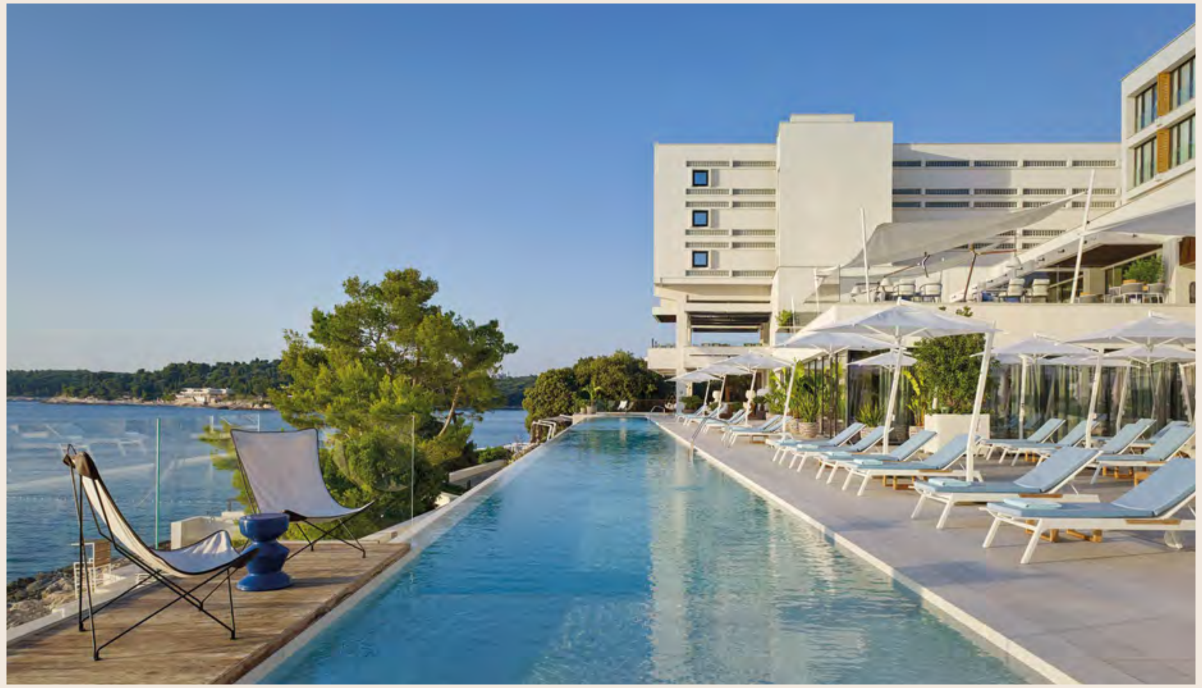
President & CEO's Review

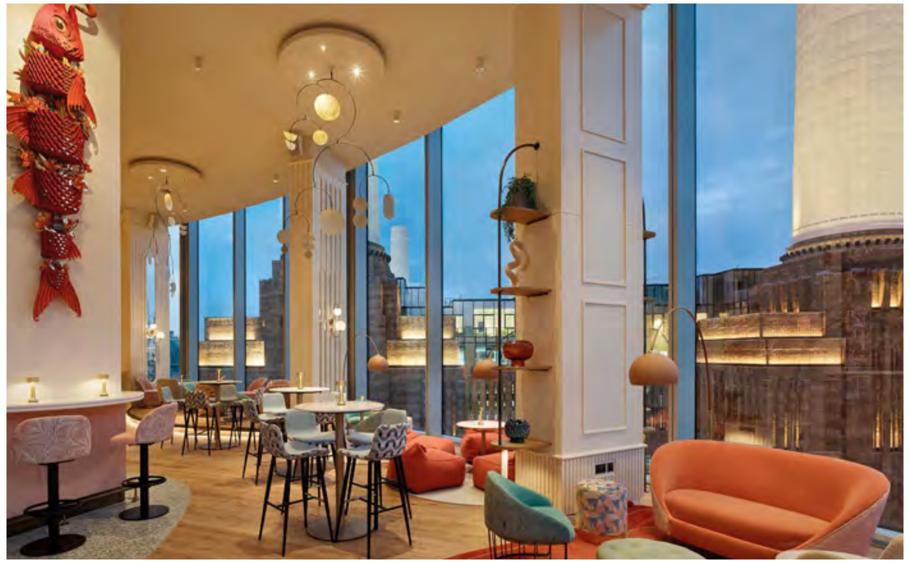


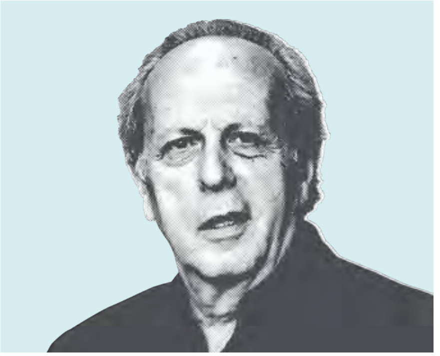
Grand Hotel Brioni Pula, a Radisson Collection Hotel

"Our performance this year has further illustrated the strength and resilience of our unique business model and proposition."

Boris Ivesha
President & Chief Executive Officer

JOIA, art'otel London, Battersea Power Station





Boris Ivesha
President & Chief Executive Officer

A full recovery

We are very pleased to have delivered a full recovery across the business in 2023 with a financial performance significantly ahead of that expected at the outset of the year, achieved despite the macro headwinds experienced across the sector during the year.

This was thanks to a combination of our strong financial and strategic progress, due to the hard work and dedication of our team members across our markets.

2023 in review

The positive momentum in 2022 following the ongoing international easing of previous pandemic-related restrictions on travel, continued into the 2023 financial year and was sustained throughout 2023. Our teams should be proud of the progress made across all of the markets and segments in which we operate. Our outperformance versus expectations enabled us to upgrade our outlook during the year, resulting in FY 2023 revenue of £414.6 million and EBITDA of £128.2 million.

Initially, we saw strong rate growth across the leisure segment in particular. This helped us to part mitigate the well-documented inflationary cost pressures, and was followed by an ongoing narrowing of the occupancy gap versus 2019 levels, as we focused on building this back up to pre-COVID levels. We saw this most notably in the UK and the Netherlands, which were the first of our markets to reopen fully in 2022.

Elsewhere, our assets in Croatia delivered a solid performance, including throughout the peak summer season, following significant investments in recent years to upgrade many of our unique hotels and campsites there. Our new Grand Hotel Brioni Pula traded its first full year and made a good contribution. In Germany, our smallest region, recovery was slower than in our other markets but improved as the year progressed.

Our performance this year has further illustrated the strength and resilience of our unique business model and proposition. Our confidence in our abilities and positioning in the market continues to grow, as we own, operate and manage a wide variety of different brands and assets that cater fully to the needs of our valued guests.

Strong momentum delivered throughout the year

Reported total revenue increased by 25.6% to £414.6 million (2022: £330.1 million) and EBITDA improved 35.5% to £128.2 million (2022: £94.6 million), resulting in an EBITDA margin of 30.9% (2022: 28.7%).

Revenue growth was driven by both strong rates, which increased to £166.8 (2022: £160.4) as well as improving occupancy to 72.4% (2022: 60.0%), which was 89.8% of 2019 levels. This resulted in a 25.5% improvement in RevPAR to £120.7 (2022: 96.2), 116.5% of 2019 levels.

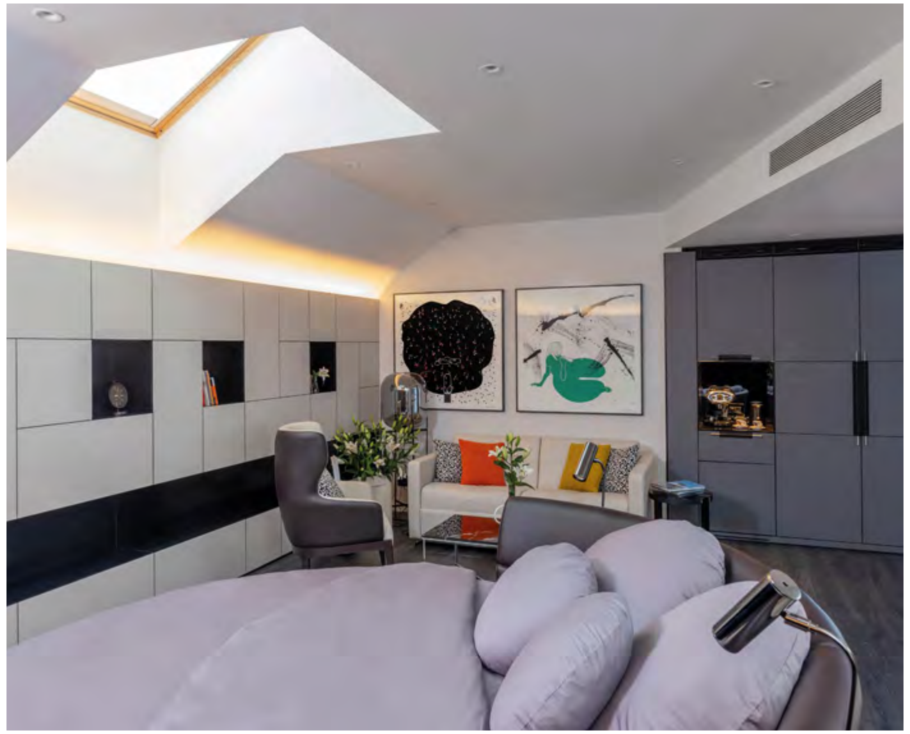
Our property portfolio was predominantly valued by Savills and Zane at £2.2 billion as at 31 December 2023. EPRA NRV per share increased by 6.2% to £26.72 per share (2022: £25.17 per share). The adjusted EPRA earnings per share was 118 pence (2022: 50 pence).

Delivery of our £300+ million development pipeline

We are in a very exciting phase of the Group's development which will see the culmination of many years of work to upgrade and extend our property portfolio as well as our geographic footprint. We are now in the final stages of delivering our £300+ million development pipeline, which has included the construction of new hotels and the upgrade and repositioning of existing properties.

During the year, we successfully opened two new hotels. Our first UK art'otel at London Battersea Power Station officially opened February 2023. This hotel is managed by our hospitality management platform under a long-term management agreement. In October, we opened art'otel Zagreb, our first hotel in the city centre of the Croatian capital. Radisson RED Belgrade, our first Radisson RED hotel, opened in February 2024. Our flagship new property, art'otel London Hoxton, started to take bookings for 2024 during Q4, and is set for a soft opening in April 2024. Meanwhile, the new art'otel in Rome is due to open during H1 2024 following an extensive repositioning project.

Upon stabilisation of trading, the Zagreb, Belgrade, London Hoxton and Rome hotel openings are together targeted to generate at least £25 million EBITDA to the Group's portfolio.



⚠ art'otel Zagreb

We continued to enhance our long-standing and well-established relationship with Radisson Hotel Group, which was expanded during 2022 to enable both companies to invest fully in and further grow the reaches of their portfolio of brands which together include brands such as Park Plaza, art'otel, Radisson Collection, Radisson Blu and Radisson RED. Alongside the forthcoming opening of our first Radisson RED properties, our recently launched Grand Hotel Brioni Pula, a Radisson Collection Hotel, traded its first full summer season in 2023, and we were very pleased with its progress, performance and feedback from our guests.

"Upon stabilisation of trading, the Zagreb, Belgrade, London Hoxton and Rome hotel openings are together targeted to generate at least £25 million EBITDA to the Group's portfolio."

We further cemented our partnership with Radisson at the International Hospitality Investment Forum in May 2023, when Radisson fully incorporated art'otel into their brand architecture, and we look forward to seeing what more this innovative partnership can deliver for PPHE and Radisson and our respective brand portfolios over the coming months and years.

In addition, we continue to progress three longer-term development projects in London and one property repositioning project in Berlin, Germany.

Further details on our development pipeline are set out in the Business Review.

Continuous investment in our teams

Our people continue to be the backbone of our operations. Having rebuilt our teams after the pandemic, our long-term approach is centred on investing in our people from the point of recruitment onwards, and positioning PPHE as a best-in-class employer. This includes talent attraction and retention initiatives and employee engagement and wellbeing programmes.

2023 saw the return of 'business as usual' for the Group, in line with the resumption of normal operations and a strong focus on future growth. We hired hundreds of new recruits through our partnerships with the Department for Work and Pensions, charities, universities and colleges, as well as through our internship and apprenticeship schemes, our 'Recommend a Friend' scheme and our Hospitality Career Centre. For the opening of art'otel London Battersea Power Station alone, we created 200 new jobs, and have hundreds more in the pipeline for the opening of art'otel London Hoxton in 2024.

Our company values

Trust

Respect

Teamwork

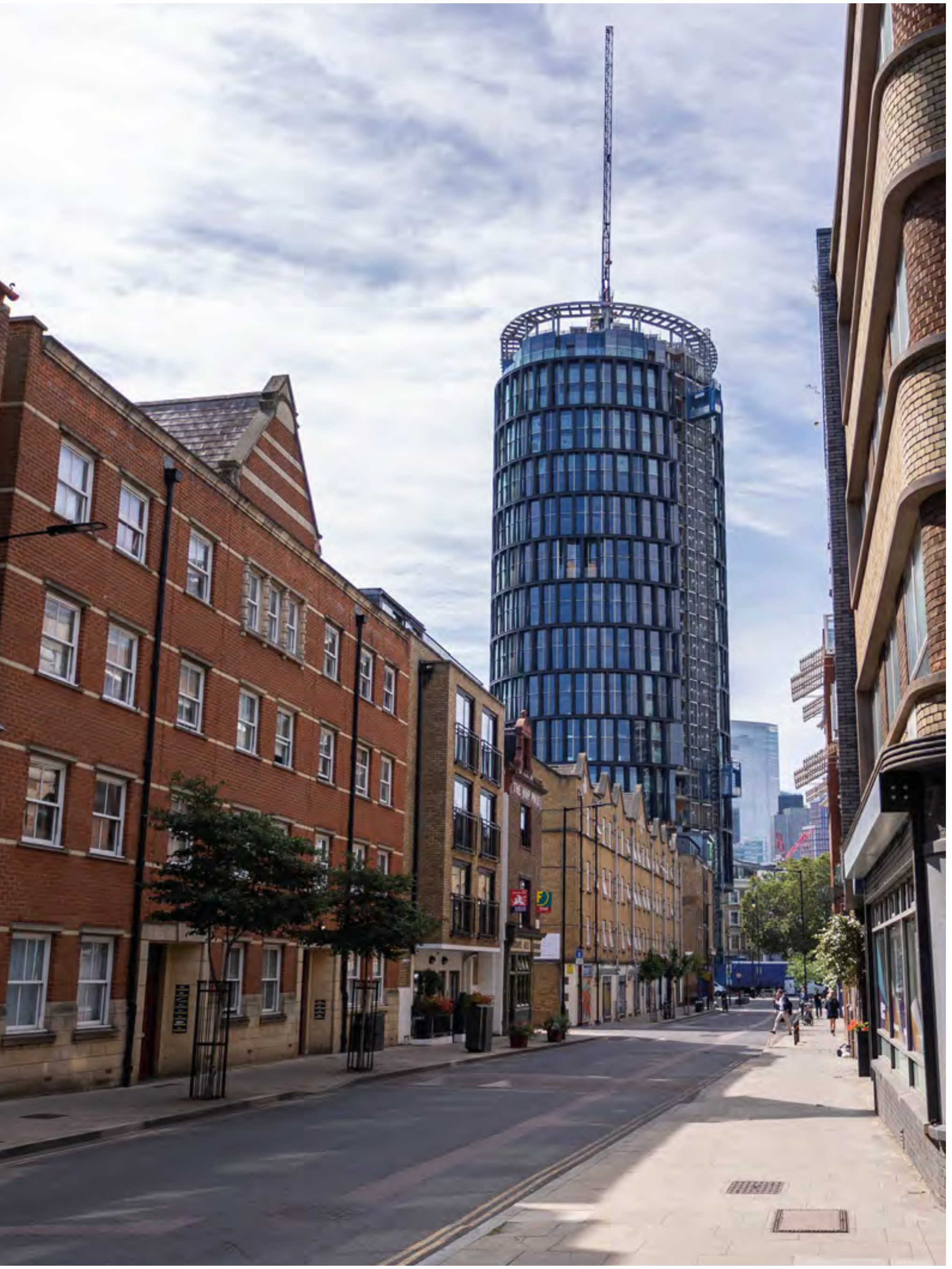
Enthusiasm

Commitment

Care

Strategic report
Corporate governance
Financial statements
Appendices

art'otel London Hoxton



This meant the reactivation and in many cases upgrading of our leading people-focused policies and practices, including new and improved benefits and wellbeing packages, learning and development, and the amplification of diversity and inclusion initiatives.

ESG highlights

During 2023, we doubled down on our ESG efforts, to enhance our contributions to the environment and society around us in all our markets. We expanded our internal resources, hiring new talent and specialist consultancies where required, to bring in industry-leading experience and expertise.

We have submitted our notification to the Science-Based Targets Initiative (SBTi). This sets out our intention to set robust targets for achieving net zero by 2040. This also involves setting interim targets. We have mapped our full carbon emissions, including working with specialists to achieve a detailed footprint of Scope 3 emissions, which will be key to achieving ambitious goals.

We want to have net positive impact on society as a whole, so we are looking at how we can ensure best practice as an employer and developer of our workforce, and a contributor to our local communities.

Further detail on our new strategy, targets and KPIs are set out on pages 66 to 83 of our Annual Report and Accounts 2023, and I look forward to regularly updating all our stakeholders on our progress against our goals over the coming months and years.

Commitment to shareholder returns

Given our consistently strong performance during the course of 2023, we continued to look for ways to deliver enhanced value for our shareholders.

We engaged with investors – particularly during the second half of the year – to gauge their views as to the best mechanisms to return value to shareholders. This resulted in a 16 pence per share interim dividend being announced and paid following the Interim Results, which represented a 13 pence per share increase year-on-year.

With the final dividend proposed at 20 pence per share, the total dividend paid is 36 pence per share.

Looking ahead

We have an exciting year ahead in 2024, with highly anticipated new property launches in Belgrade, London and Rome. We launched Radisson RED Belgrade in February and we are launching two art'otels in Hoxton, London, and in Rome. These new openings are targeted to deliver at least £25 million of incremental EBITDA to the Group upon stabilised trading.

We also remain ambitious in our plans for future growth as we continue to identify opportunity and find new, entrepreneurial ways to continue to deliver value for our shareholders.

PPHE has committed up to €50 million in cash and/or assets to a European Hospitality Real Estate Fund founded by the Group. The Fund's cornerstone investor, Clal Insurance ("Clal"), has committed to invest up to €75 million, however, capped at any time at 49% of the contributed equity. Throughout the year, the Group engaged with investment bankers to raise the remaining equity for the European Hospitality Real Estate Fund ("the Fund"), however the significant changes in the interest rate market during this period meant that the Group was not successful in signing up new investors up to the date of these results. If further investors haven't joined the Fund by 13 March 2024 (unless mutually extended), the Fund will carry on as a joint venture with Clal. The Group may top up its own equity contribution (currently at up to €50 million) to €78 million, representing 51%, to give the total joint venture a c.€150 million equity value.

With full equity subscription combined with a targeted 50% bank leverage, the investment potential of the joint venture will then be around €300 million. The Fund has an investment period of 24 months from March 2023, which can be extended by an additional 12 months (subject to consent).

The booking demand experienced in 2023 has continued momentum into 2024, with overall forward booking levels consistent with those at this point in 2023. As previously reported, the mix of corporate and leisure bookings has begun to normalise, with growing demand for meetings and events and an emphasis on rebuilding occupancy.

We anticipate that cost inflation will remain in 2024, but will continue to be manageable. Utility cost hedges are expected to positively impact margins and the Group continues to manage labour-related cost pressures. Hedges are also already in place to mitigate any impact of rising interest rates.

Based on the above, we are confident in the Group's future prospects for what is expected to be milestone year in our history and beyond.

Boris Ivesha
President & Chief Executive Officer

Park Plaza Westminster Bridge London