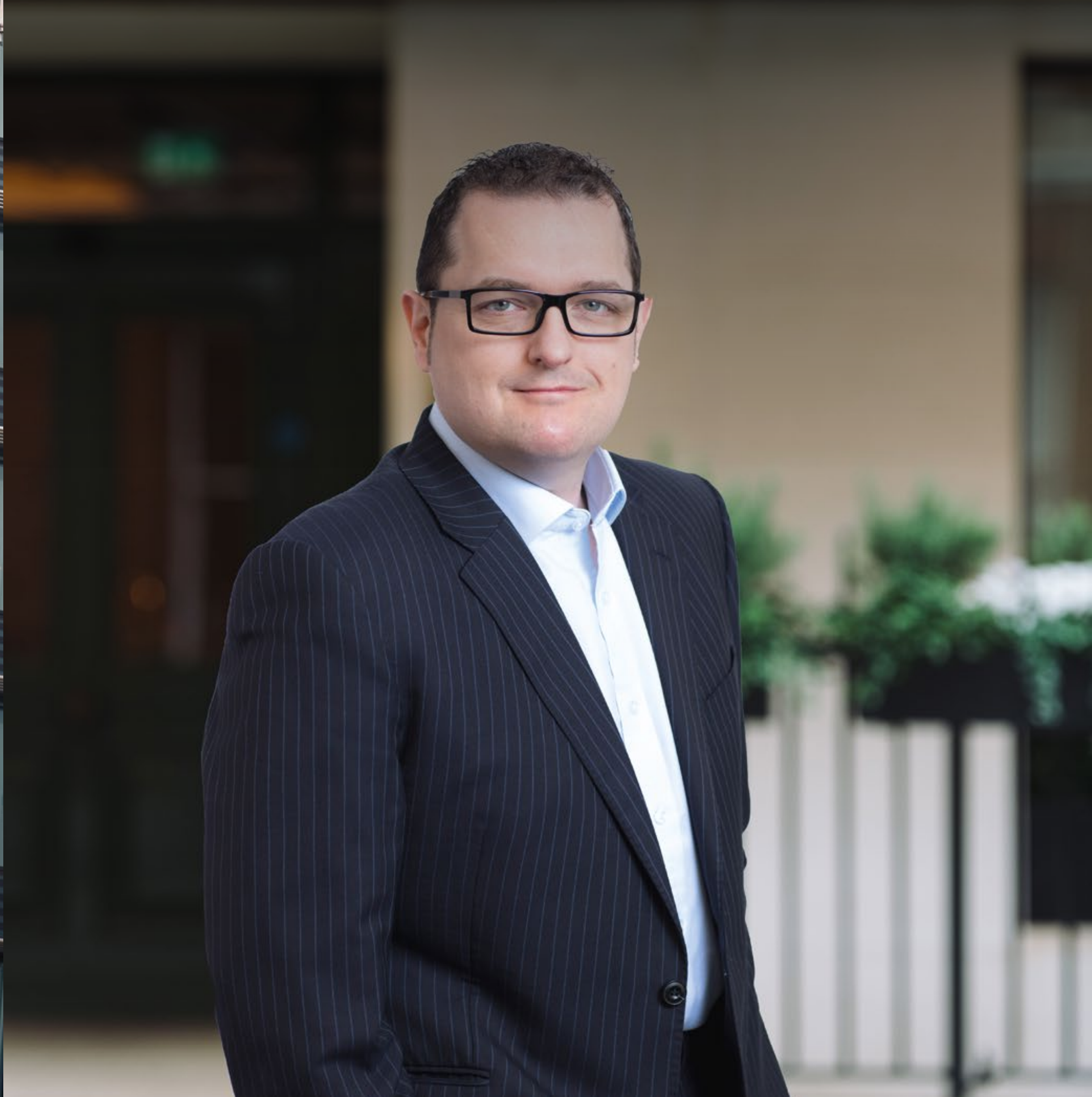
**GREG HEGARTY**
DEPUTY CHIEF EXECUTIVE OFFICER &
CHIEF OPERATING OFFICER

# IMPROVING OPERATIONAL PERFORMANCE



## Driving operational performance

2019 has been a year of significant operational improvement for the Group, which is evident by our outperformance of industry benchmarks in key markets and our financial results. To power continued improvement, the Group's executive leadership team recently initiated a strategic review of all our people, assets and locations to ensure that the recently invested portfolio has the necessary support to deliver consistent, high level guest experiences and commercial success.

Following the reorganisation within every region of the business we have highly capable, analytical, commercial managers, who, following the implementation of the review recommendations, have increased responsibility for their respective properties. They lead our best in class colleagues to deliver exceptional guest experiences, which are vital in enabling us to realise the full value of our assets and achieve ongoing success.

We were delighted that this operational excellence was recognised in the second half of the year when Park Plaza in the UK was awarded the prestigious 'AA Large Hotel Group of the Year Award 2019-2020'. We were recognised for our committed and strategic approach to people development, as well as our proven track record of delivering the very best levels of service, food and accommodation across all properties. This recognition highlights the importance that we place on developing our strong Company culture and inclusive, fun working environment.

### United Kingdom

In the UK, led by Regional Vice President Operations, UK, Daniel Pedreschi, who has been with the Group since 2009, we achieved strong performance benefiting from the recent repositioning projects. RevPAR increased by 7.4%, driven by a 5.0% increase in average room rate and a 200 bps increase in occupancy. All hotels are fully operational following an extensive multi-year investment programme in the country. We are supporting these sites through continued investment in our employees, and during the year we acquired and refurbished a property in Chiswick Park for staff accommodation, for an investment of £2.9 million. This initiative, which we believe is key to maintaining our position as an employer of choice and to maintain staff levels, follows the move last year of bringing our housekeeping function under direct employment of the Group.

We believe that this staff accommodation, will give us a competitive advantage and help us to secure the best employees. The UK's withdrawal from the EU remains a consideration within our UK operations, and we continue to assess all risks and mitigation including across commerciality, operations, procurement and finance to ensure that we are well prepared for any eventual outcome.

### The Netherlands

Our Dutch market is led by Regional Vice President Operations, the Netherlands, Michelle Wells, who has been with the Group for 12 years and was appointed to the role in 2019. In local currency, we delivered 3.7% growth in RevPAR, reflecting a 3.0% increase in average room rate and a 60 bps increase in occupancy. The performance was supported by the completed repositioning of our Park Plaza Vondelpark, Amsterdam property, which has been favourably received by guests. Park Plaza Victoria Amsterdam also performed well in its first full year of operation since its repositioning programme, which was completed in 2018. We look forward to driving the performance of these properties in the coming years and delivering on their return targets.

### Croatia

Under the guidance of President of the Management Board, Reuel Slonim, operations across the Group's majority owned subsidiary Arena Hospitality Group are developing well. Of particular note is the launch of phase one of Arena Kažela Campsite in July 2019 and the solid performance of Arena One 99 in its first full year of operation.

Reported revenue in the region increased 3.1%, and EBITDAR remained stable at HRK 164.4 million (2018: HRK 165.0 million), with profitability generated by new investments offset by a more pronounced increase in cost of labour, travel agent commissions, waste management and property taxes.

We were delighted that our teams' commitment and hard work was recognised by awards. Arena Kažela Campsite was awarded 'Croatia's Best Campsite 2020' by the Croatian Camping Union and Arena One 99 won two accolades from the Croatian Tourist Awards programme for Best Glamping and Best Campsite.

### Germany & Hungary

The German market continues to perform solidly. Our hotels, under the leadership of Regional General Manager, Germany & Hungary, Arnoud Duin, who has been with the Group for more than a decade, performed well during the year. In local currency, like-for-like RevPAR was up 4.8%, due to a 4.9% increase in average room rate and stable occupancy.

**GREG HEGARTY**
DEPUTY CHIEF EXECUTIVE OFFICER & CHIEF OPERATING OFFICER

## MARKET OVERVIEW

### United Kingdom

| Value of UK property market | Total revenue |
|---|---|
| £969m | £207.4m |

### The Netherlands

| Value of Dutch property market | Total revenue |
|---|---|
| £297m | £53.8m |

### Germany

| Value of German property market* | Total revenue |
|---|---|
| £94m | £29.5m |

### Croatia

| Value of Croatian property market | Total revenue |
|---|---|
| £244m | £61.1m |

* Excludes the hotels under operating leases.

**Daniel Pedreschi**
Regional Vice President Operations, UK

# UNITED KINGDOM PERFORMANCE

## PROPERTY PORTFOLIO

The Group has a strong portfolio in the upper upscale segment of the London hotel market with 3,187 rooms in operation. Four of the Group's London hotels are centred around the popular South Bank, with further properties in the busy Victoria and fashionable Marylebone areas. There are also a total of three properties in the UK regional cities of Nottingham, Leeds and Cardiff. Hotels with an ownership interest include: Park Plaza London Riverbank, Plaza on the River London, Holmes Hotel London, Park Plaza Victoria London, Park Plaza Westminster Bridge London, Park Plaza London Waterloo, Park Plaza County Hall London[1], Park Plaza London Park Royal, Park Plaza Leeds, Park Plaza Nottingham. Park Plaza Cardiff[1] operates under a franchise agreement.

**Total value of UK property portfolio[2]**

# £969m

1 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.

## Operational performance

Hotel operations in the UK performed well during the year as the benefits from the upgraded room inventory at recently opened and repositioned properties in London continued to build in the period.

Total reported revenue increased by 6.3% to £207.4 million, primarily driven by the continued ramp up in trading of several hotels in London and the relaunch of Holmes Hotel London in the first half of the year following an extensive repositioning programme.

The performance at Park Plaza London Waterloo stablised in just three years from opening, quicker than anticipated for a new hotel development, and the total value created from development to the sale and finance leaseback was £120 million. Park Plaza London Riverbank also performed strongly following completion of a major £54 million repositioning project and extension, which increased the room inventory of this hotel by 40%. The Group's strong presence on London's South Bank gives it the ability to accommodate large meetings and events, driving premium rates.

Park Plaza Westminster Bridge London and Park Plaza London Waterloo outperformed their competitive set in all key operational metrics: occupancy, average daily rate and RevPAR. Outside of London, Park Plaza Nottingham also outperformed its competitive set in all key operational metrics.

Reported room revenue increased by 8.9% to £152.7 million.

Reported RevPAR was £133.7, up 7.4%, driven by a 200 bps increase in occupancy to 87.7%. Average room rate increased by 5.0% to £152.4.

Reported EBITDAR grew by 6.4% to £71.0 million and Reported EBITDA increased by 8.8% to £70.7 million, reflecting the improving performance as the new room inventory matures. On a like-for-like[3] basis, EBITDAR increased by 6.0% to £70.8 million and EBITDA was up 6.4% to £69.2 million.

## Asset management projects

### 2019 investment projects

The investment programmes for our London hotels continued during the year, ensuring that these properties are well-positioned within the market.

The extensive repositioning of Holmes Hotel London (formerly known as Park Plaza Sherlock Holmes) was completed in May on time and budget, following a £9 million investment, to maximise the property's hospitality real estate potential and provide guests with a premium boutique offer which better reflects the local area. All 118 rooms were refurbished, as were the public areas. This included the relocation of the property's main entrance from Baker Street to the more aspirational Chiltern Street and the launch of a new restaurant, 'Kitchen at Holmes'. Since opening, the property's reimagined design and layout and 5-star service level have been very positively received by guests, reflected in an average guest rating score of 92.1% across independent review websites.

The final phase of Holmes Hotel London's repositioning is expected to be completed in 2020 and will see the hotel's meetings and events space reconfigured to a new subterranean self-contained space, bringing together meeting rooms, breakout spaces and a private kitchen.

At Park Plaza Victoria London, renovation work to upgrade the public spaces, such as the reception area and bar, were completed in the first quarter of 2019.

## HOTEL OPERATIONS

| | Reported in GBP (£) | | Like-for-like in GBP (£)[3] | |
|---|---|---|---|---|
| | **Year ended 31 Dec 2019** | Year ended 31 Dec 2018 | **Year ended 31 Dec 2019** | Year ended 31 Dec 2018 |
| Total revenue | **£207.4 million** | £195.1 million | **£207.4 million** | £195.1 million |
| EBITDAR | **£71.0 million** | £66.8 million | **£70.8 million** | £66.8 million |
| EBITDA | **£70.7 million** | £65.0 million | **£69.2 million** | £65.0 million |
| Occupancy | **87.7%** | 85.7% | **87.7%** | 85.7% |
| Average room rate | **£152.4** | £145.1 | **£152.4** | £145.1 |
| RevPAR | **£133.7** | £124.4 | **£133.7** | £124.4 |
| Room revenue | **£152.7 million** | £140.2 million | **£152.7 million** | £140.2 million |

2 Independent valuation by Savills in 2019, excluding the development sites in Hoxton, London and nearby Waterloo Station.
3 The like-for-like figures for 31 December 2019 are adjusted to remove the effect of IFRS 16.

In addition, a property in Chiswick Park, London was acquired and refurbished in 2019 with the purpose of providing accommodation for team members from 2020. The total investment was £2.9 million.

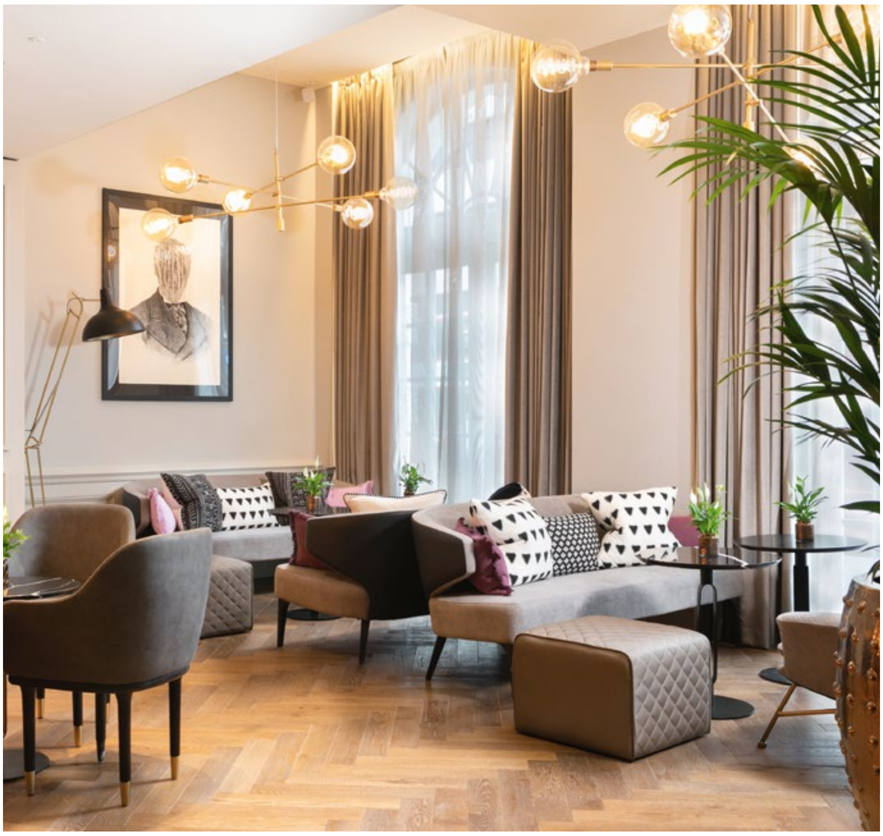
## Development pipeline

The development pipeline in the UK will bring two art'otels to London in the next three years.

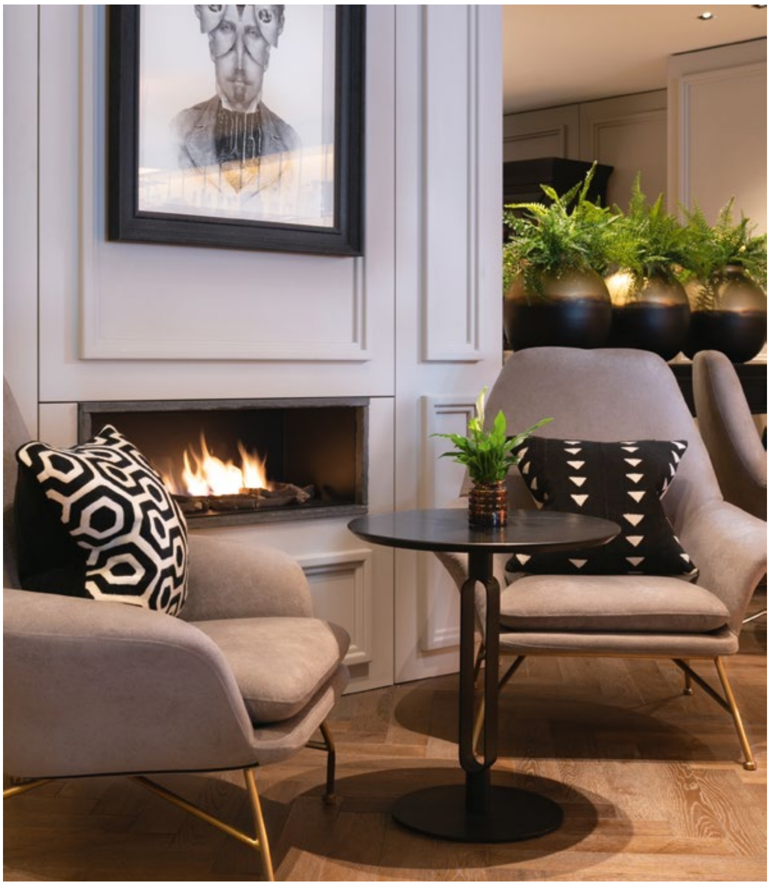
In Hoxton London, site works are progressing to develop the Group's fully owned art'otel london hoxton. Improved planning consent has been granted for a property of 27 floors, comprising 343 hotel rooms which includes 60 long-stay apartments and suites, and five floors of office space, as well as restaurants, gym facilities and meetings and events space. The development will house a fully accessible art gallery and luxury VIP cinema (available for corporate events and private hire), which will bring the arts to the local community. Partnership discussions with several artists are underway. Development of the property is expected to complete in 2023.

Development of art'otel london battersea power station by the Battersea Power Station Development Company continues as planned and is expected to complete in 2022. The hotel will be managed by the Group under a long-term management contract.

Holmes Hotel London



Holmes Hotel London



In December 2019, the Group acquired a freehold site in London, close to Park Plaza London Waterloo. The intention is to develop the site into a hotel, subject to satisfactory planning being obtained.

## The United Kingdom hotel market*

In 2019, the London hotel market remained strong, driven by higher rates and an increase in demand, despite a 2.1% increase in supply.

RevPAR in the London market increased by 3.7% to £129.14, driven by a 3.6% growth in average daily rate and occupancy remained flat at 83.5%.

The Leeds market growth in the period, with RevPAR up 3.9% to £55.46, was supported by a 2.1% increase in occupancy at 79.4% and a 1.8% increase in average daily room rate to £69.82. In Nottingham, RevPAR was broadly flat at £47.74, reflecting a 1.3% increase in average daily rate to £62.93 and a 1.4% decline in occupancy to 75.9%.

* STR Global, December 2019


# THE NETHERLANDS PERFORMANCE

## PROPERTY PORTFOLIO

The Group has ownership interests in three hotels in the city centre of Amsterdam and a fourth property located near Amsterdam Airport Schiphol. The portfolio also extends to include two owned hotels in Utrecht and Eindhoven.

**Total value of Dutch property portfolio[1]**

£297m

## Operational performance

In Euros, total revenue increased by 9.8% to €61.4 million. The main contributor to this performance was the continued ramp up in trading of Park Plaza Victoria Amsterdam following the property's extensive £20 million repositioning, which was completed in 2018. This hotel delivered RevPAR ahead of its competitive set in 2019. This improved performance was offset by the repositioning projects undertaken at Park Plaza Vondelpark, Amsterdam and Park Plaza Utrecht, which reduced the room inventory in the first half of the year. Returns on these repositioning projects started to become evident in the second half of the year when both properties were launched. Outside of Amsterdam, RevPAR at Park Plaza Utrecht outperformed its competitive set, driven by average daily rate outperformance.

RevPAR (in Euros) increased by 3.7% to €122.9, achieved through a 3.0% increase in average room rate to €142.6, and a 60 bps increase in occupancy to 86.2%. Room revenue increased by 9.2% to €46.0 million. In Sterling, RevPAR increased by 2.5% to £107.6, with average room rates up 1.8% to £124.8.

Reported EBITDAR and EBITDA increased to €17.2 million, up 6.9% and €17.1 million, up 7.7% respectively. In sterling, EBITDAR increased by 5.7% to £15 million and EBITDA was up 6.5% to £15 million.

## Asset management projects

### 2019 investment projects

Two repositioning projects in the region were completed in the year and the properties were fully operational as of end of October.

The first of these projects was Park Plaza Vondelpark, Amsterdam, which closed completely in July 2018 and underwent a major investment project to reposition the property as a boutique, lifestyle hotel with a new premium look and feel to drive operational performance and the freehold property value.
The repositioning saw all 102 hotel rooms and public areas reconfigured and enhanced. The main entrance to the hotel was relocated from a busy road to the other side of the building so guests now access the property adjacent to Vondelpark itself. The Group's Venetian-inspired destination restaurant, TOZI, was launched, servicing hotel guests and also attracting visitors

## HOTEL OPERATIONS

| | Reported in GBP[2] (£) | | Reported in local currency Euro (€) | |
|---|---|---|---|---|
| | **Year ended 31 Dec 2019** | Year ended 31 Dec 2018 | **Year ended 31 Dec 2019** | Year ended 31 Dec 2018 |
| Total revenue | **£53.8 million** | £49.6 million | **€61.4 million** | €56.0 million |
| EBITDAR | **£15.0 million** | £14.2 million | **€17.2 million** | €16.1 million |
| EBITDA | **£15.0 million** | £14.1 million | **€17.1 million** | €15.9 million |
| Occupancy | **86.2%** | 85.7% | **86.2%** | 85.7% |
| Average room rate | **£124.8** | £122.6 | **€142.6** | €138.4 |
| RevPAR | **£107.6** | £105.0 | **€122.9** | €118.6 |
| Room revenue | **£40.3 million** | £37.3 million | **€46.0 million** | **€42.1 million** |

| | Like-for-like GBP[3] | | Like-for-like Euro (€)[3] | |
|---|---|---|---|---|
| | **Year ended 31 Dec 2019** | Year ended 31 Dec 2018 | **Year ended 31 Dec 2019** | Year ended 31 Dec 2018 |
| Total revenue | **£51.9 million** | £48.8 million | **€59.2 million** | €55.1 million |
| EBITDAR | **£14.9 million** | £14.2 million | **€17.0 million** | €16.0 million |
| EBITDA | **£14.8 million** | £14.1 million | **€16.9 million** | €15.9 million |
| Occupancy | **86.9%** | 86.0% | **86.9%** | 86.0% |
| Average room rate | **£124.4** | £123.2 | **€142.1** | €139.1 |
| RevPAR | **£108.1** | £106.0 | **€123.5** | €119.7 |
| Room revenue | **£38.7 million** | £36.7 million | **€44.2 million** | €41.4 million |

1 Independent valuation by Savills in 2019.
2 Average exchange rate from Euro to Pound Sterling for the year to December 2019 was 1.14 and for the year to December 2018 was 1.13, representing a 1.2% increase.
3 The like-for-like figures for December 2019 are adjusted to remove the effect of IFRS 16. Furthermore, the like-for-like figures for December 2019 exclude the operation of Park Plaza Vondelpark, Amsterdam from August to December (the property was temporarily closed for renovations during this period in 2018). The like-for-like figures for December 2018 exclude the first three months of operation for Park Plaza Vondelpark, Amsterdam (the property was temporarily closed for renovations during this period in 2019).

to the area as well as those from the local community. The soft opening of the hotel took place in April 2019, and the hotel was relaunched in October alongside the opening of TOZI. Guest feedback has been extremely positive, scoring 8.9 on booking.com. Total investment in repositioning the property was £8 million.

The second property, Park Plaza Utrecht, is in the heart of the business district of Utrecht, the Netherlands's fourth largest city. The hotel was fully reopened to guests in October 2019 following the completion of a £6 million repositioning programme, which commenced in 2018. The majority of rooms were renovated, and new bathrooms installed. In addition, the public facilities were upgraded to include a new restaurant and bar, and a fitness centre, and the conferencing space was modernised to offer ten new meeting rooms and a large private event space for up to 75 guests, all with state of the art facilities.

## The Netherlands hotel market*

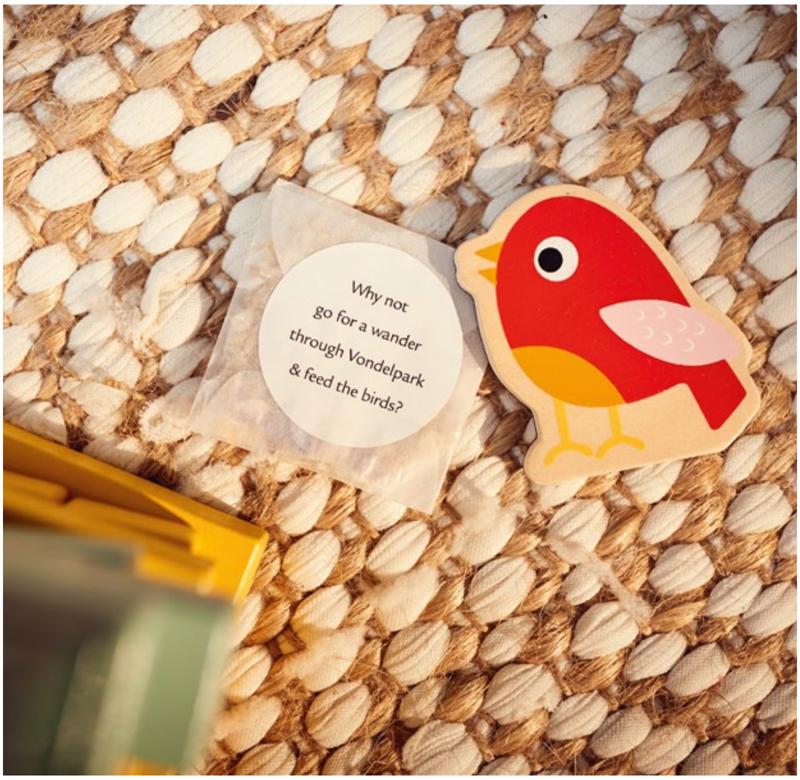
In contrast to the strong performance for the Group, the wider Dutch hotel market was more challenging in 2019 than in the prior year. In Amsterdam, RevPAR declined by 1.3% to €121.21, mainly due to a 1.6% reduction in average room rate to €148.57, whilst occupancy declined by 0.3% to 81.6%.

Likewise, hotels in Utrecht reported a 1.4% decline in RevPAR to €81.08, as a result of a 2.7% decline in occupancy to 74.6% and a 1.4% increase in average room rate to €108.67.

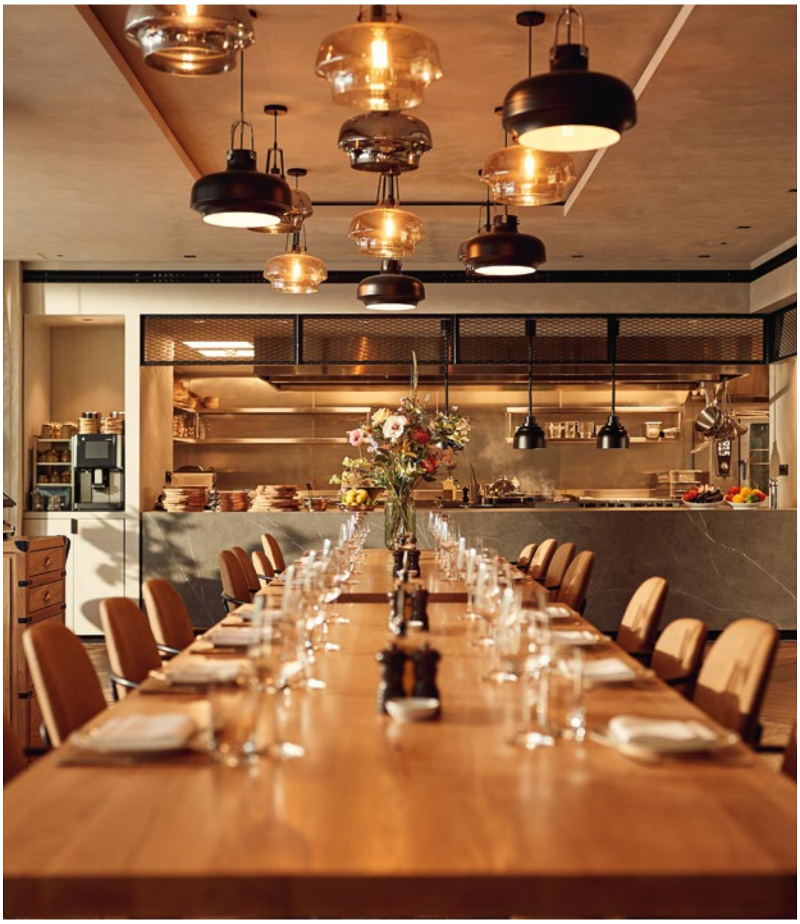
The Eindhoven hotel market saw RevPAR grow by 1.1% to €52.71, reflecting a 1.5% increase in average room rate to €82.34 and a marginal decline in occupancy of 0.4% to 64.0%.

* STR Global, December 2019

Park Plaza Vondelpark, Amsterdam




TOZI at Park Plaza Vondelpark, Amsterdam



**Reuel (Reli) Slonim**
President of Management Board, Arena Hospitality Group

# CROATIA PERFORMANCE

## PROPERTY PORTFOLIO

The Group's subsidiary, Arena Hospitality Group (Arena), owns and operates a Croatian portfolio of seven hotels, six resorts and eight campsites, all of which are located in Istria, Croatia's most prominent tourist region. Four of Arena's properties in Croatia are Park Plaza branded, one property is marketed under the TUI BLUE brand (part of the TUI Group) as well as Arena Hotels & Apartments and Arena Campsites brands for the remaining Arena properties.

Total value of Croatian property portfolio[1]

£244m

## Operational performance

The Group's operations in Croatia delivered year-on-year revenue growth even though the region experienced greater competition from countries such as Greece and Turkey, as well as Egypt, which returned to the Mediterranean market in the period.

The Group's operations are highly seasonal, with almost two thirds of revenue generated in the third quarter of the year. Most properties start to trade from Easter, with activity intensifying and reaching a peak in July and August, before closing from mid-October, ahead of the winter. The first half of the year was marked by lower activity, particularly in the first few months of trading due to extremely rainy and cold weather in the spring.

Reported total revenue increased by 1.9% to £61.1 million. In Croatian Kuna (HRK), reported revenue was up 3.1% to HRK 519.6 million. The most significant contributors to revenue growth were Arena One 99 Glamping and Arena Kažela Campsite.

Arena One 99, our campsite located in southern Istria, continued to ramp up in terms of trading in its second season of operation following the property's transformation to create a 4-star all-glamping resort. The site's premium proposition has been recognised through two accolades from the Croatian Tourist Awards programme for Best Glamping and Best Campsite.

Arena Kažela Campsite opened in July 2019 following completion of the first phase of its repositioning investment project. The performance during the season was encouraging and in line with expectations. The campsite recorded an increase in average daily rate of over 40% and saw revenues increase by more than 30%.

The superior quality of the campsite was recognised when it was announced winner of 'Croatia's Best Campsite 2020' by the Croatian Camping Union. The site was also awarded 4.5 out of 5 stars for 2019 from the ANWB campsite inspectors and it is already being well-received by guests. On Booking.com it has a rating of 9.0 out of 10.0 based on more than 500 reviews.

Elsewhere in the Croatian portfolio the revenue performance was stable, apart from the self-catering apartment resorts, where the number of available rooms was negatively impacted to provide accommodation for employees sourced from outside of the Istrian region.

RevPAR decreased by 0.7% to HRK 487.1, reflecting an average room rate of HRK 772.1 and a 70 bps decrease in occupancy to 63.1%.

## OPERATIONS

| | Reported in GBP[2] (£) | | Reported in local currency HRK | |
|---|---|---|---|---|
| | **Year ended 31 Dec 2019** | Year ended 31 Dec 2018 | **Year ended 31 Dec 2019** | Year ended 31 Dec 2018 |
| Total revenue | **£61.1 million** | £60.0 million | **HRK 519.6 million** | HRK 503.8 million |
| EBITDAR | **£19.4 million** | £19.7 million | **HRK 164.4 million** | HRK 165.0 million |
| EBITDA | **£18.2 million** | £18.6 million | **HRK 154.4 million** | HRK 155.3 million |
| Occupancy[3] | **63.1%** | 62.4% | **63.1%** | 62.4% |
| Average room rate[3] | **£91.1** | £93.9 | **HRK 772.1** | HRK 785.8 |
| RevPAR[3] | **£57.5** | £58.6 | **HRK 487.1** | HRK 490.4 |
| Room revenue | **£33.5 million** | £34.1 million | **HRK 283.5 million** | HRK 285.1 million |

1 Independent valuation by Zagreb nekretnine Ltd in 2019.
2 Average exchange rate from Croatian Kuna to Pound Sterling for the year to December 2019 was 8.47 and for the year to December 2018 was 8.37, representing a 1.2% increase.
3 The average room rate, occupancy and RevPAR statistics include all accommodation units at hotels and self-catering apartment complexes and excludes campsite pitches and mobile homes.

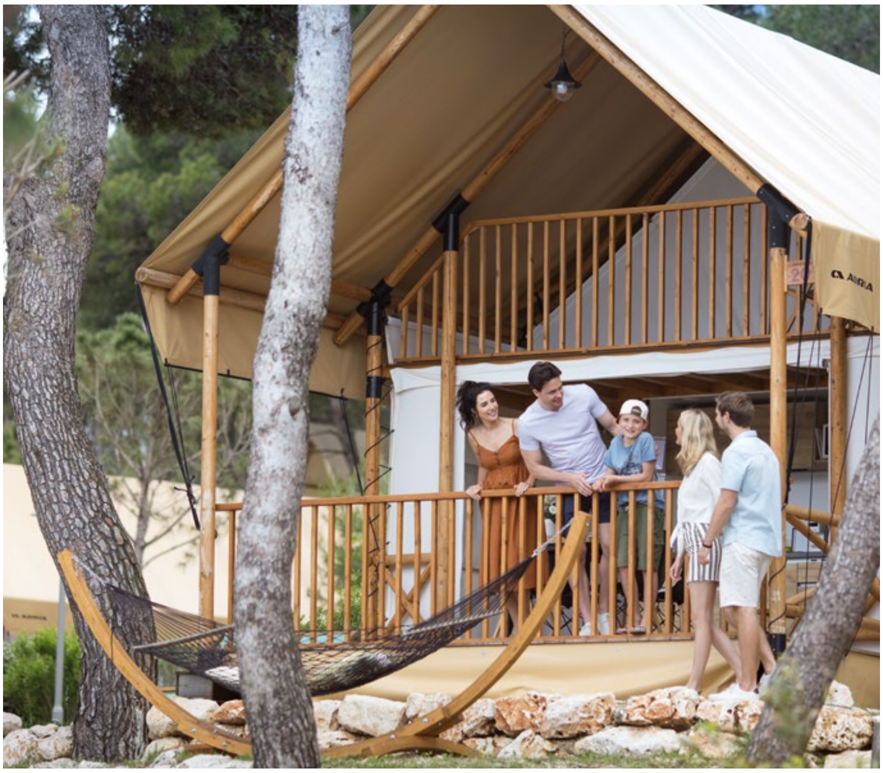
Reported EBITDA was broadly flat at HRK 154.4 million (2018: HRK 155.3 million), with growth in profitability generated by recent repositioning and investment programmes in campsites offset by increased operational costs, particularly related to labour market pressures.

## Asset management projects

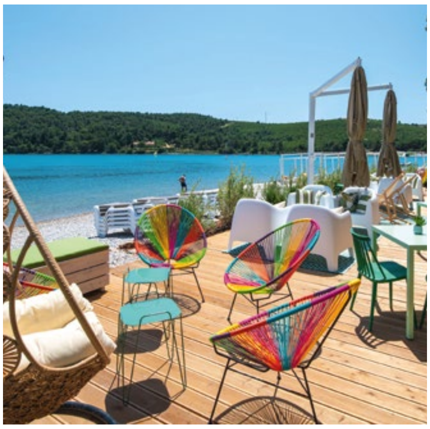
### 2019 investment projects

Arena Kažela Campsite, which is located on the southern part of Medulin, is the largest of the Group's campsites and its position on the coast of the Adriatic Sea make it the ideal location for a brand-new style of luxury camping homes. The first phase of Arena Kažela Campsite's multi-million pound investment programme was completed and launched in July 2019, upgrading the site with 164 new, fully equipped premium and family camping homes alongside more than 1,000 spacious pitches. With the aim of providing guests with exceptional facilities which deliver a luxurious experience, the site now also offers guests two new swimming pools, new modern pool bars, an Illy coffee shop and a re-developed reception area. Arena invested £19.0 million in phase one of the programme.

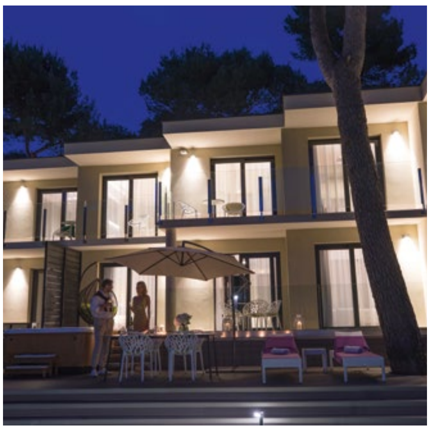
Arena One 99 Glamping



Arena One 99 Glamping



Park Plaza Arena Pula



### Acquisition

In April 2019, Arena agreed to acquire the 88 Rooms Hotel in Belgrade, Serbia, for €6 million, subject to certain conditions being fulfilled.

### 2020 repositioning projects

A further £6 million is being invested at Arena Kažela Campsite ahead of the 2020 summer season. Works began in autumn 2019 and will see further holiday homes replaced, and pitches repositioned to offer guests larger plots in prime seaside positions. In addition, all public areas, including restaurants & bar and the sports centre, will be refurbished and upgraded. When completed, Arena will have invested £25 million transforming the site into a modern 4-star camping resort which will be rebranded Arena Grand Kažela.

A major repositioning of Hotel Brioni is underway. The property, which is located 50 metres from the sea on the western coast of the Punta Verudela peninsula in Croatia, will be transformed into a branded luxury upscale property with 227 rooms. It will offer guests excellent facilities including three swimming pools (an indoor pool, an activity outdoor pool and an infinity outdoor pool), a wellness centre, a gym, kids' playground, a restaurant and bar and conferencing facilities. The total planned investment is approximately £27 million and the property is expected to open for the summer season 2021.

At Verudela Beach self-catering apartment resort, construction works commenced in October 2019 on a further £7 million programme to reposition the remaining 146 units at the resort. The project is expected to complete in time for the 2020 summer season. This programme follows the initial repositioning of ten accommodation units prior to the 2019 summer season. In total, Arena plans to invest £8 million in the resort.

**Arnoud Duin**
Regional General Manager, Germany & Hungary, Arena Hospitality Group

## GERMANY & HUNGARY PERFORMANCE

### PROPERTY PORTFOLIO

The Group's portfolio in the region includes four properties in Berlin and one hotel each in Cologne, Nuremberg and Trier in Germany and Budapest in Hungary. Hotels with an ownership interest include: Park Plaza Berlin Kudamm[1], Park Plaza Nuremberg, art'otel berlin mitte[1], art'otel berlin kudamm and art'otel cologne. Park Plaza Wallstreet Berlin Mitte and art'otel budapest operate under operating leases and Park Plaza Trier[1] operates under a franchise agreement.

Total value of German property portfolio[2]

£94m

### Operational performance

The region delivered like-for-like revenue and EBITDA growth, driven by an overall strong hotel market in Berlin, which supported growth in the average room rate. There was also a strong year-on-year performance from art'otel cologne, which benefited from a high level of trade fairs and events in the city, and from Park Plaza Nuremberg.

RevPAR at art'otel berlin mitte and Park Plaza Nuremberg outperformed their competitive sets. In Hungary, occupancy, average daily rate and RevPAR at art'otel budapest all outperformed the hotel's competitive set.

On a reported basis, total revenue (in Euros) decreased by 5.0% to €33.7 million and in Sterling reported total revenue decreased by 6.1% to £29.5 million.

Reported EBITDAR was at £9.1 million and like-for-like[4] EBITDAR (in Euros) increased by 6.6% to €10.4 million. Reported EBITDA improved by 66.0% to £8.7 million (2018: £5.2 million), mainly due to reduced rental expenses as a result of IFRS 16 implementation.

### Asset management projects

In Hungary, the lease for art'otel budapest was renewed for a further 20 years, effective from 1 January 2019. The Group plans to renovate the public areas, meeting rooms and spa at the hotel and is currently in the design phase for this project, which is expected to start towards the end of 2020 or early 2021.

The Group continues to review further projects and initiatives to drive performance in the region and create further shareholder value.

## HOTEL OPERATIONS

| | Reported in GBP[3] (£) | | Reported in local currency Euro (€) | |
|---|---|---|---|---|
| | **Year ended 31 Dec 2019** | Year ended 31 Dec 2018 | **Year ended 31 Dec 2019** | Year ended 31 Dec 2018 |
| Total revenue | **£29.5 million** | £31.4 million | **€33.7 million** | €35.5 million |
| EBITDAR | **£9.1 million** | £9.0 million | **€10.4 million** | €10.2 million |
| EBITDA | **£8.7 million** | £5.2 million | **€9.9 million** | €5.9 million |
| Occupancy | **80.7%** | 80.7% | **80.7%** | 80.7% |
| Average room rate | **£93.6** | £86.9 | **€106.9** | €98.1 |
| RevPAR | **£75.5** | £70.1 | **€86.2** | €79.2 |
| Room revenue | **£24.2 million** | £25.1 million | **€27.7 million** | €28.3 million |

| | Like-for-like[4] in GBP (£) | | Like-for-like[4] in local currency Euro (€) | |
|---|---|---|---|---|
| | **Year ended 31 Dec 2019** | Year ended 31 Dec 2018 | **Year ended 31 Dec 2019** | Year ended 31 Dec 2018 |
| Total revenue | **£29.5 million** | £29.1 million | **€33.7 million** | €32.8 million |
| EBITDAR | **£9.1 million** | £8.7 million | **€10.4 million** | €9.8 million |
| EBITDA | **£6.0 million** | £5.7 million | **€6.8 million** | €6.4 million |
| Occupancy | **80.7%** | 80.8% | **80.7%** | 80.8% |
| Average room rate | **£93.6** | £90.3 | **€106.9** | €101.9 |
| RevPAR | **£75.5** | £72.9 | **€86.2** | €82.3 |
| Room revenue | **£24.2 million** | £23.4 million | **€27.7 million** | €26.4 million |

1 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.
2 Independent valuation by Savills in 2019.
3 Average exchange rate from Euro to Pound Sterling for the year to December 2019 was 1.14 and for the year to December 2018 was 1.13, representing a 1.2% increase.
4 The like-for-like figures for December 2019 are adjusted to remove the effect of IFRS 16. The like-for-like figures for December 2018 exclude the operation of art'otel dresden (the lease of which was terminated on 31 July 2018).

## The German and Hungarian hotel market*

The hotels in Berlin saw RevPAR increase by 1.4% to €78.88, driven by a 1.5% improvement in occupancy to 79.2% and broadly flat average room rate at €99.53.

In Cologne, 2019 was a strong year for fairs and events in the city and the hotel market reported an increase in RevPAR of 8.5% to €88.58, reflecting an 7.0% increase in average room rate to €118.49 and a 1.4% increase in occupancy to 74.8%.

Hotels in Nuremberg experienced a 4.4% decline in RevPAR to €74.37, with pressure on average room rate resulting in a 3.5% decline in the period and occupancy was down 0.9%.

In Budapest, hotels experienced a good RevPAR growth of 6.3% to €71.53, due to a 7.2% increase in average room rate. Occupancy was down 0.8%.

* STR Global, December 2019

Park Plaza Nuremberg

Park Plaza Nuremberg

# MANAGEMENT AND CENTRAL SERVICES PERFORMANCE

## Our performance

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

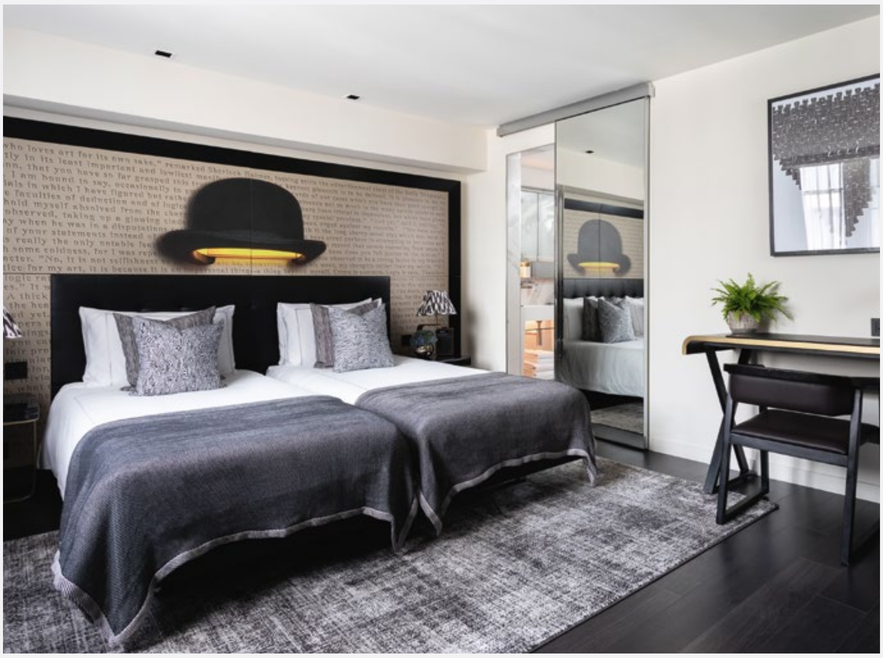
These are predominantly charged within the Group and therefore eliminated upon consolidation. The segment shows a positive EBITDA as management fees that are charged, both internally and externally, exceed the costs in this segment.

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

| | Reported in GBP (£) | | Like-for-like[1] in GBP (£) | |
|---|---|---|---|---|
| | **Year ended 31 Dec 2019** | Year ended 31 Dec 2018 | **Year ended 31 Dec 2019** | Year ended 31 Dec 2018 |
| Total revenue before elimination | **£44.3 million** | £42.0 million | **£44.3 million** | £42.0 million |
| Revenues within the consolidated Group | **£(38.4) million** | £(36.8) million | **£(38.4) million** | £(36.8) million |
| External and reported revenue | **£5.9 million** | £5.2 million | **£5.9 million** | £5.2 million |
| EBITDA | **£10.3 million** | £10.3 million | **£9.3 million** | £10.3 million |

1 The like-for-like figures for December 2019 are adjusted to remove the effect of IFRS 16.

Holmes Hotel London



Park Plaza Vondelpark, Amsterdam