Financial Review

Solid topline growth with EBITDA margin* improvement

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

Daniel Kos
Chief Financial Officer & Executive Director

Overview of 2024

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

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

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

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

Financial results

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

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

1. The like-for-like* figures exclude the 2024 results of art'otel London Hoxton and the results of art'otel Zagreb for the first ten months of 2024.
2. Percentage change figures are calculated from actual figures as opposed to the rounded figures included in the above table.
3. The room revenue, average room rate*, occupancy and RevPAR* statistics include all accommodation units at hotels and self-catering apartment complexes and exclude campsites and mobile homes.

Revenue

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

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

EBITDA*, profit and earnings per share

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

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

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

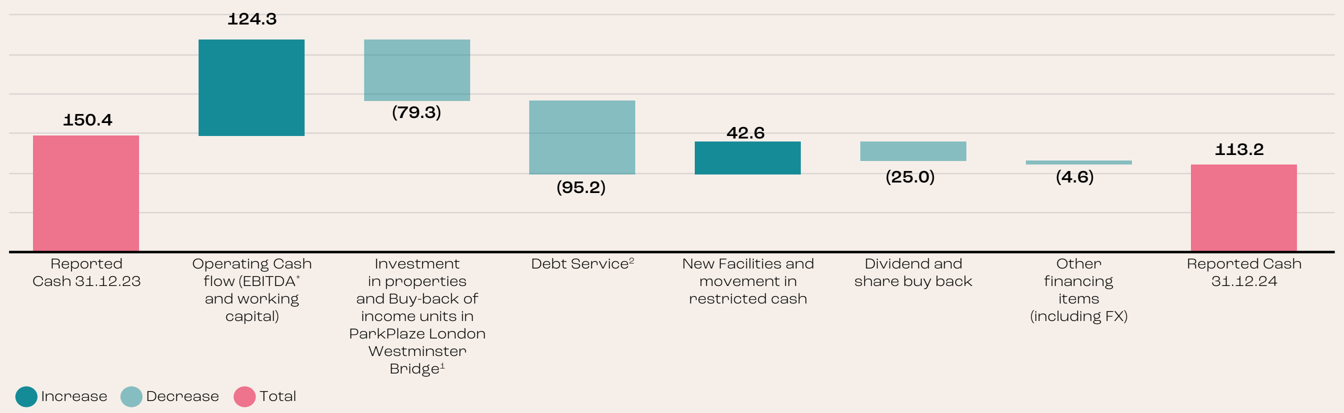
Cash flow and EPRA earnings*

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

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

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

Year-on-year cash flow



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

Normalised profit before tax*

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

Real estate performance

Valuations

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

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

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

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

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

Actualised trading versus assumption in 2024 valuations

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

Valuation comparison

2024 versus 2023 valuation – total portfolio +1.7%

United Kingdom	3.4%
The Netherlands	0.3%
Germany	(7.2)%
Croatia	(2.8)%

EPRA performance measurement

EPRA summary

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

EPRA NRV*

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

1 The fully diluted number of shares excludes treasury shares but includes 498,248 outstanding dilutive options (as at 31 December 2023: 163,221).
2 The fair values of the properties were determined on the basis of independent external valuations prepared in December 2024.
3 EPRA NTA* and EPRA NDV* reflect fair value net of transfer costs. Transfer costs are added back when calculating EPRA NRV*.
4 NTA is calculated under the assumption that the Group does not intend to sell any of its properties in the long run.

EPRA earnings*

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

1 The 'Company specific adjustments' represent adjustments of non-recurring or non-trading items.
2 Calculated as 4% of revenues, which represents the expected average maintenance capital expenditure* required in the operating properties.
3 Non-controlling interests include the non-controlling shareholders in Arena, third party investors in Income Units of Park Plaza London Westminster Bridge and the non-controlling shareholders in the partnership with Clal that was entered into in June 2021 and March 2023.
4 Non-cash revaluation of finance lease liability relating to minimum future CPI/RPI increases.
5 Lease cash payments which are not recorded as an expense in the Group's income statement due to the implementation of IFRS 16.
6 Mainly relates to deferred tax asset on carry forward losses recorded in 2023 and 2024
7 Mainly relates to pre-opening expense and net profit and loss on disposal of property, plant and equipment.

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

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

Other EPRA measurements

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

Capital structure

Call impact minorities and future

As part of our strategy, we unlock capital from our assets through various methods. This includes raising debt, securing equity via multiple partnership forms, or sometimes entering into ground rent structures exceeding 100 years. This funding approach allows us to leverage the fair value of our assets, while balancing liquidity and interest rate risk within our capital structure.

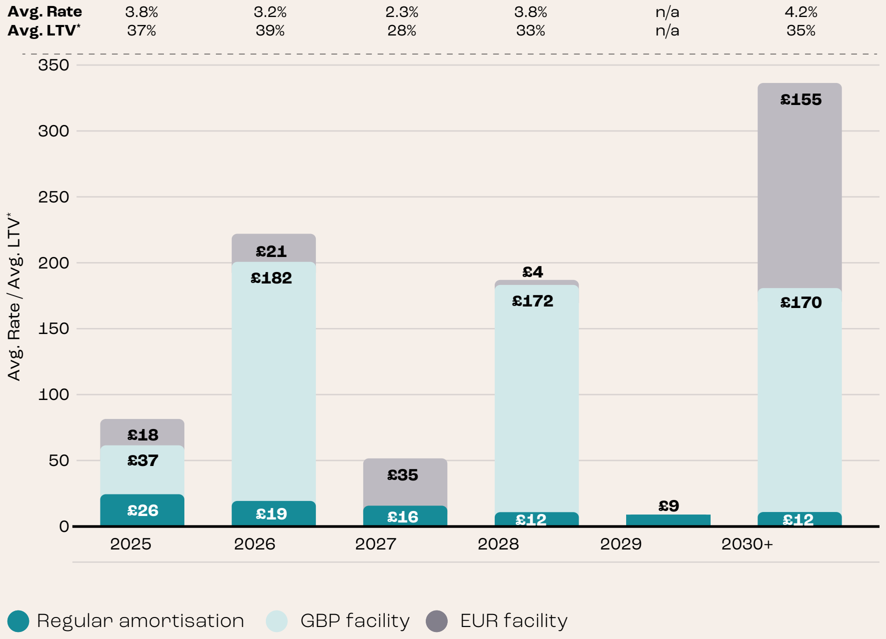
Our partnerships, including third party unit holders in Park Plaza London Westminster Bridge, shareholders in our listed Croatian subsidiary, and individual professional partners across several assets, provide long-term equity, thereby sharing the risks and returns on each asset.

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

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

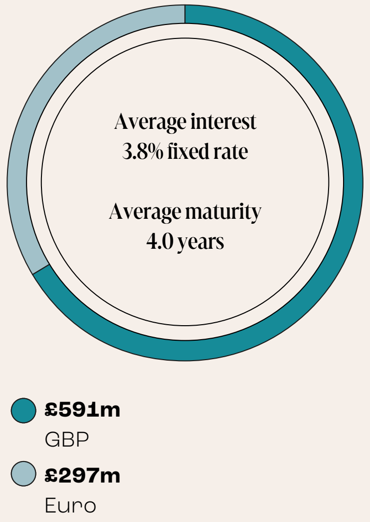
Although our mortgages involve interest rate risks, the majority were secured years ago, averaging at 3.8% interest (96% fixed), with an average remaining maturity of 4.0 years.

Debt maturity schedule (£ in millions)

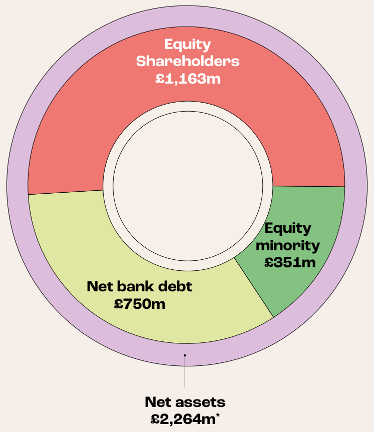


% Net debt* leverage

Gross debt composition and metrics



Net debt* leverage

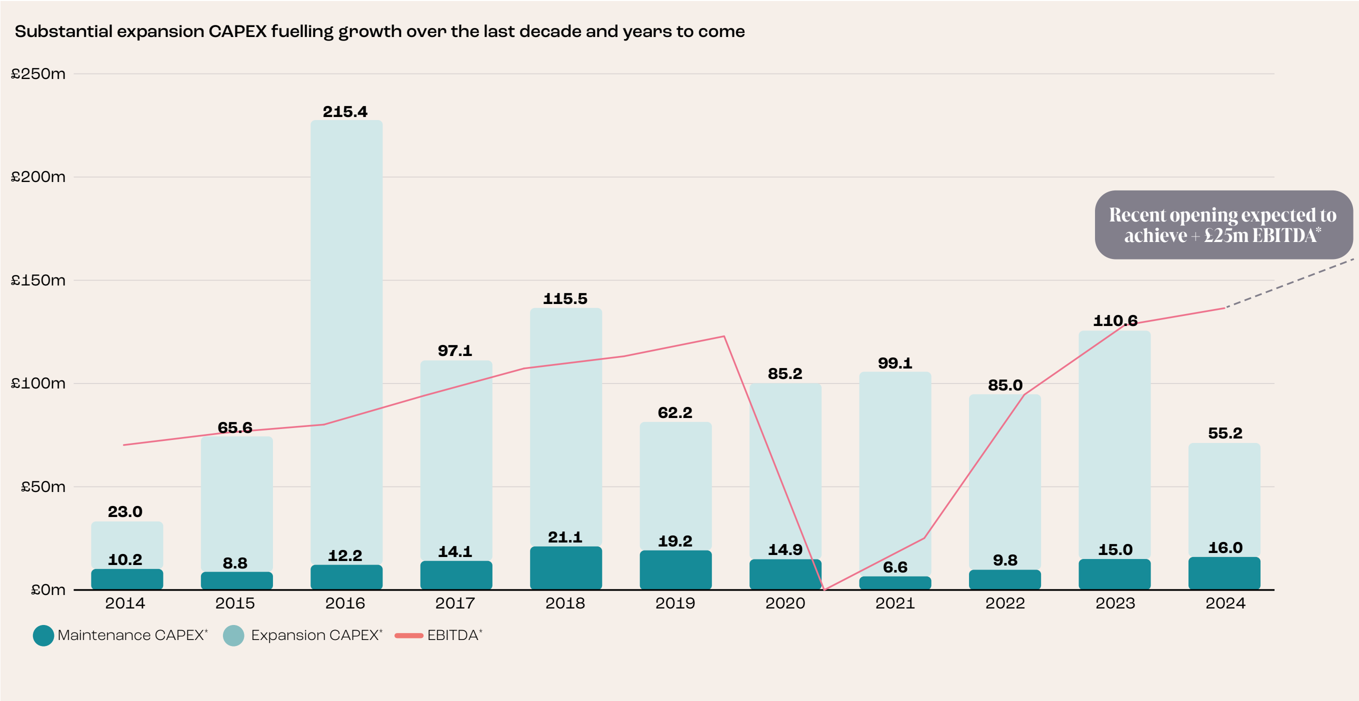


* Includes assets at market value, with ground rent liabilities included in the asset valuation. Units in Park Plaza London Westminster Bridge owned by private investors are netted of with the unitholder liability.

Net debt* leverage/EPRA LTV* reconciliation

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

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



Capital expenditure/development pipeline update

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

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

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

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

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

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

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

Dividend

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

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

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

Daniel Kos
Chief Financial Officer & Executive Director