pphe HOTEL GROUP

Unlocking **Growth**

ANNUAL REPORT AND ACCOUNTS 2024

PARK PLAZA · art'otel · HOLMES HOTEL LONDON · ARENA HOTELS & APARTMENTS · ARENA CAMPSITES

PARTNER BRANDS

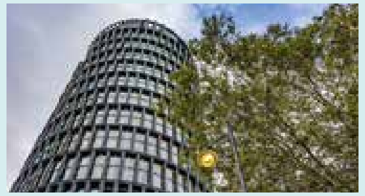
RADISSON COLLECTION · RED Radisson

A year to **be proud**

New openings and brand diversification

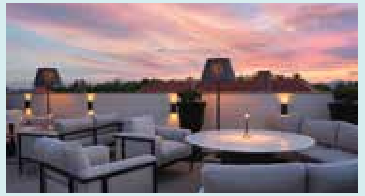
As we entered the final stages of our £300+ million capital expenditure (CAPEX) programme, we opened several new properties under a variety of brands, driving our multi-brand development and diversification strategy.

See more on pages 4 and 5



art'otel London Hoxton (United Kingdom)
April 2024 saw the soft opening of this iconic new landmark hotel, located in Hoxton. 2025 will see the launch of the 5,000m² office space and the 25th floor restaurant.

art'otel Rome Piazza Sallustio (Italy)
On track to open in March 2025, this completely repositioned property is set to join Rome's buzzing luxury hotel market.



art'otel Zagreb (Croatia)
In May, we launched the rooftop bar at the Croatian capital's most premium hotel, marking the completion of our office-to-hotel conversion project.

Radisson RED Belgrade (Serbia)
Our first Radisson RED branded property opened in the Serbian capital in February following an extensive repositioning programme.

Radisson RED Berlin Kudamm (Germany)
Our first Radisson RED property in Germany fully opened in September following an extensive repositioning programme.

Financial performance and growth

Total revenue	EBITDA*
£442.8m	£136.5m
2023: £414.6m	2023: £128.2m

EPRA earnings*	Adjusted EPRA EPS*
£53.2m	125p
2023: £50.1m	2023: 118p

Reported PBT	Reported basic EPS
£30.6m	67p
2023: £28.8m	2023: 53p

EPRA NRV per share*	Dividend[1]
£27.51	38p
2023: £26.72	2023: 36p

Operational achievements

Occupancy
74.5%
2023: 72.4%

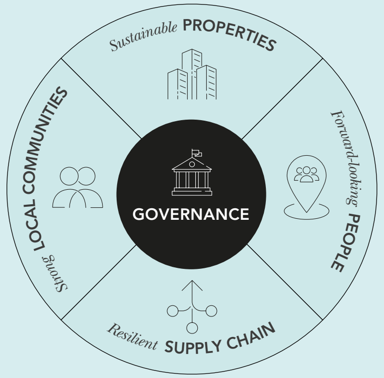
Average room rate*
£161.5
2023: £166.8

RevPAR*
£120.3
2023: £120.7

Employee engagement rate
84.5%
2023: 83.0%

This annual report includes various Alternative Performance Measures (APMs), such as EPRA performance metrics and hospitality operational performance indicators. For definitions, further details, and reconciliations to measures defined under International Financial Reporting Standards (IFRS), please refer to the Appendix: Alternative Performance Measures on pages 218 and 219 of the report. The metrics presented remain consistent with those in our previous annual report, with no changes to the bases of calculation. All APMs have been separately flagged throughout the report with the use of an asterix*.

1 Includes the interim dividend and the proposed final dividend over the year.



ESG strategic progress

We made advancements on our SBTi submission by starting the work on our decarbonisation plan and reduced our plastic consumption through the introduction of large amenities dispensers.

We obtained new environmental building certifications and awards, such as BREEAM Excellent for art'otel London Hoxton and the 2024 Green Building and Sustainable Built Environment Award in Croatia for art'otel Zagreb.

Post balance sheet events

On 9 January 2025, Ken Bradley was appointed as Non-Executive Chairman and Roni Hirsch as Non-Executive Director.

See more on pages 15 and 16

Contents

Unlocking **Growth**

Strategic Report

4 About us
6 At a glance
9 Our investment case
10 Attractive brands
14 Chairman's Statement
18 CEO Review
26 Business model
28 Strategy at a glance
30 Strategy in action
38 Key performance indicators
40 Financial Review
48 Business Review
64 Stakeholder engagement
68 Environmental, Social and Governance
84 TCFD report
90 Risk management
100 Viability statement

Corporate Governance

101 Introduction to governance
104 Board of Directors
106 Executive Leadership Team
108 Corporate governance
119 Nomination Committee report
126 Audit Committee report
133 ESG Committee report
135 Remuneration Committee report
152 Directors' report

Financial Statements

157 Independent auditors' report
160 Consolidated statement of financial position
161 Consolidated income statement
162 Consolidated statement of comprehensive income
163 Consolidated statement of changes in equity
164 Consolidated statement of cash flows
166 Notes to consolidated financial statements

Appendices

210 Subsidiaries included in the Group
214 Jointly controlled entities
214 Current renovation, repositioning and pipeline projects
215 Glossary
218 Alternative Performance Measures
220 Contacts

art'otel London Hoxton

6

At a glance

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

See more on pages 6 to 13

9

Our investment case

Our "Buy, Build, Operate" business model provides exposure and returns across the entire hospitality real estate value chain.

18

CEO Review

We delivered a record performance and launched exciting properties in Belgrade, Zagreb, Berlin and London, with Rome opening in March 2025.

See more on pages 18 to 25

30

Strategy in action

Following a period of investment, we have unlocked value by launching and now operating several new properties. As a result we create asset value and ensure steady revenue flows.

See more on pages 30 to 37

64

Stakeholder engagement

We fully engaged throughout the year with all our stakeholder groups, including guests, team members, investors, suppliers and affiliates.

See more on pages 64 to 67

Radisson RED Belgrade reception

68

ESG report

In 2024, we have made important advancements on our ESG strategy, improving the sustainability profile of our properties and their social impact.

See more on pages 68 to 83

Unlocking

Radisson RED Berlin Kudamm Bar

PPHE Hotel Group's unique and integrated model of owning, developing and operating hospitality properties has delivered strong shareholder returns since our inception in 1989. Our track record spans from successful ground-up property developments, to office to hotel conversions and repositioning existing properties into premium upper upscale assets.

2024 was a spectacular year for us when it came to new developments and future value creation, with our £300+ million CAPEX investment programme nearing completion.

We opened our first Radisson RED branded properties in Belgrade and Berlin, in February and June respectively. This was the result of the full repositioning of two existing properties following extensive investments. We believe the progressive and vibrant Radisson RED brand positioning will drive further value for these assets. Both hotels have been well received by guests and have started contributing positively to our EBITDA[1] performance.

Growth

art'otel Zagreb Skyline

The art'otel brand and portfolio have been on an exciting growth journey in recent years, starting with the full opening of art'otel London Battersea Power Station, in February 2023, followed by the full launch and opening of art'otel Zagreb, in May 2024. The latter is an office-to-hotel conversion which marked our debut in the Croatian capital, perfectly complementing our already strong presence on the Adriatic Coast.

In April 2024, we celebrated the soft launch of our much anticipated and brand flagship art'otel London Hoxton. This ground-up development was the result of detailed planning and investment for over a decade and the result is spectacular, with many more exciting phases yet to come. Our property repositioning programme to create art'otel Rome Piazza Sallustio is nearing completion, with its soft opening planned for March 2025. Several other growth and development opportunities are actively being pursued, to generate further growth for our Group.

See more on page 20

At a glance

Who we are

We are an international hospitality group, with a strong prime real estate portfolio consisting of 51 properties in operation 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.

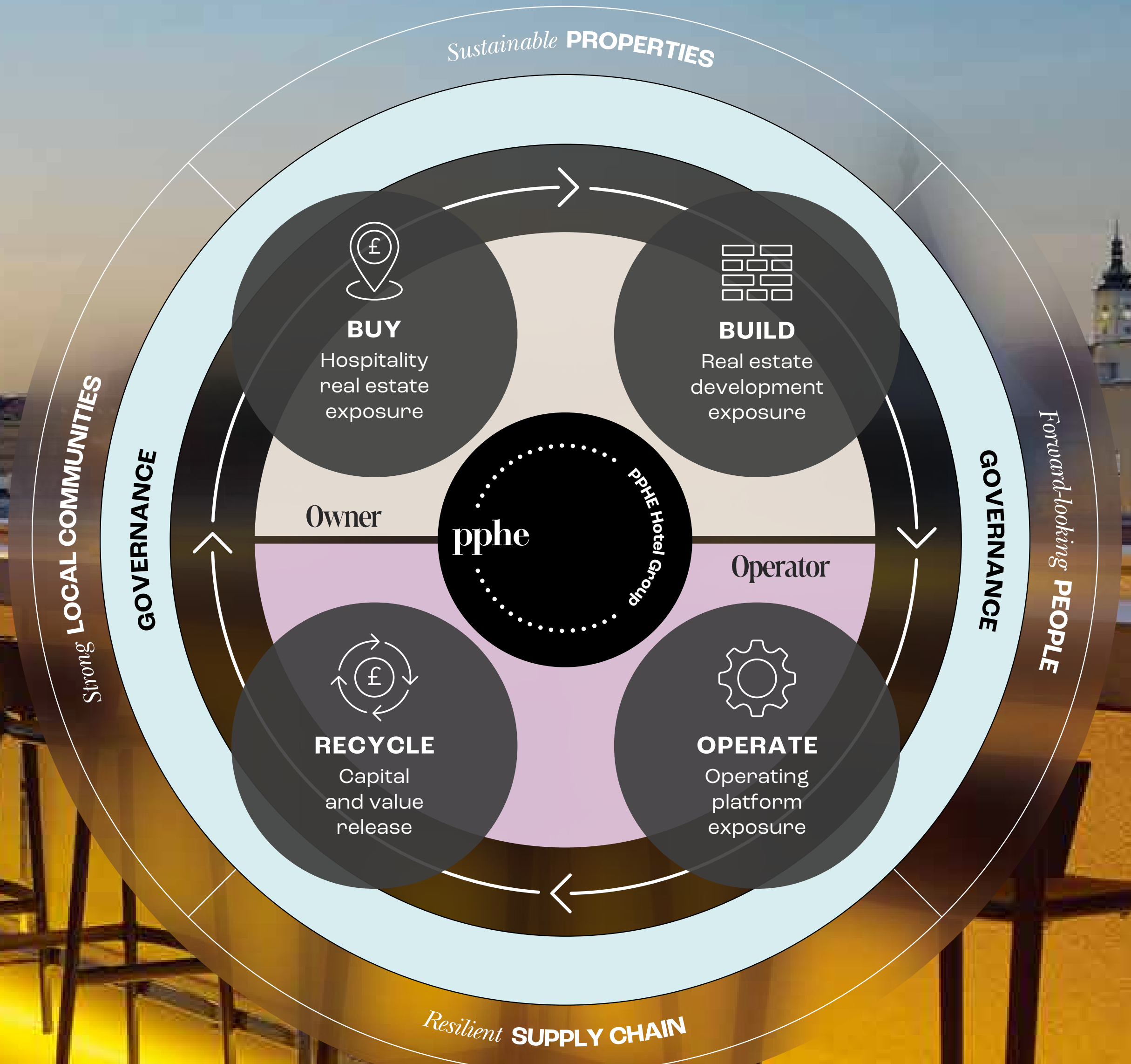
How we do it

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.

We are proud to open our first art'otel in Croatia, a £19 million investment which fully opened in May 2024.
Rooftop terrace – art'otel Zagreb

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.



- **£1,328m** United Kingdom
- **£319m** The Netherlands
- **£85m** Germany
- **£351m** Croatia
- **£31m** Other
- **£99m** Under development[2]

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

- **12** United Kingdom
  4,206 rooms
- **6** The Netherlands
  1,073 rooms
- **7** Germany
  1,106 rooms
- **22** Croatia
  8 hotels
  6 resorts
  8 campsites
  2,744 rooms
  5,749 pitches
- **4** Austria, Hungary, Italy, Serbia
  3 hotels
  1 resort
  496 rooms

(Includes franchises)

- **45** Freehold hotels, resorts and Long leasehold (ground rent)
  23 Freehold Hotels
  7 Freehold Resorts
  2 Co-owned Hotels- included in Freehold in the FS
  5 Long leasehold
  8 Campsites
- **6** Managed, leased and franchised

(Includes franchises)

1 The fair values were determined on the basis of independent external valuations prepared in December 2024.
2 Properties under development include: New York, Westminster Bridge Road (London), art'otel Rome Piazza Sallustio.

Our investment case

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

1. 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

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.

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

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. Each art'otel is an arts and premium lifestyle hotel devoted to creating and presenting original work.

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

art'otel

HOLMES
HOTEL LONDON

This award-winning **premium boutique hotel** is located on iconic Chiltern Street in London's West End 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

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 and at a mountain resort in Nassfeld, Austria. 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

Arena Campsites and glamping sites are located on exclusive beachfront sites across the southern coast of Istria, Croatia. Situated within close proximity to 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
arenaglamping.com

ARENA CAMPSITES

PARTNER BRANDS

RADISSON COLLECTION

In 2022, we extended our long-standing partnership with Radisson Hotel Group ('Radisson'), providing us with access to all of Radisson's brands at favourable commercial terms. This new agreement enabled us to launch the Grand Hotel Brioni Pula, a Radisson Collection Hotel, in May 2022.

radissonhotels.com

Following the **launch of the luxury Grand Hotel Brioni Pula, a Radisson Collection Hotel,** in 2022 we have further diversified our property portfolio and consumer offering with the introduction of our first two Radisson RED branded hotels.

The Radisson RED brand is an upscale/upper upscale brand with a playful twist on the conventional and we are proud to now offer this in the heart of Belgrade – **Radisson RED Belgrade** – and in Berlin – **Radisson RED Berlin Kudamm** – following their respective openings in February and June 2024.

radissoncollection.com
radissonred.com

RED
Radisson

Restaurants & bars

WORLD-CLASS CULINARY EXPERTISE

JOIA BATTERSEA

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

joiabattersea.com

ARCA AMSTERDAM

ARCA celebrates a casual Portuguese sharing plates experience infused with modern flavours, Asian inspirations and impressive cocktails.

arcaamsterdam.com

TOZI RESTAURANT & BAR

TOZI is a Venetian-Italian restaurant and bar concept spanning London Victoria and Amsterdam. The brand has evolved in Battersea with a focus on pizza as well as the signature Cicchetti sharing plates. Drinks include Italian wines and barrel aged negronis served via a trolley.

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. The second is set to launch this spring in Rome, located in the art'otel Rome Piazza Sallustio. 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

THE BRUSH GRAND CAFÉ

NEW

The Brush is an all-day grand café, Lounge and cocktail bar taking inspiration from some of the best signature dishes and drinks from Europe. With a large outdoor terrace and open for breakfast, brunch, lunch and dinner, this is the perfect spot for any moment of the day.

thebrushhoxton.co.uk

A selection of some of our restaurant & bar brands

CARSTENS Amsterdam
CHINO LATINO
THE KITCHEN AT HOLMES
joël
CARSTENS Café
ICHI
PRIMO
illy CAFFÈ
106 BAKER ST

Chairman's Statement

Ken Bradley
Chairman

Ken Bradley
Chairman

> "These openings are notable in what they signify. Firstly, the successful evolution of PPHE into a truly pan-European, multi-brand hospitality real estate group, generating broader customer appeal and the opportunity for heightened long-term growth."

Ken Bradley
Chairman

Introduction

I was pleased to be appointed Chairman of the Board on 9 January 2025, succeeding Eli Papouchado ('Papo') following his decision to step aside. I am thankful to the Board for its trust in me and look forward to engaging with all stakeholder groups.

A year of unlocking longer-term growth

Looking back at 2024, I am pleased to report on a year of excellent strategic progress for the Group, marked by a number of key highlights, including new openings and brand diversification, as we continue to unlock longer-term growth. We began the year with strong momentum and delivered year-on-year growth. We also entered the final stages of our £300+ million development, repositioning and refurbishment pipeline, which has included the expansion of our upper upscale premium lifestyle art'otel brand in Zagreb, Croatia, and Hoxton, London, all of which will contribute to the Group's continuing growth.

Alongside this excellent strategic progress, the Group's existing portfolio performed strongly to deliver a solid like-for-like*[1] performance, driven by higher occupancy levels in all our operating markets, achieved despite a challenging geo-political and macro-economic environment and strong prior year comparatives.

Continued focus on Environment, Social and Governance

We strive to minimise our impact on the environment in which we operate and to positively impact all our stakeholders, including employees, guests, partners and those in our local communities. To reflect this, our Environmental, Social and Governance (ESG) strategy and commitments are divided between Sustainable Properties, Forward-looking People, Strong Local Communities and Resilient Supply Chain, with governance at its heart.

1 The like-for-like' performance excludes the 2024 results of the newly opened art'otel London Hoxton and the results of art'otel Zagreb for the first ten months of 2024.

We recognise the importance of engagement with all our stakeholders to understand their priorities and hear their feedback. The Board and leadership team regularly meet with shareholders and seek to be available on an ongoing basis. The Group actively engages with our team members through twice-a-year engagement surveys and quarterly town hall meetings, and our guests always have the opportunity to tell us about their experience staying with us.

As we start the new financial year, we remain focused on ESG and good corporate governance and will continue to develop and expand our ESG reporting and fundamental KPIs for the business.

Further details can be found in the CEO Review on pages 18 to 25.

The Board

We welcomed Greg Hegarty to the role of Co-Chief Executive Officer in February 2024, alongside the Company's long-serving President and Chief Executive Officer, Boris Ivesha. This appointment, which followed Greg's appointment to the Board in May 2023, further strengthens the Group's strong leadership team and is in keeping with the PPHE's long-standing emphasis on promoting internal talent and intra-Group mobility. Greg manages the day-to-day running of the business and has a key role in defining and implementing the Group's long-term strategy. Greg also remains responsible for the Group's ongoing proactive engagement with shareholders. Meanwhile, Boris Ivesha is focused on pursuing growth and development opportunities for the Group, including concept creation.

In the first quarter, Marcia Bakker assumed the role of Chair of the Group's ESG Committee. Marcia assumed this responsibility from me, but I still remain a member of the Committee. Nigel Keen also joined the Committee, which reflects our commitment to this important area of our business.

> We have a strong, multi-disciplined Board and highly skilled leadership team with an entrepreneurial mindset.
>
> **Ken Bradley**
> Chairman

As mentioned above, I succeeded Papo as Non-Executive Chairman in January from my prior role of Non-Executive Deputy Chairman, having joined the Group as a Non-Executive Director in 2019. Papo, a founder of the Group, has held the role of Chairman since its formation in 1989. Over this period, he has played an instrumental role in both the Group's growth and development, and the expansion of the Park Plaza and art'otel brands across Europe.

Roni Hirsch was appointed as Non-Executive Director on 9 January 2025. Roni is the CEO of the Red Sea Group, a role he has held since 1993. The Red Sea Group is controlled by Papo, who, together with his family trusts, owns 32.93% of the voting rights in PPHE Hotel Group.

51
properties in operation across eight key countries in Europe

We have a strong, multi-disciplined Board and highly skilled leadership team with an entrepreneurial mindset. Together, we look forward to continuing to drive forward our growth strategy and the longer-term development of the Group.

Dividends

The Board has a progressive dividend policy and remains committed to delivering value to its shareholders.

In light of this, we have declared a proposed final dividend of 21 pence per share, an increase of 5.0%, which, combined with the interim dividend, brings the total dividend for the 2024 financial year to 38 pence per share, an increase of 5.6% compared with 2023.

In addition, we were pleased to complete two Share Buy-Back Programmes, amounting to a total of £7.9 million, which the Board considered the best means to return a portion of capital to shareholders. We will continue to engage with shareholders regarding how we can best deliver enhanced value.

Further details about dividend and the Share Buy-Back Programmes are set out in the Financial Review on pages 40 to 48.

A platform for future growth

The excellent performance achieved by the Group during 2024 provides a strong platform for long-term growth. Our portfolio spans 51 properties in operation across eight key countries in Europe, and we are proud to deliver memorable experiences for our guests through our seven brands every day. This is made possible by our unique business model, our relentless focus on quality and our team's expertise.

As we near the completion of our £300+ million development pipeline, we are working on longer-term development opportunities to support our future growth.

We look forward to building on our successful and proven strategy in 2025 and beyond, and updating our stakeholders on further progress.

Ken Bradley
Chairman

CEO Review

Boris Ivesha
President & Chief Executive Officer

Greg Hegarty
Co-Chief Executive Officer

Boris Ivesha & Greg Hegarty

"The progress with our £300+ million development pipeline continues at pace, and the soft opening of our new art'otel London Hoxton was a momentous occasion for the Group. Our accretive pipeline nearing completion affords us confidence as we move through the year and into the busy summer season."

Boris Ivesha
President & Chief Executive Officer

2024 in review

2024 was an exciting and busy year for the Group as we neared completion of our £300+ million development pipeline. This included opening four new hotels across four countries in the year, one of which was our flagship art'otel London Hoxton, as well as preparing for the forthcoming opening of our new art'otel Rome Piazza Sallustio in Italy.

The Group's operational and financial performance was characterised by our focus on driving EBITDA* and EBITDA margin* growth through a combination of occupancy growth and a strong internal focus on efficiencies and enhancements.

We saw increased occupancy across our property portfolio, including newly opened hotels, and the stabilisation of room rates alongside a normalisation of the business mix throughout the year. While leisure travel remained the most dominant segment, bookings stabilised, meetings and events bookings recovered, and business travel and in-person engagements increased, which supported the continued recovery of corporate travel albeit at a slightly slower pace than anticipated. As predicted, this led to a moderation of average room rate*.

This was particularly true in the Group's two largest markets, the UK and the Netherlands. In Croatia, our portfolio of eight hotels, six resorts and eight campsites performed well, particularly during the peak summer months of July and August.

We were pleased to achieve a strong underlying performance for the year, against strong comparables and despite the ongoing challenging macro-economic and geo-political backdrop. This was underpinned by the strength of our unique Buy, Build, Operate business model, the broadening appeal of our high quality multi-brand portfolio and the hard work and dedication of our teams.

Delivery of £300+ million development pipeline

After years of planning, investment and construction, the delivery of our £300+ million repositioning and refurbishment pipeline is now nearly complete, with several high profile hotels opening in the year, and the efforts of our team are now reflected in the fantastic reviews of our guests.

Most notably, we opened our second art'otel in London. The development cost for art'otel London Hoxton (including the land), was approximately £300 million delivered through our partnership with Clal Insurance. In 2025, we expect to launch the extensive office space available at this property, as well as the restaurant and bar on the 25th floor. We have a long-term hotel management agreement for this 357 room property, and upon stabilisation, we expect it to contribute £20+ million of additional EBTIDA*.

We opened our first two Radisson RED branded hotels following our recently extended strategic partnership with Radisson Hotel Group, facilitating our focus on brand diversification. These were Radisson RED Belgrade in February 2024 and Radisson RED Berlin Kudamm with a soft opening in June and full opening in September 2024.

These new openings followed a £19 million investment at art'otel Zagreb – the Group's first art'otel in Croatia – which fully opened in May 2024, building on the hotel's soft opening in October 2023.

Whilst in some instances the full openings of these hotels were slightly later than initially anticipated, we are delighted with the excellent guest feedback and reviews received so far as well as the performance to date.

> "Our margin improvement in the year was the result of our focus on cost management, centralisation and technological initiatives."
>
> **Greg Hegarty**
> Co-Chief Executive Officer

Finally, the repositioning of art'otel Rome Piazza Sallustio in Italy is now in its final stages and we look forward to welcoming guests from March 2025.

The strategic progress delivered during the year yet again demonstrates the value of our unique 'Buy, Build, Operate' business model, which sees the Group maximise value by acquiring and (re)developing assets to reach their full potential, operating them to deliver high quality hospitality experiences, and unlocking investment for future opportunities through non-dilutive capital recycling.

These openings are notable in what they signify. Firstly, the successful evolution of PPHE into a truly pan-European, multi-brand hospitality real estate group, generating broader customer appeal and the opportunity for heightened long-term growth. Secondly, the successful execution of our expanded strategic partnership with Radisson Hotel Group, namely the leveraging and development of cross-business brands to accelerate our expansion in key gateway cities and to drive brand awareness across multiple customer segments.

A solid like-for-like* performance

We saw solid underlying trading momentum throughout the year, with like-for-like* revenue, which excludes the newly opened art'otel Zagreb and art'otel London Hoxton, 3.3% higher at £428.3 million (2023: £414.6 million). Like-for-like* EBITDA* increased by 8.7% to £139.3 million (2023: £128.2 million), delivering an enhanced like-for-like* EBITDA margin* of 32.5% (2023: 30.9%). This margin performance was aligned with our commitment to enhance margins through our focus on cost management, centralisation and technological initiatives.

We were particularly pleased to achieve this against a more measured travel market backdrop and macro-economic environment, and a strong comparable performance achieved in 2023.

Reported revenue, which included the impact of the phased openings of new hotels, increased by 6.8% to £442.8 million. Reported EBITDA* was up 6.5%, at £136.5 million and the EBITDA margin* was 30.8%.

Our Business Review on pages 49 to 63 sets out the full-year performance of our assets across all our international markets.

Longer-term development opportunities

As we complete the final phase of our £300+ million development pipeline, we are pleased to have secured several exciting longer-term development opportunities as we look to expand our London portfolio and deliver value for our stakeholders.

We have secured planning approval for a 186-room mixed-use hotel led development at London Westminster Bridge Road, in the vibrant South Bank area. The site was purchased for £12.5 million in 2019 and will increase the Group's presence in the capital to 3,900 rooms, cementing our very strong presence in this part of London.

Other longer-term development opportunities include a 465-room mixed-use hotel adjacent to Park Plaza London Park Royal in West London and consent to convert 6,500m^2 of subterranean space at Park Plaza Victoria London to a 179-room subterranean hotel.

On our development site near Hudson Yards in New York we completed the demolition of the existing structures and we are reviewing development opportunities for this site.

We also continue to explore investment and development opportunities in existing and target markets, including Croatia, where we see a clear opportunity to drive returns across the entire hospitality real estate value chain through our unique business model.

> "We are pleased to have secured several exciting longer-term development opportunities as we look to expand our portfolio in London and beyond and deliver value for our stakeholders."
>
> **Boris Ivesha**
> President & Chief Executive Officer

Our sustainability commitment

Throughout the year, our teams made good progress against our sustainability commitments, as described in the ESG section of this report. We were particularly pleased to have implemented a number of initiatives across our hotels to minimise environmental impact, including the introduction of large amenities' dispensers, which have replaced small, single-use plastic bottles, the offer of wooden cards (instead of plastic) in some of our hotels, supported by a focus on our digital check-in to reduce card use altogether.

Having submitted our commitment letter to the Science Based Targets initiative (SBTi) in 2023, in 2024 we have engaged external specialists to support us in assembling our decarbonisation plan and refining our emission reduction targets. The project is expected to be completed in 2025, with the final output being a comprehensive list of actions to reduce the carbon emissions across the whole business and our targets being submitted to SBTi. This will address emissions throughout all our business activities, ranging from implementing energy efficiency initiatives to working with our suppliers to improve the environmental performance of the products and services we purchase.

This year, we have also worked with our listed subsidiary Arena Hospitality Group D.D. to ensure preparedness for the IFRS S1 and S2 and CSRD reporting frameworks. With this in mind, Arena Hospitality Group D.D. has conducted its double materiality assessment in 2024, covering the Croatian, German and CEE regions, while the consolidated Group will conduct it in the first half of 2025, informing our ESG reporting requirements for the coming years.

Further details on our strategy, targets and KPIs are set out at pages 28 to 39.

> "The Board remains highly focused on enhancing value for shareholders, which is reflected in the Group's progressive dividend policy."

Increased shareholder returns

The Board remains highly focused on enhancing value for shareholders, which is reflected in the Group's progressive dividend policy. This will see £15.9 million returned to shareholders in respect of 2024 through a 5.6% increase in total ordinary dividend to 38 pence per share, and the completion of two Share Buy-Back Programmes in the year.

Further details about dividend and the Share Buy-Back Programme are set out in the Financial Review on pages 40 to 48.

Our expert teams

Our teams are at the heart of our business and at the forefront of creating memorable experiences for our guests. We place great importance on ensuring that we provide rewarding long-term careers for all our employees at every level, so they feel valued at every stage of their career, positioning the Group as a market leading employer of choice.

During the year, we hired many employees, which included more than 250 newly created jobs at art'otel London Hoxton.

>250
newly created jobs at art'otel London Hoxton

We invested in a Head of Employee Experience role in our head office team to futureproof all parts of our employee life cycle and implement leadership training and development initiatives to support a sustainable talent pipeline over the coming years. We also have programmes to encourage talent to a career in hospitality, including a degree apprenticeship programme.

We are seeing the positive output from our focus on engagement, retention and development. The integration of our London in-house housekeeping colleagues into hotel operations has delivered a significant improvement in engagement and productivity levels and has reduced staff turnover.

I am pleased to report that our continued efforts in this area are resonating well with our colleagues, with our twice-annual employee engagement surveys returning an increase in the Group's engagement scores from 83.0% to 84.5%, notably exceeding the sector average of 82%.

We also continued to deploy technology to support our teams, optimise the service offered to our guests in the UK and the Netherlands, and to enhance back-office efficiencies. We introduced a digital concierge platform for guests at our lifestyle properties.

> "We are seeing the positive output from our focus on engagement, retention and development."

We expanded our in-house data and technology team to build and manage data cloud platforms, customer data platforms and robotics and Artificial Intelligence (AI) programmes and processes, including piloting AI for our customer service centre.

In Croatia, to address an increasingly competitive labour market for skilled hospitality workers, the HR team has been focused on diversifying the sources of labour with overseas recruitment on a permanent and seasonal basis. To accommodate this approach, there is greater provision for employee accommodation and transport between Company sites. In Germany, we opened the first Radisson RED in Berlin and recruited and onboarded a new team aligned to new brand standards. There has also been the expansion of an employee communications app among the properties of our Croatian subsidiary, with this app now also providing some learning content and a survey tool.

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.

Looking ahead

Notwithstanding wider macro-economic and geo-political uncertainties, the Board expects to build on the record performance achieved during 2024, and to further grow revenue and EBITDA[1] in 2025, driven by a growing contribution from its newly opened and repositioned hotels. Forward booking momentum across all regions for Q2 and the remainder of the year is encouraging following a quieter Q1, the Group's slowest quarter in the financial year.

The Board remains confident in delivering results in line with market expectations for 2025 and the longer-term opportunities ahead. The Board maintains its expectation that its newly-opened hotels (including art'otel Rome Piazza Sallustio once open) will generate at least £25 million of incremental EBITDA[1] upon stabilisation of trading.

On 6th March 2025, we will welcome the first guests to our first property in Italy – art'otel Rome Piazza Sallustio – following a major repositioning programme. As ever, we would like to thank all our team members for their hard work and excellent service delivery during 2024, and our shareholders for their continued support.

Boris Ivesha
President & Chief Executive Officer

Greg Hegarty
Co-Chief Executive Officer

Park Plaza London Westminster Bridge – Welcoming guests

Business model

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

Engagement with our stakeholders

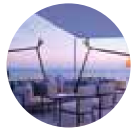
Engagement with our stakeholders has enabled us to better understand what is considered material to them and better position our business model and strategy.

Read more about our materiality assessment in the ESG report on pages 68 to 83.

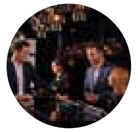
Our purpose

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.



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

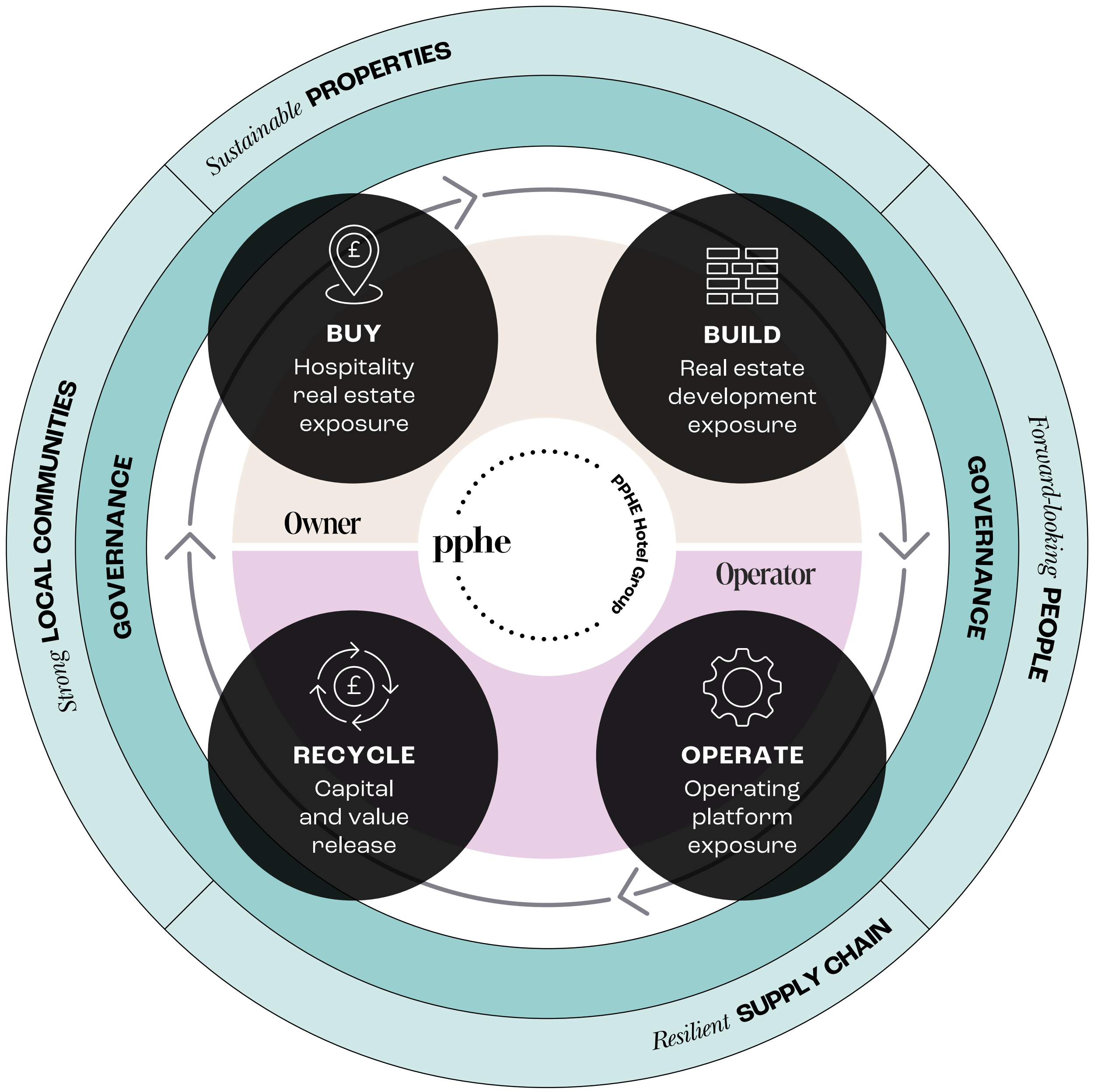
Our people and culture
Our strong track record of creating memorable guest experiences is consistently delivered by our team members.

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

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

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.

84.5%
Employee engagement score measured through surveys

Guests
We provide high quality, memorable hospitality experiences in dynamic and vibrant destinations, combining exceptional service, premium products and thoughtfully designed experiences. Our commitment to excellence ensures that every guest enjoys unforgettable moments, tailored to their needs and expectations, creating lasting impressions and inspiring loyalty.

87.8%
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.

38p
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 the annual occupancy of our Radisson affiliated properties.

20m
Radisson Rewards™ global loyalty programme has over 20 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.

Strategy at a glance

Strategic blocks | 2024 performance | 2025 priorities | Related risks and opportunities | KPIs | Our vision

1. Strategic priority – Core, upper upscale, city centre hotels

REAL ESTATE

2024 performance

Property:
- Full launch of art'otel Zagreb (office to hotel conversion), following completion of rooftop bar
- Soft opening of art'otel London Hoxton, with nearly all rooms, event space and spa & wellness completed
- Progressed development project in Rome, scheduled to open March 2025
- Completed repositioning programmes of two Radisson RED properties in Belgrade (February) and Berlin (September)
- Secured planning to develop 186-room hotel near Waterloo Station in London
- BREEAM Excellent certification awarded to art'otel London Hoxton and work begun to obtain the BREEAM in-use certification for other properties

Operations:
- Build the opening teams for all new properties
- Continued focus on learning and development, improved productivity and team member engagement
- Drove the commercial launch strategies for new properties and for existing portfolio
- Continued to drive efficiencies through technology implementations and efficiency programmes

2025 priorities

Property:
- Complete investment at art'otel London Hoxton (25th floor restaurant, 5,000m² office space, second gym and studio space)
- Complete and launch art'otel Rome Piazza Sallustio
- Drive detailed design stage, define operating models and select brands for development sites in London (Westminster Bridge Road and Park Royal) and New York
- Pursue new growth opportunities

Operations:
- Review operating structures in light of portfolio growth and wider macro-economic environment
- Continue to drive performance of newly opened hotels during 2024/2025
- Introduce new energy saving programmes, particularly gas reduction initiatives
- Continue to focus on learning and development, improved productivity and team member engagement
- 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
- Create and implement a new Food & Beverage Operating Model to further enhance performance

Related risks and opportunities

Property:
- Funding and liquidity – ability to raise finance allows us to pursue opportunities for growth. See page 96 for related risk detail.
- Development project delivery – opportunities to drive growth through the successful planning and delivery of new developments. See page 96 for related risk detail.
- ESG – asset values could be enhanced by meeting the highest standards for sustainability in our properties. See page 70 for ESG strategic objectives.

Operations:
- Economic climate and market dynamics – impact the performance of both established and newly opened hotels – see page 95 for related risk details.
- ESG – positive impact of the delivery of our ESG strategy on our communities, our people and the environment – see page 99 for related risk detail.
- Our People – Talent attraction and retention should be strengthened through the delivery of various engagement and people development initiatives – see page 99 for related risk detail.
- Technology – elevated guest experience and optimised performance through the early adoption of new technologies – see page 97 for related technology and information security risk details.
- Safety and continuity – operational performance could be affected by health and safety issues or operational disruption – see page 98 for risk details

KPIs

Property:
- Successfully deliver and stabilise 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

2. Strategic priority – Leisure and outdoor hospitality

2024 performance

Property:
- Fully completed and launched art'otel Zagreb, following the opening of the rooftop bar
- Continued to drive maturity of recent investments (Grand Hotel Brioni Pula, a Radisson Collection Hotel, Arena Nassfeld Hotel in Austria and three campsites in Croatia)

Operations:
- Continued to focus on building the teams and improving the overall guest experience
- Continued to drive the performance of all properties
- Continued to drive efficiencies through technology implementations

2025 priorities

Property:
- Complete CAPEX investments in two campsites, ahead of the 2025 summer season
- Drive performance of recently invested in leisure city centre properties

Operations:
- Launch, and drive the performance of, two newly invested in campsites
- Continue to focus on improving the overall guest experience
- Continue to drive the performance of all properties
- Continue to drive efficiencies through technology implementations

Related risks and opportunities

Property:
- Funding and liquidity – ability to raise finance allows us to pursue opportunities for growth. See page 96 for related risk detail.
- Development project delivery – opportunities to drive growth through the successful planning and delivery of new developments. See page 96 for related risk detail.
- ESG – asset values could be enhanced by meeting the highest standards for sustainability in our properties. See page 70 for ESG strategic objectives.

Operations:
- Economic climate and market dynamics – impact the performance of both established and newly opened hotels – see page 95 for related risk details.
- ESG – positive impact of the delivery of our ESG strategy on our communities, our people and the environment – see page 99 for related risk detail.
- Our People – talent attraction and retention should be strengthened through the delivery of various engagement and people development initiatives – see page 99 for related risk detail.
- Technology – elevated guest experience and optimised performance through the early adoption of new technologies – see page 97 for related technology and information security risk details.
- Safety and continuity – operational performance could be affected by health and safety issues or operational disruption – see page 98 for risk details

KPIs

Property:
- Successfully deliver and stabilise 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

3. Strategic priority – Hospitality management platform

2024 performance

Operations:
- Launch of, and opening preparations for, five new properties across five different countries and two brands, including a new brand for the Group (Radisson RED)
- 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 elevated art'otel brand experience in London, completed brand audits across all Park Plaza properties and implemented Radisson RED brand across two assets
- 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
- Continued to implement several organisational changes following a review conducted in 2023, supporting growth

2025 priorities

Operations:
- Continue to develop art'otel brand growth strategy, in partnership with Radisson Hotel Group
- Continue to drive multi-brand and diversification strategy
- Full opening of art'otel London Hoxton
- Launch of art'otel Rome Piazza Sallustio
- Focus on driving the maturing of newly opened properties
- 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

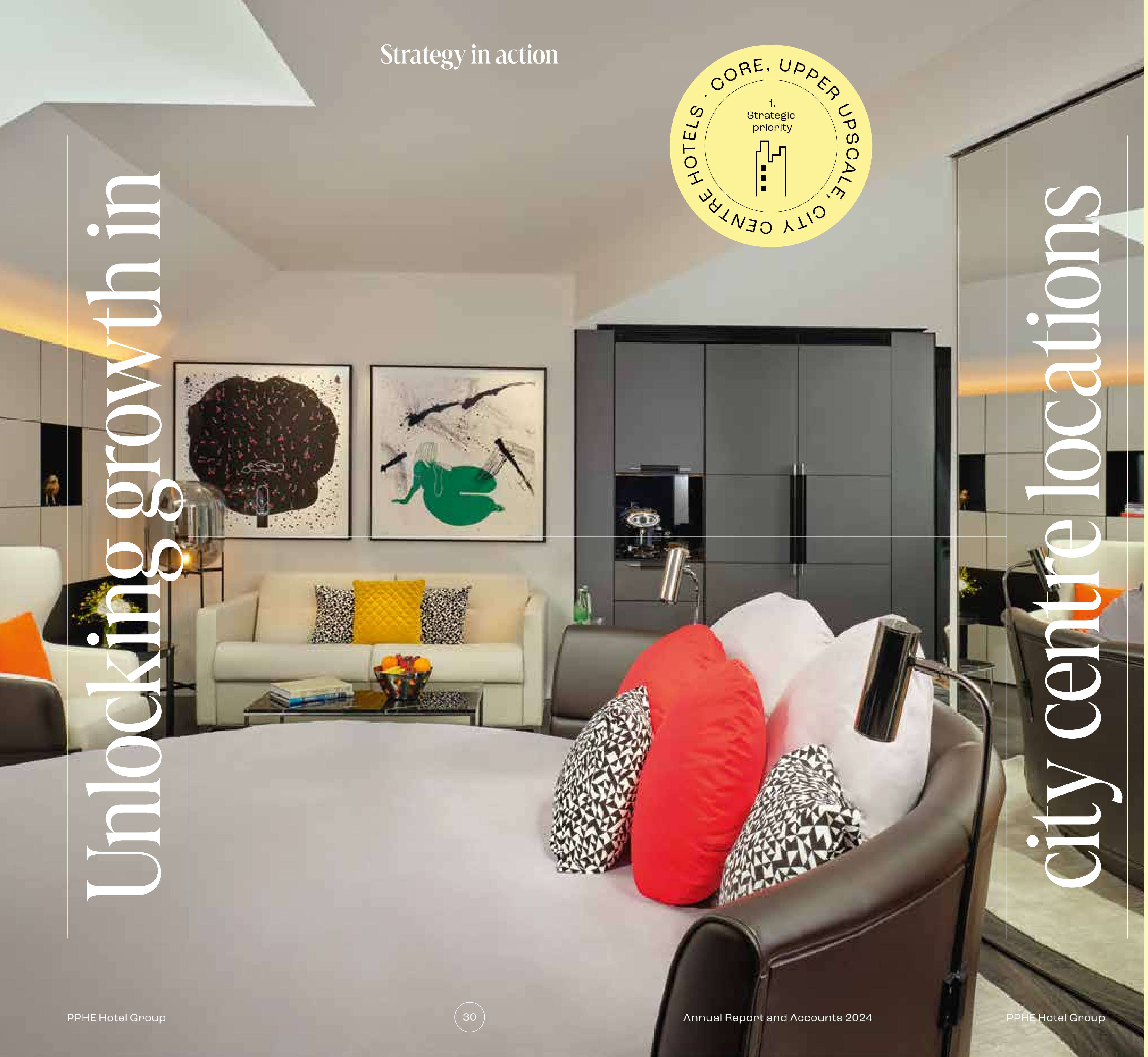
Operations:
- Economic climate and market dynamics – impact the performance of both established and newly opened hotels – see page 95 for related risk details.
- ESG – positive impact of the delivery of our ESG strategy on our communities, our people and the environment – see page 99 for related risk detail.
- Our People – Talent attraction and retention should be strengthened through the delivery of various engagement and people development initiatives – see page 99 for related risk detail.
- Technology – elevated guest experience and optimised performance through the early adoption of new technologies – see page 97 for related technology and information security risk details.
- Safety and continuity – operational performance could be affected by health and safety issues or operational disruption – see page 98 for risk details

KPIs

Operations:
- EBITDA*
- Successfully deliver and stabilise openings and repositioning projects
- 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.



Unlocking growth in city centre locations

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

PPHE Hotel Group is primarily focused on owning hospitality real estate in city centre locations of capitals and major cities that hold strong appeal for business travellers, leisure travellers and event delegates. The Group invests in acquiring assets with upside potential, including land sites and conversion and repositioning opportunities.

Investment strategy

Following a period of investment, PPHE unlocks value by launching and then operating the properties. This strategic approach not only enhances the value of the assets but also ensures a steady flow of revenue as the properties mature and stabilise.

Development pipeline in 2024

In 2024, PPHE completed most of its development pipeline with four new openings, and a fifth is nearing completion, with a launch planned for March 2025. The new openings are strategically located in prime city centre locations:

- London (Hoxton area)
- Berlin (near the Kurfürstendamm in Charlottenburg)
- Belgrade (near the city's old town)
- Zagreb (in the heart of the city)
- Rome (near the city's main landmarks, opening in 2025)

Putting our guests in the heart of the city

CORE, UPPER UPSCALE, CITY CENTRE HOTELS

1. Strategic priority

Operational focus

PPHE's own award-winning hospitality management platform drives the day-to-day operations of these hotels. The focus is on driving the maturing of these newly opened assets to ensure that they reach their full potential.

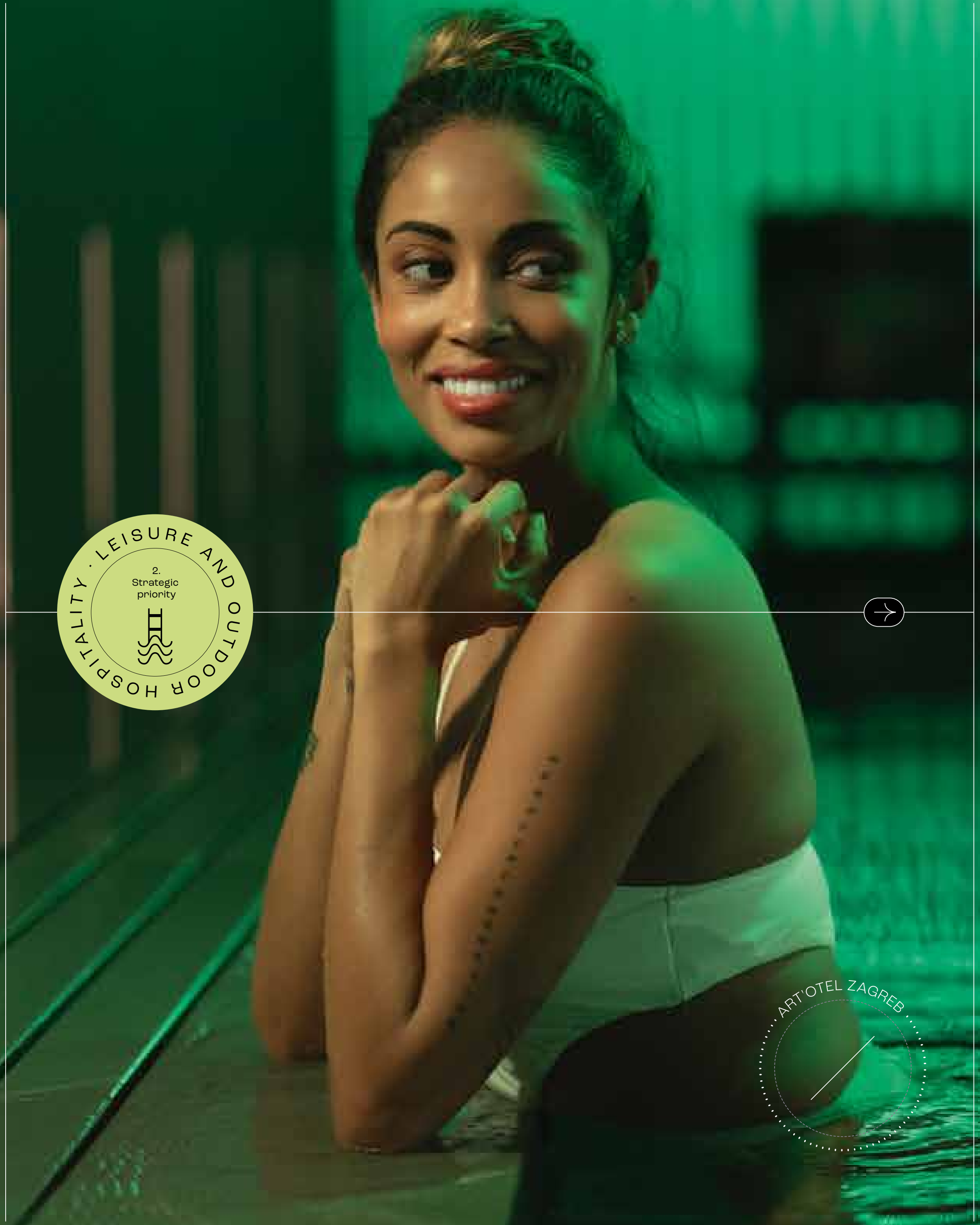
Future EBITDA* uplift

On stabilisation, these new openings, along with the yet to open art'otel in Rome, are expected to deliver an additional £25 million in EBITDA* to the Group. This significant increase in EBITDA* highlights the success of PPHE's strategic investment and operational strategies.

Well positioned for further growth

PPHE Hotel Group's focus on acquiring and developing hospitality real estate in high demand locations, coupled with its effective management platform, positions it strongly for continued growth and profitability. The recent developments in 2024, the forthcoming launch in 2025 and the Group's longer-term pipeline projects (it holds various land sites with hotel planning permission in London) are testaments to the Group's commitment to excellence and strategic foresight.

Memorable relaxation



PPHE's diversification though its leisure and outdoor segments

From prime city centres to scenic retreats

PPHE Hotel Group is a name that resonates with contemporary sophistication and prime city centre locations. Known primarily for its upper upscale and lifestyle properties, PPHE has made a significant mark in the hospitality industry with its strategic investments and expansion. However, since 2008, the Group has ventured beyond the urban landscape, making notable strides in the leisure and outdoor segments of the hospitality sector. This shift was marked by its investment in what is now recognised as the Arena Hospitality Group ('Arena'), where PPHE stands as the largest and controlling shareholder.

Arena Hospitality Group

Through its investment in Arena, PPHE has been in the privileged position to be working very closely with Arena's leadership and their expert specialist teams, who have decades of experience in operating leisure properties across Croatia's Istrian region. It has enabled both companies to broaden their horizons, investing in and managing a diverse portfolio of resorts, hotels, self-catering apartments, campsites and an all-glamping property. This diversification is not merely a strategic business move but a recognition of the evolving demands of modern travellers, who seek unique and versatile holiday experiences.

Repositioning and expansion

Since its initial investment, PPHE has committed substantial resources towards repositioning, upgrading and expanding Arena's offerings. The Group has meticulously curated a portfolio that today includes a five-star hotel, several four-star hotels and resorts, three-star self-catering accommodations, and eight campsites. This thoughtful expansion reflects a deep understanding of market needs and a commitment to delivering high quality experiences across various segments of the hospitality industry.

Focus on Istria

A significant part of Arena's portfolio is concentrated in Croatia's picturesque Istria region. This area is renowned for its historical sites, such as one of the best-preserved Roman amphitheatres, and its culinary delights, including high quality wines, truffles and olive oil. The region's stunning coastlines and crystal-clear oceans further enhance its appeal, making it a prime destination for tourists seeking both leisure and adventure.

Given Istria's proximity, many guests arrive by car from neighbouring countries such as Germany, Austria, Switzerland and Italy, as well as from Croatia. Additionally, visitors from the UK, Nordics and the Netherlands add to the diverse mix of tourists, attracted by the region's unique offerings and easy accessibility. The tourism potential of Istria continues to grow, with internal airport arrivals yet to fully recover following the pandemic, indicating further room for growth and visitor influx.

Significant investments

Recognising the need to diversify geographically and across different market segments, Arena has invested approximately €200 million in its leisure and outdoor offerings in recent years. This substantial investment has not only enhanced the quality of the existing properties but also facilitated the acquisition of new assets, further solidifying Arena's position in the market.

Venturing into Austria

In addition to its extensive portfolio in Croatia, PPHE has expanded its reach into Austria with the acquisition of a resort hotel in Nassfeld. This property appeals to a wide range of guests, including couples, families and groups of friends, offering a versatile destination for both summer and winter activities, such as skiing. This strategic acquisition underscores PPHE's commitment to providing diverse and high quality holiday experiences, catering to various preferences and requirements.

An experienced owner/operator in leisure and outdoor

PPHE's foray into the leisure and outdoor segment of the hospitality industry through Arena Hospitality Group represents a significant expansion of its portfolio and an astute response to the evolving demands of the tourism market. By investing heavily in upgrading and expanding Arena's offerings, PPHE has strengthened its position as a leading player in the industry, blending urban sophistication with scenic retreats. As the Group continues to diversify and explore new opportunities, it remains committed to delivering exceptional experiences, ensuring that its properties across Europe stand as exemplars of quality, luxury and innovation.

Expert teams, scalable platform

Mastering hospitality with our integrated operating platform

An overview of PPHE's unique approach

PPHE is a distinguished hospitality real estate owner that stands out in the industry for its strong asset base and integrated operating platform. Unlike many of its counterparts, which often separate property ownership from management and branding, PPHE maintains full control over its properties, ensuring seamless operations and high standards across all its ventures.

Industry context

In the hospitality industry, it is common for hotel owners, such as private equity firms and institutional investors, to engage third party management companies along with commercial brands. This model, while widespread, does mean that there are three stakeholder parties involved whose priorities may not always be aligned. PPHE, however, adopts a different approach by keeping full control over its properties. This integrated model not only enhances operational efficiency but also ensures that the Company's strategic vision is consistently implemented across its portfolio.

Ownership and management

PPHE typically has an ownership interest in the properties it manages. This dual role as owner and operator allows PPHE to align its interests with those of the property, ensuring that decisions are made with a long-term perspective. In addition to managing its own properties, PPHE also provides management services to other property owners. This expands its revenue streams and leverages its extensive expertise in hospitality management.

Branding strategy

PPHE uses a combination of its own brands and brands licensed from other entities. A key partnership is with Radisson Hotel Group, under which PPHE operates Park Plaza hotels through a master franchise agreement. This relationship allows PPHE to tap into Radisson's extensive brand recognition and loyalty programmes while maintaining operational control. The Group has also entered into an agreement with Radisson for its art'otel brand, whereby this is fully integrated into Radisson's brand portfolio, reservation system and commercial programmes, with Radisson obtaining certain development rights to mutually grow the art'otel portfolio. Additionally, PPHE has preferred commercial agreements with Radisson for using other Radisson brands, providing flexibility and a broad range of branding options for its properties. Its recent utilisation of Radisson Collection (luxury segment) and Radisson RED (upscale segment) are examples of this.

Scale and reach

PPHE's operating platform manages over £2.2 billion in properties, spanning eight countries and nearly 20 cities. This extensive portfolio includes a diverse array of hospitality offerings, such as five-star hotels, lifestyle hotels, conference and airport hotels, self-catering resorts, campsites, a glamping property, destination restaurants and bars, large spas, and more.

This diversity enables PPHE to cater to various market segments and customer preferences, enhancing its competitive edge.

Management excellence

PPHE's expert team is a cornerstone of its success. The team's extensive experience and skills cover a wide range of hospitality sectors, ensuring that each property is managed to the highest standards. Each PPHE property has its dedicated management team, supported by regional leadership and central support services. This structure ensures localised attention to detail while leveraging the resources and expertise of the wider PPHE organisation.

Comprehensive services

PPHE's management platform offers a broad spectrum of services, making it a stand alone value store recognised for excellence and innovation.

These services include the following:

- **Acquisitions and Development:** leveraging our broad network, we continuously source value-add opportunities.
- **Development and Technical Services:** our team oversees the development of new properties and renovations, the highest standards of design and functionality are met.
- **Concept Development and Launches:** we excel in creating unique hospitality concepts that cater to market demands. From concept development to the grand opening, our team ensures that each property launch is a success.
- **Legal and Governance:** With two listed companies in the Group, both adhering to high standards, governance and compliance are at the forefront of the legal team.
- **Commercial:** we aim to maximise revenue through strategic pricing, marketing, and sales and distribution initiatives, including robust digital and customer loyalty strategies.
- **Brand and Guest experience:** we define and implement the desired guest experience across each property and support the operational teams in their consistent delivery.
- **Finance:** PPHE's finance department provides comprehensive financial management, including budgeting, forecasting and financial reporting.
- **People and Culture:** we place a strong emphasis on our people, fostering a culture of excellence, diversity and inclusion, which all translates into exceptional guest experiences.
- **Technology:** we leverage cutting-edge technology to enhance operational efficiency and guest experience.
- **Central Procurement:** our team ensures that all properties benefit from economies of scale and the highest standards of quality in goods and services.
- **Day-to-Day Operations:** PPHE's operations team ensures that each property runs smoothly and efficiently, providing guests with a seamless experience.
- **Business Intelligence (BI) and Data Management:** we use advanced BI tools and data management practices to inform decision-making and optimise performance.
- **ESG team,** driving the sustainability strategy and target setting for all properties and the business overall.

Scalability and growth

PPHE's operating platform is highly scalable, allowing the Company to grow and adapt to new opportunities. The platform's flexibility and the team's vast experience enable PPHE to take on new properties and ventures with confidence. Contracts with property owners typically include a base fee and an incentive fee based on performance, aligning PPHE's interests with those of its clients.

Award-winning recognition

PPHE's integrated operating platform has garnered widespread recognition and numerous awards. This acclaim is a testament to the Company's commitment to excellence and innovation in hospitality management. By maintaining full control over its operations and continuously striving for improvement, PPHE sets a high standard for the industry.

A proven model with further scope

PPHE's unique approach to hospitality management, characterised by integrated ownership, management and branding, sets it apart from traditional models. This strategy not only enhances operational efficiency but also ensures that each property delivers exceptional guest experiences. With a scalable platform, a diverse portfolio and a commitment to excellence, PPHE is well positioned for continued growth and success in the hospitality industry.

Key performance indicators

Financial KPIs[1]

Total revenue £m

	£m
2024	442.8
2024 (like-for-like)*	428.3
2023	414.6
2022	330.1
2021	141.4
2020	101.8

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

	£m
2024	136.5
2024 (like-for-like)*	139.3
2023	128.2
2022	94.6
2021	25.1
2020	(10.1)

KPI definition

Earnings before interest* (Financial income and expenses), tax, depreciation and amortisation, impairment loss, share in results of joint ventures and exceptional items presented as other income and expense.

Normalised profit before tax* £m

	£m
2024	38.8
2023	37.5
2022	8.3
2021	(47.5)
2020	(89.8)

KPI definition

Profit before tax adjusted to remove exceptional or one-time influences which are not part of the Group's regular operations.

Reported basic earnings per share pence

	pence
2024	67
2023	53
2022	24
2021	(123)
2020	(192)

KPI definition

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

Operating KPIs[1]

Occupancy %

	%
2024	74.5
2024 (like-for-like)*	75.8
2023	72.4
2022	60.0
2021	30.7
2020	28.0

KPI definition

Total rooms occupied divided by the available rooms.

Guest rating score %

	%
2024	87.8
2023	86.4
2022	84.8
2021	85.5
2020	Data not indicative

KPI definition

Guest satisfaction and a strong reputation are vital to our long-term success. We measure these through guest surveys and reviews completed on major travel review websites and booking platforms. The reported guest rating score is based on guest reviews from external platforms, reflecting our focus on delivering quality and exceptional experiences.

1 Further details on the key financial, operating and property KPIs can be found in the Financial Review on pages 40 to 48.

Average room rate* £

	£
2024	161.5
2024 (like-for-like)*	160.8
2023	166.8
2022	160.4
2021	117.0
2020	105.1

KPI definition

Total room revenue divided by the number of rooms sold.

RevPAR* £

	£
2024	120.3
2024 (like-for-like)*	122.0
2023	120.7
2022	96.2
2021	35.9
2020	29.4

KPI definition

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

Employee engagement %

	%
2024	84.5
2023	83.0
2022	81.0*
2021	Trial of new survey format
2020	Data not indicative

KPI definition

Previously measured through annual engagement surveys, in which 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 engagement 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* £

	£
2024	27.51
2023	26.72
2022	25.17
2021	22.15
2020	22.08

KPI definition

Recognised equity, attributable to the parent company's shareholders 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 (deferred tax on timing differences on property, plant and equipment and intangible assets and financial instruments) divided by the dilutive number of shares. Adjustments to the recognised equity are calculated on the share allocated to the parent company's shareholders (net of non-controlling interest).

Adjusted EPRA EPS* pence

	pence
2024	125
2023	118
2022	50
2021	(44)
2020	(123)

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 change 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.

Financial Review

Solid topline growth with EBITDA margin* improvement

"Despite operating in a highly inflationary environment, the Group's strong focus on cost control enabled us to achieve EBITDA margin* growth."

Daniel Kos
Chief Financial Officer & Executive Director

Overview of 2024

In 2024, the Group achieved a solid financial performance on a like-for-like* basis, with noteworthy revenue growth primarily driven by increased occupancy throughout the year, although room rates were marginally lower following significant increases in previous years. EBITDA* and EBITDA margin* growth were realised despite facing inflationary pressures, particularly concerning labour costs.

The Group sustained a stringent focus on cost control during the year, coupled with ongoing efficiency measures to support the like-for-like* margin growth, which increased by 160 basis points from 30.9% in the previous year to 32.5% in the current year.

In the second half of the year, the Group refinanced an existing loan facility related to six Dutch hotels and one in London, originally set to mature in June 2026. The new facility, maturing in June 2031, comprises two tranches: the first tranche, amounting to €160 million for the Dutch hotels, carries an all-in fixed interest rate of 2.765% until June 2026, rising to 4.49% thereafter until maturity. The second tranche pertains to Holmes Hotel London and has a fixed interest rate of 3.9% until 2026, followed by a competitive floating interest rate. During this refinancing process, independent valuations commissioned by the bank confirmed the value included in the Group's EPRA NRV*, which stands at £1,163.3 million at year-end.

The Group is currently nearing the completion of an extensive development cycle. Throughout the year, several new hotels within the Group's £300 million+ development pipeline became fully operational. These openings initially had a negative impact on the Group's results, characteristic of the pre-opening phase, but, upon stabilisation, these openings are projected to increase EBITDA* by at least £25 million.

Financial results

Key financial statistics for the financial year ended 31 December 2024.

	Reported			Like-for-like*[1]		
	Year ended 31 December 2024	Year ended 31 December 2023	% change[2]	**Year ended 31 December 2024**	Year ended 31 December 2023	% change[2]
Occupancy[3]	**74.5%**	72.4%	215 bps	**75.8%**	72.4%	350 bps
Average room rate[3]*	**£161.5**	£166.8	(3.2)%	**£160.8**	£166.8	(3.6)%
RevPAR[3]*	**£120.3**	£120.7	(0.3)%	**£122.0**	£120.7	1.0%
Total revenue	**£442.8 million**	£414.6 million	6.8%	**£428.3 million**	£414.6 million	3.3%
Total room revenue[3]	**£317.2 million**	£300.1 million	5.7%	**£306.4 million**	£300.1 million	2.1%
EBITDA*	**£136.5 million**	£128.2 million	6.5%	**£139.3 million**	£128.2 million	8.7%
EBITDA margin*	**30.8%**	30.9%	(10) bps	**32.5%**	30.9%	160 bps
Adjusted EPRA EPS*	**125p**	118p	5.9%	**n/a**	n/a	n/a
EPRA NRV per share*	**£27.5**	£26.7	3.0%	**n/a**	n/a	n/a
Reported PBT	**£30.6 million**	£28.8 million	6.2%	**n/a**	n/a	n/a
Normalised PBT*	**£38.8 million**	£37.5 million	3.6%	**n/a**	n/a	n/a
Reported basic EPS	**67p**	53p	26.8%	**n/a**	n/a	n/a
Reported diluted EPS	**66p**	53p	26.0%	**n/a**	n/a	n/a

1. The like-for-like* figures exclude the 2024 results of art'otel London Hoxton and the results of art'otel Zagreb for the first ten months of 2024.
2. Percentage change figures are calculated from actual figures as opposed to the rounded figures included in the above table.
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.

Revenue

Like-for-like* total revenue, which excludes the impact of art'otel London Hoxton and art'otel Zagreb, rose 3.3% to £428.3 million. Reported total revenue was up 6.8% to £442.8 million.

2024 RevPAR* was £120.3, a decrease of 0.3%. This reflected good growth in occupancy, which rose to 74.5% against a strong 2023 comparative, and an anticipated reduction in average room rate* to £161.5 due to the evolving composition of the Group's booking mix, namely the increasing proportion of business and meetings and events bookings.

EBITDA*, profit and earnings per share

The Group reported like-for-like* EBITDA* of £139.3 million for 2024, compared with £128.2 million in the previous year. The like-for-like* margin showed a year-on-year improvement to 32.5%, up from 30.9% in 2023. This growth was achieved despite double-digit percentage increases in minimum wage across the portfolio. The Group focused on enhancing efficiencies within back-office functions through automation and increasing productivity levels. Additionally, the Group benefited from lower utility costs per occupied room, primarily due to favourable hedged utility prices.

Reported basic earnings per share for the period were 67 pence, compared with 53 pence in 2023. Depreciation for the year amounted to £47.1 million (2023: £45.1 million). While depreciation is recorded in accordance with IFRS, internally, we consider the ongoing average CAPEX over the lifespan of our hotels as a more pertinent measure for determining profit. In the hospitality industry, this is approximately 4% of total revenue. Our EPRA earnings* are calculated using this 4% rate instead of the reported non-cash depreciation charge (refer to the EPRA earnings* table on page 44).

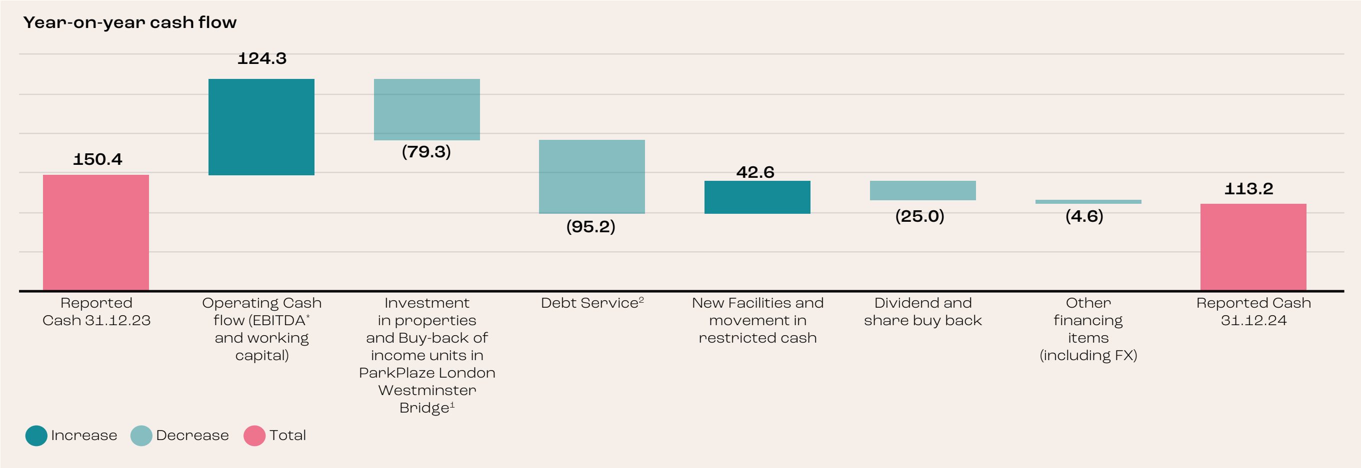
Normalised profit before tax* improved to £38.8 million, compared with £37.5 million in 2023. Reported profit before tax increased by £1.8 million to £30.6 million (2023: £28.8 million). Further details can be found in the normalisation adjustments table on page 42.

Cash flow and EPRA earnings*

In 2024, as outlined in the year-on-year graph below, the Group had a positive operational cash flow of £124.3 million. Debt service costs increased to £95.2 million (2023: £82.2 million), mainly due to net interest expenses (£49.9 million), loan amortisations (£41.1 million) and lease amortisations (£4.2 million). This rise was driven by the opening of art'otel London Hoxton.

Investment cash flows reported an outflow of £79.3 million, with around 70% due to development projects and £16.0 million dedicated to maintenance CAPEX* projects. With the current £300m+ investment pipeline nearing completion, construction CAPEX is expected to drop significantly in 2025.

The Group reported adjusted EPRA earnings* of £53.2 million, up 6.4% (2023: £50.1 million), with adjusted EPRA earnings per share* of 125 pence, up 5.9% (2023: 118 pence).



1. £16.0 million reflects regular CAPEX.
2. Including leases and unit holders in Park Plaza London Westminster Bridge.

Normalised profit before tax*

£million	12 months ended 31 December 2024	12 months ended 31 December 2023
Reported profit before tax	30.6	28.8
Loss on buy-back of units in Park Plaza London Westminster Bridge from private investors	1.5	3.3
Non-cash re-measurement of lease liability	4.0	3.9
Refinance expenses	2.6	–
Non-cash changes in fair value of Park Plaza County Hall London Income Units	(0.5)	(1.6)
Pre-opening expenses and other non-recurring expenses	3.9	1.4
Capital loss on disposal of fixed assets and inventory	0.2	–
Non-cash changes in fair value of financial instruments	(3.5)	1.7
Normalised profit before tax*	38.8	37.5

Real estate performance

Valuations

The Group is an integrated developer, owner and operator of hotels, resorts and campsites, with a business model centred on real estate. We generate returns and enhance value for all stakeholders by developing our owned assets and optimising the operation of our properties. Certain EPRA performance measures are disclosed to assist investors in analysing the Group's performance and assessing the value of its assets and earnings from a property perspective.

In December 2024, the Group's properties (excluding operating leases and managed and franchised properties) were independently valued primarily by Savills for properties in the Netherlands, UK and Germany, and by Zagreb Nekretnine Ltd (Zane) for properties in Croatia.

Based on these valuations, we have calculated the Group's EPRA NRV*, EPRA NTA* and EPRA NDV*. As of 31 December 2024, the EPRA NRV*, as detailed in the EPRA performance measurement section on page 43, amounts to £1,163.3 million (2023: £1,136.4 million), equating to £27.51 per share (2023: £26.72 per share).

The EPRA NRV* was positively impacted by the £28.2 million profit for the year, as well as a £41.0 million increase in property valuations (on a constant currency basis). However, this was offset by a £23.4 million reduction due to dividend distributions and share buybacks, along with a £20.0 million decline resulting from unfavourable foreign currency translation to the British Pound.

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

Actualised trading versus assumption in 2024 valuations

	Discount rates		Cap rates	
	2024 Valuations	2023 Valuations	2024 Valuations	2023 Valuations
United Kingdom	7.75%–10.50%	7.75%–10.50%	5.25%–8.00%	5.25%–8.00%
The Netherlands	8.00%–10.00%	8.25%–9.75%	5.50%–7.50%	5.75%–7.25%
Germany	8.25%–9.25%	8.25%–9.25%	5.75%–6.75%	5.75%–6.75%
Croatia	8.00%–11.00%	8.00%–11.00%	6.00%–9.00%	6.00%–9.00%

Valuation comparison

2024 versus 2023 valuation – total portfolio +1.7%	
United Kingdom	3.4%
The Netherlands	0.3%
Germany	(7.2)%
Croatia	(2.8)%

EPRA performance measurement

EPRA summary

	Summary of EPRA performance indicators			
	Year ended 31 December 2024		Year ended 31 December 2023	
	£ million	Per share	£ million	Per share
EPRA NRV (Net Reinstatement Value)*	1,163.3	£27.51	1,136.4	£26.72
EPRA NTA (Net Tangible Assets)*	1,134.1	£26.82	1,106.6	£26.02
EPRA NDV (Net Disposal Value)*	1,101.3	£26.05	1,070.4	£25.17
EPRA earnings*	60.7	143p	59.0	139p
Adjusted EPRA earnings*	53.2	125p	50.1	118p

EPRA NRV*

	31 December 2024			31 December 2023		
£ million	EPRA NRV*	EPRA NTA*[4]	EPRA NDV*	EPRA NRV*	EPRA NTA*[4]	EPRA NDV*
NAV per the financial statements	312.7	312.7	312.7	314.6	314.6	314.6
Effect of exercise of options	0.5	0.5	0.5	–	–	–
Diluted NAV, after the exercise of options[1]	313.2	313.2	313.2	314.6	314.6	314.6
Includes:						
Revaluation of owned properties in operation (net of non-controlling interest)[2]	824.5	824.5	824.5	794.6	794.6	794.6
Revaluation of the joint venture interest held in two German properties (net of non-controlling interest)[2]	6.3	6.3	6.3	6.1	6.1	6.1
Fair value of fixed interest rate debt	–	–	(6.8)	–	–	(5.9)
Deferred tax on revaluation of properties	–	–	(35.9)	–	–	(39.0)
Real estate transfer tax[3]	21.6	–	–	19.1	–	–
Excludes:						
Fair value of financial instruments	18.3	18.3	–	14.2	14.2	–
Deferred tax	(16.0)	(16.0)	–	(16.2)	(16.2)	–
Intangibles as per the IFRS balance sheet	–	7.6	–	–	10.7	–
NAV	1,163.3	1,134.1	1,101.3	1,136.4	1,106.6	1,070.4
Fully diluted number of shares (in thousands)[1]	42,288	42,288	42,288	42,527	42,527	42,527
NAV per share (in £)	27.51	26.82	26.05	26.72	26.02	25.17

1 The fully diluted number of shares excludes treasury shares but includes 498,248 outstanding dilutive options (as at 31 December 2023: 163,221).
2 The fair values of the properties were determined on the basis of independent external valuations prepared in December 2024.
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.

EPRA earnings*

	12 months ended 31 December 2024 £ million	12 months ended 31 December 2023 £ million
Earnings attributed to equity holders of the parent company	28.2	22.4
Reported depreciation and amortisation	47.1	45.1
Revaluation of Park Plaza County Hall London Income Units	(0.5)	(1.6)
Changes in fair value of financial instruments	(3.5)	1.7
Non-controlling interests in respect of the above[3]	(10.6)	(8.6)
EPRA earnings*	60.7	59.0
Weighted average number of ordinary shares outstanding (in thousands)	42,482	42,541
EPRA earnings per share (in pence)*	143	139
Company specific adjustments:[1]		
Capital loss on buy-back of Income Units in Park Plaza London Westminster Bridge	1.5	3.3
Remeasurement of lease liability[4]	4.0	3.9
Disposals and other non-recurring expenses (including pre-opening expenses)[7]	4.1	1.4
Refinance expenses	2.6	–
Adjustment of lease payments[5]	(2.6)	(2.3)
One-off tax adjustments[6]	(1.7)	(2.5)
Maintenance CAPEX*[2]	(17.7)	(16.6)
Non-controlling interests in respect of maintenance CAPEX* and the adjustments above[3]	2.3	3.9
Company adjusted EPRA earnings*	53.2	50.1
Company adjusted EPRA earnings per share* (in pence)	125	118
Reconciliation Company adjusted EPRA earnings* to normalised PBT*:		
Company adjusted EPRA earnings*	53.2	50.1
Reported depreciation and amortisation	(47.1)	(45.1)
Non-controlling interest in respect of reported depreciation[3]	10.6	8.6
Maintenance CAPEX*[2]	17.7	16.6
Non-controlling interests in respect of maintenance CAPEX* and the adjustments above[3]	(2.3)	(3.9)
Adjustment of lease payments[5]	2.6	2.3
One-off tax adjustments[6]	1.7	2.5
Profit attributable to non-controlling interests[3]	(0.5)	4.7
Reported tax	2.9	1.7
Normalised profit before tax*	38.8	37.5

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 London Westminster Bridge 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 and 2024
7 Mainly relates to pre-opening expense and net profit and loss on disposal of property, plant and equipment.

Category	Year ended 31 December 2024 £ million Group[1]	Year ended 31 December 2023 £ million Group[1]
Acquisitions	–	–
Development	53.3	107.2
Investment properties	16.0	15.0
Incremental lettable space	–	–
No incremental lettable space	16.0	15.0
Tenant incentives	–	–
Other material non-allocated types of expenditure	–	–
Capitalised interest	1.9	3.4
Total CAPEX	71.2	125.6
Conversion from accrual to cash basis	2.9	(10.5)
Total CAPEX on cash basis	74.1	115.1

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

Other EPRA measurements

Given that the Group's asset portfolio comprises 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 from our assets through various methods. This includes raising debt, securing equity via multiple partnership forms, or sometimes entering into ground rent structures exceeding 100 years. This funding approach allows us to leverage the fair value of our assets, while balancing liquidity and interest rate risk within our capital structure.

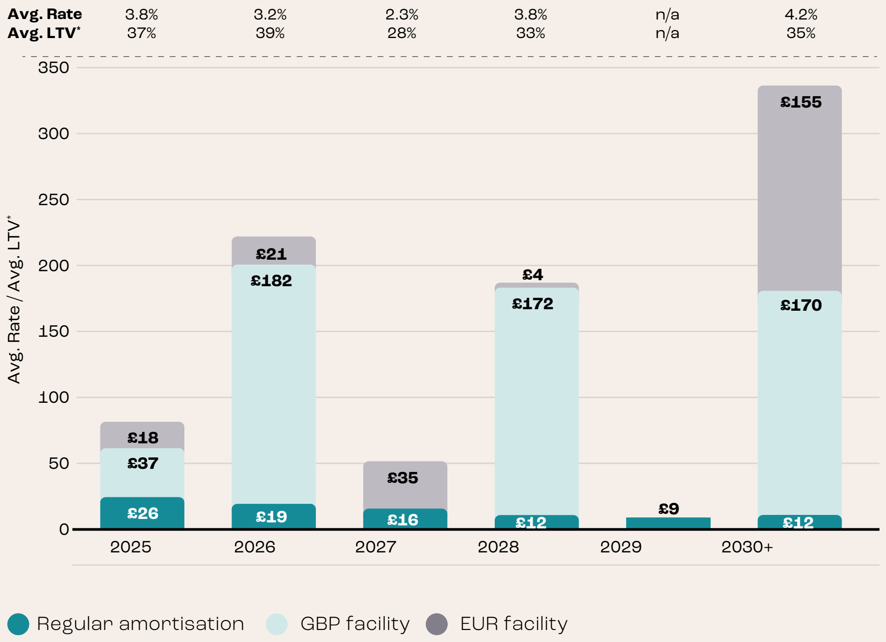
Our partnerships, including third party unit holders in Park Plaza London Westminster Bridge, shareholders in our listed Croatian subsidiary, and individual professional partners across several assets, provide long-term equity, thereby sharing the risks and returns on each asset.

The 100+ year ground rent structures offer long-term access to capital without covenants, recourse to the Group, refinance risk, or interest rate exposure. These arrangements are typically linked to inflation, often capped at approximately 4–5% annually.

Furthermore, our asset-backed mortgages are mainly established with long-standing banking partners, featuring five to ten-year maturities and either fixed or variable rates with hedging arrangements. These mortgages include covenants relating to asset value (loan-to-value*, or LTV*) and trading performance (interest or debt service coverage ratios)*. The debt raised on trading assets generally represents about 50% of their value, with appropriate buffers maintained towards loan covenants. Additionally, most loans are amortised annually at around 2.5% of the nominal amount over the term. The current net bank debt leverage (EPRA LTV*) percentage stands at 33.5%.

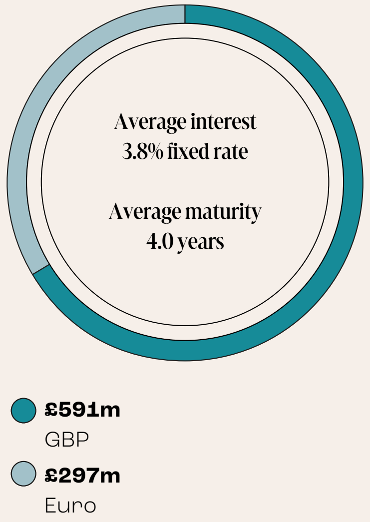
Although our mortgages involve interest rate risks, the majority were secured years ago, averaging at 3.8% interest (96% fixed), with an average remaining maturity of 4.0 years.

Debt maturity schedule (£ in millions)

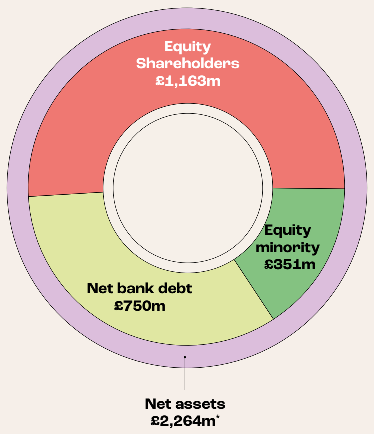


% Net debt* leverage

Gross debt composition and metrics



Net debt* leverage



* Includes assets at market value, with ground rent liabilities included in the asset valuation. Units in Park Plaza London Westminster Bridge owned by private investors are netted of with the unitholder liability.

Net debt* leverage/EPRA LTV* reconciliation

	Group as reported under IFRS £ million	Adjustments to arrive at EPRA Group LTV* £ million	Group EPRA LTV* before non-controlling interest adjustment £ million	Proportionate consolidation (non-controlling interest) £ million	Combined EPRA LTV* £ million
Include:					
Borrowings (short-/long-term)	885.6	–	885.6	(205.0)	680.6
Exclude:					
Cash and cash equivalents and restricted cash	(135.6)	–	(135.6)	28.7	(106.9)
Net debt* (a)	**750.0**	**–**	**750.0**	**(176.3)**	**573.7**
Include:					
Property, plant and equipment	1,421.4	791.7	2,213.1	(521.3)	1,691.8
Right-of-use assets	225.3	(225.3)	–	–	–
Lease liabilities	(281.9)	281.9	–	–	–
Liability to Income Units at Park Plaza London Westminster Bridge	(110.6)	110.6	–	–	–
Intangible assets	7.6	–	7.6	(0.7)	6.9
Investments in joint ventures[1]	8.2	11.8	20.0	(9.0)	11.0
Other assets and liabilities, net	6.1	(9.1)	(3.0)	8.2	5.2
Total property value (b)	**1,276.1**	**961.6**	**2,237.7**	**(522.8)**	**1,714.9**
EPRA LTV* (a/b)	**58.8%**		**33.5%**		**33.5%**
Adjustments to reported EPRA NRV*:					
Real estate transfer tax	–	26.6	26.6	(5.0)	21.6
Effect of exercise of options	–	0.5	0.5	–	0.5
Total property value after adjustments (c)	**1,276.1**	**988.7**	**2,264.8**	**(527.8)**	**1,737.0**
Total equity (c-a)	**526.1**	**988.7**	**1,514.8**	**(351.5)**	**1,163.3**

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

Capital expenditure/development pipeline update

With an expansion CAPEX of £55.2 million, we have remained committed to executing our strategy, advancing our development pipeline, and extending our presence into new and highly attractive markets.

The construction phase of our new hotel in Hoxton London (art'otel London Hoxton) was fully completed in December 2024, following a phased opening that began in April 2024.

Our first art'otel in Croatia, art'otel Zagreb, was fully operational by May 2024 after a phased opening that started in Q3 2023. This was an office-to-hotel conversion project located in the centre of Zagreb, with a total investment of £19 million.

Similarly, Radisson RED Belgrade, the first Radisson RED property to be operated by the Group and the second under the extended Radisson partnership, opened in February 2024 following extensive repositioning efforts.

In Rome, the full repositioning and construction of art'otel Rome Piazza Sallustio, formerly the Londra & Cargill Hotel, which began in July 2022, is progressing well and is expected to open in early March 2025.

The Group has a remaining commitment of approximately £13 million for its investment pipeline.

We are continuously striving to enhance our existing portfolio and seek out promising opportunities to acquire additional assets to expand the Group's holdings. The diagram above summarises our investments over the past decade, with the capital expenditures of the last three years attributable to recent openings expected to deliver EBITDA* growth of at least £25 million.

Dividend

The Board proposes increasing the final dividend to 21 pence per share (2023: 20 pence). Combined with the interim dividend of 17 pence, the total for the financial year will be 38 pence per share, a 5.6% increase from 2023.

Pending approval at the 2025 Annual General Meeting, the final dividend will be paid on 30 May 2025 to all shareholders who are on the register as of 25 April 2025.

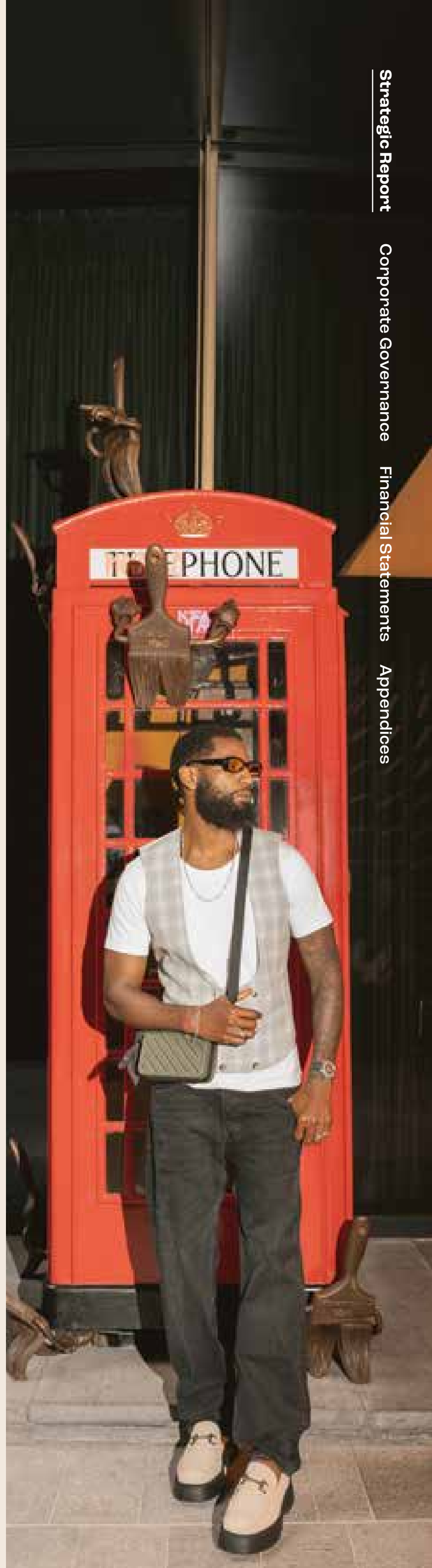
This follows the Company's policy of distributing around 30% of adjusted EPRA earnings*, supporting both returns and future growth investments.

Daniel Kos
Chief Financial Officer & Executive Director

Business Review

We were pleased to report revenue growth across all our operating regions, and we expect this to continue in 2025 as our newly opened hotels will continue to stabilise.

	United Kingdom	The Netherlands	Croatia	Germany
Value of property portfolio	£1,328m	£319m	£351m	£85m
Total revenue	£249m	£66m	£84m	£24m



Unlocking growth in the **United Kingdom**

Property portfolio

The Group operates over 3,700 rooms in the upper upscale segment of the London hotel market. This well-invested property portfolio has been further enhanced with the addition of 357 rooms following the opening of art'otel London Hoxton in 2024.

Four of these hotels are located in London's popular South Bank area, with further properties in Hoxton, Victoria, Marylebone, Battersea and Park Royal. Three of the Group's properties are in the UK regional cities of Nottingham, Leeds and Cardiff.

The Group has an ownership interest in ten properties: Park Plaza London Westminster Bridge, Park Plaza London Riverbank, Park Plaza London Waterloo, Park Plaza County Hall London[4], 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[4] operates under a franchise agreement. The Group operates art'otel London Battersea Power Station[3] hotel under a long-term management agreement through its hospitality platform.

The Group also has three development sites in London, which are expected to add more than 800 rooms to its UK portfolio.

art'otel London Hoxton

Following its phased soft opening in April 2024, this brand new flagship hotel in the heart of Hoxton has gone from strength to strength.

visit artotellondonhoxton.com

Financial performance

UK	Reported in Pound Sterling (£) Year ended 31 Dec 2024	Year ended 31 Dec 2023	% change[4]	Like-for-like*[1] Pound Sterling (£) Year ended 31 Dec 2024	Year ended 31 Dec 2023	% change[4]
Total revenue	**£248.6m**	£234.9m	5.8%	**£237.6m**	£234.9m	1.1%
Room revenue	**£192.2m**	£183.8m	4.6%	**£183.4m**	£183.8m	(0.2)%
EBITDA*	**£77.4m**	£76.3m	1.4%	**£79.9 m**	£76.3m	4.8%
EBITDA margin*	**31.1%**	32.5%	(135) bps	**33.6%**	32.5%	120 bps
Occupancy	**83.0%**	83.6%	(60) bps	**85.8%**	83.6%	210 bps
Average room rate*	**£186.0**	£190.8	(2.5)%	**£185.2**	£190.8	(3.0)%
RevPAR*	**£154.4**	£159.6	(3.3)%	**£158.8**	£159.6	(0.5)%

1 The like-for-like* figures for the year ended 31 December 2024 exclude the results of art'otel London Hoxton.
2 Independent valuation by Savills in December 2024, excluding the London development at Westminster Bridge Road.
3 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.
4 Percentage change figures are calculated from actual figures as opposed to the rounded figures included in the above table.

Total value of the UK property portfolio[2]

£1,328m

(2023: £1,014m)

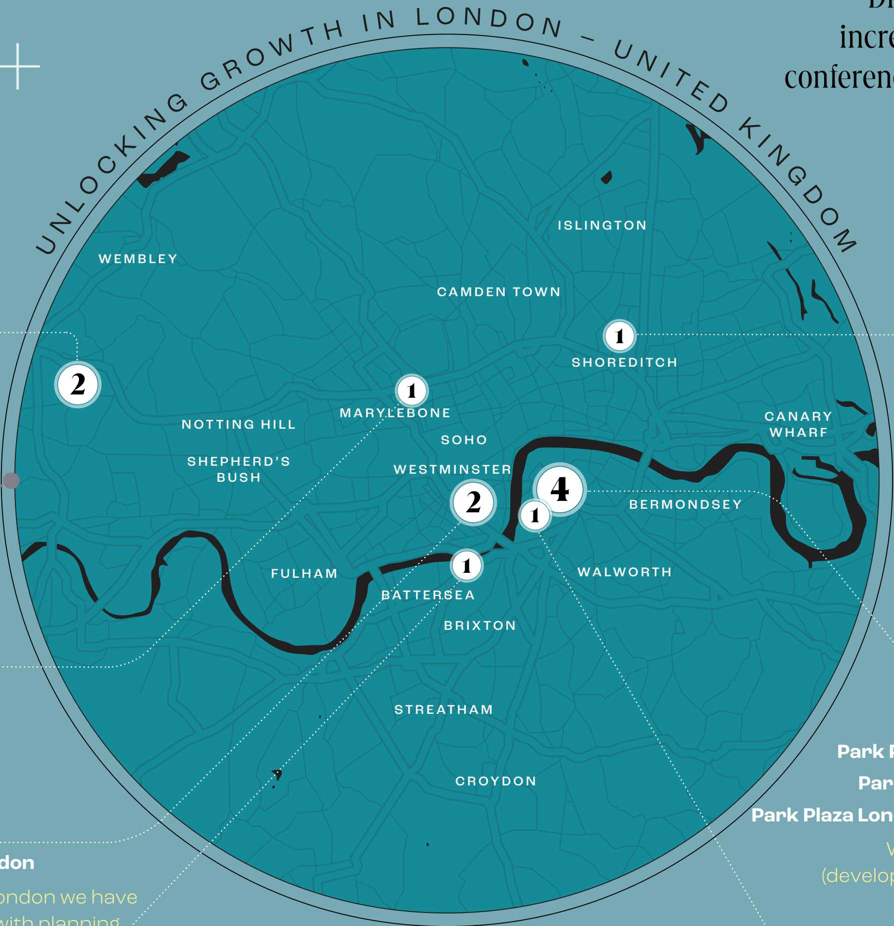
Room count

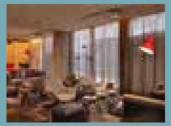
4,200+

Number of employees across the UK

2,900

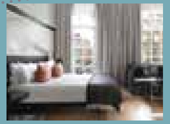
Diverse clientele with increasing business and conference guest occupancy



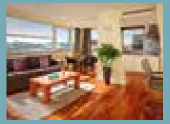


Park Plaza London Park Royal

Adjacent to the Park Plaza London Park Royal we have a development site with planning



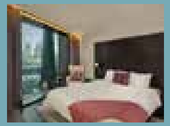
Holmes Hotel London



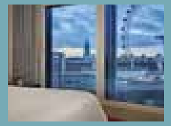
Park Plaza Victoria London

At Park Plaza Victoria London we have a development project with planning

art'otel London Battersea Power Station



art'otel London Hoxton



Park Plaza County Hall London
Park Plaza London Waterloo
Park Plaza London Westminster Bridge

Westminster Bridge Road (development site, with planning)

Park Plaza London Riverbank

"The UK continues to be a cornerstone of our growth strategy. Its dynamic hospitality market and enduring appeal to both leisure and business travellers present exceptional opportunities for our premium brands."

Unlocking growth in the **United Kingdom** – continued

April 2024 saw the phased soft opening of the Group's highly anticipated flagship art'otel London Hoxton

Portfolio performance

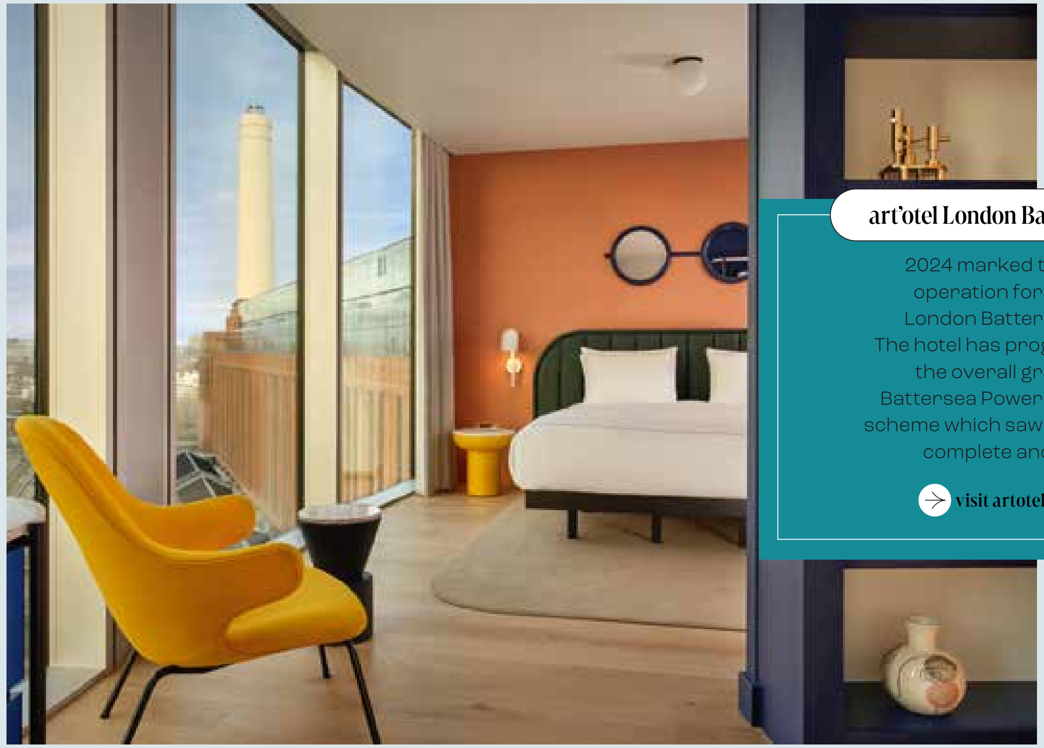
The United Kingdom remains the Group's most significant operating region in terms of revenue generated and the value of its property portfolio.

The solid like-for-like* performance was characterised by growth in occupancy throughout the year as the business mix normalised, with increasing demand from corporates, groups and meetings and events alongside the leisure segment. As anticipated, average room rates* stabilised compared with the strong performance in the prior year, which included the Coronation of His Majesty King Charles III in May 2023.

April 2024 saw the phased soft opening of the Group's highly anticipated flagship art'otel London Hoxton, with an inventory of approximately 100 rooms, a ground floor restaurant, a bar, spa and pool, gallery and auditorium. Works continued throughout 2024 and, by the end of the year, the gym on the 26th floor, the meetings and events spaces on the 24th floor and the vast majority of the 357 guestrooms (with the exception of some of the premium suites) had all been completed. The hotel has been very well received by guests and in the wider London market, with excellent guest feedback and reviews, recognised with a 9.3 score on Booking.com (on a scale of 1-10), rated a 5-star score on Tripadvisor.com (on a scale of 1-5) and ranked in 52nd position on Tripadvisor.com (out of 1,160 hotels in London). In 2025, we look forward to launching the premium suites, the office spaces and the 25th floor restaurant and bar.

On a like-for-like* basis, total revenue increased by 1.1% to £237.6 million (2023: £234.9 million). This was driven by an improvement in occupancy from 83.6% to 85.8%, a slightly lower average room rate* at £185.2 (2023: £190.8), which resulted in RevPAR* of £158.8, down 0.5% (2023: £159.6).

Like-for-like* EBITDA* increased to £79.9 million (2023: £76.3 million), delivering a like-for-like* EBITDA margin* of 33.6% (2023: 32.5%).



art'otel London Battersea Power Station

2024 marked the first full year of operation for the iconic art'otel London Battersea Power Station. The hotel has progressed well, tracking the overall growth of the wider Battersea Power Station development scheme which saw further developments complete and units occupied.

visit artotellondonbattersea.com

Reported revenue was £248.6 million, up by 5.8% year-on-year

Reported revenue was £248.6 million, up 5.8%, adversely affected by the gradual opening of art'otel London Hoxton. Reported RevPAR* was £154.4 (2023: £159.6), which was the result of an occupancy of 83.0% (2023: 83.6%) and an average room rate* of £186.0 (2023: £190.8).

Reported EBITDA* was £77.4 million (2023: £76.3 million), delivering an EBITDA margin* of 31.1% (2023: 32.5%).

In 2025, the Company will continue to focus on driving further efficiencies, particularly to help mitigate the cost pressures as a direct result of the increases in the national minimum wage and national insurance contributions.

Development projects

The Group continues to identify and assess opportunities to replenish its development pipeline[1] in the UK. It has three longer-term development projects in London with planning consent.

The Group's site at 79–87 Westminster Bridge Road in the South Bank area, close to the Group's Park Plaza London Waterloo and Westminster Bridge properties, has been granted planning permission for a mixed-use hotel led development. Under the approved plans, PPHE will bring a novel 15-storey design led midscale concept to the market, comprising up to 186 rooms as well as two floors of office and light industrial floorspace, activated by a flexible use ground floor public space featuring an all-day dining bar and café. The building's design will focus heavily on sustainability, transforming a former brownfield site, and targeting a Building Research Establishment Environmental Assessment Methodology (BREEAM) 'Excellent' environmental accreditation.

At a site adjacent to Park Plaza London Park Royal (in West London), planning has been granted for a 465-room hotel.

In Victoria, the Group has planning consent to create an additional 179-rooms at Park Plaza Victoria London in predominantly subterranean space. The Group is currently assessing various options for best use of space, with value creation as guiding principle.

The United Kingdom hotel market*

RevPAR* was up 2.6%, at £94.5, driven by a 1.9% increase in average room rate* to £121.7 and a 0.6% increase in occupancy to 77.6%.

In London, RevPAR* increased by 1.4% to £157.9 compared with 2023, reflecting a 1.5% increase in occupancy to 81.0%, and a 0.1% decrease in average room rate* to £194.9.

* Source: STR European Hotel Review, December 2024

Unlocking growth in **the Netherlands**

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

The Group's properties in the Netherlands continued to perform well throughout the year, with improving occupancy driving the performance while maintaining average room rate*.

Total revenue (in local currency) increased by 7.7% to €78.4 million (2023: €72.8 million), which reflected the solid improvement in occupancy to 86.5% (2023: 82.4%). The average room rate* was stable at €171.2 (2023: €171.6). This resulted in an 4.7% increase in RevPAR* to €148.0 (2023: €141.4).

EBITDA* improved by €3.7 million to €26.2 million (2023: €22.5 million), delivering an EBITDA margin* of 33.4% (2023: 30.9%).

art'otel Amsterdam

art'otel Amsterdam served as the blueprint for the new generation art'otels which the Group has developed, and the wider brand portfolio now includes key capital cities such as London, Rome and Zagreb.

visit artotelamsterdam.com

The Dutch hotel market*

RevPAR* decreased by 0.4% to €108.0 compared with 2023.

Occupancy increased by 1.5% to 72.7%, and the average room rate* was €148.7, 1.8% lower than in 2023.

In Amsterdam, our main market in the Netherlands, RevPAR* decreased by 2.3% to €131.0.

Occupancy levels increased by 0.6% to 75.7%, and the average daily room rate decreased by 3.0% to €173.1.

* Source: STR European Hotel Review, December 2024.

Financial performance

	Reported in Pound Sterling (£)			Reported in local currency euro[1] (€)		
The Netherlands	**Year ended 31 Dec 2024**	Year ended 31 Dec 2023	% change[3]	**Year ended 31 Dec 2024**	Year ended 31 Dec 2023	% change[3]
Total revenue	**£66.2m**	£63.3m	4.6%	**€78.4m**	€72.8m	7.7%
Room revenue	**£49.1m**	£48.1m	2.0%	**€58.1m**	€55.4m	5.0%
EBITDA*	**£22.1m**	£19.6m	13.0%	**€26.2m**	€22.5m	16.3%
EBITDA margin*	**33.4%**	30.9%	250 bps	**33.4%**	30.9%	250 bps
Occupancy	**86.5%**	82.4%	410 bps	**86.5%**	82.4%	410 bps
Average room rate*	**£144.5**	£149.1	(3.1)%	**€171.2**	€171.6	(0.2)%
RevPAR*	**£124.9**	£122.8	1.7%	**€148.0**	€141.4	4.7%

1 Average exchange rate from euro to GBP for the period ended 31 December 2024 was 1.185 and for the period ended 31 December 2023 was 1.151, representing a 2.9% increase.
2 Independent valuation by Savills in December 2024.
3 Percentage change figures are calculated from actual figures as opposed to the rounded figures included in the above table.

Total value of the Netherlands property portfolio[2]

£319m

(2023: £318m)

Room count

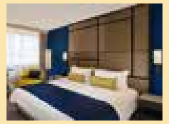
1,000+

Number of employees across the Netherlands

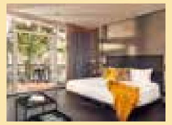
450

The Group's properties in the Netherlands continued to perform well throughout the year

Park Plaza Amsterdam Airport

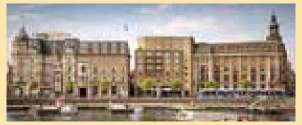


Park Plaza Utrecht



Park Plaza Vondelpark, Amsterdam

Park Plaza Eindhoven



art'otel Amsterdam
Park Plaza Victoria Amsterdam

"The Netherlands, and Amsterdam in particular, continues to be an important part of our portfolio."

Unlocking growth in **Croatia**

Property portfolio

The Group's subsidiary Arena Hospitality Group d.d. owns and operates a Croatian portfolio comprising nearly 8,500 rooms and accommodation units across eight hotels, six resorts and eight campsites (including one all-glamping property). Four of these properties are Park Plaza branded, one property is art'otel branded, and Grand Hotel Brioni Pula is a Radisson Collection hotel. The remainder of our portfolio operates as part of the Arena Hotels & Apartments and Arena Campsites brands. Except for art'otel Zagreb, the Group's first art'otel in Croatia, which opened in Q4 2023, all properties are located in Istria – Croatia's most prominent tourist region, which benefits from easy access from Italy, the DACH countries and Central and Eastern Europe.

Financial performance

Croatia	Reported in Pound Sterling (£) Year ended 31 Dec 2024	Year ended 31 Dec 2023	% change[5]	Reported in local currency euro[2] (€) Year ended 31 Dec 2024	Year ended 31 Dec 2023	% change[5]
Total revenue	**£84.1m**	£78.1m	7.6%	**€99.6m**	€89.9m	10.8%
Room revenue*[4]	**£46.6m**	£42.6m	9.5%	**€55.2m**	€49.0m	12.7%
EBITDA*	**£21.5m**	£20.4m	5.2%	**€25.4m**	€23.5m	8.3%
EBITDA margin*	**25.6%**	26.1%	(60) bps	**25.6%**	26.1%	(60) bps
Occupancy[4]	**54.8%**	52.7%	210 bps	**54.8%**	52.7%	210 bps
Average room rate*[4]	**£138.3**	£140.2	(1.3)%	**€163.8**	€161.3	1.6%
RevPAR*[4]	**£75.7**	£73.8	2.6%	**€89.7**	€85.0	5.6%

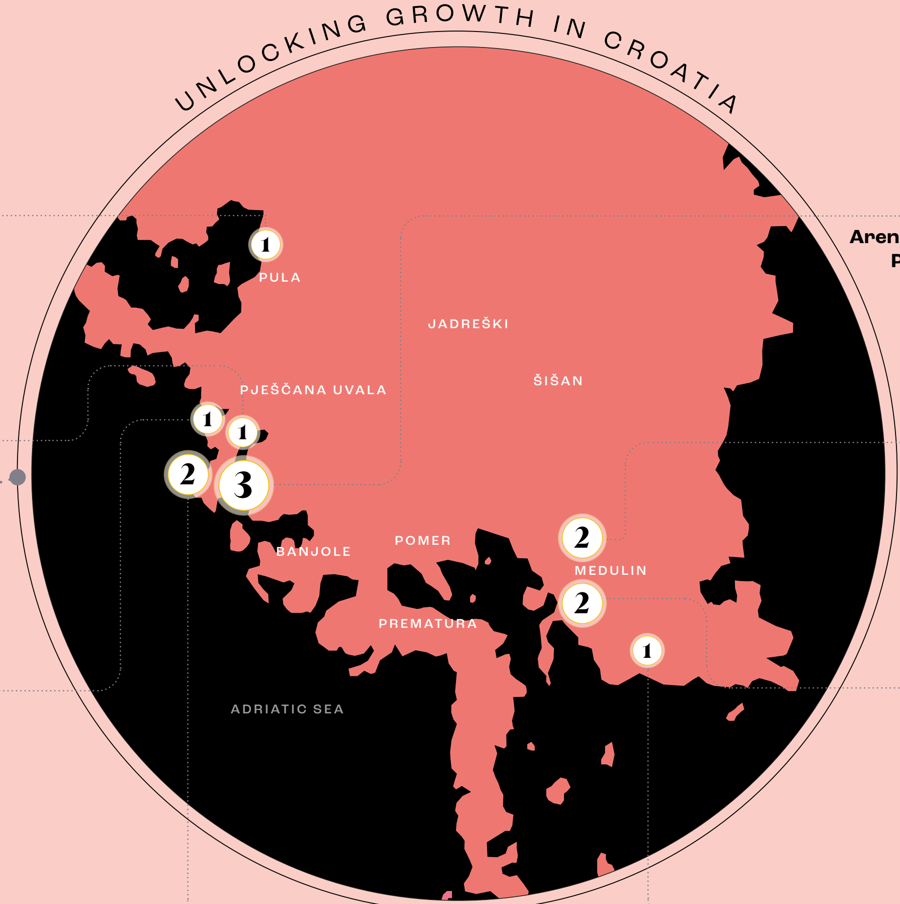
Croatia	Like-for-like*[1] in Pound Sterling (£) Year ended 31 Dec 2024	Year ended 31 Dec 2023	% change[5]	Like-for-like*[1] in local currency euro[2,4] (€) Year ended 31 Dec 2024	Year ended 31 Dec 2023	% change[5]
Total revenue	**£80.6m**	£78.1m	3.2%	**€95.5m**	€89.9m	6.2%
Room revenue[4]	**£44.6m**	£42.6m	4.7%	**€52.8m**	€49.0m	7.8%
EBITDA*	**£21.7m**	£20.4m	6.5%	**€25.7m**	€23.5m	9.6%
EBITDA margin*	**27.0%**	26.1%	85 bps	**27.0%**	26.1%	85 bps
Occupancy[4]	**55.2%**	52.7%	255 bps	**55.2%**	52.7%	255 bps
Average room rate*[4]	**£138.7**	£140.2	(1.0)%	**€ 164.3**	€ 161.3	1.9%
RevPAR*[4]	**£76.6**	£73.8	3.8%	**€ 90.8**	€ 85.0	6.8%

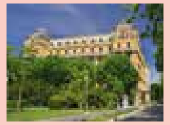
1 The like-for-like* figures exclude the results of art'otel Zagreb for the first 10 months of 2024.
2 Average exchange rate from euro to GBP for the period ended 31 December 2024 was 1.185 and for the period ended 31 December 2023 was 1.151, representing a 2.9% increase.
3 Independent valuation by Zagreb nekretnine Ltd in December 2024.
4 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.
5 Percentage change figures are calculated from actual figures as opposed to the rounded figures included in the above table.

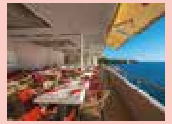
Total value of the Croatia property portfolio[3]
£351m
(2023: £361m)

Room count
2,700+

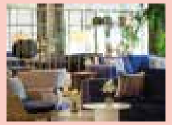
Number of employees across Croatia
750

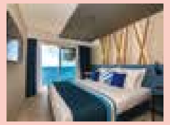


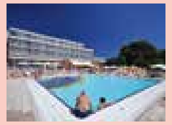

Hotel Riviera

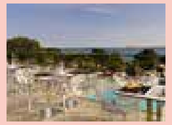

Horizont Resort

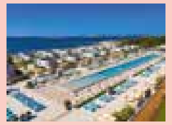

Splendid Resort


Grand Hotel Brioni Pula, Park Plaza Arena Pula


Arena Verdula Beach & Villas, Park Plaza Verudela Pula, Park Plaza Histria Pula,


Ai Pini Resort, Arena Hotel Holiday


TUI Blue Medulin, Park Plaza Belvedere Medulin,


Kamp Kažela apartments

> "We entered the Croatian market in 2008 with a vision to reposition the Arena portfolio and capitalise on the growing leisure demand for upscale and upper upscale properties in this beautiful part of Europe. We are thrilled with our progress made since."

Unlocking growth in **Croatia** – continued

"Arena Stoja Campsite was upgraded to four-star and was awarded the prestigious 'Croatia's Best Campsites 2025' for the second consecutive year, together with Arena Grand Kažela Campsite and Arena One 99 Glamping."

Portfolio performance

The Group's operations in Croatia are principally seasonal and aimed at the leisure segment. Most hotels, resorts and campsites are closed during the winter season the (first and last quarters of the year), and open for guests from early spring, around Easter time. Demand and activity then accelerate during Q2 ahead of the peak summer season in June, July and August.

The portfolio performed well during the peak season, albeit the shoulder month of September was impacted by unseasonal weather. Growth reported is a result of the continued maturing of properties which we have repositioned throughout the years, with enhanced guest appeal and now firmly positioned as upscale and upper upscale properties. Tourism demand for our portfolio is predominantly from countries within driving distance such as Germany, Austria, Italy, Slovenia, the Czech Republic, Poland and Hungary, as well as domestic guests. This growth was delivered despite reduced flight capacity into Pula Airport compared with 2019, which affected demand from guests relying on flights from countries such as the UK and the Nordics.

The Group's hotels, campsites, and self-catering holiday apartments all delivered year-on-year revenue growth, driven by increased average daily rates, increased occupancy levels, and recent investment projects. Following a repositioning investment programme, Arena Stoja Campsite was upgraded to four-star and was awarded the prestigious 'Croatia's Best Campsites 2025' for the second consecutive year, together with Arena Grand Kažela Campsite and Arena One 99 Glamping.

The performance in the region benefited from a strong year-on-year performance of Grand Hotel Brioni Pula, which continued to capitalise on significant investment to reposition the property as a luxury destination, and the recently opened city centre art'otel Zagreb. These hotels operate all year round.

Total reported revenue (in local currency) was up 10.8% to €99.6 million (2023: €89.9 million). RevPAR* increased by 5.6% to €89.7, which reflected a 1.6% higher average room rate* to £163.8 (2023: €161.3), while occupancy was 210 bps higher at 54.8% (2023: 52.7%).

Reported EBITDA* increases by 8.3% to €25.4 million (2023: €23.5 million), which delivered an EBITDA margin* of 25.6% (2023: 26.1%).

On a like-for-like* basis, which excludes art'otel Zagreb, total revenue was up 6.2% to €95.5. Like-for-like* EBITDA* was up 9.6% to €25.7, which represented an EBITDA margin* of 27.0%.

Grand Hotel Brioni Pula – lobby bar

Unlocking growth in **Germany**

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 Radisson RED Berlin Kudamm[3] (formerly Park Plaza 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

In Germany, the Group's portfolio delivered strong RevPAR* growth, driven by significantly higher year-on-year occupancy and a relatively stable average room rate*, underscored by favourable travel trends, international trade fairs and events in Berlin, Cologne and Nuremberg, and continued recovery in demand.

Total revenue (in local currency) was up 10.4%, at €28.9 million (2023: €26.2 million). RevPAR* grew by 10.2% to €94.9 (2023: €86.2), driven by occupancy rebuilding to 69.5% (2023: 62.3%) and average room rate* was maintained at €136.6 (2023: €138.4).

EBITDA* improved significantly, up 28.5% to €8.1 million (2023: €6.3 million), due to increased revenue as well as a more stable inflationary and labour cost environment. EBITDA margin* improved to 28.0% (2023: 24.0%).

During the year, the repositioning and rebranding of the former Park Plaza Berlin Kudamm was completed. The property closed in November 2023 for the refurbishment of all the public areas and guest rooms and was relaunched as a Radisson RED hotel in June 2024. The soft opening enabled the hotel to take advantage of the high level of demand in Berlin during the European UEFA Football Championship in June and July. The hotel was fully operational from September 2024 and is achieving excellent guest feedback. This is the second Radisson RED branded hotel operated by PPHE's Croatian subsidiary Arena Hospitality Group d.d.. The property is a joint venture, so its performance in not included in the metrics reported above.

The German hotel market*

The German market experienced a 6.8% increase in RevPAR* to €79.4, resulting from a 3.0% improvement in occupancy to 66.9% and a 3.8% increase in average room rate* to €118.8.

In Berlin, RevPAR* increased by 8.3% to €93.1 and occupancy increased by 2.4% to 73.4%. Average room rate* increased 5.8% to €126.8.

* Source: STR European Hotel Review, December 2024

Financial performance

Germany	Reported in Pound Sterling (£) Year ended 31 Dec 2024	Year ended 31 Dec 2023	% change[4]	Reported in local currency euro[1] (€) Year ended 31 Dec 2024	Year ended 31 Dec 2023	% change[4]
Total revenue	**£24.4m**	£22.8m	7.2%	**€28.9m**	€26.2m	10.4%
Room revenue	**£20.9m**	£19.5m	7.3%	**€24.8m**	€22.5m	10.5%
EBITDA*	**£6.8m**	£5.5m	24.9%	**€8.1m**	€6.3m	28.5%
EBITDA margin*	**28.0%**	24.0%	395 bps	**28.0%**	24.0%	395 bps
Occupancy	**69.5%**	62.3%	720 bps	**69.5%**	62.3%	720 bps
Average room rate*	**£115.3**	£120.3	(4.1)%	**€136.6**	€138.4	(1.3)%
RevPAR*	**£80.1**	£74.9	7.0%	**€94.9**	€86.2	10.2%

1 Average exchange rate from euro to GBP for the period ended 31 December 2024 was 1.185 and for the period ended 31 December 2023 was 1.151 representing a 2.9% increase.
2 Independent valuation by Savills in December 2024.
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.
4 Percentage change figures are calculated from actual figures as opposed to the rounded figures included in the above table.

Total value of the German property portfolio[2]

£85m

(2023: £92m)

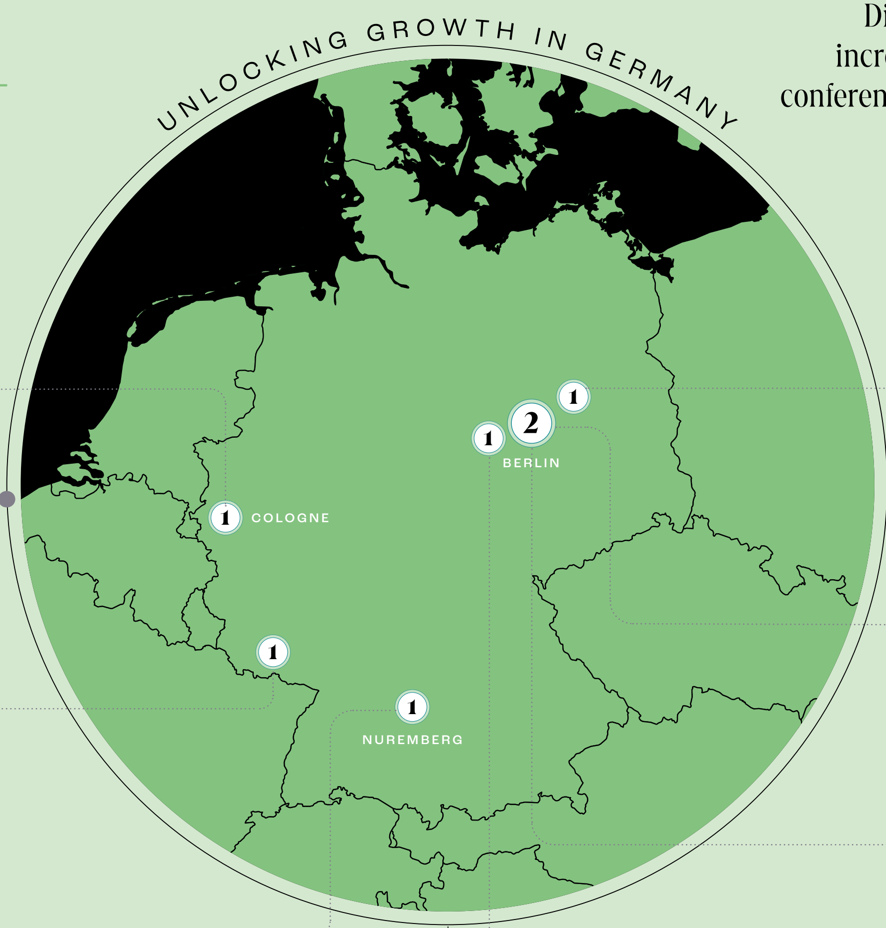
Room count

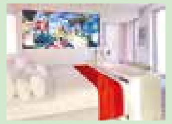
1,100+

Number of employees across Germany

250

Diverse clientele with increasing business and conference guest occupancy

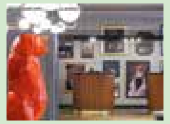




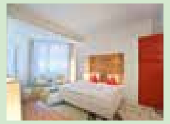
art'otel Cologne

Park Plaza Trier

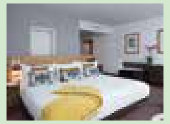
Park Plaza Nuremberg



Radisson RED Berlin Kudamm



Park Plaza Wallstreet Berlin Mitte



art'otel Berlin Mitte

Park Plaza Berlin

"Germany is a growing market and our presence is balanced between predominantly corporate travel and conference destinations such as Nuremberg and Cologne, and the capital Berlin which benefits from a strong leisure appeal."

Unlocking growth in **other markets**

Number of employees across other markets
200

Italy, Hungary, Serbia and Austria

This includes the Group's properties in Austria, Italy and Serbia, and a property operated in Hungary.

	Reported in Pound Sterling (£)		
	Year ended 31 Dec 2024	Year ended 31 Dec 2023	% change[1]
Total revenue	**£10.7m**	£7.9m	35.8%
Room revenue	**£8.3m**	£6.1m	36.7%
EBITDA*	**£1.3m**	£(0.5)m	n/a
EBITDA margin*	**11.8%**	(6.7)%	1,850 bps
Occupancy	**59.3%**	44.4%	1,485 bps
Average room rate*	**£116.1**	£129.8	(10.6)%
RevPAR*	**£68.8**	£57.7	19.3%

1 Percentage change figures are calculated from actual figures as opposed to the rounded figures included in the above table.

Our performance

The Group's properties in Austria and Hungary were open throughout the year. The property in Serbia reopened as a Radisson RED branded hotel in February 2024 following an investment programme. The property in Italy was closed throughout the year due to an ongoing major repositioning investment programme.

Total revenue increased by 35.8% to £10.7 million, and EBITDA* increased to £1.3 million. This significant improvement reflected the strong trading performance of the three properties in operation, including the Radisson RED in Serbia, which was open for most of the year, compared with two properties in operation in 2023.

RevPAR* increased by 19.3% to £68.8, driven by occupancy, which increased to 59.3%. The average room rate* decreased to £116.1.

The Group's three properties in operation all have achieved a 4.5 out of 5 guest rating on Tripadvisor.

Nassfeld, Austria

The Arena FRANZ Ferdinand, a 144-room mountain resort in the Austrian Alps, performed strongly in its second year in operation, following an investment programme to refurbish the hotel and upgrade amenities to position the resort. The resort, which is now well positioned to capture, benefiting from now operating 10 months of the year.

Rome, Italy

The major repositioning programme for art'otel Rome Piazza Sallustio is nearing completion, with construction work finished and the hotel scheduled to open early March 2025. Following an extensive investment programme, the property will be a 99-room upper upscale premium lifestyle hotel in a prime position in the city of Rome, opposite the famous Horti Sallustiani (the Gardens of Sallust) and close to other iconic landmarks such as the Spanish Steps and Villa Borghese. The Signature Artist is renowned contemporary Roman artist Pietro Ruffo and each room will feature Ruffo's signature artworks and originals, enhancing the guest experience.

As well as contemporary rooms, the hotel will offer guests a unique restaurant and bar concept, and an art gallery with seasonal exhibitions.

Belgrade, Serbia

Radisson RED Belgrade opened in February 2024, following a £2.6 million refurbishment programme to reposition and rebrand the property. The hotel offers a guest gym, an all-day restaurant, flexible event spaces, a co-working area, and a rooftop bar with views of the historic city centre.

Since reopening, the hotel has continued to rebuild its presence in the city.

This property was formerly Arena 88 Rooms Hotel. It was the Group's first Radisson RED branded property to open.

Budapest, Hungary

Park Plaza Budapest (formerly art'otel Budapest) performed well, reporting an increase in revenue, driven by an improvement in occupancy.

The Hungarian hotel market*

The Hungary market experienced a 4.4% increase in RevPAR* to €82.4, resulting from a 4.0% increase in occupancy to 70.3% and a 0.4% increase in average room rate* to €117.1.

In Budapest, RevPAR* increased by 6.3% to €86.9 and occupancy increased by 5.0% to 70.6%. Average room rate* increased 1.2% to €123.0.

* Source STR European Hotel Review, December 2024

The Belgrade hotel market, Serbia*

In Belgrade, RevPAR* increased by 15.6% to €85.53 and occupancy increased by 2.2% to 67.3%. Average room rate* increased 13.1% to €127.1.

* Source STR European Hotel Review, December 2024

The Italian hotel market*

The Italian market experienced a 4.5% increase in RevPAR* to €154.3, resulting from a 0.1% increase in occupancy to 69.4% and a 4.4% increase in average room rate* to €222.5.

In Rome, RevPAR* increased by 3.1% to €172.4 and occupancy increased by 1.1% to 72.4%. Average room rate* increased 2.0% to €238.2.

* Source STR European Hotel Review, December 2024

Management and Central Services

Our performance

The revenue in this segment is 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 fees and costs are mainly charged within the Group and therefore eliminated upon consolidation. For the year ended 31 December 2024, the segment showed an EBITDA* profit of £7.4 million, as internally and externally charged management fees exceeded the costs in this segment.

Management, Group Central Services and licence, sales and marketing fees are calculated as a percentage of revenue and profit and therefore are affected by underlying hotel performance.

	Reported in Pound Sterling (£) Year ended 31 Dec 2024				
	Listed Company	Development Projects	Management Platform	Arena Hospitality Group	Total
Management revenue	–	£0.1m	£40.1m	–	£40.1m
Central Services revenue	–	–	–	£15.8m	£15.8m
Revenues within the consolidated Group	–	–	£(32.2)m	£(14.9)m	£(47.1)m
External and reported revenue	**–**	**£0.1m**	**£7.8m**	**£0.9m**	**£8.8m**
EBITDA*	**£(3.2)m**	**£(0.3)m**	**£11.1m**	**£(0.2)m**	**£7.4m**

	Reported in Pound Sterling (£) Year ended 31 Dec 2023				
	Listed Company	Development Projects	Management Platform	Arena Hospitality Group	Total
Management revenue	–	–	£37.3m	–	£37.4m
Central Services revenue	–	–	–	£14.0m	£14.0m
Revenues within the consolidated Group	–	–	£(30.9)m	£(12.9)m	£(43.7)m
External and reported revenue	**–**	**–**	**£6.5m**	**£1.2m**	**£7.7m**
EBITDA*	**£(2.2)m**	**£(1.0)m**	**£12.0m**	**£(1.9)m**	**£7.0m**

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.

Guests

Stakeholder priorities

- Unique, memorable experiences
- Consistency in service and product across the portfolio
- 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
- A personalised approach
- Rewarding their loyalty

How we engaged in 2024

Our teams engage with guests, and monitor guest feedback, in many different ways, from interactions when guests stay with us – face-to-face or through our dedicated WhatsApp service, or pre and post stay with our customer service centre team. In addition, we collect and analyse more than 95,000 guest reviews per annum, as well as thousands of guest surveys, and we have social media listening tools in place, allowing us to engage with guests in real time. We also offer a live chat function on our hotel websites during office hours. In addition, our guests can contact us through the Radisson Contact Centres. In the year, we have expanded our communications of ESG activities on our hotel websites, to ensure that each of them conveys to our guests the most important information about what we do in this area.

Investors

Stakeholder priorities

- Transparency and accountability to ensure that 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 2024

Our senior leadership follow up on our full-year and half-year results announcements with an Investor roadshow. This enables us to have open conversations on the results and our strategy, allowing for increased accountability to our investor base. Video presentations about the results are recorded and made available, to allow any investor to access the key messages and updates.

We continue to have regular investor lunches at our hotels and conduct site visits to present the progress made on development projects and update on future projects. We are also available on an ad-hoc basis for periodic investor calls and presentations, as well as online information channels such as LinkedIn and an email newsletter to investors.

Team members

Stakeholder priorities

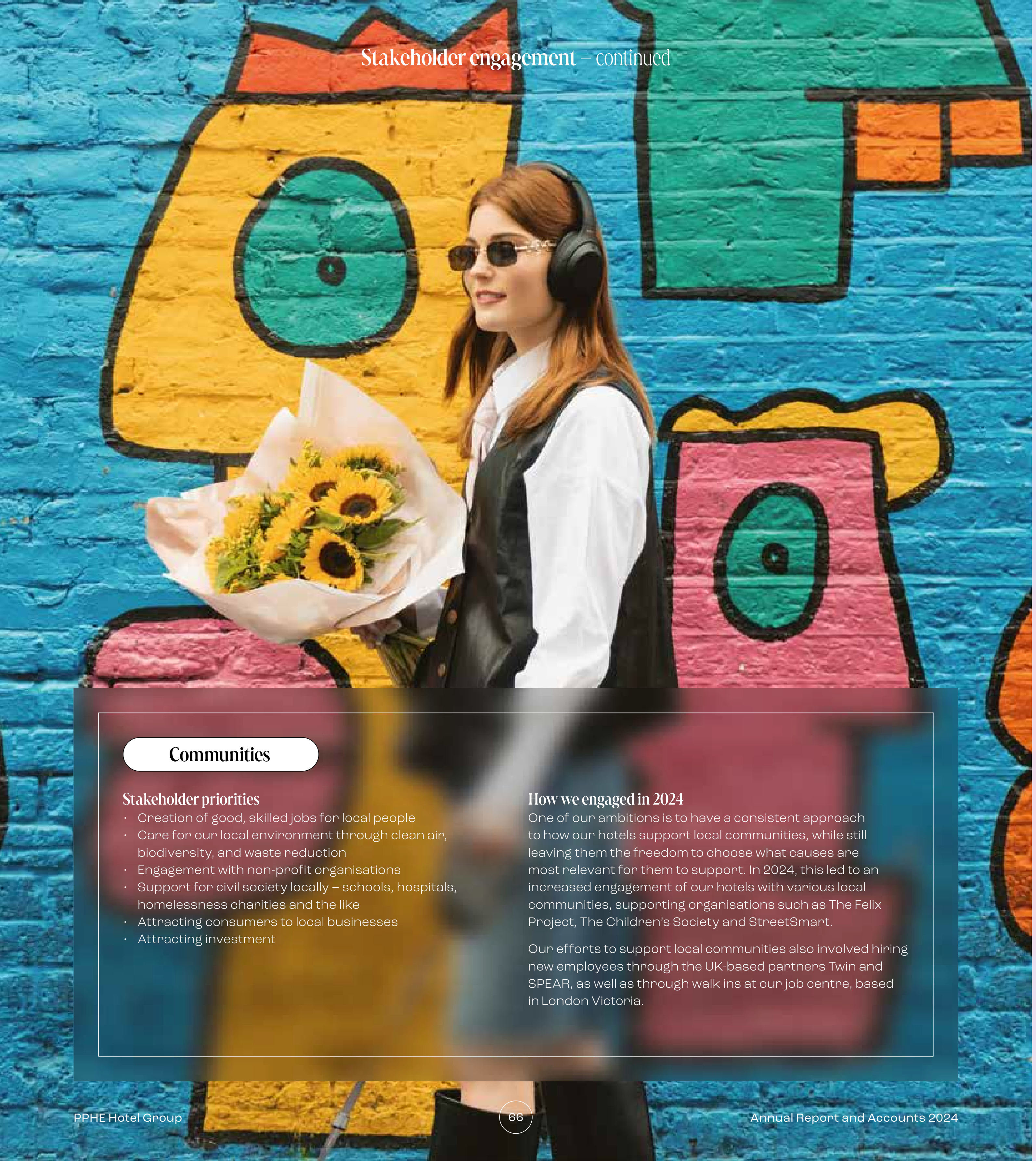
- Working for an employer that cares about their wellbeing and development
- Contributing to environmental and social progress
- A great place to work: safe, flexible, diverse and inclusive
- A job to be proud of
- Health, physical and mental
- Being rewarded for loyalty and dedication

How we engaged in 2024

We continue to have monthly 'Team Member Forums' in our hotels, each attended by a committee of employee representatives. The Team Member Forums are an occasion for everyone to raise comments and suggestions, as listening to the employee voice is key to ensure a smooth communication between the business and our team members. The members of the Forum are elected by their peers, with representatives from each department in the hotel or regional office. A Regional Forum made of a representative from each location meets with the Executive Vice President of Operations for the region quarterly. Besides these Forums, we also hold regular 'Let's Connect' sessions, which follow a town hall meeting approach. All employees are invited to these sessions, where senior leadership presents updates on the business and receive feedback.

This year, we continued to engage our team members with regular ESG newsletters, to share updates on the milestones in this space. Our network of ESG Ambassadors based in the hotels is still supporting us to gather information on various initiatives taking place in every location, as well as sharing any updates with their colleagues directly in the hotels, thus reinforcing our central communications efforts. The ESG Manager has also regularly visited our hotels to ensure that the General Managers (GMs), the Ambassadors and all other team members are up to date with the latest progress on the ESG strategy.

→ **Please see page 102 for further information on Board engagement with the workforce.**



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 2024
One of our ambitions is to have a consistent approach to how our hotels support local communities, while still leaving them the freedom to choose what causes are most relevant for them to support. In 2024, this led to an increased engagement of our hotels with various local communities, supporting organisations such as The Felix Project, The Children's Society and StreetSmart.

Our efforts to support local communities also involved hiring new employees through the UK-based partners Twin and SPEAR, as well as through walk ins at our job centre, based in London Victoria.

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 2024
In 2024, we continued to engage regularly with Radisson to enable alignment across the two organisations, both on brand standards and on other opportunities for collaboration. An example of this collaboration is the accreditation of our hotels to Hotel Sustainability Basics (HSB), which Radisson has conducted across all its brands. HSB is an initiative launched by the World Travel and Tourism Council (WTTC) and is a globally recognised set of sustainability indicators for the hospitality sector, allowing for standardised criteria across the industry. Our partnership with Radisson is strong and spans many expert teams, from our commercial team to learning and development, from ESG to procurement and from business development to health and safety. All of these disciplines have regular meetings and interactions with Radisson, both structured and ad hoc, to ensure that initiatives are aligned and that PPHE is fully leveraging Radisson's offering of technologies, commercial programmes and consumer brands.

Suppliers

Stakeholder priorities
- Ensure that suppliers are able to meet our sustainability demands
- Alignment and collaboration on sustainability goals

How we engaged in 2024
Our priority in 2024 has been to explore what our current and prospective suppliers are doing on ESG and understand how we can collaborate to enhance the sustainability profile of the products and services we purchase. For example, we engaged with our supplier of laundry services in London to define how we can work together to reduce energy and water consumption associated with their service, a collaboration that will continue in 2025.

The membership in the Zero Carbon Forum has also been particularly helpful. This allowed us to engage with various suppliers and stay up to date with current sustainability trends and opportunities across various of our key commodities.

Environmental, Social and Governance

In 2024, we have made important advancements on our ESG strategy, improving the sustainability profile of our hotels and their social impact. This builds on a set of 35 ESG targets we had established in 2023, all of which have seen progress in the past 12 months.

Inbar Zilberman
Chief Corporate & Legal Officer

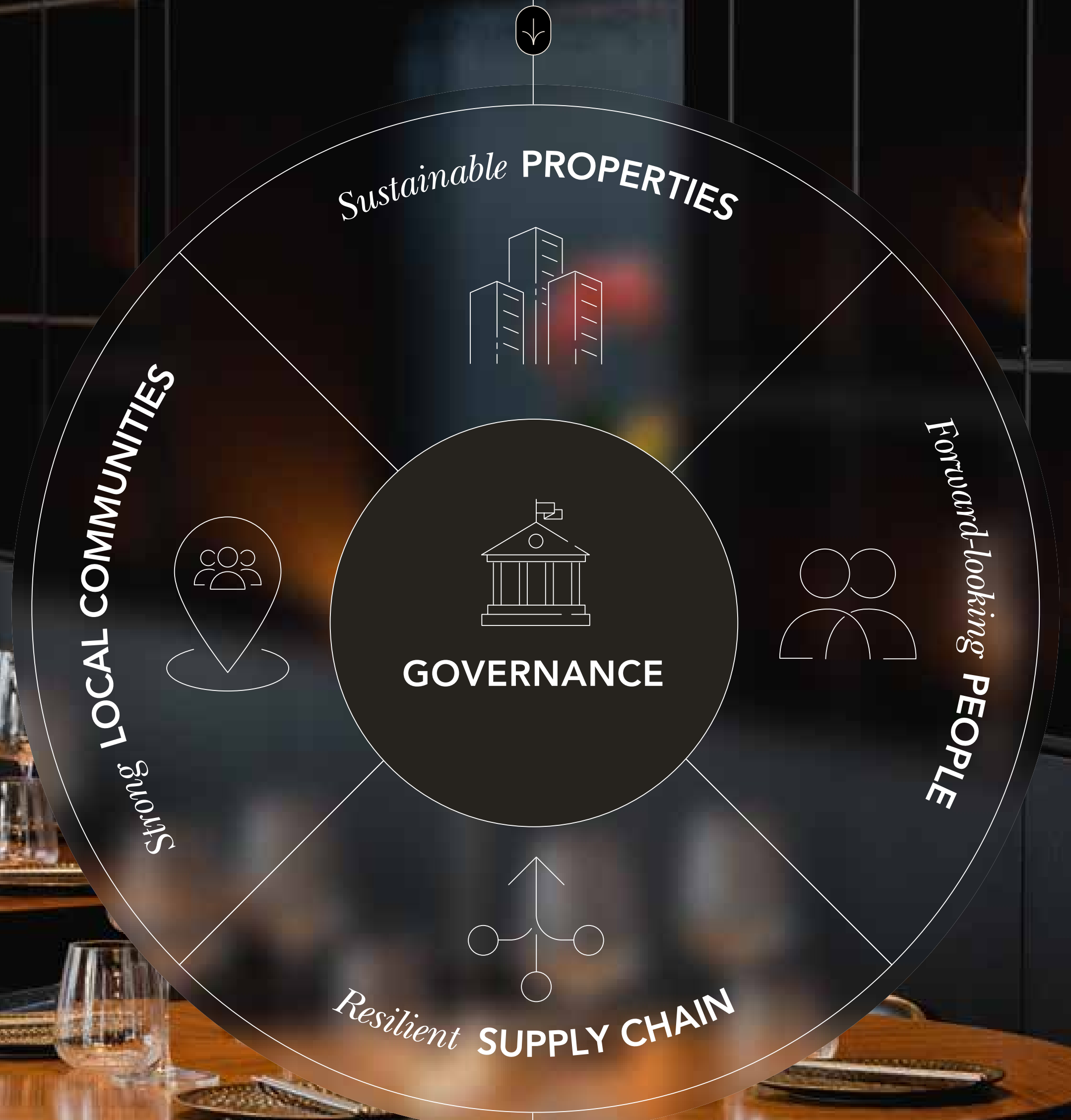
In 2024, we have made important advancements in our ESG strategy, working on the sustainability profile of our hotels and their social impact. This builds on a set of 35 ESG targets we had established in 2023, grouped under ten strategic objectives, all of which have seen progress in the past 12 months.

The implementation of the strategy is led by the ESG Manager, who reports to the Chief Legal & Corporate Officer on our performance and progress towards our strategic objectives. We continue to be members of the Zero Carbon Forum and the Energy & Environment Alliance, both particularly helpful for staying up to date with real estate and hospitality trends on sustainability, as well as reporting to CDP (formerly known as Carbon Disclosure Project) and WDI (Workforce Disclosure Initiative).

ESG strategy targets

Our ESG strategy is based on the double materiality principles. The last double materiality assessment ('DMA') we conducted was in 2022. This enabled us to understand the most important issues for our stakeholders, as well as how societal and environmental factors affect our business. Following a three-year cycle, we have already begun the work to conduct a new DMA in 2025, with the results to be presented in next year's annual report.

Our ESG strategy



Each of our targets is intended to contribute to one or more of the United Nations Sustainable Development Goals (SDGs). The SDGs that we support the most are the ones below.

Links to UN SDGs

ESG strategic objectives

Each target contributes to achieving a specific strategic objective, which has been established to address stakeholder priorities and ensure that all elements of the strategy work cohesively. The strategic objectives are designed to be mutually reinforcing, meaning that progress on one will in many cases advance others as well. These strategic objectives are listed in the table to the right.

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

Decarbonisation journey

In our effort to reduce carbon emissions, we have submitted a commitment letter to the SBTi, outlining our intention to set net zero and near-term targets, which we will request the SBTi to validate. As part of this, we are required by the SBTi to meet interim goals, ensuring public accountability for our progress, metrics and milestone achievements. The next steps on this journey are to assemble a decarbonisation plan and finally submit to the SBTi for validation by the end of 2025.

In 2024, we began the internal engagement work with our senior management to draft the decarbonisation plan. We have also contracted additional support from Greenview, a company which specialises in this area to accompany us in this journey. This project is expected to be completed in 2025, with the final output being a comprehensive list of actions to reduce the carbon emissions across the whole business. This will address emissions within Scopes 1, 2 and 3, that is, ranging from recommendations to possibly replace and phase out gas boilers, to working with our suppliers to improve the environmental performance of the products and services we purchase.

Our business is at the intersection between real estate and hospitality operations, therefore a key focus of the plan will be on the construction and refurbishment activities that form part of our operations. This will entail looking at construction materials used for our projects and working with our suppliers to find ways to reduce our footprint in this area. Another critical area for decarbonisation will be food and beverage products, representing the majority of our Scope 3 emissions, which again will require significant engagement with our suppliers.

This year, we placed increased focus on ESG communications and awareness within the Company at all levels. In Q1 2024, we held a bespoke masterclass for the Company's ESG Committee, which was delivered by the Zero Carbon Forum. The purpose of this training session was to educate the Board members on the key aspects of decarbonisation and equip them with knowledge to lead PPHE's response to climate change. This is particularly important as we embark on systemic changes in our strategic and operational approach to both the real estate and hospitality sides of our business in the pursuit of decarbonisation. In addition to that, the ESG Manager has conducted regular engagement with teams in all the properties to communicate progress on the ESG strategy, as well as to get feedback on it. This was aided by the team of ESG Ambassadors present in each of our hotels, who are the reference point on the ground for initiatives around sustainability and local community engagement.

To enhance alignment across the whole Group, in June 2024 we held a cross-regional workshop in Pula, Croatia. The objective was to review progress towards our ESG targets and strategic objectives and set future priorities, also accounting for key regional differences across our regions.

Carbon footprint

In 2024, we continued to make advancements in our carbon footprint methodology, further increasing the level of confidence in our results. This includes improvements in internal processes to ensure data integrity and extensive involvement of various teams throughout the footprint exercise.

Another area of improvement relates specifically to Scope 3 emissions. The available methods for calculating these emissions generally are: 1) spend-based; 2) volume-based; and 3) supplier level data. While the spend-based method is the simplest, as it consists in a multiplication between the amount spent by an emission factor, the volume-based method accounts for the actual volume of products or services purchased (regardless of the amount spent on them), making the calculations more accurate and disjointed from factors such as inflation, which could artificially skew the emissions calculations. Finally, the supplier level data is regarded as the most accurate method, as it relies directly on emission factors provided by the suppliers, who would have conducted life cycle assessments on their products. With this in mind, this year we expanded the share of emissions calculated through a volume-based approach across the whole Group, with a view to start using supplier level data in the near future, thus slowly moving away from a spend-based approach towards more accurate methods.

In 2024, we consolidated our suppliers across various product categories in the UK. Having fewer suppliers led to increased standardisation in the data in our procurement system, thus allowing us to assign more accurate emission factors to the individual items we purchase and increasing the accuracy of the carbon footprint calculations. Furthermore, this year we implemented a halt to suppliers offering more than one delivery per day, unless critical for business continuation. This enabled us to consolidate multiple deliveries into a single one, hence reducing associated costs and emissions.

in 2024 the carbon footprint calculations were conducted by the consultants Zero Carbon Services for PPHE and Code Gaia for AHG, based on data provided by PPHE and AHG. This is the same process as was followed in 2023. The results are shown in Table 1 below, together with a comparison with 2023 in Table 2. The figures for 2023 are the result of a recalculation conducted in 2024 to reflect an improved and more accurate methodology.

Table 1 Carbon footprint of PPHE Hotel Group – 2024

	tCO_2e (market-based)	% of total (market-based)	tCO_2e (location-based)	% of total (location-based)
Scope 1	9,661	11.2%	9,661	9.5%
Scope 2	1,887	2.2%	17,654	17.3%
Scope 3	74,744	86.6%	74,744	73.2%
Total	**86,292**	**100.0%**	**102,059**	**100.0%**

Table 2 Carbon footprint of PPHE Hotel Group – 2023

	tCO_2e (market-based)	% of total (market-based)	tCO_2e (location-based)	% of total (location-based)
Scope 1	9,067	10.1%	9,067	8.8%
Scope 2	3,915	4.4%	16,935	16.4%
Scope 3	76,999	85.6%	76,999	74.8%
Total	**89,981**	**100.0%**	**103,001**	**100.0%**

The results show that overall emissions for the Group have slightly decreased year on year. The main driver of this reduction is Scope 3, as various construction and refurbishment projects conducted throughout 2023 have come to an end in 2024 (art'otel London Hoxton, art'otel Zagreb, Radisson RED Belgrade and Radisson RED Berlin Kudamm), meaning that the related emissions in the Scope 3 category 'Capital Goods' have decreased in 2024. Another notable reduction is in Scope 2 market-based emissions, due to 2024 being the first full financial year with renewable electricity contracts for various European countries, which now cover our properties in all countries except for Serbia. On the other hand, Scope 1 and Scope 2 location-based have both increased year on year, largely due to the four new operational properties and increased occupancy across all regions.

Sustainable properties

Links to UN SDGs

We continue to source 100% renewable electricity to all our hotels (except for Serbia) through Renewable Energy Guarantees of Origin (REGOs) in the UK and Guarantees of Origin (GoOs) in the rest of Europe. Park Plaza Arena Pula and Grand Hotel Brioni Pula are equipped with photovoltaic panels for on-site renewable energy generation, which we are looking to install in additional properties in 2025.

In 2024, we have upgraded some of the equipment in our hotels to achieve energy efficiency gains. These include the replacement of old minibars with highly efficient thermoelectric ones, the installation of boiler pumps with improved efficiency, and the installation of a kitchen extractor control system in various hotels.

Building certifications

To raise our properties' environmental performance, in past years we have already achieved BREEAM certifications for some of them: Park Plaza London Waterloo (Very Good), Park Plaza London Riverbank (Very Good), Park Plaza London Park Royal (Very Good) and art'otel London Battersea Power Station (Excellent). This list has been expanded in 2024, with art'otel London Hoxton obtaining a BREEAM Excellent certification, with other properties in our portfolio expected to get the certification in 2025.

In 2024, we have adopted a Group-wide policy which will require that all new-build hotels, repositioning projects and refurbishments obtain a certification by a recognised building certification scheme, such as BREEAM or DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen), depending on the location.

Building on this work, in the fourth quarter we have also engaged the consultancy Sweco to support us in obtaining the BREEAM in-use certification for some additional properties, with the submission to BRE (the organisation responsible for the BREEAM certification) expected to be completed in 2025. Once this is done, BRE will review the evidence provided in our submission and issue the BREEAM in-use certifications for the appropriate rating.

A remarkable achievement was art'otel Zagreb receiving the 2024 Green Building and Sustainable Built Environment Award in the Building of the Year – Reconstruction category. This was awarded by the Croatian Green Building Council and recognises energy-efficient building reconstructions completed between January 2023 and July 2024.

Hotel sustainability certifications

The environmental performance of our properties has also supported our hotels in achieving high scores in their sustainability certifications, such as Green Tourism, Green Globe, Green Key, Travelife and Blue Flag. The full list of these certifications is shown in Table 3 on page 75.

The few properties in our portfolio currently missing from the list are on track to receive their Green Key and Green Tourism certifications in 2025.

In 2024, all our hotels also achieved the HSB accreditation, an initiative promoted by Radisson across all its brands. HSB is an initiative launched by the WTTC and is a globally recognised set of sustainability indicators for the hospitality sector, allowing for standardised criteria across the industry.

Waste management

We are committed to reducing the amount of waste generated by our properties and to dispose of it through the appropriate channels. Our waste is recycled wherever possible, or incinerated to generate energy in waste-to-energy facilities, with a small minority of it still going to landfill. However, we are working across our whole portfolio to bring the share of waste sent to landfill down even further in the coming years.

As a significant step towards reducing plastic waste, in 2024 we moved from single-use toiletry bottles to large dispensers across all our properties. By eliminating small plastic bottles, we will minimise the amount of plastic produced and waste generated, ultimately reducing our environmental impact in this area. To ensure the most appropriate disposal of these dispensers we partnered with Clean the World, an organisation specialised in waste recycling, who now collect and process the used dispensers from our properties. This shift not only has environmental benefits, but also enhances the guest experience, as the larger dispensers ensure a reliable supply of high quality products for the entire stay without the need for regular replacements.

At the same time, we have progressed with the elimination of other single-use plastic items from our hotel rooms, such as the plastic wrapping around our slippers, as well as plastic combs and toothbrushes, which have been replaced with bamboo alternatives. In our Dutch properties, we adopted the EcoTap water bottling system for guest rooms, reducing our reliance on plastic bottles.

In 2024, we have engaged the company The Waste Specialists, which began to support us in aligning waste management practices across our UK properties. The plan we devised with The Waste Specialists for 2025 is to introduce new bins to improve waste sorting where necessary, to launch staff training on waste management, and to set a clear baseline for food waste to then introduce future internal reduction targets.

In various properties in Croatia, we introduced food recycling machines to convert food waste into compost, giving this waste a new life.

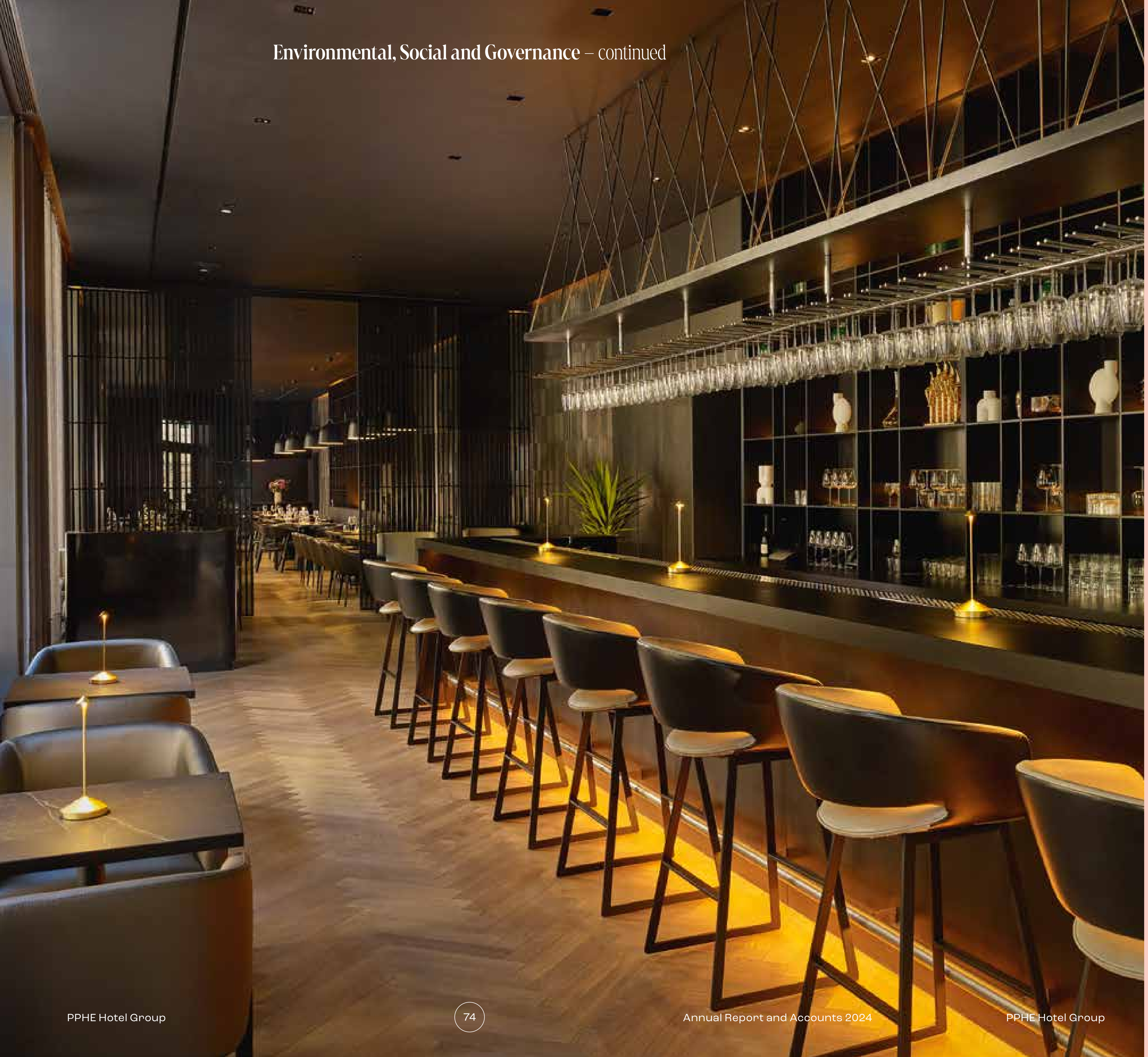


Table 3 List of our hotel sustainability certifications

Green Key

The Netherlands

Park Plaza Eindhoven
Park Plaza Vondelpark, Amsterdam
Park Plaza Utrecht

Germany

art'otel Berlin Mitte
art'otel Cologne
Radisson Red Berlin Kudamm
Park Plaza Berlin
Park Plaza Wallstreet Berlin Mitte
Park Plaza Nuremberg

Austria

Arena Franz Ferdinand Nassfeld

Serbia

Radisson RED Belgrade

Croatia

Park Plaza Histria Pula
Park Plaza Punta Verudela Pula
Arena Verudela Beach Resort Pula
Park Plaza Arena Pula
Grand Hotel Brioni Pula
Splendid Resort Pula
Horizont Resort 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

Green Globe

The Netherlands

Park Plaza Amsterdam Airport
Park Plaza Victoria Amsterdam

Blue Flag

Croatia

Park Plaza Histria Pula
Grand Hotel Brioni Pula

Travelife

Croatia

Park Plaza Belvedere Medulin
TUI BLUE Medulin
Park Plaza Histria Pula

Green Tourism

UK

Park Plaza London Westminster Bridge
Park Plaza Nottingham
Park Plaza County Hall London
Park Plaza London Waterloo
Park Plaza London Riverbank
Park Plaza Victoria London
Park Plaza Leeds
Holmes Hotel London

Forward-looking people

As part of the ESG strategy, we have in place various targets regarding our team members, encompassing wellbeing, engagement rate, investment in learning and development, and retention rate.

Links to UN SDGs

Our employee engagement rate is measured through two surveys per year at PPHE and one per year at AHG. PPHE's average employee engagement rate, based on the two surveys conducted in 2024, was 84.5%, placing the Company over 2% above the sector average and above our internal target. This result has had positive effects on the retention rate, which increased by 6.3% in the UK and 6.7% in the Netherlands. Due to the seasonality of employment in AHG's locations, we set a slightly lower target for those regions, with results showing an engagement level of 75%. For this reason, in 2024 the engagement survey methodology for AHG was amended to reflect the diverse workforce, such as permanent, seasonal and foreign employees, which will ultimately enable the collection of more meaningful feedback from our workforce going forward.

We have set ambitions around employee wellbeing, with the relative metric also showing significant improvements throughout 2024, supported by initiatives such as the launch of the Vitality platform for all team members.

Another area of work this year focused on learning and development (L&D). To enhance our offer, the dedicated corporate office team has been expanded, leading to the creation of an extensive onboarding journey for new leaders and our Degree Apprenticeship.

We are proud of this programme, as it is an industry first. This is run in collaboration with Dorchester Group, Grosvenor House and Red Carnation, and is delivered in partnership with the University of Gloucestershire. We have now hired 12 young Londoners on two cohorts who are working over three years towards a BA in Applied Hospitality Management. This is just one of nine different apprenticeship programmes currently on offer, for which 45 people were enrolled in 2024. Management development has also been a key focus, with the development and roll out of several new workshops to all line managers, such as Employee Engagement for Line Managers and Interviewing & Candidate Experience, both contributing positively to employee engagement and time-to-hire respectively, with time-to-hire reduced by 30% in the UK. Across our art'otel hotels, we rolled out the art'print programme, our differentiated culture and purpose blueprint and related training programme, to all team members.

Diversity, Equity and Inclusion (DE&I)

This year, PPHE has placed particular focus on DE&I initiatives around talent acquisition, emphasising community engagement, personalised recruitment, and partnerships with organisations supporting diverse groups. Key actions implemented in our UK hotels include the following:

1. **Community partnerships:** PPHE collaborates with the organisations Twin and SPEAR, as well as the UK Department for Work and Pensions, to hire individuals from diverse backgrounds, including neurodiverse candidates and young people with limited experience. Regular events at the career centre connect candidates from these groups, boosting retention and community ties.
2. **Support for underrepresented groups:** in 2024, PPHE has hired 171 individuals from charities and job centres, providing support for those struggling to enter the workforce. These hires have higher retention rates, with 67% of charity-referred employees staying over a year.
3. **Talent development programmes:** Graduate and Apprenticeship programmes, focusing on skill development in roles like Apprentice Chefs and Graduate Managers, offer pathways to permanent roles, strengthening talent retention.
4. **Inclusive culture:** Representing 98 nationalities, PPHE fosters inclusivity within its properties, exemplified by a welcoming mural at Park Plaza Westminster Bridge London in employees' native languages.
5. **Sustained DE&I focus:** Using data-driven retention reports, PPHE regularly refines its hiring practices and supports DE&I goals by gathering new-hire feedback and adjusting sourcing strategies based on retention rates.

With these initiatives, we aim to make DE&I a key focus of our recruitment approach, one that values personalisation, inclusivity and long-term retention.

Besides these initiatives in recruitment, in 2024 we have introduced mandatory DE&I training for all managers in our organisation, both at the beginning of their journey with PPHE and then as refreshers on a yearly basis.

ESG Ambassadors

Last year, we established a network of ESG Ambassadors throughout our organisation, with at least one Ambassador in each of our properties in the UK and the Netherlands. This is a group of nearly 20 very passionate team members who provide invaluable support to the ESG Manager in the implementation of our ESG strategy. Examples of their involvement include fostering relationships with charities, supporting the GMs in the reporting of ESG data, and leading on the process to obtain the hotel sustainability certifications such as Green Tourism.

ESG communications and training

PPHE's ESG Manager and Head of Compliance regularly visit our hotels in the UK and the Netherlands to deliver updates to team members, including General Managers and Heads of Department. These typically cover highlights of the ESG strategy and key sustainability initiatives, as well as a general refresher on our whistleblowing policy, harassment in the workplace and safe personal data handling. AHG's ESG Manager also has regular contact with all the ESG teams across our properties, who drive environmental and social initiatives on site, for example supporting in the Green Key certification process.

We launched a quarterly ESG newsletter, with the aim to keep our colleagues engaged and up to date with the latest development in the strategy. The various editions covered updates on our emission reduction plans, engagement with local communities and the launch of the corporate volunteering day.

ESG communications in AHG are shared to all employees via the Connecteam app. This internal channel is very important to ensure that relevant information and updates reach the widest possible audience across the organisation. Examples of content shared through this channel include activities in support of local communities and volunteering, as well as corporate ESG updates.

The ESG Ambassadors also play an important role to ensure that our team members are involved in the Company's environmental and social activities, as they are now recognised as the relevant people in their respective hotels and regularly share updates on the ESG strategy in team meetings, as well as serve as first points of contact for any queries at the hotel level.

With clients and prospective team members increasingly demanding information about our ESG activities, we identified the need to upskill our Sales and Recruitment teams in this area. To bridge this gap, the ESG Manager started to deliver regular updates to these teams, to equip them with the necessary knowledge to communicate PPHE's ESG ambitions and progress.

Resilient supply chain

> Given the size and nature of our business, our supply chain spans across many sectors and geographies. Therefore, having an understanding of our impacts along the supply chain is critical to raise environmental and social standards.

Links to UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

Our priority in 2024 has been to explore what our current and prospective suppliers are doing on ESG. An example of this collaboration is the engagement we had with our supplier of laundry services in London, which is allowing us to identify opportunities to reduce energy and water consumption associated with their service.

As mentioned on page 71, in 2024 we consolidated our suppliers across various product categories in the UK. This led to increased standardisation in the data in our procurement system and allowed us to assign more accurate emission factors to the individual items we purchase, ultimately increasing the accuracy of the carbon footprint calculations.

Through engagement with the Zero Carbon Forum, in 2024 we also continued to obtain industry knowledge on sustainability trends and opportunities in the sector. This is particularly important as it allows us to stay up to date with the latest sustainability developments, for example regarding various F&B products that have a significant impact on our carbon footprint (such as meat and dairy).

At PPHE, we have a Responsible and Ethical Sourcing Policy in place, covering issues such as human rights and discrimination, which we ask all our current and prospective suppliers to abide by, while AHG has a set of policies that lay out various standards for the supply chain (for example, the Environmental Management Policy and the Human Rights and Labour Standard Policy). As a UK-listed company, we have also set out how we approach human rights and labour standards in our supply chain in our Modern Slavery Statement, which is available on our corporate website.

As part of the upcoming work on the decarbonisation plan, in 2025 we will devise a list of actions to reduce our carbon emissions across our supply chain (Scope 3). Since these represent the vast majority of our emissions, a focus on this area will be instrumental for PPHE to achieve meaningful reductions over the coming years.

Strong Local Communities

In 2024, we have strengthened our collaboration with the local communities where we operate in various ways. We have formally launched a corporate volunteering day, allowing every employee to take one paid day off work (on top of their annual leave allowance) to volunteer for a not-for-profit organisation. This will enable our team members to provide a valuable contribution to these organisations and help them achieve their missions.

Links to UN SDGs

3 Good health and well-being
8 Decent work and economic growth
11 Sustainable cities and communities

To expand our contribution to our communities, we have established partnerships with some new charities, such as The Children's Society and The Felix Project.

The Children's Society

The Children's Society is a UK-based charity that focuses on improving the lives of vulnerable children and young people. For this organisation, we have hosted activities such as bake sales and charity sales in our hotels and corporate office in the UK, and we are currently planning further recurrent initiatives going forward.

The Felix Project

The Felix Project is a London-based charity focused on reducing food waste and combating hunger by redistributing surplus food to those in need. This year, we have donated nearly £4,000 to the project by adding an optional donation to restaurant and bar bills over the period May – July.

StreetSmart

Following the beginning of our collaboration in 2023, this year we also continued to support the charity StreetSmart, which assists homeless people in London. For this charity we also collected funds through optional donations to restaurant and bar bills in the period November – December, raising a total of nearly £4,000.

In addition to this work, we continue our strong collaboration with the charity Just a Drop. Through this programme, launched in September 2022, guests staying for at least two nights have the option to forgo all housekeeping services, thereby reducing the amount of water, energy and detergents used to clean linens. The hotel then donates €/£1 per opted-out night to Just a Drop and all the funds raised help the charity to provide essential water, hygiene and sanitation to communities in developing countries. In return, guests can also choose from a selection of rewards in recognition of their support.

In 2024, we donated £129,000 to Just a Drop, bringing the total raised since the start of the collaboration to over £240,000. These resources enabled the charity to fund projects in small communities in Cambodia, Zambia, Nicaragua and Kenya.

Other notable organisations that our hotels have supported through in-kind or financial support include the Oasis Academy, the Ealing Soup Kitchen and Hospitality Action. In September 2024, some of our GMs in the Netherlands have also raised €6,500 for the charity Kika by taking part in the Dam tot Dam Loop run in Amsterdam, supporting the organisation in the fight against childhood cancer. In Croatia, AHG supported the city of Pula through donations to the Pula General Hospital, the Pula Film Festival and the Pula Marathon.

Besides these charity initiatives, some of our hotels also support biodiversity projects. For instance, with our Croatian properties in Pula and Medulin being located within Natura 2000 protected areas, we are committed to protect these areas and ensure their preservation. To reduce the impact that our business on water resources in the area, in 2023 we installed two desalination plants, one in Pula and one in Medulin, which provide us with fresh water for landscape irrigation. In 2024, we commissioned environmental impact studies on both plants, with the outcomes confirming that these plants do not have adverse impact on the local ecosystems.

Other examples of biodiversity projects are the beehives that our hotels Park Plaza Nottingham and Park Plaza London Waterloo have on their rooftops, each of them producing around 70kg of honey in 2024, which is used for food and drinks in the hotel or gifted to some of our guests.

TCFD report

The UK Listing Rules (6.6.6(8)R) require the Company to include a Task Force on Climate-related Financial Disclosures (TCFD) statement in the Annual Report.

This section is drafted in compliance with the 11 TCFD recommendations and, together with a climate scenario analysis, it provides an overview of the four pillars of the TCFD report for PPHE: Governance, Strategy, Risk Management, and Metrics and Targets. These pages also address our reporting obligations under the Streamlined Energy and Carbon Reporting (SECR) regulation and the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Governance

An important change in our Enterprise Risk Management (ERM) framework is that, to reflect their relevance in our business planning, as of 2024 climate related risks are no longer classified as emerging risks and are treated just like all other business risks. Our risk management framework is built on four key elements that support informed decision-making: a risk-reward strategy, strong risk governance, a structured risk management process, and risk assurance. Enterprise risk assessments are conducted quarterly, evaluating each risk's likelihood and potential impact.

In 2021, we established an ESG Committee, which is currently made up of four of our Non-Executive Directors and oversees PPHE's work in this area. Meeting on a quarterly basis, the Committee engages with the Executive Leadership Team to discuss updates on climate related issues, approves the strategy and targets proposed by the Executive Leadership Team, and reviews the TCFD disclosures annually in February. It also oversees the ESG strategy, ensures that stakeholders are consulted on ESG related initiatives, and monitors how these activities are communicated to both internal and external stakeholders.

The Audit Committee oversees and advises the Board on the Group's risk exposure, risk appetite and future risk strategy. As part of this responsibility, it meets quarterly to help monitor both financial and non-financial climate related risks, tracking changes that could affect the Group's overall risk profile. In Q4 2024, the Head of Internal Audit and Risk conducted routine functional risk reviews with all internal departments, aided by the ESG Manager, for climate related risks. The findings were reported to the Audit Committee, and no new issues or concerns regarding climate related risks were identified during this process.

The Chief Corporate & Legal Officer, Inbar Zilberman, reports to the ESG Committee of 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 2024, we continued with our awareness campaign to embed environmental sustainability and social responsibility into our daily operations. This campaign included a newsletter, ESG Ambassadors at our hotels, and ESG training available to all employees. Through these initiatives, we aim to cultivate a culture of responsible action across all areas of our business.

Strategy

We recognise the complexity of climate change and our responsibility to minimise our environmental impact. With this in mind, we are committed to reducing our carbon footprint and overall environmental footprint. Our ESG strategy, along with its detailed targets, plays a pivotal role in helping us achieve this goal. As a company that develops, owns, co-owns and manages many of its properties, we have an advantage in adopting sustainability initiatives across every stage of our business, from property development to daily operations. By embedding sustainability into all aspects of our activities, we aim to create long-term value for the Group and our stakeholders.

Building on the progress made in 2023, this year we further developed and refined our ESG strategy. As part of our journey, we have committed to create a detailed decarbonisation plan on the path to achieving net zero by 2040, which will be instrumental for our SBTi submission. In Q4 2024, we have engaged specialist support from the consultant Greenview to assist us in this mission. The output of this work will be a comprehensive list of actions to tackle carbon emissions in our business, a crucial stepping stone to inform our decarbonisation actions in the years to come. Additionally, we have maintained our collaboration with the Zero Carbon Forum and the Energy and Environment Alliance, whose expertise also continues to inform our decarbonisation efforts.

Environmental sustainability is a dynamic and evolving field, shaped by advancements in climate science, emerging technologies, and governmental commitments to reduce economy-wide carbon emissions. As these commitments drive changes in policy across our industry, climate risk assessment remains essential to ensure that our business strategy remains resilient and sustainable for the long term.

Climate scenario analysis

As part of the TCFD obligations, in 2024 we reassessed the transition and physical risks that PPHE is exposed to. This year, we expanded our analysis of physical risks beyond the regional level and delved into the risk profile at the property level, an ambition that we set out in 2023. We did so by engaging the specialists at Climatig, who provided us with access to their proprietary software to analyse physical climate risks under the two different climate change scenarios below.

Representative Concentration Pathway 4.5 (RCP4.5): This is an International Panel on Climate Change (IPCC) intermediate climate scenario for GHG emissions where the assumption is that these emissions will peak around 2040 and then decline.

Representative Concentration Pathway 8.5 (RCP8.5): This is another IPCC climate scenario, generally taken as the basis for the worst-case climate scenario for GHG emissions, with the assumption that the GHG emissions will continue to rise throughout the 21st century.

Time horizons

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

- short term: 2025–2027;
- medium term: 2028–2030; and
- long term: 2031–2040.

These scenarios were selected as they allow for sufficient granularity in the analysis, while also not overextending our ability to conduct the climate risk assessment far into the future. Given the uncertainty surrounding climate change, both in its effects and in the policies governing the response, it is challenging to accurately forecast the long-term impact on our business. As a result, we chose to define 2040 as the end boundary for our long-term scenario, as predictions beyond that point become speculative.

Note that the tables that follow, presenting transition and physical risks, group together the assessment of the financial impact in the medium and long term. The reason for this is that, given the time horizons selected, our assessment did not identify any meaningful difference between the impacts of these risks in the medium and the long term.

Transition risks

We identified and assessed four transition risks, as outlined in Table 1. The risk profile for these varies primarily based on the geographic location of our properties. For instance, customer expectations around climate related issues may have a stronger influence in certain countries, and the same applies to local regulatory environments.

Table 1 Assessment of residual transition risks

Transition risk	Likelihood	Short-term financial impact*	Medium/ long-term financial impact*
Negative perception of the Group by stakeholders with regard to climate related matters	Unlikely	Moderate	Moderate
Climate change increasing input costs	Almost certain	Minor	Moderate
New climate related regulations impacting asset value	Very unlikely	Minor	Moderate
Cost and disruption of updating physical infrastructure to phase out non-renewable energy sources	Almost certain	Minor	Major

* Minor: <£1.25 million; Moderate: £1.25–6.75 million; Major: £6.75–25 million. All refer to annual impact.

The risk of 'Negative perception of the Group by stakeholders with regard to climate related matters' is well mitigated by PPHE through some elements of our ESG strategy, such as our ambitions around building environmental certifications to assess climate risk and the work to submit our decarbonisation targets to the SBTi.

The reason for highlighting the risk of 'Climate change increasing input costs' in our assessment is twofold. On the one hand, it relates to F&B costs, which have increased in recent years because of, among other reasons, the effects of climate change. On the other hand, it is due to the impact that carbon pricing has on some of the input costs to build our properties (for example, steel and cement). Given the significant part that F&B and construction activities play in our business model, this is a risk that we will pay close attention to in the future.

The risk of 'New climate related regulations impacting asset value' refers to the various mandates requiring that buildings adapt to certain standards, such as the EPC rating (energy performance certificate) in the UK. One of our main mitigation measures for this risk is to ensure that all our all new-build hotels, repositioning projects and refurbishments obtain a certification by a recognised building certification scheme (such as BREEAM or DGNB). In addition to this, we are currently conducting BREEAM in-use assessments for some of our properties, which will serve as a further mitigation measure to this risk.

The 'Cost and disruption of updating physical infrastructure to phase out non-renewable energy sources' is also an important one in our risk register. Some of the countries in which we operate have set ambitious goals around the phasing out of gas (for example, the UK and the Netherlands), which might lead organisations like ours to accelerate the transition to other energy sources, with potentially higher costs associated to it.

Having identified the above risks, we have control and mitigation measures in place for all of them, which we monitor on an annual basis to ensure that our response can be promptly adjusted if there are any changes to the risk profile.

Physical risks

The physical risks we consider material to our business are outlined in Table 2.

Table 2 Assessment of residual physical risks

Physical risk	Likelihood	Short-term financial impact*	Medium/long-term financial impact*
Coastal flooding	Very unlikely	Minor	Minor
River flooding	Unlikely	Moderate	Moderate
Heavy precipitation	Likely	Minor	Minor
Drought	Possible	Minor	Minor
Wildfires	Unlikely	Moderate	Moderate
Heatwaves	Possible	Minor	Minor

* Minor: <£1.25 million; Moderate: £1.25–6.75 million; Major: £6.75–25 million. All refer to annual impact.

It is important to note that the significance of these risks varies widely across our properties. For instance, while heavy precipitation primarily poses a threat to our properties in London, coastal flooding and wildfires are a greater concern for those in parts of the Netherlands and Croatia, respectively. In contrast, risks such as heatwaves are relevant to every property in our portfolio.

While some of our properties in the Netherlands are potentially exposed to coastal flooding, being below sea level, the country has various sea barriers throughout the coastline to protect it from this type of event, leading to a very low likelihood of occurrence. In the same way, while it is true that many of our hotels are located near rivers (for example, the River Thames in London), river flooding risk is still relatively low for them due to defence mechanisms that are in place. In London, this role is played by the Thames Barrier, which is located in the Eastern part of the city and protects it from tidal surges and sea level rise, ultimately reducing the risk of river flooding.

Similarly to coastal and river flooding, heavy precipitation can also lead to flooding. Of the three flooding related risks (coastal, river, heavy precipitation), this is the most concerning for our properties, as it is the one for which the fewest measures are in place at the city or regional level. However, the expected impact on our properties is still considered minor.

The drought risk is of particular relevance to our Croatian properties. To mitigate this and tackle water shortage in the area, in 2023 we installed desalination facilities in Pula and Medulin. These plants now provide sufficient fresh water for irrigation of the surrounding landscape, contributing to reducing our freshwater withdrawal in the area.

In general, while our hotels are exposed to the transition and physical risks listed above, none of them are expected to generate major financial impacts on our portfolio, and for each of them we have control and mitigation measures in place, including 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.

These efforts will be supported by the decarbonisation plan that we will devise in 2025, which will give us a detailed list of actions to reduce our emissions across our assets and operations. Our commitment to setting science-based targets will be an opportunity for our business to increase our competitiveness on climate related matters.

On the real estate side of our business, we are pursuing BREEAM in-use certifications for some of our properties. Among other benefits, this will help us better understand the climate related risks that these properties are exposed to and increase our preparedness to address them. Another opportunity given by the BREEAM in-use certifications is that this third party assessment will also have the potential to increase the value of these properties.

Risk Management

A comprehensive risk management process is essential to our success. We have an ERM system for the whole Group that is embedded within the strategy of each corporate function. As mentioned above, as of 2024, climate related risks are no longer classified as emerging risks in our ERM and are treated just like all other business risks, enhancing our focus on them for business planning purposes. Our risk management framework is built on four key elements that support informed decision-making: a) a risk-reward strategy; b) strong risk governance; c) a structured risk management process; and d) risk assurance. Enterprise risk assessments are conducted quarterly, evaluating each risk's likelihood and potential impact.

Metrics and Targets

With climate change presenting a major challenge to the hospitality industry, it is crucial for every organisation in the sector to pursue more sustainable and transparent operations, and PPHE is deeply committed to reducing our carbon footprint. In 2023, we enhanced the level of detail of our carbon balance sheet by providing a detailed breakdown for each country in which we operate, a format that is replicated this year as well.

This step has been instrumental in advancing our Group's progress toward science-based targets and our net zero ambition. Our key environmental performance targets include:

- achieving net zero by 2040. In 2024 we engaged external specialist support to help us with the draft of a decarbonisation plan and the submission to SBTi.
- ensuring that all our all new-build hotels, repositioning projects and refurbishments obtain a certification by a recognised building certification scheme. This year we launched an internal policy to ensure that this ambition is achieved.
- procuring renewable electricity where available.

As of 2024, we source renewable electricity in all the countries in which we operate, with the exception of Serbia.

Streamlined Energy And Carbon Reporting

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

This SECR report includes data on energy consumption, carbon emissions, intensity ratios and methodologies, and a narrative on energy efficiency actions.

The disclosure is for the period from 1 January 2024 to 31 December 2024 and it covers:

- energy use for 2024 and 2023;
- GHG emissions for 2024 and 2023;
- intensity ratios for 2024 and 2023;
- details on energy efficiency actions implemented in 2024; and
- the methodology used for the calculations.

Our carbon footprint is based on the GHG Protocol, utilising emission factors relevant for each region in which we operate. The analysis presents our emissions across Scopes 1, 2 and 3:

- **Scope 1 emissions** cover direct emissions from the combustion of gaseous and transportation fuels by the Company.
- **Scope 2 emissions** include indirect emissions from purchased electricity and district heating and cooling used in our hotels and offices.
- **Scope 3 emissions** account for indirect emissions from the products and services we procure. While we do not have direct control over these emissions, we actively collaborate with our value chain partners to develop strategies for reducing them as part of our goal to achieve net zero by 2040.

Scope 2 emissions can be calculated using either the location-based or market-based approach. The location-based method relies on the average emission factor of the energy grid in the area where consumption occurs, while the market-based method considers specific contractual instruments companies use to procure their energy, such as renewable energy contracts or on-site renewable energy generation.

The carbon footprint calculations were conducted by the consultants Zero Carbon Services (ZCS) for PPHE and Code Gaia for AHG, and ultimately merged into the results for the whole Group by ZCS.

Note that the 2023 figures were recalculated in 2024 to reflect an improved and more accurate methodology. The figures reported include all hotels under management, regardless of the ownership structure. Therefore, emissions from the hotels Park Plaza County Hall London and art'otel London Battersea Power Station are also included in their entirety. The tables below present our carbon footprint results and summary of our energy consumption for the UK and the whole Group for 2024 and 2023.

Table 3 Summary of UK-only energy consumption and carbon emissions – 2024

Scope	Energy consumption (kWh)	Emissions (tCO_2e)
Scope 1[1]	27,542,200	5,880
Scope 2 (location-based)[2]	37,104,776	7,185
Scope 2 (market-based)[2]	37,104,776	521
Scope 1 plus Scope 2 location-based	64,646,976	13,065
Scope 1 plus Scope 2 market-based	64,646,976	6,401

1: Includes natural gas, fugitive gases, petrol, diesel, heating oil, and liquid gas.
2: Includes electricity, district heating and district cooling.

Table 4 Summary of UK-only energy consumption and carbon emissions – 2023

Scope	Energy consumption (kWh)	Emissions (tCO_2e)
Scope 1	27,520,134	5,791
Scope 2 (location-based)	30,081,394	6,681
Scope 2 (market-based)	30,081,394	535
Scope 1 plus Scope 2 location-based	57,601,529	12,472
Scope 1 plus Scope 2 market-based	57,601,529	6,326

Table 5 Summary of Group-wide energy consumption and carbon emissions – 2024

Scope	Energy consumption (kWh)	Emissions (tCO_2e)
Scope 1	42,109,398	9,661
Scope 2 (location-based)	82,208,721	17,654
Scope 2 (market-based)	82,208,721	1,887
Scope 1 plus Scope 2 location-based	124,318,119	27,315
Scope 1 plus Scope 2 market-based	124,318,119	11,548

Table 6 Summary of Group-wide energy consumption and carbon emissions – 2023

Scope	Energy consumption (kWh)	Emissions (tCO_2e)
Scope 1	42,550,684	9,067
Scope 2 (location-based)	71,580,985	16,935
Scope 2 (market-based)	71,580,985	3,915
Scope 1 plus Scope 2 location-based	114,131,670	26,002
Scope 1 plus Scope 2 market-based	114,131,670	12,982

The table below shows Scope 3 emissions for PPHE, AHG and the whole Group.

Table 7: PPHE Hotel Group Scope 3 emissions.

	2024	2023
PPHE[1]	56,691	60,269
AHG[2]	18,053	16,730
Group	**74,744**	76,999

1: PPHE includes UK, Netherlands and Italy.
2: AHG includes Germany, Croatia, Austria, Hungary and Serbia

Intensity ratios

The intensity ratios we calculated are tonnes of CO_2e/total revenue (£m) and kgCO_2e/ occupied room, both calculated using market-based emissions for Scope 2. The tables below present these ratios for each country, with the exception of Italy as art'otel Rome Piazza Sallustio is not operational yet. Please note that figures are rounded to one decimal place.

Table 8 PPHE's carbon intensity metrics for 2023 and 2024 – UK

	2024	2023
Scope 1 and 2 emissions (tCO_2e)	6,401.0	6,326.0
Revenue (£m)	301.0	282.6
tCO_2e/£m	21.3	22.4
Rooms sold	1,208,901	1,126,037
kgCO_2e/room sold	5.3	5.6

Table 9 PPHE's carbon intensity metrics for 2023 and 2024 – Netherlands

	2024	2023
Scope 1 and 2 emissions (tCO_2e)	1,431.0	1,476.0
Revenue (£m)	66.2	63.3
tCO_2e/£m	21.6	23.3
Rooms sold	339,560	322,607
kgCO_2e/room sold	4.2	4.6

Table 10 PPHE's carbon intensity metrics for 2023 and 2024 – Croatia

	2024	2023
Scope 1 and 2 emissions (tCO_2e)	1,882.0	3,282.0
Revenue (£m)	84.1	78.1
tCO_2e/£m	22.4	42.0
Rooms sold	790,695	754,661
kgCO_2e/room sold	2.4	4.3

Table 11 PPHE's carbon intensity metrics for 2023 and 2024 – Germany

	2024	2023
Scope 1 and 2 emissions (tCO_2e)	698.9	1,144.1
Revenue (£m)	30.4	29.3
tCO_2e/£m	23.0	39.1
Rooms sold	228,060	212,544
kgCO_2e/room sold	3.1	5.4

Table 12 PPHE's carbon intensity metrics for 2023 and 2024 – Austria

	2024	2023
Scope 1 and 2 emissions (tCO_2e)	236.2	200.3
Revenue (£m)	4.2	3.4
tCO_2e/£m	56.2	59.5
Rooms sold	16,274	14,901
kgCO_2e/room sold	14.5	13.4

Table 13 PPHE's carbon intensity metrics for 2023 and 2024 – Hungary

	2024	2023
Scope 1 and 2 emissions (tCO_2e)	275.1	250.8
Revenue (£m)	5.3	4.4
tCO_2e/£m	51.5	56.9
Rooms sold	44,597	31,166
kgCO_2e/room sold	6.2	8.0

Table 14 PPHE's carbon intensity metrics for 2023 and 2024 – Serbia

	2024	2023
Scope 1 and 2 emissions (tCO_2e)	623.1	304.0
Revenue (£m)	1.1	0.1
tCO_2e/£m	560.7	4,438.3
Rooms sold	10,838	816
kgCO_2e/room sold	57.5	372.5

The tables above show improvements in the intensity ratios for almost all countries year on year. The exception is a small increase seen for Austria, led by higher occupancy and emissions, but lower revenues. Significant reductions were achieved in Croatia and Hungary, driven by the adoption of renewable electricity contracts mid-2023, as well as Germany. Although marginal, the reductions in both ratios for the UK are significant being it the largest region by turnover for the Group. Finally, it is worth noting that the changes in the ratios for Serbia are largely due to Radisson RED Belgrade being closed for renovations for most of 2023, reopening in February 2024, skewing emissions, revenues and occupancy.

Energy efficiency actions

In 2024, we have upgraded some of the equipment in our hotels to achieve energy efficiency gains, with the key improvements made across our portfolio described in the following paragraphs.

In various hotels in the UK and the Netherlands, we have installed a new kitchen extract control system, leading to 50% energy savings in these areas. In Park Plaza London Riverbank and Park Plaza London Waterloo, we replaced old battery-operated passive infra-red (PIR) sensors for guest rooms with new generation wired sensors. In Park Plaza London Riverbank, we replaced Low Temperature Hot Water (LTHW)circulation pumps with more efficient, inverter-driven pumps and in Park Plaza Victoria London, we installed inverters on the LTHW and Chilled Water (CHW)circulation pumps, with associated energy savings of around 70–80%. In Park Plaza London Westminster Bridge and Park Plaza County Hall London, we replaced old compressor-driven minibars with more efficient thermoelectric ones.

We installed some water reduction technologies as well, such as water saving showers in Park Plaza London Westminster Bridge, allowing us to save both water and energy.

Quantification and reporting methodology

Our carbon footprint calculations were conducted by Zero Carbon Services for PPHE and Code Gaia for AHG, in line with the GHG Protocol Corporate Accounting and Reporting Standard. The following paragraphs provide more detail on the data collection processes.

Scope 1

Gas consumption data is obtained directly through automatic meter readings. F-gas leakage data is provided from our suppliers, accounting for refills and amount of gas recovered. The minimal amount of emissions coming from company vehicles is calculated based on the amount of fuel refills.

Scope 2

Electricity and district heating consumption data is obtained directly through automatic meter readings. For regions where we have renewable energy contracts in place, an emission factor of zero was applied to the electricity consumption to calculate market-based emissions.

Scope 3

Wherever possible, Scope 3 emissions were calculated with the volume-based method (over one third of the overall Scope 3 emissions). However, the majority were calculated with the spend-based method and small part through average data. The table below presents more detail on each emission category.

Category	Description	Calculation method
1. Purchased Goods and Services	Data comes from our procurement system and it is integrated with our financial accounting system to ensure completeness and consistency.	F&B products: volume-based Non-F&B products and services: spend-based
2. Capital Goods	Data comes from the CAPEX reports of each individual property.	Spend-based
3. Fuel- and Energy-Related Activities (FERA)	This is based on energy consumption captured for Scope 1 and 2.	Volume-based
4. Upstream Transportation and Distribution	Not applicable to PPHE.	
5. Waste Generated in Operations	Data comes from reports shared by our waste management suppliers.	Volume-based
6. Business Travel	Data comes partly from reports shared by our travel agencies and partly from invoices, depending on the provider.	Mix of volume- and spend-based
7. Employee Commuting	Calculations based on number of employees and average emission factors for the areas in which they are located.	Average data
8. Upstream Leased Assets	Not applicable to PPHE.	
9. Downstream Transport and Distribution	Not applicable to PPHE.	
10. Processing of Sold Products	The only input data for this category is that related to cooking oil, which is sold to companies that then recycle and repurpose it into new products.	Volume-based
11. Use of Sold Products	Not applicable to PPHE.	
12. End-of-Life Treatment of Sold Products	Not applicable to PPHE.	
13. Downstream Leased Assets	Not applicable to PPHE. While we do have some downstream leased assets (e.g., rented office and F&B areas), we are responsible for paying the utility bills for these assets, meaning that the associated emissions fall into our Scope 1 and 2 and not Scope 3.	
14. Franchises	We have two franchised properties in our portfolio, Park Plaza Cardiff (Wales) and Park Plaza Trier (Germany). Data for these calculations comes from the utility reports received directly from the hotels.	Volume-based
15. Investments	Not applicable to PPHE.	

Our **risk environment**

In an ever challenging risk environment, our embedded approach to risk management supports the delivery of our strategic vision and priorities by ensuring decisions are made, and opportunities are pursued, with a thorough understanding of the threats we face.

Our Group-wide risk management framework drives better decision making through the proactive identification, assessment and management of the risks we face and emerging threats.

Our approach is well established and continues to evolve to meet the needs of the business and harness the input from functional management, executive leadership and the Board.

As we focus on unlocking growth from our new hotel openings, our risk profile is expected to shift focus throughout 2025. As our inherent development project risk should reduce as we deliver our latest developments, addressing any threats to the growth objectives of our existing portfolio will be a priority, to ensure we deliver operating efficiency and performance.

Macroeconomic and geo-political uncertainty remains a constant driver of risk and is something that the Group has demonstrated real resilience to in recent years. The significant political change across the globe in 2024 could see a pace of change in global relationships, policies, regulation and taxation throughout 2025 which could impact our markets, supply chains and operations. Resilience to challenging conditions continues to be a priority with focussed cost management, dynamic pricing strategies, technology initiatives and new process efficiencies.

Horizon scanning for emerging threats remains an important part of our risk management approach. The evolution of AI is presenting many opportunities for us to improve the way we operate and meet the needs of our guests. We continue to embrace the use of new technologies while introducing safeguards to mitigate any associated risk.

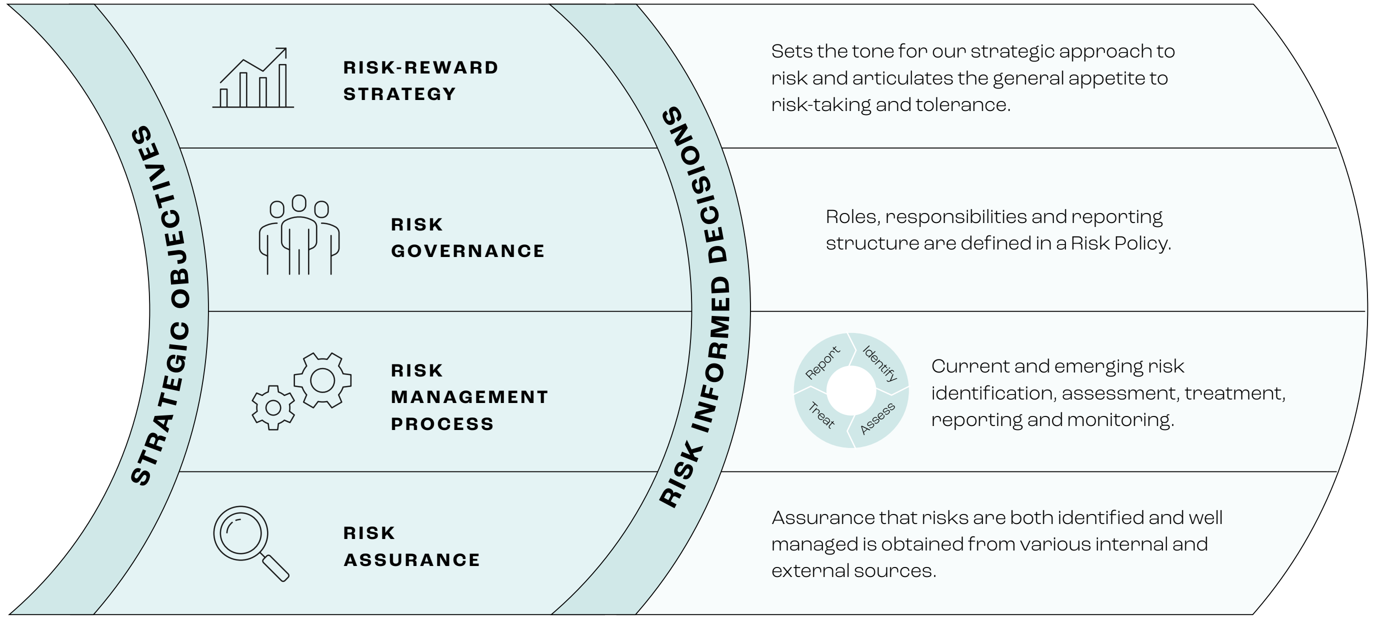
Climate related risk is fully integrated within our risk management framework. Climate change is one of the drivers of several existing principal risks. Our TCFD report details our specific climate related risks (See pages 85-86).

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 2025	Inherent risk assessment	Residual risk assessment	Trend from previous year	Oversight responsibility	Page reference
1	Adverse economic climate	High	High	← →	CFO	Page 95
2	Cyber threat – undetected/unrestricted cyber security incidents	Very High	High	↑	CFO	Page 97
3	Funding and liquidity risk	High	Medium	← →	CFO	Page 96
4	Data privacy – risk of data breach	Very High	Medium	← →	CCLO	Page 97
5	Technology disruption – prolonged failure of core technology	High	Medium	← →	CFO	Page 97
6	Operational disruption	High	Medium	← →	Co-CEO	Page 98
7	Market dynamics – significant decline in market demand	High	Medium	← →	EVP Commercial Affairs	Page 95
8	Difficulty in attracting, engaging, and retaining a suitably skilled workforce	High	Medium	← →	Co-CEO	Page 99
9	Significant development project delays or unforeseen cost increases	High	Medium	↓	CCLO and Co-CEO	Page 96
10	Negative stakeholder perception of the Group with regard to ESG matters	High	Medium	← →	CCLO	Page 99
11	Serious threat to guest, team member or third party health, safety and security	High	Medium	← →	Co-CEO	Page 98

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. The Board has reassessed the strategy and adjusted the risk appetite for Technology change and development to Active, indicating a more proactive stance on adopting new technologies.

Risk appetite levels	Definition	Business activities	Strategic pillars and 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 • Technological change/development	Diversification of property portfolio Entrepreneurial, people-oriented and creator culture to underpin growth agenda
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 • Commercial and promotional activity	Non-dilutive capital approach Destination led restaurant and bar experience with ambitious growth plans Entrepreneurial, people-oriented and creator culture to underpin growth agenda
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 • Health and safety • Data privacy • Compliance • Financial and tax reporting • Financial control	Meaningful ESG impact for the benefit of all stakeholders Guest satisfaction – memorable and superior guest experiences

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 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 and Framework; the risk-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 the following:

- 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.
- 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 exploiting 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

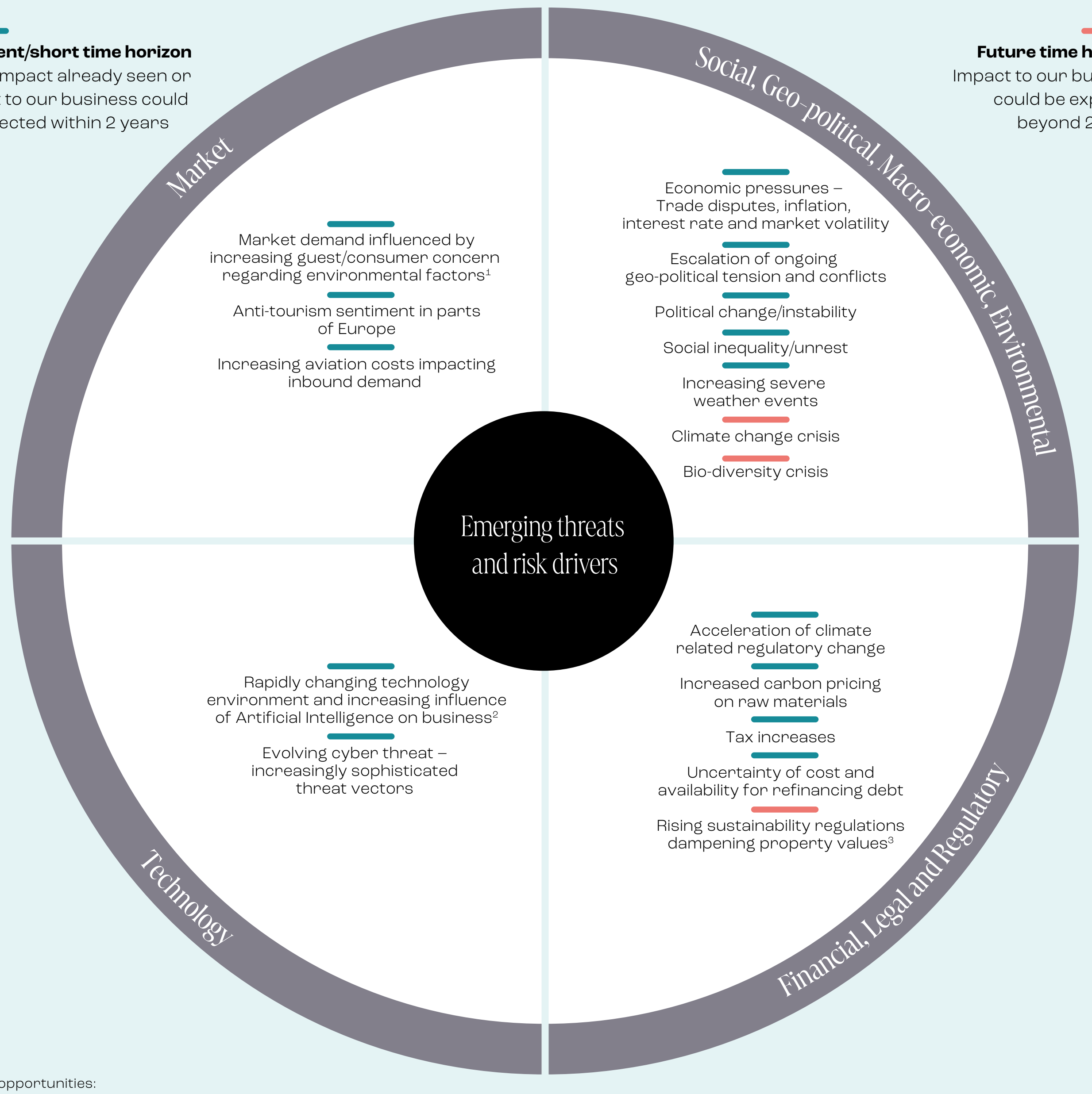
Management identifying, assessing and managing the risks and controls across all business functions.

Emerging risk

Our Executive Leadership Team considers 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 exploiting potential opportunities. The near-term threats may already influence our principal risk assessments and the prioritisation of our risk actions.

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



Related opportunities:
1 The delivery of our ESG strategic objectives relating to sustainability (see page 70) could contribute to improved market demand
2 There are opportunities to improve the delivery of our guest experience and our overall performance through the early adoption of new technologies
3 There is opportunity to enhance asset values by meeting the highest standards for sustainability in our properties

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 Macro-economic Environment

Risk appetite: Not applicable

Principal risk description	Residual risk	Outlook and risk response for 2025
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** ↔	An unfavourable economic climate poses a significant and persistent risk to the achievement of our objectives. Numerous factors are expected to drive this risk in 2025, including geopolitical instability, trade disputes and regional tensions that are influencing the global macro environment. Despite challenging conditions, our robust business model means we are equipped to achieve success and unlock growth. Over the course of 2025 we will closely observe economic trends and respond as needed to protect our business. Our approach includes: · Enhanced budgeting and forecasting methods · Active pursuit of efficiencies through the introduction of new technologies · Continued focus on cost management · Agility in our strategic planning
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** ↔	While an uncertain macro-economic and geo-political climate can present market challenges in 2025, we will benefit from unlocking the growth potential of our recent investments and our proven ability to adapt to changing market conditions, through for example changing our market segmentation or geographic areas of focus. We are also focussed on areas of opportunity such as growing contracted business and Groups and Meetings & Events bookings. We strive to drive demand, grow occupancy and maintain strong average room rates' through a range of key process enhancements, and commercial initiatives: · AI enabled revenue management and pricing systems · New AI enabled technology for guest interactions · Focussed promotional initiatives to drive demand in advance and tactical campaigns for 'need' periods · Partnerships and promotional opportunities with third party distribution partners and booking channels · Close collaboration with Radisson Hotel Group and leveraging their reach for promotional campaigns · Radisson Rewards programme which consists of 20+ million members. · Focus on digital marketing and online advertising and customer acquisition · Planned activities across key source markets and market segments, including tradeshows, hosted events and sales missions · Guest experience focused initiatives and brand audit programmes to ensure brand consistency · Ancillary revenue growth through online and pre-stay upselling initiatives, gift card sales and other commercial programmes

Funding and Investment		Risk appetite: Neutral
Principal risk description	**Residual risk**	**Outlook and risk response for 2025**
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** ↔	In the environment of fluctuating interest rates and economic uncertainty, our funding and liquidity risk is managed to an acceptable level through stringent oversight controls, coupled with our successful trading performance and solid property valuations. We also increase certainty through fixed rates on most loans. This risk and the parameters of our associated risk appetite will be closely monitored as we approach 2026 when refinancing is due for several loans. Our key treasury monitoring and reporting controls include: • Board approved treasury policy • Monthly forward covenant testing • Monthly treasury monitoring and reporting to the Board • Proactive and regular liaison with our lenders

Development Projects		Risk appetite: Neutral
Principal risk description	**Residual risk**	**Outlook and risk response for 2025**
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	**Medium** ↓	While this risk area will continue to be of importance, it is anticipated to decrease in the short term with the completion of the art'otel London Hoxton and art'otel Rome Piazza Sallustio projects. Our assessment is reviewed frequently and could increase again as we embark on new development opportunities. The risk continues to be managed through the focused oversight of senior leadership and our in-house Technical Services team, with well-established project management 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

Technology and Information Security		Risk appetite: Averse
Principal risk description	**Residual risk**	**Outlook and risk response for 2025**
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:** 3 **Related sources of value:** 6	**High** ↑	This year we have increased our assessment of this risk to reflect the constantly evolving challenge of combatting cyber threats. Although we have bolstered our defense mechanisms and monitoring capabilities to their strongest levels yet, we recognise the increasingly sophisticated nature of these attacks. This keeps cyber risk as one of the most prominent threats to our business and a key priority for our risk mitigation efforts. Where possible we aim to reduce the risk through solidifying our established controls and implementing new defence and response mechanisms. Key actions include: • Aligning security controls with the changing technology infrastructure landscape • 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, including the responsible use of AI in business • Targeted phishing training • Enhanced filtering of malicious phishing sites • Penetration testing programme • 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:** 3 **Related sources of value:** 6, 8	**Medium** ↔	Managing data privacy risk is a high priority for our business. Safeguarding the information of our guests and team members remains a core commitment. Our key mitigating controls include: • Centralised records of personal data processing activity maintained within a data protection and information security platform. • Internal awareness campaigns and training programmes • Documented data protection and privacy procedures • Monitoring of 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:** 3 **Related sources of value:** 6	**Medium** ↔	As we actively seek opportunities to enhance performance by integrating new technology into our business, we remain dedicated to safeguarding the robustness of our technology infrastructure and ensuring the uninterrupted delivery of our services. In 2025 our technology strategy includes crucial projects that will enhance our long-term resilience, including: • Transitioning to cloud services with a top-tier provider for our core infrastructure • Redesigning and implementing a new back-up and recovery solution alongside the move to cloud services • Upgrading to a new Property Management System • Enhancing network monitoring and vulnerability scanning capabilities.

Safety and Continuity

Risk appetite: Averse

Principal risk description	Residual risk	Outlook and risk response for 2025
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:** 3 **Related sources of value:** 6, 8	**Medium** ↔	We are dedicated to protecting our operational capabilities and ensuring the stability of our services, supply chains, and vital hotel management and reservation systems to deliver a seamless guest experience. Our mitigation of this threat includes: • Established crisis management plans and procedures • Regular crisis management training for management and team members • Relationship management with key suppliers and partners to identify and mitigate any potential issues which could impact the continuity of their service • Business continuity planning to prepare proportionate responses to the most significant threats which could impact the continuity of our critical services and operations
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:** 3 **Related sources of value:** 6, 8	**Medium** ↔	To ensure a high level of health, safety and security for our guests, and to maintain a secure working environment for our team members, we have an established and comprehensive system of controls supported by external experts which includes: • Regular risk assessments including those specific to large events • Security and fire safety procedures • Health & Safety audit programmes • In-house and supplier food safety audit programmes • 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

People

Risk appetite: Averse

Principal risk description	Residual risk	Outlook and risk response for 2025
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:** 3 **Related sources of value:** 6, 8	**Medium** ↔	We are continually striving to address the challenge of recruiting, developing, and keeping skilled team members within our organisation. Our team members are crucial to our success, so we adopt a proactive and continuous management strategy to address this risk, including: • Employee experience programmes focused on employee needs and the delivery of group initiatives for developing retention, wellbeing, and engagement • Employer value proposition development to attract candidates and drive retention • Learning & Development programmes with focus on technical skills and management development • Internal communication strategy and use of related technologies for employee voice enablement • Talent management and succession planning to promote intra-company mobility options • Regular talent reviews and learning need analysis • Physical health and well-being initiatives • Further development of the HR technology landscape

Environmental, Social and Governance

Risk appetite: Averse

Principal risk description	Residual risk	Outlook and risk response for 2025
Negative stakeholder perception of the Group with regard to ESG 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	**Medium** ↔	ESG continues to be an important factor in shaping our strategic direction. Our ESG strategy is designed to meet our stakeholders' expectations, with its implementation led by our ESG Manager, and overseen by the Chief Legal & Corporate Officer. Our report on pages 68 to 83 details our ESG strategic objectives. The ESG Committee is charged with the Board's task of monitoring the Group's progress against these objectives. We address this risk area through various channels and programmes: • ESG strategy (aligned to Radisson Hotel Group's Responsible Business Programme). • Externally certified performance against recognised standards, e.g. Green Key. • Initiatives to reduce energy consumption in our properties. • Property sustainability certifications e.g. BREEAM (Building Research Establishment Environmental Assessment Methodology) • Member of Zero Carbon Forum • Member of the Energy & Environment Alliance • CDP independent environmental disclosures and Workforce Disclosure Initiative (WDI) reporting • Regular social media communications about ESG strategic approach, priorities and initiatives

Viability statement

After a strong recovery in 2023, the Group's primary focus in 2024 was on opening its largest hotel development pipeline in history and rebuilding EBITDA margins* across its current estate. Despite significant increases in minimum wage across the Group's operating regions, Like-for-like* EBITDA margins* improved by 160 basis points to 32.5%. Projected minimum wage increases in 2025 continue to outpace inflation rates in our territories, and these expectations have been incorporated into the Group's targets and strategy for the upcoming year.

Throughout the year, central banks globally began reducing interest rates from previously high levels not seen since the Global Financial Crisis. These reductions have moderated pending outlooks on future inflationary conditions. The Group's loan portfolio is largely protected from rising interest rates as most loans have fixed interest rates, with the first major refinancing scheduled for 2026, which will be touched on later in this statement.

To evaluate the Group's viability, the Board conducted a thorough assessment of both current and emerging risks that could impact the Group's strategy, performance, and liquidity. This assessment included detailed cash flow projections for the three-year period ending 31 December 2027, based on both base case and downside case scenarios.

Our base case scenario starts with the actual results of 2024, projecting growth consistent with or exceeding estimates published by STR. Revenue forecasts for 2025 above STR estimates are attributed to specific sales strategies. EBITDA* forecasts account for the elevated minimum wage increases and other inflationary cost impacts. For 2026 and beyond, we anticipate a 2.5% EBITDA* growth and further stabilization of our recently opened hotels. Debt service is modelled in line with current banking agreements and refinance assumptions take into account the elevated rates of interest currently in the market.

The downside case assumes a 15% reduction in EBITDA* compared to the base case each year, potentially due to prolonged declines in room rates and their effect on profit conversion. Both scenarios carry a high degree of uncertainty given the extended forecast period beyond current booking lead times.

The downside case does not necessitate covenant waivers or mandatory loan prepayments. Furthermore the downside scenario is not expected to trigger cash traps under existing loan agreements. However, if required, the Group's available cash resources are sufficient to continue without restructuring measures.

In 2024, the Group refinanced its existing loan with Aareal Bank AG early to benefit from the inverted interest curve at the original maturities. The refinanced loan comprises €160,000,000 and £16,000,000 tranches, extending the original 2016 facility maturity from June 2026 to June 2031. The Group is in discussions with the current lender on a £35 million facility maturing in June 2025 and the Board is confident of the Group's facility to refinance.

In 2026, three further loan facilities are maturing, totaling approximately £200 million. In 2022, the Group entered into a forward-starting hedge totaling around £100 million for one of the maturing facility, fixing the interest rate for five years post-2026 at rates substantially lower that the current market rates. Given our strong relationships with our lenders, the relatively low LTV* levels (below 50%) of the remaining loans up for refinancing, the substantial headroom expected in debt service covenants and the forward hedging in place the Board is confident in successful refinancing in both the base and downside scenario. Refinancing is assumed at the current levels of market interest rates.

Having reviewed both base and downside scenarios, the Directors have determined that the Group is likely to continue operations over the review period without further protective operational measures. The Group's viability does not rely on additional liquidity and it maintains strong cash flow generation. The Board concludes that a three-year timeframe is appropriate for assessing the Group's longer-term viability, given the significant new pipeline ramping up within this period.

The Board continuously monitors both the base case and downside case cash flow forecasts, considering different trading assumptions and the Company's long-term strategy. These considerations underpin the Board's evaluation of the Group's viability through 31 December 2027, taking into account the Group's current position, principal risks, and management strategies detailed in the Strategic Report, Group Strategy, and financial plans and forecasts. Based on this assessment, the Directors confirm they reasonably expect the Group will continue operations and meet its obligations as they come due over the three-year period to 31 December 2027.

Introduction to governance

Letter from the Chairman

I am pleased to present the corporate governance report for the year ended 31 December 2024.

> "My responsibility is to ensure that the entrepreneurial executive leadership team is matched on the Board by diverse viewpoints."

Ken Bradley
Chairman of the Board of Directors

I was pleased to be appointed Chairman of the Board on 9 January 2025, succeeding Eli Papouchado ("Papo") following his decision to step aside. I am thankful to the Board for their trust in me and look forward to engaging with all stakeholder groups.

Board engagement with stakeholders is a key priority. I am the designated Board member responsible for workforce engagement. The report sets out shareholder and workforce engagement activities throughout the year.

There have been changes to the composition to the Board in January 2025, immediately after the end of the financial year on which we are reporting. I have succeeded Eli Papouchado as Chairman, and Eli has also stepped down as a Director, to be replaced by Roni Hirsch as a new Non-Executive Director.

This corporate governance report therefore sets out:

- Our approach to compliance with and application of the principles and provisions of the Code; and
- the outcomes of our externally conducted Board evaluation and resulting actions.

Leadership role

Our independent Non-Executive Directors have a range of expertise and experience across different sectors. Our Board leadership combines expertise in real-estate, accountancy, financial controls and corporate governance. We maintain a framework of prudent and effective controls against risk. I refer you to the Strategy Report to see the consistent success in delivering against strategic objectives in a challenging business and financial environment. Our pages on risk management detail the control framework for key strategic risks to the business. Risk and opportunity also form part of our disclosures on carbon related matters, where the emphasis is on the risks posed by carbon emissions and climate change to the business, as well as the new opportunities created for the business by change. Our disclosures on those pages set out our vision for long-term, sustainable success which positively contributes to environmental performance and society as a whole.

In 2024, we repeated our annual Board Strategy Day. This is a deep-dive into strategic leadership and initiatives, and the outputs of the Strategy Day feed into the Executive Leadership Team.

Board evaluation

Our three-year cycle of Board evaluations required an external review of the Board and its Committees in 2024. This was conducted by Independent Audit Limited. In the two years following each independent, external review, the Board conducts an in-house review annually. The internal reviews update on the previous external assessment and ensure that there is an annual review to keep the Board effective and fit for purpose. The review is designed to look at the performance of the Directors, both individually and collectively, and present an assessment of the Board and its Committees. Please see page 113 for details of the review.

Board composition

Following changes to the Board in 2022 and 2023, 2024 was a year of stability in terms of Board composition, with no arrivals or departures to report. Each Director is subject to annual election by shareholders. Board composition remains a live issue for the Nomination Committee and the Board as a whole, as we are not yet compliant with the Financial Conduct Authority UK Listing Rules (and FTSE Women Leaders Review) targets on gender balance. These targets are incorporated into the ongoing maintenance of a succession plan for Board members, which is a delegated responsibility of the Nomination Committee. Please see the report at page 119.

The changes in Board composition as of 9 January 2025 are as follows:

(1) Eli Papouchado no longer sits on the Board;
(2) Yoav Papouchado is no longer Alternate Director;
(3) Ken Bradley succeeded Eli Papouchado as non-executive Chairman; and
(4) Roni Hirsch was appointed as non-executive director. Roni Hirsch is not independent.

ESG

Our targets on ESG are set out on pages 68-89 and are a vital part of our strategy. ESG is subject to Board oversight, and the Board maintains the ESG Committee in order to take responsibility for oversight on delivery against our strategic objectives. We have taken important steps forward in 2024, with details to be found on page 67.

Looking ahead to 2025, it is once again time to conduct a double materiality assessment for ESG in order to ensure that our strategy remains fit for purpose. The last materiality assessment was conducted in 2022, and it follows a three-year cycle. This will refresh our understanding of stakeholder priorities for ESG.

Shareholder engagement

The Co-CEOs, the CFO as well as the Board more generally, and other members of the Executive Leadership Team, seek to make themselves available to shareholders on an ongoing basis. They also maintain a calendar of shareholder engagement events, including investor roadshows, which are led by the Chief Financial Officer, Co-CEO and Executive Vice President Commercial Affairs. Investor engagement is also a priority at the announcement of our annual and half-yearly results. We are grateful to our shareholders for their active engagement, and their support for our strategy as a whole.

Nigel Keen, our Senior Independent Director, and I in particular, wish to emphasise the availability of the Board to shareholders at all times for frank discussion. As part of his role as Senior Independent Director, Mr Keen meets with shareholders as and when requested.

Workforce engagement

The Board is committed to engaging with our people, and strive for opportunities to seek feedback from them. I am the designated Director responsible for workforce engagement.

Our people are stakeholders critical to our success as a dynamic growing business.

Our people have first hand knowledge of our business and direct contact with key stakeholders, such as customers and suppliers and third party intermediaries and their input can contribute to strategic decision making of the Board to make PPHE Hotel Group Limited a better company over the medium term.

Workforce engagement allows Non-Executive Directors to be better equipped with knowledge of employee views so insightful discussions with the Executive Directors can take place, ensuring diversity of thinking in decision making. Further details of workforce engagement are found on page 113.

Conclusion

Good corporate governance is the basis of long-term, sustainable value creation, and ultimately, the key to securing the confidence our investors have shown in us. It is with this attitude that we look forward to 2025 and expanding our ESG reporting in particular. In this area, as with the fundamental KPIs of the business as a whole, we are going from strength to strength.

Ken Bradley
Chairman of the Board of Directors

Statement of Compliance

For the year ended 31 December 2024, the Board believes that the Company has applied all the principles of, and complied with all provisions of, the Corporate Governance Code 2018 ('Code'), except as set out in this governance statement as required by the Financial Conduct Authority's (FCA's) UK Listing Rules (which include the 'comply or explain' requirement).

We comply with corporate governance requirements pursuant to the FCA's Disclosure Guidance and Transparency Rules by virtue of information included in the governance section of this Annual Report.

The relevant documents can be found online at:

- frc.org.uk, for the Code; and
- handbook.fca.org.uk, for the FCA's Disclosure Guidance and Transparency Rules sourcebook as well as the UK Listing Rules.

Companies Act 2006 s.172

As a matter of good corporate governance, as Directors of PPHE Hotel Group, we make this statement required as by Section 172 of the UK Companies Act 2006 and the Financial Reporting Council Corporate Governance Code 2018 (although the Company is Guernsey-incorporated and, as such, the Companies Act 2005 has no legal effect).

Each Director of PPHE Hotel Group listed on pages 104 and 105 understands their duties, and acts in a way that, in their judgement, promotes the success of the Company for the benefit of all stakeholders, with due regard for the varying interests of different stakeholder groups. The duties of the Directors of the Company, separately and collectively, include a duty to identify and engage with identified stakeholder groups and ensure that the interests of those groups are taken into account in decision-making. Decisions shall incorporate input from identified stakeholders and be taken with due regard and consideration for the likely impact on them.

The Board's decisions are guided by what is most likely to promote the success of the Company in the long term through creating sustainable value for shareholders and contributing to wider society as a whole.

We report in detail on our stakeholder engagement activities in the Stakeholder engagement section (page 64).

Board of Directors as at 31 December 2024

Boris Ivesha

President & Co-CEO & Executive Director

Boris has been President of the Group since 1991. He brought the Park Plaza brand to the Group in 1994 in collaboration with the Red Sea Group, and has been the major influencer in expanding the Group's portfolio over the years.

Boris has over 50 years of experience in the hotel industry.

Boris is the Chairman of the Supervisory Board of the Arena Hospitality Group.

External appointments: Chairman of the Supervisory Board of the Arena Hospitality Group

Board Committees: N/A

Independent: No

Year of first appointment: 2007

Daniel Kos

Chief Financial Officer & Executive Director

Daniel has worked with the Group for over ten years of which the last five years have been as Chief Financial Officer and Executive Director.

As Chief Financial Officer, Daniel is responsible for the Group's finance, IT and procurement strategy. Daniel has over 20 years of finance experience in the field of audit and corporate finance and has been involved in several large complex M&A deals, large (re)financing projects and several transactions on the public markets in London and Zagreb.

External appointments: N/A

Board Committees: N/A

Independent: No

Year of first appointment: 2018

Greg Hegarty

Co-CEO & Executive Director

Greg is responsible for leading the Group's strategy, operations, and commercial performance across its regions, driving growth, innovation, and operational excellence.

Greg has held senior leadership roles at global brands such as GLH Hotels and BDL Hotels. He holds a Master's Degree in Business Administration (MBA) and is a Fellow of the Institute of Hospitality. In recognition of his contributions to the industry, he was awarded Freedom of the City of London and is also a Master Innholder, reflecting his commitment to excellence.

Greg's strategic vision and commercial acumen have been instrumental in positioning the Group as a leader in hospitality.

External appointments: N/A

Board Committees: N/A

Independent: No

Year of first appointment: 2023

Eli Papouchado

Non-Executive Chairman

As Founder Eli has been Chairman of the Group since its formation. He has a wealth of experience spanning decades in the construction, design, development, financing, acquisition and management of hotels.

Eli has been a major contributor to growth and successful delivery of over £1 billion in hotel assets.

Eli Papouchado stepped down as Chairman and as a member of the Board on 9th January 2025.

External appointments: N/A

Board Committees: N/A

Independent: No

Year of first appointment: 2007

Yoav Papouchado

Alternate Director to Non-Executive Chairman Eli Papouchado

Yoav Papouchado, Chairman of Red Sea Hotels Limited ('Red Sea'), PPHE's controlling shareholder, has over 30 years of experience of real estate developments and data centres worldwide, developed through his long tenure at Red Sea. Yoav is also a member of the Supervisory Board, and Deputy Chairman of the Supervisory Board of Arena Hospitality Group, the Company's subsidiary listed on the Zagreb Stock Exchange.

As alternate Director for Eli Papouchado, Yoav's position terminated on 9th January 2025, when his principal retired from the Board.

External appointments: Chairman, Red Sea Hotels Limited; President, Gear Construction; Deputy President of the Supervisory Board, Arena Hospitality Group.

Board Committees: N/A

Independent: No

Year of first appointment: 2020

Board and Committee membership

Audit Committee | ESG Committee | Nomination Committee | Remuneration Committee | C Chair

Kenneth Bradley

Non-Executive Chairman[1]

Ken joined the Board as a Non-Executive Director in September 2019. His role is supporting governance and oversight in order to ensure independence in governance and oversight.

Ken spent over 20 years with the Royal Bank of Scotland Group in a range of management roles, with a focus on corporate and institutional banking and risk.

Ken spent eight years at Barclays Wealth, where he led the banking and trust business in Guernsey and had wider fiduciary banking responsibilities in other locations.

Ken has an MBA from Warwick Business School and has completed the Institute of Directors certificate and diploma in Company Direction.

[1]Ken's title throughout 2024 was Non-Executive Deputy Chairman. This changed on 9th January 2025, when he succeeded Eli Papouchado as Non-Executive Chairman.

External appointments: Director of a private fiduciary company and a small Finance Company

Board Committees: Nomination Committee (Chair), Audit Committee[2], Remuneration Committee, ESG Committee[2] In accordance with provision 24 of the Code, Ken Bradley will not sit on the Audit Committee in 2025.

Independent: Yes

Year of first appointment: 2019

Nigel Keen

Non-Executive Director & Senior Independent Director

Nigel joined the Board as a Non-Executive Director in February 2020. As Senior Independent Director, Nigel has responsibility for assessing the role of the Chair, for acting as an independent sounding-board for the other directors, and leading their effective communication and governance of the Company. He is also an important communication channel for shareholders.

He is a qualified Chartered Surveyor, with over 35 years of property expertise from site acquisition through to asset management.

Nigel headed up the property teams at Tesco where he became Construction Director, and The John Lewis Partnership, where he was Property Director, and served on the Waitrose Board. Nigel is a Non-Executive Director of the construction company RG Carter.

He is also Deputy Chairman at the Maudsley Mental Health Charity.

External appointments: Non-Executive Director, RG Carter; Deputy Chairman, Maudsley Mental Health Charity

Board Committees: Nomination Committee, Audit Committee, Remuneration Committee (Chair)

Independent: Yes

Year of first appointment: 2020

Stephanie Coxon

Non-Executive Director

Stephanie joined the Board as a Non-Executive Director in August 2020.

She is a qualified chartered accountant, with over 15 years of capital market expertise. Stephanie was a Capital Markets Director at PwC, where her role included advising asset managers on listing investment funds and real estate investment trusts (UK, Guernsey and Jersey) on the London Stock Exchange. She also advised on ongoing obligations, corporate governance, accounting policies and reporting processes.

Stephanie chairs the Audit Committee

External appointments: Non-Executive Director on: Apax Global Alpha Limited, FGEN Environmental Infrastructure Limited, International Public Partnerships Limited.

Board Committees: Nomination Committee, Audit Committee (Chair), Remuneration Committee, ESG Committee

Independent: Yes

Year of first appointment: 2020

Marcia Bakker

Non-Executive Director

Marcia joined the Board in December 2022. She is a certified public accountant with over 20 years of experience in audit, finance, executive search and leadership advisory. She has a broad background in finance, with a speciality in financial reporting, and was part of the IFRS and Financial Instrument competence centre at KPMG. During the last ten years, she has combined her finance background with executive search and succession planning for various corporate clients.

Marcia chairs the ESG Committee

External appointments: N/A

Board Committees: Audit Committee, Nomination Committee, Remuneration Committee, ESG Committee (Chair)

Independent: Yes

Year of first appointment: 2022

Roni Hirsch

Non-Executive Director

Appointed January 2025

Roni was appointed to the Board on 9th January 2025, and so was not serving as a Board director in 2024.

Roni serves as the Chief Executive Officer of the Red Sea Group the Company's major shareholder, a role he has held since 1993. Red Sea is controlled by Eli Papouchado, who, together with his family trusts, owns 32.93% of the voting rights in the Group. Roni is a CPA, with a B.A. in Accounting and Economics from Tel Aviv University.

External appointments: CEO Red Sea Group

Board Committees: N/A

Independent: No

Year of first appointment: 2025

Executive Leadership Team

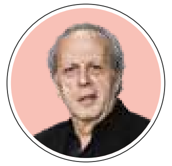
The Co-CEO Greg Hegarty chairs a monthly meeting of our Executive Leadership Team.

The Executive Leadership Team is composed of the Senior Vice Presidents of the Company, and manages day-to-day operations of the Group's businesses, under the supervision of the Board. The Board maintains a schedule of matters reserved to the Board, and sets the financial parameters of the Executive Leadership Team's activities.

Executive Leadership Team remit:

- Recommendations to the Board for strategic priorities, and formulation of forward-looking strategy.
- Design, construction and maintenance of our portfolio of properties.
- Performance management through KPIs, strategic objectives and budget.
- Health, safety and security.
- Customer engagement, product development and brand standards.
- Asset management and capital investment (within parameters set by the Board).
- Procurement and cost efficiency.
- ESG.
- Reputation and stakeholder management.
- Risk management.
- People, culture and values.
- Talent and succession.
- Information technology and cyber.

Please refer to page 104 for the biographies of Boris Ivesha, Daniel Kos, and Greg Hegarty.



Boris Ivesha

President & Co-CEO & Executive Director

Daniel Kos

Chief Financial Officer & Executive Director

Greg Hegarty

Co-CEO & Executive Director

Inbar Zilberman

Chief Corporate & Legal Officer

Robert Henke

Executive Vice President Commercial Affairs

Daniel Pedreschi

Executive Vice President Operations, UK

Michelle Wells

Executive Vice President Operations, the Netherlands & Italy

Inbar is a key member of the Executive Leadership Team and PPHE's C-Suite and she joined PPHE Hotel Group in 2010. Inbar heads the Group's expansion and development team as well as leading and managing its multi-jurisdictional legal, corporate finance, M&A, Corporate Governance, insurance, compliance, and ESG functions.

Inbar brings expertise in negotiations and deal execution, from exploring, identifying and negotiating new projects in the Group's regions of operation, to deal structuring, financing and planning, strategy and construction set-up.

Prior to joining the Group, Inbar was in the corporate finance team at the law firm Berwin Leighton Paisner LLP (now Bryan Cave Leighton Paisner LLP) in London and formerly a partner at the law firm Bach, Arad, Scharf & Co. Inbar holds an LLB from Tel Aviv University and an LLM from LSE. She is a qualified solicitor in England, Wales and Israel.

Robert is Executive Vice President Commercial Affairs for PPHE Hotel Group and oversees all commercial activities (including Sales, distribution, Reservations, Customer Service, Revenue, Digital Marketing and CRM) as well as Brand Marketing, Guest Experience and Communications (including brand strategy, brand development, management of the Group's strategic partnership with the Radisson Hotel Group and corporate communications).

He has more than 20 years' experience in international hospitality and first joined the Group in 2001, when he was involved in the opening of the Group's hotels in the United Kingdom and the successful implementation of Radisson Hotel Group's marketing programmes and systems. He re-joined the Group in 2007 and since then has significantly developed the central commercial organisation, creating and leading a multi-disciplined, international team of specialists.

Robert has lived and worked in Aruba, Los Angeles and London, and is based at the Group's head office in Amsterdam. Prior to joining PPHE Hotel Group, he held international Marketing positions at Golden Tulip Worldwide and Hilton Hotels Corporation. He holds a bachelor's degree in Hotel Management Business Administration from Hotel school The Hague, with a major in marketing.

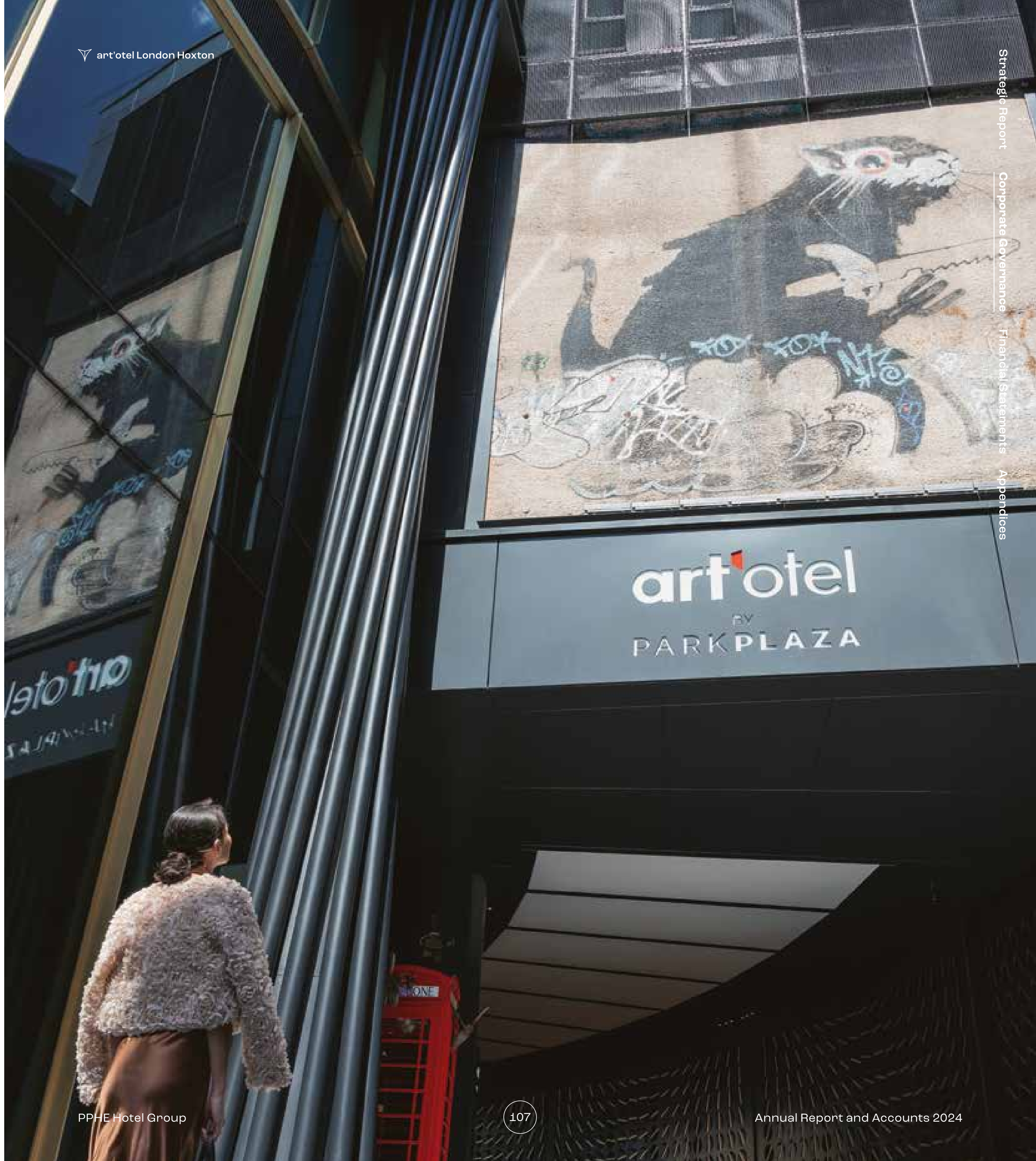
Daniel is the Regional Vice President Operations for the United Kingdom for PPHE Hotel Group and oversees all UK hotels, restaurants and bars in collaboration with each individual General Manager, as well as focusing on new properties developments and the general PPHE Hotel Group strategy.

Daniel has been with the Company since 2009, originally taking the position of Hotel Manager at Park Plaza London Westminster Bridge and in 2011 he moved to the General Manager position. In October 2013, Daniel took on the additional role of supporting the Central Reservations Office as a General Manager next to his existing responsibilities. With over 20 years' experience, Daniel's passion for hospitality and attention to detail have always been key drivers in his career. Daniel strives to find improvements to always keep ahead of the competition and enhance our position in the industry.

Michelle has held a number of management positions at PPHE Hotel Group over a period of 12 years, originally joining as General Manager, Park Plaza Sherlock Holmes London in 2007. Michelle moved to the role of General Manager of sister hotel Park Plaza County Hall London in 2014 and then onto Park Plaza Victoria London in 2016.

Promoted to the Regional Vice President Operations, the Netherlands & Italy in 2019, Michelle oversees all operational, revenue, finance, marketing and sales strategic objectives for the region on behalf of seven properties.

Michelle brings a strong operational and commercial background to the business and educational qualifications including the highly acclaimed completion of the General Manager Programme in strategic management at Cornell University in the United States, as well as being a Master Innholder and a holder of the Freedom of the City of London.



art'otel London Hoxton

Board responsibilities

Strategy and management	• Define and set the Company's strategy for creating value for all stakeholders, including society as a whole, through sustainable success over the long term • Monitor and review performance against strategic objectives • Oversee resourcing, ensuring that the tools are available for management and the Group as a whole to meet the Group's objectives and measure performance against them
Structure and capital	• Determine the corporate structure of the Group • Set the management and control framework • Determine rules and procedures for dealing in the Company's securities • Structure and governance of subsidiaries
Financial reporting and controls	• Approve financial and management reports • Control of dividend policy and implementation • Capital and operating budget management • Major capital project oversight
Risk management and internal controls	• Review effectiveness of risk and control processes • Set the Group's risk appetite • Report on risk management • Oversee and review internal reporting channels, including whistleblowing reports
Environmental, Social and Governance	• Set targets for carbon reduction and other environmental KPIs • Aim for carbon net zero • Oversee ESG strategy delivery **Society and workforce culture:** • Promote a guest-focused culture in line with the strategy, valuing integrity, transparency and respect • Embed a culture that rewards personal and team performance aligned to our strategic and financial objectives to maintain and attract top talent • Ensure sustainable value creation for shareholders and for society as a whole **Business ethics:** • Control and prevention of corporate offences • Effective management of data protection and privacy • Conflict of interest management • Maintain policies for good governance and ethical dealing • Compliance with the Code • Ensure that workforce policies and practices are both ethical and consistent with the Company's values and long-term objectives, management is capable and effective, and sound planning is in place
Stakeholder engagement	• Build and maintain successful relationships with a wide range of stakeholders, created on trust, transparency and mutual respect • Understand what matters to key stakeholders • Ensure that the Board engages with stakeholders directly • Oversee executive engagement with stakeholders
Performance	• Regularly review the performance of the Group in light of its business strategy, objectives, business plans and budgets, and ensure that any necessary corrective action is taken

Division of responsibilities

The Code requires a clear separation of powers and responsibilities between the members of the Board. During 2024, the Chairman of the PPHE Hotel Group Board did not meet the requirements of Provision 10 of the Code, the Board ensured that its independence and objectivity were maintained through the work of the Non-Executive Deputy Chairman, the Senior Independent Director and other Non-Executive Directors. The role of each member of the Board carries separate duties and accountabilities, and collectively they ensure effective communication with stakeholders. This table sets out the roles and responsibilities of our senior Executive and Non-Executive Board members.

	Role	Responsibilities
Boris Ivesha President and Co-CEO	It is the duty of the Co-CEO to conduct day-to-day management of the Group and the implementation of the Board's strategy and policy on the Board's behalf. The Co-CEO provides the executive leadership the business needs. He is assisted by the C-Suite, comprising the Chief Financial Officer and the Chief Corporate & Legal Officer. Additionally, the Executive Leadership Team supports this role and is accountable to it.	Responsibilities are shared between the Co-CEOs. • Leading and managing the business • Strategic implementation in line with the culture, values and purpose of the business • Accountability to Chairman for achieving key objectives • Reporting on strategic development • Oversight of Executive Leadership Team • Talent development • Performance management of Executive Leadership Team • Resource management for Executive Leadership Team • Running the business and being the key decision-maker on day-to-day Company business
Greg Hegarty Co-CEO	The Co-CEO shares the responsibilities of the President and Co-CEO and is responsible for the management of the Group and the implementation of the Board strategy and policy on the Board's behalf. In discharging his responsibilities, the Co-CEO is advised and assisted by the Executive Leadership Team and key management functions.	
Eli Papouchado*	As founder of the business, the Chairman is responsible for its long-term, sustainable health, leadership and strategic direction through oversight and scrutiny. The Chairman also has the duty of setting the Board's agenda, and ensuring that the Board is effective in its role. The Chairman also holds the Executive Leadership Team accountable for furthering the interests of shareholders.	• Strategic leadership of the Board • Establishing and maintaining the Company's purpose, values and culture • Setting the agenda and strategic priorities for the Board • Setting key Company objectives • Promoting a culture of openness and debate • Ensuring that the Directors are receiving and have access to clear and timely information as needed to make key decisions • Ensuring that the views of key stakeholders are communicated to the Board • Monitoring progress against strategic priorities • Regular contact with the Company's Executive Leadership Team and relevant function heads to ensure that the Board has access to relevant information and is resourced to carry out the objectives and strategy set by the Board

* Eli Papouchado retired as Chairman and as a Director of the Board on 9th January 2025.

Division of responsibilities

	Role	Responsibilities
Ken Bradley* Non-Executive Deputy Chairman	Ensures that the appropriate governance structure is in place and that the functioning of the Board of Directors is effective. Liaises with the Executive Leadership Team and key management positions to ensure that the Board is well equipped to perform its duties and effectively carry out its functions. Provides independent oversight and scrutiny as required by Provision 10 of the Code. As Chair of the Nomination Committee, he is responsible for ensuring the appropriate governance structure and functioning of the Board, as well as conducting the annual Board effectiveness evaluation.	· Oversees corporate governance for the Board and ensures that appropriate and tailored standards are in force to comply with the Code · As Chair of the Nomination Committee, monitoring the induction programme in place for new Directors as they are appointed · Supporting the Chairman in ensuring that the Directors are receiving and have access to clear and timely information as needed to make key decisions · Oversees annual Board and Committee evaluations and puts in place a plan to act on the results of the evaluation · Consulting with the Remuneration Committee about executive remuneration · Acting as designated non-executive director for workforce engagement · Communicating with key stakeholders and independent shareholder groups, with the support of the Chief Corporate & Legal Officer · Ensures Committee chairs seek shareholder engagement on their Committees' respective areas of responsibility · Ensures each Director has a clear understanding of the views of shareholders.
Nigel Keen Senior Independent Director	It is the duty of the Senior Independent Director to lead the non-executive directors in their oversight and scrutiny roles and provide support and encouragement to them. He must also provide a sounding board for the Chairman and serve as an intermediary for the other Directors and shareholders. Reviews the effectiveness of the Chairman and Non-Executive Deputy Chairman.	· Shareholder engagement, including providing a channel for shareholder feedback on executives and governance issues in the Company · Support of the Chairman in delivering strategic leadership of the Board · Evaluating the effectiveness of the Chairman on behalf of the other Directors · Support annual Board evaluation · Challenging the Board where relevant to help in developing proposals on strategy and objectives · As Chair of the Remuneration Committee, ensures, with the Deputy Chairman and the members of the Remuneration Committee, that there is a clear relationship between remuneration and performance, measured with clear reference to the long-term success of the Company · Challenging the Board where relevant to help in developing proposals on strategy and objectives · Taking the lead in identifying and providing for the development needs of the non-executive directors to enhance the overall effectiveness of the Board · As Chair of the Remuneration Committee, is responsible for ensuring that all remuneration proposals are put before the Committee for approval, and placed on the agenda of the next general meeting for an advisory vote by shareholders · Owns the Remuneration Policy, which is kept updated, and subject to a shareholder vote once every three years

* Ken Bradley became independent, Non-Executive Chairman on 9 January 2025.

Corporate governance

As of 31 December 2024, the Board was composed of eight Directors (with an alternate for the Chairman). Three Directors are Executive Directors, and five are Non-Executive Directors (including the Chairman). The Executive Directors are: the President and Co-CEO, Boris Ivesha; the Chief Financial Officer, Daniel Kos; and the Co-CEO, Greg Hegarty. The former Chairman, Eli Papouchado, was not considered independent, within the meaning of Provisions 9 and 19 of the Code as he is a Red Sea Party (please see page 153 for a definition of Red Sea Party in the Directors' Report as required by the Disclosure Guidance and Transparency Rules). All Board members are subject to annual re-election by shareholders at the Annual General Meeting.

Balance of independent Non-Executive Directors

The Code requires that at least half of the Board, excluding the Chairman, be made up of independent Non-Executive Directors, and that no one individual or group should be allowed to dominate decision-making.

After due consideration was given to all factors that are likely to impair, or appear to impair, the independent judgement of each Director, the Board concluded the following:

There are four independent Non-Executive Directors: Kenneth Bradley, Nigel Keen, Stephanie Coxon and Marcia Bakker.

Eli Papouchado, Yoav Papouchado, Roni Hirsch and Executive Board members are not independent. Changes to the Board as of 9 January 2025 are set out on page 102.

Board activities in 2024

Strategy, operational performance and risks
- Conducted Directors' Strategy Day as a successful annual exercise in strategic leadership and direction
- Operational updates from the Executive Leadership Team – regular periodic updates received and reviewed
- Potential growth and development – see Strategy on page 28 – regular updates on the growth opportunities discussed
- Principal risk oversight – see page 90 for the business's principal risks.
- Regular Board-level oversight of risk management
- Internal and external audits: outputs of audits received at Board level
- Performance of internal and external auditors evaluated

Succession and talent
- Approved a new Remuneration Policy to be presented to shareholders for an advisory vote during the 2025 Annual General Meeting
- Reviewed gender balance of the Company and senior management, and Board Diversity Policy
- Maintained succession plans for the Board, and oversaw plans to ensure continuity in senior management talent retention, development and acquisition
- Regularly reviewed structure, size and composition of the Board
- Received and considered the results of an externally conducted review of the effectiveness of the Board and its composition (including skills, knowledge, experience and diversity) performed by Independent Audit Limited

Financial performance
- Chief Financial Officer and head of risk and internal audit regularly reported to the Board
- Performance against budget reviewed in detail, including cash-flow forecasts
- Reviewed and approved the full- and half-yearly results and associated announcements and the trading updates
- Considered interim and final dividend recommendations and declarations
- Reviewed compliance with banking facilities

Stakeholder engagement and governance
- Received regular reports from the Chair of each Committee
- Received regular reports and updates from the Company Secretary and from the Chief Corporate & Legal Officer
- Reviewed governance standards of the Group and its subsidiaries, including key governance policies and matters reserved to the Board
- Oversaw incident management through receipt of reports received through implementation of the Whistleblowing Policy and other control framework measures
- Reviewed and approved updates to the Significant and Related Party Transactions Policy
- Responded to investors collectively in announcements following votes at the Annual General Meeting, and individually in exchange of correspondence
- Non-Executive Directors attended staff meetings as observers
- Reviewed HR plan
- Review of staff surveys
- Site visits

Board policies and matters reserved to the Board

Our Board reserves to itself governance of the Company in line with statutory obligations and fiduciary duties. In particular, the Board maintains a number of powers (Reserved Powers) which are not delegated to Committees of the Board or to the Executive Leadership Team. These include:

- statutory obligations and public disclosure;
- strategic matters and financial reporting;
- oversight of management and personnel matters;
- risk assessment and management, including reporting;
- monitoring, governance and control; and
- other matters having material effects on the Company.

Transparency and accountability are maintained by processes and procedures set out in documents reserved to the Board, including:

- Articles of Incorporation;
- Schedules of Matters Reserved for the Board; and
- Board Committee Terms of Reference.

Each Director may obtain independent professional advice at the Company's expense in the furtherance of their duties as a Director. The Board and the Committees of the Board have access to legal support from the Chief Corporate & Legal Officer, external law firms, and other specialist consultancies, such as remuneration consultants and recruitment specialists. Wherever such third party consultants are engaged, they are identified in this report in line with the requirements of the Code.

The Board reviews all governance policies and Terms of Reference periodically to ensure that the policies remain current and appropriate to the needs of the Board and Company.

Conflicts of interest

The Board and all team members are required to comply with two policies: the Conflicts of Interest Policy and the Significant and Related Party Transactions Policy. These policies are reviewed annually, and compliance training is regularly refreshed. Training was provided to Board Directors following changes to the UK Listing Rules that were implemented in 2024, and the Significant and Related Party Transactions Policy updated accordingly.

The two policies require that anyone with a potential conflict of interest promptly and without delay observes a formal procedure for reporting it, and having it reviewed by the Board with support from the Chief Corporate & Legal Officer. A Director affected by a conflict of interest is not permitted to participate in formal discussions and decision-making involving the interest at stake. The Board does not believe there to be any inherent conflicts of interest other than ones already disclosed by each Director. Any statutory duties under Guernsey law that are in addition to the Conflicts of Interest Policy are complied with by the Directors.

Exercising oversight and ensuring adequate time to carry out duties

The annual timetable for Board meetings and meetings of the Board Committees is designed to allow each and every Board member to discuss and debate matters. There is a timetable set for the submission of papers prior to meeting so that Directors have ample time to familiarise themselves with the agenda and prepare for the meetings. All Directors are expected to contribute in all meetings to ensure proper oversight and diversity of perspectives and opinions. Non-Executive Directors are required to demonstrate that they have sufficient time to fulfil their duties and are accountable to the Non-Executive Deputy Chairman and Senior Independent Director for this. The Chair of the Nomination Committee monitors external appointments for all Board members to ensure sufficient capacity. If a Director wishes to take up an external appointment, he or she must obtain prior Board approval. Such requests will be assessed on a case-by-case basis, including whether the appointment could negatively impact the Company, taking into account external guidance and proxy voting guidelines to ensure 'overboarding' is considered.

Oversight requires all Board and Committee members to ensure that they have considered (and, where relevant and lawful, solicited) the views of relevant stakeholders regarding the issues to be discussed at meetings.

Resourcing the Board to ensure that it meets its objectives and measures performance against them

At all times, all Directors have access to the Chief Corporate & Legal Officer to ensure that they have appropriate, legally informed advice on all governance matters.

Chief Corporate & Legal Officer and company secretarial support

The Chief Corporate & Legal Officer and the Company Secretary, Suntera Limited, provide important support functions to the Board and its members. As a member of the C-Suite, the Chief Corporate & Legal Officer is required to ensure that internal governance arrangements below Board level for the workforce are aligned to the directions of the Board and the risk appetite of the Company as determined by the Board.

Responsibilities of the Chief Corporate & Legal Officer to the Board

- Ensures compliance with the Financial Conduct Authority's UK Listing Rules (UKLR) and Disclosure Guidance and Transparency Rules (DTR)
- Responsible for information flow to the Board (via the Company Secretary)
- Advises and supports the Chairman and Board on all governance matters
- Ensures that all Directors have access to the advice and services of internal lawyers and external, independent professional legal advice at the Company's expense in furtherance of their duties
- Oversees and advises the Board on the Company's corporate governance practices, policies and procedures with respect to statutory and other corporate governance frameworks
- Ensures that the Board is adequately resourced for effective and efficient function
- Supports the ESG Committee of the Board in the formulation and execution of the Group's ESG strategy

Responsibilities of Company Secretary to the Board (Suntera Limited)

- Provides compliance support with respect to the Companies (Guernsey) Law 2008 (as amended or replaced from time to time)
- Maintains the Board and Committee meeting diary and agenda
- Ensures that the Board receives accurate, timely and clear information prior to meetings
- Ensures that, prior to Board meetings, Directors receive all necessary information to facilitate open, constructive discussion and debate
- Ensures that the Board is adequately resourced for effective and efficient function (alongside Chief Corporate & Legal Officer)

Board Performance Review

The Board appointed Independent Audit Limited to conduct an evaluation of its performance. The Board Performance Review cycle is a three year cycle, with internal evaluations conducted in years 1 and 2, and an external evaluation conducted in the third year of the cycle.

Independent Audit Limited is completely independent of PPHE Hotel Group, provides no other services to the Company and has no connection with the Board, individual Directors or members of the Executive Leadership Team. Independent Audit Limited performed the external Performance Review in 2021.

The purpose of the evaluation is to establish the effectiveness of the Board, the Directors and the Committees of the Board in discharging the functions required of them by law, by good corporate governance practice and by the internal frameworks of the Company. It includes consideration of the tenure of each Director, and their skills, experience and length of service. It also includes an assessment of each Director's external responsibilities to ensure that they are able to commit sufficient time to discharge their duties effectively.

The evaluation covered the full scope of the Board and each Committee's work, providing recommendations, suggestions and an overall assessment of effectiveness. A summary is included in the table on page 123.

Annual Committee assessment

Each Board Committee is assessed annually to ensure that it is functioning in line with the relevant terms of reference and mandates set by the Code. Annual review of governance documents is a requirement of best practice. A summary of the external performance review for the Board Committees is included on page 123 in the report of the Nomination Committee.

Board meetings: Procedures

Notices and review of any conflicts arising	The notices of Board meetings, agendas and supporting documents are formally circulated to the Board in advance of Board meetings as part of the Board papers. Therefore, Directors have the opportunity to request that any agenda items be added that they consider appropriate for discussion.
Notices and review of any conflicts arising	At the beginning of each meeting, each Director must disclose the nature and extent of any conflict of interest arising generally or in relation to any matter to be discussed as soon as the Director becomes aware of its existence. Directors must also disclose their shareholdings and any changes to those that have occurred.

Standing agenda items	(1) Strategy
	(2) Management updates from: • Executive Directors • Executive Leadership Team
	(3) Updates on corporate governance by Non-Executive Deputy Chairman (supported by the Chief Corporate & Legal Officer)
Non-members in regular attendance	Chief Corporate & Legal Officer, Suntera Limited (Company Secretary)
Board succession planning	Regular Executive Leadership Team attendance of Board meetings is part of our succession plan (internal talent development).

Board meetings – establishing and promoting a culture of debate and diversity

The Board values diversity of opinion and differing viewpoints in executing its responsibilities. The Chairman ensures that time is made available for all opinions to be heard. In particular, the Board values a clear separation of responsibilities between the Executive Leadership Team and the leadership provided by the Board. This ensures proper oversight, informed debate and diversity of thought.

Each member of the Executive Leadership Team oversees certain defined departments of the business and reports on the progress of these areas to the Board as and when relevant. The Company believes that this structure ensures effective communication between the Board and the Executive Leadership Team of the Company's business, and that no small group of individuals dominates the Board's decision-making.

Any concern expressed by Directors about the Company or its subsidiaries, or a proposed action, is recorded in the minutes of the meeting. Additionally, the Senior Independent Director takes responsibility for ensuring that all viewpoints are available to the Board.

Communication between the Board and the Executive Leadership Team

Management, including the Executive Leadership Team, reports to the Co-CEOs, whom the Board has made responsible for oversight and performance management. The Co-CEOs report to the Board on this.

Greg Hegarty, Co-CEO chairs a monthly meeting of our Executive Leadership Team, which is composed of the Executive Vice Presidents of the Company and manages day-to-day operations of the Group's businesses, under the supervision of the Board. The Board maintains a schedule of matters reserved to the Board, and in addition sets the financial parameters of the Executive Leadership Team's activities.

The C-Suite had monthly business update calls with the Non-Executive Directors in 2024. Further, the Non-Executive Directors conduct sub-meetings following the business update calls without others in attendance, to ensure good oversight, and have established a permanent forum to ensure that information flows and transparency were well maintained. This enables the Board to effectively carry out its duties and make swift decisions. Open communication between the Non-Executive Directors and C-Suite has been found to be very effective as it allows the Non-Executive Directors to engage directly to ensure that management takes corrective actions in a timely manner.

Culture and values

The Board sets the culture and values of the business and works to engage with all stakeholders to communicate and promote the culture and values. This requires the Board to review annually policies which maintain the culture, values and facilitate the business ethics of the Company. Policies set out the behaviours required of people working within our Board, management and operations, and aim to empower people by providing them a framework and guidance. When reviewing policies, the Board takes account of developments in the law, in stakeholder expectation, and best practice to ensure a strong framework optimised to the specific needs of the business.

Through the ESG Committee, the Board has committed to rigorous targets in environmental and social performance. These are set out in detail in the ESG section and in the report of the ESG Committee. Important ESG policies remain reserved to the Board, such as the Conflicts of Interest Policy, the Significant and Related Parties Transactions Policy, and the Whistleblowing Policy. These are reviewed and refreshed annually.

The Board takes steps to monitor the culture within the organisation. The following tools allow the Board to keep abreast of workforce culture:

- Engagement surveys;
- Online guest reviews;
- Social media;
- Employer review sites;
- Compliance training records; and
- Hotel audits.

Data from these sources is available at Board level to monitor the health of the culture within the business. Aligning culture to the values and purpose of the business is key to success.

Workforce engagement

Provision 5 of the Code specifies mechanisms for ensuring Board workforce engagement. In line with that provision, the Non-Executive Deputy Chairman, Ken Bradley, is the designated Non-Executive Board member responsible for workforce engagement.

Our team members' loyalty and dedication are vital to the long-term, sustainable success of the business. They understand our passion to create the best possible experiences for our guests. This is reflected in the ESG targets to further workforce engagement and employee development in order to attract and retain talent at all levels.

HR partners attend the Nomination Committee at least once a year.

Board site visits

The Non-Executive Directors conduct hotel and corporate office visits to interact with staff and experience customer service. Some visits involve staff meetings and feedback is given to the Board by the Non-Executive Directors. Non-Executive Directors site visits can also involve attending staff meetings. Feedback is given to the Board.

Engagement surveys

Some team members prefer to offer their feedback anonymously, rather than face-to-face. Let's Talk, our engagement surveys, allow us to monitor employee engagement and other important matters, such as employee awareness of ESG.

Engagement surveys took place online on an anonymous basis and were conducted by an external partner. The overall responses to the engagement questions were positive. The Board monitors this process.

Board and Committee meetings

In accordance with the Code, the Company has established the following Committees in order to support the Board and carry out work on its behalf:

- Audit Committee
- Nomination Committee
- Remuneration Committee

In line with investor priorities, and to ensure good governance, the Company has established the ESG Committee.

Our Board

Strategy. Purpose. Culture. Communications.

The Board sets the strategy and commercial vision, leading with integrity, promoting culture. It evaluates management, overseeing resources and talent pipeline, engaging with key stakeholders.

Nomination Committee

Develops. Plans. Evaluates. Nominates.

Oversees current needs and evaluates, plans for the future, monitors, advises, and nominates candidates.

- Ensures that the Board has a balance of skills, knowledge, diversity and experience
- Board and Committee composition
- Board nominations
- Succession planning for Directors
- Succession planning for senior management

Report available on page 119

Audit Committee

Transparency. Accuracy. Monitors. Aligns.

Oversees risk management, internal controls, audit functions and financial systems. Monitors the integrity of the Group's financial statements and internal controls of the Company.

- Monitors and reviews the integrity of the Group's half-year and full-year financial results, and the financial reporting process
- Oversees risk management and reviews the effectiveness of the Group's systems of internal controls and risks
- Oversees ethics and compliance for the Company
- Reviews and oversees the Group's internal and external audit functions

Report available on page 126

Remuneration Committee

Values. Culture. Talent proposition.

Oversees alignment of remuneration and workforce policies to the long-term success of the Company and its values.

Responsible for Remuneration Policy and for setting salary and bonus levels for senior management and employee benefit structures.

- Remuneration Policy
- Sets targets and incentive schemes
- Executive Leadership Team and senior management remuneration review

Report available on page 135

ESG Committee

Future plans. Safeguards. Sustains.

Oversees the approach to sustainability and adding value for our people, our places and our planet.

Responsible for reviewing statutory reporting on environmental and social performance, and proposing strategy and targets to the Board.

Report available on page 133

Terms of reference for each Board Committee are available on the Company's website.

Board and Committee membership as at 31 December 2024

Name	Note	Audit Committee	ESG Committee	Nomination Committee	Remuneration Committee
Eli Papouchado					
Yoav Papouchado	Alternate Director				
Boris Ivesha					
Daniel Kos					
Greg Hegarty					
Roni Hirsch	Appointed January 2025				
Ken Bradley		●	●	C	●
Nigel Keen		●	●	●	C
Stephanie Coxon		C	●	●	●
Marcia Bakker		●	C	●	●

ESG Committee · Audit Committee · Nomination Committee · Remuneration Committee · C Chair

Board and Committee meeting calendar 2024

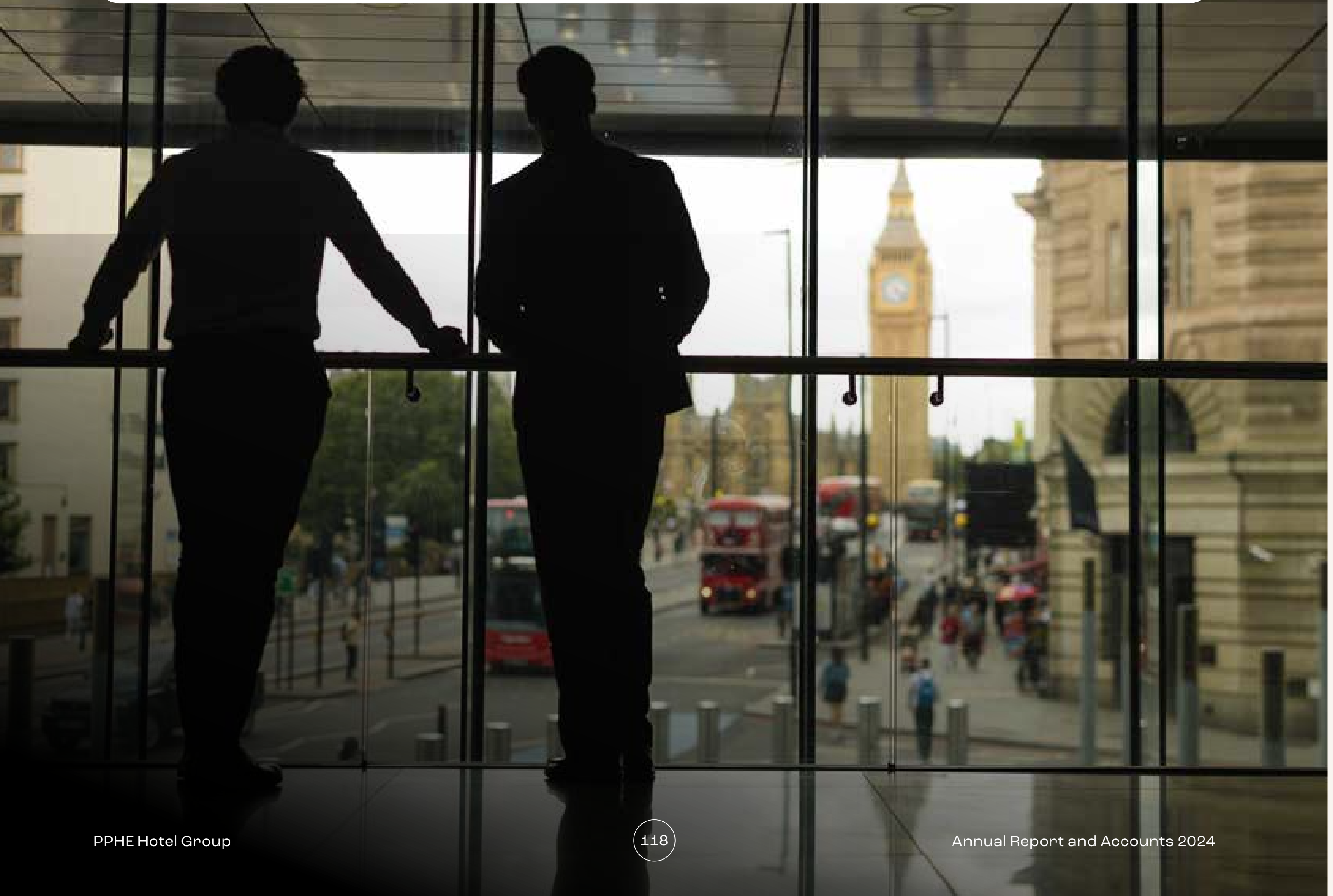
JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
A	B (Ad-hoc)	B (Ad-hoc)	Committee meeting	B (Quarterly)	B (Ad-hoc)	B (Ad-hoc)	B (Quarterly)	B (Ad-hoc)		A	B (Quarterly)
R	B (Quarterly)	Committee meeting		A	Committee meeting		A	Committee meeting		E	
	A	Committee meeting		E	Committee meeting		E	Committee meeting		N	
	E	Committee meeting		N			N			R	
	N			R			R				
	R			Annual General Meeting			Committee meeting				
	E (Extraordinary General Meeting)						Committee meeting				
	Committee meeting										

B Quarterly Board meeting · B Ad-hoc Board meeting · A Audit Committee meeting · E ESG Committee meeting · N Nomination Committee meeting · R Remuneration Committee meeting · Annual General Meeting · E Extraordinary General Meeting · Committee meeting

Board and Committee meeting attendance 2024

If any Director is unable to attend a meeting, they communicate their opinions and comments on the matters to be considered via the Deputy Chairman or the relevant Committee Chair. This table provides full information on Board and Committee meeting attendance in 2024. Not all directors were required to be present at every ad-hoc Board meeting. Each ad-hoc Board meeting and Committee meeting was quorate.

Name	Quarterly Board meetings	Ad-Hoc Board meetings	Audit Committee meetings	ESG Committee meetings	Nomination Committee meetings	Remuneration Committee meetings	Committee meetings
Eli Papouchado	1/4	0	–	–	–	–	N/A
Yoav Papouchado	3/3	4	–	–	–	–	N/A
Boris Ivesha	4/4	2	–	–	–	–	N/A
Daniel Kos	4/4	5	–	–	–	–	N/A
Greg Hegarty	4/4	4	–	–	–	–	N/A
Marcia Bakker	4/4	4	5/5	4/4	4/4	5/5	1/11
Ken Bradley	4/4	4	5/5	4/4	4/4	5/5	6/11
Stephanie Coxon	4/4	3	5/5	4/4	4/4	5/5	7/11
Nigel Keen	4/4	5	5/5	3/3	4/4	5/5	4/11



Nomination Committee report

Ken Bradley
Non-Executive Chairman
to the Board of Directors

Membership of the Nomination Committee and meeting attendance

Name of Director	Meetings attended	Eligible to attend
Ken Bradley (Chair)	4	4
Marcia Bakker	4	4
Stephanie Coxon	4	4
Nigel Keen	4	4

Letter from the Chair of the Nomination Committee

Dear Stakeholder,

As its Chair, I am pleased to present to you the report of the Nomination Committee for 2024. Good governance is achieved by assembling a diverse Board with the requisite expertise, and with this in mind, we have worked to deliver on the priorities of stakeholders and the Corporate Governance Code 2018. Our focus is on succession planning and ensuring a strong pipeline of candidates for leadership roles across the organisation, with a focus on a broad array of backgrounds and fields of expertise.

Succession planning

PPHE Hotel Group has always relied on its founders for their inspirational leadership and strategic mindset for its success. It is important to me in my role to ensure independent oversight that this secret of success is balanced by diverse, regularly rotated and independent oversight and leadership. The Code mandates obligations for the Chairman of the Company, some of which I discharged in 2024 as Non-Executive Deputy Chairman because I maintain the independence criteria required by the Code. It is our joint responsibility to represent shareholders' and other stakeholders' interests to the Executive Leadership Team, which ultimately secures shareholder confidence in the long-term sustainability of our business model.

The tables on pages 123 and 124 present our reporting of Board composition with respect to protected characteristics (as defined by the Equality Act 2010).

Our Board does not yet meet the female representation targets set out in the FTSE Women Leaders Review and the UK Listing Rules. This is partly because we do not control the use of shareholder powers to appoint Board members, which falls outside our plan for diversity. In addition, because of the international character of our Board, we find our mandatory reporting on diverse ethnicity in line with UK categorisations of ethnicity challenging. When so few of our Board are of UK origin. We have Directors from widely varying backgrounds which brings cognitive diversity.

Succession planning is key to ensuring that there is a roadmap internally to meeting these targets, and we are able to demonstrate to stakeholders that we take seriously the need to meet them as and when new appointment opportunities arise.

The implementation of our succession planning strategy for 2024 has resulted in my own appointment as Chair of the Company. In January 2025 (post balance sheet) we also welcomed Roni Hirsch of the Red Sea Group to the Board, in line with our Relationship Agreement.

Board composition

Two of our eight Directors are female, and none occupy the key positions of Chair, CEO, CFO, or Senior Independent Director. This is a by-product of the long-standing composition of the Board, with a number of experienced Directors who have provided essential stability and strategic guidance over many years. However, the Board is committed to prioritising diversity in future appointments. When the Company next recruits for Non-Executive Director roles or executive positions, diversity will be a key consideration to align with the UK Listing Rules and reflect the Company's commitment to fostering inclusion.

While progress at the Board level is ongoing, the Company is proud of its representation below the Board, particularly within the Executive Leadership Team, where there is one-third female representation. Furthermore, there is strong and fair female representation across leadership roles throughout the Company. Women are prominent in the executive leadership of the business, comprising 50% of the Executive Leadership Team reporting to the Executive Directors (see page 106). The Board remains committed to promoting diversity and will ensure this remains a core priority as part of its long-term succession planning.

Our Board is led by an independent, non-executive Chairman. Composition is explained on page 104 and 105. The Founders of the business maintain rights to appoint Directors as set out in the Articles of Incorporation set out on the Company website. Under the Articles of Incorporation the founders, as major shareholders may appoint Directors to the Board as follows:

Euro Plaza Holdings B.V. ('Euro Plaza') may:

- nominate two Non-Executive Directors to the Board for so long as Euro Plaza and its associates directly or indirectly control at least 30% of the issued shares in the Company; and
- nominate one Non-Executive Director to the Board for so long as Euro Plaza and its associates control at least 10% but less than 30% of the issued shares of the Company.

Euro Plaza is ultimately controlled by Eli Papouchado.

Boris Ivesha may nominate one Non-Executive Director to the Board for so long as he directly or indirectly controls at least 10% of the issued shares in the Company.

The shareholders may, by ordinary resolution, resolve to remove any Director before the expiration of his or her period of office and appoint a replacement Director.

All our Board Directors are subject to annual election or re-election by shareholders at the Annual General Meeting ('AGM'). At the date of publication, the Non-Executive Chairman and other Non-Executive Directors with the exception of Roni Hirsch are independent from the business.

They are regularly refreshed to ensure that independence is maintained, and diversity and fresh perspectives are welcomed onto our Board. Executive Directors are responsible for the day-to-day operations of the business. They are led by our President and Co-CEO Boris Ivesha and Co-CEO Greg Hegarty.

Throughout 2024, the composition of our Board remained the same. As set out in the Chairman's Statement, post balance sheet, in January 2025, we have welcomed Roni Hirsch to the Board as a Non-Executive Director. Other changes to note in Board composition are as follows:

(1) Greg Hegarty's promotion to co-CEO in February 2024;
(2) Marcia Bakker's assumption of the Chair of the ESG Committee in January 2024 (replacing me as Chair, although I remain a member of the Committee);
(3) Nigel Keen's joining of the ESG Committee in January 2024; and
(4) (post balance sheet) the retirement of Eli Papouchado from the Non-Executive Chairmanship of the Board and my own appointment to the role in January 2025.

With new appointments to the Board and new responsibilities for Board members, it is important to have ongoing measures to ensure that Directors have the familiarity and expertise they need to provide effective oversight. This includes:

- periodic training on Directors' duties, (including on changes to the regulatory regime), which were conducted in 2024 by our external law firm providing corporate law support, Norton Rose Fulbright;
- site visits by Non-Executive Directors to the business's various locations to ensure familiarity and workforce engagement; and
- ongoing review to ensure that Directors have all the training and resources necessary to discharge their responsibilities of ensuring full accountability and oversight.

The Committee is composed of four independent Non-Executive Directors. Each Director is individually, and the Board is collectively, subject to an annual evaluation. This evaluation considers the independence of each Director. No member of the Nomination Committee is considered to have a personal financial interest in matters to be decided by the Committee.

The Committee's performance, effectiveness and composition is reviewed annually as part of the Board Performance Review. In 2024, this review was conducted externally by Independent Audit Limited. A summary of its conclusions can be found on page 123.

Looking ahead

With the outgoing Chairman's decision to step aside, we rely on our strong succession planning to ensure that, as far as possible, we retain continuity with his vision for the Company, and the unrivalled skills, experience, network and insight the Company has relied on for many years for its success. I consider succeeding Eli Papouchado to be both an honour and a challenge, and I am focused on the duties the Code requires of an independent Chair. Assisting me in this new challenge is a strong and balanced team in place to deliver the leadership the business needs for a strong strategy for success. We have been rewarded by shareholders with their confidence in the measures taken by leadership to ensure a secure future. I look forward with anticipation to further success in 2025.

Ken Bradley
Chair of the Nomination Committee

Nomination Committee activities and focus in 2024

Function	Actions in 2024
Board and Committee Composition	• Reviewed the composition of the Board to determine that it remains suitable and effective to support the culture, values and strategy of the business. • Conducted the annual Board evaluation in line with the three-year cycle of external assessment. Independent Audit Limited supported this process. • Reviewed the effectiveness and performance of the Committee. • Ensured that policies and procedures for Diversity, Equity and Inclusion (DEI) at all levels of the organisation were maintained.
Succession planning for Board and Executive Leadership Team	• Maintaining ongoing review and annual update of succession planning for: (a) Board Directors; and (b) Executive Leadership Team.
Diversity & talent management	• Ensured diversity requirements in succession plans. • Considered KPIs for monitoring DEI elements of the ESG strategy.
Workforce engagement	• Conducted site visits. • Reviewed outputs of employee engagement, and incorporated targets into the ESG strategy.

Board induction

I am responsible, alongside the Chief Corporate & Legal Officer, for ensuring that new appointees to the Board receive a tailored and comprehensive induction to familiarise them with the Company's strategic aims, purpose, operations, regulatory climate, stakeholders, Directors' duties and governance practices. We tailor our programme taking into consideration the Director's previous Board experience, expertise and familiarity with the real estate and hospitality industries. The induction process includes two interviews with myself before the programme commences and mid-way to identify any gaps. This is also the procedure supporting Roni Hirsch's appointment as Non-Executive Director.

The induction process should introduce the new appointee to key stakeholders and the culture of the Board and the Company as a whole. The induction also allows new appointees to gain an appreciation of their role in the success of the Company, how the Company measures success and the expectations of all key stakeholder groups. The induction must be tailored to the individual Director without neglecting the key elements of our induction programme. Our two newest Directors' inductions reflected this, as will the programme to be followed by Roni Hirsch. Serving as CEO of Red Sea Group, the Company's controlling shareholder, and having been with Red Sea Group since 1993, Roni is very familiar and engaged with the Group. His induction will focus on his legal responsibilities in the UK and Guernsey context. Greg Hegarty has a long-standing familiarity with the business, and therefore his induction focused on training on Directors' legal duties and responsibilities. Marcia Bakker has a strong grounding in corporate governance, with long experience in several EU jurisdictions. Her induction focused on familiarisation visits across the business, and training in UK and Guernsey Directors' duties.

Succession planning

Responsible corporate governance and stakeholder feedback mean that succession planning is a key focus for the Committee. The business's success rests on the contribution of key individuals in its Executive Leadership Team, including the founders of the business, and many individuals whose careers have developed within the organisation. We are proud of the success of our pipeline, but we recognise that diversity of backgrounds and experience is a key strength, and strong succession planning is a key requirement in stakeholder confidence that decision-making is not dominated by any one individual, or that a strong corporate culture does not decay into 'groupthink'.

Board succession planning

The main focus of the Nomination Committee in 2024 has been on evaluating the composition and functioning of the Board in light of the new Board members as well as roadmapping a succession plan addressing the Committee's short-term, medium-term and long-term concerns and different contingencies.

Given the regular interaction between the Board and the Executive Leadership Team, the Committee has the required exposure to evaluate internal candidates when planning for different succession eventualities. The Committee's succession planning process is aligned with the Group's entrepreneurial culture which fosters the growth and support of team members from varying positions within the Company through to leadership level and is, therefore, engineered to produce internal candidates who may be suitable for positions on the Board, as well as considering external candidates when appropriate with the assistance of external specialist search consultants.

As informed by the Committee's succession plan and its evaluation of the balance of skills and diversity on the Board, the Nomination Committee determined that no new Directors should be appointed in 2024, but that Roni Hirsch should be appointed as Non-Executive Director following the retirement of Eli Papouchado in 2025. The vacancy on the Board has been determined by the decision of the Chairman to step aside. Given the position the outgoing Chairman holds as a major shareholder, this was a prime consideration in ensuring that shareholder interests are fully represented on the Board. Roni Hirsch's appointment was made under the power given to Euro Plaza under its Relationship Agreement with the Company and set out in the Articles of Incorporation.

As an important element of the succession planning programme, consideration is also given to the length of service of Board members.

The Board believes that, in its current composition, it has the right combination of skills, experience and knowledge, and remains effective and entrepreneurial.

Executive Leadership Team succession planning

Executive Leadership Team succession planning is, itself, a key part of the Board succession planning process. Individuals whose contribution to executive leadership can be considered for appointment to the Board where this is deemed necessary and appropriate for the business. It was this determination that led to the appointment of Greg Hegarty in 2023.

PPHE Hotel Group has benefited from a strong talent pipeline. Our Executive Leadership Team all have long histories within the business, and many have reached their current seniority through 'rising through the ranks'. Ensuring the ongoing success of this talent pipeline is a key business priority. The Committee works closely with the Vice-President of Human Resources & Talent Technology on all aspects of recruitment and development of talent.

The Senior Vice President of Human Resources & Talent Technology documents the key skills of the current holders of senior positions in order to ensure that, in the event an individual needs to be replaced by the business, their contribution can be smoothly transitioned. Succession planning is divided into short- and long-term planning, which is defined by the immediacy of the need to fill any vacancy. Short-term plans are triggered by an event such as a resignation or other unforeseen departure.

In addition to focusing on individuals, the organisational structure of roles and reporting lines within the business is kept under review to ensure that it continues to deliver the business's needs. Periodically, this is externally assisted, and takes into account the needs of various stakeholders, not least our affiliate partner, Radisson Hotel Group.

The Group's ESG strategy feeds into our succession planning. I am the Board member responsible for workforce engagement, and we have several strategic objectives for our team members under the 'social' pillar of the ESG strategy. This enables us to include DEI elements into the strategy.

Position of the Chairman of the Board

The retirement of Eli Papouchado, and my assumption of the role of chair took place in January 2025. The Code places significant responsibilities on the Chairman for accountability to shareholders and representation of their interests. For this reason, consideration is given at all times to ensuring that an appropriate person occupies the role, and provisions are made for both short- and long-term succession periods. As well as my replacing Mr. Papouchado as the Chairman, the decision was taken to appoint Roni Hirsch, CEO of the Red Sea Group, to the Board. Please see the Directors' report on page 143 for the relationship between the Red Sea Group and PPHE Hotel Group.

Board Performance Review

PHE's Board Performance Review follows a three year cycle, with internal reviews conducted in years 1 and 2, and an external review conducted in the third year of the cycle. The cycle requires that each year, assessment is made of the Board and its Committees in each of the following areas:

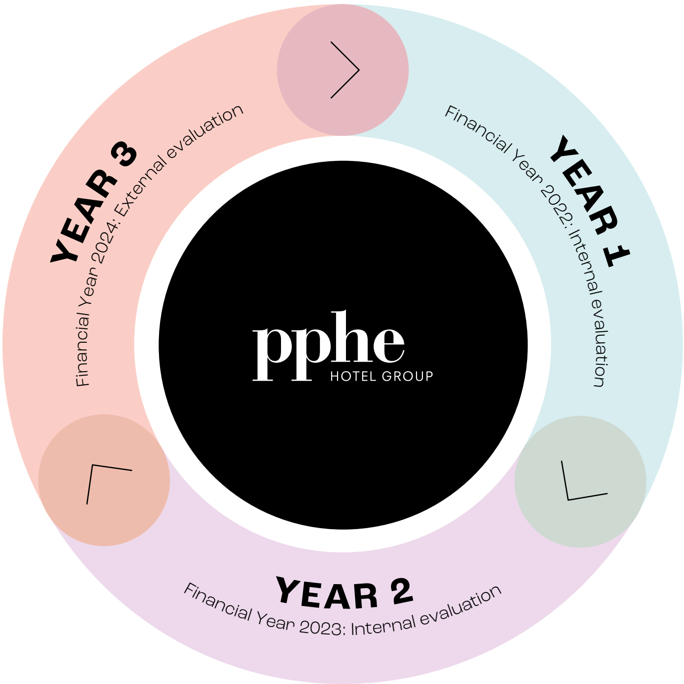
- Performance;
- Composition;
- Diversity; and
- Group dynamics and their impact on objectives.

Individual directors are assessed on their personal contributions to meetings and to the discharge of the collective responsibilities of the Board and Committees. The Board appointed Independent Audit Limited to conduct a review of its performance in this the third year of the cycle. The appointment process was led by the Non-Executive Deputy Chair. Independent Audit Limited is a signatory to the Chartered Governance Institute's Code of Practice for independent board reviewers. It is completely independent of PPHE Hotel Group, having no relationship with the Board or members of the Executive Leadership Team. It previously conducted external performance reviews in 2018 and 2021; independence and objectivity has been maintained by varying the team composition each time.

The review considered all aspects of the effectiveness of the Board, the directors and the Committees of the Board in discharging the functions required of them by law, by good corporate governance practice and by the internal frameworks of the Company. It included consideration of the tenure of each Director, and their skills, experience and length of service. It also included an assessment of each Director's external responsibilities to ensure that they are able to commit sufficient time to discharge their duties effectively. The review also considered the diversity of the Board and whether it has the necessary mix of skills, knowledge and expertise. No relevant suggestions for change were made. The review was overseen by the Non-Executive Deputy Chair of the Board, who was responsible for providing the external reviewer with the necessary access and support. The main elements of the review process were:

- Preliminary discussion with the Deputy Chair and Chief Corporate & Legal Officer
- Gathering feedback about the performance of the Board and Committees from all Board members and a number of executives
- Observation of Board and Committee meetings
- Review of the relevant papers for the observed meetings
- Discussion of the draft report with the Deputy Chair, the Chief Corporate & Legal Officer and the CEO
- Discussion of the final report with the full Board

The final report to the Board identified both strengths and opportunities for improvement, along with Independent Audit Limited's suggestions for the Board to consider. The principal outcomes are summarised in the table. Independent Audit Limited has reviewed and agreed this description of the review process and outcomes.



Review subject	2024 Priorities and Outcomes
The Board	Notable strengths identified by the review: • Information flow is rated highly by Board members, with a new format to the monthly call between senior leadership and the Board working well. • The Strategy Day was also highly rated as an exercise. • The Board has an open culture with no concerns about either giving or receiving "bad news". • Risk management has shown strong year on year improvement, and notable successes in approach and practical benefits to the business. Principal areas for development: • Reconsider how time is used in Board meetings to enable more strategic-level discussions. • Develop the form and content of Board papers to facilitate higher-level discussion and achieve greater efficiency of oversight.
Audit Committee	• The Audit Committee has played a positive part in the sustained improvement of the company's risk management.
ESG Committee	• While this Committee is functioning well, there is the opportunity for greater clarity around its role and purpose. With greater clarity it will be evident where changes in the Committee's work would be helpful to achieving those objectives.
Nomination Committee	• The Committee could usefully give more time and attention to Director development
Remuneration Committee	• There is an opportunity to broaden the scope of the Committee's activity to cover company-wide pay and employment policies

Board diversity

Shareholders require diversity amongst Board members to ensure that the business is led by a group of varying backgrounds and expertise, without a single, dominant presence in the form of an individual or class of individuals potentially distorting decision-making in their interests. The Nomination Committee has responsibility for the formal elements of this by maintaining the Board Diversity Policy. Additionally, I am responsible for ensuring that this carries forward into Board meetings, with all Directors given opportunity to participate and contribute fully in all meetings, and provided with sufficient time and resources to do so. Succession planning is undertaken with the Board Diversity Policy in mind, and future Board appointments are subject to its provisions.

The Policy mandates that we consider gender balance in senior management and their direct reports. Our Board and Executive Leadership Team consist of both men and women, and we note and value the diversity of experiences, geographies, ethnicities, ages and genders in our business and its leadership. Fully in all meetings, and provided with sufficient time and resources to do so. Succession planning is undertaken with the Board Diversity Policy in mind, and future Board appointments are subject to its provisions.

The Policy mandates that we consider gender balance in senior management and their direct reports. Our Board and Executive Leadership Team consist of both men and women and we note and value the diversity of experiences, geographies, ethnicities, ages and genders in our business and its leadership.

Our roadmap to compliance with diversity targets for the Boards of UK listed companies is set out under the succession planning heading on page 122 and also on page 124. In addition, when considering succession planning and appointments, the Committee gives due consideration to the advantages of a wide range of experiences and perspectives to innovation and breadth of ideas, as well as potential barriers to entry for individuals as a result of protected characteristics (as defined by the Equality Act 2010) they possess.

Diversity disclosures

Disclosures in this table are made in line with reporting requirements set out in the UKLR 6 Annex 1R.

Report applicable throughout FY2024	No. of Board members[2]	Percentage of the Board	No. of senior positions on the Board (CEO, CFO, SID & Chair)	No. in executive management	Percentage of executive management
Reporting on sex and gender identity[1]					
Men	6	75%	4	5	71%
Women	2	25%	–	2	29%
Not specified / prefer not to say	–	–	–	–	–
Reporting on ethnic background					
White British or other white (including minority white groups)	6	75%	2	6	86%
Mixed / multiple ethnic groups	–	–	–	–	–
Asian / Asian British	–	–	–	–	–
Black / African / Caribbean / Black British	–	–	–	–	–
Other ethnic group	2	25%	2	1	14%
Not specified / prefer not to say	–	–	–	–	–

Notes to the table

1 The tables on page 104-105 set out the members of the Board. The population comprising 'executive management' for the purposes of this report are the members of the Executive Leadership Team set out in the table on page 106 plus the three Executive Directors of the Board.

2 As Alternate Director, Yoav Papouchado is not included in this table.

Gathering of data: individuals are requested by the Compliance Team to provide the data related to their Protected Characteristics on the basis that the business is under a regulatory requirement to report. Board members are reminded that although it is a regulatory requirement for the business to make a report, it is not mandatory for individuals to provide this personal data to the business, and that anyone who did not wish to disclose could compliantly be included under the heading 'not specified / rather not say'. Data is correct as of 31st December 2024.

On 9 January 2025, changes to the Board composition were announced:

(1) Eli Papouchado retired as Non-Executive Chairman and Board Director
(2) Yoav Papouchado, as alternate director for Eli Papouchado also ceased to be a Director of the Company on the retirement of Eli Papouchado
(3) Ken Bradley succeeded Eli Papouchado as Non-Executive Chairman
(4) Roni Hirsch was appointed to the Board as Non-Executive Director

As such, the table above is updated as of 9 January 2025 as follows:

Diversity disclosures as of 9th January 2025	No. of Board members[1]	Percentage of the Board	No. of senior positions on the Board (CEO, CFO, SID & Chair)	No. in executive management	Percentage of executive management
Reporting on sex and gender identity					
Men	6	75%	4	5	71%
Women	2	25%	–	2	29%
Not specified/ prefer not to say	–	–	–	–	–
Reporting on ethnic background					
White British or other White (including minority-white groups)	6	75%	2	6	86%
Mixed/ Multiple ethnic groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/ Caribbean/ Black British	–	–	–	–	–
Other ethnic group	2	25%	1	1	14%
Not specified/ prefer not to say	–	–	–	–	–

Notes to the table

1 Data related to Eli Papouchado is removed and data related to Roni Hirsch is input.

The Board relies on the experience and guidance of the founders of the Company. This means that the composition of our Board is slow to change, delaying our ability to diversify the Board. However, the Board is committed to prioritising diversity in future appointments. When assessing:

- the Board's composition,
- identifying suitable candidates for appointment or re-election to the Board or
- succession plans,

the Board's Nomination Committee considers candidates on merit against objective criteria having due regard to the benefits of diversity across a range of characteristics, such as gender, ethnicity, nationality, sexual orientation, disability, cultural background and socio-economic background, as the needs of the Board for diverse backgrounds and fields of expertise. As part of this the Board's Nomination Committee shall consider the Board Diversity Policy and any measurable objectives therein.

The Nomination Committee will only engage executive search firms who have signed up to the Voluntary Code of Conduct for Executive Search Firms. Executive search firms will be asked to ensure that potential candidate 'long-lists' reflect the Board's diversity commitments as well as consider potential candidates for Non-Executive Director appointments from a wide pool, including those with no listed company Board level experience; and to ensure that any short-list of candidates displays diversity between genders and ethnicities.

Further, we are an organization committed to inclusivity, and have a zero tolerance attitude towards discrimination on the basis of any of the Protected Characteristics listed in the Equality Act 2010.

We aim wherever possible to develop and promote talent from within. Many of our leadership team from Board level to their direct reports have long and distinguished careers within the organization. The ethos of our Team Members is one of mutual support, and the organization is committed to learning and development.

Audit Committee report

Stephanie Coxon
Chair of the Audit Committee

Membership of the Audit Committee and meeting attendance

Name of Director	Meetings attended	Eligible to attend
Stephanie Coxon (Chair)	5	5
Marcia Bakker	5	5
Ken Bradley	5	5
Nigel Keen	5	5

In compliance with provision 24 of the Corporate Governance Code the Board chair is not to be a member of the audit committee. Ken Bradley will cease to serve on this Committee in 2025.

Letter from the Chair of the Audit Committee

Dear Stakeholder,

As Chair of the Audit Committee, I am pleased to present this report for the year ended 31 December 2024. This report has been prepared in accordance with the Code to provide a clear, balanced, and transparent account of the Committee's activities and priorities over the past year. Good corporate governance is built on transparency and accountability, and we welcome feedback from all stakeholders to ensure that the report remains both compliant and responsive to their needs.

The Audit Committee plays a critical role in overseeing the financial reporting process, internal audit functions, and the Company's risk management and internal control framework. In line with the Corporate Governance Code, the Committee comprises members with the necessary financial and accounting expertise to provide rigorous oversight. Additionally, the Committee is responsible for selecting and appointing external auditors, who independently verify the Company's financial performance. In 2024, our newly appointed external auditors conducted their first audit of the Annual Report and Accounts. Our objective remains to provide stakeholders with confidence in the Company's financial health and long-term viability through an independent and transparent review process.

During the year, the Company completed the competitive tender process announced in the 2023 Annual Report and Accounts, resulting in the appointment of Brightman Almagor Zohar & Co. (a member of the Deloitte Global Network) as external auditors. This appointment was subject to shareholder approval and was confirmed at the 2024 Annual General Meeting.

The evolving landscape of corporate reporting, particularly in areas related to governance, strategy, risk management, and environmental impact, has placed additional responsibilities on the Audit Committee. We are committed to ensuring that these reporting requirements are met with the necessary depth and clarity. Further details can be found in our ESG report on page 68.

The role of the Audit Committee

The key responsibilities of the Audit Committee are:

- Ensure that the Group's financial systems provide accurate and up-to-date information on its financial position;
- Reviewing the findings of the audit with the external auditor; including a discussion of any major issues arising from the audit;
- Ensure that the Group's published consolidated financial statements and related announcements represent an accurate and fair reflection of the business and its financial position;
- Monitor the ERM framework to ensure that financial, non-financial and ESG risks are correctly identified, assessed, managed and mitigated;
- Oversee the appropriate accounting policies, internal controls and compliance procedures necessary for legal and regulatory compliance and risk management; and
- Review and assess the quality of the external audit process, as well as the external auditor's independence (including responsibility for the process of appointing and onboarding new external auditors). Also to ensure compliance with the Minimum Standard for Audit Committees and External Audit issued by the FRC.

The Audit Committee is assisted in performing its duties by information and reviews received from:

- The Co-CEOs;
- The CFO;
- The Chief Legal & Corporate Officer; and
- The Head of Internal Audit and Risk.

As such, the internal legal, compliance, audit and risk teams additionally communicate with the Committee for the performance of its functions. The Compliance function reports on the externally provided confidential reporting channel ('Whistleblower hotline'). In the event of incidents being reported, responsibility for overseeing investigation and resolution rests with the Audit Committee.

The external auditors regularly engage with the Committee throughout the financial year in order to facilitate oversight.

Suntera Global carries out company secretarial services to ensure that the Audit Committee has the required documentation, time, information and resources needed to function effectively. The Committee is accountable to the Board and reports regularly to the full Board on the discharge of its responsibilities. The Terms of Reference of the Committee are reviewed against the Corporate Governance Code annually and can be found on the Company's website.

Audit Committee activities and focus in 2024

Function	Actions in 2024
Monitor the Group's financial statements	• Interim results: Reviewed the interim reports and financial statements for the half-year period ended 30 June 2024. These were published on 29 August 2024. • Annual results: Reviewed the 2023 Annual Report and Accounts to ensure that the document was fair, balanced and understandable.
Monitor and review the effectiveness of the Group's system of internal controls and risk management	• Received regular updates on internal audit and ERM, including the financial control framework and risk incidents and mitigating actions • Received regular updates on and reviewed emerging risks • Updated principal risk schedule and ERM framework • Participated in the Board effectiveness assessment conducted by Independent Audit Limited • Set the internal audit plan for the year and monitored the progress throughout the year • Deep-dive audits by the Internal Audit and Risk team over the year covering ESG Green House Gas Emission Reporting, Procurement and Contract Management, and IT Backups and Recovery. Reports received, analysis of the issues identified, and remediation plans reviewed and challenged. • Reviewed a number of assurance reports from the Internal Audit and Risk team throughout the year, across different areas of financial process and control. Evaluated summary assurance reports from 3rd party cyber security experts. • Tracked the progress of management actions to address deficiencies identified through internal audits or 3rd party assurance engagements. • Received Whistleblower hotline and other confidential and / or anonymous reporting channel reports • Monitored and reviewed the effectiveness of internal audit function
Oversee ethical dealings and compliance for the Group	• Reviewed the adequacy of a number of key policies for the effective and ethical governance of the Group, including the Significant & Related Party Transaction Policy; and the Whistleblowing and Anti-Bribery & Corruption Policies • Reviewed the financial management information being presented to the Board to make sure it is fit for purpose • Met with finance teams for update on internal controls, risk management and reporting matters • Reviewed the FRC's Audit Committees and the External Audit: Minimum Standard and ensured that the Audit Committee is performing its duties as set out
Review the Group's external audit function	• Ensured completion of audit tender process, and formal appointment of new external auditor • Increased meetings with the external auditors to ensure smooth transition • Considered the audit and interim planning report from the external auditors • Considered the annual and interim findings report from the external auditors • Ensured continued engagement with the external auditors during the external audit process • Evaluated the performance of the external auditor

Effectiveness of the Committee

The Committee is assessed annually for its effectiveness. The evaluation of the Committee reviews its work against the provisions and requirements of applicable standards, including the Corporate Governance Code, the Guidance on Audit Committees and 'Audit Committees and the External Audit: Minimum Standard'. The external review conducted by Independent Audit Limited has findings that are included on page 123. The conclusion of the 2024 assessment of the effectiveness of the Audit Committee was that the Committee is effective in the discharge of its duties and compliant with the Corporate Governance Code.

Relevant skills and experience

The Corporate Governance Code mandates some requirements for Audit Committee composition, including relevant skills and experience for Committee members and the Chair. These requirements are met by the members of the Committee. The members of the Committee have a diverse range of expertise, including the requirement for recent and relevant financial expertise, as well as experience in the sectors in which the business operates. The composition of the Committee is regularly considered by the Board and the Nomination Committee. The Board is satisfied that the Committee is properly structured, and that its members have the requisite competence and are provided with the necessary resources for its responsibilities.

Audit Committee schedules and resources

Meetings of the Audit Committee take place approximately one week before Board meetings. This schedule is structured to permit any work arising from the Audit Committee meeting to be carried out and presented to the Board.

Members of the Executive Leadership Team, key members of corporate teams and external auditors are available to the Audit Committee to respond to questions, or to meet with the Committee on an ad-hoc basis.

The Committee receives monthly reports on financial information, information technology, operational performance and progress against strategy. These updates are made by responsible executives, including the Co-CEO, the Chief Financial Officer and the Chief Corporate & Legal Officer.

The Chair of the Committee also receives a monthly update on non-financial reporting areas as part of the requirement to have oversight of ERM and the audit schedule of the internal audit team. These are received from the Head of Internal Audit and Risk, who reports directly to the Audit Committee. As part of the annual review into effectiveness, the Audit Committee has determined that in discharging its responsibilities in 2024, it had the required time and resources.

Relationship with the Board

The Audit Committee was provided with adequate time in Board meetings to resolve any matters of conflict between the Board and Audit Committee. Had any such disagreement remained unresolved, the Audit Committee has the right to report the issue to shareholders as part of the report on its activities in the Annual Report and Accounts. Accordingly, it is confirmed that there were no such unresolved disagreements. All matters presented by the Audit Committee to the Board were discussed in full, with resolution, in 2024.

External audit and external auditors

The Audit Committee considers the appointment, re-appointment and removal of the external auditors, reviews their terms of appointment and negotiates fees on behalf of the Board prior to making recommendations through the Board to the shareholders to consider at each Annual General Meeting. In 2024, it was recommended to shareholders that they appoint Brightman Almagor Zohar & Co (a Firm in the Deloitte Global Network) as the Company's external auditors. This resolution was accordingly passed at the 2024 Annual General Meeting. The recommendation was made following the tender process set out in the 2023 Annual Report and Accounts.

Appointment of Brightman Almagor Zohar & Co

The process for appointing the external auditors required that tender criteria be drafted to ensure that maximum market participation was possible. This process was set out in the 2023 Annual Report and Accounts. All participating firms were made aware of the selection criteria, which were transparent and available to participating firms for use in their Request for Proposal ('RFP') responses. A reasonable period was allotted to allow RFP responses to prevent any reasonable competitor being excluded by too short a deadline. The Committee selected from the RFPs a short list of three firms to provide written proposals. Short listed firms were again given time to respond, as well as access to the Committee Chair for further information, should this be necessary. The Audit Committee then reviewed and evaluated the written proposals and received in-person presentations from the candidates. This enabled the Committee to select two firms for recommendation to the Board based on four criteria:

(1) Technical competence;
(2) Ability to challenge;
(3) Audit quality; and
(4) Independence.

The Committee recommended the two firms to the Board, with a justification for choosing Brightman Almagor Zohar & Co as the preferred candidate. The Board made the appointment in Q1 of 2024, with the shareholders voting to approve the appointment at the Annual General Meeting in April 2024 for a period of one year.

The Audit Committee annually assesses, and reports to the Board on, the independence, objectivity and performance of the external auditors and the quality of the audit process. The Committee will make an annual recommendation to shareholders on whether or not to propose re-appointment at each Annual General Meeting.

Oversight of the external auditors and audit

The Committee and the Committee Chair take steps throughout the year to ensure that they are kept up to date with the progress of the audit, and that the audit report is compliant with the brief and the needs of the Committee. Given this is the external auditors' first year there has been an increased number of meetings between the external auditors and the Committee Chair. The Committee seeks to satisfy itself that the audit process is effective, and that there is full, internal engagement with the audit process. Meetings with the external auditor throughout the year permit the Chair and the Committee as a whole to ensure that questions are asked, and the Committee is satisfied that the audit is comprehensive, and contains a full gap analysis, including any gaps in the audit itself. The Committee also takes steps to challenge the external auditor on their sources of information and basis of conclusions. The auditor is asked to report against the audit plan, including explanations for any changes to the plan in operation.

The Audit Committee reports to the Board on its conclusions about the external auditor, including:

- An assessment of the information sources on which the audit is based;
- When and how it has challenged the auditor;
- An assessment on the quality of the auditor, including the issue of auditor independence (see 'Review of the external auditor' below); and
- Any relevant stakeholder feedback.

The conclusion of the Audit Committee as of 31 December 2024 is that it will recommend re-appointment of the Auditor at the 2025 Annual General Meeting.

External audit plan

Following appointment of the external auditor, an audit plan was submitted to the Audit Committee for discussion. The basis of the audit plan comprised the key risks identified by the business, and the strategy as set out in the Annual Report and Accounts. The audit plan has formed the basis throughout the year for questions and queries from the Audit Committee to the external auditors, and the final assessment of the Committee. Having sought information from relevant management functions, and conducted multiple meetings with the external auditors, the Committee is satisfied with the Group's external audit function and the integrity of the financial and narrative statements.

2024 external audit plan

In Q3 2024, an audit plan for the 2024 audit was presented to the Committee and accepted for the upcoming financial year.

This is Brightman Almagor Zohar & Co.'s first-year audit, and to support ongoing improvement, the Committee has discussed a number of topics, including various aspects, including accounting policies, annual report disclosures—such as front-half reporting (e.g., ESG and European Public Real Estate Association (EPRA) disclosures) – and the internal controls framework.

The process of oversight requires the Audit Committee to request that management is not present for part of the meeting where the external auditors present their conclusions. This allows the external auditors to speak freely and share any views without management being present.

This also enables the Audit Committee to assess how the external auditors applied professional scepticism in their procedures and to discuss any areas where they challenged management.

With the external audit team being new to the business, this has fostered an open culture of inquiry, information sharing, and constructive challenge.

Review of the external auditor

The Audit Committee reviewed the independence and objectivity of the external auditors, and reported to the Board that it considered that the external auditors' independence and objectivity were maintained.

This review included discussions with the external auditors at various meetings, reliance on the external auditor's own internal controls for compliance with independence rules and ensuring compliance with the Non-Audit Services Policy (as further described below). When evaluating the independence of the external auditors, the Audit Committee also took into consideration the quality of the audit produced, the constitution of the audit team being used by Brightman Almagor Zohar & Co, communications between management and the external audit team, and generally how the external audit team interacts with and challenges management.

The Audit Committee will perform a comprehensive evaluation on the performance of the external auditors shortly after signing of the annual accounts. This ensures that the external audit team had adequate access to management and was able to scrutinise, challenge and familiarise themselves with the business was a major priority for the Committee in 2024.

Policy on engaging external auditors to supply non-audit services

The Audit Committee monitors the Group's relationship with its external auditors, considering what impact the provision of non-audit services may have on the external auditors' independence and objectivity.

The Company maintains a policy, which is annually reviewed, on the engagement of the external auditors for the provision of non-audit services. The policy sets out the circumstances and financial limits within which the auditors may be permitted to provide certain non-audit services, whether a tender process is considered for non-audit services and any information which must be considered to ensure that the non-audit services do not impair the objectivity and independence of the external auditors. The policy is in line with the recommendations set out in the FRC's Guidance on Audit Committees, the External Audit Minimum Standard and the requirements of the FRC's Revised Ethical Standard. The Audit Committee regularly reviews this policy for necessary changes in response to changes in related standards and regulatory requirements, and monitors compliance with this policy.

The audit fees due to the external auditors amounted to £475,000. In 2023, the previous auditor, Kost Forer Gabbay & Kasierer, commanded fees of £320,173.

Total non-audit fees amounted to £80,000. In 2023, the previous auditor, Kost Forer Gabbay & Kasierer, commanded total non-audit fees of £61,452.

The external auditor's non-audit services were as follows:

The external auditor completed the interim review of the Group's half-year financial results. Although this is considered to be a non-audit service, the objective of the interim review is aligned with the audit. The Audit Committee considered the provision of the non-audit service during the 2024 year and was comfortable that the nature and extent of non-audit services provided did not present a threat to the external auditors' objectivity or independence.

Internal audit

The Company has an internal audit and risk management function which reports directly to the Chair of the Committee. This reporting structure is designed to ensure maximum independence of the internal audit function from the Executive Leadership Team and senior management. In addition, the Head of Risk and Internal Audit has a dotted reporting line to the Chief Financial Officer and Executive Director, Daniel Kos. The internal audit function and the Committee's oversight of it follows the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

The Committee is responsible for monitoring and reviewing the effectiveness of the internal audit function. This requires there to be monthly meetings with the Head of Risk and Internal Audit to assess progress against the internal audit programme and other relevant matters, including actions recommended in previous audit reports. Audit Committee meetings maintain a standing agenda item of meeting with the Head of Internal Audit and Risk at each meeting without the presence of Executive Leadership Team (unless their presence, or those of other Board members, is required by specific invitation to discuss relevant matters).

The Internal Audit and Risk function facilitates an annual refresh of the Risk Appetite Statement. The process of reviewing and updating this statement requires an up-to-date risk profile of the Group, and to agree the plan for the year ahead. This process also necessitates a review by the Committee of the resources allocated to the Internal Audit and Risk function to ensure that these are fit for purpose, and capable of completing the audit plan. Currently, the Internal Audit and Risk team is comprises three full-time employees. This figure has remained since the recruitment of two additional team members in 2023, and the Committee considers that this is adequate for the business's requirements in the coming 12 months.

Internal audits conducted under the audit plan present findings in a categorised form. Major findings are those that pose the highest risk to the business and require immediate response. Follow up actions for all audit findings (major, moderate and minor) must be reported on by the Internal Audit and Risk function to the Audit Committee. The Audit Committee may choose to make recommendations for support, for example for additional resources or follow-up actions required to address findings. The Audit Committee is also responsible for governance of internal audit, and therefore must ensure that the function has the requisite access to records, documents, premises and personnel needed to perform the function.

The 2024 Internal Audit Work Plan was developed from the Enterprise Risk Management system or forms part of the Financial Assurance Programme.

The Internal Audit and Risk function required the following third party external support in its risk assessment and assurance programme:

- Cyber Security – Third party experts

Review of the internal auditor

The Audit Committee conducts an annual review of the effectiveness of the Internal Audit and Risk function. The 2024 review results were largely positive. The main objective is to ensure the team has the necessary skills and capacity to implement the changes to the Corporate Governance Code related to internal controls. The Audit Committee is satisfied that the quality, experience and expertise of the function is appropriate for the business.

Financial controls

The Financial Control Framework maps financial controls across the business and identified control owners. Control owners are required to confirm compliance with the framework. This self-certification is the first line of defence. A review of the financial control framework in 2023 led to the following being implemented across 2024.

2024 Internal Audit Work Plan

Areas of focus	Audit subject
Procurement and Contract Management	Thematic audit to assess the design and effectiveness of controls relating to procurement and contract management processes across the business.
ESG Green House Gas Emission Reporting	Audit to evaluate the data collection and review processes in place to ensure the accuracy, reliability, and completeness of the Group's greenhouse gas emission disclosures in the Annual Report.
IT Backups and Recovery	Thematic audit to evaluate the effectiveness of the processes and controls surrounding the current IT Data Backup and Disaster Recovery (DR) programme.
Financial Key Control Testing	
Hire to Retire	Testing of key HR system and Payroll controls
Procure to Pay	Testing of key financial controls throughout the entire purchasing cycle
Reserve to Cash	Testing of key financial controls throughout the entire revenue cycle
Treasury and Cash Management	Testing of key cashflow forecasting, debt covenant oversight and banking controls
Record to Report	Testing focused on period-end accounting controls, and tax compliance

Some of the audits specified above identified areas for improvement, or suggested enhancements to procedures and controls. Mangement has addressed these in 2024, or, dependent on the timetable set for improvement or enhancement, is continuing to address them through 2025.

Enterprise Risk Management (ERM)

Risk management is an ongoing task, with a requirement to look ahead to emerging risks. The Audit Committee ensures that there is ongoing monitoring of the risk profile of the business to ensure that it remains current and up to date. This allows the Committee to advise the Board to make recommendations on the contents of the Risk Appetite Statement set out each year.

The Company maintains an ERM system for which the Board is responsible. The Audit Committee maintains responsibility for oversight and providing the Board with guidance in the discharge of this responsibility. It is, therefore, a standing agenda item of the Committee to consider the risk register and the key risks identified by the ERM.

The Committee is responsible for reviewing the effectiveness of controls against risks. The method for undertaking this task is to benchmark the ERM system output against similar organisations using publicly available information, as well as guidance and standards published by the appropriate professional bodies and institutions. This process ensures that there is a comprehensive annual review of the effectiveness of the ERM system and the control outputs.

Risk management is an ongoing task, with a requirement to look ahead to emerging risks. The Audit Committee ensures that there is ongoing monitoring of the risk profile of the business to ensure that it remains current and up to date. This allows the Committee to advise the Board and to make recommendations on the contents of the Risk Appetite Statement set each year.

Risks to the business are both internal, and based on institutions, structures and processes inherent to the business's activities, and external. External risks can vary across regions and are affected by factors such as the industrial sectors in which the Company operates, macro-economic considerations, changes to local and global market trends, geo-political causes, social and labour conditions, and ecological considerations. These are all considered by the Audit Committee as part of ongoing review, and wherever necessary, controls or other response measures are implemented.

On the operational level, the ERM framework takes a granular approach. The Internal Audit and Risk function maintains a functional-level risk register as well as an emerging risk profile. The Audit Committee oversees and challenges the results of this risk assessment approach.

Climate change is a significant factor in the risk profile of the group. As such, a distinct process of climate-related risk review is conducted by the Head of Internal Audit and Risk alongside the ESG Manager of the Company. The Audit Committee oversees this process. Outputs of climate risks, reporting frameworks and legislative compliance are in the ESG report on page 68.

The Internal Audit and Risk function has provided a report on the principal risks of the Group on page 90.

Confidential reporting channel

The Committee reviews the adequacy and security of the Company's arrangements for its employees, contractors and external parties to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Compliance team, which receives any reports made through the third party provided confidential reporting ('whistleblowing') channel provides quarterly updates to the Committee.

Financial reporting

The Audit Committee has reviewed the Annual Report and Accounts. In its opinion, taken as a whole, it is fair, balanced and understandable, and provides the information necessary for stakeholders to assess the Company's position and performance, business model and strategy.

The Audit Committee reviews draft annual and interim reports. The Audit Committee discusses with the President & Co-CEO, the Co-CEO, Chief Financial Officer and external auditors the significant accounting policies, estimates and judgements applied in preparing these reports.

The overall responsibility for approving annual and interim statements and other governance statements is carried out by the Board, in accordance with the Schedule of Matters Reserved for the Board.

The Audit Committee has challenged the executive and senior management on the following matters:

- **Viability / Going concern** – In accordance with legal requirements and best practices, this remains a key focus for the Audit Committee. The committee assessed the appropriateness of the viability and going concern evaluation and recommended that the Directors collectively approve and sign the statements on page 155.
- **Climate change/ESG** – The Audit Committee independently evaluates the risks and opportunities associated with climate change and other ESG matters. It has also collaborated with the ESG Committee on the Group's approach to carbon emissions reporting.
- **Information security** – The Audit Committee continues to oversee information security risks, holding regular meetings with the IT Security Manager and the Head of Internal Audit and Risk. These updates cover the technology risk environment, ongoing system controls, monitoring, and emerging threats. Based on these insights, the committee instructs third-party assurance as needed throughout the year.
- **Impairment testing** – The Group's impairment review requires significant judgement in estimating the recoverable amount of its intangible assets, property, plant and equipment, and the IFRS 16 right-of-use asset. The Audit Committee reviews the independent property valuations that management uses in order to support its approach to impairment reviews. Additionally the Committee engaged in a thorough discussion with the Chief Financial Officer regarding the methodology used for these reviews.
- **Alternative Performance Measures (APMs)** – In reviewing the Annual Report and Accounts, the Audit Committee has challenged management on the completeness, as well as the use and definitions of Alternative Performance Measures (APMs).
- Additionally, other significant issues typically considered include the complexity of the financial statements, given the Group's size and its multiple legal entities.

Stephanie Coxon
Chair of the Audit Committee

ESG Committee report

Marcia Bakker
Chair of the ESG Committee

Membership of the ESG Committee and meeting attendance

Name of Director	Meetings attended	Eligible to attend
Marcia Bakker (Chair)	4	4
Ken Bradley	4	4
Stephanie Coxon	4	4
Nigel Keen	3	3

Letter from the Chair of the ESG Committee

Dear Stakeholder,

2024 has been my first full year as Chair of the ESG Committee, taking over from Ken Bradley. ESG is an extremely fast-moving area, and the business has sought to rise to the challenges posed by this. We are very aware of the increased need for information about ESG from all of our stakeholders, as well as the regulatory requirements, especially regarding reporting, for listed businesses. The business has made a comprehensive ESG report on pages 68 to 89. We are excited by the progress we have made in 2024, as well as some upcoming milestones in 2025.

Role of the ESG Committee

The role of the ESG Committee is unlike those of the other Committees of the Board, which are mandated by regulation and good corporate governance. The ESG Committee reviews its own existence on an ongoing basis, as its functions should be absorbed by the full Board and the other Committees of the Board as ESG is more and more embedded in all our operations and oversight activities. The Committee takes the view that, as the business is subject to a changing regulatory environment, it is appropriate for the ESG Committee to take responsibility for oversight in this area. In particular, environmental and social matters were previously considered 'non-financial reporting' by businesses under previous legislation. Full integration of ESG strategic goals into the business strategy and the replacement of the Non-Financial Reporting Directive with new reporting frameworks shifts our reporting from 'non-financial' to a core part of the business's financial statements. With this in mind, and the existence of the business's distinct ESG strategy, it is appropriate that the Board maintains a committee to take responsibility for these matters.

Strategic oversight

A priority of 2024 has been to integrate and harmonise the ESG strategy across the regions. To that end, a major workshop was held in Pula in Croatia in 2024 to look at the ESG strategy and reporting on metrics and targets to ensure that our reporting can be consolidated across the Group. As a business listed on the Zagreb Stock Exchange, Arena Hospitality Group is obliged to undertake its own, separate reporting, whilst also forming part of the consolidated financial statements for PPHE Hotel Group. It is very important, therefore, that reporting tools are harmonised across all regions in order to ensure that, region by region, we are using the same methodologies, or, where this is not possible, that this is clearly set out in our reporting.

We have overseen the business's approach to carbon reporting and its journey towards setting science-based targets. Specifically, we want to see publicly available, independently validated targets for net zero, which we expect to submit to the Science-Based Targets Initiative by the end of 2025 for validation. To that end, the business has kept the Committee informed about the strategic approach to meeting net zero, including the third party engagements on our net zero roadmap. The Committee has looked at the issue of data reliability in carbon reporting in the context of reliance on authoritative conversion factors to determine the tonnes of carbon dioxide equivalent emitted by the business. The Committee has tasked the business with ensuring that data used in reporting is collected through a reliable process, auditable and that methodology statements clearly set out the process used."

We monitor the progress of the real estate portfolio in attaining the required building certifications (for example, the BREEAM Excellent certification obtained for art'otel London Hoxton in 2024). This ensures that, as the business grows, we can be confident that the asset portfolio is performing within the risk appetite for carbon performance accepted by the business.

Looking forward to 2025 and inputs into our wider decarbonisation strategy, Scope 3 will be an area of engagement. Scope 3 forms the bulk of our carbon emissions, and therefore we will be focusing on what areas can provide significant reductions and how this can be achieved. Only in a collaborative approach with our suppliers can we set realistic goals for carbon reduction specific to the products we require for our business to function.

Social initiatives

As can be seen in our ESG report, social initiatives are important to the business. They are key to good corporate citizenship of our local communities, and in ensuring that team members remain fully engaged. 2024 saw the launch of an employee volunteering scheme, through which team members can volunteer for an approved organisation (for example, with a charity partner) on work time. Monitoring uptake of this new opportunity will allow us to track the success of our initiatives and of our internal communication strategies.

2025 and beyond

It is intrinsic to the activity of the Committee to be future-focused. More work on benchmarking, baselining and feeding the data into targets will continue in 2025. Further, as part of our three-year cycle, we are refreshing our double materiality assessment for ESG.

Marcia Bakker
Chair of the ESG Committee

Remuneration Committee report

Nigel Keen
Chair of the Remuneration Committee

Membership of the Remuneration Committee and meeting attendance

Name of Director	Meetings attended	Eligible to attend
Nigel Keen (Chair)	5	5
Stephanie Coxon	5	5
Ken Bradley	5	5
Marcia Bakker	5	5

Letter from the Chair of the Remuneration Committee

Dear Stakeholder,

I am pleased to present the Report of the Remuneration Committee for the year ended 31 December 2024. Alongside the Report, we are also presenting the new Remuneration Policy for 2025-2027. Both the Report and the new Remuneration Policy will be presented for an advisory vote to shareholders at the forthcoming Annual General Meeting. The advisory vote is in line with the standard of corporate governance expected of companies listed on the London Stock Exchange. As a Guernsey-incorporated company, PPHE Hotel Group is subject to the requirements of The Companies (Guernsey) Law, 2008.

2024 performance

The Group was pleased to report a solid performance against several of its key performance indicators in 2024, especially against a challenging macroeconomic and geopolitical backdrop. Our teams focused on continuing to provide an excellent guest experience, improving our operational performance, driving efficiencies and launching new properties from our pipeline, most notably art'otel London Hoxton. We expect to see the full fruits of this landmark investment project, as well as from our other recent investments and openings from 2025 onwards. Our exciting new and forthcoming openings in London and Rome are prestigious additions to the art'otel brand, and I would like to thank everyone in the Company for their focus and hard work in delivering these new projects as well as driving the day-to-day performance of our established properties.

Workforce remuneration

Remuneration decisions for executives are always made in the context of the Remuneration Committee's responsibility for oversight of remuneration across the workforce as a whole. The Company reviewed employee pay, and considered workforce pay increases. In addition, looking forward to 2025, a full regrading of employee pay to rationalise and simplify our structures is intended to lead to more transparent, fairer outcomes for everyone. More details on workforce pay are set out in the tables on page 146.

Considerations applicable to workforce pay assessment include ongoing inflation and cost-of-living pressures. These can vary in intensity across our markets but require us to focus on pay awards and other benefits available to lower-paid workers. Recruitment and retention across the spectrum remain a challenge in the hospitality industry, notably so in the UK, and our benchmarking and review exercised are intended to ensure that we are an attractive proposition, competitive and capable of fulfilling employee needs.

As well as pay, we also take seriously our responsibility to support team members with non-pay benefits. This takes a wellbeing-based approach and seeks to provide services aimed at the necessities of life. Benefithub, comprising online tools accessible to employees to assist them with accessing state benefits, debt counselling and financial wellbeing, is part of this, as well as more traditional forms of support, such as the provision of two meals a day to all employees, regardless of whether they are working that day, and support with travel to work. We are pleased that travel allowances in the Netherlands are at the maximum level permissible.

Our Annual Pay Review exercise analyses the UK and Netherlands as applicable comparator regions for executive pay, reflective of the structure of the Group. It requires us to look at local inflationary, legislative and market conditions, and make pay awards accordingly. In 2024, the UK government adjusted National Insurance payments for employers, which have increased the costs to the Company of employing team members. In the Netherlands, annual pay review increases are in line with collective labour agreements by law. Pay outcomes in each region for 2024 were as follows:

UK

Pay has been increased in line with the National Minimum Wage (NMW), with adjustments made for all pay bands in a decreasing scale. Employees currently paid the NMW received an increase of 9.5%. The average pay award across all brackets sits at **7.3%**.

Pay Bracket	Avg. % of Increase
<=30k	7.90%
>30k <=45k	6.50%
>45k <=60k	5%
>60k <=85k	3%
>85k	3%

Netherlands
Pay has been increased in line with the HORECA Collective Labour Agreement for 2024, with an average pay award of **10.2%**. Please see below the % increase per pay scale. Salaries for employees that are currently being paid above the salary scales received an increase of an average rate of 4%.

Function Group (Scale)	% of Increase
II	9.5%
III	10.5%
IV	12%
V	12%
VI	9%
VII – XI	8%

ESG
Year-on-year, the ways in which we are accountable to stakeholders for ESG performance are increasing. 2024 was the first year in which I served as a member of the ESG Committee of the Board, which is responsible for our oversight of our strategic objectives and targets. Stakeholder engagement increasingly focuses on ESG, and KPIs for this are being rolled out. Often, strong performance on vital ESG metrics such as carbon emissions goes hand-in-hand with operational cost minimisation, so both financial and ESG objectives are served by good performance in this area. More detail on carbon emissions is to be found in the ESG report and in the report of the ESG Committee.

Remuneration Policy implementation
The Committee has seen good performance with the majority of KPIs in 2024. The Committee recognises that the total reward package for executives is below its peer group; however, the Committee is comfortable that, in the circumstances, the total reward package is sufficiently incentivising to retain senior talent.
A detailed analysis of the implementation of the Policy is set out below.

Base salary
Base salaries for executive Board members were adjusted in 2023 and remained stable in 2024 with inflationary increases. Looking forward to 2025 (see the new Remuneration Policy on page 148), as of 1 April 2025, the President & Co-CEO will receive an increase of 2.7% in line with CPI. The Co-CEO and the CFO will each receive an increase of 2.5%. This is below the increase provided to the wider workforce.

The Remuneration Committee is satisfied that base pay for the Co-CEOs remains aligned with the wider market, and that therefore an increase to base pay is consistent with market benchmarking and the goal of retaining talent. By comparing base pay with comparable roles for executives, and with the workforce as a whole, the Committee has concluded that the base pay levels, as shown in the table below, are correct to ensure alignment with the workforce, with stakeholder feedback, and with the goal of retaining talent.

Year-on-year base salary figures:

	Boris Ivesha	Greg Hegarty	Daniel Kos
2023	550,000	496,125	479,736
2024	573,100	511,009	485,889
2025	588,574	523,784	498,036

Pension
Only base salary is pensionable. The Remuneration Committee has, year-on-year, sought to adjust historic pension arrangements to ensure that these are now fully aligned with governance requirements and with workforce pensions. Pensions are aligned with the workforce as a whole. Executive Directors' pension allowances are further governed by the local rules in the region of employment. Subject to these rules, they can be taken as a cash supplement or a contribution to the Group Personal Pension Plan or a combination of both.

In 2024, the pension contributions for the President & CEO and Co-CEO were 5% of their base salaries. Executive pension contributions are all aligned to or below the Group's wider workforce in the country of employment.

Average pension contributions for the wider workforce in the relevant regions were as follows:

UK	Netherlands
3%	8.4%

Annual bonus performance measures
The annual bonus for 2024 included a cash element and a share element, using the performance metrics outlined below. The cash bonus had a maximum entitlement of six monthly salaries.

Cash bonus
Financial metrics were revenue and gross operating profit with the executive achieving 94.5% on the revenue target and 95.9% on the GOP target. As a result, with the maximum potential of the financial criteria being 70% of the cash bonus, and based on the outcome, the Executives had been awarded 35% of the maximum cash bonus entitlement.

Non-financial metrics were targets of guest satisfaction and employee engagement. Guest satisfaction reached 87.8%, representing a continuing trend of year-on-year improvement since 2021. Employee engagement, reached 84.5%, again, representing year-on-year improvement since 2022. Please see page 39 for further information.

With the executives achieving 100% on guest satisfaction target and 100% on employee engagement target, entitling the executives to 15% of the maximum cash bonus entitlement.

The non-financial targets further comprised individual targets per executive as follows:

Personal targets of Boris Ivesha
- **Advancement of ESG Strategic Target Setting:** Lead the development and integration of a robust ESG framework, ensuring alignment with global sustainability standards, regulatory expectations, and investor priorities. This includes setting measurable ESG targets across operations, development, and supply chain initiatives.
- **Successful Co-CEO Transition:** Ensure a seamless leadership transition by maintaining business continuity, driving strategic initiatives, and fostering strong stakeholder engagement. Key objectives include knowledge transfer, leadership alignment, and maintaining investor confidence throughout the process.
- **Substantial Progress on Pending Planning Approvals:** Drive forward critical development projects by securing planning approvals in key markets, ensuring that regulatory milestones are met in a timely manner to enable future growth and expansion.
- **Expansion and Development of the art'otel Brand:** Accelerate the expansion and positioning of the art'otel brand across strategic locations, ensuring brand differentiation, operational readiness, and commercial success through effective partnerships and execution.

Personal targets of Greg Hegarty
- **Implementation of a New F&B Operating Model to Enhance Restaurant Performance:** Oversee the rollout of a refined food and beverage strategy aimed at optimizing restaurant operations, increasing profitability, and enhancing guest experience. This includes improving cost control measures, menu engineering, and operational efficiencies across the portfolio.
- **Reduction of Gas Consumption Across Hotel Operations:** Implement targeted initiatives to drive energy efficiency and sustainability in hotel operations, with a focus on reducing gas consumption through technology adoption, process optimization, and renewable energy solutions where feasible.
- **Strengthening Alignment and Efficiency Across Commercial Functions in the Hospitality Management Platform**: Enhance collaboration and integration across revenue management, sales, marketing, and digital functions to drive a more data-led, performance-driven commercial strategy that maximizes topline growth and profitability.
- **Successful Openings of the 2024 Pipeline:** Ensure the timely and seamless opening of new hotels in the 2024 pipeline, focusing on operational readiness, brand positioning, and commercial ramp-up to achieve strong early performance and guest satisfaction

Personal targets of Daniel Kos
- **Implementation of Real-Time Carbon Reporting Tools:** Develop and integrate a robust carbon tracking system to provide ongoing visibility into the company's environmental impact, enabling better decision-making and compliance with sustainability commitments.
- **Enhancing Operational Efficiency Through Robotics and AI in Finance:** Leverage automation, AI, and robotics to drive efficiency in the central finance function, streamlining processes such as accounts payable, revenue reconciliation, and forecasting to improve accuracy and reduce manual workload.
- **Optimizing Housekeeping Efficiencies to Lower Cost per Occupied Room:** Implement productivity-enhancing measures in housekeeping operations, including labor optimization, technology adoption, and process improvements to reduce costs while maintaining high service standards.
- **Successful Refinancing of the Dutch Facility:** Lead the refinancing strategy for the Dutch asset portfolio, securing favorable terms to optimize capital structure, enhance financial flexibility, and support long-term investment in key assets.

Share bonus
The 2024 annual bonus included a share element. This award will be granted following publication of the Report.

In total, the 2024 annual bonus for executives, including the cash and share elements, was within a range of 28% to 60% of base salary and well within the cap permitted under the Remuneration Policy.

The Group's annual bonus programme was well under the maximum amount permitted under the Remuneration Policy. Outcomes for each Director for 2024 were as follows:

	Boris Ivesha	Greg Hegarty	Daniel Kos
Cash award	160,538	160,538	160,538
Share award*	–	147,544	147,544
Total award	160,538	308,082	308,082

* Calculation is based on a three months average share price to on 31 December 2024 (£12.3 per share).

Long-Term Incentive Plan (LTIP)
No LTIP is awarded for the year.

After the balance sheet date, the 2022 awards have vested. The Committee recognises that the LTIP performance target in relation to the Total Shareholder Return (TSR), which equites to 50% of the awards (46,500 options), was not met during the performance period. However, after thorough consideration of the broader context, including macroeconomic challenges such as rising interest rates, inflationary pressures, and a volatile real estate environment, in 2025 the Committee concluded that it is appropriate to exercise discretion and grant the full LTIP allocation.

What follows is a full Report on remuneration in 2024, and Policy table for the new Remuneration Policy, which I very much look forward to presenting to shareholders at our Annual General Meeting for 2025.

Nigel Keen
Chair of the Remuneration Committee

Remuneration Report 2024

Remuneration Committee membership and meeting attendance

The Committee is composed of four independent Non-Executive Directors. No member of the Remuneration Committee is considered to have a personal financial interest in matters to be decided by the Committee. As the Chair, I satisfy the independence and service requirements of Provision 32 of the Corporate Governance Code.

The Co-CEOs, CFO and Chief Corporate & Legal Officer are invited to attend meetings as appropriate depending on the items on the agenda. The Committee considers their views when reviewing the remuneration of Executive Directors and other senior executives; however, no Directors are involved in the consideration of their own remuneration and only members of the Committee have the right to vote at Committee meetings.

The Committee seeks independent advice as appropriate.

Remuneration Committee activities and focus in 2024

Function	Actions in 2024

Remuneration Policy	• Drafted a new Remuneration Policy for advisory shareholder vote at 2025 AGM.
	• Implemented remuneration in line with Remuneration Policy, judging against the following criteria:
	  • Individual performance against targets set at beginning of 2024;
	  • Link to strategy;
	  • Overall performance of the business as a whole;
	  • ESG performance; and
	  • Stakeholder interest in long-term sustainable value creation.

Executive Director and senior management remuneration review	Review of Executive Director remuneration by assessing basic pay, pensions, benefits and other incentives against performance criteria and alignment to workforce, culture and objectives.
Set targets and incentive schemes	• Review of incentive schemes to ensure that outcomes are not formulaic, but appropriate to the objectives and to shareholder interest. • Set targets for 2025
Workforce remuneration and benefits policies	• Review of workforce remuneration with objective of ensuring that executive Director remuneration is properly aligned. • Review of workforce gender pay gap and senior executive to average worker pay ratios.

Role of the Remuneration Committee

The key responsibilities of the Committee are:

- putting in place and periodically reviewing the Policy for the remuneration of the Chairman, Executive Directors and senior management to ensure fair and responsible rewards and incentives with a clear and proportionate link to corporate and individual performance;
- ensuring that the Policy is clear, transparent, predictable, simple and therefore suitable for publication for the purpose of shareholder inspection and informing the advisory vote at the Annual General Meeting;
- within the terms of the Policy, determining the individual remuneration of each Executive Director and C-Suite, ensuring that implementation of the Policy does not create formulaic results, but that outcomes are instead clearly proportionate to objective performance and within the reasonable expectation of shareholders;
- reviewing remuneration levels, including pension arrangements, bonuses and other benefits across the Group to ensure alignment between executive remuneration and the workforce as a whole and between remuneration and creation of shareholder value;
- reviewing the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive Director remuneration;
- consulting with the CEO in setting the levels of remuneration for the C-Suite;
- approving the design of, and determining targets for and conditions attached to, any long-term incentive schemes operated by the Group, including pension arrangements, bonuses and other benefits; and
- the engagement and determining the independence of any external remuneration advice that might be considered necessary from time to time.

The Committee's terms of reference are annually reviewed to ensure compliance with the Code and ongoing strategic alignment with the Company, with the latest updated terms of reference approved in 2024 and available on our website.

Remuneration Policy 2022-2024

Introduction

The Policy under which executive Director remuneration was made in 2024 came into effect on 1 January 2022 for a period of three years. It was authorised by an advisory vote of shareholders at the Annual General Meeting in April 2022. In each year of its operation, the Committee has undertaken responsibility to keep the Policy under review and ensure that implementation is in line with the purpose of the Policy's design, and with the culture, values and strategy of the business. The Policy was designed with the interests of employees, shareholders and other stakeholders in mind, and was proposed mindful of the impact of the Company's operations on the community and the environment. The Committee and the Board considered the Company's reputation and relationships with the places in which the Company operates before proposing the Policy.

Purpose of the Policy

- Promote the long-term sustainable success of the Company and support its strategy
- Ensure that the Company's remuneration structures are aligned to the Company's purpose, strategy and entrepreneurial culture
- Provide an appropriate balance to utilise remuneration to attract, retain and motivate the Company's leadership to drive the strategic vision of the Group successfully

Policy table

(1) Base salary	**1. Purpose and link to strategy**
	To provide a market competitive salary that will retain, attract and incentivise executives with the right expertise who are instrumental in driving and growing the business and delivering the Company's strategic goals.
	2. Operation
	The salary payable to Executive Directors will normally be capped at the upper quartile of the relevant market benchmark for the role under review. This maximum salary represents the highest end of the range at which the Committee would expect the base salary to be set, rather than the actual amount to be paid. There is no separate cap on the annual increase to base salaries. However, the Committee will normally determine the appropriate level of increase for Executive Directors taking into account the general level of increase for the broader workforce, but on occasion may need to make a more significant increase to recognise additional responsibilities, or an increase in the scale or scope of the role.
(2) Benefits	**1. Purpose and link to strategy**
	To provide market competitive benefits consistent with role.
	2. Operation
	Benefits vary between regions and would typically include annual leave, wellbeing day, occupational sick pay, health screening, personal accident insurance, and participation in all employee share schemes. In the UK, these would include in addition medical insurance and life assurance, and in the Netherlands, car allowances. In line with business requirements, other expenses may be paid, such as relocation expenses, together with related tax liabilities.
	3. Maximum potential value
	We do not consider it appropriate to set a maximum benefits value as this may change periodically and by region.
(3) Pension	**1. Purpose and link to strategy**
	To attract and retain talent by enabling long-term pension saving.
	2. Operation
	Executives can choose to participate in a defined contribution arrangement or may receive a cash equivalent. A salary supplement may also be paid as part of a pension allowance arrangement.
4) Annual bonus plan	**1. Purpose and link to strategy**
	To incentivise and reward the delivery of near-term business targets and objectives.
	2. Operation
	The annual bonus scheme is a discretionary scheme and is reviewed prior to the start of each financial year to ensure that it appropriately supports the business strategy. Performance measures and stretching targets are set by the Committee. Bonuses are normally paid in cash but may also be awarded in deferred share awards. Actual bonus amounts are determined by assessing performance against the agreed targets typically after year end. The results are then reviewed by the Committee to ensure that any bonus paid accurately reflects the underlying performance of the business. Where share awards are granted as part of the annual bonus plan, they are held by the individual for one year subject to clawback provisions. Circumstances include: a material misstatement, serious misconduct, a material failure of risk management, restatement of prior year results, corporate failure, or serious reputational damage to any Group company.
	3. Maximum potential value
	150% of base salary.
	4. Performance metrics
	Performance measures are selected to focus executives on strategic priorities, providing alignment with shareholder interests and are reviewed annually. Weightings and targets are reviewed and set at the start of each financial year. The Committee may at its discretion adjust the outcome under the formulaic measures where it considers it is appropriate to do so to better reflect overall Company performance.

2022-2024 Remuneration Policy – continued

Policy table – continued

5) Long-term share incentive plan	**1. Purpose and link to strategy**
	The LTIP scheme adopted in 2022 allows for a framework for the award of market value options, salary-related options, deferred bonus awards and performance share awards to all employees. The long-term and phased vesting of these awards, along with the ability of the Committee to apply additional holding periods, are designed to: • drive and reward sustainable performance over the long term; • align the interests of executives and shareholders; and • support talent retention.
	2. Operation
	The LTIP allows for the award of the following options which are subject to the rules of the LTIP: • Market value options – options that are linked to the market value of the shares in the Company; • Salary-related options – whereby employees agree to a reduction in their base salary in exchange for the right to acquire shares at nil-cost. These options normally vest after 12 months subject to an additional six-month holding period;. • Performance share awards – options which are granted subject to specified performance targets. Notwithstanding the extent to which any performance target is satisfied, the number of vested award shares may be adjusted by the Committee to ensure that the number of vested award shares is appropriate taking into account the underlying business performance of the Group. These awards are subject to the rules of the scheme which may include: long-term vesting periods prescribed by the Committee upon grant; good-leaver and bad-leaver provisions allowing the Committee to exercise discretion as to when it might be appropriate for an award to vest in spite of the relevant employee leaving the Group; post vesting holding periods determined by the Committee at the time of the award; and share capital dilution limits. The plan allows dividends or dividend equivalents to accrue, subject to the Remuneration Committee's discretion.
	3. Maximum potential value
	The aggregate market value (as determined by the Committee at or prior to the award date) of shares in respect of which performance share awards and/or restricted stock awards are made to an employee in any financial year are capped at 150% of the employee's annual base salary at the award date.
	4. Performance metrics
	The performance measures applied to LTIP awards are reviewed annually to ensure that they remain relevant to strategic priorities and aligned to shareholder interests. Weightings and targets are reviewed and set prior to each award. Performance measures will include long-term performance targets, of which financial and/or share price-based metrics will comprise at least two-thirds of the award. Quantifiable non-financial metrics, key to business performance, will be used for any balance. Any material changes to the performance measures from year to year would be subject to prior consultation with the Company's controlling shareholders. The Committee may adjust the number of shares realised if it considers such adjustment is justified based on: (a) the performance of the Company, any business area or team; (b) the conduct, capability or performance of the participant; or (c) the occurrence of unforeseen events or of events outside the participant's control.

Notes to the Policy table

The Committee may make minor amendments to the Policy set out above (for regulatory, exchange control, tax or administrative purposes, or to take account of a change in legislation). As the Company is registered in Guernsey, shareholders' approval is not required in connection with the Policy.

The Executive Directors may request, and the Company may grant, salary and bonus sacrifice arrangements.

The LTIP rules permit the substitution or variance of performance conditions to produce a fairer measure of performance as a result of an unforeseen event or transaction. They include discretions for upwards adjustment to the number of shares to be realised in the event of a takeover, and scheme of arrangement or voluntary winding up.

Non-significant changes to the performance metrics may be made by use of discretion under the performance conditions. Awards are normally satisfied in shares, although there is flexibility to settle in cash.

The Committee reserves the right to make remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) that are not in line with the Policy table set out above where the terms of the payment were set out and approved prior to the date the Policy came into effect. For these purposes, 'payments' include the Committee determining and paying short-term and long-term incentive awards of variable remuneration.

Non-Executive Directors' fees

Base fee

The Non-Executive Director fees are decided by the Board in accordance with the Company's articles of incorporation. This fee is the same for each Non-Executive Director. The Committee approved an increase of 2.5% in line with the wider workforce in Q1 2025.

Chairman fee

The Chairman receives a set fee which is set by the Remuneration Committee and agreed by the Board. The Chairman's fee is determined by taking into account the time commitment and responsibilities of the role, as well as the role holder's skills, gravitas and qualifications to lead the Board. No Director may participate in the decision-making relating to their own remuneration.

Additional fees

Non-Executive Directors are paid a set additional fee for being Senior Independent Director, a member of a Board Committee and for chairing a Board Committee. This fee is the same for each Non-Executive Director, with exception of the Deputy Chair, who attracts an additional fee for the role, and the Senior Independent Director who attracts an additional fee for the role.

Appointment term and other matters

The Non-Executive Chairman was appointed to a term ending at the Annual General Meeting in 2028. All other Non-Executive Directors are appointed to terms ending at the Annual General Meeting in 2028 (all are subject to annual re-election), unless terminated sooner.

All Directors retire and are offered re-election each year at the Annual General Meeting.

Non-Executive Directors are not entitled to bonuses, benefits or pension scheme contributions or to participate in any share scheme operated by the Company.

In addition to any remuneration payable, a Non-Executive Director may be paid reasonable travel, hotel and other expenses properly incurred in discharging the Director's duties.

Fees cease immediately in the event the Non-Executive Director ceases to be a Director.

Directors are entitled to the benefits afforded by the Group's Directors and Officers Insurance.

The maximum potential value is prescribed by the Articles of Association of the Company.

Term and termination

- Boris Ivesha has a contract which may be terminated on 12 months' notice by the Group or on six months' notice by Boris Ivesha.
- Daniel Kos has a contract which may be terminated on six months' notice by the Group or on three months' notice by Daniel Kos.
- Greg Hegarty has a contract which may be terminated on 12 months' notice by the Group or on six months' notice by Greg Hegarty. There are provisions for earlier termination by the Group in certain specific circumstances.
- Each Non-Executive Director has specific terms of appointment. The Chairman's letter of appointment provides for an indefinite term terminable on three months' prior notice by either side or immediately upon the Board passing a resolution to remove the Chairman as a Director.
- The Non-Executive Directors' terms of appointment currently end at the Annual General Meeting held in 2025.
- All the Non-Executive Directors' appointment letters (including the Chairman's) are subject to termination by either side on three months' notice.
- Other than salary and benefits in relation to the notice period, the letters of appointment contain provisions for termination by the Group in certain specific circumstances. The letters of appointment are available for inspection at the Company's registered office.

Dates of the Directors' service contracts are as follows:

Director	Date of appointment	Term of appointment	Subject to annual re-election	Notice period
Eli Papouchado	26-Jun-07	Indefinite	Yes	3 months
Boris Ivesha	14-Jun-07	Indefinite	Yes	12 months from Group; 6 months from Boris Ivesha to the Group
Daniel Kos	27-Feb-18	Indefinite	Yes	6 months from Group; 3 months from Daniel Kos to the Group
Greg Hegarty	23-May-23	Indefinite	Yes	12 months from Group; 6 months from Greg Hegarty to the Group
Ken Bradley	04-Sep-19	Annual General Meeting 2028	Yes	3 months
Nigel Keen	20-Feb-20	Annual General Meeting 2028	Yes	3 months
Stephanie Coxon	07-Aug-20	Annual General Meeting 2028	Yes	3 months
Marcia Bakker	06-Dec-22	Annual General Meeting 2028	Yes	3 months

The Executive Directors' service contracts do not contain specific provision for compensation in the event of removal at an Annual General Meeting. In the event of early termination, some Directors may be eligible for payments in lieu of notice. When determining exit payments, the Committee would take account of a variety of factors, including individual and business performance, the obligation for the Director to mitigate loss (for example, by gaining new employment), the Director's length of service and any other relevant circumstances, such as ill health. A departing Director may also be entitled to a payment in respect of statutory rights. The Committee would distinguish between types of leaver in respect of incentive plans. 'Good leavers' (death, ill health, agreed retirement, redundancy or any other reason at the discretion of the Committee) may be considered for a bonus payment having completed the full year, and part-year bonus payments may be paid and LTIP awards may vest at the usual time taking into account performance conditions and pro-rating for time in employment during the performance period, unless the Committee determines otherwise.

The LTIP rules include discretion, in exceptional circumstances, for acceleration of the realisation date and upwards adjustment to the number of shares to be realised for 'good leavers' in such a situation. In all other leaver circumstances, the Committee would decide the approach taken, which would ordinarily mean that leavers would not be entitled to consideration for a bonus and LTIP awards would lapse. Any vested LTIP award that is subject to a holding period at the time of the executive's cessation of employment will not lapse except in the case of the executive's gross misconduct. The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment.

In addition, the Committee reserves the right, acting in good faith, to pay fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his or her cessation of office or employment.

The appointment of each of the Non-Executive Directors is for an initial period of three years, or for the period between the date of appointment and the Annual General Meeting in 2024, whichever is the shorter. The appointment of each Non-Executive Director is renewable for further terms, and is terminable by the Non-Executive Director (as applicable) or the Company on three months' notice. No contractual payments would be due on termination. There are no specific provisions for compensation on early termination for the Non-Executive Directors, with the exception of entitlement to compensation equivalent to three months' fees (as applicable) or, if less, the balance of appointment, in the event of removal at an Annual General Meeting.

Reward packages for new Executive Directors will be consistent with the above Remuneration Policy. Fixed remuneration elements would be paid only from the date of employment and any bonus will be pro-rated to reflect the proportion of the year employed to the maximum stated in the Policy table.

The Committee retains discretion to make appropriate remuneration decisions outside the standard Remuneration Policy to meet the individual circumstances when an interim appointment is made to a fill an Executive Director role on a short-term basis. For Non-Executive Directors, the Board would consider the appropriate fees for a new appointment taking into account the existing level of fees paid to the Non-Executive Directors, the experience and ability of the new Non-Executive Director and the time commitment and responsibility of the role.

2024 Remuneration Report

This Report will be submitted alongside the accompanying 2025-2027 Remuneration Policy for an advisory vote of shareholders at the Annual General Meeting taking place in 2025.

We believe that the Remuneration Policy works to ensure that the Company is able to attract, retain and correctly incentivise management. Its framework ensures the long-term success of the Company, and encourages actions which align with the purpose, values and culture of the Company.

Feedback on remuneration from shareholders is a prime concern for the Remuneration Committee. Considerations relevant in 2025 are likely to be:

(1) the stabilisation of the newly opened hotels in the portfolio;

(2) macroeconomic conditions including inflation and energy costs; and

(3) year-on-year ESG data reporting allowing KPIs.

The remuneration in 2024 was awarded in accordance with the Remuneration Policy approved at the 2022 AGM (see above). The Committee is satisfied that the implementation of the Policy indicates the correct operation of the decision-making processes of the Committee.

Single total figure of remuneration (audited)

The following table sets out the details of all Directors' remuneration for the financial year ending 31 December 2024. Figures for 2023 are included for comparison.

Total remuneration for PPHE Hotel Group Board in 2024[1]

		Base salary and fees[2]		Bonus[3]		Pension contributions		LTIP[4]		Other benefits		Total	
Name	Position	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Boris Ivesha	President & Co-CEO	**573,100**	550,000	**160,538**	157,500	**28,655**	27,500	–	–	**17,116**	15,135	**779,409**	750,135
Greg Hegarty	Co-CEO	**511,009**	496,125	**308,082**	157,500	**25,550**	23,625	**270,497**	–	**4,521**	3,860	**1,119,659**	681,110
Daniel Kos	CFO	**485,889**	479,736	**308,082**	157,500	**19,283**	16,076	**270,497**	–	**–**	–	**1,083,751**	653,312
Eli Papouchado	Non-Executive Chairman	**250,000**	200,000	N/A	–	N/A	–	N/A	N/A	N/A	N/A	**250,000**	200,000
Ken Bradley	Non-Executive Deputy Chair	**87,000**	62,158	N/A	–	N/A	–	N/A	N/A	N/A	N/A	**87,000**	62,158
Nigel Keen	Senior Independent Director	**72,000**	61,300	N/A	–	N/A	–	N/A	N/A	N/A	N/A	**72,000**	61,300
Stephanie Coxon	Non-Executive Director	**65,000**	59,900	N/A	–	N/A	–	N/A	N/A	N/A	N/A	**65,000**	59,900
Marcia Bakker	Non-Executive Director	**65,000**	59,900	N/A	–	N/A	–	N/A	N/A	N/A	N/A	**65,000**	59,900
Kevin McAuliffe	Former Non-Executive Deputy Chairman	–	39,656	–	–	–	–	–	–	–	–	–	39,656
	Total	**2,108,998**	2,008,775	**776,702**	472,500	**73,488**	67,201	**540,994**	–	**21,637**	18,995	**3,521,819**	2,567,471

Notes

1. All fees are shown in GBP. Daniel Kos's salary is paid in EUR, and converted for comparison purposes at a rate of €1.18:£1.
2. Base salary / fees represent all amounts received by the Director from the Company for the financial year.
3. Figure includes the share element of the annual bonus which was calculated using the 3 months average price to 31 Dec 2024
4. Figure includes the full LTIP for performance in 2022-2024 which was as calculated using the 3 months average price to 31 Dec 2024.

2024 Bonus outcomes

Annual bonus performance measures

The annual bonus for 2024 included a cash element and a share element, using the performance metrics outlined below.
The cash bonus had a maximum entitlement of six monthly salaries.

Cash bonus

Financial metrics were revenue and gross operating profit, with the executive Directors achieving 94.5% on the revenue target and 95.9% on the GOP target. As a result, with the maximum potential of the financial criteria being 70% of the cash bonus, and based on the outcome, the executives had been awarded 35% of the maximum cash bonus entitlement.

Non-financial metrics were the annual improvement of guest rating score and employee engagement KPIs. Further details of these, including the methodology and outcome for 2024 and previous years, are included on page 39. The executives achieved 100% on both targets, entitling the executives to 15% of the maximum cash bonus entitlement.

The non-financial targets further comprised individual targets per executive as follows:

Personal targets of Boris Ivesha

- Progress on ESG strategic target setting
- Successful Co-CEO transition
- Substantial progress on pending planning approvals
- Substantial progress on art'otel brand development and roll out

Personal targets of Greg Hegarty

- Implementation of new Food & Beverage model to improve performance of restaurants
- Reduction of gas consumption in the hotels
- Creating further alignment and efficiency between commercial functions in the hospitality management platform
- Successful openings of 2024 pipeline

Personal targets of Daniel Kos

- Implementation of reporting tools for constant carbon reporting
- Enhancement of efficiency by implementing robotics and AI throughout centralised finance function
- Improvement of housekeeping efficiencies to reduce cost per occupied room
- Successful refinancing of the Dutch facility

Overall, in terms of non-financial metrics, the Executive Directors achieved 100%, which has awarded them 30% of the maximum bonus entitlement.

Share bonus

The 2024 annual bonus included a share element. This award will be granted following publication of the Report.

In total, the 2024 annual bonus for executives, including the cash and share elements, was within a range of 28% to 60% of base salary and well within the cap permitted under the Remuneration Policy.

The Group's annual bonus programme was well under the maximum amount permitted under the Remuneration Policy. Outcomes for each Director for 2024 were as follows:

	Boris Ivesha	Greg Hegarty	Daniel Kos
Cash award	160,538	160,538	160,538
Share award*	–	147,544	147,544
Total award	160,538	308,082	308,082

* Calculation is based on a three months average share price to on 31 December 2024 (£12.3 per share).

2024 LTIP outcomes

No LTIP awards were made in 2024.

The Committee granted an LTIP award in June 2022, subject to the rules of the Long-Term Incentive Plan, and within the framework set by the Policy. The award was subject to performance metrics based on Total Shareholder Return (TSR) and adjusted EPRA earnings per share*. The award carried a three-year vesting period, which matured in December 2024, and two-year holding requirement. As a significant shareholder in the Company, Boris Ivesha waived his entitlement to participate in the 2022 LTIP. Daniel Kos, the CFO and Greg Hegarty, Co-CEO, were each awarded a conditional LTIP award of 22,000 NIL Price Options.

The Committee recognises that the LTIP performance targets, particularly TSR, were not met in full during the performance period. However, after thorough consideration of the broader context, including macroeconomic challenges such as rising interest rates, inflationary pressures, and a volatile real estate environment, the Committee believes it is appropriate to exercise discretion and grant the full LTIP allocation.

Despite these external headwinds, the Company has delivered a strong operational performance, achieving EPRA EPS of 1.18 compared with the target of 1.25 and demonstrating resilience in its strategic execution. Furthermore, the Company's re-entry into the FTSE 250 and the EPRA Index, alongside its top quartile performance within the REITs peer group, highlights its significant progress in enhancing shareholder value and market positioning. The Committee is confident that this decision reflects the exceptional efforts of the management team and appropriately rewards their leadership during an extraordinarily challenging period, ensuring alignment with long-term stakeholder interests.

TSR benchmark group

Our unique business model in owning and operating our hotels makes us both a real estate and a hospitality business. For this reason, the Committee developed a specific benchmark for remuneration purposes. The Committee uses a blend of listed companies in the hospitality management and hotel real estate sectors and as peer comparators as well as hotel businesses in order to ensure that our asset-holding real estate business model and our hotel operations business model are properly reflected in our comparator group.

Comparator Group

Name	Ticker	Market	Sector
PPHE Hotel Group	PPH-GB	UK	Leisure & Hospitality
Dalata	DAL-GB	UK	Leisure & Hospitality
InterContinental Hotels Group	IHG-GB	UK	Leisure & Hospitality
Whitbread	WTB-GB	UK	Leisure & Hospitality
Accor	AC-FR	France	Leisure & Hospitality
NH Hotel Group	NHH-ES	Spain	Leisure & Hospitality
Melia Hotels International	MEL-ES	Spain	Leisure & Hospitality
Pandox	PNDX.B-SE	Sweden	Leisure & Hospitality
Scandic Hotels Group	SHOT-SE	Sweden	Leisure & Hospitality
Aroundtown	AT1-DE	Germany	Leisure & Hospitality
Marriot	MAR-US	USA	Leisure & Hospitality
Hilton	HLT-US	USA	Leisure & Hospitality
Wyndham Hotels	WH-US	USA	Leisure & Hospitality
Choice Hotels International	CHH-US	USA	Leisure & Hospitality
Hyatt Hotels	H-US	USA	Leisure & Hospitality
Ashford Hospitality Trust	AHT-US	USA	REIT
Host Hotels & Resorts	HST-US	USA	REIT
Park Hotels & Resorts	PK-US	USA	REIT
Apple Hospitality	APLE-US	USA	REIT
Pebblebrook Hotel Trust	PEB-US	USA	REIT
RLJ Lodging Trust	RLJ-US	USA	REIT
Sunstone Hotel Investors	SHO-US	USA	REIT
Diamondrock Hospitality	DRH-US	USA	REIT
Summit Hotel Properties	INN-US	USA	REIT
Chatham Lodging Trust	CLDT-US	USA	REIT
Braemar Hotels & resorts	BHR-US	USA	REIT
Hersha Hospitality Trust	HT-US	USA	REIT

Stakeholder engagement

The Committee is obliged to consider shareholder interest in making the awards set out above. Further, workforce engagement in remuneration practices is a requirement of strong corporate governance. The ratio of total Co-CEO Remuneration to those of average employees is set out using quartile comparators:

Salary of the Co-CEOs compared with average UK workforce remuneration

Calculated as the ratio between the average of both Co-CEO's remuneration to the 50th percentile.	Total remuneration of President & Co-CEO Boris Ivesha	Total remuneration of Co-CEO Greg Hegarty	Average UK employee (25th percentile)	Average UK employee (50th percentile)	Average UK employee (75th percentile)
Total	779,409	1,119,659	26,077	31,467	40,470
Ratio of mean of Co-CEOs' total remuneration to average UK employee	–	–	36.4:1	30.2:1	23.5:1

Additional disclosures

Directors and Company Secretary share interests

Name	Shares beneficially owned as at 31 December 2024	Shares beneficially owned as at 31 December 2023	Options fully vested to acquire shares as at 31 December 2024	Conditional LTIP share awards subject to performance conditions
Boris Ivesha	**4,636,974**	4,636,974	–	–
Greg Hegarty	–	–	**27,308**	22,000
Daniel Kos	**30,000**	30,000	–	22,000
Eli Papouchado	**13,760,260**	13,760,260	–	–
Ken Bradley	–	–	–	–
Nigel Keen	–	–	–	–
Stephanie Coxon	–	–	–	–
Marcia Bakker	–	–	–	–

Shares beneficially owned include those of connected persons and include shares held in trust, which are subject to deferral or holding periods.

Relative spend on pay

The following table shows the Group's aggregate actual spend on pay (for all employees) and dividends in respect of the current and previous financial year.

	2024	2023	Change
Dividend	**15,544,953**	11,896,668	**30.7%**
Aggregate employee remuneration	**150,147,075**	136,547,587	**10.0%**

Percentage change in remuneration

The following analysis summarises the annual change in remuneration for each individual Director over five years in comparison to the annual change in average employee remuneration.

Directors' remuneration	2021v2020[3]	2022v2021	2023v2022	2024v2023	2024 total
Executive Directors					
Boris Ivesha[1]	29%	2%	33%	**3.9%**	**779,409**
Daniel Kos[2]	3%	164%	34%	**65.9%**	**1,083,751**
Greg Hegarty	N/A	N/A	N/A	**64.4%**	**1,119,659**
Non-Executive Directors					
Eli Papouchado	33%	0%	0%	**25.0%**	**250,000**
Ken Bradley	32%	8%	4%	**40.0%**	**87,000**
Nigel Keen	54%	5%	0%	**17.5%**	**72,000**
Stephanie Coxon	218%	8%	0%	**8.5%**	**65,000**
Marcia Bakker	N/A	N/A	N/A	**8.5%**	**65,000**
Kevin McAuliffe	29%	0%	60%	**N/A**	**N/A**
Nigel Jones	100%	N/A	N/A	**N/A**	**N/A**
Dawn Morgan	100%	N/A	N/A	**N/A**	**N/A**

Notes to the table:
1: Boris Ivesha waived his rights for annual bonus in years 2019-2022.
2: In 2022, the annual bonus of the CFO included a 23,000 share award. 2024 figure includes the LTIP for 2022-2024 and the share bonus.
3: In 2020, under pandemic conditions, the Directors sacrificed a portion of their salary and were not entitled to variable benefits.

Additional payments to Directors and past Directors

No payments to past Directors were made in 2024. There were no payments for loss of office in 2024.

The Committee is grateful to shareholders for their confidence in our work and decision-making. We are, as always, committed to full shareholder engagement and transparency in our approach to our work.

Remuneration Committee and advisers

The Co-CEOs and the Company Secretary attended Committee meetings at the invitation of the Committee Chair (but were not present for discussions on their own remuneration).

The members of the Committee have no financial interest and no potential conflicts of interest, other than as shareholders, in the matters to be decided and no day-to-day involvement in the running of the business.

In carrying out its duties, the Committee considers any relevant legal requirements, the recommendations in the UK Corporate Governance Code and the Listing Rules of the London Stock Exchange and associated guidance and investor guidelines on executive remuneration. In 2024, the Committee did not seek external support from remuneration consultants or advisers.

The Board approves the remuneration of the Non-Executive Directors.

Remuneration Policy 2025-2027

Introduction

This Policy has been prepared by the Committee in 2024, and is proposed to apply for three years commencing on 1 January 2025. As a Guernsey-registered company, PPHE Hotel Group is not subject to the Companies Act 2006 in the UK. It is our intention to seek advisory shareholder approval for the Policy at the 2025 Annual General Meeting.

This Policy is designed to maximise openness and transparency with regard to remuneration. It is the Committee's responsibility to ensure that implementation of the Policy is not simply formulaic. Committee members individually and collectively exercise their independent judgment and discretion to ensuring that, in any given year, appropriate consideration is given to the performance of the business and other relevant circumstances in determining remuneration. Other relevant considerations for the Remuneration Committee include:

- the impact of the Company's strategy and operations on the community and the environment;
- the Company's reputation and relationships in its locations of operation;
- shareholder and investor feedback on previous Remuneration Reports;
- The remuneration of the business's workforce as a whole;
- ensuring that management incentives support the long-term, sustainable success of the business;
- alignment to Company purpose and values;
- the business's need to recruit and retain talent; and
- ensuring that remuneration is in line with shareholder expectation and market practice.

Creating the new Policy

The Remuneration Committee has dedicated time in its meetings throughout 2024 to designing a Policy that promotes the interests of employees, shareholders and other stakeholders.

In designing the Remuneration Policy, no external third parties were required.

Conflict of interest management

In line with the requirements of the UK Corporate Governance (the 'Code') published in 2024 no individual is permitted to participate in decision-making regarding their own remuneration outcome.

Executive Director remuneration

The elements of the remuneration package which may apply to Executive Directors are:

(1) base salary;
(2) benefits;
(3) pension;
(4) annual bonus; and
(5) Long-Term Incentive Plan ('LTIP').

Policy table

Purpose, link to strategy and operation	Maximum opportunity	Performance metrics
(1) Base salary		
Salary shall be market competitive, and shall serve the purpose of retaining talent, and, where necessary, attracting new talent to roles. Skills, length of service, experience and wider workforce alignment shall be relevant considerations when determining the fixed portion of executives' remuneration.	A cap shall be applied in line with the upper quartile of the relevant market benchmark for the role. This cap shall be a maximum figure, and not reflect the actual amount to be paid. The level of increase applied annually to base salary shall be determined by the Committee at its discretion; however, annual increases for executives ought to be transparently in line with increases applicable to the wider workforce, with any deviation from this explained in the appropriate report of the Remuneration Committee. Circumstances that might require the Committee to apply an increased base salary greater than that applied to the workforce as a whole include an increase in the scale or scope of a role.	There shall be no performance metrics applied to base salary.

Policy table – continued

Purpose, link to strategy and operation	Maximum opportunity	Performance metrics
(2) Benefits		
Benefits shall be consistent with market practice, and competitive for the purpose of attracting and retaining talent. Benefits typically include annual leave above statutory requirements, wellbeing days, sick pay and other health benefits, car allowance and insurance. Benefits may be an annual component of executive remuneration, such as employee share schemes, or ad-hoc payments related to business strategy, for example relocation expenses. In order to ensure alignment with the workforce, benefits may vary from region to region.	We do not consider it appropriate to set a maximum benefits value as this may change periodically and by region. Access to employee share schemes is on the same basis as for the leadership team.	There shall be no performance metrics applied to benefits.
(3) Pension		
Accrual of pension savings is in line with attraction and retention of talent. Executives can choose to participate in a defined contribution arrangement, or may receive a cash equivalent. A salary supplement may also be paid as part of a pension allowance arrangement.	Pension contributions might vary by region. Pension allowances shall align to workforce contributions based on place of employment. Only basic salary shall be pensionable.	There shall be no performance metrics applied to pensions.
(4) Annual bonus plan		
Annual bonuses shall incentivise and reward performance on near-term strategic targets and business performance overall. Bonuses shall be discretionary, and based on performance against agreed targets set at the beginning of the financial year. The Committee shall determine if any bonus shall be payable by reviewing performance against targets after year end. The Committee shall exercise discretion in making payments based on the overall performance of the business. Where share awards are granted as part of the annual bonus plan, they normally vest on the first anniversary of grant and are subject to clawback provisions within three years of the individual becoming entitled to the shares. Circumstances include: a misstatement of financial results, miscalculation of the number of shares awarded, corporate failure, gross misconduct or serious reputational damage to any Group company. These provisions also applied in the previous reporting period.	150% of base salary.	Performance measures are selected to focus executives on strategic priorities, providing alignment with shareholder interests, and are reviewed annually. Weightings and targets are reviewed and set at the start of each financial year. The Committee may at its discretion adjust the outcome under the formulaic measures where it considers it is appropriate to do so to better reflect overall Company performance.

Policy table – continued

Purpose, link to strategy and operation	Maximum opportunity	Performance metrics
(5) Long-term share incentive plan		
The LTIP scheme is designed to provide a framework for the award of the following to all employees, including executives: • Performance share awards (granted subject to specified performance targets); • Restricted share awards; • Deferred bonus awards; and • Market value share options (share options linked to the market value of the Company shares). The Committee imposes long-term holding and phased vesting conditions to awards. The LTIP contains malus and clawback provisions. Incentive awards awarded under the LTIP scheme may be cancelled (prior to vesting), reduced, or clawed back for three years post vesting in the event of a misstatement of financial results, miscalculation of the number of shares awarded, corporate failure, gross misconduct or serious reputational damage to any Group company. These provisions also applied in the previous reporting period. The Committee may adjust the number of shares realised if it considers in its discretion that such adjustment is justified, based on factors such as: (a) ensuring that the number of shares is reflective of the underlying business performance of the Company, any business area or team; (b) the conduct, capability or performance of the participant; or (c) wider circumstances. The rules of the award scheme provide for: • long-term vesting periods; • post vesting holding periods (determined by the Committee at the time of the award); • good leaver and bad leaver provisions allowing the Committee to ensure that the vesting of awards suitably reflects the purpose of long-term talent retention; and • share-capital dilution limits. Dividend equivalents may accrue subject to the discretion of the Remuneration Committee.	Performance related awards and/or restricted stock awards are capped at 200% of base salary as calculated by assessment of the aggregate market value of the shares calculated by the Committee at the time of or prior to the award date.	Performance targets are measured annually to ensure that they correctly incentivise behaviours in line with the strategy, and are appropriate, with due regard to shareholder interest. Weightings and targets are set at the beginning of the financial year, and performance is assessed against them prior to any award being made. A minimum of two-thirds of performance metrics refer to share price and/or financial targets (for example, Total Shareholder Return (TSR)). Quantifiable non-financial targets (such as those related to ESG performance) shall form part of the metrics of performance. The Company's controlling shareholders retain a right of consultation on any year-on-year material changes to performance metrics. The Committee will consider the Group's overall performance before determining the final vesting level. The Committee retains discretion to adjust the vesting level to ensure that it is appropriately aligned to the underlying financial or non-financial performance of the participant or the Group over the relevant period. Committee discretion also exists to ensure that total remuneration is appropriate in the event of unexpected or unforeseen circumstances unknown when the targets were set.

Notes to the Policy table

- The Committee may make minor amendments to the Policy set out above (for regulatory, exchange control, tax or administrative purposes, or to take account of a change in legislation). As the Company is registered in Guernsey, shareholders' approval is not required in connection with the Policy.
- The LTIP rules permit the substitution or variance of performance conditions to produce a fairer measure of performance as a result of an unforeseen event or transaction. They include discretions for upwards adjustment to the number of shares to be realised in the event of a takeover, and scheme of arrangement or voluntary winding up.
- Non-significant changes to the performance metrics may be made by use of discretion under the performance conditions. Awards are normally satisfied in shares, although there is flexibility to settle in cash.
- The Committee reserves the right to make remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) that are not in line with the Policy table set out above where the terms of the payment were set out and approved prior to the date the Policy came into effect. For these purposes, 'payments' include the Committee determining and paying short-term and long-term incentive awards of variable remuneration.

Non-Executive Directors' fee

Base fee

The Non-Executive Director fees are decided by the Board in accordance with the Company's articles of incorporation. This fee is the same for each Non-Executive Director.

Chairman fee

The Chairman receives a set fee which is set by the Remuneration Committee and agreed by the Board. The fees for the Chairman and are reflective of his experience and skills, as well as the time commitment and responsibilities of these roles. No Director may participate in the decision-making relating to their own remuneration.

Additional fees

Non-Executive Directors are paid a set additional fee for being Senior Independent Director, a member of a Board Committee and for chairing a Board Committee.

This fee is the same for each Non-Executive Director, with exception of the Chairman (see above) and the Senior Independent Director, who attracts an additional fee for the role.

Appointment term and other matters

- The Non-Executive Chairman and all other Non-Executive Directors are appointed to terms ending at the Annual General Meeting in 2028 (all are subject to annual re-election), unless terminated sooner.
- All Directors retire and are offered re-election each year at the Annual General Meeting.
- Non-Executive Directors are not entitled to bonuses, benefits or pension scheme contributions or to participate in any share scheme operated by the Company.
- In addition to any remuneration payable, a Non-Executive Director may be paid reasonable travel, hotel and other expenses properly incurred in discharging the Director's duties.
- Fees cease immediately in the event the Non-Executive Director ceases to be a Director.
- Directors are entitled to the benefits afforded by the Group's Directors and Officers Insurance.

Maximum potential value

Prescribed by the Articles of Association of the Company.

Term and termination

The Executive Directors' service contracts do not contain specific provision for compensation in the event of removal at an Annual General Meeting.

In the event of early termination, some Directors may be eligible for payments in lieu of notice. When determining exit payments, the Committee would take account of a variety of factors, including individual and business performance, the obligation for the Director to mitigate loss (for example, by gaining new employment), the Director's length of service and any other relevant circumstances, such as ill health. A departing Director may also be entitled to a payment in respect of statutory rights. The Committee would distinguish between types of leaver in respect of incentive plans. 'Good leavers' (death, ill health, injury or disability, redundancy, the employing company leaving the Group, agreed retirement, termination by the employer other than due to poor performance or misconduct or any other reason at the discretion of the Committee) may be considered for a bonus payment having completed the full year, and part-year bonus payments may be paid and LTIP awards may vest at the usual time taking into account performance conditions and pro-rating for time in employment during the performance period, unless the Committee determines otherwise.

The LTIP rules include discretion, in exceptional circumstances, for acceleration of the realisation date and upwards adjustment to the number of shares to be realised for 'good leavers' in such a situation. In all other leaver circumstances, the Committee would decide the approach taken, which would ordinarily mean that leavers would not be entitled to consideration for a bonus and LTIP awards would lapse. Any vested LTIP award that is subject to a holding period at the time of the executive's cessation of employment will not lapse except in the case of the executive's gross misconduct. The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment. In addition, the Committee reserves the right, acting in good faith, to pay fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his or her cessation of office or employment.

The appointment of each of the Non-Executive Directors is for the period between the date of appointment and the Annual General Meeting in 2028 (subject to annual re-election at each Annual General Meeting). The appointment of each Non-Executive Director is renewable for further terms, and is terminable by the Non-Executive Director (as applicable) or the Company on three months' notice. No contractual payments would be due on termination. There are no specific provisions for compensation on early termination for the Non-Executive Directors, with the exception of entitlement to compensation equivalent to three months' fees (as applicable) or, if less, the balance of appointment, in the event of removal at an Annual General Meeting.

Reward packages for new Executive Directors will be consistent with the above Remuneration Policy. Fixed remuneration elements would be paid only from the date of employment and any bonus will be pro-rated to reflect the proportion of the year employed. The maximum level of variable remuneration is as stated in the Policy table.

The Committee retains discretion to make appropriate remuneration decisions outside the standard Remuneration Policy to meet the individual circumstances when an interim appointment is made to a fill an Executive Director role on a short-term basis. For Non-Executive Directors, the Board would consider the appropriate fees for a new appointment taking into account the existing level of fees paid to the Non-Executive Directors, the experience and ability of the new Non-Executive Director and the time commitment and responsibility of the role.

Directors' report

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2024.

The Strategic Report and Directors' report together are the Management Report for the purposes of Rule 4.1.8R of the DTR. Section 248(2) of The Companies (Guernsey) Law, 2008 (the 'Guernsey Law') requires the principal activities to be stated in the Directors' report. The following matters have been included in the Strategic Report but are incorporated by reference into this Directors' report.

Appointment and replacement of Directors

Pursuant to the Articles, the Board has the power to appoint any person to be a Director. All Directors are required to submit to annual election by shareholders at the Annual General Meeting. At every Annual General Meeting, a minimum of one-third of the Directors (or the number nearest to and less than one-third in the event that the number of Directors is not three or any multiple of three) shall retire from office. If there are fewer than three Directors on the board, they shall all retire. No person, other than a Director retiring at a general meeting, shall, unless recommended by the Directors, be eligible for election at a general meeting as a Director unless notice has been received from such person. In accordance with the Code and good Corporate Governance practice, the entire Board will stand for re-election at the forthcoming Annual General Meeting.

Topic	Section of the report	Page
Fair view of the Company's business	Strategic Report	28
Principal risks and uncertainties	Risk management	90
Strategy	Strategic Report	28
Business model	Strategic Report	36
Important events impacting the business	Strategic Report, Chairman's statement, Co-CEOs Review	14,18,50
Likely future developments	Strategic Report	28
Financial key performance indicators	Key performance indicators	38
Non-financial key performance indicators	Environmental, Social and Governance	68
Environmental matters	Environmental, Social and Governance	68
Company's employees	Stakeholder engagement, Environmental, Social and Governance	65
Social, community and human rights issues	Stakeholder engagement, Environmental, Social and Governance	76
s.172 and relationship with suppliers, customers and others	Stakeholder engagement, Introduction to governance	66, 103
Greenhouse gas emissions	Environmental, Social and Governance	87

The following matters have been included in the corporate governance report but are incorporated by reference into this Directors' report.

Directors' induction and training	Nomination Committee report	121
Diversity report of Board membership (ethnicity and gender)	Nomination Committee report	123

Pursuant to the Articles, Euro Plaza Holdings B.V. ('Euro Plaza') may:

- nominate two Non-Executive Directors to the Board for so long as Euro Plaza and its associates directly or indirectly control at least 30% of the issued shares in the Company; and
- nominate one Non-Executive Director to the Board for so long as Euro Plaza and its associates control at least 10% but less than 30% of the issued shares of the Company.

This power was exercised on 9 January 2025 to appoint Roni Hirsch as Non-Executive Director.

Pursuant to the Articles, Boris Ivesha may nominate one Non-Executive Director to the Board for so long as he and his associates directly or indirectly control at least 10% of the issued shares in the Company. The shareholders may, by ordinary resolution, resolve to remove any Director before the expiration of his or her period of office and appoint a replacement Director.

Share capital

The issued share capital of the Company together with the details of the movements in the Company's share capital during the year are shown in Note 10 to the consolidated financial statements.

Shares

There is currently only one class of share in issue (being ordinary shares) which all carry the same rights as one another. There are no shares in the Company which carry special rights with regard to control of the Company.

The following limitations on voting rights of shareholders apply:

- The Board may suspend the voting rights attached to any shares owned directly, indirectly or beneficially by a Non-Qualified Holder (as defined in the Articles); and
- The Directors may at any time make calls upon the shareholders in respect of any unpaid shares. No shareholder is entitled to vote unless all calls due from him or her have been paid.

The following deadlines for exercising voting rights apply:

- A written resolution will state a date by which the resolution must be passed. Guernsey Law imposes a default lapse date of 28 days from circulation of the written resolution if no lapse date is specified; and
- In the case of resolutions passed at general meetings of shareholders, voting rights may only be exercised at the time the resolution is proposed at the meeting.

Any arrangements by which the financial rights to shares are held by a person other than the registered shareholder would be by agreement between the shareholder and the beneficiary. The Company is not obliged to recognise any such trust arrangements and shall pay any dividends to the registered shareholder.

With the prior approval of the shareholders by ordinary resolution, the Board may exercise all powers of the Company to allot and issue, grant rights to subscribe for, or to convert any securities into, an unlimited number of shares of each class in the Company. Unless such shares are to be wholly or partly paid otherwise than in cash or are allotted or issued pursuant to an employee share scheme, any shares to be allotted and issued must first be offered to the existing shareholders on the same or more favourable terms.

The Company may from time to time acquire its own shares subject to the requirements of UK and Guernsey legislation (for example, the Guernsey Law), the UK Listing Rules the UK Market Abuse Regulation and the Takeover Code (the 'UK Law'). Prior approval of any share buy-back by way of ordinary resolution of the shareholders is required by UK Law and a certification by the Board that the Company satisfies the solvency test set out in UK Law.

Articles

The Articles may be amended at any time by passing a special resolution of the shareholders pursuant to the Guernsey Law. A special resolution is passed by a majority of not less than 75% of the votes of the shareholders entitled to vote and voting in person or by attorney or by proxy at a meeting or by 75% of the total voting rights of eligible members by written resolution.

Substantial share interest

This table shows shareholders holding 5% or more of the issued share capital (excluding treasury shares) as at 31 December 2024. No further interests have been disclosed to the Company in accordance with DTR 5 in the period between the end of the financial year and 31 January 2025.

Number of issued shares	44,347,410
Shares held in treasury by the Group	2,558,086
Number of issued shares (excluding treasury)	41,789,324

Concert Party member	Number of Ordinary Shares	Percentage of the issued Ordinary share capital (excluding treasury shares)
Boris Ivesha	4,636,974	11.10%
Red Sea Parties	13,760,260	32.93%
Euro Plaza	12,207,843	29.21%
Red Sea Club Limited	22,417	0.05%
AA Papo Trust Company Limited[1]	1,530,000	3.66%
Total	**18,397,234**	**44.02%**

1 A.A. Papo Trust Company Limited is the trustee of a second endowment created by Eli Papouchado under Israeli law in 2008. Eli Papouchado was the owner of these Ordinary Shares and granted those shares to the second endowment in 2015. The primary beneficiary of the second endowment is Eli's daughter, Eliana, and the secondary beneficiaries are Eli Papouchado and his divorcee, Sigal Gross.

Shareholder	Number of Ordinary Shares	Percentage of the issued Ordinary share capital (excluding treasury shares)
Aroundtown Property Holdings	3,270,345	7.83%
Clal Insurance Enterprises Holdings	3,493,945	8.36%
Harel Insurance Investments and Financial Services	3,811,757	9.12%

Controlling shareholders

The Company's immediate controlling shareholders are Euro Plaza Holdings B.V. and Boris Ivesha. Euro Plaza is ultimately controlled by Eli Papouchado, acting in his capacity as trustee of an endowment created under Israeli law (the 'Endowment').

The Company has entered into separate relationship agreements with:

(i) Euro Plaza and Eli Papouchado (acting in his capacity as trustee of the Endowment); and

(ii) Boris Ivesha, which as a concert party hold 43.25% of the issued share capital of the Company.

The Company has complied with (i) the undertakings in UK Listing Rule 6.2.5R; and (ii) UKLR6.6.1R(13) whereby the Company continues to comply with the requirement in UKLR6.2.3R (carrying on its main business activity independently from the controlling shareholders).

In accordance with the relationship agreements entered into the Company's controlling shareholders, each of Euro Plaza and Boris Ivesha is entitled to appoint representatives to the Board of the Company.

DTR disclosures

The Articles may be amended at any time by passing a special resolution of the shareholders pursuant to the Guernsey Law. A special resolution is passed by a majority of not less than 75% of the votes of the shareholders entitled to vote and voting in person or by attorney or by proxy at a meeting or by 75% of the total voting rights of eligible members by written resolution.

Eli Papouchado is deemed to be interested in 13,760,260 ordinary shares, which constitutes 32.93% of the issued share capital (excluding treasury shares) of the Company:

- 12,207,843 ordinary shares held by Euro Plaza;
- Euro Plaza is an indirect wholly owned subsidiary of A.P.Y. Investments & Real Estate Ltd ('APY'). 98% of the shares in APY are held by Eli Papouchado;
- 22,417 ordinary shares held by Red Sea Club Limited, a subsidiary of APY; and
- 1,530,000 ordinary shares held by A.A. Papo Trust Company Limited, which is wholly owned by Eli Papouchado.

Boris Ivesha holds 4,636,974 ordinary shares, which constitutes 11.10% of the issued share capital (excluding treasury shares) of the Company.

Eli Papouchado, Euro Plaza, APY and A.A. Papo Trust Company Limited and other parties related to him (together, the 'Red Sea Parties') and Boris Ivesha and other parties related to him (together, the 'Ivesha Parties') are a party to a shareholders agreement dated 14 March 2013 (as amended from time to time) (the 'Shareholders Agreement').

Pursuant to the Shareholders Agreement, it has been agreed that for so long as, inter alia, the combined interests of the Ivesha Parties and the Red Sea Parties in the Company are not less than 30% and the Red Sea Parties' interest in the Company is at least 20% of the share capital then in issue (excluding, in both cases, shares held in treasury), on any shareholder resolution all shares held by the Ivesha Parties shall be voted in a manner which is consistent with the votes cast by, or on behalf of, the Red Sea Parties in respect of that resolution. As a result, the Red Sea Parties are all considered to be interested in the shares in which the Ivesha Parties are interested.

Rule	Disclosure
DTR 4.1.11R(6)	As announced to the market on 9January 2025, Eli Papouchado stepped down from the Board, and Roni Hirsch was appointed to the Board as Non-Executive Director as a representative of Euro Plaza, with Ken Bradley succeeding Eli Papouchado as Chairman of the Board.
DTR 4.1.11R(1)	Likely future developments are announced in the Strategic Report, including information on pipeline on page 31.
DTR 4.1.11R(2)	Details of the Share Buy-Back programme in place during 2024 are provided on p.155.
DTR 4.1.11R(5)	The worldwide operations of PPHE Hotel Group are set out on p.8.
DTR7.2.1R	Details of the Corporate Governance Code are set out on p. 103.
DTR 7.2.8	Pursuant to DTR 7.2.8, the annual review of the Board Diversity Policy is found in the report of the Nomination Committee at page 123.

Article 19 of the Market Abuse Regulation

The interests of each Director disclosed to the Company under Article 19 of the Market Abuse Regulation as at the end of the financial year are set out above and on pages 104-105. There have been no changes in the interests of each Director in the period between the end of the financial year and 31 January 2025.

Share repurchase

At the Annual General Meeting ('AGM') held on 22 May 2024, the Company obtained shareholder authorisation for the buy-back of up to 2,118,165 ordinary shares of nil par value, being approximately 10% of the issued share capital of the Company (the 'Buy-Back Authority'). This authority renewed and replaced the authority granted at the AGM held on 23 May 2023. The Buy-Back Authority will expire 15 months after the resolution was passed on 22 May 2024 unless modified or terminated earlier by shareholder vote at a general meeting.

During the period 1 January 2024 to 31 December 2024, a total of 616,966 shares were purchased.

UK Listing Rule 6.6.4R

The following table is disclosed pursuant to UK Listing Rule 6.6.4R. The table sets out only those sections of Listing Rule 6.6.1R which are applicable to the Company.

The information required to be disclosed can be located in the Annual Report at the references set out below:

Section	Information	Location
3	Details of long-term incentive schemes	Note 11 to the consolidated financial statements
9	Contracts of significance	Note 12 to the consolidated financial statements
10	Provision of services by a controlling shareholder	Note 28 to the consolidated financial statements
13	Controlling shareholder statement	Directors' report

Environmental, Social and Governance reporting

UK Streamlined Energy and Carbon Reporting

In line with market practice for UK listed businesses, our Streamlined Energy and Carbon Reporting, UK Scope 1, Scope 2 and Scope 3 emissions, intensity ratio and yearly comparisons are provided in the ESG Report at page 87, including information as to quantification and reporting methodology.

TCFD

The Company has included in its annual financial report climate-related financial disclosures consistent with the TCFD Recommendations and Recommended Disclosures. In accordance with UK Listing Rule 6.6.6(8)R, the TCFD Report on pages 84 of this Annual Report and Accounts document represents the disclosure required under the TCFD recommendations.

Energy efficiency action

For energy efficiency actions, please see the ESG section (including the TCFD Report) on page 88.

Auditors

Brightman Almagor Zohar & Co. (a Firm in the Deloitte Global Network) have acted as auditors in the 2024 financial year before the issue of a new audit tender. This is the first year of appointment for this auditor. The Audit Committee report sets out the appointment and onboarding process on page 128. These processes are in line with the Financial Reporting Council's document 'Audit Committees and the External Audit: Minimum Standard', which was published in 2023. The re-appointment of the auditors will be included in the agenda of the Company's Annual General Meeting.

Going concern

The Board has an obligation under the Code to state whether it believes that the Company and the Group will be able to continue in operation and meet their liabilities as they fall due over a specified period determined by the Board, taking account of the current position and the principal and emerging risks of the Company and the Group. The Board believes it is taking all appropriate steps to support the sustainability and growth of the Group's activities The Viability Statement on page 100 and the report of the Audit Committee contain the necessary information to determine viability over a three-year time horizon.

In determining the assumptions used in cash flow forecasts, the Directors considered various third party market predictions and considered the current principal and emerging risks facing the Group while focusing specifically on macro-economic market disruptions and inflation, and the impact this could have on future performance and liquidity of the Group. Based on these cash flow forecasts, the Directors confirm they have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements. This, taken together with their conclusions in Note 1 to the consolidated financial statements, has led the Directors to conclude that it is appropriate to prepare the 2024 consolidated financial statements on a going concern basis.

Financial risk management objectives and policies

The consolidated financial statements include the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk.

Directors' responsibilities

The Directors are required to prepare the Annual Report and the consolidated financial statements for each financial year to give a true and fair view of the state of affairs of the Company and the undertakings included in the consolidation taken as a whole as at the end of the financial year, and of the profit or loss for that year. In preparing the consolidated financial statements, the Directors should:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the consolidated financial statements. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the consolidated financial statements have been properly prepared in accordance with applicable Guernsey laws and such UK laws and regulations as are applicable. The Directors are responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' declaration

So far as each of the Directors, who is a Director at the time the Directors' Report is approved, is aware, there is no relevant audit information of which the Company's auditors are unaware and each has taken all the steps he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' responsibility statement

Each of the Directors named on pages 104-105 as of the time of the publication confirms to the best of his or her knowledge that:

(i) the consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole;

(ii) the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face, and provides information necessary for shareholders to assess the Company's performance, business model and strategies; and

(iii) the Directors consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Signed on behalf of the Board by

Boris Ivesha
President & Chief Executive Officer

26 February 2025

Greg Hegarty
Co-CEO & Executive Director

26 February 2025

Daniel Kos
Chief Financial Officer & Executive Director

26 February 2025

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of PPHE Hotel Group Limited

Opinion

We have audited the consolidated financial statements of PPHE Hotel Group Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the financial position of the Group as at 31 December 2024 and of its financial performance and its cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRS® Accounting Standards) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey)Law, 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), including the UK FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter

Impairment of property, plant, and equipment and right of use assets

The Group is an international hospitality real estate entity that owns, co-owns, leases and develops hotels, resorts, and campsites. The carrying value of property, plant, and equipment and right-of-use assets as at 31 December 2024 was £1,421,376K and £225,265K, respectively.

As noted in Note 2(d) and 2(k), property, plant, and equipment and right-of-use assets are measured at cost, less accumulated depreciation and impairment losses. For the results of management's impairment testing of property, plant, and equipment as of 31 December 2024 refer to Note 4b.

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. The Group engages independent external experts to perform property valuations.

The impairment assessment process requires management to make judgments and consider factors related to historical experience, market conditions, and property-specific information available at the time of the assessment. Performing audit procedures to evaluate the reasonableness of such information involved a high degree of auditor judgment and an increased extent of effort. As such we have identified impairment of property, plant, and equipment and right-of-use assets as a key audit matter.

How our audit addressed the matter

Our audit procedures included among others:

- Understanding management's process for identifying indicators of impairment of property, plant, and equipment and right-of-use assets and for performing their impairment assessment and related valuations;
- Obtaining the third-party valuations for properties with impairment indicators and with the assistance of our valuation experts testing the data used in the valuation. Our focus included evaluating the methodology used, reviewing the reasonableness of key assumptions, including capitalisation rates, revenue and expense growth rates, and discount rates.
- Testing the details and mathematical accuracy of the valuations.
- Evaluating the adequacy of the Group's disclosures in relation to property, plant and equipment and right-of-use assets.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of PPHE Hotel Group Limited – continued

Other Matter
The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on 28 February 2024.

Other Information
The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the consolidated financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
Pursuant to Section 9.8.10 (1) and (2) of the Listing Rules of the Financial Conduct Authority, we were engaged to review management's statement pursuant to Section 9.8.6 R (6) of the Listing Rules of the Financial Conduct Authority that relate to provisions 6 and 24 to 29 of the UK Corporate Governance Code and the Management Board's statement pursuant to Section 9.8.6 R (3) of the Listing Rules in the United Kingdom in the financial year 2024 included in the Viability statement on page 100 and in the section Going concern on page 155. We have no exceptions to report.

The engagement partner on the audit resulting in this independent auditor's report is Ronen Cohen.

Ronen Cohen

Ronen Cohen
(For and on behalf of Brightman Almagor Zohar & Co., a Firm in the Deloitte Global Network)

Tel Aviv, Israel

26 February 2025

Consolidated statement of financial position as at 31 December 2024

	Note	As at 31 December 2024 £'000	2023 £'000
Assets			
Non-current assets:			
Intangible assets	3	**7,632**	10,665
Property, plant and equipment	4	**1,421,376**	1,412,830
Right-of-use assets	17	**225,265**	229,215
Investment in joint ventures	5	**8,233**	5,438
Other non-current assets	6	**46,993**	39,646
Restricted deposits and cash	12(b)	**5,826**	10,385
Deferred income tax asset	25	**12,890**	13,833
		1,728,215	1,722,012
Current assets:			
Restricted deposits and cash	12(b)	**16,602**	6,909
Inventories		**2,703**	3,288
Trade receivables	7	**18,712**	17,880
Other receivables and prepayments	8	**17,683**	23,260
Cash and cash equivalents	9	**113,225**	150,416
		168,925	201,753
Total assets		**1,897,140**	1,923,765

	Note	As at 31 December 2024 £'000	2023 £'000
Equity and liabilities			
Equity:	10		
Issued capital		**–**	–
Share premium		**134,472**	133,469
Treasury shares		**(14,519)**	(6,873)
Foreign currency translation reserve		**4,862**	13,903
Hedging reserve		**9,995**	7,801
Accumulated earnings		**177,874**	166,281
Attributable to equity holders of the parent		**312,684**	314,581
Non-controlling interests		**213,374**	216,592
Total equity		**526,058**	531,173
Non-current liabilities:			
Borrowings	13	**805,057**	845,199
Provision for concession fee on land	14	**4,995**	5,233
Financial liability in respect of Income Units sold to private investors	15	**110,565**	114,287
Other financial liabilities	16	**277,878**	280,200
Deferred income taxes	25	**5,192**	5,878
		1,203,687	1,250,797
Current liabilities:			
Trade payables		**9,088**	14,809
Other payables and accruals	18	**77,720**	79,149
Borrowings	13	**80,587**	47,837
		167,395	141,795
Total liabilities		**1,371,082**	1,392,592
Total equity and liabilities		**1,897,140**	1,923,765

The accompanying notes are an integral part of the consolidated financial statements. Date of approval of the consolidated financial statements: 26 February 2025. Signed on behalf of the Board by Boris Ivesha and Daniel Kos.

Boris Ivesha
President &
Chief Executive Officer

Daniel Kos
Chief Financial Officer &
Executive Director

Consolidated income statement for the year ended 31 December 2024

	Note	As at 31 December 2024 £'000	2023 £'000
Revenues	19	**442,787**	414,598
Operating expenses	20	**(303,988)**	(284,090)
EBITDAR		**138,799**	130,508
Rental expenses	17	**(2,336)**	(2,332)
EBITDA		**136,463**	128,176
Depreciation and amortisation	3, 4, 17	**(47,083)**	(45,068)
EBIT		**89,380**	83,108
Financial expenses	21	**(42,634)**	(36,145)
Financial income	22	**5,226**	4,758
Other expenses	23(a)	**(13,243)**	(13,046)
Other income	23(b)	**5,048**	4,416
Net expenses for financial liability in respect of Income Units sold to private investors	24	**(12,896)**	(14,156)
Share in results of joint ventures	5	**(268)**	(113)
Profit before tax		**30,613**	28,822
Income tax expense	25	**(2,881)**	(1,677)
Profit for the year		**27,732**	27,145
Profit (loss) attributable to:			
Equity holders of the parent		**28,206**	22,415
Non-controlling interests		**(474)**	4,730
		27,732	27,145
Basic earnings per share (in Pound Sterling)	26	**0.67**	0.53
Diluted earnings per share (in Pound Sterling)	26	**0.66**	0.53

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2024

	As at 31 December	
	2024 £'000	2023 £'000
Profit for the year	**27,732**	27,145
Other comprehensive income (loss) Items that may be reclassified subsequently to profit or loss:[1]		
Profit (loss) from cash flow hedges	**4,315**	(5,007)
Foreign currency translation adjustments of foreign operations	**(14,344)**	(8,463)
Other comprehensive loss	**(10,029)**	(13,470)
Total comprehensive income	**17,703**	13,675
Total comprehensive income (loss) attributable to:		
Equity holders of the parent	**21,238**	13,812
Non-controlling interests	**(3,535)**	(137)
	17,703	13,675

1 There is no other comprehensive income that will not be reclassified to the profit and loss in subsequent periods.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2024

In £'000	Issued capital[1]	Share premium	Treasury shares	Foreign currency translation reserve	Hedging reserve	Accumulated earnings	Attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance as at 1 January 2024	**–**	**133,469**	**(6,873)**	**13,903**	**7,801**	**166,281**	**314,581**	**216,592**	**531,173**
Profit (loss) for the year	**–**	**–**	**–**	**–**	**–**	**28,206**	**28,206**	**(474)**	**27,732**
Other comprehensive income (loss) for the year	**–**	**–**	**–**	**(9,159)**	**2,191**	**–**	**(6,968)**	**(3,061)**	**(10,029)**
Total comprehensive income (loss)	**–**	**–**	**–**	**(9,159)**	**2,191**	**28,206**	**21,238**	**(3,535)**	**17,703**
Share-based payments	**–**	**1,389**	**–**	**–**	**–**	**88**	**1,477**	**72**	**1,549**
Share buy-back	**–**	**–**	**(7,864)**	**–**	**–**	**–**	**(7,864)**	**–**	**(7,864)**
Dividend distribution[2]	**–**	**–**	**–**	**–**	**–**	**(15,549)**	**(15,549)**	**–**	**(15,549)**
Dividend paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,452)**	**(1,452)**
Exercise of options	**–**	**(386)**	**218**	**–**	**–**	**–**	**(168)**	**–**	**(168)**
Transactions with non-controlling interests (see Note 5)	**–**	**–**	**–**	**118**	**3**	**(1,152)**	**(1,031)**	**1,697**	**666**
Balance as at 31 December 2024	**–**	**134,472**	**(14,519)**	**4,862**	**9,995**	**177,874**	**312,684**	**213,374**	**526,058**
Balance as at 1 January 2023	–	133,177	(5,472)	20,039	10,950	156,364	315,058	188,187	503,245
Profit for the year	–	–	–	–	–	22,415	22,415	4,730	27,145
Other comprehensive loss for the year	–	–	–	(6,027)	(2,576)	–	(8,603)	(4,867)	(13,470)
Total comprehensive income (loss)	–	–	–	(6,027)	(2,576)	22,415	13,812	(137)	13,675
Share-based payments	–	442	–	–	–	93	535	87	622
Share buy-back	–	–	(1,621)	–	–	–	(1,621)	–	(1,621)
Dividend distribution[2]	–	–	–	–	–	(11,897)	(11,897)	–	(11,897)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	(1,436)	(1,436)
Exercise of options	–	(150)	220	–	–	–	70	–	70
Transactions with non-controlling interests (see Note 5)	–	–	–	(109)	(573)	(694)	(1,376)	29,891	28,515
Balance as at 31 December 2023	–	133,469	(6,873)	13,903	7,801	166,281	314,581	216,592	531,173

1 No par value.
2 The dividend distribution comprises a final dividend for the year ended 31 December 2023 of 20.0 pence per share (31 December 2022: 12.0 pence per share) and an interim dividend of 17.0 pence per share paid in 2024 (2023: 16.0 pence per share).

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flows for the year ended 31 December 2024

	Note	As at 31 December 2024 £'000	2023 £'000
Cash flows from operating activities:			
Profit for the year		**27,732**	27,145
Adjustment to reconcile profit to cash provided by operating activities:			
Financial expenses and expenses for financial liability in respect of Income Units sold to private investors	21,24	**55,530**	50,301
Financial income	22	**(5,226)**	(4,758)
Income tax expense	25	**2,881**	1,677
Loss on buy-back of Income Units sold to private investors	23	**1,486**	3,266
Re-measurement of lease liability	23	**3,984**	3,852
Revaluation of Park Plaza County Hall London Units	23	**(450)**	(1,600)
Capital loss on sale of fixed assets, net	23	**195**	29
Share in results of joint ventures	5	**268**	113
Share appreciation rights revaluation	23, 5(b)(i)	**767**	(2,816)
Fair value movement derivatives through profit and loss	23	**(4,299)**	4,553
Depreciation and amortisation	3, 4, 17	**47,083**	45,068
Share-based payments		**1,549**	622
		103,768	100,307
Changes in operating assets and liabilities:			
Decrease (increase) in inventories		**468**	(152)
Increase in trade and other receivables		**(5,694)**	(1,803)
Increase (decrease) in trade and other payables		**(6,002)**	1,795
		(11,228)	(160)
Cash paid and received during the period for:			
Interest paid		**(54,710)**	(50,104)
Interest received		**4,837**	3,721
Taxes paid		**(2,436)**	(2,558)
		(52,309)	(48,941)
Net cash provided by operating activities		**67,963**	78,351

	Note	As at 31 December 2024 £'000	2023 £'000
Cash flows from investing activities:			
Investments in property, plant and equipment	4	**(74,075)**	(115,090)
Investments in intangible assets	3	**(280)**	(779)
Disposal of property, plant and equipment and intangible assets	3,4	**328**	–
Loan to joint venture		**(2,984)**	(888)
Decrease (increase) in restricted cash		**(5,572)**	960
Net cash used in investing activities		**(82,583)**	(115,797)
Cash flows from financing activities:			
Proceeds from loans and borrowings		**46,668**	65,265
Buy-back of Income Units previously sold to private investors		**(5,287)**	(5,609)
Proceeds (payment) of derivatives	29(c)	**1,481**	(4,080)
Dividend payment		**(15,549)**	(11,897)
Dividend payment by a subsidiary to non-controlling shareholders		**(1,452)**	(1,436)
Repayment of loans and borrowings		**(41,147)**	(31,717)
Repayment of leases		**(4,162)**	(4,095)
Proceeds from transactions with non-controlling interest		**10,444**	22,489
Payments in relation to transactions with non-controlling interests		**(2,734)**	(1,018)
Purchase of treasury shares		**(7,864)**	(1,621)
Exercise of options settled in cash		**(167)**	70
Net cash (used in) provided by financing activities		**(19,769)**	26,351
Decrease in cash and cash equivalents		**(34,389)**	(11,095)
Net foreign exchange differences		**(2,802)**	(2,078)
Cash and cash equivalents at beginning of year		**150,416**	163,589
Cash and cash equivalents at end of year		**113,225**	150,416
Non-cash items:			
Lease additions and lease re-measurement		**5,938**	11,166
Outstanding payable on investments in property, plant and equipment		**8,077**	13,934
Receivables in respect of transaction with non-controlling interests		**–**	7,044

The accompanying notes are an integral part of the consolidated financial statements.

Notes to consolidated financial statements for the year ended 31 December 2024

Note 1 General

The consolidated financial statements of PPHE Hotel Group Limited (the 'Company') and its subsidiaries (together, the 'Group') for the year ended 31 December 2024 were authorised for issuance in accordance with a resolution of the Directors on 26 February 2025.

The Company was incorporated in Guernsey on 14 June 2007 and is listed on the Premium Listing segment of the Official List of the UK Listing Authority (UKLA) and the shares are traded on the Main Market for listed securities of the London Stock Exchange.

Contact details of the Group can be found on the final page of these financial statements.

a. Description of the Group business:
The Group is an international hospitality real estate group, which owns, co-owns and develops hotels, resorts and campsites, operates the Park Plaza® brand in EMEA and owns and operates the art'otel® brand.

The Group has interests in hotels in the United Kingdom, the Netherlands, Germany, Hungary, Serbia, Italy and Austria and hotels, self-catering apartment complexes and campsites in Croatia.

b. Assessment of going concern and liquidity:
As part of their ongoing responsibilities, the Directors have recently undertaken a thorough review of the Group's cash flow forecast and potential liquidity risks. Detailed budgets and cash flow projections, which take into account the current trading environment and the industry-wide cost pressures, have been prepared for 2025 and 2026, and show that the Group's hotel operations are expected to be cash generative during this period. Furthermore, under those cash flow projections it is expected that the Group will comply with its loan covenants. Having reviewed those cash flow projections, the Directors have determined that the Company is likely to continue in business for at least 12 months from the date of approval of the consolidated financial statements.

Note 2 Accounting policies

a. Basis of preparation
The consolidated financial statements of the Group have been prepared on a historical cost basis, except for derivative financial instruments, income units in Park Plaza County Hall London and investments in marketable securities which are measured at fair value. The consolidated financial statements are presented in Pound Sterling and all values are rounded to the nearest thousand (£'000) except where otherwise indicated.

Statement of compliance
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS® Accounting Standards), which comprise standards and interpretations issued by the International Accounting Standards Board (IASB) and International Financial Reporting Standards Interpretations Committee (IFRIC) as adopted by the European Union.

The accounting policies used in preparing the consolidated financial statements are set out below. These accounting policies have been consistently applied to the periods presented, except where otherwise indicated.

b. Significant accounting judgements, estimates and assumptions
The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Financial liability in respect of Income Units sold to private investors
In 2010, the construction of Park Plaza London Westminster Bridge was completed and the hotel opened to customers. Out of 1,019 rooms, 535 rooms ('Income Units') were sold at that time to private investors under 999-year lease agreements. The sales transactions are accounted for as a transaction in which the investors, in return for the upfront consideration paid (which is accounted for as financial liability) for the Income Units, receive 999 years of net income from a specific revenue-generating portion of an asset (contractual right to a stream of future cash flows) (see more details in Note 2(e)).

Management applied the following professional judgement in determining the accounting treatment for the amounts received upfront.

As the liability to pay future cash flows includes a component that is based on the future net operating income (NOI) generated by the room, management considered whether this component meets the definition in IFRS 9 of an embedded derivative which needs to be accounted for separately. According to IFRS 9, if the changes in value arise from a non-financial variable that is specific to a party to the contract, then the component does not meet the definition of a derivative. As the NOI is generated by a specific room and the NOI can be affected by non-financial factors, management concluded that this component does not meet the definition of an embedded derivative.

Based on its analysis of IFRS 9 and relevant professional publications, management considers a floating-rate liability as an instrument with variable cash flow amounts arising from changes in market variables. Due to the variability of the periodic NOI cash flows, which reflect primarily market conditions such as occupancy and the price charged for the room, management views the liability in respect of Income Units as a floating-rate financial liability. Pursuant to IFRS 9.B5.4.5 in respect of floating-rate financial instruments, changes in future estimated cash flows from the Income Units are recognised prospectively in the period in which they occur. As the Group is not exposed to any risk nor receives any benefit in respect of future changes in NOI, management is of the view that the application of IFRS 9.B5.4.5 is the appropriate accounting treatment. It also faithfully represents the substance of the transaction from which it has arisen and reflects the economics of the transaction with the investors in the Income Units.

Estimates and assumptions
Management did not identify any critical estimates included in the Group's consolidated financial statements for which there is a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

c. Foreign currency translation
The functional currency of the Company is Pound Sterling. The consolidated financial statements are also presented in Pound Sterling.

Each entity of the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency exchange differences in respect of loans denominated in foreign currency which were granted by the Company to its subsidiaries are reflected in the foreign currency translation reserve in equity, as these loans are, in substance, a part of the Group's net investment in the foreign operation.

The following exchange rates in relation to Pound Sterling were prevailing at reporting dates:

	As at 31 December	
	2024 In Pound Sterling	2023 In Pound Sterling
Euro	**0.830**	0.869
Hungarian Forint	**0.002**	0.002
US Dollar	**0.797**	0.786

Percentage increase (decrease) in exchange rates at year end compared with the previous year:

	As at 31 December	
	2024 In % versus Pound Sterling	2023 In % versus Pound Sterling
Euro	**(4.5)**	(1.8)
Hungarian Forint	**(11.1)**	2.8
US Dollar	**1.4**	(5.2)

d. Property, plant and equipment
Property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Depreciation is calculated using the straight-line method, over the shorter of the estimated useful life of the assets which are mainly as follows:

	Years
Hotel buildings	50 to 95
Furniture and equipment	2 to 25

e. Impairment of non-financial assets
At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the asset is considered impaired and the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

f. Financial instruments
i) Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost or fair value through profit or loss.

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in two categories:

- financial assets at amortised cost (debt instruments); and
- financial assets at fair value through profit or loss.

Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid investments with a maturity of three months or less, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Financial assets at amortised cost (debt instruments)
The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective of holding financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables and loans to joint ventures.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement.

This category includes derivative instruments, investments in money market funds and Income Units in Park Plaza County Hall London (Note 6).

Impairment of financial assets
For trade receivables the Group applies a simplified approach in calculating the expected credit loss (ECL). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, as measured at amortised cost (borrowings and payables) or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, lease liabilities and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liability in respect of Income Units sold to private investors
In 2010, the construction of Park Plaza London Westminster Bridge was completed and the hotel opened to paying customers. Out of 1,019 rooms, 535 rooms were sold at that time to private investors under 999-year lease agreements. The sales transactions are accounted for as a transaction in which the investors, in return for the upfront consideration paid (which is accounted for as financial liability) for the Income Units, receive 999 years of net income from a specific revenue-generating portion of an asset (contractual right to a stream of future cash flows). The amounts received upfront are accounted for as a floating rate financial liability pursuant to IFRS 9. B5.4.5 and are being recognised as income over the term of the lease (i.e. 999 years). Changes in future estimated cash flows from the Income Units are recognised prospectively in the period in which they occur. Since November 2014, the Company has bought back 92 Income Units from private investors. Upon buy-back of a unit, the financial liability relating to that unit is derecognised and any difference between the purchase price and the liability derecognised is recorded in profit and loss.

The entire hotel is accounted for at cost less accumulated depreciation.

The replacement costs for the Income Units are fully reimbursed by the private investors. An amount of 4% of revenues is paid by the investors on an annual basis ('FF&E reserve') and is accounted for in profit and loss. The difference between the actual depreciation cost and the FF&E reserve is a timing difference which is recorded in the statement of financial position as a receivable or liability to the investor in each respective year.

Modification
When the group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised as profit or loss in the income statement.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

g. Inventories
Inventories include china, food and beverages and are valued at the lower of cost and net realisable value. Cost includes purchase cost on a first-in, first-out basis.

h. Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the income statement.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument in a cash flow hedge is recognised directly in other comprehensive income, while the ineffective portion is recognised in profit or loss. Amounts taken to other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised.

i. Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Owned, co-owned and leased hotels
Revenues are primarily derived from hotel operations, including the rental of rooms, food and beverage sales and other services from owned, co-owned and leased hotels operated under the Group's brand names. Revenue is recognised when rooms are occupied, food and beverages are sold and services are performed.

Campsites and mobile homes
Revenues are primarily derived from short-term rentals of campsite pitches and mobile homes operated under the Group's brand names. Revenue is recognised when campsite pitches and/or mobile homes are occupied.

Management fees
Management fees are earned from hotels managed by the Group, under long-term contracts with the hotel owner. Management fees include a base fee, which is generally a percentage of hotel revenue, and an incentive fee, which is based on the hotel's profitability. Revenue is recognised when earned and realised or realisable under the terms of the agreement.

Franchise and reservation fees
Franchise and reservation fees are received in connection with a licence of the Group's brand names, under long-term contracts with the hotel owner. The Group charges franchise and reservation fees as a percentage of hotel revenue. Revenue is recognised when earned and realised or realisable under the terms of the agreement.

Marketing fees
Marketing fees are received in connection with the sales and marketing services offered by the Group, under long-term

contracts with the hotel owner. The Group charges marketing fees as a percentage of hotel revenue. Revenue is recognised when earned and realised or realisable under the terms of the agreement.

Customer loyalty programme
The Group participates in the Radisson Rewards™ customer loyalty programme to provide customers with incentives to buy room nights. This customer loyalty programme is owned and operated by the Radisson Hotel Group and therefore the entity retains no obligations in respect of the award credits other than to pay Radisson Hotel Group for the award credits purchased and granted to customers. The customers are entitled to utilise the awards as soon as they are granted.

The Group purchases these award credits from Radisson Hotel Group and issues these to its customers in order to enhance its customer relationships rather than to earn a margin from the sale of these award credits. The Group concluded that it is acting as principal in this transaction and, in substance, is earning revenue from supplying these awards to its customers. The Group measures these revenues at fair value and recognises these gross from the costs of participating in the programme.

Contract balances
Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Advance payments received – contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability (advance payments received) is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

j. Alternative Performance Measures
EBITDAR
Earnings before interest (Financial income and expenses), tax, depreciation and amortisation, impairment loss, rental expenses, share in results of joint ventures and exceptional items presented as other income and expense.

EBITDA
Earnings before interest (Financial income and expenses), tax, depreciation and amortisation, impairment loss, share in results of joint ventures and exceptional items presented as other income and expense.

EBIT
Earnings before interest (Financial income and expenses), tax, share in results of joint ventures and exceptional items presented as other income and expense.

Net debt
Borrowings less cash and cash equivalents long-term and short-term restricted cash.

k. Leases
The Group as lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, which are mainly as follows:

	Years
Land	50 to 200
Hotel buildings	5 to 95
Offices and storage	1 to 12
Furniture and equipment	2 to 25

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include the expected payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Other financial liabilities (see Note 16).

Variable lease payments that depend on an index or rate
On the commencement date, the Company uses the index or rate prevailing on the commencement date to calculate the future lease payments.

For leases in which the Company is the lessee, the aggregate changes in future lease payments resulting from a change in the index or rate (including changes following a market rent review) are discounted (without a change in the discount rate applicable to the lease liability) and recorded as an adjustment of the lease liability and the right-of-use asset, only when there is a change in the cash flows resulting from the change in the index or rate (that is, when the adjustment to the lease payments takes effect).

Variable lease payments
Variable lease payments that do not depend on an index or interest rate but are based on performance or usage are recognised as rent expense as incurred when the Company is the lessee, and are recognised as income as earned when the Company is the lessor.

Lease extension and termination options
A non-cancellable lease term includes both the periods covered by an option to extend the lease when it is reasonably certain that the extension option will be exercised and the periods covered by a lease termination option when it is reasonably certain that the termination option will not be exercised.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of furniture and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

l. Employee benefits
Share-based payments
The Board has adopted a share option plan, under which employees and Directors of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in Note 11.

Pension
The Group has a defined contribution pension plan where the employer is liable only for the employer's part of the contribution towards an individual's pension plan.

The Group will have no legal obligation to pay further contributions. The contributions in the defined contribution plan are recognised as an expense and no additional provision is required in the consolidated financial statements.

m. Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

n. Borrowing costs for qualifying assets
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

o. Taxation
Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, associates and jointly controlled entities, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

p. Changes in accounting policies and disclosures
The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. Several other amendments and interpretations apply for the first time in 2024, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
The amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within 12 months.

The amendments had no impact on the Group's consolidated financial statements.

q. Standards issued but not yet applied

Standards issued but not yet effective, or subject to adoption by the European Union, up to the date of issuance of the consolidated financial statements are listed below. This listing of standards issued are those that the Group reasonably expects that might have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become mandatory.

The following standards have been issued by the IASB and are not yet effective or are subject to adoption by the European Union:

Lack of exchangeability – Amendments to IAS 21
In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures
In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

IFRS IC Decision 'Disclosure of Revenue and Expenses for Reportable Segments'
In July 2024, the IASB approved the IFRS Interpretations Committee's (IFRS IC) agenda decision 'Disclosure of Revenue and Expenses for Reportable Segments' (hereinafter: the agenda decision).

The agenda decision considers the application of the disclosure requirements set out in paragraph 23 of IFRS 8 "Operating Segments" and clarifies that disclosure is required for "material items of income and expense" if they are included in the measure of segment profit or loss reviewed by the chief operating decision maker (CODM), even if they are not separately provided to or reviewed by the CODM. It also clarifies that "material items of income and expense" are not limited only to unusual or non-recurring items.

In addition, the agenda decision clarifies that in determining the information to disclose for each reportable segment, an entity should apply judgement and consider the entity's specific facts and circumstances, the core principle of IFRS 8 and the principles of materiality and aggregation in IAS 1"Presentation of Financial Statements".

The Group applies the agenda decision retrospectively in these financial statements. As a result, the Group has added a disclosure regarding operating expenses in the segment note, see Note 27.

Note 3 Intangible assets

	Park Plaza® Hotels & Resorts management rights (a)[1] £'000	Park Plaza® Hotels & Resorts franchise rights (a)[2] £'000	art'otel® franchise rights (b) £'000	Other intangible assets (c) £'000	Total £'000
Cost:					
Balance as at 1 January 2024	**20,805**	**21,268**	**3,777**	**4,501**	**50,351**
Additions	**–**	**–**	**–**	**271**	**271**
Disposals	**–**	**–**	**–**	**(125)**	**(125)**
Adjustment for exchange rate differences	**(943)**	**(964)**	**(171)**	**(211)**	**(2,289)**
Balance as at 31 December 2024	**19,862**	**20,304**	**3,606**	**4,436**	**48,208**
Accumulated amortisation:					
Balance as at 1 January 2024	**17,139**	**17,571**	**2,374**	**2,602**	**39,686**
Disposals	**–**	**–**	**–**	**(85)**	**(85)**
Amortisation	**1,018**	**1,025**	**183**	**607**	**2,833**
Adjustment for exchange rate differences	**(794)**	**(814)**	**(111)**	**(139)**	**(1,858)**
Balance as at 31 December 2024	**17,363**	**17,782**	**2,446**	**2,985**	**40,576**
Net book value as at 31 December 2024	**2,499**	**2,522**	**1,160**	**1,451**	**7,632**
Cost:					
Balance as at 1 January 2023	21,195	21,667	3,849	3,859	50,570
Additions	–	–	–	771	771
Reclassification	–	–	–	(58)	(58)
Adjustment for exchange rate differences	(390)	(399)	(72)	(71)	(932)
Balance as at 31 December 2023	20,805	21,268	3,777	4,501	50,351
Accumulated amortisation:					
Balance as at 1 January 2023	16,393	16,827	2,226	2,319	37,765
Amortisation	1,048	1,055	189	391	2,683
Reclassification	–	–	–	(58)	(58)
Adjustment for exchange rate differences	(302)	(311)	(41)	(50)	(704)
Balance as at 31 December 2023	17,139	17,571	2,374	2,602	39,686
Net book value as at 31 December 2023	3,666	3,697	1,403	1,899	10,665

a. Acquisition of Park Plaza® Hotels & Resorts management and franchise rights and lease rights

(1) Management rights – rights held by the Group relating to the management of Park Plaza® Hotels & Resorts in Europe, the Middle East and Africa. The management rights are included in the consolidated financial statements at their fair value as at the date of acquisition and are being amortised over a 20-year period based on the terms of the existing contracts and management estimation of their useful life. The remaining amortisation period is 2.5 years.

(2) Franchise rights relating to the brand 'Park Plaza® Hotels & Resorts' are included in the consolidated financial statements at their fair value as at the date of acquisition and are being amortised over a 20-year period based on management's estimation of their useful life. The remaining amortisation period is 2.5 years.

b. Acquisition of art'otel® rights

In 2007, the Group acquired from CCS Capital Concept Services Gmbh (the 'vendor') the worldwide rights to use the art'otel® brand name for an unlimited period of time. The rights are being amortised over a 20-year period based on management's estimation of their useful life. The remaining amortisation period is 2.5 years. In December 2020, the Group acquired certain rights which were assigned to the vendor under the original agreement for a cash consideration of €0.3 million (£0.2 million) and 80,000 shares of the Company. The additional rights are amortised based on management's estimation of their useful life.

c. Other intangible assets

These mainly include the brand name and internal domain obtained in the acquisition of Arena, which are being amortised over 20 years based on management's estimation of their useful life, and software which are amortised over 4 years.

d. Amortisation

Amortisation of intangible assets is calculated using the straight-line method over the estimated useful life of the intangible assets.

e. Impairment

In 2024, there were no indicators of impairment.

Note 4 Property, plant and equipment

	Land £'000	Hotel buildings £'000	Property & assets under construction £'000	Income Units sold to private investors[1] £'000	Furniture, fixtures and equipment £'000	Total £'000
Cost:						
Balance as at 1 January 2024	358,345	810,680	232,887	128,148	233,373	1,763,433
Additions during the year	–	17,525	16,021	916	36,749	71,211
Disposal	(17)	(1,222)	(441)	–	(728)	(2,408)
Buy-back of Income Units sold to private investors	471	3,411	–	(4,266)	384	–
Reclassification[2]	–	156,808	(198,733)	–	42,039	114
Adjustment for exchange rate differences	(7,209)	(18,366)	(416)	–	(6,142)	(32,133)
Balance as at 31 December 2024	351,590	968,836	49,318	124,798	305,675	1,800,217
Accumulated depreciation and impairment:						
Balance as at 1 January 2024	16,911	143,889	–	23,529	166,274	350,603
Provision for depreciation	312	18,263	–	1,266	16,735	36,576
Disposal	–	(1,212)	–	–	(713)	(1,925)
Reclassification	–	92	–	–	22	114
Buy-back of Income Units sold to private investors	–	513	–	(811)	298	–
Adjustment for exchange rate differences	(109)	(3,173)	–	–	(3,245)	(6,527)
Balance as at 31 December 2024	17,114	158,372	–	23,984	179,371	378,841
Net book value as at 31 December 2024	334,476	810,464	49,318	100,814	126,304	1,421,376
Cost:						
Balance as at 1 January 2023	362,830	779,763	154,027	134,719	222,883	1,654,222
Additions during the year	–	23,289	91,209	1,276	9,800	125,574
Disposal	–	(423)	–	–	(399)	(822)
Buy-back of Income Units sold to private investors	873	6,316	–	(7,847)	658	–
Reclassification[2]	–	9,607	(11,992)	–	2,217	(168)
Adjustment for exchange rate differences	(5,358)	(7,872)	(357)	–	(1,786)	(15,373)
Balance as at 31 December 2023	358,345	810,680	232,887	128,148	233,373	1,763,433
Accumulated depreciation and impairment:						
Balance as at 1 January 2023	17,099	125,289	–	23,765	152,885	319,038
Provision for depreciation	321	18,487	–	1,181	15,219	35,208
Disposal	–	(420)	–	–	(352)	(772)
Reclassification	–	915	–	–	(1,083)	(168)
Buy-back of Income Units sold to private investors	–	878	–	(1,417)	539	–
Adjustment for exchange rate differences	(509)	(1,260)	–	–	(934)	(2,703)
Balance as at 31 December 2023	16,911	143,889	–	23,529	166,274	350,603
Net book value as at 31 December 2023	341,434	666,791	232,887	104,619	67,099	1,412,830

1 This includes 443 rooms (2023: 459) in Park Plaza London Westminster Bridge, for which the cash flows, derived from the net income generated by these Income Units, were sold to private investors (see Note 2(e)). The proceeds from the purchases have been accounted for as a variable rate financial liability (see Note 15).

2 In 2024, the reclassification mainly relates to the completion of the construction of art'otel London Hoxton. In 2023, the reclassification mainly relates to the completion of the construction of art'otel Zagreb and the refurbishment of Park Plaza Budapest.

a. For information regarding liens, see Note 12

b. Impairment

In 2024, the Group faced a volatile real estate environment impacting its property operations. The recoverable amount of property, plant and equipment had been determined based on third party valuations received for 31 December 2024. The third party valuers based their cash flow forecast from operations on management and market expectation. The discount rates applied to cash flow projections was determined by the third party valuator and ranges between 7.75%–11%. The recoverable amounts of property, plant and equipment exceeded the carrying amounts, and no impairment loss was recorded for the year ended 31 December 2024.

c. Capitalised borrowing costs

On 7 April 2020, the Group entered into a building contract to develop art'otel London Hoxton on a site located by Old Street, Rivington Street, Great Eastern Street and Bath Place, London EC1, which was partially opened in April 2024 (see Note 28(c)(i)). The cumulative expenditure for this project as at 31 December 2024 was £235.8 million (2023: £199.8 million). The amount of borrowing costs capitalised related to this project during the year ended 31 December 2024 was £6.1 million (2023: £8.1 million). The rate used to determine the amount of borrowing costs eligible for capitalisation was 5.2%, which is the effective interest rate of the specific borrowing.

Additional borrowing costs were capitalised as part of the refurbishment of the property in Rome, Italy, which is expected to reopen in Q1 2025. The amount of borrowing costs capitalised related to this project during the year ended 31 December 2024 was €1 million (£0.9 million) (2023: €0.9 million (£0.8 million)). The rate used to determine the amount of borrowing costs eligible for capitalisation was 4.0%, which is the effective interest rate of the specific borrowing.

Note 5 Investment in joint ventures and subsidiaries with significant non-controlling interests

a. Investment in joint ventures

The Group holds, through its subsidiary Arena Hospitality Group d.d., 50% interest in ABM Hotel Holding B.V., art'otel Berlin Mitte/Park Plaza betriebsgesellschaft mbH, PPBK Hotel Holding B.V. and Park Plaza betriebsgesellschaft mbH (the 'ABM and PPBK JV'). The ABM and PPBK JV own and operate the Raddison RED Berlin Kudamm and the art'otel Berlin Mitte hotels in Germany. The Group's interest in the ABM and PPBK JV is accounted for using the equity method in the consolidated financial statements.

	As at 31 December	
	2024 £'000	2023 £'000
Loans to joint ventures[1]	**9,535**	6,515
Share of net assets under equity method	**(1,302)**	(1,077)
Investment in joint ventures	**8,233**	5,438

1 The loans to joint ventures amount includes a euro loan bearing an interest of Euribor +2.5% per annum.

The share in net loss amounts to £268 thousand (2023: net loss of £113 thousand).

b. Summarised financial information of subsidiary with material non-controlling interests

(i) Signature Top Ltd

Long-term partnership for 49% of Park Plaza London Riverbank and art'otel London Hoxton development project

On 23 June 2021, a wholly owned subsidiary of PPHE Hotel Group entered into a sale and purchase agreement with Clal Insurance ('Clal'), one of Israel's leading insurance and long-term savings companies. As part of this agreement, Clal became a non-controlling interest partner and owner of 49% of the shares of Signature Top Ltd, a wholly owned subsidiary of the Group ('Signature Top') which indirectly holds the real estate and operations of both the 646-room Park Plaza London Riverbank ('Riverbank') and the 357-room art'otel London Hoxton hotel ('Hoxton'), which was opened in 2024.

As part of this agreement, Clal was granted five million share appreciation rights (SAR) of the Company which has a seven-year maturity with a strike price of £16 per share and a cap of £21 per share. The SAR will vest as follows:

- 500,000 SAR Units shall vest and become exercisable on the first anniversary of the completion of the sale and purchase agreement ('Completion')
- 500,000 SAR Units shall vest and become exercisable on the date being 18 months after Completion
- The remaining four million SAR Units shall vest and become exercisable on the second anniversary of Completion

Upon exercise, the Company will have a right to determine whether an amount equal to the SAR Value as of the date of the exercise will be satisfied by a payment of cash or by the issuance of the Company's shares.

The SAR instrument, which is included in Level 3 in the fair value hierarchy, was valued internally at an amount of £3.5 million (2023: £2.7 million) using the Black–Scholes model and is included in current liabilities under Other payables and accruals in the Group's consolidated balance sheet. The following lists the inputs used for the fair value measurement:

Dividend yield	3.252%
Expected volatility of the share price	24.95%
Risk-free interest rate	4.695%
Years to expiration	3.5 years

During the reporting period, the expected construction costs of art'otel London Hoxton have increased, mainly due to the interest to be incurred throughout the construction phase. On 27 April 2023, both the Group and Clal mutually agreed that the sharing of the cost referred to above, with a cap of £25.7 million, which is the expected amount of the overruns, would be funded by 65% from the Group and 35% from Clal. In 2024 and in 2023, the parties contributed £9.7 million and £16.0 million respectively. The excess consideration of £1.4 million in 2024 and £2.2 million in 2023 paid by the Group was recognised as a reduction in the equity of the parent company. The Group has chosen to recognise this amount in accumulated earnings.

As at 31 December 2024, the Group owned 51% (2023: 51%) of Signature Top Ltd. The amount of accumulated non-controlling interests as at 31 December 2024 amounts to £103,616 thousand (2023: £98,518 thousand) and the income and comprehensive income allocated to the non-controlling interests in 2024 amounts to a loss of £2,058 thousand (2023: £3,449 thousand) and £338 thousand (2023: £1,281 thousand) respectively.

Below is selected financial information relating to the long-term partnership with Clal, as at 31 December 2024 and 2023, and for the years ended 31 December 2024 and 31 December 2023.

	2024 £'000	2023 £'000
Non-current assets	**493,221**	456,094
Current assets	**31,259**	26,577
Non-current liabilities	**285,495**	260,928
Current liabilities	**27,525**	20,686
Revenue	**58,969**	46,273
EBITDA	**13,353**	14,862
(Loss) profit for the year	**(4,201)**	7,040
Total comprehensive income	**689**	2,614

(ii) Arena Hospitality Group d.d.

As at 31 December 2024, the Group owned approximately 54.9% (2023: 53.8%) of Arena Hospitality Group d.d. ('Arena'). During 2024, the Company purchased 33,363 shares of Arena for a consideration of €1.1 million (£0.9 million) and Arena purchased 66,114 of its own shares for a consideration of €2.2 million (£1.8 million). During 2024, Arena reissued a total of 22,515 out of treasury shares to employees who exercised options. The difference between the adjustment of the non-controlling interests and the net consideration paid of approximately €0.4 million (£0.3 million) was recorded in retained earnings. As a result of those transactions, the Group's share in Arena increased to 54.9%.

The amount of accumulated non-controlling interests as at 31 December 2024 amounts to £89,249 thousand (2023: £95,496 thousand) and the income and comprehensive income allocated to the non-controlling interests in 2024 amounts to a profit of £2,468 thousand (2023: £1,775 thousand) and loss of £1,805 thousand (2023: loss of £495 thousand) respectively.

In 2024 Arena paid a dividend of €3.8 million to its shareholders (2023: €3.5 million).

Below is selected financial information relating to Arena, as of 31 December 2024 and 2023, and for the years ended 31 December 2024 and 2023.

	As at 31 December	
	2024 £'000	2023 £'000
Non-current assets	**354,705**	382,010
Current assets	**37,297**	49,645
Non-current liabilities	**156,797**	180,281
Current liabilities	**37,266**	44,787
Revenue	**120,109**	109,927
EBITDA	**29,574**	24,371
Profit for the year	**5,538**	3,776
Total comprehensive loss	**(3,808)**	(1,093)

(iii) European Hospitality Real Estate Fund
In March 2023, the Group launched a new European Hospitality Real Estate Fund (the 'Fund') with a target size of up to €250 million. Clal Insurance ('CLAL'), one of Israel's leading insurance and long-term savings companies, participated as a cornerstone investor, committing up to €75 million (limited to 49% of total participation). The Group also committed to invest up to €50 million in the Fund. As part of the agreement signed with Clal, it was decided to incorporate the Fund under Signature Top II Ltd ('Signature Top II'), a UK incorporated company, with a 51% ownership by the Group and 49% by Clal, until additional investors join. At the inception of the Fund, PPHE contributed the shares of Società Immobiliare Alessandro De Gasperis S.r.l., the owner of the Londra & Cargill Hotel in Rome, Italy ('Londra'), valued at €29.3 million (£25.8 million), for its 51% participation in Signature Top II. Clal made an initial cash contribution of €28.1 million (£24.8 million), payable at the Group's request, for its 49% participation. In 2023, Clal transferred €20 million out of the €28.1 million and the additional €8.1 million was transferred in 2024. The Group has assessed the transaction and determined that it exercises control over Signature Top II. Consequently, the change in the ownership interest of Londra does not trigger a change of control and is therefore accounted for as an equity transaction in accordance with IFRS 10 Consolidated Financial Statements. The excess of consideration received over the carrying amount of the non-controlling interests (net of £0.8 million in transaction costs) amounting to £0.4 million is recognised in the parent company's equity. The Group has chosen to recognise this amount in accumulated earnings. Additionally, £0.7 million was reclassified from the foreign currency translation reserve and hedging reserve to accumulated earnings.

PPHE was focussed on sourcing additional opportunities throughout the year. Under the terms of the investment agreement, the investment period is due to end on 12 April 2025 but may be extended for a further year with shareholder consent.

As at 31 December 2024, the Group owned 51% (2023: 51%) of Signature Top II. The amount of accumulated non-controlling interests as at 31 December 2024 amounts to £20,500 thousand (2023: £22,578 thousand) and the loss and comprehensive loss allocated to the non-controlling interests in 2024 amounts to £884 thousand (2023: £495 thousand) and £2,069 thousand (2023: £923 thousand) respectively.

Note 6 Other non-current assets

	As at 31 December	
	2024 £'000	2023 £'000
Income Units in Park Plaza County Hall London[1]	**18,150**	17,700
Rent security deposits	**346**	363
Derivative financial instruments (see Note 29(a))	**28,398**	21,300
Other non-current assets	**99**	283
	46,993	39,646

1 On 14 July 2017, the Group acquired an ownership interest in Park Plaza County Hall London through its purchase of 44 aparthotel units and the associated shares in the management company of the hotel, South Bank Hotel Management Company Limited. The purchase price was £16.0 million. In October 2017, an additional two units were purchased for £0.7 million. Upon initial recognition, the investment was designated in the consolidated financial statements at fair value through profit and loss. In return for the consideration paid, the Company receives 999 years of net income from specific revenue-generating units of the hotel (contractual right to a stream of future cash flows). This investment is managed and its performance is evaluated by the Group management on a fair value basis in accordance with the Group investment strategy. As the cash flows from this investment are not solely payments of principal and interest, under IFRS 9 the investment is classified and measured at fair value through profit or loss. The fair value of the Income Units as of the reporting date was £18.2 million based on an independent valuation prepared by Savills using a discount rate of 10% and a cap rate of 7.5%.

Note 7 Trade receivables

a. Composition:

	As at 31 December	
	2024 £'000	2023 £'000
Trade receivables	**19,270**	18,417
Less – loss allowance	**(558)**	(537)
	18,712	17,880

Trade receivables are non-interest bearing. The Group's policy provides an average of 30 days' payment terms.

b. Movements in the allowance for expected credit losses of trade receivables were as follows:

	2024 £'000
As at 1 January 2024	**(537)**
Write-off	**115**
Additions	**(157)**
Exchange rate differences	**21**
As at 31 December 2024	**(558)**
As at 1 January 2023	(681)
Write-off	261
Additions	(124)
Exchange rate differences	7
As at 31 December 2023	(537)

c. As at 31 December, the ageing analysis of trade receivables is as follows:

2024	Total £'000	Not past due £'000	< 30 days £'000	31 to 60 days £'000	61 to 90 days £'000	> 90 days £'000
			Past due			
Trade receivables	19,270	6,467	9,816	1,130	683	1,174
Loss allowance	(558)					(558)
	18,712	6,467	9,816	1,130	683	616

2023	Total £'000	Not past due £'000	< 30 days £'000	31 to 60 days £'000	61 to 90 days £'000	> 90 days £'000
			Past due			
Trade receivables	18,417	9,788	7,082	697	148	702
Loss allowance	(537)					(537)
	17,880	9,788	7,082	697	148	165

Note 8 Other receivables and prepayments

	As at 31 December 2024 £'000	2023 £'000
Prepaid expenses	10,403	8,066
VAT	6,239	5,930
Current tax receivable	109	190
Related parties	74	65
Funds to be received from Clal (see Note 5 (iii))	–	7,044
Derivative financial instruments short term	–	1,677
Others	858	288
	17,683	23,260

Note 9 Cash and cash equivalents

	As at 31 December 2024 £'000	2023 £'000
Cash at banks and on hand	78,244	117,374
Money market funds	34,981	33,042
	113,225	150,416

Cash at banks earns interest at floating rates based on daily bank deposit rates. In addition, the Group invests in money market funds that invests in highly liquid financial instruments such as treasury bills, commercial papers, and certificates of deposit and are available for immediate drawdown depending on the immediate cash requirements of the Group. Money market funds are measured at fair value and the gains are recorded in the income statement under Financial income.

Note 10 Equity

a. Share capital

The authorised share capital of the Company is represented by an unlimited number of ordinary shares with no par value.

As at 31 December 2024, the number of ordinary shares issued and fully paid was 44,347,410 (2023: 44,347,410), 2,558,086 of which were held as treasury shares (2023: 1,984,110).

The Company's shares are admitted to the Premium Listing segment of the Official List of the UK Listing Authority and to trading on the Main Market for listed securities of the London Stock Exchange.

b. Treasury shares

During 2024, the Company issued 42,990 of its ordinary shares from its treasury account for nil consideration in order to satisfy an exercise of options. As a result, the cost of the treasury shares (£219 thousand) was charged to the share premium account.

In March 2024, the Company completed a purchase of 300,000 shares for a total consideration of £3.8 million, representing an average price of 1,281 pence per share. In addition, the Company's Board of Directors approved the commencement of a share buy-back programme, to buy up to a maximum of 400,000 ordinary shares for an aggregate consideration (excluding expenses) of up to a maximum of £4 million. Under this programme the Company purchased 316,966 ordinary shares for a total consideration of £4 million, representing an average price of 1,257 pence per share.

On 28 June 2022, the Company's Board of Directors approved the commencement of a share buy-back programme to buy up to a maximum of 300,000 ordinary shares for an aggregate consideration (excluding expenses) of up to a maximum of £1.7 million. On 18 November 2022, this share buy-back programme was further extended to buy up to a maximum of 500,000 ordinary shares for an aggregate consideration (excluding expenses) of up to a maximum of £3.7 million. In 2022 and 2023, the Company completed a purchase of 295,707 shares under this programme for a total consideration of £3.7 million, representing an average price of 1,257 pence per share.

The total number of treasury shares as at 31 December 2024 is 2,558,086 (2023: 1,984,110).

c. Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations.

Hedging reserve

This reserve comprises the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

Note 11 Share-based payments

The Company operates two option plans for the benefits of employees of the Group: the first was adopted in 2007 and the second was adopted in 2020.

2007 Option Plan

The 2007 Plan has two types of options: Option A and Option B. The exercise price of both options will not be less than the closing price of a share on the dealing day immediately preceding the grant date (as published in the Daily Official List of the London Stock Exchange). Option A vests over a period of three years from the grant date and Option B vests at the end of three years from the grant date. Unexercised options expire ten years after the grant date. The plan does not include any performance conditions.

As at 31 December 2024, there were 37,500 exercisable options outstanding under the 2007 Option Plan. These options were granted to employees of the Company in past years. No further grants can be made under this plan.

2020 PPHE Executive Share Option Plan

The Board has adopted a '2020 PPHE Executive Share Option Plan', under which employees of the Company and its subsidiaries receive remuneration in the form of share-based compensation. The plan has the following principal terms:

The plan has four types of options:

- Option A: market value options – options that are linked to the market value of the shares in the Company.
- Option B: salary related options – whereby employees agree to a reduction in their base salary in exchange for the right to acquire shares at nil-cost. These options normally vest after 12 months subject to an additional six-month holding period.
- Option C: deferred bonus awards – allowing the award of the number of shares determined by the Remuneration Committee in lieu of some or all of the annual bonus.
- Option D: performance share awards – options which are granted subject to specified performance targets. Notwithstanding the extent to which any performance target is satisfied, the number of vested award shares may be reduced by the Committee to ensure that the number of vested award shares is appropriate taking into account the underlying business performance of the Group.
- Option E: Restricted Stock Award-Contingent Share Award or Nil-Cost Option Award.

These awards are subject to the rules of the PPHE Executive Incentive Plan 2020, which may include: long-term vesting periods prescribed by the Committee upon grant; good-leaver and bad-leaver provisions allowing the Committee to exercise discretion as to when it might be appropriate for an award to vest in spite of the relevant employee leaving the Group; post vesting holding periods determined by the Committee at the time of the award; performance conditions; and share capital dilution limits. The plan allows dividends or dividend equivalents to accrue, subject to the Committee's discretion.

At any time, the total number of shares issued and/or available for grant (in a ten-year period) under the 2007 Share Option Plan, the 2020 PPHE Executive Incentive Plan and under any other employee share scheme which the Company may establish in the future may not exceed 5% of the Company's issued share capital at that time.

2022 Long-Term Incentive Plan

In June 2022, the Remuneration Committee approved a Long-Term Incentive Plan ('LTIP') conditional grant of 93,000 options with a nil exercise price (Option D under the 2020 Option Plan). The grant was subject to performance conditions determined by the Remuneration Committee in accordance with the 2020 Option Plan rules and the Company's Remuneration Policy, and had a vesting period of 36 months starting 1 January 2022 with a 24-month holding period. After the balance sheet date, The Remuneration committee recognised that LTIP) performance target in relation to the Total Shareholder Return (TSR), which equites to 50% of the awards (46,500 options), was not met during the performance period. However, after thorough consideration of the broader context, including macroeconomic challenges such as rising interest rates, inflationary pressures, and a volatile real estate environment, in 2025 the Committee concluded that it is appropriate to exercise discretion and grant the full LTIP allocation.

Grants in the period

In March 2024, a Restricted Stock Award grant had been approved of 207,500 options with a nil exercise price (Option E under the 2020 Option Plan). This grant was given in part in exchange of forfeiting 190,000 fully vested options with an exercise price of £13 that were granted to employees in 2020. The grant has a vesting period of 36 months starting 1 March 2024 with no holding period. In line with IFRS 2, the fair value of this grant was determined based on the difference between the fair value of the options that were granted and the fair value of the options that were forfeited.

The following lists the inputs to the binomial model used for the fair value measurement of the 207,500 options granted:

Strike price (exercise price)	Nil
Dividend yield	2.8%
Expected volatility of the share prices	41.4%
Risk-free interest rate	3.9051%
Expected life of share options	5 years
Weighted average share price at the grant date	1,295.0 pence
Fair value per option	1,193.0 pence

The following lists the inputs to the binomial model used for the fair value measurement of the 190,000 forfeited options:

Strike price (exercise price)	1,300.0 pence
Dividend yield	2.8%
Expected volatility of the share prices	41.4%
Risk-free interest rate	3.9051%
Expected life of share options	4 years
Weighted average share price at the grant date	1,295.0 pence
Fair value per option	393.0 pence

Furthermore, in 2024, the Remuneration Committee approved a three year annual bonus plan to the Leadership Team, including a deferred bonus awards of a total of 153,000 options with a nil exercise price (Option C under the 2020 Option Plan), which will be granted subject to performance conditions for each of 2024, 2025, 2026. Employees were offered to participate in the annual bonus plan in part in exchange of forfeiting 153,000 fully vested options with an exercise price of £14.3 that were granted in 2018. The performance conditions will be examined in respect of each financial year of 2024, 2025, 2026. The performance conditions for 2024 had been fulfilled. In line with IFRS 2, the fair value of this grant was determined based on the difference between the fair value of the options that were granted and the fair value of the options that were forfeited.

The following lists the inputs to the binomial model used for the fair value measurement of the 153,000 options granted:

Strike price (exercise price)	Nil
Dividend yield	2.8%
Expected volatility of the share prices	41.4%
Risk-free interest rate	3.9051%
Expected life of share options	5 years
Weighted average share price at the grant date	1,295.0 pence
Fair value per option	1,226.0 pence

The following lists the inputs to the binomial model used for the fair value measurement of the 153,000 forfeited options:

Strike price (exercise price)	1,430.0 pence
Dividend yield	2.8%
Expected volatility of the share prices	41.4%
Risk-free interest rate	3.9051%
Expected life of share options	2 years
Weighted average share price at the grant date	1,295.0 pence
Fair value per option	249.0 pence

The expected life of the share options is based on historical data, current expectations and empirical data. It is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility of the Company's share price over a period similar to the life of the options is indicative of future trends, which may not be reflective of the actual outcome.

d. The expense arising from equity-settled share-based payment transactions during 2024 was £1,389 thousand (2023: £442 thousand). Total exercisable options under the 2020 option plan at 31 December 2024 were 97,998 (2023: 343,721).

Movements during the year

The following table illustrates the number (No.) and weighted average exercise prices (EP) of, and movements in, share options during 2023 and 2024:

	No. of options A (2007 Option Plan)	No. of options A (2020 Option Plan)	No. of options B (2020 Option Plan)	No. of options C (2020 Option Plan)	No. of options D (2020 Option Plan)	No. of options E (2020 Option Plan)	EP
Outstanding as at 1 January 2024	**190,500**	**227,000**	**46,721**	**70,000**	**93,000**	**–**	**£9.05**
Options forfeited during the year	**(153,000)**	**(190,000)**	**–**	**–**	**–**	**(6,750)**	**£13.3**
Options exercised in the year[1]	**–**	**–**	**(8,723)**	**(47,000)**	**–**	**–**	**nil**
Options granted during the year	**–**	**–**	**–**	**153,000**	**–**	**207,500**	**nil**
Outstanding as at 31 December 2024	**37,500**	**37,000**	**37,998**	**176,000**	**93,000**	**200,750**	**£1.75**
Outstanding as at 1 January 2023	220,500	227,000	51,223	99,000	93,000	–	£8.32
Options forfeited during the year	–	–	–	–	–	–	–
Options exercised in the year[1]	(30,000)	–	(4,502)	(29,000)	–	–	£1.10
Options granted during the year	–	–	–	–	–	–	–
Outstanding as at 31 December 2023	190,500	227,000	46,721	70,000	93,000	–	£9.05

1 Out of the options exercised in the year 33,502 were cashless.

As at 31 December 2024, the number of exercisable options was 135,498 (2023: 534,221) with an EP of £7.5 (2023: £10.62).

The weighted average remaining contractual life for the share options outstanding as at 31 December 2024 is 7.9 years (2023: 6.5 years). The range of exercise prices for options outstanding at the end of the year was nil to £14.3 (2023: nil to £14.3).

Note 12 Pledges, contingent liabilities and commitments

a. Pledges, collateral and securities

Substantially all of the Group's assets and all of the rights connected or related to the ownership of the assets (including shares of subsidiaries and restricted deposits) are pledged in favour of banks and financial institutions as security for loans received. For most of the loans, specific assets are pledged as the sole security provided.

b. Restricted cash

Under certain facility agreements, funds need to be held in restricted deposit accounts in order to pay the debt service for a subsequent period. The total deposits held amount to £22.4 million and are presented as restricted in the financial statements.

c. Commitments

(i) Management and franchise agreements

1. The Group entered into a Territorial Licence Agreement (the 'Master Agreement') with Radisson Hotel Group ('Radisson'). Under the Master Agreement, the Group, among other rights, is granted an exclusive licence to use the brand 'Park Plaza® Hotels & Resorts' in 56 territories throughout Europe, the Middle East and Africa in perpetuity (the 'Territory').

   The Master Agreement also allows the Group to use, and license others to use, the Radisson systems within the Territory, which right includes the right to utilise the Radisson systems' international marketing and reservations facilities and to receive other promotional assistance. The Group pays Radisson a fee based on a percentage of the hotels' gross room revenue, which fees are recognized in the income statement as incurred.

2. Within the terms of the management agreements, the hotels were granted by the Group a licence allowing them to use, throughout the term of the management agreements, the 'Park Plaza® Hotels & Resorts' and 'art'otel®' brand names. See Note 2(h) regarding the accounting for management and franchise fees received.

(ii) Construction contract commitment

As at 31 December 2024, the Group had capital commitments amounting to £7 million for the construction of the development of art'otel London Hoxton and £5.7 million for the refurbishment of Londra & Cargill Hotel in Rome, Italy.

(iii) Guarantees

1. The Company guarantees cost overruns and the practical completion of the art'otel London Hoxton development under the £180 million construction financing facility agreement granted by Bank Hapoalim B.M and in relation to the long-term partnership with Clal. As of 31 December 2024, the Company does not expect to have additional cost overruns on top of what was already contributed in years 2023 and 2024 (see Note 5b(i)).

Note 13 Borrowings

The borrowings of the Group are composed as follows:

As at 31 December 2024	€ denominated £'000	£ denominated £'000	$ denominated £'000	Total £'000
Fixed interest rate	282,978	572,232	–	855,210
Weighted average interest rate	2.64%	4.09%	–	
Variable interest rate	5,045	18,950	8,968	32,963
Weighted average interest rate	5.18%	4.61%	9.18%	
Total	288,023	591,182	8,968	888,173
Weighted average interest rate	2.69%	4.11%	9.18%	3.70%

Maturity analysis 2024	Outstanding amount	Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter
Total borrowings	888,173	81,514	222,108	51,541	187,621	8,944	336,445
Capitalised transaction costs and other adjustments	(2,529)	(927)	(724)	(442)	(244)	(34)	(158)

For securities and pledges, see Note 12.

As at 31 December 2023	€ denominated £'000	£ denominated £'000	$ denominated £'000	Total £'000
Fixed interest rate	318,272	558,192	–	876,464
Weighted average interest rate	2.32%	4.01%	–	
Variable interest rate	4,346	3,783	11,797	19,926
Weighted average interest rate	7.01%	6.94%	8.91%	
Total	322,618	561,975	11,797	896,390
Weighted average interest rate	2.38%	4.03%	8.91%	3.50%

Maturity analysis 2023	Outstanding amount	Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter
Total borrowings	896,390	48,681	62,178	363,289	61,223	181,228	179,791
Capitalised transaction costs and other adjustments	(3,354)	(844)	(844)	(844)	(822)	–	–

For securities and pledges, see Note 12.

a. Finance agreements entered in the years 2024 and 2023:

Aareal Dutch tranche refinance

On 4 September 2024, the Group entered into an agreement to refinance its existing loan with Aareal Bank AG ('Aareal') in relation to all six of its Dutch hotels (art'otel Amsterdam, Park Plaza Victoria Amsterdam, Park Plaza Vondelpark, Amsterdam, Park Plaza Amsterdam Airport, Park Plaza Eindhoven, and Park Plaza Utrecht) (the 'Dutch Hotels') and Holmes Hotel London ('Holmes'). This refinancing extends the existing 2016 facility with Aareal relating to these hotels (the 'Existing Facility') from its original maturity date of June 2026 with a new maturity date in June 2031.

Under the new terms, the facility will comprise two tranches, a €160 million tranche (the 'EUR Tranche') and a £16 million tranche (the 'GBP Tranche') instead of the outstanding amounts of €156.5 million and £15.4 million. The EUR Tranche will bear an effective interest rate of 4.05% which is comprised of all-in fixed interest rate of 2.765% until June 2026, following which, an all-in fixed interest rate of 4.49% will apply until maturity. The GBP Tranche will bear an effective interest rate of 5.67% which comprise of all-in fixed interest rate of 3.9% until June 2026, following which a competitive floating interest rate will apply. This compares with an all in fixed interest rate of 2.165% in respect of the EUR loan and a fixed interest rate of 3.3% in respect of the GBP loan that applied under the terms of the old Facility.

The refinance was accounted as an extinguishment in line with IFRS9. The difference between the old loan and new loan (and the cash that was paid) was recognized as a gain/loss from modification (see note 23a).

Amendment of the W29 loan

On 13 September 2024, W29 Owner LLC, a wholly owned subsidiary of the Company, amended the loan agreement with Bank Hapoalim New York. Under the amended agreement, the maturity date was extended from 13 September 2024 to 13 September 2028 where the outstanding loan amount of $12 million will be amortised over the loan term ($3 million per year). The loan will bear an interest of SOFR+ 4%.

Park Plaza Hotels (UK) Limited facility

On 1 November 2023, Park Plaza Hotels (UK) Limited, a wholly owned subsidiary of the Company, entered into a revolving facility agreement with Santander UK Plc for up to £30 million which replaced the previous Coronavirus Large Business Interruption Loan Scheme (CLBILS) facility entered in November 2020. The facility is provided on a three-year term and bears an interest rate margin on drawn amounts of 2.5% plus Sonia during year one, with the margin increasing to 3% in years two and three.

b. The following financial covenants must be complied with by the relevant Group companies:

- Under the UK Aareal facility, for Park Plaza London Riverbank (the 'borrower'), the borrower must ensure, on a quarterly basis, that the aggregate amount of the outstanding facility (£97.9 million, as at 31 December 2024) does not exceed 60% of the value of the Riverbank hotel as set out in the most recent valuation (loan-to-value). In addition, the borrower must ensure that, on each interest payment date, the Debt Service Coverage Ratio (DSCR) is not less than 115%.
- Under the Dutch Aareal facility, for all six of the Group's Dutch hotels and Grandis (the 'borrowers'), the borrowers must ensure, on a quarterly basis, that the aggregate amount of the outstanding facilities (€160 million and £16 million) does not exceed 60% of the value of the Dutch hotels and Grandis as set out in the most recent valuation (loan-to-value). In addition, the borrowers must ensure that, on each interest payment date, the Debt Service Coverage Ratio (DSCR) is not less than 140%.
- Under the AIG Asset Management (Europe) Limited facility for Park Plaza Westminster Bridge London, the borrower must ensure, on a quarterly basis, that the aggregate amount of the outstanding facility (£175.4 million) does not exceed 70% of the value of the hotel as set out in the most recent valuation (loan-to-value). In addition, the borrower must ensure that, on each interest payment date, the historical and projected DSCR are not less than 140%. The floating rate leg of this loan of £2.9 million (as at 31 December 2024) has an associated interest rate cap, hedging the risk of the all-in rate exceeding 3.5%.
- Under the facility arranged by Cornerstone Real Estate Advisers Europe LLP, a member of the MAFF Mutual Financial Group, for Park Plaza Victoria London, the borrower must ensure that the aggregate amount of the outstanding facility (£87 million) does not exceed 75% of the value of the hotel as set out in the most recent valuation (loan-to-value). In addition, the borrower must ensure that, on each interest payment date, the historical and projected DSCR are not less than 180%.
- Under the Bank Hapoalim Loan for three of the Group's UK hotels and the 46 units owned within Park Plaza County Hall London, the borrowers must ensure that the aggregate amount of the outstanding loan (£36 million) does not exceed 65% of the value of the properties and units secured (loan-to-value).
- Under the Bank Hapoalim New York for an amount of US$12 million, and with an outstanding amount of $11.25 million, PPHE Hotel Group must ensure that it maintains an aggregate net worth of at least US$33 million and have liquid assets with a market value of at least US$5 million.
- Under the Bank Hapoalim Loan relating to art'otel London Hoxton, the borrower must ensure that the aggregate amount of the outstanding facility (£177.3 million) does not exceed 75% of the value of the hotel as set out in the most recent valuation. The borrower must also ensure that the DSCR is not less than 1.1 on each quarter test date from 31 December 2025 to 30 September 2026 and 1.2 for the following quarter test dates. Any breach of the aforementioned covenants is subject to an equity cure option. In addition, on each test date, the total equity of PPHE Hotel Group must not be less than: (i) £150 million; and (ii) 20% of its asset value.
- Under the loan agreement granted by Santander UK Plc to Park Plaza Hotels (UK) Limited, with an outstanding amount of £0 (zero), the borrower must ensure that at all times its tangible net worth exceeds £300 million. In addition, the borrower must: (i) ensure that the UK borrowings to aggregate UK asset value does not at any time exceed 60%; (ii) ensure that on each test date, the UK interest cover ratio for the borrower and its subsidiaries is greater than 1.25; (iii) ensure that the drawn amount under this facility to the unencumbered market value of Park Plaza London Waterloo (determined in accordance with the most recent valuation) does not at any time exceed 65%; and (iv) maintain minimum liquidity of £3 million at all times.
- Under the £1.6 million loan granted by Santander UK Plc to PPHE Living Limited dated 29 January 2020, the interest coverage ratio (ICR) for each 12-month period must not be less than 125%. In addition, the borrower must ensure that the outstanding loan does not exceed 65% of the value of the borrower's freehold property at Acton Lane (based on the most recent valuation). After the balance sheet date this loan was fully repaid.
- Under the UniCredit S.p.A. facility for Società Immobiliare Alessandro De Gasperis S.r.l. (the "borrower"), the borrower must ensure throughout the entire term of the loan that the outstanding amount (€17.25 million) of the loan does not exceed 55% of the value of the property. Furthermore, 31 December 2025 (the 'first test date'), the borrower undertakes to ensure that the ratio between (i) the EBITDA of the borrower relating to the 12 month period preceding the relevant test date and (ii) the finance costs for the same applicable period (ICR) and the ratio between (i) the net operating profit of the borrower generated in the 12 month period preceding each test date and (ii) the principal amount of all facilities outstanding under this facilities agreement at that test date are higher than 1.8 and 9% respectively for the first test date and higher than 2.0 and 10% respectively for each test date thereafter. As at 31 December 2024, the borrower was in breach of a non-financial covenant in relation to the hotel opening date and therefore this loan was classified to borrowings under current liabilities. In January 2025, the borrower received a waiver for this breach of covenant and the second tranche under this facility in the amount of €7.7 million was fully drawn.
- Under the Deutsche Hypothekenbank AG facility, for Park Plaza Nuremberg the borrower must ensure throughout the entire term of the loan that the outstanding amount (€11.1 million) of the loan does not exceed 65% of the value of the property used as collateral and that the DSCR is not less than 1.35.
- Under the Deutsche Hypothekenbank AG facility for ACO Hotel Holding B.V. and ABK Hotel Holding B.V., the borrower must ensure throughout the entire term of the loan that the outstanding amount (€28.3 million) of the loan does not exceed 70% of the value of the properties used as collateral and that the DSCR is not less than 1.10.
- Under the Zagrebaka Banka d.d. joint €32.0 million and HRK 205.0 million facilities, with outstanding amounts of €32 million and €9.4 million respectively, the borrower, Arena Hospitality Group d.d. must ensure that at year end, based on audited stand alone financial statements of the borrower, the DSCR is equal to or greater than 120% during the life of the loan and that the Net Debt/EBITDA ('net leverage ratio') is equal to or lower than 4.5 at year end 2021 and for each succeeding calendar year during the remaining life of the loan.
- Under the Zagrebaka Banka d.d. €10.0 million and HRK 60.0 million facilities, with outstanding amounts of €6.4 million and €3.4 million respectively, the borrower, Arena Hospitality Group d.d. must ensure that at year end, based on audited consolidated financial statements of the borrower, the DSCR is equal to or greater than 120% during the life of the loan and that the net leverage ratio is equal to or lower than 4.5 at year end 2021 and for each succeeding calendar year during the remaining life of the loan. Additionally, the borrower undertakes to maintain the ratio between the net financial debt increased by the exposure under guarantees for bank borrowings and EBITDA to the maximum of 6.0. Moreover, under the HRK 60 million facility, the amount of the loan cannot exceed 70% of the value of the properties.
- Under the Erste Banka d.d. €2.5 million facility, with an outstanding amount of €1.5 million, the borrower, Arena Hospitality Group d.d. has to comply with the following covenants calculated based on stand alone financial statements, tested once a year using audited financial statements for the preceding year: DSCR 1 is equal to or greater than 3.5. DSCR 2 is equal or greater than 1.2. The net leverage ratio is equal to or lower than 4.5. Additionally, the borrower undertakes to maintain the ratio between the net financial debt increased by the exposure under guarantees for bank borrowings and EBITDA to the maximum of 6.0 until the end of the loan repayment. The equity ratio has to be at least 30%.
- Under the club deal with Erste Banka d.d. and Zagrebačka Banka d.d signed in December 2020 for the purpose of financing the refurbishment of Hotel Brioni Pula in the total amount of €24.0 million, with an outstanding amount of €20. 2million, the borrower, Arena Hospitality Group d.d. has to comply with the following covenants calculated based

on stand alone financial statements, tested once a year using audited financial statements for the preceding year: DSCR 1 is equal to or greater than 3.5. DSCR 2 is equal or greater than 1.2. Net leverage ratio is equal to or lower than 4.5. Additionally, the borrower undertakes to maintain the ratio between the net financial debt increased by the exposure under guarantees for bank borrowings and EBITDA to the maximum of 6.0 until the end of the loan repayment. The amount of the loan cannot exceed 70% of the property used as collateral.

- Under the OTP Banka d.d. loan signed in July 2020 for the purpose of financing the purchase and subsequent refurbishment of Guest House Hotel Riviera Pula in the total amount of €10.0 million, with an outstanding amount of €7.8 million, the borrower, Arena Hospitality Group d.d. has to comply with the following stand alone covenants, tested once a year using audited financial statements for the preceding year: net leverage ratio is equal to or lower than 4.5. The equity ratio has to be at least 55%. The loan consists of two equal tranches in the amount of €5.0 million each. The loan has a deposit build up mechanism, subject to certain conditions.
- Under the AIK Banka a.d. facility for the purpose of financing the purchase of 88 Rooms Hotel in Belgrade, Serbia, in the total amount of €4.2 million and with an outstanding amount of €2.9 million, the borrower (Arena 88 Rooms Holding d.o.o.) has to ensure that the value of the purchased asset is not lower by more than 35% when compared with the value of the asset as defined during 2020 by an external reputable valuator.
- Under the Zagrebaka banka d.d. loan signed in September 2021 as part of HBOR's programme for insurance of liquidity portfolio for exporters related with COVID-19 measurements in amount €20 million (£16.8 million), with an outstanding amount of €4.4 million, the borrower, Arena Hospitality Group d.d. must ensure that DSCR is equal or greater than 3.5 and that the ratio between financial debt and EBITDA is lower than 4.5 starting at December 2023 and onwards. Additionally, the borrower undertakes to maintain the ratio between the net financial debt increased by the exposure under guarantees and EBITDA to the maximum of 6.0 at the end of 2023 and onwards. Covenants are calculated based on audited annual stand alone financial statements. Also, during the loan period the borrower is not able without bank confirmation to proceed with payments of dividends or loans to third parties.
- Under the Erste Group Bank AG loan signed in November 2021, for the purpose of financing the purchase of hotel FRANZ Ferdinand Mountain Resort in Nassfeld, Austria, in the total amount €10.5 million, and with an outstanding amount of €9.7 million, Arena Franz Ferdinand GmbH as the borrower has to comply with following stand alone hard covenants: projected DSCR is equal or greater than 1.15 at year end 2021 and historical DSCR equal or greater than 1.15 from year end 2023 onwards. The amount of the loan cannot exceed 75% of the property used as collateral starting year end 2021 to year end 2023. The borrower also has to comply with the following soft covenants: from year end 2024 onwards DSCR (projected and historical) should be equal to or greater than 1.35. The amount of the loan cannot exceed 65% of the property used as collateral at the year end 2024 until year end 2026, and 60% from the year end 2026 and onwards.
- Under the Privredna banka d.d. loan signed in November 2022 for the purpose of refinancing investments done in Arena Kazela Campsite in previous years, in the total amount of €18.5 million, and with an outstanding amount of €15.2 million, the borrower, Arena Hospitality Group d.d. has to comply with following covenants: the DSCR is equal to or greater than 1.2 during the life of the loan based on audited stand alone financial statements, the net leverage ratio based on audited stand alone financial statements is equal to or lower than 4.5 from 2022 and for each succeeding calendar year during the remaining life of the loan. Additionally, the borrower undertakes to maintain the ratio between the net financial debt increased by the exposure under guarantees and EBITDA to the maximum of 6.0 until the end of the loan repayment. Moreover, the amount of the loan cannot exceed 70% of the value of the properties used as collateral.
- Under the HRVATSKA BANKA ZA OBNOVU I RAZVITAK loan signed in May 2022 for the purpose of financing the purchase of mobile homes in Arena Stoja Campsite, in the total amount of €2.9 million, and with an outstanding amount of €1.8 million, the borrower, Arena Hospitality Group d.d. has to comply with the equity ratio being at least 30% calculated based on stand alone financial statements.
- Under the ERSTE&STEIERMÄRKISCHE BANK d.d. loan signed in March 2022 by Ulika d.o.o. as borrower for the purpose of financing investment in the hotel in Zagreb, in the amount of €12.6 million, and with an outstanding amount of €11.4 million, Arena as guarantor has to comply with following covenants tested once a year using audited stand alone financial statements for the preceding year: DSCR 1 is equal to or greater than 3.5. DSCR 2 is equal or greater than 1.2 throughout the life of the loan. Net leverage ratio is equal to or lower than 4.5 at each year end during the remaining life of the loan. Additionally, the guarantor undertakes to maintain the ratio between the net financial debt increased by the exposure under guarantees for bank borrowings and EBITDA to the maximum of 6.0 until the end of the loan repayment. The amount of the loan cannot exceed 100% of the property used as collateral. The equity ratio has to be at least 30%. Ulika d.o.o., as borrower, needs to maintain a DSCR equal to or greater than 1.3 from 2026 onwards.
- Under the OTP Bank Nyrt loan signed in October 2022 for the purpose of refurbishment of Park Plaza Budapest, in the amount of €2 million, and with an outstanding amount of €1.6 million, the borrower has to comply with the following covenant: annual debt service coverage ratio is equal to or greater than 1.2 during the life of the loan.

Pursuant to bank loan agreements with certain subsidiaries, these subsidiaries are required to retain their cash balances for use in their hotel operations and are restricted from transferring the cash to other entities in the Group without a prior approval from the lenders.

As at 31 December 2024, other than the mentioned above, the Group is in compliance with all of its banking covenants.

Note 14 Provisions

Provision for concession fee on land

In accordance with the provisions of the Tourist and Other Construction Land Not Appraised During the Transition and Privatisation Process Act from 2010 (the 'TLA'), Arena submitted requests to the Republic of Croatia and the relevant municipality for the award of tourist land concessions in relation to land areas in eight campsites and three tourist resorts in Croatia. The TLA failed to produce the desired impact and to resolve the issues of the ownership/use of the tourist land. This in turn caused far reaching consequences in the form of lack of investments into tourist land, reduced international competitiveness of Croatian tourism due to lack of development and reduced income of the state and local municipalities. The Croatian government therefore adopted new legislation to deal with, inter alia, the so-called tourist land and proprietary relationships between the owner of such land and the owner of the facilities built thereon. In May 2020, the new Non-Appraised Construction Land Act (the 'NCLA') replaced the TLA and all initiated requests based on the TLA were suspended. Pursuant to the NCLA, the ownership of the land underneath the facilities in the campsites that were assessed into the share capital of Arena is now also legally recognised as ownership of Arena, while the Republic of Croatia will be the sole owner of the other land in the camps. In respect to the tourist resorts, the ownership of the land underneath the facilities that have been assessed into the share capital of Arena is now also recognised as ownership of Arena, together with the land surrounding such facilities that make (together with the relevant facilities) the technological and functional unity. Tourist land in the tourist resorts which was not assessed into the share capital of Arena, and which serves the standard usage of the resorts shall be owned by a local municipality. In relation to the land in campsites owned by the Republic of Croatia and the land in tourist resorts owned by the local municipalities, Arena will, by operation of law, be deemed long-term (50 years) lessee and will conclude the lease agreement with the state/local municipalities once the procedure envisaged by the NCLA will be complete.

In February 2024, the Regulation on determination of the leases for tourist land on which the hotel and tourist resorts are built, and the Regulation on determination of the leases on parts of the camps owned by the Republic of Croatia, were adopted by the government.

Based on the Regulation on determination of the leases on parts of the camps owned by the Republic of Croatia, Arena received invoices for 2024 along with invoices for the period from May 2020 when the new law was adopted.

As the respective proceedings concerning, inter alia, the determination of maritime area as well as borders of the campsites and ownership of the land below buildings in the campsites are still ongoing, the government has charged Arena with rent only for 50% of the area, while the other 50% will be charged after resolving all open issues and respective proceedings are finalised. Additionally, based on the Regulation and the NCLA, Companies have opportunities to cap the rent to 4% of the total revenue of the individual campsite, what would be applied in all Arena's campsites. Since calculation of the expense based on the cap has an element of variable payments according to IFRS 16, this standard was not applied, and lease expenses are still presented in the income statement as operating expense.

As the status of the land around hotels and self-catering apartment complexes is still not finally resolved, Arena continued with the previously defined concept of accruing rent expense, which should be adequate to cover total expected liabilities.

Management is still assessing the impact of this new regulation on the Company's financial statements.

	2024 £'000	2023 £'000
Balance as at 1 January	5,233	5,331
Exchange rate differences	(238)	(98)
Balance as at 31 December	4,995	5,233

Note 15 Financial liability in respect of Income Units sold to private investors

	2024 £'000	2023 £'000
Total liability	129,866	132,995
Due from investors for reimbursement of capital expenditure	(19,301)	(18,708)
	110,565	114,287

This liability originated from the proceeds received from the sale to private investors of the future 999-year cash flows, derived from certain Income Units in Park Plaza London Westminster Bridge. Furthermore, as the investors are required to fund all CAPEX to be made in connection with these rooms, a receivable is recorded in each period for any excess of depreciation expense over the amounts paid by the investors on account of CAPEX. This receivable is offset from the liability to the investors.

This liability is amortised over the term of the agreement, that being 999 years (see note 2e).

Note 16 Other financial liabilities

	As at 31 December	
	2024 £'000	2023 £'000
Lease liabilities (see Note 17)	275,224	273,274
Retention liability	808	4,536
Other	1,846	2,390
	277,878	280,200

Note 17 Leases

Group as a lessee

The Group has lease contracts for various items which mainly includes hotels, including land, offices and storage buildings. Leases of land have lease terms between 125 and 199 years while hotel buildings, offices and storage have lease terms between 2 and 95 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases with lease terms of 12 months or less and leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land £'000	Hotel buildings £'000	Offices and other £'000	Furniture, fixtures and equipment £'000	Total £'000
Cost:					
Balance as at 1 January 2024	108,896	135,195	9,170	24,038	277,299
Additions during the year	–	100	1,196	–	1,296
Disposal	–	–	(45)	–	(45)
Re-measurement of right-of-use assets	1,764	2,878	–	–	4,642
Reclassification	85	–	–	–	85
Adjustment for exchange rate differences	(34)	(3,101)	(52)	(7)	(3,194)
Balance as at 31 December 2024	110,711	135,072	10,269	24,031	280,083
Accumulated depreciation and impairment:					
Balance as at 1 January 2024	6,563	19,576	4,471	17,474	48,084
Provision for depreciation	687	3,600	905	2,482	7,674
Adjustment for exchange rate differences	(14)	(894)	(32)	–	(940)
Balance as at 31 December 2024	7,236	22,282	5,344	19,956	54,818
Net book value as at 31 December 2024	103,475	112,790	4,925	4,075	225,265
Cost:					
Balance as at 1 January 2023	102,684	130,648	9,248	23,873	266,453
Additions during the year	–	185	–	165	350
Disposal	–	–	(58)	–	(58)
Re-measurement of right-of-use assets	6,626	4,375	–	–	11,001
Adjustment for exchange rate differences	(414)	(13)	(20)	–	(447)
Balance as at 31 December 2023	108,896	135,195	9,170	24,038	277,299
Accumulated depreciation and impairment:					
Balance as at 1 January 2023	5,897	16,434	3,643	15,036	41,010
Provision for depreciation	669	3,212	858	2,438	7,177
Disposal	–	–	(19)	–	(19)
Adjustment for exchange rate differences	(3)	(70)	(11)	–	(84)
Balance as at 31 December 2023	6,563	19,576	4,471	17,474	48,084
Net book value as at 31 December 2023	102,333	115,619	4,699	6,564	229,215

The amount of borrowing costs capitalised during the year ended 31 December 2024 was nil (2023: £185 thousand).

Set out below are the carrying amounts of lease liabilities (included under Other financial liabilities and Other payables) and the movements during the period:

	2024 £'000	2023 £'000
As at 1 January	**277,363**	267,051
Additions	**1,296**	165
Disposals	**(49)**	(31)
Accretion of interest[1]	**10,737**	10,445
Payments	**(14,899)**	(14,355)
Re-measurement of lease liability recorded in other expenses	**3,984**	3,852
Re-measurement of lease liability adjusted against right-of-use assets	**4,642**	11,001
Exchange rate differences recorded in profit and loss	**1,335**	(882)
Adjustments for foreign exchange differences	**(2,744)**	117
As at 31 December	**281,665**	277,363
Current	**6,441**	4,089
Non-current	**275,224**	273,274

1 The amount of borrowing costs capitalised during the year ended 31 December 2024 was nil (2023: £185 thousand).

Set out below is a split of the lease liabilities, cash payments and effect in the income statement between lease agreements for a period longer than 40 years ('enduring leases') and leases for a period of up to 40 years ('fixed-term leases').

	Year ended 31 December 2024 £'000		
	Enduring leases (>40)	Fixed-term leases (<40)	Total
Lease liabilities	251,468	30,197	281,665
Fixed lease payments	9,719	5,180	14,899
Accretion of interest	9,962	775	10,737
Depreciation	4,200	3,474	7,674

	Year ended 31 December 2023 £'000		
	Enduring leases (>40)	Fixed-term leases (<40)	Total
Lease liabilities	244,437	32,926	277,363
Fixed lease payments	9,408	4,947	14,355
Accretion of interest	9,629	816	10,445
Depreciation	3,857	3,320	7,177

Details regarding certain long-term lease agreements are as below:

(a) On 29 January 2020, the Group through its subsidiary Arena, entered into a 45-year lease for the development and operation of a contemporary branded hotel in Zagreb, Croatia. The development, which is subject to obtaining the necessary permits, involves the conversion of an iconic building in a prime location in the historic heart of the city. This 110-room hotel was opened in Q4 2023 and included a destination restaurant and bar, wellness and spa facilities, fitness centre, event space and parking. The annual rent amounts to €414 thousand.

(b) Grandis has a land leasehold interest, expiring in 2095, of Holmes Hotel London. Based on the latest rent review that was signed on 29 September 2022, the annual rent amounts to £1,250 thousand.

Grandis has an option to extend the lease to a total of 125 years, expiring in 2121. The Company also has an option to terminate the lease in 2059.

(c) Riverbank Hotel Holding B.V. has a land leasehold interest, expiring in 2125, for Park Plaza London Riverbank, subject to rent review every five years, based on CPI. Based on the latest rent review, with effect from 10 May 2020, the annual rent amounts to £1,135 thousand.

(d) On 18 June 2012, Park Royal Hotel Holding B.V. ('Park Royal') completed the purchase of the freehold property at 628 Western Avenue, Park Royal, London (the 'Site'), which was a development site on one of the main thoroughfares into London, for £6.0 million. Simultaneously, Park Royal completed the sale of the Site at a price of £7.0 million and the leaseback of the Site at an initial rent of £306 thousand per year for 170 years, subject to rent review every five years, based on CPI with a cap of 5%. Based on the latest rent review, with effect from 15 June 2022, the annual rent amounts to £417 thousand.

(e) On 20 July 2017, Waterloo Hotel Holding B.V. completed the sale of Park Plaza London Waterloo for £161.5 million subject to a leaseback for 199 years. The initial rent of £5.6 million per year will have annual inflation adjustments subject to a cap of 4% and collar of 2%.

The following are the amounts recognised in profit or loss:

	As at 31 December	
	2024 £'000	2023 £'000
Depreciation expense	**7,674**	7,177
Interest expense on lease liabilities	**10,737**	10,260
Expense relating to low-value assets and short-term leases (included in operating expenses)	**367**	227
Expense relating to low-value assets and short-term leases (included in rent expenses)	**565**	583
Variable lease payments (included in rent expenses)	**1,771**	1,749
Total amount recognised in profit or loss	**21,114**	19,996

The Group had total cash outflows for leases of £15,990 thousand in 2024 (2023: £15,327 thousand). The future cash outflows relating to leases that have commenced are disclosed in Note 29c.

The following provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments in 2024 and 2023:

	As at 31 December 2024		
	Fixed payments £'000	Variable payments £'000	Total £'000
Fixed rent	13,694	–	13,694
Variable rent with minimum payment	1,204	–	1,204
Variable rent only[1]	–	1,771	1,771

1 Relates mainly to the concession fee on land (see Note 14).

	As at 31 December 2023		
	Fixed payments £'000	Variable payments £'000	Total £'000
Fixed rent	13,173	–	13,173
Variable rent with minimum payment	1,182	–	1,182
Variable rent only[1]	–	1,749	1,749

1 Relates mainly to the concession fee on land (see Note 14).

Lease extension and termination options

The Group has leases that include extension and termination options. These options provide flexibility in managing the leased assets and align with the Group's business needs. The Group exercises significant judgement in deciding whether it is reasonably certain that the extension and termination options will be exercised.

Set out below are details of potential future undiscounted lease payments for periods covered by extension options that were not included in the measurement of the Company's lease liabilities. As of the end of the reporting period, the Group does not expect to exercise any termination option.

	Up to 5 years £'000	More than 5 years £'000
Lease payments applicable in extension option periods which, as of the end of the reporting period, are not reasonably certain to be exercised	7,367	7,078

Note 18 Other payables and accruals

	As at 31 December	
	2024 £'000	2023 £'000
Current portion of lease liabilities (Note 17)	6,441	4,089
Share appreciation rights (Note 5(b))	3,470	2,703
Employees	4,634	5,120
VAT and taxes	12,541	13,748
Accrued interest	3,339	3,361
Corporate income taxes	592	136
Accrued expenses	20,697	22,228
Advance payments received	11,582	9,260
Accrued rent	3,500	6,354
Variable income payment to holders of Income Units	3,824	4,166
Related parties[1]	7,100	7,984
	77,720	79,149

1 Majority of this balance ((£7,050 thousand in 2024 and £7,909 thousand in 2023) relates to an accrual for retention costs of the building contract with Gear Construction UK Limited for the design and construction of the art'otel London Hoxton (see Note 28).

Note 19 Revenues

	As at 31 December	
	2024 £'000	2023 £'000
Room revenue from owned hotels[1]	307,963	291,953
Room revenue from leased hotels[2]	9,216	8,127
Campsites and lodging hire	23,483	23,659
Food and beverage	82,078	74,106
Minor operating (including room cancellation)	8,106	7,003
Management fee (see Note 12(c)(i))	4,003	3,075
Franchise and reservation fee (see Note 12(c)(i))	3,183	2,814
Marketing fee	1,080	1,048
Rent Revenue	3,675	2,813
	442,787	414,598

1 Room revenue from owned hotels includes also revenue from hotels that are under a <100 long-term lease.
2 Room revenue from leased hotels includes the revenue from Park Plaza Budapest and Park Plaza Wallstreet Berlin Mitte which are under 20-year lease contracts.

Note 20 Operating expenses

	As at 31 December	
	2024 £'000	2023 £'000
Salaries and related expenses	**144,229**	131,048
Franchise, reservation and commissions expenses (see Note 12(c)(i))	**35,405**	31,960
Food and beverage	**20,601**	20,872
Insurance and property taxes	**16,503**	16,343
Utilities	**21,339**	23,094
Administration costs	**14,114**	12,853
Maintenance	**9,227**	8,682
Laundry, linen and cleaning	**7,507**	6,740
Supplies	**6,403**	6,354
IT expenses	**4,736**	4,189
Communication, travel and transport	**3,743**	3,454
Marketing expenses	**4,454**	4,195
Equipment hire	**2,647**	2,040
Entertainment	**1,635**	1,416
Government grants payroll	**(142)**	250
Government grants fixed costs	**–**	172
Defined contribution pension premiums	**6,060**	5,249
Other expenses	**5,527**	5,179
	303,988	284,090

Note 21 Financial expenses

	As at 31 December	
	2024 £'000	2023 £'000
Interest and other finance expenses on bank loans	**29,905**	25,385
Interest on lease liabilities	**10,737**	10,260
Foreign exchange differences, net	**1,486**	–
Other	**506**	500
	42,634	36,145

Note 22 Financial income

	As at 31 December	
	2024 £'000	2023 £'000
Income from Park Plaza County Hall London Units	**1,300**	1,006
Interest on bank deposits	**3,399**	2,480
Foreign exchange differences, net	**–**	918
Interest and other financial income from jointly controlled entities (see Note 28(b))	**527**	354
	5,226	4,758

Note 23 Other income and expenses

a. Other expenses

	As at 31 December	
	2024 £'000	2023 £'000
Capital loss on buy-back of Income Units previously sold to private investors	**1,486**	3,266
Revaluation of interest rate swap (see Note 29(a))	**–**	4,553
Re-measurement of lease liability[1]	**3,984**	3,852
Loss on disposal of fixed assets	**494**	29
Other non-recurring expenses (including Hotel pre-opening expenses)[2]	**3,893**	1,346
Refinance expenses	**2,619**	–
Revaluation of share appreciation rights (see Note 5(b)(i))	**767**	–
	13,243	13,046

1 This amount represents re-measurement of the Waterloo lease liability based on the 2% collar (see Note 17).
2 Hotel pre-opening expenses relate to costs incurred by the Group in advance of opening new hotels. In 2024, this related to art'otel London Hoxton, Radisson RED Belgrade, Serbia, which opened during 2024, and art'otel Rome Piazza Sallustio, which will be opened in March 2025. In 2023, this related to art'otel Zagreb, Croatia, Arena FRANZ Ferdinand which opened during 2023, and art'otel London Hoxton, which opened in 2024. These costs primarily relate to payroll expenses, sales and marketing costs and training costs of new staff.

b. Other income

	As at 31 December	
	2024 £'000	2023 £'000
Revaluation of share appreciation rights (see Note 5(b)(i))	**–**	2,816
Revaluation of interest rate swap (see Note 29(a))	**4,299**	–
Gain on disposal of fixed assets	**299**	–
Revaluation of Income Units Park Plaza County Hall London (see Note 6)	**450**	1,600
	5,048	4,416

Note 24 Net expenses for financial liability in respect of Income Units sold to private investors

	As at 31 December	
	2024 £'000	2023 £'000
Variable return (see Note 2(e))	**14,136**	15,311
Reimbursement of depreciation expenses (see Note 2(e))	**(1,240)**	(1,155)
	12,896	14,156

Note 25 Income taxes

a. Tax benefit (expense) included in the income statement

	As at 31 December	
	2024 £'000	2023 £'000
Current taxes	**(3,005)**	(2,760)
Adjustments in respect of current income tax of previous year	**24**	(8)
Deferred taxes	**100**	1,091
	(2,881)	(1,677)

b. The following are the major deferred tax (liabilities) and assets recognised by the Group and changes therein during the period:

	Tax loss carry forward £'000	Timing difference on provisions £'000	Property, plant and equipment and leases £'000	Tax incentives £'000	Total £'000
Balance as at 1 January 2024	**19,784**	**1,721**	**(18,647)**	**5,097**	**7,955**
Amounts charged to income statement	**2,109**	**(616)**	**(915)**	**(478)**	**100**
Adjustments for exchange rate differences	**(396)**	**(69)**	**331**	**(223)**	**(357)**
Balance as at 31 December 2024	**21,497**	**1,036**	**(19,231)**	**4,396**	**7,698**
Balance as at 1 January 2023	11,582	1,346	(11,134)	5,193	6,987
Amounts charged to income statement	8,343	401	(7,653)	–	1,091
Adjustments for exchange rate differences	(141)	(26)	140	(96)	(123)
Balance as at 31 December 2023	19,784	1,721	(18,647)	5,097	7,955

The above deferred taxes have been set off when they relate to the same jurisdictions and presented in the consolidated financial statements as follows:

	As at 31 December	
	2024 £'000	2023 £'000
Deferred tax assets	**12,890**	13,833
Deferred tax liabilities	**(5,192)**	(5,878)
	7,698	7,955

c. Reconciliation between tax expense and the product of accounting profit multiplied by the Group's tax rate is as follows:

	As at 31 December	
	2024 £'000	2023 £'000
Profit before income taxes	**30,613**	28,822
Expected tax at the tax rate of the United Kingdom 25% (2023: 25%)	**(7,653)**	(7,206)
Adjustments in respect of:		
Effects of other tax rates	**3,938**	10,240
Non-deductible expenses	**(158)**	(627)
Disallowed interest for which deferred tax asset was not recorded	**(5,030)**	(11,078)
Temporary differences for which no deferred tax was recorded	**2,562**	(5,014)
Non-taxable income	**194**	484
Unrecognised current year tax losses	**(3,390)**	(2,966)
Recognition of deferred tax asset on losses from previous years	**6,633**	14,377
Other differences	**23**	113
Income tax expense reported in the income statement	**(2,881)**	(1,677)

d. Tax laws applicable to the Group companies:

(i) The Company is subject to taxation under the laws of Guernsey. The Company is therefore taxed at the standard rate of 0%.

(ii) Foreign subsidiaries are subject to income taxes in their country of domicile in respect of their income, as follows:

1. Taxation in the Netherlands: corporate income tax rate is 25.8%.
2. Taxation in the United Kingdom: corporate income tax rate for domiciled companies and for non-domiciled companies is 25%.
3. Taxation in Germany: aggregated corporate tax rate and trade income rate is 29.7%.
4. Taxation in Hungary: corporate income tax rate is 9%.
5. Taxation in Croatia: corporate income tax rate is 18%.
6. Taxation in Italy: aggregated corporate tax rate (IRES) and local tax (IRAP) rate is 27.9%.
7. Taxation in Austria: corporate income tax rate is 25%.
8. Taxation in Serbia: corporate income tax rate is 15%.

e. Losses carried forward for tax purposes

As of 2024, the Group has carried forward tax losses estimated at approximately £244.1 million (2023: £198.2 million). The movement during the year primarily relates to the utilisation of losses amounting to £14.9 million, offset by the creation of new losses totaling £61.9 million. Of these new losses, £13.6 million relate to 2024, while the remainder pertains to prior years.

The Group did not recognise deferred tax assets for tax losses amounting to £158.9 million (2023: £118.6 million). The movement in 2024 is mainly driven by the recognition of deferred tax assets of £26.5 million, offset by the creation of new losses of £61.8 million as mentioned above.

The carried-forward losses relate to individual entities within the Group, each operating in its own tax jurisdiction. When assessing the recoverability of these losses, the Group evaluates whether they can be utilised against foreseeable future taxable profits, taking into account jurisdictional limitations and the nature of the available losses. Following this analysis, the Group concluded that, for the majority of these companies, it is not probable that sufficient future taxable profits will be generated to utilise these losses. This is primarily due to the nature of their activities, which include holding company structures and tax-exempt operations. Given this uncertainty, deferred tax assets have not been recognised for most of the losses. The Group continues to reassess this analysis on an ongoing basis.

Additionally, the Group has not recognised deferred tax assets for disallowed interest amounting to £155.5 million (2023: £132 million) as it is not considered probable that these amounts will be utilised in the foreseeable future.

f. Tax incentives

In May 2019, based on confirmation from the Ministry of Economy and pursuant to the Investment Promotion and Development of Investment Climate Act in Croatia, Arena became eligible to claim incentive allowances. Investments eligible for incentives are investments done in Arena One 99 Glamping Campsite, Arena Grand Kažela Campsite, Hotel Grand Brioni and Verudela Beach self-catering apartment complexes.

Arena has the right to use the investment tax credits until 2027. The execution of the investment project is subject to supervision by the relevant institutions throughout the period of use of the tax credits and Arena will need to present regular annual reports to the tax authority in which it will evidence that the conditions for the use of the tax credits are met.

Note 26 Earnings per share

The following reflects the income and share data used in the basic earnings per share computations:

	As at 31 December	
	2024 £'000	2023 £'000
Profit attributable to equity holders of the parent basic and diluted	**28,206**	22,415
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	**42,045**	42,365
Basic earnings per share	**0.67**	0.53
Effect of dilution from:		
Share option	**437**	176
Weighted average number of ordinary shares adjusted for the effect of dilution	**42,482**	42,541
Diluted earnings per share	**0.66**	0.53

In 2024, 37,500 share options (2023: 417,500) were excluded from the weighted number of ordinary shares adjusted for the effect of dilution as they had an anti-dilutive effect.

Note 27 Segments

For management purposes, the Group's activities are divided into Owned Hotel Operations and Management and Central Services Activities (for further details see Note 12(c)(i)). Owned Hotel Operations are further divided into four reportable segments: the Netherlands, Germany, Croatia and the United Kingdom. Other includes individual hotels in Hungary, Serbia, Italy and Austria. The operating results of each of the aforementioned segments are monitored separately for the purpose of resource allocations and performance assessment. Segment performance is evaluated based on EBITDA, which is measured on the same basis as for financial reporting purposes in the consolidated income statement.

	Year ended 31 December 2024							
	The Netherlands £'000	Germany £'000	United Kingdom £'000	Croatia £'000	Other[1] £'000	Management and Central Services £'000	Adjustments[2] £'000	Consolidated £'000
Revenue								
Third party	66,196	24,399	248,627	84,058	10,675	8,832	–	442,787
Inter-segment	–	–	400	210	7	47,097	(47,714)	–
Total revenue	66,196	24,399	249,027	84,268	10,682	55,929	(47,714)	442,787
Operating expenses								
Third party	(37,389)	(14,178)	(150,051)	(45,600)	(8,380)	(48,390)	–	(303,988)
Inter-segment	(6,662)	(3,387)	(20,809)	(15,274)	(926)	(210)	47,268	–
Total operating expenses	(44,051)	(17,565)	(170,860)	(60,874)	(9,306)	(48,600)	47,268	(303,988)
Segment EBITDA	22,116	6,825	77,373	21,479	1,259	7,411	–	136,463
Depreciation, amortisation								(47,083)
Financial expenses								(42,634)
Financial income								5,226
Net expenses for liability in respect of Income Units sold to private investors								(12,896)
Other income (expenses), net								(8,195)
Share in result of joint ventures								(268)
Profit before tax								30,613

1 Includes Park Plaza Budapest in Hungary, Radisson RED Belgrade, Serbia, art'otel Rome Piazza Sallustio, Italy, and Arena Franz Ferdinand Mountain Resort in Nassfeld, Austria.
2 Consist of inter-company eliminations.

	The Netherlands £'000	Germany £'000	United Kingdom £'000	Croatia £'000	Other[1] £'000	Adjustments[2] £'000	Consolidated £'000
Geographical information							
Non-current assets[3]	179,692	64,310	1,037,036	234,040	94,847	44,348	1,654,273

1 Includes Park Plaza Budapest in Hungary, Radisson RED Belgrade, Serbia, art'otel Rome Piazza Sallustio, Italy, and Arena Franz Ferdinand Mountain Resort in Nassfeld, Austria.
2 This includes the non-current assets of Management and Central Services.
3 . Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets and intangible assets.

	Year ended 31 December 2023							
	The Netherlands £'000	Germany £'000	United Kingdom £'000	Croatia £'000	Other[1] £'000	Management and Central Services £'000	Adjustments[2] £'000	Consolidated £'000
Revenue								
Third party	63,302	22,759	234,912	78,123	7,859	7,643	–	414,598
Inter-segment	–	–	400	257	–	40,626	(41,283)	–
Total revenue	63,302	22,759	235,312	78,380	7,859	48,269	(41,283)	414,598
Operating expenses								
Third party	(37,466)	(14,243)	(138,018)	(42,482)	(7,711)	(44,170)	–	(284,090)
Inter-segment	(6,219)	(3,047)	(20,258)	(13,547)	(637)	(257)	43,965	–
Total operating expenses	(43,685)	(17,290)	(158,276)	(56,029)	(8,348)	(44,427)	43,965	(284,090)
Segment EBITDA	19,580	5,466	76,276	20,409	(528)	6,973	–	128,176
Depreciation, amortisation								(45,068)
Financial expenses								(36,145)
Financial income								4,758
Net expenses for liability in respect of Income Units sold to private investors								(14,156)
Other income (expenses), net								(8,630)
Share in result of joint ventures								(113)
Profit before tax								28,822

1 Includes Park Plaza Budapest in Hungary, Radisson RED Belgrade, Serbia, art'otel Rome Piazza Sallustio, Italy, and Arena Franz Ferdinand Mountain Resort in Nassfeld, Austria.
2 Consist of inter-company eliminations.

	The Netherlands £'000	Germany £'000	United Kingdom £'000	Croatia £'000	Other[1] £'000	Adjustments[2] £'000	Consolidated £'000
Geographical information							
Non-current assets[3]	190,420	72,311	1,007,301	249,910	86,306	46,462	1,652,710

1 Includes Park Plaza Budapest in Hungary, Radisson RED Belgrade, Serbia, art'otel Rome Piazza Sallustio, Italy, and Arena Franz Ferdinand Mountain Resort in Nassfeld, Austria.
2 This includes the non-current assets of Management and Central Services.
3 Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets and intangible assets.

Note 28 Related parties

a. Balances with related parties

	As at 31 December 2024 £'000	2023 £'000
Loans to joint ventures (see Note 5a)	**9,535**	6,515
Short-term receivables	**74**	65
Payable to GC Project Management Limited	**(45)**	(75)
Payable to Gear Construction UK Limited (see c(i))	**(7,055)**	(12,445)

b. Transactions with related parties

	As at 31 December 2024 £'000	2023 £'000
Cost of transactions with GC Project Management Limited	**(491)**	(670)
Cost of transactions with Gear Construction UK Limited (see c(i))	**(28,207)**	(55,069)
Rent income from sub-lease of office space	**55**	56
Management fee revenue from jointly controlled entities	**978**	872
Interest income from jointly controlled entities	**301**	354

c. Significant other transactions with related parties

(i) **Construction of the art'otel London Hoxton –** Following the approval by the independent shareholders, on 7 April 2020 PPHE Hoxton B.V. (the "Employer") entered into a JCT design and build building contract with Gear Construction UK Limited, an entity controlled by Eli Papouchado, together with members of his family ('Gear'), for the design and construction of the art'otel London Hoxton hotel on a 'turn-key' basis (the 'building contract'). The works under the building contract achieved Practical Completion on 20 December 2024. AECOM was appointed to act as the Employer's agent to ensure that the project was administered in line with the terms of the building contract. It is also noted that over the course of construction, the Employer submitted a number of variations, with the Contract Sum in each case being adjusted in line with Aecom's subsequent cost assessment of the relevant variation.

Gear's obligations and liabilities under the building contract are supported by a corporate guarantee from Red Sea Hotels Limited, an associate of Euro Plaza Holdings B.V. and therefore a related party of the Company, in the amount of 10% of the Contract Sum (the 'corporate guarantee'). The corporate guarantee expires on the later of: (i) the expiry of the two-year defects rectification period which follows practical completion of the works; and (ii) the issue of the latent defect insurer's approval or final technical audit report.

(ii) **Sub-lease of office space –** A member of the Group has agreed to sub-lease a small area of office space to members or affiliates of the Red Sea Group at its County Hall corporate office in London. The rent payable by the Red Sea Group to PPHE Hotel Group is based on the cost at which the landlord is leasing such space to PPHE Hotel Group.

(iii) Pre-Construction and Maintenance Contract – The Group frequently uses GC Project Management Limited, an entity controlled by Eli Papouchado together, with members of his family (GC), to undertake preliminary assessment services, including appraisal work, and provide initial estimates of the construction costs. Further, GC provides ad-hoc maintenance work when required to the Group's various sites. Accordingly, the Group has entered into an agreement with GC for the provision of pre-construction and maintenance services by GC to the Group for a fixed annual retainer of £60,000.

(iv) Transactions in the ordinary course of business, in connection with the use of hotel facilities (such as overnight room stays and food and beverages) and transportation services provided to the Group are being charged at market prices. These transactions occur occasionally.

(v) Londra & Cargill project management agreement – The Group entered into a series of agreements with GC Project Management Limited for the provision of project management services and site supervision services to the Group in respect of the redevelopment of Hotel Londra & Cargill in Rome, Italy, commencing in 2022 and completing on practical completion of the project.

Summary of the remuneration for Executive and Non-Executive Directors for the year ended 31 December 2024:

	Base salary and fees £'000	Bonus £'000	Pension contributions £'000	Other benefits £'000	Total £'000
Chairman and Executive Directors	1,820	482	73	22	2,397
Non-Executive Directors	289	–	–	–	289
	2,109	482	73	22	2,686

The above table does not include the bonus share awards for 2024 and the 2022 LTIP share awards that fully vested after the balance sheet date. For more information, please refer to the Remuneration Committee Report from page 135 onwards.

Summary of the remuneration for Executive and Non-Executive Directors for the year ended 31 December 2023:

	Base salary and fees £'000	Bonus £'000	Pension contributions £'000	Other benefits £'000	Total £'000
Chairman and Executive Directors	1,726	473	67	19	2,285
Non-Executive Directors	283	–	–	–	283
	2,009	473	67	19	2,568

Directors' interests in employee share incentive plan

As at 31 December 2024, the Executive Directors held share options to purchase 143,308 ordinary shares (2023: 121,308). 27,308 options were fully exercisable with a £nil exercise price (2023: 27,308 with nil exercise price and 50,000 with an exercise price of £14.30). No share options were granted to Non-Executive Directors of the Board.

Note 29 Financial instruments risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise bank borrowings, lease liabilities, cash and cash equivalents and restricted deposits. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees on policies for managing each of these risks which are summarised below. The Group's accounting policies in relation to derivatives are set out in Note 2.

a. Interest rate risk

The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate.

The Group's policy is to manage its interest costs using fixed-rate debt. To manage its interest costs, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. Furthermore, the Group uses fixed interest rate debts. For this reason the Group's cash flow is not significantly sensitive to possible changes in market interest rates. Possible changes in interest rates do, however, affect the Group's equity as the fair value of the swap agreements changes with interest rate changes. These swaps are designated to hedge underlying debt obligations.

The Company has entered into interest rate swap contracts with unrelated financial institutions in order to reduce the effect of interest rate fluctuations or risk of certain real estate investment's interest expense on its variable rate debt. The Company is exposed to credit risk in the event of non-performance by the counterparty to these financial instruments. Management believes the risk of loss due to non-performance to be minimal and therefore decided not to hedge this.

The accounting treatment for the interest rate swaps and whether they qualify as accounting hedges under IFRS 9 is determined separately for each contract. If the contract qualifies as accounting hedge then the unrealised gain or loss on the contract is recorded in the consolidated statement of comprehensive income. If the contract does not qualify as accounting hedge then the gain or loss on the contract is recorded in the consolidated income statement. The fair value of the interest rate swaps is determined by taking into account the present interest rates compared with the contracted fixed rate over the life of the contract. The valuation models incorporate various market inputs such as interest rate curves and the fair value measurement is classified to Level 2 of the fair value hierarchy.

For the year ended 31 December 2024, the Company recorded a profit of £4.3 million (2023: loss of £4.5 million) in Other income/other expense in the consolidated income statement and an unrealised profit of £4.3 million (2023: loss of £5.0 million) in the consolidated statement of comprehensive income, representing the change in the fair value of these interest rate swaps during the period. The aggregate fair value of the interest rate swap contracts was £28.4 million as at 31 December 2024 (2023: £23.0 million) and is included in Other receivables and prepayments and Other non-current financial assets on the consolidated statements of financial position.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Effect on profit before tax £'000		
Increase in floating interest rate[1]	GBP	EUR	US Dollar
1%	189	50	90
2%	379	101	179
5%	947	252	448

1 The assumed movement in floating interest rate for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

b. Credit risk

The Group trades only with recognised, creditworthy third parties. It has policies in place to ensure that sales are made to customers with an appropriate credit history. The Company's policies ensure that sales to customers are settled through advance payments, in cash or by major credit cards (individual customers). Since the Group trades only with recognised third parties, there is no requirement for collateral for debts with third parties. Furthermore, the Group has no dependency on any of its customers. The receivable balances are monitored on an ongoing basis. Management monitors the collection of receivables through credit meetings and weekly reports on individual balances of receivables. The maximum credit exposure equals the carrying amount of the trade receivables and other receivables since a loss allowance for expected credit losses is recorded in respect of all trade and other receivables. The result of these actions is that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group has limited concentration risk in respect of its cash at banks.

c. Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Group's policy is to arrange medium-term bank facilities to finance its construction operation and then to convert them into long-term borrowings when required.

The Group continues to hold a strong liquidity position, with an overall consolidated cash balance of £113.2 million as at 31 December 2024.

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2024 and 2023 based on contractual undiscounted payments.

	As at 31 December 2024					
	Less than 3 months £'000	3 to 12 months £'000	Year 2 £'000	Year 3 to 5 £'000	> 5 years £'000	Total £'000
Interest-bearing loans and borrowings[1]	28,969	86,087	250,146	309,862	354,010	1,029,074
Financial liability in respect of Income Units sold to private investors[2]	3,534	10,602	14,136	42,408	110,565	181,245
Lease liability[3]	3,650	11,176	13,715	39,693	890,292	958,526
Trade payables	9,088	–	–	–	–	9,088
Other liabilities	20,047	20,926	1,810	1,188	4,995	48,966
	65,288	128,791	279,807	393,151	1,359,862	2,226,899

	As at 31 December 2023					
	Less than 3 months £'000	3 to 12 months £'000	Year 2 £'000	Year 3 to 5 £'000	> 5 years £'000	Total £'000
Interest-bearing loans and borrowings[1]	20,131	59,145	91,352	659,588	195,015	1,025,231
Financial liability in respect of Income Units sold to private investors[2]	3,828	11,483	15,311	45,933	114,287	190,842
Lease liability[3]	3,145	9,944	14,508	42,322	885,424	955,343
Trade payables	15,067	–	–	–	–	15,067
Other liabilities	45,793	30,061	–	–	20,612	96,466
	87,964	110,633	121,171	747,843	1,215,338	2,282,949

1 See Note 13 for further information.
2 Presented according to discounted amount due to the variability of the payments over the balance of the 999-year term.
3 Lease liability includes four leases with upward rent reviews based on future market rates in one lease and changes in the CPI/RPI in the other lease and, thus, future payments have been estimated using current market rentals and current United Kingdom-based CPIs/RPIs, respectively, except Park Plaza London Waterloo where the amounts included 50 years of future payments regarding the lease of Park Plaza London Waterloo instead of 199 years as stated in the lease agreement. Also, the amounts do not take into account the collar of 2%. The Group's management believes that the amount included in the above table reflects the relevant cash flow risks to which the Group would be reasonably exposed in the ordinary course of business.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Group monitors capital using a gearing ratio, which is net bank debt divided by total capital plus net bank debt. The Group's policy is to keep the gearing ratio between 50% and 60%. The Group includes within net bank debt interest-bearing bank loans and borrowings, less cash and cash equivalents and other liquid assets. Capital includes equity less the hedging reserve.

	2024 £'000	2023 £'000
Interest-bearing bank loans and borrowings	885,644	893,036
Less – cash and cash equivalents	(113,225)	(150,416)
Less – long-term restricted cash	(5,826)	(10,385)
Less – short-term restricted cash	(16,602)	(6,909)
Net debt	749,991	725,326
Equity	526,058	531,173
Hedging reserve[1]	(19,711)	(15,396)
Total capital	506,347	515,777
Capital and net debt	1,252,795	1,241,103
Gearing ratio	59.9%	58.4%

1 Includes the hedging reserve that is allocated to the Non-controlling interests.

Changes in liabilities arising from financing activities

The table below summarises the movements in the Group's financial liabilities for the years ended at 31 December 2024 and 2023.

	As at 1 January 2024 £'000	Cash flows £'000	Re-measurement through profit and loss £'000	Re-measurement against right-of-use assets £'000	Foreign exchange movement £'000	Movement through profit and loss £'000	Re-classification and other movements £'000	As at 31 December 2024 £'000
Non-current interest-bearing loans and borrowings	845,199	46,668	–	–	(12,746)	–	(74,064)	805,057
Non-current lease liability	273,274	–	3,984	5,889	(2,491)	1,335	(6,767)	275,224
Financial liability in respect of Income Units sold to private investors	114,287	(5,287)	–	–	–	–	1,564	110,564
Current share appreciation rights	2,703	–	767	–	–	–	–	3,470
Current interest-bearing loans and borrowings	47,837	(41,147)	–	–	(1,503)	981	74,419	80,587
Current lease liability[1]	4,089	(4,162)	–	–	(253)	–	6,767	6,441
	1,287,389	(3,928)	4,751	5,889	(16,993)	2,316	1,919	1,281,343

1 Includes accrued interest on deferred lease payments.

Strategic Report Corporate Governance Financial Statements Appendices

	As at 1 January 2023 £'000	Cash flows £'000	Re-measure-ment through profit and loss £'000	Re-measure-ment against right-of-use assets £'000	Foreign exchange movement £'000	New leases £'000	Movement through profit and loss £'000	Re-classifi-cation and other movements £'000	As at 31 December 2023 £'000
Non-current interest-bearing loans and borrowings	817,631	65,265	–	–	(5,720)	–	–	(31,977)	845,199
Non-current lease liability	261,544	–	3,852	11,001	156	165	(882)	(2,562)	273,274
Financial liability in respect of Income Units sold to private investors	121,084	(5,609)	–	–	–	–	–	(1,188)	114,287
Current share appreciation rights	5,519	–	(2,816)	–	–	–	–	–	2,703
Current interest-bearing loans and borrowings	47,101	(31,717)	–	–	(1,243)	–	844	32,852	47,837
Current lease liability[1]	5,507	(4,095)	–	–	(39)	–	–	2,716	4,089
	1,258,386	23,844	1,036	11,001	(6,846)	165	(38)	(159)	1,287,389

1 Includes accrued interest on deferred lease payments.

Fair value of financial instruments

The fair values of the financial assets and liabilities are included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of floating interest rate liabilities also approximates their carrying amount as the periodic changes in interest rates reflect the movement in market rates.

The fair value of loans from banks and other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by a valuation technique based on the lowest level input that is significant to the fair value so determined:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Derivatives are valued using valuation techniques for swap models, using present value calculations. The models incorporate various inputs, including the credit quality of counterparties, and interest rate curves. The Group also granted share appreciation rights of the Company to Clal (see Note 5b) which is valued by using the Black–Scholes model. In addition, the Group also holds 46 Income Units in Park Plaza County Hall London, which were valued by external valuator using a discounted cash flow technique. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

As at 31 December 2024, the Group held the following financial instruments measured at fair value:

Liabilities

	31 December 2024 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Share appreciation rights	3,470	–	–	3,470

Assets

	31 December 2024 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Money market funds	34,981	34,981	–	–
Interest rate swaps used for hedging	28,398	–	28,398	–
Income Units in Park Plaza County Hall London	18,150	–	–	18,150

Change of up to 10% in the key inputs (Expected volatility of the share price, Risk-free interest rate) used in the valuation of the Share appreciation rights and a change of up to 50bp in discount rate used in the valuation of the Income Units in Park Plaza County Hall London would not result in a significant change in the fair value.

As at 31 December 2023, the Group held the following financial instruments measured at fair value:

Liabilities

	31 December 2023 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Share appreciation rights	2,703	–	–	2,703

Assets

	31 December 2023 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Money market funds	33,042	33,042	–	–
Interest rate swaps used for hedging	22,977	–	22,977	–
Income Units in Park Plaza County Hall London	17,700	–	–	17,700

During 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The carrying amounts and fair values of the Group's financial instruments other than those whose carrying amount approximates their fair value are as follows:

	Carrying amount 31 December		Fair value 31 December	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Financial liabilities				
Bank borrowings	885,644	893,036	860,339	860,244

Note 30 Subsequent events

Final dividend

The Board is proposing a final dividend payment of 21 pence per share (2023: 20 pence per share), subject to shareholder approval at the Annual General Meeting.

Appendices

210 Subsidiaries included in the Group
214 Jointly controlled entities
214 Current renovation, repositioning and pipeline projects
215 Glossary
218 Alternative Performance Measures
220 Contacts

Subsidiaries included in the Group

Name of company	Principal activity	Country of incorporation	Direct and indirect holdings %
1 Westminster Bridge Plaza Management Company Limited	Hotel operation	United Kingdom	55.1
A40 Data Centre B.V.	Holding company	Netherlands	100
A40 Office B.V.	Holding company	Netherlands	100
ABK Hotel Holding B.V.	Holding company	Netherlands	54.9
ACO Hotel Holding B.V.	Holding company	Netherlands	54.9
Amsterdam Airport Hotel Holding B.V. (formerly known as Victoria Schiphol Holding B.V.)	Holding company	Netherlands	100
Amsterdam Airport Hotel Operator B.V.	Hotel operation	Netherlands	100
Arena 88 Rooms d.o.o. Beograd-Palilula	Hotel operation	Serbia	54.9
ARENA FRANZ Ferdinand GmbH	Hotel operation	Austria	54.9
Arena Hospitality Group d.d.	Hotel operation	Croatia	54.9
Arena Hospitality Management d.o.o.	Management	Croatia	54.9
art'amsterdam Hotel Operator B.V.	Hotel operation	Netherlands	100
art'otel Berlin City Centre West GmbH	Hotel operation	Germany	54.9
art'otel Köln betriebsgesellschaft mbH	Hotel operation	Germany	54.9
Art'otel (I.L.) Management Services Limited (under liquidation)	Holding company	Israel	100
Aspirations (Limited)	Holding company	Guernsey	51
Bora B.V. (formerly known as WH/DMREF Bora B.V.)	Holding company	Netherlands	100
Bora Finco B.V.	Holding company	Netherlands	100
County Hall Hotel Holdings B.V. (formerly known as PPHE Arena Holding B.V.)	Holding company	Netherlands	100

Name of company	Principal activity	Country of incorporation	Direct and indirect holdings %
Dvadeset Osam d.o.o. (formerly known as W2005/Dvadeset Osam d.o.o.)	Holding company	Croatia	100
Eindhoven Hotel Operator B.V.	Hotel operation	Netherlands	100
Euro Sea Hotels N.V.	Holding company	Netherlands	100
Germany Real Estate B.V.	Holding company	Netherlands	54.9
Golden Wall Investments Limited	Finance company	British Virgin Islands	100
Grandis Netherlands Holding B.V.	Holding company	Netherlands	100
Hotel Club Construction B.V. (formerly Hotel Maastricht B.V.)	Holding company	Netherlands	100
Hotel Leeds Holding B.V.	Holding company	Netherlands	100
Hotel Nottingham Holding B.V.	Holding company	Netherlands	100
Hoxton Hotel Operator Limited	Hotel operation	United Kingdom	51
Leeds Hotel Operator Limited (formerly Nottingham Park Plaza Hotel Operator Limited)	Hotel operation	United Kingdom	100
Leno Investment Limited	Holding company	Guernsey	100
Londra Cargill Parent S.r.l.	Holding company	Italy	100
Marlbray Limited	Holding company	United Kingdom	100
Mazurana d.o.o.	Holding company	Croatia	54.9
North Lambeth Holding B.V.	Holding company	Netherlands	100
Nottingham Hotel Operator Limited	Hotel operation	United Kingdom	100
Park Plaza Berlin Hotelbetriebsgesellschaft mbH (in liquidation)	Hotel operation	Germany	54.9
Park Plaza County Hall London Ltd	Holding company	United Kingdom	11.5
Park Plaza Germany Holdings GmbH	Holding company	Germany	54.9
Park Plaza Hospitality Services (UK) Limited	Hotel operation	United Kingdom	100
Park Plaza Hotels (Germany) Services GmbH	Hotel operation	Germany	54.9
Park Plaza Hotels (UK) Limited	Holding company	United Kingdom	100
Park Plaza Hotels (UK) Services Limited	Management	United Kingdom	100
Park Plaza Hotels Berlin Wallstrasse GmbH	Hotel operation	Germany	54.9
Park Plaza Hotels Europe (Germany) B.V.	Holding company	Netherlands	100
Park Plaza Hotels Europe B.V.	Management	Netherlands	100
Park Plaza Hotels Europe Holdings B.V.	Holding company	Netherlands	100
Park Plaza Nürnberg GmbH	Hotel operation	Germany	54.9

Name of company	Principal activity	Country of incorporation	Direct and indirect holdings %
Park Royal Hotel Holding B.V. (formerly known as Club A40 Holding B.V.)	Holding company	Netherlands	100
Park Royal Hotel Operator Limited (formerly known as Club A40 Hotel Operator Limited)	Hotel operation	United Kingdom	100
Parkvondel Hotel Holding B.V.	Holding company	Netherlands	100
Parkvondel Hotel Operator B.V.	Hotel operation	Netherlands	100
Parkvondel Hotel Real Estate B.V.	Holding company	Netherlands	100
PPHE Art Holding B.V.	Holding company	Netherlands	100
PPHE Coop B.V.	Holding company	Netherlands	100
PPHE Germany B.V.	Holding company	Netherlands	100
PPHE Germany Holdings GmbH	Holding company	Germany	54.9
PPHE Headco Limited	Holding company	United Kingdom	100
PPHE Holdings Limited	Holding company	United Kingdom	100
PPHE Hotel Group Limited	Holding company	Guernsey	100
PPHE Hoxton B.V.	Holding company	Netherlands	51
PPHE Living Limited	Holding company	United Kingdom	100
PPHE Management (Croatia) B.V.	Holding company	Netherlands	100
PPHE Netherlands B.V. (formerly Maastricht Hotel Holding B.V.)	Holding company	Netherlands	100
PPHE NL Region B.V.	Holding company	Netherlands	100
PPHE Nürnberg Operator Hotelbetriebsgesellschaft mbH	Hotel operation	Germany	54.9
PPHE Support Services Limited	Hotel operation	United Kingdom	100
PPHE UK Holding B.V. (formerly Club Euro Hotels B.V.)	Holding company	Netherlands	100
PPHE USA B.V.	Holding company	Netherlands	100
PPHE USA Holding B.V.	Holding company	Netherlands	100
PPHE West 29th Street USA Inc	Holding company	Delaware	100
PPWL Parent B.V.	Holding company	Netherlands	100
Riverbank Hotel Holding B.V.	Holding company	Netherlands	51
Riverbank Hotel Operator Limited	Hotel operation	United Kingdom	51
Sherlock Holmes Hotel Shop Limited	Hotel operation	United Kingdom	100
Sherlock Holmes Park Plaza Limited	Hotel operation	United Kingdom	100
Signature Sub BV	Holding company	Netherlands	51

Name of company	Principal activity	Country of incorporation	Direct and indirect holdings %
Signature Top Ltd	Holding company	United Kingdom	51
Signature Top II Ltd	Holding company	United Kingdom	51
Società Immobiliare Alessandro De Gasperis S.r.l.	Hotel operation	Italy	51
South Bank Hotel Management Company Ltd	Holding company	United Kingdom	11.5
Suf Holding B.V.	Holding company	Netherlands	100
Sugarhill Investments B.V.	Holding company	Netherlands	54.9
SW Szállodaüzemeltetö Kft	Hotel operation	Hungary	54.9
The Mandarin Hotel B.V.	Holding company	Netherlands	100
TOZI Restaurant Operator Limited	Hotel operation	United Kingdom	100
Ulika d.o.o.	Holding company	Croatia	54.9
Utrecht Hotel Holding B.V.	Holding company	Netherlands	100
Utrecht Hotel Operator B.V.	Hotel operation	Netherlands	100
Victoria Amsterdam Hotel Holding B.V.	Holding company	Netherlands	100
Victoria Amsterdam Hotel Operator B.V.	Hotel operation	Netherlands	100
Victoria London (Real Estate) B.V.	Holding company	Netherlands	100
Victoria London B.V. (formerly known as Club Luton Hotel Holding B.V. and Club Ealing Hotel Holding B.V.)	Holding company	Netherlands	100
Victoria Monument B.V.	Holding company	Netherlands	100
Victoria Park Plaza Operator Limited	Hotel operation	United Kingdom	100
W29 Development LLC	Holding company	Delaware	100
W29 Owner LLC	Holding company	Delaware	100
Waterloo Hotel Holding B.V. (formerly known as Hercules House Holding B.V.)	Holding company	Netherlands	100
Waterloo Hotel Operator Limited (formerly known as Hercules House Operator Limited)	Hotel operation	United Kingdom	100
Westminster Bridge Hotel Operator Limited	Hotel operation	United Kingdom	100
Westminster Bridge London (Real Estate) B.V.	Holding company	Netherlands	100
Westminster Bridge London B.V.	Holding company	Netherlands	100

Jointly controlled entities

Name of company	Principal activity	Country of incorporation	Direct and indirect holdings %
ABM Hotel Holding B.V.[1]	Holding company	Netherlands	50
art'otel berlin mitte/Park Plaza betriebsgesellschaft mbH[1]	Hotel operation	Germany	50
Park Plaza betriebsgesellschaft mbH[1]	Hotel operation	Germany	50
PPBK Hotel Holding B.V. (formerly known as ABK Hotel Holding B.V.)[1]	Holding company	Netherlands	50

1 Indirectly held through Arena Hospitality Group d.d.

Current renovation, repositioning and pipeline projects

Project	Location	Scope	Status
art'otel London Hoxton	London, United Kingdom	New development	Full completion by H2 2025
art'otel in New York City	New York City, United States	New development	Temporarily paused
art'otel Rome Piazza Sallustio	Rome, Italy	Repositioning	Expected to open Q1 2025
Development project London Victoria	London, United Kingdom	Asset optimisation	Temporarily paused
Development site Park Royal London	London, United Kingdom	New development	In design process
Development site Westminster Bridge Road, London	London, United Kingdom	New development	In design process
Guest House Hotel Riviera, Pula	Istria, Croatia	Repositioning	Temporarily paused

Glossary

Annual General Meeting	The Annual General Meeting of PPHE Hotel Group.
Annual Report and Accounts	The Annual Report of PPHE Hotel Group in relation to the year ended 31 December 2024.
Arena Campsites®	Located in eight beachfront sites across the Southern coast of Istria, Croatia. They operate under the Arena Hospitality Group umbrella, of which PPHE Hotel Group is a controlling shareholder. arenacampsites.com
Arena Hospitality Group	Also referred to as 'Arena' or 'AHG'. One of the most dynamic hospitality groups in Central and Eastern Europe, currently offering a portfolio of 30 owned, co-owned, leased and managed properties with more than 10,000 rooms and accommodation units in Croatia, Germany, Hungary, Serbia and Austria. PPHE Hotel Group has a controlling ownership interest in Arena Hospitality Group. arenahospitalitygroup.com
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 and at a mountain resort in Nassfeld, Austria. They operate under the Arena Hospitality Group umbrella, of which PPHE Hotel Group is a controlling shareholder.
art'otel®	A lifestyle collection of hotels that fuse exceptional architectural style with art-inspired interiors, located in cosmopolitan centres across Europe. PPHE Hotel Group is owner of the art'otel® brand worldwide. artotel.com
Board	Eli Papouchado (Non-Executive Chairman), Yoav Papouchado (Alternate Director), Boris Ivesha (President & Chief Executive Officer), Greg Hegarty (Co-Chief Executive Officer), Daniel Kos (Chief Financial Officer & Executive Director), Nigel Keen (Non-Executive Director & Senior Independent Director), Ken Bradley ((Deputy) Non-Executive Chairman), Marcia Bakker (Non-Executive Director), Stephanie Coxon (Non-Executive Director), Roni Hirsch (Non-Executive Director)
BREEAM	Building Research Establishment Environmental Assessment Method.
Capital expenditure, CAPEX	Purchases of property, plant and equipment, intangible assets, associate and joint venture investments, and other financial assets.
Company	PPHE Hotel Group Limited, a Guernsey incorporated Company listed on the Main Market of the London Stock Exchange plc.
CSRD	Corporate Sustainability Reporting Directive.
Derivatives	Financial instruments used to reduce risk, the price of which is derived from an underlying asset, index or rate.
Direct channels	Methods of booking hotel rooms (both digital and voice) not involving third party intermediaries.
Dividend per share	Proposed/approved dividend for the year divided by the weighted average number of outstanding shares after dilution at the end of the period.

Earnings per share	Earnings per share amounts are calculated by dividing the net profit (loss) for the year by the weighted average number of ordinary shares outstanding during the year. Diluted earnings (loss) per share amounts are calculated by dividing the net profit (loss) for the year by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.
Employee engagement survey	We ask our team members to participate in a survey to measure employee engagement.
EPRA (European Public Real Estate Association)	The EPRA reporting metrics analyse performance (value, profit and cash flow) given that we have full ownership of the majority of our properties.
EPS	Earnings per share.
EU	The European Union.
Euro, EUR, €	The currency of the European Economic and Monetary Union.
Exceptional items	Items which are not reflective of the normal trading activities of the Group.
Exchange rates, FX	The exchange rates used were obtained from the local national banks' website.
FF&E	Furniture, fittings and equipment.
Franchise	A form of business organisation in which a company which already has a successful product or service (the franchisor) enters into a continuing contractual relationship with other businesses (franchisees) operating under the franchisor's trade name and usually with the franchisor's guidance, in exchange for a fee.
Goodwill	The difference between the consideration given for a business and the total of the fair values of the separable assets and liabilities comprising that business.
GRS	Guest Rating Score is the online reputation score used by ReviewPro – an industry leader in guest intelligence solutions.
Guernsey	The Island of Guernsey.
Hotel revenue	Revenue from all revenue-generating activity undertaken by managed and owned and leased hotels, including room nights, food and beverage sales.
Income Units	Cash flows derived from the net income generated by rooms in Park Plaza London Westminster Bridge, which have been sold to private investors.
LSE	London Stock Exchange. PPHE Hotel Group's shares are traded on the Premium Listing segment of the Official List of the UK Listing Authority.
Key Performance Indicator (KPI)	Key Performance Indicator (KPI) is a measurable value that demonstrates how effectively an organization is achieving its key business objectives.
Market share	The share of the total sales of a product or group of products by a company in a particular market. It is often shown as a percentage and can be used as a performance indicator to compare with competitors in the same market (sector).
NCI	Non-controlling interest
Number of properties	Number of owned hotel properties at the end of the period.
Number of rooms	Number of rooms in owned hotel properties at the end of the period.
Occupancy	Total occupied rooms divided by net available rooms or RevPAR divided by ARR.
Online travel agent	Online companies whose websites permit consumers to book various travel related services directly over the Internet.
Park Plaza®	Upper upscale hotel brand. PPHE Hotel Group is master franchisee of the Park Plaza® Hotels & Resorts brand owned by Radisson Hotel Group. PPHE Hotel Group has the exclusive right to develop the brand across 56 countries in Europe, the Middle East and Africa. parkplaza.com
Park Plaza Hotel	One hotel from the Park Plaza® Hotels & Resorts brand.
Pipeline	Hotels/rooms that will enter the PPHE Hotel Group system at a future date.
Pound Sterling/ GBP £	The currency of the United Kingdom.
PPHE Hotel Group	PPHE Hotel Group is also referred to as 'the Group' and is an international hospitality real estate group. Through its subsidiaries, jointly controlled entities and associates, the Group owns, co-owns, develops, leases, operates and franchises hospitality real estate. The Group's primary focus is full-service upscale, upper upscale and lifestyle hotels in major gateway cities and regional centres, as well as hotel, resort and campsite properties in select resort destinations.
Radisson Hotel Group	Created in early 2018, one of the largest hotel companies in the world. Hotel brands owned by Radisson Hotel Group are Radisson Collection™, Radisson Blu®, Radisson®, Radisson RED®, Radisson Individuals, Park Plaza®, Park Inn® by Radisson, Country Inn & Suites® by Radisson, and Prize by Radisson. The portfolio of Radisson Hotel Group includes more than 1,495 hotels in operation and under development, located in more than 100 countries and territories, operating under global hotel brands. Jin Jiang International Holdings is the majority shareholder of Radisson Hotel Group. radissonhotelgroup.com
Radisson Rewards™	The hotel rewards programme of Radisson Hotel Group, including Park Plaza® Hotels & Resorts and art'otel®. The programme is owned by Radisson Hotel Group. Gold Points® is the name of the currency earned through the Radisson Rewards™ programme. radissonrewards.com
Responsible Business	PPHE Hotel Group's Responsible Business strategy is a genuine, active and responsible commitment to our environment and society.
Room count	Number of rooms franchised, managed, owned or leased by PPHE Hotel Group.
Subsidiary	A company over which the Group exercises control.
Weighted average number of shares outstanding during the year	The weighted average number of outstanding shares taking into account changes in the number of shares outstanding during the year.
Working capital	The sum of inventories, receivables and payables of a trading nature, excluding financing and taxation items.

Alternative Performance Measures

In order to aid stakeholders and investors in analysing the Group's performance and understanding the value of its assets and earnings from a property perspective, the Group has disclosed the following Alternative Performance Measures, which are commonly used in the Real Estate and the Hospitality sectors.

Adjusted EPRA earnings	EPRA earnings with the Company's specific adjustments. The main adjustments include removal of unusual or one-time influences which are not part of the Group's regular operations and 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, representing the Group's expected average cost to upkeep the real estate in good quality. The reconciliation of the Group's earnings attributed to equity holders of the parent company to Adjusted EPRA earnings can be found on page 44.
Adjusted EPRA earnings per share	Adjusted EPRA earnings divided by the weighted average number of ordinary shares outstanding during the year.
Average room rate (ARR)	Total room revenue divided by the number of rooms sold.
Debt Service Coverage Ratio (DSCR)	EBITDA, less net expenses for financial liability in respect of Income Units sold to private investors and lease payments, divided by the sum of interest on bank loans and yearly bank loans redemption.
EBIT	Earnings before interest (Financial income and expenses), tax, share in results of joint ventures and exceptional items presented as other income and expense.
EBITDA	Earnings before interest (Financial income and expenses), tax, depreciation and amortisation, impairment loss, share in results of joint ventures and exceptional items presented as other income and expense.
EBITDA margin	EBITDA divided by total revenue.
EBITDAR	Earnings before interest (Financial income and expenses), tax, depreciation and amortisation, impairment loss, rental expenses, share in results of joint ventures and exceptional items presented as other income and expense.
EPRA earnings	Shareholders' earnings from operational activities adjusted to remove changes in fair value of financial instruments and reported depreciation. The reconciliation of the Group's earnings attributed to equity holders of the parent company to EPRA earnings can be found on page 44.
EPRA earnings per share	EPRA earnings divided by the weighted average number of ordinary shares outstanding during the year.
EPRA LTV (EPRA net debt leverage)	Net debt based on proportionate consolidation divided by the sum of the market value of the properties and the net working capital and excluding certain items not expected to crystallise in a long-term investment property business model (deferred tax on timing differences and financial instruments) based on proportionate consolidation. The reconciliation of the ratio between the reported net debt and the reported property value (net debt leverage per the financial statements) to EPRA LTV can be found on page 47.
EPRA NAV (Net Asset Value)	Recognised equity, attributable to the parent company's shareholders, including reversal of derivatives, deferred tax asset for derivatives, deferred tax liabilities related to the properties and revaluation of operating properties.
EPRA NDV (Net Disposal Value)	Recognised equity, attributable to the parent company's shareholders on a fully diluted basis adjusted to include properties, other investment interests, deferred tax, financial instruments and fixed interest rate debt at disposal value. Adjustments to the recognised equity are calculated on the share allocated to the parent company's shareholders (net of non-controlling interest). The reconciliation of the Group's equity attributable to equity holders of the parent (NAV per the financial statements) to EPRA NDV can be found on page 43.
EPRA NDV per share	EPRA NDV divided by the fully diluted number of shares at the end of the period.
EPRA NRV (Net Reinstatement Value)	Recognised equity, attributable to the parent company's shareholders 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 (deferred tax on timing differences on property, plant and equipment and intangible assets and financial instruments). Adjustments to the recognised equity are calculated on the share allocated to the parent company's shareholders (net of non-controlling interest). The reconciliation of the Group's equity attributable to equity holders of the parent (NAV per the financial statements) to EPRA NRV can be found on page 43.
EPRA NRV per share	EPRA NRV divided by the fully diluted number of shares at the end of the period.
EPRA NTA (Net Tangible Assets)	Recognised equity, attributable to the parent company's shareholders on a fully diluted basis adjusted to include properties and other investment interests at fair value and to exclude intangible assets and certain items not expected to crystallise based on the Company's expectations for investment property disposals in the future. Adjustments to the recognised equity are calculated on the share allocated to the parent company's shareholders (net of non-controlling interest). The reconciliation of the Group's NAV to EPRA NTA can be found on page 43.
EPRA NTA per share	EPRA NTA divided by the fully diluted number of shares at the end of the period.
Gearing ratio	Net bank debt divided by the sum of total equity excluding hedging reserve and net bank debt.
Interest Cover Ratio (ICR)	EBITDA, less net expenses for financial liability in respect of Income Units sold to private investors and lease payments, divided by interest on bank loans.
Like-for-like	Results achieved through operations that are comparable with the operations of the previous period. Current period's reported results are adjusted to have an equivalent comparison with previous periods' results, with similar seasonality and the same set of hotels.
Loan-to-value ratio (LTV)	Interest-bearing liabilities after deducting cash and cash equivalents as a percentage of the properties' market value at the end of the period.
Maintenance CAPEX	Calculated as 4% of revenues, which represents the expected average maintenance capital expenditure required in the operating properties.
Net debt	Calculated as total borrowings minus cash and cash equivalents, including both long-term and short-term restricted cash.
Normalised PBT, normalised profit before tax	Profit before tax adjusted to remove exceptional or one-time influences which are not part of the Group's regular operations. The reconciliation of the Group's reported profit before tax to normalised profit before tax can be found on page 42.
RevPAR	Revenue per available room. Total room revenue divided by the number of available rooms.

Contacts

Directors
Ken Bradley (Non-Executive Chairman)
Boris Ivesha (President & Chief Executive Officer)
Greg Hegarty (Co-Chief Executive Officer)
Daniel Kos (Chief Financial Officer & Executive Director)
Nigel Keen (Non-Executive Director & Senior Independent Director)
Stephanie Coxon (Non-Executive Director)
Marcia Bakker (Non-Executive Director)
Roni Hirsch (Non-Executive Director)

PPHE Hotel Group
HNK Amsterdam Sloterdijk
Radarweg 60, Floor 9
1043 NT Amsterdam
The Netherlands

T: +31 (0)20 717 8600
E: info@pphe.com
E: dkos@pphe.com

Contacts
Greg Hegarty (Co-Chief Executive Officer)
Daniel Kos (Chief Financial Officer & Executive Director)
Inbar Zilberman (Chief Corporate & Legal Officer)
Robert Henke (Executive Vice President Commercial Affairs)

Administrator
Suntera Global
1st and 2nd Floors
Elizabeth House
Les Ruettes Brayes
St. Peter Port
Guernsey GY1 1EW
Channel Islands

Auditors to the Company and reporting accountants
Brightman Almagor Zohar & Co (Deloitte)
1 Azrieli Center
P.O.B. 16593
Tel Aviv, 6701101
Israel

Legal advisers to the Company as to Guernsey law
Carey Olsen (Guernsey) LLP
Carey House
P.O. Box 98
Les Banques
St. Peter Port
Guernsey GY1 4BZ
Channel Islands

Registered Office
1st and 2nd Floors
Elizabeth House
Les Ruettes Brayes
St. Peter Port
Guernsey GY1 1EW
Channel Islands

Registrar
MUFG Corporate Markets (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue
St. Sampson
Guernsey GY2 4LH
Channel Islands

Company Secretary
Suntera Limited
1st and 2nd Floors
Elizabeth House
Les Ruettes Brayes
St. Peter Port
Guernsey GY1 1EW
Channel Islands

Financial advisers and brokers
J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Jefferies International Limited
100 Bishopsgate,
London EC2N 4JL,
United Kingdom

Investec Plc
30 Gresham Street
London EC2V 7QP
United Kingdom

Public relations
Hudson Sandler LLP
25 Charterhouse Square
London EC1M 6AE
United Kingdom

Company websites
pphe.com
arenahospitalitygroup.com

For reservations
radissonhotels.com
parkplaza.com
artotel.com
arenahotels.com
arenacampsites.com

Strategic partner
radissonhotelgroup.com

Please see our Annual Report site for more information
ar24.pphe.com

Forward-looking statements
This document may contain certain 'forward-looking statements' which reflect the Company's and/or the Directors' current views with respect to financial performance, business strategy and future plans, both with respect to the Group and the sectors and industries in which the Group operates. Statements which include the words 'expects', 'intends', 'plans', 'believes', 'projects', 'anticipates', 'will', 'targets', 'aims', 'may', 'would', 'could', 'continue' and similar statements are of a future or forward-looking nature. All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Group's actual results to differ materially from those indicated in these statements. Any forward-looking statements in this document reflect the Group's current views with respect to future events and are subject to risks, uncertainties and assumptions relating to the Group's operations, results of operations and growth strategy. These forward-looking statements speak only as of the date on which they are made. Subject to any legal or regulatory obligations, the Company undertakes no obligation publicly to update or review or revise any forward-looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to the Group or individuals acting on behalf of the Group are expressly qualified in their entirety by this paragraph. Nothing in this document should be considered as a profit forecast.

luminous
Consultancy, design and production
www.luminous.co.uk

PPHE Hotel Group
HNK Amsterdam Sloterdijk
Radarweg 60, Floor 9
1043 NT Amsterdam, The Netherlands

T: +31 (0)20 717 8600
E: info@pphe.com
pphe.com