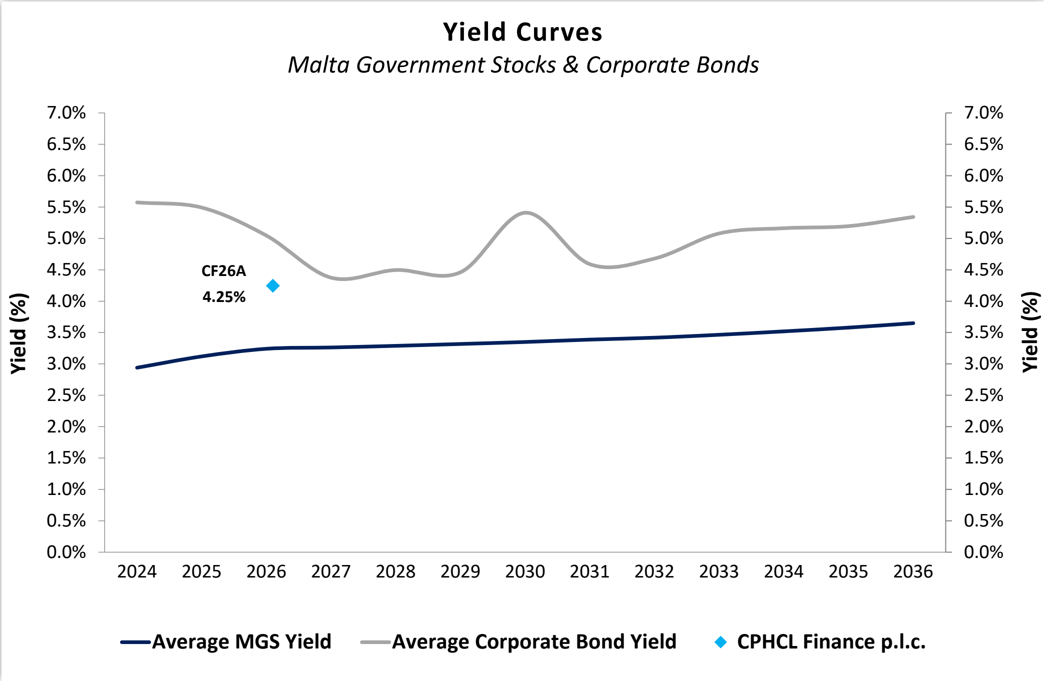
As at 15 May 2024

***** The financial ratios pertain to Idox p.l.c..***

Sources: Malta Stock Exchange

M.Z. Investment Services Limited

Most recent audited annual financial statements except for Juel Group p.l.c. (FY2024 forecast, as included in the Financial Analysis Summary dated 6 June 2023).



The closing market price as at 15 May 2024 for the **4.25% CPHCL Finance p.l.c. unsecured and guaranteed bonds 2026** (CF26A) was 100.00%. This translated into a yield-to-maturity ("**YTM**") of 4.25% which was 80 basis points below the average YTM of 5.05% of other local corporate bonds maturing in the same year. The premium over the corresponding average Malta Government Stock yield of equivalent maturity stood at 100 basis points.

PART 5 – EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total income generated from business activities.
EBITDA	Earnings before interest, tax, depreciation, and amortisation. It is a metric used for gauging operating performance excluding the impact of capital structure. EBITDA is usually interpreted as a loose proxy for operating cash flows.
Adjusted operating profit / (loss)	Profit (or loss) from core operations, excluding movements in the fair value of investment property, share of results of associates and joint ventures, net finance costs, and taxation.
Operating profit / (loss)	Profit (or loss) from operating activities, including movements in the fair value of investment property but excluding the share of results of associates and joint ventures, net finance costs, and taxation.
Share of results of associates and joint ventures	Share of profit (or loss) from entities in which the company does not have a majority shareholding.
Profit / (loss) after tax	Net profit (or loss) registered from all business activities.

Profitability Ratios	
EBITDA margin	EBITDA as a percentage of revenue.
Operating profit margin	Operating profit (or loss) as a percentage of total revenue.
Net profit margin	Profit (or loss) after tax as a percentage of total revenue.
Return on equity	Measures the rate of return on net assets and is computed by dividing the net profit (or loss) for the year by average equity.
Return on assets	Measures the rate of return on assets and is computed by dividing the net profit (or loss) for the year by average assets.
Return on invested capital	Measures the rate of return from operations and is computed by dividing operating profit (or loss) for the year by the average amount of equity and net debt.

Statement of Cash Flows	
Net cash from / (used in) operating activities	The amount of cash generated (or consumed) from the normal conduct of business.
Net cash 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.
Net cash from / (used in) financing activities	The amount of cash generated (or consumed) that have an impact on the capital structure, and thus result in changes to share capital and borrowings.
Free cash flow	Represents the amount of cash generated (or consumed) from operating activities after considering any amounts of capital expenditure.

Statement of Financial Position

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 the amortisation of the cost of the asset takes place over the number of years for which the asset will be in use. This is done 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 date of the Statement of Financial Position. 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 date of the Statement of Financial Position, 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 sustain 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 EBITDA, 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 net debt by the level of invested capital.
Debt-to-assets	Shows the degree to which a company's assets are funded by debt and is calculated by dividing all interest-bearing liabilities (including lease liabilities) by total assets.
Leverage	Shows how many times a company is using its equity to finance its assets.
Current ratio	Measures the extent of how much a company can sustain its short-term liabilities from its short-term assets.