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# Financial Analysis Summary

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30 June 2022

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Issuer

**Corinthia Finance p.l.c.**

Guarantor

**CPHCL Company Limited**

**(formerly Corinthia Palace Hotel Company Limited)**



MZ INVESTMENT SERVICES



## MZ INVESTMENT SERVICES

The Directors  
Corinthia Finance p.l.c.  
22, Europa Centre  
Floriana FRN 1400  
Malta

30 June 2022

Dear Board Members,

### **Financial Analysis Summary**

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Corinthia Finance p.l.c. (the “**Issuer**”) and CPHCL Company Limited (formerly Corinthia Palace Hotel 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 2020, 28 February 2021 and 28 February 2022; and (ii) the Guarantor for the financial years ended 31 December 2019, 31 December 2020 and 31 December 2021.
- (b) The forecast data for the year ending 28 February 2023 (in relation to the Issuer) and 31 December 2022 (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 the Analysis have been computed by us applying the definitions set out in Part 5.
- (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.



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The Analysis is meant to assist investors in the Issuer's securities and potential investors by summarising the more important financial data of the Corinthia 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 or Corinthia Group and should not be interpreted as a recommendation to invest in any of the Issuer's or Corinthia Group'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 or Corinthia Group's securities.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Evan Mohnani'. The signature is fluid and cursive, with a large loop at the end.

**Evan Mohnani**

Senior Financial Advisor

**MZ Investment Services Ltd**

63, St Rita Street,  
Rabat RBT 1523,  
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## PART 1 – INFORMATION ABOUT THE ISSUER AND GUARANTOR

### 1. ISSUER'S KEY ACTIVITIES

The principal activity of Corinthia 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 (formerly Corinthia Palace Hotel 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 four 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:

#### Board of Directors

Joseph Fenech	Chairman and Executive Director
Mario P. Galea	Non-Executive Director
Frank Xerri de Caro	Non-Executive Director
Joseph J. Vella	Non-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:

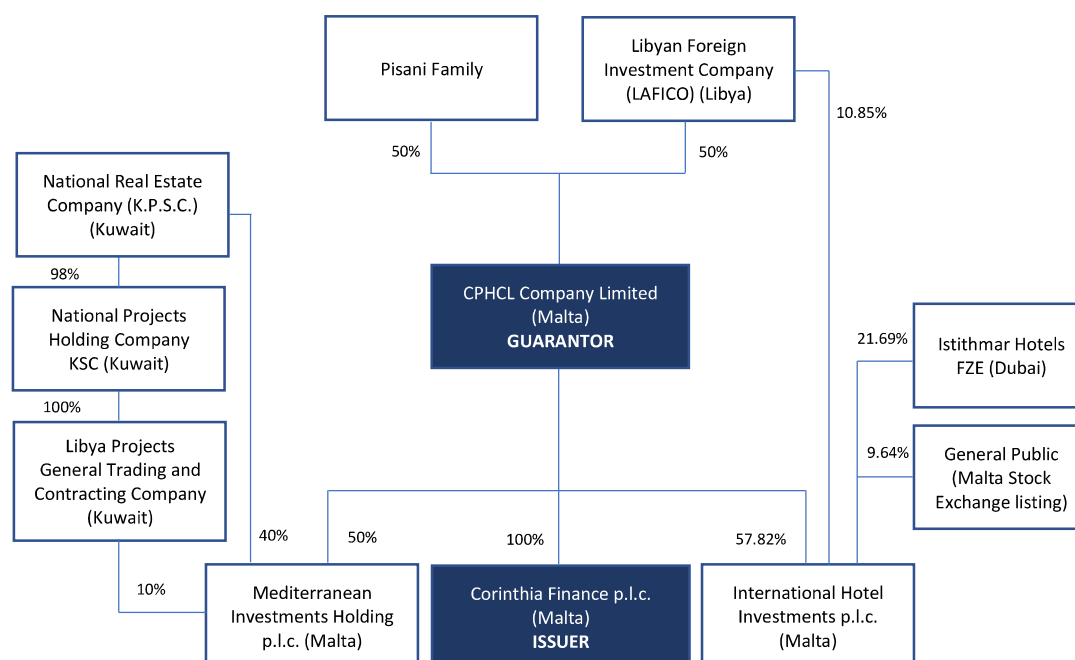
### Board of Directors

Alfred Pisani	Chairman and Executive Director
Khaled AMR Algonseel	Non-Executive Director
Joseph Pisani	Executive Director
Victor Pisani	Executive Director
Karima Munir Elbeshir Elguel	Non-Executive Director
Khalid S T Benrjoba	Non-Executive Director

The weekly average number of employees engaged with the companies forming part of the Corinthia Group during FY2021 amounted to 2,336 persons (FY2020: 2,225 persons).

## 5. CORINTHIA GROUP ORGANISATIONAL STRUCTURE

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:

<b>PRINCIPAL ASSETS AND OPERATIONS</b>				
<b>Name</b>	<b>Location</b>	<b>Description</b>	<b>% ownership</b>	<b>No. of hotel rooms</b>
<b><i>CPHCL Company Limited</i></b>				
Aquincum Hotel Budapest	Hungary	Property owner	100	310
Ramada Plaza Tunis Hotel	Tunisia	Property owner	100	309
Malta Fairs and Conventions Centre Limited	Malta	Events & exhibitions centre	100	n/a
Danish Bakery Limited	Malta	Industrial bakery	65	n/a
Swan Laundry and Drycleaning Co. Limited	Malta	Laundry & dry cleaning	100	n/a
Corinthia Investments Limited	United Kingdom	Property company	100	n/a
<b><i>International Hotel Investments p.l.c.</i></b>				
Corinthia Hotel Budapest	Hungary	Property owner	100	439
Corinthia Hotel St Petersburg	Russia	Property owner	100	385
Commercial property St Petersburg	Russia	Property owner	100	n/a
Corinthia Hotel Lisbon	Portugal	Property owner	100	518
Pinheiro Chagas	Portugal	Residential apartment block	100	n/a
Corinthia Hotel Prague	Czech Republic	Property owner	100	551
Corinthia Hotel Tripoli	Libya	Property owner	100	300
Commercial property Tripoli	Libya	Property owner	100	n/a
Corinthia Hotel St George's Bay	Malta	Property owner	100	250
Marina Hotel St George's Bay	Malta	Property owner	100	200
Corinthia Hotel & Residences London*	United Kingdom	Property owner	50	283
Corinthia Grand Astoria Hotel Brussels*	Belgium	Property owner (under development)	50	125
Corinthia Hotel & Residences Moscow	Russia	Property owner (under development)	10	56
Corinthia Palace Hotel & Spa	Malta	Property owner	100	150
Medina Tower	Libya	Mixed-use property (to be developed)	25	n/a
Radisson Blu Resort St Julians	Malta	Property owner	100	252
Radisson Blu Resort & Spa Golden Sands	Malta	Property owner & vacation ownership operation	100	338
Corinthia 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 (formerly Hal Ferh Complex)	Malta	Vacant site (to be developed)	100	n/a
Costa Coffee	Malta	Retail catering	100	n/a
<b><i>Mediterranean Investments Holding p.l.c.</i></b>				
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
				<b>4,466</b>
<i>* under control and management of IHI</i>				

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. The said reports have been published and are available on their respective websites: [www.ihiplc.com](http://www.ihiplc.com) and [www.mihplc.com](http://www.mihplc.com)



**Effects of the COVID-19 Pandemic**

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

**Events after Year End**

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

## PART 2 – HOTEL PROPERTIES DIRECTLY OWNED BY CPHCL COMPANY LIMITED

### 6. PERFORMANCE REVIEW

**The Aquincum Hotel Budapest**

Thermal Hotel Aquincum Rt (a fully-owned subsidiary of CPHCL via CIL (UK)) owns the 310-room five-star Aquincum Hotel located in a prime area alongside the river Danube with panoramic views of the Buda Hills. The main feature of this business and leisure hotel is its 1,660m<sup>2</sup> Spa, which derives its therapeutic water directly from Margaret Island. The carrying amount of the Aquincum Hotel as at 31 December 2021 is €26.2 million (2020: €27.9 million).

<b>The Aquincum Hotel Budapest</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Actual</b>
Turnover (€'000)	8,842	1,874	2,673
Gross operating profit before incentive fees (€'000)	2,003	-1,015	-45
Gross operating profit margin (%)	23	-54	-2
Occupancy level (%)	73	15	21
Average room rate (€)	72	65	73
Revenue per available room (RevPAR) (€)	52	10	15

Source: Management information.



In FY2019, revenue generated by the Hotel increased by 7% to €8.8 million (FY2018: €8.3 million), while gross operating profit increased from €1.7 million in FY2018 to €2.0 million. During the year, the Hotel registered an increase in occupancy level, which improved by 2 percentage points to 73%. The average room rate was higher by €5 (y-o-y) to €72, thereby positively impacting RevPAR by €4, from €48 in FY2018 to €52.

The financial information for FY2020 reflects the disruption caused by the pandemic on the hotel's services. During the said period, occupancy level was minimal at 15% (FY2019: 73%) and revenue amounted to €1.9 million, a decrease of €6.9 million from the previous year (FY2019: €8.8 million). The hotel incurred a gross operating loss of €1.0 million compared to a gross operating profit of €2.0 million in FY2019.

Revenue generated in FY2021 amounted to €2.7 million, an increase of €0.8 million (+43%) from the prior year. The y-o-y improvement is reflective of the gradual recovery post-pandemic though still represents 30% of revenue achieved in FY2019. In terms of gross operating results, the Hotel reported an operating loss of €45,000 compared to a loss of €1.0 million in FY2020.

#### Ramada Plaza Tunis Hotel

Societe de Promotion Hoteliere Khamsa s.a. (a fully-owned subsidiary of the Group) owns the 309-room five-star Ramada Plaza Tunis Hotel, located on an unspoiled sandy beach on the Côte de Carthage Gammarth, 18Km from the capital Tunis. The Hotel has extensive health and leisure facilities. The carrying amount of the Ramada Plaza Tunis Hotel as at 31 December 2021 is €15.7 million (2020: €15.9 million).

<b>Ramada Plaza Tunis Hotel</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Turnover (€'000)	6,391	1,911	2,666
Gross operating profit before incentive fees (€'000)	2,008	-235	339
Gross operating profit margin (%)	31	-12	13
Occupancy level (%)	69	20	29
Average room rate (€)	53	51	50
Revenue per available room (RevPAR) (€)	36	10	15

*Source: Management information.*

The Hotel's performance in FY2019 reflected an improvement from the prior year, as occupancy increased by 3 percentage points to 69% and RevPAR increased from €32 in FY2018 to €36. Consequently, revenue generated by the Hotel increased by 7% from €6.0 million in FY2018 to €6.4 million, while gross operating profit increased by 12% from €1.8 million in FY2018 to €2.0 million.

The financial information for FY2020 reflects the disruption caused by the pandemic on the hotel's services. During the said period, occupancy level was minimal at 20% (FY2019: 69%) and revenue amounted to €1.9 million, a decrease of €4.5 million from the previous year (FY2019: €6.4 million). The hotel incurred a gross operating loss of €235,000 compared to a gross operating profit of €2.0 million in FY2019.

The results for FY2021 were better compared to a year earlier on account of a marginal increase in tourism demand but still significantly below FY2019's performance. In the last financial year, revenue generated by the Hotel amounted to €2.7 million, an increase of 40% or €755,000 over FY2020. This increase enabled the Hotel to convert a gross operating loss of €235,000 in FY2020 to a gross operating profit of €339,000 in FY2021.



## 7. ECONOMIC ANALYSIS

### HUNGARY<sup>1</sup>

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

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

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

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

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

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<sup>1</sup> European Economic Forecast – Spring 2022 (European Commission Institutional Paper 173 May'22).

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



## TUNISIA

Economic activity improved slightly in Q4 2021 due to a lower COVID-19 caseload, but the economy remained 4.6% below its pre-pandemic level on an annual basis. Spending has been hit by high inflation and unemployment, and the external sector has been hindered by supply bottlenecks and the lingering effects of the pandemic. In October 2021, real exports fell month-on-month and tourist receipts remained far below pre-pandemic levels. Meanwhile, political uncertainty following July's coup will have discouraged investment.

Such challenges are likely to continue in 2022; increasing presidential authoritarianism is likely to keep undermining investor confidence. Meanwhile, price pressures for basic goods - many of which are subsidised - will be aggravated by a drought and the war in Ukraine, hitting spending and the fiscal balance. More positively, the government recently presented its controversial reform plans - necessary to unlock future funds - to the IMF.

Growth should pick up somewhat in 2022, as easing of COVID-19 restrictions boost domestic demand and tourism recovers. However, downside risks include a looming fiscal crisis, further political upheaval, new COVID-19 variants and further increases in inflation. The EU and World Bank have pledged significant financial assistance to the country but securing an IMF deal will be key to underpinning investor confidence, avoid default and supporting the recovery.<sup>3</sup>

## PART 3 – GROUP PERFORMANCE REVIEW

### 8. FINANCIAL INFORMATION RELATING TO CORINTHIA FINANCE PLC

The following financial information is extracted from the audited financial statements of the Issuer for the years ended 28 February 2020, 28 February 2021 and 28 February 2022. The forecast financial information for the year ending 28 February 2023 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.**

<b>Corinthia Finance p.l.c.</b>				
<b>Income Statement</b>				
<b>(€'000)</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>
Finance income	2,031	1,750	1,750	1,750
Finance costs	(1,974)	(1,700)	(1,700)	(1,700)
Administrative expenses	(46)	(40)	(40)	(40)
<b>Profit before tax</b>	<b>11</b>	<b>10</b>	<b>10</b>	<b>10</b>
Taxation	(3)	(3)	(4)	(4)
<b>Profit for the year</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>6</b>
<b>Total comprehensive income for the year</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>6</b>

<sup>3</sup> <https://www.focus-economics.com/countries/tunisia>



<b>Corinthia Finance p.l.c.</b>				
<b>Cash Flow Statement</b>				
<b>(€'000)</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>
Net cash from operating activities	(40)	(107)	(40)	(41)
Net cash from investing activities	10,024	1,767	1,750	1,750
Net cash from financing activities	(9,890)	(1,700)	(1,700)	(1,700)
<b>Net movement in cash and cash equivalents</b>	<b>94</b>	<b>(40)</b>	<b>10</b>	<b>9</b>
Cash and cash equivalents at beginning of year	19	113	73	83
<b>Cash and cash equivalents at end of year</b>	<b>113</b>	<b>73</b>	<b>83</b>	<b>92</b>

<b>Corinthia Finance p.l.c.</b>				
<b>Statement of Financial Position</b>				
<b>(€'000)</b>	<b>28 Feb'20</b>	<b>28 Feb'21</b>	<b>28 Feb'22</b>	<b>28 Feb'23</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Loans owed by parent company	39,910	39,910	39,910	39,910
	<u>39,910</u>	<u>39,910</u>	<u>39,910</u>	<u>39,910</u>
<b>Current assets</b>				
Receivables	1,915	1,924	1,912	1,621
Other assets	20	20	20	20
Cash and cash equivalents	113	73	83	92
	<u>2,048</u>	<u>2,017</u>	<u>2,015</u>	<u>1,733</u>
<b>Total assets</b>	<b>41,958</b>	<b>41,927</b>	<b>41,925</b>	<b>41,643</b>
<b>EQUITY</b>				
<b>Capital and reserves</b>				
Called up share capital	250	250	250	250
Retained earnings	3	10	16	22
	<u>253</u>	<u>260</u>	<u>266</u>	<u>272</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Bonds in issue	40,000	40,000	40,000	40,000
<b>Current liabilities</b>				
Payables	1,705	1,667	1,659	1,371
	<u>41,705</u>	<u>41,667</u>	<u>41,659</u>	<u>41,371</u>
<b>Total equity and liabilities</b>	<b>41,958</b>	<b>41,927</b>	<b>41,925</b>	<b>41,643</b>





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 28 February 2022 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 €6,479 compared to €6,715 in FY2021.

No material transactions and, or movements are being projected for FY2023.

## 9. FINANCIAL INFORMATION RELATING TO CPHCL COMPANY LIMITED (CONSOLIDATED FINANCIAL STATEMENTS)

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

### The Group's operations in Libya

Note 5 to the 2021 financial statements explains the significant uncertainties and judgments surrounding the valuation of the Group's assets in Libya that have a bearing on the projected cash flows from the relative operation, and which are in turn influenced by the timing of a recovery in the country. Different plausible scenarios may impact the financial performance of the Libya operations and the valuation of related assets in a significant matter. This matter is considered to be of fundamental importance to stakeholders because of the potential impact that this uncertainty may have on the valuation of the Group's assets in Libya and the recoverability of certain debtors, which as at 31 December 2021 were carried at €338.3 million (FY2020: €355.8 million). In 2021, the operating performance of the assets in Libya remained relatively stable but were adversely affected by the devaluation of the Libyan Dinar.

### Events after the reporting period (FY2021)

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

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



## Projections

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

CPHCL Company Limited Consolidated Income Statement (€'000)	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Forecast
Revenue	312,874	106,397	145,679	249,283
Net operating expenses	<u>(242,156)</u>	<u>(115,775)</u>	<u>(121,801)</u>	<u>(211,089)</u>
<b>EBITDA</b>	<b>70,718</b>	<b>(9,378)</b>	<b>23,878</b>	<b>38,194</b>
Depreciation and amortisation	(42,549)	(39,434)	(33,452)	(32,563)
Other net income (expenses)	(1,826)	(2,751)	(5,353)	-
Gain (loss) on exchange	-	1,086	(2,055)	-
Adjustments in value of hotel & other properties, intangibles	<u>2,615</u>	<u>(6,196)</u>	<u>1,321</u>	<u>-</u>
<b>Results from operating activities</b>	<b>28,958</b>	<b>(56,673)</b>	<b>(15,661)</b>	<b>5,631</b>
Finance costs	(27,896)	(27,841)	(28,793)	(30,661)
Investment income & movement in value of financial assets	3,257	1,289	2,146	1,085
Gain on sale of investment in subsidiaries	46,487	-	5,817	-
Share of results of associate companies	3,382	9,114	7,479	5,657
Other	<u>5,336</u>	<u>(13,182)</u>	<u>(1,238)</u>	<u>11,192</u>
<b>Profit (loss) before tax</b>	<b>59,524</b>	<b>(87,293)</b>	<b>(30,250)</b>	<b>(7,096)</b>
Taxation	(6,179)	11,559	8,452	703
<b>Profit (loss) for the year</b>	<b>53,345</b>	<b>(75,734)</b>	<b>(21,798)</b>	<b>(6,393)</b>
<b>Other comprehensive income (expense)</b>				
Gross surplus (impairment) on revaluation of hotel properties & other assets	7,000	(10,246)	78,385	-
Share of other comprehensive income of equity accounted investments	(4,550)	239	144	-
Other effects and tax	<u>30,938</u>	<u>(45,732)</u>	<u>14,575</u>	<u>18,186</u>
	<b>33,388</b>	<b>(55,739)</b>	<b>93,104</b>	<b>18,186</b>
<b>Total comprehensive income (expense) net of tax</b>	<b>86,733</b>	<b>(131,473)</b>	<b>71,306</b>	<b>11,793</b>



Key Accounting Ratios	FY2019	FY2020	FY2021	FY2022
	Actual	Actual	Actual	Forecast
Operating profit margin (EBITDA/revenue)	23%	-9%	16%	15%
Interest cover (times) (EBITDA/finance cost)	2.54	-0.34	0.83	1.25
Net profit margin (Profit after tax/revenue)	17%	-71%	-15%	-3%
Earnings per share (€) (Profit after tax/number of shares)	2.67	-3.79	-1.09	-0.32
Return on equity (Profit after tax/shareholders' equity)	6%	-9%	-2%	-1%
Return on capital employed (EBITDA/total assets less current liabilities)	4%	-1%	1%	2%
Return on assets (Profit after tax/total assets)	3%	-4%	-1%	0%

Source: MZ Investment Services Ltd

Total revenue for **FY2019** amounted to €312.9 million, an increase of €10.4 million (+3%) compared to the prior year (FY2018: €302.5 million). The annual growth in revenue is a result of the positive trend in the majority of the Group's properties. In consequence, EBITDA, at €70.7 million, increased by the same percentage of 3% on the prior year's result (FY2018: €68.5 million).

Results from operating activities amounted to €29.0 million in FY2019, compared to €34.1 million in FY2018 (-€5.1 million or -15%). The effect of IFRS 16 in FY2019 impacted depreciation and amortisation by €2.5 million. In addition, the Group reported adverse changes in fair value of intangible assets and investment property of €1.8 million compared to net increases in fair value of €4.3 million in FY2018 (resulting in a y-o-y negative variance of €6.1 million). In contrast, other net income (which includes net changes in fair value of contingent consideration) increased from €0.3 million in FY2018 to €5.4 million.

In FY2019, the Group sold the Panorama Hotel and adjoining garage complex located in the Czech Republic, through the disposal of its shareholding in Pankrac Property Holdings s.r.o. and realised a profit of €46.5 million on this sale.

Net finance costs increased from €25.0 million in FY2018 to €27.9 million, while net exchange differences on borrowings improved from a negative amount of €9.0 million in FY2018 to a gain amounting to €5.3 million. This improvement of €14.3 million in exchange differences is mainly related to the St Petersburg property on account of an improved rouble compared to the previous year.

The net profit of €3.4 million in FY2019 resulting from the Group's share of results of associate companies (FY2018: €9.6 million) was adversely impacted by the results of the Golden Sands hotel and timeshare operation, which accounted for an erosion of €4 million. The corresponding loss registered in FY2018 for this activity was €1.4 million. The timeshare sales operation was discontinued in 2020. On the other hand, the results of MIH p.l.c. through its principal subsidiary company Palm City Ltd, owner of the Palm City Residences in Libya, continued to



improve. In FY2019, this investment contributed €7.3 million to the Group's profitability (FY2018: €10.9 million, €7 million of which related to the net fair value gain on the investment property).

During the year, the Group recognised a fair value gain of €3.3 million (FY2018: €0.1 million) in profit or loss on financial assets.

In consequence of the foregoing, in FY2019, the Group registered a profit after tax of €53.3 million against a profit after tax of €19.7 million in FY2018. It is to be noted that whilst in FY2019 there was a tax charge of €6.2 million, in FY2018, there was a tax credit of €9.9 million.

The other comprehensive income for FY2019 was also positive with an income of €33.4 million (FY2018: €15.9 million), mainly reflecting the effect of currency translation differences. The impact of an improved sterling and rouble relative to the reporting currency of the Group, which is the euro, resulted in the Group recording a combined currency translation profit of €32.1 million (FY2018: loss of €16.5 million). Conversely, whilst in FY2018 the Group reported a revaluation surplus on hotel properties of €37.7 million, this surplus was limited to €7 million in FY2019.

The Group's total comprehensive income for FY2019 amounted to €86.7 million, compared to a total comprehensive income of €35.7 million registered in 2018.

The financial performance for **2020** was materially impacted by COVID-19 and the restrictions and limitations it imposed on the Group's businesses. Total Group revenue for the year under review amounted to €106.4 million, a reduction of €206.5 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 Group loss at EBITDA level for 2020 was limited to €9.3 million. The corresponding EBITDA in 2019 was €70.7 million. The minimal loss at EBITDA level in 2020 was achieved in consequence of proactive cost-cutting across-the-board measures taken at Group level, including reducing staff complements at all levels as well as various programmes on salary cuts and deferrals. The Group also tapped into subsidies and funds available from various Governments, and successfully renegotiated terms with most of the Group's funding banks.

Adjustments in value of property and intangible assets amounted to a loss of €6.2 million in FY2020 compared to a gain of €2.6 million in FY2019. The said loss for 2020 primarily represents an impairment of €5.2 million in the carrying value of the London apartment.

In 2020, the Group reported a net profit from its share of results of associate companies of €9.1 million (2019: €3.4 million). Although the current year's performance was dampened by the results of the Golden Sands hotel and timeshare operation (50% share owned by IHI p.l.c.) resulting in an erosion of €2.5 million, this amount represents a lower loss than that achieved in the preceding year when a loss of €4 million was registered from this activity. The timeshare sales operation was discontinued in 2020. On the other hand, the results of MIH p.l.c. through its principal subsidiary company Palm City Ltd, owner of the Palm City Residences in Libya, continued to improve further. In 2020, this investment contributed €12.5 million to the Group's profitability (2019: €7.3 million).



In 2020 'other' items amounted to a loss of €13.2 million (FY2019: profit of €5.3 million). Out of this loss, €10.4 million 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. The remaining loss of €2.8 million relates to currency translation differences on the Azure Resorts Group, previously recorded in translation reserves, which were released to profit or loss because 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 and apartment. 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 €52.4 million in 2020, relative to a profit of €31.9 million registered in 2019 (included as part of 'Other effects and tax').

The Group registered a loss on total comprehensive income of €131.5 million in 2020 against a profit of €86.7 million registered in 2019.

Revenue in **FY2021** increased by €39.3 million (+37%) y-o-y to €145.7 million on account of the gradual recovery in the hospitality business and the consolidation of Golden Sands Resort Limited's results following the acquisition by the Group of the remaining 50% shareholding thereof in February 2021. A significant improvement was registered in the second half of the year following vaccinations and the relaxation of restrictions and limitations. Corinthia St Petersburg and Corinthia London recovered faster than the other hotels mainly due to internally generated demand (domestic tourism).

On the strength of the increased revenue, the Group recorded a positive EBITDA of €23.9 million, an increase of €33.3 million from the EBITDA loss of €9.4 million registered in the prior year. This performance represents an 85% flow-through of the incremental revenue to EBITDA on account of a yielding strategy that maximised room rates, the proactive cost-cutting decisions taken in 2020 and the disciplined approach to costs in 2021. The Group continued to tap into subsidies and funds available from various Governments in the jurisdictions where the Group operates. As such, the Group's EBITDA margin recovered from -9% in 2020 to 16% in 2021 and interest cover improved from -0.34 times in 2020 to 0.83 times in 2021.

During 2021, the Group acquired the other 50% of the Golden Sands Hotel which is now accounted for 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 acquisition. The remaining investment shown as an associate principally 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 €7.5 million in the reviewed year compared to €9.1 million in FY2020.

In 2021, the Group disposed of its shareholding in Internasyonal Turizm ve Otelcilik a.s. (Turkey) for a gross consideration of €6.5 million and recorded a profit on disposal of €5.8 million. Furthermore, Atkins Travel Limited was disposed to a third party for £1. A loss on disposal of €0.44 million was recognised in the Group's income statement.

During the reviewed year, the Group reported an overall exchange loss of €1.2 million (accounted for in line item "Other" in the income statement) compared to a loss on exchange of €9.3 million the year before. This movement



in exchange difference is the net of gains on exchange related to the St Petersburg property in 2021 as the Rouble recovered from 90.68 to 84.07 and of losses on the dinar as the Libyan Central Bank devalued the dinar on 3 January 2021 by 330%.

The Group reported a loss for the year of €21.8 million compared to a loss of €75.7 million in 2020. Accordingly, the net profit margin improved on a comparable basis but remained negative at -15% (2020: -71%).

In 2020, on account of COVID-19 and the expected recovery tempo, the Group registered net property impairments of €16.4 million before tax (€6.2 million through the income statement and €10.2 million through other comprehensive income). This impairment was attributable to the London hotel and apartment and to the Budapest property. In 2021, on account of less uncertainty and the positive results recognised in some properties, especially the London hotel, the Group recognised a property uplift of €79.7 million (€1.3 million through the income statement and €78.4 million through 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 €13.9 million relative to a loss of €53.4 million registered in 2020 (accounted for in comprehensive income within item 'Other effects and tax').

Overall, the Group registered a profit on total comprehensive income of €71.3 million in FY2021 against a loss of €131.5 million registered in FY2020.

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

The Group is projecting **FY2022** revenue to increase by €103.6 million (+71%) to €249.3 million (FY2021: €145.7 million). This is based on the key assumption that the Group's hospitality activities will continue to gradually improve towards pre-pandemic levels without any major economic disruptions or restrictions imposed by Governments. All hotels are expected to register higher revenues over the prior year, most notably the Corinthia hotels in London, Lisbon, Budapest and Prague. With regard to Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg, the y-o-y increase in revenue is projected to be limited due to country-specific issues.

The Group's EBITDA margin is expected to decrease by 1 percentage point to 15% mainly on account of rising costs due to inflation, payroll and the termination of wage supplements and other similar schemes that were made available by governments during FY2020 and FY2021 to mitigate to some extent the downturn caused by the pandemic. As such, FY2022 EBITDA is forecasted to amount to €38.2 million, an increase of €14.3 million (60%) from the prior year.

In consequence of the aforesaid y-o-y increase in both revenue and EBITDA, the negative results from operating activities reported in FY2021 of €15.7 million is expected to be converted to a profit of €5.6 million (that is, a positive movement of €21.3 million).

Depreciation & amortisation is expected to remain broadly unchanged at *circa* €33 million, but finance costs are projected to increase by €1.9 million to €30.7 million. Interest cover is projected to improve from 0.83 times in FY2021 to 1.25 times.



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 is expected to amount to €5.7 million compared to €7.5 million in FY2021.

Since the end of 2021 to date, the Rouble has recovered relative to the Euro. For the purposes of the forecast, the Group has assumed that the Rouble will maintain its current level and accordingly, positive adjustments of €11.2 million and €18.2 million have been included in the projected income statement and other comprehensive income respectively.

Overall, the Group is projected to report total comprehensive income for FY2022 of €11.8 million compared to €71.3 million in the prior year.



<b>CPHCL Company Limited</b>				
<b>Statement of Financial Position</b>				
<b>(€'000)</b>	<b>31 Dec'19</b>	<b>31 Dec'20</b>	<b>31 Dec'21</b>	<b>31 Dec'22</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	6,469	5,253	9,647	8,418
Investment properties	232,652	208,623	178,840	191,462
Property, plant and equipment	1,239,706	1,153,817	1,306,960	1,358,448
Investments in associates & joint ventures	127,525	128,033	99,026	104,685
Right-of-use assets	15,986	15,088	15,020	16,391
Other financial assets	267	7,669	8,590	8,840
Deferred tax assets	20,719	32,444	35,428	35,341
Financial assets	8,401	7,198	6,898	6,896
Trade and other receivables	-	38	1,014	4,641
Assets placed under trust arrangement	3,698	-	-	-
	<u>1,655,423</u>	<u>1,558,163</u>	<u>1,661,423</u>	<u>1,735,122</u>
<b>Current assets</b>				
Inventories	15,335	13,056	14,805	18,837
Trade and other receivables	43,873	30,684	30,634	45,173
Taxation	6,786	4,438	1,015	940
Financial assets	10,073	13,799	12,306	3,389
Assets placed under trust arrangement	122	5,637	77	-
Cash and cash equivalents	125,749	90,350	143,062	70,319
Assets held for sale	1,283	930	134	134
	<u>203,221</u>	<u>158,894</u>	<u>202,033</u>	<u>138,792</u>
<b>Total assets</b>	<b><u>1,858,644</u></b>	<b><u>1,717,057</u></b>	<b><u>1,863,456</u></b>	<b><u>1,873,914</u></b>
<b>EQUITY</b>				
Called up share capital	20,000	20,000	20,000	20,000
Other reserves	152,343	123,351	146,527	164,301
Retained earnings	297,479	262,217	257,763	252,616
Non-controlling interest	490,331	422,902	475,276	474,441
	<u>960,153</u>	<u>828,470</u>	<u>899,566</u>	<u>911,358</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings, bonds and other financial liabilities	634,841	639,523	718,961	670,392
Lease liabilities	13,193	13,474	13,712	15,600
Other non-current liabilities	109,819	104,429	113,876	116,059
	<u>757,853</u>	<u>757,426</u>	<u>846,549</u>	<u>802,051</u>
<b>Current liabilities</b>				
Bank overdrafts	7,244	10,487	4,798	4,904
Borrowings and bonds	43,155	39,915	23,036	63,378
Lease liabilities	3,149	2,727	2,757	2,426
Other current liabilities	87,090	78,032	86,750	89,797
	<u>140,638</u>	<u>131,161</u>	<u>117,341</u>	<u>160,505</u>
	<b><u>898,491</u></b>	<b><u>888,587</u></b>	<b><u>963,890</u></b>	<b><u>962,556</u></b>
<b>Total equity and liabilities</b>	<b><u>1,858,644</u></b>	<b><u>1,717,057</u></b>	<b><u>1,863,456</u></b>	<b><u>1,873,914</u></b>





Key Accounting Ratios	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Forecast
Gearing ratio (Net debt/Net debt and shareholders' equity)	37%	42%	41%	43%
Gearing ratio 2 (times) (Net debt/shareholders' equity)	0.60	0.74	0.69	0.75
Net debt to EBITDA (years) (Net debt/EBITDA)	7.97	-64.89	25.68	17.79
Net assets per share (€) (Net asset value/number of shares)	23.49	20.28	21.21	21.85
Debt service cover ratio (times) (EBITDA/net finance cost and loan capital repayment)	1.54	n/a	0.47	0.72
Liquidity ratio (times) (Current assets/current liabilities)	1.44	1.21	1.72	0.86

Source: MZ Investment Services Ltd

Total assets in FY2021 amounted to €1,863 million, an increase of €146.4 million from a year earlier. The value of investment property decreased by €29.8 million following the sale of the London apartment, while investments accounted for using the equity method decreased by €29.0 million mainly on account of taking full ownership of Golden Sands Resort Limited. In this regard, Golden Sands Resort Limited is now consolidated on a line-by-line basis. The y-o-y movement in property, plant & equipment of €153.1 million is mainly attributed to the carrying value of the Radisson Blu Resort & Spa Golden Sands and property revaluations.

Cash and cash equivalents increased by €51.9 million million from €91.3 million in FY2020 (which comprises also assets placed under trust management) to €143.2 million. A significant part of this positive shift is attributable to the new funds collected on the IHI plc Bond Issue concluded in December 2021. The sale of Internasyonal Turizm ve Otelcilik a.s., owner of the Labranda Hotel, has also positively contributed towards the improved working capital.

Total liabilities increased by €75.3 million (y-o-y) and mainly represent additional debt securities concluded in December 2021 as well as the inclusion of liabilities of Golden Sands Resort Limited. The gearing ratio of the Group decreased by 1 percentage point from 42% in FY2020 to 41%. The liquidity ratio strengthened to 1.72 times compared to 1.21 times in FY2020 primarily on account of the cash injection from the IHI plc Bond Issue.

In **FY2022**, total assets are expected to increase by €10.5 million mainly on account of:

- i) an increase in property, plant & equipment of €51.5 million (net of depreciation charge) comprising various refurbishment programmes and the development of Grand Hotel Astoria;
- ii) an increase of €3.6 million in trade & other receivables (non-current assets) in relation to expected contract payments on the Rome hotel property;
- iii) net increase in inventories and trade & other receivables of €18.6 million in line with the anticipated recovery in operating activities;
- iv) financial assets amounting to €8.9 million are expected to be liquidated during the forecast year; and
- v) a decrease in projected cash balances of €72.7 million as explained further in the commentary on the cash flow statement below.



Changes in equity are expected to result in a y-o-y increase of €11.8 million to €911.4 million, mainly on account of a projected increase of €17.8 million in translation reserves and a decrease in retained earnings amounting to €5.1 million.

Total liabilities are projected to decrease by €1.3 million (y-o-y), which movement is expected to emanate primarily from a decrease of €8.1 million in bank borrowings and other financial liabilities, partly offset by increases in trade and other payables and lease liabilities of €7.1 million.

Bank borrowings and bonds due within 12 months are projected to amount to €63.4 million in FY2022 compared to €23.0 million in FY2021. Bank borrowings due within 12 months include a bullet payment which is expected to be refinanced. Furthermore, €10 million of 5.8% IHI plc bonds 2023 have been reclassified from non-current to current liabilities. Given the increase in current liabilities as well as a decrease in current assets, the liquidity ratio for FY2022 is expected to weaken to 0.86 times compared to 1.72 times in the prior year. The gearing ratio of the Group is expected to increase by 2 percentage points in FY2022 to 43%.

<b>CPHCL Company Limited</b>				
<b>Cash Flow Statement</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
<b>(€'000)</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>
Net cash from operating activities	69,383	(2,130)	30,176	25,805
Net cash from investing activities	40,997	(15,401)	19,714	(61,799)
Net cash from financing activities	(49,206)	(18,152)	10,495	(35,480)
<b>Net movement in cash and cash equivalents</b>	<b>61,174</b>	<b>(35,683)</b>	<b>60,385</b>	<b>(71,474)</b>
Cash and cash equivalents at beginning of year	54,890	118,505	79,863	138,264
Effect of translation of group entities to presentation currency	2,441	(2,959)	(1,984)	(1,375)
<b>Cash and cash equivalents at end of year</b>	<b>118,505</b>	<b>79,863</b>	<b>138,264</b>	<b>65,415</b>

Net cash flows from operating activities principally relate to the hospitality operations of the Group. During 2020, operating activities across the Group's properties was minimal. As such, net cash used in operating activities amounted to €2.1 million compared to net cash generated in the prior year of €69.4 million. In 2021, operations across the Group's properties were significantly higher compared to 2020, and this is reflected in higher net cash inflows from operating activities which amounted to €30.2 million (FY2020: outflows of €2.1 million).

In the forecast year (2022), the Group expects to generate €25.8 million in net cash from operating activities, a decrease of €4.4 million from FY2021. The y-o-y decrease is mainly due to a projected adverse movement in working capital changes.

Due to the pandemic, the Group curtailed its capital expenditure plans for the year. Payments to acquire property, plant and equipment was lower by 31% on a comparable basis and amounted to €14.0 million (FY2019: €20.2 million). Net cash used in investing activities in FY2020 amounted to €15.4 million. In FY2019, the Group received €64.2 million from the sale of properties in the Czech Republic and as such, net cash inflows for the year amounted to €41.0 million.

In FY2021, the Group generated €19.7 million from investing activities. During the year, cash receipts came from the sale of the London apartment and Internasyonal Turizm ve Otelcilik a.s., net of disposal of financial assets and dividends and interest received amounting to €50.9 million in aggregate, while cash outflows included the acquisition of 50% of the Golden Sands Resort amounting to €15.4 million and capex of *circa* €15.8 million.



In FY2022, net cash outflows are projected to amount to €61.8 million, of which, *circa* 65% relates to the development of the Grand Hotel Astoria, re-purchase of timeshare weeks at the Golden Sands and further expenditure at the Oasis Resort. The remaining balance represents expected capital expenditure programmes to be executed at various Group's properties.

Financing activities principally comprise movement in bank and other borrowings, issuance of debt securities, payment of leases and dividends, and interest paid. During FY2020, the Group repaid €24.8 million of bank borrowings and made withdrawals of €34.1 million (net proceeds of €9.3 million), compared to net proceeds of €7.4 million in FY2019 from bank borrowings and bond issue. Interest paid during the year amounted to €23.4 million (FY2019: €25.6 million), while €210,000 in dividends were paid compared to €12.5 million in FY2019.

Net cash from financing activities in FY2021 amounted to €10.5 million and comprised net cash inflows from borrowings (mainly Group loans, bank facilities and bonds) of €39.3 million less lease liabilities and interest payable amounting to €2.6 million and €26.2 million respectively.

In FY2022, net cash outflows are projected to amount to €35.5 million and shall mainly include net advances from related party and redemption of financial assets amounting to €9.3 million (in aggregate), and cash outflows of €44.8 million (comprising interest payments of €32.0 million, net repayment of bank loans of €9.4 million and lease obligations and other payments of €3.4 million).



## VARIANCE ANALYSIS

The following financial information relates to the variance analysis between the forecast financial information for the year ended 31 December 2021 included in the prior year's Financial Analysis Summary dated 25 June 2021 and the audited consolidated financial statements for the year ended 31 December 2021.

<b>CPHCL Company Limited</b> <b>Consolidated Income Statement (FY2021)</b> <b>(€'000)</b>	<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>
Revenue	145,679	135,091	10,588
Net operating expenses	(121,801)	(126,832)	5,031
<b>EBITDA</b>	<b>23,878</b>	<b>8,259</b>	<b>15,619</b>
Depreciation and amortisation	(33,452)	(33,218)	(234)
Other net income (expenses)	(5,353)	-	(5,353)
Gain (loss) on exchange	(2,055)	(3,322)	1,267
Adjustments in value of hotel & other properties, intangibles	1,321	-	1,321
<b>Results from operating activities</b>	<b>(15,661)</b>	<b>(28,281)</b>	<b>12,620</b>
Finance costs	(28,793)	(28,631)	(162)
Investment income & movement in value of financial assets	2,146	194	1,952
Gain on sale of investment in subsidiaries	5,817	-	5,817
Share of results of associate companies	7,479	2,638	4,841
Other	(1,238)	(1,196)	(42)
<b>Profit (loss) before tax</b>	<b>(30,250)</b>	<b>(55,276)</b>	<b>25,026</b>
Taxation	8,452	9,942	(1,490)
<b>Profit (loss) for the year</b>	<b>(21,798)</b>	<b>(45,334)</b>	<b>23,536</b>
<b>Other comprehensive income (expense)</b>			
Gross surplus (impairment) on revaluation of hotel properties & other assets	78,385	-	78,385
Share of other comprehensive income of equity accounted investments	144	-	144
Other effects and tax	14,575	19,324	(4,749)
	<b>93,104</b>	<b>19,324</b>	<b>73,780</b>
<b>Total comprehensive income (expense) net of tax</b>	<b>71,306</b>	<b>(26,010)</b>	<b>97,316</b>

In 2021, the Group performed better than expected at the operational level – in particular, actual revenue was higher by 8% (or €10.6 million) while EBITDA was higher than projected by 189% (or €15.6 million). Due to additional expenses of €5.4 million, partly off-set by exchange and asset gains of €2.6 million, the Group's loss on operating activities was lower than forecasted by €12.6 million.

The profit on disposal of Internasyonal Turizm ve Otelcilik a.s. of €5.8 million was not accounted for in the forecast results. In addition, actual investment income & movement in value of financial assets and share of results of associated companies were higher than forecasted by €6.8 million.



Other comprehensive income was higher than projected by €73.8 million on account of hotel property revaluations and other effects which were not anticipated when the projections were compiled. Overall, actual total comprehensive income amounted to €71.3 million compared to a projected expense of €26.0 million (positive variance amounting to €97.3 million).

<b>CPHCL Company Limited</b>			
<b>Cash Flow Statement (FY2021)</b>			
<b>(€'000)</b>	<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>
Net cash from operating activities	30,176	3,040	27,136
Net cash from investing activities	19,714	1,819	17,895
Net cash from financing activities	10,495	(28,242)	38,737
<b>Net movement in cash and cash equivalents</b>	<b>60,385</b>	<b>(23,383)</b>	<b>83,768</b>
Cash and cash equivalents at beginning of year	79,863	79,863	-
Effect of translation of group entities to presentation currency	(1,984)	(3,527)	1,543
<b>Cash and cash equivalents at end of year</b>	<b>138,264</b>	<b>52,953</b>	<b>85,311</b>

Actual net movement in cash and cash equivalents was higher than projected by €83.8 million.

Cash inflows from operating activities were higher than projected by €27.1 million on account of better than expected performance by the Group's hotels. Regarding investing activities, capital expenditure for the year was lower than forecasted which resulted in a positive variance of €17.9 million.

In financing activities, actual cash inflows amounted to €10.5 million compared to a projected net outflow of €28.2 million, thus resulting in a positive variance of €38.7 million. In the projected cash flows, net inflows from borrowings amounted to €5.4 million compared to actual net inflows of €39.3 million. Furthermore, interest payable was forecasted at €30.3 million compared to actual amount of €26.2 million.



<b>CPHCL Company Limited</b>			
<b>Statement of Financial Position (31 Dec'21)</b>			
<b>(€'000)</b>	<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	9,647	9,077	570
Investment properties	178,840	176,193	2,647
Property, plant and equipment	1,306,960	1,230,986	75,974
Investments in associates & joint ventures	99,026	106,308	(7,282)
Right-of-use assets	15,020	16,164	(1,144)
Other financial assets	8,590	-	8,590
Deferred tax assets	35,428	32,946	2,482
Financial assets	6,898	9,083	(2,185)
Trade and other receivables	1,014	-	1,014
Assets placed under trust arrangement	-	-	-
	<u>1,661,423</u>	<u>1,580,757</u>	<u>80,666</u>
<b>Current assets</b>			
Inventories	14,805	17,001	(2,196)
Trade and other receivables	30,634	30,075	559
Taxation	1,015	3,363	(2,348)
Financial assets	12,306	12,705	(399)
Assets placed under trust arrangement	77	-	77
Cash and cash equivalents	143,062	61,789	81,273
Assets held for sale	134	-	134
	<u>202,033</u>	<u>124,933</u>	<u>77,100</u>
<b>Total assets</b>	<b><u>1,863,456</u></b>	<b><u>1,705,690</u></b>	<b><u>157,766</u></b>
<b>EQUITY</b>			
Called up share capital	20,000	20,000	-
Other reserves	146,527	130,932	15,595
Retained earnings	257,763	232,324	25,439
Non-controlling interest	475,276	414,204	61,072
	<u>899,566</u>	<u>797,460</u>	<u>102,106</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings and bonds	718,961	670,630	48,331
Lease liabilities	13,712	15,054	(1,342)
Other non-current liabilities	113,876	104,389	9,487
	<u>846,549</u>	<u>790,073</u>	<u>56,476</u>
<b>Current liabilities</b>			
Bank overdrafts	4,798	8,836	(4,038)
Borrowings and bonds	23,036	26,834	(3,798)
Lease liabilities	2,757	2,695	62
Other current liabilities	86,750	79,792	6,958
	<u>117,341</u>	<u>118,157</u>	<u>(816)</u>
	<u>963,890</u>	<u>908,230</u>	<u>55,660</u>
<b>Total equity and liabilities</b>	<b><u>1,863,456</u></b>	<b><u>1,705,690</u></b>	<b><u>157,766</u></b>



Total assets as at 31 December 2021 were higher than forecast by €157.8 million, mainly due to the impact of uplifts in property values mentioned above which were reflected in the actual results but not in the projections (+€76.0 million). Furthermore, cash balances were higher than expected by €81.3 million as net proceeds from the bond issue were not fully deployed by year end as originally planned.

Capital and reserves were higher than projected by €102.1 million due to the afore-mentioned property uplifts. Total liabilities were higher by €55.7 million mainly on account of higher borrowings and other financial liabilities and deferred liabilities (included in other non-current liabilities).

### DEBT SECURITIES ISSUED BY ASSOCIATED COMPANIES

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

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

Source: Malta Stock Exchange

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



## PART 4 - COMPARABLES

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

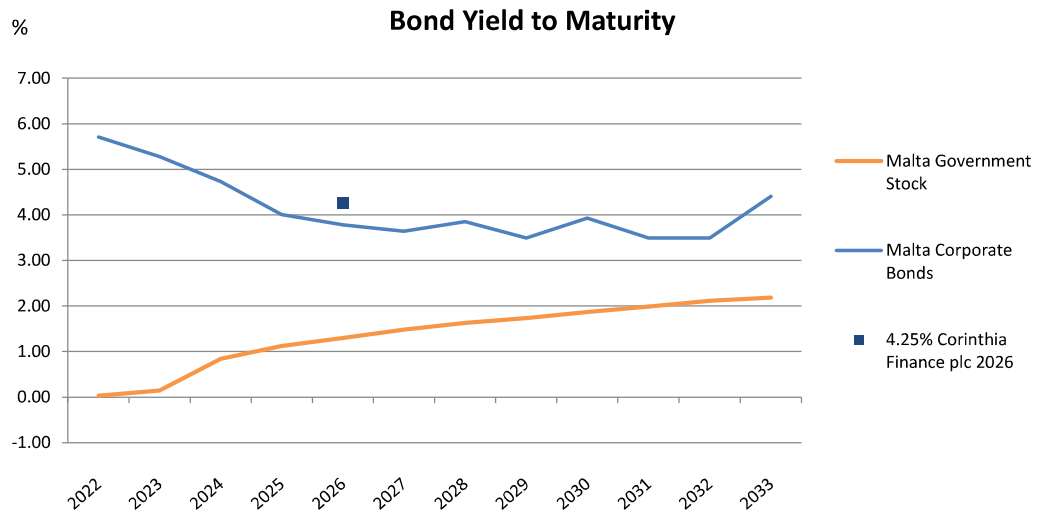
Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
6.00% Pendergardens Developments plc Secured € 2022 Series	19,756,700	5.71	1.79	60,578	29,491	36.39
4.25% GAP Group plc Secured € 2023	8,349,900	5.28	14.81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

31-May-22

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







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

31 May 2022

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

The 2026 bonds are presently trading at a yield of 4.25%, which is *circa* 47 basis points lower than other corporate bonds maturing in the same year. The premium over FY2026 Malta Government Stock is 295 basis points.



## PART 5 - EXPLANATORY DEFINITIONS

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



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



### Equity Ratios

Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
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### Cash Flow Statement

Cash flow from operating activities	Cash generated from the principal revenue-producing activities (room revenue, food & beverage, rental income, hotel services, etc) of the Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Group.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Group.

### Balance Sheet

Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group amortises the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was acquired. Such assets include intangible assets (goodwill on acquisition, website development costs, etc), investment properties (commercial centres in St Petersburg and Tripoli, apartments in Lisbon, etc), property, plant & equipment (hotel properties), and investments accounted for using the equity method (investment in Corinthia Hotel London, Palm City, Medina Tower, etc).
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include accounts receivable, inventory (food, beverages, consumables, etc), cash and bank balances.
Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt, including current portion of bank loans.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include long-term borrowings, bonds and long term lease obligations.
Total equity	Total equity includes share capital, reserves & other equity components, retained earnings and minority interest.



Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures a company's resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
Debt service cover ratio	The debt service cover ratio measures a company's ability to service its current debts by comparing its net operating income with its total debt service obligations.
Net assets per share	Is calculated by dividing the total net asset value of the company by the number of shares outstanding.
Net debt to EBITDA	The net debt to EBITDA ratio is a measurement of leverage, calculated as a company's interest bearing liabilities minus cash or cash equivalents, divided by its EBITDA. This ratio shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity. Alternatively, the gearing ratio can be calculated by dividing a company's net debt by shareholders' equity.

