

# International Hotel Investments p.l.c.

Interim Financial Statements (Unaudited)

For the six-month period

1 January 2022 to 30 June 2022

## **Contents**

Half-yearly Directors' Report pursuant to Capital Markets Rule 5.75.2	1 – 3
Interim Income Statement	4
Interim Statement of Comprehensive Income	5
Interim Statement of Financial Position	6 – 7
Interim Statement of Changes in Equity	8
Interim Statement of Cash Flows	9
Notes to the Financial Statements	10 – 12
Statement pursuant to Capital Markets Rule 5.75.3	13

**International Hotel Investments p.l.c.**  
**Interim Financial Statements**  
**For the period from 1 January 2022 to 30 June 2022**

**Directors' Report**

**Six-month period ended 30 June 2022**

**Basis of Preparation**

The published figures for the reporting period have been extracted from the unaudited consolidated financial statements of International Hotel Investments p.l.c. ("the Group") for the six months ended 30 June 2022 and the comparative period in 2021. Comparative balance sheet information as at 31 December 2021 has been extracted from the audited financial statements of the Group for the year ended on that date. This report is being published in terms of Capital Markets Rule 5.74 issued by the Listing Authority and has been prepared in accordance with the applicable Capital Markets Rules and International Accounting Standard 34, 'Interim Financial Reporting'. In terms of Capital Markets Rule 5.75.5, the Directors are stating that this Half-Yearly Financial Report has not been audited or reviewed by the Group's independent auditors.

**Principal Activities**

International Hotel Investments p.l.c. carries on the business of an investment company in connection with the ownership, development and operation of hotels, leisure facilities, and other activities related to the tourism industry and commercial centres. The Company has a number of subsidiary companies and investments in associate companies through which it promotes the business of the Group.

**Review of Performance**

The Group registered total revenues of €95.8 million and posted an EBITDA of €17.3 million in the first six months of 2022.

This compares to revenue of €34.6 million and a negative EBITDA of €0.8 million in the corresponding period last year.

Profit after tax of €0.8 million is being reported compared to a loss of €26.4 million in the same period last year.

This 176% increase in revenues over the corresponding period last year was achieved despite a slower than anticipated start to the year on account of the pandemic's Omicron variant. On the other hand, the Group remains confident of a full recovery from the impact of the pandemic in the months ahead. Revenues in the first half of 2022 are now at 73% of pre-pandemic levels registered in the same period for 2019. Operations in some of our hotels, most notably in the United Kingdom, are ahead of 2019 levels. Others, especially hotels dependent on conference business, which is typically booked one year or more in advance, have been slower in their recovery but prospects for the coming months and 2023 confirm this trend towards a full recovery.

The Company's focus on cost controls has remained in place. This resulted in an EBITDA conversion at 18%.

In reviewing the financial results for the first six months of 2022, one should also note the following: Compared to 2021, net depreciation charges decreased by €1.6 million on account of fully depreciated assets.

Interest income and expense are broadly in line with last year with additional interest cost in some properties offset by lower interest cost in others, on account of loan capital repayments.

**International Hotel Investments p.l.c.**  
**Interim Financial Statements**  
**For the period from 1 January 2022 to 30 June 2022**

**Directors' Report - continued**

**Period ended 30 June 2022**

The share of associates' and joint ventures' results in the comparative period in 2021 included the Golden Sands Resort joint venture in Malta only for the first two months of the year. The Company then owned 50% of the resort and acquired the remaining 50% shareholding in February. Following this acquisition, the assets, liabilities and results of this operation have since been consolidated in the Group.

Of note in 2022, political events have impacted the company's operation in St Petersburg, Russia. In this regard, a decision was taken in advance of imminent sanctions to fully repay an outstanding loan then owing to a bank which eventually was indeed placed on a list of sanctioned entities by the European Union. The full repayment of the loan amounted to c. €40 million. Net foreign exchange translation differences reported in our financial statements represent realised exchange movements arising from this repayment.

The gain, net of tax, of €39.8 million in the Statement of Comprehensive Income principally reflects the currency translation difference on the Group's non-Euro denominated investments in London and in St Petersburg, in consequence of an improvement in Sterling and the Rouble respectively against the reporting currency of the Group which is the Euro.

**State of Affairs and Outlook**

Demand varies from country to country, with the highest performances being registered in countries with strong local markets, such as the UK, where our hotel in London is exceeding expectations and should fully recovery by end of the year in revenue terms. In all our hotels and businesses, management remains entirely focused on maintaining tight discipline on all operating costs. As in the corresponding period, in all countries where the company operates, its most imminent challenges are related to labour shortages as the industry generally struggles to attract back workers as demand increases combined with inflationary pressures on costs and energy. The Company's targets for year-end and financial planning are based on revenue expectations that are in line with our original forecasts.

All CAPEX remains tightly controlled. In terms of cash and bank balances, as at end of June 2022, the Group had available resources of €65.2 million plus €2.7 million in marketable investments.

The Company remains focused on its new projects. Works are now well underway on Corinthia Hotel projects on site in Doha, Rome, New York and Bucharest, where Group subsidiary companies are involved as development partners, technical services providers and hotel operators, with most of the capital funding for these projects being provided by third parties. These hotels are expected to open in phases as of 2023.

Furthermore, the redevelopment of the Grand Hotel Astoria in Brussels is ongoing with the main construction contract awarded to a renowned Belgian contractor. The Company has a 50% share in this project. a target date of Q2 2024 has been set for opening.

In Malta, the Group has submitted plans for the building of a low-lying, highly landscaped resort for the site formerly known as Hal Ferh.

**International Hotel Investments p.l.c.**  
**Interim Financial Statements**  
**For the period from 1 January 2022 to 30 June 2022**

**Directors' Report - continued**

**Period ended 30 June 2022**

**Directors**

At the date of this report, the Directors of the Group are as follows:

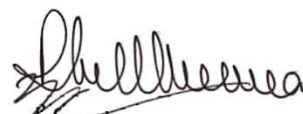
Mr Alfred Pisani (Chairman)  
Mr Frank Xerri de Caro  
Mr Moussa Atiq Ali  
Mr Hamad Buamim  
Mr Douraid Zaghouani  
Mr Joseph Pisani  
Mr Richard Cachia Caruana  
Mr Mohamed Mahmoud Alzarouq Shawsh

In accordance with the Group's Articles of Association, the present Directors remain in office.

On behalf of the Board,



**Alfred Pisani**  
Chairman



**Richard Cachia Caruana**  
Director

Registered Office:

22 Europa Centre,  
Floriana FRN1400,  
Malta

## Interim Income Statement - the Group

	1 January to 30 June 2022 €'000	1 January to 30 June 2021 €'000
Revenue	95,776	34,618
Direct costs	(50,914)	(18,240)
	<u>44,862</u>	<u>16,378</u>
Marketing costs	(3,540)	(1,686)
Administrative expenses	(16,896)	(11,866)
Other operating expenses	(7,097)	(3,652)
<b>Operating results before depreciation and fair value gains/(losses)</b>	<u>17,329</u>	<u>(826)</u>
Depreciation and amortisation	(14,351)	(15,920)
Other losses arising on property, plant and equipment	(49)	(49)
Other operational exchange gain/(losses)	1,638	(1,718)
<b>Results from operating activities</b>	<u>4,567</u>	<u>(18,513)</u>
Net changes in fair value of financial assets through profit and loss	(1,634)	629
Finance income		
- interest and similar income	192	218
Finance costs		
- interest expense and similar charges	(12,840)	(12,140)
- net exchange differences on borrowings	10,532	(59)
Share of net loss of associates and joint ventures accounted for using the equity method	-	(292)
<b>Profit/(loss) before tax</b>	<u>817</u>	<u>(30,157)</u>
Tax credit	(15)	3,775
<b>Profit/(loss) for the period</b>	<u>802</u>	<u>(26,382)</u>
<b>Profit/(loss) for the period attributable to:</b>		
- Owners of IHI	1,148	(22,279)
- Non-controlling interests	(346)	(4,103)
	<u>802</u>	<u>(26,382)</u>

## Interim Statement of Comprehensive Income - the Group

	1 January to 30 June 2022 €'000	1 January to 30 June 2021 €'000
<b>Profit/(loss) for the period</b>	<b>802</b>	<b>(26,382)</b>
<b>Other comprehensive income/(loss):</b>		
Gross deficit arising on revaluation of hotel properties	(31)	-
Deferred tax on surplus arising on revaluation of hotel properties	6	-
Translation reserve	45,930	18,182
Income tax relating to components of other comprehensive income	(6,136)	(747)
Share of other comprehensive income of joint ventures and associates accounted for using the equity method		
- currency translation differences	-	(7,346)
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>39,769</b>	<b>10,089</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>40,571</b>	<b>(16,293)</b>

## Interim Statement of Financial Position - the Group

	30 June 2022 €'000	31 December 2021 €'000
<b>Assets</b>		
<b>Non-current</b>		
Intangible assets	47,415	48,216
Indemnification assets	17,168	17,168
Investment property	190,463	161,149
Property, plant and equipment	1,290,127	1,259,688
Right-of-use assets	10,069	11,203
Deferred tax assets	15,505	19,028
Investments accounted for using the equity method	5,189	5,188
Financial assets at fair value through profit or loss	6,898	6,898
Other financial assets at amortised cost	6,919	5,915
Trade and other receivables	1,795	982
	<u>1,591,548</u>	<u>1,535,435</u>
<b>Current</b>		
Inventories	14,284	12,531
Other financial assets at amortised cost	40	61
Trade and other receivables	46,633	35,315
Current tax asset	847	745
Financial assets at fair value through profit or loss	2,711	8,978
Cash and cash equivalents	70,590	102,087
Assets placed under trust arrangement	77	77
	<u>135,182</u>	<u>159,794</u>
<b>Total assets</b>	<u>1,726,730</u>	<u>1,695,229</u>



## Interim Statement of Financial Position - the Group

	30 June 2022 €'000	31 December 2021 €'000
<b>Equity and liabilities</b>		
<b>Equity</b>		
Capital and reserves attributable to owners of IHI:		
Issued capital	615,685	615,685
Revaluation reserve	60,978	61,003
Translation reserve	24,337	(20,049)
Reporting currency conversion difference	443	443
Other components of equity	2,617	2,617
Retained earnings	(33,792)	(34,940)
	<u>670,268</u>	<u>624,759</u>
Non-controlling interests	208,519	213,457
<b>Total equity</b>	<u>878,787</u>	<u>838,216</u>
<b>Liabilities</b>		
<b>Non-current</b>		
Trade and other payables	11,312	10,608
Bank borrowings	300,192	348,528
Bonds	282,819	282,591
Lease liabilities	9,923	9,210
Other financial liabilities	26,774	6,827
Deferred tax liabilities	101,411	93,693
Provisions	209	206
	<u>732,640</u>	<u>751,663</u>
<b>Current</b>		
Trade and other payables	93,232	76,893
Bank borrowings	20,032	24,948
Lease liabilities	989	2,611
Other financial liabilities	105	103
Current tax liabilities	945	795
	<u>115,303</u>	<u>105,350</u>
<b>Total liabilities</b>	<u>847,943</u>	<u>857,013</u>
<b>Total equity and liabilities</b>	<u>1,726,730</u>	<u>1,695,229</u>

**International Hotel Investments p.l.c.**  
**Interim Financial Statements**  
**For the period from 1 January 2022 to 30 June 2022**

## Interim Statement of Changes in Equity - the Group

	Share capital €'000	Revaluation reserve €'000	Translation reserve €'000	Reporting currency conversion difference €'000	Other equity components €'000	Retained earnings €'000	Total attributable to owners €'000	Non-controlling interests €'000	Total equity €'000
<b>Balance at 1 January 2021</b>	<b>615,685</b>	<b>20,365</b>	<b>(27,071)</b>	<b>443</b>	<b>2,617</b>	<b>(8,803)</b>	<b>603,236</b>	<b>169,940</b>	<b>773,176</b>
Loss for the period	-	-	-	-	-	(22,279)	(22,279)	(4,103)	(26,382)
Other comprehensive loss	-	-	2,054	-	-	-	2,054	8,035	10,089
<b>Total income and expenses for the period</b>	<b>-</b>	<b>-</b>	<b>2,054</b>	<b>-</b>	<b>-</b>	<b>(22,279)</b>	<b>(21,386)</b>	<b>3,932</b>	<b>(16,293)</b>
<b>Balance at 30 June 2021</b>	<b>615,685</b>	<b>20,365</b>	<b>(25,017)</b>	<b>443</b>	<b>2,617</b>	<b>(31,082)</b>	<b>583,011</b>	<b>173,872</b>	<b>756,883</b>
Loss for the period	-	-	-	-	-	(6,033)	(6,033)	2,087	(3,946)
Other comprehensive loss	-	42,813	4,968	-	-	-	47,781	37,498	85,279
<b>Transactions with owners in their capacity as owners:</b>									
<b>Reclassification of revaluation reserve to retained earnings upon obtaining control of Golden Sands Resort Ltd</b>	-	(2,175)	-	-	-	2,175	-	-	-
<b>Transactions with owners, recognised directly in equity</b>	-	(2,175)	-	-	-	2,175	-	-	-
<b>Balance at 31 December 2021</b>	<b>615,685</b>	<b>61,003</b>	<b>(20,049)</b>	<b>443</b>	<b>2,617</b>	<b>(34,940)</b>	<b>624,759</b>	<b>213,457</b>	<b>838,216</b>
Profit for the period	-	-	-	-	-	1,148	1,148	(346)	802
Other comprehensive income	-	(25)	44,386	-	-	-	44,361	(4,592)	39,769
<b>Total income and expenses for the period</b>	<b>-</b>	<b>(25)</b>	<b>44,386</b>	<b>-</b>	<b>-</b>	<b>1,148</b>	<b>45,509</b>	<b>(4,938)</b>	<b>40,571</b>
<b>Balance at 30 June 2022</b>	<b>615,685</b>	<b>60,978</b>	<b>24,337</b>	<b>443</b>	<b>2,617</b>	<b>(33,792)</b>	<b>670,268</b>	<b>208,519</b>	<b>878,787</b>

## Interim statement of cash flows - the Group

	1 January to 30 June 2022 €'000	1 January to 30 June 2021 €'000
<b>Profit/(loss) before tax</b>	817	(30,157)
Adjustments	14,967	31,016
Working capital changes:		
Inventories	(1,478)	(431)
Trade and other receivables	(11,776)	6,046
Advance payments	(476)	(78)
Trade and other payables	16,160	5,620
<b>Cash generated from operations</b>	<b>18,214</b>	<b>12,016</b>
Tax paid	(136)	(187)
<b>Net cash generated from operating activities</b>	<b>18,078</b>	<b>11,829</b>
<b>Investing activities</b>		
Payments to acquire property, plant and equipment	(12,071)	(4,990)
Payments to acquire intangible assets	(12)	(452)
Payments to acquire investment property	(369)	-
Acquisition of subsidiaries	-	(14,689)
Payments for acquisition of financial assets at fair value through profit or loss	(209)	-
Proceeds from sale of financial assets at fair value through profit or loss	4,543	1,583
Interest received	192	218
<b>Net cash used in investing activities</b>	<b>(7,926)</b>	<b>(18,330)</b>
<b>Financing activities</b>		
Bank finance advanced – net of arrangement fees	-	16,581
Repayment of bank borrowings	(51,210)	(23,120)
Payment of loans repaid to parent companies and its subsidiaries	-	17,483
Advances by ultimate parent	20,000	-
Bond issue costs	-	-
Proceeds of bond issue costs	-	-
Principal elements of lease payments	(1,033)	(584)
Contributions to sinking fund	-	(2,143)
Interest paid	(9,953)	(10,960)
Dividends paid	-	-
<b>Net cash used in financing activities</b>	<b>(42,196)</b>	<b>(2,743)</b>
<b>Net change in cash and cash equivalents</b>	<b>(32,044)</b>	<b>(9,244)</b>
Cash and cash equivalents at beginning of period	97,906	36,383
Effect of translation of group entities to presentation currency	(491)	(1,021)
<b>Cash and cash equivalents at end of period</b>	<b>65,371</b>	<b>26,118</b>

## Notes to the Financial Statements

### 1. Summary of significant accounting policies

The accounting policies adopted in the preparation of the 2022 Group's Half-Yearly Report are the same as those adopted in the preparation of the audited financial statements for the year ended 31 December 2021.

### 2. Tangible fixed assets

Tangible fixed assets acquired during the period amounted to €12 million.

### 3. Related party transactions

The Company has a related party relationship with its parent company, CPHCL Company Limited (CPHCL), and other entities forming part of the CPHCL Group of Companies, of which IHI is a subsidiary. Transactions with these companies are subject to review by the Audit Committee which provides comfort to the Board of Directors that such transactions are carried out on an arm's length basis and are for the benefit of the IHI Group. All transactions with companies forming part of the IHI Group have been eliminated in the preparation of this consolidated Half-Yearly Report.

<b>Summary of Related Party Transactions</b>	<b>€'000</b>
Parent and associated company – Management fee income	275
Associated companies – Hotel fee income	480

## Notes to the Financial Statements

### 4. Segmental Reporting – Information about reportable segments

Hotels	2022	2021	2022	2021	2022	2021	2022	2021
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
	European countries	European countries	Eastern European countries	Eastern European countries	North Africa	North Africa	Total	Total
Segment revenue	63,343	15,984	14,066	7,466	2,343	1,525	79,752	24,975
Operating results before depreciation and fair value gains/(losses)	11,154	(3,191)	440	1,066	413	(201)	12,007	(2,326)
Depreciation and amortisation	(9,230)	(9,009)	(2,518)	(2,539)	(1,279)	(1,270)	(13,027)	(12,818)
Segment profit or loss	1,923	(12,200)	(2,078)	(1,473)	(865)	(1,471)	(1,020)	(15,144)

## Notes to the Financial Statements

### 4. Segmental Reporting – Information about reportable segments - *continued*

Entity-wide disclosure	Total €'000	Total €'000
<b>Segment revenue</b>	<b>79,752</b>	<b>24,975</b>
Rental income from investment property	5,195	3,925
Hotel management company revenue	6,603	2,215
Catering business	7,727	2,769
Project management	3,492	3,084
Holding company revenue and other revenue	1,691	1,093
Elimination of intra-group revenue	<b>(8,684)</b>	<b>(3,443)</b>
<b>Group revenue</b>	<b>95,776</b>	<b>34,618</b>
Segment profit or loss	<b>(1,020)</b>	<b>(15,144)</b>
Net rental income from investment property	4,286	4,216
Catering business	642	(608)
Other write-offs	(49)	(49)
Project management	749	583
Other operational exchange gains/(losses)	1,638	(1,718)
Unallocated items	<b>(373)</b>	<b>(351)</b>
Corporate office operating loss	<b>(2,156)</b>	<b>(2,915)</b>
Hotel management company operating profit	942	(1,136)
Depreciation and amortisation	<b>(1,324)</b>	<b>(3,102)</b>
Consolidation adjustment	<b>1,232</b>	<b>1,711</b>
	<b>4,567</b>	<b>(18,513)</b>
Share of loss from equity accounted investments	-	(292)
Finance income	192	218
Finance costs	<b>(12,840)</b>	<b>(12,140)</b>
Net foreign exchange translation differences	<b>10,532</b>	<b>(59)</b>
Net fair value gain/(loss) on investment	<b>(1,634)</b>	<b>629</b>
	<b>817</b>	<b>(30,157)</b>

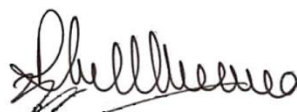
## Statement Pursuant to Capital Markets Rule 5.75.3

We confirm that to the best of our knowledge:

- the interim financial statements give a true and fair view of the financial position of International Hotel Investments p.l.c. as at 30 June 2022, and of its financial performance and its cashflows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 – Interim Financial Reporting), and
- the interim Directors' Report includes a fair review of the information required in terms of Capital Markets Rules 5.81 to 5.84.



**Alfred Pisani**  
Chairman



**Richard Cachia Caruana**  
Director

29 August 2022