

26 October 2023

PPHE Hotel Group Limited
(“PPHE” or the “Group”)

Trading Update

Strong performance with robust rates and occupancy growth drives momentum into Q4

PPHE Hotel Group, the international hospitality real estate group which develops, owns and operates hotels and resorts, announces a trading update for the Group’s Q3 period (30 June 2023 to 30 September 2023).

Commenting on the results, Boris Ivesha, President and Chief Executive Officer, PPHE Hotel Group said:

“We are pleased with our continued strong year-on-year revenue growth and the consistent momentum that we are seeing into the final stages of the year, in spite of ongoing cost pressures being experienced across our regions. Our room rate has remained strong and occupancy levels have continued to improve, narrowing the occupancy gap further versus pre-pandemic years, particularly in the UK and The Netherlands.

“The Group is in the final stages of our exciting £300+ million pipeline of new and refurbished properties to be opened over the next nine months. In Q3 we saw art’otel Zagreb in Croatia open its doors, and three further properties are on track to open in the coming months in Belgrade (Q4 2023), London Hoxton (Q1 2024) and Rome (H1 2024). These are expected to contribute strongly to the Group in line with guidance provided at the Group’s Interim Results.”

Q3 Financial Performance

- Total revenue was £141.0 million, up 8.8% on Q3 2022 (up 16.5% on Q3 2019), driven by strong occupancy growth which narrowed the gap with 2019 levels.
- Rates remained stable vs strong comparatives in Q3 2022, which were boosted by a number of significant events in London such as the late Queen's funeral.
- Average room rate remained solid at £176.4, up 0.8% on Q3 2022, following strong momentum in Q2. Occupancy continued to improve to 77.5% (Q3 2022: 70.8%). RevPAR increased by 10.3% to £136.7 (Q3 2022: £123.9).
- Top-line performance in the UK and The Netherlands was most notable, driven by improvements in occupancy and strong demand for our properties. Germany was flat on last year and Croatia was marginally up on strong comparables. In Croatia particularly, reporting on its peak season in Q3, we were pleased to see solid demand despite increased year-on-year competition from other leisure destinations and adverse weather conditions for some of the traditional summer period. Recently invested in properties, including Grand Hotel Brioni in Pula, made strong initial contributions.
- The Group continues to see inflationary pressures, impacting the sector as a whole, and has continued to take action to mitigate these.
- Interim dividend of 16 pence per share announced on 27 September 2023 to be paid on 27 October 2023, following consultation with shareholders. This represents an increase of 13 pence year-on-year.

Operational and strategic highlights

- £300+ million pipeline is nearing completion, with four new properties expanding the portfolio:
 - **Zagreb, Croatia:** The Group's first art'otel in Croatia, art'otel Zagreb, opened in October 2023. The 110-room upper upscale hotel has a pan-Asian destination restaurant and bar, YEZI, four meeting spaces, a spa and an indoor pool. A rooftop bar with panoramic views of the city will open in 2024.
 - **Belgrade, Serbia:** The first Radisson RED property to be operated by the Group, and the second hotel to open under the extended Radisson partnership, is due to launch for soft opening by the end of December 2023, following extensive refurbishment and repositioning of the property (previously known as Arena 88 Rooms Hotel).
 - **London, UK:** Following completion of construction, and with the fit-out of the property well underway, the art'otel London Hoxton is now taking bookings for 2024, ahead of opening its doors to guests in Q1 2024.
 - **Rome, Italy:** The new art'otel, which is due to open in H1 2024, will be the first of its kind to open in Italy, following the repositioning of a well-known asset in the centre of the city (previously operating as Londra & Cargill Hotel).
- Upon stabilisation of trading, the above listed hotels are together targeted to generate at least £25 million of EBITDA for the Group.

Current trading and outlook

- Trading momentum seen in Q3 has continued into the final quarter, supported by capacity for further growth in occupancy.
- Continued focus on maintaining room rates, to cover inflationary pressures, while continuing to build occupancy.
- As previously announced, the Group expects to deliver FY 2023 revenue of at least £400 million and EBITDA of at least £120 million.
- The Board remains confident in the Group's longer-term growth, underpinned by the persistent strength of consumer and corporate leisure demand internationally, our quality assets, fully-funded development pipeline and strong financial position.

Reported key financial statistics

For the three months ended 30 September 2023 (unaudited)

	Three months ended 30 September 2023	Three months ended 30 September 2022	% change	Three months ended 30 September 2019	% change
Total revenue	£141.0 million	£129.6 million	8.8%	£121.0 million	16.5%
Total room revenue	£98.6 million	£90.8 million	8.6%	£83.6 million	18.0%
Occupancy	77.5%	70.8%	670 bps	86.7%	(920) bps
Average room rate	£176.4	£175.0	0.8%	£134.1	31.6%
RevPAR	£136.7	£123.9	10.3%	£116.3	17.6%

For the nine months ended 30 September 2023 (unaudited)

	Nine months ended 30 September 2023	Nine months ended 30 September 2022	% change	Nine months ended 30 September 2019	% change
Total revenue	£321.0 million	£242.7 million	32.2%	£276.3 million	16.2%
Total room revenue	£232.2 million	£172.7 million	34.4%	£192.7 million	20.5%
Occupancy ¹	72.2%	56.6%	1.560 bps	80.6%	(830)bps
Average room rate	£166.3	£157.1	5.9%	£126.8	31.2%
RevPAR	£120.2	£89.0	35.0%	£102.1	17.7%

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Notes to Editors

PPHE Hotel Group is an international hospitality real estate company, with a £2.0 billion portfolio, valued as at December 2022 by Savills and Zagreb nekretnine Ltd (ZANE), of primarily prime freehold and long leasehold assets in Europe.

Through its subsidiaries, jointly controlled entities and associates it owns, co-owns, develops, leases, operates and franchises hospitality real estate. Its portfolio includes full-service upscale, upper upscale and lifestyle hotels in major gateway cities and regional centres, as well as hotel, resort and campsite properties in select resort destinations. The Group's strategy is to grow its portfolio of core upper upscale city centre hotels, leisure and outdoor hospitality and hospitality management platform.

PPHE Hotel Group benefits from having an exclusive and perpetual licence from the Radisson Hotel Group, one of the world's largest hotel groups, to develop and operate Park Plaza® branded hotels and resorts in Europe, the Middle East and Africa. In addition, PPHE Hotel Group wholly owns, and operates under, the art'otel® brand and its Croatian subsidiary owns, and operates under, the Arena Hotels & Apartments® and Arena Campsites® brands.

PPHE Hotel Group is a Guernsey registered company with shares listed on the London Stock Exchange. PPHE Hotel Group also holds a controlling ownership interest in Arena Hospitality Group, whose shares are listed on the Prime market of the Zagreb Stock Exchange.

Company websites:

www.pphe.com | www.arenahospitalitygroup.com

For reservations:

www.parkplaza.com | www.artotel.com | www.arenahotels.com | www.arenacampsites.com