

PPHE Hotel Group Limited

(“PPHE” or “the Group”)

Trading Update

Strong start to FY22, underpinned by encouraging growth in leisure demand

PPHE Hotel Group, the international hospitality real estate group which develops, owns and operates hotels and resorts, is pleased to announce a trading update for the three months to 31 March 2022.

Boris Ivesha, President & Chief Executive Officer, PPHE Hotel Group said:

“Following the easing of the remaining restrictions across the Group’s operating markets during the quarter, PPHE delivered a positive trading performance, particularly driven by the Group’s UK portfolio. Across a range of operational metrics we are seeing very good progress and, in some cases, improvements on pre-pandemic and pre-Omicron comparatives.

“Excellent strategic progress has been achieved on key repositioning projects, some of which are now entering their final stages. These will bring new, premium assets into the Group’s portfolio strengthening its foundations for long-term success.

“Whilst macroeconomic challenges undoubtedly remain, the industry is regaining momentum and consequently we remain confident in the outlook, supported by our differentiated buy, build and operate business model and attractive portfolio of properties.”

Summary

- The Group saw a very swift return in bookings following the lifting of outstanding restrictions in the majority of its operating markets, echoing previous consumer behaviour.
- This momentum continued through the quarter, driven by strong demand for leisure stays, particularly in the UK.
- The Group maintained its disciplined rates-led strategy, with room rates across all markets returning to at least 2019 levels, led by its London properties. In the UK, during Q1, room rates settled at higher levels than seen pre-COVID, with the average room rate across the Group 7.5% ahead of the March 2019 comparative.
- Occupancy levels steadily increased in line with the easing of restrictions and the return of international travel.
- Continued strategic progress achieved during the quarter, including entering the final development stage at art’otel London Battersea Power Station, which will be operated by the Group’s hospitality management platform on completion, and the repositioning of Grand Hotel Brioni in Pula (Croatia) which will launch in May.

Key financial statistics for the three months ended 31 March 2022 (unaudited)

		Reported		
	Three months ended 31 March 2022	Three months ended 31 March 2021	Three months ended 31 March 2019	% change 2022 vs 2019
Total revenue	£32.0 million	£5.3 million	£62.5 million	(48.7)%
Total room revenue	£22.5 million	£2.6 million	£43.5 million	(48.2)%
Occupancy	34.2%	7.1%	76.4%	(4,220) bps
Average room rate	£124.1	£72.9	£115.5	7.5%
RevPAR	£42.5	£5.2	£88.2	(51.8)%

Trading performance

Trading during the first quarter was in line with the Board's expectations. Total reported revenue increased to £32.0m (2021: £5.3 million, 2019: £62.5million), as demand for international travel and for the Group's quality hotels grew.

The year started slowly due to lockdowns, government-imposed restrictions and continued work-from-home guidance across all operating regions. However, trading conditions in the UK started improving from the second half of January, with the Netherlands and Germany lifting measures during February and March.

Total reported room revenue increased to £22.5 million (2021: £2.6 million), driven by positive momentum for leisure bookings and holidays. RevPAR increased to £42.5 (2021: £5.2; 2019: £88.2), supported by the Group's approach to grow rates over occupancy. In March, when all markets were largely unrestricted, revenue was at approximately 70% of March 2019 revenue levels, driven by a combination of strong average room rates in the UK and continuing occupancy improvements.

The labour market remains highly pressured and during the quarter continued to present challenges across the UK hospitality sector. While the Group is not immune to these challenges, the impact has so far been managed well through mitigating actions, including the in-sourcing of housekeeping and leveraging of the Group's position as an employer of choice.

Strategic progress

Irrespective of COVID-19 and the macro backdrop, PPHE has remained resolutely focused on delivering its longer-term strategy, executing on its real estate pipeline of projects and building out its hospitality management platform for third party hotel owners.

The two-year c.£30 million redevelopment of the Group's flagship hotel in Pula, Croatia, Grand Hotel Brioni, is now complete and scheduled to open in May, ahead of the summer season. The construction of art'otel London Hoxton has continued to progress with the hotel's 'topping out' set to complete in H2 2022, with an opening expected in H1 2024.

Following the strategic expansion into Italy with the acquisition of a 101-room hotel in the centre of Rome, the Group expects to commence the repositioning of the property in H2 2022, transforming it into an upper upscale lifestyle art'otel. The art'otel brand resonates well with guests and with its higher average room rate, continues to be a driver of growth across the portfolio.

Outlook

The momentum achieved by the Group during Q1 has continued into Q2, with each month delivering an increase in occupancy and most notably increases in average room rates. This is in spite of the industry-wide pressures, and has led the Group to outperform the market on a relative basis on many occasions.

The strength of average room rates lays a strong foundation for the remainder of the year as occupancy rebuilds, and reflects the Group's focus on high quality, prime located properties.

The Board is confident that PPHE is well-positioned to benefit from the ongoing recovery now that all markets have re-opened.

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Notes to Editors

PPHE Hotel Group is an international hospitality real estate company, with a £1.8 billion portfolio, valued as at December 2021 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