ANNUAL REPORT
& ACCOUNTS 2022

BUILDING

MOMENTUM
VALUE &
PARTNERSHIPS

pphe
HOTEL GROUP

PARK PLAZA
art'otel
HOLMES HOTEL LONDON
ARENA HOTELS & APARTMENTS
ARENA CAMPSITES
PARTNER BRAND
RADISSON COLLECTION

FINANCIAL KPIs[1]

Total revenue

£330.1m

2021: £141.4m
2019 (pre-COVID): £357.7m

Normalised profit before tax

£8.3m

2021: £(47.5)m
2019 (pre-COVID): £40.7m

Adjusted EPRA EPS

50p

2021: (44)p
2019 (pre-COVID): 128p

Property value

£2.0bn

2021: £1.8bn
2019 (pre-COVID): £1.7bn

EBITDA

£94.6m

2021: £25.1m
2019 (pre-COVID): £122.9m

EPRA NRV per share

£25.17

2021: £22.15
2019 (pre-COVID): £25.93

OPERATING KPIs[1]

Occupancy

60.0%

2021: 30.7%
2019 (pre-COVID): 80.6%

Average room rate

£160.4

2021: £117.0
2019 (pre-COVID): £128.5

RevPAR

£96.2

2021: £35.9
2019 (pre-COVID): £103.6

FRONT COVER:

– Rooftop pool art'otel London Battersea Power Station

– Exterior Grand Hotel Brioni Pula, a Radisson Collection Hotel

1 Details of Alternative Performance Measures (APMs) can be found in the APM glossary on page 203.

HIGHLIGHTS

RESPONSIBLE BUSINESS

Our People
Our Places
Our Planet

- Engaging with our stakeholders
- Data-driven energy saving
- Taking steps to net zero
- Safeguarding the natural world
- Diversity in the workplace
- Attracting and retaining talent
- Developing our people
- Supporting local communities
- Creating opportunities

Learn more – See our Responsible Business strategy on pages 56 to 69.

BUSINESS HIGHLIGHTS

- Strong recovery, exceeding board expectations, revenue at 92.3% and EBITDA at 77.0% of 2019 (pre-COVID)
- Rate-led strategy with average room rates in all regions exceeding levels achieved pre-pandemic
- Reported EPRA NRV materially increased to £25.17 per share
- Extended long-standing partnership with Radisson Hotel Group, allowing PPHE and Radisson to leverage their respective brand strengths
- Opened two premium hotels: Grand Hotel Brioni Pula, a Radisson Collection Hotel; and art'otel London Battersea Power Station
- Progressed £200m+ development pipeline including Zagreb (2023), Rome (2024) and London Hoxton (2024)
- Recommenced shareholder returns programme with reinstating dividend and launch of a £3.7 million share buy-back programme
- Booking momentum has continued into February, which supports the Board's confidence in the outlook

POST BALANCE SHEET EVENTS

- Announced European Hospitality Fund of up to €250m to be established to acquire hotel properties, which will be managed by the Group's hospitality management platform
- PPHE will contribute the art'otel Rome as a seed asset into this Fund
- Final dividend proposed at 12p per share which, including a 3p interim dividend paid makes the total dividend over 2022 15p per share

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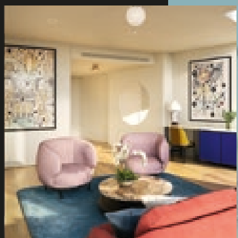
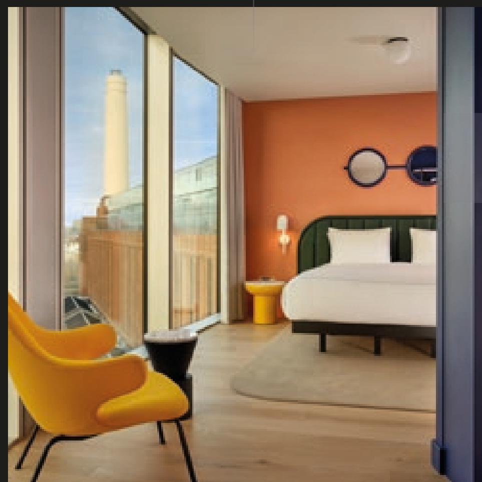
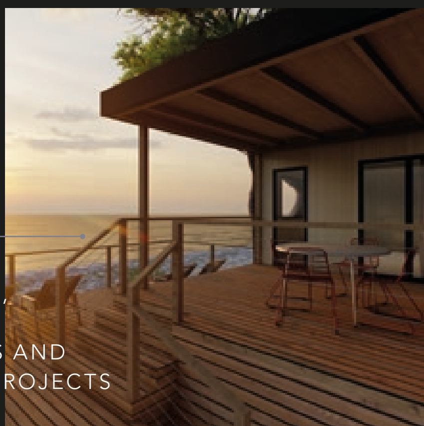
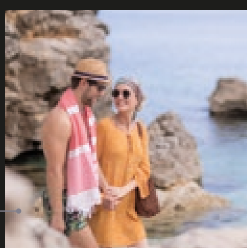
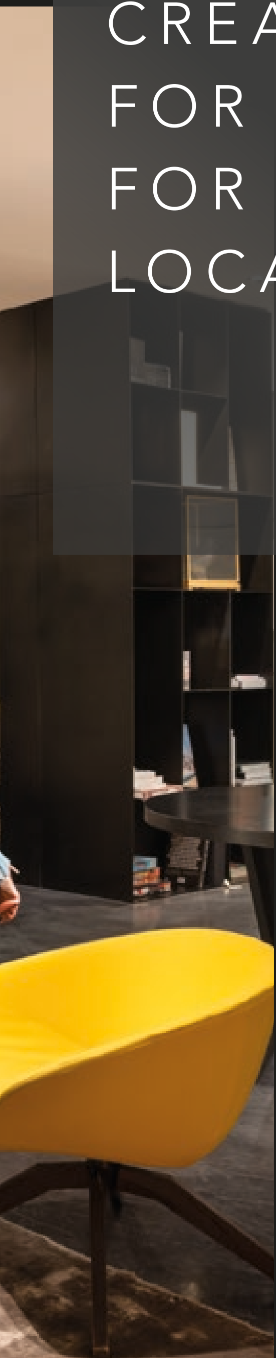








ABOUT US



OUR PURPOSE

CREATING VALUABLE MEMORIES FOR OUR GUESTS AND VALUE FOR OUR ASSETS, PEOPLE AND LOCAL COMMUNITIES.

OUR VISION

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

WHO WE ARE

We are an international hospitality group, with a strong prime real estate portfolio consisting of 49 properties under 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 our assets to reach their full potential. We delight our guests every day, through engaging service and quality products in inviting places.

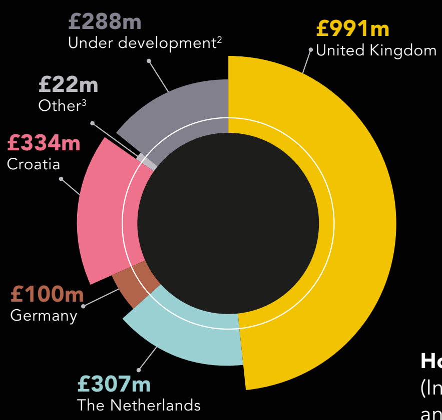
HOW WE DO IT

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

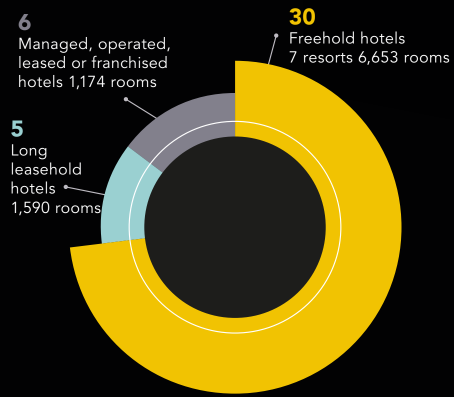
AT A GLANCE

WE ARE AN INTEGRATED HOSPITALITY REAL ESTATE GROUP WITH A £2.0BN PORTFOLIO OF PRIMARILY PRIME FREEHOLD AND LONG-LEASEHOLD ASSETS IN EUROPE.

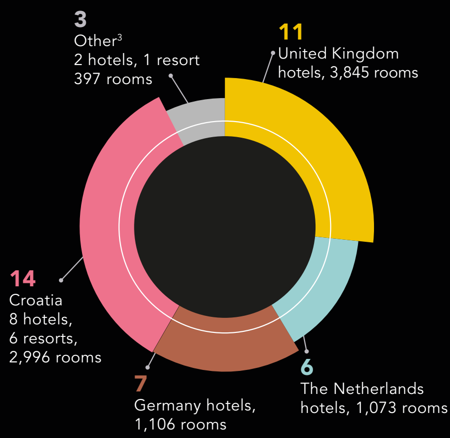
Value split by geography[1]
(Excludes managed, operated, leased, franchised and unconsolidated hotels)



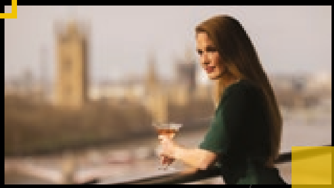
Hotels and resorts by ownership type
(Includes franchises, excludes campsites)



Hotels and resorts by geography
(Includes franchises, excludes campsites and pipeline)



1 The fair values were determined on the basis of independent external valuations prepared in December 2022.
2 Properties under development include: New York, art'otel London Hoxton (London), Westminster Bridge Road (London), Londra & Cargill Hotel (Rome) and Zagreb.
3 Other include the 88 Rooms Hotel in Belgrade, Serbia, the FRANZ Ferdinand Mountain Resort in Nassfeld, Austria and the leased hotel in Budapest, Hungary.



LONDON

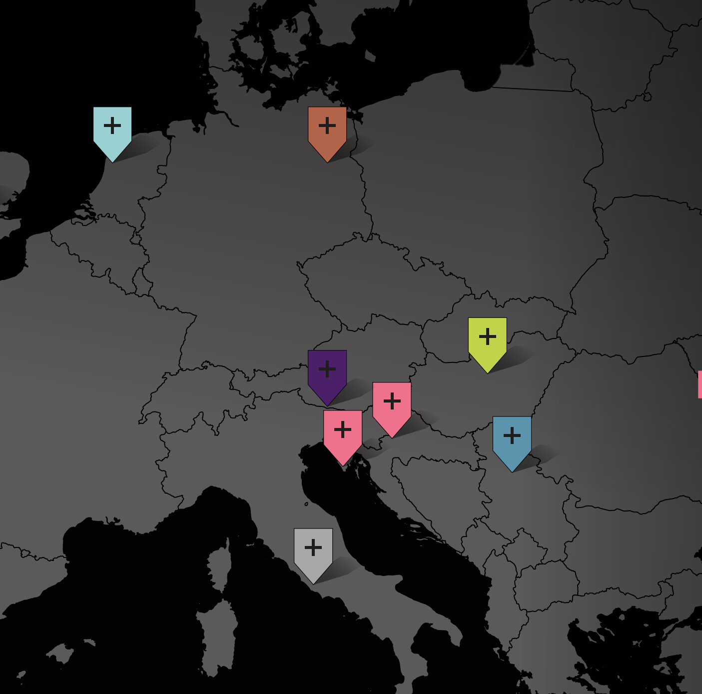
With eight hotels in operation and further projects in our pipeline, London is our most important single market.

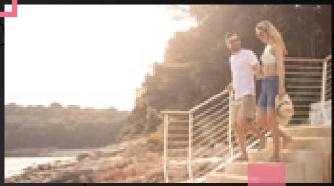
AMSTERDAM

Three of our hotels are located in the heart of the Dutch capital, with a fourth property near Amsterdam Schiphol Airport.

BERLIN

Our portfolio of four hotels in vibrant Berlin consists of two hotels in the East and two in the West.



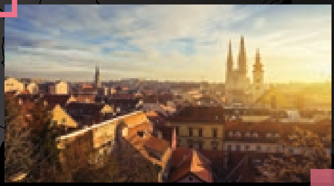


PULA

Our 21-strong portfolio in Pula consists of hotels, resorts, glamping and camping properties.

ROME

Earmarked for a 2024 opening, we have made great progress in developing Italy's first art'otel.



ZAGREB

2023 will mark the opening of our brand new art'otel in the centre of Croatia's capital.

8
Countries

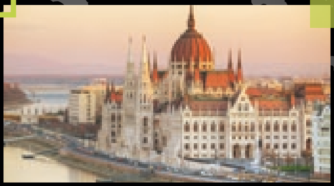
49
Total properties

9,400
Total rooms

5,800
Campsite pitches

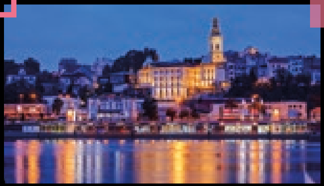
NASSFELD

The expansion of the leisure facilities at our first mountain resort will increase its appeal for year-round tourism (acquired in 2021).



BUDAPEST

Located on the banks of the Danube, our hotel offers unrivalled views and benefits from newly renovated public areas.



BELGRADE

Located right in the city centre, our hotel in Serbia's capital is earmarked for an exciting transformation (acquired in 2020).

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

HOTELS

CAPITAL CITIES / SECONDARY CITIES / CITY CENTRE

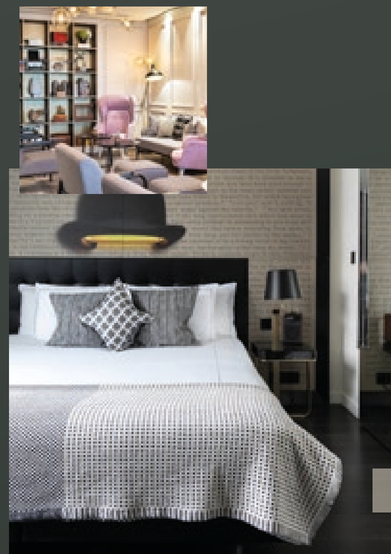
ART'OTEL

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

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

HOTELS

CAPITAL CITIES / SECONDARY CITIES / CITY CENTRE



HOLMES HOTEL LONDON

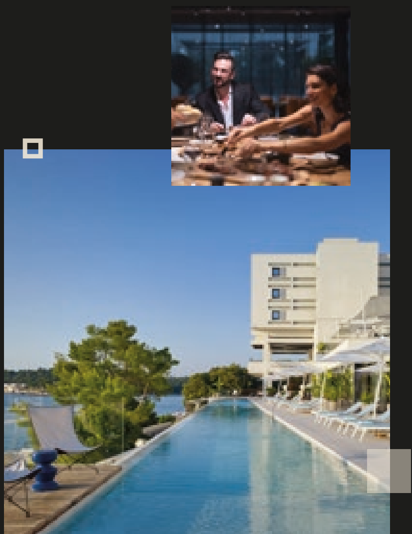
This award-winning premium boutique hotel is located on iconic Chiltern Street and is surrounded by fashion boutiques, cafés and restaurants. The hotel has been inspired by Baker Street's most famous resident, Sherlock Holmes, and is a witty blend of heritage and playfulness, filled with a stylish mix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

For curious minds
holmeshotel.com

HOTEL

BOUTIQUE LUXURY

PARTNER BRAND



RADISSON COLLECTION

Our extended partnership with Radisson Hotel Group enabled us to launch the Grand Hotel Brioni Pula, a Radisson Collection Hotel, in May 2022. Radisson Collection is a luxury lifestyle collection of iconic properties located in unique locations. While the character of each hotel feels authentic to its location, all of them offer the ultimate template for contemporary living, united by bespoke design and exceptional experiences across dining, fitness, wellness and sustainability.

Welcome to the exceptional
radissonhotels.com

HOTEL

LUXURY INSPIRED

ARENA HOTELS & APARTMENTS

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

arenahotels.com

HOTELS

HOTELS / RESORTS
/ SELF-CATERING APARTMENTS

ARENA CAMPSITES

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

arenacampsites.com

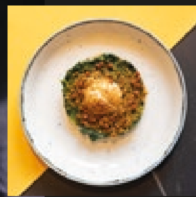
LEISURE & OUTDOOR

LUXURY MOBILE HOMES
/ CAMPING & GLAMPING

ATTRACTIVE BRANDS *continued*

Restaurants

ARCA
AMSTERDAM



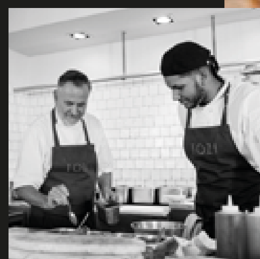
Award-winning two Michelin starred Portuguese chef Henrique Sá Pessoa, recently named in the top 100 Best Chefs of the World, brings a relaxed and approachable Portuguese sharing plates concept that celebrates the best of Portuguese cuisine with Asian influences and modern twists on traditional dishes, all paired with impressive cocktails.

arcaamsterdam.com

JOIA
BATTERSEA

A fabulous new concept created by two Michelin star Portuguese chef Henrique Sá Pessoa is located on the 14th, 15th and 16th floors of art'otel London Battersea Power Station. JOIA, meaning 'jewel' in Portuguese, represents chef Henrique's London debut.

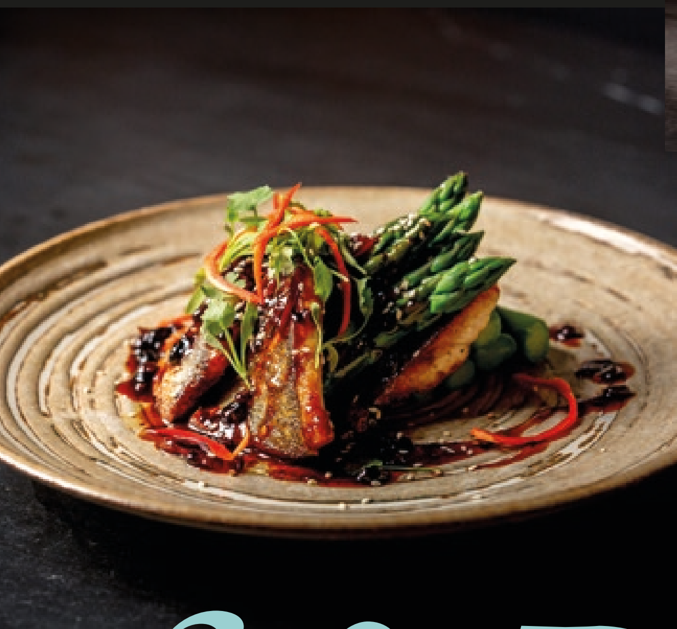
joiabattersea.com

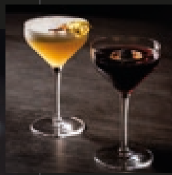


TOZI
RESTAURANT & BAR

TOZI is a Venetian-Italian restaurant and bar in Battersea Power Station, London Victoria and Amsterdam, serving cicchetti (small sharing plates) designed to be enjoyed amongst friends and family.

tozirestaurantsandbars.com





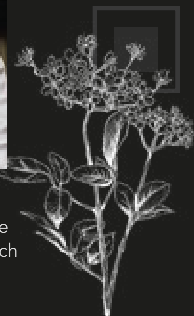
CHINO LATINO®

The award-winning Chino Latino® in London, Nottingham and Leeds remain masters in their craft with their delicate dishes highlighting the best of Pan-Asia's culinary offering, spruced up with Latino flourishes from Peruvian cuisine.

chinolatino.eu

& Bars

CARSTENS AMSTERDAM



Carstens Brasserie reopened in September 2022 and celebrates the most sustainable and seasonal Dutch ingredients. Executive Chef Jeroen Bruinsma has created an inspiring menu, with each dish having a story to tell, a local supplier to reveal and an interactive tableside moment to be shared.

carstensbrasserie.nl

> *ARCA in Amsterdam has won a number of accolades since opening and we are confident JOIA will be London's hottest new restaurant.*

Jamie Kerr
Executive Vice President,
Restaurant & Bars

A SELECTION OF SOME OF OUR RESTAURANT AND BAR BRANDS

JOIA BATTERSEA

TOZI RESTAURANT & BAR

ARCA AMSTERDAM

CARSTENS AMSTERDAM

CHINO LATINO®

THE KITCHEN AT HOLMES

joël

BA BEEF CLUB

CARSTENS

ICHI

PRIMO

106 BAKER ST.CO.UK

Espressamente illy

OUR INVESTMENT CASE

WE CREATE MEMORABLE GUEST EXPERIENCES BY **OWNING, DEVELOPING** AND **OPERATING** HOTELS AND RESORTS IN DYNAMIC, VIBRANT CITIES AND LEISURE DESTINATIONS.

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

01

THE BUSINESS MODEL

INTEGRATED DEVELOPER, OWNER AND OPERATOR

– Real estate sits at the heart of our strategy
– Our "buy, build, operate" business model provides control, exposure and returns across the entire hospitality real estate value chain
– Strong preference for assets with a development and/or repositioning potential
– Diversified real estate portfolio focused on European gateway cities and select resort locations

02

FOCUS ON EQUITY VALUE

UNIQUE APPROACH TO CAPITAL STRUCTURE

– Driving NAV growth through development, property repositioning and operational excellence
– Growth driven 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 current market fluctuations
– Maintain strong banking relationships throughout economic cycles

03

HOSPITALITY MANAGEMENT PLATFORM

ALL DISCIPLINES UNDER ONE ROOF

– Scalable hospitality management platform with growth potential through managing fully-, jointly- and third party owned properties
– Exclusive partnership with Radisson Hotel Group, providing benefits of scale, access to powerful brands, connection to worldwide reservation system and loyalty programme
– All hospitality management disciplines in-house, with strong operating credentials
– Long term management agreements, providing base fee income with performance-based incentive mechanisms

04

OUR BOARD AND MANAGEMENT TEAM

TRACK RECORD AND SHAREHOLDER ALIGNMENT

– A multi-disciplined Board and a loyal executive team with a strong track record
– Entrepreneurial mindset is the cornerstone of the Company's DNA
– Strong shareholder alignment with founder Board members holding 43% of the shares (true custodians of shareholder capital)

CHAIRMAN'S STATEMENT

> *"Our world-class teams continue to adapt and perform at the top of their game, doing everything they can to drive the business forward"*

ELI PAPOUCHADO
CHAIRMAN

A YEAR OF STRONG RECOVERY

I write this year's annual Chairman's statement with a lot of pride in what our teams delivered and how we drove our recovery.

We have a very keen awareness of the ongoing external challenges that continue to face the business and wider sector. However, the strength of our teams and senior leadership remains the backbone of PPHE's ability to bounce back after difficult periods.

Our team members have continued to work extremely hard to adapt to changing circumstances, helping to ensure the longer-term success of the business. I have great gratitude for everything that they continue to do.

As a result of this resilience, and the strength of the Group's business model and customer proposition, PPHE has achieved significant recoveries across its key markets over the course of the last year, whenever and wherever restrictions were lifted. It was clear that there had been significant pent-up demand for both leisure and, increasingly, business related travel over the last two years, and our well-invested in hotels and appealing brands welcomed visitors back in their swathes as soon as it was possible and safe.

I am very proud of our post pandemic recovery, which has continued unabated, and in spite of the onset of a number of new external challenges that have arisen over recent months.

MITIGATING NEW EXTERNAL CHALLENGES

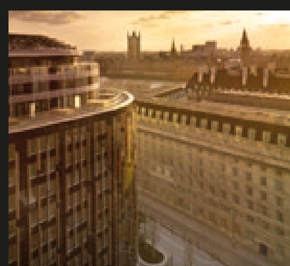
Over the last year, a variety of new and emerging macro pressures – both economic and geo-political – have become dominant issues for business, including ours. These have had clear and significant impacts on the supply chain, inflation and the labour markets, among other areas.

The last few years have shown how resilient the business is to external pressures through swift adaptation. We remain confident in the fundamental resilience of our business model and strategy, and our leading proposition. PPHE's ability to weather future challenges, including the possible onset of economic downturns and recessions which are predicted across some of our key markets in coming months and potentially years, is tried and tested.

ENSURING OUR FUTURE SUSTAINABILITY

Ensuring the long-term sustainability of the Group has also been a key focus. A number of initiatives have been deployed across our operations this year in order to help us minimise our impact on the environment and maximise our positive impact on our communities and people. Most notably, on the former, in joining the Zero Carbon Forum and Energy and Environment Alliance, we have taken crucial steps in the journey to reaching net zero.

The governance of the Group remains fundamental to its long-term success. We have continued to regularly engage with our investors and are focused on ensuring the Board's alignment with the priorities of shareholders.



BOARD CHANGES

Kevin McAuliffe, Non-Executive Deputy Chairman of the Group, informed the Board in November of his intention to gradually retire from business life. Consequently, he will not stand for re-election at the next Annual General Meeting and will resign from the Board at the conclusion of the meeting.

I would like to express my gratitude to Kevin for his dedication and service. He has been an integral and valued Board member since the Company's IPO in 2007.

Marcia Bakker was appointed as an independent Non-Executive Director on 6 December 2022. I am delighted to welcome Marcia to the Board. Her varied industry background in finance, recruitment and HR, in conjunction with her experience working with large and international corporations, will provide invaluable insights for the Board and support our overall long-term growth.

Marcia's appointment further demonstrates our ongoing commitment to strengthening the corporate governance of the Company for the benefit of all stakeholders.

SHAREHOLDER RETURNS

The Board understands the importance of returning capital to shareholders. The positive trading momentum and strong financial performance allowed us to reinstate dividend distributions to our shareholders with an interim dividend of 3 pence paid in October and a final dividend of 12 pence recommended, which will bring the total dividend to 15p per share. Going forward the Group will reinstate its' progressive dividend policy.

Furthermore, we commenced a share buy-back programme in June 2022, which is further evidence of our confidence in the Group's performance to date and the strength of its future development pipeline. Further details about dividends and the share buy-back programme are set out in the Financial Review.

LOOKING AHEAD WITH CONFIDENCE

Despite the external challenges that are ongoing, our confidence in the future is stronger than ever. The Group's development progress has been significant, and we have a strong pipeline of new properties and openings upcoming to further delight and excite visitors. This includes our expanded relationship with long-standing partner Radisson Hotel Group (more on pages 24 and 25) which will help bring further and new opportunities for enhanced value both to the business and, as a result, our shareholders.

While uncertainties undoubtedly remain, our world-class teams continue to adapt and perform at the top of their game, doing everything they can to drive the business forward and help to secure its future. The Group's progress made this year and our strengthened foundations through 2022 are fundamental in supporting our future prospects, and we look forward to continuing to deliver for all stakeholders over the coming years.

Papouchado

Eli Papouchado
Chairman

SUMMARY FROM THE BOARD

CORPORATE GOVERNANCE HIGHLIGHTS 2022

For ease of reference, here is an 'at a glance' summary of corporate governance in 2022. A full statement is from the non-executive deputy chairman is available on page 90.

Shareholder engagement

- The Annual General Meeting included an advisory vote on the Remuneration Report and Remuneration Policy for the first time.
- Feedback from representatives of independent shareholders promptly addressed to meet their requirements and expecations.
- Double materiality assessment of stakeholder Environmental, Social and Governance (ESG) priorities.

Remuneration

Transparency and accountability to shareholders is the Company's priority. Please see the Remuneration Committee report on pages 118 to 125 for information as to how stakeholder feedback has been incorporated into the report.

The Company seeks to demonstrate that remuneration is aligned to the values, culture and purpose set by the Board, and an appropriate reward for the creation of shareholder value.

Board succession

- Retirement of non-executive deputy chairman announced – effective from the 2023 Annual General Meeting. Responsibilities to be assigned to an independent non-executive director.
- New Non-Executive Director appointed in December 2022. Marcia Bakker was appointed as the candidate most suitable for identified Board skills requirements.
- Board Diversity Policy implementation of diversity requirements in the recruitment process successful.

Please see the Nomination Committee report on pages 106 to 110.

Workforce engagement

High satisfaction rating reported in twice-a-year pulse surveys. Quantitative and qualitative analysis of results, and input from this year's materiality assessment has allowed the Board to explore the causes, and set further goals.

Board evaluation

Evaluation of the Board's effectiveness is conducted annually. Once every three years, this is conducted externally, most recently by Independent Audit Limited in 2021. The recommendations made in the external review form part of the internal assessment we conducted this year. Please see the Corporate Governance section on pages 99 and 100 for more information.

Sustainability and ESG

The Company has a duty to create value for society as a whole. In order to ensure a co-ordinated and strategic approach, results of the materiality assessment were turned into strategic targets based on the priorities of our stakeholders. (See the Responsible Business section on page 68.)

Disclosure on the monitoring of the impact of our business on the community and the environment, and oversight transitional risks as a result of climate change is found in our TCFD report on pages 70 to 73.

Learn more – See our Responsible Business strategy on pages 56 to 69.

PRESIDENT & CEO'S REVIEW

> *We look forward to an exciting year ahead, further building on our already strong 2022 recovery performance.*

BOROS IVESHA
PRESIDENT & CHIEF EXECUTIVE OFFICER

“Alongside the improving trading environment, we made excellent strategic progress on key positioning projects, with the opening of two highly impressive upper upscale properties; Grand Hotel Brioni Pula, a Radisson Collection Hotel and art’otel London Battersea Power Station.

2022 IN REVIEW

Following the easing of restrictions across the majority of our key operating markets during Q1, the beginning of the year brought a return to positive booking momentum. This was initially the case across our UK portfolio, as the UK government was the first to lift any remaining restrictions, in the second half of January. In the Netherlands and Germany, these were lifted in February and March, and in Croatia in time for the summer season. Thereafter, all of our operating markets continued to recover as the months progressed, driven in particular by a strong rebound in leisure bookings. Our London hotels and Croatia assets (comprising hotels, resorts and premium campsites) performed extremely well during the summer season.

From midway through the year, corporate activity also started to increase, driven by rising demand for meetings and events spaces. This positive trend continued throughout the second half of the year.

Throughout the year, we maintained our disciplined rates-led strategy, which reflects the high quality and prime locations of our properties. As a result, pleasingly, average room rates returned to at least the levels achieved before the pandemic in 2019, and in many cases, rates exceeded these levels.

Alongside the improving trading environment, we made excellent strategic progress on key positioning projects, with the opening of two highly impressive upper upscale properties; Grand Hotel Brioni Pula, a Radisson Collection Hotel, and art’otel London Battersea Power Station. Completion of these major projects has added two new premium hotels to our portfolio, strengthening our foundations for long-term success. We also extended our long-term partnership with Radisson Hotel Group during the year, a move that supports our multi-brand approach for our properties.

We are extremely pleased with our 2022 performance, which was delivered despite a number of well-documented macro-economic challenges, including industry-wide inflationary pressures, the increased cost of energy and the ongoing tough labour market. We have invested in a number of initiatives to mitigate the impact of these on the Group, including through technology, increased automation and energy efficiency across our operations.

Full details on the Group’s operational performance by region are set out in the Business Review on pages 44 to 55.

STRONG START OF FINANCIAL RECOVERY

Reported total revenue increased by 133.5% to £330.1 million (2021: £141.4 million) and EBITDA improved 277.4% to £94.6 million (2021: £25.1 million), resulting in an EBITDA margin of 28.7% (2021: 17.7%).

During the year, we saw a strong year-on-year recovery across all our key operating metrics, with average room rate exceeding levels achieved in 2019. Revenue growth was driven by both strong growth in rates as well as a good improvement in occupancy. The average room rate increased significantly to £160.4 (2021: £117.0) and was 24.8% higher than pre-pandemic levels (2019: £128.5). Occupancy recovered to 60.0% (74.4% of 2019 levels). As a result, RevPAR improved to £96.2 (2021: 35.9), 92.8% of 2019 levels.

The Group’s financial position remains strong, with a total consolidated cash balance of £163.6 million at 31 December 2022 (31 December 2021: £136.8 million).

Our property portfolio was predominantly valued by Savills and Zane at £2.0 billion as at 31 December 2022. EPRA NRV per share increased by 13.6% to £25.17 per share (2021: £22.15 per share). The adjusted EPRA earnings per share was 50 pence (2021: (44) pence).

After a pause in dividend payments to shareholders during the pandemic, the ordinary dividend has been reinstated, with the total dividend for the year of 15 pence per share. We also commenced a share buy-back programme.

Full details of our financial performance are set out in the Financial Review on pages 34 to 43.

OUR BUSINESS MODEL AND GROWTH STRATEGY

The Group operates a highly differentiated integrated 'Buy, Build, Operate' business model, which sees it operate across the whole value chain, and in turn drives enhanced value for all our stakeholders. We purchase assets that we believe have significant upside potential, and apply our expertise to (re)develop and redesign these acquired assets. Furthermore, we strive for operational excellence across all portfolio assets, underpinned by our access to a variety of attractive brands. Our financial model enables us to leverage these assets to fund future investments to facilitate further growth. This model is supported by our financial strength and our £2.0 billion property portfolio.

Our proven growth strategy is built across three strategic blocks: (i) our core upper upscale city centre hotels; (ii) our leisure and outdoor hospitality offerings, both of which are asset-backed; and (iii) our hospitality management platform, through which we manage the hospitality assets of our joint venture partners and third party owners. This presents excellent growth potential for the Group, and these three strategic blocks are all reflected within our active development pipeline during the year.

EXTENSION OF OUR STRATEGIC PARTNERSHIP WITH RADISSON HOTEL GROUP

Our long-standing strategic partnership with Radisson Hotel Group (RHG) spans more than 20 years. Through this partnership, the Group has an exclusive and perpetual territorial licence of the RHG-owned Park Plaza brand in Europe, the Middle East and Africa (EMEA), which has been instrumental in the expansion of the brand in the region. Moreover, the Group (including its wholly owned art'otel brand) has access to Radisson's state of the art central reservation and global distribution systems, its global sales and marketing capabilities, and more than 11 million loyalty programme members.

In May, we were pleased to announce an extension of this successful partnership which provides the Group the opportunity to diversify our market segments and our product offer. Through the extended partnership, the Group has the ability to access and leverage RHG's full suite of brands, including Radisson Collection, Radisson Blu and Radisson RED.

RHG benefits from access to PPHE's wholly owned art'otel brand and the Park Plaza brand in certain regions within EMEA, which are primarily outside of the Group's core markets. Through this arrangement, PPHE is entitled to a fee-based income for the use of both brands and will benefit from the portfolio's growth and the resulting greater brand awareness. The first hotel launched under this new partnership arrangement was Grand Hotel Brioni Pula, a Radisson Collection Hotel.

TWO NEW PREMIUM HOTELS OPENED

We remained highly focused on delivering on our £200+ million development pipeline. Excellent progress was once again made during the year, including the opening of two stunning premium hotels.

In May, we relaunched Grand Hotel Brioni in Croatia, a 5-star upper upscale hotel which offers guests quality services, dining and wellness. The hotel opened on schedule and in time for the summer season following a two-year c. £30 million repositioning project. This is the first of our three planned premium hotels in Croatia, with two further properties expected to open during 2023 and 2024. This involves the conversion of an iconic office building in the centre of Zagreb to become Croatia's first art'otel, and the repositioning of our hotel in the centre of Pula.

Our second hotel opening in the year was the spectacular art'otel London Battersea Power Station, our first art'otel in the UK, which opened its doors to guests in December. This is a one-of-a-kind hotel experience that fuses art, design and hospitality with fabulous views across London. The interior of the hotel was designed by award-winning Signature Artist Jaime Hayon. The art'otel brand is wholly owned by the Group and the Group operates the hotel under a long-term management agreement through our hospitality operating platform, which we believe offers us significant and further long-term growth opportunities.

Development pipeline update

In the UK, construction of our flagship property, art'otel London Hoxton, continued to plan. We recognise the importance of taking a sustainable approach to development and are pleased to report that this property remains on target to achieve an 'Excellent' BREEAM sustainability rating. It will not use any gas for energy supply, save for minimal use in the kitchens for burners. Development of the property remains on track, with opening expected in H1 2024. We also have two further, longer-term development projects in London over coming years, at Westminster Bridge Road and Park Royal.

In Italy, we commenced the planned repositioning of our hotel in the centre of Rome to transform our existing hotel into an upper upscale lifestyle art'otel. The hotel is expected to reopen during Q1 2024.

During the year, we also completed various investments across the rest of our estate to renovate and upgrade properties and enhance the customer experience. This included investments positioning FRANZ Ferdinand Mountain Resort in Austria as a year-round destination, upgrades to Arena Stoja campsite in Croatia, and updates to 88 Rooms Hotel in Serbia.

Further details about these investment projects and the progress made are set out in the Business Review on pages 44 to 55.

INVESTING IN OUR PEOPLE

Our people and values drive our success. We have a strong track record of creating memorable guest experiences by delivering consistently high levels of customer service in line with the high quality of our well-invested property portfolio. We recognise the importance of a highly engaged workforce and a strong employer brand to enable us to achieve this.

2022 was a year of rebuilding our teams post COVID. Our long-standing commitment and track record of investing in our team members has clearly benefited the Group at a time when a tight labour market is proving challenging across the hospitality industry.

In the UK and the Netherlands, our centralised approach to recruitment, which sees our recruitment teams working directly to support hotel teams by sourcing and often completing the initial rounds of the recruitment process, drives a more proactive and efficient approach. Year-on-year, we increased our workforce by more than 61%.

Furthermore, we are focused on creating more part-time employment opportunities. In doing so, we can maximise the talent available to the Group by reaching those that may not have previously had the opportunity to work in hospitality, as well as increasing diversity and inclusion in our workforce. Our innovative walk-in Hospitality Career Centre at Park Plaza London Victoria, close to Victoria Station, also enables our recruitment team to attract external talent in an accessible manner and complements our online application process. We welcome around 20 walk-ins per week, and this resulted in 163 hires in 2022.

The Group's approach to recruitment is supported by its complementary partnerships with universities, colleges, local councils and the government. We believe apprenticeship schemes are an important gateway for school leavers entering the industry and each year we employ between 20 and 30 chefs, property maintenance and hospitality manager apprentices. Our graduate scheme (c. six graduates per year) offers post-graduates an 18-month programme based around five core modules which include a six-month rotation in roles across operations (meetings & events, Food & Beverage and front of house) with a quarterly review with the General Manager. We will be running a 'sandwich' placement programme in 2023. Furthermore, in the UK, we work with the Department for Work and Pensions, and have successfully recruited over 100 Jobcentre Plus customers across our London hotels through this partnership since 2021.

In the Netherlands, from next year we will similarly work with universities and offer internships and sandwich-year placements to students. To help address labour shortages, we have also started to recruit candidates from across the European Union, offering them relocation support, including accommodation for six months. In Croatia, a combination of recruiting the full headcount for the start of the season (rather than ramping up recruitment as the season progressed) and scaling overseas recruitment is behind how the brand is futureproofing its approach to talent. Through responsible recruitment partnerships in Asia, for instance, more than 250 jobs (with accommodation and catering) were created.

We are committed to taking a holistic approach to supporting our team members. We have refreshed our onboarding process for new team members, as we recognise that many new starters have not worked in the hospitality sector before and require additional training and support from their manager, particularly in the first three months. Alongside offering competitive pay rates, we provide a breadth of financial, social, mental and physical wellbeing support, such as access to Wagestream, a financial wellbeing provider, PPHE BenefitHub, and two free meals a day (even on days off). We also understand the challenges of finding suitable affordable accommodation in city centres, and provide help to address this with 15 bedrooms available for team members in London and 50 across Amsterdam.

The positive results of our ongoing investment in our team members are reflected in the results of our 2022 employee survey, which measures engagement levels including key drivers of engagement, enablement, autonomy, leadership and rewards. More than 2,260 responses were received to the June 2022 survey and we are delighted that the engagement index score for the year was 81%. During the year, we recruited a total of more than 1,400 new team members across the Group.

ONGOING INVESTMENT IN TECHNOLOGIES

A move to embed greater digitalisation and increased automation is being seen across the sector, to support an improved guest experience and drive efficiencies. This is a trend which accelerated during the pandemic, as operators needed to work faster to evolve the ways in which they interacted with customers.

We know that technology plays a huge part in our guests'overall experience, and we have continued to invest in this area and adapt the ways in which we engage with our guests. Our dedicated apps for Park Plaza and art'otel enable guests to message team members through chat and WhatsApp in real time, to access guest services such as ordering room service. Self-check-in and check-out are now available at all our hotels, giving guests the option for an in-person or contactless experience.

We have also continued to invest in front and back office technologies to improve customer service and drive efficiencies. During the pandemic, we centralised our customer service operations and some of our finance administrative functions and, to facilitate this process, we have introduced one of the market leading contact centre software solutions, resulting in a holistic view of customer profiles and improved workflows and automation. We have also continued to leverage robotics initiatives. In 2023, we will be investing in automation solutions for our engineering, front office and housekeeping functions, with a ticketing system for room status, faults and guests' requests, giving front office colleagues greater visibility and improving internal communications, planning and guest services. Furthermore, we will be continuing our implementation of two revenue management systems across our Group.

OUR TEAM MEMBERS

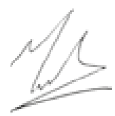
Across the Group, our people have once again demonstrated their ability to adapt to market conditions, whether in an office-based role or as part of our operational teams focused on delivering a consistent and best-in-class guest experience. On behalf of the Board, I would like to thank all of our team members for their commitment, professionalism and hard work throughout the year, and I look forward to the year ahead.

CURRENT TRADING AND OUTLOOK

Our room rate focused strategy has continued to deliver into 2023, with average room rates in all our regions exceeding pre-pandemic levels. The forward booking pace continues to be solid, and we are not seeing consumer price resistance or cooling of leisure demand. Demand of business travel and meetings and events is continuing to grow. As previously commented, the widely reported inflationary pressures are likely to impact the Group's margins, albeit modestly due to the offset by room rate increases.

As a result, the Board expects to continue to grow revenue and EBITDA this year.

We look forward to an exciting year ahead, further building on our already strong 2022 recovery performance and preparing for our new openings in Zagreb, Rome and Hoxton in 2023 and 2024.



Boris Ivesha
President & Chief Executive Officer

BUSINESS MODEL

OUR PURPOSE AND VALUES

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

Trust

Respect

Teamwork

Enthusiasm

Commitment

Care

KEY SOURCES OF VALUE

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

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.

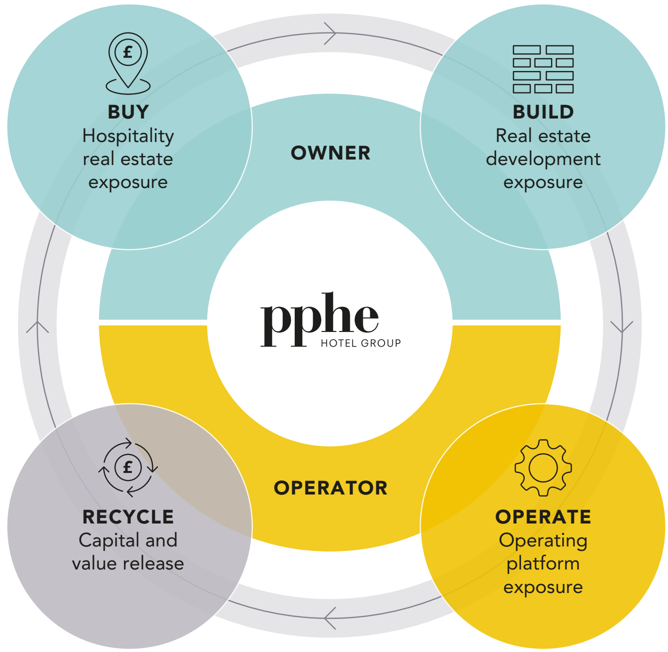
International network

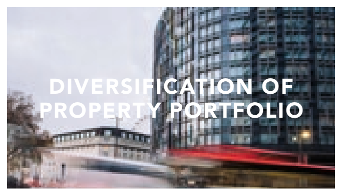
Our strong international network cultivated in the past 30 years includes banks, contractors, suppliers and strategic partners.

Financial strength

Our portfolio has grown from a single property into a £2.0 billion portfolio without diluting shareholders, and we enjoy a strong cash position.

HOW WE CREATE VALUE





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 on pages 68 and 69.*

THE VALUE WE CREATE

Team members

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

81%

employee engagement score measured through surveys

Guests

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

9,400 ROOMS AND 5,800 UNITS

49 PROPERTIES 8 COUNTRIES

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 operating. This drives both capital appreciation and income from dividend.

INVESTOR ROADSHOWS

Unique and attractive proposition

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.

CREATING OPPORTUNITIES

1,000+ new jobs & apprenticeships in 2022

163 HIRES FROM CAREER CENTRE WALK-INS

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.

NEW BRANDING COLLABORATIONS

Radisson Collection secured for Grand Hotel Brioni Pula

art'otel global growth aspirations

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.

REDUCING PLASTICS

INNOVATIVE FOOD AND BEVERAGE

STRATEGY AT A GLANCE

STRATEGIC BLOCKS	2022 PERFORMANCE	2023 PRIORITIES
Core, upper upscale, city centre hotels (REAL ESTATE)	**Property:** – Progressed investments in pipeline projects, including in the art'otels in London, Rome and Zagreb – Progressed its planning application to develop new hotel near Waterloo Station – Procured renewable energy in the UK, the Netherlands and Germany – Continued to maintain Green accreditations **Operations:** – Reopened all portfolio post lockdowns – Revenue generation focus, balancing contracted business with driving top line growth from leisure travel – Re-engaged and rebuilt teams	**Property:** – Progress development projects in London, Zagreb and Rome – Planned CAPEX allocation for art'otel Budapest repositioning – Pursue new growth opportunities – Property site visits to review utility use in our hotels – Environmental assessment of construction sites to achieve highest standard of certification **Operations:** – Continue to rebuild the teams and overcome recruitment challenges – Drive the recovery of all properties – Focus on mitigating supply chain disruptions – Continue to drive efficiencies through technology implementations
Leisure and outdoor hospitality (REAL ESTATE)	**Property:** – Completed investment in Grand Hotel Brioni Pula, a Radisson Collection Hotel – Completed phase one investments in Arena Stoja Campsite, art'otel Budapest and Arena FRANZ ferdinand in Nassfeld – Progressed investments in art'otels in London, Rome and Zagreb **Operations:** – Reopened all portfolio post lockdowns – Revenue generation focus, delivering a strong summer season in Croatia – Re-engaged and rebuilt teams	**Property:** – Full integration of Grand Hotel Brioni Pula, a Radisson Collection Hotel within Radisson Hotels – Progress phase two investments in Arena Stoja Campsite – Pursue additional growth opportunities **Operations:** – Continue to rebuild the teams and overcome recruitment challenges – Drive the recovery of all properties – Focus on mitigating supply chain disruptions – Continue to drive efficiencies through technology implementations
Hospitality management platform	**Operations:** – Extended partnership with Radisson Hotel Group, providing growth opportunities across different market segments leveraging Radisson brands – Opening of art'otel London Battersea Power Station, managed by the Group's hospitality management platform – Continued implementation of digital services including online check-in and check-out, digital key, online ordering, chat and more – Outperformed on recruitment and managing staff shortages – Integrated Austria and Italy as new regions for the Group – Further consolidation of supply chain and leveraging our scale – Engaged specialist support on carbon emissions strategy and reporting – Continued to create safe environments for our team members and our guests – Increased engagement with our team members – Championed diversity and inclusion – Provided education opportunities for local schools and graduates	**Operations:** – Deliver elevated art'otel brand experience and pipeline projects – Pursue growth opportunities for the platform through third party or joint venture management agreements – Continue to drive efficiencies for the managed properties through centralisation and technologies – Continue to implement new ESG strategy – Appoint Responsible Business Ambassadors at every property – Continue to drive recruitment programmes to create jobs and opportunities for local communities

RELATED RISKS AND OPPORTUNITIES	KPIs
Property: – Development project delivery page 80 – Funding and liquidity page 79 – ESG – stakeholder perception page 84 **Operations:** – Talent attraction, engagement and retention page 84 – Market dynamics page 79 – Economic climate page 78 – Operational disruption page 83 – Technology disruption page 82 – Cyber threat page 81 – Data privacy page 82 – Serious health, safety and security incidents page 83 – Fraud page 80	**Property:** – Successfully deliver openings and repositioning projects – EPRA NRV – EPRA EPS – Net return on shareholder capital – Disclosure of Scope 1, 2, and 3 carbon emissions in TCFD report – Carbon neutrality no later than 2050 **Operations:** – EBITDA and EBITDA margin – RevPAR – Recruitment and retention – Employee engagement – Guest rating score – Health and safety assessment scores
Property: – Development project delivery page 80 – Funding and liquidity page 79 – ESG – stakeholder perception page 84 **Operations:** – Talent attraction, engagement and retention page 84 – Market dynamics page 79 – Economic climate page 78 – Operational disruption page 83 – Technology disruption page 82 – Cyber threat page 81 – Data privacy page 82 – Serious health, safety and security incidents page 83 – Fraud page 80	**Property:** – Successfully deliver openings and repositioning projects – EPRA NRV – EPRA EPS – Net return on shareholder capital – Disclosure of Scope 1, 2, and 3 carbon emissions in TCFD report – Carbon neutrality no later than 2050 **Operations:** – EBITDA and EBITDA margin – RevPAR – Recruitment and retention – Employee engagement – Guest rating score – Health and safety assessment scores
Operations: – Market dynamics page 79 – Economic climate page 78 – Talent attraction, engagement and retention page 84 – Operational disruption page 83 – Technology disruption page 82 – Cyber threat page 81 – Data privacy page 82 – Serious health, safety and security incidents page 83 – ESG – stakeholder perception page 84 – Fraud page 80	**Operations:** – EBITDA – Successful launch of new openings – Growth in portfolio – Growth in fee-based income through third party or joint venture management agreements – Monitoring of gender pay gap for the UK and the Netherlands – Identifying metrics for diversity and inclusion

OUR VISION

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

STRATEGY IN ACTION

A STRONG PARTNERSHIP

WE CONTINUED TO BUILD ON OUR LONG-STANDING PARTNERSHIP WITH RADISSON HOTEL GROUP IN 2022. OUR EXTENDED PARTNERSHIP WILL BE UTILISED TO DELIVER ON OUR DEVELOPMENT ASPIRATIONS.

EXTENDING OUR PARTNERSHIP

We have enjoyed a strong relationship with what is known today as Radisson Hotel Group (RHG) since 2002, when we obtained the exclusive and perpetual master franchise rights for its upper upscale Park Plaza brand for most of Europe, the Middle East and Africa. Radisson Hotel Group is owned by Jin Jiang and collectively it is the world's second largest hotel group in terms of number of rooms.

Since the start of our partnership, we have developed and delivered a strong portfolio of award-winning Park Plaza hotels in key gateway cities – from high entry markets for developers such as London and Amsterdam, which benefit from strong demand, to select resort destinations in Croatia. In turn, Radisson Hotel Group provides us with access to its central reservation and global distribution systems, its online and mobile platforms, global sales and marketing capabilities, as well as its loyalty programmes, and negotiated supplier and procurement agreements.

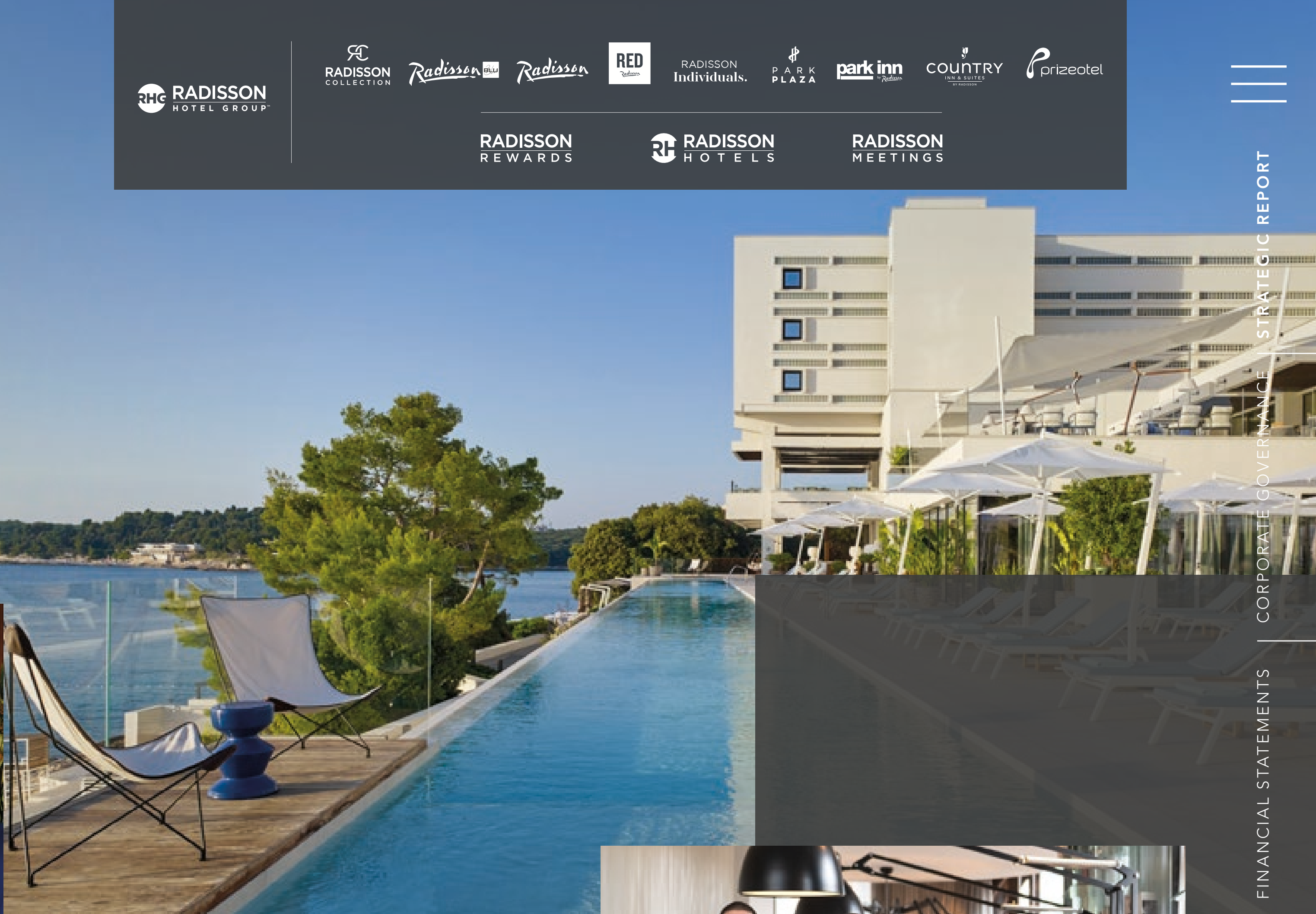
DIVERSIFICATION

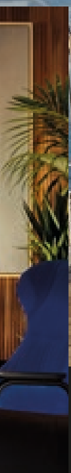
In May 2022, we announced that we had entered into multiple new agreements with RHG, unlocking development potential for our Group. Under these new agreements, we will be able to access all of RHG's brands at favourable commercial terms. Its brand portfolio stretches from midscale to luxury offerings and this will enable us to secure growth opportunities across more market segments, knowing that we have the ability to leverage RHG's network and strengths.

As a first deliverable, we launched Grand Hotel Brioni Pula as a Radisson Collection Hotel, instantly positioning this hotel among some of Radisson's finest hotels around the world.

JOINT BRAND GROWTH

RHG offers a range of brands across different market segments and our art'otel brand provides an additional edge to its brand portfolio. With our iconic art'otel Amsterdam and art'otel London Battersea Power Station, and our solid pipeline of art'otels in Zagreb, Rome and London Hoxton, we are in a great position to leverage our respective strengths. Our extended partnership entails that art'otel will be marketed by RHG alongside its other brands in all RHG communications, leading to greater visibility towards a global audience. In addition, RHG has obtained certain rights to develop and operate art'otels in markets which are not seen as priority markets for a PPHE development project. Collectively the parties are intending to grow the collection of premium lifestyle art'otels, increasing their footprint.





Our extended partnership will enable us to secure growth opportunities across multiple market segments.

STRATEGY IN ACTION

LIFESTYLE FOCUS

AN EVOLUTION OF THE ART'OTEL BRAND.

In recent years, consumer demand for unique, authentic and enriching travel experiences has increased. Gone are the days when the majority of travellers were looking for cookie-cutter type of hotel stays. More and more people are combining business and leisure travel purposes and are looking for memorable hotel experiences. In addition, the significant growth of social media channels and their reach, and the swift move to video and image-based content, have truly enabled the global hospitality industry to differentiate and reach a global audience. Boutique and lifestyle offerings have proven to be very popular, and this trend is not seen to be slowing down.

Our wholly owned art'otel brand was first created in the late nineties and represented a bold set of hotels in former Eastern Europe, from the urban Berlin to the established Budapest. We have gone to great lengths to reposition the brand to an upper upscale premium position, with art'otel Amsterdam as the embodiment of this new strategic direction. We were thrilled to open art'otel London Battersea Power Station in 2022, as the second new generation art'otel.

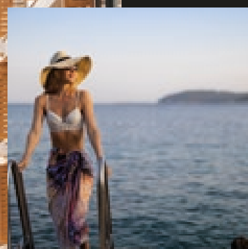
This iconic new hotel is a true lifestyle offering, with a spectacular rooftop infinity pool, bar with jaw-dropping views, two restaurants, spa, wellness facilities, signature art, and a forever changing programme of exhibitions and events.
All touchpoints along the guest journey are carefully created, ensuring that guests will feel delighted and immersed in the overall experience and locality. Our future focused investments are progressive in nature and we will be opening exciting new lifestyle art'otels in Zagreb, Rome and London Hoxton in the next 12 months, with an appetite to grow the brand further through new acquisitions and joint venture partnerships.

STRATEGY IN ACTION

OUR NEW OPENINGS, PROPERTY UPGRADES AND PIPELINE PROJECTS

STANDING TALL AT 27 FLOORS, ART'OTEL LONDON HOXTON WILL BE AN ICONIC FLAGSHIP FOR THE ART'OTEL BRAND.

2022 NEW OPENINGS



PULA

GRAND HOTEL BRIONI PULA, CROATIA

Following two years of extensive redevelopment, Grand Hotel Brioni Pula, was launched in May 2022 as a Radisson Collection Hotel. The spectacularly located hotel, with direct beach access, has been transformed into a premium luxury resort, consisting of 227 rooms and suites, an infinity outdoor pool, indoor swimming pool and several restaurants and bars. The hotel has received excellent guest feedback since it opened.

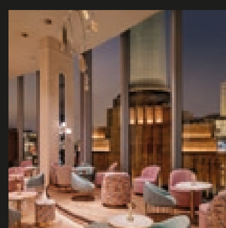
227 **Total rooms**

art'otel LONDON BATTERSEA POWER STATION, UK

Following a soft opening in December 2022, art'otel London Battersea Power Station was fully launched in February 2023. This hotel is the first art'otel opening in the UK and is operated by our hospitality management platform under a long-term agreement. Part of the Battersea Power Station development, this premium lifestyle hotel offers 164 rooms and suites, original art by acclaimed interior designer and artist Jaime Hayon, an art gallery and cultural programming, JOIA restaurant, bar and rooftop, infinity rooftop pool and TOZI grand café.

164 **Total rooms**

LONDON



PROPERTY UPGRADES

AUSTRIA

PULA

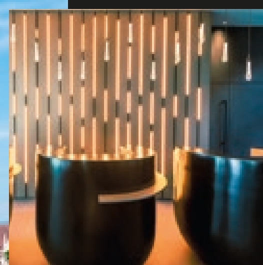
ARENA FRANZ FERDINAND NASSFELD, AUSTRIA

The hotel was open for a total of eight months of the year. In the four months it was closed, the hotel underwent a two-phased soft refurbishment programme, which included a new spa and pool facilities.

ARENA STOJA CAMPSITE

Phase one works to add 70 luxury mobile homes and green areas to the Arena Stoja Campsite were completed during the year. Phase two, which started in November 2022, will see improvements to the communal areas including a coffee shop, restaurant and infrastructure, including a sanitary block upgrade.

70 **New luxury mobile homes**



BUDAPEST

BUDAPEST

The refurbishment of the public areas at our property in Budapest is now complete and preparations are being made to upgrade the bedrooms.

STRATEGY IN ACTION

OUR PIPELINE

The new additions of art'otels mark an exciting time for the brand.

ZAGREB

art'otel IN ZAGREB, CROATIA

Marking the Group's debut in the Croatian capital, construction work has commenced to convert a former office building into a 115-room premium lifestyle art'otel. Located in the city centre, this hotel will offer an art gallery, destination restaurant and bar, and leisure facilities. The hotel is expected to open in 2023.

115 **Total rooms**

ROME

art'otel IN ROME, ITALY

Marking the Group's entry into Italy, the historic Londra & Cargill hotel in the centre of Rome closed down in July 2022 and is currently being transformed into the Group's first art'otel in Italy. Following extensive redevelopment works, this hotel will be repositioned and offer 99 rooms, an art gallery, a destination restaurant and bar, leisure facilities and parking. It is expected to open in Q1 2024.

99 **Total rooms**

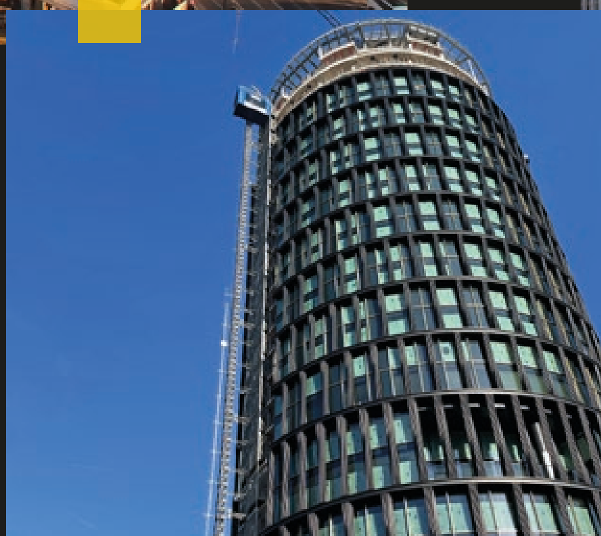
LONDON

art'otel LONDON HOXTON, UK

Our largest current construction project, expected to be completed in H1 2024. Occupying a prime location in Hoxton, this 27-storey mixed-use scheme will include a premium lifestyle art'otel with 357 rooms (including 60 suites), an art gallery, two original Banksy artwork pieces, destination restaurants, a bar, leisure facilities, events space and 5,900m² of office space.

357 **Total rooms**

> *art'otel London Hoxton is ideally located in the gateway of Hoxton and Shoreditch.*



KEY PERFORMANCE INDICATORS

MEASURING OUR PROGRESS

FINANCIAL KPIs[1]

Total revenue £m

2022	330.1
2021	141.4
2020	101.8
2019	357.7
2018	341.5

KPI definition

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

EBITDAR £m

2022	97.0
2021	27.6
2020	(9.1)
2019	124.6
2018	120.7

KPI definition

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

OPERATING KPIs[1]

Occupancy %

2022	60.0
2021	30.7
2020	28.0
2019	80.6
2018	79.4

KPI definition

Total rooms occupied divided by the available rooms.

Normalised profit before tax £m

2022	8.3
2021	(47.5)
2020	(89.8)
2019	40.7
2018	37.7

KPI definition

Earnings for the year, adjusted to remove any unusual or one-time influences, divided by the weighted average number of ordinary shares outstanding during the year.

Reported earnings per share Pence

2022	24
2021	(123)
2020	(192)
2019	80
2018	90

KPI definition

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

EBITDA £m

2022	94.6
2021	25.1
2020	(10.1)
2019	122.9
2018	113.2

KPI definition

Earnings before interest, tax, depreciation and amortisation.

1 Further details on the key financial, operating and property KPIs can be found in the Financial Review on pages 34 to 43.

PROPERTY KPIs[1]

Average room rate £

2022	160.4
2021	117.0
2020	105.1
2019	128.5
2018	123.1

KPI definition

Total room revenue divided by the number of rooms sold.

RevPAR £

2022	96.2
2021	35.9
2020	29.4
2019	103.6
2018	97.7

KPI definition

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

EPRA NRV per share £

2022	25.17
2021	22.15
2020	22.08
2019	25.93
2018	24.57*

* EPRA NAV in accordance with the previous EPRA NAV guidelines.

KPI definition

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

Guest rating score %

2022	84.8
2021	85.5
2020	Data not indicative
2019	83.6
2018	85.4

KPI definition

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

Employee engagement %

2022	81.0*
2021	Trial of new survey format
2020	No surveys conducted
2019	84.4
2018	83.6

KPI definition

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

* Up until 2019, the Group measured employee satisfaction through annual surveys. Post pandemic, it has implemented a new methodology which captures employee engagement. As a result, the 2022 performance is not comparable to the performance metrics provided for earlier years.

Adjusted EPRA EPS Pence

2022	50
2021	(44)
2020	(123)
2019	128
2018	115

KPI definition

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

FINANCIAL REVIEW

PIPELINE GROWTH AND A SOLID FINANCIAL POSITION

While it took several weeks into 2022 to gain traction, thereafter demand for leisure travel returned swiftly.

DANIEL KOS
CHIEF FINANCIAL OFFICER
& EXECUTIVE DIRECTOR

OVERVIEW OF 2022

The Omicron COVID variant caused governments to respond and reintroduce measures at the end of 2021, resulting in a sharp drop in trading. 2022 started with most government intervention measures in place across all markets, including a lockdown in the Netherlands. In the United Kingdom, guidance was still for the general public to stay at home as much as possible. During this period, the Group continued to focus its efforts on protecting its cash position, navigating a challenging and uncertain trading environment and generally ensuring that our health and safety protocols were followed through to protect our team members and guests.

Governments started easing measures once the risks associated with the new variant became more evident. The United Kingdom was the first of our markets to reopen and start. While it took several weeks into 2022 to gain traction, thereafter demand for leisure travel returned swiftly. Our other operating regions started to gain momentum towards the end of the first quarter and at a much slower pace than compared with the United Kingdom. During the second quarter, we ramped up operations and focused on recruiting and onboarding new team members across our Group, while ensuring that we also increased our offerings and service levels.

During the second quarter, our operating margins started to improve, albeit they were still impacted by reopening costs. In the summer, demand levels increased significantly for our London hotels, with events such as Wimbledon, the Farnborough International Airshow and the state funeral of Her Majesty Queen Elizabeth II adding to already high leisure demand. This strong demand positively affected our room rates.

Our Croatian resorts reported a record performance over the summer season, benefiting from pent-up demand from holidaymakers and the limited reopening of long-haul holiday destinations. The fourth quarter saw a return for our corporate travel and meetings and events segments, and we benefited from strong demand during the half-term school holiday, period and the Christmas holidays, plus a record trading performance on New Year's Eve.

Although we achieved record average room rates in 2022, which were up 24.8% compared with 2019 (pre-COVID), we also saw a sharp increase in our cost base, most noticeably due to increased payroll costs, which increased substantially in all territories. Payroll costs in the United Kingdom topped the list of countries in which we operate due to the high demand for talent across the entire hospitality industry, combined with a significantly reduced labour pool with a lack of available talent from outside the country as a result of the Brexit transition period ended on 1 January 2021.

Utility prices across our operating regions increased sharply during 2022; however, as the Group had hedges in place for 2022, the effect of this increase was only marginal.

Throughout the year, we spent approximately £100 million on capital expenditure, with our development projects in Croatia, Austria and the United Kingdom taking up the majority of this investment. Some of our development projects, such as Grand Hotel Brioni Pula, opened in 2022; however, the majority of our pipeline is due to open in the next 18 months and these are expected to result in a step change in our trading performance.

FINANCIAL RESULTS

Key financial statistics for the financial year ended 31 December 2022.

	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2019
Total revenue	**£330.1 million**	£141.4 million	£357.7 million
Room revenue	**£237.8 million**	£84.4 million	£250.6 million
EBITDAR	**£97.0 million**	£27.6 million	£124.7 million
EBITDA	**£94.6 million**	£25.1 million	£122.9 million
EBITDA margin	**28.7%**	17.7%	34.4%
Reported PBT	**£11.5 million**	£(57.6) million	£38.5 million
Normalised PBT	**£8.3 million**	£(47.5) million	£40.7 million
Reported EPS	**24p**	(123)p	80p
Occupancy	**60.0%**	30.7%	80.6%
Average room rate	**£160.4**	£117.0	£128.5
RevPAR	**£96.2**	£35.9	£103.6
EPRA NRV per share	**£25.17**	£22.15	£25.93
Adjusted EPRA earnings per share	**50p**	(44)p	128p

FINANCIAL REVIEW *continued*

> *This varied performance by quarter has led to the Group's total revenue amounting to £330.1 million, which was up 133.5% versus 2021 and at 92.3% of the levels reported in 2019.*

OPERATIONAL PERFORMANCE

REVENUE

As the first three months of the year were dominated by government measures, lockdowns and "stay at home" guidance in the regions we operate, the Group's occupancy levels in the quarter were at 34.2%.

As the first quarter progressed, restrictions were progressively eased across our operating markets and demand gradually returned, eventually resulting in a strong performance in London and Croatia during the summer. Occupancy levels increased in the second quarter to 58.8%, and improved to 70.8% in Q3 and 72.1% in Q4.

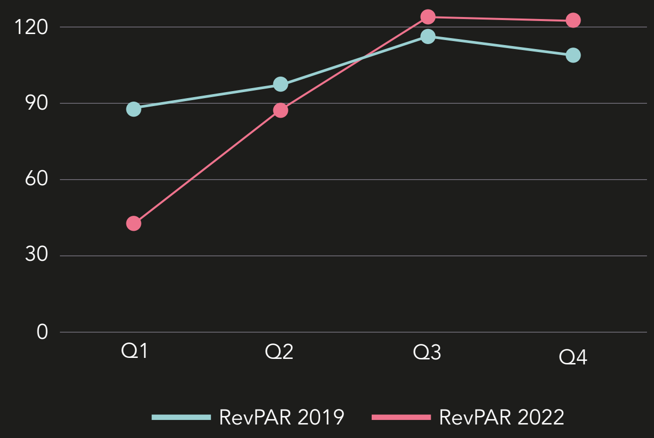
This varied performance by quarter has led to the Group's total revenue amounting to £330.1 million, which was up 133.5% versus 2021 and at 92.3% of the levels reported in 2019.

Although we experienced strong pent-up demand in the third quarter, combined with city-wide events, the shortage of team members has contributed to the Group focusing on a rate-led strategy. This means that we strategically chose to run the hotels at reduced occupancy levels compared with pre-pandemic occupancies. Room rates were subsequently increased to make up for lost capacity and mitigate wider cost pressures. This strategy has led to a 24.8% increase in average room rates in 2022 compared with 2019. Though occupancy reported in 2022 was 60.0%, up 2,930 bps from 2021, it was still 2,070 bps behind 2019 occupancy levels.

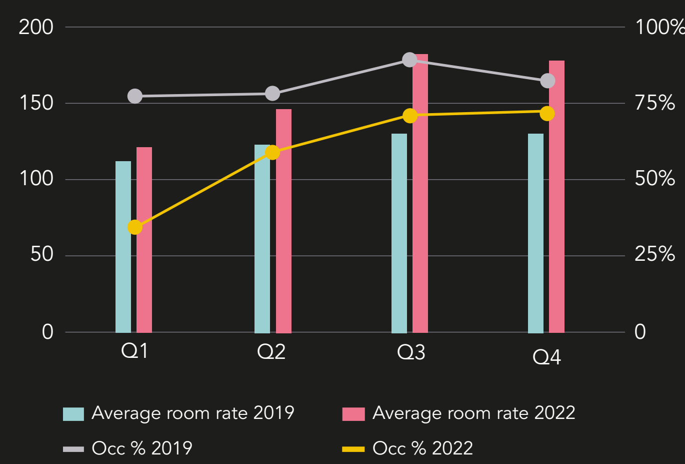
RevPAR was £96.2, up 168.0% (2021: £35.9), and at 92.8% of 2019 levels. RevPAR in the last two quarters of the year was ahead compared with the levels reported in the same period of 2019. Average room rate increased by 37.1% to £160.4 (2021: £117.0) and increased 24.8% compared with 2019 levels.

These RevPAR levels led to a total room revenue of £237.8 million, up 181.6% from 2021 and at 94.9% of 2019 room revenue.

QUARTERLY REVPAR PROGRESSION 2022 VS 2019



QUARTERLY OCCUPANCY AND ROOM RATE PROGRESSION 2022 VS 2019



EBITDA, PROFIT AND EARNINGS PER SHARE

The Group reported EBITDA is £94.6 million (2021: £25.1 million), of which £17.0 million relates to the first six months of 2022 and £77.6 million to the last six months of 2022.

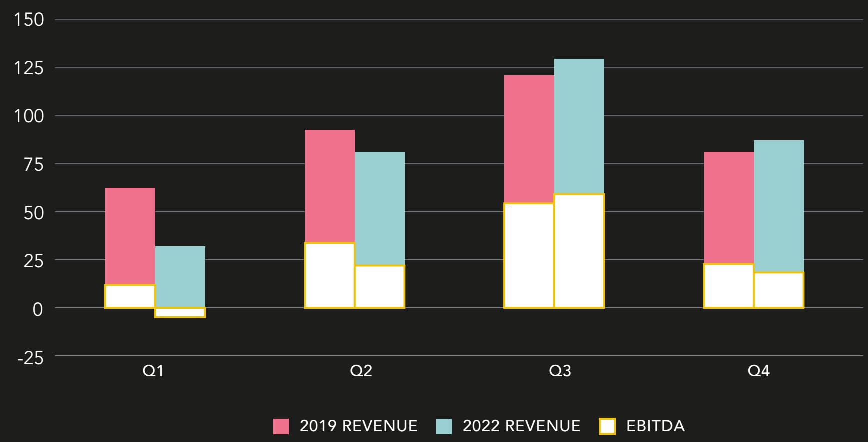
Due to the COVID restrictions in the first quarter and the ramp-up in the second quarter, comparing trading periods in this financial year is challenging. Nonetheless, the Group believes its third and fourth quarter performance in 2022 was more in line with pre-pandemic trading levels. The EBITDA margin reported for the year was 28.7%, versus a margin of 34.4% in 2019. When looking at the second half of 2022, we reported an EBITDA margin of 35.8%, which compares with 38.2% in 2019.

As outlined above, labour shortages are causing inflationary pressures in payroll cost across all operating regions.

Normalised profit before tax improved to £8.3 million (2021: £(47.5) million). Reported profit before tax improved by £69.1 million to £11.5 million (2021: £(57.6) million). On the right is a reconciliation table from reported to normalised profit.

Reported basic/diluted earnings per share for the period were 24 pence (2021: (123) pence). Depreciation excluding impairment in the year was £40.0 million (2021: £38.9 million). Depreciation is recorded in accordance with IFRS, nevertheless internally we consider our ongoing average capital expenditure (CAPEX) over the lifespan of our hotels as a more relevant measure in determining profit, which in the hospitality industry is calculated as approximately 4% of total revenue. Our EPRA earnings number set out on page 41 is calculated using the 4% rate instead of the reported non-cash depreciation charge.

TOTAL REVENUE & EBITDA



NORMALISED PROFIT

£m	**12 months ended 31 December 2022**	12 months 31 December 2021
Reported profit (loss) before tax	**11.5**	(57.6)
Loss on buy-back of units in Park Plaza Westminster Bridge London from private investors	**1.5**	0.5
Settlement of legal claim	**–**	3.1
Revaluation of finance lease	**3.7**	3.6
Revaluation of Park Plaza County Hall London Income Units	**(0.3)**	(0.6)
Pre-opening expenses and other non-recurring expenses	**1.4**	0.3
Capital (profit) loss on disposal of fixed assets and inventory	**0.1**	(1.0)
Impairment of property, plant and equipment	**–**	4.4
Business combination acquisition costs	**–**	1.0
Loan prepayment break costs	**–**	0.5
Changes in fair value of financial instruments	**(9.6)**	(1.7)
Normalised profit (loss) before tax	**8.3**	(47.5)

FINANCIAL REVIEW *continued*

REAL ESTATE PERFORMANCE

VALUATIONS

As an integrated developer, owner and operator of hotels, resorts and campsites, the Group has a real estate driven business model. Returns are generated by both developing the assets we own, and operating our properties to their full potential, thus driving increased value for all stakeholders. Certain EPRA performance measurements are disclosed to aid investors in analysing the Group's performance and understanding the value of its assets and earnings from a property perspective.

In December 2022, the Group's properties (with the exception of operating leases and managed and franchised properties) were once again independently valued by Savills (in respect of properties in the Netherlands, UK and Germany) and by Zagreb nekretnine Ltd (Zane) (in respect of properties in Croatia).

Based on their valuations, we have calculated the Group's EPRA NRV, EPRA NTA and EPRA NDV. The EPRA NRV as at 31 December 2022, set out in the table on page 40, amounts to £1,078.7 million (2021: £951.2 million), which equates to £25.17 per share (2021: £22.15 per share).

The EPRA NRV was positively impacted by the profit in the year of £10.2 million and positively impacted by a revaluation of £104.0 million. The positive revaluation follows a significantly improved forward-looking cash flow profile, as the Company recovered from its COVID-distorted trading sooner than expected. In their 2021 valuations, the independent valuers had assumed the Group's trading would be largely in line with 2019 from the 2024 financial year onwards; however, this has occurred sooner than they anticipated. Discount and cap rates stayed relatively stable, increased by a higher inflationary environment and higher interest rate risks; however, these rates now have a lower added risk profile due to uncertainties around the pandemic.

The table below provides additional information regarding the discount and cap rates used. As most of the valuation increase was a consequence of a change in cash flows, we provide more insight into the trading assumptions that were used in the 2021 valuations for the financial years 2022 and 2023, compared with the actual trading in 2022 and internal budgets for 2023.

CASH FLOW AND EPRA EARNINGS

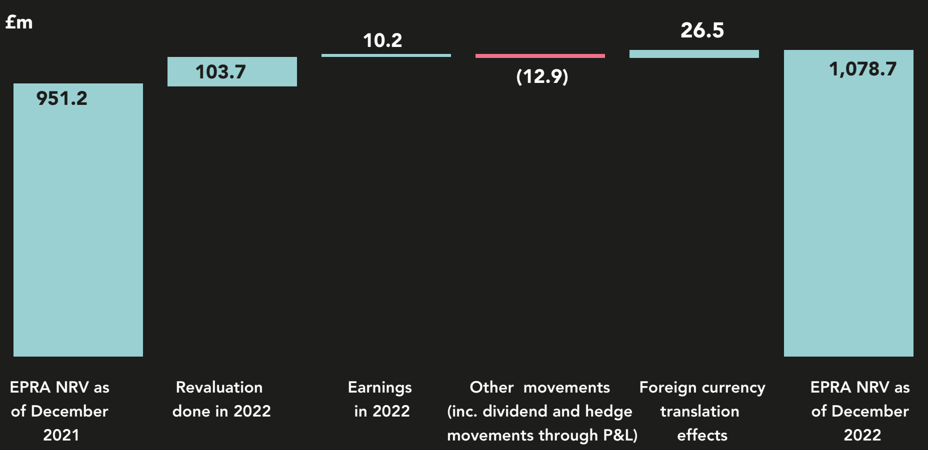
In the first quarter of 2022, the Group incurred negative operational cash flow, due to low occupancy levels around the portfolio during the COVID restrictive period. From the second quarter onwards, we reversed a two-year period of negative cash flows and started reporting more normal levels of positive operational cash flow.

Investment cash flows reported an outflow of £96.1 million, of which about 85.0% was due to development projects and £14.0 million regarding our usual maintenance CAPEX projects. Most noticeable was the £60.0 million CAPEX related to our development project in Hoxton London. This project is fully funded, and all expenditure is drawn down from the £180 million construction loan.

REAL ESTATE PERFORMANCE

Per share

£22.15	£2.42	£0.24	£(0.26)	£0.62	£25.17



VALUATION COMPARISON

2022 vs 2019 valuation Total portfolio +4.8%	
United Kingdom	+2.6%
The Netherlands	-0.7%
Germany	+11.1%
Croatia	+17.7%

2022 vs 2021 valuation Total portfolio +8.0%	
United Kingdom	+6.7%
The Netherlands	+5.9%
Germany	+16.9%
Croatia	+10.9%

Furthermore, our cash flow this year was negatively impacted by working capital payments and extra amortisation which were postponed during the COVID period. The Group has a healthy balance sheet, no significant refinancing in the near future and a total cash position of £163.6 million, with access to a further £60.0 million of undrawn facilities.

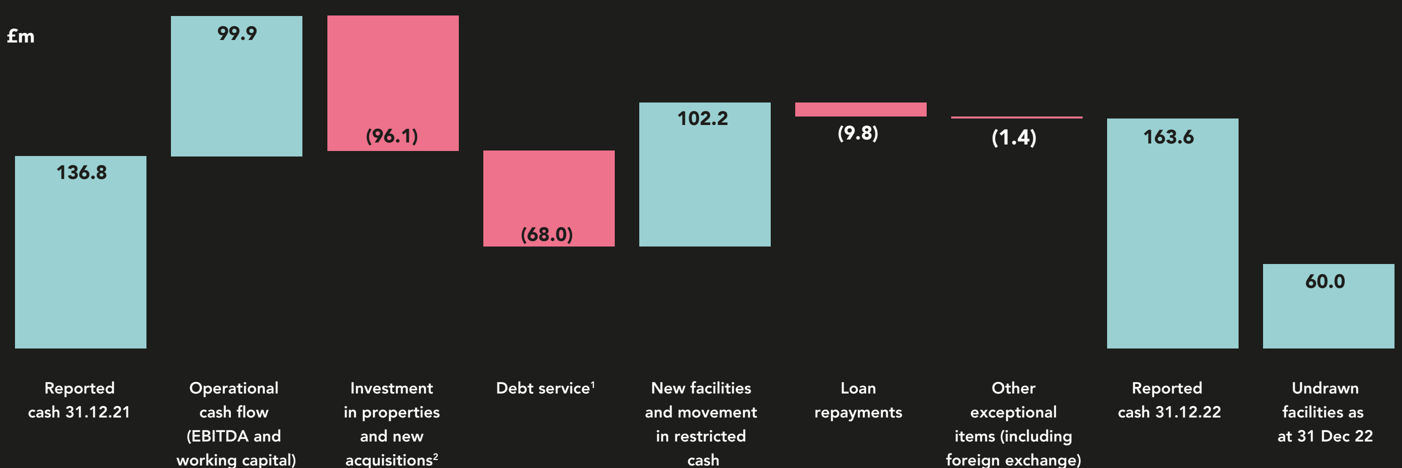
The Group reported adjusted EPRA earnings of £21.1 million (2021: £(18.8) million) and adjusted EPRA earnings per share of 50 pence (2021: (44) pence). This is the first year since the start of COVID in early 2020 that the Group had reported a positive earnings number, albeit still below the EPRA earnings per share reported in 2019 (2019: 128 pence per share).

TRADING AND ASSUMPTIONS VS 2021 VALUATIONS

	Discount rates		Cap rates	
	2022 Valuations	2021 Valuations	2022 Valuations	2021 Valuations
United Kingdom	7.75%-10.50%	7.50%-10.00%	5.25%-8.00%	5.00%-7.50%
The Netherlands	7.75%-9.50%	8.00%-9.80%	5.25%-7.00%	5.50%-7.30%
Germany	8.00%-9.25%	8.50%-9.30%	5.50%-6.75%	6.00%-6.80%
Croatia	9.00%-11.00%	9.00%-11.00%	7.00%-9.00%	7.00%-9.00%

	Revenue		Gross Operating Profit	
	2022 Actual	2023 Budget	2022 Actual	2023 Budget
United Kingdom	15.4%	20.5%	24.4%	6.2%
The Netherlands	12.9%	16.2%	6.0%	7.2%
Germany	-13.7%	12.4%	-9.2%	16.5%
Croatia	12.4%	22.1%	13.2%	15.2%

YEAR-ON-YEAR CASH FLOW



1 Including leases and unit holders in Park Plaza Westminster Bridge London.
2 £14.0 million reflects regular CAPEX.

FINANCIAL REVIEW *continued*

EPRA PERFORMANCE MEASUREMENT

EPRA SUMMARY

	Summary of EPRA performance indicators			
	Year ended 31 December 2022		Year ended 31 December 2021	
	£ million	Per share	£ million	Per share
EPRA NRV (Net Reinstatement Value)	1,078.7	£25.17	951.2	£22.15
EPRA NTA (Net Tangible Assets	1,047.2	£24.44	919.7	£21.42
EPRA NDV (Net Disposal Value)	1,030.9	£24.06	857.5	£19.97
EPRA earnings	32.7	77p	(17.5)	(41)p
Adjusted EPRA earnings	21.1	50p	(18.8)	(44)p

EPRA NRV

	3 1 December 2022 £ million			31 December 2021 £ million		
	EPRA NRV (Net Reinstatement Value)	**EPRA NTA (Net Tangible Assets)[4]**	**EPRA NDV (Net Disposal Value)**	**EPRA NRV (Net Reinstatement Value)**	**EPRA NTA (Net Tangible Assets)[4]**	**EPRA NDV (Net Disposal Value)**
NAV per the financial statements	315.1	315.1	315.1	278.5	278.5	278.5
Effect of exercise of options	3.0	3.0	3.0	6.2	6.2	6.2
Diluted NAV, after the exercise of options[1]	318.1	318.1	318.1	284.7	284.7	284.7
Includes:						
Revaluation of owned properties in operation (net of non-controlling interest)[2]	746.9	746.9	746.9	636.1	636.1	636.1
Revaluation of the joint venture interest held in two German properties (net of non-controlling interest)	6.8	6.8	6.8	3.4	3.4	3.4
Fair value of fixed interest rate debt	–	–	(9.2)	–	–	(53.7)
Deferred tax on revaluation of properties	–	–	(31.7)	–	–	(13.0)
Real estate transfer tax[3]	18.7	–	–	17.2	–	–
Excludes:						
Fair value of financial instruments	21.1	21.1	–	(0.4)	(0.4)	–
Deferred tax	(9.3)	(9.3)	–	(9.4)	(9.4)	–
Intangibles as per the IFRS balance sheet	–	12.8	–	–	14.3	–
NAV	**1,078.7**	**1,047.2**	**1,030.9**	**951.2**	**919.7**	**857.5**
Fully diluted number of shares (in thousands)[1]	42,846	42,846	42,846	42,935	42,935	42,935
NAV per share (in £)	**25.17**	**24.44**	**24.06**	**22.15**	**21.42**	**19.97**

1 The fully diluted number of shares excludes treasury shares but includes 407,223 outstanding dilutive options (as at 31 December 2021: 585,867).
2 The fair values of the properties were determined on the basis of independent external valuations prepared in December 2022.
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 2022 £ million	12 months ended 31 December 2021 £ million
Earnings attributed to equity holders of the parent company	10.2	(52.1)
Depreciation and amortisation	40.0	43.3
Revaluation of Park Plaza County Hall London Income Units	(0.3)	(0.6)
Changes in fair value of financial instruments	(9.6)	(1.7)
Non-controlling interests in respect of the above[3]	(7.6)	(6.4)
EPRA earnings	**32.7**	**(17.5)**
Weighted average number of ordinary shares outstanding	42,522,523	42,539,340
EPRA earnings per share (EPS)	**77**	**(41)**
Company specific adjustments[1]:		
Capital loss on buy-back of Income Units in Park Plaza Westminster Bridge London	1.5	0.5
Remeasurement of lease liability[4]	3.7	3.6
Disposals and Other non-recurring expenses (including pre-opening expenses)[8]	1.5	(0.7)
Loan early repayment break costs[11]	–	0.5
Business combination acquisition costs[10]	–	1.0
Settlement of legal claim[6]	–	**3.1**
Adjustment of lease payments[5]	(2.2)	(2.3)
One off tax adjustments[7]	(5.8)	(3.6)
Maintenance CAPEX[2]	(13.2)	(5.7)
Non-controlling interests in respect of maintenance CAPEX and the adjustments above[3]	3.0	2.3
Company specific Adjusted Earnings[1]	**21.2**	**(18.8)**
Company specific Adjusted EPS	**50**	**(44)**
Reconciliation Company adjusted EPRA earnings to normalised PBT		
Company adjusted EPRA earnings:	**21.2**	**(18.8)**
Reported depreciation and amortisation[9]	(40.0)	(38.9)
Non-controlling interest in respect of reported depreciation[3]	7.6	6.3
Maintenance CAPEX[2]	13.2	5.7
Non-controlling interest on maintenance CAPEX and the Company specific adjustments[3]	(3.0)	(2.3)
Adjustment of lease payments[5]	2.2	2.3
One off tax adjustments[7]	5.8	3.6
Profit attributable to non-controlling interest[3]	4.7	(0.4)
Reported tax	(3.4)	5.0
Normalised profit before tax	**8.3**	**(47.5)**

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 Westminster Bridge London and the non-controlling shareholders in the partnership with Clal that was entered into in June 2021.
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 Relates to a settlement reached in a legal dispute in Croatia (see Note 24a in the annual consolidated financial statements).
7 Mainly relates to deferred tax asset on carry forward losses recorded in 2022 and 2021.
8 Mainly relates to pre-opening expense and net profit and loss on disposal of property, plant and equipment.
9 Reported depreciation excluding impairments.
10 Business combination acquisition costs (see Note 3a and 3b in the annual consolidated financial statements).
11 Loan early repayment break costs (see Note 14b in the annual consolidated financial statements).

OTHER EPRA MEASUREMENTS

Given that the Group's asset portfolio is comprised of hotels, resorts and campsites which are also operated by the Group, a few of EPRA's performance measurements, which are relevant to real-estate companies with passive rental income, have not been disclosed as they are not relevant or non-existent. Those EPRA performance measurements include EPRA Net Initial Yield, EPRA 'Topped-up' NIY, EPRA Vacancy Rate and EPRA Cost Ratios. Furthermore, the Group did not include EPRA LTV and instead decided to present an alternative calculation of the Group's net debt leverage which we believe is more reflective and relevant to investors. The Net Debt Leverage reconciliation table can be found on page 43.

FINANCIAL REVIEW *continued*

CAPITAL STRUCTURE

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

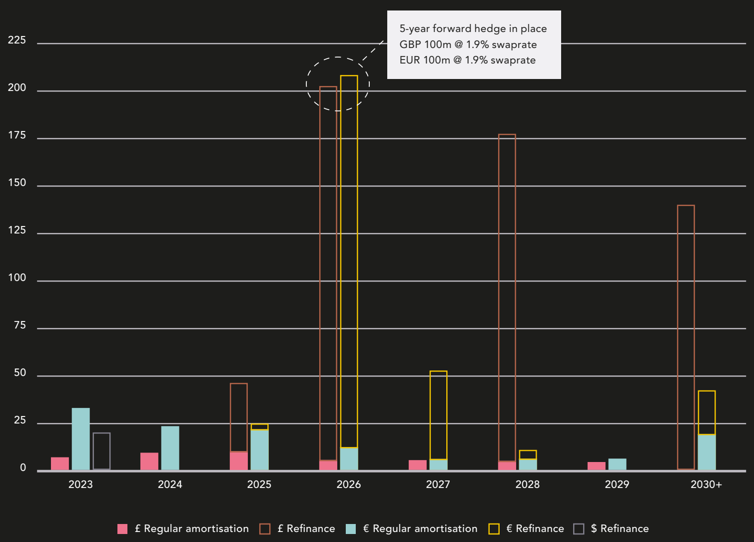
Our partnerships, such as the third party unit holders in Park Plaza Westminster Bridge London, the third party shareholders in our listed Croatian subsidiary or the individual professional partners we work with on several assets, provide us with long-term equity and therewith sharing of the risks and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

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

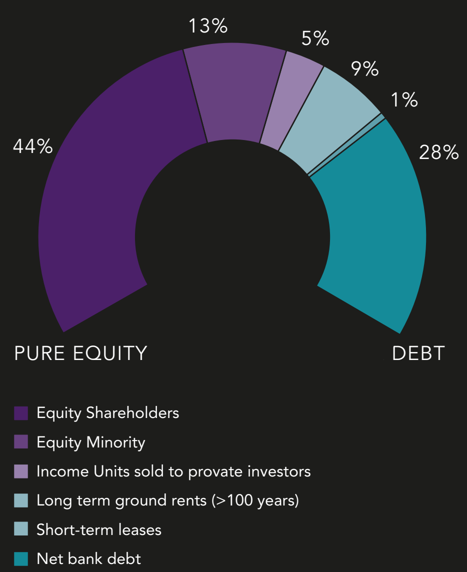
Finally, our asset-backed mortgages are mostly entered into with long-standing banking partners, with a five- to ten-year maturity and with a fixed rate or a variable rate with hedging arrangements. Our mortgages have covenants around the value of assets (Loan to Value, or LTV) and trading (interest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

The current net bank debt leverage percentage is 32.9%. During the period of the pandemic, all our banks waived the covenants requirements of the respective loans.

Although our mortgages are exposed to interest rate risks, most of these were entered into years ago, averaging at 3.1% interest (fixed) and with an average remaining maturity of 4.6 years. In early 2022, the Group entered into multiple forward starting hedges (starting when loans roll over or refinance in 2024 and 2026) for approximately £380 million, around 1.4%–1.9% swap rate, significantly below current market levels. The loans on trading assets are non-recourse. Due to the remaining maturity and the forward starting swaps, we estimate that the current higher interest rate environment will start affecting the cash flows on or around 2027. The graph below on the left summarises the maturity of our loans, including annual amortisation.



CAPITAL STRUCTURE



ACQUISITIONS AND PIPELINE UPDATE

With an expansion CAPEX of £82 million, we remained focused on implementing our strategy, progressing our development pipeline, and expanding our footprint into new, highly attractive markets. We progressed well with our new build hotel in Hoxton London (art'otel London Hoxton), which reached its highest point on the 27th floor early in 2022 and is expected to be waterproof by the end of May 2023. We expect the soft opening of this hotel in the first half of 2024. The office-to-hotel conversion project in Zagreb city centre is proceeding well, with the art'otel expected to open in the first quarter of 2023.

We have successfully opened our newly transformed luxury hotel on the Croatian coast, Grand Hotel Brioni Pula, just before the start of the main summer season in Croatia. This followed a two-year repositioning programme at an investment of HRK260 million (£30 million).

In Rome, the complete interior demolition of the Londra & Cargill Hotel located in the city centre started in July 2022. Works are underway to reposition this 99-room property into an art'otel, which is now expected to open in the first half of 2024. The Group also completed the development of pool and spa facilities at our recently acquired mountain 4-star resort in Nassfeld, Austria, which we anticipate will broaden the appeal and demand for the resort, thereby increasing the average room rates of this property.

On the above £200+ million pipeline, the Group has a remaining commitment of approximately £120 million.

DIVIDEND

At the start of the pandemic, the Group withdrew its declared final dividend over 2019, in line with multiple other cash saving initiatives, and communicated its intention to reinstate its progressive dividend policy when the financial performance allowed. In light of the positive trading momentum that started in the second quarter and given the Group's strong balance sheet, the Board reinstated its progressive dividend policy and declared a modest interim dividend of 3 pence per ordinary share in September 2022.

This reinstatement of dividends was further to the commencement to a £3.7 million share buy-back programme which started during the summer of 2022.

Further to the above and in line with the Board's confidence in the Group's performance to date, current trading and the strength of its future development pipeline, the Board is proposing a final dividend payment of 12 pence per share. The amounts proposed enable the Group to retain proper and prudent reserves, and the capacity to secure further attractive development opportunities as and when they arise. When combined with the interim ordinary dividend, it will bring the total dividend for the year to 15 pence per share.

Subject to shareholder approval at the Annual General Meeting, to be held on 23 May 2023, the dividend will be paid on 31 May 2023 to shareholders on the register at 28 April 2023. The shares will go ex-dividend on 27 April 2023.

Daniel Kos
Chief Financial Officer & Executive Director

NET DEBT LEVERAGE RECONCILIATION

	£ million		
	As reported in the annual financial statements	EPRA NRV adjustment	EPRA NRV values
Balance sheet			
PP&E	1,335.2	711.5	2,046.7
Right-of-use asset	225.5	(225.5)	–
Lease liabilities	(267.1)	267.1	–
Income Units sold to private investors	(121.1)	121.1	–
Net PP&E	**1,172.5**	**874.2**	**2,046.7**
Intangible assets	12.8	–	12.8
Investments in joint ventures	5.0	12.8	17.8
Other assets and liabilities, net	(4.4)	2.1	(2.3)
Total assets net of finance leases and excluding cash	**1,185.9**	**889.1**	**2,075.0**
Bank/institutional loans (short/long term)	864.7	–	864.7
Cash and cash equivalents and restricted cash	(182.1)	–	(182.1)
Net bank debt	**682.6**	–	**682.6**
	–	–	–
Total Equity	**503.3**	**889.1**	**1,392.4**
Equity and net debt	**1,185.9**	**889.1**	**2,075.0**
Minority shareholders	**(188.2)**	**(128.5)**	**(316.7)**
Total capital employed PPHE shareholders	**997.7**	**760.6**	**1,758.3**
Gearing ratio	**57.6%**		**32.9%**

BUSINESS REVIEW

WE CONTINUED TO MAKE STRONG STRATEGIC PROGRESS AGAINST OUR KEY PRIORITIES IN 2022.

Once again, I have been impressed by the agility and ability of our teams to cope with myriad competing and evolving pressures during another unprecedented year for the sector and the global economy. Furthermore, it has been made clear throughout the year that demand for leisure and business travel, and hospitality is resilient and not only pent-up post-pandemic.

In Q1 we saw the start of a gradual return of confidence among consumers, initially in the UK as government restrictions began to ease. This ensured a positive start to the year for the Group, which stood in stark contrast to the comparative period in 2021 which was more heavily impacted by COVID-19. Booking momentum accelerated into Q2, with the reopening of further European markets in which we operate including the Netherlands and Germany. This was important ahead of the summer season, with our Croatian business performing better than expected and delivering record results. Thereafter, we saw quarter-on-quarter improvements in trading across our key markets, inching closer to or exceeding pre-pandemic levels of activity in many metrics. Q4 was one of our strongest on record. This outperformance was driven by one-off events such as the death and funeral of the late Queen Elizabeth II as well as a strong half-term and Christmas period, which were unaffected by the pandemic for the first time in three years.

In tandem with this consistent strengthening of demand across our premium locations around the world, we continued to make strong strategic progress against our key priorities in 2022. This has supported our resilience in the face of ongoing macro-economic challenges, while also securing our future long-term and sustainable growth prospects.

As previously mentioned, our teams remain highly focused on providing the best experience possible to our guests and as a management team, our priority has been to continue to rebuild and re-energise our teams, supporting them as much as possible to achieve this.

GREG HEGARTY
DEPUTY CHIEF EXECUTIVE OFFICER
& CHIEF OPERATING OFFICER

> *I remain extremely proud of what we do at PPHE*

UNITED KINGDOM

Value of UK property portfolio	Total revenue
£991m	£190.1m

THE NETHERLANDS

Value of the Dutch property portfolio	Total revenue
£307m	£41.6m

GERMANY

Value of German property portfolio	Total revenue
£100m	£17.7m

CROATIA

Value of Croatian property portfolio	Total revenue
£334m	£69.2m

As activity has continued to recover – in many cases rapidly – we have ensured that our hiring practices and recruitment have kept up with demand. Our hospitality management platform has been critical in enabling us to respond to peaks, as well as the combined effects of the pandemic and the UK's exit from the EU on the availability of labour across the sector. Our strategic decision to employ our own accommodation services teams has continued to prove extremely prescient, with all disciplines based in-house and therefore flexible to the needs of the Group at large.

In terms of wider strategic progress in the year, we were pleased to expand our long-standing partnership with Radisson Hotel Group, building further on an already successful relationship. This enabled us to begin to widen the scope and potential of our combined global brands, with the opening of our first Radisson Collection Hotel, at Grand Hotel Brioni Pula. We look forward to continuing to further strengthen this partnership, with a number of exciting openings and positioning projects in the pipeline.

More broadly, our development pipeline of new openings is stronger than ever for the year ahead and beyond. Following the launch of our first ever art'otel in the UK, at Battersea Power Station, we are preparing for additional new art'otel openings in Zagreb, Rome and London.

I remain extremely proud of what we do at PPHE. Our real estate ownership and hospitality management expertise mean the Group is resilient and well-positioned to navigate ongoing external headwinds impacting the sector. I would like to extend my thanks once again to all our teams across the globe, who remain the backbone of our customer proposition. I look forward to continuing our strategic progress this year and in the future. I invite you to read more about our performance and various key developments in each of our operating markets in the section ahead.

Greg Hegarty
Deputy Chief Executive Officer
& Chief Operating Officer

BUSINESS REVIEW *continued*

UNITED KINGDOM

PROPERTY PORTFOLIO

The Group has a well-invested property portfolio, consisting of approximately 3,400 rooms in operation in the upper upscale segment of the London hotel market, and approximately 1,000 rooms in its London development pipeline. Four of the Group's London hotels are in the popular South Bank area of London, with further properties in the busy Victoria, fashionable Marylebone and well-connected Park Royal areas. In December 2022, the Group opened the only hotel which is part of the Battersea Power Station development scheme. There are also three properties located in the UK regional cities of Nottingham, Leeds and Cardiff[2].

The Group has an ownership interest in 10 properties: Park Plaza Westminster Bridge London, Park Plaza London Riverbank, Park Plaza London Waterloo, Park Plaza County Hall London[2], Park Plaza Victoria London, Park Plaza London Park Royal, art'otel London Hoxton, Holmes Hotel London, Park Plaza Leeds and Park Plaza Nottingham. Park Plaza Cardiff[2] operates under a franchise agreement. Following its opening in late 2022, the Group operates the art'otel London Battersea Power Station[2] hotel under a long-term management agreement through its hospitality platform.

PORTFOLIO PERFORMANCE

The Group's UK portfolio performance started slowly, due to government-imposed restrictions as a result of the continued presence of the Omicron variant of COVID-19.

However, restrictions were lifted in the second half of January; earlier than the Group's other operating markets. Following this, and echoing customer behaviour seen after previous lockdowns, the Group experienced a strong and swift rebound in demand for leisure bookings. This was supported by the quality and excellent city centre locations of the portfolio, particularly in London.

The Group maintained its disciplined rates-led strategy, with room rates for the financial year, exceeding 2019 levels, led by its London properties.

Demand for leisure and weekend stays continued throughout the second quarter, while demand for meetings and events, particularly in London, showed a more gradual recovery. In July and September, London assets saw unusually elevated demand due to various events taking place in the city, including the state funeral of Her Majesty Queen Elizabeth II. This strong forward booking momentum continued into Q4 and there was a return to larger meetings and events, such as corporate conferences and award dinners during November and December.

Total reported revenue was £190.1 million (2021: £75.3 million), 91.7% of 2019 levels. Reported RevPAR was £130.3 (2021: £43.4 million), 97.5% of 2019 levels, driven by a significant increase in average room rate to £192.3 (2021: £136.2), and occupancy of 67.8% (2021: 31.9%).

Reported EBITDAR was £56.8 million (2021: £11.7 million), and EBITDA was £56.2 million (2021: £11.2 million).

FINANCIAL PERFORMANCE

	Reported in Pound Sterling (£)		
UK	**Year ended 31 Dec 2022**	Year ended 31 Dec 2021	% change
Total revenue	**£190.1m**	£75.3m	152.5%
EBITDAR	**£56.8m**	£11.7m	384.6%
EBITDA	**£56.2m**	£11.2m	401.0%
Occupancy	**67.8%**	31.9%	3,590 bps
Average room rate	**£192.3**	£136.2	41.2%
RevPAR	**£130.3**	£43.4	200.2%
Room revenue	**£149.9m**	£49.9m	200.2%
EBITDA %	**29.6%**	14.9%	1,470 bps

£991m **(2021: £932m)**

Total value of the UK property portfolio[1]

1 Independent valuation by Savills in December 2022 and excluding the London development sites art'otel London Hoxton and Westminster Bridge Road.

2 Revenues derived from these hotels are accounted for in Management and Holdings, and their values and results are excluded from the data provided in this section.

DEVELOPMENT PIPELINE

Development of the Group's flagship London project, art'otel London Hoxton, continued as planned during the year. The premium lifestyle hotel will comprise 357 rooms and suites, five floors of 5,900m² office space, wellness facilities, a gym and swimming pool, and an art gallery space. Located in the vibrant Shoreditch area in East London, the property is now 'topped' out to the 27th floor. Cladding of the building is now complete until 22nd floor, with the remainder expected to be completed by the third quarter. The structural works for the spa, auditorium and art gallery have also been completed. The impressive Banksy artworks have now been installed on the exterior of the building. The property is due to be completed in H1 2024.

Two further mixed-use longer-term development projects located in London are being progressed. The first is a site adjacent to Park Plaza Park Royal in West London, for which the Group is exploring options to enhance the scheme. The Group is also progressing with its planning application and is engaging with the local community at a second site, at 79–87 Westminster Bridge Road, which is situated close to the Group's Park Plaza London Waterloo and Westminster Bridge properties.

HOSPITALITY MANAGEMENT PLATFORM PROJECTS

The highly anticipated art'otel London Battersea Power Station opened its doors to guests in December 2022. The property, which is located within the Battersea Roof Gardens, features 164 bedrooms, a Venetian-inspired Italian TOZI restaurant and bar, a skyline destination restaurant, JOIA, and a spectacular rooftop swimming pool. The hotel also offers a gym, spa, event facilities and an art gallery with regular art programmes throughout the hotel. Jaime Hayon is the hotel's interior designer and Signature Artist, and two Michelin starred Portuguese chef Henrique Sá Pessoa is the JOIA restaurant Concept Chef. The hotel officially launched in February 2023. The Group operates the hotel under a management agreement through its hospitality operating platform.

THE UNITED KINGDOM HOTEL MARKET*

RevPAR was up 76.1% at £80.7, driven by a 28.1% increase in average room rate to £109.8 and a 37.5% increase in occupancy to 73.5%

In London, RevPAR increased by 145.8% to £135.1 compared with 2021, reflecting a 61.9% increase in occupancy to 73.8%, and a 51.8% increase in average room rate to £183.1.

* Source STR European Hotel Review, December 2022.

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

ART'OTEL HOXTON

The construction of art'otel London Hoxton in the heart of London Shoreditch is progressing well, with external cladding almost complete, advances with the public area and lower ground floors and the guest room show room having been approved. The 27-storey property will comprise 357 hotel rooms, including 60 suites.

PPHE Hotel Group entered into a joint venture in June 2021 with Clal Insurance, one of Israel's leading insurance and long-term savings companies.

- The Signature Artist will be revealed in H2 2023
- The mixed-use build includes offices which will go to market later this year
- Advance progress has been made with the restaurant and bar concepts for the hotel

BUSINESS REVIEW *continued*

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 introduction of a COVID-19 lockdown by the government in December 2021 severely impacted trading across the Group's properties in the Netherlands at the outset of the financial year. However, restrictions were lifted in late February, following which all of the Group's properties in the Netherlands – except Park Plaza Amsterdam Airport – reopened fully. Park Plaza Amsterdam Airport reopened in April to accommodate 180 Ukrainian refugees. displaced by the ongoing conflict arising from Russia's invasion of Ukraine. The hotel was subsequently open to all guests from June.

From May onwards, customer demand increased, driven initially by leisure stays, and predominately for the weekends. Our City Centre Amsterdam hotels were in line with our competitors. The provincial hotels were strong with corporate pick up and were ahead of the competition. This recovery across leisure, and subsequently corporate travel, meetings and events, continued throughout the remainder of the year, with a particularly strong meetings and events performance at the Park Plaza Utrecht.

> *Q2 recovered quickly, following the removal of COVID restrictions, with strong average room rates delivered*

After a significant refurbishment in 2021 and the lifting of restrictions, the Group's Amsterdam restaurants were also able to regain momentum. Notably, ARCA restaurant, located at art'otel Amsterdam, performed very well, garnering excellent customer feedback.

Total revenue was €48.7 million (2021: €12.1 million), 79.3% of 2019 levels. RevPAR increased to €95.5 (2021: €20.8). The average room rate increased to €166.6 (2021: €128.1). Occupancy improved significantly to 57.3% (2021: 16.3%).

EBITDA was €13.1 million (2021: €1.2 million). The region exceeded budget expectations for GOP.

Total value of the Netherlands property portfolio[1]

£307m

(2021: £274m)

FINANCIAL PERFORMANCE

	Reported in Pound Sterling[2] (£)			Reported in local currency Euro (€)		
The Netherlands	**Year ended 31 Dec 2022**	Year ended 31 Dec 2021	% change	**Year ended 31 Dec 2022**	Year ended 31 Dec 2021	% change
Total revenue	**£41.6m**	£10.4m	301.6%	**€48.7m**	€12.1m	303.8%
EBITDAR	**£11.2m**	£1.1m	916.6%	**€13.1m**	€1.3m	922.1%
EBITDA	**£11.2m**	£1.1m	941.8%	**€13.1m**	€1.2m	947.4%
Occupancy	**57.3%**	16.3%	4,110 bps	**57.3%**	16.3%	4,110 bps
Average room rate	**£142.2**	£109.9	29.4%	**€166.6**	€128.1	30.1%
RevPAR	**£81.5**	£17.9	356.2%	**€95.5**	€20.8	358.7%
Room revenue	**£31.9m**	£7.0m	356.2%	**€37.4m**	€8.2m	358.7%

1 Independent valuation by Savills in December 2022.

2 Average exchange rate from Euro to Pound Sterling for the period ended 31 December 2022 was 1.172 and for the period ended 31 December 2021 was 1.165 representing a 0.5% increase.

THE DUTCH HOTEL MARKET*

RevPAR increased by 182.2% to €86.4 compared with 2021. Occupancy increased by 92.9% to 63.0%, and the average room rate was €137.2, 46.3% higher than in 2021.

In Amsterdam, our main market in the Netherlands, RevPAR increased by 272.6% to €104.0. Occupancy levels increased by 133.7% to 63.7%, and the average daily room rate increased by 59.4% to €163.1.

* Source STR European Hotel Review, December 2022.

ART'OTEL AMSTERDAM, ARCA RESTAURANT

Award-winning two Michelin starred Portuguese chef Henrique Sá Pessoa, recently named in the top 100 Best Chefs in the World, opened ARCA in November 2021 as his first restaurant in Europe outside of Lisbon, and the funkier, more relaxed sister to his other outposts.

ARCA brings a relaxed and approachable Portuguese sharing plates concept with modern flavours, Asian influences and impressive cocktails. Find ARCA at Amsterdam's art'otel!

– Listed in the Michelin Guide 2022

arcaamsterdam.com

BUSINESS REVIEW *continued*

CROATIA

Total value of the Croatian property portfolio[1]

£334m

(2021: £253m)

PROPERTY PORTFOLIO

The Group's subsidiary, Arena Hospitality Group d.d. ('Arena'), owns and operates a Croatian portfolio of seven hotels, four resorts and eight campsites, all of which are located in Istria, Croatia's most prominent tourist region. Four of these properties are Park Plaza branded, and Grand Hotel Brioni is a Radisson Collection hotel. The remainder of its portfolio operates independently or as part of the Arena Hotels & Apartments, with Hotel Arena Hotel Medulin exclusively marketed as TUI Blue Medulin, and Arena Campsites brands. Planning permission for Hotel Riviera was granted in February 2023 and development of the property to become our third premium hotel in Croatia is in its planning phase. The Group is developing a leased property in the centre of Zagreb.

PORTFOLIO PERFORMANCE

The majority of the Group's Croatian properties close in Q1 of each year, in line with the seasonality of operations in the country. However, during Q2 – and particularly from around Easter – business activity intensifies as hotels, resorts and campsites open for the season and are fully open and trading. After the peak summer season in June, July and August, most properties are closed in late September/mid-October for winter.

All properties performed strongly during the important summer trading period, and ahead of initial expectations. This reflected pent-up guest demand in the absence of COVID-19 related restrictions. Following the completion of a number of customer experience-enhancing repositioning investments in recent years to elevate properties to upscale market positions, including the repositioning of Grand Hotel Brioni, Arena One 99 Glamping and the Arena Grand Kažela campsite, the Group was able to command higher rates across much of its Croatian portfolio, particularly its campsites. Notably, trading in Q3 (high season) saw total revenue and RevPAR surpass that of Q3 2019, driven by strong rate growth.

Total revenue (in Croatian Kuna) was HRK 612.8 million (2021: HRK 392.2 million). On average, rates increased 22.8% to HRK 1,087.8 (2021: HRK 885.8), exceeding 2019 levels and occupancy also improved considerably to 55.1% (2021: 46.6%). Consequently, RevPAR was HRK 599.0, an increase of 45.2%, primarily driven by the growth in rates.

The region reported EBITDA of HRK 189.2 million, an increase of 48.2% year-on-year (2021: HRK 127.6 million). This included the negative impact of increased cost inflation for utilities, food and payroll expenses, but excluding non-recurring expenses related to the opening of Grand Hotel Brioni. In 2022, the Group did not receive any Croatian government grants or subsidies to support payroll costs and fixed costs (2021: HRK 23.6 million). From 1 January 2023, the Group's Croatian portfolio performance will be reported in Euros, following Croatia's admission to the eurozone.

ASSET MANAGEMENT PROJECTS

In May, Hotel Grand Brioni reopened following a two-year HRK 260 million (£30 million) repositioning project to create a luxury 5-star, 227-room full-service hotel, offering guests an infinity pool, indoor pool and extensive health and wellness facilities,

FINANCIAL PERFORMANCE

	Reported in Pound Sterling[2] (£)			Reported in local currency HRK		
Croatia	**Year ended 31 Dec 2022**	Year ended 31 Dec 2021	% change	**Year ended 31 Dec 2022**	Year ended 31 Dec 2021	% change
Total revenue	**£69.2m**	£44.6m	55.2%	**HRK 612.8m**	HRK 392.2m	56.2%
EBITDAR	**£23.3m**	£16.4m	42.2%	**HRK 205.3m**	HRK 143.4m	43.2%
EBITDA	**£21.4m**	£14.6m	47.2%	**HRK 189.2m**	HRK 127.6m	48.2%
Occupancy[3]	**55.1%**	46.6%	850 bps	**55.1%**	46.6%	850 bps
Average room rate[3]	**£123.2**	£101.0	22.0%	**HRK 1,087.8**	HRK 885.8	22.8%
RevPAR[3]	**£67.8**	£47.1	44.2%	**HRK 599.0**	HRK 412.6	45.2%
Room revenue[3]	**£36.1m**	£21.6m	67.1%	**HRK 318.9m**	HRK 189.6m	68.2%

1 Independent valuation by Zagreb nekretnine Ltd in December 2022 and excluding Zagreb which is under development.

2 Average exchange rate from Croatian Kuna to Pound Sterling for the period ended 31 December 2022 was 8.829 and for the period ended 31 December 2021 was 8.768, representing a 0.7% increase.

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.

and several restaurants and bars. It is a Radisson Collection Hotel and is the first property to operate and be marketed under the Group's extended partnership with RHG. Since opening for the summer season, the property has performed well, with its upper upscale positioning achieving a very strong average room rate of more than HRK 2,500 per night.

During Q2, phase one of the planned investment to upgrade Arena Stoja Campsite was completed. This included an investment in 75 new upscale mobile homes, a new campsite entrance and reception area.

DEVELOPMENT PROJECTS

The development pipeline, which is focused on luxury to further enhance the guest experience and support increased rates, consists of two further premium hotels in Croatia.

In Zagreb, the development of an art'otel is underway, with an expected investment of €18 million (£16 million). The project involves the conversion of an iconic building in a prime location in the heart of the city into an upper upscale lifestyle hotel containing a restaurant and bar, swimming pool, wellness and spa facilities, fitness centre and events space. The project is expected to complete in Q2 2023, subject to any impact on the work schedule from supply chain related delays and complications. Acquired in April 2020, plans to reposition Hotel Riviera Pula are currently being prepared.

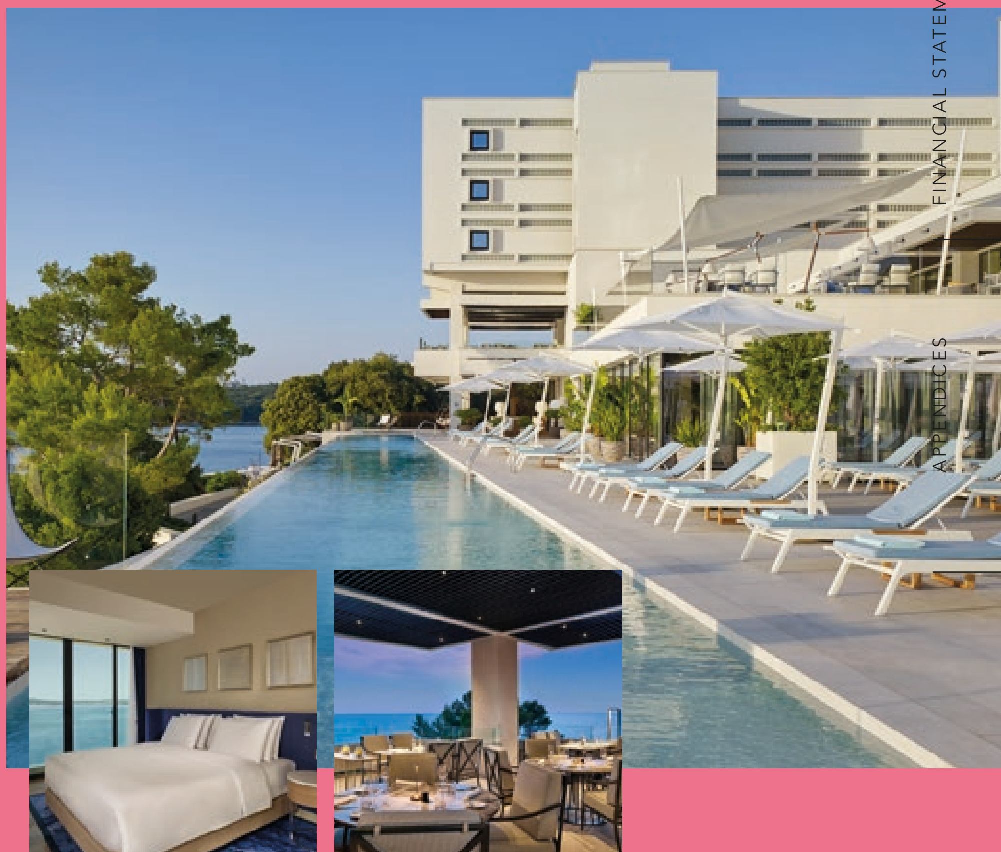
Phase two of the repositioning investment programme for Arena Stoja Campsite commenced in late 2022 and is expected to be completed in time for the 2023 summer season (total expected investment €6.6 million (£5.8 million)). This phase includes a new arrival and entrance area, an extensive renovation of the main restaurant and major infrastructure upgrades such as sanitary blocks.

GRAND HOTEL BRIONI

The Grand Hotel Brioni Pula, a Radisson Collection Hotel, is one of is one of the most highly regarded hotels in Croatia, enjoying a superb location overlooking the Istrian Peninsula and seafront promenade. The 227-room hotel is surrounded by lush Mediterranean greenery which is typical of this beautiful stretch of Adriatic coast. The Grand Hotel Brioni Pula is connected to the sea via a series of terraced beaches.

- Highest Guest Review Index Score (RGI) in all PPHE hotels in 2022

grandhotelbrioni.com



BUSINESS REVIEW *continued*

GERMANY

PROPERTY PORTFOLIO

The Group's portfolio in Germany includes four properties in Berlin and one hotel each in Cologne, Nuremberg and Trier. Hotels with an ownership interest include Park Plaza Berlin Kudamm[3], Park Plaza Nuremberg, art'otel Berlin Mitte[3], Park Plaza Berlin (converted in the year from art'otel Berlin Kudamm) 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 March, COVID-19 restrictions were lifted and booking activity levels gradually recovered, driven predominantly by leisure demand at the Group's city centre hotels. This positive booking momentum continued and the return of fairs and events, particularly in Berlin and Nuremberg in September, further benefited the Group, with the average room rate in Q3 exceeding that of Q3 2019 by 36%. In the second half of the year the properties in the region outperformed the competitors ADR.

As a result, all operational metrics recovered strongly. Total revenue (in local currency) was €20.8 million (2021: €7.7 million). RevPAR increased by 187.4% to €68.5 (2021: €23.8), due to a sharp recovery in average room rate to €129.3, up 44.0% compared with the prior year (2021: €89.8), and strong improvement in occupancy to 53.0% (2021: 26.5%).

In 2021, our EBITDA performance benefited from €9.8 million in government support and, following markets reopening and government support reducing, we are reporting an improved EBITDA of €7.5 million for 2022.

ASSET MANAGEMENT PROJECTS

Investment programmes are being planned for two of the Group's properties in Berlin. In December, art'otel Berlin Kudamm was converted to Park Plaza Berlin and soft refurbishment plans are being prepared for art'otel Berlin Mitte and Park Plaza Berlin Kudamm. These projects are expected to commence in 2023.

Total value of the German property portfolio[1]

£100m

(2021: £87m)

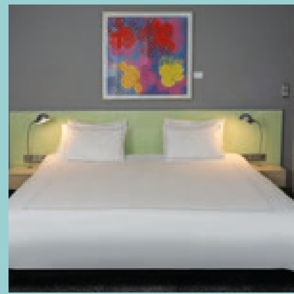
FINANCIAL PERFORMANCE

Germany	Reported in Pound Sterling[2] (£) Year ended 31 Dec 2022	Year ended 31 Dec 2021	% change	Reported in local currency Euro (€) Year ended 31 Dec 2022	Year ended 31 Dec 2021	% change
Total revenue	**£17.7m**	£6.6m	167.8%	**€20.8m**	€7.7m	169.2%
EBITDAR	**£6.4m**	£6.7m	(4.6)%	**€7.5m**	€7.8m	(4.1)%
EBITDA	**£6.4m**	£6.7m	(4.5)%	**€7.5m**	€7.8m	(4.0)%
Occupancy	**53.0%**	26.5%	2,640 bps	**53.0%**	26.5%	2,640 bps
Average room rate	**£110.3**	£77.1	43.2%	**€129.3**	€89.8	44.0%
RevPAR	**£58.4**	£20.4	185.9%	**€68.5**	€23.8	187.4%
Room revenue	**£15.2m**	£5.3m	185.9%	**€17.8m**	€6.2m	187.4%

1 Independent valuation by Savills in December 2022.

2 Average exchange rate from Euro to Pound Sterling for the period ended 31 December 2022 was 1.172 and for the period ended 31 December 2021 was 1.165, representing a 0.5% increase.

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.

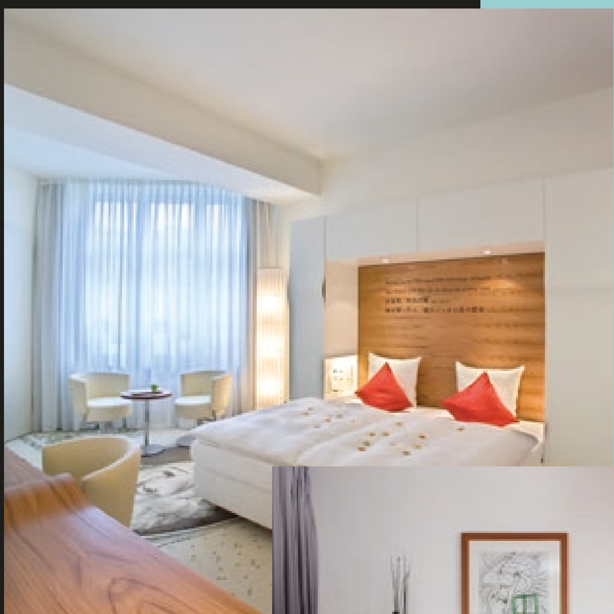


THE GERMAN HOTEL MARKET*

The German market experienced a 104.0% increase in RevPAR to €62.8, resulting from a 68.5% improvement in occupancy to 58.2% and a 21.1% increase in average room rate to €108.0.

In Berlin, RevPAR increased by 133.5% to €73.5 and occupancy increased by 73.4% to 65.7%. Average room rate increased 34.7% to €111.8.

* Source STR European Hotel Review, December 2022.



BUSINESS REVIEW *continued*

OTHER MARKETS

ITALY, HUNGARY, SERBIA AND AUSTRIA

	Reported in Pound Sterling (£)		
	Year ended 31 Dec 2022	Year ended 31 Dec 2021	% change
Total revenue	**£6.3m**	£0.9m	644.0%
EBITDAR	**£(0.6)m**	£(0.8)m	28.7%
EBITDA	**£(0.6)m**	£(0.9)m	26.2%
Occupancy	**34.3%**	8.8%	2,550 bps
Average room rate	**£97.2**	£68.4	42.2%
RevPAR	**£33.4**	£6.0	453.8%
Room revenue	**£4.6m**	£0.5m	743.0%

The Group's focus in the region has been on developing the acquisitions made over the past three years in Belgrade (Serbia), Nassfeld (Austria) and Rome (Italy).

NASSFELD, AUSTRIA

The FRANZ Ferdinand Mountain Resort located in Nassfeld, Austria performed well during the winter ski season, the first under the Group's ownership. The 144-room hotel was closed in March and underwent a soft refurbishment prior to reopening in early June for the summer season. The hotel then closed for more extensive development works to support year-round occupancy, including the installation of air conditioning and heating systems throughout the property and the creation of a wellness and spa centre, including indoor and outdoor swimming pools. The Group plans to invest in the hotel's remaining communal areas over the longer term. The total investment in upgrading the property is €3.6 million (£3.2 million).

ROME, ITALY

Londra & Cargill Hotel, the Group's 4-star property in a prime central location in the city of Rome, traded in the first half of the year. The hotel was closed on 1 July to undergo a £17 million repositioning project to become an upper upscale 99-room lifestyle art'otel. Construction works to strip-out and reconfigure the layout of the hotel and interior design are ongoing. The project is on track to see the hotel reopen during H1 2024.

THE ITALIAN HOTEL MARKET*

The Italian market experienced a 108.0% increase in RevPAR to €186.8, resulting from a 59.5% improvement in occupancy to 63.3% and a 30.4% increase in average room rate to €118.2.

In Rome, RevPAR increased by 149.1% to €127.7 and occupancy increased by 93.7% to 65.5%. Average room rate increased 28.6% to €195.1.

* Source STR European Hotel Review, December 2022.

BELGRADE, SERBIA

The 88 Rooms Hotel is a 4-star hotel located minutes from Belgrade's historic old town, with a restaurant, bar, conference room and fitness facilities. A repositioning programme is underway, and works are scheduled to start in the first half of 2023. The hotel will undergo a substantial redesign and transformation of all public areas, bedrooms and services.

BUDAPEST, HUNGARY

art'otel Budapest was reopened in June following a period of pandemic related closure. During the closure, the Group completed phase one of its planned repositioning of the property, with an extensive redesign of all public areas including the lobby, wellness area, restaurant, bar and meeting spaces. The second phase, which will see all of the hotel's 165 bedrooms refurbished, is currently being planned.

THE HUNGARIAN HOTEL MARKET*

The Hungary market experienced a 116.0% increase in RevPAR to €61.7, resulting from a 86.5% increase in occupancy to 60.8% and a 15.8% increase in average room rate to €101.5.

In Budapest, RevPAR increased by 117.7% to €64.2 and occupancy increased by 90.9% to 60.6%. Average room rate increased 14.0% to €105.9.

* Source STR European Hotel Review, December 2022.

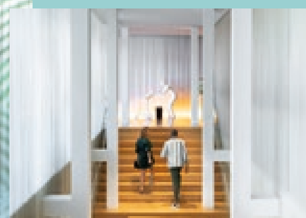
MANAGEMENT AND CENTRAL SERVICES

OUR PERFORMANCE

Revenues in this segment are primarily related to management, sales, marketing and franchise fees, and other charges for central services.

These are predominantly charged within the Group and therefore eliminated upon consolidation. For the year ended 31 December 2022, the segment showed a significant improvement due to the recovery.

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



	Reported in Pound Sterling (£)	
	Year ended 31 Dec 2022	Year ended 31 Dec 2021
Total revenue before elimination	**£37.5m**	£18.0m
Revenues within the consolidated Group	**£(32.4)m**	£(14.3)m
External and reported revenue	**£5.1m**	£3.7m
EBITDA	**£0.0m**	£(7.6)m

RESPONSIBLE BUSINESS

2022 WAS THE YEAR IN WHICH WE AMPLIFIED OUR RESPONSIBLE, SUSTAINABLE BUSINESS PLANNING EFFORTS. I AM ENCOURAGED BY THE LEVEL OF ENGAGEMENT WE SEE FROM ALL OUR STAKEHOLDERS ON ESG MATTERS.

INBAR ZILBERMAN
CHIEF CORPORATE & LEGAL OFFICER

Shareholders are regularly engaging with us on governance issues and seeking data on energy efficiency. Our guests proactively ask for information about ways to make their stay as ecologically friendly as possible, for example, through recycling and measures to save water. Our team members also emphasise the importance of our ESG measures in their pulse survey feedback.

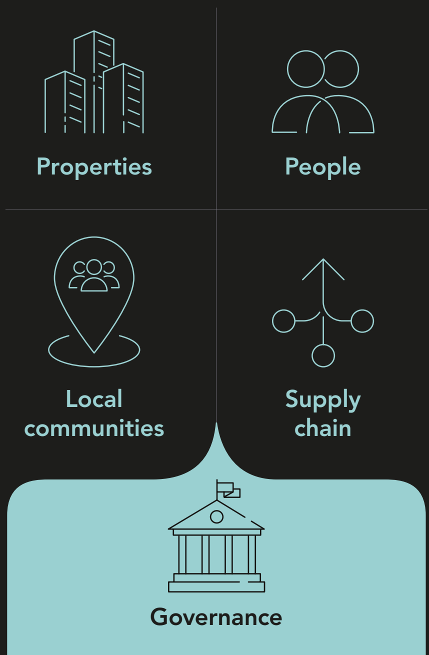
OUR PEOPLE, OUR PLACES, OUR PLANET

We have worked hard to collect data to allow us to be transparent and accountable about what we have done to become a more environmentally friendly business, to keep engaging with communities and to be an employer of choice. On energy and carbon emissions, a really exciting project that took place in 2022 was 'Save While You Sleep'. As part of our aim of setting science-based targets for achieving net zero carbon emissions by 2040, we undertook a project with a specialist consultancy to monitor our energy use in hotels on a half-hourly basis. The data collected enabled us not only to set our baselines for our science-based targets, but immediately to make energy savings by identifying and resolving inefficiencies.

The 'Ecological' programme, including the 'Just a Drop' campaign to ensure access to clean water in the developing world, has been a great success. Read about the money raised for this good cause on page 65.

We continue to prioritise being a responsible steward of the properties in our portfolio. In Croatia, where this includes extensive woodland, in which we are actively increasing biodiversity through planting trees.

LOOKING AHEAD



> *Shareholders are regularly engaging with us on governance issues and seeking data on energy efficiency.*

We took the decision that 2022 was the right year to ensure that we are responding to all these stakeholder priorities in the best, most efficient manner. This began with undertaking a full double materiality assessment of our stakeholders' ESG priorities. The results of this assessment form the basis of our new strategy. You can read a summary of the results of our assessment on pages 68 and 69. We determined that, as a business, we were doing good work, but we could be better in communicating how our Responsible Business activities drove the achievement of the United Nations' Sustainable Development Goals (SDGs).

Our new strategy comprises targets to drive four areas of ESG performance, resting on a governance platform:

Properties	People	Local communities	Supply chain
The impact our hotels have on the environment through embodied carbon, energy usage and resource consumption.	Being an employer of choice through investing and developing our people, and promoting internally.	Ensuring that we are contributing to society wherever our hotels are by creating value locally and being a responsible corporate citizen.	Looking at our impact in a global sense on the environment, human rights, labour conditions and embodied carbon through our supply chain.
Governance			
Ensuring good governance and accountability to stakeholders in delivery of targets.			

The strategy was approved by the Executive Leadership Team at the end of 2022 and the targets we are announcing were made official by Board approval on 1 March 2023. We look forward to reporting back on them in the next Annual Report and Accounts.

RESPONSIBLE BUSINESS *continued*

OUR PEOPLE

DURING THE LAST YEAR, THE PPHE TEAM OF NEARLY 2,900 TALENTED PEOPLE WAS INSTRUMENTAL IN CREATING VALUABLE MEMORIES FOR GUESTS.

We amplified our efforts to ensure great places to work, while securing the future pipeline of talent through innovative recruitment and professional development programmes.

ATTRACTING AND RETAINING TALENT

Our 2022 materiality assessment found that attracting and retaining talent was among stakeholders' top five ESG priorities, especially critical to employees themselves, and our Board. We are aware of high demand and low supply of skills in many markets, which means shareholder value depends on high retention levels. The findings reinforce how important innovative and inclusive recruitment methods are to our current and future business continuity. As described on pages 18 and 19, during the last year we have taken a number of steps to attract wider and more diverse pools of talent – for instance, by creating more part-time opportunities and offering attractive relocation support packages for overseas talent.

In the UK, the PPHE brand could be seen clearly at careers fairs, including Skills Excel London, the Mayor of London's Hospitality Event, the Spirit of Apprenticeships and Battersea Power Station fair. We joined up with the Department for Work and Pensions on a number of virtual careers fairs, where a single online event could reach well over 80,000 people, often from hard-to-reach groups. We also held events with Jobcentre Plus and charity partners such as Spark Change, Spear, Shaw Trust and Catch 22. Overall, our charity partnerships led to 17 employment opportunities. Through our own Careers Centre, we achieved 163 hires arising from around 20 walk-ins per week, while 12 open days raised our profile further.

IN ACTION

INVESTING IN TOMORROW'S TALENT

The PPHE Apprenticeship Academy went from strength to strength. In the UK alone, 11 apprentices began placements – from commis chefs, to property maintenance and management; and 20 'legacy' apprentices completed their programmes (delayed due to the pandemic). A new partnership was launched with Westminster Kingsway College, significantly increasing our apprenticeship pool from Lewisham College. In the Netherlands, 86 interns experienced on-the-job training in a variety of hospitality roles.

Also with the future workforce in mind, the PPHE UK graduate programme restarted, with six graduates starting their 18-month rotations, building capacity in self-development, guest experience, leadership, compliance and commercial acumen. We further strengthened higher education collaborations with Oxford Brooks, East London, Shannon, Glion, Surrey and Anglia Ruskin, among others. This year, we look forward to student 'sandwich' placements resuming.

A GREAT PLACE TO WORK

Empowering our people to grow and realise their full potential means investing in high quality training and structured performance reviews. The online Learn & Grow platform delivered 13 classroom courses, with 358 employees participating. We also improved performance review processes, reporting and data analytics. Adding new virtual content for employees is shaping our 'anytime, anywhere' growth culture, forming a strong foundation for the new Talent Acquisition, Learning and Development and Talent Management Strategy to be launched imminently.

Another learning and development milestone was the addition of a new Hospitality Training Manager role. This new resource has been instrumental in designing consistent onboarding frameworks, as well as developing our apprenticeship strategy and technical skills capabilities.

A great place to work also means taking care of employee health and wellbeing. Our People Promise has evolved into a comprehensive Work Life programme spanning physical, financial, emotional and social wellbeing. We are continually expanding assistance to colleagues – from discounted gym membership, cycle to work facilities and healthy subsidised meals; to mental health first aid, benefits packages and work/life balanced working patterns.

CLASSROOM COURSES DELIVERED

Course	Number of attendees
BIG Welcome Heads of Department	37
Creating Memories	36
Effective Resolutions	16
Emergency First Aid at Work	18
Employment Law for Managers	20
Finance for Non-Financial Managers	12
Food Safety Level 3	22
Investigations and Suspensions	29
Leadership Essentials	22
Mental Health First Aid	7
Performance Development Review	24
Radisson Rewards	27
Train the Trainer	7

IN ACTION

ATTRACTING SKILLED TALENT, CROATIA

In Croatia, we have responded robustly to the skill shortages of hospitality workers as a result of the pandemic. A combination of recruiting the full headcount for the start of the season (rather than ramping up recruitment as the season progressed) and scaling overseas recruitment is behind how the brand is futureproofing its approach to talent. Through responsible recruitment partnerships in Asia, for instance, more than 250 jobs (with accommodation and catering) have been created.

DIVERSITY, EQUITY AND INCLUSION (DEI)

Evidence shows increasingly that diverse businesses are more productive and resilient and DEI was cited as the most important social issue among our own investors during the materiality assessment (see pages 68 and 69). Empowering each team member to realise their full potential means creating working environments that are inclusive, fair and respectful.

Our Diversity Policy and approach to recruitment are designed to attract talent from all ages, genders and nationalities, ensuring equal representation through career progression levels. It is supported by a Human Rights Policy and Modern Slavery Statement (UK) and is reiterated through our Responsible and Ethical Sourcing Policy. Accordingly, we have incorporated DEI elements into our strategy. We practice equal pay everywhere we operate – that is, the same pay for the same work regardless of gender. However, as with many businesses, we see the legacy of men occupying more senior positions and we are working hard to see a complete gender balance work its way up to leadership through proactive development of female talent and succession planning. Meanwhile, in the UK we publish an annual gender pay gap report: pphe.com/responsibility/responsible-reporting, in line with the Equality and Human Rights Commission requirements. Our latest report reveals no pay gap between the median average hourly pay rate of men and women and that, when it comes to bonuses, the pay gap is significantly skewed towards women (-25% median bonus pay gap)[1].

A SPEAK OUT CULTURE

At PPHE, we want each person to feel they can speak up and that their voice will be heard. In 2022, pulse surveys found that employees were highly engaged (81%), with learning opportunities and a good working environment being cited as two key motivating factors.

Employees are free to unionise or access collective bargaining structures. For instance, in the UK, forums at team and national level facilitate constructive dialogue, alongside Unite Union representatives. In 2022, these fora focused on cost-of-living challenges and we are reflecting many recommendations in our new Work Life programme, as discussed above. Meanwhile, a new Joint Works Council was established in the Netherlands, representing employees at our six hotels and two work sites. We look forward to working with members of the Council this year.

HIGHLIGHTS

Best employer
in hospitality – The Caterer

81%
Employee engagement
In 2022, the Group introduced a new survey format

163
hires through our Career Centre walk-ins and 16 through charity partnerships

86
interns in the Netherlands

11
new apprentices in the UK

194
employees awarded a promotion

2022
in 2022, the Group introduced a new survey format

1 Median average is a more accurate metric than mean since it is not skewed by the larger number of men in senior leadership positions. We continue to address this legacy, as shown in this chapter.

RESPONSIBLE BUSINESS *continued*

OUR PLACES

OPENING UP OUR HOTELS AND VENUES POST-PANDEMIC IN 2022 BROUGHT MORE THAN 1,000 NEW JOBS TO COMMUNITIES AT A TIME WHEN THEY WERE ACUTELY NEEDED.

As well as our important economic contribution (see page 1 Highlights), we are also giving directly to local charities and causes, with a focus on local business, education, arts, sports and culture.

GRASSROOTS GIVING

We take a grassroots approach to giving, with each hotel or office taking decisions based on local needs or causes their people care about. Below are just some of the examples from 2022:

- Park Plaza London Waterloo: supporting the Southbank Waterloo Neighbourhood as a Steering Committee Member; forming a new partnership with grassroots community organisation Oasis Hub; and planting trees in urban parks and gardens.
- art'otel Amsterdam: donating redundant furniture to local nursing and social care charity Cordaan Woonzorgcentrum, for upcycling.
- Helping refugees through Lijnden Business Park and the homeless with bi-weekly soup kitchens.
- Park Plaza Victoria Amsterdam: participating in a food delivery programme for the elderly and lonely in the community.
- Holmes Hotel London: donating toys to the Baker Street Quarter Toy Appeal.

IN ACTION

WARM WELCOME FOR REFUGEES, CROATIA

In response to the humanitarian crisis in Ukraine, we were pleased to welcome around 250 Ukrainian refugees to our properties in Croatia, as well as around 70 refugees from other countries. We provided them with a safe and secure working and living environment.

IN ACTION

'Our London Corporate Office received a recycling award from paper-round.co.uk, officially saving 2,918 kg of CO_2 and 32 trees'.

2,918 kg of CO_2 and 32 trees saved.

MENTAL HEALTH AWARENESS

In the UK and Netherlands, we took action for community wellbeing. In the Netherlands, a 'Wellness Week' took place in June. In the UK, during May, we established 'Let's Connect' sessions allowing people to reach out to combat loneliness, and reconnect socially. In the Netherlands, a 'Wellness Week' took place in June. There were four elements to the initiative:

- Raise awareness: Help people to understand links between loneliness and poor mental health, and actively check in on those around us at work and in our communities;
- Invite conversations: Use the advice, information, and conversation starters provided by Let's Connect, and join the online community to foster conversations about mental health;
- Volunteer time: Help support Let's Connect by giving some time to provide administrative support for the service; and
- Ask others to act: Raising these issues within our communities and encouraging more people to get involved.

IN ACTION

CREATING LASTING ECONOMIC VALUE

The communities in which we operate realise short-, medium- and long-term benefits from our contribution. This may be through accessing quality employment opportunities or skills training we provide.

We seek to be a net contributor of economic and social value wherever we do business.

Investing in places is not only the right thing to do, but it makes business sense. Building up the local pipeline of skills supports our own growth and resilience, while buying from community businesses reduces costs and carbon miles. In our sector, close community ties are also an increasing factor in positive guest experiences.

RESPONSIBLE BUSINESS *continued*

OUR PLANET

TRAVEL AND THE BUILT ENVIRONMENT ARE SIGNIFICANT CONTRIBUTORS TO CLIMATE CHANGE GLOBALLY.

HIGHLIGHTS

Scope 3
value chain footprint mapped

100%
renewable energy in UK, the Netherlands and Germany

Eco Rooms
initiative launched UK-wide

As a business in the real estate and hospitality industries–and reiterated in our recent materiality assessment – we have a duty to drive down energy and resource consumption, while protecting local habitats. This is not only imperative to meet stakeholder expectations, but eco-innovations often deliver bottom-line savings and reduced risk exposure.

ENERGY AND CLIMATE CHANGE

Carbon emissions were the number one ESG issue among our stakeholders in our 2022 assessment (see pages 68 and 69), with particular resonance among our Board, investors and communities. It is increasingly important to our guests, too, with many event customers expecting carbon disclosure and offsets as part of their package. A robust approach mitigates financial and energy security risk, while also building resilience to changing weather and travel patterns predicted in the future. What's more, energy efficiency and green innovations are, in today's energy markets, a source of competitive advantage.

As part of our aim setting Science Based Targets achieving net zero carbon emissions by 2040,we undertook a project with a specialist consultancy to monitor our energy use in hotels on a half-hourly basis. Our new strategic targets for energy and resource consumption are included below. Finally, for meetings and events, our carbon neutral partnership with Radisson Hotel Group and First Climate continued. Offsets supported high quality sustainable development projects in Europe, the Middle East, Africa, Asia Pacific and the Americas.

With all owned and managed hotels in the UK, the Netherlands and Germany sourcing electricity generated from 100% renewable sources (backed by UK REGOs, or European GoOs, as applicable), we continued to invest in energy efficiency technologies for heating and cooling (the majority of our GHG footprint), with more smart building management control systems optimising energy use based on occupancy, ambient temperature and other factors. These systems also improve our energy reporting.

In the last year, we saw progress towards our goal of net zero emissions by 2040. Direct (Scope1) and indirect (Scope 2) Greenhouse gas ('GHG') emissions rose slightly compared with 2021. This is due to the return of full occupancy,but we note our carbon output per kWh of electricity used has decreased significantly. Our many eco-efficiency initiatives go hand-in-hand with technological innovations that benefit customers, as discussed on page 19.
Value chain (Scope 3) emissions rose, also due to return to full operations. Please see our disclosure to the Task Force on Climate-related Financial Disclosures (TCFD) for further detail on Scope 1, 2 and 3 emissions for PPHE and AHG.

GREEN HOTELS

By incorporating green and sustainable building features into our properties, we not only meet our environmental goals, but we often also enhance the visual aesthetic of iconic buildings. Furthermore, eco-efficient materials and technologies on and inside buildings deliver large cost savings, while making the guest experience even better – for instance, digital check-ins are often quicker and smart meters in guest rooms enhance usability of in-room devices.

In 2022, a total of 25 Group-wide properties held sustainable accreditations or certifications. In the UK, we remain on track to achieve an 'Excellent' BREEAM sustainability rating for art'otel London Hoxton. The hotel will incorporate proven technologies and concepts to increase sustainability performance across energy, land use and ecology, water, health and wellbeing, pollution, transport, materials and waste.

3 GHG Scopes are as defined by the Greenhouse Gas Protocol.

> *We have continued to invest in solar energy, adding more panels to more sites and taking it further towards its goals of 30% solar and 5% energy self-sufficiency (and being carbon neutral by 2030).*

IN ACTION

SAVE WHILE YOU SLEEP, PARK PLAZA WESTMINSTER BRIDGE LONDON

As part of our membership of the Zero Carbon Forum, we launched Save While You Sleep at Park Plaza Westminster Bridge London. Designed to unlock the many opportunities to save energy at night, expert consultants conducted detailed observations and analysis during hours of darkness. They found that simple changes would deliver substantial energy savings, such as closing kitchens, conference rooms and gyms when not in use, dimming lighting in communal areas and reducing temperatures across the buildings.It was found that energy was being wasted in some unexpected places – for instance in bathrooms where mirror anti-steam filaments remained on unnecessarily. By deactivating these filaments, cumulative savings were achieved.

Park Plaza Westminster Bridge London will be saving around 525,000 kilowatt hours in a year with these low cost changes alone – that's the equivalent of nearly 100 tonnes of CO_2 and £262,000 in energy bills.

IN ACTION

GREENER CAMPING, CROATIA

In 2022, in Croatia we have made eco-upgrades across many of ours mobile homes and campsites. These included thermal insulation of façades and roofs, LED lighting retrofits and high performance variable refrigerant flow and 'split' systems for heating and air conditioning, as well as heat recovery technologies.

Meanwhile, we have continued to invest in solar energy, adding more panels to more sites and taking it further towards its goals of 30% solar and 5% energy self-sufficiency (and being carbon neutral by 2030).

RESPONSIBLE BUSINESS *continued*

GREEN ACCREDITATIONS AND CERTIFICATES

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

THE NETHERLANDS

Green Globe

Park Plaza Amsterdam Airport

Park Plaza Victoria Amsterdam

art'otel Amsterdam

Green Key

Gold
Park Plaza Eindhoven

Gold
Park Plaza Vondelpark, Amsterdam

UK

Green Tourism

Gold
Park Plaza Westminster Bridge London

Gold
Park Plaza Nottingham

Gold
Park Plaza County Hall London

Silver
Park Plaza Victoria London

Gold
Park Plaza London Waterloo

Silver
Park Plaza Leeds

Silver
Holmes Hotel London

Gold
Park Plaza London Riverbank

England Good To Go Award

Gold
Park Plaza Victoria London

GERMANY AND HUNGARY

Green Key

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

CROATIA

Travelife

Gold
Park Plaza Belvedere Medulin

Gold
TUI BLUE Medulin

Silver
Park Plaza Histria Pula

Blue Flag

Yacht Beach
Park Plaza Histria Pula

WATER AND WASTE

Water was prioritised by stakeholders as one of our top material issues in 2022, with a particular emphasis from investors and peers, and a growing priority for guests. While we currently have no operations or development projects in countries of extreme water stress, we are committed to responsible water stewardship and our teams find ways of using, recycling and discharging water in ways that are socially equitable, environmentally sustainable and economically beneficial.
As with our approach to energy and climate change, astute water management both mitigates risk and delivers cost benefits.
Our hotels and venues invest increasingly in water-efficient technologies such as eco-taps and showers, smart meters and ozone room cleaning. When combined with cultural shifts such as our 'Save Tomorrow, Today' linen and towel reuse programme, alongside employee/guest awareness, cumulative savings continue to be achieved.

Waste management was among the top five material issues identified in our 2022 stakeholder consultation. It was particularly important to investors and lenders, and increasingly important to guests. During the last year, our efforts to eliminate single-use plastics from hotels and employee sites continued apace, with sustainable alternatives identified from breakfast buffet packaging to toiletry dispensers and staff canteen cutlery. We also amplified wider eco-efficiency efforts, including:

- biodegradable straws and cups;
- digital check-in/out and mobile keys for guests;
- 'smart rooms' across several of our hotels in Croatia harnessing the Internet of Things to enable guests to control lights and air conditioning in their rooms;
- QR codes replacing restaurant menus and guest directories;
- e-invoicing to replace paper;
- biodegradable toiletries and detergents;
- optimised waste collections based on bin occupancy levels; and
- reusable laundry bags.

With food waste representing an emotive social issue, as well as an environmental one, many of our properties have found innovative ways to reduce or eliminate organic kitchen waste, while increasing the proportion of seasonal, local food with lower carbon miles (see page 11). For instance, the Park Plaza Victoria Amsterdam is implementing 'circular cooking' in its kitchens, eliminating food scraps by designing menus that maximise ingredient use and prepare fruit and veg with minimal waste.

Conserving resources and reducing waste also extends to our buying practices. Our Responsible and Ethical Sourcing Policy outlines our expectations of suppliers and, in 2022, more hotels established their own sustainable procurement policies and initiatives, emphasising local requirements. For instance, in Croatia we launched sustainably-sourced hamburgers and coffee sourced directly from growers in Guatemala. We will deepen this work in the year ahead to reflect the strategic importance that our stakeholders place on sustainable procurement.

BIODIVERSITY

It is in the interests of our guests and our reputation to look after the natural environments in and around our properties. Investing in biodiversity enhancements not only make spaces more visibly appealing to guests and communities, but it also contributes to our climate goals (see pages 70 to 73) by removing atmospheric CO_2. Attracting wildlife and incorporating live plants and trees within our properties is part of the planning and operational decisions for any hotel or resort. Each year, we add more green roofs and walls, insect hotels and bee hives. At Park Plaza Waterloo in London, for instance, dessert menus feature honey from the rooftop hives with 10 kilogrammes being harvested for our diners in 2022.

IN ACTION

ECO ROOMS, UK

In 2022, we were proud to launch Eco Rooms across all of our UK brands. Guests staying for a minimum of two nights are asked to help us reduce the amount of water, power and detergent we use by choosing not to have any housekeeping services. In return, the hotel donates €/£1.00 per night to our nominated charity Just a Drop, while guests can choose from a range of rewards.

In the programme's first three months alone, nearly £14,000 was donated, with PPHE selecting a hygiene and sanitation project in Siem Reap, Cambodia. The money will pay for 30 latrines across three communities in the area, greatly improving life quality for 129 people and, in turn, contributing to three UN SDGs.

IN ACTION

BUILDING DROUGHT RESILIENCE, CROATIA

With summer droughts becoming increasingly frequent in Croatia, we are investing in water self-sufficiency. By building two desalination plants at its properties in Pula and Medulin, AHG will be able to convert sea water into fresh water for use in the maintenance of its gardens and landscapes.

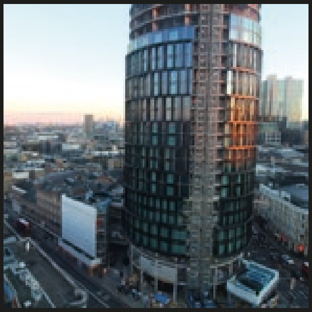
In a region that is increasingly prone to drought, the pay-back on desalination plants will be rapid, positioning us at the forefront of a sustainable future.

OUR NEW ESG STRATEGY

WHILE THIS OVERVIEW HAS PRIMARILY LOOKED BACK TO 2022 PROGRESS AGAINST THE PEOPLE, PLACES AND PLANET FRAMEWORK, WE TAKE THIS OPPORTUNITY TO INTRODUCE OUR NEW ESG STRATEGY TAKING US FORWARD IN A CHANGING WORLD.

The strategy takes forward previous goals, whilst setting new ambitious targets and improving internal monitoring and reporting at hotel level. It also elevates the importance of supply chain, as emphasised by stakeholder consultation. It is structured around four impact areas, underpinned by responsible governance:

PILLARS



PROPERTIES: Build and manage sustainable hotels and guest experiences.

Local **COMMUNITIES:** Strengthen local economies and environments.

Resilient **SUPPLY CHAIN:** Create a resilient supply chain whilst reducing its carbon footprint.

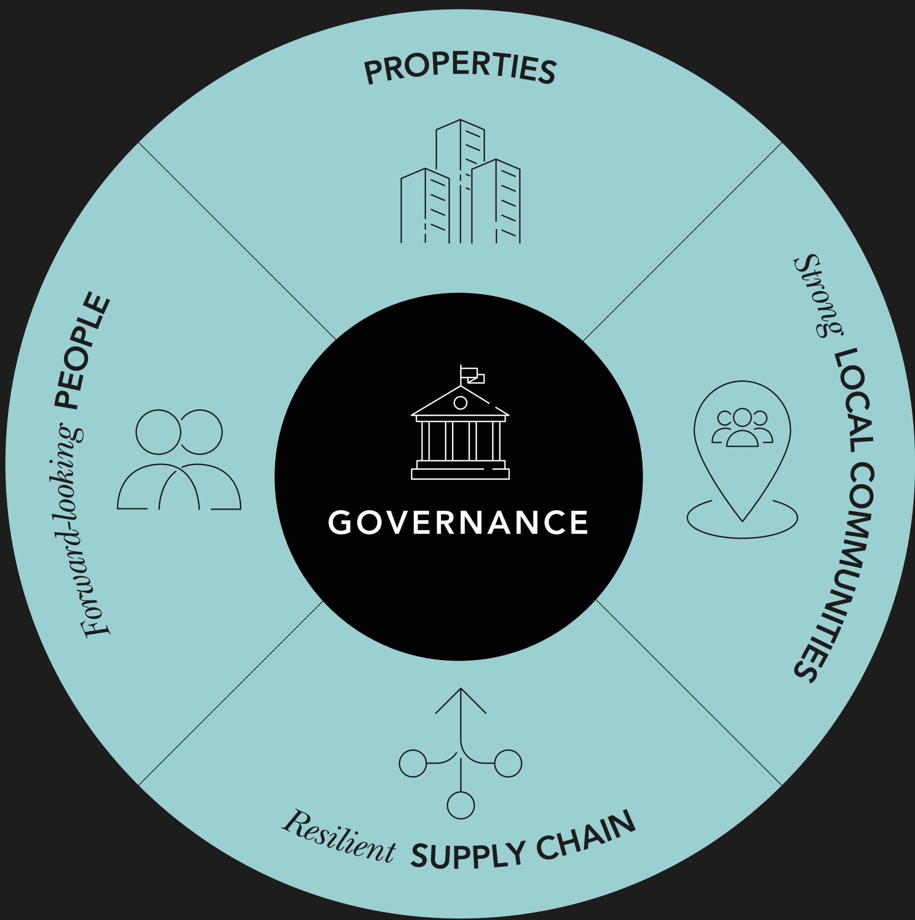
Forward-looking **PEOPLE:** Develop a diverse and forward-looking workforce.

Responsible **GOVERNANCE:** Implement transparent and independent governance structures that enable the achievement of the UN Sustainable Development Goals.

Reflecting the particular local ESG issues within each country we operate in, our brands may adopt their own sustainability plans. For example, in 2022 the Arena Hospitality Group began the process of setting a sustainability strategy that would support its long-term competitive advantage in Croatia. This involved undertaking its own materiality assessment and establishing ESG governance structures. Find out more in the Arena Annual Report and Accounts available on their website arenahospitalitygroup.com.

ELEVATING TRANSPARENCY AND ACCOUNTABILITY

In our materiality assessment (see following page), stakeholders highlighted the need for a more direct, strategic approach to elevate transparency and accountability. This is why we have set in place a dedicated governance structure to oversee and deliver on our strategic priorities. We have also committed to greater disclosure, as evident in this report's TCFD and SECR climate disclosures. By ensuring that our approach and progress – whether positive or negative – are in the public domain, we are future-ready for emerging regulation and best practice principles.



RESPONSIBLE BUSINESS *continued*

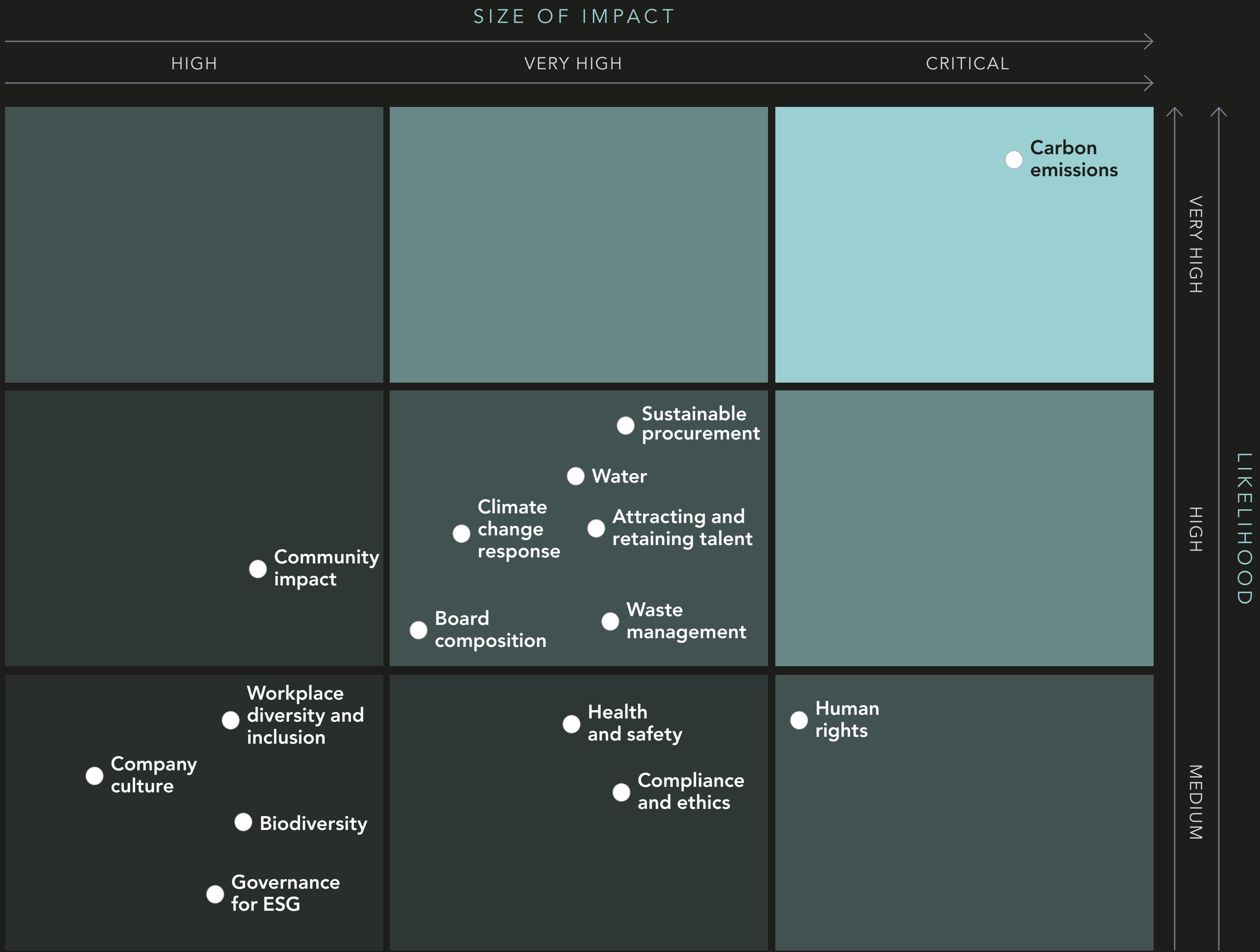
OUR MOST MATERIAL ESG ISSUES

A STRATEGY ROOTED IN MATERIALITY

Our new ESG strategy addresses 15 material risks and opportunities. These were identified through a robust materiality assessment of stakeholder ESG priorities conducted by external specialist consultants during 2022.

The prioritisation of issues shown in the matrix below forms the basis of our work this year to formalise targets and key performance indicators.

THE SCORING MATRIX (LIKELIHOOD AGAINST POSITIVE AND NEGATIVE FINANCIAL AND IMPACT MATERIALITY) OF THE MATERIAL ISSUES



OUR ROBUST PROCESS

A 'double materiality' process examined the impact that PPHE has on the environment, people and economies.

01

Identify potential material issues relevant to PPHE, sourced from global ESG trends, reporting frameworks, peer review, available information from PPHE, and sector benchmarks.

02

Identify PPHE's most relevant stakeholders for the materiality assessment.

03

Review existing engagement channels for each stakeholder group, reviewing the questions for their relevance to ESG issues. Where gaps existed, we supplemented existing engagement with a mix of surveys, interviews and desktop review.

04

Based on an analysis of stakeholder responses, to consolidate the initial longlist of material issues into a shorter, curated list of relevant issues to rank. To hold scoring sessions to score the issues based on impact (positive or negative) and likelihood.

05

Once the final list of issues was validated and agreed internally, the most material issues were prioritised for action and reporting.

RANKED ISSUES AND DEFINITIONS

Carbon emissions

Mitigating climate change risk by reducing GHG emissions and harnessing net zero opportunities.

Sustainable procurement

Responsible sourcing of materials, goods and services, and engaging with suppliers on ESG.

Water

Conserving water and protecting water courses around our properties, particularly in water-stressed regions.

Attracting and retaining talent

Creating inclusive and empowering workplaces, and recruiting through innovative channels.

Climate change response

Designing for climate resilience and considering Greenhouse Gas ('GHG') emissions through the life cycle of properties.

Waste management

Minimising waste at source through resource efficiency, recycling and sustainable building design.

Board composition

Diverse leadership to drive ESG strategy and innovation for a resilient future.

Human rights

Protecting the legal rights of employees and contract workers, including freedom from discrimination and labour abuses.

Community impact

Investing in thriving neighbourhoods through social value creation, philanthropic giving and supply chain development.

Compliance and ethics

Adhering to all regulations, laws, codes and principles of best practice relating to our sector and operating jurisdictions.

Health and safety

Keeping guests, employees and contract workers safe, and investing in their wider health and wellbeing.

Workplace diversity and inclusion

Practising equal opportunities in recruitment, selection, development and succession planning.

Biodiversity

Attracting wildlife and incorporating nature within our properties, from planning to operational use.

Company culture

Operating with unifying values and a shared purpose that make PPHE unique.

Governance for ESG

Guiding decision-making with skilled leadership and transparent structures of accountability.

TCFD REPORTING

THE LISTING RULES (LR 9.8.6R) REQUIRES THE COMPANY TO INCLUDE A TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) STATEMENT IN THE ANNUAL REPORT.

This summary includes climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures (10 of the 11 recommendations). The 2040 net zero target included in the ESG strategy will allow us to provide a full disclosure for all the Metrics & Targets recommendations once verified by the Science-Based Targets Initiative (SBTi).

TCFD REPORTING – MANAGING OUR CLIMATE-RELATED RISKS AND OPPORTUNITIES

This is a summary of our standalone TCFD report, which will be made available on our website, which provides full details on all our processes and actions.

The TCFD guidelines provide a framework for assessing climate-related risks and opportunities and disclosing how managing them has been integrated into existing business practices based on four key areas: governance, strategy, risk management and metrics & targets.
Following these recommendations ensures that monitoring and responding to climate-related changes becomes integral to how we manage our business.

In 2022, we have focused on developing a robust net zero strategy and targets. As part of this, we have introduced new initiatives, which will help us to assess the financial impact of becoming a low-carbon business and plan for the future. We are in the process of setting a budget for our net zero strategy. As part of this, we have been researching and testing various elements of our strategy, to ensure a robust understanding of the capital and operating expenditure required.
This financial year, we joined the Zero Carbon Forum and the Energy and Environment Alliance, to provide expert support in developing our net zero goals. In 2023, we will publish the targets and strategy we have set based on this research. These will align with the Zero Carbon Forum's goal of net zero by 2040.

GOVERNANCE

Climate change and the transition to a low-carbon economy are included in our Enterprise Risk Management framework as emerging risks (see page 74). This ensures climate related risks are a core part of our risk management and business strategy, and that we are agile in responding to them. It also ensures that our strategy has transition to a low-carbon economy integrated into it.

The Board has responsibility for the Group's strategic and financial policies and for promoting the long-term sustainable success of the Group, generating value for shareholders and contributing to the wider society in which the Group operates in line with its social responsibility policies.
We believe that responding to climate change is an important part of this process.
Our governance structures ensure that executive remuneration incentives determined by the remuneration committee include ESG elements.

Overall responsibility for climate-related matters has been assigned to the Chief Corporate & Legal Officer, Inbar Zilberman, who reports to the Board. Her responsibilities include overseeing compliance with TCFD reporting requirements and ESG arrangements, practices and procedures.
In 2022, this included the materiality assessment of stakeholder ESG priorities, and the feeding of this analysis into new targets to which the organisation will be held accountable by those stakeholders.

Our Audit Committee oversees and advises the Board on the Group's risk exposure, risk appetite and future approach to risk. As part of this, it assists in monitoring financial and non-financial climate-related risks and is responsible for tracking changes in this area that could alter the risk profile. In November 2022, routine functional risk updates were conducted with all internal departments by the Head of Internal Audit and Risk and the results were reported to the Audit Committee. This process raised no new comments or concerns about climate-related risks.

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

We want to ensure that business responsibility is embedded in our day-to-day operations. We, therefore, include training on our Responsible Business strategy as part of our 'Feeling Welcome' induction programme for new team members. We encourage team members to take accountability for acting responsibly, and this forms part of how we recruit, develop, assess, promote and reward them.

STRATEGY

We recognise that climate change is a complex issue and acknowledge our responsibility to minimise our impact on the planet. Therefore, we are committed to reducing our environmental impact and carbon footprint. That is why we are setting net zero targets. As a company that develops, owns/co-owns and manages many of our properties, we are uniquely positioned to integrate sustainability into our business from the point of development through to day-to-day operations. We believe that taking sustainability seriously can offer long-term value for all our stakeholders.

Government commitments to reduce carbon emissions are expected to lead to further developments and changes in regulation across travel and tourism, construction and property management. Climate risk assessment is, therefore, an important part of ensuring our business strategy is sustainable in the long term.

CLIMATE SCENARIO ANALYSIS

Climate Scenarios

In 2022 we have repeated the detailed climate scenarios analysis conducted in 2021 to assess any changes to the likelihood or impact of the risks we identified. We have considered the improvements to the physical risk modelling, policy and regulation developments. We have concluded that although climate scenario models have been updated for our time scenarios, our risk impact and likelihood scores remain the same year-on-year. However, we have expanded our financial modelling of the impacts and included details on our horizon scanning for emerging risks.

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

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

Time Horizons

Due to the long-term implications of climate change, which go beyond usual business consideration, the risks were considered across three-time horizons:

- Short term – 2022-2027
- Medium term – 2027-2037
- Long term – 2037-2052

Taking our analysis to 2050 and beyond ensures we are covering the potential impacts of the UK Government's commitment to being net zero by 2050.

KEY CLIMATE-RELATED RISKS TO PPHE FOR WHICH MITIGATING ACTIONS ARE IN PLACE DISPLAYING ASSESSMENT OF RESIDUAL RISK

Transitional risk	Timeline	Likelihood	Financial Impact
Negative stakeholder perception if PPHE is not seen to be doing enough on climate-related matters	Short/ Medium	Unlikely	Moderate*
Exposure to carbon pricing	Short/ Medium	Almost Certain	Minor**
The increasing influence of climate-related matters on customer preferences and market demand	Short	Almost Certain	Minor**
Increased material costs	Short/ Medium	Almost Certain	Minor**

* Moderate – £1.2m – £6m (annual impact)
** Minor – <£1.2m (annual impact)

Our climate-related risks

The findings of the climate scenario analysis were presented to the Vice President of Procurement, the Head of Compliance and the Head of Internal Audit and Risk in a climate-related risk workshop in October 2022. It was determined that there had been no material changes to the gross risk assessment this year.

Transitional risks

We identified and assessed six potential transitional risks. The four shown in Table 1 were determined to be our key risks. There are controls and mitigation in place for these already. Two additional risks are being monitored, the risks of increased regulation and potential cost and disruption from phasing out non-renewable energy sources. We are monitoring these to ensure we can respond promptly should the risk level change.

Physical risks

There are five potential physical risks to our hotels and resorts: flash flooding, rising mean temperatures, water stress, coastal flooding (for Amsterdam) and forest fires (for Belgrade / Pula). We are witnessing rising mean temperatures and are monitoring the potential implications for our operations, but this is currently deemed a low impact.

In the short to medium term, the other risks are not considered likely, but we will continue monitoring them, to ensure we implement mitigating actions, as required.
Existing controls, including insurance and crisis management plans, will continue to be assessed for adequacy.

OUR CLIMATE-RELATED OPPORTUNITIES

At PPHE, we believe that climate change presents opportunities for us to differentiate ourselves as a business, by providing environmentally responsible offerings to our customers. We already offer carbon-neutral meeting rooms, support active and sustainable travel for our guests and provide rewards for those choosing to reduce the environmental impact of their stay. We are continuously improving the efficiency of our operations, which helps to reduce our environmental footprint and operational costs.

In 2022 we have upgraded our systems to allow detailed, half-hourly reporting on energy consumption, allowing us to identify and reduce unusual or excessive energy consumption. We have installed our first heat pump, a step towards the long-term removal of gas usage from our properties.

TCFD REPORTING *continued*

RISK MANAGEMENT

Climate change is integrated into our risk management framework as both an independent risk and a risk driver, potentially exacerbating several of our principal risks. We do not want to increase our exposure to environmental and climate-related risks. We are committed to the transition to a low-carbon economy, so it is important that we are carefully monitoring and assessing the risks associated with climate change.

We have a detailed report on the Enterprise Risk Management framework on pages 74, with updated prioritisation based on impact, likelihood and mitigation actions, which are reviewed quarterly, and the financial exposure each risk carries. An executive or senior manager is responsible for each risk, to introduce sufficient mitigation measures, or adapt the business to opportunities.

This financial year we engaged the Zero Carbon Forum to model and identify climate-related risks to our strategy, objectives, assets and business operations. The climate modelling considered physical and transitional risks on both a Group and site level. We have commenced integrating financial modelling, supply chain risk analysis and horizon scanning into our climate-related risk management this reporting year.

METRICS & TARGETS

Since 2011, we have been recording and measuring our carbon emissions and energy use to better understand how to manage our climate footprint. Our internal energy and water monitoring platforms support the tracking and managing of climate data across our hotels. Improving data collection and understanding our impact continues to be a top priority for the Group. We are currently developing the environmental metrics which will allow us to monitor and compare individual hotel performance on a monthly basis.

Climate change is on the global agenda, and companies must act and do their part. However, tackling climate change cannot be done through the actions of a few companies. It requires collaboration across our industry. That is why we work with the industry bodies such as the Sustainable Hospitality Alliance, Zero Carbon Forum and Energy and Environment Alliance, to take coordinated action to preserve our planet for the future.

The Zero Carbon Forum have assisted us in our energy use modelling. They use the GHG Protocol Corporate Accounting and Reporting methodology to calculate our Scope 1, 2 and 3 emissions. This financial year, we have again calculated our carbon balance sheet, with an improved approach for more accurate emission calculations. This covers all applicable categories, including 1 (purchased goods and services), 2 (capital goods), 3 (fuel-related emissions), 4 (upstream transportation and distribution), 5 (waste generated in operations), 6 (business travel), 7 (employee commuting), 8 (upstream leased assets) and 13 (downstream leased assets). Our full carbon balance sheet is provided in the standalone TCFD report.

We are in the process of setting our net zero targets, with the support of external consultants and industry bodies. It is important to PPHE that these targets are ambitious yet achievable, based on a thorough understanding of our current position and a strategy for achieving substantial long-term reductions in our carbon emissions.

Emissions:

- Net zero by 2040 in line with the Zero Carbon Forum.
- Interim targets to be set in 2023.
- Submit our net zero targets to the SBTi for approval in 2023.

Waste:

- Removing single-use plastics from our hotel rooms by 2026.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

The requirements of SECR, imposed by the 2018 Regulations on quoted companies and on large unquoted companies and large LLPs, apply to reports for financial years starting on or after 1 April 2019. This SECR report contains energy and transport consumption, emissions along with requirements of intensity ratio, methodologies and a narrative on energy efficiency action.

Where Guernsey registered businesses are exempt from UK reporting requirements, the Company discloses as required by UK Government Environmental Reporting Guidelines (March 2019) on a voluntary basis, this disclosure for the period 1st January 2022 - 31st December 2022 includes:

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

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

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

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

Scope 3 emissions are indirect emissions associated with the products and services we purchase throughout the year. Although we do not have direct control of these emissions, we are actively working with our supply chain to plan how we can lower these emissions. A major project is underway to gather and calculate all scope 3 emissions for the period 1st October 2021 – 30th September 2022 (and therefore not published in table 2) in order to identify our major Scope 3 emissions sources, and allow for targets and strategy for reduction.

Out of scope emissions: all fuels with biogenic content (such as 'Diesel and petrol (average biofuel blend)') should have the 'outside of scopes' emissions reported to ensure a complete picture of an organisation's emissions is created. However, these are not required to be included in the organisations emissions total. The Out of Scope emissions for PPHE Hotel Group are 0.2 tonnes of CO_2e for transportation.

Tables containing the 2022 SECR data are on the right.

UK ENERGY AND CARBON – TOTAL EMISSION SCOPE SUMMARY

Emission type	Total volume (kWh)	Calculated emissions (Tonnes of CO_2e)
Scope 1 (direct)	24,329,162	4,445.33
Scope 2 (indirect)	30,098,279	5,820.41
Scope 3 (indirect)	0	0
Total	**54,427,441**	**10,265.74**

SCOPE 1 EMISSIONS (DIRECT)

Emissions from activities owned or controlled by the Company that release emissions into the atmosphere

Energy type	Definition	Total volume (kWh)	Calculated emissions (Tonnes of CO_2e)
Gas	Emissions from the combustion of gas	24,238,065	4,424.42
Transport	Emissions from the combustion of fuel for transportation	91,097	20.92
Other fuels	Emissions from combustion of fuel for stationary machinery & engines	–	–
Refrigerants	Emissions as a result of leakage from air-conditioning/refrigeration units	–	–
Total	–	**24,329,162**	**4,445.33**

SCOPE 2 EMISSIONS (IN-DIRECT)

Emissions released into the atmosphere associated with the consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of the Company's activities, but which occur at third party locations.

We are excluding emissions from non-renewable contracts in market based calculations as this is a de minimis figure of 0.32% of emissions equating to 18.63 T/CO_2e.

Energy type	Definition	Total volume (kWh)	Calculated emissions (Tonnes of CO_2e)
Electricity	Emissions from purchased electricity – Location Based	30,098,279	5,820.41
	Emissions from purchased electricity – Market Based	30,098,279	0
Total	–	**30,098,279**	**5,820.41**

YEAR ON YEAR COMPARISON

	Year 1: 2020	Year 2: 2021	Year 3: 2022
Total emissions (TCO_2e)	8,379	8,680	10,266
Total energy (kWhs)	39,991,198	43,618,708	54,427,441
Intensity ratio	61.39	61.39	54.00

PPHE'S HOTEL GROUP GLOBAL SCOPE 3 EMISSIONS

	2022	2021
UK	12,134	8,547
NL	2,622	1,443
Arena Hospitality Group	9,536	9,634
Total	**24,292**	**19,623**

Intensity Ratios – Weighted average carbon intensity (WACI) measures carbon emissions with context to our business. Using a WACI allows for better compatibility for investors across our industry. Monitoring carbon intensity across various outputs is important to assess our performance against business growth. We monitor our intensity based on rooms and occupancies to remove the dependence on any fluctuation in our financial performance.

The Intensity Ratio is calculated by Tonnes of CO_2e / total revenue (£m), where total revenue is £190m, providing an intensity ratio (tCO_2e / Total Revenue) of 54.00.

PPHE provides relevant data to third parties who use this to calculate our emissions. No formal assurance was provided.

Quantification and Reporting Methodology

The Group has taken guidance from the UK Government Environmental Reporting Guidelines (March 2019), the GHG Reporting Protocol – Corporate Standard, and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions. Energy usage information (gas and electricity) has been obtained directly from our energy suppliers and half-hourly (HH) data, where applicable, for the HH supplies (there was no estimation profiling required). For supplies where there wasn't complete 12 month energy usage available, flat profile estimation techniques were used to complete the annual consumption. Transport mileage data was obtained from expense claims submitted for our company cars and grey fleet.
CO_2e emissions were calculated using the appropriate emission factors from the UK Government GHG conversion information. Please note a small amount of meters were not on a renewable contract, equating to 0.32% of total emissions, hence have been excluded from the market based calculations. Mileage or fuel usage of transport was not available, instead fuel expenses and forecourt prices were used.

OUR APPROACH TO RISK MANAGEMENT

OUR EMBEDDED AND PROACTIVE APPROACH TO RISK MANAGEMENT CONTINUES TO HELP US NAVIGATE THE SIGNIFICANT CHALLENGES WE FACE.

As our business performance and growth potential strengthen, our proactive risk management practices and reporting ensure that key business decisions are taken with full knowledge of both our existing risk environment and any emerging threats which could have a notable impact on our business.

Risk sits firmly on the agenda of our monthly Executive Leadership Team meetings, where all areas of the business are represented. This provides a forum for understanding the interconnecting nature of our enterprise level risks and ensures a cohesive risk response. Executive leadership takes a forward-thinking and flexible approach to risk management which means emerging threats are recognised and responded to quickly.

During 2022, our risk profile has been changing constantly, largely driven by macro-economic and geo-political factors. Executive leadership takes a proactive approach to monitoring these external drivers and considers them in its regular risk forums, where the risks are reassessed and actions prioritised.

Our solid foundation of risk awareness meant that many business projects and activities throughout 2022 were focused on reducing or containing our key risks and ensuring that we are aware and ready to adapt to any future risks emerging.

This year we have invested in our in-house recruitment team, opening a dedicated hospitality career centre (recruitment office) in London, and delivered several initiatives to enhance team member engagement and retention. We have introduced new IT security measures and monitoring tools, and continued projects to improve the resilience of our technology. To combat spiralling energy costs and improve our impact on the environment, we have introduced energy-efficiency initiatives and invested in new technology to reduce energy consumption in our least efficient properties.

OUR RISK MANAGEMENT FRAMEWORK

Our established Enterprise Risk Management (ERM) framework supports the pursuit of our objectives through enabling informed and calculated risk-taking, while protecting our financial strength and reputation. The ERM framework defines clear accountabilities through our risk governance model and our risk management process.

OUR RISK REWARD STRATEGY

Our Risk Reward strategy, which articulates our risk appetite across various business activities, is aligned to our strategic objectives. It has been reviewed by the Board and remains unchanged.

RISK REWARD SUMMARY

Risk appetite levels	Definition	Business activities
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
Neutral	We will **take on a limited increased exposure** to risk in pursuit of our strategic objectives as long as the associated benefits outweigh the risk impact and the risk remains within our tolerances. We will apply appropriate safeguards when pursuing these opportunities.	– Development projects (construction) – Working with third parties – Funding – Technological change/development – Commercial and promotional
Averse	We are **unwilling to take** any actions or pursue any opportunities that would increase our risk profile in these areas.	– Environmental impact – Responsible and ethical sourcing – Human rights – Operations – continuity of service and delivery of intended guest experience – Processing personal data – Compliance – Tax reporting – Financial control

OUR APPROACH TO RISK MANAGEMENT *continued*

OUR CHANGING ENVIRONMENT – RISK DRIVERS AND EMERGING THREATS

Our risk backdrop is one of uncertainty, with a major war, steep inflation, volatile energy markets and global supply issues, a cost-of-living crisis, rising interest rates and political instability.

Our Executive Leadership Team considers emerging threats that could have a material impact on the business in the future, alongside our existing risks, with a view to improving our response plans and exploiting potential opportunities.

- **Imminent/Short** – Some impacts already seen/significant impact to our business could be expected within 2 years
- **Future** – Significant impact to our business could be expected beyond 2 years.

IMMINENT/SHORT TIME HORIZON

The near-term risk drivers and emerging threats already influence our principal risk assessments and the prioritisation of our risk actions. We view further geo-political and economic turmoil as the most prevalent risk driver for the next two years and are focused on remaining resilient and achieving growth in the face of the challenges it brings.

FUTURE TIME HORIZON

Many of the threats that we view to be emerging over a longer time horizon relate to environmental issues. With climate induced disasters increasing in frequency and magnitude, we would expect increased government action to reduce carbon emissions across all of our regions. Within our TCFD report we highlight both the transitional and physical climate related risks our business could face.

MARKET
- Hospitality market volatility
- Increased guest/consumer concern regarding their individual environmental footprint
- Labour shortages and barriers to hospitality labour markets
- Shifting global supply chain
- Pressure on cost of international travel from rising fuel prices and carbon taxes

SOCIAL, GEO-POLITICAL, ECONOMIC, AND ENVIRONMENTAL
- Threat of prolonged global recession
- Escalation of war in Ukraine
- Further stress on availability and cost of energy
- Inflation, interest rate pressure and financial market volatility
- Geo-political instability
- Social unrest and mass migration
- Increased climate related incidents
- Loss of biodiversity

TECHNOLOGY
- Evolving cyber threats – criminal and state sponsored
- Technological change for the hospitality and/or property sectors

FINANCIAL, LEGAL AND REGULATORY
- Post Brexit regulatory change
- Corporate Governance reform
- Climate related regulatory change – transition to low carbon economy
- Refinancing of debt

PRINCIPAL RISKS AND UNCERTAINTIES – AT A GLANCE

Movement from last year: ↔ Unchanged ↑ Increased ↓ Reduced

	Principal risks for 2023	Inherent risk assessment	Residual risk assessment	Since last year	Commentary on movements	Interconnected risk dependency	Oversight responsibility
1	Difficulty in attracting, engaging and retaining talent (page 84)	High	High	↔		3. Adverse economic climate 11. Negative stakeholder perception – ESG matters 12. Serious threat to guest, team member or third party health, safety and security	DCEO & COO
2	Undetected/unrestricted cyber attack (page 81)	Very High	High	↔			CFO
3	Adverse economic climate (including steep cost increases) (page 78)	High	High	↔		5. Market dynamics	CFO
4	Significant development project delays or unforeseen cost increases (page 80)	Very High	High	↑	Inflationary pressure and supply chain challenges combine to increase our residual risk assessment in respect of potential development project cost increases.	3. Adverse economic climate	DCEO & COO
5	Market dynamics – significant and prolonged decline in global travel and market demand (page 79)	High	High	↓	Strengthened trading throughout 2022 with high Average Daily Rates achieved and positive forecasts for 2023 indicate a slight reduction in this risk compared compared with last year.	3. Adverse economic climate	EVP Commercial Affairs
6	Technology disruption – prolonged failure of core technology (page 82)	High	Medium	↔		2. Undetected/unrestricted cyber attack	CFO
7	Funding and liquidity risk (including breach of debt covenants) (page 79)	High	Medium	↓	Strengthened trading throughout 2022 and positive forecasts for 2023 have eased the risk of breaching debt covenants. With most loan facilities on fixed terms, the impact of increased interest rates is minimised in the medium term.	3. Adverse economic climate 5. Market dynamics	CFO
8	Fraud (page 80)	High	Medium	↑	In the current volatile business and economic environment, the inherent threat of fraud occurrences could be heightened. Our focus on internal controls means we assess the residual risk to be very unlikely but consider that the potential impact could be severe.	1. Difficulty in attracting, engaging, and retaining talent 3. Adverse economic climate	CFO
9	Serious data privacy breach (GDPR) (page 82)	Very High	Medium	↓	Introduction of monitoring technology/tools for company devices and systems, alongside refreshed mandatory training, have reduced our residual impact assessment. The risk remains closely linked to cyber threat, as one of several potential consequences of a cyber attack.	2. Undetected/unrestricted cyber attack	CCLO
10	Significant operational disruption (page 83)	High	Medium	↓	The reduction in assessment reflects easing concerns of wide scale operational disruption following the Pandemic. Business critical supply chain concerns are also judged to have reduced.	1. Difficulty in attracting, engaging and retaining talent 2. Undetected/unrestricted cyber attack 6. Technology disruption	DCEO & COO
11	Negative stakeholder perception of the Group with regard to ESG matters (page 84)	High	Medium	↔		1. Difficulty in attracting, engaging and retaining talent	CCLO
12	Serious threat to guest, team member or third party health, safety and security (page 83)	High	Medium	↔			DCEO & COO

OUR APPROACH TO RISK MANAGEMENT *continued*

PRINCIPAL RISKS AND UNCERTAINTIES – DETAIL

The tables below detail our principal risks and uncertainties 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

1 Core, Upper End City Centre Hotels – growth plan and opportunity pipeline

2 Leisure and outdoor hospitality – further expand our offering

3 Hospitality management platform – diversify revenue generation through further opening our expert management platform to third parties

STRATEGIC PILLARS AND ENABLERS

4 Diversification of property portfolio

5 Non-dilutive capital approach – flexibility in how we acquire, purchase or develop assets

6 People and culture – entrepreneurial, people-oriented and creator culture to underpin growth agenda

7 Guest satisfaction – memorable and superior guest experiences

8 ESG – meaningful ESG impact for the benefit of all stakeholders

9 Restaurants and Bars – destination-led restaurant and bar experience with ambitious growth plans

Movement from last year: Unchanged Increased Reduced

MARKET AND MACRO-ECONOMIC ENVIRONMENT

Principal risk description	Residual risk	Outlook and risk response for 2023
Economic climate – adverse macro-economic conditions Geo-political factors which drive a prolonged period of stress and volatility for the global economy, with continued steep inflation and interest rate volatility, could restrict our growth and profit margins. In particular, the Group's costs could be impacted by further increases in the cost of energy, steep wage inflation or increased food and material costs. A lasting adverse economic climate is also likely to influence market dynamics, resulting in reduced demand and revenue. Related strategic blocks, pillars and enablers: 1 2 3 5 6 **Risk appetite:** Not applicable	High Unchanged	In recent years, we have taken action to improve our resilience to difficult economic conditions, including a more flexible cost base with more centralised processes. Although the inherent threat from these external factors remains high, we are well prepared for further challenges in 2023 and remain focused on preparing for and responding to the impact of changes in the macro-economic environment. Mitigating the impact of spiralling energy costs has been a key area of action during 2022. Concerns have eased partially due to government intervention and our initiatives to reduce consumption. The impact of inflation across our supply chain has been largely offset by the high room rates achieved. Any negative changes in hospitality market dynamics could elevate the impact of this risk. **How we mitigate and respond to this risk** General: – Close monitoring of economic and market forces. – Budgetary control and frequent forecasting across all regions and property type. – Monitoring of market pricing in respect of our supply chain and a policy of sourcing locally where possible. – Dynamic room rate strategy. Energy costs: – Use of third party experts to support the energy procurement strategy and partial hedging arrangements for the Group's energy supply requirements throughout most of 2023. – Real time analysis of energy consumption across properties. – Energy consumption reduction initiatives and targets across all properties. – Capital expenditure to reduce energy consumption in our least efficient properties.

MARKET AND MACRO-ECONOMIC ENVIRONMENT CONTINUED

Principal risk description	Residual risk	Outlook and risk response for 2023
Market dynamics – significant and prolonged decline in global travel and market demand Uncertainty in future market demand due to volatile macro-economic conditions and cost-of-living pressures could reduce consumer confidence and impact corporate budgets. Conversely, UK economic conditions which result in a weaker pound could present an upside, with increased demand from international travellers to the UK. Related strategic blocks, pillars and enablers: : 1 2 3 4 9 **Risk appetite:** Neutral	High ↓	Following our positive trading performance in 2022, we are optimistic that the hospitality market will be resilient across our regions throughout 2023. Some uncertainty is likely to continue due to the ever-changing nature of the many external factors that can impact our market dynamics. **How we mitigate and respond to this risk** We closely monitor and anticipate changes in market dynamics to ensure that we remain prepared and respond quickly. Our risk mitigation includes the following: – Introducing improved revenue management systems to support the rate strategy. – Focused promotional initiatives and leveraging our partnerships for distribution and marketing. – Continuing our close collaboration with Radisson Hotel Group and leveraging its reach for promotional campaigns. – Driving consistent guest experience and brand standards across all of our properties with routine brand audits and enhanced training. – Analysing customer feedback to quickly identify issues and improve operations. – Digital services such as online check-in/check-out, digital key, online food ordering and real time messaging.

FUNDING AND INVESTMENT

Principal risk description	Residual risk	Outlook and risk response for 2023
Funding and liquidity – risk of breaching debt covenants, an inability to service existing debt and cash restrictions The impact of failing to proactively manage funding and liquidity risk could include cash restrictions, loss of stakeholder confidence and less favourable terms when refinancing in the future. Related strategic blocks, pillars and enablers: 1 2 5 **Risk appetite:** Neutral	Medium ↓	This threat has eased considerably this year due to the Group's improved trading performance. The cost of debt finance could be under increasing pressure in the year ahead, with economic conditions leading to further possible interest rate rises. With the interest rates fixed on the majority of the Group's loans, the impact of a steep rate increase is largely mitigated in the medium term. **How we mitigate and respond to this risk** Our key mitigating actions and controls include the following: – Monthly forward covenant testing with sensitivity and stress modelling. – Robust treasury monitoring and reporting to the Board. – Proactive and regular liaison with our lenders. – Fixed interest rates for the majority of our loans.

OUR APPROACH TO RISK MANAGEMENT *continued*

FUNDING AND INVESTMENT CONTINUED

Principal risk description	Residual risk	Outlook and risk response for 2023
Development project delivery – disruption to projects causing delays or unforeseen cost increases Global supply chain concerns and a challenging labour market could persist and cause disruption to existing and future construction or refurbishment projects. Increasing interest rates coupled with inflationary pressure could combine to increase the Group's development project costs. Related strategic blocks, pillars and enablers: 1 2 9 **Risk appetite:** Neutral	High ↑	As we continue to pursue growth through our construction projects, external factors driven by the changing geo-political and macro-economic conditions are likely to present continued challenges to our project delivery in 2023. We are focused on closely monitoring our project timelines and costs to mitigate this risk proactively. Project cost increases could result from interest rate rises with construction related loans on variable rates until completion. **How we mitigate and respond to this risk** Our Executive Leadership Team oversees the progress of all key development projects, supported by our in-house Technical Services team. Our key oversight controls include the following: – Regular meetings with our key contractors to identify and tackle any approaching issues which could impact the overall cost, targeted delivery schedule or expected quality standards. – Independent monitoring of major projects by appointed third party experts.

FINANCIAL CONTROL

Principal risk description	Residual risk	Outlook and risk response for 2023
Fraud The Group could suffer financial loss and reputational damage from individuals acting with dishonesty or deception to obtain undue benefits; avoid obligations; cause loss to another party; remove funds; or misrepresent the financial position or affairs of the business. Related strategic blocks, pillars and enablers: 3 6 **Risk appetite:** Averse	Medium ↑	We maintain a strong focus on internal controls to mitigate the inherent risk of fraud. In the current volatile business and economic environment, the inherent threat of fraud occurrences could be heightened. Factors such as steep inflation and the cost-of-living crisis could increase both the motivation and rationalisation for an individual to commit fraud. Additionally, the challenging labour market which can lead to resource constraints or high staff turnover could also increase the threat of fraudulent activity if it impacts the application of expected internal controls. **How we mitigate and respond to this risk** We have conducted an annual Fraud Risk Assessment to identify and assess the existing internal fraud risks across the Group and map them against our internal controls. Our key oversight controls include the following: – Financial Control Framework. – Internal Financial Assurance Programme. – Physical security controls. – IT access management and information security controls. – Anti-bribery and corruption policy and procedures. – Independent third party verifications and confirmations on large transactions.

TECHNOLOGY AND INFORMATION SECURITY

Principal risk description	Residual risk	Outlook and risk response for 2023
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 and significant fines in the event of a related data breach. Related strategic blocks, pillars and enablers: 3 7 **Risk appetite:** Averse	High ↔	We have continued to invest in strengthening our defences to contain this area of risk. Despite the improved controls, our residual risk assessment remains high, with cyber attacks widely reported to have increased significantly across all sectors in 2022, a trend we expect to continue throughout 2023. **How we mitigate and respond to this risk** With cyber attacks being very high risk inherently, our controls are focused on containing the threat through prevention, detection and planned response. Our controls include the following: – Cyber security monitoring solution. – Team member awareness training including in-house phishing simulations. – Email protection and end-point protection and detection controls. – Network security systems. – Network Access Control solution. – Virtual Private Network (VPN) connections for securing remote connections to the corporate network. – IT security policies. – Incident response plans. – Third party expert penetration testing. – Identity Access Management tool. – Disaster Recovery procedures for core infrastructure and key applications.

TECHNOLOGY AND INFORMATION SECURITY CONTINUED

OUR APPROACH TO RISK MANAGEMENT *continued*

Principal risk description	Residual risk	Outlook and risk response for 2023
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, pillars and enablers: 3 7 **Risk appetite:** Averse	Medium ↓	Our established data privacy compliance programme coupled with the introduction of monitoring tools for company devices and systems, and refreshed mandatory training, have reduced our residual impact assessment. The risk remains closely linked to cyber threat, as a data breach is one of several potential consequences of a cyber attack. **How we mitigate and respond to this risk** Our mitigating controls are focused on reducing the likelihood of a large scale data privacy breach and our processes ensure that any incidents are dealt with in compliance with the GDPR. Our controls include the following: – Information Security and Data Privacy policies. – Internal awareness campaigns and mandatory training. – Programme of Compliance team onsite data privacy audits. – Breach protocols, reporting hotlines for team members and incident response plans. – Use of third party experts for technical support when necessary. – Credit card tokenisation through our payment systems. – Technical monitoring controls – see Cyber Threat risk.
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, pillars and enablers: 3 7 **Risk appetite:** Averse	Medium ↔	As a key area of potential business interruption, we have delivered several projects to improve our resilience and contain the threat. In the year ahead, our work will continue to further improve our resilience. **How we mitigate and respond to this risk** Our controls and actions to reduce our risk exposure and build resilience include the following: – Core technology infrastructure hosted by third party secure data centre. – Back-up and disaster recovery site for core infrastructure. – Disaster Recovery plans for key business applications. – Network monitoring solution. – SOC reporting from key third party technology service providers. – Review and update of network design. – Continued roll-out of converged networks across our hotels.

SAFETY AND CONTINUITY

Principal risk description	Residual risk	Outlook and risk response for 2023
Operational disruption Major global events such as pandemic, war or environmental disasters could result in widespread disruption to our markets and 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, pillars and enablers: 7 3 9 **Risk appetite:** Averse	Medium ↓	In the short term, concerns over wide scale operational disruption have reduced since the height of the pandemic. In recent years, we have demonstrated resilience to significant business disruption and an ability to adapt and operate effectively in challenging circumstances. The threat of operational disruption could become more prevalent in the long term if the frequency and impact of climate-induced disasters becomes more significant across our regions (see our TCFD report on pages 70 to 73). **How we mitigate and respond to this risk** Our key mitigating controls include the following: – Hotel crisis and continuity plans, and crisis communications. – Hotel lockdown procedures. – Cost control measures to reduce impact of closures and reduced capacity. – Adapted services to continue operations where possible. – Remote working capabilities for corporate and regional teams, including Central Reservations and Customer Support. – Close monitoring of key supplier stability and regular communications regarding anticipated demand levels. – Contingency in place for areas of critical supply.
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, pillars and enablers: 3 6 7 9 **Risk appetite:** Averse	Medium ↔	We remain committed to providing a safe stay for our guests and a safe working environment for our team members, and do not accept any actions which would increase the threat to their health, safety or security. The risk is contained to a tolerable level due to our extensive controls and assurance programmes. **How we mitigate and respond to this risk** We actively mitigate and respond to this area of risk through the following measures: – Regular risk assessments. – Security and fire safety procedures. – Health & Safety audit programmes. – In-house and supplier food safety audit programme. – Team member training programmes. – Incident reporting. – Hotel crisis plans. – Mental health and wellbeing training. – Centralised system for incident reporting. – Proactive gathering of intelligence and advice on potential security risks through regular liaison with local police and security services.

OUR APPROACH TO RISK MANAGEMENT *continued*

PEOPLE

Principal risk description	Residual risk	Outlook and risk response for 2023
Talent attraction, engagement and retention – challenge of maintaining an engaged and 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, pillars and enablers: 3 6 7 9 **Risk appetite:** Averse	High ↔	Current labour market conditions suggest that difficulties in attracting, engaging and retaining team members is likely to persist as a significant matter within the hospitality sector throughout 2023. **How we mitigate and respond to this risk** A proactive approach to mitigating this area of risk has underpinned our improved trading performance throughout 2022. Our initiatives to focus on talent attraction and engagement of our team members to combat the labour market challenges include the following: – In-house recruitment team. – Dedicated Hospitality Career Centre (recruitment office) in London. – Employer brand and talent attraction strategy. – Optimising and simplifying the candidate experience. – Social media strategy to increase presence and labour market penetration. – Attracting skilled workers from international labour markets using international recruitment agencies. – Talent management and succession planning to promote intra-Company mobility options. – Employee engagement initiatives and retention strategy. – Pulse employee surveys to measure engagement and identify and address any areas of concern. – Recognition and reward programmes. – Regular talent reviews. – Learning and development strategy with enhanced online learning content. – Mental health and emotional wellbeing initiatives.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Principal risk description	Residual risk	Outlook and risk response for 2023
ESG – stakeholder perception – negative perception of the group with regard to ESG matters Corporate governance and matters of environmental and social responsibility are of significant importance to our stakeholders. A perception that the Group does not apply best practice corporate governance principles, does not suitably mitigate both the physical and transition risks of climate change, 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. In taking a proactive approach to key ESG matters, there is a considerable opportunity to strengthen our reputation and stakeholder confidence. Related strategic blocks, pillars and enablers: 1 2 3 **Risk appetite:** Averse	Medium ↔	The trend of increased scrutiny on matters of environmental impact, social responsibility and corporate governance is expected to continue in the year ahead. Key areas of concern for investors and regulators include climate related risk, carbon reduction programmes and targets, the threat of biodiversity loss and social inequality. **How we mitigate and respond to this risk** Our ongoing activities to meet the ESG expectations of our stakeholders include the following: – Updating materiality assessment of stakeholder ESG priorities (completed 2022 – recommend updates every three years). – Participation in the Radisson Responsible Business Survey. – Externally certified performance against recognised standards, e.g. Green Key. – Membership of industry organisations (Zero Carbon Forum and Energy and Environment Alliance) to achieve best practice – Reporting on climate related financial disclosures under the Listing Rules (LR 9.8.6R) – Engagement of specialist third parties to gather data for reducing energy consumption – Documentation of governance practices and procedures to ensure compliance with Corporate Governance Code 2018 ('Code') requirements, or satisfactory explanation thereof. – Active monitoring of gender pay gap across the organisation.

VIABILITY STATEMENT

At the start of the year, most of our territories were impacted by government restrictions, but as these restrictions gradually eased from the second quarter, trading strongly recovered. During the first quarter, the Group focused on managing cash burn, health and safety, and navigating the challenging trading environment. However, three months later, the focus shifted to servicing significantly increased demand levels. Margins began to normalise from the third quarter, although they were still impacted by the ramp-up in operations and inflationary pressures.

The recovery after COVID combined with the war in Ukraine, caused inflation in all our territories to increase significantly, and utility prices to reach unprecedented levels. On the back of this high inflation, central banks worldwide have increased interest rates to levels not seen since the Global Financial Crisis. The Group's loan portfolio currently has limited exposure to rising interest rates, as almost all the Group's loan portfolio has a fixed rate of interest. The first significant refinancing of these fixed rate loans is taking place in 2026 and in early 2022 the Group entered into forward starting hedges, totalling around £190 million, to partially limit the exposure to interest rate fluctuations upon that refinancing in 2026.

During COVID, when trading was affected by government restrictions, the Group received waivers of existing covenants on all its credit facilities. These waivers are expiring throughout 2023 and the expectation is that the Group will comply with its loan covenants going forward.

Although the Group's trading is now less volatile, trading visibility is still not at pre-pandemic levels, due to short booking lead times and a high degree of cancellable bookings. Nevertheless, the past months have turned out above expectations, and the Group has shown that it is well placed to handle short-lead significant bounce-backs of demand. With the lifting of government restrictions around COVID-19 from the second quarter onwards, the Group's hotels have benefited from a strong recovery, with most of its hotels being in desirable city hubs.

To assess the Group's viability, the Board conducted a robust assessment of the current and emerging risks facing the Group and how they could impact the strategy, performance and liquidity of the Group. The Board considered detailed cash flow projections for the next three-year period to 31 December 2025, constructed on a base case and a downside case basis. The high inflationary environment is assumed to continue into 2023, and it is assumed that COVID-19 will not result in government restrictions going forward.

The base case assumes full pre-COVID-19 recovery in 2023, with EBITDA levels at or around 2019 EBITDA levels. EBITDA for 2024 and 2025 each grows at 2.5%, and new openings will also influence EBITDA positively. The downside case assumes 15% less EBITDA compared with the base case for each of the three years in the model. The estimates in both scenarios have a high degree of uncertainty, as the period of estimates extend significantly beyond the current booking lead times. The downside case does not require an extension of covenant waivers, but could lead to a minor (<£10 million) loan prepayment which can be paid from the Group's excess cash.

The downside scenario could result in cash traps under certain facilities, although the Group's freely available cash resources in that scenario are sufficient to continue without taking restructuring measures. The Board continually monitors these three-year base case and downside case cash flow forecasts, which take into consideration different trading assumptions and the Company's long-term strategy.

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

The above considerations form the basis of the Board's assessment of the viability of the Group over a three-year period to 31 December 2025 while taking account of the Group's current position, the principal risks and how these are managed, as detailed in the Strategic Report, the Group strategy and the Group's financial plans and forecasts. Based on this assessment, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 31 December 2025.

STAKEHOLDER ENGAGEMENT

OUR BUSINESS MODEL SEEKS TO CREATE VALUE FOR GUESTS, INVESTORS, TEAM MEMBERS, COMMUNITIES AND OTHER STAKEHOLDERS.

Through meaningful and ongoing dialogue on issues of importance, we maximise this value, delivering benefits for society at large. The last year was characterised by a return to 'business as usual' in many of our markets. While safely removing pandemic-related restrictions, we focused on resuming engagements with our strategic stakeholder groups.

GUESTS

WHY THEY MATTER TO US:

Guests are at the core of our company purpose, vision and values. Creating valuable memories for them is what drives every decision and action we take.

WHAT MATTERS TO THEM

- Confidence in clean, healthy and safe facilities.
- Feeling heard and listened to through multiple communication channels.
- Reliable, consistent excellence across our diverse locations, with tailoring to the unique opportunities in each place.
- Providing unique experiences which guests will remember and may share with their personal or professional network.
- A personalised approach to each guest's stay.
- Confidence that we adjust to guests' needs when their plans change.
- Rewarding their loyalty.
- ESG issues, notably waste, water and energy management.

HOW WE ENGAGED IN 2022

We listened to guest feedback and ideas through various channels, receiving over 85,000 online reviews and nearly 40,000 guest surveys, which confirmed our guests' appreciation for locations and service as the highest rated areas.

Our 'Creating Memories' service delivery programme was fully rolled out to support guest-facing team members to deliver on our purpose and create valuable memories for guests. With trained 'Inspirators' at all UK and Netherlands hotels, the programme:

- deployed 'Go Digital' technologies for exceptional digital guest experiences, with more and more guests opting for online check-in and check-out, digital room keys, ordering room service from their phones, and taking advantage of other opportunities to take control of their stay from the convenience of their own devices; and
- further embedded a 'We are Creators' culture to ensure that it influences our service style and standards.

In 2022, we introduced our Service of Hospitality training programme, which has helped to further increase our service scores. In addition, our Ecological programme which was trialled in the United Kingdom in September, has led to this initiative supporting our activities with the Just a Drop charity, which we introduced across the United Kingdom and the Netherlands.As a result of further enhancing our Digital Guest Experience, our checkout and departure survey score is among the highest scoring areas, enabling guests a smooth and swift checkout experience at their convenience. Our continued training and team engagement and revised service flows initiated by the Brand Guest Experience, with the support of our Learning and Development teams, have also resulted in improved scores.

INVESTORS

WHY THEY MATTER TO US:

Investors enable us to deliver on our core purpose and create value for society at large. Proactive engagement with them helps us anticipate their questions and priorities, and enables our business to compete and succeed.

WHAT MATTERS TO THEM

- Confidence in the business's leadership.
- A long-term, sustainable strategy for success.
- Reassurance that the business is an ethical, responsible channel for growth.
- Reward for confidence during the pandemic.
- ESG issues of climate change; waste; sustainable procurement; water; DEI; human rights; and Board composition.

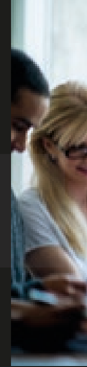
HOW WE ENGAGED IN 2022

Our Executive Leadership Team proactively seeks out investor input through investor roadshows conducted by Mr Kos, our Chief Financial Officer, and Mr Hegarty, our Deputy Chief Executive Officer & COO. These are exercises in gathering feedback from investors that is fed back to the Board. The roadshows involved discussions of our pipeline and future growth, as well as opportunities for face to face engagement with Senior Independent Director.

In 2022, investors continued to request information from us on ESG matters and our Senior Independent Director, Nigel Keen, met with them on a number of occasions. Our strategic materiality assessment on ESG involved interviews with a number of investors. These revealed the issues of greatest investor concern to be climate change; waste; sustainable procurement; water; DEI; human rights; and Board composition. This information has helped shape our new ESG strategy.

Learn more – See our ESG strategy on pages 66 and 67.

STAKEHOLDER ENGAGEMENT *continued*



TEAM MEMBERS

WHY THEY MATTER TO US:

Our people and values are at the heart of our business and at the core of everything we do. We harness an open, honest, family values culture across the business, whether managing our hospitality assets or delivering consistent operational excellence across our portfolio.

WHAT MATTERS TO THEM

- An inclusive, clean, safe and supportive work environment.
- A flexible employer that is adaptive to their needs.
- A fun place to work.
- An employer that takes care of them during lockdowns.
- Prioritising health, mental and physical.
- Being rewarded for loyalty and dedication.
- Growing with the business through opportunities for internal promotion and career progression.
- Developing and learning at work.
- Passion for excellence and giving guests the best possible experience.
- Feeling respected, valued and heard.

81%

Employee engagement
In 2022, the Group introduced a new survey platform to measure employee engagement

HOW WE ENGAGED IN 2022

Results of the pulse surveys, which measured engagement, were shared and reviewed by the Board. They found that employees were highly engaged (81%), with learning opportunities and a good working environment cited as two key motivating factors. Employee survey data from 2022 and before has informed our new ESG strategy, with key issues of importance among team members being pay and benefits; DEI; Company culture and health and safety. On the latter, we ramped up support, from flexible working and wellbeing support, to financial assistance and benefits packages. On DEI, we published our gender pay gap report for 2021 in late 2022 and it is available on our website pphe.com/responsibility/responsible-reporting. This is in line with the UK Equality and Human Rights Commission requirements.

The Board considers site visits the best means of interacting with our team members, and engaging them as stakeholders in the success of the business overall. Read more about the engagement calendar of our Non-Executive Director responsible for Workforce Engagement on page 106.

We fully back employees to unionise or access collective bargaining structures (see page 59). We know from these fora in the UK and the Netherlands that work/life balance and cost-of-living were a concern during the last year and we have addressed these in our new Work Life programme (see page 58).

A Lifetime Achievement Award from the Society of the Golden Keys of Great Britain & the Commonwealth was given to David Haines, Park Plaza Westminster Bridge London Head Concierge. James Goulding, Regional UK Director of People & Culture, was recognised at the Hotel 'Cateys' awards with a People Manager Award.

COMMUNITIES

WHY THEY MATTER TO US:

Hospitality plays an important role in serving local communities, with high quality employment opportunities and significant local investment. In turn, we depend on attractive destinations and thriving neighbourhoods for a successful business.

WHAT MATTERS TO THEM

- Providing local employment opportunities and employing members of the local community.
- Supporting local institutions and participating in local initiatives.
- Attracting consumers to local businesses.
- Being a good neighbour by respecting noise levels and use of shared resources.
- Engaging local suppliers, using locally sourced products and highlighting local culture.
- Improving business-to-business opportunities.
- Attracting investment.
- ESG issues of sustainable tourism, climate change, gentrification and community engagement.

HOW WE ENGAGED IN 2022

During the last year, we created measurable and sustainable value for local economies and people. From creating more than 1,000 jobs and expanding skills partnerships; to hosting refugees and donating to charities – you can read about direct and indirect engagement on pages 60 and 61). Community groups were also interviewed as part of our strategic ESG materiality assessment, which highlighted sustainable tourism, climate change, gentrification and community engagement as key priorities from their perspective. This information has helped shape our new ESG strategy (see pages 66 and 67).

AFFILIATES

RADISSON HOTEL GROUP

WHY THEY MATTER TO US:

The heart of our collaboration is our exclusive and perpetual licence to operate the Park Plaza brand in Europe, the Middle East and Africa. This complements our other branding elements, art'otel and Arena, and this year, we are pleased to be announcing an expansion of our collaboration (see page 24).

We cooperate in vital infrastructure such as our central reservation system, the Radisson Rewards™ loyalty programme and our online booking presence. We also collaborate on a carbon neutral events programme alongside First Climate (see page 62).

WHAT MATTERS TO THEM

- A reliable business partner worthy of carrying valuable brand assets.
- An affiliate to be proud of.
- An enthusiastic partner in Responsible Business.
- ESG issues of climate change, waste and human rights.

HOW WE ENGAGED IN 2022

All Group hotels were invited to participate in Radisson's annual 'Responsible Business' survey in 2022. Likewise, Radisson participated in our ESG materiality stakeholder engagement, with interviews showing that climate change, waste and human rights were issues of significant importance to them.

Learn more – See our ESG strategy on pages 66 and 67.

SUPPLIERS

WHY THEY MATTER TO US:

Strong, collaborative relationships with our suppliers allow us to have confidence in Responsible Business, and apply consistent standards across the Group. This gives our guests what they want, and adds value and reduces costs to all our stakeholders.

WHAT MATTERS TO THEM

- Fair and cooperative practices.
- Predictable demand.
- Mutually beneficial terms.
- Commitment to consider Responsible Business practices in our ways of working.
- Sustainable procurement.

HOW WE ENGAGED IN 2022

We have continued to maximise value creation for local suppliers, splitting large orders to sustain the largest number of business relationships as possible.
We reviewed and updated our Responsible and Ethical Sourcing Policy, and we launched a new supplementary survey, with information informing our new ESG strategy.

Learn more – See our ESG strategy on pages 66 and 67.

The survey showed that sustainable procurement (social and environmental) was seen as an important priority to our suppliers.

The Strategic Report was approved by the Executive Leadership Team and will be reviewed regularly for materiality and signed on its behalf by Boris Ivesha.

Boris Ivesha
President & Chief Executive Officer