
FINANCIAL ANALYSIS SUMMARY

20 February 2025

ISSUER



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

Prepared by:



MZ INVESTMENTS





MZ INVESTMENTS

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The Directors
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20 February 2025

Dear Board Members,

Financial Analysis Summary

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

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

- (a) Historical financial data for the most recent three financial years ended 31 December 2021, 31 December 2022, and 31 December 2023 has been extracted from the respective audited consolidated annual financial statements.
- (b) The forecast and projected information for the financial years ending 31 December 2024 and 31 December 2025 has been provided by the Group.
- (c) Our commentary on the financial performance, cash flows, and financial position of the Issuer is based on explanations provided by IHI.
- (d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 – Explanatory Definitions of this report.
- (e) Relevant financial data in respect of the companies included in Part 3 – 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.

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 and is meant to complement, and not replace, the contents of the full Prospectus. 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, and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. 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

M.Z. Investment Services Limited is regulated by the Malta Financial Services Authority and licensed to conduct investment services business in terms of the Investment Services Act (Cap. 370 of the Laws of Malta). MZ Investments is a member of the Malta Stock Exchange and an enrolled Tied Insurance Intermediary for MAPFRE MSV Life p.l.c. under the Insurance Distribution Act (Cap. 487 of the Laws of Malta).

Company Registration Number: C 23936 | VAT Number: MT 1529 8424



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PART 1 – INFORMATION ABOUT THE ISSUER

1. KEY ACTIVITIES

International Hotel Investments p.l.c. carries on the business of an investment company in connection with the ownership, development and operation of hotels, residential and commercial real estate. The Issuer owns a number of investments in subsidiary and associate companies through which it furthers the business of the Group.

IHI generates revenue primarily from the operation of own hotels. Other income is derived from the following sources:

- i) Corinthia Hotels Limited (“**CHL**”), a fully owned subsidiary of IHI, manages and operates a number of hotel properties owned by IHI, related parties and other third parties.
- ii) The Group generates rental income mainly from the lease of commercial centres in Tripoli and St Petersburg, and the Grand Hotel Prague Towers.¹
- iii) Catering services are provided by the Group through the operation of Corinthia Caterers Limited, Catermax Limited, and Costa Coffee Malta.
- iv) Project management, engineering, and related architectural services are provided by QPM Limited (“**QP**”), a wholly owned subsidiary of IHI.
- v) Corinthia Developments International Limited (“**CDI**”), a fully owned subsidiary of IHI, specialises in the origination, financing and development of real estate projects.

The Group’s business strategy is based on three main pillars, these being: (i) the maximisation of revenue and earnings from its hotel operations and other businesses; (ii) the disposal of non-core properties and other properties which are mature in terms of gains to be made and properties which do not fit the Corinthia brand standards; and (iii) putting the Corinthia flag on luxury third-party owned properties and being ready to acquire a minority investment in such properties when the right opportunity presents itself.

An important initiative spearheaded by the Group in the last few years was to expand into the upper 4-star and lower 5-star segment through the establishment of the Verdi Hotels brand.

As at the date of this Analysis, the Group manages the following Verdi Hotels: (i) Verdi St George’s Bay Marina (owned hotel); (ii) Verdi Budapest Aquincum (CPHCL Company Limited “**CPHCL**” owned); (iii) Verdi Hotel Tunis (CPHCL owned); (iv) Verdi Gzira Promenade (The Libyan Arab Maltese Holding Company Limited “**LAMHCO**” owned); and (v) Vivaldi Malta, powered by Verdi Hotels (LAMHCO owned). The Group took over the management of the latter hotel in November 2024 on a white label basis.

¹ Formerly operated as the Corinthia Hotel Prague. The property was leased to third parties on 1 April 2024 and has since been rebranded.



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

International Hotel Investments p.l.c. Principal Assets and Operations						
	Location	% ownership	No. of hotel rooms	2022 Asset value €'000	2023 Asset value €'000	Notes
Owned hotels						
Corinthia Hotel London	UK	50	283	512,990	536,218	(1)
Corinthia Hotel Lisbon	Portugal	100	515	108,615	119,091	
Corinthia Hotel Budapest	Hungary	100	414	119,632	116,025	(2)
Corinthia Grand Hotel Astoria Brussels	Belgium	50	126	47,897	82,050	(1)
Radisson Blu Resort & Spa Golden Sands	Malta	100	329	62,455	68,000	
Corinthia Hotel Tripoli	Libya	100	300	67,135	65,400	
Corinthia Hotel St George's Bay	Malta	100	248	36,384	56,039	
Corinthia Hotel St Petersburg	Russia	100	388	71,830	53,458	
Radisson Blu Resort St Julian's	Malta	100	252	34,028	46,000	
Verdi St George's Bay Marina	Malta	100	200	28,977	34,800	
Corinthia Palace Hotel & Spa	Malta	100	147	32,717	31,482	(3)
Owned hotel – leased to third parties						
Grand Hotel Prague Towers	Czech Republic	100	539	89,438	87,980	
Managed hotels						
Panorama Hotel Prague	Czech Republic	n/a	441	n/a	n/a	
Verdi Budapest Aquincum	Hungary	n/a	310	n/a	n/a	(4)
Verdi Hotel Tunis	Tunisia	n/a	309	n/a	n/a	(4)
Vivaldi Malta, powered by Verdi Hotels	Malta	n/a	263	n/a	n/a	
Verdi Gzira Promenade	Malta	n/a	106	n/a	n/a	
The Surrey Corinthia Hotel New York	USA	n/a	100	n/a	n/a	(5)
Corinthia Hotel & Residences Doha (2025)	Qatar	n/a	110	n/a	n/a	(6)
Corinthia Hotel Rome (2025)	Italy	n/a	60	n/a	n/a	(7)
Corinthia Grand Hotel Du Boulevard Bucharest (2025)	Romania	n/a	35	n/a	n/a	(8)
Corinthia Hotel & Residences Riyadh (2027)	Saudi Arabia	n/a	85	n/a	n/a	(9)
Corinthia Hotel Maldives (2027)	Maldives	n/a	77	n/a	n/a	
Corinthia Hotel & Residences Dubai (2028)	United Arab Emirates	n/a	125	n/a	n/a	(10)
Investment properties						
Tripoli Commercial Centre	Libya	100	n/a	75,344	83,260	
St Petersburg Commercial Centre	Russia	100	n/a	52,484	38,316	
Corinthia Oasis	Malta	100	n/a	28,657	29,912	(11)
Site in Tripoli	Libya	100	n/a	29,500	29,500	
Craven House, London (office building)	United Kingdom	100	n/a	9,020	11,333	(12)
Pinheiro Chagas Residences	Portugal	100	n/a	5,908	6,386	(13)
Total			5,762	1,413,011	1,495,250	

Notes:

- (1) Although the two properties are 50% owned by IHI, both are under the control and management of the Group. As such, the Brussels and London properties are fully consolidated in the financial statements of the Issuer.
- (2) The property includes an additional 26 apartments which are not included in the room count.
- (3) In April 2024, the Group submitted an outline planning application to the Planning Authority for the development of an additional two storeys to the Corinthia Palace Hotel & Spa. Subject to approval by the Planning Authority, the new floors would result in approximately an additional 40 rooms.
- (4) Owned by CPHCL, the majority shareholder of the Issuer (vide Section 3 – Organisational Structure).



- (5) *The property includes an additional 14 residences which are not included in the room count. These residences are subject to promise of sale agreements and will be serviced by the hotel. In terms of the hotel management agreement, such sales will generate income for CHL in the form of a branding fee.*
- (6) *The property will include an additional 18 villas which are not included in the room count. CHL has contractual arrangements with United Development Company ("UDC") – the Qatari master developer of The Pearl in Doha – to manage and operate a luxury Corinthia resort being built on UDC's newest flagship real estate development – Gewan Island. The latter covers an area of circa 400,000 sqm and is situated next to The Pearl. The island will accommodate 3,500 residents and will have 641 apartments, 20 standalone villas located along a placid beach in a quiet and gated seaside community, as well as 21 beachfront villas with private beach, 26 waterfront villas equipped with private pontoons for private boats, 6 island villas, and 11,000 sqm of retail spaces and several multi-use buildings. In addition, Gewan Island will feature an air conditioned 'Crystal Walkway' outdoor promenade, parks, and green areas which will play a major role in attracting various new brands to Doha. The island will also be home to a number of entertainment facilities, a sports club, and a mosque.*
- (7) *The 7,000 sqm building is the former seat of the Bank of Italy in Parliament Square and is owned by a third-party investor. CHL will be leasing and operating the hotel once redevelopment works are completed. CDI is the contractor supporting the delivery of the project.*
- (8) *Formerly known as the Grand Hotel du Boulevard, the new Corinthia hotel features 30 luxury suites as well as a fully restored Grand Ballroom and various dining and leisure venues.*
- (9) *The property will include an additional 10 villas which are not included in the room count.*
- (10) *The property will include an additional 240 branded residences which are not included in the room count.*
- (11) *The site at Golden Bay, measuring circa 83,530 sqm, will be developed into a 162-key luxury resort, supported by a top-tier wellness centre, food and beverage outlets, as well as 25 low-rise detached hotel-serviced villas and bungalows. Architectural designs are complete, and the overall project is aimed at maintaining a highly landscaped surrounding that is very sensitive to the area's natural character and rural environment. An application to Planning Authority has been submitted and works are expected to commence once permits are in hand.*
- (12) *The 876 sqm office building was acquired in August 2022. The Group occupies the top five floors whilst the remaining three floors will be placed on the market for lease once current refurbishment works are complete.*
- (13) *The Group has recently completed the refurbishment of seven premium apartments, collectively known as Pinheiro Chagas Residences, situated in an affluent residential area in central Lisbon, behind El Corte Ingles. The apartment block was acquired at the same time as the Alfa Hotel (now the Corinthia Hotel Lisbon) and has since been meticulously transformed into a luxury apartment block at an overall cost of circa €1.2 million up to Q1 2024. As at the date of this report, five apartments have been sold at a cumulative value of circa €4.8 million, with the Group continuing to explore offers on the remaining two apartments.*

1.1 OTHER ASSETS

BENGHAZI PROJECT

IHI has a 55% equity participation in Libya Hotel Development and Investment Joint Stock Company – an entity set up for the purpose of owning and developing a building formerly known as the El-Jazeera Hotel and adjoining site situated in Benghazi, Libya. The project will consist of a 228-room five-star hotel, 2,000 sqm of retail space, and 10,000 sqm of office space. Whilst the necessary planning permits for the project were issued by the Benghazi planning authorities and demolition works commenced in January 2014, in view of the prevailing situation in Libya, all works on this development have been put on hold, and current plans are due for reconsideration depending on future developments in the country. It is anticipated that funding required for the project, once resumed, will be sourced from a combination of equity injected by the shareholders as well as bank financing.



MEDINA TOWER

IHI owns 25% of the share capital of Medina Tower Joint Stock Company which is an entity set up for the purpose of owning and developing the Medina Tower in Tripoli. The parcel of land, over which the project will be developed, measures *circa* 13,000 sqm and is situated in Tripoli's main high street. The architectural concept stems from a four-storey podium that will include a mix of residential, retail, commercial and conference space. A curved tower rises from the sixth level and peaks at the 40th level, where a double height restaurant will complete the property. The development will comprise a total gross floor area of *circa* 199,000 sqm. The execution of this project is currently on hold.

RUSSIA

In February 2019, IHI acquired a 10% minority share for USD5.5 million in a company formed with a consortium of investors to acquire a landmark property 10 Tverskaya Street, Moscow. The acquisition was made with a view to developing the site, covering a gross area of *circa* 43,000 sqm, into a mixed-use real estate project consisting of a 42-room boutique luxury Corinthia Hotel, 109 upmarket residential serviced apartments for re-sale, high-end retail and commercial outlets, and underground parking. In view of the ongoing conflict between Russia and Ukraine, this project has been put on hold.

2. DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors of IHI comprises the following ten individuals who are responsible for the overall development, strategic direction, and risk management of the Group:

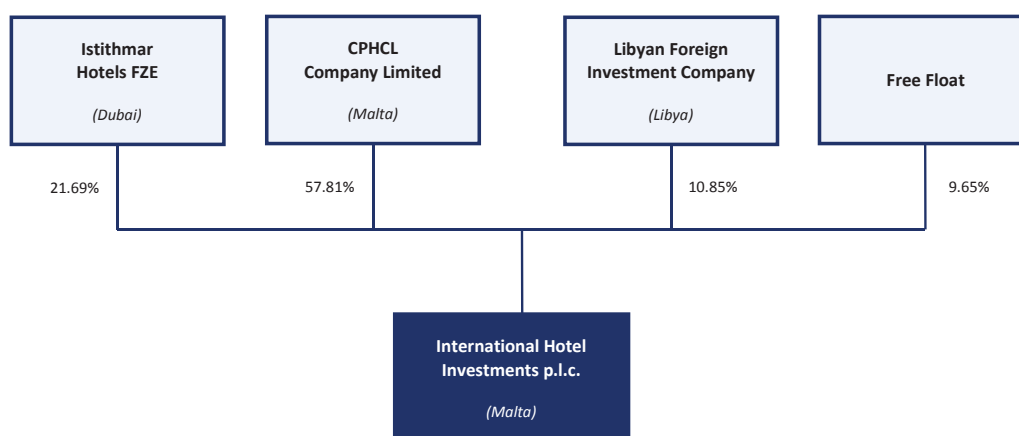
Mr Alfred Pisani	Chairman
Mr Simon Naudi	Managing Director and Chief Executive Officer
Mr Frank Xerri de Caro	Non-Executive Director
Mr Joseph Pisani	Non-Executive Director
Mr Moussa Atiq Ali	Non-Executive Director
Mr Douraid Zaghouni	Non-Executive Director
Mr Richard Cachia Caruana	Senior Independent Non-Executive Director
Mr Alfred Camilleri	Independent Non-Executive Director
Mr Hamad Mubarak Mohd Buamin	Non-Executive Director
Mr Mohamed Mahmoud Alzarouq Shawsh	Non-Executive Director

The weekly average number of employees within the Group during FY2023 was 2,592 compared to 2,249 in FY2022. The Chief Executive Officer is responsible for managing IHI's assets and subsidiary businesses covering all aspects relating to investments, development, and operations, as well as for identifying and executing new investment opportunities. The other key members of the Group's senior management team are Neville Fenech (Group Chief Financial Officer), Michael Izzo (Chief Strategy Officer), Clinton Fenech (General Counsel), and Stephen Bajada (Company Secretary).



3. ORGANISATIONAL STRUCTURE

The diagram below provides a condensed illustration of the organisational structure of IHI. A complete list of the companies forming part of the Group is included in section 17 of the 2023 Annual Report which is also available at: <https://www.corinthiagroup.com/investors/>.



IHI's shares have been listed on the Official List of the Malta Stock Exchange since 2 June 2000. As at the date of this report, CPHCL holds 355,988,463 shares equivalent to 57.81%, Istithmar Hotels FZE holds 133,561,548 shares equivalent to 21.69% and LAFICO holds 66,780,771 shares equivalent to 10.85% of IHI's total issued share capital (half of this 10.85% is subject to a call option in favour of CPHCL).²

The Group's organisational structure has expanded considerably over the years in line with IHI's growth and development. The current organisational structure allows the Issuer to keep its strategic direction and development in focus whilst allowing the respective boards and management teams of the Group's various subsidiaries to focus on achieving IHI's operational objectives. Indeed, the Issuer has an autonomous organisational structure for each hotel property and operation. Furthermore, IHI's philosophy is based on the ownership of each hotel property through a company established in the jurisdiction where the hotel is located.

4. SEGMENT INFORMATION

4.1 HOTEL OPERATIONS

The Issuer owns and operates a total of 3,202 rooms across nine fully owned hotels and two other properties which are 50% owned, namely Corinthia Hotel London and Corinthia Grand Hotel Astoria Brussels.

Corinthia Grand Hotel Astoria Brussels was inaugurated on 9 December 2024 and features 126 luxury rooms and suites and offers unrivalled amenities for the city of Brussels, including a fully restored grand ballroom, a 1,200 sqm spa, various dining venues, meeting facilities, and high-end retail shops.

The all-in total investment of the Group in the project, including design, construction and fit out, as well as land, finance costs and all pre-opening costs was around €156 million, which equates to €1.2 million per bedroom, an industry metric which should be well regarded when viewed against comparable projects across Europe. The project was funded through a combination of debt funding and contributions from shareholders.

² Istithmar Hotels FZE is ultimately owned by the Government of Dubai whilst LAFICO is owned by the State of Libya.



Hotel Operations					
For the financial year 31 December	2021	2022	2023	2024	2025
	Actual	Actual	Actual	Forecast	Projection
	€'000	€'000	€'000	€'000	€'000
Revenue:					
London	44,582	82,472	92,326	93,778	101,194
Malta ¹	28,898	53,466	70,298	73,971	76,714
Budapest	5,878	15,686	21,870	26,534	29,553
Brussels				1,263	28,217
St Petersburg	7,876	10,053	11,954	14,090	16,467
Tripoli	3,505	4,293	4,413	9,309	9,343
Rome					5,615
Lisbon	7,800	25,189	31,977	37,705	-
Prague	5,056	10,735	16,287	2,889	-
	103,595	201,894	249,125	259,539	267,103
EBITDA:					
London	9,776	14,085	14,440	21,650	24,833
Malta ¹	4,356	9,565	15,457	15,860	16,714
Budapest	1,491	2,885	4,128	6,121	6,813
Brussels				(1,942)	(733)
St Petersburg	2,172	1,552	3,180	4,471	5,816
Tripoli	(852)	143	(389)	2,469	2,415
Rome					648
Lisbon	(434)	5,506	8,414	10,102	-
Prague	(288)	(90)	1,954	(326)	-
	16,221	33,646	47,184	58,405	56,506
Depreciation and amortisation	(26,049)	(26,436)	(25,016)	(22,868)	(23,285)
Segment profit / (loss)	(9,828)	7,210	22,168	35,537	33,221
EBITDA Margin (%):					
London	21.93	17.08	15.64	23.09	24.54
Malta	15.07	17.89	21.99	21.44	21.79
Budapest	25.37	18.39	18.88	23.07	23.05
Brussels				(153.76)	(2.60)
St Petersburg	27.58	15.44	26.60	31.73	35.32
Tripoli	(24.31)	3.33	(8.81)	26.52	25.85
Rome					11.54
Lisbon	(5.56)	21.86	26.31	26.79	-
Prague	(5.70)	(0.84)	12.00	(11.28)	-
	15.66	16.67	18.94	22.50	21.16

¹ In February 2021, IHI acquired the remaining 50% of Radisson Blu Resort & Spa Golden Sands.



FY2021 and **FY2022** marked a period of recovery in business following the significant negative impact of the COVID-19 pandemic. Revenues from hotel operations increased from €63.76 million in FY2020 to €103.60 million in FY2021 (+62.48%) and €201.89 million in FY2022 (+94.89%), as demand for travel gradually returned to pre-pandemic levels (FY2019: €219.40 million). In **FY2023**, revenues from hotel operations surpassed the FY2019 figure and amounted to €249.13 million (year-on-year increase of 23.39%).

The hotels in London (€92.33 million) and Malta³ (€70.30 million) generated combined revenues of €162.62 million in FY2023, accounting for 65.28% of IHI's total income from hotel operations. The hotels located in Lisbon (€31.98 million), Budapest (€21.87 million), and Prague (€16.29 million) represented most of the remaining income. Corinthia Hotel St Petersburg (€11.95 million) and Corinthia Hotel Tripoli (€4.41 million) contributed to an aggregate revenue of €16.37 million, equivalent to 6.57% of the total income from hotel operations.

In terms of EBITDA, the hotels located in Malta were the highest contributors at €15.46 million in FY2023, followed by Corinthia Hotel London (€14.44 million), Corinthia Hotel Lisbon (€8.41 million), and Corinthia Hotel Budapest (€4.13 million). Corinthia Hotel St Petersburg recorded the highest EBITDA margin at 26.60%, whilst Corinthia Hotel Prague registered the weakest EBITDA margin at 12%. Corinthia Hotel Tripoli reported a negative EBITDA of €0.39 million.

In aggregate, IHI generated an EBITDA of €47.18 million from its hotel operations in FY2023 compared to €33.65 million in FY2022 (+40.24% year-on-year) and €16.22 million in FY2021 (+107.42% year-on-year). Although revenues in FY2023 exceeded those achieved in FY2019, the EBITDA margin of 18.94% recorded in FY2023 was lower than the level of 23.21% registered in FY2019. This decline was primarily attributable to adverse geopolitical developments in Russia and the surge in inflation which particularly affected payroll, energy, and supply costs.

In **FY2024**, revenues from hotel operations are expected to have increased by €10.42 million (+4.18%) to €259.54 million. The year-on-year growth was adversely impacted by the Group's decision to cease operations of the Corinthia Hotel Prague and instead lease the property to third parties as of 1 April 2024.⁴ Excluding the Corinthia Hotel Prague, revenues are expected to have increased year-on-year by €23.81 million or +10.22%. It is worth noting that all hotels improved performance on a comparable basis, including Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg. The financial information for FY2024 includes an amount of €1.26 million generated by Corinthia Grand Hotel Astoria Brussels for the initial three weeks of operations since opening on 9 December 2024.

Circa 37% (or €21.65 million) of EBITDA from hotel operations is expected to be generated by Corinthia Hotel London, which amount reflects a 49.93% increase from the prior year (FY2023: London EBITDA – €14.44 million). Corinthia Hotel Lisbon is expected to achieve a year-on-year growth of 20.06% to €10.10 million, while Corinthia Hotel Budapest is set to register annual growth of 48.28% to €6.12 million. It is also worth noting that the Tripoli operation is expected to convert a loss of €0.39 million incurred in FY2023 to a gain of €2.47 million. Overall, the hotel operations segment is expected to have registered an EBITDA margin of 22.50% in FY2024, representing a year-on-year improvement of 356 basis points.

Revenue generated in **FY2025** shall comprise the first full year of operations of Corinthia Grand Hotel Astoria Brussels and the commencement of Corinthia Hotel Rome as of Q4 2025. The Rome property will feature 60 luxury guest rooms and suites, two restaurants, bars and lounges, as well as a spa and other amenities, all wrapped around a central garden. The above-mentioned properties are projected to generate revenue of €28.22 million and €5.62 million respectively.

Another important development for the year is the projected sale of Corinthia Hotel Lisbon, which generated revenue of €37.71 million (unaudited) in FY2024. The Group anticipates that it will continue to manage and operate the Lisbon hotel through CHL. In consequence, total revenue is projected to increase by 2.91% from a year earlier to €267.10 million.

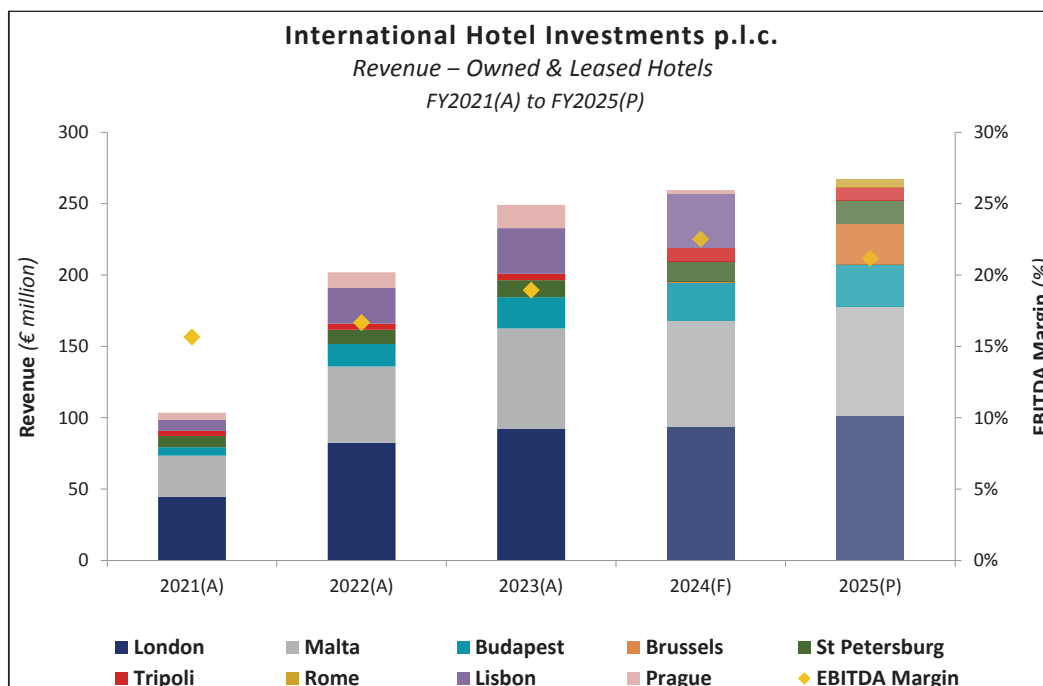
³ The hotels in Malta comprise the following properties: Radisson Blu Resort & Spa Golden Sands, Corinthia Hotel St George's Bay, Radisson Blu Resort St Julian's, Verdi St George's Bay Marina, and Corinthia Palace Hotel & Spa.

⁴ The lease of Corinthia Hotel Prague took place in line with the Group's strategy to focus on luxury hotel operations whilst seeking other brands and solutions for its upscale and mid-market hotels.



Just over 44% (€24.83 million) of projected EBITDA (€56.51 million) is expected to be generated by Corinthia Hotel London. The second largest contributor in terms of EBITDA are the hotels located in Malta (+5.36% to €16.71 million) and Budapest (+11.27% to €6.81 million). The sharpest year-on-year growth in EBITDA is expected to be registered by Corinthia Hotel St Petersburg (+30.20% to €5.82 million). For the projected financial year, the Group expects Corinthia Hotel Tripoli to register a stable EBITDA of €2.42 million.

The EBITDA margin of Group hotel operations is expected to contract by 134 basis points to 21.16% (FY2024: 22.50%) on account of: (i) the exclusion of Corinthia Hotel Lisbon (in view of a projected disposal) – the property achieved an EBITDA margin of over 26% in the prior two years; and (ii) the addition of Corinthia Grand Hotel Astoria Brussels and Corinthia Hotel Rome – both properties will require a few years of operation in order to achieve stabilised earnings.



4.2 Hotel Management Services

CHL manages and operates several hotels the majority of which are owned by IHI but there is now more focus to grow the provision of management services and the Corinthia brand to third party hotel owners. In the last few years, CHL has successfully signed hotel management agreements with third party owners to operate hotels in Doha, Bucharest, Rome, New York, Riyadh, Maldives and lately Dubai.

The company has in-house skills and capabilities supporting the Corinthia and Verdi brands and operations. Furthermore, it has a track record of driving performance improvements whilst ensuring consistent service levels and performance across various hotels and jurisdictions.

Management contracts are typically entered into and structured for a period of 20 years. Key commercial terms include management fees based on total turnover, marketing and reservation fees based on rooms' revenue, and incentive fees based on gross operating profit. Moreover, CHL makes efficient use of capital and resources, reflecting the minimal capital outlays involved (if any) for each new management contract, and a cost-effective way for gaining in-depth knowledge of various hotel markets.



The services offered by CHL focus on the following areas of expertise:

- (i) **Operations** – comprises the design and development of new hotels under development, as well as the responsibility for overall operations and support to general managers, engineering, standards, quality, and sustainability.
- (ii) **Finance** – covers procurement and information technology.
- (iii) **Human resources** – involves organisational culture and the management of people.
- (iv) **Commercial** – covers revenue management, sales, public relations, marketing, distribution and loyalty programmes.
- (v) **Business growth** – includes sourcing of new opportunities and negotiation of agreements for the management of new Corinthia Hotels.

CHL also has an 11.8% shareholding (as at end 2023) in GHA Holdings Limited (“GHA”) – a company that owns the Global Hotel Alliance of which CHL is a member with 39 other hotel brands. The ownership of GHA also comprises founding shareholders Kempinski, Minor, Pan Pacific, Oracle, and, since 2022, ASmallWorld.

GHA achieved strong growth over the years and today it serves as an umbrella for more than 800 upmarket and luxury hotels in over 100 countries. Furthermore, GHA provides a low-cost full-service loyalty programme – GHA DISCOVERY – on a unique multi-brand technology platform, allowing brands to retain loyal customers and attract new business from members enrolled by other brands around the world.

The following table summarises the financial performance of CHL between FY2021 and FY2023, and the forecasts and projections for FY2024 and FY2025:

Hotel Management Services					
For the financial year 31 December				2024	2025
	2021	2022	2023	Forecast	Projection
	Actual	Actual	Actual		
	€'000	€'000	€'000	€'000	€'000
Revenue:					
Owned hotels	6,696	12,275	14,916	15,937	15,120
Third party owned hotels	497	1,383	1,808	1,977	7,803
Other	146	168	279	-	-
	7,339	13,826	17,003	17,914	22,923
EBITDA¹	7,045	2,652	2,759	(382)	1,267
EBITDA margin (%)	95.99	19.18	16.23	(2.13)	5.53

¹ In FY2021, IHI received \$5 million on account of the Group's exit from the Meydan Beach Hotel Dubai project.

Hotel management revenues increased from €7.34 million in **FY2021** to €17 million in **FY2023** which largely reflected the recovery of the hospitality sector post-pandemic. Revenue generated in FY2023 was marginally better than that achieved in FY2019 (€16.96 million).

At EBITDA level, the performance of CHL over the three historical years was mostly flat (after excluding the one-time receipt from the Dubai project in FY2021) despite the revenue growth. The lacklustre performance was mainly attributed to the following: (i) an increase in employees and payroll costs as CHL had to ramp up its headcount ahead of new management agreements and planned hotel openings; (ii) the lower returns from certain activities such as quality audits, employee satisfaction surveys, as well as health and safety and property audits; and (iii) one-time set up costs in relation to the new hotel openings in New York and Rome.



In **FY2024**, total income from hotel management services is expected to have increased by 5.35% year-on-year to €17.91 million. The positive result is driven by better performance from the majority of hotels under management. The Corinthia Hotel Prague has been leased to third parties as from 1 April 2024 and therefore CHL's results comprise only three months of management fees from this property. During Q4 2024, CHL included to its portfolio The Surrey Corinthia Hotel New York, Corinthia Grand Hotel Astoria Brussels and Vivaldi Malta, powered by Verdi Hotels. Due to the impact of pre-opening costs in relation to Corinthia Grand Hotel Astoria Brussels and Corinthia Hotel Rome, EBITDA for the year under review is forecasted to be negative (- €0.38 million) compared to + €2.76 million in the prior year.

FY2025 will mark the first full year of operation of The Surrey Corinthia Hotel New York and Corinthia Grand Hotel Astoria Brussels, and the opening of Corinthia Grand Hotel Du Boulevard Bucharest in Q1 2025. Moreover, Corinthia Hotel Rome and Corinthia Hotel & Residences Doha are expected to commence operations in Q4 2025. The Corinthia Hotel & Residences Doha will occupy an area of 13,000 sqm and will feature 110 guestrooms, a 1,000-person banquet hall, several restaurants, and a luxurious spa facility. The project also includes 18 branded villas for sale, a golf course and a beach club (which are already in operation) all managed by CHL under the Corinthia brand. A yacht club built close by on The Pearl is now operational and is affiliated to the Monaco Yacht Club. It features members' lounges and amenities as well as a signature restaurant from Mayfair, London.

During FY2025, it is also projected that the Corinthia Hotel Lisbon will be successfully sold, but management thereof shall be retained by CHL. Accordingly, revenues relating to the Lisbon property will be reclassified from 'owned hotels' to 'third party owned hotels'. Overall, revenue is projected to increase year-on-year by €5.01 million (+27.96%) to €22.92 million. Notwithstanding, EBITDA is expected to continue to remain under pressure and will be impacted negatively by pre-opening costs associated with Corinthia Hotel Rome. EBITDA for the projected year is expected to amount to €1.27 million.

4.2.1 UPCOMING NEW CORINTHIA HOTELS (POST 2025)

CORINTHIA HOTEL & RESIDENCES RIYADH (2027)

On 17 November 2022, CHL entered into a technical and pre-opening services agreement, as well as a 20-year hotel management agreement, with Diriyah Gate Company Limited ("**DGCL**") – a company incorporated under the laws of the Kingdom of Saudi Arabia that is committed to delivering the Diriyah Gate development project. Diriyah is situated to the northwest of Saudi Arabia's capital city of Riyadh and seeks to attract visitors from around the world with an array of world-class cultural landmarks and experiences.

Diriyah Gate is a USD20 billion heritage and tourism project spearheaded by Diriyah Gate Development Authority. The project will be home to 100,000 people and aims to attract 25 million visitors annually. It will comprise museums, shopping, restaurants, and hotels, and will be a world-class hub for education, recreation, culture, retail, and hospitality.

DGCL is fully owned by the Saudi Arabia Public Investment Fund (the government of Saudi Arabia's sovereign wealth fund) which has made a commitment to inject into DGCL funds to ensure that DGCL can fulfil its commitments and obligations, including the Diriyah Gate development, which, amongst other hotel developments, will include the Corinthia Hotel & Residences Riyadh.

The Corinthia property will be an ultra-luxury venue, located on the main luxury shopping street of the newly redeveloped historic city and surrounded by several other luxury hotels. It will comprise 85 rooms and suites and 10 residences for sale which will have access to hotel services.

CORINTHIA HOTEL MALDIVES (2027)

In May 2023, CHL entered into a technical and pre-opening services agreement, as well as a 20-year hotel management agreement, with Maarah Pvt Ltd ("**Maarah**") – a Maldivian entity, forming part of Niro Investment Group which, in turn, is a Romanian investment company having operations in Romania, the Middle East, and Asia.



Maarah exclusively holds the head lease to the lagoon known as Lagoon 19 located in Kaafu Atoll, Maldives. Works on the reclamation of the land for the development of the Corinthia Hotel Maldives island-resort are underway, and the project will feature 77 keys, state of the art wellness facilities, multiple fitness spaces, and a choice of five restaurants operated with internationally renowned brands.

The island resort will extend on a main island of *circa* 124,000 sqm and a second and third exclusive islands of *circa* 150,000 sqm and 6,000 sqm respectively which are being reclaimed over a submerged atoll. The project will consist of an aquatic-inspired architecture designed by global firm HKS Co. Ltd., with the main pavilion and independent water-edge villas on the main island and wellness facilities on the smaller islands.

CORINTHIA HOTEL & RESIDENCES DUBAI (2028)

In November 2024, CHL entered into a technical and pre-opening services agreement and a hotel management agreement in relation to the development and eventual operation of a Corinthia branded city hotel that will comprise 125 rooms, 240 branded apartments, multiple food and beverage facilities, spa and gym, and a signature roof top club and restaurant, situated within the Dubai International Financial Centre. Development works are set to commence, and the target opening is set for 2028.

4.3 REAL ESTATE

The Group has a portfolio of commercial real estate mainly comprising the commercial centres located in Tripoli (rentable area of 7,555 sqm) and St Petersburg (rentable area of 12,422 sqm), the Grand Hotel Prague Towers, and part of an office building in London (Craven House). With respect to the latter property, the Group occupies the top five floors whilst the remaining space is available for lease by third parties.

Rental Income				
For the financial year 31 December			2024	2025
	2021	2022	2023	
	Actual	Actual	Actual	Forecast
	€'000	€'000	€'000	€'000
EBITDA:				
Tripoli Commercial Centre	6,973	7,281	6,769	4,908
St Petersburg Commercial Centre	1,671	1,745	1,180	2,930
Grand Hotel Prague Towers				4,509
Corinthia Hotel London ¹				221
London Penthouse	(731)	-	-	-
	7,913	9,026	7,949	12,568
				13,911

¹ Income from the servicing of penthouses.

In **FY2023**, the commercial centres in Tripoli and St Petersburg reported a year-on-year decrease in EBITDA of €0.51 million (-7.03%) and €0.57 million (-32.38%) respectively. Although Tripoli Commercial Centre was fully leased as in prior years, its financial performance was impacted by the improved terms offered to a key tenant, with the full effect expected to be reflected in FY2024 and FY2025. On the other hand, the financial performance of St Petersburg Commercial Centre was negatively impacted by the weakened Rouble against the Euro currency.

EBITDA is expected to increase by 58.11% to €12.57 million in **FY2024**, and by a further 10.69% to €13.91 million in **FY2025**. This growth reflects the new contribution from the lease of Grand Hotel Prague Towers as well as the projected improvement in the performance of St Petersburg Commercial Centre (which is at full occupancy for the first time since opening), partly offset by the anticipated reduction in EBITDA from Tripoli Commercial Centre relative to FY2023.



4.4 CATERING

Event catering services are provided under the Group's brands Corinthia Caterers and Catermax. Furthermore, the Group operates the Costa Coffee franchise in Malta. The catering segment registered a year-on-year growth in revenue of 6.66% in FY2023, from €18.53 million in FY2022 to €19.77 million.

However, at EBITDA level, the Group reported a loss in catering operations of €0.37 million in FY2023 compared to a positive EBITDA of €0.92 million a year earlier. No material variance in operational performance is forecasted for FY2024 compared to FY2023.

4.5 PROJECT MANAGEMENT

IHI owns 100% of QP, a company specialising in construction, interior design, real estate valuation, and project management services for clients in Malta and overseas. QP operates independently of IHI and at arm's length. Since January 2019, it has included archaeology and land surveying services as part of its offerings, thus positioning itself as a one-stop shop for complex building projects. While continuing to serve the Group, QP is expanding its international independent third-party client base, with revenue from these clients now constituting the largest share of its annual turnover.

Revenues generated by QP in FY2022 and FY2023 grew by *circa* 18% each year to €7.21 million and €8.50 million respectively. For FY2024, the company is forecasting a near 18.71% growth in income to €10.09 million, whilst FY2025 is expected to be a stable year with revenues increasing by a further 2.97% to €10.39 million.

5. ECONOMIC UPDATE

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

5.1 BELGIUM ⁵

Economic activity is set to slow down in 2024 (1.1% annual growth), before gradually increasing to 1.2% in 2025 and 1.5% in 2026, supported by improving domestic and external demand. The withdrawal of energy support measures is driving inflation up to 4.4% in 2024 but easing inflationary pressures over the forecast horizon are set to bring inflation down to 2.9% in 2025 and 1.9% in 2026.

Growth during the first half of 2024 was subdued mainly due to weak domestic demand. Private consumption increased only moderately, due to weakening purchasing power and employment growth. While business investment grew significantly, driven by exceptional transactions, household investment remained constrained. Domestic demand is projected to remain sluggish in the second half of the year. Exports and imports are both set to decrease this year, although the slower decrease of exports results in a positive contribution of net exports to growth.

Private consumption is projected to rise moderately over the forecast horizon, in line with the modest growth of disposable income. While decreasing, the saving rate is expected to remain high in 2025-26, as indicated by weak consumer confidence indicators. The declining number of building permits points to a further decrease in residential construction in 2025 but improving financing conditions are expected to eventually lead to a slight rebound in 2026. Business investment is set to continue to increase although at a more moderate pace, notably supported by projected lower financing costs and better outlook for the external demand.

Overall, investment is projected to grow by 1.8% in 2025, and by 1.9% in 2026, also underpinned by the deployment of the Recovery and Resilience Plan. Exports are set to increase in 2025, driven by the expected improvement of the external environment and of cost competitiveness, mainly deriving from lower wage growth. However, rising imports boosted by private consumption are projected to offset export growth, resulting in a negative contribution of net exports to GDP growth. In 2026, net exports are set to have a zero contribution to growth. All in all, the GDP growth is forecast at 1.1% in 2024, 1.2% in 2025, and 1.5% in 2026.

⁵ Source: European Commission, 'European Economic Forecast – Autumn 2024', 15 November 2024, available at: https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts_en



5.2 CZECH REPUBLIC ⁶

Czech Republic's economy is set to resume growth in 2024, with real GDP estimated to grow at 1.0%. It is forecast to accelerate to 2.4% in 2025 and 2.7% in 2026. As inflation recedes, the growth in real wages should help household consumption re-emerge as the main driver of economic activity. However, the pace of growth is expected to remain restrained, reflecting consumers' still cautionary behaviour. Headline inflation is projected at 2.7% in 2024, 2.4% in 2025 and 2.0% in 2026, with services contributing the most.

Czech Republic's real GDP is expected to grow 1.0% in 2024 as both domestic and external demand show only modest signs of recovery. GDP growth is set to accelerate in 2025 and 2026 driven by households' consumption and investment activity while net exports contribute negatively. Household consumption used to be one of the primary drivers of GDP growth before the COVID-19 pandemic. However, the erosion of purchasing power due to high inflation in 2022-23 and the shifts in saving behaviours have weighed on consumption which remains below 2019 levels. Household demand is projected to recover going forward but only gradually. Consumer confidence is still affected by perceived risks of economic and income growth uncertainty. Saving rates have been lately more skewed towards higher income households who have a lower propensity to consume considering also the still elevated interest rates environment. Additionally, lower income households could still be maintaining precautionary savings, weighing on the pace of consumption growth.

Investments reached historical highs as a share of GDP. After a slowdown in 2024, investment growth is forecast to remain high in 2025 and 2026, driven by increased absorption of EU funds, a recovery in the residential construction and foreign direct investments. Exports growth is slow, in line with the subdued economic activity of Czechia's trading partners. The automotive industry is expected to remain a main contributor to exports, though services (IT, transport) are growing fast even if they remain limited in size. Driven by household consumption and investments, imports are also set to accelerate, leading to a negative net exports contribution to growth. Risks remain to the downside as the Czech economy, with its high energy intensity and trade openness, remains vulnerable to potential shocks in energy prices and to sluggish exports growth.

5.3 HUNGARY ⁶

Economic growth is forecast to increase from 0.6% in 2024 to 3.1% in 2026. Consumption is set to be the main growth driver with exports and investment expanding more gradually due to moderate growth at trade partners. Headline inflation receded significantly in 2024, but inflationary pressures remained elevated owing to increasing demand, a 15% minimum wage increase in December 2023 and currency depreciation.

Real GDP is expected to grow by 0.6% in 2024. Consumption has grown steadily thanks to a resilient labour market combined with high wage increases and monetary policy accommodation. At the same time, investment remains sluggish due to the postponement of public investments and a deterioration in business sentiment. Subdued demand from Hungary's trading partners, and especially for machinery and transport equipment, has also hampered exports.

GDP growth is forecast to increase to 1.8% in 2025 and 3.1% in 2026. Consumption is expected to remain the key growth driver, supported by strong real income growth. The saving rate of households is also set to gradually decline from its current high level. Although rising demand is projected to drive investments, uncertainties particularly around the outlook for the automotive industry are expected to weigh on investment levels. Exports are forecast to increase gradually driven by improving demand and large foreign direct investment projects in manufacturing. However, the projected recovery of domestic demand is set to boost imports and reduce the current account surplus in 2025.

Risks to the outlook include a prolonged weakness of demand in the automotive sector and a deterioration in terms of trade, which could weigh on growth and the current account balance over the forecast horizon. At the same time, expansionary fiscal policies and continued wage pressures could maintain inflationary pressures and weaken competitiveness.

5.4 LIBYA ⁷

⁶ Source: European Commission, 'European Economic Forecast – Autumn 2024', 15 November 2024, available at: https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts_en



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 in Q2 2023 after a decade-long hiatus.

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.

The IMF completed a second review in Q2 2024 and reported that Libya's real GDP is estimated to have expanded by 10% in 2023, largely owing to a rebound from the oil production stoppages of 2022. The current account surplus declined, in line with the fall in oil prices, but reserves remained at a comfortable level. Government revenues also declined, despite the boost in oil production. Fiscal expenditures, on the other hand, surged, driven by the expansion in the wage bill and energy subsidies.

The outlook continues to be dominated by the dynamics of hydrocarbon production. GDP is estimated to grow by close to 8% in 2024 and continue to expand at lower rates in the outer years. The baseline projection is for declining fiscal and external balances over the coming years, in line with a projected decline in global oil prices. The Central Bank of Libya is expected to maintain the current stock of international reserves, and the country will continue to have no public debt as conventionally understood. However, the balance of risks is tilted to the downside, and uncertainty remains high due to the continuing political stalemate and possible geopolitical spillovers.

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, (iv) and 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.

⁷ Sources: (i) International Monetary Fund, 'After a Decade-Long Hiatus, IMF Surveillance Resumes in Libya', 12 June 2023, available at <https://www.imf.org/en/News/Articles/2023%2006/12/cf-after-a-decade-long-hiatus-imf-surveillance-resumes-in-libya> ; (ii) International Monetary Fund, 'Libya: 2024 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Libya', 11 July 2024, available at <https://www.imf.org/en/Publications/CR/Issues/2024/07/11/Libya-2024-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-551681>



5.5 MALTA⁸

The Maltese economy maintains its growth momentum on the back of strong domestic demand and export performance. Tourism arrivals to Malta continue to grow, while the strong employment and recovering real wages are supporting consumption. After achieving 5.0% GDP growth in 2024, the Maltese economy is set to continue expanding at 4.3% in 2025 and 2026.

Real GDP growth in 2024 is projected to reach 5.0%, 0.4 percentage points higher than expected in spring. The main drivers are strong private and public consumption, aided by the positive contribution of net exports. These trends reflect the impact of still growing tourist arrivals and robust immigration flows.

Tourism in Malta already exceeded the pre-pandemic levels in 2023 and continues to grow. Between January and October 2024, the flow of tourists was 19.4% higher than the corresponding period of 2023, while tourism expenditures growth was 22.3% higher than that recorded for the same period in 2023.⁹ Driven by tourism and other services sectors (recreational services, as well as professional, IT and financial services), exports are expected to continue growing faster than imports in 2024, with an overall positive contribution of trade to real GDP growth.

Investment growth is projected to recover after a sharp slowdown in 2023, reaching 4.4% in 2024, 4.5% in 2025, and 3.5% in 2026. The ongoing absorption of the Recovery and Resilience Fund's support provides additional impulse to investments. Overall, real GDP is projected to stay on a robust growth path reaching 4.3% in both 2025 and 2026.

5.6 PORTUGAL¹⁰

Economic growth in Portugal is set to gradually pick up over the forecast horizon, supported by private consumption and investment. Headline inflation is projected to continue easing amid moderating employment growth and a marginal drop in unemployment.

Economic growth slowed down in the first half of 2024 in the context of subdued external demand and weak business sentiment. In addition, the end of the cycle for the use of the 2014-2020 EU cohesion funds, allowing spending until end 2023, resulted in substantial deceleration in investment growth at the beginning of the year. However, private consumption accelerated in the second quarter of 2024 on the back of a strong increase in total remuneration of employees. In the external sector, exports and imports rose at similar rates. Across the main business sectors, services and particularly tourism continued to support the economy, despite some moderation. By contrast, manufacturing faced significant difficulties mainly due to weak external demand for goods, while construction was mostly flat. In the third quarter of 2024, the economic sentiment improved, driven primarily by the service sector, but also by less negative expectations in industry. According to Eurostat's flash estimate, GDP rose by 0.2% (q-o-q) in the third quarter of 2024, keeping the same pace as in the previous quarter.

In full-year terms, growth is forecast to moderate from 2.5% in 2023 to 1.7% in 2024. However, economic activity is projected to rebound to 1.9% in 2025 and 2.1% in 2026, mainly supported by domestic demand. Private consumption is expected to continue benefitting from growth in real wages while the projected acceleration in the implementation of the Recovery and Resilience Plan is set to boost investments. Recent moderation in interest rates is also expected to support both private consumption and investments. In the external sector, foreign tourism is projected to remain an important growth factor, albeit less than in recent years. However, considering the expected rebound in demand for investment goods, imports are forecast to rise faster than exports. Consequently, the current-account surplus is set to narrow in 2025-2026 after a spike in 2024.

⁸ Source: European Commission, 'European Economic Forecast – Autumn 2024', 15 November 2024, available at: https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts_en

⁹ Source: Malta National Statistics Office, 'Inbound Tourism: October 2024', 2 December 2024, available at: <https://nso.gov.mt/inbound-tourism-october-2024/>

¹⁰ Source: European Commission, 'European Economic Forecast – Autumn 2024', 15 November 2024, available at: https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts_en



5.7 RUSSIA ¹¹

Following unexpectedly strong GDP growth in the first half of 2024, economic activity is projected to slow down during the rest of the year and decelerate further in 2025 and 2026. Inflation increased throughout most of 2024 but is expected to start trending downward amid persistently tight monetary policy. Recently adopted tax hikes are set to support non-energy revenues, helping to contain budget deficits despite elevated war-related expenditure. Consequently, public debt is projected to increase only modestly by the end of the forecast horizon.

The strong expansion of the Russian economy from the end of 2023 continued into the first half of 2024, driven by robust private consumption and investment. Private consumption growth was supported by increasing real wages, which peaked at 12.6% y-o-y in March 2024 amid a tight labour market. In addition, household spending was boosted by government transfers to soldiers and their families. Private investment, supported by government-subsidised loans, increased as demand for domestic goods picked up, following the exit of foreign firms. An additional boost to investment came from the state-financed expansion of the war-related sectors, including transportation or machinery.

Although most of short-term indicators point to resilient economic activity in the third quarter of 2024, first signs of a slowdown have been emerging, suggesting a cooling of the Russian economy in the second half of the year. Industrial production decelerated over the summer, and the composite PMI index, which measures business confidence, entered contractionary territory in September 2024, weighed down by waning confidence in the manufacturing sector. Similarly, consumer confidence edged down in the third quarter of 2024 for the first time since the end of 2022, and retail sales growth has been softening in recent months.

Going forward, private consumption growth is forecast to remain strong over the forecast horizon, although decelerating somewhat as real wage growth slows down and the government curbs its loan subsidies. While public investment is projected to stay elevated due to war-related spending, high interest rates, the discontinuation of most subsidised mortgage programmes and capacity constraints are expected to weigh on private investment activity. Investment growth is thus projected to decelerate in 2024 and even contract in 2025, before rebounding in 2026.

On the external side, exports are expected to stagnate in 2024, while imports contract slightly, due to a noticeable impact of sanctions. Trade volumes are set to rebound in 2025, with imports recovering more strongly on the back of sustained private demand. In 2026, trade is expected to continue its expansion, although it will be somewhat throttled. Net exports are projected to make only a modest contribution to GDP growth over the forecast horizon.

Overall, GDP growth is projected to decelerate slightly to 3.5% in 2024, supported by the strong performance in the first half of the year, before cooling further to 1.8% in 2025 and 1.6% in 2026.

Risks to the outlook are broadly balanced. On the upside, a smaller-than-expected deceleration in real wage growth and a less pronounced impact of the tight monetary policy on investment activity could cushion the slowdown in GDP growth. On the downside, new sanctions and stricter enforcement could further limit exports and acquisition of imported technology.

5.8 UNITED KINGDOM ¹²

The UK economy grew faster than expected in the first half of 2024, recovering from the shallow technical recession in late 2023. Growth is however set to slow down in the second half of the year as underlying momentum remains soft, with both private consumption and investment still weak. Fiscal policy is expected to continue to gradually tighten, but a further loosening of monetary policy should support a recovery in domestic demand in 2025 and 2026. GDP growth is projected to gradually edge up over the forecast horizon, with trade and investment set to show only modest improvements.

¹¹ Source: European Commission, 'European Economic Forecast – Autumn 2024', 15 November 2024, available at: https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts_en

¹² Source: European Commission, 'European Economic Forecast – Autumn 2024', 15 November 2024, available at: https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts_en



The UK economy surprised on the upside in the first quarter of 2024, growing by 0.7% q-o-q driven by a rebound in private consumption, which had fallen in the second half of 2023 as the UK fell into a shallow recession. Private investment also saw some improvement in early 2024. However, these green shoots faded somewhat in the second quarter of 2024, with consumption and private investment slowing again and growth coming in at 0.5% q-o-q. Several high frequency indicators have worsened in recent months, with both services and manufacturing PMIs edging down, though remaining in positive territory. Consumer confidence has also slipped somewhat in the last 2-3 months, after improving steadily earlier in the year. The monthly GDP estimates for July saw zero growth m-o-m, and 0.2% growth for August 2024, also suggesting a softer third quarter.

The Bank of England cut the main policy rate by 25 basis points to 5% in August 2024, after remaining on pause since August 2023. With inflation currently close to target, real interest rates remain elevated, and markets anticipate further cuts in the near term. On the fiscal side, the new government's budget presented on 31 October 2024 foresees higher taxes and current spending, by around 1% of GDP in 2025 and 2026, together with some increase in public investment, and higher planned borrowing. However, the overall fiscal stance is still projected to tighten in 2025 and 2026.

Overall, GDP growth is expected to be 1% in 2024, rising to 1.4% in 2025 and 2026. The household saving ratio has risen in 2024 but is projected to stabilise and edge down slightly in 2025 and further in 2026 as interest rates fall, and post-election uncertainty fades. Private consumption is expected to grow by around 1% in 2025 and 1.4% in 2026. Investment is also projected to pick up a little in 2025 and 2026, with lower interest rates providing some support, particularly for residential investment. Import and exports are forecast to pick up only very modestly in 2025 and 2026. Goods trade remains weak, with the UK still facing some drag from post-Brexit supply chain reconfiguration, while the real exchange rate has also appreciated in 2024. Net trade is not expected to be a strong driver of growth.

PART 2 – PERFORMANCE REVIEW

6. FINANCIAL ANALYSIS

The historical information is extracted from the audited annual financial statements of IHI for the years ended 31 December 2021, 31 December 2022, and 31 December 2023.

The forecast information for the financial year ending 31 December 2024 and the projections for the 2025 financial year have been provided by the Group and are based on assumptions deemed reasonable. However, actual outcomes may be affected by unforeseen circumstances, and the variation between forecasts and actual results could be material. Moreover, the estimates for FY2024 and FY2025 assume that the carrying values of the Group's hotels and investment properties will not be revalued upwards or impaired, and therefore no adjustments have been made as to possible uplifts or impairments in value of assets which can materially affect the Income Statement and the Statement of Financial Position.

THE GROUP'S OPERATIONS IN LIBYA

Note 5 to the 2023 Annual Report and Financial Statements outlines the significant uncertainties and judgments associated with the valuation of the Group's assets in Libya. These uncertainties directly affect the projected cash flows from related operations, which are themselves influenced by the timing of a recovery in the country. As a result, various plausible scenarios could materially impact the financial performance of the Group's operations in Libya and the valuation of the associated assets. This matter is considered fundamental to stakeholders due to the potential effects that these uncertainties could have on the valuation of the Group's assets in Libya and the recoverability of certain debtors. As at 31 December 2023, the Group's assets in Libya were carried at €183.2 million (2022: €177.1 million) whilst related debtors amounted to €2.4 million (2022: €2.1 million).



THE GROUP'S OPERATIONS IN RUSSIA

Note 5 to the 2023 Annual Report and Financial Statements also addresses the prevailing circumstances in Russia and the higher element of uncertainties surrounding the valuation of the Group's assets in this country. Following the military conflict that erupted between Russia and Ukraine in February 2022, international sanctions were imposed on Russia, along with countersanctions introduced by the Russian government. These measures continue to evolve, making it challenging to assess their full impact on the Group. To navigate these complexities, the Group has engaged international legal advisors to help manage the implications of the sanctions.

The Corinthia Hotel St Petersburg and adjoining commercial centre have remained fully operational despite the adverse circumstances. However, future operational income remains uncertain, as the level of business activity depends on the duration and developments of the conflict. Additionally, the ongoing situation has led to increased volatility in the Rouble exchange rate, which may further influence the valuation and contribution amounts reported in the Group's financial statements.

As at 31 December 2023, the Group's assets in Russia were carried at €97.9 million compared to €130.8 million as at the end of 2022.

International Hotel Investments p.l.c.					
Income Statement					
For the financial year 31 December					
	2021	2022	2023	2024	2025
	Actual	Actual	Actual	Forecast	Projection
	€'000	€'000	€'000	€'000	€'000
Revenue	129,266	238,207	287,773	302,161	299,840
Costs of providing services	(65,620)	(125,586)	(151,241)	(163,975)	(160,883)
Gross profit	63,646	112,621	136,532	138,186	138,957
Marketing costs and administrative expenses	(32,153)	(44,545)	(58,825)	(69,038)	(72,778)
Other operating costs	(4,965)	(16,370)	(17,382)	(8,568)	(3,815)
EBITDA	26,528	51,706	60,325	60,580	62,364
Depreciation and amortisation	(30,613)	(29,164)	(27,592)	(29,057)	(28,691)
Adjusted operating profit / (loss)	(4,085)	22,542	32,733	31,523	33,673
Net gains from the sale of property and businesses	-	-	-	-	55,140
Adjustments in value of property and intangible assets	(4,032)	(7,927)	5,018	-	-
Changes in value of liabilities and indemnification assets	(6,228)	-	-	-	-
Other operational exchange losses	(1,564)	(304)	(1,246)	(2,852)	-
Operating profit / (loss)	(15,909)	14,311	36,505	28,671	88,813
Share of profit / (loss) of equity accounted investments	1,124	(61)	(25)	-	-
Finance income	506	440	1,266	327	-
Finance costs	(24,984)	(28,160)	(38,754)	(40,763)	(40,829)
Other	(321)	12,376	(3,118)	-	-
Profit / (loss) before tax	(39,584)	(1,094)	(4,126)	(11,765)	47,984
Taxation	9,256	(1,248)	(7,177)	1,195	(20,400)
Profit / (loss) for the year	(30,328)	(2,342)	(11,303)	(10,570)	27,584
Other comprehensive income / (expense)					
Gross surplus / (impairment) on revaluation of hotel properties	78,385	2,959	62,495	-	-
Other effects, currency translation differences and tax	16,983	(20,941)	(32,736)	-	-
Total comprehensive income / (expense) for the year net of tax	65,040	(20,324)	18,456	(10,570)	27,584



International Hotel Investments p.l.c. Key Financial Ratios	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast	FY2025 Projection
Gross profit margin (%) (Gross profit / revenue)	49.24	47.28	47.44	45.73	46.34
EBITDA margin (%) (EBITDA / revenue)	20.52	21.71	20.96	20.05	20.80
Operating profit margin (%) (Adjusted operating profit / revenue)	(3.16)	9.46	11.37	10.43	11.23
Net profit margin (%) (Profit after tax / revenue)	(23.46)	(0.98)	(3.93)	(3.50)	9.20
Return on equity (%) (Profit after tax / average equity)	(3.76)	(0.28)	(1.37)	(1.26)	3.22
Return on assets (%) (Profit after tax / average assets)	(1.87)	(0.14)	(0.66)	(0.58)	1.46
Return on invested capital (%) (Adjusted operating profit / average invested capital)	(0.30)	1.60	2.28	2.03	2.09
Interest cover (times) (EBITDA / net finance costs)	1.08	1.87	1.61	1.50	1.53

INCOME STATEMENT

Revenue in **FY2021** increased by €37.36 million (+40.65%) year-on-year to €129.27 million on account of an improvement in hospitality business in the second half of the year as well as the consolidation of Radisson Blu Resort & Spa Golden Sands following the acquisition by IHI of the remaining 50% shareholding in Golden Sands Resort Limited in February 2021. Furthermore, Corinthia Hotel St Petersburg and Corinthia Hotel London recovered faster than the other hotels mainly due to internally generated demand (domestic tourism).

The above-mentioned increase in revenue reversed an EBITDA loss of €3.81 million registered in FY2020 to a positive EBITDA amounting to €26.53 million. The Group achieved an EBITDA margin of 20.52% in FY2021, 549 basis points lower than the pre-pandemic level of 26.01% (FY2019). The interest cover in the reviewed year was at 1.08 times (FY2019: 3.01 times).

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

The Group's share of results of associates and joint ventures reflected the contribution from Radisson Blu Resort & Spa Golden Sands for the first two months of 2021, as well as the 25% interest in the Medina Tower project in Libya.

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

Both the Pound Sterling and Rouble strengthened in 2021 relative to the reporting currency of the Group (Euro), but this positive result was partially offset by the devaluation of the Libyan Dinar. In aggregate, IHI recorded a combined currency translation gain of €19.62 million (accounted for in 'Other comprehensive income').



The Group reported a loss for the year of €30.33 million compared to a loss €75.65 million in FY2020. Overall, the Group registered a profit on total comprehensive income of €65.04 million in FY2021 against a loss of €123.97 million registered in FY2020.

The Group's revenue in **FY2022** increased by 84.28% or €108.94 million (year-on-year) to €238.21 million mainly on account of the recovery in hospitality activities. All hotels registered higher revenues over the prior year, most notably the properties in London, Lisbon, Budapest, Malta and Prague.

As a result of higher revenues, the Group's EBITDA increased to €51.71 million in FY2022 (+94.91% or €25.18 million). The EBITDA margin improved marginally to 21.71% which was considerably lower to the level of 26.01% achieved in FY2019. The underperformance at EBITDA level reflected the adverse impact of rising costs due to inflation, payroll, and the termination of wage supplements and other similar schemes that were made available by governments during FY2020 and FY2021 to mitigate to some extent the downturn caused by the COVID-19 pandemic.

Depreciation and amortisation charges remained broadly unchanged at *circa* €30 million but finance costs increased by €3.18 million to €28.16 million (FY2021: €24.98 million). Notwithstanding, the interest cover improved to 1.87 times. The Group registered a loss of €7.93 million in value of property and intangible assets (FY2021: loss of €4.03 million), which principally comprised a fair value loss of almost €6 million on the St Petersburg Commercial Centre.

The Group reported a gain of €12.38 million in the income statement compared to a loss of €0.32 million in FY2021, mostly related to a recovery in the Rouble relative to the Euro. The repayment of the bank loan on the properties located in St Petersburg was affected in May 2022, thus eliminating future exchange rate volatility from the income statement on this loan.

In FY2022, on account of the continued recovery in business, the Group recognised a further uplift of €12.7 million on the value of its properties in London. However, this positive movement was dented by fair value losses recognised on the property in St Petersburg amounting to €9.7 million following the hostilities by Russia on Ukraine and the ensuing sanctions which materially affected the business. Furthermore, the weakening of the Pound Sterling in FY2022 relative to the Euro resulted in a loss on translation of the investment in London. The Group recorded a combined currency translation loss and other effects of €20.94 million in 'Other Comprehensive Income' relative to a gain of €16.98 million registered in FY2021. Overall, the Group registered a loss on total comprehensive income of €20.32 million in FY2022.

The Group generated revenues of €287.77 million in **FY2023**, an increase of €49.57 million (+20.81%) from the prior year and +7.26% over FY2019's reported turnover. Notable year-on-year increases were registered by the hotels in Malta (+31.48%), Corinthia Hotel Budapest (+39.42%), Corinthia Hotel Lisbon (+26.95%), and Corinthia Hotel Prague (+51.72%). Revenue generated from Corinthia Hotel St Petersburg was 18.91% higher than the prior year, while Corinthia Hotel Tripoli's revenue remained virtually unchanged from FY2022. The geopolitical situation in Russia adversely impacted international business at the Corinthia Hotel St Petersburg but domestic tourism remained stable.

In consequence of the year-on-year increase in Group revenue, EBITDA grew by 16.67% to €60.33 million. However, the EBITDA margin decreased by 75 basis points to 20.96% whilst the interest cover retracted to 1.61 times. EBITDA conversion was impacted by inflationary pressures on payroll and other costs such as energy, as well as additional expenses from CHL's operations. CHL engaged new senior personnel and incurred pre-opening (one-off) costs as it ramped up its activity, expertise, and resources in advance of the opening of several new luxury hotels in 2024 and 2025. In 2023, the Group incurred pre-opening costs amounting to €1.9 million relating to the new properties in Rome and Brussels. On the other hand, in FY2022, the Group was positively impacted by wage subsidies and other governments-induced assistance.

In FY2023, the Group recognised net positive movements in the carrying value on its investment properties amounting to €5.02 million. These mainly related to an uplift of €7.9 million on the Tripoli Commercial Centre, on account of consistent cash flows based on long term agreements, offset by a decrease in fair value of €1.7 million relating to St Petersburg Commercial Centre (FY2022: impairment of €7.9 million).

Finance costs increased by €10.59 million to €38.75 million, on account of higher interest rates vis-à-vis loans with variable interest rates and an increase in total borrowings. Furthermore, the Group reported a net loss of €3.12 million on account of exchange differences on borrowings, movements in fair value of financial assets, and other items. Overall, the Group registered a loss for the year of €11.30 million compared to a loss of €2.34 million in FY2022.



During FY2023, the Group also recognised uplifts relating to Corinthia Hotel London (€17.3 million), Corinthia Hotel Lisbon (€12.2 million), and the properties in Malta (€37.5 million) on account of continued recovery and improved operational performance. These uplifts were offset by a fair value loss recognised on Corinthia Hotel Budapest amounting to €4.5 million, following the delay in recovery for this operation due to inflationary pressures including a hike in energy prices.

In FY2023, the Group recorded a combined currency translation loss of €20.84 million. The weakening of the Rouble in 2023 relative to the Euro currency resulted in a loss on translation of the Group's investments in Russia. This was partially offset by gains on the Pound Sterling in relation to Corinthia Hotel London. Meanwhile, deferred tax on surplus arising on revaluation of hotel property amounted to €15.46 million, thus leading to a total comprehensive income of €18.46 million for FY2023.

The updated **FY2024** forecast indicates that the Group now anticipates a year-on-year revenue growth of 5.00%, down from 6.67% projected in the Financial Analysis Summary dated 28 June 2024. Notwithstanding, the Group now expects to achieve a higher gross profit (+€3.70 million) and EBITDA (+€1.70 million) than previously projected on account of improved operational efficiencies and cost controls. Furthermore, finance costs have been revised downwards from €43.93 million (Analysis dated 28 June 2024) to €40.76 million (-€3.17 million).

The Group is projecting revenue for FY2024 to amount to €302.16 million, compared to €287.77 million generated in the prior year (+5.00%), reflecting continued improvement in operational performance of owned hotels. In the last month of the year, the Group initiated operations of the newly developed Corinthia Grand Hotel Astoria Brussels. In hotel management, CHL added to its portfolio in Q4 2024 The Surrey Corinthia Hotel New York and Corinthia Grand Hotel Astoria Brussels.

Direct costs are expected to increase by 8.42% (or €12.74 million) to €163.98 million, while other costs are forecasted to increase marginally by €1.40 million from €76.21 million in FY2023 to €77.61 million. EBITDA for the year under review is forecasted to amount to €60.58 million compared to €60.33 million in FY2023, though it should be noted that *circa* €7 million in pre-opening costs, which are one-off in nature, have diluted the forecast results. The pre-opening costs mainly consist of expensed payroll and marketing costs incurred by the Group in relation to the launch of the Corinthia hotels in Brussels and Rome. The EBITDA margin for FY2024 is set to decrease by 1 percentage point to 20%.

Net finance costs are estimated to amount to €40.76 million in FY2024, an increase of €2.01 million from a year earlier. In consequence, the interest cover is projected to decline from 1.61 times in FY2023 to 1.50 times.

Compared to the June 2024 forecast, IHI does not anticipate any material change to the forecast loss for the year which is expected to amount to €10.57 million.

For **FY2025**, the Group is projecting a relatively stable operating performance at revenue and EBITDA levels. The projected year will mark the first full year of operations of The Surrey Corinthia Hotel New York and Corinthia Grand Hotel Astoria Brussels, while Corinthia Grand Hotel Du Boulevard Bucharest, Corinthia Hotel Rome and Corinthia Hotel & Residences Doha will commence operations during the financial year. Such additional revenues are expected to be partially offset by the proposed sale of Corinthia Hotel Lisbon (though CHL expects to continue to manage the hotel) and non-core businesses. Consolidated revenue is therefore projected to amount to €299.84 million compared to €302.16 million in the previous year. In contrast, EBITDA is expected to increase year-on-year by €1.78 million to €62.36 million. As such, the Group is expected to achieve an EBITDA margin of 20.80% (FY2024: 20.05%).

IHI's financial results are expected to improve significantly due to net gains of €55.14 million from the proposed sale of Corinthia Hotel Lisbon and non-core businesses.

Net finance costs are projected to increase marginally to €40.83 million (FY2024: €40.76 million), resulting in a slight increase in interest cover from 1.50 times in the prior year to 1.53 times.

Overall, the Group anticipates a net profit of €27.58 million in FY2025, compared to a projected net loss of €10.57 million in FY2024.



International Hotel Investments p.l.c. Statement of Cash Flows For the financial year 31 December			2024	2025
	2021	2022	2023	
	Actual	Actual	Actual	Forecast
	€'000	€'000	€'000	€'000
Net cash from operating activities	29,748	49,781	54,593	49,106
Net cash from / (used in) investing activities	8,694	(38,672)	(54,066)	(80,953)
Free cash flow	38,442	11,109	527	(31,847)
Net cash from / (used in) financing activities	24,644	(46,789)	19,180	(4,793)
Net movement in cash and cash equivalents	63,086	(35,680)	19,707	(36,640)
Cash and cash equivalents at beginning of year	36,383	97,906	55,740	78,533
Effect of translation to the presentation currency	(1,563)	(6,486)	3,086	(22)
Cash and cash equivalents at end of year	97,906	55,740	78,533	41,871
				91,244

STATEMENT OF CASH FLOWS

Net cash flows from operating activities showed continued improvement in **FY2023**, reaching €54.59 million compared to €49.78 million in FY2022 and €29.75 million in FY2021.

Net cash used in investing activities amounted to €54.07 million (FY2022: €38.67 million) mainly on account of the development of the Corinthia Grand Hotel Astoria Brussels and other capital expenditure. During the year, the Group generated €1.10 million from the disposal of financial assets (FY2022: €6.27 million) and received €1.27 million in interest (FY2022: €0.44 million).

In FY2023, the Group generated €19.18 million from financing activities (FY2022: net cash outflows of €46.79 million). Net drawdowns from bank borrowings and net proceeds from the issue of bonds amounted to €58.86 million, compared to net repayments of €17.35 million in the prior year. Lease payment obligations were €2.27 million (FY2022: €2.55 million), while interest paid amounted to €38.41 million, an increase of €11.53 million from the previous year (FY2022: €26.88 million).

Cash and cash equivalents in **FY2024** are expected to have dropped by €36.66 million, from €78.53 million in FY2023 to €41.87 million, mainly on account of capital expenditure as further explained below.

Net cash flows from operations are expected to amount to €49.11 million, a decrease of €5.48 million compared to the previous year. In terms of investing activities, the Group plans to utilise €80.95 million for capital expenditure (FY2023: €54.07 million), which includes ongoing development costs for the Corinthia Grand Hotel Astoria Brussels, investments in the conversion of several rooms into suites at Corinthia Hotel London, and various renovation and refurbishment projects. Additionally, €7 million has been allocated for key money payments related to The Surrey Corinthia Hotel New York and Corinthia Hotel Rome. Cash inflows include €6.39 million receivable from the disposal of apartments in Lisbon.

In FY2024, net cash used in financing activities is projected to amount to €4.79 million (FY2023: net cash inflows of €19.18 million). Net drawdowns from borrowings are estimated at €53.42 million compared to €59.86 million in the previous year. Lease obligations are expected to rise to €4 million, an increase from €2.27 million in FY2023, mainly due to the first lease payment of €1.59 million related to Corinthia Hotel Rome. Interest payments are forecasted to total €54.22 million, reflecting a substantial increase of €13.81 million from the prior year (FY2023: €38.41 million).

Net cash inflows from operating activities are projected to increase in **FY2025** by €7.15 million when compared to the prior year to €49.11 million.

During the year, the Group anticipates disposing of the Corinthia Hotel Lisbon and non-core businesses, resulting in a net cash inflow of €127.70 million. On the expenditure side, ongoing costs related to the Corinthia Grand Hotel Astoria Brussels and other projects are projected to amount to €52.24 million, while €4 million will be paid to the owners of The Surrey Corinthia Hotel New York in full settlement of key money. Overall, net cash inflows from investing activities are estimated at €71.46 million (FY2023: net cash outflows of €80.95 million).



Net cash used in financing activities is projected to amount to €78.34 million, as follows:

- (i) Net repayments of bank loans and other borrowings are estimated at €25.66 million.
- (ii) Lease payments are projected to increase from €4 million in FY2024 to €5.77 million, primarily due to higher lease payments related to Corinthia Hotel Rome.
- (iii) Interest payments are estimated at €45.41 million for FY2025, a decrease from €54.22 million in the previous year.

Statement of Financial Position					
As at 31 December					
	2021	2022	2023	2024	2025
	Actual	Actual	Actual	Forecast	Projection
	€'000	€'000	€'000	€'000	€'000
ASSETS					
Non-current assets					
Intangible and indemnification assets	65,384	63,953	63,563	62,423	60,557
Investment property	161,149	167,682	161,635	243,386	243,386
Property, plant and equipment	1,259,688	1,254,715	1,341,845	1,316,912	1,212,198
Right-of-use assets	11,203	11,626	14,810	96,662	87,170
Investments in associates and joint ventures	5,188	5,198	5,034	5,035	4,984
Other investments	6,898	5,373	3,411	10,411	25,811
Other financial assets at amortised cost and receivables	6,897	7,995	6,536	6,535	6,535
Deferred tax assets	19,028	18,019	20,761	20,926	20,576
	1,535,435	1,534,561	1,617,595	1,762,290	1,661,217
Current assets					
Inventories	12,531	14,606	14,535	18,015	16,110
Other fin. assets at amortised cost and receivables	61	152	110	110	110
Trade and other receivables	35,315	45,337	48,707	66,238	58,960
Tax assets	745	50	228	32	32
Financial assets at fair value through profit or loss	8,978	1,018	-	-	-
Cash and cash equivalents	102,087	66,231	87,084	53,064	129,751
Assets placed under trust management	77	77	77	77	77
	159,794	127,471	150,741	137,536	205,040
Total assets	1,695,229	1,662,032	1,768,336	1,899,826	1,866,257
EQUITY					
Capital and reserves					
Called up share capital	615,685	615,685	615,685	615,685	615,685
Reserves and other equity components	44,014	31,596	48,317	56,620	56,620
Accumulated losses	(34,940)	(40,382)	(50,728)	(57,225)	(17,654)
Minority interest	213,457	210,993	223,074	222,036	220,310
	838,216	817,892	836,348	837,116	874,961
LIABILITIES					
Non-current liabilities					
Bank borrowings	348,528	277,490	332,844	358,752	261,808
Bonds	282,591	273,062	297,769	253,421	172,959
Lease liabilities	9,210	10,542	13,221	90,892	82,508
Other financial liabilities	6,827	26,714	24,623	33,314	80,699
Other non-current liabilities	104,507	102,345	119,126	112,157	98,825
	751,663	690,153	787,583	848,536	696,799
Current liabilities					
Bank overdraft	4,181	10,491	8,551	11,193	38,507
Bank borrowings	20,767	46,299	29,845	62,270	69,365
Bonds	-	9,985	10,362	45,000	115,858
Lease liabilities	2,611	1,943	2,715	5,137	6,012
Other financial liabilities	103	113	91	-	-
Other current liabilities	77,688	85,156	92,841	90,574	64,755
	105,350	153,987	144,405	214,174	294,497
Total liabilities	857,013	844,140	931,988	1,062,710	991,296
Total equity and liabilities	1,695,229	1,662,032	1,768,336	1,899,826	1,866,257
Total debt					
	674,818	656,639	720,021	859,979	827,716
Net debt					
	572,654	590,331	632,860	806,838	697,888
Invested capital (total equity plus net debt)					
	1,410,870	1,408,223	1,469,208	1,643,954	1,572,849



International Hotel Investments p.l.c. Key Financial Ratios	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast	FY2025 Projection
Net debt-to-EBITDA (times) (<i>Net debt / EBITDA</i>)	21.59	11.42	10.49	13.32	11.19
Net debt-to-equity (times) (<i>Net debt / total equity</i>)	0.68	0.72	0.76	0.96	0.80
Net gearing (%) (<i>Net debt / net debt and total equity</i>)	40.59	41.92	43.07	49.08	44.37
Debt-to-assets (times) (<i>Total debt / total assets</i>)	0.40	0.40	0.41	0.45	0.44
Leverage (times) (<i>Total assets / total equity</i>)	2.02	2.03	2.11	2.27	2.13
Current ratio (times) (<i>Current assets / current liabilities</i>)	1.52	0.83	1.04	0.64	0.70

STATEMENT OF FINANCIAL POSITION

During **FY2023**, the value of total assets of the Group increased by €106.30 million to €1.77 billion, mainly on account of the following:

- Investment property decreased year-on-year by €6.05 million to €161.64 million, on account of currency translation losses amounting to €12.4 million mainly due to a weaker Rouble versus the Euro, which was partly mitigated by net fair value uplifts of €6.4 million (primarily relating to Tripoli Commercial Centre [+€7.9 million] and St Petersburg Commercial Centre [-€1.7 million]).
- Property, plant and equipment increased by €87.13 million (net of depreciation charges) to €1.34 billion reflecting various refurbishment programmes, the investments relating to Corinthia Grand Hotel Astoria Brussels, as well as a net uplift in the fair value of hotels of €62.5 million.
- Cash balances were higher compared to FY2022 by €20.85 million, as explained further in the commentary on the Statement of Cash Flows above.

Total liabilities increased by €87.85 million year-on-year to €931.99 million mostly in view of the increase in total debt to €720.02 million compared to €656.64 million as at the end of FY2022. Bank borrowings increased by €36.96 million to €371.24 million (31 December 2022: €334.28 million), while the amount of debt securities increased by €25.08 million to €308.13 million. In view of the higher level of debt, the Group's gearing ratio increased by 115 basis points to 43.07%. On the other hand, the net debt-to-EBITDA multiple retracted from 11.42 times in FY2022 to 10.49 times in FY2023 in view of the strong growth in EBITDA.

During the year, other current liabilities (mainly comprising trade and other payables) increased on a comparable basis by €7.69 million to €92.84 million (31 December 2022: €85.16 million). Nonetheless, the current ratio for FY2023 improved to 1.04 times compared to 0.83 times in the prior year as current assets increased by 18.26% to €150.74 million.

Non-current deferred tax liabilities increased by €19.40 million year-on-year to €110.99 million on account of the net uplifts in the carrying value of the Group's properties.

In **FY2024**, total assets are expected to increase by €131.49 million primarily due to the following:

- Investment property is expected to increase year-on-year by €81.75 million, reflecting the reclassification of the Grand Hotel Prague Towers (formerly Corinthia Hotel Prague) as an investment property and the deduction of the Lisbon apartments pursuant to their disposal.
- Property, plant and equipment is projected to decrease year-on-year by €24.93 million. In FY2024, development costs in connection with Corinthia Grand Hotel Astoria Brussels and improvements to other properties (comprising renovation and refurbishment projects) are estimated to amount to €87.52 million.



On the other hand, the Prague hotel, having a carrying value of €87.89 million, will be reclassified from property, plant and equipment to investment property. The remaining balance reflects mainly annual depreciation charge.

- iii) An increase of €81.85 million in 'right-of-use assets' refers to the lease of the Corinthia Hotel Rome property from third parties.
- iv) The year-on-year increase in 'other investments' of €7 million represents key money related to The Surrey Corinthia Hotel New York.
- v) An increase in trade and other receivables of €17.53 million is reflective of the continued increase in operating activities.
- vi) The movement in cash and cash equivalents is explained in the commentary on the cash flow statement above.

Total liabilities are projected to rise by €130.72 million year-on-year, primarily driven by an increase in total debt to €859.98 million.

As at 31 December 2024, the Group's bank borrowings are expected to total €432.22 million, reflecting an increase of €60.98 million compared to the previous year, while debt securities are anticipated to decline by €9.71 million to €298.42 million. Additionally, other financial liabilities and lease liabilities are expected to rise by €8.60 million and €80.09 million respectively. The increase in lease liabilities relates to the lease agreement of the Corinthia Hotel Rome property. As a result, the Group's net gearing ratio is projected to increase by *circa* 6 percentage points to 49.08%, while net debt-to-EBITDA is expected to weaken from 10.49 times in 2023 to 13.32 times in 2024.

The significant changes in the projected statement of financial position as at 31 December **2025** compared to the prior year are as follows:

- i) Property, plant and equipment are projected to decline by €104.71 million year-on-year due to the proposed sale of Corinthia Hotel Lisbon and non-core businesses, and annual depreciation charges. Additions to property, plant and equipment will include ongoing capital expenditure related to Corinthia Grand Hotel Astoria Brussels and other projects.
- ii) 'Other investments' are expected to increase by €15.40 million on account of payments of key money associated with The Surrey Corinthia Hotel New York and Corinthia Hotel Rome.

As at 31 December 2025, the Group's net debt is projected to total €827.72 million, down from €859.98 million a year earlier. An amount of €115.86 million in bonds will be reclassified as current liabilities due to their maturity in the second half of 2026. The Group's net gearing ratio is expected to decrease by *circa* 5 percentage points to 44.37%, while net debt-to-EBITDA ratio is anticipated to improve from 13.32 times in 2024 to 11.19 times in 2025.



7. RELATED PARTY DEBT SECURITIES

CPHCL, through its wholly owned subsidiary CPHCL Finance p.l.c., has the following outstanding debt securities listed on the Official List of the Malta Stock Exchange:

Security ISIN	Security	Symbol Code	Amount Outstanding	Market Price*
MT0000101262	4.25% CPHCL Finance p.l.c. Unsecured & Guaranteed 2026	CF26A	€ 40,000,000	99.68%

* As at 31 January 2025

CPHCL also owns 50% of Mediterranean Investments Holding p.l.c. ("MIH"), a company principally involved in the Palm City Residences gated village located in Janzour, Libya. Below is a list of the outstanding debt securities of MIH:

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	102.00%
MT0000371311	5.85% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2028	MI28A	€ 20,000,000	104.00%
			€ 61,000,000	

* As at 31 January 2025

** Unlisted notes.

8. INFORMATION RELATING TO THE ISSUER'S SECURITIES

The Issuer has five bonds which are listed on the Official List of the Malta Stock Exchange. The key information relating to these bonds is provided in the table below:

Security ISIN	Security	Symbol Code	Amount Outstanding	Market Price*
MT0000111295	5.75% International Hotel Investments p.l.c. Unsecured 2025	IH25A	€ 45,000,000	100.00%
MT0000111303	4.00% International Hotel Investments p.l.c. Secured 2026	IH26A	€ 55,000,000	99.50%
MT0000111311	4.00% International Hotel Investments p.l.c. Unsecured 2026	IH26B	€ 60,000,000	98.05%
MT0000111337	3.65% International Hotel Investments p.l.c. Unsecured 2031	IH31A	€ 80,000,000	95.00%
MT0000111345	6.00% International Hotel Investments p.l.c. Unsecured 2033	IH33A	€ 60,000,000	105.00%
			€ 300,000,000	

* As at 31 January 2025

The authorised share capital of IHI is €1 billion. The issued share capital is €615,684,920 divided into 615,684,920 ordinary shares of a nominal value of €1.00 each, fully paid up. The key market data relating to IHI's shares is provided in the table below:

International Hotel Investments p.l.c. Key Market Data for the financial year 31 December		2023 Actual	2024 Forecast	2025 Projection
Total number of shares in issue ('000)	[A]	615,685	615,685	615,685
Share price as at 31 January 2025 (€)	[B]	0.416	0.416	0.416
Market capitalisation (€'000)	[A multiplied by B]	256,125	256,125	256,125
Shareholders' funds (€'000)	[C]	613,274	615,080	654,651
Net asset value per share (€)	[C divided by A]	0.996	0.999	1.063
Price-to-net asset value (times)	[A multiplied by B] divided by [C]	0.418	0.416	0.391



PART 3 – 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 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 (€'000)	Yield-to- Maturity / Worst (%)	Interest Cover (times)	Net Debt-to- EBITDA (times)	Net Gearing (%)	Debt-to- Assets (times)
5.10% GPM Holdings p.l.c. Unsecured 2025**	13,000	2.95	16.04	0.65	17.79	0.20
4.50% Hili Properties p.l.c. Unsecured & Guaranteed 2025	37,000	2.67	1.80	8.70	46.06	0.45
5.75% International Hotel Investments p.l.c. Unsecured 2025	45,000	5.52	1.61	10.49	43.07	0.41
3.25% AX Group p.l.c. Unsecured 2026	15,000	3.39	1.24	21.28	39.42	0.36
4.25% CPHCL Finance p.l.c. Unsecured & Guaranteed 2026	40,000	4.52	1.45	11.49	43.52	0.41
5.00% Dizz Finance p.l.c. Unsecured & Guaranteed 2026	8,000	5.30	2.27	8.24	80.39	0.57
4.35% Hudson Malta p.l.c. Unsecured & Guaranteed 2026	12,000	4.83	5.64	6.37	77.20	0.60
4.00% International Hotel Investments p.l.c. Secured 2026	55,000	4.34	1.61	10.49	43.07	0.41
4.00% International Hotel Investments p.l.c. Unsecured 2026	60,000	5.11	1.61	10.49	43.07	0.41
3.75% Premier Capital p.l.c. Unsecured 2026	65,000	3.74	10.89	2.16	65.14	0.57
4.00% Eden Finance p.l.c. Unsecured & Guaranteed 2027	40,000	3.99	5.43	4.21	26.73	0.24
4.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2027	50,000	4.00	4.60	4.44	69.59	0.61
5.25% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2027	30,000	4.35	5.42	2.67	20.40	0.19
4.35% SD Finance p.l.c. Unsecured & Guaranteed 2027	65,000	4.83	5.86	2.93	30.32	0.34
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	14,726	5.13	57.57	7.98	65.66	0.64
4.75% Gap Group p.l.c. Secured & Guaranteed 2025-2027	23,000	4.75	n/a	3.47	55.05	0.56
3.85% Hili Finance Company p.l.c. Unsecured & Guaranteed 2028	40,000	4.45	4.60	4.44	69.59	0.61
5.85% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2028	20,000	4.57	5.42	2.67	20.40	0.19
5.75% Plan Group p.l.c. Secured & Guaranteed 2028	12,000	4.65	7.37	9.26	54.58	0.48
3.75% AX Group p.l.c. Unsecured 2029	10,000	3.75	1.24	21.28	39.42	0.36
3.80% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	4.54	4.60	4.44	69.59	0.61
5.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	4.86	4.60	4.44	69.59	0.61
3.65% Stivala Group Finance p.l.c. Secured & Guaranteed 2029	15,000	4.37	5.67	4.17	22.93	0.21
5.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2027-2029	15,000	4.57	57.57	7.98	65.66	0.64
6.25% GPH Malta Finance p.l.c. Unsecured & Guaranteed 2030	18,144	5.22	1.81	6.89	96.76	0.83
3.65% International Hotel Investments p.l.c. Unsecured 2031	80,000	4.51	1.61	10.49	43.07	0.41
3.50% AX Real Estate p.l.c. Unsecured 2032	40,000	4.10	2.04	12.44	49.30	0.45
5.00% Mariner Finance p.l.c. Unsecured 2032	36,930	4.24	4.89	6.08	50.77	0.50
5.85% AX Group p.l.c. Unsecured 2033	40,000	5.12	1.24	21.28	39.42	0.36
6.00% International Hotel Investments p.l.c. Unsecured 2033	60,000	5.27	1.61	10.49	43.07	0.41
5.35% Hal Mann Vella Group p.l.c. Secured 2031-2034	23,000	4.73	2.21	9.47	51.49	0.43
4.50% The Ona p.l.c. Secured & Guaranteed 2028-2034	16,000	4.50	3.09	16.34	74.89	0.65
5.30% International Hotel Investments p.l.c. Unsecured 2035	35,000	5.30	1.61	10.49	43.07	0.41
5.50% Juel Group p.l.c. Secured & Guaranteed 2035	32,000	5.12	1.13	39.37	60.27	0.55

*As at 31 January 2025

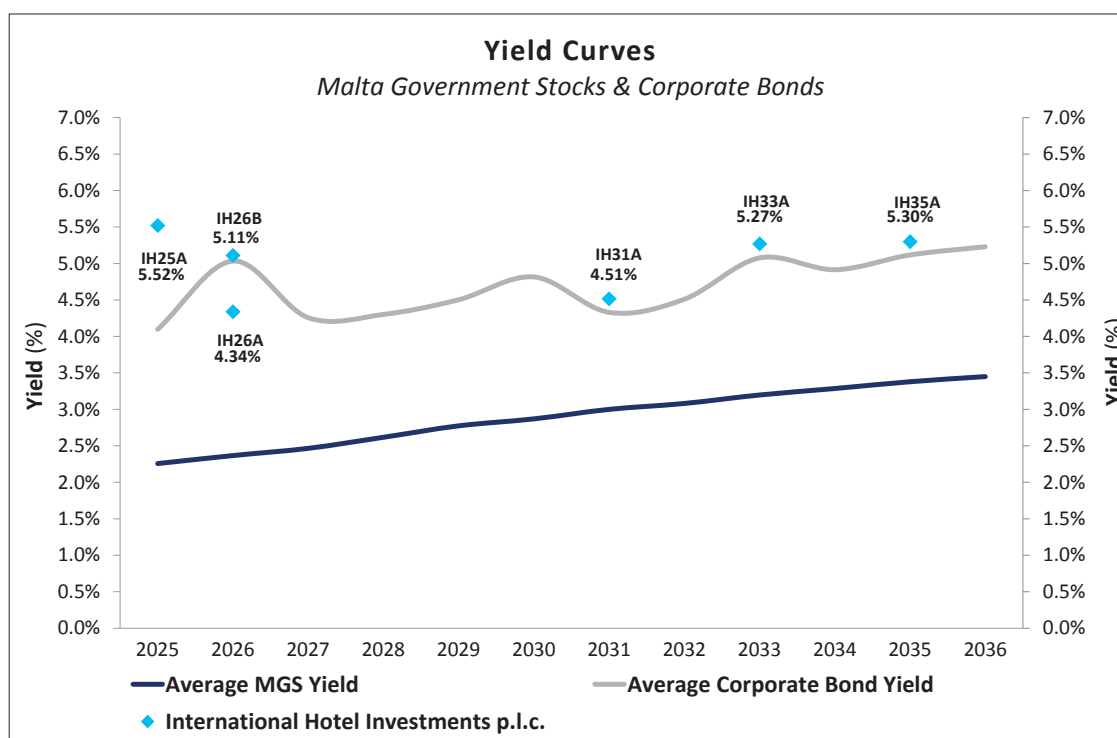
** The financial ratios pertain to Idox p.l.c..

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 28 June 2024).





The closing market price as at 31 January 2025 for the **5.75% International Hotel Investments p.l.c. unsecured bonds 2025** (IH25A) was 100.00%. This translated into a yield-to-maturity ("YTM") of 5.52% which was 142 basis points above the average YTM of 4.10% of other local corporate bonds maturing in the same year. The premium over the corresponding average Malta Government Stock ("MGS") yield of equivalent maturity (2.26%) stood at 326 basis points.

The closing market price as at 31 January 2025 for the **4.00% International Hotel Investments p.l.c. secured bonds 2026** (IH26A) was 99.50%. This translated into YTM of 4.34% which was 69 basis points below the average YTM of 5.03% of other local corporate bonds maturing in the same year. The premium over the corresponding average MGS yield of equivalent maturity (2.37%) stood at 197 basis points.

The closing market price as at 31 January 2025 for the **4.00% International Hotel Investments p.l.c. unsecured bonds 2026** (IH26B) was 98.05%. This translated into a YTM of 5.11% which was 8 basis points above the average YTM of 5.03% of other local corporate bonds maturing in the same year. The premium over the corresponding average MGS yield of equivalent maturity (2.37%) stood at 274 basis points.

The closing market price as at 31 January 2025 for the **3.65% International Hotel Investments p.l.c. unsecured bonds 2031** (IH31A) was 95.00%. This translated into a YTM of 4.51% which was 18 basis points above the average YTM of 4.33% of other local corporate bonds maturing in the same year. The premium over the corresponding average MGS yield of equivalent maturity (3.00%) stood at 151 basis points.

The closing market price as at 31 January 2025 for the **6.00% International Hotel Investments p.l.c. unsecured bonds 2025** (IH33A) was 105.00%. This translated into a YTM of 5.27% which was 19 basis points above the average YTM of 5.08% of other local corporate bonds maturing in the same year. The premium over the corresponding average MGS yield of equivalent maturity (3.20%) stood at 207 basis points.

The new **5.30% International Hotel Investments p.l.c. unsecured bonds 2035** (IH35A) have been priced at a premium of 18 basis points over the average YTM of 5.12% of other local corporate bonds maturing in the same year as at 31 January 2025. The premium over the corresponding average Malta Government Stock yield of equivalent maturity (3.38%) stood at 192 basis points.



PART 5 - EXPLANATORY DEFINITIONS

INCOME STATEMENT

<i>Revenue</i>	Total income generated from business activities.
<i>EBITDA</i>	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.
<i>Adjusted operating profit / (loss)</i>	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.
<i>Operating profit / (loss)</i>	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.
<i>Share of results of associates and joint ventures</i>	Share of profit (or loss) from entities in which the company does not have a majority shareholding.
<i>Profit / (loss) after tax</i>	Net profit (or loss) registered from all business activities.

PROFITABILITY RATIOS

<i>EBITDA margin</i>	EBITDA as a percentage of revenue.
<i>Operating profit margin</i>	Operating profit (or loss) as a percentage of total revenue.
<i>Net profit margin</i>	Profit (or loss) after tax as a percentage of total revenue.
<i>Return on equity</i>	Measures the rate of return on net assets and is computed by dividing the net profit (or loss) for the year by average equity.
<i>Return on assets</i>	Measures the rate of return on assets and is computed by dividing the net profit (or loss) for the year by average assets.
<i>Return on invested capital</i>	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

<i>Net cash from / (used in) operating activities</i>	The amount of cash generated (or consumed) from the normal conduct of business.
<i>Net cash from / (used in) investing activities</i>	The amount of cash generated (or consumed) from activities related to the acquisition, disposal, and/or development of long-term assets and other investments.
<i>Net cash from / (used in) financing activities</i>	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.
<i>Free cash flow</i>	Represents the amount of cash generated (or consumed) from operating activities after considering any amounts of capital expenditure.



STATEMENT OF FINANCIAL POSITION

<i>Non-current assets</i>	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.
<i>Current assets</i>	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.
<i>Non-current liabilities</i>	These represent long-term financial obligations which are not due within the next twelve months, and typically include long-term borrowings and debt securities.
<i>Current liabilities</i>	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.
<i>Total equity</i>	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

<i>Interest cover</i>	Measures the extent of how many times a company can sustain its net finance costs from EBITDA.
<i>Net debt-to-EBITDA</i>	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.
<i>Net debt-to-equity</i>	Shows the proportion of net debt (including lease liabilities) to the amount of equity.
<i>Net gearing</i>	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.
<i>Debt-to-assets</i>	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.
<i>Leverage</i>	Shows how many times a company is using its equity to finance its assets.
<i>Current ratio</i>	Measures the extent of how much a company can sustain its short-term liabilities from its short-term assets.

