

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	
 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	
<p>Management agreement to earn a fee based income as a % of revenue and profit</p>		<p>Franchise agreement (or the usage of a brand, income as a % of revenue)</p>			
				<p>Sale of asset</p>	