CPHCL Company Limited
(formerly Corinthia Palace Hotel Company Limited)

Report and Financial Statements
31 December 2022

Company Registration Number C 257

Directors' report

The Directors present their report together with the audited financial statements of CPHCL Company Limited, formerly Corinthia Palace Hotel Company Limited (the 'Company' or 'CPHCL') and the consolidated financial statements of the Group of which it is the parent, for the year ended 31 December 2022.

Principal Activities

The Group's main business is the ownership, development and operation of hotels, leisure facilities, and other activities related to the tourism industry. The Group is also actively engaged in the provision of residential accommodation, the rental of retail and office space, the origination of projects for the Group and third-party investors and services related to construction, project management and catering.

Results and Review of Performance

The financial performance for 2022 was again partially impacted by COVID-19, particularly during the first quarter of the year. The military conflict which erupted in February 2022 between Russia and Ukraine and which led to international sanctions on Russia, also had an effect on the Group's results and assets held in Russia as disclosed in Note 5.2. The geopolitical situation between Russia and the west resulted in a drop in international business which consequentially delayed the recovery from COVID-19 in Russia. On a positive note, in spite of the situation in and around the Russian market, the hotel maintained the same occupancy levels as in 2021 in view of the local trade that the hotel always enjoyed.

Total revenue for the year under review increased to €270.35 million from €145.68 million last year, an increase of 86%. The revenue levels achieved in 2022 represent 86% of the 2019 pre-COVID-19 revenue figures.

On the strength of the increased revenue, the Group recorded an operating result before depreciation and fair value adjustments of €51.96 million compared to €24.39 million in 2021, an increase of €27.57 million.

In 2022, the Group is reporting in its Income Statement an overall exchange gain of €16.01 million, compared to a loss on exchange of €1.19 million the year before. This positive movement in exchange differences relates mainly to the St. Petersburg property as the Rouble continued to recover. In May 2022, the bank loan on the property in St. Petersburg was fully settled resulting in a realised gain on exchange of €12.09 million and eliminated future exchange rate volatility from the Income Statement on this loan.

The Group's share of net profit of associates and joint ventures, principally relates to MIH p.l.c. through its principal subsidiary company Palm City Limited, owner of the Palm City Residences in Libya, which contributed €5.38 million to the Group's profitability (2021: €6.1 million).

In 2021 on account of continued recovery from COVID-19 and the positive results achieved in some properties, especially the London Hotel, the Group recognised property uplifts of €79.7 million. In 2022, on account of continued recovery, the Group recognised a further uplift on the property in London of €12.70 million. This uplift was offset by fair value losses recognised on the St. Petersburg property amounting to €9.74 million, following the hostilities by Russia on Ukraine and the ensuing sanctions which materially affected the business. In addition to the fair value loss recognised in the other comprehensive income on the hotel, the Group also recorded in its Income Statement, a fair value loss of €5.89 million on the St. Petersburg commercial centre.

The weakening of Sterling in 2022 relative to the reporting currency of the Group, which is the Euro, resulted in a loss on translation of the investment in London. The Group recorded a combined currency translation loss of €25.27 million, relative to a gain of €13.90 million registered in 2021.

Directors' report – continued

The Group registered a loss on total comprehensive income of €24.14 million against a profit of €71.31 million registered in 2021. The share of loss of total comprehensive income attributable to the shareholders of CPHCL amounted to €15.34 million for the year under review. The corresponding figure for 2021 was a gain of €18.72 million.

Details of the results for the year under review are set out in the consolidated income statement and the statement of comprehensive income on pages 11 to 12 and in the related notes to the audited financial statements for the year ended 31 December 2022.

At 31 December 2022, the Group is reporting a negative working capital of €25.02 million relative to a surplus of €84.69 million reported in 2021. This position includes the repayment on a bank loan amounting to €29.00 million due in 2023. The Group is currently working on refinancing this loan and on obtaining fresh loans.

Future Developments

The Corinthia Group's business as a developer and operator of hotels and real estate has continued to evolve and diversify over the years with the result that there is no major dependence on any single operation.

As the Group continues to recover from the pandemic, we expect conversion ratios from Revenue to operating results before depreciation and fair value movements to continue to improve. This improvement is tempered by inflationary pressures, rising interest rates and tight labour market in consequence of the economic effects of the pandemic, and the military conflict in Ukraine.

We continue to counter or minimise these pressures by retaining as many of the efficiencies and cost discipline gained during the pandemic.

The Group will continue with its strategy to handle several more operations under management worldwide through its subsidiary Corinthia Hotels Limited.

In Rome, Brussels, New York and Bucharest, we are in the advanced stages of construction and refurbishment. All these hotels are expected to open their doors in the first half of 2024. Likewise, design work and construction has started in our new Corinthia Hotels in Riyadh and Doha. In Doha, the hotel, residences and beach club component of this development, will be completed for inauguration by 2025.

In Malta, the Oasis project is nearing design completion. Full permits are expected in 2023 and construction to commence in 2024.

Going concern

The Directors have reviewed the Company's and the Group's operational and cash flow forecasts. Based on this review, after making enquiries, and in the light of the current financial position, the existing banking facilities and other funding arrangements, the Directors confirm that they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Directors' report – continued

Principal risks and uncertainties

The hotel industry globally is marked by strong and increasing consolidation and many of the Group's current and potential competitors may thus have bigger name recognition, larger customer bases and greater financial and other resources than the companies within the Group.

The Group is subject to general market and economic risks that may have a significant impact on the valuations of its properties (comprising hotels and investment property). A number of the Group's major operations are located in stable economies. The Group also owns certain subsidiaries that have operations situated in emerging or unstable markets. Such markets present different economic and political conditions from those of the more developed markets and present less social, political and economic stability. Businesses in unstable markets are not operating in a market-oriented economy as known in other developed or emerging markets. Further information about the significant uncertainties being faced in Libya and Russia are included in Note 5.

The Group is exposed to various risks arising through its use of financial instruments including market risk, credit risk and liquidity risk, which result from both its operating activities. The most significant financial risks as well as an explanation of the risk management policies employed by the Group are included in Note 37 of the financial statements.

Reserves

The movements on reserves are as set out in the statements of changes in equity.

Directors

The following have served as directors of CPHCL during 2022 and until the date of these financial statements:

Mr Alfred Pisani – Chairman
Mr Khaled Amr Algonsel
Emhemmed AB Ghula – from 5th September 2022
Abdulrahman A M Dibiba – from 5th September 2022
Mr Khalid S T Benrjoba – till 5th September 2022
Ms Karima Munir Elbeshir – till 5th September 2022
Mr Joseph Pisani
Mr Victor Pisani

The Company's Articles of Association do not require any of the directors to retire.

Directors' report – continued

Statement of Directors' responsibilities for the Financial Statements

The Directors are required by the Maltese Companies Act, (Cap. 386) to prepare financial statements which give a true and fair view of the state of affairs of the Company and the Group as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the Directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances; and
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

Even though not required by law, the Group has set up an independent audit committee which meets regularly.

The Directors are also responsible for designing, implementing and maintaining internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act, (Cap. 386). They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

PricewaterhouseCoopers have expressed their willingness to continue in office. A resolution proposing the re-appointment of PricewaterhouseCoopers as auditors of the Company will be submitted at the forthcoming Annual General Meeting.

Approved by the board of Directors and signed on its behalf by:

Alfred Pisani
Chairman

Khaled Amr Algonsel
Director

22 Europa Centre,
Floriana FRN 1400,
Malta

26 April 2023

Independent auditor's report

To the Shareholders of CPHCL Company Limited

Report on the audit of the financial statements

Our opinion

In our opinion:

- The Group financial statements and Parent Company financial statements (the "financial statements") of CPHCL Company Limited give a true and fair view of the Group and the Parent Company's financial position as at 31 December 2022, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

What we have audited

CPHCL Company Limited's financial statements, set out on pages 11 to 132 comprise:

- the Consolidated and Parent Company income statements and statements of total comprehensive income for the year ended 31 December 2022;
- the Consolidated and Parent Company statements of financial position as at the year then ended;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

Independent auditor's report - continued

To the Shareholders of CPHCL Company Limited

Emphasis of matter – significant uncertainty

We draw attention to the Note 5 in the financial statements, which highlights the significant geopolitical risks associated with Russia and in Libya and their impact on the Group's financial statements.

As it is uncertain as to when these risks will subside, the estimation uncertainty related to the valuation of the Group's assets in these territories remains heightened. We believe that different plausible scenarios may impact the financial performance of both the Russia and Libya operations and the valuation of related assets in a significant manner. Developments and revisions to forecast economic and market conditions after the date of approval of the financial statements might give rise to potential changes in the outcome of management assessments carried out subsequent to that date. This matter is considered to be of fundamental importance to the users' understanding of the financial statements because of the potential impact that this uncertainty may have on the valuation of the Group's assets in Russia and Libya.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the Report on other legal and regulatory requirements.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report - continued
To the Shareholders of CPHCL Company Limited

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's responsibilities for the audit of the financial statements - continued

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The *Report and Financial Statements 2022* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the *Report and Financial Statements 2022* and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report (on pages 1 to 4) The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.	In our opinion: • the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.
	Other matters on which we are required to report by exception We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us. • the financial statements are not in agreement with the accounting records and returns. • we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.	We have nothing to report to you in respect of these responsibilities.

pwc

Independent auditor's report - continued

To the Shareholders of CPHCL Company Limited

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Parent Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

PricewaterhouseCoopers
78, Mill Street
Qormi
Malta

Lucienne Pace Ross
Partner

26 April 2023

Income statements

	Notes	The Group 2022 €'000	The Group 2021 €'000	The Company 2022 €'000	The Company 2021 €'000
Revenue	6.1	**270,345**	145,679	**7,861**	6,527
Costs of providing services	6.2	**(141,987)**	(74,705)	**-**	-
		128,358	70,974	**7,861**	6,527
Marketing costs		**(9,107)**	(5,571)	**-**	-
Administrative expenses	6.2	**(47,000)**	(33,854)	**(5,360)**	(4,238)
Other operating (costs)/income		**(20,290)**	(7,160)	**4**	-
Other operating results before depreciation, impairments and fair value movements		**51,961**	24,389	**2,505**	2,289
Depreciation and amortisation	6.2	**(31,634)**	(33,452)	**(9)**	(36)
Net movements in credit losses on receivables and other assets	37.1	**40**	(511)	**(299)**	(4,244)
Impairments on investments in subsidiaries	14.2	**-**	-	**(1,627)**	-
Other losses arising on property, plant and equipment	12	**(100)**	(5,353)	**-**	-
Other operational exchange gains/(losses)		**425**	(2,055)	**99**	(237)
Impairment loss on property, plant and equipment	12	**(1,207)**	-	**-**	-
Net changes in fair value of investment property	11	**(6,620)**	1,321	**-**	-
Net changes in fair value of indemnification liabilities	28	**-**	-	**-**	6,228
Results from operating activities		**12,865**	(15,661)	**669**	4,000
Net changes in fair value of financial assets through profit and loss	19	**(3,640)**	1,351	**(714)**	608
Finance income					
- interest and similar income	8	**563**	795	**830**	620
Finance costs					
- interest expense and similar charges	8	**(31,885)**	(28,793)	**(4,174)**	(3,954)
- net exchange differences on borrowings	8	**15,582**	862	**-**	-
Share of net profit of associates and joint ventures accounted for using the equity method	15.1	**5,317**	7,479	**-**	-
Other gains/(losses)		**80**	(156)	**(126)**	-
Reclassification of currency translation reserve to profit and loss		**(264)**	(1,500)	**-**	-
Gain/(loss) on sale of investment in subsidiaries	35, 14.2	**-**	5,817	**-**	-
Loss on sale of investment in associate	15.3	**-**	(444)	**-**	-
(Loss)/profit before tax		**(1,382)**	(30,250)	**(3,515)**	1,274
Tax (expense)/credit	9	**(2,051)**	8,452	**(101)**	(1)
(Loss)/profit for the year		**(3,433)**	(21,798)	**(3,616)**	1,273
(Loss)/profit for the year attributable to:					
- Owners of CPHCL		**(5,644)**	(7,991)	**(3,616)**	1,273
- Non-controlling interests		**2,211**	(13,807)	**-**	-
		(3,433)	(21,798)	**(3,616)**	1,273

Statements of total comprehensive income

	Notes	The Group 2022 €'000	The Group 2021 €'000	The Company 2022 €'000	The Company 2021 €'000
(Loss)/profit for the year		**(3,433)**	(21,798)	**(3,616)**	1,273
Other comprehensive income					
Items that will not be subsequently reclassified to profit or loss					
Net surplus arising on revaluation of hotel properties	12	**2,959**	78,385	**-**	-
Deferred tax arising on revaluation of hotel properties	9	**1,758**	(72)	**-**	-
Share of other comprehensive income of joint ventures and associates accounted for using the equity method:					
- Surplus arising on revaluation of hotel and other property	15.1	**230**	144	**-**	-
Items that may be subsequently reclassified to profit or loss					
Currency translation differences		**(25,377)**	24,816	**-**	-
Deferred tax arising on currency translation differences		**(671)**	(772)	**-**	-
Other		**22**	18	**-**	-
Share of other comprehensive income of joint ventures and associates accounted for using the equity method:					
- Currency translation differences	15.1	**107**	(10,915)	**-**	-
Items reclassified to profit and loss					
Reclassification of currency translation reserve to profit or loss		**264**	1,500	**-**	-
Other comprehensive income for the year, net of tax		**(20,708)**	93,104	**-**	-
Total comprehensive income for the year		**(24,141)**	71,306	**(3,616)**	1,273
Total comprehensive income for the year attributable to:					
- Owners of CPHCL		**(15,342)**	18,722	**(3,616)**	1,273
- Non-controlling interests		**(8,799)**	52,584	**-**	-
		(24,141)	71,306	**(3,616)**	1,273

Statements of financial position

	Notes	The Group 31 December 2022 €'000	The Group 31 December 2021 €'000	The Company 31 December 2022 €'000	The Company 31 December 2021 €'000
Assets					
Non-current					
Intangible assets	10	**9,033**	9,647	**-**	-
Investment property	11	**185,624**	178,840	**820**	820
Property, plant and equipment	12	**1,299,101**	1,306,960	**135**	137
Right-of-use assets	13	**15,402**	15,020	**56**	6
Deferred tax assets	29	**36,166**	35,428	**3,555**	3,555
Investments in subsidiaries	14	**-**	-	**355,119**	356,160
Investments in associates and joint ventures	15	**104,704**	99,026	**24,002**	24,002
Financial assets at fair value through profit or loss	19	**5,373**	6,898	**-**	-
Other financial assets at amortised cost	16	**9,117**	8,590	**29,225**	9,225
Trade and other receivables	18	**1,539**	1,014	**-**	-
Total non-current assets		**1,666,059**	1,661,423	**412,912**	393,905
Current					
Inventories	17	**17,030**	14,805	**-**	-
Other financial assets at amortised cost	16	**153**	61	**-**	-
Trade and other receivables	18	**42,789**	30,573	**10,706**	11,661
Current tax assets		**283**	1,015	**36**	136
Financial assets at fair value through profit or loss	19	**3,607**	12,306	**4,282**	5,022
Assets placed under trust Arrangement	26.2	**77**	77	**-**	-
Cash and cash equivalents	20	**77,657**	143,062	**6,261**	35,086
		141,596	201,899	**21,285**	51,905
Assets classified as held for sale	21	**102**	134	**-**	-
Total current assets		**141,698**	202,033	**21,285**	51,905
Total assets		**1,807,757**	1,863,456	**434,197**	445,810

Statements of financial position - continued

		The Group		The Company	
		31 December 2022	31 December 2021	**31 December 2022**	31 December 2021
	Notes	**€'000**	€'000	**€'000**	€'000
Equity and liabilities					
Equity					
Issued capital	22	**20,000**	20,000	**20,000**	20,000
Other reserves	23	**135,677**	146,527	**2,950**	2,950
Retained earnings		**253,271**	257,763	**276,073**	279,689
Capital and reserves attributable to owners of CPHCL		**408,948**	424,290	**299,023**	302,639
Non-controlling interests	14.3	**466,477**	475,276	**-**	-
Total equity		**875,425**	899,566	**299,023**	302,639

Statements of financial position - continued

	Notes	The Group 31 December 2022 €'000	The Group 31 December 2021 €'000	The Company 31 December 2022 €'000	The Company 31 December 2021 €'000
Liabilities					
Non-current					
Trade and other payables	30	**11,923**	11,717	**564**	279
Bank borrowings	25	**291,819**	365,622	**800**	2,070
Bonds	26	**311,106**	320,555	**-**	-
Lease liabilities	13	**15,018**	13,712	**-**	-
Other financial liabilities	27	**33,577**	32,784	**103,332**	102,298
Deferred tax liabilities	29	**101,471**	101,500	**-**	-
Indemnification liabilities	28	**-**	-	**17,168**	17,168
Provisions		**703**	659	**-**	-
Total non-current liabilities		**765,617**	846,549	**121,864**	121,815
Current					
Trade and other payables	30	**92,702**	85,684	**11,686**	19,589
Bank borrowings	25	**59,785**	27,834	**1,292**	1,486
Bonds	26	**9,985**	-	**-**	-
Lease liabilities	13	**2,214**	2,757	**57**	6
Other financial liabilities	27	**113**	103	**275**	275
Current tax liabilities		**1,916**	963	**-**	-
Total current liabilities		**166,715**	117,341	**13,310**	21,356
Total liabilities		**932,332**	963,890	**135,174**	143,171
Total equity and liabilities		**1,807,757**	1,863,456	**434,197**	445,810

The financial statements on pages 11 to 132 were approved by the board of directors, authorised for issue on 26 April 2023 and signed on its behalf by:

Alfred Pisani
Chairman

Khaled Amr Algonsel
Director

Statement of changes in equity - the Group

	Note	Issued capital €'000	Other reserves €'000	Retained earnings €'000	Total attributable to owners of CPHCL €'000	Non controlling interest €'000	Total equity €'000
Balance at 1 January 2021		20,000	123,351	262,217	405,568	422,902	828,470
Comprehensive income:							
Loss for the year		-	-	(7,991)	(7,991)	(13,807)	(21,798)
Other comprehensive income		-	26,713	-	26,713	66,391	93,104
Total comprehensive income		**-**	**26,713**	**(7,991)**	**18,722**	**52,584**	**71,306**
Transfer to retained earnings	23	-	(3,537)	3,537	-	-	-
Transactions with owners:							
Dividends distributed		-	-	-	-	(210)	(210)
Total transactions with owners		-	-	-	-	(210)	(210)
Balance at 31 December 2021		**20,000**	**146,527**	**257,763**	**424,290**	**475,276**	**899,566**
Balance at 1 January 2022		20,000	146,527	257,763	424,290	475,276	899,566
Comprehensive income:							
Loss for the year		-	-	(5,644)	(5,644)	2,211	(3,433)
Other comprehensive income		-	(9,698)	-	(9,698)	(11,010)	(20,708)
Total comprehensive income		**-**	**(9,698)**	**(5,644)**	**(15,342)**	**(8,799)**	**(24,141)**
Transfer to retained earnings	23	-	(1,152)	1,152	-	-	-
Balance at 31 December 2022		**20,000**	**135,677**	**253,271**	**408,948**	**466,477**	**875,425**

Statement of changes in equity - the Company

	Issued capital €'000	Other reserves €'000	Retained earnings €'000	Total equity €'000
Balance at 1 January 2021	20,000	2,950	278,416	301,366
Comprehensive income:				
Profit for the year	-	-	1,273	1,273
Total comprehensive income	-	-	1,273	1,273
Balance at 31 December 2021	**20,000**	**2,950**	**279,689**	**302,639**
Comprehensive income:				
Loss for the year	-	-	(3,616)	(3,616)
Total comprehensive income	-	-	(3,616)	(3,616)
Balance at 31 December 2022	**20,000**	**2,950**	**276,073**	**299,023**

Statements of cash flows

	Notes	The Group 2022 €'000	The Group 2021 €'000	The Company 2022 €'000	The Company 2021 €'000
(Loss)/profit before tax		**(1,382)**	(30,250)	**(3,515)**	1,274
Adjustments	31	**53,393**	53,444	**(524)**	(4,748)
Working capital changes:					
Inventories		**(2,358)**	(233)	**-**	-
Trade and other receivables		**(11,362)**	3,103	**232**	(695)
Trade and other payables		**10,090**	4,373	**(1,725)**	7,186
Cash generated from/(used in) operating activities		**48,381**	30,437	**(5,532)**	3,017
Tax paid		**(566)**	(1,965)	**84**	(343)
Tax refund received		**-**	1,704	**-**	1,186
Net cash generated from/(used in) operating activities		**47,815**	30,176	**(5,448)**	3,860
Investing activities					
Payments to acquire investment Property	11	**(6,602)**	(188)	**-**	-
Payments to acquire intangible assets	10	**(20)**	(106)	**-**	-
Payments to acquire property, plant and equipment	12	**(41,152)**	(15,521)	**(4)**	(3)
Proceeds from disposal of investment property	11	**-**	37,228	**-**	-
Proceeds from disposal of financial assets at FVTPL		**6,575**	4,720	**302**	2,606
Disposal of subsidiaries, net of cash disposed	35	**-**	6,238	**-**	-
Payments to acquire financial assets at FVTPL		**(426)**	(1,579)	**(276)**	(2,467)
Payments for acquisition of subsidiaries, net of cash acquired	34	**-**	(15,368)	**-**	-
Payments to acquire shares in associates	15	**-**	(5)	**-**	-
Loan advances to subsidiary companies		**-**	-	**(20,953)**	(8,059)
Dividends received		**-**	3,500	**1,015**	3,901
Interest received		**562**	795	**229**	211
Net cash (used in)/generated from investing activities		**(41,063)**	19,714	**(19,687)**	(3,811)

Statements of cash flows - continued

	Note	The Group 2022 €'000	The Group 2021 €'000	The Company 2022 €'000	The Company 2021 €'000
Financing activities					
Repayments of bank borrowings		**(60,187)**	(39,929)	**(1,464)**	(783)
Proceeds from bank borrowings		**21,079**	17,554	**-**	-
Proceeds from issue of bonds		**-**	69,337	**-**	-
Payments for redemption of bonds		**-**	(10,431)	**-**	-
Bond issue costs		**-**	(840)	**-**	-
Contributions to sinking fund		**-**	(2,143)	**-**	-
Principal elements of lease payments		**(3,486)**	(2,614)	**(7)**	(24)
Releases from sinking fund		**-**	7,703	**-**	-
Repayments of loans from related parties		**(330)**	(1,681)	**(382)**	(1,079)
Interest paid		**(28,312)**	(26,251)	**(1,837)**	(1,998)
Dividend payments		**-**	(210)	**-**	-
Net cash (used in)/generated from financing activities		**(71,236)**	10,495	**(3,690)**	(3,884)
Net change in cash and cash equivalents		**(64,484)**	60,385	**(28,825)**	(3,835)
Cash and cash equivalents at beginning of year		**138,264**	79,863	**35,086**	38,921
Effect of translation of group entities to presentation currency		**(7,151)**	(1,984)	**-**	-
Cash and cash equivalents at end of year	20	**66,629**	138,264	**6,261**	35,086

Notes to the financial statements

1. General information

CPHCL Company Limited, (the 'Company'), is a private limited liability company incorporated and domiciled in Malta. On 13 May 2022, the Company changed its name from Corinthia Palace Hotel Company Limited to CPHCL Company Limited. The address of the Company's registered office and principal place of business is 22, Europa Centre, Floriana FRN 1400, Malta. The Company is the ultimate parent company of the Group.

2. Nature of operations

CPHCL Company Limited and its subsidiaries' (the 'Group' or 'CPHCL') principal activities include the ownership, development and operation of hotels, leisure facilities, and other activities related to the tourism industry and commercial centres. The Group is also actively engaged in the provision of residential accommodation, project management services and industrial catering.

3. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Maltese Companies Act, (Cap.386).

The financial statements have been prepared on a historical cost basis, except for financial assets classified at fair value through profit or loss (FVTPL), the land and buildings class within property, plant and equipment and investment property – which are measured at fair value.

The preparation of consolidated financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies (see Note 4 – Critical accounting estimates and judgements).

Going concern

The Group's operations and financial performance were severely impacted by the unprecedented decline in both international and domestic travel since the COVID-19 pandemic began. During 2022, the Group's operations in Russia were also impacted in view of the military conflict between Russia and Ukraine. The geopolitical situation between Russia and the west resulted in a drop in international business to and from Russia, and in sanctions and counter sanctions being imposed (Note 5.2).

Prior to the pandemic the Group had significant headroom in its cash balances to support its operations, which was later augmented with new debt facilities granted from local banks under the COVID-19 guarantee scheme to ensure funds are available.

In 2022, due to the evolving situation in and around the Russian market, the Group opted to settle in full its bank loan on its property in St. Petersburg. Naturally this has impacted the Group's cashflows and liquidity.

3. Summary of significant accounting policies - continued

3.1 Basis of preparation - continued

Going concern - continued

Operating conditions improved considerably during 2022 as the operations continue to recover from the effect of the COVID-19 pandemic. In 2022, the Group recorded a substantially improved operating result before depreciation and fair value adjustments of €51.96 million compared to €24.39 million last year. The Group is projecting that consolidated revenue levels will revert to pre COVID-19 benchmarks during 2024. It is expected that individual properties will revert over a different timeline, with some attaining this level of performance before 2024.

During the preceding financial years, the Group had engaged in an extensive dialogue with its funding banks in Malta and internationally and had entered into ad hoc arrangements with most of its principal lending banks to defer capital and in some cases interest payments too. These moratoria on interest and capital in some instances extended to the first part of 2022. All ad hoc arrangements have now reverted back to their pre COVID-19 terms and all capital and interest are being met when due. Certain banking facilities include loan to value and debt service cover covenants which are tested on a periodical basis. Waivers have been obtained in respect of any breaches of these covenants that occurred in 2022 or are expected to occur in the early part of 2023. The situation is being kept under constant review and if additional waivers will be required these will be applied for in due time.

At 31 December 2022, the Group had access to €106.47 million, comprising €28.81 million of undrawn committed facilities and €77.66 million of cash balances. This liquidity position enables the Group to sustain its operations as well as meet its capital commitments. Overall, the Group's balance sheet position remains robust.

Accordingly, the Directors and senior management consider the going concern assumption in the preparation of the Group's financial statements as appropriate as at the date of authorisation for issue of the 2022 financial statements. In their view, as at that date, there were no material uncertainties that may cast significant doubt on the Group's ability to continue operating as a going concern.

The board of directors and senior management remain vigilant on developments and will take appropriate measures as and when necessary to ensure the continued viability of the Group.

Working capital position

The Group's working capital position as at the end of December 2022 reflects a deficit of €25.02 million (2021: surplus of €84.69 million). This position takes into account the repayment of a bank loan due in 2023 amounting to €29.00 million which is classified as a current liability as at December 2022. The Group is currently working on refinancing this loan and on obtaining fresh loans.

Apart from the surplus cash flows generated from the Group's operations and investment, the Group maintains a policy of supplementing cash available for its working capital requirements with various financing initiatives and the disposal of non-core assets.

3. Summary of significant accounting policies - continued

3.2 Standards, interpretations and amendments to published standards effective in 2022

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

- Annual improvements to IFRS Standards 2018-2020 Cycle
- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAs 37

The amendments listed above did not have any impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods.

3.3 Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for accounting periods beginning 1 January 2023 and after. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's current or future reporting periods and on foreseeable future transactions.

3.4 Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 3.6).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. In the Group's financial statement investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

3. Summary of significant accounting policies - continued

3.4 Principles of consolidation and equity accounting – continued

(iii) Joint arrangements

Under IFRS 11, 'Joint Arrangements', investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

In the Group's financial statements, interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the statement of financial position.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 3.11.

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of CPHCL.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

3. Summary of significant accounting policies - continued

3.5 Investments in subsidiaries, associates and joint ventures in the Company's stand-alone financial statements

In the Company's separate financial statements, investments in subsidiaries, associates and joint ventures are accounted for by the cost method of accounting i.e. at cost less impairment. Cost includes directly attributable costs of the investment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries, associates and joint ventures are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

3.6 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquired business is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

3. Summary of significant accounting policies - continued

3.7 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro, which is CPHCL's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash balances are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within results from operating activities as a separate line item.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates or a monthly weighted average rate when there are significant fluctuations in the currency during the year (unless these are not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. Summary of significant accounting policies - continued

3.8 Property, plant and equipment

Property, plant and equipment is initially recorded at historical cost. Land and buildings are subsequently shown at fair value, based on periodic valuations by professional valuers, less subsequent depreciation for buildings. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is subsequently stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as a revaluation reserve in shareholders' equity. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve; all other decreases are charged to profit or loss. In some cases each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost, net of any related deferred income taxes, is transferred from the revaluation reserve to retained earnings.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets to their residual values over their estimated useful lives, as follows:

	Years
Freehold buildings	33 - 100
Plant and equipment	3 - 20
Motor vehicles	5 - 6

Freehold land is not depreciated as it is deemed to have an indefinite life. Assets in the course of construction and payments on account are not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (refer to Note 12). An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Property, plant and equipment that suffered an impairment is reviewed for possible reversal of the impairment at the end of each reporting period.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in profit or loss. When revalued assets are disposed of, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

3. Summary of significant accounting policies – continued

3.9 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by entities forming part of the Group is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property, when such identification is made. Investment property principally comprises land and buildings.

Investment property is measured initially at its historical cost, including related transaction costs and borrowing costs. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. After initial recognition, investment property is carried at fair value, representing open market value determined annually.

These fair valuations are reviewed regularly by a professional valuer. The fair value of investment property generally reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of the reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation surplus under IAS 16.

3.10 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'Intangible assets'. Goodwill on acquisitions of joint ventures and associates is included within the carrying amount of the investments.

Goodwill is measured as described in Note 10. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Impairment losses on goodwill are not reversed.

3. Summary of significant accounting policies – continued

3.10 Intangible assets - continued

(a) Goodwill - continued

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(b) Brands

The brand comprises the 'Island Caterers' brand name which was separately identified as part of the assets acquired on the acquisition of Island Hotels Groups Holdings p.l.c..

The brand does not have a finite life and is measured at cost less accumulated impairment losses. The brand is regarded as having an indefinite life, since based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash inflows. As at the reporting date, the brand was fully impaired as disclosed in Note 10.

(c) Other intangible assets

Separately acquired intangible assets, such as purchased computer software are shown at historical cost. Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. These intangible assets have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it related. All other expenditure including costs incurred in the ongoing maintenance of software, is recognised in profit or loss as incurred.

Intangible assets include intangibles with finite lives, which are amortised, on a straight-line basis over their estimated useful lives. Estimated useful life is the lower of legal duration and expected useful life. The estimated useful lives are as follows:

	Years
Brand design fee and other rights	5-10
Concessions	2-10
Operating contracts	20
Others	3

3.11 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3. Summary of significant accounting policies - continued

3.12 Financial assets

3.12.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

3.12.2 Recognition and derecognition

The Group recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement date, which is the date on which an asset is delivered to or by the Group. Any change in fair value for the asset to be received is recognised between the trade date and settlement date in respect of assets which are carried at fair value in accordance with the measurement rules applicable to the respective financial assets.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

3.12.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group's and the Company's debt instruments principally comprise loans and advances to other undertakings and investments in bonds. The Group also holds investments in mutual funds; management has assessed that such investments do not meet the definition of equity in accordance with IAS 32 from the issuer's perspective since the Group can sell its holding back to the fund in return for cash. Accordingly, these investments are considered to be debt instruments from the Group's perspective.

3. Summary of significant accounting policies - continued

3.12 Financial assets - continued

3.12.3 Measurement – continued

Debt instruments - continued

There are two measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating expenses together with foreign exchange gains and losses. Impairment losses are presented under net movements in credit losses on loans receivable in the income statement.

- FVTPL: Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within net changes in fair value of financial assets in the period in which it arises. The Group classified its investments in mutual funds in this category, on the basis that such investments fail to meet the ‘solely payments of principal and interest’ test.

Equity instruments

The Group subsequently measures all its financial assets in equity investments at fair value. Where the Group’s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as investment income, when the entity’s right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are shown separately within net changes in fair value of financial assets through profit or loss in the income statement.

3.12.4 Impairment

The Group assesses the expected credit losses associated with its debt instruments carried at amortised cost on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 37.1 for further details.

3.13 Trade receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Trade receivables are amounts due from customers for good sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group’s impairment policies and the calculation of the loss allowance are provided in Note 37.

3. Summary of significant accounting policies - continued

3.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. The cost of inventories comprises the invoice value of goods and, in general, includes transport and handling costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

3.16 Financial liabilities

The Group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group's financial liabilities, other than derivative financial instruments, are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. Financial liabilities at fair value through profit or loss would be initially recognised at fair value through profit or loss with transaction costs expensed in profit or loss and would be subsequently measured at fair value. The Group derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

3.17 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash asset transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3. Summary of significant accounting policies - continued

3.19 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3.20 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

3.21 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

3. Summary of significant accounting policies – continued

3.21 Provisions - continued

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

3.22 Contingent liabilities

Contingent liabilities are possible obligations that arise from past events whose existence will be confirmed only by occurrence, or non-occurrence, of one or more uncertain future event not wholly within the control of the Group; or are present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured. Contingent liabilities are not recognised in the financial statements but are disclosed unless the probability of settlement is remote.

3.23 Revenue recognition

(a) Revenue from hotel operations

Revenue from hotel operations includes revenue from accommodation, food and beverage services, and other ancillary services. The substantial majority of services are provided to customers during their stays in one of the Group's hotels, and, depending on the type of booking, some services would generally be amalgamated into one 'contract' (for example, bed and breakfast).

Each of the services rendered is assessed to be a distinct performance obligation, and if applicable, the Group allocates the transaction price to each of the services rendered to the customer on a relative basis, based on their stand-alone selling price. Revenue from such operations is recognised over time since the customer benefits as the Group is performing; the majority of revenue relates to accommodation (i.e. the amount allocated to such performance obligation is recognised over the customer's stay at the respective hotel).

(b) Catering services

The Group provides services in the catering industry. The transaction price comprises a fixed amount agreed with the respective customer. Any upfront payments are deferred as contract liabilities, and revenue is recognised in the period that the services are provided to the customer.

(c) Project management services

The Group provides a wide range of project management services, some of which may span over multiple accounting periods. Some contracts require the provision of multiple services, and the Group assesses whether these constitute distinct performance obligations in the context of the arrangement. In any case, revenue from such performance obligations is recognised over time, using an input method of progress to calculate the stage of completion.

The consideration for project management services is based on the expected number of hours that the Group expects to be required for the project to be completed. Revenue and contract costs are recognised over the period of the contract, respectively, as revenue and expenses. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

3. Summary of significant accounting policies – continued

3.23 Revenue recognition – continued

(c) Project management services - continued

The stage of completion is measured by reference to the proportion of contract costs incurred for work performed up to the end of the reporting period in relation to the estimated total costs for the contract. Costs incurred during the year that relate to future activity on a contract are excluded from contract costs in determining the stage of completion and are shown as contract assets.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the end of the reporting period. The Group presents as a contract asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings, within trade and other receivables. The Group presents as a contract liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses), within trade and other payables.

(d) Hotel management agreements

The Group enters into hotel management agreements with hotel property owners and under these agreements, the Group's performance obligation is to provide hotel management services and a license to use Corinthia's brand. Base and incentive management fees are typically charged. Base management fees are typically a percentage of total hotel operating revenues and incentive fees are generally based on the hotel's operating profits. Both are treated as variable consideration. Base management fees are recognised as the underlying hotel revenues occur. Incentive management fees are recognised over time when it is highly probable that the related performance criteria for each annual period will be met, provided there is no expectation of a subsequent reversal of the revenue. Costs incurred to enter into a contract are expensed as incurred unless they are incremental in obtaining the contract.

Contract assets

Amounts paid to hotel owners to secure hotel management agreements ('key money') are treated as consideration payable to a customer. A contract asset is recorded and eventually recognised as a deduction to revenue over the term of the contract. Contract assets are not financial assets as they represent amounts paid by the Group at the beginning of a contract and accordingly, are tested for impairment based on value in use. Contract assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

3.24 Leases

3.24.1 Accounting policy where the Group is the lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

3.24.2 Accounting policy where the Group is the lessee

The Group's leasing policy is described in Note 13.

3. Summary of significant accounting policies – continued

3.25 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Borrowing costs are recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Interest costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of interest-bearing borrowings.

Other borrowing costs are expensed in the period in which they are incurred.

3.26 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented under trade and other payables in the statement of financial position.

(b) Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(c) Contributions to defined contribution pension plans

The Group contributes towards the State defined contribution pension plan in accordance with local legislation in exchange for services rendered by employees and to which it has no commitment beyond the payment of fixed contributions. Obligations for contributions are recognised as an employee benefit in profit or loss in the periods during which services are rendered by employees.

3.27 Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.28 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3. Summary of significant accounting policies – continued

3.29 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. When the grant relates to an expense item, it is netted off against the related costs, for which it is intended to compensate. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

3.30 Assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value.

4. Critical accounting estimates and judgements

Management makes estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The resulting accounting estimates will, by definition, seldom equal actual results.

The fair value of property, plant and equipment and investment properties is determined by using valuation techniques. Further details of the judgements and assumptions made are disclosed in Note 12 to these financial statements which highlights information about the fair value estimation of land and buildings and investment property, together with a sensitivity analysis of the effect of shifts in unobservable inputs used in determining these fair values.

Additionally, the significant estimates and uncertainties arising from the Group's operations in Libya and Russia are disclosed in Note 5.

Other areas where management judgments are required include determining the lease term in relation to lease accounting are disclosed in Note 13.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of taxable profits, together with future tax planning strategies. Additional information on the unrecognised deferred tax assets are included in Note 29.

In the opinion of the directors, with exceptions to those listed above, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

5. The Group's operations in Libya and Russia

5.1 The Group's operations in Libya

The Group's investments in Libya principally comprise:

- The Corinthia Hotel Tripoli, a fully owned five-star hotel in Tripoli with a carrying amount of €67.13 million (2021: €69.48 million) managed through Corinthia Towers Tripoli Limited (CTTL), a company registered in Malta with a branch in Libya, owned by IHI p.l.c., a subsidiary of CPHCL;
- An adjoining Commercial Centre to the above-mentioned hotel, with a carrying amount of €75.34 million (2021: €75.34 million) also operated by CTTL;
- A site surrounding the Hotel, with a carrying amount of €29.50 million (2021: €29.50 million) also operated by CTTL;
- The Palm City Residences, a large-scale complex in Janzour, Libya, owned by an associate company, Mediterranean Investments Holding p.l.c. (MIH p.l.c.), in which the CPHCL Group holds a 50% share. The book value of this property is €272.57 million (2021: €272.57 million) and the Group's share of this asset and of another site owned by MIH p.l.c. in Libya is €139.38 million (2021: €139.39 million); and
- The development of the Medina Tower Project through IHI p.l.c. and MIH p.l.c., with the group holding directly and indirectly a 37.5% share amounting to €9.24 million (2021: €9.20 million).

Since 2014, Libya experienced severe political instability due to the collapse of the central government during the same year and the country has been going through difficult times ever since. A United Nations-brokered ceasefire deal was reached in December 2015 and the Libyan Political Agreement to form a Government of National Accord was signed. On 31 March 2016, the leaders of the new UN-supported unity government arrived in Tripoli. In May 2018 Libya's rival leaders agreed to hold parliamentary and presidential elections following a meeting in Paris. No election has been held as rival leaders were jostling for territory. In March 2021 however, Libya's parliament endorsed a new, unified government, and the two previous rival governments agreed to dissolve. This transitional government was due to stay in power until the end of 2021, when national presidential and legislative elections were due to take place. The elections were however postponed again after the head of High National Election Commission ordered the dissolution of the electoral committees nationwide. The elections which were initially scheduled for June 2022, were pushed back to the end of 2022 and later pushed back again. The delay of national elections together with the confirmation of a new government cabinet by the eastern-based House of Representatives in February 2022, has returned Libya to a state of institutional division with two parallel government administrations in the East and West. The state of economic uncertainty that continued to prevail during the financial year ended 31 December 2022 continues to impact negatively the Libyan hospitality and real estate sectors which in turn impacts the Group's financial results in Libya.

Having stated the above, and notwithstanding the negative impact of the COVID-19 pandemic and Libyan Dinar devaluation in 2021 which saw the Group's revenue and profitability reduce significantly, it should be noted that the turnover registered during 2022 by Corinthia Towers Tripoli Limited amounts to €12.19 million (2021: €11.05 million) representing 4.51% (2020: 7.59%) of the Group's Revenue, with a profit before tax of €4.33 million (2021: profit before tax and devaluation of €4.57 million). Current year's revenue includes €7.90 million (2021: €7.55 million) generated from rental contracts attributable to the Commercial Centre that remained in full operation throughout since its opening, generating a steady income from the lease of commercial offices within the Centre to international blue-chip companies. The existence of long-term leases has mitigated the impact of the continued political instability and state of uncertainty on the Commercial Centre.

5. The Group's operations in Libya and Russia – continued

5.1 The Group's operations in Libya – continued

Whilst the Commercial Centre continued to generate positive net contributions as in previous years, the year ended 2022 saw the hotel also generating a positive net operational financial result (2021: loss of €2.57 million). Management's objective for the hotel is to continue to build on this positive result and to ensure that payroll and other operating costs are managed in the context of the reduced operating income levels. At the same time, however, the company continues to invest in maintenance and security costs to ensure that the hotel is kept in a pristine condition to allow it to benefit from increased revenues once the situation improves.

There were no major changes during the last year when it comes to the significant economic and political uncertainty prevailing in Libya. This renders fair valuation of property assets situated in Libya, by reference to projected cash flows from operating the asset or to market sales prices, extremely difficult and judgmental. The operating performance of the assets in Libya has remained relatively stable when compared to last year.

The Palm City Residences, operated through an associate company in which the Group owns a 50% share, continued to perform resolutely during the year under review, despite the unstable political situation. The average occupancy for the year remained stable at 51.6% and management continued to receive enquiries for the leasing of units at Palm City Residences. Although the average occupancy was in line with the previous year, revenues increased by €1.02 million driven by higher average rates. Operating costs and other expenses were retained at relatively low levels. Operating profit amounted to €17.50 million (2021: operating profit of €18.86 million after recognizing an exceptional amount of €2.08 million). The operation registered a profit after tax of €10.75 million compared to €10.67 million in 2021.

The exposures emanating from the Group's activities in Libya are summarised in the table below:

	Carrying amount 31 December 2022 €'000	Carrying amount 31 December 2021 €'000
Corinthia Towers Tripoli Limited		
Property, plant and equipment	**67.1**	69.5
Investment property	**104.8**	104.8
Inventories	**1.8**	1.6
Trade receivables, net of provisions	**0.3**	1.1
Current tax receivable	**-**	0.6
Mediterranean Investments Holding p.l.c.		
Investment in associate accounted for using the equity method of accounting (excluding share in Medina Tower J.S.C.)	**95.7**	94.3
Medina Tower J.S.C.		
Investment in associate accounted for using the equity method of accounting	**9.2**	9.2

The future performance of the Hotel, the Commercial Centre and other operations referred to above, together with the fair value of the related and other property assets situated in Libya are largely dependent on how soon the political situation in Libya will return to normality and on how quickly the international oil and gas industry recovers once political risks subside.

5. The Group's operations in Libya and Russia – continued

5.1 The Group's operations in Libya – continued

In assessing the value of the Hotel, the Directors also believe that the outlook has not changed significantly over the past twelve months and therefore they have retained the expectations of a gradual recovery for the Hotel. However, the Directors also recognise that there is interest from a number of sources for short and long-term accommodation. Hotel occupancy rates in the initial months of 2023 are encouraging and occupancy levels of 20% have been reached. As a result, the results of the valuation assessment supporting the carrying amount of the Hotel in Libya are substantially in line with the assessments made last year, save for a reduction in the carrying value of €2.59 million representing the depreciation charge for the year under review. In accordance with this assessment, no further impairment charges were deemed necessary in these financial statements after taking into account the impairment charges of €40.50 million recognised in 2014 and further depreciation charges amounting to €22.12 million accounted for between 2016 and 2022.

In the case of the Commercial Centre, the carrying amount of the property is unchanged as at 31 December 2022.

The Group's investment property also includes a site surrounding the Hotel, with no determined commercial use, having a carrying amount of €29.50 million as at 31 December 2022, which is unchanged from the carrying amount as at 31 December 2021. This fair valuation is based on an independent real estate value of the site taking into account limited available market information.

The fair value of Palm City Residences as at 31 December 2022, carried out by the Directors of Palm City Ltd., was determined by discounting the forecast future cash flows generated for the remaining period of 49 years of the Build-Operate-Transfer agreement signed between CPHCL Company Limited and Palm City Ltd. In the previous reporting period, a valuation exercise was carried out by the directors to determine the fair value of the investment property, and a composite pre-tax discount rate of 17.21% in real terms was applied to the projected cash flows. The resultant valuation in 2021 reflected an increase in the carrying value of €10.30 million, which the directors, acting prudently, opted not to recognise in the reporting period. During the current reporting period, another exercise was carried out by the Directors to determine the fair value of the investment property. The valuation arrived at, was a result of specific premiums being applied including country risk, property risk and projection risk premium. The composite pre-tax discount rate utilised for the year under review is 13.14%. The resultant valuation in 2022 reflected an increase in the carrying value of €1.8 million. which the directors, opted not to recognise in this reporting period. This, notwithstanding the stable and resolute performance of the operation, and in consideration of the various scenarios possible in the current political climate.

In view of the prevailing circumstances in Libya, The Medina Tower Project owned by an associate of the Group has been paused. The key assets within this company as at 31 December 2022 held in Libyan Dinar comprise the project site carried at LYD 87.51 million equivalent to €17.06 million (2021: LYD 87.10 million equivalent to €16.74 million), and Euro denominated cash balances amounting to €7.90 million (2021: €7.79 million). The carrying amount of investment held by the Group in this project amounts to €9.24 million (2021: €9.20 million).

At this point in time, different scenarios in terms of the future political landscape in Libya are plausible, which scenarios, negative and positive, could significantly influence the timing and amount of projected cash flows and the availability of property market sales price information. The impact of these different plausible scenarios on the operating and financial performance of the Hotel, Commercial Centre and Palm City Residences, and on the fair valuation of the related property assets would accordingly vary in a significant manner.

5. The Group's operations in Libya and Russia – continued

5.1 The Group's operations in Libya – continued

It is somewhat difficult to predict when the political situation in the country will start stabilising and forecasting the timing of any economic recovery in Libya is judgemental. Past experience has shown that, because of the keen interest by the international oil and gas industry to return to Libya, the Group's performance in respect of its operations in Libya is likely to recover quickly once the situation in the country improves in a meaningful manner.

5.2 The Group's operations in Russia

The Group's investments in Russia principally comprise:

- The Corinthia Hotel St Petersburg, a fully owned five-star hotel in St. Petersburg with a carrying amount of €71.83 million (2021: €75.97 million) managed through IHI Benelux B.V., a company registered in The Netherlands, with a branch in St Petersburg, owned by IHI p.l.c., a subsidiary of CPHCL;
- An adjoining Commercial Centre to the above-mentioned hotel, with a carrying amount of €52.48 million (2021: €51.6 million) also operated by IHI Benelux B.V.; and
- A 10% equity investment in Lizar Holdings Limited, a hotel and residential development in Moscow, having a carrying amount of €0.03 million (2021: €0.03 million).

In February 2022, a military conflict erupted between Russia and Ukraine with consequential international sanctions being imposed on Russia. The situation regarding these sanctions and counter-sanctions imposed by Russia itself continues to evolve. The consequences of these sanctions on the Group and future effects on operational incomes are difficult to determine and depend on the duration of this conflict. The Group has engaged international legal advisers to assist in managing the situation that the sanctions have brought about.

The geopolitical situation between Russia and the west resulted in a drop in international business. Nevertheless, the hotel maintained the same occupancy levels as in 2021 in view of the local trade that the hotel always enjoyed.

Earlier this year, due to the evolving situation in and around the Russian market and in view of the escalating sanctions that were being imposed on Russia, the Group settled the bank loan on its property in St. Petersburg. Whilst naturally impacting on the Group's cashflows, the transaction has also had the beneficial effect of removing exchange rate volatility which the Group had experienced during past years due to this facility.

Both the hotel and the Commercial Centre have remained operational since the eruption of the conflict and it has been assumed that this situation will continue. The turnover registered during 2022 by IHI Benelux BV amounts to €13.26 million (2021: €10.58 million) representing 4.90% (2021: 7.27%) of the Group's Revenue, with a profit before tax of €4.86 million (2021: profit before tax of €6.15 million). Current year's revenue includes €3.20 million (2021: €2.70 million) generated from rental contracts attributable to the Commercial Centre.

The settlement of the bank loan in the current year resulted in a gain on exchange of €12.09 million reported in the income statement with net exchange differences on borrowings.

Management's objective for the hotel and the Commercial Centre is to continue to build on the local trade and to ensure that payroll and other operating costs are managed in the context of the reduced operating income levels. At the same time, the company continues to invest in maintenance to ensure that the hotel is kept in a pristine condition to allow it to benefit from increased revenues once the situation improves and international travellers return.

5. The Group's operations in Libya and Russia – continued

5.2 The Group's operations in Russia - continued

The exposures emanating from the Group's activities in Russia are summarised in the table below:

	Carrying amount 31 December 2022 €'000	Carrying amount 31 December 2021 €'000
IHI Benelux B.V.		
Property, plant and equipment	**71.8**	76.0
Investment property	**52.5**	51.6
Inventories	**0.7**	0.6
Trade receivables, net of provisions	**0.1**	0.1
Moscow project		
Investment and loans	**6.5**	5.9

The future performance of the Hotel, the Commercial Centre and other operations referred to above, together with the fair value of the related and other property assets situated in Russia are largely dependent on how soon the economic and political situation in and around Russia will return to normality and on how quickly international sanctions are lifted.

In assessing the value of the Hotel, the Directors recognised that the recent developments resulted in a drastic drop in international trade and consequentially a delay in the recovery from COVID-19. As a result, the valuation assessment carried out by professional valuers includes a higher element of uncertainty, and resulted in a fair value loss of €9.74 million (2021: uplift of €5.24 million) on the hotel, reported in other comprehensive income, and €5.90 million (2021: €1.63 million) on the Commercial Centre, reported in the income statement.

In view of the prevailing circumstances in Russia, the Moscow hotel project owned by an associate of the Group was suspended.

It is somewhat difficult to predict when the geopolitical situation between Russia and the west will start stabilising and forecasting the timing of any economic recovery in Russia is judgmental. Considering the central and strategic location of the hotel and Commercial Centre, the Group's performance in respect of its operations in Russia is likely to recover quickly once the situation improves in a meaningful manner.

6. Revenue and expenses

6.1 Revenue

The Group's revenues split by category, are disclosed below:

	The Group	
	2022	2021
	€'000	€'000
Hotel operations	**221,276**	110,864
Rental income	**28,216**	19,402
Catering	**24,508**	15,474
Project management	**7,532**	6,342
Manufacturing	**-**	184
Laundry and dry cleaning	**3,371**	2,014
Event organisation	**3,282**	1,271
Others	**211**	206
Management company revenue	**21,882**	11,172
Elimination of intra group revenues	**(39,933)**	(21,250)
	270,345	145,679

The Company's revenue is mainly derived from dividend income and an element of management fees.

Contract assets and contract liabilities with respect to the Group's revenue from contracts are disclosed in Notes 18 and 30 respectively.

6.2 Expenses by nature

	The Group		The Company	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Directors' fees	**170**	102	**-**	-
Management fees	**-**	-	**550**	550
Food, beverage and other direct costs	**26,517**	14,245	**-**	-
Professional fees (excluding audit fees)	**4,538**	4,458	**171**	158
Energy costs	**16,044**	7,922	**4**	6
Depreciation of property, plant and equipment (Note 12)	**28,058**	29,185	**6**	5
Depreciation of right-of-use assets (Note 13)	**2,943**	3,067	**3**	31
Amortisation of intangible assets (Note 10)	**633**	1,200	**-**	-
Personnel expenses (Note 7)	**81,045**	52,191	**2,521**	1,969
Property taxes	**5,035**	1,923	**-**	-
Repairs and maintenance	**7,974**	5,866	**-**	-

The Group's Directors' remuneration charged in profit or loss in 2022 amounted to €2.29 million (2021: €1.57 million). Directors' remuneration for the Company charged in profit or loss in 2022 amounted to €1.01 million (2021: €0.73 million).

In 2021, a gain on termination of a service agreement amounting to €4.09 million was netted off against the Group's other operating costs/income included within the Income Statement.

6. Revenue and expenses – continued

6.3 Auditor's fees

Fees charged by the auditor for services rendered during the financial years ended 31 December 2022 and 31 December 2021 including fees charged by other network firms are shown in the table below.

	The Group		The Company	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Annual statutory audit	**937**	890	**107**	102
Tax compliance and advisory services	**50**	58	**-**	-
Other non-audit services	**4**	78	**-**	-
	991	1,026	**107**	102

Fees charged by the parent company auditor for services rendered during the financial year ended 31 December 2022 and 2021 to the Group relating to annual statutory audit, tax compliance and advisory fees and other non-audit services amounted to €0.58 million (2021: €0.63 million).

7. Personnel expenses

	The Group		The Company	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Wages and salaries	**67,491**	44,372	**2,393**	1,859
Social security contributions	**6,959**	4,372	**32**	41
Other staff costs	**6,595**	3,447	**96**	69
	81,045	52,191	**2,521**	1,969

In addition to the amounts shown in the above table, the Group also incurred outsourced labour costs amounting to €17.47 million (2021: €7.43 million).

Government grants in relation to personnel expenses

In response to the COVID-19 pandemic, the Group has benefitted from varying schemes adopted by the respective Governments in various countries in which the Group operates. The Group and Company received grants amounting to €3.51 million (2021: €12.55 million) and €0.10 million (2021: €0.20 million) respectively under the varying schemes adopted by the respective Governments. These grants have been netted off against the wages and salaries amount disclosed above.

The average number of employees is as follows:

	The Group		The Company	
	2022	2021	**2022**	2021
	No.	No.	**No.**	No.
Management and administrative	**699**	618	**31**	30
Operating	**2,075**	1,675	**11**	11
	2,774	2,293	**42**	41

8. Finance income and finance costs

	The Group		The Company	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Finance income:				
Interest income on loans to subsidiaries	**-**	-	**600**	408
Interest income on loans to associates	**143**	142	**135**	135
Interest income on bank balances	**55**	83	**-**	-
Interest income on loans to investee	**248**	262	**-**	-
Others	**117**	308	**95**	77
Total finance income	**563**	795	**830**	620
Finance costs:				
Interest expense on bank borrowings	**13,641**	11,656	**103**	156
Interest expense on bonds in issue	**14,488**	12,882	**-**	-
Interest expense on shareholders' loans	**1,297**	1,274	**1,297**	1,274
Interest expense on subsidiaries' loans	**-**	-	**2,586**	2,401
Interest expense on lease liabilities	**925**	1,001	**1**	1
Bond issue and other financing costs	**842**	1,308	**-**	-
Net exchange differences	**(15,582)**	(862)	**-**	-
Others	**692**	672	**187**	122
Total finance costs	**16,303**	27,931	**4,174**	3,954

9. Tax (expense)/credit

The (charges)/credits for income tax on (losses)/profits derived from local and foreign operations have been calculated at the applicable tax rates.

	The Group		The Company	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Current taxation:				
- Current year tax	**(2,189)**	(1,664)	**(101)**	(1)
- Adjustment recognised in financial period for current tax of prior period	**(31)**	(3)	**-**	-
Deferred taxation:				
- Deferred tax expense	**277**	9,566	**-**	-
- Adjustment recognised in financial period for deferred tax of prior period	**(108)**	553	**-**	-
	(2,051)	8,452	**(101)**	(1)

Refer to Note 29 for information on the deferred tax assets and liabilities.

9. **Tax (expense)/credit** - continued

9.1 Tax (expense)/credit reconciliation

	The Group		The Company	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
(Loss)/profit before income tax expense	**(1,382)**	(30,250)	**(3,515)**	1,274
	(1,382)	(30,250)	**(3,515)**	1,274
Income tax using the Company's domestic tax rate at 35%	**484**	10,588	**1,230**	(446)
Effect of income/(losses) subject to foreign/different tax rates	**474**	636	**1,273**	1,495
Effect of reduction in tax rate on opening deferred tax assets	**-**	(524)	**-**	-
Non-taxable income	**-**	1,709	**(179)**	1,709
Non-tax deductible expenses	**(4,405)**	(5,206)	**(1,497)**	(2,109)
Movement in unrecognised deferred tax	**(218)**	(37)	**(828)**	(650)
Adjustments in respect of previous years taxes	**(139)**	550	**(100)**	-
Effect of Group's share of profit and loss attributable to investments accounted for using the equity method	**1,861**	2,588	**-**	-
Other	**(108)**	(1,852)	**-**	-
Tax (expense)/credit	**(2,051)**	8,452	**(101)**	(1)

The tax impacts which are entirely attributable to deferred taxation, relating to components of other comprehensive income, are as follows:

	2022			2021		
	Before tax	**Tax (charge)/ credit**	**Net of tax**	Before tax	Tax charge	Net of tax
	€'000	**€'000**	**€'000**	€'000	€'000	€'000
Group						
Net surplus arising on revaluation of hotel properties	**2,959**	**1,758**	**4,717**	78,385	(72)	78,313
Currency translation differences	**(25,377)**	**(671)**	**(26,048)**	24,816	(772)	24,044
	(22,418)	**1,087**	**(21,331)**	103,201	(844)	102,357

10. Intangible assets

The Group

	Goodwill €'000	Brand €'000	Brand design fee and other rights €'000	Con-cessions €'000	Operating contracts €'000	Other €'000	Total €'000
Cost							
At 1 January 2021	2,905	3,121	9,116	463	7,000	3,177	25,782
Business combinations (Note 34)	5,411	-	-	-	-	6	5,417
Additions	-	-	40	-	-	47	87
Write-off	-	(3,121)	-	-	-	-	(3,121)
Exchange differences	-	-	4	3	-	19	26
At 31 December 2021	8,316	-	9,160	466	7,000	3,249	28,191
At 1 January 2022	8,316	-	9,160	466	7,000	3,249	28,191
Additions	-	-	12	-	-	8	20
Exchange differences	-	-	(3)	4	-	(1)	-
At 31 December 2022	**8,316**	**-**	**9,169**	**470**	**7,000**	**3,256**	**28,211**
Amortisation and impairment							
At 1 January 2021	766	3,121	8,448	410	4,958	2,826	20,529
Amortisation charge for year	-	-	464	40	350	346	1,200
Write-off	-	(3,121)	-	-	-	-	(3,121)
Reversal of write-offs	-	-	-	-	-	(72)	(72)
Exchange differences	-	-	3	3	-	2	8
At 31 December 2021	**766**	**-**	**8,915**	**453**	**5,308**	**3,102**	**18,544**
At 1 January 2022	766	-	8,915	453	5,308	3,102	18,544
Amortisation charge for year	-	-	47	13	500	73	633
Exchange differences	-	-	(2)	4	-	(1)	1
At 31 December 2022	**766**	**-**	**8,960**	**470**	**5,808**	**3,174**	**19,178**
Carrying amount							
At 1 January 2021	2,139	-	668	53	2,042	351	5,253
At 31 December 2021	7,550	-	245	13	1,692	147	9,647
At 31 December 2022	**7,550**	**-**	**209**	**-**	**1,192**	**82**	**9,033**

10. Intangible assets - continued

Goodwill

The acquisition of CaterMax Limited and Malta Fairs and Conventions Centre Limited in 2016 gave rise to goodwill amounting to €0.78 million, attributable to synergies expected between the acquired business and the Group's previously owned business line operating within CaterMax's sector.

In 2015, IHI p.l.c. had acquired the IHGH Group. The goodwill arising on this major acquisition was of €1.40 million. The goodwill is attributable to cost synergies.

During the year 2021, the Group acquired the remaining 50% holding in Golden Sands Resort Limited. This gave rise to a goodwill of €5.41 million (Note 34).

Relative to the Group's total asset base, the goodwill arising on these acquisitions are not material to warrant the disclosures that would have otherwise been required by IAS 36.

Brand design fees and other rights

The Group has franchise agreements with Costa International Limited to develop and operate the Costa Coffee brand in the Maltese Islands as well as in the territory of Spain (East Coast), the Balearic Islands and the Canary Islands. These intangibles arise from the acquisition of the IHGH Group in 2015 and the Group has identified two cash-generating units ("CGUs") from this acquisition: Costa Coffee Spain and Costa Coffee Malta. The total amount of brand design fees and other rights recognised on acquisition amounted to €8.70 million, of which €6.10 million related to Costa Coffee Spain.

Costa Coffee Malta

This cash-generating unit includes the operation of the Costa Coffee retail brand in Malta. As at 31 December 2022 the Group operated fifteen outlets (2021: thirteen) each enjoying a strategic location in areas popular for retail operations. The carrying amount of the Brand design fees and other rights for Costa Coffee Malta amounted to €0.05 million (2021: €0.21 million).

Costa Coffee Spain

The Group operated twelve Costa Coffee outlets in the east coast of Spain, the Canary and Balearic Islands. These outlets were all closed off and the operation put into liquidation during 2020. A write-off of the intangible asset relating to this operation was affected during 2020, and accordingly, the assets have a nil carrying amount as at 31 December 2022 and 2021.

10. Intangible assets – continued

Operating contracts

These contracts represent the assumed value attributable to the operation of hotel properties which arose on the re-acquisition of 30% shareholding of Corinthia Hotels Limited ('CHL'), formerly known as CHI Limited in 2012.

The impairment test in respect of the carrying amount of this intangible asset was performed by virtue of an expert valuation of an independent party. The indicative valuation is based on the discounted cash flows derived from hotel operating projections as prepared by specialists in hotel consulting and valuations, and such projections confirm that no impairment charge was required as at 31 December 2022 and 2021.

The discounted cash flow (value-in-use) calculation was determined by discounting the forecast future cash flows generated by CHL for a ten-year explicit period 2022 – 2031. The following are the key assumptions underlying the projections:

- revenue derived from IHI p.l.c. properties is based on operational projections. This accounts for 68.00% of the total revenue in the explicit period (2021: 68.00%);
- revenue from other properties is assumed to increase by 2.00% per annum on 2023 budget (2021: 2.00% on 2022 budget) (in-perpetuity growth rate of 2.00% per annum applied subsequently to the ten-year period covered by the explicit projections);
- a pre-tax discount rate of 12.28% was applied to the operating projections of CHL (2021: 12.28%).

Others

Other intangible assets represent web-site development costs and licenses.

11. Investment property

	The Group		**The Company**	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
At 1 January	**178,840**	208,623	**820**	820
Transfer from property, plant and equipment (Note 12)	**1,200**	-	**-**	-
Additions	**6,602**	188	**-**	-
Disposals	**-**	(37,227)	**-**	-
Net gain/(loss) from fair value adjustment	**(6,620)**	1,321	**-**	-
Exchange differences	**5,602**	5,935	**-**	-
At 31 December	**185,624**	178,840	**820**	820

The transfer from property, plant and equipment relates to one of the buildings in St. Petersburg, Russia. This building will in the future be used for leasing purposes and consequently its original cost and improvements made are being transferred from property, plant and equipment to investment property.

a) The Group's investment properties are valued annually on 31 December at fair value by independent professionally qualified valuers having appropriate recognised professional qualifications and experience in the location and category of the property being valued.

11. Investment property - continued

The carrying amount of the investment properties is analysed as follows:

	The Group	
	2022	2021
	€'000	€'000
Investment property		
Commercial Centre in St Petersburg – Russia	**52,483**	51,600
Commercial Centre in Tripoli – Libya	**75,344**	75,344
Apartment block in Lisbon	**5,908**	4,705
Site in Tripoli – Libya	**29,500**	29,500
Site in Marsa – Malta	**9,636**	9,636
Site in Konopiste – Czech Republic	**7,866**	7,624
Site in Misurata – Libya	**87**	87
Amber Hotels – Czech Republic	**354**	344
Office block – London	**4,446**	-
	185,624	178,840

Disclosures required in terms of IFRS 13 in relation to fair value measurements attributable to investment property are presented in Note 12.1.

b) Investment properties with a carrying amount of €118.93 million (2021: €170.78 million) are hypothecated in favour of bankers as collateral for general banking facilities and loans granted to the Group.
c) Rental income earned by the Group from investment property amounted to €11.53 million (2021: €10.62 million) while direct expenses amounted to €2.55 million (2021: €2.89 million).
d) Direct operating expenses in relation to investment properties that did not generate rental income amounted to €0.05 million (2021: nil).
e) All investment property is leased out under operating leases with rentals payable monthly. Lease payments for some contracts include Consumer Price Index (CPI) increases. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease.

During 2021, the Group disposed of its apartment held in London for a total consideration of €37.23 million.

The minimum lease payments receivable in accordance with IFRS 16 are as follows:

	The Group	
	2022	2021
	€'000	€'000
Within 1 year	**7,098**	8,857
Between 1 and 2 years	**3,038**	4,786
Between 2 and 3 years	**2,329**	1,041
Between 3 and 4 years	**1,620**	491
Between 4 and 5 years	**1,588**	440
Later than 5 years	**34**	-
	15,707	15,615

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

12. Property, plant and equipment

	The Group				
	Land and buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Assets in the course of construction €'000	Total €'000
Cost/valuation					
Balance at 1 January 2021	1,391,609	299,719	2,857	60,563	1,754,748
Revaluation surplus	73,385	-	-	-	73,385
Revaluation adjustment*	(67,513)	-	-	-	(67,513)
Acquisition of subsidiary	55,941	4,884	17	-	60,842
Additions	1,082	2,527	-	12,358	15,967
Disposals	-	(367)	(25)	(603)	(995)
Other write-offs	-	-	-	(5,353)	(5,353)
Exchange differences	40,050	4,216	(210)	(4,433)	39,623
Balance at 31 December 2021	1,494,554	310,979	2,639	62,532	1,870,704
Balance at 1 January 2022	1,494,554	310,979	2,639	62,532	1,870,704
Revaluation surplus	2,959	-	-	-	2,959
Revaluation adjustment*	(4,634)	-	-	-	(4,634)
Additions	11,015	6,457	60	23,825	41,357
Reallocations	660	798	-	(1,458)	-
Disposals	(1)	(850)	(432)	(76)	(1,359)
Other write-offs	-	-	-	(100)	(100)
Transfer to investment property (Note 11)	(263)	-	-	(937)	(1,200)
Exchange differences	(23,323)	(4,858)	6	159	(28,016)
Balance at 31 December 2022	1,480,967	312,526	2,273	83,945	1,879,711
Depreciation and impairment charges					
Balance at 1 January 2021	342,324	256,001	2,606	-	600,931
Depreciation for the year	17,035	12,054	96	-	29,185
Reversal of impairment losses	(5,000)	-	-	-	(5,000)
Revaluation adjustment*	(67,513)	-	-	-	(67,513)
Disposal adjustments	-	(368)	(19)	-	(387)
Exchange differences	5,449	1,270	(191)	-	6,528
Balance at 31 December 2021	292,295	268,957	2,492	-	563,744
Balance at 1 January 2022	292,295	268,957	2,492	-	563,744
Depreciation for the year	18,502	9,442	114	-	28,058
Net impairment losses	1,207	-	-	-	1,207
Revaluation adjustment*	(4,634)	-	-	-	(4,634)
Disposal adjustments	-	(814)	(432)	-	(1,246)
Exchange differences	(1,967)	(4,557)	5	-	(6,519)
Balance at 31 December 2022	305,403	273,028	2,179	-	580,610
Carrying amounts					
At 1 January 2021	1,049,285	43,718	251	60,563	1,153,817
At 31 December 2021	1,202,259	42,022	147	62,532	1,306,960
At 31 December 2022	**1,175,564**	**39,498**	**94**	**83,945**	**1,299,101**

* Revaluation adjustments relate to the cumulative depreciation eliminated against the cost upon revaluation of the property during the current year.

12. Property, plant and equipment - continued

Changes in fair value during 2022 in respect of the Group's properties, amounting to €2.96 million have been recognised within other comprehensive income. These fair value movements relate to an uplift on the Corinthia Hotel London and a fair value loss on the Corinthia Hotel St. Petersburg. In 2021, fair value movements of €78.39 million in respect of the Groups' properties was recognised within other comprehensive income, €5.00 million of which related to the reversal of previously recognized impairment losses. An amount of €1.21 million (2021: nil) was also recognized in the profit and loss account in relation to the impairment on the office block in London. During the current year, a loss of €0.10 million was reflected within the profit and loss account with regards to the work in progress of Hotel Astoria. In 2021, a similar write-off amounting to €5.35 million was made with regards to the work in progress on Five Star Hotels Limited.

	The Company			
	Land and buildings €'000	**Plant and Equipment €'000**	**Motor vehicles €'000**	**Total €'000**
Cost/Valuation				
Balance at 1 January 2021	968	8,200	1,341	10,509
Additions	-	2	-	2
Exchange differences	-	-	(35)	(35)
Balance at 31 December 2021	968	8,202	1,306	10,476
Balance at 1 January 2022	968	8,202	1,306	10,476
Additions	-	4	-	4
Disposals	-	-	(127)	(127)
Balance at 31 December 2022	**968**	**8,206**	**1,179**	**10,353**
Depreciation and impairment charges				
Balance at 1 January 2021	846	8,182	1,341	10,369
Depreciation for the year	1	4	-	5
Exchange differences	-	-	(35)	(35)
Balance at 31 December 2021	847	8,186	1,306	10,339
Balance at 1 January 2022	847	8,186	1,306	10,339
Depreciation for the year	1	5	-	6
Disposals	-	-	(127)	(127)
Balance at 31 December 2022	**848**	**8,191**	**1,179**	**10,218**
Carrying amounts				
At 1 January 2021	122	18	-	140
At 31 December 2021	121	16	-	137
At 31 December 2022	**120**	**15**	**-**	**135**

12.1 Fair valuation of property

The disclosure below, including the sensitivities to shifts in unobservable fair value inputs, reflects the events and circumstances existent as at 31 December 2022, and do not take into account the events that occurred after the end of the reporting period.

12. Property, plant and equipment - continued

12.1 Fair valuation of property - continued

In 2022, the Directors appointed independent professionally qualified property valuers to determine, whether adjustments were deemed necessary as at 31 December 2022, taking cognisance of developments that occurred during the current financial year. As at 31 December 2022, an assessment was carried out for those properties measured at fair value in accordance with the revaluation model under IAS 16, to determine whether a material shift in fair value had occurred.

Where a valuation resulted in an amount that was significantly different than the carrying amount of the respective property, the book value of the property was adjusted as at the year end, as the directors had reviewed the carrying amount of the properties on the basis of assessments by the property valuers.

Accordingly, the revaluations in 2022 were made by the directors, assisted, where applicable, by independent professionally qualified property valuers having appropriate recognised professional qualifications and experience in the location and category of the property being valued.

The book value of the Group's properties has been adjusted as at 31 December 2022 on the basis of the valuations by the property valuers. The resultant shift in value, net of applicable deferred taxes, has been reflected within the revaluation reserve in shareholders' equity (Note 23) or in profit or loss in accordance with the Group's accounting policy. Adjustments to the carrying amounts of the property have been disclosed within this note.

The Group's investments properties are measured at fair value under the IAS 40 fair value model and are fair valued annually (refer to Note 11).

The Group is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Group's land and buildings, within property, plant and equipment, consists principally of hotel and other properties that are owned and managed by companies forming part of the Group. The Group's investment property comprises property that is held for long-term rental yields or for capital appreciation or both. The main investment properties are the Commercial Centre in St Petersburg, the Commercial Centre in Tripoli, a site forming part of the grounds of the Corinthia Hotel in Tripoli, an apartment block in Lisbon and an office block in London. The apartment in London was sold in 2021. All the recurring property fair value measurements as at 31 December 2022 and 2021 use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the current and preceding financial years.

12. Property, plant and equipment - continued

12.1 Fair valuation of property - continued

A reconciliation from the opening balance to the closing balance of property for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, for the current and preceding financial years, is reflected in the table above and in Note 11 for investment property.

Valuation processes

The valuations of the properties are performed regularly for property, plant and equipment and annually for investment property on the basis of valuation reports prepared by third party qualified valuers. These reports are based on both:

- information provided by the Group which is derived from the respective subsidiary's financial systems and is subject to the subsidiary's overall control environment; and
- assumptions and valuation models used by the valuers; with assumptions being typically market related and based on professional judgement and market observation.

The information provided to the valuers, together with the assumptions and the valuation models used by the valuers, are reviewed by designated officers within the Group. This includes a review of fair value movements over the period. When the designated officers consider that the valuation report is appropriate, the valuation report is recommended to the Audit Committee and Board of Directors. The Committee and Board then consider the valuation report as part of their overall responsibilities.

At the end of every reporting period, the designated officers within the Group assess whether any significant changes on the developments have been experienced since the last annual valuation of property, plant and equipment. This is usually supported by an assessment performed by an independent firm of property valuers. The designated officers report to the Audit Committee on the outcome of this assessment.

Valuation techniques

The external valuations of the Level 3 property as at 31 December 2022 and 2021, have been performed using a multi-criteria approach, with every property being valued utilising the valuation technique considered by the external valuer to be the most appropriate for the respective property.

In view of a limited number of similar or comparable properties and property transactions, comprising sales or rentals in the respective market in which the properties are located, the valuations have been performed using unobservable inputs. The significant inputs to the approaches used are generally those described below:

- Income capitalisation or discounted cash flow ("DCF") approach: considers the free cash flows arising from the projected income streams expected to be derived from the operation of the property, discounted to present value using an estimate of the weighted average cost of capital that would be available to finance such an operation. The significant unobservable inputs utilised with this technique include:

12. Property, plant and equipment - continued

12.1 Fair valuation of property - continued

Valuation techniques – continued

Earnings before interest, taxes, depreciation and amortisation (EBITDA)	based on projected income streams less operating expenditure necessary to operate the property, but prior to depreciation and financing charges;
Growth rate	based on management's estimated average growth of EBITDA levels, mainly determined by projected growth in income streams;
Discount rate	reflecting the current market assessment of the uncertainty in the amount and timing of projected cash flows. The discount rate reflects the estimated weighted average cost of capital that would be available for financing such an operation. The discount rate is based on an assumed debt to equity ratio; estimation of cost of equity is based on risk free interest rates adjusted for country risk and equity risk premium adjusted for entity-specific risk factor; estimation of cost of debt is based on risk free interest rates adjusted for country risk and assumed credit spread.
Capitalisation rate	mainly a function of the WACC rate and taking into consideration the assumed stabilised growth rate for the remaining life of the asset.

- Adjusted sales comparison approach: a sales price per square metre related to transactions in comparable properties located in proximity to the respective property, with significant adjustments for differences in the size, age, exact location and condition of the property.

The table below includes information about fair value measurements of hotel properties (classified within property, plant and equipment) and investment properties using significant unobservable inputs (Level 3). For hotel properties, where, following management's assessment or an independent valuation, the fair value of the respective property did not differ materially from its carrying amount as at year-end, the fair value inputs disclosed for that respective property are those that were used in the last valuation that gave rise to a revaluation.

12. Property, plant and equipment - continued

12.1 Fair valuation of property – continued

Valuation techniques - continued

Information about fair value measurements using significant unobservable inputs (Level 3) as at 31 December 2022 and 2021 in respect of the key properties:

Description by class based on highest and best use	Fair value at 31 Dec 2022 €'000	Fair value at 31 Dec 2021 €'000	Significant unobservable inputs – Valuation technique - Income capitalisation approach (DCF): Evolution of EBITDA over initial projected five-year period 2022	Evolution of EBITDA over initial projected five-year period 2021	Pre-tax rate (WACC) 2022 %	Pre-tax rate (WACC) 2021 %	Growth rate 2022 %	Growth rate 2021 %	Capitalisation rate 2022 %	Capitalisation rate 2021 %
Current use as hotel/other properties (classified as property, plant and equipment):										
Corinthia Hotel & SPA			FY23-27	FY22-FY26						
Lisbon	108,615	112,181	€2.7m - €9.8m	€1.6m - €9.7m	10.28	9.42	2.00	2.59	8.28	6.83
			FY23-FY27	*FY22-FY26*						
Corinthia Hotel Prague	89,438	90,909	€1.8m - €7.9m	€2.0m - €7.2m	10.20	8.30	2.00	1.60	8.20	6.70
Marina Hotel, St. George's			*FY23-FY27*	*FY22-FY26*						
Bay, Malta	28,977	28,974	€2.3m - €2.5m	€2.0m - €3.8m	10.38	10.52	2.00	2.00	8.38	8.52
Corinthia Hotel, St.			*FY23-FY27*	*FY22-FY26*						
George's Bay, Malta	36,384	36,951	€4.0m - €4.3m	€2.9m - €5.9m	13.67	11.94	2.00	2.00	11.67	9.94
Corinthia Hotel St			*FY23-FY27*	*FY22-FY26*						
Petersburg	71,830	75,965	RUB267.7m – RUB615.4m	RUB208.9m – RUB627.6m	13.85	12.25	4.85	4.00	9.00	8.25
			FY23-FY27	*FY22-FY26*						
Corinthia Hotel Tripoli	67,135	69,477	(€0.5m) - €4.6m	€1.45m - €6.2m	14.45	14.60	2.00	1.60	12.45	13.00
Radisson Blu Resort,			*FY23-FY27*	*FY22-FY26*						
Malta	34,028	34,654	€3.2m - €3.4m	€2.0m - €5.4m	12.44	11.69	2.00	2.00	10.44	9.69
Corinthia Hotel			*FY23-FY27*	*FY22-FY26*						
London	512,990	533,156	£16.2m - £23.0m	£9.4m - £21.5m	7.99	6.90	2.00	2.90	4.00	4.00

12. Property, plant and equipment – continued

12.1 Fair valuation of property – continued

Valuation techniques – continued

Description by class based on highest and best use	Fair value at 31 Dec 2022 €'000	Fair value at 31 Dec 2021 €'000	Significant unobservable inputs Valuation technique - Income capitalisation approach (DCF) Evolution of EBITDA over initial projected five-year period 2022	five-year period 2021	Pre-tax rate (WACC) 2022 %	Pre-tax rate (WACC) 2021 %	Growth rate 2022 %	Growth rate 2021 %	Capitalisation rate 2022 %	Capitalisation rate 2021 %
Current use as hotel properties (classified as property, plant and equipment):										
Corinthia Palace Hotel			***FY23-FY27***	*FY22-FY26*						
and Spa, Malta	**32,717**	32,000	**€0.9m - €2.4m**	€1.6m - €5.6m	**11.61**	11.45	**2.00**	1.60	**9.61**	9.85
Golden Sands Resort			***FY23-FY27***	*FY22-FY26*	**8.46**	12.00	**2.00**	1.60	**6.46**	10.40
Malta	**62,455**	60,076	**€3.9m - €4.2m**	€2.5m - €7.9m						
Aquincum Hotel			***FY23-FY27***	*FY22-FY26*						
Budapest	**23,602**	26,227	**(€1.2m) - €1.8m**	(€1.5m) - €3.3m	**11.66**	11.00	**2.00**	2.00	**9.66**	9.46
Ramada Plaza			***FY23-FY27***	*FY22-FY26*						
Tunis	**14,581**	15,651	**€1.7m - €1.8m**	€1.4m - €3.0m	**14.28**	15.10	**2.00**	1.60	**12.28**	13.50
Corinthia Hotel			**FY23-FY27**	FY22-FY26						
Budapest	**119,632**	120,396	**€3.8m - €10.4m**	€5.6m - €13.1m	**10.06**	9.00	**2.00**	1.60	**8.06**	7.40
			Valuation technique – Adjusted sales-comparison approach							
			Sales price per square meter							
Office block in London	**4,574**	-	**£8,122**	-						

12. Property, plant and equipment - continued

12.1 Fair valuation of property – continued

Valuation techniques - continued

Description by class based on highest and best use	Fair value at 31 Dec 2022 €'000	Fair value at 31 Dec 2021 €'000	Significant unobservable inputs: Evolution of EBITDA over initial projected five-year period 2022	Evolution of EBITDA over initial projected five-year period 2021	Pre-tax rate (WACC) 2022 %	Pre-tax rate (WACC) 2021 %	Growth rate 2022 %	Growth rate 2021 %	Capitalisation Rate 2022 %	Capitalisation Rate 2021 %
Current property for commercial use (classified as investment property):			**Valuation technique - Income capitalisation approach (DCF)**							
Commercial Centre in St Petersburg	**52,483**	51,600	***FY23-FY27*** **RUB7.3m – RUB437.7m**	*FY22-FY26* RUB182.0m – RUB280.0m	**12.80**	12.60	**4.00**	4.14	**8.80**	8.46
Commercial Centre in Tripoli	**75,344**	75,344	***FY23-FY27*** **€6.5m - €4.7m**	*FY22-FY26* €6.0m - €6.80m	**8.48**	10.00	**0.00**	1.60	**8.48**	8.40
Current property for commercial use (classified as investment property):			**Valuation technique – Adjusted sales-comparison approach: Sales price per square meter 2022**	**2021**						
Apartment block in Lisbon	**5,908**	4,705	**€8,172**	€6,508						
Site in Marsa	**9,636**	9,636	**€700**	€700						
Site in Tripoli	**29,500**	29,500	**€2,300**	€2,300						
Site in Czech Republic	**7,866**	7,624	**€96**	€93						
Office block in London	**4,446**	-	£8,122	-						

12. Property, plant and equipment - continued

12.1 Fair valuation of property - continued

In relation to the DCF approach, an increase in the projected level of EBITDA and growth rate would result in an increased fair value of the property, whereas a higher discount rate would give rise to a lower fair value. With respect to the adjusted sales comparison approach, the higher the sales price per square metre, the higher the resultant fair valuation.

The Group experienced a significant movement in the carrying amount of the Corinthia Hotel London in 2021, followed by another uplift in 2022. A considerable fair value loss on the carrying amount of the Corinthia Hotel St. Petersburg was reflected in 2022 as a result of the prevailing uncertainty in Russia, as further explained in Note 5.2. This fair value loss was an effect of both the reductions in income streams expected in view of the current situation prevailing in Russia, as well as due to the increased WACC rates as a result of increased inflation and interest rates together with the increased country risk premium. The shift in the carrying amounts of the Corinthia Hotel St. Petersburg and Corinthia Hotel London in 2022 and 2021 were also affected by translating the financial position of the respective subsidiaries that own these properties from their functional currencies (RUB and GBP respectively) into the Group's presentation currency (EUR) at year end.

As evidenced in the tables above, the highest and best use of the Group properties is equivalent to their current use as at 31 December 2022.

As explained in Note 5 to the financial statements, the future performance of the Group's hotels and the Commercial Centres situated in Tripoli and Russia and the fair value of the related property assets are largely dependent on how soon the political and economical situation in Libya and the geopolitical situation between Russia and the west will return to normality and on how quickly the international oil and gas industry recovers and how soon international sanctions are lifted once political risks subside. In accordance with the fair valuations as at 31 December 2022 no further impairment charges were deemed necessary on the Tripoli property assets in these financial statements.

12. **Property, plant and equipment** - continued

12.1 **Fair valuation of property** - continued

The sensitivity of the property valuations to possible shifts in key assumptions is illustrated in the table below:

	Shift in discount rate		**Shift in cash flows**	
	(+/-1%)	(+/-0.5%)	**(EBITDA) (+/-5.00%)**	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Corinthia Hotel & Spa Lisbon	**-11,903 to +15,183**	-8,339 to +9,662	**+/- 5,381**	+/- 5,691
Corinthia Hotel Prague	**-10,439 to +13,377**	-6,918 to +8,053	**+/- 4,472**	+/- 4,564
Marina Hotel, St George's Bay, Malta	**- 2,971 to +3,775**	+/- 3,287	**+/- 1,449**	+/- 2,065
Corinthia Hotel, St George's Bay, Malta	**- 2,725 to +3,235**	+/- 5,086	**+/- 1,819**	+/- 3,212
Corinthia Hotel, St Petersburg	**-2,616 to +2,750**	-4,382 to +4,953	**+/- 3,592**	+/- 3,761
Corinthia Hotel Tripoli	**-7,623 to +9,158**	-3,566 to +3,884	**+/- 3,357**	+/- 3,471
Commercial Centre in St Petersburg	**-5,693 to +7,176**	-1,767 to +1,991	**+/- 2,624**	+/- 1,589
Commercial Centre in Tripoli	**-8,419 to +10,765**	-4,000 to +4,501	**+/- 3,765**	+/- 3,765
Radisson Blu Resort, Malta	**- 2,836 to +3,436**	+/- 4,768	**+/- 1,702**	+/- 2,921
Corinthia Hotel London	**+/- 34,000**	+/- 18,581	**+/- 22,000**	+/- 22,088
Corinthia Palace Hotel & Spa, Malta	**-2,752 to +3,410**	-1,718 to +1,907	**+/- 1,302**	+/- 1,613
Aquincum Hotel Budapest	**-1,600 to +2,000**	-1,175 to +1,311	**+/- 716**	+/- 785
Ramada Plaza Tunis Hotel	**-1,100 to +1,200**	-646 to +697	**+/- 742**	+/- 785
Corinthia Hotel Budapest	**-13,760 to +17,687**	-7,758 to +8,888	**+/- 5,982**	+/- 6,009
Golden Sands Resort, Malta	**-8,119 to +11,090**	-4,227 to +4,689	**+/- 3,123**	+/- 1,156

12.2 **Historic cost basis of properties**

If the cost model had been used, the carrying amounts of the revalued properties would be €993.42 million (2021: €1,061.56 million). The revalued amounts include a revaluation surplus of €108.67 million after tax (2021: €110.62 million), which is not available for distribution to the shareholders of CPHCL.

12.3 **Use as collateral**

All tangible fixed assets owned by the Group, except for the Corinthia Hotel and Commercial Centre in St. Petersburg, the Corinthia Oasis land, the BCM plant and underlying land in Benghasir, Libya, the land in Misurata, Libya, and the Konopiste property in the Czech Republic, are hypothecated in favour of the Group's bankers as collateral for amounts borrowed as stated in Note 25. The Corinthia Hotel Budapest is hypothecated in favour of a bond as stated in Note 26.

13. Leases

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see Note 11.

i. Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	The Group		**The Company**	
	31 December 2022	31 December 2021	**31 December 2022**	31 December 2021
	€'000	€'000	**€'000**	€'000
Right-of-use assets				
Land and buildings	**13,602**	13,232	**-**	-
Plant and equipment	**1,443**	1,427	**-**	-
Motor vehicles	**357**	361	**56**	6
	15,402	15,020	**56**	6
Lease liabilities				
Current	**2,214**	2,757	**57**	6
Non-current	**15,018**	13,712	**-**	-
	17,232	16,469	**57**	6

Additions to the Group's and the Company's right-of-use assets during the 2022 financial year were €3.49 million (2021: €2.65 million) and €0.06 million (2021: nil) respectively.

ii. Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	The Group		**The Company**	
	31 December 2022	31 December 2021	**31 December 2022**	31 December 2021
	€'000	€'000	**€'000**	€'000
Depreciation charge of right-of-use assets				
Land and buildings	**2,304**	2,303	**-**	17
Plant and equipment	**475**	560	**-**	-
Motor vehicles	**164**	204	**3**	14
	2,943	3,067	**3**	31
Interest expense (included in finance cost)	**925**	1,001	**1**	1
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	**791**	766	**-**	-
Expenses relating to short-term leases and low-value assets (included in administrative expenses)	**216**	352	**81**	73

13. Leases – continued

ii. Amounts recognised in the income statement - continued

The total cash outflow for leases in 2022 was €5.39 million (2021: €4.82 million) for the Group and €0.09 million (2021: €0.10 million) for the Company. The Group benefited from reduced rates on its rent concessions granted in view of the COVID-19 pandemic. These reductions amounted to €0.01 million (2021: €1.14 million) for the Group and nil (2021: €0.01 million) for the Company.

iii. The Group's leasing activities and how these are accounted for

The Group leases various offices, land, retail outlets, plant and equipment and motor vehicles. Emphyteutical grants from the government pertaining to land on which the Group's Malta hotel properties are built are typically made for fixed periods of up to 99 years. Other contracts are made for periods up to 12 years and may include extension options as described further below. The Company's leases pertain to offices used for administration purposes and motor vehicles and are typically made for periods of up to 9 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees, and
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and for other items specific to the leased asset.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

13. Leases – continued

iii. The Group's leasing activities and how these are accounted for - continued

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use assets attributable to land and buildings held by the Group.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

iv. Variable lease payments

Variable payment terms are used for a variety of reasons including minimising the fixed costs base for newly established stores.

Some property leases contain variable payment terms that are linked to sales generated from retail stores, and which range from 10.00% to 23.50% of sales. An increase of €1.00 million in sales per store in the Group with such variable lease contracts would increase variable lease payments by approximately €0.20 million (17.00%).

Other property leases contain variable payment terms that are linked to sales generated from catering establishments. Variable payment on such leases range from 10.00% to 23.00% of sales. An increase of €1.00 million in sales per catering establishment in the Group with such variable lease contracts would increase total lease payments by approximately €0.20 million (15.00%).

The variable lease payments element amounts to €0.79 million for the year ended 31 December 2022 (2021: €0.77 million). Variable lease payments that depend on sales are excluded from the measurement of the lease liability and are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

13. Leases – continued

v. <u>Extension and termination options</u>

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

Judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of retail outlets, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and motor vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

14. Investments in subsidiaries

The amounts stated in the statement of financial position of the Company are analysed as follows:

	2022	2021
	€'000	€'000
Equity in subsidiary companies (Note 14.2)	**350,643**	352,270
Loans to subsidiary companies (Note 14.2 and 14.4)	**4,476**	3,890
	355,119	356,160

14. Investments in subsidiaries - continued

14.1 Principal subsidiaries

The Group had the following subsidiaries as at 31 December:

Subsidiary company	Registered office	Nature of business	Percentage of ownership and voting rights held directly by the Group		Percentage of ownership and voting rights held directly by the Company		Percentage of ownership and voting rights held by non-controlling interests	
			2022	2021	**2022**	2021	**2022**	2021
			%	%	**%**	%	**%**	%
Quoted								
International Hotel Investments p.l.c. (IHI p.l.c.)	22, Europa Centre, Floriana, Malta	Investment company	**58**	58	**58**	58	**42**	42
Unquoted								
16 Craven House Limited	10 Whitehall Place, London SW1A 28D, UK	Property owner	**58**	-	**-**	-	**42**	-
Afina Ag	c/o TreuhandBaar AG, Mühlegasse 12a, 6341 Baar	Investment company	**100**	100	**-**	-	**-**	-
Alfa Investimentos Turisticos Lda	Avenida Columbana Bordalo Pinheiro, 105, Lisboa 1099-031, Portugal	Hotel owner and operator	**58**	58	**-**	-	**42**	42
Amber Hotels s.r.o.	Milevska 7, Prague 4, Czech Republic	Hotel owner and operator	**100**	100	**100**	100	**-**	-
Bay Point Hotel Limited	22, Europa Centre, Floriana, Malta	Hotel owner and operator	**58**	58	**-**	-	**42**	42
Bay Point Collection Limited	First Name House, Victoria Residence, Douglas, Isle of Man	Vacation ownership company	**58**	58	**-**	-	**42**	42

14. Investments in subsidiaries - continued

14.1 Principal subsidiaries - continued

Subsidiary company	**Registered office**	**Nature of business**	**Percentage of ownership and voting rights held directly by the Group**		**Percentage of ownership and voting rights held directly by the Company**		**Percentage of ownership and voting rights held by non-controlling interests**	
			2022	2021	**2022**	2021	**2022**	2021
			%	%	%	%	%	%
Benghasir Concrete Manufacturing Joint Stock Company	Airport Highway, Tripoli, Libya	Concrete manufacturer	**100**	100	**10**	10	**-**	-
Benghasir for Construction Company	Souk Al Thulatha Al Gadim, Tripoli, Libya	Project management services	**90**	90	**-**	-	**10**	10
Catering Contractors Limited*	22, Europa Centre, Floriana, Malta	Restaurant and catering services	**100**	100	**100**	100	**-**	-

*Catering Contractors Limited was put into liquidation in 2022.

14. Investments in subsidiaries - continued

14.1 Principal subsidiaries – continued

Subsidiary company	**Registered office**	**Nature of business**	**Percentage of ownership and voting rights held directly by the Group**		**Percentage of ownership and voting rights held directly by the Company**		**Percentage of ownership and voting rights held by non-controlling interests**	
			2022	2021	**2022**	2021	**2022**	2021
			%	%	%	%	%	%
CaterMax Limited	22, Europa Centre, Floriana, Malta	Event catering	**58**	58	**-**	-	**42**	42
Comox Enterprises Limited	Agiou Nicolau, 41-49 Nimeli Court, Egkomi PC2408, Nicosia Cyprus	Investment company	**100**	100	**100**	100	**-**	-
CHL US Parent, Inc	251, Little Falls Drive Wilmington, New Castle Delaware DE 19808 United States	Investment company	**58**	58	**-**	-	**42**	42
CHL Surrey, Inc	251, Little Falls Drive Wilmington, New Castle Delaware DE 19808 United States	Hotel operator	**58**	58	**-**	-	**42**	42
Corinthia Hotels Holdings s.r.l.	8, Piazza Di San Silvestro, Rome CAP 00187, Italy	Holding company	**58**	-	**-**	-	**42**	-

14. Investments in subsidiaries – continued

14.1 Principal subsidiaries – continued

Subsidiary company	Registered office	Nature of business	Percentage of ownership and voting rights held directly by the Group		Percentage of ownership and voting rights held directly by the Company		Percentage of ownership and voting rights held by non-controlling interests	
			2022	2021	**2022**	2021	**2022**	2021
			%	%	%	%	%	%
Corinthia Parlamento s.r.l.	8, Piazza Di San Silvestro, Rome CAP 00187, Italy	Hotel operator	**58**	-	**-**	-	**42**	-
Corinthia Caterers Limited	22, Europa Centre, Floriana, Malta	Event catering	**58**	58	**-**	-	**42**	42
Corinthia Company Limited	22, Europa Centre, Floriana, Malta	Investment company	**58**	58	**-**	-	**42**	42
CPHCL Construction (Overseas) Limited (formerly Corinthia Construction (Overseas) Limited)	22, Europa Centre, Floriana, Malta	Construction company	**100**	100	**100**	100	**-**	-
Corinthia Developments International Limited	22, Europa Centre, Floriana, Malta	Project management	**58**	58	**-**	-	**42**	42
CPHCL Finance p.l.c. (formerly Corinthia Finance p.l.c.)	22, Europa Centre, Floriana, Malta	Investment company	**100**	100	**100**	100	**-**	-
Corinthia Holdings Overseas Limited	22, Europa Centre, Floriana, Malta	Investment company	**100**	100	**100**	100	**-**	-
Bezemer Limited	Nerine Chambers, PO Box 905, Road Town, Tortola, BVI	Investment company	**58**	58	**-**	-	**42**	42

14. Investments in subsidiaries – continued

14.1 Principal subsidiaries – continued

Subsidiary company	**Registered office**	**Nature of business**	**Percentage of ownership and voting rights held directly by the Group**		**Percentage of ownership and voting rights held directly by the Company**		**Percentage of ownership and voting rights held by non-controlling interests**	
			2022	2021	**2022**	2021	**2022**	2021
			%	%	%	%	%	%
Corinthia Hotels Limited	1, Europa Centre, Floriana, Malta	Hotel management company	**58**	58	**-**	-	**42**	42
Corinthia Hotels (UK) Limited	Corinthia Hotel London, Whitehall Place, London SW1A 28D	Management consultancy services	**58**	58	**-**	-	**42**	42
CPHCL Investments (UK) Limited (formerly Corinthia Investments Limited)	1, Brentham House 43c High Street Hampton Wick Kingston-Upon-Thames, Surrey, UK	Investment company	**100**	100	**100**	100	**-**	-
Corinthia (Malta) Staff Services Limited	22, Europa Centre, Floriana, Malta	Holding and management company	**58**	58	**-**	-	**42**	42
CPHCL Holdings Limited (formerly Corinthia Palace Holdings Limited)	22, Europa Centre, Floriana, Malta	Investment company	**100**	100	**100**	100	**-**	-
CPHCL Panorama s.r.o. (formerly Corinthia Panorama s.r.o.)	Milevska 7, Prague 4 Czech Republic	Hotel operator	**100**	100	**100**	100	**-**	-

14. Investments in subsidiaries - continued

14.1 Principal subsidiaries - continued

Subsidiary company	**Registered office**	**Nature of business**	**Percentage of ownership and voting rights held directly by the Group**		**Percentage of ownership and voting rights held directly by the Company**		**Percentage of ownership and voting rights held by non-controlling interests**	
			2022	2021	**2022**	2021	**2022**	2021
			%	%	**%**	%	**%**	%
Corinthia Services Limited	34, Place de 7 November 1987, Tunis, Tunisia	Non-trading company	**100**	100	**100**	100	**-**	-
Corinthia Towers Tripoli Limited	22, Europa Centre, Floriana, Malta	Hotel owner	**58**	58	**-**	-	**42**	42
Corinthia Hotels Management DMCC	Unit No. AG-13-H-F121, AG Tower, Plot No. JLT-PH1-I1A, Jumeirah Lakes Towers, Dubai, United Arab Emirates	Hotel management company	**58**	-	**-**	-	**42**	-
Corinthia Tunisie sarl	Les Cotes de Carthage Ghammarth, Tunisia	Non-trading company	**100**	100	**100**	100	**-**	-
Summerday Turizm Yatirimlari Ticaret a.s. (formerly Corinthia Turizm Yatirimlari ve Ticaret a.s.)	Tayyareci Ethem Sokak No.24 Kat4 Daire 13, 80090 Gumussuyu Istanbul Turkey	Hotel owner	**100**	100	**-**	-	**-**	-
CPHCL Investments Limited	22, Europa Centre, Floriana, Malta	Investment company	**100**	100	**100**	100	**-**	-
Danish Bakery Limited	22, Europa Centre, Floriana, Malta	Bakery	**65**	65	**65**	65	**35**	35

14. Investments in subsidiaries - continued

14.1 Principal subsidiaries - continued

Subsidiary company	Registered office	Nature of business	Percentage of ownership and voting rights held directly by the Group		Percentage of ownership and voting rights held directly by the Company		Percentage of ownership and voting rights held by non-controlling interests	
			2022	2021	**2022**	2021	**2022**	2021
			%	%	**%**	%	**%**	%
D.X. Design Consultancy Limited	22, Europa Centre, Floriana, Malta	Project management services	**58**	58	**-**	-	**42**	42
Five Star Hotels Limited	22, Europa Centre, Floriana, Malta	Hotel owner	**58**	58	**-**	-	**42**	42
Golden Sands Resort Limited	The Radisson SAS Golden Sands Resort & Spa Golden Bay l/o Mellieha, Malta	Hotel owner	**58**	58	**-**	-	**42**	42
Recruitment & Quality Talent Limited (formerly HNS Consultancy Services Limited)	22, Europa Centre, Floriana, Malta	Consultancy services	**100**	100	**100**	100	**-**	-
Hotel Astoria SA	Rue Royal 103 1000 Brussels Belgium	Owner of site being developed into the Corinthia Brussels	**29**	29	**-**	-	**71**	71
House of Catering for Catering Services Co. Limited	Souk Al Thulatha Al Gadim Tripoli, Libya	Catering services	**100**	100	**10**	10	**-**	-

14. Investments in subsidiaries - continued

14.1 Principal subsidiaries - continued

Subsidiary company	**Registered office**	**Nature of business**	**Percentage of ownership and voting rights held directly by the Group**		**Percentage of ownership and voting rights held directly by the Company**		**Percentage of ownership voting rights held by non-controlling interests**	
			2022	2021	**2022**	2021	**2022**	2021
			%	%	%	%	%	%
IHI Holdings Limited	34, Kosti Palama 1096, Aspelia Court 4th Floor, Office D4 Nicosia, Cyprus	Investment company	**58**	58	**-**	-	**42**	42
IHI Hungary Zrt	Erzsebet Krt, 43-49 H-1073 Budapest Hungary	Hotel owner	**58**	58	**-**	-	**42**	42
IHI Lisbon Limited	22, Europa Centre, Floriana, Malta	Investment company	**58**	58	**-**	-	**42**	42
Corinthia Palace Hotel Company Limited (formerly IHI Malta Hotel Limited)	22, Europa Centre, Floriana, Malta	Hotel owner	**58**	58	**-**	-	**42**	42
IHI St Petersburg LLC	57, Nevskij Prospect St Petersburg 191025, Russian Federation	Investment company	**58**	58	**-**	-	**42**	42
IHI Towers s.r.o	Kongresova 1655/1 1406/69 Praha 4 Czech Republic	Hotel owner and operator	**58**	58	**-**	-	**42**	42

14. Investments in subsidiaries - continued

14.1 Principal subsidiaries - continued

Subsidiary company	**Registered office**	**Nature of business**	**Percentage of ownership and voting rights held directly by the Group**		**Percentage of ownership and voting rights held directly by the Company**		**Percentage of ownership and voting rights held by non-controlling interests**	
			2022	2021	**2022**	2021	**2022**	2021
			%	%	%	%	%	%
IHI Zagreb d.d.	Centar Kaptol Nova Kes 11, 10000 Zagreb, Croatia	Investment company	**58**	58	**-**	-	**42**	42
IHI Benelux B.V.	Kingsfordweg 151 1043 GR Amsterdam The Netherlands	Hotel owner and operator	**58**	58	**-**	-	**42**	42
International Operating and Managing Facilities Establishments Limited	Souk Al Thulatha Al Gadim Tripoli, Libya	Building and facilities management services	**100**	100	**10**	10	**-**	-

14. Investments in subsidiaries - continued

14.1 Principal subsidiaries – continued

Subsidiary company	**Registered office**	**Nature of business**	**Percentage of ownership and voting rights held directly by the Group**		**Percentage of ownership and voting rights held directly by the Company**		**Percentage of ownership and voting rights held by non-controlling interests**	
			2022	2021	**2022**	2021	**2022**	2021
			%	%	%	%	%	%
Island Resorts International Limited	First Name House Victoria Residence Douglas, Isle of Man	Investment company	**58**	58	**-**	-	**42**	42
Konopiste Property Holding s.r.o.	Milevska 1695/7 Prague 4 Czech Republic	Hotel owner	**100**	100	**100**	100	**-**	-
Libya Hotels & Development Investments J.S.C.	Benghazi, Libya	Hotel owner	**32**	32	**-**	-	**68**	68
Malta Fairs and Conventions Centre Limited (MFCC Limited)	Millenium Stand Level 1, National Stadium Ta' Qali, Attard	Trade conference and leisure conventions	**100**	100	**-**	-	**-**	-
Marina San Gorg Limited	22, Europa Centre, Floriana, Malta	Hotel owner and operator	**58**	58	**-**	-	**42**	42
Marsa Investments Limited	22, Europa Centre, Floriana, Malta	Investment property and hotel operator	**100**	100	**100**	100	**-**	-
Misurata Holdings Limited	22, Europa Centre, Floriana, Malta	Non-trading company	**100**	100	**100**	100	**-**	-

14. Investments in subsidiaries - continued

14.1 Principal subsidiaries - continued

Subsidiary company	**Registered office**	**Nature of business**	**Percentage of ownership and voting rights held directly by the Group**		**Percentage of ownership and voting rights held directly by the Company**		**Percentage of ownership and voting rights held by non-controlling interests**	
			2022	2021	**2022**	2021	**2022**	2021
			%	%	**%**	%	**%**	%
NLI Holdings Limited	CTV House La Pouquelaye St Helier Jersey	Parent company of a group that owns and operates the Corinthia Hotel London and 10 Whitehall Place in London, UK	**29**	29	**-**	-	**71**	71
NLI Hotels Limited	CTV House La Pouquelaye St Helier Jersey	Owns the Corinthia Hotel London, UK	**29**	29	**-**	-	**71**	71
NLI Operator Limited	Corinthia Hotel London, Whitehall Place, London SW1A 28D	Operates Corinthia Hotel London, a five-star luxury hotel	**29**	29	**-**	-	**71**	71
NLI Brussels Limited	22, Europa Centre, Floriana, Malta	Holding company of Hotel Astoria SA	**29**	29	**-**	-	**71**	71

14. Investments in subsidiaries - continued

14.1 Principal subsidiaries - continued

Subsidiary company	**Registered office**	**Nature of business**	**Percentage of ownership and voting rights held directly by the Group**		**Percentage of ownership and voting rights held directly by the Company**		**Percentage of ownership and voting rights held by non-controlling interests**	
			2022	2021	**2022**	2021	**2022**	2021
			%	%	**%**	%	**%**	%
Palm Waterfront Development Ltd	22, Europa Centre, Floriana, Malta	Non-trading company	**100**	100	**100**	100	**-**	-
QPM Africa Limited	22, Europa Centre, Floriana, Malta	Non-trading company	**58**	58	**-**	-	**42**	42
QPM Belgium SPRL	Avenue de Tervueren 168/18 1150 Woluwe-Saint Pierre, Brussels Belgium	Project and cost management and other ancillary services	**58**	58	**-**	-	**42**	42
QPM Limited	22, Europa Centre, Floriana, Malta	Project management services	**58**	58	**-**	-	**42**	42
Rightstructures Limited	22, Europa Centre, Floriana, Malta	Staging and special structures products	**100**	100	**-**	-	**-**	-
Societe De Promotion Hoteliere Khamsa	Les Cotes de Carthage Gammarth, Tunisia	Hotel owner and operator	**100**	100	**63**	63	**-**	-
Medi International Limited	Level 1, Palm Grove House Wickham's Cay 1 Road Town, Tortola British Virgin Islands	Internal financing	**58**	58	**-**	-	**42**	42

14. Investments in subsidiaries - continued

14.1 Principal subsidiaries - continued

Subsidiary company	**Registered office**	**Nature of business**	**Percentage of ownership and voting rights held directly by the Group**		**Percentage of ownership and voting rights held directly by the Company**		**Percentage of ownership and voting rights held by non-controlling interests**	
			2022	2021	**2022**	2021	**2022**	2021
			%	%	**%**	%	**%**	%
Swan Laundry and Dry Cleaning Company Limited	22, Europa Centre, Floriana, Malta	Laundry company	**100**	100	**100**	100	**-**	-
The Coffee Company Malta Limited	22, Europa Centre, Floriana, Malta	Franchise retail catering company	**58**	58	**-**	-	**42**	42
Corinthia Oasis Company Limited (formerly The Heavenly Collection Limited)	22, Europa Centre, Floriana, Malta	Owner of tract land in Golden Bay	**58**	58	**-**	-	**42**	42
Thermal Hotel Aquincum Rt	Arpad Fejedelem Utja 94, H-1036 Budapest Hungary	Hotel owner and operator	**100**	100	**-**	-	**-**	-

14. Investments in subsidiaries - continued

14.1 Principal subsidiaries - continued

As disclosed in Note 34 in February 2021, the Group through Corinthia (Malta) Staff Services Limited and Bezemer Limited acquired the remaining 50% shareholding in Golden Sands Resort Limited and the remaining 50% shareholding in Medi International Limited through Island Resorts Limited. As a result of these transactions, the results and financial position of this business are consolidated within the Group from the date of acquisition onwards.

In 2021, the Group disposed of its shareholding in Internasyonal Turizm ve Otelcilik a.s. to a third party. Additional information on this sale is disclosed in Note 35.

Bay Point Properties Limited, The Coffee Company Spain S.L., NLI Penthouse Limited and NLI Finance Limited were dissolved in 2021.

All subsidiary undertakings are included in the consolidation.

14.2 Movements in investment in subsidiaries

	The Company €'000
Equity investments in subsidiaries	
At 1 January and 31 December 2021	352,270
Impairment on equity investments	(1,627)
At 31 December 2022	350,643

All investments were purchased by the Company at the nominal value of shares received i.e. at par, except for Corinthia Construction (Overseas) Limited which was acquired for €3.40 million.

Debt investments in subsidiaries

The Company effected additional advances to its subsidiaries which are considered to be a component of the long-term investment. The net advances amounted to €0.59 million (2021: €0.07 million) which principally relate to Societe de Promotione Khamsa, Konopiste Property Holding s.r.o. and Amber Hotels s.r.o..

14. Investments in subsidiaries – continued

14.3 Subsidiaries with material non-controlling interests

The Group includes two subsidiaries, Danish Bakery Limited and International Hotel Investments p.l.c. (IHI Group), with material non-controlling interests (NCI):

Name of subsidiary	Proportion of ownership interest and voting rights held by NCI		Profit/(loss) allocated to NCI		Accumulated NCI	
	2022	2021	**2022**	2021	**2022**	2021
	%	%	**€'000**	€'000	**€'000**	€'000
Danish Bakery Limited	**35**	35	**98**	151	**1,248**	1,150
IHI Group (incl. NLI Group)	**42**	42	**2,112**	(12,393)	**465,231**	474,126

Dividends paid to NCI of Danish Bakery Limited amounted to nil million (2021: €0.21 million) whilst dividends paid to NCI of International Hotel Investments p.l.c. was nil (2021: nil).

The total non-controlling interests as at 31 December 2022 is €466.48 million (2021: €475.28 million), of which €465.23 million (2021: €474.13 million) is attributable to the IHI Group and €1.25 million (2021: €1.21 million) is attributable to Danish Bakery Limited.

Summarised financial information for Danish Bakery Limited, the IHI Group (including the NLI Group), and separately, the NLI Group, before intragroup eliminations, is set out below:

	Danish Bakery Limited		IHI Group (including NLI Group)		NLI Group	
	2022	2021	**2022**	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Non-current assets	**2,027**	1,888	**1,534,561**	1,535,435	**575,730**	581,037
Current assets	**4,558**	4,132	**127,471**	159,794	**47,385**	47,185
Total assets	**6,585**	6,020	**1,662,032**	1,695,229	**623,115**	628,222
Non-current liabilities	**(22)**	-	**(690,153)**	(751,663)	**(164,471)**	(167,230)
Current liabilities	**(2,932)**	(2,670)	**(153,987)**	(105,350)	**(35,932)**	(33,344)
Total liabilities	**(2,954)**	(2,670)	**(844,140)**	(857,013)	**(200,403)**	(200,574)
Equity attributable to owners of CPHCL	**2,360**	2,178	**352,661**	364,090	**122,586**	124,018
Non-controlling interests	**1,271**	1,172	**465,231**	474,126	**300,126**	303,630

14. Investments in subsidiaries - continued

14.3 Subsidiaries with material non-controlling interests – continued

	Danish Bakery Limited		IHI Group (including NLI Group)		NLI Group	
	2022	2021	**2022**	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Revenue	**5,974**	5,352	**238,207**	129,266	**82,519**	44,658
(Loss)/profit for the year attributable to owners of the parent	**183**	280	**(4,454)**	(17,935)	**1,509**	(824)
(Loss)/profit for the year attributable to NCI	**98**	151	**2,112**	(12,393)	**3,695**	(2,017)
(Loss)/profit for the year	**281**	431	**(2,342)**	(30,328)	**5,204**	(2,841)
Other comprehensive income attributable to owners of the parent	**-**	-	**(7,466)**	28,597	**(2,941)**	26,629
Other comprehensive income attributable to NCI	**-**	-	**(10,516)**	66,771	**(7,200)**	65,194
Other comprehensive income for the year	**-**	-	**(17,982)**	95,368	**(10,141)**	91,823
Total comprehensive income for the year attributable to owners of the parent	**183**	280	**(11,920)**	10,662	**(1,432)**	25,805
Total comprehensive income for the year attributable to NCI	**98**	151	**(8,404)**	54,378	**(3,505)**	63,177
Total comprehensive income for the year	**281**	431	**(20,324)**	65,040	**(4,937)**	88,982

14. Investments in subsidiaries – continued

14.3 Subsidiaries with material non-controlling interests – continued

	Danish Bakery Limited		IHI Group (including NLI Group)		NLI Group	
	2022	2021	**2022**	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Net cash (used in)/generated from operating activities	**98**	1,133	**49,781**	29,748	**17,390**	6,843
Net cash (used in)/generated from investing activities	**(769)**	(197)	**(38,672)**	8,694	**(12,380)**	29,818
Net cash used in financing activities	**-**	(600)	**(46,789)**	24,644	**405**	(25,386)
Net cash inflow/(outflow)	**(671)**	336	**(35,680)**	63,086	**5,415**	11,275

14.4 Impairment allowances

The carrying amount of the investment and loan in/to Corinthia Tunisie Sarl, Catering Contractors Limited, Corinthia Holdings Overseas Limited, Corinthia Palace Holdings Limited and Societe de Promotion Hoteliere Khamsa had been impaired in prior years. Further credit loss allowances on the loan to Corinthia Holdings Overseas Limited amounting to €3.71 million were accounted in 2021 following an assessment carried out by management. During the current year an impairment of €1.63 million was recognised with respect to the investment in Societe de Promotion Hoteliere Khamsa. There has been no impairment in the carrying values of other investments.

15. Investments in associates and joint ventures

15.1 Investments accounted for using the equity method - Group

The amounts recognised in the consolidated statement of financial position are as follows:

	The Group	
	2022	2021
	€'000	€'000
Associates (Note 15.3)	**104,704**	99,026
At 31 December	**104,704**	99,026

15. **Investments in associates and joint ventures** - continued

15.1 **Investments accounted for using the equity method – Group** – continued

The amounts recognised in the consolidated income statement are as follows:

	The Group	
	2022	2021
	€'000	€'000
Associates (Note 15.3.1)	**5,317**	7,698
Joint ventures (Note 15.4.1)	**-**	(219)
For the year ended 31 December	**5,317**	7,479

The amounts recognised in the consolidated other comprehensive income are as follows:

	The Group	
	2022	2021
	€'000	€'000
Associates (Note 15.3.1)	**337**	(10,771)
For the year ended 31 December	**337**	(10,771)

15.2 **Investments in associates using cost model - Company**

The amounts recognised in the Company's statement of financial position are as follows:

	The Company	
	2022	2021
	€'000	€'000
Associates - at 31 December (Note 15.3)	**24,002**	24,002

15.3 **Investments in associates**

The amounts stated in the statement of financial position of the Group and Company are analysed as follows:

	The Group		The Company	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Equity in associate companies (Note 15.3.1)	**101,377**	95,716	**24,002**	24,002
Loans to associate companies	**3,327**	3,310	**-**	-
	104,704	99,026	**24,002**	24,002

15. Investments in associates and joint ventures – continued

15.3 Investments in associates - continued

15.3.1 Equity in associate companies

	The Group		The Company	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
At 1 January	**95,716**	104,214	**24,002**	24,002
Additions	**-**	5	**-**	-
Derecognition on disposal of associate	**-**	(444)	**-**	-
Impairment of Associate	**(6)**	-	**-**	-
Share of results	**5,317**	7,698	**-**	-
Share of other comprehensive income	**337**	(10,771)	**-**	-
Dividend	**-**	(5,000)	**-**	-
Other movements	**13**	14	**-**	-
At 31 December	**101,377**	95,716	**24,002**	24,002

Set out below are the associates of the Group as at 31 December 2022 and 31 December 2021. The associates listed below have share capital consisting solely of ordinary shares.

15. Investments in associates and joint ventures – continued

15.3 Investments in associates – continued

15.3.1 Equity in associate companies – continued

Company name	Registered office	Nature of business	% of ownership interest held by The Group 2022 %	The Group 2021 %	The Company 2022 %	The Company 2021 %
B.C.W. Limited	3, Princess Elizabeth Terrace, Ta' Xbiex Malta	Non-trading	**33**	33	**33**	33
Café Jubilee Zrt	1055 Budapest Szent Istvan krt. 13 Hungary	Non-trading	**50**	50	**50**	50
Crust Foods Limited	22, Europa Centre Floriana Malta	Restaurant and café	**26**	26	**-**	-
Jespers Italia S.R.L.	Piazza Monsignor Umberto Rossi, 2 14032 Casorzo, Asti Italy	Bakery, retail shop	**33**	33	**-**	-
Medina Tower J.S.C.	Suite 107, Tower 2 Level 10 Burj Al Fateh Tripoli, Libya	Owns the Medina Tower Project	**27**	27	**-**	-
Mediterranean Investments Holding p.l.c.	22, Europa Centre Floriana, Malta	Investment company	**50**	50	**50**	50

During the year 2021, Atkins Travel Limited was disposed to a third party for £1. A loss on disposal of €0.44 million was recognised in the Group's Income Statement and an amount of €0.04 million representing cumulative translation differences was released to profit or loss in 2021.

15. Investments in associates and joint ventures – continued

15.3 Investments in associates – continued

15.3.1 Equity in associate companies – continued

Company name	Registered office	Nature of business	% of ownership interest held by The Group 2022 %	The Group 2021 %	The Company 2022 %	The Company 2021 %
Palm City Limited	22, Europa Centre Floriana, Malta	Property development and operator	**50**	50	**-**	-
Palm Waterfront Limited	22, Europa Centre Floriana, Malta	Property development and operator	**50**	50	**-**	-
Scalotel-Sociedade Escalabitana Hoteleira s.a.	Avenida Madre Andaluz Freguesia de Marvila, Cancelho de Santarem, Portugal	Hotel owner	**41**	41	**-**	-

All associates except for Mediterranean Investments Holding p.l.c. are private companies. There is no quoted market price available for the shares of all associates.

The directors consider Medina Tower J.S.C. and Mediterranean Investments Holding p.l.c. to be material associates of the Group.

15.3.2 Summarised financial information for material associates

Summarised financial information of the material associates is included in the table below:

	Medina Tower J.S.C 2022 €'000	Medina Tower J.S.C 2021 €'000
Non-current assets	**17,064**	16,742
Current assets	**7,671**	7,791
Total assets	**24,735**	24,533
Current liabilities	**93**	61
Total liabilities	**93**	61
(Loss)/Profit for the year	**(213)**	9,142
Other comprehensive income	**321**	(33,352)
Total comprehensive income	**108**	(24,210)

15. Investments in associates and joint ventures – continued

15.3 Investments in associates – continued

15.3.2 Summarised financial information for material associates - continued

Reconciliation of summarised financial information

Reconciliation of the summarised information presented to the carrying amount of its interest in the associate:

	Medina Tower J.S.C	
	2022	2021
	€'000	€'000
Opening net assets	**24,533**	48,743
(Loss)/Profit for the year	**(213)**	9,142
Other comprehensive income	**321**	(33,352)
Closing net assets	**24,641**	24,533
Interest in associate (37.50%)*	**9,241**	9,200
Carrying value	**9,241**	9,200

*The Group's interest in Medina Tower J.S.C. as reflected in the Group's consolidated financial statements, is made up of a 25.00% shareholding held by IHI p.l.c. and another 25.00% shareholding held by Mediterranean Investment Holdings p.l.c. (MIH p.l.c.). Whereas the Group's interest in IHI p.l.c. is 57.80%, its interest in MIH p.l.c. is 50.00% (accounted for using the equity method).

The Group's ultimate percentage ownership in Medina Tower J.S.C. is 27.00%.

	Mediterranean Investments Holdings p.l.c. Group	
	2022	2021
	€'000	€'000
Non-current assets	**291,080**	290,133
Current assets	**14,890**	20,812
Total assets	**305,970**	310,945
Non-current liabilities	**70,758**	62,402
Current liabilities	**35,738**	59,892
Total liabilities	**106,496**	122,294
Revenue	**24,996**	23,978
Profit for the year	**10,751**	12,137
Other comprehensive income/(loss)	**73**	(5,153)
Total comprehensive income	**10,824**	6,984

15. Investments in associates and joint ventures – continued

15.3 Investments in associates – continued

15.3.2 Summarised financial information for material associates – continued

Reconciliation of the summarised information presented to the carrying amount of its interest in the associate:

	Mediterranean Investments Holdings p.l.c. Group	
	2022	2021
	€'000	€'000
Opening net assets	**188,650**	191,666
Profit for the year	**10,751**	12,137
Other comprehensive income	**73**	(5,153)
Dividend	**-**	(10,000)
Closing net assets	**199,474**	188,650
Interest in associate (50.00%)	**99,737**	94,325
Carrying value	**99,737**	94,325

Included in the above financial information is 25.00% share of the financial information attributable to Medina Tower J.S.C.

15.3.3 Summarised financial information of associate companies that are not individually material

	2022	2021
	€'000	€'000
Profit for the year	**3**	287
Other comprehensive income	**230**	144
Total comprehensive income	**233**	431

15.4 Investments in joint ventures

15.4.1 Equity in joint ventures

	The Group
	2021
	€'000
At 1 January	19,646
Share of results	(219)
Derecognition of investment in joint venture on acquisition of control	(19,427)
At 31 December	-

15. Investments in associates and joint ventures – continued

15.4 Investments in joint ventures - continued

15.4.1 Equity in joint ventures - continued

Set out below are the joint ventures of the Group as at 31 December 2022 and 31 December 2021. The joint ventures listed below have share capital consisting solely of ordinary shares, which are held by the Group through IHI p.l.c.

In 2021, the Group acquired the remaining 50% share in Golden Sands Resort Limited in 2021, as disclosed in Note 34 and this is now included as a subsidiary.

Company name	**Registered office**	**Nature of business**	**% of ownership interest held by the Group**	
			2022	2021
Quality Catering & Retail Services Ltd	Miller House Airport Way Tarxien Road Luqa Malta	Catering company	**50**	50

All joint ventures are private companies and there is no quoted market price available for their shares.

There are no contingent liabilities relating to the Group's interest in the joint ventures.

Azure Resorts Group

The Azure Resorts Group was placed into liquidation during 2020 and subsequently the holding of the Group was transferred to financial assets at fair value through profit or loss as disclosed in Note 19.

In 2022, a fair value loss of €1.53 million (2021: €0.49 million) was recognised through profit and loss.

15. Investments in associates and joint ventures - continued

15.4 Investments in joint ventures – continued

15.4.1 Equity in joint ventures - continued

Summarised financial information of material joint ventures is set out below:

	Golden Sands Resort Group February 2021 €'000
Non-current assets	61,600
Cash and cash equivalents	731
Other current assets	1,872
Total assets	64,203
Current financial liabilities (excluding trade and other payables and provisions)	2,755
Current liabilities	10,690
Non-current financial liabilities (excluding trade and other payables and provisions)	11,160
Non-current liabilities	28,699
Total liabilities	39,389

15.4.2 Summarised financial information for material joint ventures

	Golden Sands Resort Group 2-month period ended February 2021 €'000
Revenue	570
EBITDA	(283)
Depreciation and amortisation	(277)
Interest income	-
Interest expense	(113)
Income tax credit	236
Loss for the year	(437)
Other comprehensive income	-
Total comprehensive income	(437)

15. Investments in associates and joint ventures - continued

15.4 Investments in joint ventures - continued

15.4.2 Summarised financial information for material joint ventures - continued

Reconciliation of the summarised information presented to the carrying amount of its interest in the joint venture:

	Golden Sands Resort Group 2-month period ended February 2021 €'000
Opening net assets	26,442
Loss for the period	(437)
Other comprehensive income	-
Closing net assets as at February 2021	26,005
Interest in joint venture (50.00%)	13,003
Derecognition of joint venture on acquiring of control	(13,003)
Goodwill	-
Carrying value	-

During 2021, the Group acquired the remaining 50% holding in Golden Sands Resort Limited and consequently derecognised the interest in this joint venture.

16. Other financial assets at amortised cost

	The Group		**The Company**	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Non-current				
Loans to investee	**6,460**	5,898	**-**	-
Loans to subsidiaries	**-**	-	**26,623**	6,623
Loans to associates	**2,602**	2,602	**2,602**	2,602
Others	**55**	90	**-**	-
Total non-current loans receivable	**9,117**	8,590	**29,225**	9,225
Current				
Others	**153**	61	**-**	-
Total current loans receivable	**153**	61	**-**	-

The fair value of the other financial assets at amortised is disclosed in note 37.7.

Information about the impairment of financial assets at amortised cost and the Group's and the Company's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 37.

16. **Other financial assets at amortised cost** - continued

Terms

The Group's loans to investee comprising €6.46 million are unsecured, bear interest at 4% and are repayable not later than 10 June 2029.

The Group's loans to others amounting to €0.06 million are unsecured, bear interest at 5.00% and are repayable not later than May 2023.

The Group's and Company's loans to associates amounting to €2.60 million are unsecured, bear interest at 5.00% and are repayable between two and five years.

The Company's loans to subsidiaries amounting to €26.62 million are unsecured, bear interest at 3% and are repayable not later than January 2026.

17. **Inventories**

	The Group	
	2022	2021
	€'000	€'000
Food and beverages	**4,170**	2,967
Consumables and other	**11,610**	10,064
Goods held for resale	**321**	956
Loose tools	**929**	818
	17,030	14,805

18. Trade and other receivables

	The Group		The Company	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Non-Current				
Other receivables	**962**	573	**-**	**-**
Contract assets	**577**	441	**-**	**-**
Total receivables – non-current	**1,539**	1,014	**-**	**-**
Current				
Trade receivables	**29,506**	20,485	**-**	**-**
Credit loss allowances	**(4,982)**	(4,937)	**-**	**-**
	24,524	15,548	**-**	**-**
Amounts owed by:				
- Subsidiary companies	**-**	-	**8,810**	9,110
- Associate companies	**2,588**	3,121	**1,613**	2,199
- Joint ventures	**201**	-	**-**	-
- Related parties	**2,583**	2,586	**-**	-
Other receivables	**5,799**	4,282	**207**	305
Financial assets	**35,695**	25,537	**10,630**	11,614
Prepayments	**4,839**	3,328	**47**	9
Contract assets/accrued income	**2,255**	1,708	**29**	38
Total trade and other receivables – current	**42,789**	30,573	**10,706**	11,661
Total trade and other receivables	**44,328**	31,587	**10,706**	11,661

Amounts owed by related parties are unsecured, interest free and repayable on demand.

The carrying values of trade and other receivables are considered to be a reasonable approximation of fair value.

Information about the credit losses attributable to trade receivables and the Group's and the Company's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 37.

The Group's contract assets classified as non-current asset relate to key monies and are assessed for impairment at each reporting date in line with IAS 36.

The Group's contract assets which are classified as current asset primarily comprise balances from services in relation to project management for which the Group would not yet have an unconditional right to receive payment. These contract assets are subject to IFRS 9 expected credit losses model as disclosed in Note 37.

19. Financial assets at fair value through profit or loss

Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVTPL):

- Debt investments that do not qualify for measurement at either amortised cost or FVOCI. As at 31 December 2022 and 2021, these include investments in funds and mutual funds whose instruments fail to meet the definition of equity from the issuer's perspective.

- Equity investments for which the Group has not elected to recognise fair value gains and losses through OCI.

	The Group		The Company	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Non-current assets				
Unlisted equity securities	**5,373**	6,898	**-**	-
Current assets				
Listed securities:				
Bond securities	**595**	788	**2,289**	2,482
Equity securities	**707**	4,376	**707**	1,150
Mutual funds	**2,305**	7,142	**1,286**	1,390
Total	**3,607**	12,306	**4,282**	5,022

In 2020, part of the investment in the residential development in Moscow was reclassified to financial assets at amortised cost following a capital restructuring exercise and after a formal agreement was entered with Lizar Holdings Limited (Note 16).

In 2020, the holding in Azure Resorts Group has been reclassified from investment accounted for using the equity method to financial assets at fair value through profit or loss in view that this has been put into liquidation on 27 April 2020. At the reporting date, the carrying amount of the investment held in Azure Resorts Group amounts to €1.96 million (2021: €3.49 million).

During the year, the Group recognised a fair value loss of €3.64 million (2021: gain of €1.35 million), whilst the Company recognised a fair value loss of €0.71 million (2021: gain of €0.61 million), in profit or loss on financial assets at fair value through profit or loss. In 2022, the fair value loss includes an amount of €1.53 million relating to a fair value loss on the Group's investment in Azure Resorts Group and an amount of €2.12 million relating to losses on listed securities (2021: fair value gain earned on the Group's investments in listed securities amounting to €1.84m and an amount of €0.49m relating to fair value loss on the Group's investment in Azure Resorts Group).

19. Financial assets at fair value through profit or loss - continued

Set out below are the unlisted equity securities held by the Group:

Company name	**Registered office**	**Nature of business**	**% of ownership interest held by the Group**	
			2022	2021
Azure Resorts Limited (in liquidation)	Level 1, Palm Grove House Wickham's Cay 1 Road Town, Tortola British Virgin Islands	Vacation ownership selling agent	**29**	29
Azure Services Limited (in liquidation)	Level 1, LM Complex Brewery Street Mriehel, Malta	Marketing and promotional services	**29**	29
Azure Ultra Limited (in liquidation)	Level 1, LM Complex Brewery Street Mriehel, Malta	Luxury yacht leasing	**29**	29
Azure XP Limited (in liquidation)	Level 1, Palm Grove House Wickham's Cay 1 Road Town, Tortola British Virgin Islands	Financing of vacation ownership	**29**	29
Brooksfield Overseas Limited (in liquidation)	Level 1, Palm Grove House Wickham's Cay 1 Road Town, Tortola British Virgin Islands	Marketing and promotional services	**29**	29
Heathfield Overseas Limited (in liquidation)	Level 1, Palm Grove House Wickham's Cay 1 Road Town, Tortola British Virgin Islands	Payment solutions	**29**	29

The Group's unlisted equity securities also include 13.10% holdings in Global Hotel Alliance and 10.00% holdings in Lizar Holdings Limited, a hotel and residential development in Moscow.

Information on the fair value hierarchy and valuation techniques used by management as well as a reconciliation of the unlisted equity securities are disclosed in Note 37.

20. Cash and cash equivalents

Cash and cash equivalents include the following components:

	The Group		The Company	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Cash and bank balances:				
Current	**77,657**	143,062	**6,261**	35,086
Cash and cash equivalents in the statement of financial position	**77,657**	143,062	**6,261**	35,086
Bank overdrafts (Note 25)	**(11,028)**	(4,798)	**-**	-
Cash and cash equivalents	**66,629**	138,264	**6,261**	35,086

The Group's bank balances include amounts of €10.49 million (2021: €9.97 million) set aside for debt servicing requirements. At 31 December 2022, no funds were set aside for capital expenditure purposes (2021: nil).

21. Assets classified as held for sale

	The Group	
	2022	2021
	€'000	€'000
Investment property	**102**	134
Total assets held for sale	**102**	134

The Group's assets held for sale, represented two 3-star hotel properties located in Bodrum, Turkey with a stock of 288 and 72 beds respectively, each operating in the hospitality sector. In 2021, the larger of the hotel properties was disposed of as disclosed in Note 35. Since this property does not have the level of luxury of the other hotels operated by the Group, it has been put on the market and it is expected that it will be sold within the next 12 months.

22. Share capital

	The Group and the Company	
	2022	2021
	€'000	€'000
Authorised, issued and fully paid		
20,000,000 ordinary shares at €1 each	**20,000**	20,000

22.1 Shareholder rights

Shareholders are entitled to vote at shareholders' meetings of the Company on the basis of one vote for each share held. They are entitled to receive dividends as declared from time to time. The shares in issue shall, at all times, rank *pari passu* with respect to any distribution whether of dividends or capital, in a winding up or otherwise.

23. Other reserves

The balance on other reserves, which is not available for distribution, represents profits not realised at balance sheet date including those arising from foreign exchange translations and revaluations of property, net of tax.

The Group	**Translation reserves**	**Revaluation reserve**	**Other equity components**	**Total**
	€'000	€'000	€'000	€'000
At 1 January 2022	25,992	110,619	9,916	146,527
Recognised in other comprehensive income:				
Net revaluation of properties	-	(1,025)	-	(1,025)
Exchange difference arising from translating foreign operations:				
- on net assets, excluding deferred tax	(9,163)	-	-	(9,163)
Share of other comprehensive income of associates and joint ventures:				
- Exchange difference arising from translating foreign operations	107	-	-	107
- Revaluation of properties	-	230	-	230
- Reclassification of currency translation reserve to Profit and Loss	153	-	-	153
Recognised directly in equity:				
Reclassifications to retained earnings	-	(1,152)	-	(1,152)
At 31 December 2022	**17,089**	**108,672**	**9,916**	**135,677**

23. Other reserves - continued

The Group	**Translation reserves** €'000	**Revaluation reserve** €'000	**Other equity components** €'000	**Total** €'000
At 1 January 2021	25,692	87,721	9,938	123,351
Net revaluation of properties	-	26,181	-	26,181
Exchange difference arising from translating foreign operations:				
on net assets, excluding deferred tax	9,169	-	-	9,169
- Share of other comprehensive income of associates and joint ventures:				
Exchange difference arising from translating foreign operations	(10,298)	-	-	(10,298)
- Revaluation of properties	-	144	-	144
- Reclassification of currency translation reserve to profit and loss	1,500	-	-	1,500
- Other	-	(1)	18	17
Recognised directly in equity:				
Reclassifications to retained earnings	(71)	(3,426)	(40)	(3,537)
At 31 December 2021	**25,992**	**110,619**	**9,916**	**146,527**

The Company

	Translation reserves	
	2022 €'000	2021 €'000
At 1 January and 31 December	**2,950**	2,950

24. Retained earnings

The result for the year has been transferred to retained earnings as set out in the statements of changes in equity.

25. Bank borrowings

	The Group		The Company	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Bank overdrafts	**11,028**	4,798	**-**	-
Bank loans	**340,576**	388,658	**2,092**	3,556
	351,604	393,456	**2,092**	3,556
Comprising:				
Non-current bank borrowings				
Bank loans due within 2 - 5 years	**290,217**	336,439	**800**	2,020
Bank loans due later than 5 years	**1,602**	29,183	**-**	50
	291,819	365,622	**800**	2,070
Current bank borrowings				
Bank overdrafts	**11,028**	4,798	**-**	-
Bank loans due within 1 year	**48,757**	23,036	**1,292**	1,486
	59,785	27,834	**1,292**	1,486

Bank borrowings are subject to variable interest rates based on Euribor or other such bank base rates plus margins with a total weighted average interest rate of 3.66% per annum at 31 December 2022 (2021: 2.96% per annum).

These facilities are secured by general and special hypothecs on the Group's assets, privileges on certain assets and guarantees given by related parties, as well as pledges over the shares in subsidiaries and joint ventures.

The carrying amount of bank borrowings is considered a reasonable approximation of fair value based on discounted cash flows, taking cognisance of the variable interest nature of the borrowings.

26. Bonds

26.1 Bonds in issue

	The Group	
	2022	2021
	€'000	€'000
Redeemable bonds		
Bond 12	**9,985**	9,968
Bond 13	**44,712**	44,002
Bond 15	**34,896**	34,823
Bond 16	**39,738**	39,658
Bond 17	**54,677**	54,595
Bond 18	**59,546**	59,443
Bond 19	**77,537**	78,066
	321,091	320,555
Non-current	**311,106**	320,555
Current	**9,985**	-
	321,091	320,555

(i) The Group has the following bonds in issue:

	Issuing company	**Year of issue**	**Nominal amounts €'000**	**Rate of interest %**	**Maturity date**
Redeemable bonds					
Bond 12	IHI p.l.c.	2013	10,000	5.80	14 November 2023
Bond 13	IHI p.l.c.	2015	45,000	5.75	13 May 2025
Bond 15	IHI p.l.c.	2014	35,000	6.00	15 May 2024
Bond 16	CPHCL Finance p.l.c.	2016	40,000	4.25	12 April 2026
Bond 17	IHI p.l.c.	2016	55,000	4.00	29 July 2026
Bond 18	IHI p.l.c.	2016	60,000	4.00	20 December 2026
Bond 19	IHI p.l.c.	2021	80,000	3.65	7 December 2031

26. Bonds – continued

26.1 Bonds in issue – continued

In 2021, IHI p.l.c. redeemed Bond 10 amounting to €20.00 million and issued Bond 19 for a total amount of €80.00 million.

(ii) Interest

Interest is payable annually in arrears on the due date.

(iii) Security

The bonds constitute the general, direct, unconditional, unsecured and unsubordinated obligations of the issuing companies and will rank *pari passu*, without any priority or preference, with all other present and future unsecured and unsubordinated obligations of the issuing companies. The only exception is Bond 17 for €55.00 million which is secured by the Hotel property owned by IHI Hungary.

(iv) Sinking funds

The required contributions to the sinking funds as deposited under a trust arrangement as at 31 December 2022, amounted to €0.08 million (2021: €0.08 million).

(v) The carrying amount of the bonds is as follows:

	€'000
At 1 January 2021	**262,577**
Redemptions	(20,000)
Proceeds from issue	78,306
Issue costs	(840)
Amortisation of issue costs	512
At 31 December 2021	**320,555**
Amortisation of issue costs	536
At 31 December 2022	**321,091**

26. Bonds - continued

26.1 Bonds in issue - continued

The market price of bonds in issue as at year end is as follows:

	2022	2021
	€	€
Bond 12	**100.00**	103.00
Bond 13	**102.00**	102.65
Bond 15	**101.50**	101.10
Bond 16	**100.00**	102.50
Bond 17	**99.00**	102.50
Bond 18	**99.50**	100.00
Bond 19	**90.00**	100.20

The fair value of the bonds at year end is disclosed in Note 37.7.

26.2 Investments held by trustees

Investments held by trustees comprise the following:

The Group	**2022**	2021
	€'000	€'000
Cash at bank:		
- Interest-bearing bank accounts	**77**	77
	77	77

27. Other financial liabilities

	The Group		**The Company**	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Shareholders' loans	**33,485**	32,580	**33,485**	32,580
Loans from subsidiaries	**-**	-	**70,122**	69,993
Others	**205**	307	**-**	-
	33,690	32,887	**103,607**	102,573
Non-current	**33,577**	32,784	**103,332**	102,298
Current	**113**	103	**275**	275
	33,690	32,887	**103,607**	102,573

The movements in the shareholders' loans represent the interest incurred thereon and repayments of €0.39 million.

The loans from subsidiaries increased by €0.13 million. This movement represents net payments of €0.39 million to Thermal Hotel Aquincum Rt and some minor set-off of €0.26 million.

27. Other financial liabilities – continued

As at 31 December 2022

€'000	Interest Rate	Repayable
The Group		
33,485	4.00%	After more than 1 year
113	8.70%	Within 1 year
92	8.70%	After more than 1 year
33,690		
The Company		
275	5.00%	Within 1 year
40,000	4.425%	12 April 2026
10,951	1.95% over 3-month Euribor	After more than 1 year
242	4.60%	After more than 1 year
18,654	2.55% over 3-month Euribor	After more than 1 year
33,485	4.00%	After more than 1 year
103,607		

As at 31 December 2021

€'000	Interest Rate	Repayable
The Group		
32,580	4.00%	After more than 1 year
103	8.70%	Within 1 year
204	8.70%	After more than 1 year
32,887		
The Company		
275	5.00%	Within 1 year
40,000	4.38%	12 April 2026
10,707	1.95% over 3-month Euribor	After more than 1 year
251	4.60%	After more than 1 year
18,760	2.55% over 3-month Euribor	After more than 1 year
32,580	4.00%	After more than 1 year
102,573		

None of the loans are secured.

The carrying amount of the borrowings subject to a variable interest rate is considered a reasonable approximation of fair value on the basis of discounted cash flows. In the case of borrowing subject to a fixed rate of interest, the fair value is disclosed in Note 37.7.

28. Indemnification liabilities

	The Company	
	2022	2021
	€'000	€'000
At 1 January	**17,168**	23,396
Change in fair value	**-**	(6,228)
At 31 December	**17,168**	17,168

In view of group tax relief provisions applicable in Malta any tax due by CPHCL on the transfer of the shares in IHI Towers s.r.o. (IHIT) and Corinthia Towers Tripoli Limited (CTTL) to International Hotel Investments p.l.c. (IHI p.l.c.) effected in 2007 was deferred. This tax will only become due in the eventuality that IHI p.l.c. sells the shares in IHIT and/or CTTL and/or their underlying properties outside the Group. In accordance with the indemnity agreement prepared at the time of the acquisition, CPHCL has indemnified IHI p.l.c. for future tax the latter may incur should IHI p.l.c. sell the shares or the underlying properties outside the Group. This indemnity will be equivalent to the tax that will be due by IHI p.l.c. on the gain that was untaxed in the hands of CPHCL. The indemnity has no time limit and has a maximum value of €45.00 million. In 2021, a reduction of €6.23 million in the indemnification liability held in the records of the Company was recognised to reflect a reduced rate of tax that would be applicable in the eventuality of a sale of this property.

As outlined above the indemnity agreement provides that in the event of a sale of the shares in IHIT and/or CTTL and/or their underlying properties outside the Group, CPHCL will be liable for the tax that will be due on the gain that was exempt in the hands of CPHCL at the time of the sale. Since it is certain that reimbursements will be paid by CPHCL if IHI p.l.c. settles the obligation, the reimbursements have been recognised and treated as separate liabilities.

On the sale of its shares in QPM Limited effected during the year ended 31 December 2016, CPHCL provided a tax indemnity to IHI p.l.c. The sales contract was exempt from taxation on the basis that CPHCL and IHI p.l.c. form part of the same ultimate group for tax purposes. Should IHI p.l.c. dispose of the shares outside of the Group, it may become liable to tax that it would not have become liable to pay had CPHCL not been a related party. The indemnity was estimated to amount to €2.00 million and has been recognised as an indemnification liability representing the tax that will be due by IHI p.l.c. on the gain that was untaxed in the hands of CPHCL.

29. Deferred tax assets and liabilities

Deferred taxes are calculated on all temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been substantively enacted by the end of the reporting period.

29. Deferred tax assets and liabilities - continued

The balance at 31 December represents temporary differences attributable to:

The Group	Assets		Liabilities		Net	
	2022	2021	**2022**	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Depreciation of property, plant and equipment	**-**	-	**(38,144)**	(35,737)	**(38,144)**	(35,737)
Fair valuation of land and buildings	**-**	-	**(77,819)**	(80,270)	**(77,819)**	(80,270)
Fair valuation of investment property	**-**	-	**(13,361)**	(14,075)	**(13,361)**	(14,075)
Intangible assets	**-**	586	**(404)**	-	**(404)**	586
Investments in associates	**101**	101	**-**	-	**101**	101
Unrelieved tax losses and unabsorbed capital allowances	**62,776**	62,509	**-**	-	**62,776**	62,509
Exchange differences	**235**	-	**-**	(446)	**235**	(446)
Provision on trade receivables	**856**	790	**-**	-	**856**	790
Others	**455**	470	**-**	-	**455**	470
Deferred tax assets/(liabilities) – before offsetting	**64,423**	64,456	**(129,728)**	(130,528)	**(65,305)**	(66,072)
Offset in the statement of financial position	**(28,257)**	(29,028)	**28,257**	29,028	**-**	-
Deferred tax assets/(liabilities) – as presented in statement of financial position	**36,166**	35,428	**(101,471)**	(101,500)	**(65,305)**	(66,072)

29. Deferred tax assets and liabilities – continued

The Company	**Assets**		**Liabilities**		**Net**	
	2022	2021	**2022**	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Unrelieved tax losses and unabsorbed capital allowances	**3,555**	3,555	**-**	-	**3,555**	3,555
Deferred tax assets/(liabilities) - before offsetting	**3,555**	3,555	**-**	-	**3,555**	3,555
Deferred tax assets/(liabilities) - as presented in statement of financial position	**3,555**	3,555	**-**	-	**3,555**	3,555

The recognised deferred tax assets and liabilities are expected to be recovered or settled principally after more than twelve months from the end of the reporting period.

The movement on the Group's deferred tax assets and liabilities during the year, without taking into consideration offsetting of balances, is as follows:

The Group

	Balance 1.1.2022 €'000	Recognised in profit or loss €'000	Recognised in other comprehensive income €'000	Currency translation differences €'000	Balance 31.12.2022 €'000
Property, plant and equipment	(116,007)	(299)	1,729	(1,386)	(115,963)
Investment property	(14,075)	1,391	-	(677)	(13,361)
Intangible assets	586	(991)	-	1	(404)
Investments in associates	101	-	-	-	101
Unrelieved tax losses and capital allowances	62,509	(685)	(637)	1,589	62,776
Exchange differences	(446)	690	-	(9)	235
Provision on trade receivables	790	66	-	-	856
Others	470	(3)	(5)	(7)	455
	(66,072)	**169**	**1,087**	**(489)**	**(65,305)**

29. Deferred tax assets and liabilities – continued

The Group

	Balance 1.1.2021 €'000	Recognised in profit or loss €'000	Recognised in other comprehensive income €'000	Currency translation differences €'000	Business combinations €'000	Balance 31.12.2021 €'000
Property, plant and equipment	(103,482)	(1,801)	(30)	(1,035)	(9,659)	(116,007)
Investment property	(16,736)	3,026	-	(365)	-	(14,075)
Intangible assets	1,532	(947)	-	1	-	586
Investments in associates	101	-	-	-	-	101
Unrelieved tax losses and capital allowances	50,455	11,560	-	580	(86)	62,509
Exchange differences	255	(703)	-	2	-	(446)
Provision on trade receivables	2,023	(1,215)	-	(18)	-	790
Others	249	200	5	16	-	470
	(65,603)	**10,120**	**(25)**	**(819)**	**(9,745)**	**(66,072)**

The movement on the Company's deferred tax assets and liabilities during the year, without taking into consideration offsetting of balances, is as follows:

The Company

	Balance 1.1.2022 €'000	Recognised in profit or loss €'000	Other movements €'000	Balance 31.12.2022 €'000
Unrelieved tax losses and unabsorbed capital allowances	3,555	-	-	3,555
	3,555	**-**	**-**	**3,555**

The Company

	Balance 1.1.2021 €'000	Recognised in profit or loss €'000	Other movements €'000	Balance 31.12.2021 €'000
Unrelieved tax losses and unabsorbed capital allowances	3,555	-	-	3,555
	3,555	**-**	**-**	**3,555**

29. Deferred tax assets and liabilities – continued

Unrecognised deferred tax assets

Deferred income taxes are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Company did not recognise deferred income tax assets of €14.40 million (2021: €14.40 million) in respect of losses amounting to €57.61 million (2021: €57.61 million) that can be carried forward against future taxable income.

The Group did not recognise deferred income tax assets of €28.77 million (2021: €28.95 million) in respect of losses amounting to €101.19 million (2021: €101.45 million) that can be carried forward against future taxable income.

30. Trade and other payables

	The Group		The Company	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Non-current				
Other payables	**2,131**	2,863	**-**	-
Refundable lease deposits	**263**	69	**-**	-
Financial liabilities	**2,394**	2,932	**-**	-
Contract liabilities	**2,053**	2,561	**-**	-
Statutory liabilities	**7,476**	6,224	**564**	279
Total payables – non-current	**11,923**	11,717	**564**	279
Current				
Trade payables	**21,251**	17,242	**99**	214
Amounts owed to:				
Subsidiary companies	**-**	-	**9,872**	16,866
Associate companies	**1,100**	770	**-**	-
Joint ventures	**-**	-	**-**	-
Other related parties	**6,755**	7,128	**-**	-
Capital creditors	**2,337**	1,177	**-**	-
Other payables	**10,577**	13,749	**98**	146
Refundable lease deposits	**564**	765	**-**	-
Accrued expenses	**32,484**	29,418	**1,450**	1,835
Financial liabilities	**75,068**	70,249	**11,519**	19,061
Contract liabilities	**4,014**	4,576	**-**	-
Advance payments	**1,915**	1,929	**-**	-
Statutory liabilities	**11,705**	8,930	**167**	528
Total payables – current	**92,702**	85,684	**11,686**	19,589

Amounts owed to related parties are unsecured, interest free and repayable on demand. The carrying amount of trade and other payables is considered a reasonable approximation of fair value.

30. Trade and other payables - continued

Current contract liabilities mainly include advance deposits on hotel bookings and cash received for vouchers to be redeemed by customers in hotels. The revenue in relation to these amounts received in advance is recognised only when the Group satisfies its performance obligation (i.e. as the customer utilises their right to use the hotel room).

Non-current contract liabilities emanate from a transaction in which the Group sold a block of serviced apartments but retained the obligation to maintain such apartments for the very long-term. The consideration that was paid by the buyer to the Group was partly allocated to the service element in the arrangement and will be recognised over the remaining number of years for which the obligation remains.

The aggregate transaction price allocated to this long-term arrangement amounted to £2.30 million, equivalent to €2.60 million (2021: £2.30 million, €2.70 million), of which £1.80 million, equivalent to €2.10 million (2021: £1.90 million, equivalent to €2.20 million), remains unsatisfied as at year-end.

Revenue recognised during 2022 that was included in the contract liability balance at the beginning of the period amounted to €3.20 million (2021: €2.90 million).

31. Cash flow information

31.1 Adjustments

	The Group		The Company	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Amortisation of intangible assets	**633**	1,200	**-**	-
Depreciation of property, plant and equipment	**28,058**	29,185	**6**	5
Depreciation of right-of-use assets	**2,943**	3,067	**3**	31
Other losses arising on property, plant and equipment	**100**	5,353	**-**	-
COVID-19 related lease concession adjustments	**(14)**	(1,139)	**-**	(9)
Other gains/losses	**(80)**	156	**-**	-
Impairment losses on investments	**-**	-	**1,926**	4,244
Impairment loss on property, plant and equipment	**1,207**	-	**-**	-
Fair value movements on investment properties	**6,620**	(1,321)	**-**	-
Share of results of associates and joint ventures	**(5,317)**	(7,479)	**-**	-
Movement in indemnification liabilities	**-**	-	**-**	(6,228)
Net gain on sale of investment in subsidiary and associate	**-**	(5,373)	**-**	-
Fair value movement on financial assets at FVTPL	**3,640**	(1,351)	**714**	(608)
Change in credit loss allowances	**(40)**	377	**-**	-
Net loss on disposal of property, plant and equipment	**65**	-	**-**	-
Amortisation of transaction costs	**842**	1,308	**80**	80
Interest income	**(563)**	(795)	**(830)**	(620)
Interest expense	**31,043**	27,485	**4,094**	3,874
Dividend income	**-**	-	**(6,518)**	(5,519)
Reclassification of currency translation reserve to profit and loss	**264**	1,500	**-**	-
Net exchange differences	**(16,008)**	1,271	**(1)**	2
	53,393	53,444	**(524)**	(4,748)

31. Cash flow information - continued

Significant non-cash transactions

The Group's significant non-cash transactions for 2022 are nil (2021: €9.57 million). These represented the portion of bonds that were redeemed through the re-issue of new bonds. The Company's significant non-cash transactions are €0.35 million (2021: €0.75 million). These represent an offset against loans payable.

31.2 Reconciliation of financing assets and liabilities

The Group	**Assets**	**Liabilities from financing activities**				
	Assets placed under trust arrangement €'000	**Bonds €'000**	**Bank loans €'000**	**Other borrowings €'000**	**Lease liabilities €'000**	**Total €'000**
As at 1 January 2021						
- Principal	77	(326,286)	(395,497)	(32,887)	(16,469)	(771,062)
- Accrued interest	-	(5,654)	(7,290)	-	-	(12,944)
	5,637	(268,231)	(391,364)	(32,787)	(16,201)	(702,946)
Net Cash flow movements	(5,560)	(46,024)	34,031	1,681	2,614	(13,258)
Acquisition of subsidiaries	-	-	(11,495)	-	(544)	(12,039)
Foreign exchange differences	-	-	(14,565)	-	-	(14,565)
Currency translation differences	-	-	(105)	-	-	(105)
Other movements including interest	-	(12,031)	(11,999)	(1,781)	(2,338)	(28,149)
As at 31 December 2021	**77**	**(326,286)**	**(395,497)**	**(32,887)**	**(16,469)**	**(771,062)**
Comprising:						
- Principal	77	(320,555)	(388,658)	(32,887)	(16,469)	(758,492)
- Accrued interest	-	(5,731)	(6,839)	-	-	(12,570)
As at 31 December 2021	**77**	**(326,286)**	**(395,497)**	**(32,887)**	**(16,469)**	**(771,062)**
As at 1 January 2022						
- Principal	77	(320,555)	(388,658)	(32,887)	(16,469)	(758,492)
- Accrued interest	-	(5,731)	(6,839)	-	-	(12,570)
	77	**(326,286)**	**(395,497)**	**(32,887)**	**(16,469)**	**(771,062)**
Net Cash flow movements	-	14,488	52,750	330	3,486	71,054
Foreign exchange differences	-	-	9,280	-	-	9,280
Currency translation differences	-	-	(755)	-	-	(755)
Other movements including interest	-	(14,785)	(9,421)	(1,133)	(4,249)	(29,588)
As at 31 December 2022	**77**	**(326,583)**	**(343,643)**	**(33,689)**	**(17,232)**	**(721,070)**
Comprising:						
- Principal	77	(321,091)	(340,576)	(33,690)	(17,232)	(712,512)
- Accrued interest	-	(5,492)	(3,067)	-	-	(8,559)
As at 31 December 2022	**77**	**(326,583)**	**(343,643)**	**(33,690)**	**(17,232)**	**(721,071)**

31. Cash flow information - continued

31.2 Reconciliation of financing assets and liabilities - continued

The Company	Liabilities from financing activities		
	Bank loans €'000	Other borrowings €'000	Total €'000
As at 1 January 2021			
- Principal	(4,338)	(102,878)	(107,216)
- Accrued interest	(178)	(1,288)	(1,466)
	(4,516)	(104,166)	(108,682)
Net cash flow movements	1,061	3,077	4,138
Set-offs	-	748	748
Other movements including interest	(120)	(3,522)	(3,642)
As At 31 December 2021	**(3,575)**	**(103,863)**	**(107,438)**
Comprising:			
- Principal	(3,555)	(102,579)	(106,134)
- Accrued interest	(20)	(1,284)	(1,304)
As At 31 December 2021	**(3,575)**	**(103,863)**	**(107,438)**
As at 1 January 2022			
- Principal	(3,555)	(102,579)	(106,134)
- Accrued interest	(20)	(1,284)	(1,304)
	(3,575)	(103,863)	(107,438)
Net cash flow movements	1,562	2,087	3,649
Set-offs	-	215	215
Other movements including interest	(98)	(3,391)	(3,489)
As at 31 December 2022	**(2,111)**	**(104,952)**	**(107,063)**
Comprising:			
- Principal	(2,092)	(103,607)	(105,699)
- Accrued interest	(19)	(1,345)	(1,364)
As at 31 December 2022	**(2,111)**	**(104,952)**	**(107,063)**

32. Commitments

Capital expenditure commitments at the end of the reporting period are as follows:

	The Group		The Company	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Contracted for:				
Property, plant and equipment	**90,549**	93,591	**-**	-
Authorised but not yet contracted for:				
Property, plant and equipment	**29,338**	68,645	**-**	-
	119,887	162,236	**-**	-

33. Contingencies

A claim in relation to brokerage fees on the sale of Lisbon Hotel to IHI p.l.c. in 2000 amounting to €1.70 million is being made by an individual against 8 defendants including IHI p.l.c. No provision has been made in these financial statements for this claim as the Company and the Group believe that they have a strong defence in respect of these claims.

A client has instituted proceedings against a subsidiary of IHI p.l.c. for damages sustained in relation to professional works. The Directors do not expect the cash outflow net of insurance recoveries to be material.

Additionally, the Group and the Company have the following guarantees:

The Group	**2022**	2021
	€'000	€'000
Guarantees given to secure bank facilities of associate companies	**313**	273
Guarantees given to secure bonds of associate company (MIH p.l.c.)	**50,000**	60,000
	50,313	60,273

The Company	**2022**	2021
	€'000	€'000
Guarantees given to secure bonds	**90,000**	100,000
Guarantees given to secure bank facilities for related companies	**15,008**	16,081
	105,008	116,081

34. Business combinations

During the first quarter of 2021, the Group acquired the remaining 50% share in Golden Sands Resort Limited to consolidate its holding in this asset.

The Group's carrying amount of the joint venture in this respect was derecognised in 2021. The fair value of the previously held 50% interest equates to the carrying amount of the investment and accordingly, no gain or loss was recognised upon re-measurement of the previously held interest.

Details of the purchase consideration and the fair value of the net identifiable assets and liabilities acquired and goodwill as at 26 February 2021 were as follows:

	€'000
Purchase consideration	
Value of the previous 50% held as at 26 February 2021	19,459
Purchase consideration for the remaining 50%	13,679
Adjustment for monetary assets	(2,912)
	30,226
Carrying amounts of identifiable assets acquired and liabilities assumed	
Cash at bank and in hand	731
Property, plant and equipment	60,842
Right-of-use assets	517
Deferred tax assets	235
Deferred tax liabilities	(9,980)
Intangible assets	6
Inventories	1,403
Trade and other receivables	445
Trade and other payables	(11,290)
Current tax assets	24
Lease liabilities	(544)
Bank borrowings	(11,495)
Bank overdraft	(2,420)
Amounts due to related parties	(3,659)
Net identifiable assets acquired	24,815
Add: Goodwill	5,411
Net assets acquired	30,226

The goodwill was originally recognised upon acquisition of the IHGH Group in 2015 which at the time held a 50% share in Golden Sands Resort Limited, as disclosed in Note 15.4.2.

The fair value of acquired inventories and receivables is €1.85 million none of which are expected to be uncollectible.

The acquired business contributed revenues of €7.74 million and a net loss of €0.5 million to the Group for the period from acquisition date to 31 December 2021. If the acquisition had happened on 1 January 2021, consolidated pro-forma revenue and loss for the year ended 31 December 2021 would have been €146.25 million and €19.40 million respectively.

34. Business combinations – continued

Purchase consideration – cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired	€'000
Purchase consideration	13,679
Add: net bank overdraft acquired	1,689
Net outflow of cash – investing activities	15,368

35. Disposals of Group interests

Disposal of Internasyonal Turizm ve Otelcilik a.s.

In 2021, the Group disposed of its shareholding in Internasyonal Turizm ve Otelcilik a.s..

The table below analyses the gain of sale as presented in the Group's income statement:

	2021 €'000
Consideration received:	
Consideration receivable – Gross	6,500
Transaction costs	(262)
Total disposal consideration – Net of transaction costs	6,238
Carrying amount of net assets sold	(422)
Gain on sale before reclassification of foreign currency translation reserve	5,816
Reclassification of foreign currency translation reserve	(1,540)
Net gain on sale	**4,276**

The carrying amounts of assets and liabilities as at the date of sale were:

	€'000
Property, plant and equipment	3
Trade and other receivables	9
Assets held for sale	422
Total assets	434
Trade and other payables	(12)
Total liabilities	(12)
Net assets	422

Disposal of Atkins Travel Limited

In 2021, the Group also disposed of its investment in Atkins Travel Limited and derecognised the investment it held in its records relating to this Associate as disclosed in Note 15.

36. Related parties

All companies controlled, jointly controlled or significantly influenced by CPHCL are considered to be related parties. A list of these companies is included in Notes 14 and 15. Related parties also comprise the shareholders of CPHCL together with the Group companies' key management personnel.

Key management personnel include directors (executive and non-executive) and senior management members of both the Company and of all the group entities located in Malta and in various other countries. The compensation paid or payable to key management personnel for employee services is disclosed in Note 36.1.

None of the transactions with related parties incorporate special terms and conditions. Transactions with related companies are generally effected on a cost-plus basis or on the basis of pre-agreed arrangements. Outstanding balances are usually settled in cash. Amounts owed by/to related parties are shown separately in Notes 14, 15, 16, 18, 27 and 30.

	The Group		**The Company**	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Revenue				
Services rendered to:				
Associates	**700**	423	**803**	517
Related companies	**193**	176	**532**	453
	893	599	**1,335**	970
Financing				
Interest income				
- Subsidiaries			**600**	408
- Associates	**143**	142	**135**	135
Interest expense				
- Subsidiaries	**-**	-	**(2,586)**	(2,401)
- Shareholders' loan	**(1,297)**	(1,274)	**(1,297)**	(1,274)
	(1,154)	(1,132)	**(3,148)**	(3,132)
Dividend income from subsidiaries	**-**	-	**6,503**	390
Dividend income from associates	**-**	5,000	**-**	5,000
Management fee	**-**	-	**(550)**	(550)

36.1 Transactions with key management personnel

In addition to the remuneration paid to the Directors included in Note 6.2, in the course of its operations, the Group has a number of arrangements in place with its officers, executives and other related parties whereby concessions are made available for hospitality services rendered to them according to accepted industry norms.

In 2022, the total remuneration of the executive directors and the senior management members of both the Company and of all the group entities located in Malta and in various other countries amounted to €9.12 million (2021: €8.24 million).

37. Risk management objectives and policies

The Group is exposed to various risks through its use of financial instruments. The main types of risks are market risk, credit risk and liquidity risk, which result from both its operating and investing activities. The Group's risk management is coordinated at its head office, in close co-operation with the board of directors and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The most significant financial risks to which the Group is exposed to are described below. See also Note 37.5 for a summary of the Group's financial assets and liabilities by category.

37.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from related parties, customers, investment in debt instruments and cash at bank. The Group's exposure to credit risk is measured by reference to the carrying amount of financial assets recognised at the statement of financial position date, as summarised below:

37. Risk management objectives and policies - continued

37.1 Credit risk - continued

	The Group		The Company	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Financial assets at fair value through profit or loss				
Investments in debt instruments	**2,900**	7,930	**3,575**	3,872
Financial assets at amortised cost				
Trade and other receivables (including contract assets)	**43,894**	32,755	**11,207**	12,123
Long term receivables from related parties and other investees	**9,270**	8,651	**29,225**	9,225
Cash at bank	**77,657**	143,062	**6,261**	35,086
Assets held by trustee placed under trust arrangement	**77**	77	**-**	-
Gross exposure	**133,798**	192,475	**50,268**	60,306
Credit loss allowances	**(4,982)**	(4,937)	**(547)**	(471)
Net exposure	**128,816**	187,538	**49,721**	59,835

The maximum exposure to credit risk at the end of the reporting period in respect of financial assets mentioned above is equivalent to their gross carrying amount as disclosed in the respective notes to the financial statements. The Group does not hold any significant collateral in this respect.

Risk management and security

The subsidiary companies within the Group have, over the years, conducted business with various corporates, tour operators and individuals located in different jurisdictions and, owing to the spread of the Group's debtor base, there is no concentration of credit risk.

The Group has a credit policy in place under which new customers are analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, where available, and in some cases bank references. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a cash basis.

In monitoring customer credit risk, customers are individually assessed. Customers that are graded as "high risk" are placed on a restricted customer list and future sales are only made on a prepayment basis.

The Group does not require collateral in respect of trade and other receivables. The Group establishes an allowance for credit losses that represents its estimate of losses in respect of trade and other receivables.

37. Risk management objectives and policies - continued

37.1 Credit risk - continued

The Company has a concentration of credit risk on its exposures to loans receivables from the subsidiaries. The Company monitors intra-group credit exposures at individual entity level on a regular basis and ensures timely performance of these assets in the context of overall Group liquidity management. The Company assesses the credit quality of these related parties taking into account financial positions, performance and other factors. The Company takes cognisance of the related party relationship with these entities and management does not expect any significant losses from non-performance or default beyond amounts actually provided in respect of uncollectible amounts. Accordingly, credit risk with respect to these receivables is expected to be limited.

Impairment of financial assets

The Group and the Company have three types of financial assets that are subject to the expected credit loss model:

- trade receivables and contract assets relating to the provision of services;
- other financial assets at amortised cost, comprising loans receivable from related parties and, in the case of the Company, subsidiary undertakings; and
- cash held with banks and financial institutions.

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Group has concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets since they have substantially the same characteristics.

The expected loss rates are based on the payment profiles of sales over an appropriate period before 31 December 2022 and 31 December 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Based on the assessment carried out in accordance with the above methodology, the movement in loss allowances identified as at 31 December 2022 and 31 December 2021 is deemed immaterial by management. On this basis, the information pertaining to loss rates and loss allowances in the Group's provisioning matrix, which would have otherwise been recommended by IFRS 7, is not presented as at 31 December 2022 and 31 December 2021.

37. Risk management objectives and policies - continued

37.1 Credit risk - continued

Trade receivables and contract assets - continued

The closing loss allowances for trade receivables and contract assets as at 31 December 2022 reconcile to the opening loss allowance as follows:

	The Group	
	2022	2021
	€'000	€'000
At 1 January	**4,937**	7,308
Written-off balances	**(430)**	-
Credit losses recognized	**570**	633
Credit losses reversed	**(180)**	(122)
Exchange differences	**85**	(2,882)
At 31 December	**4,982**	4,937

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, failure to settlement after a number of attempts being made to collect past due debts; amounts deemed unrecoverable after a court ruling; and failure by the Group to provide original documentation in case of invoices contested by the customer.

Credit losses on trade receivables and contract assets are recognised separately in the income statement. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

The Company's other financial assets at amortised cost which are subject to IFRS 9's general impairment model include amounts due from subsidiaries and amounts due from other related parties.

37. Risk management objectives and policies - continued

37.1 Credit risk – continued

Other financial assets at amortised cost - continued

The closing loss allowance for amounts due from subsidiaries as at 31 December 2022 reconcile to the opening loss allowances as follows:

	The Company	
	2022	2021
	€'000	€'000
At 1 January	**20,086**	15,844
Credit losses recognised	**326**	4,244
Credit losses reversed	**(27)**	-
At 31 December	**20,385**	20,088

The Group's other financial assets at amortised cost which are subject to IFRS 9's general impairment model primarily include amounts due from associates and investee.

The Group and the Company monitor intra-group credit exposures at individual entity level on a regular basis and ensure timely performance of these assets in the context of its overall liquidity management. The loss allowances for these financial assets are based on assumptions about risk of default and expected loss rates. The Company's management uses judgement in making these assumptions, based on the counterparty's past history, existing market conditions, as well as forward-looking estimates at the end of each reporting period.

As at year-end, based on the Directors' assessments of these factors, the equity position of the respective counterparty, and, where the probability of default is high, the recovery strategies contemplated by management together with the support of shareholders in place, resulted in a further increase in provision of €0.33 million (2021: €4.24 million) for the Company.

Cash at bank

The Group's cash is placed with reputable financial institutions, such that management does not expect any institution to fail to meet repayments of amounts held in the name of the companies within the Group. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was insignificant.

Financial assets at fair value through profit or loss

The Group and the Company are also directly and indirectly exposed to credit risk in relation to certain bond funds that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period amounts to €2.90 million (2021: €7.93 million) for the Group and €3.58 million (2021: €3.87 million) for the Company.

37. Risk management objectives and policies - continued

37.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities as they fall due, under both normal and stressed conditions. Liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Group's obligations.

The Group actively manages its cash flow requirements. Management monitors liquidity risk by reviewing expected cash flows through cash flow forecasts, covering both Head Office corporate cash flows and all Group entities' cash flows. This is performed at a central treasury function, which controls the overall liquidity requirements of the Group within certain parameters. Each subsidiary company within the Group updates its cash flow on a monthly basis. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financing or borrowing obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably forecasted.

The Group's liquidity risk is accordingly actively managed taking cognisance of the matching of operational cash inflows and outflows arising from expected maturities of financial instruments, attributable to the Group's different operations, together with the Group's committed bank borrowing facilities and other financing that it can access to meet liquidity needs. The Group also reviews periodically its presence in the local capital markets and considers actively the disposal of non-core assets to secure potential cash inflows constituting a buffer for liquidity management purposes.

The Group has access to unutilised bank overdrafts amounting to €17.49 million and undrawn bank loans amounting to €28.81 million at the end of the reporting period. The bank overdrafts are renewed yearly and the bank loans can be withdrawn within one year or beyond.

At 31 December 2022 and 2021, the Group has financial liabilities, including estimated interest payments, with contractual maturities which are summarised below:

The Group

	Current	**Non-current**	
	Within 1 year	**1-5 years**	**More than 5 years**
31 December 2022	€'000	€'000	€'000
Bank borrowings	80,175	302,888	13,177
Bonds	24,445	267,699	86,225
Other financial liabilities	130	5,454	34,824
Lease liabilities	2,752	7,114	34,727
Trade and other payables	75,068	2,394	-
	182,570	**585,549**	**168,953**

37. Risk management objectives and policies - continued

37.2 Liquidity risk – continued

This compares to the maturity of the Group's financial liabilities including estimated interest payments in the previous reporting period as follows:

The Group

	Current	Non-current	
	Within 1 year	**1-5 years**	**More than 5 years**
31 December 2021	€'000	€'000	€'000
Bank borrowings	39,366	351,631	29,969
Bonds	12,368	249,254	154,374
Other financial liabilities	130	5,447	33,883
Lease liabilities	4,169	5,674	34,900
Trade and other payables	70,249	2,932	-
	126,282	**614,938**	**253,126**

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the balance sheet date.

At 31 December 2022, the Company has financial liabilities, including estimated interest payments, with contractual maturities which are summarised below:

The Company

	Current	Non-current	
	Within 1 year	**1-5 years**	**More than 5 years**
31 December 2022	€'000	€'000	€'000
Bank borrowings	1,347	827	-
Other financial liabilities	3,704	17,795	104,671
Lease liabilities	60	7	-
Trade and other payables	11,519	-	-
	16,630	**18,629**	**104,671**

This compares to the maturity of the Company's financial liabilities in the previous reporting period as follows:

The Company

	Current	Non-current	
	Within 1 year	**1-5 years**	**More than 5 years**
31 December 2021	€'000	€'000	€'000
Bank borrowings	1,598	2,102	51
Other financial liabilities	2,739	13,758	103,601
Lease liabilities	6	-	-
Trade and other payables	19,061	-	-
	23,404	**15,860**	**103,652**

37. Risk management objectives and policies - continued

37.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and securities and index prices, will affect the Group's income or financial position. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily, from its operations in Russia (RUB), United Kingdom (GBP), Hungary (HUF), Czech Republic (CZK), Tunisia (TND) and Libya (LYD). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective entity's functional currency, which would be considered a foreign currency from the entity's perspective.

The Group's main currency risk exposure reflecting the carrying amount of assets and liabilities denominated in foreign currencies at the end of the reporting period, analysed by the functional currency of the respective entity or entities, was as follows:

37. Risk management objectives and policies - continued

37.3 Market risk - continued

(i) Foreign currency risk – continued

	2022 Functional Currency								
	EUR				**RUB**	**HUF**	**TND**	**SDG**	
	GBP	**HUF**	**LYD**	**CZK**	**EUR**	**EUR**	**EUR**	**USD**	**EUR**
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Group									
Financial assets:									
Loans	-	-	-	-	-	-	-	-	-
Trade receivables	-	1,410	284	1,132	-	26	79	521	2,200
Other receivables	-	775	251	860	-	-	-	-	-
Cash and cash equivalents	-	-	-	931	-	133	-	-	-
Financial liabilities:									
Bank borrowings	-	-	-	-	-	(9,625)	-	-	-
Trade payables	-	(384)	(228)	(1,666)	-	-	(65)	-	-
Other payables	-	(1,736)	(2,572)	(1,930)	-	-	-	-	-
Net exposure	-	65	(2,265)	(673)	-	(9,466)	14	521	2,200

37. Risk management objectives and policies - continued

37.3 Market risk - continued

(i) Foreign currency risk – continued

	2021 Functional Currency								
	EUR				RUB	HUF	TND	SDG	
	GBP	**HUF**	**LYD**	**CZK**	**EUR**	**EUR**	**EUR**	**USD**	**EUR**
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Group									
Financial assets:									
Loans	-	-	-	-	-	-	-	-	-
Trade receivables	-	368	1,119	213	-	72	129	399	1,851
Other receivables	-	544	1,894	55	-	-	-	-	-
Cash and cash equivalents	-	-	-	477	-	315	-	-	-
Financial liabilities:									
Bank borrowings	-	-	-	-	(42,472)	(9,651)	-	-	-
Trade payables	-	(372)	(371)	(962)	-	-	(132)	-	-
Other payables	(1,075)	(2,409)	(2,926)	(1,713)	-	-	-	-	-
Net exposure	(1,075)	(1,869)	(284)	(1,930)	(42,472)	(9,264)	(3)	399	1,851

37. Risk management objectives and policies - continued

37.3 Market risk - continued

(i) Foreign currency risk – continued

Although the Group operates internationally most of the Group's entities have the euro as their functional currency. The main exceptions are IHI Benelux BV through its hotel in St Petersburg (Russian Rouble), NLI through its hotel in London (GBP), Thermal Hotel Aquincum through its hotel in Budapest (HUF), SPH Khamsa through its hotel in Tunis (TND), and Marsa Investments through its operation in Sudan (SDG).

The Company is not significantly exposed to foreign currency risk.

The subsidiary that is most exposed to foreign currency risk is IHI Benelux which has the Russian Rouble as its functional currency. This risk results from the fact that its bank borrowings were denominated in euro while a portion of its revenues and costs are denominated in euro. On 1 June 2022, the Group settled in full the bank loan in Russia. This had the beneficial effect of removing exchange rate volatility which the Group had experienced during past years due to this facility. Consequently in 2022, the Group recognised a realised gain on exchange of €12.09 million in its income statement.

Additionally, IHI Benelux is also exposed to other financial liabilities and other payables due to Group companies which are eliminated on consolidation. These balances amounting to €97.80 million (2021: €53.60 million) and €20.10 million (2021: €17.20 million) respectively, are considered to be part of the Group's net investment in the foreign operation. Accordingly, any foreign exchange differences with respect to these balances, which at IHI Benelux standalone level are recognised in profit or loss, were reclassified to other comprehensive income on consolidation.

At 31 December 2022, if the euro had weakened/strengthened by 10.00% (2021: 10.00%) against the Rouble with all other variables held constant, the Group's equity would have been €13.10 million lower/€13.10 million higher (2021: €8.10 million lower/€8.10 million higher) as a result of foreign exchange losses/gains recognised in other comprehensive income on the translation of the euro denominated payables.

The Thermal Hotel Aquincum is exposed to foreign currency risk through its bank borrowings which are denominated in euro. As at 31 December 2022, if the EUR had weakened/strengthened by 10.00% (2021: 10.00%) against the Hungarian Forint with all other variables remaining constant, the Group's post tax profit for the year would have been €1.07 million lower/€1.07 million higher (2021: €1.07 million lower / €1.07 million higher) as a result of foreign exchange losses/gains on translation of the euro denominated borrowings.

The Group also has a significant amount in intra-group balances between the Parent Company and one of its subsidiaries in Hungary that give rise to currency exposure risk on the movements of the HUF. Although the above balances are eliminated on consolidation, the effect of movements in exchange rates are still recognised in the individual company's and in the consolidated income statement. However, management does not deem that a sensitivity analysis is required on these balances in view of the fact that the rates of the HUF against the euro is relatively stable, while their settlement is at the discretion of the Company.

Apart from the above, management does not consider the foreign exchange risk attributable to other recognised assets and liabilities arising from transactions denominated in foreign currencies that are not the respective entities' functional currency to be significant. Accordingly, a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

37. Risk management objectives and policies - continued

37.3 Market risk - continued

(i) Foreign currency risk – continued

In respect of monetary assets and liabilities denominated in foreign currencies, the Group strives to manage its net exposure within acceptable parameters by buying or selling foreign currencies at spot rates, when necessary, to address short-term mismatches. Wherever possible, borrowings to fund certain operations are denominated in currencies that match the cash flows generated by the respective operations of the Group so as to provide an economic hedge.

(ii) Interest rate risk

The Group is exposed to changes in market interest rates principally through bank borrowings and related party loans taken out at variable interest rates. The interest rate profile of the Group's interest-bearing financial instruments at the reporting dates was as follows:

	The Group		**The Company**	
	2022	2021	**2022**	2021
Fixed rate instruments	**€'000**	€'000	**€'000**	€'000
Financial assets:				
Assets placed under trust arrangement	**77**	77	**-**	-
Investments in bond securities	**595**	788	**2,289**	2,482
Loans to investee	**6,460**	5,898	**-**	-
Loans to subsidiaries	**-**	-	**26,623**	6,623
Loans to associates	**2,602**	2,602	**2,602**	2,602
	9,734	9,365	**31,514**	11,707
Financial liabilities:				
Bonds	**(321,091)**	(320,555)	**-**	-
Other financial liabilities	**(33,690)**	(32,887)	**(74,002)**	(73,106)
	(354,781)	(353,442)	**(74,002)**	(73,106)
Variable rate instruments				
Financial liabilities:				
Bank borrowings	**(351,604)**	(393,456)	**(2,092)**	(3,556)
Other financial liabilities	**-**	-	**(29,605)**	(29,467)
	(351,604)	(393,456)	**(31,697)**	(33,023)

The Group manages its exposure to changes in cash flows in relation to interest rates on interest-bearing borrowings due by the parent company and its subsidiaries, by entering into financial arrangements that are based on fixed rates on interest whenever practicable. The Group is exposed to fair value interest rate risk on its financial assets and liabilities bearing fixed rates of interest, but with the exception to the investments in bond securities, which are measured at fair value, all the other instruments are measured at amortised cost and accordingly a shift in interest rates would not have an impact on profit or loss or total comprehensive income. Management does not consider a reasonable shift in interest will have a significant impact on the Group's and Company's equity and post tax profit as a result of a change in the fair value of its investments in bond securities.

37. Risk management objectives and policies - continued

37.3 Market risk – continued

(ii) Interest rate risk – continued

The Group's and the Company's interest rate risk principally arises from bank borrowings issued at variable rates which expose the Group to cash flow interest rate risk. Floating interest rates on these financial instruments are linked to reference rates such as Euribor or the respective banker's base rate. Management monitors the impact of changes in market interest rates on amounts reported in profit or loss in respect of these instruments taking into consideration refinancing and hedging techniques.

At 31 December 2022, if interest rates had been 250 basis points (2021: 100 basis points) higher/lower with all other variables held constant, post-tax profit for the year for the Group would have been €8.57 million (2021: €3.98 million) lower/higher as a result of higher/lower net interest expense.

(iii) Price risk

The Group's exposure to equity securities price risk arises from its investments in equities, funds and mutual funds, which are classified in the statement of financial position as 'Financial assets at fair value through profit or loss'. The carrying amount of these investments as at 31 December 2022, amounted to €3.01 million (2021: €11.52 million). All of these investments are publicly traded.

Management does not consider that a reasonable shift in indices will have a significant impact on the Group's equity and post-tax profit. Accordingly, a sensitivity analysis disclosing how profit or loss and equity would have been affected by changes in indices that were reasonably possible at the end of the reporting period is not deemed necessary.

37.4 Capital management policies and procedures

The Group's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or adjust the dividends paid to its shareholders.

The Group monitors the level of capital on the basis of the ratio of aggregated net debt to total capital. Net debt is calculated as total borrowings (as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the respective statement of financial position, plus net debt.

37. Risk management objectives and policies - continued

37.4 Capital management policies and procedures - continued

The figures in respect of the Group's equity and borrowings are reflected below:

	The Group		The Company	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Bank loans (Note 25)	**340,576**	388,658	**2,092**	3,556
Bonds (Note 26)	**321,091**	320,555	**-**	-
Assets held under trust (Note 26.2)	**(77)**	(77)	**-**	-
Other financial liabilities (Note 27)	**33,690**	32,887	**103,607**	102,573
Lease liabilities (Note 13)	**17,232**	16,469	**57**	6
Less: cash and cash equivalents (Note 20)	**(66,629)**	(138,264)	**(6,261)**	(35,086)
Net debt	**645,883**	620,228	**99,495**	71,049
Total equity	**875,425**	899,566	**299,023**	302,639
Total capital	**1,521,308**	1,519,794	**398,518**	373,688
Net debt ratio	**42.46%**	40.81%	**24.97%**	19.01%

The Group manages the relationship between equity injections and borrowings, being the constituent elements of capital as reflected above, with a view to managing the cost of capital. The level of capital, as reflected in the consolidated statement of financial position, is maintained by reference to the Group's respective financial obligations and commitments arising from operational requirements. In view of the nature of the Group's activities and the extent of borrowings or debt, the capital level at the end of the reporting period determined by reference to the consolidated financial statements is deemed adequate by the directors.

37. Risk management objectives and policies - continued

37.5 Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at balance sheet date of the reporting periods under review may also be categorised as follows. See Note 3 for explanations about how the category of financial instruments affects their subsequent measurement.

	The Group		**The Company**	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Non-current assets				
Financial assets at FVTPL				
Unlisted equity securities	**5,373**	6,898	**-**	-
Financial assets at amortised cost				
Amounts due from related companies and other investees	**9,117**	8,590	**29,225**	9,225
Other receivables	**962**	573	**-**	-
Current assets				
Financial assets at FVTPL				
Bond securities	**595**	788	**2,289**	2,482
Equity securities	**707**	4,376	**707**	1,150
Mutual funds	**2,305**	7,142	**1,286**	1,390
Financial assets at amortised cost				
Trade receivables and other receivables	**35,848**	25,598	**10,659**	11,652
Cash and cash equivalents	**77,657**	143,062	**6,261**	35,086
Assets placed under trust arrangement	**77**	77	**-**	-
Total financial assets	**132,641**	197,104	**50,427**	60,985

37. Risk management objectives and policies – continued

37.5 Summary of financial assets and liabilities by category – continued

	The Group		The Company	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Non-current liabilities				
Other financial liabilities measured at amortised cost				
Bank borrowings	**291,819**	365,622	**800**	2,070
Bonds	**311,106**	320,555	**-**	-
Other financial liabilities	**33,577**	32,784	**103,332**	102,298
Lease liabilities	**15,018**	13,712	**-**	-
Trade payables and other payables	**2,394**	2,932	**-**	-
Current liabilities				
Other financial liabilities measured at amortised cost				
Bank borrowings	**59,785**	27,834	**1,292**	1,486
Bonds	**9,985**	-	**-**	-
Other financial liabilities	**113**	103	**275**	275
Lease liabilities	**2,214**	2,757	**57**	6
Trade payables and other payables	**75,068**	70,249	**11,519**	19,061
Total liabilities	**801,079**	836,548	**117,275**	125,196

37.6 Financial instruments measured at fair value

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: based on information other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: information for the asset or liability that is not based on observable market data (unobservable inputs).

37. Risk management objectives and policies – continued

37.6 Financial instruments measured at fair value – continued

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The key financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	The Group			
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
	Level 1		**Level 3**	
Assets				
Financial assets at fair value through profit or loss				
Equity securities	**707**	4,376	**5,373**	6,898
Mutual funds	**2,305**	7,142	**-**	-
Bond securities	**595**	788	**-**	-
Total	**3,607**	12,306	**5,373**	6,898

The Company's financial assets measured at fair value consist of investments in listed securities and unlisted equity securities as disclosed in Note 19 and are included in the Level 1 and Level 3 fair value hierarchy respectively.

Measurement of fair value

The fair value of the financial assets at fair value through profit and loss which are quoted and accordingly categorised as Level 1 instruments was based on quoted market prices.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Investments in unlisted equity securities, categorised as Level 3 instruments in view of their unlisted nature comprise the acquisition during 2019 of minority stakes in Global Hotel Alliance and Moscow Project as well as the investment in Azure Resorts Group which was transferred from equity in Joint Ventures during 2020. In the opinion of the Directors, as at year-end, the fair value of these investments is best represented by the Group's acquisition price, or the share of adjusted net asset value.

Movements in these investments are portrayed in the table below.

37. Risk management objectives and policies – continued

37.6 Financial instruments measured at fair value – continued

Measurement of fair value - continued

	The Group	
	2022	2021
	€'000	€'000
	Level 3	
At 1 January	**6,898**	7,198
Additions during the year	**-**	205
Fair value movements	**(1,525)**	(505)
At 31 December	**5,373**	6,898

There have been no transfers of financial assets between the different level of the fair value hierarchy.

37.7 Financial instruments not measured at fair value

The table below provides information about the fair values of the Group's and the Company's non-current financial instruments which are not measured at fair value and which bear interest at a fixed rate. For financial instruments bearing interest at floating rates, management is of the opinion that the fair values are not significantly different from the carrying value since the interest on these instruments already reflect the current market rates and counterparty risk has not significantly changed.

	The Group			
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
	Level 1		**Level 3**	
Non-current Assets				
Financial assets at amortised cost				
Loans to investee	**-**	-	**5,565**	5,898
Loans to associates	**-**	-	**2,485**	2,602
Total	**-**	-	**8,050**	8,500
Non-current Liabilities				
Financial liabilities				
Bonds	**317,575**	320,555	**-**	-
Shareholders' loans	**-**	-	**30,006**	32,580
Total	**317,575**	320,555	**30,006**	32,580

37. Risk management objectives and policies – continued

37.7 Financial instruments not measured at fair value – continued

	The Company	
	2022	2021
	€'000	€'000
	Level 3	
Non-current Assets		
Financial assets at amortised cost		
Loans to subsidiaries	**24,828**	6,623
Loans to associates	**2,485**	2,602
Total	**27,313**	9,225
Non-current Liabilities		
Financial liabilities		
Shareholders' loans	**30,006**	32,580
Loans from subsidiaries	**35,702**	40,000
Total	**65,708**	72,580

The bonds are classified as Level 1 hierarchy since they are listed in an active market and the fair values are determined based on the market price at the reporting date.

The fair values of the financial assets and financial liabilities classified as Level 3 hierarchy during 2022 were calculated based on a cash flow discounted using the current lending rate for similar instruments at the reporting date. They are classified as Level 3 hierarchy due to the use of unobservable inputs including counterparty risk. Management considers the carrying amounts of these instruments for the comparative period presented to be a reasonable estimate of their fair values due to insignificant changes in the interest rates and counterparty risks.

The directors consider the carrying amount of the trade and other receivables, assets placed under trust arrangement and trade and other payables to be a reasonable estimate of their fair value principally in view of the relatively short periods to repricing or maturity from the end of the reporting periods.

38. Ultimate controlling party

The Company is the ultimate parent of the Corinthia Group.

In view of its shareholding structure, the Group and the Company have no ultimate controlling party.