

CEO Review



Boris Ivesha
President & Chief Executive Officer



Greg Hegarty
Co-Chief Executive Officer

Boris Ivesha & Greg Hegarty



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

Boris Ivesha

President & Chief Executive Officer

2024 in review

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

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

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

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

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

Delivery of £300+ million development pipeline

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

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

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

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

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



“Our margin improvement in the year was the result of our focus on cost management, centralisation and technological initiatives.”

Greg Hegarty

Co-Chief Executive Officer

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

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

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

A solid like-for-like* performance

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

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

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

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

Longer-term development opportunities

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

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

Other longer-term development opportunities include a 465-room mixed-use hotel adjacent to Park Plaza London Park Royal in West London and consent to convert 6,500m² of subterranean space at Park Plaza Victoria London to a 179-room subterranean hotel.

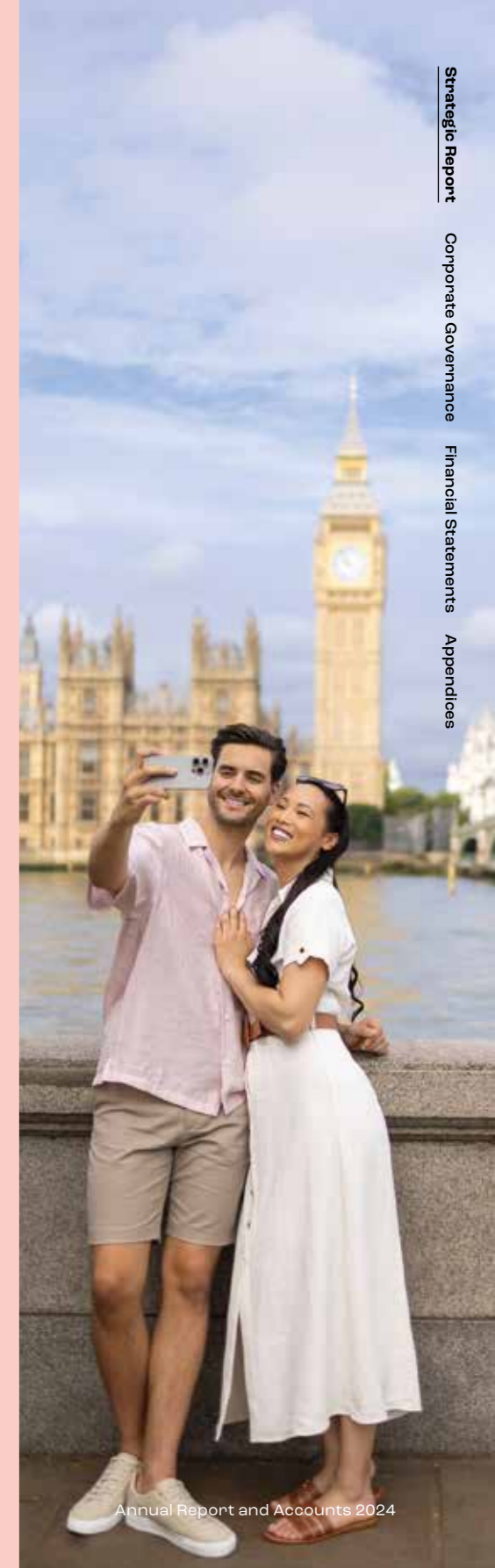
On our development site near Hudson Yards in New York we completed the demolition of the existing structures and we are reviewing development opportunities for this site.

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

“We are pleased to have secured several exciting longer-term development opportunities as we look to expand our portfolio in London and beyond and deliver value for our stakeholders.”

Boris Ivesha

President & Chief Executive Officer





Our sustainability commitment

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

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

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

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

“The Board remains highly focused on enhancing value for shareholders, which is reflected in the Group’s progressive dividend policy.”

Increased shareholder returns

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

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



Our expert teams

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

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

>250

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

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

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

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



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

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

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

Our culture

Entrepreneurial

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

People-oriented

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

Creators

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

Looking ahead

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

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

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

Boris Ivesha
President & Chief Executive Officer

Greg Hegarty
Co-Chief Executive Officer

