Highlights

Financial KPIs[1,2]

Total revenue	EBITDA	Property value
£414.6m	**£128.2m**	**£2.2bn**
2022: £330.1m 2019: £357.7m	2022: £94.6m 2019: £122.9m	2022: £2.0bn 2019: £1.7bn

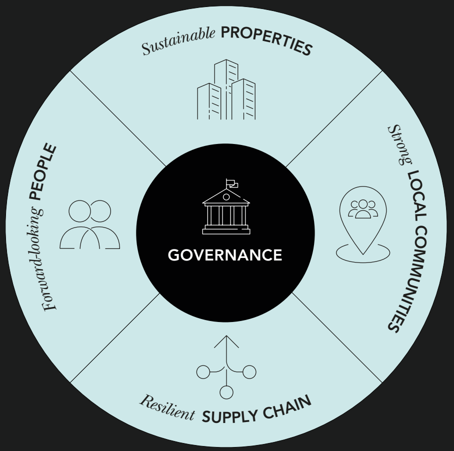
Adjusted EPRA EPS	Normalised profit before tax	EPRA NRV per share
118p	**£37.5m**	**£26.72**
2022: 50p 2019: 128p	2022: £8.3m 2019: £40.7m	2022: £25.17 2019: £25.93

Operating KPIs[1,2]

Occupancy	Average room rate	RevPAR
72.4%	**£166.8**	**£120.7**
2022: 60.0% 2019: 80.6%	2022: £160.4 2019: £128.5	2022: £96.2 2019: £103.6

1 Details of Alternative Performance Measures (APMs) can be found in the APM glossary on page 207.
2 Highlights presented in this section include the actual performance from 2023 and 2022 as a prior-year comparative, and from 2019 as a pre-pandemic full year comparative.

ESG



- Commitment to set emission reduction targets through the Science-Based Target initiative
- Pursuit of building environmental certifications for our properties
- Assessment of climate change impacts on our business and our properties
- Improvement of our waste management practices
- Support of local communities and charity organisations to increase our social value contribution
- Increase in employee retention, wellbeing and engagement
- Raise ESG awareness among stakeholders

Learn more – See our ESG Strategy on pages 66 to 83

Business highlights

- Record revenue and EBITDA exceeding expectations with full recovery to pre-pandemic levels
- Continued to rebuild occupancies and increasing average room rates, with mix between leisure and corporate and event bookings beginning to normalise
- Reported EPRA NRV increased to £26.72 per share
- Fully opened premium upper upscale lifestyle art'otel London Battersea Power Station and soft launch of art'otel Zagreb
- Our first Radisson RED branded property in Belgrade signed (opened February 2024)
- On track with £300m+ development pipeline with H1 2024 art'otel openings ahead in London Hoxton and Rome
- Received planning consent to develop a 179-room hotel in predominantly subterranean space of Park Plaza Victoria London property to maximise asset potential
- Secured equity with existing partner for acquiring hotel properties, which are to be managed by our European Hospitality Management Platform
- Improved shareholder returns with increased dividend
- Appointed Independent Deputy Chairman to lead Board governance
- Booking momentum continuing into February 2024, which supports the Board's confidence in the outlook

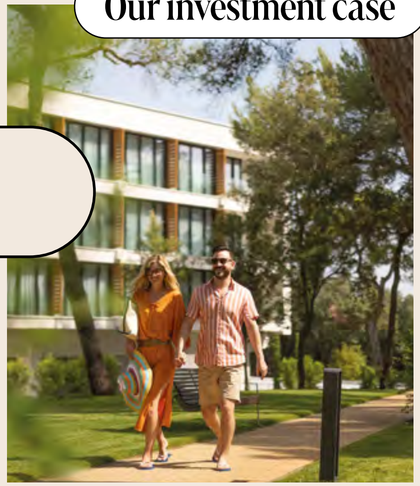
Post balance sheet events

- Promoted Greg Hegarty to Co-CEO, to be responsible for day-to-day managing of the Group and defining and implementing the long-term strategy, further enhancing succession
- Signing of our second Radisson RED branded property (in Berlin, opening Q2 2024)
- Progressive dividend strategy back on track, with final dividend proposed at 20p per share which, including a 16p interim dividend paid, makes the total dividend over 2023 36p per share

Scaling new heights in hospitality

Contents

Our investment case



p14

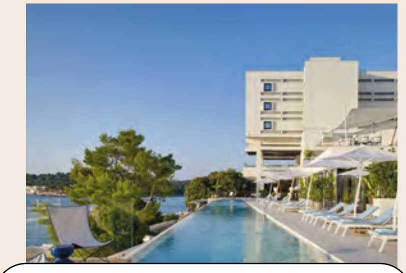
We create memorable guest experiences by owning, developing and operating hotels and resorts in dynamic, vibrant cities and leisure destinations.

Strategy in action

p30

PPHE Hotel Group is one of the leading hospitality real estate companies in the upscale, upper upscale and lifestyle segments in key European markets.

Stakeholder engagement



We contribute to the economies of our local communities, and we drive up environmental performance.

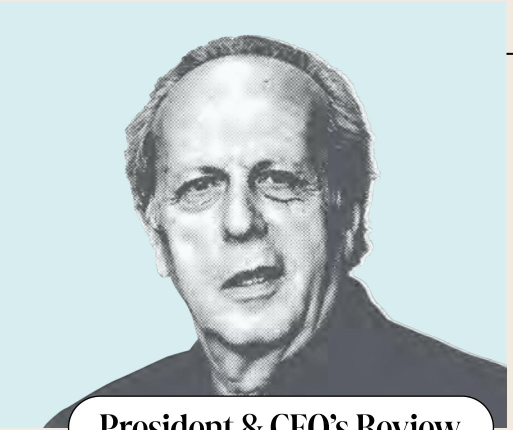
p62

At a glance

We are an integrated hospitality real estate Group with a £2.2bn portfolio of primarily freehold and long-leasehold assets in prime locations in Europe.

p6

President & CEO's Review



We are very pleased to have delivered a full recovery across the business in 2023.

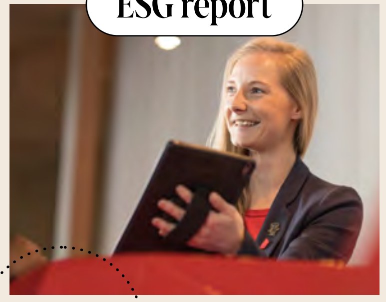
p20

Strong topline growth

2023 ended on a high, reporting fully recovered record results and strong performance across our main markets.

p40

ESG report



p66

Throughout 2023, teams in the business have worked diligently to set and refine defined targets to achieve the strategic objectives of our ESG Strategy.

Strategic report

Corporate governance

Financial statements

Appendices

OUR PURPOSE

Creating valuable memories for our guests

⚠ Tozi Cafe, art'otel London Battersea Power Station

and value for our assets, people and local communities.

Our vision

To deliver a best-in-class performance through building further scale and depth in our real estate portfolio and growing the platform with our integrated 'Buy, Build, Operate' model.

Who we are

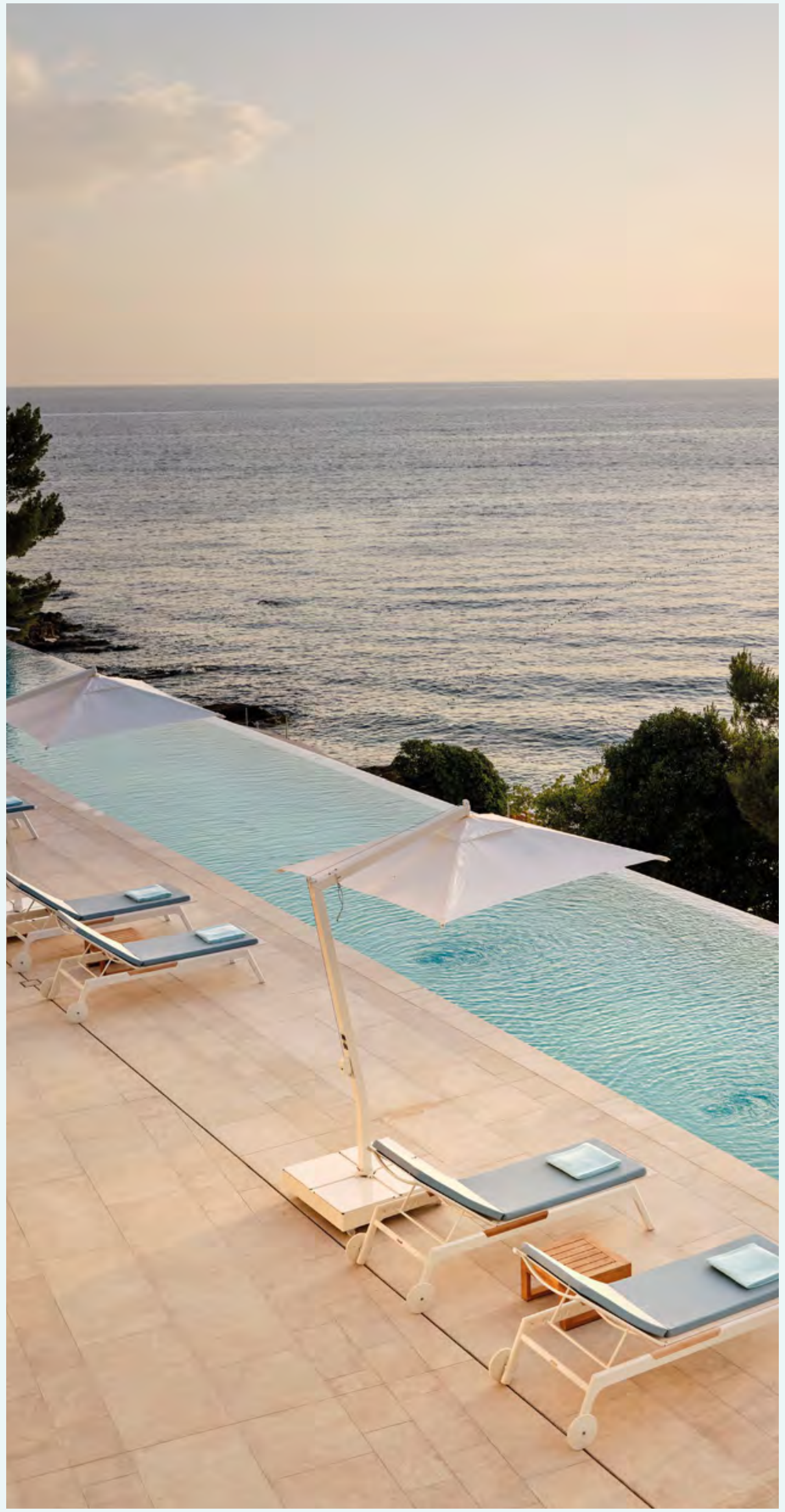
We are an international hospitality group, with a strong prime real estate portfolio consisting of 51 properties in eight countries, that transforms an asset's potential into value and profits.

What we do

We have a clear strategy to drive growth and create long-term value. We recognise, and progressively pursue, the opportunities for our assets to reach their full potential. We delight our guests every day, through engaging service and quality products in inviting places.

How we do it

By valuing our people, being led by an entrepreneurial Executive Leadership Team and through investing in our portfolio, opportunities with upside potential and in local communities.

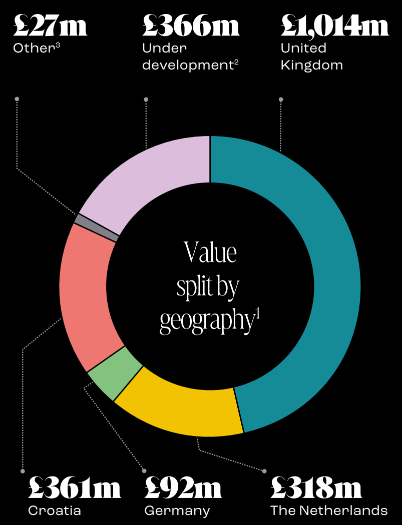


⊳ Grand Hotel Brioni Pula, a Radisson Collection Hotel

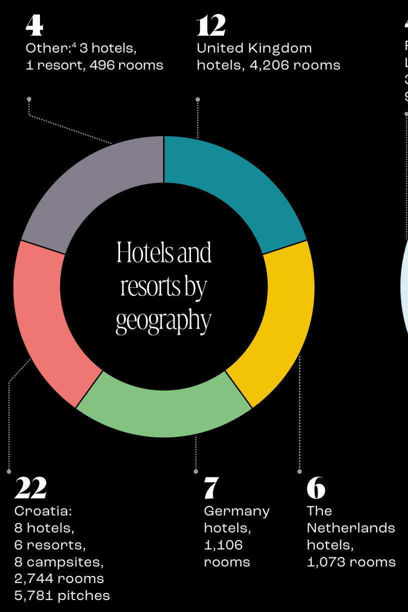
At a glance

Understanding our business

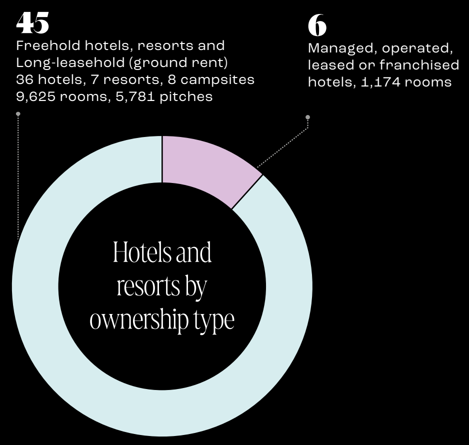
We are an integrated hospitality real estate group with a £2.2bn portfolio of primarily prime freehold and long-leasehold assets in Europe.



(Excludes managed, operated, leased, franchised and unconsolidated hotels)



(Includes franchises)



(Includes franchises)

1 The fair values were determined on the basis of independent external valuations prepared in December 2023.
2 Properties under development include: New York, art'otel London Hoxton, Westminster Bridge Road (London), art'otel Rome Piazza Sallustio and Radisson RED Belgrade.
3 Other includes Arena FRANZ Ferdinand hotel in in Nassfeld, Austria and non-operating headquarters assets.
4 Other includes the art'otel Rome Piazza Sallustio, Arena FRANZ Ferdinand hotel in Nassfeld, Austria, Radisson RED Belgrade and the leased hotel in Budapest, Hungary.

Our culture

Entrepreneurial

Our team members share our purpose of creating valuable memories for our guests and value for our assets. Our purpose and values underpin our overall Company blueprint: to place the guest experience at the heart of everything we do.

People-oriented

We're firm believers that inspiring our team members is the key to inspiring our guests. This is why we focus on making PPHE a fun and inclusive working environment, which is supported by great leadership.

Creators

We refer to our team members as Creators. By valuing our Creators, and by continuously investing in opportunities and our portfolio, we create valuable memories for our guests and value for our assets, people and communities.

Team members – art'otel Amsterdam

Holmes Hotel London

How we create value

Recycle
Capital and value release

Buy
Hospitality real estate exposure

Build
Real estate development exposure

Operate
Operating platform exposure

Our international reach

8	51	9,600	5,800
Countries	Total properties	Total rooms	Campsite pitches

United Kingdom

The UK represents our largest market in terms of revenue generation and property values, which is due to our unrivalled footprint in central London (9 hotels with 3,700+ rooms). Additional properties are located in Cardiff, Leeds and Nottingham. Our pipeline includes three development sites.

art'otel | PARK PLAZA | HOLMES HOTEL

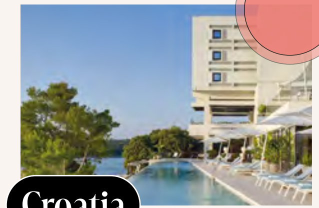
Read more on pages 10, 50 to 52

The Netherlands

Our Company was founded in the Netherlands, where we retain an enviable position with three properties in the heart of Amsterdam and one each in Lijnden, Utrecht and Eindhoven.

art'otel | PARK PLAZA

Read more on pages 10, 54 and 55

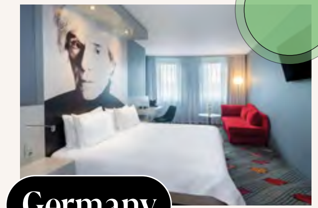


Croatia

Luxury resorts, upper upscale hotels, self-catering apartments, glamping and camping properties – we offer an extensive leisure portfolio along Croatia's pristine and popular coastline. We have recently opened our first property in Croatia's capital, Zagreb, and have further development potential across our portfolio in this market.

RADISSON COLLECTION | art'otel |PARK PLAZA | ARENA HOTELS & APARTMENTS | ARENA CAMPSITES

Read more on pages 10 and 11, 56 and 57

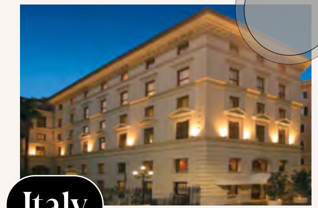


Germany

Stretching from West to East, our properties are located in key corporate travel destinations such as Cologne and Nuremberg, as well as in the leisure orientated cities of Berlin and Trier.

art'otel | PARK PLAZA | RADISSON RED

Read more on pages 10 and 11, 58 and 59

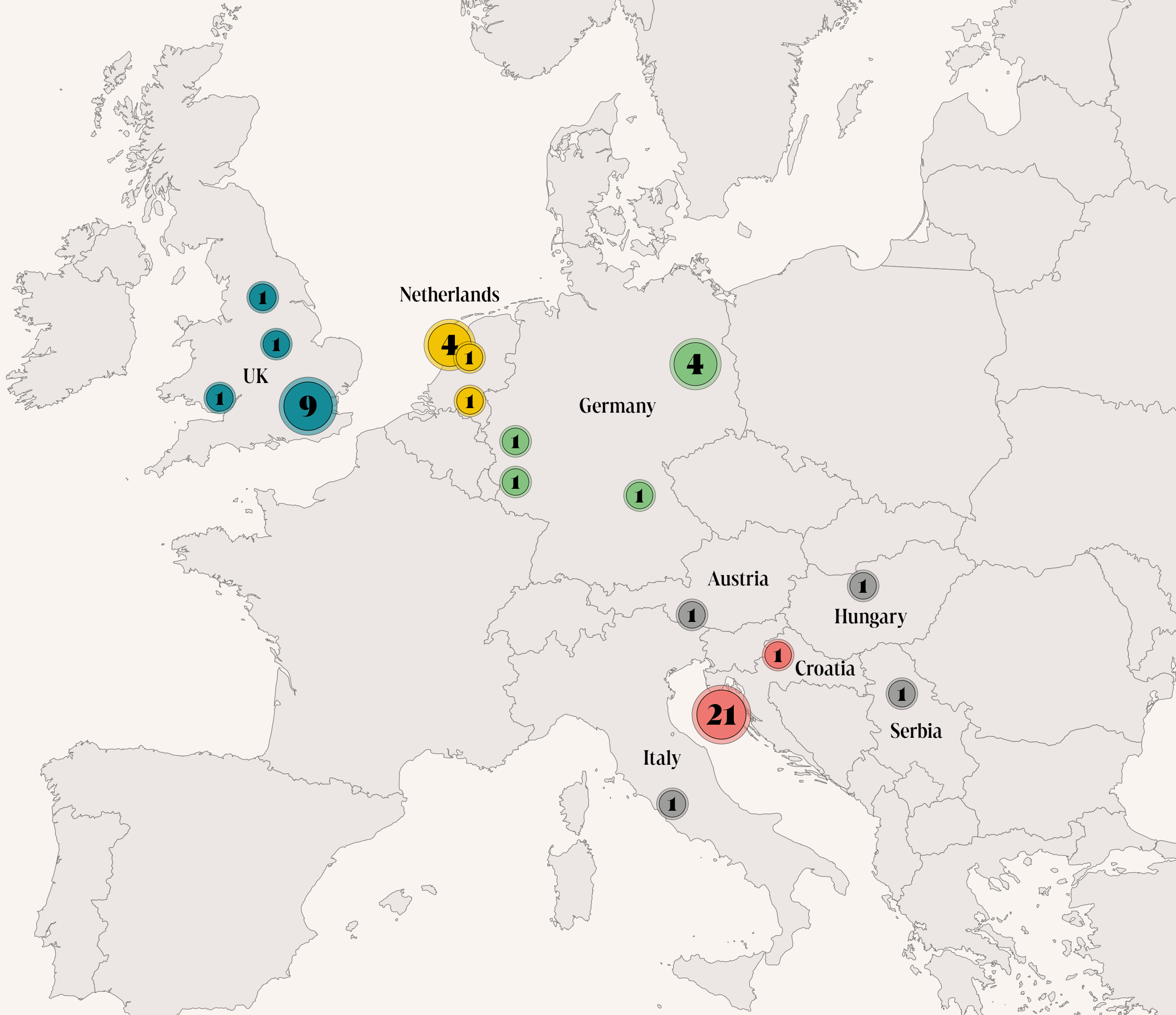


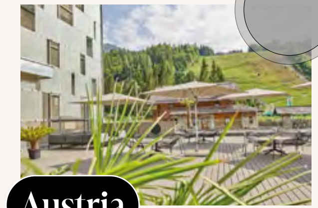
Italy

2024 will mark the year of our first property opening in Italy. Located in the heart of Rome, our premium lifestyle art'otel is expected to open in summer.

art'otel

Read more on pages 10 and 60



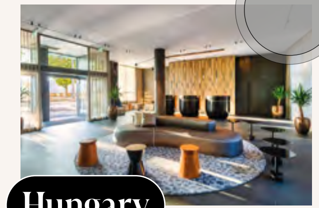


Austria

Our leisure property in Austria perfectly complements our offering in Germany and Croatia; for attracting guests from Germany and for synergies with team members from Croatia.

ARENA HOTELS & APARTMENTS

Read more on pages 11 and 60

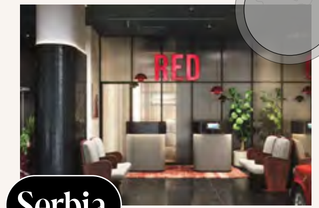


Hungary

Located in a prime location in the heart of Budapest on the Danube, our property provides stunning views of the city and its famous chain bridge.

PARK PLAZA

Read more on pages 10 and 60



Serbia

Marking our entry into Serbia, our first Radisson RED branded property is located minutes away from the old town of Belgrade.

RADISSON RED

Read more on pages 11 and 60

Attractive brands

As independent property owners, our approach is to select the brand for each of our properties which we believe will generate most value. We work with a number of distinct and appealing brands from premium lifestyle to upper upscale and upscale.

HOTELS: CAPITAL CITIES / SECONDARY CITIES / CITY CENTRE

PARK PLAZA

An upper upscale, contemporary hotel brand featuring individually designed hotels in vibrant city centre locations and select resort destinations. Renowned for creating memorable moments, Park Plaza caters to both leisure and business travellers with stylish guest rooms and versatile meeting facilities which are perfectly complemented by award-winning restaurants and bars.

Feel the authentic **parkplaza.com**

HOTELS: CAPITAL CITIES / SECONDARY CITIES / CITY CENTRE

art'otel

A place to dream and be inspired, art'otel is a hotel like no other. A contemporary collection of upper upscale, lifestyle hotels, each inspired by a signature artist, forming a cultural, gastronomic and social hub in the most creative areas of the most interesting cities, attracting international, domestic and local guests. art'otel is an arts and premium lifestyle hotel devoted to creating and presenting original work.

Be bold. Be creative. Be original. **artotel.com**

HOTELS: BOUTIQUE LUXURY

HOLMES HOTEL LONDON

This award-winning premium boutique hotel is located on iconic Chiltern Street and is surrounded by fashion boutiques, cafés and restaurants. The hotel has been inspired by Baker Street's most famous resident, Sherlock Holmes, and is a witty blend of heritage and playfulness, filled with a stylish mix of antiques, curiosities and artefacts that are bound to intrigue even the busiest of guests.

For curious minds **holmeshotel.com**

HOTELS: HOTELS / RESORTS / SELF-CATERING APARTS

ARENA HOTELS & APARTMENTS

Arena Hotels & Apartments is a collection of hotels and self-catering apartment complexes offering relaxed and comfortable accommodation within beachfront locations across the historic settings of Pula and Medulin in Istria, Croatia. Arena Hotels & Apartments features contemporary and warm design/interiors accompanied by welcoming and friendly service, offering a holiday full of opportunities for exploration and relaxation complemented by a food and drink offering with a touch of local flavour.

arenahotels.com

LEISURE & OUTDOOR: LUXURY MOBILE HOMES / CAMPING & GLAMPING

ARENA CAMPSITES

Arena Campsites are located in exclusive beachfront sites across the southern coast of Istria, Croatia. Situated within close proximity of the historic towns of Pula and Medulin, each campsite provides a distinctive offering and relaxed environment from which guests can experience Istria's areas of natural beauty and enjoy outdoor activities all year round.

arenacampsites.com

HOTELS: LUXURY INSPIRED

PARTNER BRANDS

RADISSON COLLECTION / RED Radisson

In 2022, we extended our long-standing partnership with Radisson Hotel Group ('Radisson') and this enabled us to launch the Grand Hotel Brioni Pula, a Radisson Collection Hotel, in May 2022. In 2023, we continued to build on this, and Radisson has now firmly integrated our art'otel brand into their brand architecture. As a result, Radisson is expected to take an active development interest in art'otel in markets where we don't envision investing. This will result in greater choice for art'otel guests to choose from and increased brand awareness. In addition, we announced the signing of our first two Radisson RED branded properties. Radisson RED Belgrade opened in February 2024 and Radisson RED Berlin Kudamm is expected to open in Q2 2024.

radissonhotels.com

Restaurants & bars

A selection of some of our restaurant & bar brands

JOIA
BATTERSEA

JOIA is a restaurant, bar and rooftop restaurant created by two Michelin starred Portuguese chef Henrique Sa Pessoa located on the 14th, 15th and 16th floors of art'otel London Battersea Power Station. JOIA, means "jewel" in Portuguese, the menu comprises of Petiscos (small tapas) with large to share such as the signature Arroz de Marisco.

joiabattersea.com

ARCA
AMSTERDAM

ARCA, the sister restaurant & bar of JOIA Battersea is located in the heart of Amsterdam. ARCA celebrates Portuguese cuisine with Asian influences both in the food and cocktails.

arcaamsterdam.com

CARSTENS AMSTERDAM

CHINO LATINO

THE KITCHEN AT HOLMES

joël

CARSTENS Cafe

ICHI

PRIMO

106 BAKER ST.CO.UK

Espressamente illy

TOZI
RESTAURANT & BAR

TOZI is a Venetian – Italian restaurant and bar concept in London Victoria and Amsterdam. In 2022 TOZI brand evolved into an Italian take on a Grand Cafe and Counter in Battersea Power Station. The Cicchetti concept (sharing plates) is across all outlets, ideal to be enjoyed amongst friends and family.

tozirestaurantsandbars.com

YEZI

YEZI is a brand new concept launched at the end of 2023. This relaxed fine dining restaurant and bar experience in the heart of Zagreb, Croatia is a unique approach to Asian Cuisine.

Inspired by the traditional Asian tea-house style of eating, drinking and socialising, YEZI focuses on the art of dim sum, mixology, tea and European patisserie.

yezirestaurant.com

Park Plaza Westminster Bridge London

Our investment case

We create memorable guest experiences by owning, developing and operating hotels and resorts in dynamic, vibrant cities and leisure destinations.

Our properties are managed by experienced teams, living our values every day, creating unique experiences. We create stakeholder value at every step of the value chain as our properties provide attractive returns and long-term capital appreciation.

1.

The business model

Integrated developer, owner and operator

- Our '**buy**, **build**, **operate**' business model provides exposure and returns across the entire hospitality real estate value chain
- Strong preference for assets with development and/or repositioning potential
- Diversified real estate portfolio focused on pre-eminent European cities and resort locations

2.

Focus on equity value

Unique approach to capital structure

- Driving equity value growth through development, property repositioning and operational excellence
- Value created by capital recycling through raising funds (both third party equity and debt) at asset level, without diluting PPHE shareholders
- Multiple sources of capital providing a hedge against market fluctuations

3.

Hospitality management platform

All disciplines under one roof

- Scalable platform offering growth through management of owned and third party properties
- Unique and recently extended strategic relationship with Radisson Hotel Group, enabling brand diversification
- Long-term management agreements, providing base fee income with performance-based incentive mechanisms

4.

Our Board and management team

Track record and shareholder alignment

- A multi-disciplined Board and an experienced executive team, with a strong track record
- Entrepreneurial mindset is the cornerstone of the Company's DNA
- Strong shareholder alignment with founder Board members holding 43% of the shares

art'otel London Battersea Power Station

Chairman's Statement

Eli Papouchado
Chairman

"The highlight of 2024 will be the opening of our much anticipated and highly impressive London Hoxton development, following three years of construction."

Introduction

2023 was an important year of financial and strategic progress for the Group. We delivered a full recovery to pre-pandemic levels, driven by continued strong room rates and improving occupancy rates across our portfolio of well-invested hotels, resorts and campsites. We also entered a very exciting phase, as we near completion of our extensive development pipeline. Together, these provide extremely strong foundations for our performance and future growth going into 2024 and beyond.

Throughout the year, we acted where possible to manage the impact of ongoing macro-economic, geo-political and wider cost pressures on our business. The 2023 performance is a testament to this and our team members, who remain at the heart of everything we do. Their dedication to delivering memorable guest experiences is steadfast.

PPHE's unique 'Buy, Build, Operate' business model is also central to our success, positioning the Group strongly across its key markets and segments, and supporting our growth strategy, our strong financial performance and our outlook upgrade at the half-year point of 2023. Furthermore, our long-standing relationship with Radisson Hotel Group, and the recent extension of our partnership, support our multi-brand approach and our future growth and opportunities.

Extensive pipeline nears completion

Many years of hard work on construction and refurbishment projects in our £300+ million development pipeline are coming to fruition. In 2023, we opened two contemporary upper upscale lifestyle hotels – art'otel London Battersea Power Station and art'otel Zagreb, Croatia.

In February 2024, we opened our first Radisson RED in Belgrade, representing our second hotel under our extended partnership with Radisson Hotel Group. A further repositioning and rebranding programme is underway in Berlin, and we plan to launch Radisson RED Berlin Kudamm in Q2 2024.

▽ Park Plaza Westminster Bridge London

The highlight of 2024 will be the opening of our much anticipated and highly impressive art'otel London Hoxton development, following three years of construction. This will increase our presence in the attractive London market, bringing the total number of rooms we operate in the capital to over 3,700. In addition, our new art'otel in Rome, marking our entry in Italy, will open in H1 2024. These recent and upcoming openings in Belgrade, Zagreb, London Hoxton and Rome are targeted to generate at least £25 million of EBITDA for the Group upon stabilisation of trading.

Sustainability in focus

During the year, our sustainability-dedicated teams expanded further, and we worked with retained external specialist consultancies to advise on carbon footprint and reporting to stakeholders, to ramp up our efforts in this important area. This included measures to increase transparency and stakeholder accountability for our Sustainability Strategy, including informing the Science-Based Targets initiative of our work to set robust net zero targets, and be held accountable to them. We are pushing to gather more data in various areas including water consumption, waste and creation of social value by monetary, work-hour and in-kind donations. This will allow us to set baselines, and set targets with the kind of robust metrics that allow stakeholder accountability.

Further details around our new strategy, targets and KPIs are set out on pages 66 to 83 of our Annual Report.

▽ art'otel London Hoxton

The Board
We were delighted to welcome Greg Hegarty to the Board in May. His appointment provides important operational expertise given his tenure with the Group to date. It is also in line with the Board's commitment to refreshing its expertise while developing and preserving internal talent. Further enhancing our succession planning, Greg was promoted to a Co-CEO role in February 2024, being responsible for creating and implementing the Group's operational strategies, including Operations, People & Culture and Commercial, while driving PPHE's corporate vision and growth strategy. In December 2023, the Board appointed Ken Bradley, as a Deputy Chairman, providing an independent view and support on the governance duties of the Board. The Board remains focused on engaging with shareholders and implementing best-practice Corporate Governance to secure the best possible future for the Group.

Enhanced shareholder value
The Board has a long-standing commitment to shareholder value. We completed our £3.7 million share buy-back programme in March 2023, which enhanced capital returns to shareholders. Our strong financial performance and the business momentum during H1 enabled the Board to announce a return to its historic capital return policy of distributing approximately 30% of adjusted EPRA earnings. This resulted in a total dividend for the year of 36 pence per share.

The Board continues to prioritise its progressive dividend policy, and we look forward to continuing to deliver consistent shareholder returns.

A future of great promise
We started 2024 with positive trading momentum and a significant amount of confidence for the future. Leisure and business travel continue to be in demand across our key markets, and while headwinds persist globally, we do not see this demand changing materially going forward.

The Group will continue to focus on pulling the strategic levers it can and build on the successes it achieved over the last year. We look forward to updating all stakeholders further on our progress in the coming months and years.

Eli Papouchado
Chairman

art'otel Zagreb

Governance highlights from the Non-Executive Deputy Chairman

Ken Bradley
Non-Executive Deputy Chairman to the Board of Directors

Corporate Governance highlights 2023
For ease of reference, here is an 'at a glance' summary of Corporate Governance in 2023. The full Corporate Governance section is available for your reference at page 95.

Shareholder engagement
Board and executive management are keen to maximise shareholder engagement activities. A full report is available on page 96. We have conducted investor roadshows, and ensured as much time is available for senior executive leadership to be available to shareholders to discuss their priorities.

Remuneration
We have reviewed our disclosures made in our Remuneration Report in the light of stakeholder feedback. Transparency, and a clear alignment to the values, culture and purpose set by the Board, and an appropriate reward for the creation of shareholder value, are our ongoing priorities in disclosures. Please see the full report on page 131 for more information.

Board composition
- Succession of the outgoing Non-Executive Deputy Chairman following his departure effective from the Annual General Meeting 2023.
- Completion of onboarding of the Non-Executive Director, whose appointment was completed in December 2022.
- Appointment of the Deputy Chief Executive Officer to the Board.[1]

Please see the Nomination Committee Report on page 115

Workforce engagement
As with shareholders, workforce engagement is a key priority for both Board and executive management. A full report is available on page 96.

Our 'Let's Connect' sessions, Team Member Forums and network of ESG Ambassadors are ensuring we are doing as much as possible to engage in dialogue, as reflected in engagement scores in pulse surveys.

Leadership role
The Board has collectively, and in each Director's individual area of expertise, sought to implement stakeholder feedback. We ensure that these are translated into the business's strategy through:

- maintaining an ESG Committee of the Board composed of the Non-Executive Directors to oversee publication of the ESG Strategy and performance against targets
- strategy meetings with executive management scheduled monthly

For more information, please see the Corporate Governance Report on page 95

Board evaluation
We conduct an annual evaluation of the Board's effectiveness. Once every three years, this is conducted externally, most recently by Independent Audit Limited in 2021. We report annually on our evaluation, as well as performance against the recommendations made in the previous year. Please see the Corporate Governance Report on page 95.

Sustainability and ESG
We have a duty to create value for society as a whole.

Following the publication of our ESG Strategy in 2022, we have a full report on progress towards our strategic objectives and the detailed targets we have set to achieve them. The ESG Report is on page 66.

Mandatory TCFD reporting in 2021 and 2022 continues in 2023. We are anticipating CSRD and IFRS S1 and IFRS S2 updates to future reporting on climate change related disclosures. A summary report is published on page 80, and a full report is published on pphe.com.

Ken Bradley
Non-Executive Deputy Chairman to the Board of Directors

1 The Deputy CEO was subsequently appointed as Co-CEO on 8 February 2024.

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

∇ 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

Our values: Trust · Respect · Teamwork · Enthusiasm · Commitment · Care

Engagement with our stakeholders has enabled us to better understand what is considered material to them and better position our business model and strategy.

Read more about our materiality assessment in the ESG report on page 66

Our purpose

Creating valuable memories for our guests and value for our assets, people and local communities.

Key sources of value

Diverse prime property portfolio
Our real estate portfolio consists of properties in the heart of strategic gateway cities and resort destinations.

Multi-brand approach
We select the right brand for each property, using our own as well as those from the Radisson Hotel Group.

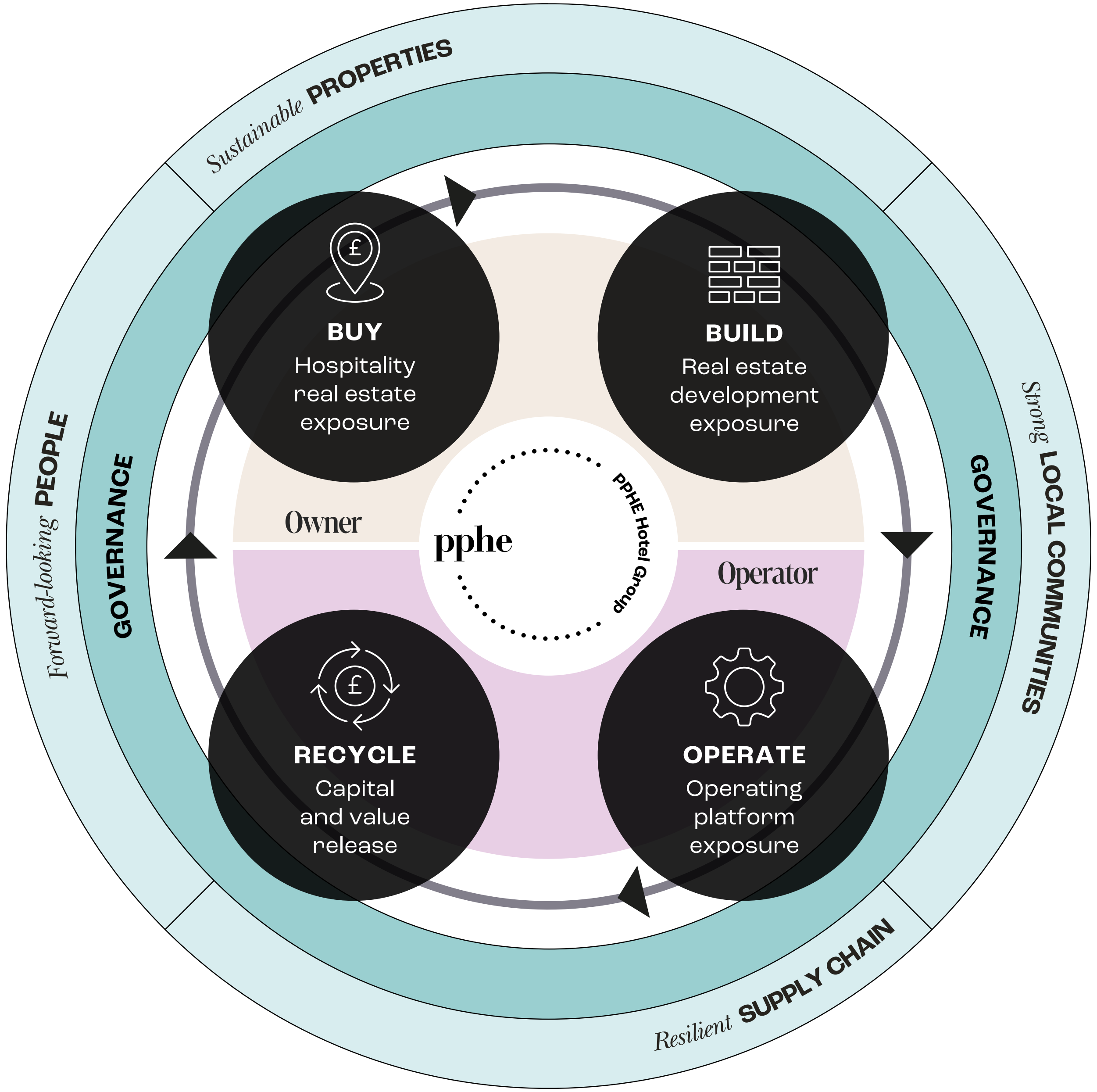
In-house hospitality management platform
Our expert team of hospitality specialists manage our own properties as well as those of third parties.

International network
Our strong international network cultivated in the past 30+ years includes banks, contractors, suppliers and strategic partners.

Our people and culture
Our strong track record of creating memorable guest experiences is consistently delivered by our team members.

Financial strength and non-dilutive capital approach
Our portfolio has grown from a single property into a £2.2 billion portfolio without diluting shareholders since IPO, and we enjoy a strong cash position.

How we create value



The value we create

Team members
We offer rewarding international employment opportunities for our team members with continuous investment in training programmes.

83%
Employee engagement score measured through surveys

Guests
We offer memorable hospitality experiences in vibrant destinations with our high quality products and services.

86.4%
Guest satisfaction rating score

Investors
Our shareholders benefit from the attractive industry dynamics of the markets in which we operate as well as our flexible business model, developments and operations. This drives both capital appreciation and income from dividend.

36p
Total ordinary dividend for the year, per share

Affiliates
Our partnership with Radisson Hotel Group gives us access to global distribution systems, powerful online and mobile platforms, and global sales, marketing and buying power. As part of the Radisson Rewards Programme members account for a significant part of Park Plaza hotels annual occupancy.

16m
Radisson Rewards™ global loyalty programme has over 16 million members worldwide

Local communities
We care about our neighbourhoods and make positive contributions to our local communities and the people who work and/or live there through fundraising activities, employment opportunities, volunteering, and local resourcing partnerships and charities.

Suppliers
As an owner/operator, long-term sustainability and ethical operations are high on our agenda, including, supply chain management and the development of long-term relationships with strategic partners, many of whom are local.

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Strategy at a glance

Strategic blocks → **2023 performance** | **2024 priorities** | **Related risks and opportunities** | **KPIs**

REAL ESTATE

2023 performance

Property:
- Soft launch of art'otel Zagreb (office to hotel conversion)
- Progressed development projects in London, Rome and Belgrade
- Secured planning to develop 179-room subterranean hotel in London
- Regular property site visits to lower utility consumption in our hotels
- Environmental assessment of construction sites to achieve highest standard of certification

Operations:
- Continued to rebuild the teams and focused on learning and development and improved productivity
- Drove the commercial recovery of all properties in their respective markets
- Continued to mitigate supply chain disruptions
- Continued to drive efficiencies through technology implementations and efficiency programmes

2024 priorities

Property:
- Complete investment at art'otel Zagreb (meeting rooms and rooftop terrace)
- Complete and launch development pipeline projects in London, Rome and Belgrade
- Complete CAPEX investments at Radisson RED Berlin
- Drive detailed design stage for two development sites in London (Westminster Bridge Road and Park Royal)
- Drive detailed design stage for development of 179-room subterranean hotel in London
- Pursue new growth opportunities

Operations:
- Continue to focus on learning and development and improved productivity
- Drive the commercial performance of all properties in their respective markets and support the maturity of newly launched properties
- Continue to drive operational efficiencies through technology implementations and efficiency programmes
- Further optimise existing, and introduce new, energy saving initiatives
- Optimising our food and beverage offering
- Implement new supplier sourcing policies and increase engagement with suppliers on ESG matters

Related risks and opportunities

Property:
- Development project delivery – page 90
- Funding and liquidity – page 90
- ESG – stakeholder perception – page 93

Operations:
- Talent attraction, engagement and retention – page 93
- Market dynamics – page 89
- Economic climate – page 89
- Operational disruption – page 92
- Technology disruption – page 91
- Cyber threat – page 91
- Data privacy – page 91
- Serious health, safety and security incidents – page 92

KPIs

Property:
- Successfully deliver openings and repositioning projects
- EPRA NRV
- EPRA EPS
- Net return on shareholder capital
- Disclosure of Scope 1, 2, and 3 carbon emissions in TCFD report
- Carbon net zero no later than 2050

Operations:
- EBITDA and EBITDA margin
- RevPAR
- Recruitment and retention
- Employee engagement
- Guest rating score
- Health and safety assessment scores

2023 performance

Property:
- Continued to drive maturity of Grand Hotel Brioni Pula, a Radisson Collection Hotel (opened Mid 2022)
- Completed CAPEX investments at Arena Nassfeld hotel and phase two investments at Arena Stoja Campsite

Operations:
- Continued to focus on rebuilding the teams and improving the overall guest experience
- Continued to drive the performance of all properties
- Focused on mitigating supply chain disruptions
- Continued to drive efficiencies through technology implementations

2024 priorities

Property:
- Drive performance of recently invested in leisure properties
- Develop detailed plans for next CAPEX investments in Pula and Medulin
- Pursue new growth opportunities

Operations:
- Continue to focus on improving the overall guest experience
- Continue to drive the performance of all properties
- Continue to drive efficiencies through technology implementations
- Further optimise existing, and introduce new, energy saving initiatives

Related risks and opportunities

Property:
- Development project delivery – page 90
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KPIs

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- Disclosure of Scope 1, 2, and 3 carbon emissions in TCFD report
- Carbon net zero no later than 2050

Operations:
- EBITDA and EBITDA margin
- RevPAR
- Recruitment and retention
- Employee engagement
- Guest rating score
- Health and safety assessment scores

2023 performance

Operations:
- Full opening and launch of art'otel London Battersea Power Station, which is managed by the Group's hospitality management platform
- Further leveraged the extended partnership with Radisson Hotel Group, with increased collaboration on our art'otel brand and utilisation of Radisson Collection (in Croatia) and Radisson RED (in Belgrade and Berlin)
- Delivered excellent art'otel brand experience in London and Zagreb
- Preparations for launch of new art'otels in London and Rome
- Continued to drive efficiencies for the managed properties through centralisation and introduction of new technologies
- Continued to implement new ESG Strategy
- Appointed Responsible Business Ambassadors at every property
- Continued to drive recruitment programmes to create jobs and opportunities for local communities
- Completed organisational review leading to operational efficiencies

2024 priorities

Operations:
- Full opening of art'otel Zagreb
- Launch first two Radisson RED properties in Belgrade and Berlin
- Launch of new art'otels in London and Rome
- Continue to develop art'otel brand proposition and brand activation
- Continue to drive efficiencies for the managed properties through centralisation and introduction and adoption of new technologies
- Continue to drive the new ESG Strategy
- Continue to drive learning and development programmes
- Continue to implement changes following the 2023 organisational review

Related risks and opportunities

Operations:
- Market dynamics – page 89
- Economic climate – page 89
- Talent attraction, engagement and retention – page 93
- Operational disruption – page 92
- Technology disruption – page 91
- Cyber threat – page 91
- Data privacy – page 91
- Serious health, safety and security incidents – page 92
- ESG – stakeholder perception – page 93

KPIs

Operations:
- EBITDA
- Successful launch of new openings
- Growth in portfolio
- Growth in fee-based income through third party or joint venture management agreements
- Monitoring of gender pay gap for the UK and the Netherlands
- Identifying metrics for diversity and inclusion

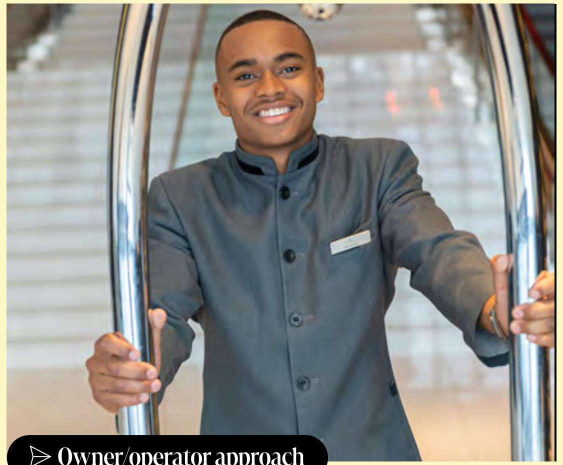
Our vision

Our strategic framework is built across a series of distinct objectives, supported by PPHE's pillars and enablers, which allow us to achieve our vision of delivering a best-in-class performance through building further scale and depth in our real estate portfolio and growing the platform with our integrated 'Buy, Build, Operate' model.

Read more on page26

PPHE Hotel Group is one of the leading hospitality real estate companies in the upscale, upper upscale and lifestyle segments in key European markets. We are committed to sustained growth, both by investing in our owned estate and by developing strong relationships with strategically aligned partners.

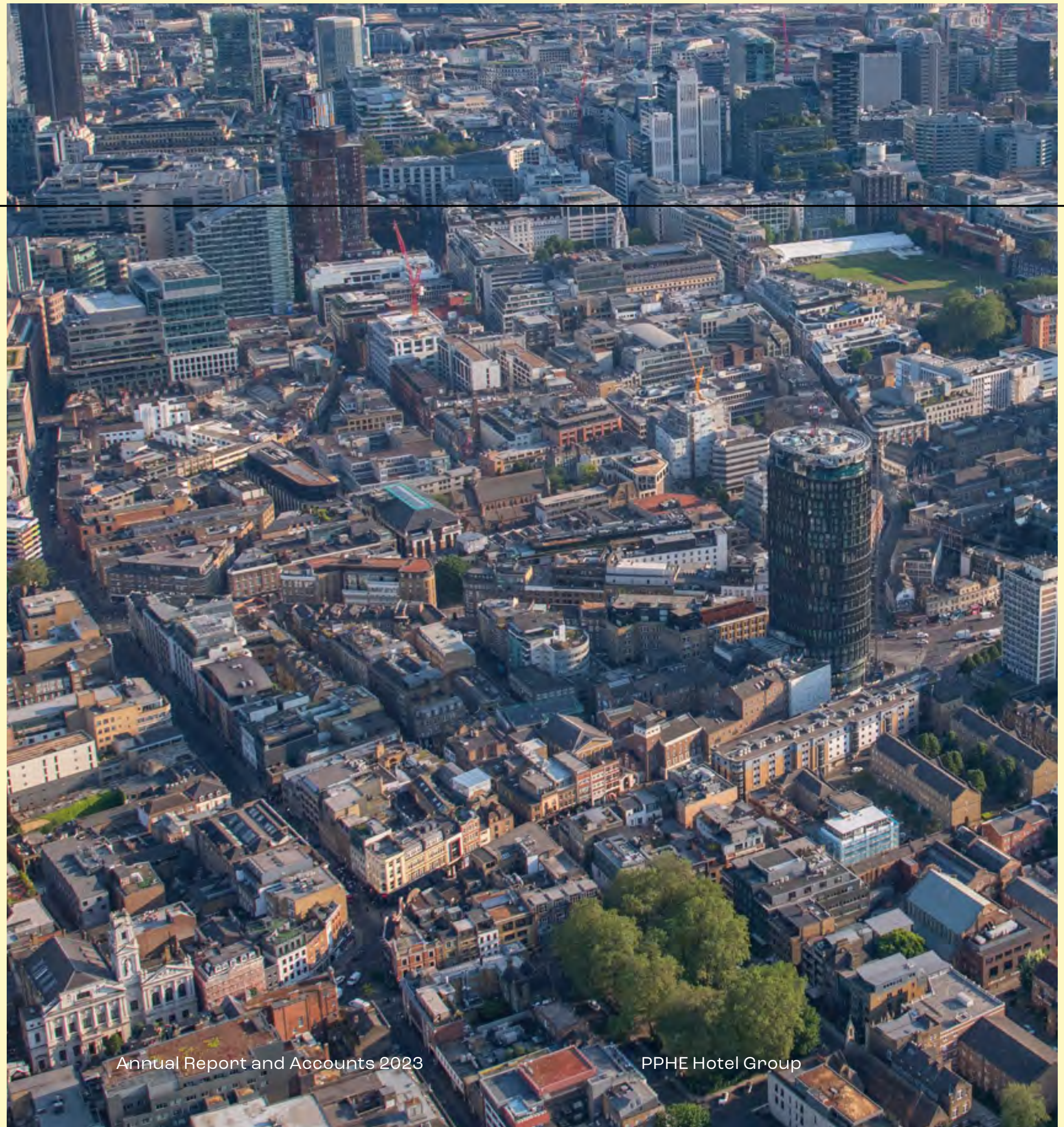
Expanding in city centre locations



Owner/operator approach

Because we own or part own most of our properties, our partners tell us that working with us leads to a deeper understanding of hotel ownership and operation, better performance and better relationships. We operate a flexible partnership approach that complements service excellence, value added operations and bottom-line leadership.

art'otel London Hoxton



Development vision

In our strategy to drive long-term value, we take a disciplined, focused approach to capital deployment. We aim to optimise the value of our existing portfolio and, where appropriate, extract value to fund new development opportunities in order to drive sustainable long-term growth. We are disciplined in selecting and progressing an investment opportunity, only targeting real estate with upside potential which fits our long-term growth strategy and above all creates strong shareholder value.

Radisson RED Berlin Kudamm

Development opportunities

Looking to the future, we expect to have a bigger and stronger presence in London and key European cities. Through our controlling ownership interest in Arena Hospitality Group ("Arena"), one of Croatia's best-known hospitality groups, we will be exploring growth opportunities in Central and Eastern Europe, both in city centres and select resort destinations.

Delivering our pipeline

Read more in the section on the delivery of our pipeline, which is filled with exciting properties, from ground-up developments in London's buzzing Hoxton/Shoreditch to property repositioning programmes in Rome, Belgrade and Berlin.

Putting our guests in the heart of the city

Capital cities and well-connected secondary cities are a core part of our strategy. Since our inception in 1989, we have focused on owning, developing and operating hotels in cities which have a balanced mix of leisure and business travel demand. Today, our city centre portfolio spans from London to Amsterdam, from Berlin to Belgrade and from Budapest to Zagreb, with additional properties in other regional cities.

Read more on pages 8 and 9

CORE, UPPER UPSCALE, CITY CENTRE HOTELS
1. Strategic priority

art'otel London Battersea Power Station

We typically develop landsites or convert offices or hotels in need of an upgrade into upper upscale properties. Our internal teams painstakingly analyse the market dynamics and consumer trends to then create and launch an appealing proposition tailored to the opportunity, realising the property's full potential. We are brand agnostic and will select or create the appropriate commercial brand for each property as well as for the spa, wellness and restaurant and bar concepts.

2023 and 2024 mark another exciting year for us as the projects in our development pipeline are coming to fruition.

We kickstarted 2023 with the full launch of **art'otel London Battersea Power Station**, which was recognised as one of London's hottest openings of the year. This hotel is managed on behalf of the property's owners by our in-house hospitality management platform under a **long-term operating agreement**.

D*Face, art'otel London Hoxton

D*FACE × ART'OTEL LONDON HOXTON

"Being the Signature Artist for the art'otel London Hoxton is a dream come true. I've painted over 100 murals and had gallery and museum shows around the world, so to have my artwork adorn a landmark building in my home town, particularly in an area of London that was essentially the launching platform of my career over two decades ago – the significance of the opportunity is not lost on me."

D*Face
Artist at art'otel London Hoxton

This opening marked the entry for art'otel in the London market, paving the way for art'otel London Hoxton which is set to open in the first half of 2024. **art'otel London Hoxton** is a jointly owned property, **developed from the ground up**, and this hotel will be managed by us on completion.

In October 2023, we soft-launched art'otel Zagreb, our first hotel in Croatia's capital. This office-to-hotel conversion complements our strong leisure and outdoor portfolio in Croatia, and strengthens our presence in key capital cities across Central and Eastern Europe.

In recent years, we have successfully transformed existing properties, where we have invested over and above our typical CAPEX programmes and subsequently repositioning the properties in a different market segment, aimed at attracting more discerning travellers. Current **repositioning programmes** underway entail two conversions of existing properties to the upscale Radisson RED brand, namely **Radisson RED Belgrade** and **Radisson RED Berlin Kudamm**.

In addition, we are thrilled to enter the final stages of the **repositioning programme** of a former hotel in Rome to **art'otel Rome Piazza Sallustio**.

Looking ahead

With so many of our pipeline projects nearing completion, 2024 will be a very exciting year for our Group! However, our ambitions don't just stop there.

Not only is our dedicated development and acquisitions team on the lookout for further growth opportunities, we have an additional four projects in our medium- to long-term pipeline.

This includes a development opportunity at one of our existing hotels in London Victoria, where we have been granted planning consent to develop a 179-room subterranean hotel, plus a development site with planning for a 465-room hotel in West London. Additional landsites include Westminster Bridge Road in London and Chelsea in New York.

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LEISURE AND OUTDOOR HOSPITALITY

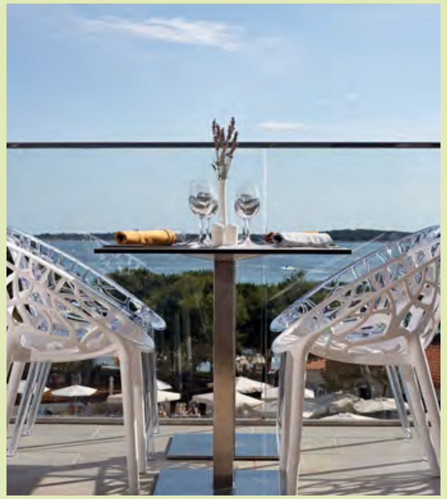
2. Strategic priority

Memorable Relaxation

PPHE's strategy includes diversifying its portfolio beyond city centres. And our offering today encompasses premium resorts, upper upscale and upscale hotels, self-catering apartments, camping and glamping, set in spectacular seaside locations in Croatia and in the Austrian Alps.

In these markets, we cater to leisure travellers seeking relaxation and recreation, and we recognise the importance of offering varied vacation experiences. By strengthening our presence in these segments of the market, we aim to meet the demand for unique and memorable vacation destinations, contributing to the Group's growth and resilience.

Read more on pages 56 and 57



Park Plaza Belvedere Medulin

Grand Hotel Brioni Pula, a Radisson Collection Hotel

Grand Hotel Brioni Pula, a Radisson Collection Hotel

Since 2008, we have been actively involved in owning, developing and operating leisure properties, starting in Croatia and more recently in Austria. Our portfolio is vast but the market opportunity is even greater. In recent years, we have significantly invested in upgrading an existing diverse portfolio in Croatia, resulting in a vastly improved product, with accompanying services and amenities and superior value creation for stakeholders.

In 2022, we proudly relaunched the jewel in the crown, Grand Hotel Brioni Pula, a Radisson Collection Hotel, following a two-year redevelopment programme. This followed on from earlier investments transforming five existing hotels to Park Plaza properties, one property to a TUI Blue hotel and significant investments in three of our eight campsites.

Investments in 2023 included the second phase of the repositioning programme of Arena Stoja Campsite as well as an investment into the Arena Nassfeld hotel in the Austrian Alps, which now offers guests extensive wellness and leisure facilities including outdoor and indoor swimming pools.

Our growth strategy is focused around further upgrading some of our owned properties, further realising their potential, and to expand our network through ownership and partnerships, leveraging on our well-established hospitality management platform.

Arena One 99 Glamping

Visit arenacampsites.com

HOSPITALITY MANAGEMENT PLATFORM

3. Strategic priority

Holmes Hotel London

Expert teams

The Group's award-winning in-house hospitality management platform is fully scalable and designed to grow through managing fully or jointly owned real estate, providing best-in-class property management and a flexible contract structure for asset owners.

art'otel London Battersea Power Station

Our specialist hospitality operating platform today manages 51 properties, across eight countries and different segments of the market, with a gross portfolio value of over £2.2 billion.

Our expert team works with leading brands and is focused on driving the optimum result for each of the properties under management, creating memorable guest experiences, curating highly engaged teams and generating accretive returns for owners.

Read more on page 61

Park Plaza London Riverbank

£2.2bn

Hospitality assets under management

51

Properties

Some facts

- £2.2 billion hospitality assets under management, including 51 city centre hotels, leisure resorts, glamping properties and 15+ destination restaurants and bars
- Currently active in eight countries in Europe
- Present in 16 destinations, from prime locations in capital cities such as Amsterdam, Berlin, Belgrade, Budapest, London, Rome and Zagreb, to provincial cities and leisure destinations
- Trusted partner which manages, and has managed, assets on behalf of private investors and financial institutions, some of the world's leading investment banks and pension funds

Scalable platform

Hospitality Management Platform

- Award-winning management company, with strong company culture and highly engaged team members
- Several hundred experienced hospitality specialists located across four service hubs (London, Amsterdam, Berlin and Pula, Croatia)
- All disciplines in-house for driving innovation and continuous improvement for all assets under management
- Centralised divisions for housekeeping, recruitment and customer service, providing a plug-and-play solution for owners
- Proprietary learning and development platform and access to third party training academy

Brands we prefer to work with

- Our owned **art'otel** premium lifestyle brand
- Radisson's Upper Upscale **Park Plaza** brand, for which we have the master franchise rights (in perpetuity) in EMEA
- Property-specific brands such as the premium lifestyle **Holmes Hotel London** or private label **TUI Blue**
- In our Leisure and Outdoor portfolio we use our owned **Arena Campsites** and **Arena Hotels & Apartments** brands, which are positioned in the mid-market and upscale segment of the market
- And, more recently we have started operating hotels as part of the Luxury **Radisson Collection** and the Upscale **Radisson RED** brands

Key performance indicators

Financial KPIs[1]

Total revenue £m

2023	414.6
2022	330.1
2021	141.4
2020	101.8
2019	357.7

KPI definition

Total revenue includes all operating revenue generated by the Group's owned and leased hotels, management fees, franchise fees and marketing fees.

EBITDA £m

2023	128.2
2022	94.6
2021	25.1
2020	(10.1)
2019	122.9

KPI definition

Earnings before interest, tax, depreciation and amortisation.

Normalised profit before tax £m

2023	37.5
2022	8.3
2021	(47.5)
2020	(89.8)
2019	40.7

KPI definition

Earnings for the year, adjusted to remove any unusual or one-time influences.

Reported earnings per share pence

2023	53
2022	24
2021	(123)
2020	(192)
2019	80

KPI definition

Earnings for the year, divided by the weighted average number of ordinary shares outstanding during the year.

Operating KPIs[1]

Occupancy %

2023	72.4
2022	60.0
2021	30.7
2020	28.0
2019	80.6

KPI definition

Total rooms occupied divided by the available rooms.

EBITDAR £m

2023	130.5
2022	97.0
2021	27.6
2020	(9.1)
2019	124.7

KPI definition

Earnings before interest, tax, depreciation, amortisation and rental expenses.

1 Further details on the key financial, operating and property KPIs can be found in the Financial Review on pages 40 to 47.

Average room rate £

2023	166.8
2022	160.4
2021	117.0
2020	105.1
2019	128.5

KPI definition

Total room revenue divided by the number of rooms sold.

RevPAR £

2023	120.7
2022	96.2
2021	35.9
2020	29.4
2019	103.6

KPI definition

Revenue per available room; total room revenue divided by the number of available rooms.

Guest rating score %

2023	86.4
2022	84.8
2021	85.5
2020	Data not indicative
2019	83.6

KPI definition

Guest satisfaction and a strong reputation are paramount to our long-term success. These are measured through guest surveys completed by guests and reviews posted online on travel review websites and booking platforms. The guest rating score reported is based on guest reviews posted on external websites.

Employee engagement %

2023	83.0
2022	81.0*
2021	Trial of new survey format
2020	Data not indicative
2019	84.4*

KPI definition

Previously measured through annual engagement surveys, team members were encouraged to share feedback about the Company, their jobs, their team and their manager. Notwithstanding the high scores achieved, we have changed our measurements to be more regular and topical in the form of pulse surveys.

* Up until 2019, the Group measured employee satisfaction through annual surveys. Post-pandemic, it has implemented a new methodology which captures employee engagement. As a result, from 2022 onwards, the performance shown is not comparable with earlier years.

Property KPIs[1]

EPRA NRV per share £

2023	26.72
2022	25.17
2021	22.15
2020	22.08
2019	25.93

KPI definition

Net Re-instatement Value on a fully diluted basis adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model divided by the dilutive number of shares.

Adjusted EPRA EPS pence

2023	118
2022	50
2021	(44)
2020	(123)
2019	128

KPI definition

Shareholders' earnings from operational activities with the Company's specific adjustments. The main adjustment is adding back the reported depreciation charge, which is based on assets at historical cost and replacing it with a charge calculated as 4% of the Group's total revenues, which represents the Group's expected average cost to upkeep the real estate in good quality. The adjusted shareholders' earnings from operational activities are divided by the weighted average number of ordinary shares outstanding during the year.

Strong topline growth with EBITDA margin improvement

Daniel Kos
Chief Financial Officer
& Executive Director

"Fully recovered results provide the group with strong cash flows and NAV growth."

Overview of 2023

2023 ended on a high, reporting fully recovered, record results and strong performance across our main markets. Since 2019, results of the Group have been distorted with the impacts of COVID-19 restrictions around the world, and 2023 marked the first year since with a normal trading pattern. 2023 kicked off with strong RevPAR increases compared to 2019, slightly above inflation reported over the four-year period that passed. Inflation did also affect many of our cost lines, most noticeably in the costs of utilities and labour.

The Group successfully mitigated a number of inflationary and sector-specific issues through the implementation of innovative solutions and forward planning. We have invested in enhancing our energy efficiency, and staffing is also much less of a constraint for the Group due to its proactive approach to investment in people, automation and employer branding.

We reported EBITDA margins that are behind on 2019, however lower utility hedges in the near future are expected to positively impact margin recovery. We keep focusing on managing the continued cost pressures we see on the labour side, due to minimum wage increases in all our territories.

Although 2023 showed sharp interest rate increases, the Group's results were not affected by this as all our loans are near fully hedged on fixed interest rates. These hedges limit the majority of exposure to interest rate risk on average to 2028. Furthermore, there are no significant loans up for refinance before 2026.

The elevated interest rate environment also impacts the discount rates used in property valuations, but despite increased rates, valuations have again shown a small improvement as improved trading and outlooks more than offset yield expansion.

Throughout the year, we spent approximately £126 million on capital expenditure, and the Group is now nearing completion of a heavy development cycle, where a record pipeline of more than £300 million will begin to contribute for the first time. This pipeline is estimated to grow EBITDA by at least £25 million once fully stabilised.

Operational performance

Revenue

Total revenue was up 25.6% at £414.6 million and was 15.9% ahead of 2019 levels. RevPAR was £120.7, up 25.5%, and was 16.5% ahead of 2019 levels. This reflected some further growth in average room rate up 4.0% versus 2022 and 29.8% versus 2019, alongside a consistent recovery in occupancy levels to 72.4%, compared with 60.0% in 2022 and 80.6% in 2019. Overall, RevPAR levels led to a total room revenue of £300.1 million, up 26.2% versus 2022 and up 19.7% of room revenue in 2019. The 2023 trading comparison with 2022 normalised month-on-month throughout the year. Where the first comparative quarter of 2022 was still heavily impacted by COVID-19 (thus showing significant year-on-year growth), the latter part of 2022 actually showed a fully recovered and strong trading comparable.

Financial results

Key financial statistics for the financial year ended 31 December 2023.

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2019
Total revenue	**£414.6 million**	£330.1 million	£357.7 million
Room revenue	**£300.1 million**	£237.8 million	£250.6 million
EBITDAR	**£130.5 million**	£97.0 million	£124.7 million
EBITDA	**£128.2 million**	£94.6 million	£122.9 million
EBITDA margin	**30.9%**	28.7%	34.4%
Reported PBT	**£28.8 million**	£11.5 million	£38.5 million
Normalised PBT	**£37.5 million**	£8.3 million	£40.7 million
Reported EPS	**53p**	24p	80p
Occupancy	**72.4%**	60.0%	80.6%
Average room rate	**£166.8**	£160.4	£128.5
RevPAR	**£120.7**	£96.2	£103.6
EPRA NRV per share	**£26.72**	£25.17	£25.93
Adjusted EPRA earnings per share	**118p**	50p	128p

Q1 2023 saw a strengthening of demand for leisure, corporate travel and meeting events across all our markets. Our rate-led strategy supported topline growth which helped to mitigate inflationary headwinds, with average room rate up 15.9% versus Q1 2022 and 24.6% ahead of Q1 2019 levels. Occupancy levels continued to improve and track closer to 2019 levels in the UK and the Netherlands, with slower recovery in Germany. Overall, Q1 2023 occupancy was 950 bps behind Q1 2019.

This momentum continued into the second quarter, supported by the Coronation, taking place in London, where total revenue was up 36.9% year-on-year and up 19.8% versus Q2 2019. Average room rate grew by 14.8% versus Q2 2022 and was up 35.6% versus Q2 2019. Occupancy continued to rebuild to 70.8% (58.8% in Q2 2022 and 77.1% in Q2 2019).

In Q3, a quarter heavily impacted by the seasonal trading in Croatia, total revenue was up 8.8% versus Q3 2022 and up 16.5% versus Q3 2019, driven primarily by strong occupancy growth to 77.5% (Q3 2022: 70.8%). Average room rate remained solid, up 0.8% versus Q3 2022, despite the strong comparative performance in Q3 2022 which was boosted by a record summer 2022 trading in Croatia and several significant events in London, including the State Funeral of Her Majesty The Queen.

The performance in Q4 continued to be solid, with further occupancy recovery. Compared to Q4 2022 revenue was up 7.2% (up 15% versus Q4 2019). Room rate was marginally down on Q4 2022 and up 25.1% versus Q4 2019. Occupancy increased to 72.8% (Q4 2022: 72.1%).

EBITDA, profit and earnings per share

The Group reported EBITDA of £128.2 million (2022: £94.6 million and 2019: £122.9 million). The EBITDA margin continued to improve year-on-year to 30.9%, compared with 28.7% in 2022 and 34.4% in 2019. Broader cost inflation, particularly for utilities and labour, impacted full pre-COVID margin recovery over the last 12 months. The Board anticipates that cost inflation will remain topical in 2024, particularly with the recently announced minimum wage increases, however forward energy cost hedges will start flowing through at substantially lower levels than those fixed for 2023.

Normalised profit before tax improved to £37.5 million (2022: £8.3 million). Reported profit before tax improved by £17.3 million to £28.8 million (2022: £11.5 million). Reported profit before tax was negatively affected by non-cash revaluations of – amongst others – hedging derivatives and lease liabilities. A table of normalisation adjustments is provided below.

Normalised profit

£ million	12 months ended 31 December 2023	12 months ended 31 December 2022
Reported profit before tax	**28.8**	11.5
Loss on buy-back of units in Park Plaza Westminster Bridge London from private investors	**3.3**	1.5
Non-cash revaluation of finance lease	**3.9**	3.7
Non-cash changes in fair value of Park Plaza County Hall London Income Units	**(1.6)**	(0.3)
Pre-opening expenses and other non-recurring expenses	**1.4**	1.4
Capital loss on disposal of fixed assets and inventory	**–**	0.1
Non-cash changes in fair value of financial instruments	**1.7**	(9.6)
Normalised profit before tax	**37.5**	8.3

Reported basic/diluted earnings per share for the period were 53 pence (2022: 24 pence). Depreciation in the year was £45.1 million (2022: £40.0 million). Depreciation is recorded in accordance with IFRS, however, internally we consider the Group's ongoing average capital expenditure (CAPEX) over the lifespan of our hotels as a more relevant measure in determining profit, which in the hospitality industry is calculated as approximately 4% of total revenue. Our EPRA earnings number (see page 44) is calculated using the 4% rate instead of the reported non-cash depreciation charge.

Real estate performance

Valuations

The Group is an integrated developer, owner and operator of hotels, resorts and campsites and its business model is real estate driven. We generate returns and drive increased value for all our stakeholders by developing the assets that we own and operating our properties to their full potential. Certain EPRA performance measurements are disclosed to aid investors in analysing the Group's performance and understanding the value of its assets and earnings from a property perspective.

In December 2023, the Group's properties (with the exception of operating leases and managed and franchised properties) were once again independently valued predominantly by Savills (in respect of properties in the Netherlands, UK and Germany) and by Zagreb nekretnine Ltd (Zane) (in respect of properties in Croatia).

Based on their valuations, we have calculated the Group's EPRA NRV, EPRA NTA and EPRA NDV. The EPRA NRV as at 31 December 2023, set out in the table on page 43, amounts to £1,136.4 million (2022: £1,078.7 million), which equates to £26.72 per share (2022: £25.17 per share).

The EPRA NRV was positively impacted by the profit in the year of £22.4 million and positively impacted by marginally increased property valuations of £50.8 million (based on constant currency). This year the valuations were negatively affected by an increase in the discount rates used, mainly as a result of the higher interest rate environment. The value effect of these increased rates, however, were more than offset by the increased underlying results of the hotels used in the valuations, with expectations on improving margin embedded in the profit forecasts.

The table below provides additional information regarding the discount and cap rates used.

Cash flow and EPRA earnings

In 2023, the Group had a positive operational cash flow of £126.1 million, due to its record fully recovered trading. Cash used for debt service increased to £82.2 million (2022: £68.0 million), of which £46.4 million (2022: £41.8 million) is due to interest expenses, £31.7 million (2022: £21.3 million) due to loan amortisations and £4.1 million (2022: £4.9 million) due to lease amortisations.

Investment cash flows reported an outflow of £121.5 million, of which about 86.5% was due to development projects and £15.0 million regarding our usual maintenance CAPEX projects. Most noticeable was the £80.6 million CAPEX related to our development projects in Hoxton London and art'otel Rome Piazza Sallustio. These hotels are due to open in the current financial year, hence construction CAPEX is expected to significantly decrease from the third quarter onwards.

The Group has a healthy balance sheet, no significant refinancing until 2026 and a total cash position of £150.4 million, with access to a further £30 million of undrawn facilities.

The Group reported adjusted EPRA earnings of £50.1 million, up 137% (2022: £21.2 million), and adjusted EPRA earnings per share of 118 pence, up 136% (2022: 50 pence, 2019: 128 pence per share).

Actualised trading versus assumption in 2022 valuations

	Discount rates		Cap rates	
	2023 Valuations	2022 Valuations	**2023 Valuations**	2022 Valuations
United Kingdom	**7.75%–10.50%**	7.75%–10.50%	**5.25%–8.00%**	5.25%–8.00%
The Netherlands	**8.25%–9.75%**	7.75%–9.50%	**5.75%–7.25%**	5.25%–7.00%
Germany	**8.25%–9.25%**	8.00%–9.25%	**5.75%–6.75%**	5.50%–6.75%
Croatia	**8.00%–11.00%**	8.00%–11.00%	**6.00%–9.00%**	6.00%–9.00%

Valuation comparison

2023 versus 2022 valuation – Total portfolio +2.3%	
United Kingdom	+2.0%
The Netherlands	+5.5%
Germany	-6.5%
Croatia	+4.0%

EPRA performance measurement

EPRA summary

	Summary of EPRA Performance indicators			
	Year ended 31 December 2023		Year ended 31 December 2022	
	£ million	**Per Share**	£ million	Per Share
EPRA NRV (Net Re-instatement Value)	**1,136.4**	**£26.72**	1,078.7	£25.17
EPRA NTA (Net Tangible Assets)	**1,106.6**	**£26.02**	1,047.2	£24.44
EPRA NDV (Net Disposal Value)	**1,070.4**	**£25.17**	1,030.9	£24.06
EPRA earnings	**59.0**	**139p**	32.7	77p
Adjusted EPRA earnings	**50.1**	**118p**	21.1	50p

EPRA NRV

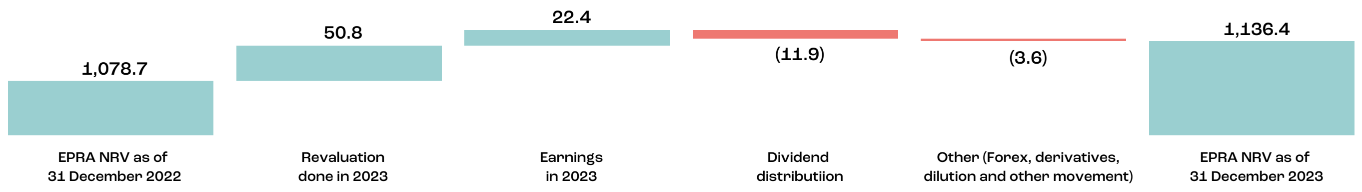
	31 December 2023			31 December 2022		
£ million	**EPRA NRV**	**EPRA NTA[4]**	**EPRA NDV**	EPRA NRV	EPRA NTA[4]	EPRA NDV
NAV per the financial statements	**314.6**	**314.6**	**314.6**	315.1	315.1	315.1
Effect of exercise of options	–	–	–	3.0	3.0	3.0
Diluted NAV, after the exercise of options[1]	**314.6**	**314.6**	**314.6**	318.1	318.1	318.1
Includes:						
Revaluation of owned properties in operation (net of non-controlling interest)[2]	**794.6**	**794.6**	**794.6**	746.9	746.9	746.9
Revaluation of the joint venture interest held in two German properties (net of non-controlling interest)	**6.1**	**6.1**	**6.1**	6.8	6.8	6.8
Fair value of fixed interest rate debt	–	–	**(5.9)**	–	–	(9.2)
Deferred tax on revaluation of properties	–	–	**(39.0)**	–	–	(31.7)
Real estate transfer tax[3]	**19.1**	–	–	18.7	–	–
Excludes:						
Fair value of financial instruments	**14.2**	**14.2**	–	21.1	21.1	–
Deferred tax	**(16.2)**	**(16.2)**	–	(9.3)	(9.3)	–
Intangibles as per the IFRS balance sheet	–	**10.7**	–	–	12.8	–
NAV	**1,136.4**	**1,106.6**	**1,070.4**	**1,078.7**	**1,047.2**	**1,030.9**
Fully diluted number of shares (in thousands)[1]	**42,527**	**42,527**	**42,527**	42,846	42,846	42,846
NAV per share (in £)	**26.72**	**26.02**	**25.17**	**25.17**	**24.44**	**24.06**

1 The fully diluted number of shares excludes treasury shares but includes 163,221 outstanding dilutive options (as at 31 December 2022: 150,223).
2 The fair values of the properties were determined on the basis of independent external valuations prepared in December 2023.
3 EPRA NTA and EPRA NDV reflect fair value net of transfer costs. Transfer costs are added back when calculating EPRA NRV.
4 NTA is calculated under the assumption that the Group does not intend to sell any of its properties in the long run.

NRV per share

£25.17	**£1.19**	**£0.53**	**£(0.28)**	**£0.11[1]**	**£26.72**

Real estate performance £million



1 Positive movement due to lower diluted number of shares.

EPRA earnings

	12 months ended 31 December 2023 £ million	12 months ended 31 December 2022 £ million
Earnings attributed to equity holders of the parent company	22.4	10.2
Reported depreciation and amortisation	45.1	40.0
Revaluation of Park Plaza County Hall London Income Units	(1.6)	(0.3)
Changes in fair value of financial instruments	1.7	(9.6)
Non-controlling interests in respect of the above[3]	(8.6)	(7.6)
EPRA earnings	**59.0**	**32.7**
Weighted average number of ordinary shares outstanding	42,541,186	42,522,523
EPRA earnings per Share (in pence)	**139**	**77**
Company specific adjustments:[1]		
Capital loss on buy-back of Income Units in Park Plaza Westminster Bridge London	3.3	1.5
Remeasurement of lease liability[4]	3.9	3.7
Disposals and Other non-recurring expenses (including pre-opening expenses)[7]	1.4	1.5
Adjustment of lease payments[5]	(2.3)	(2.2)
One-off tax adjustments[6]	(2.5)	(5.8)
Maintenance CAPEX[2]	(16.6)	(13.2)
Non-controlling interests in respect of Maintenance CAPEX and the adjustments above[3]	3.9	3.0
Company adjusted EPRA earnings[1]	50.1	21.2
Company adjusted EPRA earnings per Share (in pence)	**118**	**50**
Reconciliation Company adjusted EPRA earnings to normalised PBT:		
Company adjusted EPRA earnings[1]	50.1	21.2
Reported depreciation and amortisation	(45.1)	(40.0)
Non-controlling interest in respect of reported depreciation[3]	8.6	7.6
Maintenance CAPEX[2]	16.6	13.2
Non-controlling interests in respect of Maintenance CAPEX and the adjustments above[3]	(3.9)	(3.0)
Adjustment of lease payments[5]	2.3	2.2
One-off tax adjustments[6]	2.5	5.8
Profit attributable to non-controlling interests[3]	4.7	4.7
Reported tax	1.7	(3.4)
Normalised profit before tax	**37.5**	**8.3**

1 The 'Company specific adjustments' represent adjustments of non-recurring or non-trading items.
2 Calculated as 4% of revenues, which represents the expected average maintenance capital expenditure required in the operating properties.
3 Non-controlling interests include the non-controlling shareholders in Arena, third party investors in Income Units of Park Plaza Westminster Bridge London and the non-controlling shareholders in the partnership with Clal that was entered into in June 2021 and March 2023.
4 Non-cash revaluation of finance lease liability relating to minimum future CPI/RPI increases.
5 Lease cash payments which are not recorded as an expense in the Group's income statement due to the implementation of IFRS 16.
6 Mainly relates to deferred tax asset on carry forward losses recorded in 2023.
7 Mainly relates to pre-opening expense and net profit and loss on disposal of property, plant and equipment.

Other EPRA measurements

Given that the Group's asset portfolio is comprised of hotels, resorts and campsites which are also operated by the Group, a few of EPRA's performance measurements, which are relevant to real estate companies with passive rental income, have not been disclosed as they are not relevant or non-existent. Those EPRA performance measurements include EPRA Net Initial Yield (NIY), EPRA 'Topped-up' NIY, EPRA Vacancy Rate and EPRA Cost Ratios.

Capital structure

Call impact minorities and future

As part of our strategy, we unlock capital on the back of our assets in many different ways. We do this by raising debt, raising equity through several different forms of partnerships or sometimes by entering into 100+ year ground rent structures. This funding strategy gives us access to capital on the back of the fair value of our assets and also balances the liquidity and interest rate risk attached to our capital structure.

Our partnerships, such as the third party unit holders in Park Plaza Westminster Bridge London, the third party shareholders in our listed Croatian subsidiary or the individual professional partners we work with on several assets, provide us with long-term equity and therewith sharing of the risks and returns on each asset.

The 100+ year ground rent structures give us long-term access to capital, with no covenants, no recourse to the Group and no refinance risk or interest rate exposure. These structures are typically linked to inflation, although, these are often capped at around 4–5% annually.

Finally, our asset-backed mortgages are mostly entered into with long-standing banking partners, with a five- to ten-year maturity and with a fixed rate or a variable rate with hedging arrangements. Our mortgages have covenants around the value of assets (Loan to Value) and trading (interest or debt service cover ratios). The level of debt raised on trading assets is typically around 50% of the value of these assets and appropriate buffers are kept towards the covenants on the loan. Furthermore, most of our loans are amortised annually around 2.5% of the nominal amount over the term. The current net bank debt leverage (EPRA LTV) percentage is 33.4%

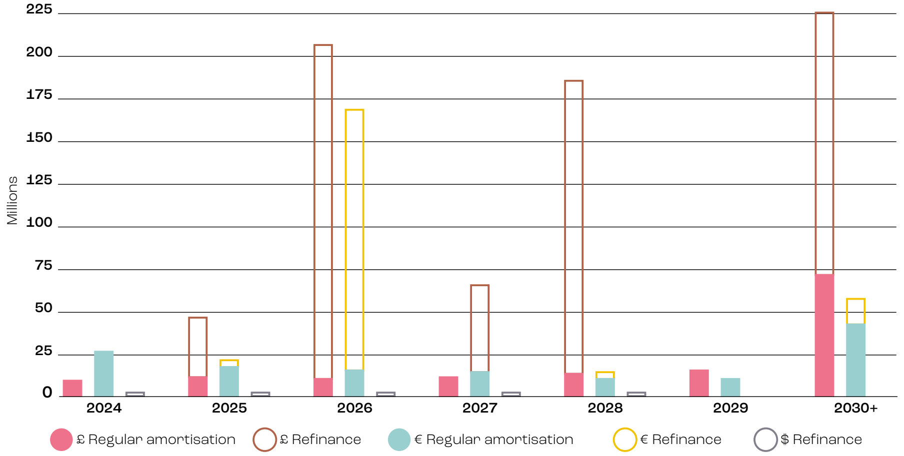
Although our mortgages are exposed to interest rate risks, most of these were entered into years ago, averaging at 3.5% interest (98% fixed) and with an average remaining maturity of 4.0 years. In early 2022, the Group entered into multiple forward starting hedges (starting when loans roll over or refinance in 2024 and 2026) for approximately £380 million, around 1.4%–1.9% swap rate, significantly below current market levels. The loans on trading assets are non-recourse.

European Hospitality Real Estate Fund

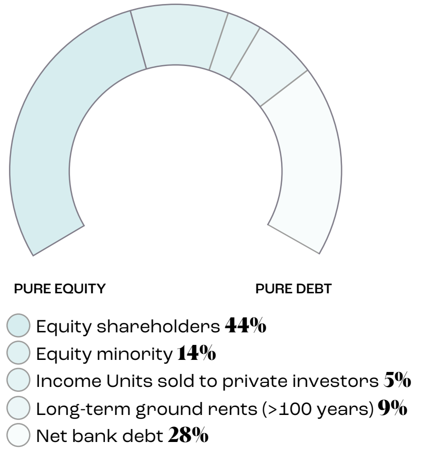
Consistent with PPHE's long-standing approach to building shareholder value through the careful stewardship of its own balance sheet and partnership with third party capital providers, we launched our inaugural European Hospitality Real Estate Fund (the 'Fund') in March 2023 to support the Group's long-term growth ambitions. Hotels acquired by the Fund will be operated by PPHE's hospitality management platform, building further scale in the platform. PPHE has committed up to €50 million in cash and/or assets to the Fund and the Fund's cornerstone investor, Clal Insurance, has committed to invest up to €75 million (however, capped at 49% of the equity contributed at any time). In March 2023, our property in Rome (soon to open as art'otel Rome Piazza Sallustio) was contributed as a seed asset.

Throughout the year the Group engaged with investment bankers to raise the remaining equity for the Fund, however, the significant changes in the interest rate market during this period has meant that the Group was not successful in signing up new investors.

Amortisation profile



Capital structure



Net debt leverage/EPRA LTV reconciliation

	Group as reported under IFRS £'million	Adjustments to arrive at EPRA Group LTV £'million	Group EPRA LTV before NCI adjustment £'million	Proportionate Consolidation (Non-controlling interest) £'million	Combined EPRA LTV £'million
Include:					
Borrowings (short-/long-term)	893.0	–	893.0	(202.4)	690.6
Exclude:					
Cash & cash equivalents and restricted cash	(167.7)	–	(167.7)	36.6	(131.1)
Net Debt (a)	**725.3**	**–**	**725.3**	**(165.8)**	**559.5**
Include:					
PP&E	1,412.8	762.4	2,175.2	(511.8)	1,663.4
Right-of-use assets	229.2	(229.2)	–	–	–
Lease liabilities	(277.4)	277.4	–	–	–
Liability to income units in Westminster Bridge hotels	(114.3)	114.3	–	–	–
Intangible assets	10.7	–	10.7	(0.9)	9.8
Investments in Joint ventures[1]	5.4	11.4	16.8	(7.8)	9.0
Other assets and liabilities, net	(9.9)	(4.0)	(13.9)	8.5	(5.4)
Total Property Value (b)	**1,256.5**	**932.3**	**2,188.8**	**(512.0)**	**1,676.8**
EPRA LTV (a/b)	**57.7%**	**–**	**33.1%**	**–**	**33.4%**
Adjustments to reported EPRA NRV:					
Real estate transfer tax	–	21.9	21.9	(2.8)	19.1
Total Property Value after adjustments (c)	**1,256.5**	**954.2**	**2,210.7**	**(514.8)**	**1,695.9**
Total Equity (c-a)	**531.2**	**954.2**	**1,485.4**	**(349.0)**	**1,136.4**

1 Proportionate consolidation was not applied to the joint venture as it is considered as not material.

If further investors have not joined the Fund by 13 March 2024 (unless mutually extended), the Fund will carry on as a joint venture with Clal. Furthermore, the Group has the option to top up its own equity contribution (currently at up to €50 million) to €78 million 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).

Capital Expenditure/ Development pipeline update

With an expansion CAPEX of £110.6 million, we remained focused on implementing our strategy, progressing our development pipeline, and expanding our footprint into new, highly attractive markets.

The construction phase of our new hotel in Hoxton London (art'otel London Hoxton) is nearing completion and handover of certain areas had commenced in Q1 2024 enabling our operational teams to start preparing the hotel for its expected opening in Q2 2024.

We opened our first art'otel in Croatia in Q3 2023, art'otel Zagreb. This was an office-to-hotel conversion project in Zagreb city centre at a total investment of £18 million

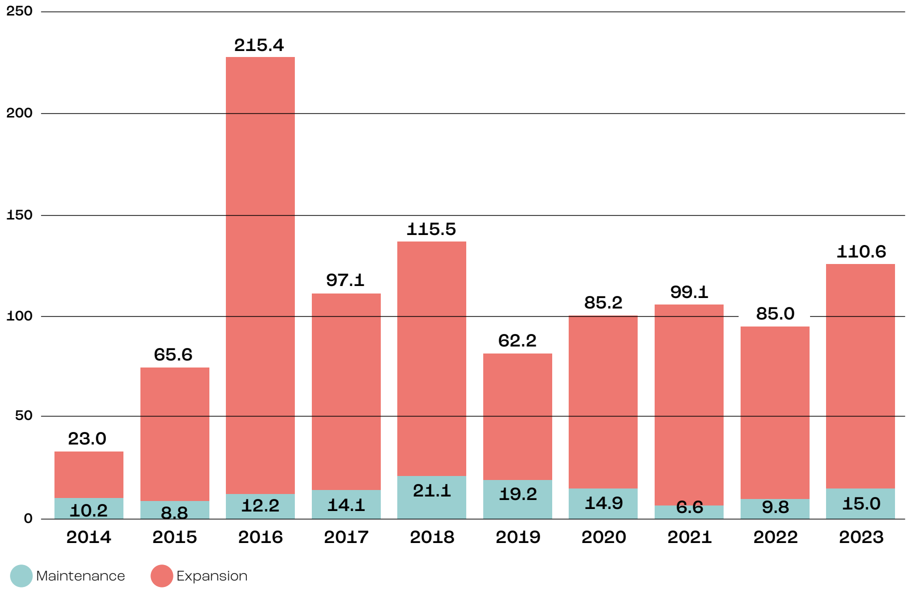
Similarly, the first Radisson RED property to be operated by the Group, and the second to open under the extended Radisson partnership, opened for bookings in Q4 2023, following an extensive repositioning (previously known as Arena 88 Rooms Hotel).

In Rome, the Group had embarked on a full repositioning and construction of the former Londra & Cargill Hotel located in the city centre in July 2022. Works are underway to reposition this hotel into a 99-room premium art'otel, which is expected to open in the first half of 2024.

On the above £300+ million pipeline, the Group has a remaining commitment of approximately £60 million.

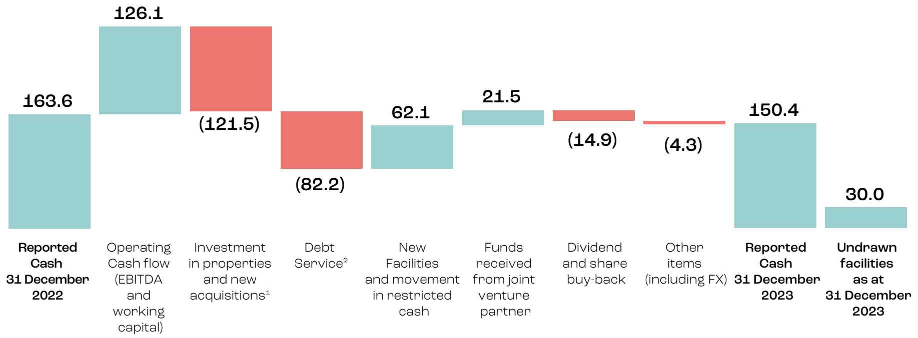
We are constantly working on improving our existing portfolio and looking for interesting opportunities to acquire further

Investments in property split between expansion/redevelopment and maintenance in £m



Maintenance CAPEX profile has historically been 4% of revenue on average.

Year-on-year cash flow £million



1 £15.0 million reflects regular CAPEX.
2 Including leases and unit holders in Park Plaza Westminster Bridge London.

assets to broaden the Group's portfolio. The diagram below provides a summary of the investments done in the past ten years.

Dividend

The strength of trading during the first half of 2023 and the Board's confidence in the outlook enabled it to recommend a return to the Company's historical capital returns policy of distributing approximately 30% of adjusted EPRA earnings while continuing to support investment in future growth opportunities. Given the continued share price discount relative to the Company's EPRA NRV per share, the Board consulted with shareholders about the most appropriate and effective mechanism for such distributions to take place, including dividends, share buy-backs, tender offers or a combination of these. During this exercise, a broad range of opinions and preferences were expressed by shareholders. Having listened carefully to all the viewpoints provided, the Group took the decision to pay an interim dividend of 16 pence per share for the period ended 30 June 2023, which represented a year-on-year increase of 13 pence per share (H1 2022: 3 pence per share).

Further to the above, and in line with the Board's confidence in the Group's performance and the strength of its development pipeline being delivered, the Board has proposed a final dividend payment of 20 pence per share. When combined with the interim ordinary dividend, it will bring the total dividend for the year to 36 pence per share.

The Board will continue to regularly review its capital returns policy.

Daniel Kos
Chief Financial Officer & Executive Director

"I am pleased to share our 2023 Business Review, which covers in detail the full-year performances of our assets across all our international markets."

Greg Hegarty
Co-CEO

"As activity grew throughout the year, our teams once again worked extremely hard to deliver a memorable guest experience for all our guests, resulting in high levels of guest satisfaction."

Demand among leisure and corporate visitors alike remained resilient and grew consistently during 2023. This was despite persistent macro-economic challenges and wider concerns about consumer confidence, as people around the world sought to travel and meet in person at levels close to and in many cases exceeding those of 2019 (which was the last full pre-pandemic year).

Our strategic progress was similarly broad-based, with openings across all of our key markets successfully completed to plan. Our newly opened art'otel at London Battersea Power Station was a particular highlight and has traded well in a well-known and highly desirable destination. We were also pleased to open art'otel Zagreb, our first city-centre hotel in Croatia, as well as our first Radisson RED branded property in Belgrade, Serbia.

As our £300+ million development pipeline nears completion, we have continued to find innovative ways to drive further growth and shareholder returns in the years ahead. This includes the equity partnership with Clal, which gives us, when leveraged, access to an investment potential of between €200 and €300 million (based on leverage assumption of 50% and including PPHE's participation) for new property acquisitions, and an asset optimisation including securing planning to convert subterranean space at Park Plaza Victoria London into a 179-room hotel concept.

As activity grew throughout the year, our teams once again worked extremely hard to deliver a memorable guest experience for all our guests, resulting in high levels of guest satisfaction. We continued to prioritise recruitment, learning and development, engagement and retention. Our long-term approach and investment in our people has positioned us strongly in the market and this remains a key focus. Our talented and dedicated teams remain critical to the long-term success of the Group, and I would like to reiterate my gratitude to them.

United Kingdom

Value of UK property portfolio	Total revenue
£1,014m	£234.9m

The Netherlands

Value of the Dutch property portfolio	Total revenue
£318m	£63.3m

Germany

Value of German property portfolio	Total revenue
£92m	£22.8m

Croatia

Value of Croatian property portfolio	Total revenue
£361m	£78.1m

Investment in new technologies and systems remained a key priority as we sought new ways to innovate and enhance our service offering, and create efficiencies in our processes. This included the continued use of automation and robotics across several business functions, alongside the implementation of two highly regarded revenue management systems to optimise pricing and forecasting. We also further upgraded our Digital Services suite of products, including online check-in and digital keys, to create a more seamless guest journey.

"I look forward to keeping shareholders updated on our performance and strategic progress over the coming months."

While leveraging the additional Radisson brands in line with our expanded partnership, each with their distinct personas and market positioning (Radisson RED and Radisson Collection), we continued to expand and evolve our offering, within both our restaurant and bar concepts. During the year, we opened a number of new destination restaurants and bars, including Portuguese-inspired JOIA on the 15th floor at art'otel London Battersea Power Station, following our successful collaboration with Executive Chef Henrique Sá Pessoa at art'otel Amsterdam. TOZI Grand Café also opened on the ground floor, inspired by the elegance of Europe's famous grand cafés and celebrating authentic Italian dishes, and TOZI Counter – a casual outlet specialising in fresh Italian sandwiches, pastries and specialty coffees – is located adjacent to TOZI Grand Café. Furthermore, in November 2023 we opened our first YEZI restaurant, at our new art'otel in Zagreb, which provides a relaxed fine-dining experience inspired by the traditional Asian tea house.

I look forward to keeping shareholders updated on our performance and strategic progress over the coming months. In the meantime, please read on for our 2023 Business Review.

Greg Hegarty
Co-CEO

United Kingdom

Total value of the UK property portfolio[1]

£1,014m

(2022: £991m)

Property portfolio

The Group's well-invested property portfolio consists of approximately 3,350 rooms in operation in the upper upscale segment of the London hotel market. In addition, the Group will be soft opening the 357-room art'otel London Hoxton in April 2024 and it has a further three development sites in London, which could add up to over 800 rooms.

Four of the Group's London hotels are in the popular South Bank area of London, with further properties in Victoria, Marylebone, Battersea and Park Royal. There are also three properties located in the UK regional cities of Nottingham, Leeds and Cardiff[2].

The Group has an ownership interest in ten properties: Park Plaza Westminster Bridge London, Park Plaza London Riverbank, Park Plaza London Waterloo, Park Plaza County Hall London[2], Park Plaza Victoria London, Park Plaza London Park Royal, art'otel London Hoxton, Holmes Hotel London, Park Plaza Leeds and Park Plaza Nottingham. Park Plaza Cardiff[2] operates under a franchise agreement. The Group operates art'otel London Battersea Power Station[2] hotel under a long-term management agreement through its hospitality platform.

Financial performance

	Reported in Pound Sterling (£)				
UK	**Year ended 31 Dec 2023**	Year ended 31 Dec 2022	% change	Year ended 31 Dec 2019	% change
Total revenue	**£234.9m**	£190.1m	23.6%	£207.4m	13.3%
EBITDAR	**£76.6m**	£56.8m	35.0%	£71.0m	7.9%
EBITDA	**£76.3m**	£56.2m	35.7%	£70.7m	7.9%
Occupancy	**83.6%**	67.8%	1,590 bps	87.7%	(405) bps
Average room rate	**£190.8**	£192.3	(0.8)%	£152.4	25.2%
RevPAR	**£159.6**	£130.3	22.5%	£133.7	19.4%
Room revenue	**£183.8m**	£149.9m	22.6%	£152.7m	20.4%
EBITDA margin	**32.5%**	29.6%	290 bps	34.1%	(160) bps

1 Independent valuation by Savills in December 2023 and excluding the London development sites art'otel London Hoxton and Westminster Bridge Road.
2 Revenues derived from these hotels are accounted for in Management and Holdings, and their values and results are excluded from the data provided in this section.

▽ art'otel London Hoxton

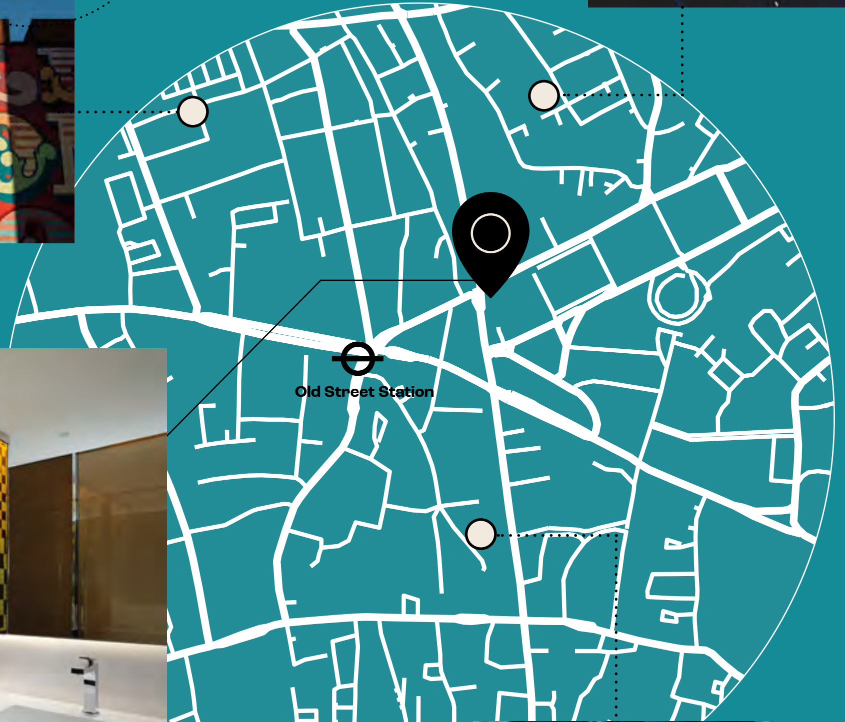
357
Rooms

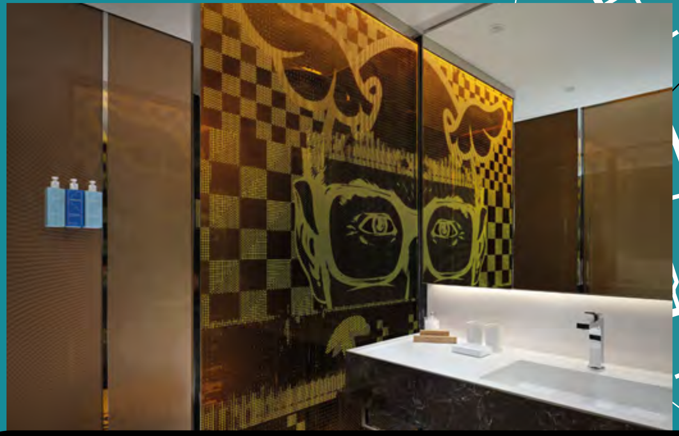
Music venues

The area is abound with live music venues, hip bars, and electric restaurants.

Street art

Hoxton and Shoreditch: London's creative home to street art and cutting-edge galleries.





art'otel London Hoxton

In April 2024, vibrant Hoxton will welcome its newest resident: art'otel London Hoxton. The hotel is perfectly placed to fully immerse guests in East London's thriving art scene and the City of London is just a short 10-minute walk or mini Tube ride away. The stylish and playful hotel features original works from Signature Artist D*Face, whose works fill our walls and halls, as well as two original Banksy's. The full offering includes several destinations restaurants and bars, some with 360-degree views of London's skyline, an art gallery, auditorium, rooftop gym, indoor pool, spa and ample relaxation and event spaces. It's no wonder this art'otel has already been touted the hottest new design hotel in London.

Spitalfields market

One of London's oldest markets, Spitalfields Market showcases hand-crafted and hard-to-find pieces that make every trip special and memorable.

60
Suites

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United Kingdom continued

Portfolio performance

The United Kingdom remains the Group's largest region in terms of revenue generated and property value. Throughout the year, the portfolio performed strongly across the Group's main segments of leisure, corporate and meetings. This was predominantly achieved through a further growth in room rate alongside a significant recovery in occupancy. Booking activity was supported by a number of events in London, including the Coronation of King Charles III in May, and a return to business travel.

Total reported revenue was up 23.6% to £234.9 million (2022: £190.1 million). Reported RevPAR was £159.6 (2022: £130.3), driven by a stable average room rate of £190.8, down 0.8% (2022: £192.3), and a further improvement in occupancy to 83.6% (2022: 67.8%).

EBITDA was £76.3 million (2022: £56.2 million).

Development pipeline

The Group's flagship project, art'otel London Hoxton, is now in the final stages of development ahead of soft opening in April 2024. Located in the vibrant Shoreditch area in East London, this premium lifestyle hotel will comprise 357 rooms and suites, five floors of 5,900m² office space, wellness facilities, a gym and swimming pool, and an art gallery space. The hotel's Signature Artist is London-born British street artist D*Face, who is recognised globally as one of his generation's most prolific contemporary urban artists, blending art, design and graffiti. The General Manager has been appointed along with a support function to prepare the hotel for launch.

art'otel London Hoxton

"We have experienced strong recovery in the UK market and have an exciting pipeline for the future."

The Group also has three longer-term development projects in London. The first is a site adjacent to Park Plaza London Park Royal (in West London), the second site is at 79–87 Westminster Bridge Road, close to the Group's Park Plaza London Waterloo and Westminster Bridge properties, and the third development project is the potential to create a 179-bedroom subterranean hotel at the Group's Park Plaza London Victoria property. The Park Royal and Park Plaza London Victoria sites both have planning consent.

Hospitality management platform projects

In February 2023, the Group fully opened – to critical acclaim – the UK's first art'otel, located within the Battersea Power Station development. The property features 164 bedrooms, a Venetian inspired Italian TOZI restaurant and bar, a skyline destination restaurant, JOIA, and a spectacular rooftop swimming pool. The hotel also offers a gym, spa, event facilities, and an art gallery with regular art programmes throughout the hotel. Jaime Hayon is the hotel's interior designer and Signature Artist, and two Michelin starred Portuguese chef Henrique Sá Pessoa is the JOIA restaurant Concept Chef. This hotel is managed by the Group under a long-term operating agreement and as a result, its financial performance is not included in the performance reported in this segment. Management fees are accounted for in the Management and Central Services segment.

The United Kingdom hotel market*

RevPAR was up 14.5% at £92.4, driven by a 8.7% increase in average room rate to £119.5 and a 5.3% increase in occupancy to 77.3%.

In London, RevPAR increased by 17.1% to £156.2 compared with 2022, reflecting a 8.8% increase in occupancy to 79.8%, and a 7.6% increase in average room rate to £195.7.

* Source STR European Hotel Review, December 2023.

art'otel London Battersea Power Station

The Netherlands

Total value of the
Dutch property portfolio[1]

£318m

(2022: £307m)

Property portfolio

The Group has an ownership interest in three hotels in the centre of Amsterdam (Park Plaza Victoria Amsterdam, art'otel Amsterdam and Park Plaza Vondelpark, Amsterdam), and a fourth property located near Schiphol Airport (Park Plaza Amsterdam Airport). It also owns Park Plaza branded hotels in Utrecht and Eindhoven.

Portfolio performance

As in the United Kingdom, the Group's Dutch properties performed strongly throughout the year, driven by a combination of rate growth and occupancy recovery.

Total revenue (in local currency) was up 49.6% at €72.8 million (2022: €48.7 million). RevPAR increased to €141.4 (2022: €95.5), reflecting the 3.0% uplift in average room rate to €171.6 (2022: €166.6), and the significant improvement in occupancy to 82.4% (2022: 57.3%). EBITDA improved by €9.4 million to €22.5 million (2022: €13.1 million).

The Dutch hotel market*

RevPAR increased by 25.4% to €108.3 compared with 2022. Occupancy increased by 13.4% to 71.3%, and the average room rate was €151.9, 10.6% higher than in 2022.

In Amsterdam, our main market in the Netherlands, RevPAR increased by 29.3% to €134.2. Occupancy levels increased by 16.6% to 74.8%, and the average daily room rate increased by 10.9% to €179.4.

* Source STR European Hotel Review, December 2023.

Financial performance

	Reported in Pound Sterling[2] (£)					Reported in local currency Euro (€)				
The Netherlands	**Year ended 31 Dec 2023**	Year ended 31 Dec 2022	% change	Year ended 31 Dec 2019	% change	**Year ended 31 Dec 2023**	Year ended 31 Dec 2022	% change	Year ended 31 Dec 2019	% change
Total revenue	**£63.3m**	£41.6m	52.3%	£53.8m	17.7%	**€72.8m**	€48.7m	49.6%	€61.4m	18.6%
EBITDAR	**£19.6m**	£11.2m	75.2%	£15.0m	30.5%	**€22.6m**	€13.1m	72.1%	€17.2m	31.5%
EBITDA	**£19.6m**	£11.2m	75.4%	£15.0m	30.5%	**€22.5m**	€13.1m	72.3%	€17.1m	31.5%
Occupancy	**82.4%**	57.3%	2,510 bps	86.2%	(385) bps	**82.4%**	57.3%	2,510 bps	86.2%	(385) bps
Average room rate	**£149.1**	£142.2	4.9%	£124.8	19.5%	**€171.6**	€166.6	3.0%	€142.6	20.3%
RevPAR	**£122.8**	£81.5	50.7%	£107.6	14.1%	**€141.4**	€95.5	48.0%	€122.9	15.0%
Room revenue	**£48.1m**	£31.9m	50.7%	£40.3m	19.5%	**€55.4**	€37.4m	48.0%	€46.0m	20.4%
EBITDA margin	**30.9%**	26.9%	410 bps	27.9%	305 bps	**30.9%**	26.9%	410 bps	27.9%	305 bps

1 Independent valuation by Savills in December 2023.
2 Average exchange rate from Euro to Pound Sterling for the period ended 31 December 2023 was 1.151 and for the period ended 31 December 2022 was 1.172 representing a 1.8% decrease.

◁ Park Plaza Victoria Amsterdam

"The Group's Dutch properties performed strongly throughout the year, driven by a combination of rate growth and occupancy recovery."

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art'otel Amsterdam, Arca restaurant

ARCA provides a casual Portuguese sharing-plates experience, infused with modern flavours and Asian inspirations.

Listed in the Michelin Guide 2022

arcaamsterdam.com

Croatia

Total value of the Croatian property portfolio[1]

£361m

(2022: £334m)

Property portfolio

The Group's subsidiary, Arena Hospitality Group d.d. ('Arena'), owns and operates a Croatian portfolio comprising more than 8,500 rooms and accommodation units across eight hotels, six resorts and eight campsites. With the exception of art'otel Zagreb, all these properties are located in Istria, Croatia's most prominent tourist region. Four of these properties are Park Plaza branded, one property is art'otel branded, and Grand Hotel Brioni is a Radisson Collection hotel. The remainder of our portfolio operates as part of the Arena Hotels & Apartments and Arena Campsites brands. The Group opened its first art'otel in Zagreb in Q4 2023.

Portfolio performance

The Group's Croatian operations are predominately seasonal, with most of the properties closed during the first and last quarter of the year. From around Easter time, business activity intensifies while hotels, resorts and campsites are fully open and trading for the peak summer season in June, July and August. Most properties are then closed in late September/mid-October for winter.

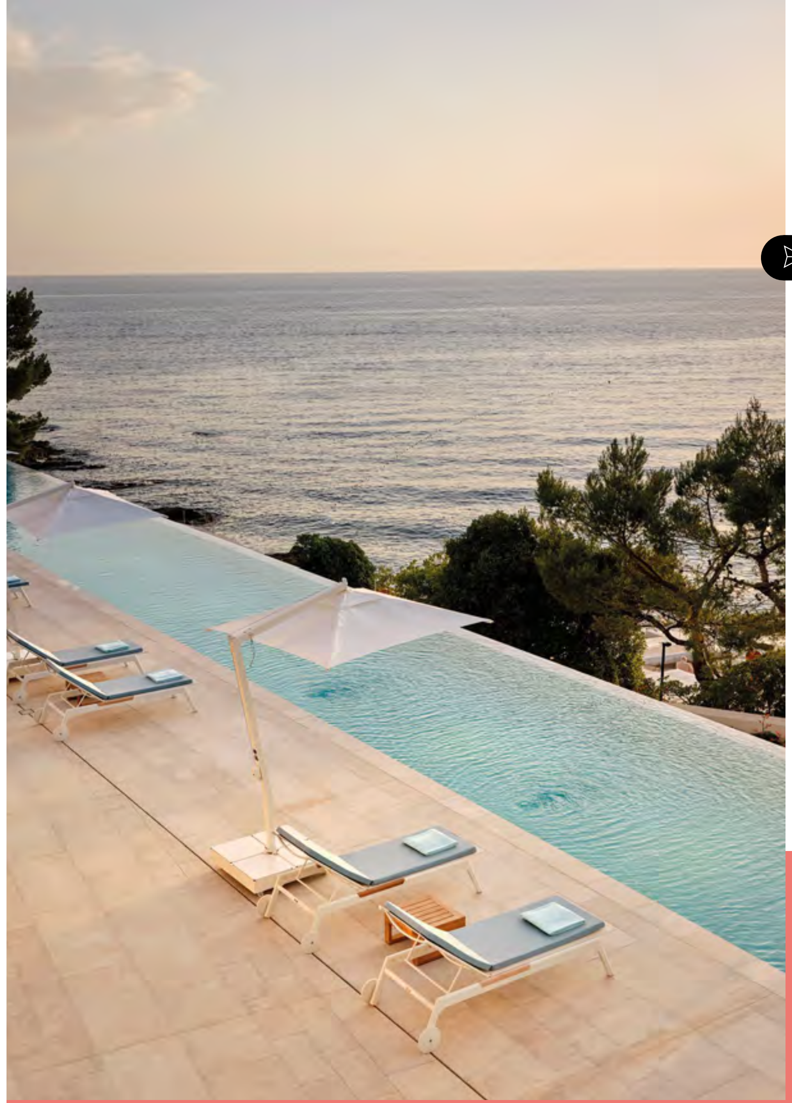
The region continued to benefit from the maturing of properties following significant repositioning investment programmes to upscale market positions across the portfolio. Revenue growth was primarily from hotels and apartments, especially from Grand Hotel Brioni Pula due to its first full-year trading since it opened in May 2022. In addition, campsites performed well and delivered year-on-year revenue growth, building on the record performance in 2022. This performance was achieved despite reduced air travel capacity to and from Pula airport, adverse weather conditions (with torrential rains during the summer season) and the full re-opening of other global tourist markets compared with 2022, providing tourists with more travel options.

Total revenue (in local currency) was up 10.6% to €89.9 million (2022: €81.3 million) and was 28.3% above revenue in 2019. This was driven by an 11.7% increase in average room rate to €161.3 (2022: €144.4) with occupancy decreasing 240 bps to 52.7% (2022: 55.1%). Consequently, RevPAR grew to €85.0, mainly due to the higher average room rate.

Financial performance

	Reported in Pound Sterling[2] (£)					Reported in local currency Euro (€)[4]				
Croatia	**Year ended 31 Dec 2023**	Year ended 31 Dec 2022	% change	Year ended 31 Dec 2019	% change	**Year ended 31 Dec 2023**	Year ended 31 Dec 2022	% change	Year ended 31 Dec 2019	% change
Total revenue	**£78.1m**	£69.2m	12.8%	£61.1m	27.8%	**€89.9m**	€81.3m	10.6%	€70.1m	28.3%
EBITDAR	**£22.4m**	£23.3m	(3.9)%	£19.4m	15.2%	**€25.7m**	€27.2m	(5.6)%	€22.2m	16.0%
EBITDA	**£20.4m**	£21.4m	(4.7)%	£18.2m	12.0%	**€23.5m**	€25.1m	(6.4)%	€20.8m	12.8%
Occupancy[3]	**52.7%**	55.1%	(240) bps	63.1%	(1,040) bps	**52.7%**	55.1%	(240) bps	63.1%	(1,040) bps
Average room rate[3]	**£140.2**	£123.2	13.8%	£91.1	53.8%	**€161.3**	€144.4	11.7%	€104.1	54.9%
RevPAR[3]	**£73.8**	£67.8	8.8%	£57.5	28.4%	**€85.0**	€79.5	6.9%	€65.7	29.4%
Room revenue[3]	**£42.6m**	£36.1m	17.9%	£33.5m	27.3%	**€49.0m**	€42.3m	15.8%	€38.2m	28.2%
EBITDA margin	**26.1%**	30.9%	(480) bps	29.8%	(370) bps	**26.1%**	30.9%	(475) bps	29.7%	(360) bps

1 Independent valuation by Zagreb nekretnine Ltd in December 2023.
2 Average exchange rate from Euro to Pound Sterling for the period ended 31 December 2023 was 1.151 and for the period ended 31 December 2022 was 1.172 representing a 1.8% decrease.
3 The room revenue, average room rate, occupancy and RevPAR statistics include all accommodation units at hotels and self-catering apartment complexes and exclude campsites and mobile homes.
4 Since 1 January 2023, the Group's Croatian portfolio performance has been reported in euros, following Croatia's admission to the eurozone.



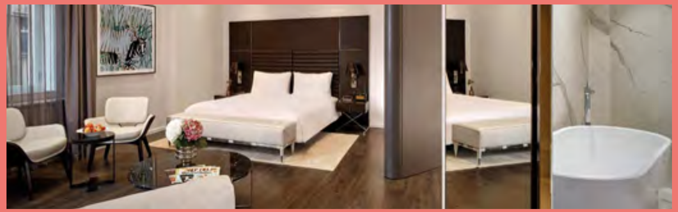
Grand Hotel Brioni Pula, a Radisson Collection Hotel

A landmark, luxury upper upscale hotel in an iconic cliff-top location providing panoramic views of the Adriatic and Brijuni islands.

The hotel was relaunched in May 2022 following a €35 million investment to reposition the property as a Radisson Collection Hotel. The hotel was declared the 'Best Hotel in Croatia' at the prestigious Croatian Tourism Days 2023, organised by the Ministry of Tourism and Sports, the Croatian Tourist Board and the Croatian Chamber of Economy.

Rooms and facilities: 227 rooms over seven floors, restaurants and bars, conference centre, indoor pool, as well as an extensive wellness centre with saunas, relaxation rooms and gym.

art'otel Zagreb



EBITDA was €23.5 million, which was 12.8% above 2019, however, it was 6.4% lower than 2022 (2022: €25.1 million), primarily due to the impact of significantly higher utilities costs, up 71.0% year-on-year, and increased payroll expenses.

Asset management projects

Following phase one of renovations at Arena Stoja Campsite in 2022, phase two was completed ahead of the 2023 summer season. This €8.3 million investment included a new arrival and entrance area for the campsite, an extensive renovation of its main restaurant and coffee shop, along with major infrastructure upgrades, further strengthening the campsite's offering and appeal.

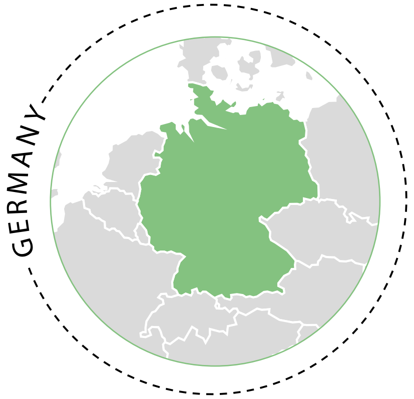
In Croatia, we are taking a more cautious approach to new developments and postponing larger projects, such as the conversion of the Hotel Riviera, Pula into a premium offering, until such time that we can be sure that new investments meet our targeted return hurdle rate. Our planned investment in Hotel Riviera in Pula is temporarily paused due to construction cost inflation associated with the project.

Development projects

In October 2023, the Group opened art'otel Zagreb following a €18 million investment to convert an iconic office building in the heart of the city centre, known to be one of the best examples of Zagreb's Art Deco architecture. Located just off Zagreb's main square (Ban Jelačić Square), the hotel features 110 rooms, a rooftop bar with a panoramic view of the city (opening in 2024), pan-Asian destination restaurant and bar YEZI, four meeting spaces, a spa and an indoor pool. The hotel's Signature Artist is the late Boris Bućan, one of Croatia's best-known artists. His artwork is layered within the very fabric of the hotel for guests to enjoy during their stay – it is a poignant last collection of his life's creativity. The hotel has been well received since its launch in October 2023, and contributed nine weeks of performance to the results.

Business Review – continued

Germany



Total value of the German property portfolio[1]

£92m

(2022: £100m)

Property portfolio

The Group's portfolio includes four properties in Berlin and one hotel each in Cologne, Nuremberg and Trier. Hotels with an ownership interest include Park Plaza Berlin Kudamm[3] (relaunching in Q2 2024 as Radisson RED Berlin Kudamm), Park Plaza Nuremberg, art'otel Berlin Mitte[3], Park Plaza Berlin and art'otel Cologne. Park Plaza Wallstreet Berlin Mitte operates under an operating lease and Park Plaza Trier[3] operates under a franchise agreement.

Portfolio performance

Germany is the Group's smallest region and as previously reported, operations had a slower start to the year than other regions, with both rate and occupancy growth impacted by market dynamics in the region. However, trading improved as the year progressed.

Market conditions in Germany saw a continued rebuilding in guest numbers. While this took longer than anticipated, revenue grew significantly year-on-year as a result of an increase in occupancy and average rate. This was supported by the various fairs and events which were hosted in Cologne, Nuremburg and Berlin throughout the period.

Despite the improved revenue performance, the bottom line was impacted by inflation related to rising costs in utilities, food, and service contracts, as well as the ending of government grants for payroll and operating costs.

Total revenue (in local currency) was up 26.0% at €26.2 million (2022: €20.8 million). Occupancy continued to recover to 62.3% (2022: 53.0%) and average room rate grew by 7.1% to €138.4 (2022: €129.3). As a result, RevPAR increased by 25.9% to €86.2 (2022: €68.5).

However, EBITDA was €6.3 million (2022: €7.5 million), impacted by inflationary increases in the cost of goods and services and higher labour costs. In 2022, EBITDA benefited from non-recurring government grants of €2.9 million.

Asset management projects

In Berlin, Park Plaza Berlin Kudamm was closed in November 2023 for a six-month refurbishment programme, which includes a complete refurbishment of all public areas and guest rooms. The hotel is expected to reopen as Radisson RED Berlin Kudamm in Q2 2024.

The German hotel market*

The German market experienced a 18.5% increase in RevPAR to €74.2, resulting from a 11.5% improvement in occupancy to 64.8% and a 6.2% increase in average room rate to €114.5.

In Berlin, RevPAR increased by 16.4% to €85.8 and occupancy increased by 8.3% to 71.3%. Average room rate increased 7.5% to €120.3.

* Source STR European Hotel Review, December 2023.

Financial performance

	Reported in Pound Sterling[2] (£)					Reported in local currency Euro (€)				
Germany	**Year ended 31 Dec 2023**	Year ended 31 Dec 2022	% change	Year ended 31 Dec 2019	% change	**Year ended 31 Dec 2023**	Year ended 31 Dec 2022	% change	Year ended 31 Dec 2019	% change
Total revenue	**£22.8m**	£17.7m	28.4%	£24.2m	(6.1)%	**€26.2m**	€20.8m	26.0%	€27.7m	(5.4)%
EBITDAR	**£5.5m**	£6.4m	(14.2)%	£7.0m	(21.6)%	**€6.3m**	€7.5m	(15.7)%	€8.0m	(21.0)%
EBITDA	**£5.5m**	£6.4m	(14.2)%	£7.0m	(21.6)%	**€6.3m**	€7.5m	(15.7)%	€8.0m	(21.0)%
Occupancy	**62.3%**	53.0%	930 bps	79.4%	(1,715) bps	**62.3%**	53.0%	930 bps	79.4%	(1,715) bps
Average room rate	**£120.3**	£110.3	9.0%	£96.7	24.3%	**€138.4**	€129.3	7.1%	€110.5	25.2%
RevPAR	**£74.9**	£58.4	28.2%	£76.8	(2.5)%	**€86.2**	€68.5	25.9%	€87.8	(1.8)%
Room revenue	**£19.5m**	£15.2m	28.2%	£20.0m	(2.5)%	**€22.5m**	€17.8m	25.9%	€22.9m	(1.8)%
EBITDA margin	**24.0%**	35.9%	(1,190) bps	28.8%	(480) bps	**24.0%**	35.9%	(1,190) bps	28.8%	(480) bps

1 Independent valuation by Savills in December 2023.
2 Average exchange rate from Euro to Pound Sterling for the period ended 31 December 2023 was 1.151 and for the period ended 31 December 2022 was 1.172, representing a 1.8% decrease.
3 Revenues derived from these hotels are accounted for in Management and Central Services performance and their values and results are excluded from the data provided in this section.

art'otel Berlin Mitte

Radisson RED Berlin Kudamm

Park Plaza Nuremburg

art'otel Berlin Mitte

Park Plaza Wallstreet Berlin Mitte

Other markets

Financial performance

	Reported in Pound Sterling (£)		
	Year ended 31 Dec 2023	Year ended 31 Dec 2022	% change
Total revenue	**£7.9m**	£6.3m	23.9%
EBITDAR	**£(0.5)m**	£(0.6)m	N/A
EBITDA	**£(0.5)m**	£(0.6)m	N/A
Occupancy	**44.4%**	34.3%	1,010 bps
Average room rate	**£129.8**	£97.2	33.5%
RevPAR	**£57.7**	£33.4	72.7%
Room revenue	**£6.1m**	£4.6m	32.3%

Italy, Hungary, Serbia and Austria

This includes recently acquired properties in Italy, Serbia and Austria and a hotel operated in Budapest, Hungary. The Group's properties in Austria and Budapest were open throughout the year. However, the properties in Belgrade (Serbia) and Rome (Italy) were closed all year due to ongoing investment programmes to reposition these properties.

Nassfeld, Austria

The Arena FRANZ Ferdinand hotel in Nassfeld performed well in its first year as a year-round operation (144 rooms). This followed recent investments to refurbish the hotel and upgrade the amenities, such as air-conditioning throughout the property and the addition of wellness areas, including an indoor and outdoor swimming pool. Following completion of the investment, we started to reposition the hotel to capture both the summer and winter seasons. The hotel was open for almost nine months of the year, with average rates increasing substantially year-on-year.

Rome, Italy

The multi million investment in the repositioning of the former Londra & Cargill Hotel is nearing completion. The property, which is in a prime location in the city of Rome, was closed in July 2022 for major refurbishment works, including reconfiguration of the hotel layout and its interior design. The hotel is on track to reopen during H1 2024 as the upper upscale 99-room lifestyle art'otel Rome Piazza Sallustio.

Belgrade, Serbia

The former Arena 88 Rooms Hotel in Belgrade city centre was closed in March 2023 to undergo a £2.6 million refurbishment programme. This was completed early 2024 with the hotel reopening in February 2024 as Radisson RED Belgrade, the Group's first Radisson RED branded property and the second hotel to be operated and marketed by the Group under its extended partnership with Radisson. The hotel has 88 rooms and includes a gym, an all-day restaurant, flexible event spaces, including game areas and a co-working area, and a rooftop bar with views of the historic city centre.

Budapest, Hungary

In March 2023, the property in Budapest was rebranded Park Plaza Budapest (formerly art'otel Budapest). This followed an investment programme in 2022 to redesign and upgrade the public areas. The hotel continued to see an improvement in performance during the year.

▽ Radisson RED Belgrade

Management and central services

◁ art'otel London Battersea Power Station

Our performance

Revenues in this segment are primarily related to management, sales, marketing and franchise fees, and other charges for central services. This includes properties operated by the Group's hospitality management platform, such as art'otel London Battersea Power Station.

These are predominantly charged within the Group and therefore eliminated upon consolidation.

For the year ended 31 December 2023, the segment showed a significant improvement due to the recovery.

Management, Group central services and licence, sales and marketing fees are calculated as a percentage of revenues and profit, and therefore are affected by underlying hotel performance.

	Reported in Pound Sterling (£) Year ended 31 Dec 2023				
	Listed Company	**Development Projects**	**Management Platform**	**Arena Hospitality Group**	**Total**
Management revenue	–	–	£34.2m	–	£34.2m
Central Services revenue	–	–	–	£14.1m	£14.1m
Revenues within the consolidated Group	–	–	£(27.7)m	£(12.9)m	£(40.6)m
External and reported revenue	**–**	**–**	**£6.5m**	**£1.2m**	**£7.7m**
EBITDA	**£(2.2)m**	**£(1.0)m**	**£12.1m**	**£(1.9)m**	**£7.0m**

	Reported in Pound Sterling (£) Year ended 31 Dec 2022				
	Listed Company	Development Projects	Management Platform	Arena Hospitality Group	Total
Management revenue	–	–	£24.9m	–	£24.9m
Central Services revenue	–	–	–	£12.6m	£12.6m
Revenues within the consolidated Group	–	–	£(20.7)m	£(11.7)m	£(32.4)m
External and reported revenue	**–**	**–**	**£4.2m**	**£0.9m**	**£5.1m**
EBITDA	**£(3.9)m**	**£(0.4)m**	**£5.5m**	**£(1.2)m**	**£0.0 m**

Stakeholder engagement

As our business grows, it provides long-term, sustainable value to a variety of financial and community stakeholders.

By creating beautiful, world-class hotels across our destinations, we deliver our guests great experiences. We contribute to the economies of our local communities, and we drive up environmental performance.

We are committed to engaging with all our stakeholders for every aspect of our strategy. For example, the ESG Strategy communicated on pages 66 to 79 is based on a double materiality assessment of stakeholders' ESG priorities. This section gives a summary of some of the ways we have engaged with key stakeholder groups in 2023.

Guests

⚠ art'otel London Battersea Power Station

Stakeholder priorities

- A hotel experience that delivers the best the destination can offer
- To enjoy our hotels in a responsible way through a proactive approach to reducing carbon, plastics and other waste
- Multiple, easy communication channels throughout the guest journey
- Consistency in service and product across the portfolio
- Unique, memorable experiences
- A personalised approach
- Rewarding their loyalty

How we engaged in 2023

Guest experience is a top priority, so we ensure we engage fully with each guest's needs before, during and after their stay.

Before the stay:
Guests are encouraged to contact us through various channels to advise us of any needs or requests they might have.

During the stay:
Hotel teams are always available for guest needs, but we are proud of the Digital Guest Experience, which allows guests to check-in and out, use smartphones as room-keys, and book spa services and order room service from in-room interactive services.

Nothing can replace in-person service, so we maintain a Service of Hospitality programme to ensure the best possible guest experience.

We have rolled out new ways of ensuring our staff have digital information to enhance guest experience. Not only does this speed up, and ensure consistency and monitoring of, our service to guests, it has hugely reduced the demand for paper in daily operations.

After the stay:
Surveys are sent after each guest stay, where a valid email address is on record. Guest reviews are proactively monitored and responded to, and we maintain a dedicated customer service centre.

Social media listening and social media engagement
In 2023, we received 90,731 online reviews and 43,714 Guest survey responses. We were highest rated in: Service, Location, and Food and Beverage. We also scored 93.7 when we asked if guests would recommend us.

Investors

Stakeholder priorities

- Transparency and accountability to ensure what we do drives long-term, sustainable returns on investment
- Good Corporate Governance
- Reduced carbon emissions
- Diversity, Equity and Inclusion at leadership level

How we engaged in 2023

Our senior leadership follow up on our full-year and half-year results announcements with an Investor Road Show. This allows full and frank discussion of the results, and the plans for the future, ensuring that the leadership of the business is fully accountable to its investor base.

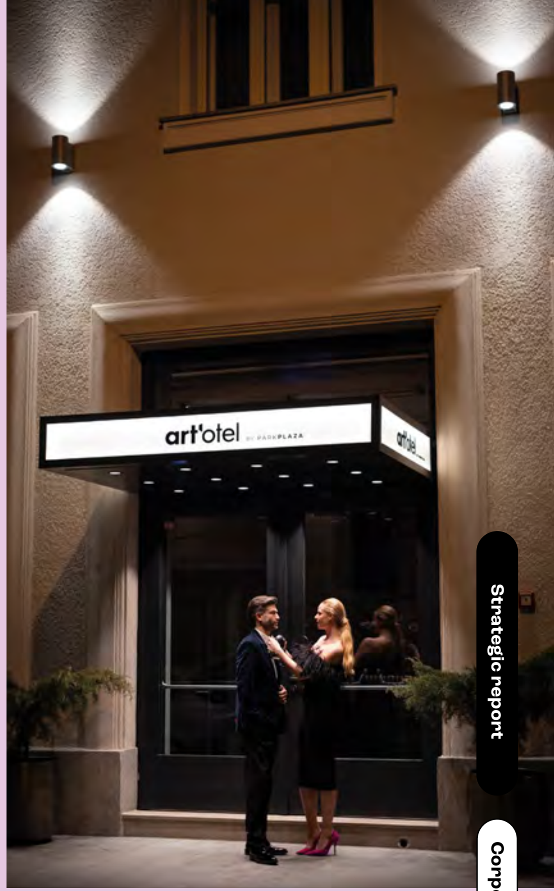
Should any given investor be unable to attend a road show session, video presentations about the results are recorded and made available online.

Showing is always more effective than telling, so we have regular investor lunches at our hotels. We also conduct site visits to show progress on development projects, and explain our pipeline.

We also ensure that we remain available on an ad-hoc basis, so we make periodic presentations, and have investor calls throughout the year. The Senior Independent Director is always available to shareholders.

We maintain online information channels through LinkedIn messaging of news, results and developments, and an e-mail newsletter to investors, who can subscribe to alerts from PPHE.com.

Third party analyst coverage is also available through brokers and paid-for publications.



⚠ art'otel Zagreb

Team members

⊽ Arca team, art'otel Amsterdam

Stakeholder priorities

- Working for an employer that cares about their wellbeing and development
- Contributing to environmental and social progress
- A great place to work: safe, flexible, diverse and inclusive
- A job to be proud of
- Health, physical and mental
- Being rewarded for loyalty and dedication
- Careers that grow, progress and develop
- Learning at work
- Feeling respected, valued and heard

How we engaged in 2023

2023 saw the launch of our monthly ESG newsletter, to inform everyone working in the business about the company's ESG Strategy and update them on progress towards our targets.

We also formed a network of ESG Ambassadors in all our hotels, who will support the implementation of our agenda. This ensures everyone can help take ownership, drive local initiatives, and stay informed about our progress.

We maintain Team Member Forums at our hotels, which are a great supplement to Let's Connect sessions, where senior leadership present updates on the business, and receive feedback. The Team Member Forums allow for comments, suggestions, and requests for change to be fed up to senior leadership, and are a vital part of ensuring ongoing communication between the business and our team members.

Forum members are elected by their peers, with a representative from each department in the hotel or regional office. They meet monthly. A Regional Forum, with a representative from each location, meets with the Executive Vice-President of Operations for the region quarterly.

art'otel London Battersea Power Station

Communities

Stakeholder priorities

- Creation of good, skilled jobs for local people
- Care for our local environment through clean air, biodiversity, and waste reduction
- Engagement with non-profit organisations
- Support for civil society locally – schools, hospitals, homelessness charities and the like
- Attracting consumers to local businesses
- Attracting investment

How we engaged in 2023

Our teams have provided financial and in-kind donations to their chosen local non-profit organisations. Examples of this include the partnerships with Oasis Academy and Clean Conscience. Oasis Academy supports the development of young people in London, while Clean Conscience collects used furniture and toiletries from our hotels and donates them to people in need, diverting these items from landfill.

Our hotels have also hosted various events to support homeless shelters by providing meals and financial support. An instance of this is the collaboration with StreetSmart, a charity with the mission to tackle homelessness in the UK, for which we have raised funds by adding an optional donation to restaurant bills. Furthermore, we have expanded these collaborations by hiring staff through the charity with 79 people hired in 2023.

In 2023 we connected with local government, with the aim to create stronger partnerships to work towards clean air and net zero targets.

Tozi, Park Plaza Vondelpark, Amsterdam

Affiliates

Stakeholder priorities

- A strong business partnership through shared stewardship of brand standards
- Safeguarding brand reputation for environmental and social issues

How we engaged in 2023

We regularly engage with Radisson to ensure ESG alignment.

Brand standards audits ensure customers can rely on high product standards.

Suppliers

Stakeholder priorities

- Sustainable procurement

How we engaged in 2023

We engaged many of our suppliers to understand how they can support us in improving environmental sustainability and social responsibility across our supply chain.

We looked at the ways non-profit organisations can support us in ensuring high standards in commodity procurement, for example, ensuring sustainable fish supplies.

YEZI, art'otel Zagreb

Throughout 2023, teams in the business have worked diligently to set and refine defined targets to achieve the strategic objectives of our ESG Strategy.

Inbar Zilberman
Chief Corporate & Legal Officer

"Environmental, Social and Governance targets are a high priority for our stakeholders. We are setting robust targets, and aiming for maximum transparency."

We are working on delivering on the ESG priorities of all of our stakeholders and publicly communicating the information both customers and shareholders have requested to assist them with their own ESG strategies.

This year has seen us take important measures to maximise best practice, and to communicate the actions we take effectively to stakeholders. We are working on a deep-dive assessment and analysis of our Scope 3 carbon emissions over a 12-month period of full operations, in order to assist with setting baselines for measurable Scope 3 carbon reduction targets. Overall, we have 35 ESG targets divided between: our Properties, our People, our Local Communities and our Supply Chain. In order to manage implementation, we have recruited a full-time ESG manager to monitor and report to the Executive Leadership Team on our performance benchmarked against competitors and progress on achieving our strategic objectives. We additionally have third party support from the Zero Carbon Company, the Energy & Environment Alliance for advice on delivery of strategic objectives.

Park Plaza London Waterloo Team Member

PPHE Human Resources Team

ESG Strategy targets

Our ESG Strategy is based on the principle of double materiality, which allows us to determine what issues are most important to our stakeholders; the environmental and social impact of our business operations; and the impact of environmental and social changes on the long-term success of the business.

Our targets each align to a strategic objective designed to meet stakeholder expectations. These are aligned with the United Nations Sustainable Development Goals (SDGs).

Although we can relate our activities to most of them, those that we feel like we can contribute the most to are:

#3 Good Health and Well-being

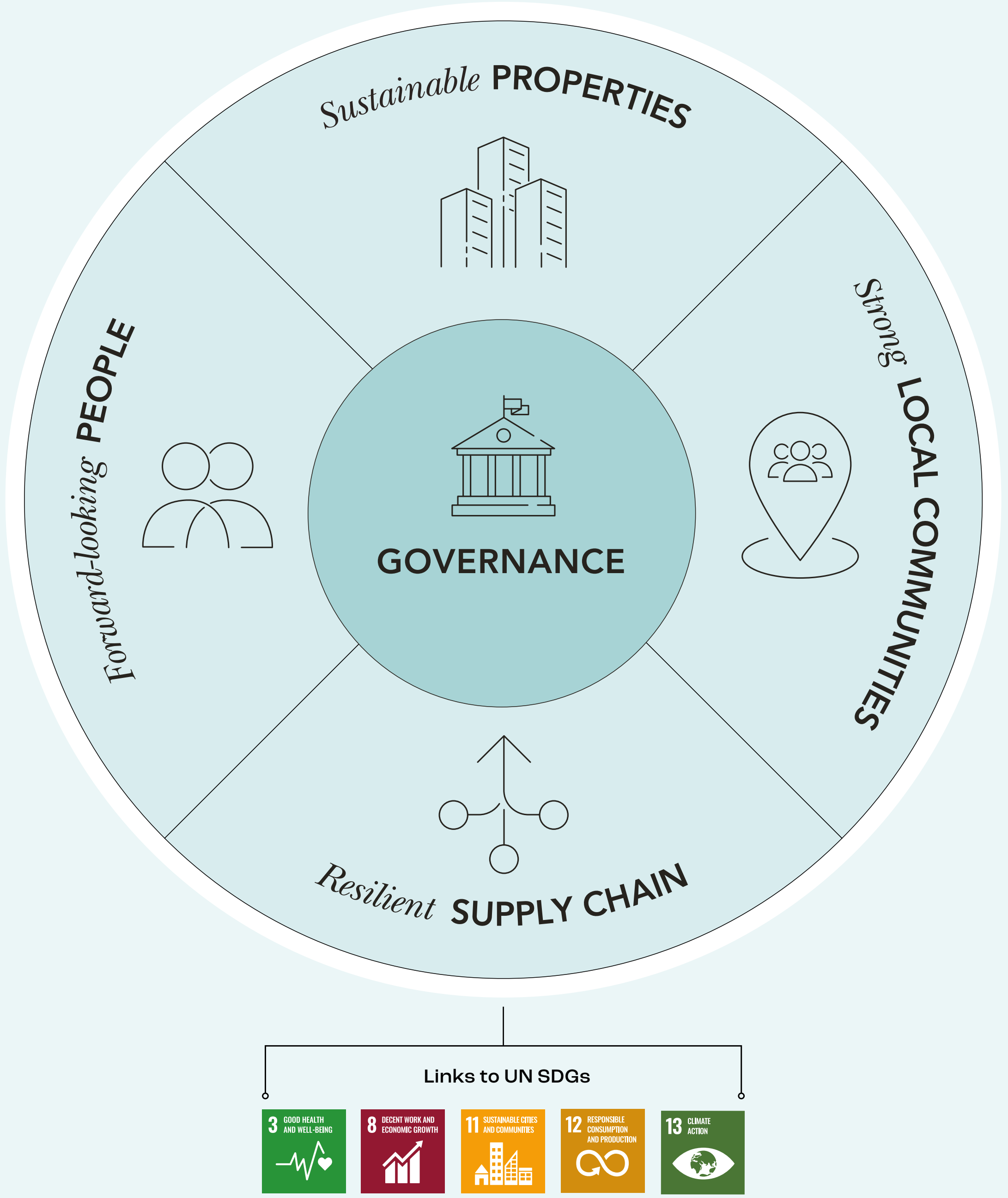
#8 Decent work and economic growth

#11 Sustainable cities and communities

#12 Responsible consumption and production

#13 Climate action

Our ESG Strategy



Strategic Objectives

Each target furthers the achievement of a defined Strategic Objective. The Strategic Objectives have been set to meet stakeholder priorities, and to ensure that each element of the strategy is part of a mutually supporting framework. They have been designed so that, where possible, achievement of one Strategic Objective furthers others and the strategy overall.

We were supported by the consultancy Luminous in the materiality assessment, and subsequent development of the strategy. We use other third parties to assist us. For example, the Zero Carbon Company helps us with our detailed Scope 3 carbon footprint, and the Energy & Environment Alliance (EEA) is assisting us finding third party assurance for robust building certifications.

As part of our effort to reduce carbon emissions, we have sent a commitment letter to the Science-Based Targets Initiative (SBTi). This informs them of our intention to set a net zero target, and to commit to long-term and interim targets which we will request that they verify. Once we receive this third party validation of our net zero targets, we will be required by SBTi to meet interim targets, and will therefore be publicly accountable on our progress, metrics and achievement of milestones. The next steps will be setting and communicating the two targets to SBTi for their validation within two years.

On our objectives to attract and retain talent and promote Diversity, Equity and Inclusion, we have established detailed targets for workforce engagement, wellbeing and awareness of the Company's ESG activities. ESG Ambassadors now exist in every property to ensure that centralised initiatives are properly communicated throughout the business, whilst local initiatives are properly communicated to the Executive Leadership Team.

Strategic Objective	Strategic Pillar	ESG Priority
Achieve net zero by 2040		Environmental
Adapt to climate change		Environmental
Attract and retain talent		Social
Communicate our ESG efforts to stakeholders		Governance
Enhance biodiversity		Environmental, Social
Ensure waste management best practice		Environmental, Social
Promote Diversity, Equity and Inclusion		Social, Governance
Promote ESG across our supply chain		Environmental, Social
Ensure good stewardship of water resources		Environmental, Social
Support local communities		Environmental, Social

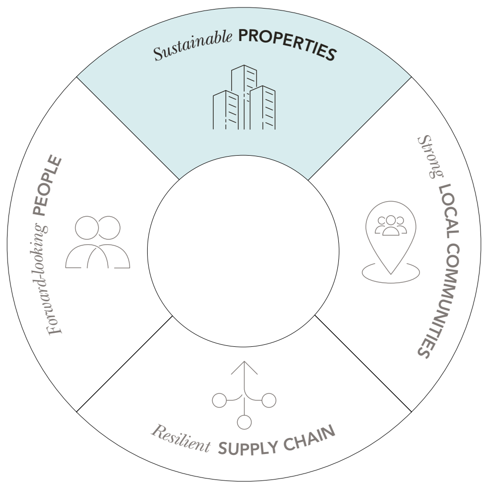
On supply chain management, we are ensuring that risks pertaining to certain industries in terms of environmental impact, and unacceptable working practices and labour exploitation, are covered in detail in sourcing policies.

"Biodiversity, social value, waste and water baseline data is being collected in order to set numerical targets by stakeholder recognised metrics."

Reporting

In 2023, we have disclosed our Company information through a variety of frameworks, such as CDP (formerly known as Carbon Disclosure Project), WDI (Workforce Disclosure Initiative) and we are preparing to publish under the GRI (Global Reporting Initiative) framework.

This year the International Sustainability Standards Board (ISSB) published two new standards for sustainability disclosures: IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information', and IFRS S2 'Climate-related Disclosures'. Being a listed company on the London Stock Exchange, PPHE will be in scope of both these new standards and required to report from 2025. IFRS1 will broadly follow the Sustainability Accounting Standards Board (SASB) standard and IFRS2 the Task Force on Climate-Related Financial Disclosures (TCFD). More detail on this can be found in the TCFD Report Summary on page 80.



Links to UN SDGs

11 SUSTAINABLE CITIES AND COMMUNITIES
13 CLIMATE ACTION

Energy and carbon emissions

In 2023, we completed a detailed mapping of our carbon footprint across the portfolio for a 12-month period where our hotels were operating in such a way as to permit a representative sample of data.

Working with the hospitality industry's Zero Carbon Company to obtain, analyse and publish this data was labour intensive, but allows us to set accurate baselines for carbon consumption, and roadmaps to reduction. From the data, we are able to design engineering plans, including anticipated capital expenditure requirements, which allow us to update our properties in such a way as to further our net zero goals. They also allow us to review our supply chain to reduce and remove carbon emissions from Scope 3.

Park Plaza London Riverbank Engineer

Sustainable Properties

Table 1. Carbon footprint of PPHE Hotel Group (2023) (calculations supplied by Zero Carbon Company)

Emission scope	tCO_2e (Market)	% of Total (Market)	tCO_2e (Location)	% of Total (Location)
Scope 1	10,529	14%	10,529	12%
Scope 2	3,300	4%	16,321	18%
Scope 3	62,597	82%	62,597	70%
Total	**76,426**	**100%**	**89,447**	**100%**

To ensure that our hotels achieve high standards of environmental performance we have committed to ensuring that all new-build hotels, repositioning projects and refurbishments obtain an environmental certification by a recognised building certification scheme. In the UK, we have done this by pursuing new Building Research Establishment Environmental Assessment Methodology ('BREEAM') certifications. Four of our hotels are already certified via the BREEAM standard: Park Plaza London Waterloo, Park Plaza London Riverbank, Park Plaza Park Royal London and art'otel Battersea Power Station London. Our two ongoing construction projects, art'otel London Hoxton and art'otel Rome Piazza Sallustio, are being constructed with the aim to be awarded BREEAM certification in 2024. In the rest of our European portfolio, we are exploring both BREEAM and other possible environmental certifications relevant to the specific countries in which we operate (such as Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB) in Germany).

All hotels in all regions (with the exception of Radisson RED in Belgrade) are supplied by 100% renewable electricity. This is achieved in the UK through Renewable Energy Guarantees of Origin (REGOs) and in the rest of Europe through Guarantees of Origin (GoOs). Our engineering team is conducting studies to phase out gas and further electrify our properties. An example of this commitment are the investments made into Park Plaza Victoria London in 2023, where we spent around £2 million to replace the air conditioning system in all guest rooms. Additionally, we will also upgrade the boiler systems, bringing even further reductions in gas consumption.

The efforts around the environmental performance of our hotels are also reflected in the certifications that they have awarded, which are shown in Table 2.

We are members of, certified to or supporters of a number of labels recognised by the Global Sustainable Tourism Council:

Table 2: Environmental sustainability and social responsibility certifications

The Netherlands

Green Globe
- Park Plaza Amsterdam Airport
- Park Plaza Victoria Amsterdam
- art'otel Amsterdam

Green Key

Gold
- Park Plaza Eindhoven
- Park Plaza Vondelpark Amsterdam
- Park Plaza Utrecht

United Kingdom

Green Tourism

Gold
- Park Plaza Westminster Bridge London
- Park Plaza Nottingham
- Park Plaza County Hall London
- Park Plaza London Waterloo
- Park Plaza London Riverbank

Silver
- Park Plaza Victoria London
- Park Plaza Leeds
- Holmes Hotel London

Germany

Green Key
- art'otel Berlin Mitte
- art'otel Cologne
- Park Plaza Berlin Kudamm
- Park Plaza Berlin
- Park Plaza Wallstreet Berlin Mitte
- Park Plaza Nuremberg

Croatia

Travelife

Gold
- Park Plaza Belvedere Medulin
- TUI BLUE Medulin
- Park Plaza Histria Pula

Blue Flag
- Park Plaza Histria Pula
- Grand Hotel Brioni Pula

Green Key
- Park Plaza Histria Pula
- Park Plaza Punta Verudela Pula
- Verudela Beach Pula
- Park Plaza Arena Pula
- Grand Hotel Brioni Pula
- Splendid Pula
- Horizont Pula
- Park Plaza Belvedere Medulin
- Arena Hotel Holiday Medulin
- Hotel TUI Blue Medulin
- Ai Pini Medulin
- art'otel Zagreb
- Arena Grand Kažela Campsite Medulin
- Arena One 99 Glamping
- Arena Stoja Campsite Pula
- Arena Medulin Campsite
- Arena Stupice Campsite
- Arena Tašalera Campsite
- Arena Runke Campsite
- Arena Indije Campsite Banjole

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Just a Drop Yimwaa Primary School Kenya supported by PPHE

We are also looking at climate risk across our portfolio, with our latest analysis included in the 2023 TCFD Report. While climate change in and of itself remains an 'emerging risk' under the rubric of our enterprise risk management system, multiple 'principal risks' include a climate change element, or the impact and/or likelihood of these risks materially increases due to climate change. Please see our Enterprise Risk Management section on page 84 for further information.

The TCFD Report contains an analysis of all the identified climate risks under different scenarios for each of the geographies where we operate (see page 80). However, to ensure that our business is future-proofed against these climate risks, we have established a target to conduct an in-depth analysis of these also at the level of each property by the end of 2025.

Water

Water stewardship was a high priority for multiple stakeholder groups in our 2022 ESG materiality assessment. We use technology in our plumbing systems to regulate and restrict water flow, and we are collecting water usage data for analysis in order to identify further reduction opportunities. Each of our properties automatically collects water consumption data and inputs it into our data management tool for accurate, daily reporting.

Analysis conducted as part of TCFD reporting has identified the water stress profile of our areas of operation. None of our properties is located in a region classified as under 'extreme' water stress, however London and Berlin are both designated as areas of 'high' water stress. The design and operation of our properties and capital expenditure plans on refurbishment accordingly take into account the need to minimise water usage.

Our guests can participate in our efforts towards better water stewardship through the Ecological Programme. Launched in 2022, the programme allows guests staying for a minimum of two nights to opt out of all housekeeping services, helping us reduce the amount of water, energy and detergent used to wash linens. In return, the hotel donates €/£1 per night to our nominated charity 'Just a Drop', which provides water hygiene and sanitation to communities in developing countries, while guests can choose from a range of rewards.

In 2023 we have donated £103,000 to Just a Drop. These funds have helped Just a Drop implement projects in communities in Cambodia, Zambia, Nicaragua and Kenya. The projects have supported 742 people in the Mumbwa District in Zambia and our support to these projects directly contributes to the SDGs 'Clean water and sanitation', 'Good health and well-being', and 'Sustainable cities and communities'.

742
People supported in the Mumbwa District, Zambia

Waste

One of our ambitions in this area is to send zero waste to landfill from all of our properties, given the adverse environmental impacts that this method of waste disposal generates.

We have also engaged in conversations with our waste management providers, who are supporting us to improve our waste management practices (for example, through training of staff working in waste loading bays and reduction of waste collection journeys) and to ensure the accuracy in the waste diversion data, with the aim to start reporting on this data in the 2024 Annual Report.

We have introduced measures to decrease the usage of paper and plastics: key materials that contribute to high waste and low overall sustainability.

Measures to reduce usage and waste of key raw materials

Paper

- Digital check-in/out and digital keys for guests;
- 'Smart rooms' in several of our hotels;
- QR codes replacing restaurant menus and guest directories;
- Software platform for hotel operations, which allowed us to transition from paper to digital solutions for most activities, such as housekeeping and maintenance;
- Electronic invoicing to replace paper (where guests allow).

Plastic

- Single-use plastic targeted for removal from hotel rooms by 2026;
- Single-use plastic containers for bathroom amenities to be replaced with larger dispensers by the end of 2024 for both Park Plaza and art'otel;
- Plastic wrapping in slippers removed from some of our hotels;
- Plastic and packaging identified as high priority for reduction in supplier engagement activities scheduled for 2024.

Other updates in our waste reduction practices include:

- Use of biodegradable toiletries and detergents extended;
- Waste compactors installed where possible to reduce the volume of waste collected, ultimately reducing the number of waste collections per week.

Beehive at Park Plaza London Waterloo

Biodiversity

The local communities in which we operate are one of our four strategic pillars. While much of our portfolio occupies vibrant city centres, though in the Croatian region, we are proud to be a steward of protected wildlife areas and a national park. These urban and rural areas present contrasting challenges for biodiversity improvement. Besides making our spaces more visibly appealing to our guests, investing in biodiversity also contributes to improved air quality in urban centres. To support this ambition, we have a target to have our hotels contributing to at least one biodiversity project in each region by the end of 2025. Where this is not possible on site, due to limited available space, we will look to support biodiversity projects managed locally (for example, supporting local authorities or voluntary organisations in activities like the creation of green spaces or the restoration of ecosystems). Park Plaza London Waterloo and Park Plaza Nottingham already have biodiversity projects in place, with beehives installed on both of their buildings. Each harvest at Park Plaza London Waterloo yields almost 30kg of honey, which is used in their desserts and cocktails.

In Croatia, three of Arena Hotel Group's (Arena) campsites covering 570,000m^2 are located within the boundaries of the Protected Nature of Southern Istria. These areas constitute an important network of connected habitats, and our operations are fully aligned with EU and national provisions governing biodiversity conservation. Furthermore, Arena has a horticulture team with more than 30 members who provide care to green areas. Arena has been awarded with the Blue Flag Gold for over 15 years of ongoing commitment to preserving three beaches in the Verudela Peninsula.

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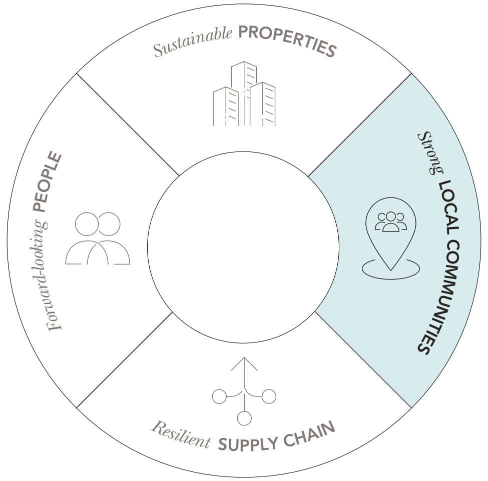

Links to UN SDGs

Social Value

We consider being a responsible corporate citizen an important aspect of our operations. Therefore, many of our hotels support local communities in various ways, through both financial and in-kind donations. Here are just some examples:

- Some of our hotels are supporting the charity Clean Conscience, which allows companies to donate surplus assets to non-profit organisations. In particular, in 2023 the Park Plaza Waterloo and Park Plaza Riverbank hotels have donated unused furniture, soap and toiletries for a total value of over £10,000

£10,000+
donated

Strong — Local communities


Just a Drop Yimwaa Primary School Kenya

- Through our Ecological Programme, all our Park Plaza and art'otel hotels support the charity 'Just a Drop', which provides clean water, sanitation and hygiene projects to communities in South-East Asia, Africa and Latin America. in 2023 alone, PPHE has raised over £103,000 for projects delivered by Just a Drop

£103,000
raised for projects delivered by Just a Drop

- Our hotels in Amsterdam support refugees through Lijnden Business Park and homeless shelters

The quantification of these donations supports our target to start measuring social value in 2023. Although these are only partial figures, from 2024 we will be able to start measuring and reporting on social value across a wider range of the portfolio. This will also allow us to use 2024 as a baseline year to then set future social value ambitions.

The opening of art'otel Battersea Power Station London, Radisson Red Belgrade and art'otel Zagreb in late 2023 has created around 270 jobs in the respective locations, with more expected for 2024 with the opening of art'otel Rome Piazza Sallustio and art'otel London Hoxton.

270
jobs created

As part of our efforts to support our local communities, in 2024 we will launch an initiative to provide every PPHE employee with one day of volunteering per year (in addition to their annual leave entitlement). This will allow us to strengthen our partnership with local charities and NGOs, providing an additional stream of support to them besides financial support, provision of Meetings and Events (M&E) spaces, and donation of money, furniture and other goods.

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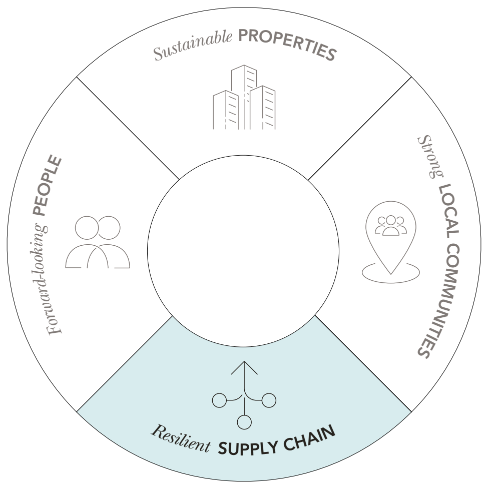


Links to UN SDGs

To ensure that our ESG efforts go beyond our own organisation, we are at work on updated sourcing policies that incorporate higher standards around environmental sustainability and social responsibility.

During the year, we have engaged with many of our suppliers to understand how they can support PPHE's ambition to become a more sustainable business. The new policies will be devised in 2024, with their implementation planned for 2025.

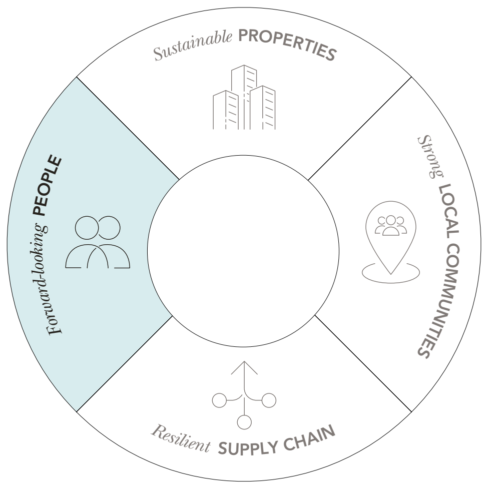
Resilient Supply chain

As a UK-listed company, we are working towards making our impact on environment, economy and society up and down the supply chain is a net positive one. We are undertaking work to understand this impact better.

We set out in our statutory Modern Slavery Act 2015 statement how we approach human rights and labour standards in our supply chain. This involves looking at the risk profile of products and services. We assess the likelihood of exploitation or coercion of workforces involved in the production of our facilities. Our new policies will enable us to be more accountable by setting out specific measures taken to address risk where it exists.

The global fisheries industry provides an example of how we take this risk-based approach to both human rights and environmental issues. Workers at sea are automatically at higher risk of exploitation, because they are unable to leave their workplace, and their employer controls their working and living environments. We are factoring this into new policy documents.

We are also engaging with specific suppliers to understand the sustainability of fish stocks to ensure that our menus do not contribute to over-fishing.



Links to UN SDGs

As one of the pillars of our ESG Strategy, the importance of our people is reflected in some various targets that we have set for our organisation. These include ambitions around employee wellbeing, engagement rate, learning and development, retention rate, and Diversity, Equity and Inclusion (DE&I).

Forward-looking People

Diversity, Equity & Inclusion (DE&I)

In 2024 we will introduce mandatory DE&I training for all managers, to ensure they are all aware of the challenges and opportunities arising from having a diverse workforce as well as other initiatives to support our DE&I agenda.

The work towards the rollout of a DE&I programme started in 2023 in our hotels in the Netherlands. We have worked with an external consultant to undertake an analysis to define a roadmap of actions for the immediate future. This will ensure that we make each and every employee and guest feel like they are valued regardless of their differences, ultimately bringing a diverse, equitable and inclusive environment for everyone in our hotels.

Workforce engagement

At PPHE, we want to ensure that everyone knows they can speak up and that their feedback will be taken on board. In 2023, our pulse surveys reported that employee engagement rate for the UK and the Netherlands sits at 83%, exactly meeting our Company target and placing us above the industry average of 81%.

Investment in People

74
Career walk-in centre hires 2023

From August to October 2023, our Head of Compliance visited all the hotels in the UK and the Netherlands, to deliver in-person sessions on business ethics to the General Managers and their Heads of Department. These sessions were aimed to raise awareness around issues such as our whistleblowing policy, harassment in the workplace, safe personal data handling and more.

ESG communications and training

None of our targets can be achieved without the enthusiastic support of our people, so keeping people informed and engaged is key. An ESG newsletter was launched in October 2023, which included a high-level overview of the ESG Strategy, and is sent to employees regularly with updates on progress against our targets and ongoing initiatives.

To ensure that our ESG vision is shared and communicated at all levels in the organisation, we have created a network of ESG Ambassadors spanning all properties (the hotels and regional offices in the UK and the Netherlands). Their role is to support delivery of the strategy and be responsible for the two-way communication between Team Members in hotels and regional offices and the Executive Leadership Team on what we are achieving, and how we do it.

Good ESG is self-reinforcing

Work to engage employees in driving community engagement, DE&I and environmental targets will increase engagement, job satisfaction and employee retention.

Highlights

83%
Employee engagement

62
Charity partnerships hires

23
UK apprentices

61
Netherlands interns

183
Promotions

The listing rules (LR 9.8.6R) require the Company to include a Task force on Climate-related Financial Disclosures (TCFD) statement in the Annual Report.

This summary includes climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures.

Reporting on our climate-related risks and opportunities

This section gives a report on the governance, strategy and risk-management of climate change within the organisation. It also discloses a summary of our targets and information as to the metrics by which our carbon output is calculated across Scopes 1, 2 and 3. These pages ensure we meet reporting obligations under Streamlined Energy and Carbon Reporting regulations (SECR) as well as the four pillars of TCFD in the Annual Report and Accounts. We additionally publish a standalone TCFD Report on our website. For reasons of space, greater detail on our carbon metrics broken down into regional operations are included in that document, but not in this summary.

Building on the work done in 2022, in 2023 we expanded and added detail to our ESG Strategy, with a list of targets that involves all areas of our business. An important milestone is the submission of our commitment letter to SBTi, which marks our intention to set science-based targets on the road to achieving net zero by 2040. We are now in the process of creating our capital expenditure plan to understand where investments will be needed to reach this ambitious target. This year we have also continued our partnership with the Zero Carbon Forum and the Energy and Environment Alliance, who provided us with invaluable expertise to support our emission reduction ambitions.

Governance

Climate change and the transition to a low-carbon economy are included in our Enterprise Risk Management ('ERM') framework as emerging risks. In doing so, we ensure that climate-related risks are embedded into our risk management and business strategy, allowing us to respond promptly to these risks. Furthermore, this also ensures that the transition to a low-carbon economy is fully integrated in our business strategy.

The Board has responsibility for the Group's long-term success, and responding to the challenges that climate change poses is part of this process. Our governance structure incorporates ESG measures into executive remuneration (see Remuneration Report on page 131). We are working to include further ESG KPIs into the balance scorecard.

The Chief Corporate & Legal Officer, Inbar Zilberman, reports to the Board and is the Executive Leadership Team member responsible for ESG and climate-related matters. She oversees compliance with TCFD reporting requirements and ESG arrangements, practices and procedures. In 2023, this included the analysis of our stakeholders' priorities and the work on our ESG targets, which have shaped our organisation's ESG ambitions.

Our Audit Committee oversees and advises the Board on the Group's risk exposure, risk appetite and future approach to risk. As part of this, it assists in monitoring financial and non-financial climate-related risks and is responsible for tracking changes in this area that could alter the risk profile. Between October and November 2023, routine functional risk updates were conducted with all internal departments by the Head of Internal Audit and Risk, supported by the ESG Manager for climate-related risks. ERM reports are made to the Audit Committee. This process raised no new comments or concerns about climate-related risks.

Our ESG Committee is tasked with developing and evaluating climate-related policies for the Group. The Committee discusses updates on climate-related issues with the Executive Leadership Team, approved the strategy and targets developed by the Chief Corporate & Legal Officer, and reviews the TCFD disclosure in February each year. It also oversees the ESG Strategy, and ensures stakeholders are consulted on ESG-related activities and monitors how these are reported to internal and external stakeholders.

To ensure that environmental sustainability and social responsibility are embedded in our day-to-day operations, in 2023 we rolled out an awareness campaign for employees about the Group's efforts on ESG. This has taken the form of a newsletter, ESG Ambassadors in the hotels, and training on ESG made available to all employees. With these tools, we want to foster a culture that allows us to act responsibly throughout the whole of our operations.

Strategy

We recognise that climate change is a complex issue and acknowledge our responsibility to minimise our impact on the environment. Therefore, we are committed to reducing our carbon footprint, and environmental impact in general. Our ESG Strategy and the detailed targets it contains will be instrumental for us to achieve this ambition. As a company that develops, owns/co-owns and manages many of our properties, we are uniquely positioned to integrate sustainability into our business from the point of development through to day-to-day operations. We believe that embedding sustainability in each and every step of our operations can offer long-term value for the Group and all our stakeholders.

This is an ever-changing area, due to the constant evolution of climate understanding, technology and the government's commitments to reduce carbon emissions throughout the whole economy. With the latter expected to lead to further changes in the policy landscape across our industry, climate risk assessment is critical to ensure our business strategy is sustainable in the long term.

Climate Scenario Analysis

Building on the 2022 analysis, in 2023 we conducted further research on the risks that climate change poses to our business. This has taken into account more extensive scientific knowledge available, as well as the extreme weather events that occurred throughout 2023, leading to a more solid basis for the assessment of our exposure to climate risks. In light of this updated assessment, we concluded that our risk impact and likelihood scores remain the same as for last year. However, this year's improved approach to horizon scanning for emerging risks will be replicated in the years to come, enabling us to capture variations in climate-related risks in more detail.

We have considered the risks and how the impacts change over time in each of the below scenarios:

- Below 2°C: high levels of transitional risks but limited physical risks
- 2–3°C: the highest level of transitional risks with some physical risks
- Above 3°C: limited transitional risks but the highest level of physical risks

Time horizons

Given the long-term implications of climate change, the risks were considered across three time horizons:

- Short term: 2024–2026
- Medium term: 2027–2030
- Long term: beyond 2030

Due to the uncertainty related to climate change, both in its impacts and the policies that regulate the response to it, it is extremely difficult to predict the consequences that this will have on the business for decades to come. Hence, we did not set an end boundary to our long-term scenario, as we deemed it reasonable to have this cover the future beyond 2030 as a whole. The tables below show the analysis of our residual transition and physical risks.

Table 1: Assessment of residual transition risks

Transition risk	Timeline	Likelihood	Financial impact*
Negative perception of the Group by stakeholders with regard to climate-related matters	Short/Medium	Unlikely	Moderate
Carbon pricing increasing input costs	Medium/Long	Unlikely	Minor
Climate change increasing input costs	Short/Medium	Almost certain	Minor
New climate-related regulations impacting cost of existing operations and new developments and dampening existing property portfolio value	Short/Medium	Almost certain	Minor
Cost and disruption of updating physical infrastructure to phase out non-renewable energy sources	Short/Medium	Almost certain	Moderate
Increasing influence of climate-related matters on customer preferences and market demand	Short/Medium	Almost certain	Minor

* Minor: <£1.2 million; Moderate: £1.2–6 million; Major: £6–24 million. All refer to annual impact.

Table 2: Assessment of residual physical risks

Physical risk	Timeline	Likelihood	Financial impact*
Increased mean temperatures and likelihood of heatwaves	Short/Medium	Almost certain	Minor
Water stress	Medium/Long	Almost certain	Minor
Sea level rise	Long	Almost certain	Minor
Floods	Short/Medium	Very unlikely	Major
Forest fires	Short/Medium	Very unlikely	Major

* Minor: <£1.2 million; Moderate: £1.2–6 million; Major: £6–24 million. All refer to annual impact.

Transition risks
We identified and assessed six transition risks, as listed in Table 1. The risk profile for these differs mostly based on the geography in which our properties are located. For example, customer expectations around climate-related matters will be more influential in some countries than in others, with the same applying to the regulatory landscape.

Physical risks
The physical risks we deemed material for our business are shown in Table 2. However, the relevance of these risks varies significantly across our properties. For example, forest fires are mostly a concern for our properties in Croatia, while sea level rise and floods more so for our properties in Amsterdam. On the other hand, a risk such as Increased mean temperatures and likelihood of heatwaves is relevant for each and every property in our portfolio.

For each of these physical and transitional risks we have control and mitigation measures, including for example insurance and crisis management plans.

Climate-related opportunities

While climate change mostly poses risks to our business and to the hospitality industry as a whole, we always seek to also identify the opportunities this might bring. For our business, these typically lie in our ability to adapt to climate change more quickly than our competitors, by offering more sustainable products and services to our guests, and constantly increasing the energy efficiency of our operations.

Risk management

Having a detailed risk management process in place is critical to our success. We have an Enterprise Risk Management (ERM) system, which is integrated into the strategy of each corporate function. While climate-related risks are included in our ERM framework as emerging risks, these are also present in other risk registers, as climate change can affect multiple areas of our business. This is vital to our business planning, as it helps us identify actual and emerging risks and the necessary control actions.

The four key elements that form our risk management framework and ensure we make informed decisions are: a risk -reward strategy, good risk governance, a defined risk management process, and risk assurance. Enterprise risk assessments are reviewed quarterly. The assessments and reviews evaluate the potential financial costs of each risk.

Metrics and targets

With climate change posing a significant threat to the whole hospitality industry, it is essential that every organisation in this sector strives towards more sustainable and transparent operations. Therefore, PPHE is strongly committed to reducing our carbon footprint. In 2023 we have added increased detail to our carbon balance sheet, with a breakdown by individual country where we operate. The complete tables for each region are included in the standalone TCFD Report. This step was instrumental for our Group to work towards set science-based targets and our net zero ambition.

Some of the targets around our environmental performance are the following:

- Net zero by 2040;
- Ensure that our buildings obtain building sustainability certifications;
- Procure renewable energy for power where available;
- Conduct climate risk assessments at the property level;
- Send zero waste to landfill where possible;
- Have each property supporting biodiversity projects.

Streamlined energy and carbon reporting (SECR)

The requirements of SECR, imposed by the 2018 Regulations on quoted companies and on large unquoted companies and large LLPs, apply to reports for financial years starting on or after 1 April 2019.

This SECR report contains energy and transport consumption, emissions along with requirements of intensity ratio, methodologies and a narrative on energy efficiency action. Where Guernsey-registered businesses are not subject to UK requirements, disclosures made under the UK Government Environmental Reporting Guidelines (March 2019) should be considered voluntary and as a matter of good Corporate Governance. This disclosure for the period 1 January 2023 – 31 December 2023 includes:

- Global energy use (gas, electricity and transport, including UK offshore area, combustion of fuel, process emissions, fugitive emissions) and associated greenhouse gas (GHG) emissions;
- Intensity ratio;
- Previous year's figures for energy use and GHG emissions;
- Methodologies used in calculation of disclosures;
- Information about energy efficiency action taken in the organisation's financial year.

Energy efficiency actions

The most significant investments in energy efficiency in 2023 were made in Park Plaza Victoria London, where we replaced the air conditioning system in all guest rooms, leading to notable savings in both electricity and gas use. A boiler upgrade as part of this project is projected to yield 14% further reduction in gas consumption.

2023 has seen the rollout of the findings of a pilot 'Save While You Sleep' study conducted in one hotel in 2022 across the Group, maximising energy efficiency in offpeak hours. This has included a more structured awareness campaign for all our employees, which focusses on energy consumption and carbon emissions (through meetings with hotel staff and the ESG newsletter). This is expected to spread knowledge across the teams on the importance of curbing our energy consumption, which should lead to more responsible usage and identification of further areas of improvement.

The Company has followed the GHG Protocol – Corporate Standard along with emission factors and other relevant information from the UK Government GHG Conversion Factors for Carbon Reporting guidelines. While we have utilised all verifiable data available to us, in the rare occasions where this was not possible we have estimated data by using approved approaches as recommended in the SECR guidelines such as direct comparison, pro-rata extrapolation or benchmarking.

Scope 1 emissions relate to the direct combustion of gaseous and transportation fuels by the Company.

Scope 2 emissions relate to the indirect emissions associated with purchased electricity used in our hotels and offices.

Scope 3 emissions are indirect emissions associated with the products and services we purchase. Although we do not have direct control over these emissions, we are actively working with our supply chain to plan how we can lower them to work towards achieving net zero by 2040.

Out of scope emissions: all fuels with biogenic content (such as 'Diesel and petrol (average biofuel blend)') should have the 'outside of scopes' emissions reported to ensure a complete picture of an organisation's emissions is created. However, these are not required to be included in the organisation's total emissions. PPHE Hotel Group has no out of scope emissions to report.

Scope 2 emissions related to the emissions released into the atmosphere associated with the consumption of purchased electricity, heat, steam and cooling. These can be calculated using the location based or market based methods. While the former uses the average emission factor of the grid in the specific location where energy consumption takes place, the latter takes into account the specific contractual instruments companies use to purchase their energy.

The 2023 SECR tables are below.

Table 3: Summary of UK-only energy consumption and carbon emissions

Scope category	Energy consumption (kWh)	Emissions (tCO_2e)
Scope 1	26,650,126	5,058
Scope 2 (location-based)	29,577,455	6,146
Scope 2 (market-based)	29,577,455	0
Scope 3	n/a	45,682
Total	56,227,581	50,739

Table 4: Summary of Group-wide energy consumption and carbon emissions (all regions)

Scope category	Energy consumption (kWh)	Emissions (tCO_2e)
Scope 1	41,545,209	10,529
Scope 2	71,818,253	16,321*
Scope 3	n/a	62,597
Total	113,363,463	89,447

* Location based emissions.

Table 5: PPHE's carbon intensity metrics for 2022 and 2023 UK only

	2023	2022
Scope 1 and 2 emissions (tCO_2e)	**5,058**	10,2658
Revenue (£m)	**282.6**	214.8
tCO_2e/£m	**17.90**	47.80
Rooms	**1,356,891**	1,299,395
$kgCO_2e$/room	**3.7**	7.9
Occupancy rate	**83.0%**	67.2%
Occupied rooms	**1,126,037**	872,736
$kgCO_2e$/occupied room	**4.5**	11.8

Table 6: PPHE's carbon intensity metrics for 2022 and 2023 – Group-wide (all regions)

	2023	2022
Scope 1 and 2 emissions (tCO_2e)	**13,829**	21,645
Revenue (£m)	**460.2**	354.0
tCO_2e/£m	**43.5**	72.6
Rooms	**3,919,745**	3,833,253
$kgCO_2e$/room	**3.5**	5.6
Occupancy rate	**63%**	54%
Occupied rooms	**2,462,732**	2,074,379
$kgCO_2e$/occupied room	**6.0**	10.4

Intensity ratios
The intensity ratios we calculated are tonnes of CO_2e/total revenue (£m), kilogrammes of CO_2e/room, and $kgCO_2e$/occupied room. As shown in the table above, in 2023 these intensity ratios for the whole Group were 43.5 tCO_2e/£m, 3.5 $kgCO_2e$/room, and 6.0 $kgCO_2e$/occupied room. Note that the intensity ratios for the whole Group were calculated based on a weighted average of the rooms in each country. PPHE provides relevant data to third parties who use this to calculate our emissions. No formal assurance was provided.

Quantification and reporting methodology
The Group has taken guidance from the UK Government Environmental Reporting guidelines (March 2019), the GHG Reporting Protocol – Corporate Standard, and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions. Energy usage information (gas and electricity) has been obtained directly from our energy suppliers and half-hourly (HH) data, where applicable, for the HH supplies (there was no estimation profiling required). For supplies where a complete 12-month energy usage was not available, flat profile estimation techniques were used to complete the annual consumption. Transport mileage data was obtained from expense claims submitted for our company cars and grey fleet. CO_2e emissions were calculated using the appropriate emission factors from the UK Government GHG conversion information. Mileage or fuel usage of transport was not available, instead fuel expenses and forecourt prices were used.

Our Risk Environment

With risk informed leadership we continue to perform and grow against a backdrop of geo-political and macro-economic uncertainty. The actions taken in recent years to reinforce our financial and operational resilience have enabled the Group to succeed during challenging times and seize new opportunities as our risk environment changes.

Our Executive Leadership continues to monitor and respond to the impact of major global risk drivers such as ongoing geo-political tension and conflicts which can influence economic conditions, supply chains, customer behaviours and social cohesion.

We also recognise areas of emerging risk and opportunity such as the growing influence of Artificial Intelligence ("AI"). While our Executive Leadership Team embraces new technologies to improve the efficiency of our hotel management platform and the overall guest experience, the associated risks of using AI in business have been reviewed and actions taken to raise awareness of these risks across the Group.

There is greater urgency in the international response to the climate crisis, to drive radical decarbonisation of the global economy. We evaluate both the physical and transitional climate related risks as part of our current risk profile and assess the impact these threats could have on our existing principal risks as they become more probable and with a greater impact. A summary of climate related risk can be seen in our TCFD Summary page 81.

As well as monitoring these climate related threats, we see significant opportunity in improving our environmental and social impact through the delivery of our ESG Strategy (see pages 66 to 79).

The hospitality sector has seen several high-profile cyber-attacks in 2023. We partner with expert organisations to ensure we are well placed to prevent and detect malicious activity. We also continue to invest in enhancing our resilience through building our incident response and recovery capability.

In 2024 we enter an exciting period of operational growth with several new openings across the Group. This will intensify the persistent challenge of attracting and retaining team members which we will continue to tackle through proactive employee engagement and wellbeing initiatives as well as programmes to drive a diverse and inclusive culture.

Beyond these openings we are securing new capital to support the pursuit of our ambitious long-term growth plans. We are prepared for managing the risks that are inherent to any plans for accelerated growth.

⚠ art'otel London Hoxton

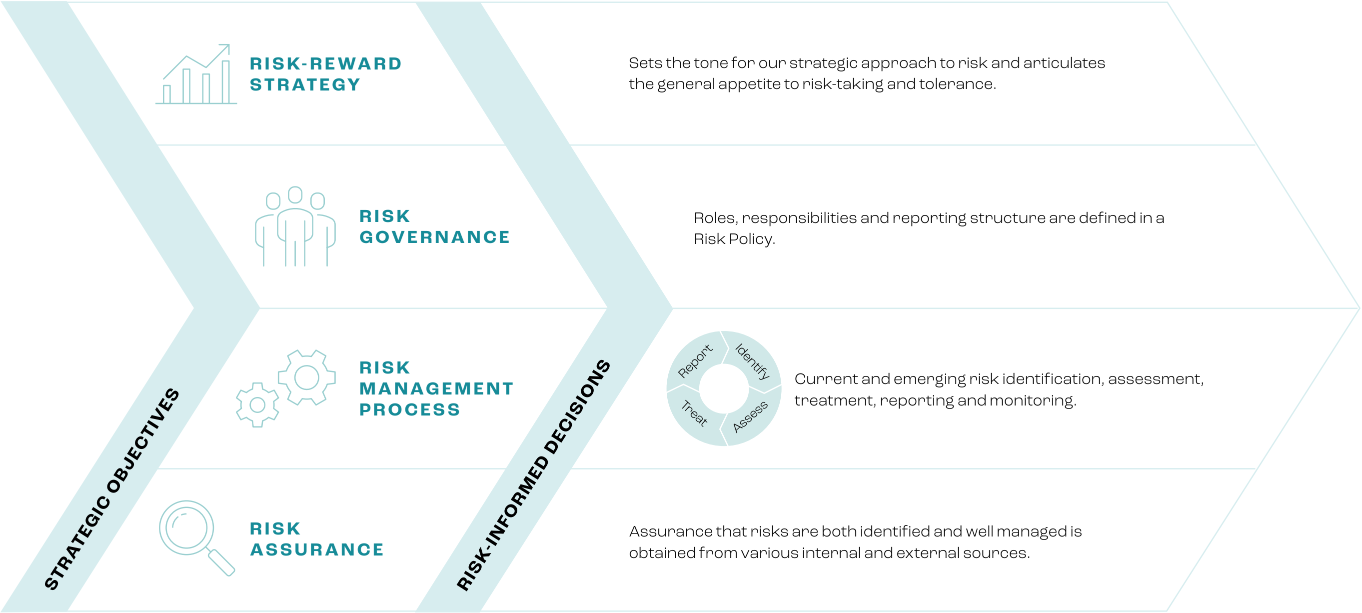
Principal risks – at a glance

We define our principal risks as those which could have the greatest impact on our business and represent the most significant threats to the achievement of our objectives in the year ahead. To be considered a principal risk the potential downside or residual impact must be assessed as 'Major' or above, equating to a negative financial impact or falling asset values greater than 5% of annual EBITDA (under normal operating conditions).

	Principal Risks for 2024	Inherent Risk Assessment	Residual Risk Assessment	Trend from previous year	Oversight responsibility	Page reference
1	Adverse economic climate	High	High	← →	CFO	Page 89
2	Significant development project delays or unforeseen cost increases	High	High	← →	CCLO and Co-CEO	Page 90
3	Difficulty in attracting, engaging and retaining a suitably skilled workforce	High	Medium	↓	Co-CEO	Page 93
4	Technology disruption – prolonged failure of core technology	High	Medium	← →	CFO	Page 91
5	Funding and liquidity risk	High	Medium	← →	CFO	Page 90
6	Cyber threat – undetected / unrestricted cyber security incidents	Very High	Medium	↓	CFO	Page 91
7	Data privacy – risk of data breach	Very High	Medium	← →	CCLO	Page 91
8	Operational disruption	High	Medium	← →	Co-CEO	Page 92
9	Negative stakeholder perception of the Group with regard to Environmental, Social and Governance (ESG) matters	High	Medium	← →	CCLO	Page 93
10	Market dynamics – significant decline in market demand	High	Medium	↓	EVP Commercial Affairs	Page 89
11	Serious threat to guest, team member or third party health, safety and security	High	Medium	← →	Co-CEO	Page 92

During 2023 the residual risk assessment for the threat of Fraud was reduced as the Group's internal control environment continued to mature. The residual risk no longer meets our definition of a principal risk for disclosure and the risk has been removed from the list above. The inherent assessment is still considered to be high, and the risk and associated controls continue to be monitored closely.

Our Risk Management Framework



Our Risk-Reward Strategy

Our Risk-Reward Strategy, which articulates our risk appetite across various business activities, is aligned to our strategic objectives. It has been reviewed by the Board and remains unchanged. Risk appetite is cascaded throughout the Group through our policies and procedures.

Risk Appetite Levels	Definition	Business Activities	Key sources of value and strategic enablers
Active	We will **actively seek** to take calculated risks in this area in pursuit of our strategic objectives, as long as the associated benefits significantly outweigh the risk impact and the risk remains within our tolerances. We will apply appropriate safeguards when pursuing these opportunities.	• Acquisitions and development opportunities • Diversification of property portfolio	Diverse prime property portfolio
Neutral	We will **take on a limited increased exposure** to risk in pursuit of our strategic objectives if the associated benefits outweigh the risk impact and the risk remains within our tolerances. We will apply appropriate safeguards when pursuing these opportunities.	• Development projects (Construction) • Working with third parties • Funding • Technological change / development • Commercial and promotional activity	Financial strength and non-dilutive capital approach International network Multi-brand approach
Averse	We will act **to protect** the business from increased risk exposure in these areas.	• Environmental impact • Responsible and ethical sourcing • Human Rights • Operational continuity • Data privacy • Compliance • Financial and tax reporting • Financial control	Meaningful ESG impact for the benefit of all stakeholders Our people and culture In-house hospitality management platform

Our Risk Governance and Risk Management Process

GOVERNANCE

Executive Leadership – Risk Forum
- Agree the Risk Policy and Framework and formulate a risk-reward strategy (risk appetite) for proposal to the Board.
- Challenge the robustness and completeness of the full-year and half-year updates to the Group's risk registers, including key actions.
- Report PPHE's Principal Risks for Board approval and inclusion in the Annual Report.
- Ensure effective monitoring of emerging risk and progress against key risk actions.

Audit Committee
- Keep under review the effectiveness of the Group's procedures for the identification, assessment and reporting of risks, assisting the Board in monitoring the Group's risk management systems.
- Oversee internal and external assurance requirements.

ESG Committee
- Keep under review specific ESG and Climate-related risk assessment.

Board
- Ultimately responsible for risk management including approval of the Group risk profile; the Group Risk Policy & Framework; the Risk and Reward Strategy; and the statement on risk management in the Annual Report.

PROCESS

ENTERPRISE RISK ASSESSMENT

Consolidation of underlying functional and subsidiary risks into a single view of risk reported to the Board. The enterprise assessment underpins the Group's principal risk disclosure.

CURRENT RISKS

Existing threats to the achievement of our business objectives

Regular risk updates from functional management to identify, assess and respond to current risks. Key steps include:

- assessment of the severity of each risk using the Group risk assessment criteria. Consideration is given to the effectiveness of the current controls / mitigating activity;
- establishing clear actions with nominated accountability where further mitigation is required to contain or reduce risks to a more acceptable level;
- regular risk reporting to Executive Leadership to support informed decision-making and prioritisation of resources; and
- reporting the Enterprise risk profile to the Audit Committee quarterly.

EMERGING RISKS

Future threats that cannot be accurately assessed at the current time but could have a material impact on the business in the future through either heightening existing risks or becoming new stand-alone risks.

Horizon scanning for emerging risk is considered at each functional risk workshop and each Executive Level Risk Forum with a view to improving our response plans and exploit potential opportunities. Emerging risk trends are reported alongside the current enterprise risk assessment to the Audit Committee quarterly.

When identifying emerging risk, we consider several drivers of change including:

- shifts in market dynamics;
- social, geo-political, macro-economic and environmental factors;
- technological trends; and
- legal and regulatory developments.

FUNCTIONAL AND SUBSIDIARY RISK ASSESSMENTS

Management identifying, assessing and managing the risks and controls across all business functions.

Emerging risk

Our Executive Leadership Team consider emerging threats and risk drivers that could have a material impact on the business in the future, with a view to improving our response plans and exploit potential opportunities. The near-term threats may already influence our principal risk assessments and the prioritisation of our risk actions.

Emerging threats and risk drivers

Market
- Further pressures on hospitality labour markets e.g. changing immigration laws in UK
- Market demand influenced by increasing guest/consumer concern regarding environmental factors
- Growing competition in London market from increasing room supply

Social, Geo-political, Macro-economic, Environmental
- Economic pressures – Inflation, interest rate and market volatility
- Escalation of ongoing geo-political tension and conflicts
- Political change/instability
- Social inequality
- Global supply-chain disruptions e.g. attacks in the Red Sea
- Climate change crisis
- Biodiversity crisis

Technology
- Increasing influence of Artificial Intelligence on business – disruption or missed opportunities
- Evolving cyber threat – new threat vectors and increased activity from criminal and state sponsored cyber attackers
- Challenge to keep pace with a rapidly changing technology environment

Financial, Legal and Regulatory
- Acceleration of climate related regulatory change
- Rising sustainability regulations dampening property values
- Future uncertainty of cost and availability for refinancing debt

- **Imminent/Short Time Horizon** – Some Impact already seen or impact to our business could be expected within 2 years
- **Future Time Horizon** – Impact to our business could be expected beyond 2 years

Principal risks

The tables below detail our principal risks for the year ahead. The reported risks are those we consider could have the greatest impact on our business and represent the most significant threats to the achievement of our objectives. This is not an exhaustive list of all risks identified and monitored through our risk management process, which includes the consolidation of underlying functional and subsidiary risk registers into a single view of risk reported to the Board. Our risk level is decided through an assessment of the likelihood of the risk and its impact should it materialise. Our assessments are weighted towards impact to encourage prioritisation of high impact risks.

Strategic Blocks	Sources of value	
1 Core, upper upscale, city centre hotels	4 Diverse prime property portfolio	7 International network
2 Leisure and outdoor hospitality	5 Multi-brand approach	8 Our people and culture
3 Hospitality management platform	6 In-house hospitality management platform	9 Financial strength and non-dilutive capital approach

Movement from last year: ↔ Unchanged ↑ Increased ↓ Reduced

MARKET AND MACROECONOMIC ENVIRONMENT

Risk Appetite: Neutral

Principal Risk Description	Residual Risk	Outlook and Risk Response for 2024
Adverse economic climate Economic stress fuelled by the volatile geo-political environment could mean a continuation of steep inflation and unstable interest rates impacting growth and profit margins. **Related strategic blocks:** 1, 2, 3 **Related sources of value:** 7, 8, 9	High ↔	Acting to protect our margins in the face of steep inflation remained a key focus throughout 2023. While inflation and interest rates are expected to stabilise, we still consider an adverse economic climate to be a significant risk to monitor and manage in the year ahead as several of the emerging threats we have identified could influence the scale and impact of this risk area. In addition to our long established controls, 2024 will see: · Close monitoring of economic and market forces · Budgetary control and frequent forecasting across all regions and property type · A drive to develop process automation for labour intensive processes, freeing resource to focus on delivering greater value to the business · Projects to drive efficiency of operational teams · Continued focus on control of food and beverage costs · Energy consumption reduction initiatives
Market dynamics – significant decline in market demand Uncertainty in future market demand could arise due to volatile macro-economic or geo-political conditions, or significant incidents which impact global travel. **Related strategic blocks:** 1, 2, 3 **Related sources of value:** 4, 5	Medium ↓	Our overall residual assessment of this risk has reduced as confidence grows due to positive booking momentum, increased occupancies and average daily rates being maintained. Demand for Meetings and Events ('M&E') also looks stronger over the medium and longer term. There will remain some uncertainty as market strength is linked to changes in the economic climate and geo-political environment. We are proactive in driving demand to our properties and responding to market movements. Our key mitigating actions include: · Fully leveraging the revenue management technologies introduced during 2023 · Focussed promotional initiatives to drive demand in advance and tactical campaigns for 'need' periods · Leveraging our partnerships and promotional opportunities with third party distribution partners and booking channels · Continuing our close collaboration with Radisson Hotel Group and leveraging their reach for promotional campaigns · Leveraging the Radisson Rewards programme which consists of 11+ million members. · Increasing our focus on digital marketing and online advertising · Delivering our planned activities across key source markets and market segments, including tradeshows, hosted events and sales missions

FUNDING AND INVESTMENT

Risk Appetite: Neutral

Principal Risk Description	Residual Risk	Outlook and Risk Response for 2024
Funding and liquidity risk The impact of failing to proactively manage funding and liquidity risk could include a breach of debt covenants, cash restrictions, loss of stakeholder confidence and less favourable terms when refinancing in the future. **Related strategic blocks:** 1, 2 **Related sources of value:** 7, 9	**Medium**	Against the backdrop of interest rate movements and general economic pressures, our funding and liquidity risk continues to be managed to an acceptable level due to the Group's strong trading performance, steady property valuations and fixed rates on most of our loans. We will continue to contain this risk with our established treasury monitoring and reporting controls which include: • Board approved treasury policy • Monthly forward covenant testing • Monthly treasury monitoring and reporting to the Board • Proactive and regular liaison with our lenders As highlighted in our emerging risk summary, the value of our property portfolio could be impacted over time by sustainable building regulations, unless there is sufficient investment in upgrading our assets to meet the requirements. Long-term capital expenditure plans have been developed to mitigate this threat.

DEVELOPMENT PROJECTS

Risk Appetite: Neutral

Principal Risk Description	Residual Risk	Outlook and Risk Response for 2024
Significant development project delays or unforeseen cost increases Various factors, such as supply chain disruption, labour market pressures and steep increases in cost of materials can influence the delivery of major construction projects resulting in additional cost or delays in new openings. **Related strategic blocks:** 1, 2 **Related sources of value:** 4, 7	**High**	The delivery of major projects remains a high risk area and is subject to focused oversight from senior leadership and our in-house Technical Services team, with key controls including: • Regular project meetings with our contractors to identify and tackle any approaching issues which could impact the overall cost, targeted delivery schedule or the expected quality standards • Independent monitoring of projects by appointed third party experts Throughout 2024 we would expect this risk to reduce as major long-term developments are delivered and new openings become operational.

TECHNOLOGY AND INFORMATION SECURITY

Risk Appetite: Averse

Principal Risk Description	Residual Risk	Outlook and Risk Response for 2024
Cyber threat – undetected / unrestricted cyber security incidents The Group could be subject to a serious cyber-attack resulting in significant disruption to operations and financial loss from falling revenues, cost of recovery, reputation loss and significant fines in the event of a related data breach. **Related strategic blocks:** 1, 2, 3 **Related sources of value:** 6	**Medium**	Although we expect the inherent risk of cyber-attack to remain very high, our residual risk assessment has been reduced this year to reflect the implementation of new and enhanced security controls and the continued investment into protecting the business from this significant threat. Newly established controls in place for the year ahead and further planned progress includes: • Compliance to the official Payment Card Industry Data Security Standard (PCI DSS) • AI powered network monitoring & detecting and autonomously responding to threats • Continuous vulnerability scanning and remediation • Enhanced back-up and recovery solution, including ransomware recovery • Focused team member awareness campaigns and training programmes • Increased targeted phishing training • Enhanced filtering of malicious phishing sites • Increase in external penetration testing • Targeted risk analysis/profiling and security incident tabletop exercises
Data privacy – risk of data breach The Group could experience a serious data privacy breach which could result in investigation, significant fines in accordance with the GDPR and subsequent reputational damage. **Related strategic blocks:** 1, 2, 3 **Related sources of value:** 6, 8	**Medium**	We remain focused on mitigating the high inherent regulatory risk associated with the processing of personal data, which is essential to the successful operations of our business. Activity planned for 2024 includes: • Implementation of a new governance, risk and compliance tool for data privacy and information security • An internal awareness campaign and updated training programmes, as part of onboarding the new tool • Review and update of documented data protection and privacy procedures • Update of data inventory • Monitoring databases containing Personally Identifiable Information, with data owners • Renewing and updating data privacy risk assessments and other documentation required under GDPR
Technology disruption A prolonged failure in our core technology infrastructure could present a significant threat to the continuation of our business operations, particularly where failures impact hotel management and reservation systems. **Related strategic blocks:** 1, 2, 3 **Related sources of value:** 6	**Medium**	The availability and performance of our core technology is key to the success of our business operations, and we have continued with investment into strengthening our networks, implementing our DR solution, and improving connectivity. In 2024 we will continue to improve our resilience through: • Continued projects to enhance network resilience and security • Network monitoring and enhanced vulnerability scanning • Enhanced back-up and recovery solution • Targeted testing of back-up and recovery plans

SAFETY & CONTINUITY

Risk Appetite: Averse

Principal Risk Description	Residual Risk	Outlook and Risk Response for 2024

Operational disruption
Major global events such as pandemic, war or environmental disasters could result in widespread disruption, impacting our guests, our supply chain, and our hotel operations.

We could also experience more localised disruption to our operations from incidents at our hotels or in the immediate vicinity, for example floods, extreme weather, social unrest, or terrorism.

Related strategic blocks:
1, 2, 3

Related sources of value:
6, 7, 8

Residual Risk: **Medium** ↔

Our strength and resilience have been key to the continued success of our business in recent years.

In 2024 we will continue to prepare for significant disruptive incidents through:

- Regularly training team members in our established crisis plans and procedures
- Review of our approach to Business Continuity Management to ensure we have prepared proportionate responses to the most significant threats which could impact the continuity of our critical services and operations
- Working closely with key suppliers to identify and mitigate any potential issues which could impact the continuity of their service

Serious Health, Safety and Security Incidents
The Group could experience significant health and safety, food safety or physical security incidents.

A failure to take reasonable steps to prevent such incidents, or a failure to respond appropriately, could impact our reputation, disrupt our operations and result in significant loss of guest, team member and stakeholder confidence.

Related strategic blocks:
1, 2, 3

Related sources of value:
6, 8

Residual Risk: **Medium** ↔

In the year ahead we will continue to drive our high standards to provide a safe stay for our guests and a safe working environment for our team members.

Our established controls include:

- Regular risk assessments
- Security and fire safety procedures
- Health & Safety audit programmes
- In-house and supplier food safety audit programme
- Team member training programmes
- Mental health and wellbeing training
- Centralised incident reporting
- Proactive gathering of intelligence and advice on potential security risks through regular liaison with local police and security services

We will also monitor the ongoing consultation in respect of Martyn's Law but are confident that our existing procedures will meet the new requirements proposed as part of the UK's Terrorism (Protection of Premises) Bill.

PEOPLE

Risk Appetite: Averse

Principal Risk Description	Residual Risk	Outlook and Risk Response for 2024

Difficulty in attracting, engaging and retaining a suitably skilled workforce
Difficulties in maintaining an engaged and suitably skilled workforce could impact our service standards, drive up operating costs, disrupt operations and impact the overall delivery of our key strategic objectives.

Related strategic blocks:
1, 2, 3

Related sources of value:
6, 8

Residual Risk: **Medium** ↓

While the successful management of this risk remains fundamental to our success, our overall residual risk assessment has reduced to Medium.

Throughout 2023 we have not experienced any staffing issues that would restrict operations. Some improvement has also been noted in retention rates.

2024 presents new resourcing challenges with the opening of new hotels and we will continue to manage this risk proactively with new initiatives including:

- Creation of a new Employee Experience team to develop deeper understanding of employee needs and sentiment and tasked with group initiatives on developing retention, wellbeing, and engagement
- Employer value proposition development to attract candidates and drive retention
- Investment in new HR technology landscape, improving people analytics
- Creation of expanded Learning & Development team with focus on technical skills and management development
- Internal communication strategy and use of related technologies for further employee voice enablement
- Full employment policy review
- Talent management and succession planning to promote intra-company mobility options Regular talent reviews and learning need analysis
- Physical health and well-being initiatives and investment

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Risk Appetite: Averse

Principal Risk Description	Residual Risk	Outlook and Risk Response for 2024

Negative stakeholder perception of the Group with regard to Environmental, Social and Governance matters
With ESG being a key concern for our stakeholders, a perception that the Group does not apply best practice Corporate Governance principles or does not act responsibly to protect the environment and the communities we operate in, could impact our performance by damaging our appeal to customers, investors, and other business partners. It could also affect our ability to retain and attract talent.

A failure to comply with the upcoming regulatory changes to governance and ESG reporting could further heighten this area of risk.

Related strategic blocks:
1, 2, 3

Related sources of value:
8

Residual Risk: **Medium** ↔

We have made considerable progress in formalising and communicating our ESG strategic approach and priorities.

Our report on pages 66 to 79 details our ESG strategic objectives which are focused on the priorities of our stakeholders.

Activity in 2024 will include:

- Work on a series of tasks aimed at delivering against our ESG targets, which are designed to further the achievement of our published strategic objectives
- The ESG Manager monitoring the adoption of the ESG targets with the assigned owners and providing regular progress reports to the ESG Committee
- New ESG reporting requirements being integrated into the compliance reporting undertaken by the Head of Compliance, seeking third party support where necessary at the request of the ESG Committee

Viability statement

The recovery after COVID-19 combined with the war in Ukraine, caused inflation in all our territories to increase significantly, and utility prices to reach unprecedented levels. On the back of this high inflation, central banks worldwide have increased interest rates to levels not seen since the Global Financial Crisis. The high inflationary environment is expected to continue into 2024. The Group's loan portfolio currently has limited exposure to rising interest rates, as almost all the Group's loan portfolio has a fixed rate of interest. Furthermore the first significant refinancing of these fixed rate loans is due only from 2026 onwards. To partially hedge the exposure of these refinancing loans in 2026, the Group entered into forward starting hedges in early 2022, totalling around £190 million.

To assess the Group's viability, the Board conducted a robust assessment of the current and emerging risks facing the Group and how they could impact the strategy, performance and liquidity of the Group. The Board considered detailed cash flow projections for the next three-year period to 31 December 2026, constructed on a base case and a downside case basis.

In terms of trading, our base case last year assumed full pre-COVID-19 recovery in 2023, with EBITDA levels at or around 2019 EBITDA levels, which we have now achieved. In our base case for 2024 and onwards we have prudently assumed a 2.5% EBITDA growth. We assume this approach as prudent, given that the new openings taking place in 2024 are expected to impact the EBITDA with at least an additional £25 million from stabilised trading of these hotels (c. 20% EBITDA growth versus 2023). The downside case assumes 15% less EBITDA compared with the base case for each of the three years in the model, which could be caused by long-term declining room rates and the impact this could have on profit conversion. The estimates in both scenarios have a high degree of uncertainty, as the period of estimates extend significantly beyond the current booking lead times. The downside case will not require covenant waivers and no mandatory prepayments on loan facilities.

As discussed above, the Group is refinancing three significant loan facilities that are maturing in 2026. The first one is the outstanding facility with Barings bank (April 2026, £87.0 million), the second one is the facility with Aareal bank funding the Dutch hotels and one UK hotel (June 2026, €159.3 million and £15.6 million) and the last one is the Aareal facility in Park Plaza London Riverbank (June 2026, £100.7 million). Given the relatively low LTV levels of these loans (currently below 50%), the strong relationships the Group has with its banks and the historic track record of refinancing, the Board is confident that the outstanding loans will be rolled forward into new term facilities.

The downside scenario also should not result in cash traps under the current loan facility agreements, however should this be required, the Group's freely available cash resources in that scenario are sufficient to continue without taking restructuring measures. The Board continually monitors the three-year base case and downside case cash flow forecasts, which take into consideration different trading assumptions and the Company's long-term strategy.

Having reviewed both the base case and downside case, the Directors have determined that the Group is likely to continue in business for the period under review without implementing any further protective measures to the operational structure. The Group's viability does not depend on additional liquidity and has a strong cash flow generative trading. The Board concluded that three years would be an appropriate timeframe over which to assess the Group's longer-term viability given the limited levels of planning certainty to this period and the significant new pipeline that will be delivered in this period.

The above considerations form the basis of the Board's assessment of the viability of the Group over a three-year period to 31 December 2026 while taking account of the Group's current position, the principal risks and how these are managed, as detailed in the Strategic Report, the Group Strategy and the Group's financial plans and forecasts. Based on this assessment, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 31 December 2026.