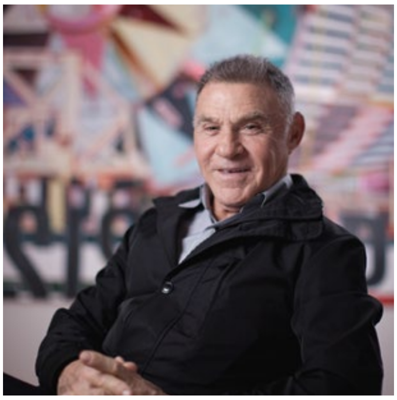
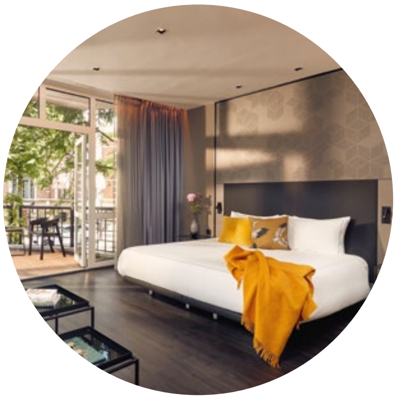




THE VALUE WE CREATE

INVESTMENT PROPOSITION

Asset value growth
We develop our own assets and have grown our EPRA NAV per share by 300% over the past decade. EPRA NAV per share at 31 December 2019 was £25.46

Operating earnings
Adjusted EPRA earnings per share for the 12 months to 31 December 2019 at 128 pence

Healthy leverage
Net bank debt leverage ratio of 29.4% as at 31 December 2019 and our growth since IPO has been funded without diluting shareholders

Progressive dividend policy
Dividend has grown with a 16.6% CAGR over the past five years (excluding special dividend of £1 per share in 2016). The total ordinary dividend for the year ended 31 December 2019 is 37 pence per share, representing a year-on-year growth of 5.7%

Attractive pipeline
Attractive development pipeline in Hoxton London, New York City, Belgrade and Zagreb

OUR PURPOSE

Creating valuable memories for our guests and value for our assets, people and local communities.

WHO WE ARE

We are an international hospitality group with a strong prime real estate portfolio consisting of 45 properties under operation in five countries, that transforms an asset's potential into value and profits.

WHAT WE DO

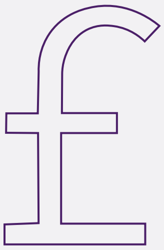
We have a clear strategy to drive growth and create long-term value while recognising and developing opportunities to help our assets reach their full potential. We delight our guests every day, through engaging service and quality products in inviting places.

HOW WE DO IT

By valuing our people, being led by an entrepreneurial Board and through investing in our portfolio, opportunities with upside potential and local communities.

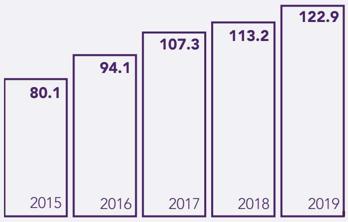
£357.7m

TOTAL REVENUE



£122.9m

EBITDA

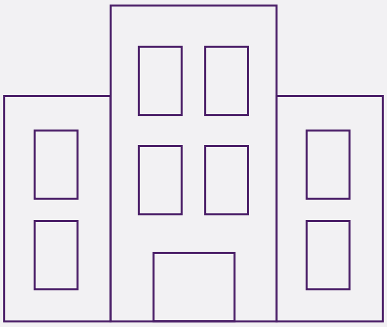


£40.7m

NORMALISED PROFIT BEFORE TAX

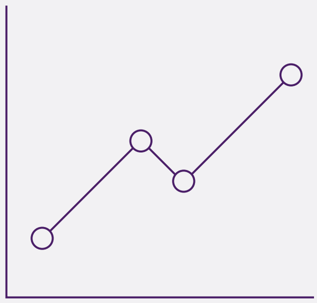
£1.7bn

PROPERTY



£25.46

EPRA NAV PER SHARE

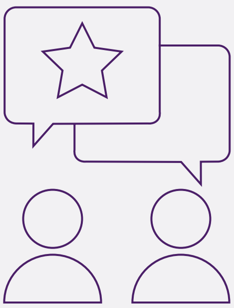


800+

PIPELINE ROOMS

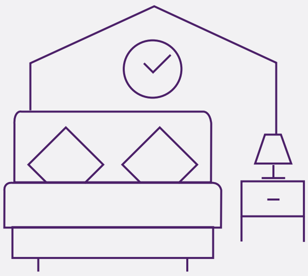
4,700+

TEAM MEMBERS



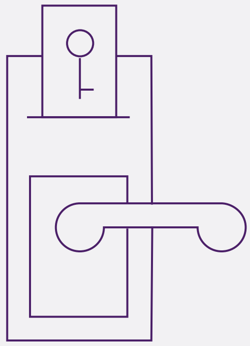
£128.5

AVERAGE ROOM RATE



£103.6

REVPAR



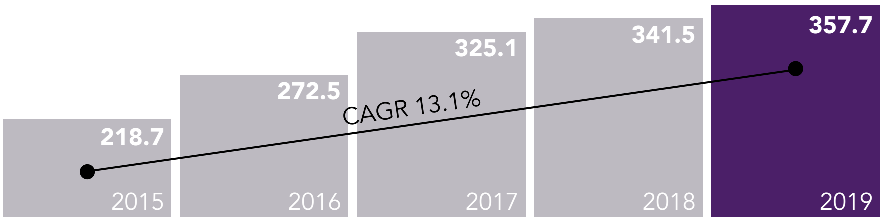
We create memorable guest experiences by owning, developing and operating hotels and resorts in dynamic, vibrant cities and leisure destinations. Our properties are managed by experienced teams living our values every day, creating unique experiences. We create stakeholder value at every step of the value chain as our properties provide attractive returns, strong cash flow generation and long-term capital appreciation.

FINANCIAL HIGHLIGHTS

TOTAL REVENUE

£m

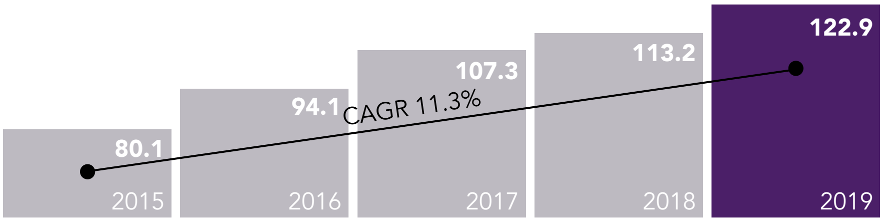
£357.7m



EBITDA

£m

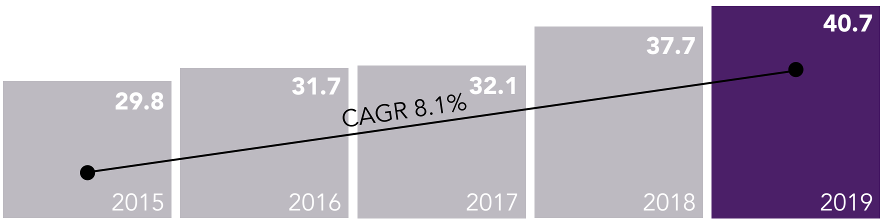
£122.9m



NORMALISED PROFIT BEFORE TAX

£m

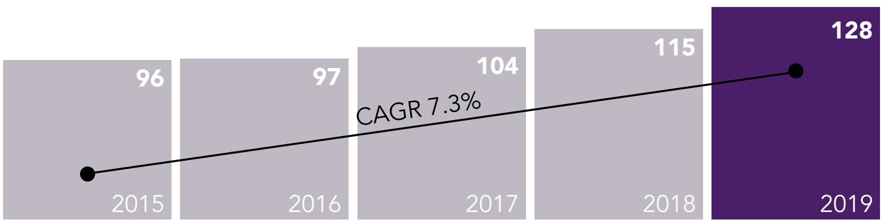
£40.7m



ADJUSTED EPRA EPS

Pence

128p

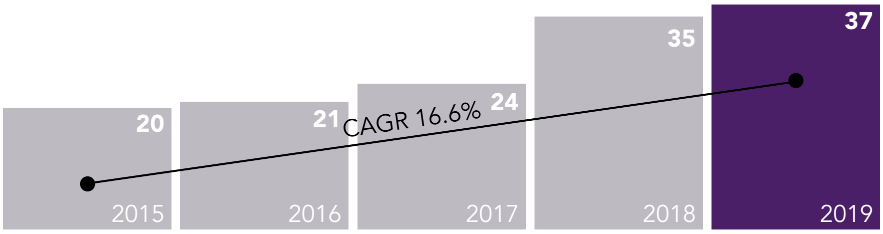


Read more – pages 48 and 49

DIVIDEND PER SHARE

Pence

37p

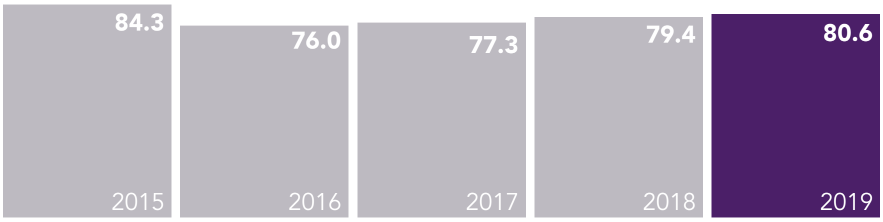


OPERATING HIGHLIGHTS

OCCUPANCY

%

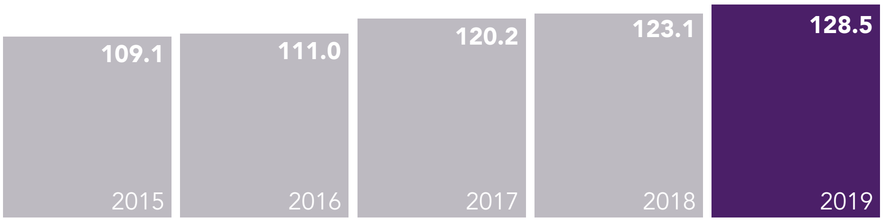
80.6%



AVERAGE ROOM RATE

£

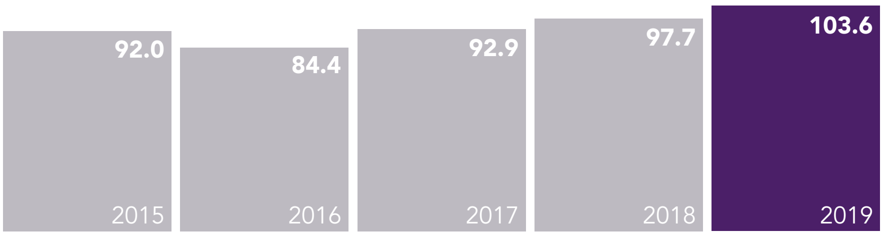
£128.5



REVPAR

£

£103.6



BUSINESS MODEL

At PPHE Hotel Group, we are focused on creating value for stakeholders through developing, owning and operating hospitality real estate with upside potential.

We own or co-own most of our portfolio and our proven business model is centred around delivering asset value appreciation, generating attractive operating returns and creating valuable memories for our guests. We are proud of our track record.

Our experienced senior leadership team identifies and acquires properties which we believe have significant upside potential. We then embark on transforming these assets through (re) developing, redesigning and continuously improving operating performance through our in-house management platform, and in doing so create significant value along every part of the value chain. Through refinancing our properties, we are able to release capital for new investments, enabling further sustainable growth.

Read more – page 18 and 19

PRIME LOCATIONS

Well-maintained, prime assets, with proximity to major demand generators within leading capital cities, urban markets and resort destinations.

Park Plaza Westminster Bridge London
Opposite Big Ben on the thriving South Bank
1,019 rooms

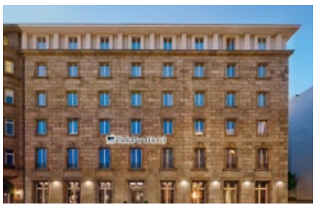
Park Plaza London Waterloo
Close proximity to Waterloo Station
494 rooms

Park Plaza London Riverbank
Between Waterloo Station and Nine Elms/ American Embassy
646 rooms

Holmes Hotel London
On Chiltern Street, close to Marylebone Village, Marylebone Station and Baker Street Station
118 rooms

Park Plaza Victoria Amsterdam
Opposite Amsterdam Central Station
298 rooms

art'otel amsterdam
Opposite Amsterdam Central Station
107 rooms



Park Plaza Nuremberg
Opposite Nuremberg's main railway station
177 rooms

art'otel cologne
Located in the attractive Rheinauhafen area
218 rooms

Park Plaza Amsterdam Airport
Close proximity to Amsterdam Schiphol Airport
342 rooms

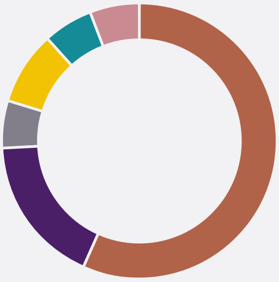
Park Plaza Belvedere Medulin
Iconic leisure and sports hotel
427 rooms

Park Plaza Histria Pula
Dramatic beachfront setting
369 rooms

Arena One 99
Croatia's first all-glamping offering
193 luxury tents

VALUE SPLIT BY GEOGRAPHY[1]

(Excludes managed, operated, leased, franchised and co-owned hotels)



£969m United Kingdom

£297m The Netherlands

£94m Germany and Hungary

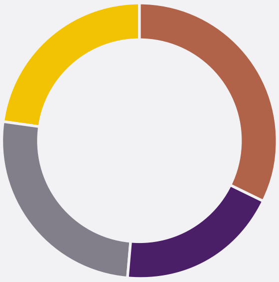
£145m Croatia hotels and resorts

£99m Croatia campsites

£99m Assets under development[2]

HOTELS AND RESORTS BY GEOGRAPHY

(Includes franchises, excludes campsites and pipeline)



10 hotels **3,681** rooms United Kingdom

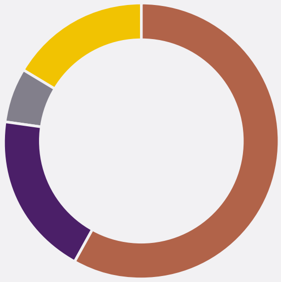
6 hotels **1,073** rooms The Netherlands

8 hotels **1,271** rooms Germany and Hungary

7 hotels **6** resorts **2,775** rooms Croatia

HOTELS AND RESORTS BY OWNERSHIP TYPE

(Includes franchises, excludes campsites and pipeline)



18 hotels **6** resorts **5,925** rooms Freehold

6 hotels **1,623** rooms Long leasehold

2 hotels **242** rooms Co-owned

5 hotels **1,010** rooms Managed, operated, leased or franchised

1 The fair values were determined on the basis of independent external valuations prepared in the summer of 2019.
2 Includes the development sites in Hoxton, London and nearby Waterloo Station.

Independent hospitality real estate owner and operator with brand flexibility and access to global brands and distribution network
Within the Group we have the ability and flexibility to select the right brand to complement our hospitality assets. We have an exclusive and perpetual licence with Radisson Hotel Group to operate the upper upscale Park Plaza® brand in Europe, the Middle East and Africa which complements our wholly-owned upper upscale lifestyle brand, art'otel® and Arena Hotels & Apartments® and Arena Campsites® brands which are operated by Arena Hospitality Group, our Croatian listed subsidiary.

Radisson Hotel Group
Radisson Hotel Group has seven distinctive hotel brands with more than 1,400 hotels in operation and development in destinations across the globe. Its portfolio of hotel brands includes: Radisson Collection™, Radisson Blu®, Radisson®, Radisson RED®, Park Plaza® and Park Inn® by Radisson®. Country Inn & Suites by Radisson. Radisson Hotel Group is part of Jin Jiang and together they form the world's second largest hotel group in terms of rooms.

Central reservation and distribution system

Powerful online and mobile platforms

Radisson Rewards™ programme with 24 million members

Global sales, marketing and buying power

Park Plaza
Park Plaza is an upscale and upper upscale contemporary hotel brand featuring individually designed hotels in vibrant city-centre locations and select resort destinations. The Park Plaza brand is renowned for creating memorable moments through inspiring service, stylish guestrooms and versatile meeting facilities, which are complemented by award-winning restaurants and bars. Our portfolio of vibrant city-centre hotels and tranquil beachside resorts in Croatia already presents a wide choice of locations and accommodation, and we are committed, with our partner Radisson Hotel Group, to bringing Park Plaza to even more locations.

art'otel
art'otel is a contemporary collection of upper upscale lifestyle hotels that fuse exceptional architectural style with art-inspired interiors. Located in cosmopolitan centres across Europe, each hotel displays a collection of original works designed or acquired specifically for each art'otel, with each property offering a unique art gallery. art'otel has created a niche for itself in the hotel world, differentiating it from traditional hotels.

Art and culture are ingrained in every aspect of the art'otel® brand. Knowledgeable and passionate team members share their enthusiasm while simultaneously delivering world-class service, creating a superior guest experience.

art'otel has three exciting new projects in the development pipeline. Two are in London, with one hotel set to open in Hoxton and one as part of the Battersea Power Station development, and a third in New York City, USA.

Arena Hospitality Group
Our subsidiary Arena Hospitality Group (Arena) is a leading dynamic hospitality group in Central and Eastern Europe.

Arena Hotels & Apartments
A collection of hotels and self-catering apartment complexes offering relaxed and comfortable accommodation within beachfront locations across the historical settings of Pula and Medulin in Istria, Croatia.

Arena Campsites
Situated close to the historical towns of Pula and Medulin, each campsite provides a relaxed environment from which guests can experience Istria's areas of natural beauty and enjoy outdoor activities from April to October. Each campsite provides a distinctive offering, from traditional camping to a luxury 'glamping' offer.

OPERATING ACROSS THE VALUE CHAIN

PPHE Hotel Group operates a highly differentiated business model to peers, who are increasingly focused on either the property or operational aspects of the hotel value chain. With in-house expertise across the value chain, PPHE is able to control all aspects of its guest offering, whilst retaining all of the economic upside. By contrast those offering either an asset light or asset heavy model relinquish some control of the guest experience as well as pay away fees to third parties.

0%

	Site acquisition	Development/ repositioning	Hotel ownership	Hotel operation	
pphe HOTEL GROUP TOTAL VALUE CHAIN	✓	✓	✓	✓	
BUSINESS MODEL BENEFITS	Secure best locations and control over all aspects of the hotel design		Independence and control, no conflict of interest		
SHAREHOLDER VALUE PROPOSITION	Value gains through development and repositioning		Rental income and value appreciation	Net operating profit from rooms, food & beverage	
TYPICAL ASSET-LIGHT MODEL ADOPTED BY LARGE HOTEL GROUPS				✓ Asset operated under operational lease agreement	
TYPICAL ASSET-HEAVY MODEL			✓ Asset owned and leased to third party	✓ Asset owned but managed by third party	

100%

	Hotel management	Brand	Asset management	Extracting value	Reinvestment/ cash recycling
	✓	✓	✓	✓	✓
Ensure consistency of brand standards and guest service levels are maintained throughout the estate			Optimise timing to refurbish and reposition	(Re) finance with asset backing to extract value	Re-invest extracted cash to enable further growth
	Fee-based income as a % of revenue and profit		Value gains	Source for funding future growth	
	✓ Management agreement to earn a fee based income as a % of revenue and profit	✓ Franchise agreement (or the usage of a brand, income as a % of revenue)			
				✓ Sale of asset	

ELI PAPOUCHADO
CHAIRMAN

THE VALUE WE CREATE

Thirty years in the making

Thirty years ago the foundations of the Company were formed with the opening of our first hotel in Eindhoven, the Netherlands in 1989. It is a proud moment for me personally and a credit to the expertise and dedication of the entire team that the Group has consistently grown over the last three decades. Today, the Group has an international property portfolio of 45 hotels, resorts and campsites in operation, predominately trading under the brands of Park Plaza and art'otel, as well as an exciting £300 million plus development pipeline for future growth.

The quality of our property portfolio was confirmed in an independent valuation by Savills and Zagreb Nekretnine Ltd (ZANE) in summer 2019 at £1.7 billion, translating to NAV per share of £25.46.

Delivering for shareholders

In 2019, we continued to make financial progress with like-for-like revenue and EBITDA up 5.2% and 3.4% respectively.

We have continued to deliver strong returns for shareholders, achieving a Total Shareholder Return of 13.8% for the year.[1]

A further important milestone in the Company's evolution was reached in 2019 with the Group's inclusion in the FTSE 250 Index. As we continue to grow in size and stature, we recognise the need to further strengthen our financial reporting, corporate communications and our governance, whilst staying true to our entrepreneurial roots.

Our approach

As an owner operator with extensive development expertise we take a different approach to many of the large global hotel companies, by choosing to operate across the whole value chain.

Our key sources of value emanate from our real estate and hospitality expertise, our access to global brands and distribution systems, our passionate and highly-trained people and our proven financial strength, combined with our ability to secure capital.

As established hospitality operators we are always aiming for operational excellence. We are continuously seeking out and evaluating new property opportunities, as well as refurbishing and repositioning our existing assets. With our expertise in development we are able to marry this with the aspirations to create new opportunities. Our owner operator business model enables us to enhance value through driving the business and gives us greater scope to maintain all our assets to the level required to achieve our aspirations of maximising operational revenue. Furthermore, we have the asset backing to refinance and recycle capital to fund further investments and facilitate future growth.

1 Source: Bloomberg TSR for the year ended 31 December 2019.

We own most of the properties we operate, which gives us greater control over our investment strategy, the quality of our products and our operations.

Control enables us to make swift investment decisions and seize opportunities as they arise, as well as capturing all of the economic upside. By regularly investing in our existing diverse portfolio we maintain a high quality estate which increases the value of our portfolio of assets, inspires our team members, and enables us to delight our guests every day with excellent guest experiences.

Responsible Business

Our sustainable business strategy is focused on our people, our places and our planet. Since launching our Responsible Business programme two years ago, we have been embedding this ethos into our culture and aligning it to our business strategy. We aim to have a target-based sustainable approach and have embed this at all levels across the Group.

We understand that the way we do business can have a significant impact on our communities and the world around us and that all of us have an increased level of responsibility in this area. In recognition of this, we have assembled a dedicated team to review our activities and refine our Environment, Social and Governance (ESG) frameworks. We have set up a programme to appoint a Responsible Business Ambassador from every property in our portfolio to promote and enhance our efforts across our estate.

Governance in action

High standards of governance are essential to creating long-term value for all of our stakeholders. We are committed to upscaling our corporate governance and sustainability programmes and recognise their increasing importance to our business. As part of our ongoing succession planning programme we promoted two senior company executives into key leadership positions, while also refreshing the Board with the appointment of two independent Non-Executive Directors in September 2019 and February 2020 respectively.

We were delighted to welcome Ken Bradley to the Board as an independent Non-Executive Director on 4 September 2019. Ken, who is a former Chief Country Officer of both RBSI and Barclays Bank, is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee.

We have listened to the views of shareholders and delivered on our commitment to appoint a further independent Non-Executive Director. Post the year end, Nigel Keen has been appointed to the role. Nigel has over 30 years' property expertise with leading blue chip companies and an established track record as a Non-Executive Director with companies including FTSE 250 constituent Vistry Group.

Following appointment and Nigel Jones retiring, following the forthcoming Annual General Meeting, the Board will include three independent Non-Executive Directors.

As previously announced, Kevin McAuliffe's membership of the Audit Committee came to an end at the Annual General Meeting in May 2019 and in November 2019 he stepped down from the Remuneration Committee after a transitional period.

Improving our transparency and reporting standards is part of our journey as a Company. We are actively working on creating greater transparency in our governance activities, as this report will illuminate.

For more see governance page 90

Diversity

The Board is committed to promoting diversity. As this was our first year in the FTSE 250, we now take part in the Hampton-Alexander Review. Our leadership, which includes the direct reports to the Chief Executive Officer and their direct reports currently consists of 48% women and 52% men. This is well ahead of the 33% target and 27.9% achieved by the FTSE 250.

Dividend

The Board is proposing a final dividend payment of 20 pence per share, bringing the total ordinary dividend for the year ended 31 December 2019 to 37 pence per share, representing a year-on-year increase of 5.7%.

This is in line with our progressive dividend policy and reflects the Board's confidence in the Group's operations, assets and prospects.

Current trading and outlook

Trading in 2020 has started well and in line with the Board's expectations, as we continue to capitalise on recent investment programmes to reposition properties in the UK, the Netherlands and Croatia. In the coming year, we will continue to ensure we have an attractive and well-invested estate which delivers memorable experiences for our guests and returns for our shareholders.

We remain vigilant to ongoing macro and geopolitical uncertainty and its potential impact on travel patterns, however the Board believe that recent investments across the estate and a balanced £300 million plus development pipeline spanning the UK, Europe and the US, combined with a strong balance sheet means the Group is well positioned for future growth. We will also continue to consider asset acquisitions that align with our strategic aims and deliver our target returns on investment.

I would like to take this opportunity to thank the members of the Board for their guidance. Additionally, I would like to thank all our team members for their hard work and commitment during 2019.

I am confident that PPHE Hotel Group can continue to create and deliver value for all our stakeholders in 2020 and beyond.

Papouchado

ELI PAPOUCHADO
CHAIRMAN

SECTION 172

In accordance with the UK Corporate Governance Code 2018, which incorporates section 172 of the UK Companies Act 2006, and as a matter of good governance, in our decision-making the Board considers the interests of the Group's employees and other stakeholders and understands the importance of taking into account their views and considers the impact of the Company's activities on the community, environment and the Group's reputation. In its decision-making, the Board also considers what is most likely to promote the success of the Company for its stakeholders in the long term.

Information about our stakeholders and on how the Board has discharged its duties having regard to the provisions of the UK Corporate Governance Code 2018 is available as follows:

- Team Members
- Investors
- Guests
- Local Communities
- Affiliates
- Suppliers

Read more about – How the Board is kept informed of stakeholder views and consideration of views of stakeholders in decision-making on pages 73 to 79

Read more about – How we manage our emerging and principal risks on pages 38 to 41

Read more about – Corporate governance framework on page 90

CELEBRATING 30 YEARS

1989

Foundations of the Company were formed with the acquisition of its first hotel in Eindhoven, the Netherlands

1993–1995

Acquisition of iconic Victoria Hotel Amsterdam and hotel in Utrecht. Group's hotels start using Park Plaza® brand

1999–2002

Group completes several development projects in central London, opening multiple hotels.

Expansion into Germany and Hungary, operating several Park Plaza® hotels and art'otels®

Entered into a strategic partnership with Carlson (now Radisson Hotel Group) for the Park Plaza® brand

2003–2006

Iconic Park Plaza London Riverbank developed by the Group as well as openings in Leeds, Nottingham, Cardiff and other markets

2007

Established Park Plaza Hotels Ltd and floated on AIM, raising £85 million for expansion

Acquired worldwide art'otel® brand rights

£85m

2008

Enters resort segment of the hospitality market by acquiring a minority interest in and management agreement for (what is known today as) Arena Hospitality Group, a 21-strong property portfolio

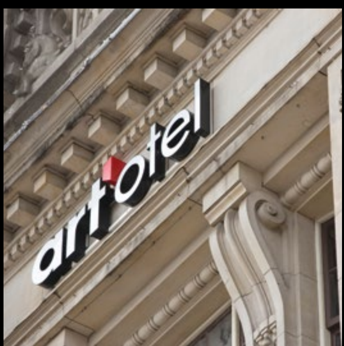
21

2010

Park Plaza Westminster Bridge London (1,019 rooms) developed by the Group opens, as well as new openings in Cologne and Amsterdam

2011

Migrate from AIM to the Main Market of the London Stock Exchange



2012

Company name changed to PPHE Hotel Group to align with its multi-brand strategy

First three Park Plaza® branded hotels open in Croatia following redevelopment

2013–2015

Opening of new hotels including the first art'otel developed by the Group (the 5-star art'otel Amsterdam) and a fourth Park Plaza hotel in Croatia

2016

Acquired controlling interest in Arena

Opening of Park Plaza Nuremberg developed by the Group

Start of multi-year repositioning and investment programme

2017

Secondary purchase offering in Croatia, raising €106 mio (€91 mio) for expansion and property upgrades

Opening of newly developed Park Plaza London Waterloo and Park Plaza London Park Royal

2018

Transfer to Premium Listing of London Stock Exchange

Membership of European Public Real Estate Association, EPRA

Completion of seven storey extension and repositioning of Park Plaza London Riverbank and full repositioning of Park Plaza Victoria Amsterdam

Launch of Arena One 99 an all-glamping product, the first repositioning of one of Arena's campsites

2019

Inclusion in FTSE 250 and FTSE All Share indices

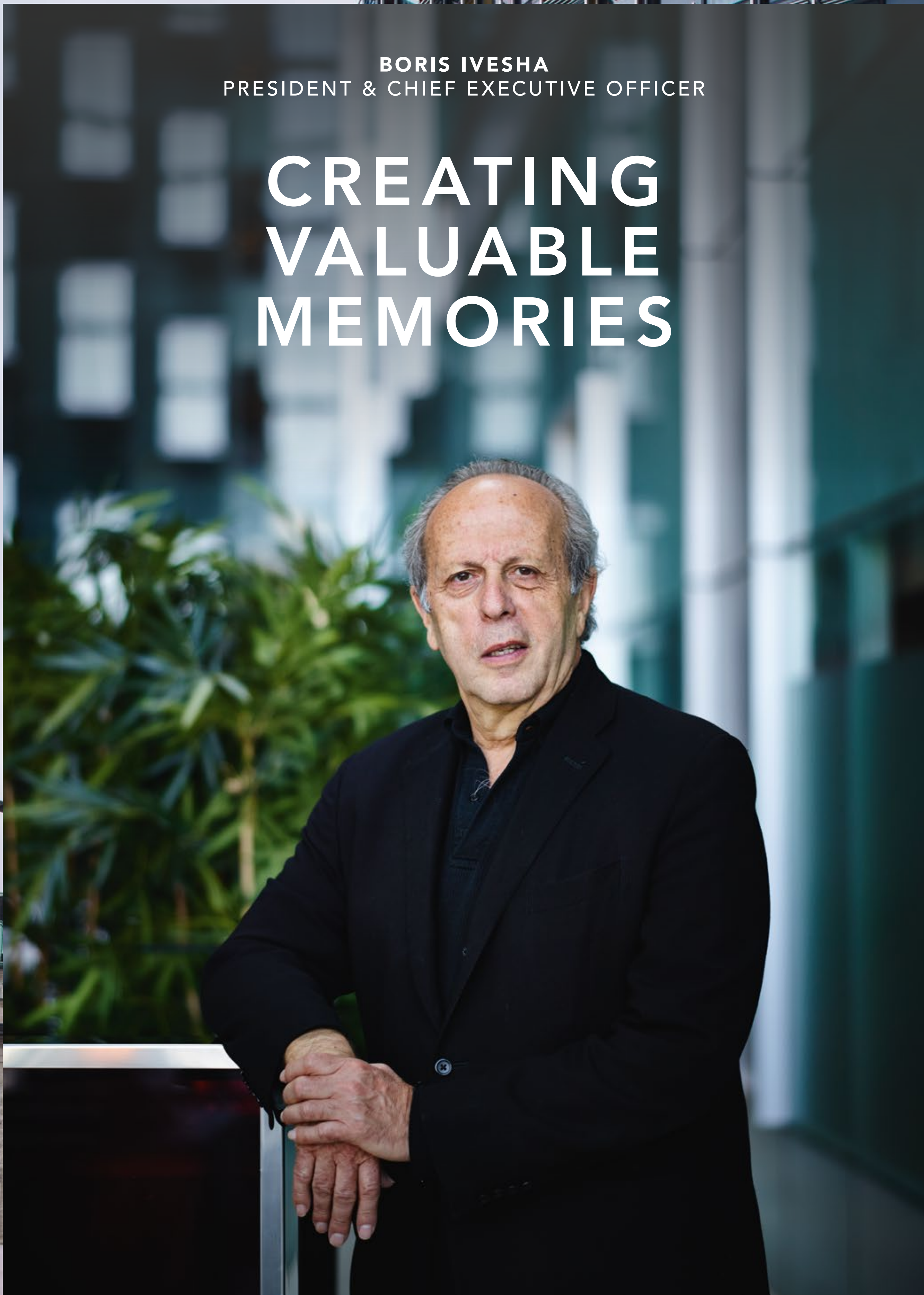
Acquisition of first US site in New York City for art'otel® development

Completed repositioning programmes at Holmes Hotel London, Park Plaza Vondelpark, Amsterdam, Park Plaza Utrecht and Arena Kažela Campsite

Park Plaza UK awarded 'Large Hotel Group of the Year' accolade by the AA

BORIS IVESHA
PRESIDENT & CHIEF EXECUTIVE OFFICER

CREATING VALUABLE MEMORIES



Our 2019 financial results coupled with our strategic progress demonstrates the strength of our business model, the appeal of our hospitality real estate portfolio and our rigorous focus on performance, in what has been a year characterised by high levels of geopolitical uncertainty.

2019 at a glance

Strategic progress

We demonstrated our real estate expertise, completing over £100 million of asset upgrade projects over the last three years. The significant repositioning of Holmes Hotel London (formerly known as Park Plaza Sherlock Holmes London), Park Plaza Vondelpark, Amsterdam and Park Plaza Utrecht were completed and relaunched. In Croatia, we finished the first phase of our plans to transform Arena Kažela Campsite into an upscale camping offer.

These projects have all been completed, and the rooms are now contributing to Group revenue.

As trading in these reopened properties continues to build, we are pleased with their performance.

We have also expanded our pipeline of new hotels and projects, extending our footprint into the USA and Serbia, and added to our strong presence in London. The site in New York City has been acquired with the intention of developing an art'otel branded hotel. Our Croatian subsidiary, Arena Hospitality Group ('Arena') entered into an agreement to acquire an 88-room, 4-star hotel in Belgrade, Serbia and, post the period end, Arena entered into a 45-year lease for the development and operation of a 115-room hotel in Zagreb, Croatia. These agreements are in line with Arena's strategy to expand its presence in the Central Eastern European region and reduce seasonal exposure.

In London, the Group acquired a freehold site on the South Bank, with a view to developing a hotel (subject to planning).

Further details on our progress are set out in the Business Review on pages 64 to 72, and additional details of our investment programmes and development projects can be found on pages 32 to 35.

Financial delivery

It is testament to the team that we delivered another year of growth in revenue and profit.

The Group delivered like-for-like revenue up 5.2% to £355.8 million, like-for-like EBITDA growth of 3.4% to £117.4 million, and maintained like-for-like EBITDA margin at 33.0%. The ordinary dividend for the full year increasing from 5.7% to 37p per share.

This performance reflected an increase in our key operating metrics, with RevPAR growth of 6.0% to £103.6, driven by a 120 bps improvement in occupancy and 4.4% increase in average room rate. RevPAR growth was achieved in certain regions, with the United Kingdom and the Netherlands the stand-out performers, achieving growth of 7.4% and 2.5% respectively. Both the United Kingdom and the Netherlands benefited from our 2017 and 2018 openings and the completion of repositioning projects.

Park Plaza London Waterloo

The annual independent revaluation exercise on our property assets was carried out by Savills and ZANE and valued our portfolio at £1.7 billion (as at 30 June 2019), an increase of 5% year-on-year. EPRA NAV per share increased by 3.6% to £25.46 per share (as at 31 December 2019), adversely impacted by the strengthening of Sterling. Adjusted EPRA earnings per share were up 11.7% to 128 pence.

Full details of the financial performance are set out in the Financial Review on pages 50 to 61.

Key corporate milestone

We achieved a key goal with the Company's inclusion in the FTSE 250 and FTSE All Share Indices. This marked a significant milestone in our corporate journey, proving the success of our recent corporate activity, which has been focused on providing the Group with the appropriate platform to engage with a wider potential investor base and improve share liquidity.

The foundations of our success

Controlling the value chain

The Group's strength is centred on our expertise in both real estate development and hospitality operations, built up over the last 30 years. This dual approach gives us the flexibility and control to invest in our hospitality operation and manage our assets to create maximum value for all our stakeholders; team members, investors, guests, local communities, affiliates and suppliers.

Property expertise

In addition to the considerable property and development expertise on the Board, we have a dedicated in-house capability spanning development and technical services. We have the in-house expertise to take projects from conception through to operation.

The team takes a disciplined and focused approach to asset management and identify opportunities to deploy capital to optimise the value in our existing portfolio, acquire further assets to drive growth and, where appropriate, extract value to fund longer-term sustainable growth.

In our hospitality operations, we are focused on achieving operational excellence. We are continually trying to identify better ways of working, while also looking at how we can raise the already high levels of service for our guests.

Our high Guest Rating Scores and healthy profit margins prove that the two are interrelated.

Holmes Hotel
London

What we do

We identify and acquire properties which we believe have significant upside potential. We delight our guests every day, through engaging service and quality products in inviting places.

Radisson Hotel Group partnership – global distribution and access to best in class technology

Through our exclusive perpetual licence from Radisson Hotel Group (which under its new Jin Jiang ownership is part of the world's second largest hotel group in terms of number of rooms) we have the rights to develop and operate Park Plaza branded hotels and resorts in Europe, the Middle East and Africa. This strategic partnership gives us many benefits, including access to Radisson's central reservation and distribution systems, powerful online and mobile platforms, global sales, reward programme with more than 24 million members, marketing initiatives and buying power.

In July 2019, Radisson Hotel Group announced a collaboration with WeHotel, the global hotel booking platform of new owners, Jin Jiang International. As part of this affiliation, WeHotel Prime, Jin Jiang's reward programme, is now available for high-end Radisson Hotel Group properties. PPHE is delighted to be part of a wider global distribution and marketing reach as we also continue to grow as a Group.

Through our partnership with Radisson Hotel Group, we have benefited, particularly over the summer of 2019, from a number of technology focused investment programmes including the launch of radissonhotels.com in July 2019. This is a multi-brand and mobile-first global website giving guests and loyalty members access to more than 1,100 hotels worldwide, including PPHE's portfolio. The new Radisson Hotels App, which launched shortly afterwards, provides our guests with an even more personalised user experience.

As part of Radisson Hotel Group's five-year operating plan, we will benefit from a multi-million-dollar technology investment, which unifies tasks such as reservations, loyalty, sales, property management and more. We look forward to the full roll-out, which will benefit our guests and team members alike, while further increasing the efficiency of our business.

We operate our own art'otel lifestyle brand (also marketed through our partnership with Radisson Hotel Group), and our majority-owned Croatian subsidiary operates several of its properties under the Arena Hotels & Apartments and Arena Campsites brands. Our multi-brand approach enables us to develop and operate properties across several segments of the hospitality market, and to choose the most appropriate brand for each property so that we can maximise returns from our assets.

Our people and values

Our people and our values of Trust, Respect, Teamwork, Enthusiasm, Commitment and Care are at the heart of our business success. We foster a high performing culture, led by our talented leadership team, in which engaged team members deliver best in class guest experiences, supported by high quality hotels and resorts.

We have refreshed our strategic purpose to ensure that our strategic objectives and business culture are aligned. At the start of the year we hosted an international leadership summit themed 'We Are Creators', the objective of which was to present our Company blueprint based on our owner/operator business model to more than 150 senior team members. We set out how our culture and day-to-day activities need to work together to deliver our corporate agenda, enhance guest experience and deliver value to all stakeholders. This Company blueprint has been rolled out across three out of our four regions, supported by in-country training workshops.

First class leadership team

We have a wealth of talent within the Group. Our Executive Leadership Team has decades of experience in the hospitality real estate industry, with all of the team rising through the ranks of the Group. They define and disseminate the Company's vision for future growth and success.

Our success and ambition are underpinned by our strong leadership team and culture of connecting, inspiring, innovating and empowering colleagues.

Looking after our team

We aim to create an open, fun and inclusive working environment where our people feel motivated and empowered. Team members are supported in their professional development and through our bespoke learning and development platform, you:niversity of which several programmes in 2019 won awards and key accolades, including Talent Development Team of the Year (Institute of Hospitality) and Excellence in Promoting Careers and Excellence in Learning & Development (HR in Hospitality). Our annual team member survey measures the engagement levels of our team members and in 2019, we were delighted that the engagement index score for the year was 84.4% (2018: 83.6%).

Pressures on the hospitality labour market have been well publicised. Like others operating in the sector, having a highly engaged workforce and attracting and retaining the right people are key priorities for us and crucial to our long-term success. To tackle some of these challenges, we have progressed several initiatives, alongside our award-winning bespoke learning and development programmes, to ensure that we can attract and retain the right people.

In addition to our Croatian region, we have in-sourced housekeeping services at our UK hotels which has ensured we employ the right team members and that our high standards of service are maintained at our properties. Similar to owning the property assets, this action was about giving us the control we need to ensure that the highest standards are met. Following the success of this strategy, we are reviewing whether to extend this approach to housekeeping services in our other regions.

One of the challenges for the wider industry is attracting workers into major cities where residential accommodation and travel is costly, such as London. To help address this issue, we acquired a property in Chiswick Park (the Old Bakery) in summer 2019, which has rooms to accommodate about 30 people who then commute to our properties on London's South Bank. We are considering the purchase of further properties to attract and retain the best people.

On behalf of the Board, I would like to thank all our team members for their ongoing hard work and commitment.

The Kitchen at Holmes

Guest experience

The Group's own dedicated Technology & Business Solutions division has progressed a number of guest experience programmes throughout 2019. This included IT security initiatives to support guest safety and security, along with new best practice policies and dedicated training programmes for team members (Information Security Awareness training solution).

We understand that technology plays a huge part in our guests' overall experience when staying with us. In addition to benefiting from access to technology programmes from our strategic partner Radisson, we are ourselves continuing to trial new solutions and applications to evolve our offering.

We recognise that our people make us who we are, and our recruitment strategy is centred on building teams of talent who reach out and engage with guests, making them feel welcome, valued, and inspired by the surroundings and excellent service. This commitment to guest experience has once again been recognised in our most recent online reputation score (as measured using ReviewPro's Guest Rating Score), which increased by 0.7 percentage points to 88.0% in 2019. These results show that our effort to incorporate guest feedback into our repositioning programme and our day-to-day service offering has proven successful.

Furthermore, our Guest Rating Scores at our three newly repositioned hotels significantly improved. At Park Plaza Vondelpark Amsterdam the Guest Rating Score increased 6.4 points to 90.1% following the relaunch of the hotel (prior to relaunch the score was 83.7%). Holmes Hotel London increased to 92.1% following the repositioning project, an increase of 7 points from 85.1% at the beginning of 2019. Park Plaza Utrecht, which started to see the benefits of the repositioning, increased by 8.2 points from 78.3% for the first half of 2019, to 86.5% for the final quarter of 2019.

Being part of our communities

We are committed to making a positive contribution to the communities in which we operate through charity initiatives and volunteering, supporting arts and culture, and providing jobs for those who live near to our properties.

We bi-annually support breast cancer and other health related charities. In 2019, team members and guests in the United Kingdom, the Netherlands, Germany and Hungary took part in the globally recognised charity, "Movember". Our local community charity support also includes supporting disadvantaged children and their family, elderly people and the homeless. We have also supported the arts through sponsorship of young designers and cultural festivals.

Further detail of our Responsible Business initiatives is set out on pages 80 to 89 of the Annual Report 2019.

Industry recognition

We were delighted for Park Plaza UK to be awarded the 'AA Large Hotel Group of the Year 2019-20' accolade at the 22nd annual AA Hospitality Awards in September 2019. This recognised our commitment and strategic approach to development, as well as our creative and learning development programmes, which together enable us to constantly delight our guests. This is one of the most highly regarded events in the industry and the award is testament to our owner/operator approach. The Group was awarded 'Talent Development Team of the Year' by the Institute of Hospitality Awards 2019 and at the HR in Hospitality Awards 2019 we won the 'Excellence in Promoting Careers Award'.

Our plans for 2020

Our 2019 financial results coupled with our strategic progress once again demonstrate the strength of our unique business model, the appeal of our hospitality real estate portfolio and our rigorous focus on performance. Over the last three years we completed more than £100 million asset upgrade investment projects, the continued benefit of which is being reflected in our financial performance and a significantly enhanced guest experience.

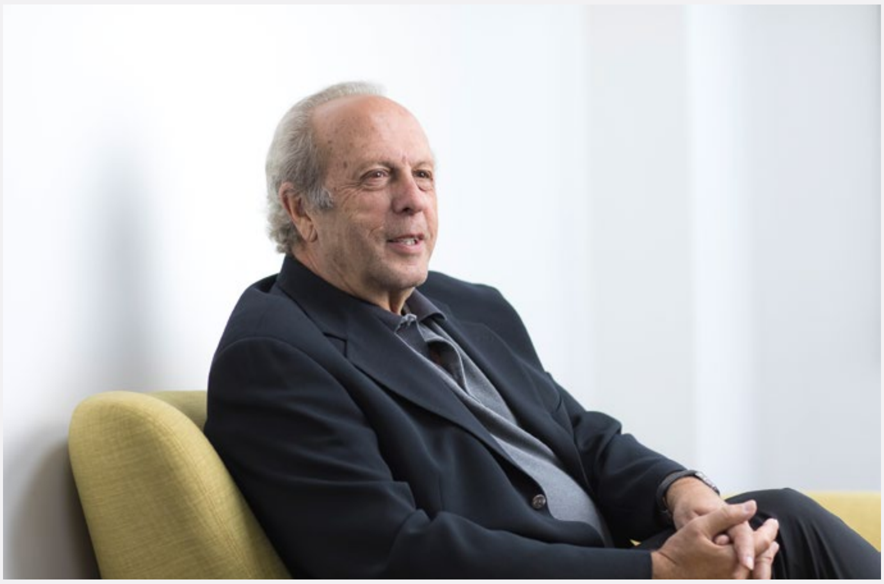
Whilst we are closely monitoring the current uncertain macro environmental developments related to the Coronavirus outbreak and its impact on travel patterns, trading for the two months in 2020 for our Group has been in line with the Board's expectations.

Our longer term outlook focuses on growth delivery through our well invested portfolio, the delivery of our more than £300 million development pipeline of new properties in London, New York and Eastern Europe and additional acquisition opportunities.

BORIS IVESHA
PRESIDENT &
CHIEF EXECUTIVE OFFICER

Park Plaza Histria, Pula

Q&A WITH BORIS IVESHA



Q – What is next for the Group, now that you have achieved one of your key goals for 2019 of FTSE 250 membership?

Joining the FTSE 250 index of leading companies was a proud moment for me personally and for the entire team, whose dedication and commitment in recent years has made it possible. We have come a long way in the 12 years since listing on AIM. But looking ahead it is now imperative that we raise our game even further to reap the rewards of inclusion and meet our responsibilities in terms of implementing further enhancements to our corporate governance. Inclusion brings us access to a wider investor community and we will continue to take the opportunity to proactively engage with them in order to build a long-term, high quality and supportive share register. The increased transparency and disclosure in this year's Annual Report should be seen as testament to our ongoing efforts to step-up our governance and communications.

From a strategic perspective we have a proven and winning formula of development, ownership and operations which we plan to continue with. While PPHE has come a long way in the past 30 year's the future looks equally as exciting, with a strong development pipeline of over £300 million, which includes the development of our first hotel in the US.

Q – What are the main opportunities and challenges you see in 2020?

Our primary near-term growth opportunity stems from the recent completion of our £100 million plus multi-year investment programme. These well-invested hotels have shown good growth since launching/reopening and we see the scope for further top-line growth and margin accretion in 2020. Our teams will be focused on ensuring that these hotels continue to build towards their return targets.

Considerable effort will be focused on our £300 million plus hotel development pipeline with major projects including the art'otel london hoxton and our first hotel in the USA, in New York City. The pace of work is planned to step up in 2020 in line with our plans to open these hotels in 2023. In addition to these projects, our in-house team will continue to seek out and evaluate further development opportunities that meet our returns criteria and are in line with our strategic goals.

The challenge for all hoteliers is the hotel cycle and fears of a downturn. As demonstrated in our financial results we achieved good growth throughout 2019 from leisure and corporate customers. While not immune, we are resilient given our well invested estate and the strategic position of our major assets in London and the Netherlands. Notwithstanding the ongoing macro economic and geopolitical uncertainty trading in the current year has started well and is in line with the Board's expectations.

As an owner/developer we are also able to seize commercial opportunities that may arise from any cyclical downturn as well as control the timing of further investment projects in our hotel estate.

Q – This remains a founder-led and listed business. What are you doing to ensure long-term success?

The foundations of our past and future success are solid; they are our people. We employ over 4,700 team members, including an Executive Leadership Team of eight. Supporting and encouraging all team members to develop and grow their careers within the business is a priority for us.

We have a robust process in place to ensure that the leadership teams are actively engaged with identifying our talented team members and developing them through our award-winning training and learning programmes, including you:niversity.

A prime example of our training and development culture in action was our 2019 leadership summit 'We Are Creators' held in London, which brought together more than 150 senior team members from each of our four European operating regions. We introduced our renewed strategy and our new blueprint, which aims to positively impact the guest experience. Our blueprint is 'the way we do things' and enables our Leadership Team to develop a high-performing culture where our teams feel engaged and empowered to create valuable memories for our guests and value for our assets, people and local communities. This blueprint and a supporting dedicated programme of activities have been cascaded through most of our regions during 2019 to embed this approach within our business culture.

Reporting to the Board is our eight-strong Executive Leadership Team, all of whom have progressed through the business. We have recently strengthened the leadership team, with Greg Hegarty appointed to the new position of Deputy Chief Executive Officer as well as retaining his position as Chief Operating Officer and Inbar Zilberman promoted to the role of Chief Corporate & Legal Officer.

In short, we have a strong track record of training and developing talent throughout all levels of the business and this gives me confidence that we can maintain our track record through the next 30 years.

OUR PURPOSE

OUR PURPOSE

Creating valuable memories for our guests and value for our assets, people and local communities.

WHO WE ARE

We are an international hospitality real estate group, with a prime property portfolio consisting of 45 properties in operation in five countries, that transforms an asset's potential into value and profits.

WHAT WE DO

We have a clear strategy to drive growth and create long-term value while recognising and developing opportunities to help our assets reach their full potential. We delight our guests every day, through engaging service and quality products in inviting places.

HOW WE DO IT

By valuing our people, being led by an entrepreneurial Board and through investing in our portfolio, opportunities with upside potential and local communities.

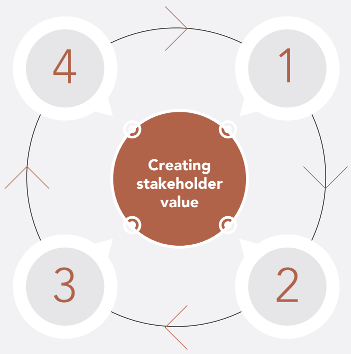
Key sources of value

- Prime property portfolio
- In-house management platform
- Our people
- Multi-brand approach
- International network
- Financial strength

OUR BUSINESS MODEL

Read more – pages 18 and 19

Our integrated model has driven significant value.



1 We purchase

We typically acquire properties which we believe have significant upside potential

2 We develop

We (re)develop and redesign our acquired assets, drawing on the skills of our experienced senior management team, with specialists in every relevant discipline

3 We brand properties and improve operating performance

We brand properties and strive for operational excellence, creating significant value at every point in the value chain

4 We (re)finance to fund further investments

Through refinancing our properties, we are able to release capital for new investments, enabling the further growth of our Group

STRATEGIC AGENDA

Read more – pages 36 and 37

We have a clear strategy to drive growth and long-term value.

Property

- Disciplined, focused capital deployment
- Optimise the value of the existing portfolio
- Extract value from portfolio to fund further growth
- Long-term sustainability

Operations

- Consistently deliver the refreshed intended guest experience across our properties
- Maintain high operating margins
- Leverage our scale and inter-regional synergies

Underpinned by our people, values and culture

The Group's leadership culture is one of connecting, inspiring, innovating and empowering, and we foster an environment based on:

STRATEGIC PRIORITIES

Read more – pages 36 and 37

Our focused approach will ensure that we deliver on our strategy.

Property
Deliver all ongoing projects and expand pipeline
Deploy capital in projects and new properties meeting our yield profile
Mature recent openings and repositioned and renovated properties to generate targeted yield profile
Implement target-based sustainable business strategy

Operations
Develop a high performing culture, where engaged teams are empowered to create valuable memories for our guests and value for our assets
Improve the overall guest experience through creating valuable memories
Focus on total revenue generation with solid profit conversion
Implement target-based sustainable business strategy

PERFORMANCE MANAGEMENT

Read more – pages 50 to 61

Our KPIs and targets.

Property
EPRA NAV
EPRA EPS
Net investment yield
Net return on shareholder capital

Operations
EBITDA and EBITDA margin
RevPAR
Employee engagement
Guest Rating Score (GRS™)

THE VALUE WE CREATE FOR OUR STAKEHOLDERS

Read more – pages 73 to 79

Team members

We offer rewarding international employment opportunities for over 4,700 team members with continuous investment in training programmes.

Guests

We offer memorable hospitality experiences in vibrant destinations with our high quality products and services.

Investors

Our shareholders benefit from the attractive industry dynamics of the markets in which we operate as well as our flexible business model, developments and operating skills, in the form of progressive dividend payments.

Local communities

We care about our neighbourhoods and make positive contributions to our local communities and the people who work and/or live there through fundraising activities, employment opportunities, volunteering and local resourcing partnerships and charities.

Affiliates

Our partnership with Radisson Hotel Group gives us access to global distribution systems, powerful online and mobile platforms and global sales, marketing and buying power.

Suppliers

As an owner/operator, long-term sustainability and ethical operations are high on our agenda including supply chain management and the development of long-term relationships with strategic partners, many of whom are local.

Trust Respect Teamwork Enthusiasm Commitment Care

THE VALUE WE CREATE

CREATING DYNAMIC SPACES

Park Plaza Victoria London

THE THREE PILLARS OF GROWTH

We have a proven development strategy, targeting real estate in prime locations with upside potential. We are continuously seeking out and evaluating new opportunities as well as re-developing and repositioning our own assets to benefit all. We aim always to delight our guests, empower our team members, support strong local communities and affiliates, and create value for all of our stakeholders.

Park Plaza London Waterloo

PAGE 22

Driving organic growth

We strive for operational excellence across our portfolio to drive organic growth, through both RevPAR improvements and margin accretion. In addition, we are always looking for opportunities to add more room stock and other income generating facilities to our hotels.

Over the last three years, we have added 891 rooms to our already impressive London portfolio. Park Plaza London Waterloo and Park Plaza London Park Royal, both launched in 2017, together added 706 rooms. The major repositioning of Park Plaza London Riverbank was completed in 2018 and expanded the property's inventory by 40%.

Holmes Hotel London

PAGE 24

Repositioning projects

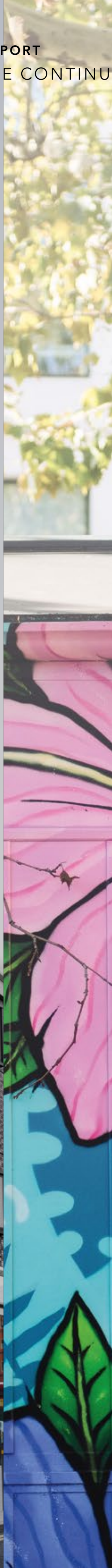
Our owner/operator business paired with our development expertise provides a major point of differentiation within the hospitality sector. This model not only gives us full control over the quality of our real estate assets, it also gives us the ability to react quickly and invest in them as necessary, enabling us to fully optimise their potential value. Recent investment in asset repositioning programmes includes: Park Plaza Vondelpark, Amsterdam; Park Plaza Utrecht; Holmes Hotel London and Arena Kažela Campsite.

art'otel london hoxton

PAGE 32

What the future pipeline holds

Our strategy is to build on our success and further expand our asset portfolio by targeting real estate opportunities that have significant upside potential, fit our long-term growth strategy and create strong shareholder value. We have an exciting development pipeline for our wholly-owned art'otel brand, which includes two new hotels in London and an art'otel near the Hudson Yards area in New York City. We have also acquired a site on London's South Bank and entered into agreements to extend our footprint in the CEE region. Together these projects are expected to add approximately 800 rooms by the end of 2023.



DRIVING ORGANIC GROWTH

Completed 2017

Park Plaza London Waterloo

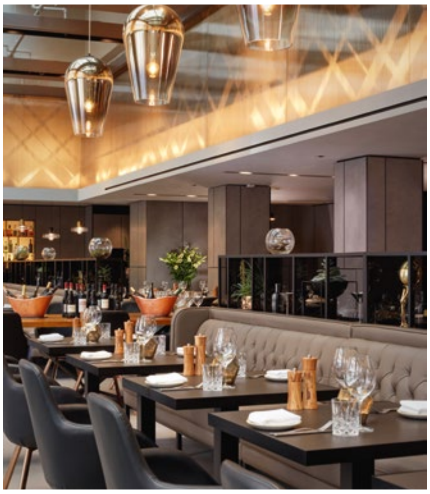
Strengthened presence on London's South Bank

The former office building located on London's South Bank was acquired in 2013 and following a £125 million investment was developed into a high quality hotel offering 494 rooms and suites, a swimming pool and luxury spa facilities, meeting rooms and an executive lounge, a destination all day dining restaurant called Florentine, and a bar offering live music.

In July 2017, following completion of construction of the hotel, the Group sold the property for £161 million and agreed a 199-year leaseback. The leasehold remained with the Group is valued at £84 million, and with the sale and leaseback the Group released part of the value whilst retaining a long-term lease, control of the operations and associated profit of the hotel.

With the above, the total value created from development to the sale and 199-year leaseback was approximately £120 million.

Guest Rating Scores at the property have been consistently high with a 89.9% rating in 2019.



Repositioning completed July 2018

Park Plaza Victoria Amsterdam

Well-invested property in the centre of Amsterdam

Park Plaza Victoria Amsterdam is our iconic property in the heart of Amsterdam, opposite Centraal Station. Its prime location presented a significant opportunity to create value from our real estate asset as well as inspire our guests through a well-invested, high quality product.

Between 2016 and 2018, we invested a total of £20 million in a major repositioning programme.

All public areas were completely reconfigured, 298 rooms were fully redesigned, and nine meeting and event rooms were transformed. A new bar, VIC's BAR, was opened, and offers guests fantastic entertainment in the form of guest DJ sets and live jazz nights.

A new destination restaurant, Carsten's, led by a celebrity concept chef, opened in February 2019.

Since repositioning, guest rating scores at the property have increased to 88% in 2019.

Repositioning completed 2018

Park Plaza London Riverbank

Unrivalled hospitality real estate presence on London's South Bank

Park Plaza London Riverbank first opened its doors on London's South Bank in April 2005. Since then we have established a strong presence in this now vibrant area of London which has been the focus of significant regeneration in recent years. We seized the opportunity to transform the hotel by enhancing the amenities and the overall quality of our offer and guest experience to reflect the fantastic rejuvenation of the surrounding area, including Vauxhall and Nine Elms, which have seen a massive transformation in recent years.

The hotel was fully repositioned. All public areas were reconfigured and redesigned, and seven additional floors of accommodation added 185 rooms to the inventory, transforming the property into a 646-room hotel. A new meeting room and a 12th-floor Executive Lounge were also created, and our award-winning Chino Latino Restaurant & Bar was relocated, giving this destination dining spot unrivalled views across the River Thames. In addition, a spa and swimming pool have been added to the property, giving the hotel an additional offer for leisure guests.

We invested approximately £54 million in this major, multi-year repositioning programme to create value for shareholders through capital appreciation and drive operational returns through a high quality product offer and exceptional guest service.

In 2019, guest rating scores at the property were 88.0%.

Repositioning completed 2018

Arena One 99

Successful new all-glamping offer

Located in the peaceful village of Pomer, Pula in southern Istria, Croatia, Arena One 99 was formerly a limited service campsite in a prime beachfront location stretching more than four hectares along the Adriatic coast.

This is a prime hospitality real estate location. To capitalise on this, we identified an opportunity to launch Croatia's first all-glamping resort. The campsite was closed following the summer of 2017 and completely transformed to offer eight types of all-glamping accommodation and premium amenities to reflect the site's 4-star offer, and was launched in summer 2018. Total investment in the repositioning programme was £8 million.

Arena One 99 has received two accolades from the Croatian Tourist Awards programme for Best Glamping and Best Campsite. Performance of this site has continued to mature in 2019, its second season in operation.

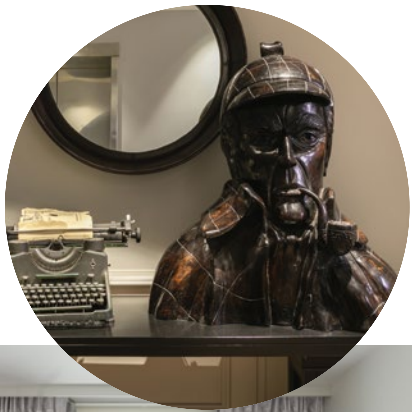
REPOSITIONING COMPLETE

HOLMES HOTEL LONDON

Completed May 2019
Bringing a unique lifestyle brand to Central London

Formerly known as Park Plaza Sherlock Holmes London, Holmes Hotel London is located close to Marylebone, which has long been a fashionable area of London. The area brings together unique independent restaurants and boutique shopping along its High Street, and convenient access to tourist hot spots including Madame Tussauds, the Sherlock Holmes Museum and Oxford Street, renowned for shopping.

We undertook an extensive £9m repositioning programme to maximise the property's hospitality real estate potential and provide guests with a premium boutique offer which reflects the local area's growth and high end development in recent years.



As part of the repositioning, which created the Group's first premium boutique hotel, the property benefited from a major redesign which included the full refurbishment of all 118 rooms and public areas and the unveiling of a new brand identity with an up-market boutique aesthetic and 5-star quality service.

This phased renovation saw the relocation of the hotel's main entrance from Baker Street to the aspirational Chiltern Street and the associated renovation of the hotel's reception area to create an inviting space for welcoming guests.

A new restaurant concept was also introduced. Kitchen at Holmes is a seasonally-inspired all day restaurant and neighbourhood bar led by Head Chef Stefano Motta. This is a high quality destination restaurant accessible from Chiltern Street, with a separate entrance to the Holmes Hotel itself, attracting not only hotel guests but all food lovers.

The second phase of the repositioning project included the redesigning of all of Holmes's 118 rooms as well as meeting and events facilities to better reflect the hotel's creative clientele. The meetings and events offering will be completed in 2020 and will boast a new self-contained space in the basement including a kitchen and breakout spaces.

A new, highly experienced management team has been appointed to lead the newly repositioned Holmes Hotel London. The hotel was unveiled in late spring 2019. Holmes Hotel London's reimagined design, layout and upper upscale lifestyle service level have been positively received by customers since reopening, demonstrated by an average Guest Rating Score of 92.1% across independent websites.

HOW WE'VE ADDED VALUE

1ST

PPHE Hotel Group's first premium boutique hotel

A MULTI-MILLION-POUND

repositioning which includes all guestrooms and public areas

118

Sophisticated guestrooms

REPOSITIONING COMPLETE

Park Plaza Vondelpark, Amsterdam

Launched October 2019

High quality property in desirable neighbourhood

Vondelpark is Amsterdam's own Central Park. Located in the desired uptown neighbourhood of Oud-Zuid which is home of the museum quarter, the park is the largest in Amsterdam.

In recent years, Vondelpark has benefited from significant investment in cafés, restaurants and ongoing upkeep and it attracts a consistently high number of locals and visitors.

We identified that repositioning the property with the aim of offering an enhanced guest experience would both increase the value of our freehold as well as deliver operational uplift.

In July 2018, we closed the 102-room hotel to guests and began the complete transformation to reposition the property as a boutique, lifestyle hotel with a new premium look and feel. The interior fixtures and fittings were removed, the main entrance to the hotel was relocated from a busy road to be served by Vondelpark itself, resulting in just a short stroll to the park as well as local brasseries, galleries and boutique fashion shops.

All the public areas have been reconfigured and upgraded, inspired and elevated by Amsterdam designer Lieze van Zonneveld's theme, which reflects the diverse natural environment of the hotel's surroundings and in particular picks out the birds native to Vondelpark.

Building on its success in London, we have opened our own-brand, Venetian-inspired destination restaurant, TOZI, at the property. TOZI offers a unique and intimate sharing concept inspired by the dining culture and ethos of the Veneto region of Italy which is popular with guests and local community alike.

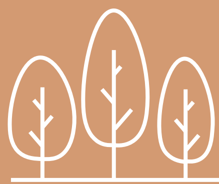
We relaunched the property in October 2019 and guest feedback has been extremely positive. The Guest Rating Score for the final quarter of the year was 90.1%.

HOW WE'VE ADDED VALUE

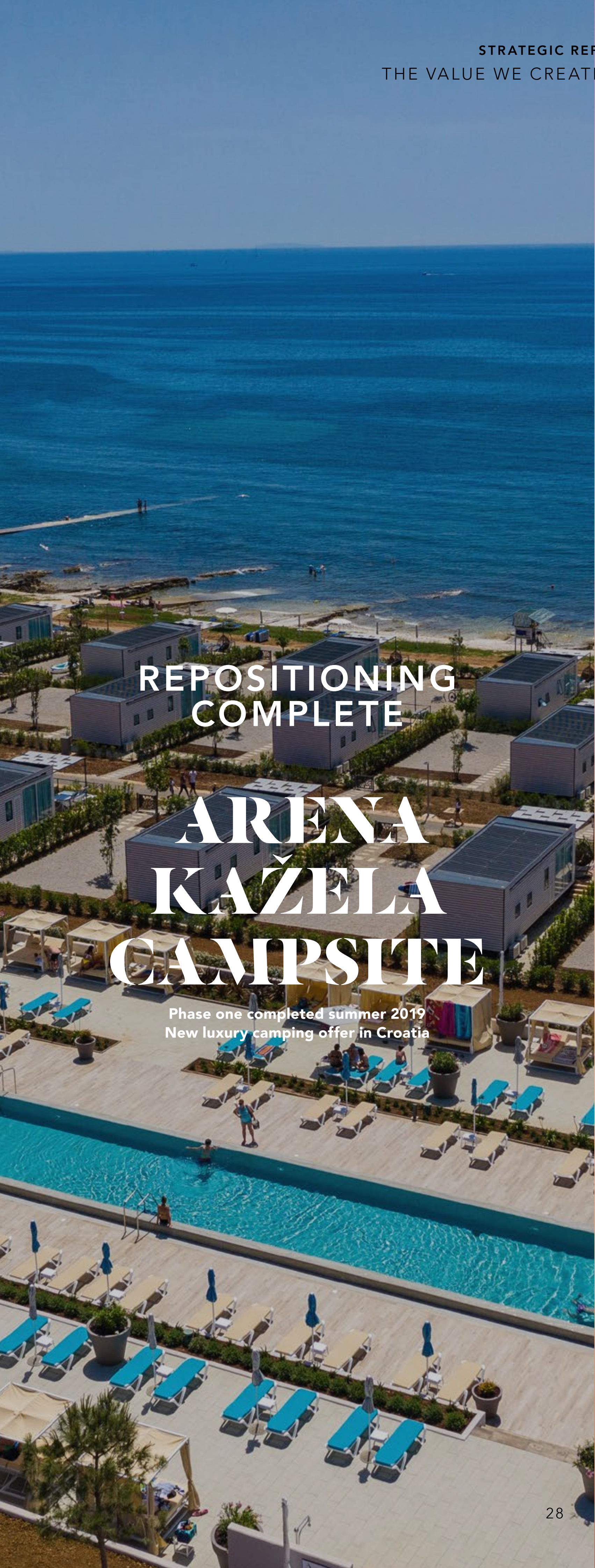
TOZI

Home to a London award-winning dining and drinking concept restaurant

A secret garden for guests to relax in after a bustling day in the city of Amsterdam



Amsterdam is regularly voted one of **Europe's most visited cities**



REPOSITIONING COMPLETE

ARENA KAŽELA CAMPSITE

Phase one completed summer 2019
New luxury camping offer in Croatia

Located in one of Croatia's most popular destinations, Istria, Arena Kažela Campsite is situated on the southern part of Medulin (a top five tourist destination in Croatia by number of overnights) overlooking the Kvarner Bay and is just a few kilometres away from the city of Pula.

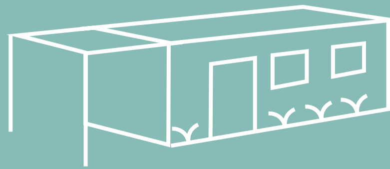
It is the largest of our eight campsites and offers holidaymakers the ultimate in peace and tranquillity on the edge of the Adriatic Sea, with direct access to a two-kilometre-long beach overlooking the Medulin archipelago and crystal-clear Adriatic Sea. Its stunning location made it the obvious choice to launch a brand-new style of luxury camping homes.

The campsite season in Croatia runs between April and November. Following the end of the 2018 season, we immediately began the first of a two-phase, two-year investment programme to transform the site and inspire our guests with a new luxury camping offer.

We installed 164 new, fully equipped premium and family camping homes, which are situated alongside more than 1,000 spacious pitches. The new mobile homes have been designed to meet the needs of the modern environment-conscious traveller. Featuring ecological and recycled materials, the accommodation offers 37m² of interior space, more than 250m² of covered terrace, as well as 250m² of private garden.

In addition to the new luxury camping homes, our aim is to offer our guests an overall luxurious holiday experience with exceptional facilities. To that end, phase one of the programme included two new swimming pools – a central activity pool with a children's section and a relaxing infinity pool – new modern pool bars, an Illy coffee shop and a re-developed reception area.

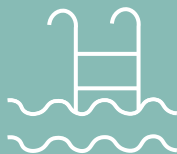
HOW WE'VE ADDED VALUE



'Next' camping homes boast smart design and enviable positions on the edge of the resort near the sea

Feel at home in the resort's 'Green' camping homes, which are made from ecological and recycled materials

A new 80-metre relaxation pool is a stone's throw from the clear waters of the Adriatic Sea



The campsite was unveiled to guests in July 2019 and was well received. On Booking.com the repositioned site has a rating of 9.0 based on more than 500 reviews.

In total, the plan is to invest £25 million to fully reposition this site. Phase one was completed in June 2019 at a cost of £19 million and to date has delivered a strong increase in revenues and profitability underpinned by an increased average daily rate of over 40% and a revenue uplift of more than 30%.

Phase two of the project will complete in summer 2020.

REPOSITIONING COMPLETE

PARK PLAZA UTRECHT

Completed October 2019
Property transformed to meet the expectations of today's business and leisure travellers

This property is in a prime location adjacent to Utrecht Central Station and Jaarbeurs exhibition centre, in the heart of the business district of Utrecht; the Netherlands's fourth largest city.

The city attracts a high percentage of corporate guests as well as leisure travellers exploring the city's many attractions, including its medieval old town, canals, monuments and university.

The city itself is undergoing a vast re-development programme to upgrade its infrastructure and offering.

In 2018 we unveiled our investment plans to reposition this hotel to offer enhanced, modernised services to inspire our guests and to meet the demands of today's traveller. The interior design of the property focused on Utrecht's rich history and takes inspiration from the Manifesto of De Stijl, a Dutch artistic movement founded by Piet Mondrian and Theo van Doesburg.

This extensive repositioning transformed both the interior and facilities at the property. We redesigned the majority of rooms and installed new bathrooms, upgraded all public areas and introduced a new restaurant area. In addition, we extended the property to house a new fitness centre.

We also created state of the art meeting and conferencing facilities. The hotel is now home to a private event space which can host up to 75 delegates on the ground floor, adjacent to the newly designed restaurant and bar area, making it an ideal location for hosting product launches, workshops, celebrations and dinners. Located on the top floor there are ten meeting rooms, each offering an enhanced technology experience, with a new foyer which has been designed to maximise natural daylight and has stunning views across Utrecht.

Our total investment to reposition the property was £6 million. Following relaunch, the Guest Rating Score for the final quarter of the year was 86.5%.

HOW WE'VE ADDED VALUE

120

Fully air-conditioned guestrooms

A new fully renovated 24/7 upscale **Fitness area**

Ideally located near Utrecht Central Station in the heart of the business centre

PIPELINE FOR THE FUTURE

art'otel london hoxton

Expected to open in 2023
Bringing a high quality development to the local community

art'otel london hoxton is one of two exciting art'otels coming to London. The wholly owned development site is situated in Hoxton, a vibrant and increasingly popular area within East London, which has seen significant investment in regeneration in recent years. The mixed-use scheme will bring the contemporary and lifestyle art'otel brand offering world-class amenities, together with cultural, business and sports facilities which will benefit the local community and area.

We are making good progress with the project, which will see us invest approximately £200 million over the coming years. The demolition of the existing structure is complete and piling work is underway. Two pieces of Banksy artwork which were on site have been preserved.

Since we have acquired complete control of the site we have gained improved planning consent for 27 floors comprising 343 hotel rooms including (60 long-stay apartments) and five floors of office space. The space will also comprise an 80-seat ground floor restaurant, an Ichi sushi bar, gym facilities and fantastic meetings and events space which will be spread across two floors and offer breathtaking views of East London.

Located on the 25th floor will be a bar and restaurant with access to seven terraces. The amenities will also include a gym for guests and members.

In keeping with the art'otel brand, the hotel will feature a fully accessible art gallery which will bring contemporary as well as traditional art to the local community, and a VIP cinema space for conferences, corporate events and private hire. We are currently in discussions with a number of artists regarding partnerships for the hotel.

We look forward to progressing with this project further throughout 2020.

art'otel london battersea power station

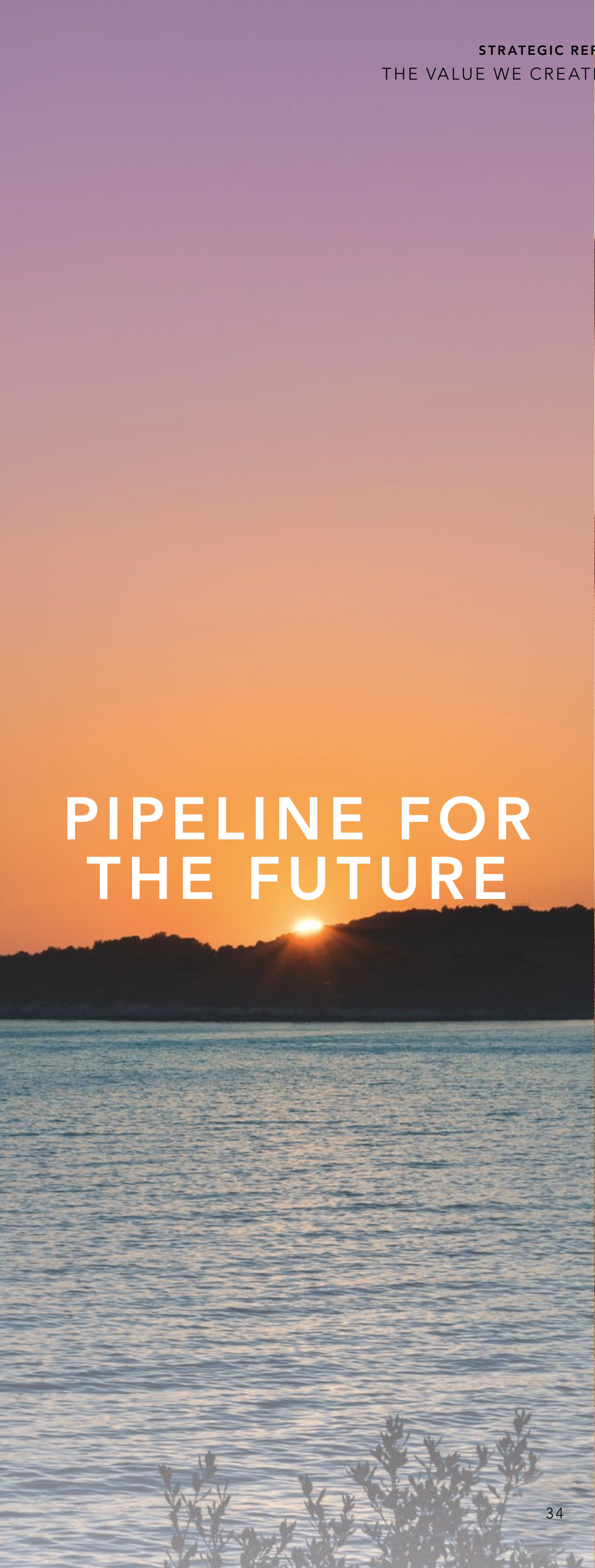
Expected to open 2022

art'otel london battersea power station is one of two exciting art'otels coming to London over the next few years. Positioned in the heart of one of London's best-known regeneration schemes, it will be a vibrant area with restaurants, bars and good transport links. Our wholly-owned lifestyle art'otel brand fuses art and life and will offer guests a sensational hotel experience spanning art galleries, a skyline restaurant and a stunning rooftop swimming pool with Power Station views. The 160 plus room hotel is being developed by the Battersea Power Station Development Company. The hotel is expected to open during 2022 and will be managed by the Group.

art'otel in New York City

Expected to open 2023

We have acquired a site in New York City, which offers us a truly exciting real estate investment opportunity in a new market – our first art'otel outside of Europe. The site is in West Chelsea, close to the Hudson Yards area which has undergone large-scale re-development in recent years to create a buzzing new neighbourhood known as the pre-eminent art gallery district in New York City, renowned for restaurants and bars. This is an ideal location for our first art'otel branded hotel outside of Europe.



PIPELINE FOR THE FUTURE

Hotel Brioni, Pula

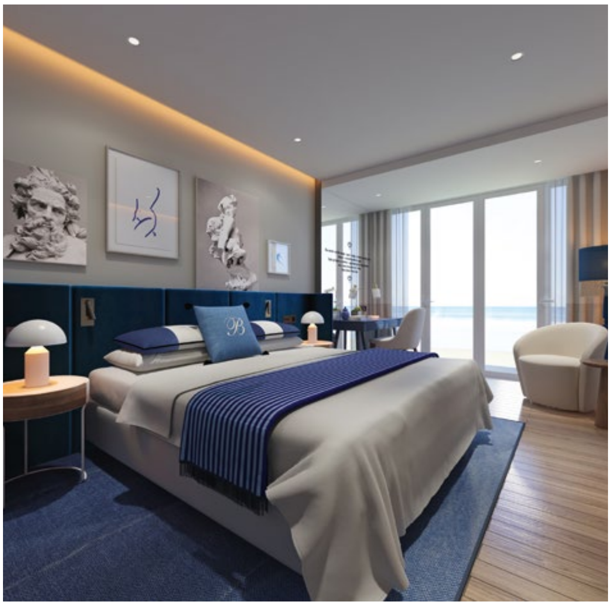
Expected to open 2021
Major property repositioning

This property is located 50 metres from the sea on the western coast of the Punta Verudela peninsula in Croatia, only 4 kilometres from the centre of Pula. The property is undergoing a major renovation programme to reposition in a luxury hotel with 227 rooms. The total cost of the investment is expected to be £27 million.

Verudela Beach Resort, Pula

Expected to complete 2020
Repositioning of self-catering apartment offer

During 2020 we will continue the investment in our self-catering apartment resort in Croatia, Verudela Beach Resort & Apartments. Following the initial repositioning of ten accommodation units prior to the 2019 summer season, further activity will reposition the remaining 146 units in the resort. Construction work began in October 2019 and we plan to have completed the project in time for the 2020 summer season. The total investment in repositioning is £8 million.



The facilities will include an indoor pool, an activity outdoor pool and an infinity outdoor pool, wellness centre, a gym, kids' playground, restaurant and bar, and meeting and conferencing facilities. The total planned investment is approximately £27 million. Construction work commenced in early 2020 and the hotel is expected to open in summer 2021.

Arena Kažela Campsite – phase two

Expected to complete 2020
luxury camping repositioning

We are continuing to invest in Arena Kažela Campsite in Croatia. The second phase of our investment to reposition this site commenced in October 2019. The further £6 million investment will replace a further 60 holiday homes, will reposition pitches to offer guests prime seaside positions with an average plot size of 150m^2, and will provide new facilities designed to offer a luxurious holiday experience to its guests. This includes the refurbishment of all public areas, a restaurant, bar and sports centre. On completion, Arena Kažela Campsite will be transformed into a modern 4-star camping resort and the site will be relaunched as Arena Grand Kažela for the 2020 summer season.

Expansion in Central and Eastern Europe region

Through our Croatian subsidiary Arena, the Group's footprint in the CEE region has been extended.

In April 2019, Arena agreed to acquire an 88-room contemporary 4-star Belgrade hotel for approximately €6 million. The hotel is located minutes away from the Serbian capital's historic old town and marked the Group's entry into a new territory.

In January 2020, Arena entered into a 45-year lease for the development and operation of a branded hotel in Zagreb, Croatia. The development, which is subject to obtaining the necessary permits, would convert an iconic building in a prime location in the heart of the city into a 115-room hotel.

STRATEGIC PROGRESS IN 2019

PROPERTY

Strategy

Deliver all ongoing projects and existing pipeline

Performance in the year

We entered into a joint venture for a new art'otel in New York City in 2019.In 2020 PPHE acquired the joint venture interest enabling the Company to retain full control of the project and construction timetable.

We continued to work with all stakeholders on development of the two new build art'otels in desirable locations within London (one of which will be managed by the Group on completion and one which is owned and developed by the Group), which are expected to open in 2022/23. In addition, our future pipeline was extended, with a site acquisition on Westminster Bridge Road in London. Our subsidiary, Arena, has contracted to acquire a hotel in Belgrade Serbia and, post period end, extended its pipeline with a project in Zagreb, Croatia.

Risks linked to strategy

- Breach of debt covenants and cash restrictions (pg 42)
- Delays or unforeseen costs in development projects (pg 42)
- Downturn in economic cycle (pg 43)

Emerging (pg 41):
- Changing sustainability regulations and expectations for property development

Looking forward

We will focus on delivering several repositioning projects, including Verudula Beach Pula, Hotel Brioni Pula and phase two of Arena Kažela Campsite. In addition, we will progress the development of the various projects in our pipeline.

Strategy

Deploy capital in new properties meeting our yield profile

Performance in the year

Our focus during the year was on repositioning and developing the Group's existing portfolio and committed pipeline.

Our pipeline of new hotels includes two iconic developments in London, scheduled to open in 2022/23. These are art'otel london hoxton (wholly-owned) and art'otel london battersea power station (management agreement). In addition, we acquired the freehold interest in a site located in London SE1 with a view to developing the site into a hotel, subject to planning permission being obtained.

Further to an announcement on 14 March 2019, we have acquired from our joint venture partner their 50% interest in W29 Development LLC, which owns the properties located at 538, 540 and 542 West 29th Street, New York We plan to develop these properties into our first art'otel in New York.

In Serbia, Arena Hospitality acquired a hotel in Belgrade in line with its strategy to expand its CEE presence.

In addition, Arena Hospitality also acquired a long lease interest in a property located in Zagreb, Croatia with a view to developing the site into a hotel, subject to planning permission being obtained.

Risks linked to strategy

- Breach of debt covenants and cash restrictions (pg 42)
- Delays or unforeseen costs in development projects (pg 42)
- Acquisitions and new developments not meeting targeted returns (pg 43)
- Downturn in economic cycle (pg 43)

Emerging (pg 41):
- Changing sustainability regulations and expectations for property development

Looking forward

Our future pipeline includes key projects namely; Zagreb, Croatia, Belgrade, Serbia, Hoxton and Battersea Power Station, London and New York City, USA.

Strategy

Mature recent openings and repositioned and renovated properties to generate a targeted cash return on EPRA NAV

Performance in the year

Trading improved for the Group for the year ended 31 December 2019, supported by the improved performance of repositioned properties which were relaunched in 2018 such as Park Plaza London Riverbank, Park Plaza Victoria London Amsterdam and Arena One 99 Glamping, as well as early benefits derived from the repositioning projects completed in 2019 (which included Holmes Hotel London, Arena Kažela Campsite, Park Plaza Vondelpark Amsterdam and Park Plaza Utrecht.

Performance management

- EPRA EPS
- Net return on shareholder capital
- Net return on EPRA NAV

Risks linked to strategy

- Breach of debt covenants and cash restrictions (pg 42)
- Downturn in economic cycle (pg 43)
- Changes in market dynamics (pg 43)

Looking forward

We will drive the organic growth of key repositioning projects including Park Plaza Vondelpark, Amsterdam and Holmes Hotel London which launched in 2019.

Strategy

Drive responsible business strategy

Performance in the year

From the outset of all new development projects, including our project in Hoxton, sustainability is a central pillar of the hotel design, aiming for BREEAM assessment 'excellent' in design and operation.

Our new buildings are built with the latest water and energy efficient fittings and a robust design that ensures our assets are built to last. Where possible, we source responsible and low environmental impact materials, upcycling or donating to charity or local community groups, and reducing our waste.

At our recent Park Plaza Vondelpark, Amsterdam repositioning project which was completed in 2019, we aimed to bring the outside in to promote guest and team wellbeing, which included 300m2 of plants, trees and flowers inside the hotel.

Risks linked to strategy

- Changes in market dynamics (pg 43)
- Reduction in availability of labour (pg 46)

Emerging (pg 41):
- Climate change related threats and increased scrutiny on the environmental impact of the travel and hospitality sector

Looking forward

In 2020 we intend to further progress our Responsible Business programme and ensure that targets and measurements are finalised, launched and consistently measured across the portfolio.

OPERATIONS

Strategy

Develop a high performing culture where engaged teams are empowered to create valuable memories for our guests and value for our assets

Performance in the year

In January 2019, we launched our internal blueprint which aligned our culture and business strategy. The blueprint sets out 'the way we do things', which enables our leadership team to develop a high performing culture through optimal team member behaviour and an empowering working environment, supported by strong leadership.

Following the January launch for Senior Managers, a series of in-country training workshops were conducted throughout 2019 across three out of our four operating regions, to ensure all our team members live and breathe our renewed blueprint.

Performance management

- Employee engagement
- 2019 saw participants to 3,409, compared to 3,321 in 2018 (PPHE Hotel Group and Arena Hospitality Group combined)
- Engagement score of 84.4% (2018: 83.6%)
- 2,000+ number of team members participated in blueprint launch training

Risks linked to strategy

- Changes in market dynamics (pg 43)
- Reduction in availability of labour (pg 46)

Emerging (pg 41):
- Political change reducing the available labour pool

Looking forward

In 2020, we will continue to deliver in-country workshops to maintain this momentum.

Employee engagement remains high on our strategic agenda and we will endeavour to further build on our strong score, by listening to team member feedback.

Our teams will also be equipped with additional tools and insights to maintain our high performing culture, including the 2020 launch of a digital learning management system.

Strategy

Improve the overall guest experience through creating valuable memories

Performance in the year

We continued our ongoing investment programme for team members and properties, along with a greater focus on reviewing guest feedback and aligning our operating standards to maximise efficiencies to further enhance guest satisfaction. Following repositioning, our properties delivered improved guest satisfaction and RevPAR growth.

During the year we created a dedicated customer service team which monitors and responds to guest feedback posted online on travel web sites and review platforms, ensuring guest feedback is managed and queries are responded to. This team also provides detailed data driven insights to our operating teams enabling them to further improve our service and product offering.

Additional initiatives undertaken to further enhance the guest experience were the implementation of new TV in-room entertainment systems with Chromecast, enabling guests to play their own content, as well as upgrades of our Wifi infrastructure and further cyber protection initiatives. In collaboration with Radisson Hotel Group a brand new website platform was launched in July 2019 as well as a multi-brand booking and rewards app.

Performance management

- Overall, our Guest Rating Score increased from 87.3% to 88% in 2019
- Number of reviews posted online exceeded 100,000

Risks linked to strategy

- Changes in market dynamics (pg 43)
- Cyber attack (pg 44)
- Data privacy breach (pg 44)
- Technology failures (pg 44)
- Food safety incidents (pg 45)
- Physical security and safety incidents (pg 45)
- Operational disruption (pg 45)

Looking forward

We intend to further invest in guest facing technologies and collaborate with Radisson Hotel Group on additional digital marketing enhancements. Our operations and brand teams will regularly revisit our offering and make improvements as and where appropriate, based on changing customer preferences and trends, guest feedback and insights provided by the dedicated customer service team.

Strategy

Focus on total revenue generation with solid profit conversion

Performance in the year

Following investments made in our portfolio and team members throughout 2018 and 2019, we now have a solid base upon which to grow further.

In 2019, we optimised our commercial organisation to align it further with our market segmentation, customer preferences, booking methods and internal requirements. As a result several new commercial leadership roles and teams were created. Our key commercial areas of focus include Sales, Revenue Management, Digital Marketing and Analytics, Guest Experience and Customer Service to name but a few. To further improve our efficiency and leverage our scale we have also thoroughly reviewed our supply chain and have further consolidated the procurement of goods and services.

Across several disciplines in our business we have introduced robotics in the year, improving overall efficiency.

Performance management

- EBITDA and EBITDA margin
- RevPAR
- Total revenue

Risks linked to strategy

- Downturn in economic cycle (pg 43)
- Changes in market dynamics (pg 43)
- Reduction in availability of labour (pg 46)

Emerging (pg 41):
- Potential increase in cost of imported goods

Looking forward

We will continue to focus on driving top line growth through our commercial strategies and initiatives and in collaboration with key partners, such as travel buyers, clients, meeting planners and also our strategic partner Radisson Hotel Group.
We aim to implement several new technologies in the year to become more data driven and operate more efficiently. This includes the introduction of new automation and business intelligence software for our revenue management teams and a learning management system across the Group. We will aim to further improve efficiency by continuing our consolidation activities in procurement and the progression of our robotics programme.

OUR APPROACH TO RISK MANAGEMENT

We create value and profits through our entrepreneurial approach and an attitude to risk and reward which allows us to exploit opportunities and deliver growth. Our Enterprise Risk Management (ERM) framework supports the pursuit of our objectives through enabling informed and calculated risk-taking, while protecting our financial strength and reputation.

During 2019 we reviewed and enhanced our approach to ERM, culminating in a revised Framework and Policy. We strive to maintain an embedded and forward-looking ERM programme for identifying and managing the risks that could affect the achievement of our objectives. We will focus on improving and further embedding the programme across the Group throughout 2020, including regular review of our risk-reward approach to ensure that it remains aligned with our strategic agenda.

OUR RISK FRAMEWORK

Strategic objectives

Risk-reward strategy
Our Risk-reward strategy sets the tone for our approach to risk and articulates the general appetite to risk-taking and tolerance.

Risk governance
Roles, responsibilities and reporting structure, defined in a Risk Policy.

Risk management process
Current and emerging risk identification, assessment, treatment, reporting and monitoring.

Risk assurance
Assurance from various sources including: Compliance / Internal Audit / External Audit / Other Third Party Assurance Providers

Risk informed decisions

RISK MANAGEMENT PROCESS

During 2019 we undertook a thorough review of the risks threatening the achievement of our objectives. The consolidated Principal Risks were assessed by the senior leadership team and the Audit Committee, before being agreed by the Board. See pages 42 to 46.

Our approach to ERM is consistent across all areas of the business:

Risk Identification – Group-wide awareness of risk, both existing and emerging, is critical to the achievement of our business objectives.

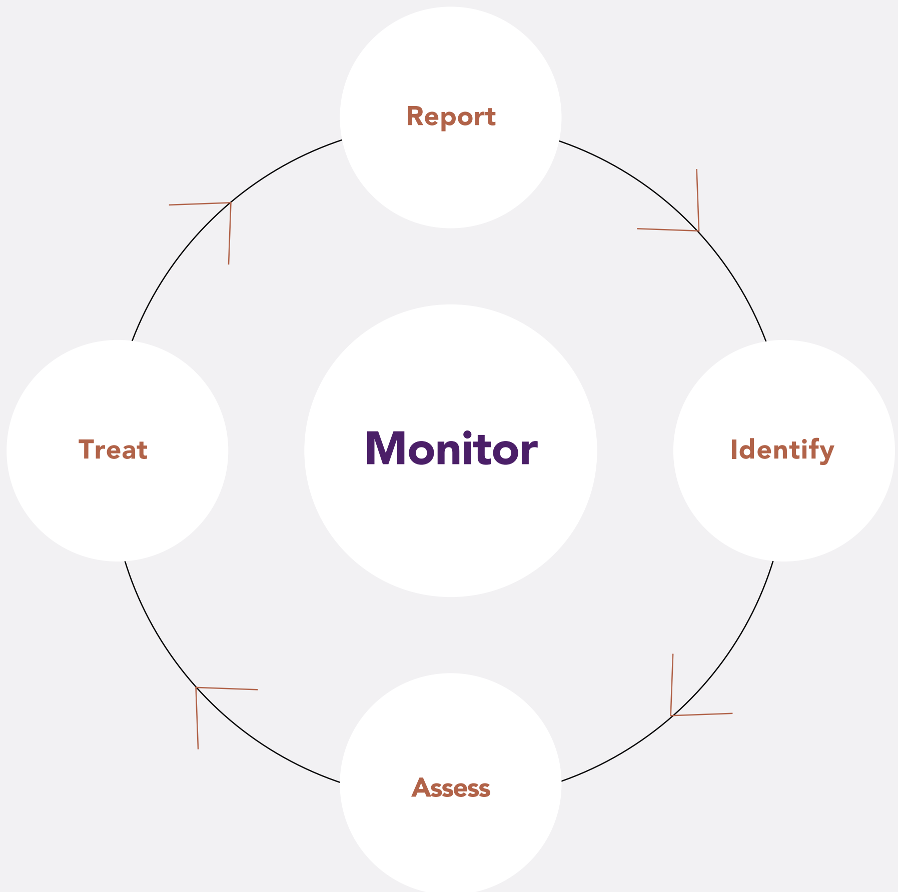
Risk Assessment – In order to prioritise our key risks and determine those that require management attention, the likelihood and severity of each risk is assessed using the Group risk assessment criteria.

Risk Treatment – Having assessed the risk, we determine whether the current status can be tolerated or whether further mitigation is required. This part of the process is critical to ensuring ongoing business improvement and proactive management of risk.

Risk Reporting – Regular risk reporting supports informed decision-making and prioritisation of resources. It enables the Board and others to fulfil their risk oversight responsibilities.

Risk Monitoring – Ongoing monitoring for any changes to the risk environment and monitoring progress of agreed risk actions. We recognise the importance of horizon scanning for identifying the potentially significant threats we face in the years to come. We include consideration of emerging risk throughout each stage of our ERM cycle and consider the following drivers of change:

- Market Dynamics
- Technology
- Social, Political, Economic and Environmental
- Legal and Regulatory



OUR APPROACH TO RISK MANAGEMENT CONTINUED

OUR RISK ENVIRONMENT

As both a real estate business and hospitality operator, we are exposed to a wide array of risks. Our risk environment and approach to risk and reward are explained in the context of our business model.

1. We purchase

As a real estate business, we are exposed to economic and property market risk. We seek investments which we believe have significant upside potential, delivering long-term value where the projected returns outweigh the associated risk. We ensure that the decisions we take are risk-informed and aligned with our strategic agenda of disciplined, focused capital deployment.

When seeking new development opportunities, we are willing to form new strategic partnerships or joint ventures, where we assess the benefits of the arrangement to be greater than the related risk.

2. We develop

As a property developer, we understand and manage the inherent risks associated with the delivery of major construction, repositioning and refurbishment projects (see Principal Risks pages 42 to 46). We are also exposed to risks related to increasing sustainability regulations and expectations within the real estate and construction sectors. The successful delivery of new developments is fundamental to ensuring that we optimise the value of our portfolio and deliver long-term sustainability.

3. We brand properties and improve operating performance

As a hospitality operator, we identify and manage a variety of inherent risks which threaten our ability to deliver the intended guest experience and maintain high operating margins.

We have zero tolerance for taking any actions which increase our risk profile in respect of guest or team member safety, operational disruption, reputational damage or non-compliance with laws and regulations.

We are exposed to various external risks common within the hospitality sector and beyond our control, such as changes in market conditions, global economic uncertainty, political instability and climate change. With our operations dependent on more than 4,700 team members, we are also vulnerable to shifts in the labour market.

The prominence and prime location of our operations also means we can be exposed to externally-driven direct threats such as fraud, cyber crime or physical security incidents.

We work with third parties for core business activities where we perceive the benefits of such arrangements to outweigh the related risks, providing that appropriate diligence and safeguards are in place. The nature of our business model means that we carry an element of counter-party credit risk requiring close management oversight. We remain aware of the importance of monitoring third party dependence and any related financial exposure.

4. We (re)finance to fund further investments

Our strategy of extracting value from the portfolio to fund further growth means we actively take measured funding related risks, in line with our risk-reward approach and treasury policy. We use debt to partly finance our property investments. By leveraging our investments, we enhance our returns but also accept the risk of magnifying any associated losses.

Some of our financing arrangements contain cross-collateralisation and we therefore accept the risk that more than one property may be affected by a default under these financing arrangements.

Funding is a key area of risk and the associated activity is closely monitored and reported on frequently within the business.

For more information on funding, please see page 58

EMERGING RISK

We define emerging risk as future threats that cannot be accurately assessed at the current time but could have a material impact on the business in the future. These are considered alongside existing risks at each stage of our risk management process with a view to improving our response plans and exploit potential opportunities.

Most of these changes could heighten existing principal risks while some could present new risks or opportunities for the Group.

During the year we have modelled the impact an economic downturn could have on Group performance. The understanding gained from this exercise allows us to develop suitable response plans.

For more information, please see page 43

Similarly, a Brexit steering group with representatives from around the business continued to monitor the potential strategic and operational consequences that the UK leaving the EU could have on the business, particularly the impact on our supply chain and labour availability in the UK. An increasingly challenging labour market caused by a changing political landscape and changing demographics is an emerging trend which we already acknowledge and manage as a principal risk.

For more information, please see page 46

Climate Change and issues of sustainability could heighten several of our existing principal risks by impacting the continuity of our operations, increasing the cost of resources and increasing public scrutiny of the impact that travel and tourism has on the environment. See pages 80 to 89 for our approach to doing business responsibly and our impact on our communities and the environment.

External events which threaten to disrupt global travel and significantly reduce occupancy can emerge in various forms. We are closely monitoring the impact of the Coronavirus outbreak in China, on travel and occupancy levels in Europe.

The possibility of an outbreak of Coronavirus in the locations we operate, and any associated quarantine measures, heighten our principal risk of operational disruption. See page 45.

TRENDS AND FUTURE THREATS

Market Dynamics:	**Social / Political / Economic / Environmental:**	**Regulatory / Legal:**	**Technology:**
• Increasing prominence of private rental market	• Downturn in economic cycle leading to pressure on our margins and property price volatility	• UK law divergence from EU law increasing the cost of compliance	• Increasing speed of technology change impacting the hospitality sector
• Mainstream use of digital currency potentially increasing exposure to price volatility and requiring new processes and technologies	• Brexit-related threats including increasing cost of imported goods and reduction of the available labour pool within the UK	• Sustainability regulations and expectations impacting the approach to future hotel property developments and operations	
	• Changing demographics e.g. ageing population leading to changing guest expectations and an increasingly challenging labour market	• EU legislation banning single-use plastics, impacting our costs and operations	
	• Rising urbanisation placing increased demands on resources in the areas we operate		
	• Climate change related incidents with a direct impact on our guests and operations (e.g. water shortages / floods) plus increased scrutiny on the environmental impact of the travel and hospitality sector and associated transition risks such as changes in government policy		
	• Significant events restricting travel to our key locations		

PRINCIPAL RISKS AND UNCERTAINTIES

This year we have articulated some of our principal risks differently from the 2018 Annual Report. The table shows movement in the risk level against related prior year risks and also highlights any which are newly added.

We have removed foreign exchange rate fluctuations as a principal risk as we regard this to be a low risk area due to our approach of matching our commitments, cash flow and debt in the same currency. We continue to monitor the risk and would forward hedge any sizeable cash flows should any future transactions occur which are not in a functional currency of the Group.

The prior year risk relating to capital requirements to maintain product standards has been removed this year as it is considered to be a well mitigated, low risk area.

Similarly, the extent of our fixed operating expenses and vulnerability to short-term changes in revenue no longer features as a separate area of principal risk, but remains closely linked to the principal risks of a downturn in the economic cycle and changing market dynamics.

We also removed the key partnership risk relating to our licence agreement with Radisson Hotel Group (RHG) to operate or sub-license the Park Plaza brand within the EMEA region. We consider the benefits of the partnership to far outweigh any related risks. We continue to monitor the risk but consider it to be low and aligned with our current risk appetite.

Risk Priority: Our risk priority is decided through an assessment of the likelihood of the risk and its impact should it materialise. Our assessments are weighted towards impact to encourage prioritisation of high impact risks.

The table below represents our risk priorities for the year ahead. We believe these to be the most significant threats to the achievement of our objectives but are not an exhaustive list of all risks identified and monitored through our risk management process.

INVESTMENT

Principal Risk Description	Risk Priority	Risk Response and Outlook for 2020
Funding The Group could experience a breach of debt covenants leading to cash restrictions, loss of stakeholder confidence, less favourable terms when refinancing in the future and a potential going concern threat. **Strategic objectives under threat:** 3 Extract value from portfolio to fund further growth 2 Optimise the value of the existing portfolio 4 Long-term sustainability	Medium ↓	Our strategic approach of using debt to partly finance our property investments and enhance returns demonstrates an appetite to accept a measured level of funding related risk. This is aligned with our risk-reward approach with assets typically ring fenced into single or group facilities and maximum loan to value ratios of between 50% and 65% depending on location. See page 58 for details We have reduced our assessment of this risk as we closely monitor and forward test to ensure compliance with debt covenants and other covenants in the loan facilities. We nurture the long term relationships we have with our funding banks and ensure we have cash reserves to enable us to respond quickly to any potential breaches if these were to occur. We perform forward covenant testing on a monthly basis. The forward testing applies sensitivity and stress modelling. On a semi annual basis the working capital model is updated. The model was developed in order to assess the Company's viability over a period of three years using stress tests which include, amongst others, reduction of average room rate, occupancy and EBITDA margins and the effect that those would have on the loan covenants and our cash flow. The model is reviewed by the Board on an annual basis. **Outlook for 2020** We continually monitor this risk closely to optimise returns while remaining at comfortable leverage levels.
Development Projects Through the delivery of our development pipeline, we could experience delays, unforeseen increase in costs, disputes with contractors or inconsistent quality. Any of these could reduce cash flow, profitability and stakeholder confidence. **Strategic objectives under threat:** 1 Disciplined, focused capital deployment 2 Optimise the value of the existing portfolio 4 Long-term sustainability	High ↑	The successful delivery of our development pipeline is fundamental to the achievement of our strategic objectives. With several significant projects in our development pipeline the profile of this risk has increased for the year ahead. Our key projects are subject to ongoing senior leadership team oversight and close monitoring and support from our in-house Technical Services team. Regular meetings with our key contractors are held to identify and tackle approaching issues which could impact the overall cost, targeted delivery schedule or the expected quality standards. **Outlook for 2020** Our diligent approach to development project delivery continues in 2020. With several significant projects underway or planned, we continue to review our approach and resource requirements in respect of centralised project management.

Strategic Agenda references

1. Disciplined, focused capital deployment
2. Optimise the value of the existing portfolio
3. Extract value from portfolio to fund further growth
4. Long-term sustainability
5. Consistently deliver the refreshed intended guest experience across our properties
6. Maintain high operating margins

↔ Unchanged
↑ Increased
↓ Reduced

INVESTMENT

Principal Risk Description	Risk Priority	Risk Response and Outlook for 2020
Acquisitions and New Developments Market changes or inaccurate assessments of development opportunities could lead to poor investment decisions and impact our ability to drive growth and long-term value. **Strategic objectives under threat:** 1 Disciplined, focused capital deployment 3 Extract value from portfolio to fund further growth	Medium *Newly Reported*	Through the application of our due diligence procedures we take informed, calculated risk in pursuing new opportunities, which is aligned with our strategic agenda of disciplined, focused capital deployment to achieve growth and long-term value. **Outlook for 2020** This risk is currently within our levels of tolerance and continues to be managed to remain closely aligned with our approach to risk and reward.

MARKET AND MACRO ENVIRONMENT

Principal Risk Description	Risk Priority	Risk Response and Outlook for 2020
Economic Climate A downturn in the economic cycle could lead to margin erosion due to falling revenues and/or increasing costs. Uncertainty regarding macro-economic and socio-political conditions including the future impact of Brexit, could affect our ability to maintain or increase revenue and profitability. **Strategic objectives under threat:** 6 Maintain high operating margins 4 Long-term sustainability	High ↔	As referred to in the emerging risk section of this report, we have performed scenario planning for different economic cycles and developed response plans to best protect our margins in a downturn. We have also assessed and planned for the potential impact of the UK exit arrangements from the EU. **Outlook for 2020** Continued political and economic uncertainty means we must be prepared for the possibility of a downturn in the economic cycle to emerge in 2020. While the risk is largely outside of our control, we continue to monitor the economic climate closely to ensure that we continue to be well placed to respond to changing conditions.
Market Dynamics The travel industry could continue to change considerably with increased competition driven by the influence of major booking platforms, consolidation in the hotel market, increase in home market rentals and other disruptors. Additionally a failure to adapt to changing guest expectations in respect of technology, sustainability and service could threaten our ability to retain and grow market share. **Strategic objectives under threat:** 4 Long-term sustainability 5 Consistently deliver the refreshed intended guest experience across our properties 6 Maintain high operating margins	Medium ↔	The ever-changing nature of the hospitality industry means we closely monitor trends and developments within the sector, giving us the ability to react quickly. We also continue to use guest survey and guest review monitoring software to focus on recognising guest feedback, engaging with guests and enhancing our guest experience. To further improve our performance, we introduced a dedicated customer service team to manage these activities. Our exclusive and perpetual licence with RHG provides us the benefits of scale, negotiating power and market knowledge. During 2019 we worked in collaboration with RHG on the development of its main new website, app and reservation system. Our Responsible Business strategy considers how we monitor and respond to guest expectations regarding matters of sustainability. (see pages 80 to 89) **Outlook for 2020** As an externally driven area of risk, changing market dynamics will always be a threat to our existing business model. To continue to meet guest expectations and control this risk as best as possible we have several activities ongoing in 2020 which includes the continued progress against our three-year technology road map and the delivery of our Responsible Business strategy.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

TECHNOLOGY AND INFORMATION SECURITY

Principal Risk Description	Risk Priority	Risk Response and Outlook for 2020
Cyber Security The Group could be subject to a serious cyber attack resulting in significant disruption to operations and financial loss from falling revenues, cost of recovery and significant fines in the event of a related data breach. **Strategic objectives under threat:** ④ Long-term sustainability ⑤ Consistently deliver the refreshed intended guest experience across our properties	High ↔	As one of the most significant risks to the business, there has been focus throughout 2019 on strengthening our defence against cyber attacks, including improved technical controls and enhanced awareness of the threats within our teams. We introduced improved email protection to combat the threat of phishing scams and added new endpoint protection and detection controls. We also commissioned external consultants to perform several penetration tests to highlight security weaknesses and help prioritise mitigating actions. **Outlook for 2020** Although we accept that this risk is likely to remain high, we continually work to further protect our business from the likelihood of a severe threat materialising. A number of projects are underway which will see controls strengthened in respect of network access control and security incident & event management. We will continue to further enhance our team members' awareness of information security with the roll-out of online training. The threat of cyber attack could also arise through the targeting of our third party partners and suppliers. Further assessment of this particular threat and review of third party security measures will continue to be an area of focus in the year ahead.
Data Privacy The Group could experience a serious data privacy breach which could result in investigation by the regulator, significant fines in accordance with the GDPR and subsequent reputational damage. **Strategic objectives under threat:** ④ Long-term sustainability ⑤ Consistently deliver the refreshed intended guest experience across our properties	High ↔	We are committed to protecting the personal data of our employees and guests. As with 2018, we continued to invest in team member awareness and tailor our processes and services to best mitigate the inherent personal data processing risks. The 2019 investment in strengthening our defence against cyber attack and the provision of a secure environment for all of the personal data that we process has enhanced our control environment. Alongside our Information Security and Data Privacy policies, there are established breach protocols, reporting hotlines for team members and incident response plans. We also engage with third party experts for technical support when necessary. **Outlook for 2020** The nature of our operations means the risk of a serious data privacy breach is likely to remain a significant threat and a high priority. To further embed our approach to GDPR compliance during the year, we are continuing to review and strengthen our procedures and internal awareness to counter this threat.
Technology Resilience A prolonged failure in our core technology infrastructure could present a significant threat to the continuation of our business operations, particularly where failures impact hotel management and reservation systems. **Strategic objectives under threat:** ④ Long-term sustainability ⑤ Consistently deliver the refreshed intended guest experience across our properties	High ↔	During 2019 we performed a review of IT Business Continuity and assessed current backup and recovery arrangements for all critical systems. Through this review, we identified a number of options for strengthening the resilience of our core infrastructure. **Outlook for 2020** We currently and will continue strengthening our technology infrastructure throughout 2020 and mitigate this risk providing suitable levels of protection and built-in redundancy for our core systems.

SAFETY & CONTINUITY

Principal Risk Description	Risk Priority	Risk Response and Outlook for 2020
Food Safety The Group could experience significant food safety or allergen related incidents through failings in food preparation, storage or our supply chain. A serious incident could damage our reputation and lead to falling revenue. **Strategic objectives under threat:** 4 Long-term sustainability 5 Consistently deliver the refreshed intended guest experience across our properties	High *Newly Reported*	The health and well-being of our guests is a key priority and fundamental to our success. To monitor performance against our expected high standards, we engage third party food safety experts to conduct a thorough in-house and supplier audit programme. Continued consolidation of our food supply chain during the year has allowed us to strengthen our control with improved supplier visibility and audit coverage. **Outlook for 2020** Although we acknowledge food safety to be a high inherent risk area within the hospitality sector, our focus continues on minimising the likelihood of incidents occurring. In particular, we continue to review the strength of our communications in respect of allergens and improve on team member training and awareness.
Physical Security and Safety Physical security and safety incidents at one or more of our properties could jeopardise the safety of our guests and team members as well as disrupt operations severely. Although the prime city centre location of many of our properties is a strategic strength, it also heightens the inherent risk of security threats. A failure to take reasonable steps to prevent serious security or safety incidents, or a failure to respond appropriately, could impact our reputation and result in significant loss of guest and stakeholder confidence. **Strategic objectives under threat:** 4 Long-term sustainability 5 Consistently deliver the refreshed intended guest experience across our properties	Medium *Newly Reported*	Security and fire safety procedures are in place at all of our managed properties, including emergency evacuation plans. Our dedicated security, health and safety teams perform regular risk assessments and develop response plans in respect of significant threats to the physical security and safety of our guests and team members. We also maintain established Crisis Plans across all of our properties, which are reviewed, tested and communicated to management regularly. **Outlook for 2020** The safety and security of our guests and team members will remain a priority at all times. We continue to monitor threats, maintain our standards and strive for continual improvement.
Operational Resilience We could experience disruption to our operations from incidents at our hotels or in the immediate vicinity, for example floods, extreme weather, social unrest, terrorism. As the current Coronavirus outbreak evolves it could present a temporary threat to the continuity of our services and operations. **Strategic objectives under threat:** 4 Long-term sustainability 5 Consistently deliver the refreshed intended guest experience across our properties	Medium *Newly Reported*	To respond appropriately to external incidents which threaten the continuity of our operations, there are established Crisis Plans and longer-term Business Continuity Plans in place for each of our hotels. Although the extent of impact to our operations is dependent on the severity of an incident and largely outside of our control, our ability to respond quickly and our insurance coverage can minimise the financial impact. **Outlook for 2020** We continue to monitor the Coronavirus outbreak closely and conduct ongoing reviews of our response plans and measures. Throughout 2020, we will continue strengthening our Business Continuity and Crisis Plans with particular focus on critical roles and operational areas.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

PEOPLE

Principal Risk Description	Risk Priority	Risk Response and Outlook for 2020
Availability of Labour in the UK Changes in demographics and migration could result in a reduction in available labour. The UK's departure from the EU is likely to accelerate this threat. Difficulties in recruiting and retaining team members could damage profitability through increased people costs and/or falling revenues following a negative impact on service. **Strategic objectives under threat:** 5 Consistently deliver the refreshed intended guest experience across our properties 6 Maintain high operating margins	High ↑	We continue to manage this significant threat proactively with several initiatives in place or underway. In London, we acquired property for the development of employee accommodation to drive attraction and retention of hotel workers. Our housekeeping in London is managed in-house by our Accommodation Services team, giving us greater control in recruiting, retaining and growing our own people while improving the guest experience. We promote flexible working hours for relevant roles and provide guaranteed hours and greater job security. We have also increased our focus on talent development and invested more in developing people and new technology. To attract talent, we have built a new careers website (launching early 2020), engaged with schools to build early engagement and continued with our apprenticeships programme within the UK. We also work with selected partners to reach out to the communities in which we operate. **Outlook for 2020** The influence of the political, economic and social environment means the availability of labour is likely to continue to remain a high priority risk area. We continue to address this risk through longer term workforce planning, improving our attractiveness as an employer and targeted retention strategies.

VIABILITY STATEMENT

In addition to the going concern statement, the Directors have considered the viability of the business.

The Group developed an annual business planning process, which includes a robust three-year plan that takes into consideration the Company's strategy, the principal risks and the current market conditions. This plan will be reviewed and approved each year by the Board, following which it will be cascaded down across the Group and provide the basis for strategic actions taken across the business.

In addition, during the year, the Group updated its enterprise-wide risk assessment, facilitated by the Enterprise Risk Manager, in which risks were identified and assessed by the senior executives using the Group risk assessment criteria based on the combination of the likelihood of risk and the impact should it materialise. The principal risks are documented on pages 42 to 46. The principal risk schedule was approved by the executive management team, the Audit Committee and the Board.

The Group's viability assessment is based on the three-year financial forecast, adjusted with principal risks that are assumed to crystallise in parallel during the assessment period.

The principal risks' effect on the Group is quantified throughout the three-year financial forecast by applying the following stress testing:

- Decrease in average daily rate
- Decrease in occupancy
- Decrease in EBITDA margin
- Increase in project costs

Many of the principal risks can result in a decrease in average daily rates and occupancy. Changes in the economic environment or market dynamics could impact our ability to maintain a competitive pricing position. Principal risks which directly impact our brand reputation or disrupt our operations could also reduce ADR and occupancy.

As an owner/operator of hotels the Group has higher operational leverage than those operating an asset light model. This has a positive benefit on EBITDA margins when revenue growth is increasing but has a negative impact on margins when trading slows. A reduction in the EBITDA margin can be caused by changes in the macro environment or the materialisation of a number of the principal operational and reputational risks, as well as an increase in fixed costs.

An increase in project costs is linked to the principal risk of overruns in respect of ongoing development projects. It should be noted that only the preliminarily development costs associated with the art'otel Hudson Yards New York project, which is expected to open in 2023, were included in the financial forecast as this project is still in it's early stages and management anticipate that the additional development costs will be financed by third party facilities and therefore should not materially affect the Group's net cash and cash flows.

The stress tests were evaluated for various outcomes including the impact on the Group's net cash, cash flows, property fair values and the impact of a parallel crystallisation of the above mentioned stress tests on the Group's financial covenants. The underlying assumption for any potential breaches in covenants was that the Company will repay part of the loan principal in order to comply with those covenants. This assumption is based on cures for covenant breaches that are included in the Group facilities agreements. Moreover, the Group's weighted average loans maturity was above 7 years which was also considered when assessing the solvency and liquidity of the Group.

The Board concluded that three years would be an appropriate timeframe over which to assess the Group's ongoing longer term viability, as this period aligns with the Group's own strategic planning period combined with the levels of planning certainty that can be derived from the current market conditions and the development pipeline.

The above considerations form the basis of the Board's assessment of the viability of the Group over a three-year period to 31 December 2022 while taking account of the Group's current position, the principal risks and how these are managed as detailed in the Strategic Report, the Group strategy and the Group's financial plans and forecasts. Based on this assessment, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 31 December 2022.

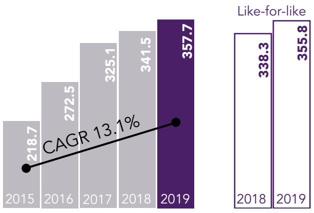
KEY PERFORMANCE INDICATORS: MEASURING OUR PROGRESS

FINANCIAL KPIs

TOTAL REVENUE

£m

£357.7m



KPI definition

Total revenue includes all operating revenue generated by the Group's owned and leased hotels, management fees, franchise fees and marketing fees.

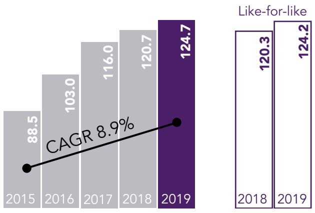
Comment

Revenue, which increased by 4.8%, was positively affected by the maturing of Park Plaza Victoria Amsterdam and Park Plaza London Riverbank, which were repositioned in 2018 and improved trading throughout our London and Amsterdam hotels. However, it was negatively affected by a decrease in room inventory due to the repositioning of a number of properties in the United Kingdom and the Netherlands and the termination of a lease agreement in Dresden, Germany in July 2018.

EBITDAR

£m

£124.7m



KPI definition

Earnings before interest, tax, depreciation, amortisation and rental expenses.

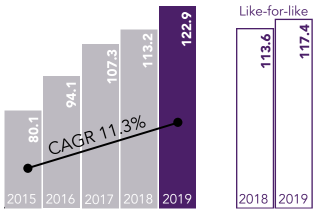
Comment

EBITDAR, which increased by 3.3%, was positively affected by the maturing of Park Plaza Victoria Amsterdam and Park Plaza London Riverbank, which were repositioned in 2018 and improved trading throughout our London and Amsterdam hotels. However, it was negatively affected by a decrease in room inventory due to the repositioning refurbishment of a number of properties in the United Kingdom and the Netherlands.

EBITDA

£m

£122.9m



KPI definition

Earnings before interest, tax, depreciation and amortisation.

Comment

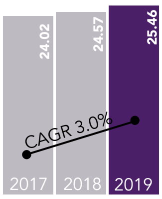
EBITDA, which increased by 8.6%, was positively affected by the maturing of Park Plaza Victoria Amsterdam and Park Plaza London Riverbank, which were repositioned in 2018 and improved trading throughout our London hotels. In addition, EBITDA increased as a result of the first time adoption of IFRS 16 and the termination of the loss making lease agreement in Dresden in July 2018. However, EBITDA was negatively affected by a decrease in room inventory due to the repositioning refurbishment of a number of properties in the United Kingdom and the Netherlands.

PROPERTY KPIs

EPRA NAV PER SHARE

£

£25.46



KPI definition

Net Asset Value on a fully diluted basis adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model divided by the dilutive number of shares.

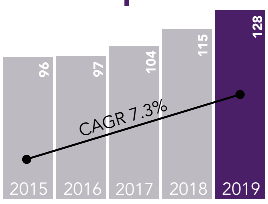
Comment

EPRA NAV per share, which increased by 3.6%, was positively affected by the revaluation of the recently repositioned properties and the earnings for the year. However, it was negatively affected by the divided distribution of 37p in 2019 and the weakening of the Euro and Croatian Kuna compared to Pound Sterling.

ADJUSTED EPRA EPS

Pence

128p



KPI definition

Shareholders' earnings from operational activities with the Company's specific adjustments. The main adjustment is adding back the reported depreciation charge, which is based on assets at historical cost, and replacing it with a charge calculated as 4% of the Group's total revenues, representing the Group's expected average cost to upkeep the real estate in good quality. The adjusted shareholders' earnings from operational activities are divided by the weighted average number of ordinary shares outstanding during the year.

Comment

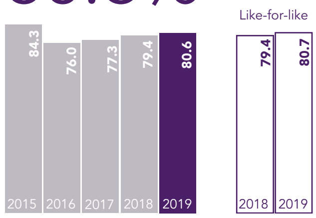
Adjusted EPRA earnings EPS, which increased by 11.7%, were positively affected by the improved results.

OPERATING KPIs

OCCUPANCY

%

80.6%



KPI definition

Total rooms occupied divided by the available rooms.

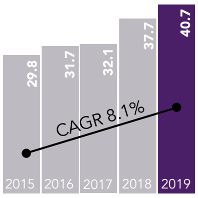
Comment

Like-for-like occupancy improved by 130 bps with reported occupancy increasing by 120 bps year-on-year. Occupancy increased across all of our operating regions, except Germany where occupancy was flat.

NORMALISED PROFIT BEFORE TAX

£m

£40.7m



KPI definition

Profit before tax adjusted to remove unusual or one-time influences.

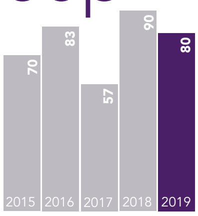
Comment

Normalised profit, which increased by 7.9%, was positively affected by the increase in EBITDA. However, this was offset by an increase in depreciation costs.

REPORTED EARNINGS PER SHARE

Pence

80p



KPI definition

Earnings for the year, divided by the weighted average number of ordinary shares outstanding during the year.

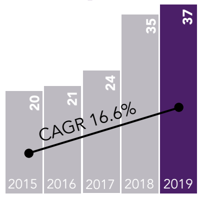
Comment

Reported earnings per share decreased by 11.0% in line with the decrease in reported profit.

DIVIDEND PER SHARE

Pence

37p



KPI definition

The total dividends paid out over an entire year divided by the number of outstanding ordinary shares issued.

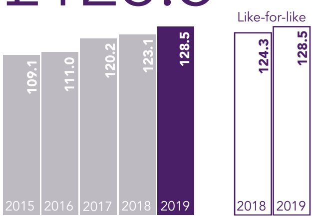
Comment

Ordinary dividend increased by 5.7% year-on-year, with a final dividend of 20 pence per share proposed.

AVERAGE ROOM RATE

£

£128.5



KPI definition

Total room revenue divided by the number of rooms sold.

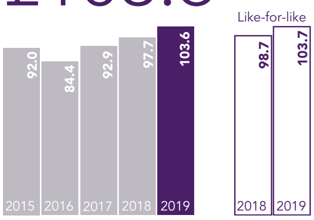
Comment

Like-for-like average room rate increased by 3.4%, with reported average room rate increasing by 4.4%. Average room rate increased in the UK and Dutch regions but stayed stable in the rest of our operating regions.

REVPAR

£

£103.6



KPI definition

Revenue per available room; total room revenue divided by the number of available rooms.

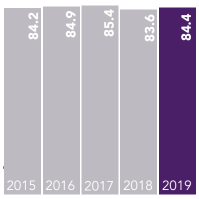
Comment

Like-for-like RevPAR increased by 5.1%, with reported RevPAR increasing by 6.0%, due to the increase in occupancy.

EMPLOYEE ENGAGEMENT

%

84.4%



KPI definition

Measured through annual engagement survey. Team members are encouraged to share feedback about the Company, their jobs, their team and their manager – these engagement drivers showed an increase compared to the previous year.

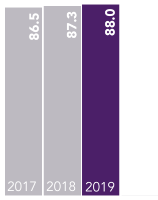
Comment

We have increased our overall engagement score. In 2019 we focused on embedding our renewed Company culture. Many initiatives took place that helped create an optimal working climate for our team members. We are happy to see this reflected in our engagement score and we will focus on maintaining this upwards momentum in 2020.

GUEST RATING SCORE

%

88.0%



KPI definition

Guest satisfaction and a strong reputation are paramount to our long-term success. These are measured through guest surveys completed by guests and reviews posted online on travel review websites and booking platforms. The Guest Rating Score reported is based on guest reviews posted on external websites.

Comment

We have continued to improve our Guest Rating Score in 2019, with our overall performance increasing by 0.7 to 88.0%. This is the result of our continued investments in properties and training of our teams.

DANIEL KOS
CHIEF FINANCIAL OFFICER & EXECUTIVE DIRECTOR

BUILDING ON A STRONG TRACK RECORD

FINANCIAL RESULTS

Key financial statistics for the financial year ended 31 December 2019

	Reported in GBP (£)		Like-for-like GBP[1] (£)	
	Year ended 31 December 2019	Year ended 31 December 2018	**Year ended 31 December 2019**	Year ended 31 December 2018
Total revenue	**£357.7 million**	£341.5 million	**£355.8 million**	£338.3 million
EBITDAR	**£124.7 million**	£120.7 million	**£124.2 million**	£120.3 million
EBITDA	**£122.9 million**	£113.2 million	**£117.4 million**	£113.6 million
EBITDA margin	**34.4%**	33.1%	**33.0%**	33.6%
Reported PBT	**£38.5 million**	£46.4 million	**–**	–
Normalised PBT	**£40.7 million**	£37.7 million	**–**	–
Reported EPS	**80p**	90p	**–**	–
Dividend per share	**37p**	35p	**–**	–
Occupancy	**80.6%**	79.4%	**80.7%**	79.4%
Average room rate	**£128.5**	£123.1	**£128.5**	£124.3
RevPAR	**£103.6**	£97.7	**£103.7**	£98.7
Room revenue	**£250.6 million**	£236.6 million	**£249.1 million**	£234.3 million
EPRA NAV per share	**£25.46**	£24.57	**–**	–
Adjusted EPRA earnings per share	**128p**	115p	**–**	–

1 The like-for-like comparison for 2019 excludes the influence of IFRS 16, which was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. Furthermore, the like-for-like figures for the year ended 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 the year ended 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). Furthermore, the like-for-like figures for the year ended December 2018 exclude the operation of art'otel Dresden (the lease of which was terminated on 31 July 2018).

OVERVIEW 2019

We are pleased to report another year of delivering results in line with our financial expectations. We achieved good growth in revenues and profits, as the financial benefits from recently completed major repositioning projects and new openings continued to come through. In the last three years we have invested over £100 million in our repositioning and refurbishment programme, which has resulted in some disruption to our operations. Notwithstanding the loss of room stock whilst these projects were undertaken, a combination of sound planning and execution, as well as a large, well positioned portfolio, has enabled us to continue to deliver annual growth in revenues and profits throughout the last three years.

The key focus for 2019 was driving the performance of our recently refurbished hotels in London, progressing our ongoing investment programme to develop a new hotel in London and reposition and renovate several properties in the United Kingdom, the Netherlands and Croatia. In total, we invested more than £72 million in these initiatives during the year. Whilst it is early days, we are on course to deliver the overall targeted return from this investment.

We are pleased to report an EPRA NAV per share of £25.46 (2018: £24.57) and adjusted EPRA earnings per share of 128 pence (2018: 115 pence), reconfirming the value we created for our shareholders through our strategic focus on our owner/operator model, combined with in-house development. As a result of the increase in our cash earnings, the Board proposed to increase the final dividend by 5.3% to 20 pence per share, which brings the total dividend over the year 2019 to 37 pence per share (2018: 35 pence per share).

OPERATIONAL PERFORMANCE

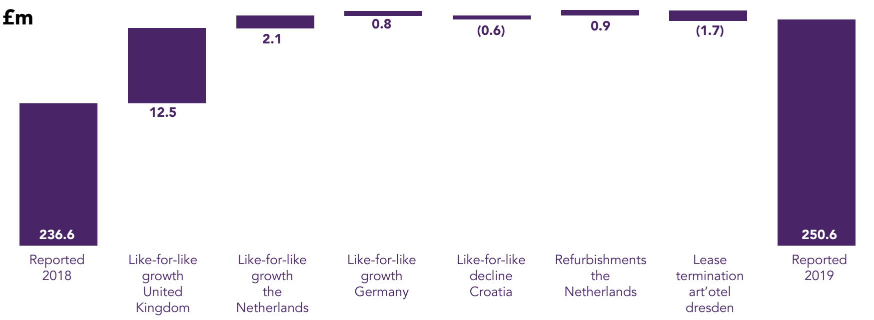
Revenue

On a like-for-like[1] basis, total revenue increased by 5.2% to £355.8 million and reported total revenue was up 4.8% to £357.7 million, notwithstanding some currency headwinds in the year.

Growth was primarily driven by roomstock coming back on stream following the completion of the repositioning programme, and a strong rate led RevPAR performance in the United Kingdom across a number of hotels.

Like-for-like[1] RevPAR was £103.7, an increase of 5.1% (2018: £98.7), led by a 3.4% increase in average room rate to £128.5 (2018: £124.3). Like-for-like[1] occupancy improved by 130 bps to 80.7% (2018: 79.4%). Whilst RevPAR growth was predominantly London led, the Netherlands region also generated a positive contribution. Overall, reported RevPAR was £103.6 (2018: £97.7), up 6.0%, driven by a 4.4% increase in average room rate and a 120 bps improvement in occupancy.

YEAR-ON-YEAR ROOM REVENUE GROWTH



As a result of the strong RevPAR growth, in combination with additional roomstock, like-for-like room revenue was up 6.3% to £249.1 million (2018: £234.3 million).

EBITDA and EBITDA margin

On a like-for-like[1] basis, EBITDA increased by 3.4% to £117.4 million. Group reported EBITDA increased by 8.6% to £122.9 million and EBITDA margin increased to 34.4%. EBITDA growth was driven by the rate led RevPAR growth and supported by the IFRS 16 changes on accounting for leases. The IFRS change mainly affected the EBITDA of two of the Group's hotels, which are operated under a short-term operating lease.

Although we continue to see labour related cost pressures in all the markets in which we operate, we were able to maintain margins in two of our four regions. The EBITDA margin in the Croatian region decreased by 110 bps to 29.8%, mainly driven by an average rate related RevPAR decline of 1.9% on the back of a softer than expected performance in high season.

IFRS 16

From 1 January 2019 the Group adopted the latest accounting standard for leases, IFRS 16, which in essence aims to recognise the assets and liabilities of virtually all leases on balance sheet. Previously leases that were classified as operating leases were not recognised on the balance sheet, with the payments charged to rent expense included in EBITDA. Following the implementation of FRS 16 from the start of 2019 the Group has recognised the future payment obligations as liabilities and the corresponding right-of-use assets as assets within the balance sheet. In accordance with the new accountng treatment, instead of a rent expense, the assets are now subject to a charge for depreciation and the liabilities incur a financial expense both classified below EBITDA in the Income statement. As described in the table below, as a result of the implementation, EBITDA increased by £5.3 million however this was offset further down the income statement by higher charges for depreciation and financial expenses causing a net decrease of £0.4 million on profit before tax.

	According to the previous accounting policy £'000	The change £'000	As presented according to IFRS 16 £'000
Operating expenses	(233,295)	271	(233,024)
Rent expenses	(6,822)	5,048	(1,774)
EBITDA	117,575	5,319	122,894
Depreciation and amortisation	(38,032)	(3,717)	(41,749)
Interest on lease liabilities	(7,114)	(2,032)	(9,146)
Profit before tax	38,907	(430)	38,477

Profit and earnings per share

Normalised profit before tax increased by 7.9% to £40.7 million (2018: £37.7 million). Normalised profit before tax was positively supported by the increased EBITDA but partially offset by an increase in depreciation costs of £2.1 million on the back of the recent investment programme. The implementation of IFRS 16 has reduced the Group's normalised profit before tax by £0.4 million. Below is a reconciliation table from reported to normalised profit.

As discussed above, depreciation increased in the year from £35.9 million to £41.7 million, mainly as a result of the implementation of IFRS 16. Although depreciation is recorded in accordance with GAAP, internally we consider our ongoing average capital expenditure (capex) over the lifespan of our hotels as a more relevant measure in determining profit, which in the hospitality industry is calculated as approximately 4% of total revenue. Our EPRA earnings number set out on page 57 of this report is calculated using the 4% rate instead of the reported non-cash depreciation charge.

Reported profit before tax decreased by £7.9 million to £38.5 million (2018: £46.4 million). 2018 reported profit was affected by non-recurring items which mainly include the one-off revaluation of the Company's previously held equity interest in art'otel london hoxton.

	Reconciliation reported to normalised profit	
	Year ended 31 December 2019 £m	Year ended 31 December 2018 £m
Reported profit before tax	**38.5**	46.4
Termination of operating lease	**–**	3.1
Gain on revaluation of previously held interest in art'otel london hoxton development	**–**	(20.3)
Expenses in connection with transfer to Premium listing	**–**	1.6
Results from marketable securities	**(0.9)**	0.7
Remeasurement of lease liability	**3.4**	4.8
Refinance costs and expenses (including termination of hedge)	**–**	0.3
Park Plaza Westminster Bridge London fair value adjustment on income swaps and buy-back of Income Units	**0.9**	1.0
Forfeited deposits from rescinded sale contracts of Income Units at Park Plaza Westminster Bridge London to private investors	**–**	(0.1)
Revaluation of Park Plaza County Hall London Income Units	**(0.9)**	–
Capital loss on disposal of fixed assets and inventory	**0.1**	–
Pre-opening expenses	**0.7**	0.2
Release of provision for litigation	**(1.1)**	–
Normalised profit before tax	**40.7**	37.7

Reported basic/diluted earnings per share for the period were 80 pence, a decrease of 11% (2018: 90 pence).

The table on page 51 provides selected data from the Group's reported balance sheet and profit and loss accounts for the year ended 31 December 2019. With this table, the Group aims to assist investors in making a further analysis of the Group's performance and capital allocation, separating its excess cash position (to fund further growth), the development projects and the assets of Arena Hospitality Group d.d. This data is additional to the segments that are monitored separately by the Board for resource allocations and performance assessment, which are the segments of the Group.

	PPHE Hotel Group			Arena Hospitality Group[6]		Total
	Trading properties £m	Excess Cash[4] £m	Non-trading projects[3] £m	Trading properties £m	Excess Cash[4] £m	PPHE Hotel Group Reported £m
Balance Sheet						
Book-value properties (excluding Income Units at Park Plaza Westminster Bridge London sold to third parties)[1]	645.3	–	99.3	251.9	–	996.5
Right-of-use asset[1]	194.1	–	–	24.6	–	218.7
Book value intangible assets	16.3	–	–	1.7	–	18.0
Book value non-consolidated investments	–	–	13.7	4.4	–	18.1
Other long-term assets	18.0	–	–	4.2	–	22.2
Working capital	(16.8)	–	–	(7.3)	–	(24.1)
Cash and liquid investments	46.0	34.0	–	6.8	76.8	163.6
Bank/Institutional loans (short/long term)	(567.1)	–	–	(111.2)	–	(678.3)
Finance lease liability, land concession and other provisions	(206.2)	–	–	(30.1)	–	(236.3)
Deferred profit Income Units in Park Plaza Westminster Bridge London[5]	(10.2)	–	–	–	–	(10.2)
Other provisions	(5.6)	–	–	(1.9)	–	(7.5)
Total capital consolidated	**113.8**	**34.0**	**113.0**	**143.1**	**76.8**	**480.7**
Minority shareholders	–	–	–	(67.3)	(36.2)	(103.5)
Total capital employed by PPHE Hotel Group shareholders	**113.8**	**34.0**	**113.0**	**75.8**	**40.6**	**377.2**
Normalised profit						
Revenue	265.4	–	0.4	91.9	–	357.7
EBITDAR	95.5	–	0.4	28.7	–	124.7
Rental expenses	(0.2)	–	–	(1.6)	–	(1.8)
EBITDA	95.4	–	0.4	27.1	–	122.9
Depreciation	(30.7)	–	–	(11.1)	–	(41.8)
EBIT	64.7	–	0.4	16.0	–	81.1
Interest expenses: banks and institutions	(19.9)	–	–	(3.1)	–	(23.0)
Interest on finance leases	(8.6)	–	–	(0.5)	–	(9.1)
Westminster Bridge London	(10.5)	–	–	–	–	(10.5)
Other finance expenses and income	1.2	0.2	0.5	0.1	–	2.0
Minority interests	–	–	–	0.2	–	0.2
Result from equity investments	–	–	–	–	–	–
Normalised profit before tax 31 December 2019[2]	**26.9**	**0.2**	**0.9**	**12.7**	**–**	**40.7**
Reported tax	(0.5)	–	–	4.6	–	4.1
Normalised profit after reported tax	**26.4**	**0.2**	**0.9**	**17.3**	**–**	**44.8**
Normalised profit attributable to minority shareholders	–	–	–	(8.3)	–	(8.3)
Normalised profit after tax attributable to PPHE Hotel Group shareholders	**26.6**	**–**	**0.9**	**9.0**	**–**	**36.5**

1 These are stated at cost price less depreciation. The fair value of these properties is substantially higher.
2 A reconciliation of reported profit to normalised profit is provided on page 53.
3 This contains properties that are in development.
4 Excess cash is directly available for further investments and developments.
5 This is the book value of units in Park Plaza Westminster Bridge London netted with the advanced proceeds these investors received in 2010.
6 Arena Hospitality Group d.d is listed on the Zagreb Stock Exchange. The market capitalisation at 31 December 2019 is £218.4 million.

REAL ESTATE PERFORMANCE

EPRA NAV

Given the Group's real estate driven business model, certain EPRA performance measurements are disclosed to aid investors in analysing the Group's performance and understanding the value of the Group's assets and its earnings from a property perspective. As a developer, owner and operator of hotels, resorts and campsites, we generate returns by both developing the assets we own and operating all of our properties to their full potential.

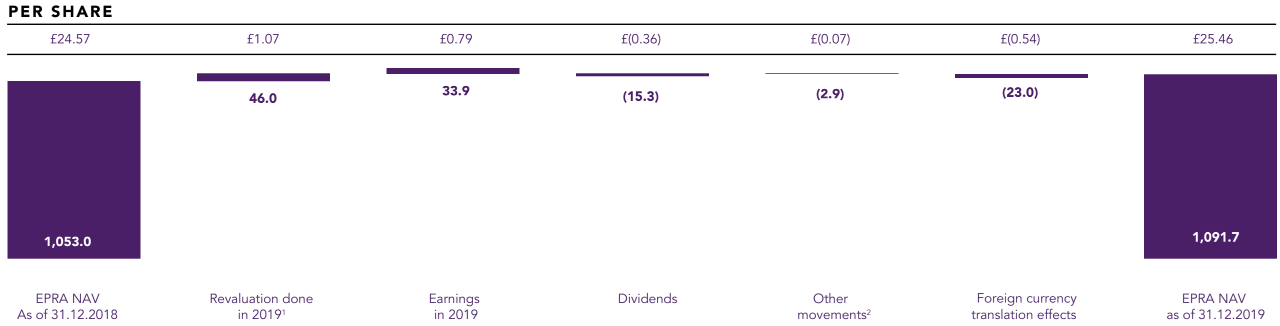
In June 2019, the Group's properties (with the exception of operating leases, managed and franchised properties) were independently valued by Savills (in respect of properties in the Netherlands, UK and Germany) and by Zagreb nekretnine Ltd (ZANE) (in respect of properties in Croatia)[1]. Based on their valuations we have calculated the Group's EPRA net asset value (EPRA NAV).

The EPRA NAV as at 31 December 2019, set out in the table below amounts to £1,091.7 million, which equates to £25.46 per share. This EPRA NAV was negatively affected by adverse currency movements and overall presented a year-on-year growth of 3.6%. On a constant currency basis, EPRA NAV (after dividends) grew by 5.9% to £26.01.

1 The properties were valued in local currency and translated to Pound Sterling using the closing exchange rate as per 31 December 2019.

EPRA NAV

£m



1 The revaluation was done based on the same foreign exchange rates as 31 December 2018.
2 Includes other changes in equity, deferred taxes, and the effects of the exercise of options.

	31 December 2019 £m	31 December 2018 £m
NAV per the financial statements	**377.3**	373.5
Effect of exercise of options	**4.0**	4.7
Diluted NAV, after the exercise of options[1]	**381.2**	378.2
Includes:		
Revaluation of owned properties in operation (net of non-controlling interest)[2]	**699.2**	655.8
Revaluation of development property (art'otel london hoxton)[3]	**–**	5.4
Revaluation of the JV interest held in two German properties (net of non-controlling interest)	**3.9**	3.8
Excludes:		
Fair value of financial instruments	**(0.7)**	(0.4)
Deferred tax	**(6.7)**	(9.4)
EPRA NAV	**1,091.7**	1,053.0
Fully diluted number of shares (in thousands)[1]	**42,872**	42,860
EPRA NAV per share (in £)	**25.46**	24.57

1 The fully diluted number of shares excludes treasury shares but includes 412,290 outstanding dilutive options (as at 31 December 2018: 522,500).
2 The fair values of the properties were determined on the basis of independent external valuations prepared in the summer of 2019.
3 In 2018 the development site of art'otel london hoxton was independently valued of £82.5 million. Given that the site is under development it was not revalued in 2019 and is measured at cost.

Below is a summary of the valuation basis of our assets. The property market value, the discount rate and the cap rate have been taken from the independent valuer's report.

Location	Number of properties	Number of rooms/ pitches	Property market value (£m)	Average value per room/pitch (£)	Discount rate	Cap rate
United Kingdom						
– London[1]	6	2,284	933	408,275	7.5%–9%	5%–6.5%
– Provinces	2	365	36	98,630	10%–10.75%	7.5%–8.25%
Netherlands						
– Amsterdam	4	849	257	302,981	7.25%–8.5%	5.25%–6.5%
– Provinces	2	224	40	179,127	9%–9.5%	7%–7.5%
Germany	3	547	94	172,073	8.25%–8.75%	6%–6.25%
Croatia						
– Hotels and apartments	13	2,775	145	52,279	8%–10%	7%–9%
– Campsites	8	5,827	99	17,010	9%–11%	7%–9%

1 Excluding units of Park Plaza Westminster Bridge London owned by third parties.

The Group has a proven track record of acquiring properties which we believe have significant upside potential. We undertake (re) development and redesign of these assets to maximise operational excellence and capital appreciation. Through refinancing these properties, we are able to release capital for new investments, enabling further growth of our Group. With our latest investments in London and New York, we aim to continue this successful strategy.

Capex

In 2019, we continued with our investment programme in order to upgrade the Group's property portfolio. In total our capex investment in 2019 amounted to £72 million, including the major repositioning projects of Park Plaza Utrecht and Park Plaza Vondelpark, Amsterdam in the Netherlands, as well as Holmes Hotel London in the United Kingdom. In Croatia, we have completed a major repositioning of the Arena Kažela Campsite.

As we enter 2020, major repositioning programmes are well underway in Croatia, where Hotel Brioni will be the most significant with a £27 million investment programme. The current 2-star hotel will be repositioned to a 5-star 227-room, full service luxury hotel, with stunning views over the Adriatic sea and the Brioni Island.

In addition to the above repositioning programme, the Group commenced construction of the art'otel london hoxton. The Group is progressing with its plans to build a 27-storey mixed-use building for an estimated further investment of £200 million. The planned scheme includes a 343-room hotel, five floors of office space, top-floor meeting and events facilities, and multiple food and beverages offerings, including a sky bar.

The average maintenance capex profile across the estate has historically been around 4% of revenue, through the hotel cycle.

EPRA EARNINGS AND CASH FLOW

The main adjustment to the normalised profit included in the Group's financial statements is adding back the IFRS depreciation charge, which is based on assets at historical cost, and replacing it with a charge calculated at 4% of the Group's total revenues. This represents the Group's expected average cost to maintain the estate in good quality. The basis for calculating the Company's 2019 adjusted EPRA earnings of £54.2 million (2018: £48.5 million) and the Company's adjusted EPRA earnings per share of 128 pence (2018: 115 pence) is set out in the table below.

	12 months ended 31 December 2019 £m	12 months ended 31 December 2018 £m
Earnings attributed to equity holders of the parent Company	**33.9**	38.1
Depreciation and amortisation expenses	**41.7**	35.9
Revaluation of Park Plaza County Hall London Income Units	**(0.9)**	–
Gain on re-measurement of previously held interest in joint venture	**–**	(20.3)
Early close-out costs of debt instrument	**–**	0.3
Changes in fair value of financial instruments	**(0.7)**	1.0
Non-controlling interests in respect of the above[3]	**(7.8)**	(6.1)
EPRA earnings	**66.2**	48.9
Weighted average number of shares (LTM)	**42,390,693**	42,335,136
EPRA earnings per share (in pence)	**156**	116
Company specific adjustments[1]:		
Capital loss on buy-back of Income Units in Park Plaza Westminster Bridge London previously sold to private investors	**0.7**	0.6
Termination of operating lease[4]	**–**	3.1
Remeasurement of lease liability[5]	**3.4**	4.8
Other non-recurring expenses (including pre-opening expenses)	**0.8**	0.2
Expenses in connection with transfer to premium listing	**–**	1.6
Gain from settlement of legal claim[8]	**(1.1)**	–
Adjustment of lease payments[6]	**(2.2)**	–
Investment tax credit[7]	**(5.1)**	–
Maintenance capex[2]	**(14.3)**	(13.6)
Non-controlling interests in respect of the above[3]	**5.8**	2.9
Company adjusted EPRA earnings	**54.2**	48.5
Company adjusted EPRA earnings per share (in pence)	**128**	115

Reconciliation Company adjusted EPRA earnings to normalised reported profit before tax		
Company adjusted EPRA earnings	**54.2**	48.5
Reported depreciation	**(41.7)**	(35.9)
Non-controlling interest in respect of reported depreciation	**7.8**	6.0
Maintenance capex (4% of total revenues)	**14.3**	13.6
Non-controlling interest on maintenance capex	**(5.8)**	(2.9)
Adjustment of lease payments[6]	**2.2**	–
Investment tax credit[7]	**5.1**	–
Profit attributable to non-controlling interest	**8.7**	5.4
Reported tax	**(4.1)**	3.0
Normalised profit before tax	**40.7**	37.7

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 and third-party investors in income units of Park Plaza Westminster Bridge London.
4 In March 2018, the Group entered into an agreement to terminate the loss making lease agreement for the 174-room art'otel dresden, effective from 31 July 2018. To exit from this lease, the Group incurred an expense of £3.1 million. This termination resulted in a rent reduction that benefits the Group's EBITDA by approximately £0.5 million annually.
5 Non-cash remeasurement of lease liability relating to minimum future CPI increases.
6 Lease cash payments on account of lease liabilities redemption which are not recorded as an expense due to the implementation of IFRS 16.
7 Investment tax credit received in Croatia. See note 27f in the financial statements.
8 Release of provision as a result of a settlement reached in a legal dispute in Croatia. See note 16a in the financial statements.

FUNDING

Alongside traditional bank funding, the Group has used various financing options in order to optimise returns while remaining at comfortable leverage levels. These include sale-and-finance leaseback arrangements (>100 years), arrangements whereby the returns of individual rooms were sold to investor] and the secondary purchase offer in a listed subsidiary.

Arrangements with unitholders involve the sale of individual Income Units which directly relate to an individual room in a property (a 'Unit') to third party investors; these investors pay upfront and receive a contractual right to the future cash flow from the individual Units with no repayment obligation on the Group. The Group raised funds through the sale of Units in its Park Plaza Westminster Bridge London Hotel during its construction. The proceeds were used to build the hotel.

The Group has taken the opportunity to sell the land of certain assets, whilst securing a long-term finance leaseback, to take advantage of the low interest rate environment and secure long-term funding with no amortisation payments. All finance leases, except one, have lease payments that are fixed with annual capped/collared CPI/RPI adjustments. The finance leases, valued on a leasehold basis (i.e. the value of the assets, net of the accounted finance lease liability), have been included in the Group's EPRA NAV.

In addition to the above finance arrangements, the Group also raised funds through the secondary offering in Arena Hospitality Group d.d, its listed subsidiary in Croatia, in 2017, and retained a controlling shareholding. The proceeds, totalling €100 million, are currently used to fund the expansion of Arena Hospitality Group and upgrading of certain properties.

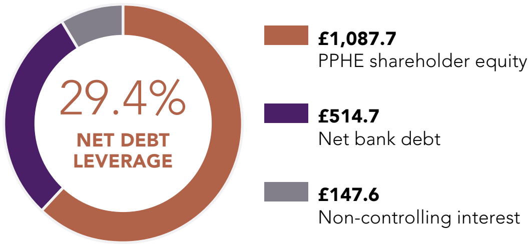
In the case of traditional bank funding, whereby assets are typically ringfenced into single or Group facilities, the loan to value ratio policy varies between 50% and 65%, depending on the location of the asset. The current net bank debt leverage of the Group stands at 29.4%, with three properties currently unencumbered, including the Hoxton development site.

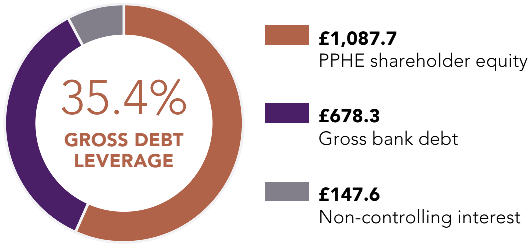
The Group's total assets (properties at fair value) represent a value after the deduction of lease liabilities and unit holder liabilities. Accordingly, in the total loan-to-value (LTV) analysis of the Group, management considers the value of the freehold and long leasehold assets (net of these liabilities) compared with its bank funding (i.e. excluding the lease and unit holder liabilities), which management believes is the most accurate representation of the Group's total leverage position.

Bank financing	£m
Over 5-year debt	609.9
Less than 5-year debt	68.4
Cash	163.6
Net bank debt	514.7
Equity	
– Reported	377.3
– Market value restatement	710.4
Equity attributable to shareholders of the Group[1]	1,087.7
Non-controlling interest	
– Reported	103.5
– Market value restatement[2]	44.1
Equity attributable to non-controlling interest	147.6
Total equity	1,235.3
Group's total asset (properties at fair value)	1,750.0

1 Equity attributable to shareholders of the Group based on EPRA NAV excluding the £4.0 million effect due to exercise of dilutive options.
2 The market value restatement for the equity attributable to non-controlling interest represents the minority's share in the EPRA NAV adjustments.

DEBT EQUITY





The Group reported a gross bank debt liability of £678.3 million (31 December 2018: £697.3 million) and net bank debt of £514.7 million (31 December 2018: £479.6 million). Key movements in net bank debt in 2019 included a reduced cash position and liquid investments of £35.0 million, primarily due to the acquisition of a 50% interest in the freehold site in Manhattan in New York, the acquisition of a freehold site close to Waterloo Station in London and the significant capex in our real estate investment programmes and a dividend payment offset by the Group cash from operations.

The table below provides a further breakdown of the Group's net bank debt position.

Loan maturity profile at 31 December 2019 (£m)

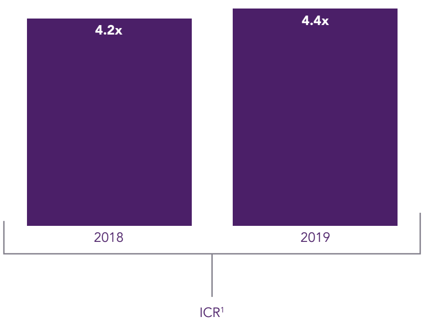
	Total	1 year	2 years	3 years	4 years	5 years	Thereafter
£m	678.3	13.4	13.4	13.4	15.1	13.1	609.9

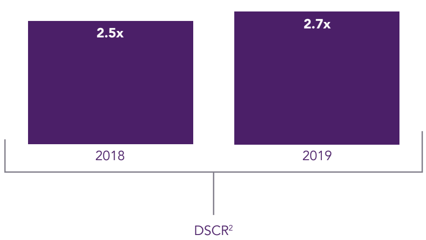
- Average cost of bank debt 3.1%
- Average maturity of bank debt 7.1 years
- Group average bank interest cover 4.4

KEY CHARACTERISTICS DEBT FOR OPERATING PROPERTIES

- Limited to no recourse to the Group
- Asset backed
- Borrowing policy 50–65% loan-to-value
- Portfolio and single asset loans
- 12 facilities with seven different lenders
- Covenants on performance and value (facility level)

STRONG COVER RATIO





1 EBITDA, less unitholder and lease payments, divided by bank interest.
2 EBITDA, less unitholder and lease payments, divided by the sum of bank interest and yearly loan redemption.

ACQUISITIONS AND DEVELOPMENT PIPELINE

Our in-house team is continuously seeking out and evaluating opportunities to expand our estate across prime locations, which we believe will offer attractive returns to shareholders.

In our strategy to drive long-term value we take a disciplined, focused approach to capital deployment. We aim to optimise the value of our existing portfolio and, where appropriate, extract value to fund new development opportunities in order to drive sustainable long-term growth. We are disciplined in selecting and progressing an investment opportunity, only targeting real estate with upside potential which fits our long-term growth strategy and above all creates strong shareholder value.

The Group's acquisition criteria include:

- prime location;
- attractive geographies, (this includes territories where the Group is not currently present);
- opportunity to create significant capital value; and
- risk adjusted accretive IRRs.

We have a £300 million plus pipeline of new hotels, including iconic development Hoxton London and New York, scheduled to open in 2023. These are art'otel london hoxton and a site in New York City, planned to open as an art'otel. The Group furthermore announced the acquisition of a plot of land near Waterloo Station in London, for which it is currently in the process of obtaining planning consent for a hotel development. The Group's Croatian subsidiary, Arena, has contracted to aqcuire a hotel in Belgrade, Serbia and, post period end, announced that it has entered into a lease agreement to develop a hotel in Zagreb Croatia.

SHAREHOLDER RETURN

The table below shows cash returns on our operational assets and our development assets and excess cash. Development assets and excess cash are not yielding until a hotel opens its operations. When development projects become operational, the yield of these operational assets will have a positive impact on the implied return.

31 December 2019	Operational assets £'m	Development asset and excess cash £'m	Total £'m
Net assets employed	1,637.0	113.0	1,750.0
Bank financing	(625.5)	110.8	(514.7)
Minority interest	(111.4)	(36.2)	(147.6)
EPRA NAV[1]	900.1	187.6	1,087.7
	82.8%	17.2%	100.0%
Recurring adjusted EPRA earnings	53.1	1.1	54.2
Implied return on EPRA NAV	5.9%	0.6%	5.0%
Implied return on Company market capitalisation[2]	8.9%	0.6%	6.9%

1 EPRA NAV excluding the £4.0 million effect due to exercise of dilutive options provided on page 55.
2 Company market capitalisation is based on the market share price as at 31 December 2019 (1,850 pence).

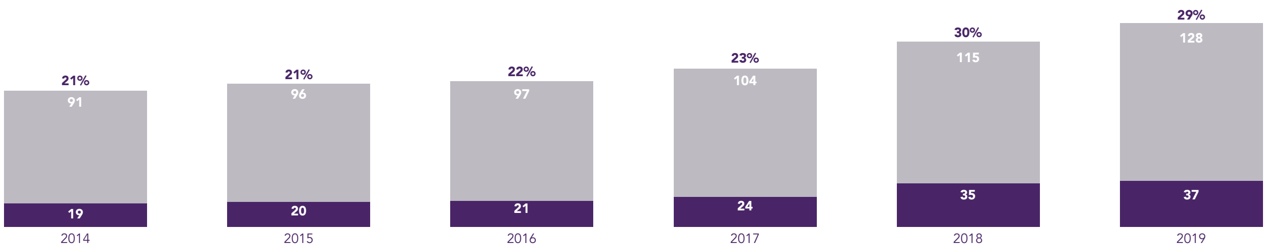
DIVIDEND

The Board is proposing a final dividend payment of 20 pence per share (2018: 19 pence per share). When combined with the interim ordinary dividend of 17 pence per share (2018: 16 pence per share) paid to shareholders on 15 October 2019, the total ordinary dividend for the year ended 31 December 2019 is 37 pence per share (2018: 35 pence), an increase of 5.7%.

Subject to shareholder approval at the Annual General Meeting, to be held on 19 May 2020, the dividend will be paid on 22 May 2020 to shareholders on the register at 24 April 2020. The shares will go ex-dividend on 23 April 2020.

The increase in total ordinary dividends for the year is in line with the Group's progressive dividend policy whilst retaining proper and prudent reserves and the capacity to secure further attractive development opportunities as and when they arise. The dividend reflects the Board's continued confidence in its strategy, integrated business model and future prospects. The graph below highlights the progressive dividend policy, showing the dividend payments as a percentage of adjusted EPRA earnings over the last 6 years.

DIVIDEND GROWTH AS A % OF ADJUSTED EPRA EARNINGS



- Dividend per share (pence)
- Adjusted EPRA earnings per share (pence)
- Dividend as % of EPRA EPS

DANIEL KOS
CHIEF FINANCIAL OFFICER & EXECUTIVE DIRECTOR

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

Market	Value of property market	Total revenue
United Kingdom	Value of UK property market: £969m	£207.4m
The Netherlands	Value of Dutch property market: £297m	£53.8m
Germany	Value of German property market*: £94m	£29.5m
Croatia	Value of Croatian property market: £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

Michelle Wells
Regional Vice President Operations, the Netherlands

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.

Park Plaza Vondelpark, Amsterdam

Holmes Hotel London

We are always looking for new ways to create value, which requires regular engagement with our stakeholders to learn what matters to them and being innovative in the way we operate to ensure stakeholder views are integrated into our operations and vision.

STAKEHOLDER ENGAGEMENT

TEAM MEMBERS

GUESTS

INVESTORS

LOCAL COMMUNITIES

AFFILIATES

SUPPLIERS

Holmes Hotel London

These charts identify our key stakeholder groups and sets out how both the Company and the Board engage with them.

Team members

Why they matter to us

Our team members create and deliver our guest experiences, ensuring that guests' expectations are fully met. We continuously invest in training and development to maintain our talent pipeline, and the pool of future leaders that will shape our tomorrow and ensure the continued success of our Company.

Type of engagement

- Elected a Non-Executive Director as the Board representative charged with ensuring active and regular engagement and understanding of team member concerns
- Regular events and town hall meetings
- Refreshed Company Code of Conduct for release in 2020, ensuring Company values are supported and clearly communicated
- Increased opportunities and activities where Non-Executive Directors collaborate directly with team members in formal and informal settings
- Board investing resources into our Responsible Business programme in response to team member support for our Responsible Business efforts
- Annual Engagement Survey completed by more than 3,400 team members
- Developed Company blueprint, our programme to instil the Company purpose into everything we do
- Group-wide series of events to launch the blueprint
- Direct involvement of our team members into design and layout of our new Corporate Office in Amsterdam, creating enthusiasm and collaboration
- Team socials, including lunches, family holiday party, annual team member party, summer socials and more

What matters to them

- Feeling valued for their work and skill set
- Being rewarded for their work and dedication
- Opportunities for career progressions and internal promotions
- Developing their own skills and experience through training and learning
- Open conversation about work environment, benefits and opportunities
- Opportunities to engage in Responsible Business initiatives and support social and community causes through their work
- Being a part of an engaging, positive culture
- Feeling welcome, secure and part of a culture of respect and collaboration
- Knowing that their concerns are communicated, heard and considered with care from the Leadership Team at the hotel, at the corporate level and by the Board.

How the Board engages:

With our roots as a family business, workforce engagement and open communication have long been strengths for the Company. The Company genuinely values the voices of its workforce. Engagement between all levels is a necessity to our successful operations, not an afterthought to meet a target.

What has changed over time, in particular, with the adoption of the Code, is our tracking and accounting for our workforce engagement. This year saw a significant development in our accounting of workforce engagement between the Board and the workforce. As per the suggestions of the Code, we appointed a designated director, our Deputy Chairman Kevin McAuliffe, to ensure that the views of the workforce were considered by the Board. In response to workforce feedback, the Board focused on: improving the ease of reading of our culture and Company values policies; expanding our Responsible Business programme to allow increased opportunities to participate in community causes as well as environmental initiatives and assessed the existing workforce remuneration policies against the annual team member engagement survey and industry benchmarks, and enhanced the executive succession planning programme while also utilising the talent pipeline to fill senior leadership positions in the corporate offices and 307 positions within the hotels. For further details on how the views of the workforce have been considered by the Board and Executive Leadership, see page 99 and 100, for details on the expansion of our Responsible Business programme, see pages 83 and 84 on workforce engagement.

Guests

Why they matter to us

We put guests at the heart of everything we do. We strive to delight our guests every day and are passionate about creating and delivering unique hospitality experiences in vibrant destinations, whether guests, are staying at one of our properties or simply visiting our many restaurants, bars or other facilities. We aim to create valuable memories for our guests, because it is a central value of our Company and drives immediate value to our operations in the form of revenue, loyalty, reviews and feedback and increasing brand recognition and brand value.

Type of engagement

- Collection and review of c.50,000 guest surveys, in addition to c.105,000 guest reviews on the main travel and review websites
- New multi-brand website and loyalty and bookings app
- Created dedicated Customer Service team specifically to engage with guests and gather insights on our products and services from guest reviews and posts on social media
- Reviewed our Leadership Training Programme to further integrate our culture of service into everything we do
- Board updates of guest trends and reception of newly repositioned properties
- Real-time feedback from guests through social media
- Engagement through social media contests
- Roll-out new visual identity for Park Plaza® branded hotels, aligning the brand's identity with the successful repositioning programme across our portfolio
- Guests and network engagement to steer the path on new concepts, including organising focus groups consisting of guests to, for example, develop new room concepts
- Further improvements of key guest experiences such as breakfast, executive lounges, premium rooms and accessible rooms, with a view of introducing improved offerings in 2020
- Overnight stays for Board Directors, in multiple properties to engage with team members and guests
- Collaboration discussion with the Board on the results of guest surveys to discuss areas of growth and improvement, in addition to regular Board and Committee meeting discussions where guest feedback is reported and discussed by the Board

What matters to them

- Offering recognisable and consistent standards across our diverse portfolio; yet tailored to each brand with local flair
- Providing unique experiences which guests will remember and may share with their personal or professional network
- Personalisation of guests' stay and engaging service
- Ease of making or adjusting reservations
- Giving access to diverse portfolio for loyalty redemption
- Providing access to customer support if and where required through multiple communication channels

How the Board engages:

Our ethos is to create unique experiences for our guests by delighting them every day with stylish venues, as well as operational and service excellence. To achieve this ethos, engagement with guests is critical. One highly effective engagement tool is our daily monitoring of online review scores and responding to reviews by adjusting operational actions and replying directly to guests' online reviews. Our operations team review guest feedback weekly, if not daily, during their operational meetings and our Board reviews overall scores and individual hotel scores regularly, especially when considering the operations of the hotels, the success of our repositioning strategy and our overall ability to achieve our purpose as a Company.

The opinion of our guests was a cornerstone during our recent renovation and repositioning projects at three key hotels. Consequently, the Guest Rating Score for Park Plaza Vondelpark went up 6.4 points from 83.7% before reopening in May 2019, to 90.1% following the reopening till the end of 2019. Holmes Hotel London, following the repositioning project, went up 7 points from 85.1% at the beginning of 2019, to 92.1% at the end of the year. Park Plaza Utrecht, which has just started seeing the benefits of renovation, went up 8.2 points from 78.3% at the end of the first half of 2019, to 86.5% for the final quarter of 2019.

Engaging with our guests by listening to and implementing their feedback has led to an increase in our reputation score (as measured using our ReviewPro Guest Rating Score tools) of 0.7 point to 88% in 2019 at the end of 2019. These results show that our effort to incorporate guest feedback into our repositioning programme and our day-to-day service offering have proven successful.

Investors

Why they matter to us

Building long-term relationships with supportive high quality investors who understand and support our vision is essential for the future funding and continued growth of the business.

Type of engagement

- Investor roadshows
- Annual General Meeting
- Meeting with five largest independent shareholders following the Annual General Meeting to discuss outcomes
- Deputy Chairman meetings with shareholders on request to discuss areas of interest and governance
- Attendance at investor and broker conferences
- Analyst meetings at the half- and full-year results in addition to regular analyst communications throughout the year
- Analyst and investor hotel site visits
- Publishing of Annual Report and Accounts and half year results announcements Stock Exchange announcements and press releases on corporate developments

What matters to them

- Clear strategy for long-term growth
- Financial performance
- Sustainability and durability of the Company to withstand risks and unexpected change
- Governance and transparency
- Confidence in Company's leadership
- Predictability
- Environment, social and governance activities

How the Board engages:

In recent years our shareholding has diversified, most notably when the Company achieved the free float required to qualify for the FTSE 250 index inclusion in June 2019. As our share register has evolved, we have and will continue to expand the frequency and ways we proactively engage with our investors. Members of the Board, including the Non-Executive Directors and the Deputy Chairman, meet with major shareholders to discuss and review the progress of the Company and to understand their issues and concerns, as well as to discuss governance and strategy. They are also expected to attend meetings if requested by major shareholders. This increased dialogue with a wider range of shareholders provides richer feedback, from which we can further enhance our transparency, corporate communications and focus on delivering what matters to our investors.

Local Communities

Why they matter to us

We engage with our local communities to understand how we can best make a valuable contribution. We understand that building lasting relationships with our local communities through proactive engagement fosters community growth and attraction to our destinations, increases asset values and builds opportunities for the neighbourhoods we call home, while also strengthening local neighbourhoods' resilience, which mitigates risks.

Type of engagement

- Provide event space without charge for certain community events, including space for local graduations for Oasis, an NHS service providing mental health support for young people
- Support of local Business Improvement Districts ('BIDs') ensuring investment to attract visitors, improve local areas and understand community members
- Holding local job fairs, giving positive preference to local candidates: a recent job fair in December 2019 for our Lambeth properties created 81 offers of employment on the day
- Engagement in local business associations, including holding Board level membership seats, and ensuring the Company stays aware and supportive of local residents, initiatives and supports local regeneration and attraction of visitors
- Engage in hotel trade associations in all of our operating regions
- Work with local suppliers, such as the many local Dutch and Croatian food producers whose items are integrated and highlighted on menus in both regions

What matters to them

- Providing local employment opportunities and employing local community members
- Attracting consumers to local businesses
- Being a good neighbour by respecting noise levels and use of shared resources
- Engaging local suppliers, using locally sourced products and highlighting local culture
- Improving business-to-business opportunities
- Attracting investment into communities

How the Board engages:

We remain very active in local business associations across the communities where we operate. Time and support on groups such as London's Southbank Forum allow us opportunities to collaboratively engage with community business members throughout the year and hear from local residents on how we can add value to the local community by helping to build communities that benefit residents and businesses alike. We participate in all local BIDs in the UK where our hotels are in a designated BID area. To ensure we operate in a manner that is respectful to local residents, where deemed necessary all of our hotels have security personnel posted at the entrance of the hotel and patrolling around the area. In support of local culture, our concierges promote local attractions and artists, such as the Leake Street Arches in Lambeth, London, where street art is welcomed and showcase local art in our gallery space at the art'otel amsterdam which is accessible to visitors and guests to view. Our Responsible Business programme has been recently enhanced, at the direction of our Board of Directors, to take a greater focus on our community activities, ensuring that team members have an outlet to give back to their local communities through their work and that we as a Company support the communities which we call home.

For more on our Communities Engagement, see our Our Places section of the Responsible Business on page 86

Affiliates

Why they matter to us

We have an exclusive and perpetual licence with Radisson Hotel Group to operate its upper upscale Park Plaza brand in Europe, the Middle East and Africa, which complements our upper upscale lifestyle brand art'otel (which is also marketed through the Radisson Hotel Group). In Croatia, some of our properties utilise the locally targeted Arena Campsites and Arena Hotels & Apartments brands. Ensuring we fully utilise the benefits of the Park Plaza perpetual licence, we work closely with Radisson Hotel Group. Key benefits derived from this strategic partnership include brand recognition, technology infrastructure such as the central reservations system, websites and apps, as well as global buying power and the Radisson Rewards™ loyalty programme. Maintaining our mutually supportive and collaborative relationship supports our long-term strategy and stability as a business.

Type of engagement

- Introduced, with Radisson Hotel Group, new brand standards for operational Park Plaza properties and technical standards for new properties, ensuring consistency of service and product for existing and future branded hotels
- Supporting Radisson Hotel Group Responsible Business initiatives including Radisson's Community Action Month and Carbon Neutral meetings; in addition we have our own 'Save Tomorrow, Today' programme and Go Green (in our UK hotels)
- Close and active collaboration with Radisson Hotel Group to launch new multi-brand website and Radisson Rewards™ and bookings app, providing guests with easy to use booking platforms
- Radisson Rewards™ partnership with WeHotel (the loyalty programme of Jin Jiang, Radisson Hotel Group's new owner)

What matters to them

- Integration and participation in key commercial drivers and programmes such as radissonhotels.com, Radisson Rewards™ and the Radisson Meetings programme
- Alignment for the future direction of the Park Plaza brand in areas such as brand positioning, brand standards, technical standards, concepts, service culture and marketing
- Financial growth and expansion

How the Board engages:

Ensuring that we have a mutually beneficial and fair relationship that allows both companies to succeed and grow our respective businesses is the primary driver of the relationship. We work together on matters that involve changes to the Park Plaza brand and technical standards and republished both manuals this year. Both parties support the art'otel brand, which is owned by PPHE Hotel Group and allow guests to earn and redeem Radisson Rewards™ at art'otel properties and book rooms through the Radisson website. Collaboration continues to prove valuable to the prospects and success of both companies.

Suppliers

Why they matter to us

Ensuring that we create close, collaborative and mutually beneficial relationships with key suppliers helps us to streamline processes, provide consistent standards across our properties, decrease unnecessary packaging, consolidate deliveries, better estimate overhead costs, mitigate risks of interruptions in the supply chain and increase savings in our purchasing.

Type of engagement

- Our Board, Executive Leadership and management teams were able to sample a variety of our key guest products and partake in a food and beverage tasting of our UK food and beverage offering as part of our leadership summit in January 2019
- A comprehensive strategic review was carried out on our purchasing programme to increase efficiencies, decrease deliveries to support a reduction in traffic and wasted packaging and delivery costs, and maintain favourable quality, pricing and efficiencies
- Introduction of new Responsible Sourcing Policy, rolled out into our goods and services contracts in 2019
- Enhanced transparency in our communications with suppliers, contractors and partners by publishing our 2019 Modern Slavery Statement and Responsible Sourcing Policy

What matters to them

- Fair and cooperative practices
- Predictable demand
- Mutually beneficial terms
- Commitment to consider responsible business practices in our ways of working

How the Board engages:

We are keen to partner and collaborate with the best suppliers who can provide us with the products that both meet our brand standards and enhance our guest experience, while offering us competitive and fair sales terms. Our Board discussion on suppliers and products is enhanced by their time spent staying in our properties and engaging in our business from the guest perspective. We know stability and a mutually beneficial relationship with our suppliers will mitigate risks to our supply chain.

Creating a day where our Board, alongside all levels of management, were invited to sample a full range of food and beverage, and hear from our suppliers directly, created the opportunity for our Board to engage first-hand with the guest experience aspect of our curation and supplier selection process. This hands-on knowledge proves invaluable in helping all levels of management to better understand our sourcing, range of offerings and the guest-minded criteria that goes into sourcing and selecting our products.

It is important that all procurement decisions ensure that our properties get the goods and services they need to operate effectively, and on mutually beneficial terms, while ensuring that robust due diligence has been performed to ensure that any social and environmental issues are properly understood and addressed.

Across the Group, we review the way our procurement system operates and the impact we can make to reduce waste and the environmental impact of supplying our operations has on our local communities. During tendering, we consider the impact of products and how they are delivered. This includes 'hidden packaging', the packaging in which the products arrive, to ensure that packaging waste can be returned to the supplier, and packaging that we do use is limited to re-useable, recyclable or biodegradable waste only. We encourage all of our hotels to reduce the amount of waste they produce on site and this is achieved in many different ways.

In 2019, we undertook a Group-wide procurement review, changing the way we purchase all of our food and non-food products. We are nearing the final stages of tendering and aim to launch in 2020. The new system will target opportunities to reduce our waste and carbon footprint by consolidating supply chains as well as building in options to review food miles, purchase seasonal produce and ethical animal products.

In line with our Responsible and Ethical Sourcing Policy, our Responsible Sourcing Policy how we expect all our strategic partners and business suppliers to comply with all relevant legislation in the countries where we operate or in those countries where goods or services are sourced.

We see our implementation of a supply chain risk assessment and suppliers' due diligence process as key growth areas for 2020.

RESPONSIBLE BUSINESS

PEOPLE

PLACES

PLANET

DOING BUSINESS RESPONSIBLY

> "Our aim is to embed Code compliant governance that positively impacts our sustainability."

KEVIN MCAULIFFE,
NON-EXECUTIVE DEPUTY CHAIRMAN

Creating value: Our people, Our places and Our planet

Operating with an understanding of how intangible sources of value are developed, nurtured and sustained is increasingly relevant to our performance and impact on the world around us. As a business, our intangible sources of value include **our people:** our team, our guests and the identity of our brand to them, our stakeholders and the relationships we have with each; **our places:** our properties and the communities that our properties call home and **our planet** which provides for our every need.

These assets are critical to our long-term growth and development as well as to our impact on the world around us.

Our Responsible Business programme, charts the path to our investment in our people, places and planet.

We as a Company continue, with each year, to improve our focus and reach of our investment into our people, places and planet and have spent much of our 2019 focus on building our Responsible Business growth plan for 2020 and beyond. This report addresses who we are, a review of our 2019 activities and a summary of our approach to the next phase of our journey.

Our values

A sound understanding of our Company values is at the centre of ensuring our team members are engaged and equipped to steer us toward achieving our objectives.

The framework for these values is set by our Board, while the day-to-day integration of our values sits with our Executive Leadership Team.

Our Board and leadership culture is to foster an environment of: trust, respect, teamwork, enthusiasm, commitment and care. In turn, our team members are supported and encouraged to work responsibly and to act with integrity, transparency and accountability. These values ensure our approach to Responsible Business remains relevant in our day-to-day operations.

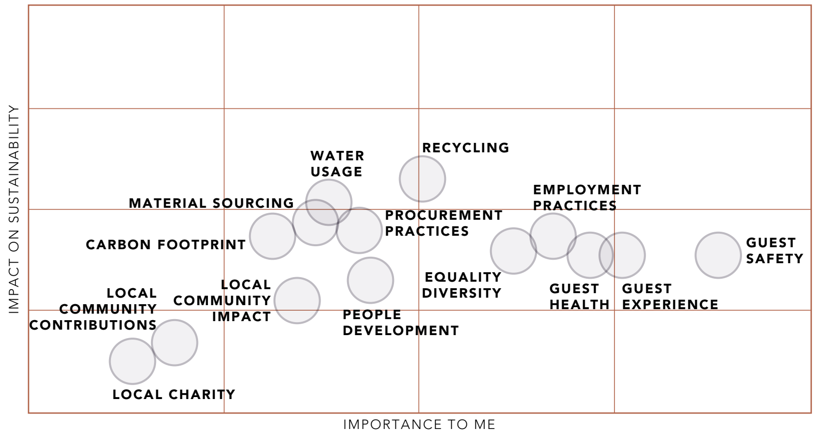
Our Responsible Business Programme

Our Responsible Business programme has been embraced by the team members that drive our operations at all levels. This organic growth has guided energetic and exciting change in our identity as an employer and fostered a belief that with a more focused approach we can create the powerful change for our communities. In recognition of our team members' support for a robust and focused Responsible Business programme, our Executive Leadership Team with the support of our Board, encouraged the formal structuring of a team to lead our sustainability, governance, compliance and company ethics activities.

For more on this see our Places Section on page 86

DOING BUSINESS RESPONSIBLY

MATERIALITY MAP



A REVIEW OF 2019

Cross-industry efforts

As with 2018, we continued to support the International Tourism Partnership (ITP), UKHospitality, and Koninklijke Horeca Nederland. We welcome the opportunity these memberships bring for furthering our learning, allowing us to attend stakeholder member meetings, share knowledge and support industry initiatives relating to sustainability, human rights and well-being initiatives. These alliances are particularly helpful to ensure we can make a positive contribution to wider societal issues such as modern slavery, human rights and climate change. Together with others in the hospitality and real estate fields, collaboration can lead to change.

Understanding the views of our stakeholders

The Company undertook a comprehensive survey of our stakeholders to identify the most important social, environmental and well-being issues to them. This materiality assessment asked what our key stakeholders viewed as important to them and what was most impactful on global sustainability. This assessment surveyed more than 4,000 guests, team members and partners. The outcome was then reviewed in consideration of the International Tourism Partnership industry-wide mapping analysis of social, ethical and environmental matters to form a scatterplot of key issues which our Responsible Business programme considered as primary focus areas for 2019. See the materiality assessment scatterplot (above). This materiality assessment continues to guide our specific initiatives which we now identify in terms of the UN Sustainability Goals below.

SUSTAINABLE DEVELOPMENT GOALS

We have restructured our Responsible Business programme to align our effort and activities with the UN Sustainable Development Goals (SDGs). Whilst we were able to relate our activities to most of the 17 SDGs, there were five in particular which were most closely aligned with our purpose and values. These five goals have been reviewed and approved by our Board.

OUR PEOPLE

OUR GOALS:

1. Linking development to learning
2. Attract and retain talent
3. Increase diversity in the workplace

SUSTAINABLE DEVELOPMENT GOALS:

We are proud to have been recognised for our work in learning and development:

TALENT DEVELOPMENT TEAM OF THE YEAR 2019

Institute of Hospitality Awards 2019

EXCELLENCE IN PROMOTING CAREERS AWARD

HR in Hospitality Awards 2019

BEST HOUSEKEEPING TEAM INITIATIVE

Springboard Awards for Excellence 2019

Our People

Our team: ensuring our team members are engaged and feel valued; where our culture which fosters honesty, integrity, accountability; with every team member having access to opportunities for growth and long-term career progression.

Our guests: ensuring our guests are offered a service that lends itself to creating valuable memories, instilling a brand identity around guests feeling welcome, valued and positively surprised and where they love the energy, providing safe and secure properties and services that offer opportunities for health & well-being and welcome families, meeting delegates and guests staying with us for business or leisure purposes alike.

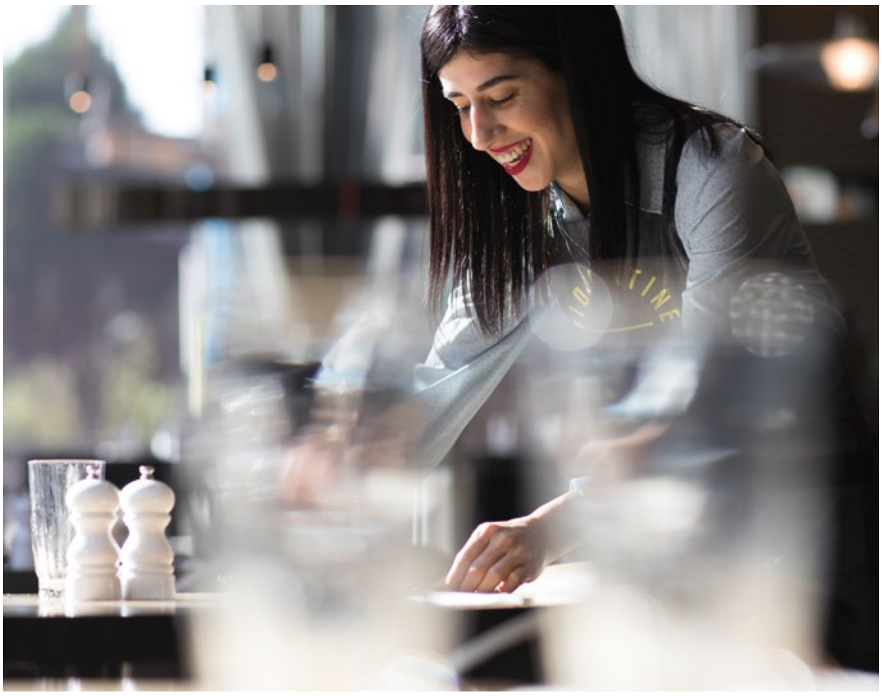
Our stakeholders: ensuring well nurtured relationships with our key stakeholders that emphasise fair and mutually beneficial terms.

The Group employs a diverse workforce across the UK, the Netherlands, Germany, Hungary and Croatia, and we are committed to creating a great place to work for all 4,700 of our team members.

As an international organisation, we are proud that we have team members from over 50 different nationalities. With such a diverse workforce, it is important that the Group has a strong unifying company culture and leadership that inspires our team members to share our passion to perform. For more information on diversity, see our governance section on page 102.

Our ethos is that with the right attitude, anyone can succeed, and therefore when we recruit we look for individuals who reflect our team member behaviour. Our blueprint 'We Are Creators' supports us to effectively recruit team members and build links with the education sector, local authorities and charities.

One way in which we do this is through our PPHE Career Festivals and Hospitality Showcases, held throughout the year in the UK and the Netherlands. The purpose of these events is to reach out to our local community and partners, as well as filling entry level and managerial roles in key areas of the business. In 2019, 170 people were hired on the day at our Careers Festivals.



OUR PEOPLE CONTINUED

All new team members attend our mandatory 'Feeling Welcome' induction programme, ensuring that new starters understand our culture, values and their role in delivering inspirational guest experiences. We then develop our team members personally and professionally by providing them with skills, knowledge and the opportunity to grow. We take this seriously and have worked hard to put together award-winning talent and learning programmes.

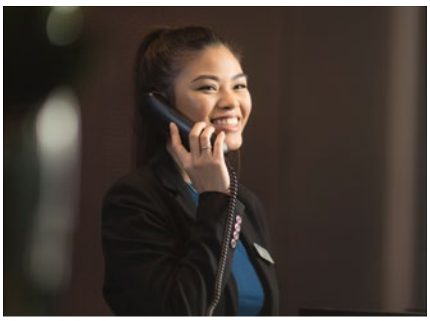
Developing talent

Our team members are critical to the success of our business. Recruiting and inspiring talent is vital for our business's continued success, as well as the personal success of each of our team members. As such, supporting and encouraging team members to develop and grow their careers within the business is a priority for us.

PPHE Apprenticeship Academy

With talent development and opportunities for long term careers as a key focus for the Group, we created PPHE Apprenticeship Academy the UK, designed in partnership with a number of apprenticeships providers.

We identified opportunities for current teams and prospective new talent to further advance their professional development through an Apprenticeship Academy in the UK, focusing on key critical areas of the business: Chefs, Maintenance, HR, Housekeeping, Finance and Hospitality Management. During 2019, 22 apprentices successfully completed the programmes and all of them remain employed by PPHE in the UK. We have had 98 apprentices in the business since launching our Academy, 45 of which onboarded in 2019 and will continue to recruit in 2020.



In Croatia, Arena Hospitality Group continues to offer scholarships to high school students from the School of Tourism, Catering and Trade. The team members train, guest lecture and mentor students, including adults seeking qualifications, and give practical, on the job training for approximately 55 students annually studying to be chefs, waiters, pastry chefs and receptionists. We are also working closely with the Agency for Rural Development of Istria to provide cooking workshops during spring and autumn term.

you:niversityplus

In 2019 we redesigned our award winning you:niversityplus Student Placement Programme to support the development of young, new leadership talent within the hospitality industry. We have created what we believe to be the most progressive student placement programme within the hospitality industry, in accordance with the Springboard INSPIRE kite mark. In 2019, 24 participants in the UK and the Netherlands completed the programme successfully and a further 34 have enrolled for our next cycle of training in 2020.

you:niversitynext

you:niversitynext is our fast track 24-month management development programme designed to create managers for the future. The bespoke programme has been crafted into a learning curriculum specifically designed to support our graduate's development, implemented on a rotational basis across a number of operational departments and support functions in carefully chosen hotels.

The programme was first piloted in the UK in 2017, and with continued success, was rolled out to the Netherlands team in 2018. This year, we continued to grow the programme. At the end of the two-year programme, positions are offered to all participants. With this in mind, our entry numbers are deliberately low, but increasing year-on-year.

2017 intake – four graduates in the UK

2018 intake – five graduates in the UK and two in the Netherlands

2019 intake – six graduates in the UK and four in the Netherlands

2020 intake – seven graduates in the UK and four in the Netherlands

In Croatia, we have collaborated with a local university, offering our expertise as guest lecturers and sponsoring a student scholarship. Our first student will soon be employed under a one-year contract and offered training in order to prepare her to be a future leader.

See page 106 for more on our whistleblowing hotline.

Health of our team members

Embedding a long-term and positive culture to mental and physical health across the organisation is important to us. We want to promote a mentally healthy environment, stopping preventable issues and allowing people to thrive and become more productive.

We are expanding the role we play in making health and wellbeing accessible for our team members. Within the UK region, team members have volunteered for Mental Health First Aiders training with 34 taking part in the training in 2019. We encourage all of our team members to take part in internal events to promote health and well-being. In 2019, teams across the UK took part in World Mental Health Day and Mental Health Awareness Week. Team members participated in yoga sessions, and held activities that opened up conversations around well-being, confidence and mental health.

Healthy options for our guests

As a Company we have a part to play to offer our guests attractive healthy options when they are away from home, whether it's healthier eating or access to a space for exercise.

At **Carsten's**, in Amsterdam, our concept chef has been undertaking 'know what you eat' workshops to raise awareness to children of what they are eating and where their food comes from. Since August, we have undertaken three workshops in which over 60 children have participated.

At **106 Baker Street** in London we are proud to have received the 'Healthier Catering Commitment' for London Gold Award from the City of Westminster.

At **Primo bar** in Park Plaza Westminster Bridge London, following a successful trial, the team has now added low alcohol drinks options.

As well as the quality of our foods, we are also focusing on providing sustainable offerings. Park Plaza County Hall London, recently piloted a meat free lunch with their Meeting and Event guests, which was well received and will be included in the new 2020 menus.

We continue to innovate on how we can introduce healthy, well-balanced items on our menus in ways that delight and inspire our guests. Simple gestures like providing local running and cycling routes, offering bike rentals in many of our Dutch hotels and increasing our offering of fruit and fresh juice based drinks across our properties has been well received by guests. We intend to build on these simple successes to create a more balanced offering to guests that offers healthy options in an enjoyable and exciting way.

Park Plaza Vondelpark, Amsterdam

Safety and security

The safety, security and wellbeing of our guests and team members remains our priority at all times. As a priority, it is embedded into our culture and business practices, this being top tier led and team member driven.

All of our UK hotels inspected by Local Food Standards Authorities have been awarded a 5 Star score rating.

All hotels and properties in the UK, the Netherlands, Hungary and Germany have in place a Crisis Plan with specific planning and contingency arrangements included. The plan is tested both internally and externally and taught to all hotel management and Heads of Department on a regular basis, in order to ensure that all are fully aware and competent in their role and responsibilities in the event of any crisis incident in the property or near vicinity.

Each hotel has rigorous safety measures in place including emergency evacuation plans. Measures include sprinkler systems, smoke detectors, CCTV, team training and refresher training as well as ongoing full hotel evacuation training.

We take the privacy of our guests seriously. We take the most stringent actions to ensure we maintain quality date privacy standards without compromising our service levels. To do so, the Company undertakes regular audits and tests of compliance processes. We have a system in place to identify when we deviate from the prescribed procedures of processing data, either by using technology or by self-reporting to one of our hotlines.

Improving guest experience and building for the future

Our real estate programme provides a unique opportunity to incorporate sustainable business elements and to build in the attributes that reflect guest feedback, social and enviornmental considerations and modernise our offering to guests.

At our recent Park Plaza Vondelpark, Amsterdam repositioning, we aimed to bring the outside in to promote guest and team well-being, which included 300m^2 of plants, trees and flowers inside the hotel.

In 2019, we invested £190,000 in additional energy efficient technology to improve the running of our hotels.

OUR PLACES

OUR GOALS:

1. Increasing our charity initiatives and volunteering
2. Contributions and investments with our local community
3. Engagement with our local community

SUSTAINABLE DEVELOPMENT GOALS:

"I grew up in South London and did what most guys my age do, got into trouble, didn't fulfil my potential and missed opportunities. I was quite immature and carefree with my lifestyle and attitude, which led me into serious trouble. Park Plaza Hotels looked past my circumstances and saw my potential and enthusiasm and gave me a chance. For that I'm really grateful for. I had been in contact with Lambeth Working, who supported me to get back into work and find a company who would give me a chance"

MICHAEL
CHEF APPRENTICE

2019: Engaging and supporting the local communities that our properties call home.

The Group is committed to supporting and making a positive contribution to the communities in which we develop, own and operate hotels, resorts and campsites, restaurants, bars and spas.

As well as supporting central corporate charities, each of our hotels operates its own unique community activities throughout the year. They do this in a number of ways including fundraising, volunteering and in-kind giving.

At a hotel level, we support a variety of charities in our local communities. This includes helping disadvantaged children and their families, elderly people, homelessness, and promoting arts and culture.

Although our combined activities continue to make positive local level impacts, we have identified a need for better reporting of our inputs, outputs and impacts. In 2020, we have committed to developing a strategic community plan aligning to our core business purpose. In the fourth quarter of 2019 we also signed up to the London Benchmarking Group in order to effectively report on our community activities in 2020.

Working in our local communities

2019 Review

Employing team members who live near our properties is not only good business sense, but supports our objective to be part of our local communities. In 2019, we worked with over 60 local partners, including charities, community groups and social enterprises.

Not only are we committed to providing work opportunities for our local communities, we are also an advocate for empowering everyone, no matter what their background, to reach their full potential. We aim to support disadvantage and underprivileged people into careers. In 2019, we continued to work with charities and organisations to support people back into work.

This year in the UK we recruited five team members from The Clink and six team members from Action on Disability. We also support and employ team members through The Passage, Galvin's Chance, the Prince's Trust, Springboard and House of St Barnabas. In Croatia, we continued our partnership with the EduTurizam project together with the Institute for Labour Market Development to provide hospitality skills for unemployed individuals.

Local food and culture

Local gastronomy is an important part of the culture, heritage, and customs of our destinations. Not only is cuisine an increasingly important motive for travel, but also a key element in evaluating the overall experience and guest's satisfaction.

In Croatia, Arena Hospitality Group has created a programme called 'days of local cuisine', which enables our guests to enjoy traditional Croatian dishes and experience national costume, as well as promote local cultural and artistic organisations through the procurement of local food and crafts.

The quality and offering of food we serve to our customers is important and many of our restaurants source local produce direct from markets, and menus are being developed to give more choice to vegans, vegetarians and other diets. Where we have roof space, some of our hotels have taken to growing their own – producing fresh herbs, spices and vegetables. Park Plaza London Waterloo, has welcomed 150,000 bees onto their roof, and their honey is now a key ingredient in our menus.

This year, we launched Carsten's Restaurant at Park Plaza Victoria Amsterdam with Dutch celebrity chef Maik Kuijpers. The concept of the restaurant is on local quality, appreciating seasonal menus and the quality of the local food heritage and culture with the ethos that food is at its best from around the corner.

2019 Communities initiatives led by our hotel teams

As part of our 2019 Communities programme, we asked our team members to chart our path by selecting local causes and activities to support their causes. A selection of our team members' initiatives within our local communities are set out on page 87.

Our 2020 Communities programme

To ensure we invest clearly and with purpose, the Company expanded our Responsible Business team this year. An in-house team was created, consisting of at least one team member from all leadership levels within the Company.

The team's progress will be reported to the Board, with individual Directors making themselves available to advise and take an active role in our Responsible Business initiatives. To implement our Responsible Business initiatives, the Company further pledged the funding for each property across all five regions, to appoint a Responsible Business Ambassador from within the workforce, who will spend a set number of hours per month reviewing local communities activities, arranging for opportunities to engage and support local causes and keep record of the hotel's efforts.

The formal structuring of the team has allowed the Company to manage consistency and efficiency in embedding its core values and improve the overall reporting of our responsible business activities across our portfolio.

Art in our communities

Sharing art is a simple way for us to welcome people into our property and make art accessible to all. In 2019, we continued our tradition of displaying art in public areas across our hotels with the creation of the Verudela Art Park in Pula.

The new park behind Ambrela Beach in was designed by local architects, who created a base for an installation of the ambient sculptures. The sculptural installations, underline the idea of mobility and travel, as well as clouds as synonyms and symbols of modern tourism. Seven local artists were selected for the realisation of this demanding and valuable project and the project debuted in June 2019.

The planning of the art park ensured a pedestrian approach from all directions to provide free and welcoming access. Names of the world oceans and seas will be printed along the cor-ten steel line which exists at the highest elevation of the park, as symbols of the location, but also the theme of the park – travels.

The 2020 aim is to focus the energetic support of our team members in their local communities initiatives and structure our efforts across the Responsible Business programme to ensure our values are embedded across our business.

Team members from across the Group also organised fundraising activities to celebrate the month which raised €6,000 for the World Childhood Foundation.

HRK 75,000 WAS DONATED TO THE GENERAL HOSPITAL IN PULA

PARK PLAZA BERLIN KUDDAM PREPARED 70 (HEALTHY) CHILDREN'S LUNCH BOXES

CLOTHING DONATIONS

PARK PLAZA VICTORIA AMSTERDAM SUPPORTS YOUNG DESIGNERS (LICHTING, AMSTERDAM FASHION WEEK & HTNK)

ARENA HOSPITALITY GROUP WITH UNICEF PROGRAMME 'FOR A STRONGER FAMILY' HELPS TO ENSURE BETTER LIVING CONDITIONS AND A BETTER FUTURE FOR VULNERABLE CHILDREN.

SUPPORTING NOTTINGHAM CHILDREN'S HOSPITAL

BAKE & CAKE SALES

YEARLY UPGRADE OF THE GARDEN AT ELDERLY HOME VONDELSTEDE

PARK PLAZA AMSTERDAM AIRPORT DONATING 30 LITRES OF FRESHLY MADE SOUP TO ITS SOUPBUS IN AMSTERDAM

PARK PLAZA LONDON WATERLOO 'WRAP UP LONDON' DONATE COATS AND DRESSING GOWNS TO OUR LOCAL CHARITY

PARK PLAZA UTRECHT SUPPORTING THE HOMELESS WITH DONATIONS OF FURNITURE AND BED LINEN

HOTEL FOR BEES

Bees play a critical role in healthy ecosystems and through their pollination, they are essential for food production. Sadly in recent years, changes in our environment have meant that bees are significantly declining in numbers.

This year, Park Plaza London Waterloo partnered with Dr. Luke Dixon – an expert in rooftop beekeeping and a member of the British Beekeepers Association – to create a safe haven atop its fourth floor, giving the bees an opportunity to form colonies and produce local honey, leaving the bees with ample honey to thrive. London's mild climate and wide range of food has provided a welcome environment and our rooftop is now home to 150,000 honey bees.

Fresh honey collected is used in the menu of our all day dining restaurant, Florentine, where 10% of the sales go to the Bee Friendly Trust charity.

OUR PLANET

OUR GOALS:

1. Reduce carbon footprint
2. Reduce water usage
3. Reduce waste and recycle more
4. Increase the use of ethically sourced and eco-friendly materials

SUSTAINABLE DEVELOPMENT GOALS:

6 CLEAN WATER AND SANITATION
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

2019: Investing in the wider climate and doing more to ensure we protect the planet which sources our every supply.

The sustainability of our operations is externally certified and our hotels in the UK and the Netherlands are certified under Green Key, Green Globe, Green Tourism and Travellife memberships. All of these certifications are recognised by the Global Sustainable Tourism Council (GSTC).

Waste reduction

We have committed to accelerate our waste reduction efforts. In 2019, we formed a Waste Strategy Steering Group to identify key priorities and to make holistic and faster decisions to reduce our waste.

Across the Group, we are changing the way our procurement system operates and this will have a huge impact on the waste reduction of our operations. In 2019, we undertook a Group-wide procurement review, the results of which will target opportunities to reduce our waste, including hidden packaging, and reduce our carbon footprint by consolidating supply chains and considering food miles, purchasing seasonal produce and ethical animal products.

UK, Netherlands and Germany kWh & tCO_2e

Emission Type	Current Reporting Year 2019 (kWh)	Current Reporting Year 2019 (tCO_2e)	Comparison Reporting Year 2018 (kWh)	Comparison Reporting Year 2018 (tCO_2e)
Scope 1 (Gas)	33,651,402	6,187	34,122,450	6,277
Scope 1 (Transport)	152,427	37	154,164	38
Scope 2 (Electricity)	38,056,460	9,727	37,103,110	10,503
Total	71,860,288	15,951	71,379,724	16,818

Wherever possible we try to limit our waste and in 2019, following a rebrand of our linen in the UK, all useable linen, including 775 sheets, 890 duvets, 1,920 bath sheets, 870 hand towels and 625 pillow cases, was donated to eight local charities. Items that were not useable were recycled.

Whilst we are reviewing our single-use plastics use, we have undertaken a successful trial with Clean Conscience, a UK charity that re-purposes and redistributes waste toiletries and linen to those most in need. We have already implemented this programme in two of our hotels, and have committed for all of our managed UK hotels to join this programme in 2020.

Energy and emissions

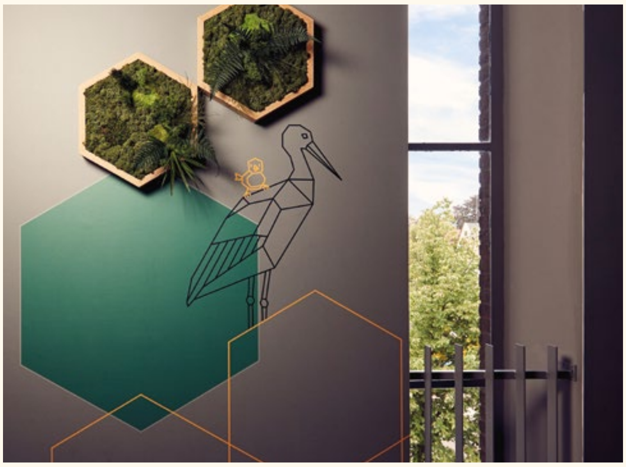
Most of our energy consumption comes from the heating and cooling of our hotels. It is important for us to monitor our energy consumption through our online energy-monitoring system in order to identify areas for short- and long-term improvement, as well as maximise energy efficiency through our control systems.

We continually invest in technology to reduce our carbon footprint, whether it's automatic control systems and occupancy sensors that go into energy-saving mode when a guest leaves their room, or electric vehicle charging stations in our car parks. In 2019, PPHE installed 'Green Point', an energy efficient room control system, into 1,600 rooms in the UK and 300 rooms in the Netherlands in order to further improve the energy efficiency in our hotels.

One of our key successes is our 'Save tomorrow, today' programme, where we actively engage our guests in reducing their impact on the environment through the reduction of water, electricity and cleaning materials used in our properties.

In the second quarter of 2019, we introduced carbon neutral meetings and event spaces for our guests. With Radisson, we are working with First Climate, one of the largest carbon offsetting organisations in the world, to offset our carbon footprint for every meeting space. This is a service that is totally free to our meeting space customers. For every meeting or event held at Park Plaza hotel or art'otel, the carbon footprint of the meeting space and services is offset. In the past eight months, we have offset 780 tons of CO_2. All offset projects are VCS or Gold Standard certified.

The table above summarises our kWh and tCO_2e for our properties in the UK, the Netherlands and Germany. The figures are calculated based on all the sites' gas and power usage along with the car fleet/grey fleet mileage (employees claiming miles) using the government approved CO_2 emission factors. The data shows an increase in kWh but reduction of CO_2 for electricity between 2018 and 2019 which is due to a decrease in the carbon emission factor from using more renewable sources of generation.



HOTEL WITH A GARDEN

With our recent Park Plaza Vondelpark, Amsterdam repositioning we aimed to incorporate nature in the hotel to promote guest and team wellbeing, create a destination for local community and encourage wildlife. Working with an independent landscape designer local to Amsterdam, we created a 300m^2 garden with a pond. We also brought many flowers and plants inside as part of the interior. The garden provides a good shelter for animals and insects and the pond is an ecological system with its own biodiversity of plants, animals and insects. From the very beginning, the project had the local flora and fauna in mind.

The trees, shrubs, plants and bushes chosen were a combination of both cultivated and native to the region. The eco balance was carefully thought through so the garden would not need regular maintenance with the flora existing in harmony. Thus the nature is left to her own devices with minimal human intrusion and minimal disturbance to the wildlife.

A big percentage of the garden at Park Plaza Vondelpark, is also used as plant borders. The borders have a high density of plants, preventing the ground from drying out quickly acting as a natural water management system for dry summers.

Water conservation

In 2019, we continued to invest in water efficient technology and encouraged guests to consider the environment and save water through our towel and linen reuse programme. We have also committed to installing water-softening systems in our hotel rooms with the purpose of reducing lime scale, decreasing the use of cleaning chemicals into the water system, and improving the quality of water.

In order to improve water conservation, we have committed to install a remote water monitoring system in all of our UK hotels in 2020. The meters will provide real-time water consumption data directly to our online monitoring tool and will allow us to monitor our usage and report our progress in the future.

We care about the world around us and have taken measures to protect our beaches and oceans. Arena Hospitality Group was recently awarded a Blue Flag Gold plaque for 15 years of ongoing activities to promote sustainability in the tourism sector, through environmental education, environmental protection and other sustainable development practices.

Planning and building

During the planning and contracting phase of our art'otel london hoxton we have considered the sustainability of our buildings from the start, targeting for BREEAM assessment 'excellent'.

Our recent refurbishments are built with the latest water and energy efficient fittings and a robust design that ensures our assets are built to last. Where appropriate, we source responsible and low environmental impact materials, upcycling or donating to charity or local community group, and reducing our waste.

The Strategic Report was approved by the Leadership Team and will be reviewed regularly for materiality and signed on its behalf by Boris Ivesha.

BORIS IVESHA
PRESIDENT &
CHIEF EXECUTIVE OFFICER