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EQUITY RESEARCH:
PPHE HOTEL GROUP LIMITED

NUNO ALEXANDRE FERREIRA LOPES DA CRUZ

JUNE 2025

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SUPERVISOR:
ANTÓNIO MANUEL FIRMINO CALAPEZ CORREIA

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Abstract

PPHE Hotel Group Limited (PPHE) is an international hospitality real estate company primarily engaged in the ownership, development, operation, and franchise of upscale and lifestyle hotels across Europe. The Company operates a portfolio of hotels principally under the Park Plaza and art'otel brands, with a strategic focus on key gateway cities including London, Amsterdam, and Berlin.

This report issues a BUY recommendation for PPHE, with a 2026YE price target (PT) of £22.5 per share, using a Discounted Cash Flow (DCF) model, implying an upside potential of 40% over an 18-month horizon (IRR of 25.4%) from the closing price of £16.0 per share as of 30th June 2025, albeit with Medium Risk.

The recommendation is primarily supported by: i) a high-quality asset base in prime urban locations; ii) a strong post-COVID recovery in the hospitality and tourism sectors; and, iii) continue revenue growth driven by refurbishment projects and expansion of the brand. Nonetheless, PPHE’s current stock price reflects several discounting factors, including: i) exposure to cyclical demand and macroeconomic uncertainty; ii) inflationary pressures impacting operating costs and margins; and, iii) a relatively illiquid and under-researched stock within the UK mid-cap universe, limiting broader market participation.

Valuation of the Company has been conducted using the Free Cash Flow to Firm (FCFF) model, applying an integrated approach, and cross-checked with alternative absolute valuation methodologies including Sum of the Parts (SOTP), Dividend Discount Model (DDM). In addition, a multiple valuation approach was employed, using peer group benchmarking based on EV/EBITDA, P/E and EV/Revenue multiples. The peer group was selected using the Sum of Absolute Rank Differences (SARD) method to ensure comparability based on financial and operational metrics.

The Company’s valuation hangs on several risks. Beyond obvious swings in the wider economy or travel demand, geopolitical shocks, and regulatory shifts in the hospitality sector may materially impact operating performance. Nevertheless, PPHE is enhancing its resilience through a strategy focused on brand differentiation, asset ownership, and sustainability initiatives, which may ease risks.

JEL classification: G00; G10; G30; G32; G34.

Keywords: PPHE Hotel Group Limited; Hospitality Sector; Equity Research; Valuation; M&A

Resumo

PPHE Hotel Group Limited (PPHE) é um grupo imobiliário internacional de hotelaria focado principalmente na posse, desenvolvimento, operação e franchising de hotéis de alta categoria em toda a Europa. A empresa opera um portfólio de hotéis principalmente sob as marcas Park Plaza e art'otel, com um foco estratégico em cidades-chave como Londres, Amesterdão e Berlim.

Neste relatório é emitido uma recomendação de COMPRA para a PPHE, com um preço-alvo para o final de 2026 (PT) de £22,5 por ação, implicando um potencial de valorização de 40% num horizonte temporal de 18 meses (TIR de 25.4%) face ao preço de fecho de £16.0 por ação a 30 de junho de 2025, tendo um nível Médio de Risco.

A recomendação é principalmente sustentada por: i) uma base de ativos de alta qualidade em localizações privilegiadas em áreas urbanas; ii) uma forte recuperação pós-covid nos setores de hotelaria e turismo; iii) um crescimento contínuo das receitas impulsionado por projetos de remodelação e expansão da marca. No entanto, o preço atual das ações da PPHE reflete vários fatores de desconto, incluindo: i) exposição à procura cíclica e incerteza macroeconómica; ii) pressões inflacionárias que afetam os custos e margens operacionais; iii) uma ação com pouca liquidez e pouco pesquisada no universo das mid-caps do Reino Unido, limitando uma partição mais ampla no mercado.

A avaliação da Empresa foi realizada utilizando o modelo Fluxo de Caixa Livre para a Empresa (FCFF), aplicando uma abordagem integrada, e verificada com outras metodologias alternativas de avaliação, como Soma das Partes (SOTP) e Modelo de Descontos de Dividendos (DDM). Além disso, foi realizada uma abordagem de avaliação por múltiplos, utilizando benchmarking de concorrentes com base nos múltiplos EV/EBITDA, P/E e EV/Revenue. O grupo de pares foi selecionado utilizando o método Sum of Absolute Rank Differences (SARD) para garantir a comparabilidade com base em métricas financeiras e operacionais.

A avaliação da Empresa depende de vários riscos. Para além das óbvias flutuações na economia em geral ou na procura de viagens, choques geopolíticos e mudanças regulatórias no setor da hotelaria podem impactar materialmente o desempenho operacional. No entanto, o PPHE está a aumentar a sua resiliência através de uma estratégia focada na diferenciação da marca, posse de ativos e iniciativas de sustentabilidade, o que poderá mitigar os riscos.

JEL classification: G00; G10; G30; G32; G34.

Keywords: PPHE Hotel Group Limited; Indústria Hoteleira; *Equity Research*; Avaliação de Empresas; Fusões e Aquisições

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Abbreviations

	£ or GBP	British Pound Sterling
	€ or EUR	Euro
A	ADR	Average Daily Rate
	AHG	Arena Hospitality Group
	AIM	Alternative Investment Market
	AI	Artificial Intelligence
	AGM	Annual General Meeting
B	BoD	Board of Directors
	Bn	Billion
	BREEAM	Building Research Establishment Environmental Assessment Methoc
C	CAPEX	Capital Expenditures
	CAPM	Capital Asset Pricing Model
	CAGR	Compound Annual Growth Rate
	CBRE	CBRE Group
	CFO	Chief Financial Officer
	Co-CEO	Co-Chief Executive Officer
D	D	Debt
	D&A	Depreciation and Amortization
	DDM	Dividend Discount Model
E	E	Equity
	EBIT	Earnings Before Interest and Taxes
	EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
	ECB	European Central Bank
	EPRA	Earnings After Adjusting for Property Revaluation
	ESG	Environmental, Social, and Governance
	EU	European Union
	EV	Enterprise Value
F	FCFE	Free Cash Flow to Equity
	FCFF	Free Cash Flow to the Firm
	F&B	Food and Beverage
	FTSE	Financial Times Stock Exchange
G	g*	Sustainable Growth Rate
	GDP	Gross Domestic Product
H	HDI	Household Disposable Income
	HSMAI	Hospitality Sales and Marketing Association
I	IATA	International Air Transport
	IFR	International Financial Reporting
	IMF	International Monetary Fund
	IT	Information Technology
J	JLL	Jones Lang LaSalle
	JV	Joint Venture
L	LTIPs	Long Term Incentive Plans
M	Mn	Million
	M&A	Mergers and Acquisitions
N	NCI	Non-Controlling Interest
	NWC	Net Working Capital
O	OECD	Organization for Economic Cooperation and Development
P	P	Price
	PPC	Park Plaza County Hall
	PPH.L	PPHE Hotel Group Stock
	PT	Price Target
R	RCA	Real Capital Analytics
	RevPAR	Revenue Per Available Room
	RSM	RSM International
S	S&P	Standard & Poor’s
	SARD	Sum of Absolute Rank Differences
	SBTi	Science Based Targets initiative
	SoP	Sum of the Parts
	sqm	Square Meter
	STR	Smith Travel Research
U	UK	United Kingdom
	UNWTO	United Nations World Tourism Organization
W	WACC	Weighted Average Cost of Capital
Y	YE	Year-End
	YOY	Year Over Year
	YTD	Year to Date

Ticker: PPH.L | Current Price: £16.0 | Target Price: £22.5 | Recommendation: BUY | Upside Potential: 40%

Table 1 – PPHE's Key Statistics

Stock Exchange	London Stock Exchange
Price	£16.0
52 Week Range	£11.4 - £16.0
YTD Range	11.10%
Market Cap (£M)	667.03
Free Float (%)	45.45%
Shares Outstanding (M)	41.85

Source: Author's Analysis

Figure 1 - 12 Months Stock Price

Source: Author's analysis

Table 2 – Financial Highlights

	2024	2026F	2029F
Revenues (£'M)	442.8	505.5	612.1
EBITDA (£'M)	136.5	157.3	191.8
EBITDA Mg. (%)	30.8%	31.1%	31.3%
Net Income (£'M)	27.7	35.0	59.0
Net Income Mg. (%)	6.3%	6.9%	9.7%
D/E (%)	222%	221%	184%
Debt / EBITDA (x)	8.6	6.9	5.9
ROE (%)	5.3%	6.3%	9.4%
RevPAR (£)	120.3	130.4	144.4

Source: Author's analysis

1. Research Snapshot

PPHE Hotel Group is rated **BUY**, with a 2026YE price target of **£22.5 /share**, based on a DCF model using FCFF, implying a **+40% upside** from the £16.0/share closing price as of 30 June 2025. This corresponds to a **25.4% annualized return** with a **medium-risk profile**. PPHE's vertically integrated model offers value through i) embedded growth via planning-secured London projects; and (ii) premium brands driving sustained occupancy and ADR growth.; and (iii) an asset-backed platform with control over development and operations

Strategic Expansion Fueling Long-Term Growth

PPHE is completing its **£300 million development cycle** by end-2025, featuring five new hotels including art'otel London Hoxton and Zagreb, plus the 186-room **Westminster Bridge project**. The subsequent **£220 million 2025F–2029F capex plan** focuses on high-value London assets: a 179-room subterranean conversion at **Park Plaza Victoria** (2027), the 465-room **Park Royal** newbuild (2028), and a recently acquired **Radisson RED** development site (2029). This pipeline will **add over 1,000 rooms, expanding PPHE's London portfolio by ~25%.**

Occupancy and Average Daily Rate Growth

Like-for-like occupancy rises from **75.8% in 2024 to 82% in 2029F**, while overall occupancy increases from **74.5% to 81.4%** over the same period. ADR climbs from **£161.5 to £177.5,** though like-for-like ADR reaches £175, as new openings are concentrated in higher ADR markets. This drives **RevPAR growth from £120.3 to £144.4**.

Premium Brand Diversification

PPHE's brand portfolio serves as a key differentiator, with **Park Plaza** capturing the upscale blended business-leisure segment, **art'otel** merging hospitality with contemporary art appeal, and **Holmes Hotels** catering to boutique demand in prime heritage locations. **Arena Hotels & Campsites** provide resilient seasonal cash flow, while the **Radisson RED** partnership expands distribution without diluting operational control.

Beyond rooms, PPHE's F&B concepts including destination venues like **JOIA**, **ARCA**, and **TOZI** enhance revenue per guest, attract local patronage, and solidify its premium positioning. This integrated model supports EBITDA scalability while reducing reliance on pure-play room revenue.

2. Business Overview

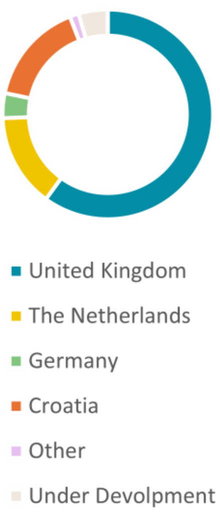
PPHE Hotel Group Ltd ("PPHE" or "Company") is an international hospitality real estate company with a market capitalization of approximately **£655.3 million** as of June 23,2025, and a portfolio valued at around **£2.2 billion** for FY24, consisting primarily of prime freehold and long leasehold assets in Europe. The Company specializes in **owning, co-owning, developing, leasing, operating, and franchising**, offering a range of upscale to upper-scale hotels that appeal to both business and leisure travellers with brands like **Park Plaza®, art'otel®**, and more (Figure 2). PPHE operates **51 properties across 8 countries**, offering a total of **9,600 rooms** and **5,800 campsite pitches**. With **UK representing 45% of its portfolio value** (Figure 3), PPHE maintains a dominant presence in the UK capital while extending its footprint to key European destinations, including Amsterdam, Germany, and the scenic Croatian coastline.

Established in **1989** by Eli Papouchado as Park Plaza Hotels Europe, the Company has since expanded into a multifaceted real estate powerhouse. It went public on **London's AIM market in 2007** and later made it to the **FTSE 250 Index**.

Figure 2 - Overview of Key Brands

Source: PPHE's Website

Figure 3 - Portfolio Value by Region



Source: Author's Analysis; Savills 2024

2.1. Business Segments

In recent years, the Company has strategically redefined its operations into two distinct business segments: **Owned Hotel Operations and Management**, and **Central Services Activities.**

Owned Hotel Operations and Management

This **segment is the heart of PPHE's** business, generating the majority of its revenues. Owned Hotel Operations and Management generated **£434 million of revenue in 2024**, up strongly from £407 million in 2023, £325 million in 2022, and a new pre-pandemic high of £352 million in FY19. This growth trajectory emphasizes the resilience of the segment and its ability to **consistently outperform pre-COVID performance**, an important indicator for investors considering long-term stability. The segment earns revenue from various sources, i.e., room occupancy (the prime driver), food and beverage sales, and event hosting.

Central Services Activities

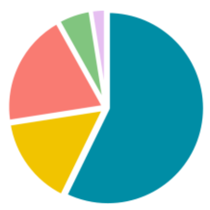
While smaller in scale, Central Services Activities play an essential supporting role in PPHE's ecosystem, **contributing £8.8 million in revenue** in 2024, up from £7.7 million in 2023, £5.1 million in 2022, and £5.9 million in FY19. This segment includes centralized **functions such as administrative support, marketing, and operational oversight**. The steady growth, a 14.3% increase from FY2023 to FY2024, reflects PPHE's efforts to optimize its back-end operations and extract additional value from its infrastructure. Though modest compared to Owned Hotel Operations, **this segment's contribution is vital** for maintaining cost discipline and scalability.

2.2. Geographical Presence

United Kingdom

The UK remains **PPHE's largest and most profitable market**, accounting for **£248.6 million in revenue** in 2023, which represents **56.1% of the Company's total revenue** (Figure 4). The UK portfolio is **heavily concentrated in London**, featuring flagship properties such as **Park Plaza Westminster Bridge London** and **art'otel London Battersea Power Station, and the newly opened art'otel London Hoxton**. Additional properties are located in **Cardiff, Leeds, and Nottingham**.

Figure 4 - Group Revenue Distribution

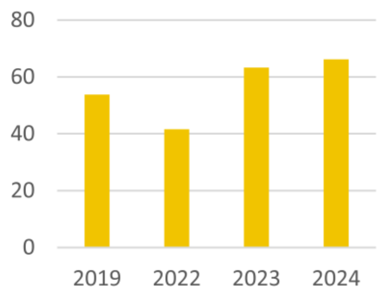


Source: Author's Analysis

The Netherlands

PPHE's Dutch portfolio contributed **£66.2 million** in revenue for 2024, representing **15% of the Company's total revenue** continuing the ascending trend of previous years (Figure 5). The Dutch market benefits from **strong corporate and leisure travel**, particularly in the capital, where PPHE owns **Park Plaza Victoria Amsterdam, art'otel Amsterdam, and Park Plaza Vondelpark**. There have been no new investments in the region in recent years.

Figure 5 - The Netherlands's Historical Revenue



Source: Author's Analysis

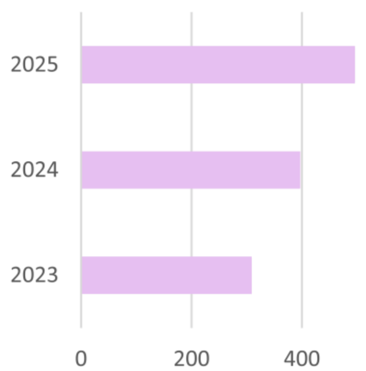
Croatia

Croatia remains a **key market for PPHE's** leisure and outdoor hospitality business, with **total revenue of £84.1 million in 2024, representing 19% of the Company's total revenue**. Revenue **increased by 7.7% YoY**, driven by the continued strong performance of the **Grand Hotel Brioni Pula and Arena Campsites**, despite seasonal challenges. PPHE's Croatian **operations are highly seasonal**, with **most hotels, resorts, and campsites closing in Q1 and Q4**, while **business activity peaks from Easter through August.** The **Arena Campsites brand**, which includes eight coastal campsites, continued to perform well in 2024, benefiting from the **growing leisure demand for upscale properties in the region**, even amidst adverse weather conditions impacting the peak summer season.

Germany

Germany **is PPHE's smallest market**, contributing **£24.4 million** in revenue in 2024, or **5.6% of the Company's total revenue**, marking a **7% increase YoY**. PPHE operates **seven hotels in Germany**, with a strong presence in **Berlin, Cologne, and Nuremberg**. The German market experienced improved performance in 2024, driven by the **reopening of the art'otel Berlin Mitte hotel** and a balanced appeal between corporate travel and conference destinations such as Nuremberg and Cologne.

Figure 6 - Number of Rooms in Other Markets Region



Source: Author's Analysis

Other Markets (Italy, Hungary, Serbia, Austria)

PPHE's **smaller but expanding markets** generated **£10.7 million in revenue**, accounting for **2.4% of the Company's total revenue**, with growth driven by new market entries. Following the 2024 opening in Serbia, a new country for PPHE, the Company will gracefully **extend its presence into Italy** from 2025 onwards, marking another milestone in its international expansion (Figure 6).

2.3. Key Drivers of Profitability

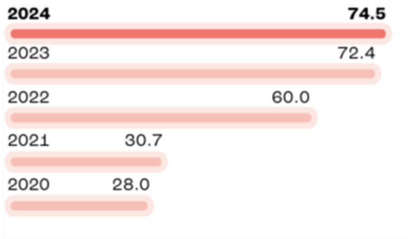
PPHE focuses on numerous key business drivers, including portfolio and asset management, occupancy, average room rate (ADR), revenue per available room (RevPAR), costs, cost savings, food and beverage sales, seasonality, and customer loyalty. The three major metrics of the hotel industry are **occupancy rate, ADR, and RevPAR**.

Occupancy Rate is calculated as the total number of room nights sold during a specific period divided by the total available room nights for that period. It measures the utilization of hotel room capacity. In 2024, PPHE achieved an **occupancy rate of 74.5%** marking an improvement from 72.4% in the previous year**,** up from 60.0% in 2022 but still down from 80.6% in 2019 (Figure 7). The steep drop to 30.7% in 2021 and 28.0% in 2020 reflects the severe impact of COVID-19 on travel and hospitality, which the Company has gradually recovered from over the past four years. The rebound suggests a resilient business model and growing consumer confidence in travel.

Average Daily Rate (ADR) defined as the total room revenue divided by the total room nights sold, measures how much customers are willing to pay for accommodation. In 2024, PPHE's **ADR reached £161.5**, holding above the £160.4 seen in 2022 despite a slight dip from £166.8 in 2023 (Figure 8). The ADR trend highlights strong brand equity and strategic pricing discipline. Compared to the £117.0 in 2021 and £105.1 in 2020, ADR has grown by more than 50% in just four years, indicating not only price recovery but also successful positioning in the upscale segment of the market.

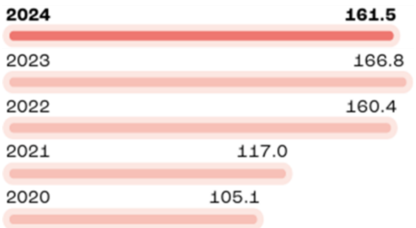
Revenue Per Available Room (RevPAR) is the product of ADR and occupancy, representing the core revenue for hotels, excluding secondary revenues such as food and beverage or event hosting. In 2024, PPHE's **RevPAR stood at £120.3**, nearly matching the £120.7 achieved in 2023 and significantly surpassing the £96.2 recorded in 2022 (Figure 9). The compound effect of rising occupancy and strong ADR is evident here. Notably, RevPAR has more than tripled since 2021, when it was just £35.9, and is over four times higher than the £29.4 seen during the height of the pandemic in 2020.

Figure 7 - Occupancy Rate (%)



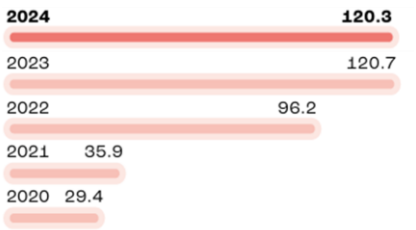
Source: PPHE's Annual Report

Figure 8 - Average Daily Rate (£)



Source: PPHE's Annual Report

Figure 9 - RevPar (£)



Source: PPHE's Annual Report

2.4. Business Strategy

PPHE 's business strategy relies on its **vertically integrated "Buy, Build, Operate" approach** (Figure 10), covering the entire hospitality real estate life cycle to generate value. By owning, building, and managing its assets, PPHE maintains control over asset quality, operational standards, and long-term value growth. This strategy is most effective due to its emphasis on **central urban locations** (London, Berlin) and **growing leisure markets** (Croatia, Austria), mitigating cyclical risk by capitalizing on the rebound in tourism and city demand.

The Buy pillar acquires **undervalued assets for repositioning**, such as the investment in Arena Hospitality Group's leisure asset portfolio, which expanded PPHE's presence beyond campsites and beach resorts. The Build phase focuses on value-added development, such as the **conversion from**

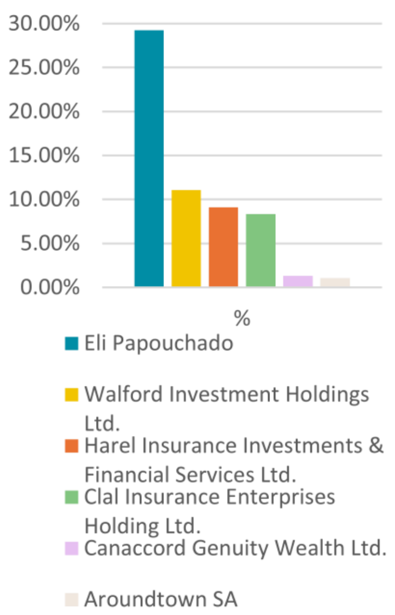
Figure 10 - PPHE's Business Model

Source: Author's Analysis

Figure 11 - Eco-Conscious Upgrades in PPHE's Hotel Portfolio

Source: Author's Analysis

Figure 12 - Shareholder Structure



Source: Author's Analysis

office to hotel of art'otel Zagreb and the building of **art'otel London Hoxton**, which achieved **BREEAM Excellent certification**.

Operational excellence in the Operate pillar is fuelled by PPHE's **proprietary hospitality platform, overseeing more than £2.2 billion in assets spanning eight countries**. Centralized procurement, AI-enhanced revenue management, and collaborations with **Radisson Hotel Group (utilizing 20 million loyalty members)** drive top industry margins. Platform scalability is showcased through PPHE's entry into the Nassfeld market in Austria and its status as an owner-operator, thereby synchronizing asset performance with management's incentive alignment.

Integrating ESG continues to be a key differentiator, with **Scope 1,2 and 3 emissions decreasing** in the last years and a commitment to achieving **net-zero by 2050**. Initiatives like **energy-saving programs** and Responsible Business Ambassadors **at each property** help bolster resilience against regulatory unpredictability and tenant needs (Figure 11).

2.5. Shareholder Structure

PPHE has circa 44 million outstanding shares, circa **45% free float** and circa 5% of which are treasury stock. The shareholder structure base is notably concentrated, with a significant portion held by long-term strategic investors. The largest Company's shareholder is **Eli Papouchado**, who controls 29% of the shares, reflecting his strong influence and founding role within the Company. Other major institutional stakeholders include **Walford Investment Holdings Ltd**. (11.08%), **Harel Insurance Investments & Financial Services Ltd.** (9.11%), Clal Insurance Enterprises Holdings Ltd. (8.36%), Canaccord Genuity Wealth Ltd. (1.32%) and Aroundtown SA (1.06%) (Figure 12). PPHE's shares are listed on the London Stock Exchange under the ticker **"PPH.L"**.

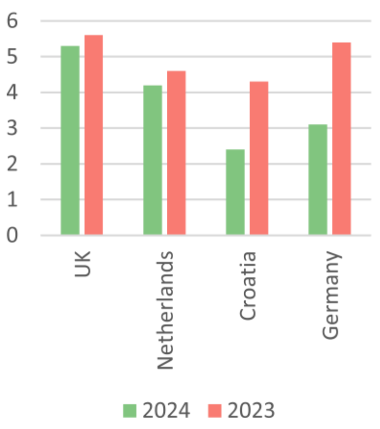
2.6. Dividend Policy

The Company's approach to dividends is guided by the **Board's commitment to distributing approximately 30% of adjusted EPRA earnings**, while ensuring sufficient liquidity for ongoing developments and strategic investments. Dividend distributions were **paused during the COVID-19** pandemic to enable preservation of liquidity, but as soon as the market started to recover, dividends were brought back in 2022 with a payout of 12.0 pence per share. In 2023, dividend distributions rebounded at a healthy level to 36.0 pence per share, a rise of 200% from previous year exhibiting strong financial performance. In 2024, dividends **climbed 5.6%** to **38.0 pence** per share.

3. ESG – Environmental, Social and Governance

In recent years, PPHE made considerable progress in its efforts towards an ESG (Environmental, Social, and Governance) strategy. The Company incorporates sustainability into its core activities, which provides evidence that the Company consistently acts ethically.

Figure 13 - PPHE's kgCO2 e/room sold

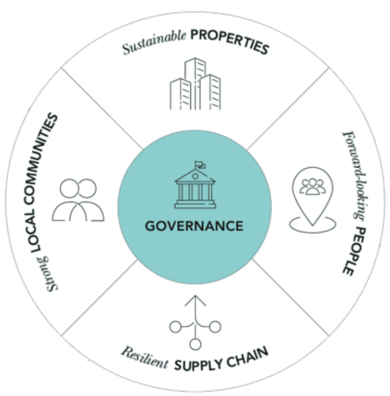


Source: Author's Analysis

Figure 14 – PPHE's supported organizations in 2024

Source: PPHE's Annual Report

Figure 15 - PPHE's ESG Strategy



Source: Author's Analysis

3.1. Environmental

PPHE is committed to reducing its environmental impact and has implemented several sustainability initiatives. The Company **is working** towards science-based **net-zero targets,** with its **roadmap for validation by the Science-Based Targets Initiative (SBTi) by the end of 2025.** PPHE actively participates in the **Zero Carbon Forum** and the **Energy & Environment Alliance** to enhance its energy management. Operationally, the Company is working closely with suppliers to improve environmental efficiency, including initiatives to reduce energy and water consumption in outsourced services such as laundry. Additional efforts include waste minimisation, enhanced recycling processes, and local biodiversity supporting an all integrated into PPHE's broader ESG strategy. Reflecting the impact of these initiatives, PPHE has achieved notable reductions in carbon intensity across most of its key regions (Figure 13). Between 2023 and 2024, substantial improvements were recorded in Germany and Croatia, underscoring the effectiveness of the Company's decarbonisation efforts and its continued progress toward long-term sustainability goals.

3.2. Social

PPHE prioritizes its employees, guests, and the communities in which it operates. The Company conducts **regular team member forums and town hall meetings** to foster communication and address employee concerns. PPHE actively reviews **gender balance and diversity policies** at all levels, including senior management. **ESG-related training** is provided to employees to enhance awareness and engagement in sustainability initiatives. The Company engages in **corporate volunteering and supports local non-profits, schools, and hospitals** (Figure 14).

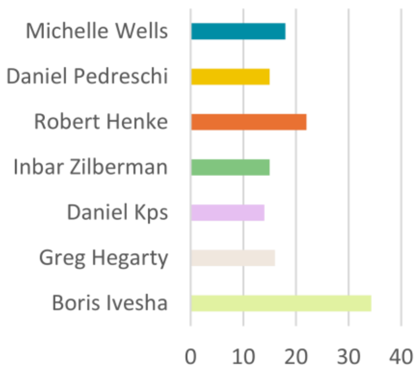
3.3. Governance

PPHE maintains a strong governance system to assure ethical conduct, transparency, and accountability in every facet of its operation. Governance is the sole pillar at the center, which connects and supports the four strategic focus areas: sustainable properties, resilient supply chains, forward-thinking people practices, and strong engagement with local communities (Figure 15). This integrated approach informs the Company's long-term ESG strategy and solidifies its commitment to responsible and sustainable growth.

3.3.1. The Board of Directors (BoD)

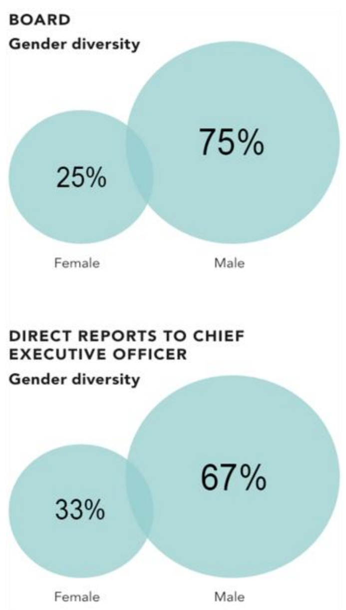
As of 9 January 2025, the Board was composed of **eight Directors**: three Executive Directors, namely **Boris Ivesha** (President & Co-CEO), **Greg Hegarty** (Co-CEO), and **Daniel Kos** (CFO); and five Non-Executive Directors, four of which were independents. All Directors need to face **re-election by shareholders annually**. The Board bases its governance policies on the UK Corporate Governance Code. The average age of Board

Figure 16 – Executive Tenure at PPHE



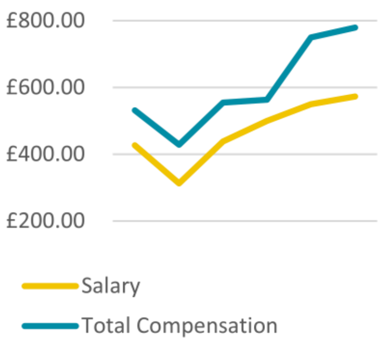
Source: Author's Analysis

Figure 17 - Gender Diversity at PPHE



Source: Author's Analysis

Figure 18 – Boris Ivesha's Compensation



Source: Author's Analysis

members is 58 years, with an **average tenure of 19 years**. Notably, Boris Ivesha has been with the Company for **nearly 35 years** (Figure 16).

The Board demonstrates a **diversified mix of backgrounds**, expertise, skills, and perspectives. Prior to May 2023, there were certain historic dealings and governance concerns, including the presence of a non-independent Chairman, which may have raised concerns about leadership effectiveness and impartiality in self-assessment. However, from that date onwards, all Chairman have been independent. While consistent with PPHE's corporate model, global governance specialists and activist investors generally endorse a higher level of Board independence. The Company remains **actively engaged with its stakeholders** and is continuously developing its governance policies in the pursuit of good and strong governance.

3.3.2. The Management

The Executive Leadership Team plays a key role in the development of PPHE's strategy and how it runs its day-to-day business. Notably, this team demonstrates greater gender diversity than the BoD (Figure 17). The purpose of this team is to align business performance with (1) **the Company sustainability objectives**; (2) **the Company financial objectives**; (3) **the Company governance metrics**; and (4) **aligned risk management and clarity of, and meaningful, engagement with external stakeholders**. The Company is benefitting particularly from strong global knowledge and experience, notably through important contributors from **Arena Hospitality Group** - Reuel ("Reli") Slonim, Devansh Bakshi, Manuela Kraljević, and Edmond Pinto. Arena's local activities within **Croatia and Austria** reinforce essential regional perspectives, and operational fit, to **maximise PPHE's wider European platform**.

3.3.3. Management Compensation

The **PPHE's reward strategy** aligns executive pay with long-term success through fixed and variable components, such as bonuses and Long-Term Incentive Plans (LTIPs), linked to financial and ESG (Environmental, Social, Governance) targets. The Remuneration Committee, meeting five times in 2024 with full attendance, reviewed compensation across the organization. This led to average pay increases of 3% to 9.5% to counter inflation. The policy undergoes an advisory vote at the Annual General Meeting (AGM), promoting shareholder involvement.

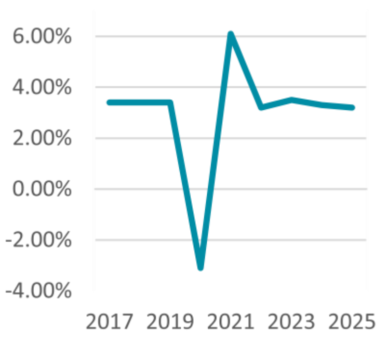
In 2024, **Boris Ivesha's total remuneration** was £779,490, lower than the UK market average of £1.29 million. His compensation comprises a base salary of £573,100, a bonus of £60,858, pension contributions of £28,656, and an LTIP of £17,118 (Figure 18). The modest variable pay reflects a balance between cost control and incentivizing sustained value creation.

PPHE's approach focuses on attracting and retaining talent with competitive pay, ensuring executive interests align with company goals and shareholder value. The company demonstrated its commitment to fair compensation with workforce-wide pay adjustments in 2024.

4. Industry Overview

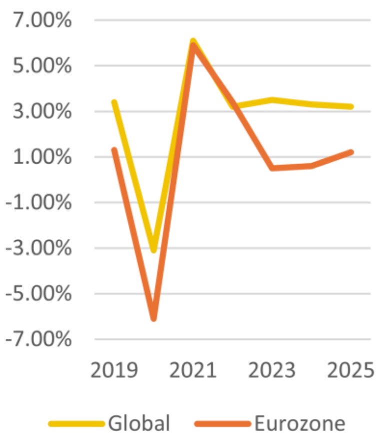
4.1. Global Economic Outlook

Figure 19 - Global Real GDP Growth (2017-2025F)



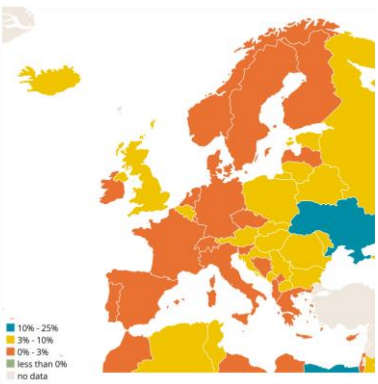
Source: IMF, World Economic Outlook

Figure 20 - Eurozone vs. Global GDP Growth, 2019-2025F



Source: IMF, 2024; ECB, 2024

Figure 21 – Inflation Rate 2025



Source: IMF, 2025

GDP

The world economy has experienced a period of limited growth after a period of turbulence characterized by several crises. The global GDP grew at an average of at 3.4% from 2017-2019, constrained by UK Brexit and rising trade tensions between the US and China, which promoted protectionism (IMF, World Economic Outlook, October 2024). In 2020, the COVID-19 pandemic triggered a historic 3.1% drop in Global GDP, the steepest since the Great Depression driven by widespread lockdowns, travel bans, and a collapsing demand (World Bank, Global Economic Prospects, June 2024). A strong recovery followed in 2021, with GDP rebounding 6.1% amid vaccines rollouts and a revival of international tourism benefiting especially tourism-reliant economies.

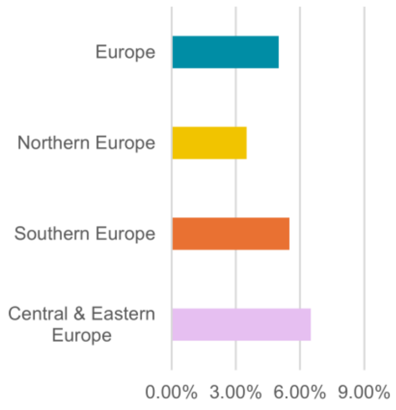
Forecasting GDP in 2025, the IMF predicts 3.2% annual global real GDP growth, organically slowing from a rate of 3.5% in 2023 as post-pandemic stimulus starts to fade (Figure 19). It should be noted that Europe may not be able to achieve the same level as this worldwide rate, as the European Central Bank (ECB), projects **Eurozone GDP growth of 1.2% in 2025**, a gain from 0.6% in 2024 (ECB, Eurosystem Staff Macroeconomic Projections, December 2024) (Figure 20). The regional disparities are significant: **Southern Europe (Italy, Spain) and Central Europe (Poland) are projected to grow 2.2% and 3.1%**, driven by tourism and infrastructure, while competitors in Western Europe (France, Germany) are lagging severely below 1% due to the decline in industrial quality and energy costs (Savills, European Outlook 2025). The UK, a key hospitality market, is projected to grow 1.5%, supported by improved post-Brexit trade ties with EU (OECD, Economic Outlook, November 2024). Geopolitical risks, such as US tariffs or conflict in Eastern Europe, could shave off 0.5% global growth and significantly impact tourism (Deloitte, 2025 European Economic Outlook).

Inflation

In the past few years, inflation levels have fluctuated sharply affecting hospitality costs and consumer spending behaviour. After approximately staying in the 2 to 3% range pre-pandemic, inflation surged to 4.7% in 2021 due to rising demand and supply disruptions, then spiked to 7.4% in 2022 amid the Russia–Ukraine military conflict, with Europe being impacted the most at 7.9% (IMF, 2024).

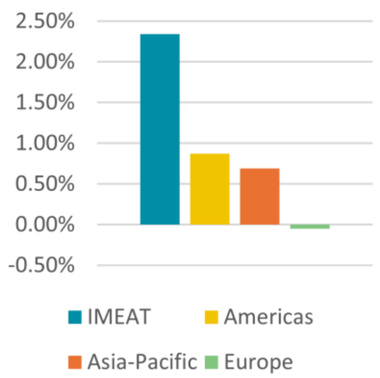
Regarding 2025 projections, Eurozone inflation is projected at 2.1% which is close to the ECB target. On a **global basis, inflation is expected to be 3.5%** with higher inflation rates in emerging markets like Turkey and Eastern Europe (IMF, 2025) (Figure 21). While retreating inflationary pressures may support travel, elevated energy and labour costs may apply pressure on hospitality as electricity prices are sitting 20% higher than 2019

Figure 22 – HDI Growth by Region 2025



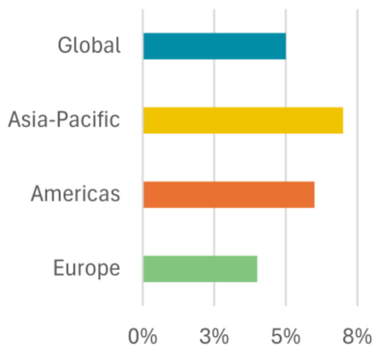
Source: Deloitte, 2025

Figure 23 – World Population Growth by Region, 2022-2027F (CAGR %)



Source: OECD 2024

Figure 24 – Global Corporate Profit Growth 2025F



Source: S&P Global 2024

levels in Western Europe. A reduction in ECB rates by mid-2025 may help borrowing costs to some degree but inflating geopolitical risk (i.e. Israeli-Palestine conflict) could lead inflation back to 4% by 2025 (Deloitte, 2025).

Household Disposable Income

Household Disposable Income (HDI) is a key long-term driver of travel demand, closely linked to GDP but tends to diverge during recessions. HDI rose above GDP in many developed economies in 2020, driven by record fiscal support, creating a 3.2% gap in Q2 (OECD, Household Income Dashboard, October 2024). This helped cushion discretionary spending, though tourism remained weak. In 2021–2022, HDI accelerated alongside GDP recovery growing 5.8% globally and 4.9% in Europe, led by Germany (+5.2%) and Spain (+6.1%) (World Bank, 2024). European HDI per capita is expected to grow 5% YoY in 2025, outpacing GDP due to falling inflation and rising real wages, especially in Southern Europe, where tourism recovery boosts employment (Deloitte, 2025). Regional disparities persist: Northern Europe slows to 3.5% amid industrial stagnation, while Central and Eastern Europe lead with 6 to 7% growth, driven by EU funds and remittances (Eurostat, Income and Living Conditions, October 2024) (Figure 22).

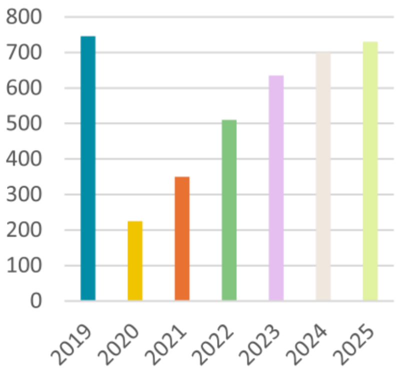
World Population

World population trends affect how much people travel over the long haul. Back in 2021, there were about 7.875 billion people in the world, which grew to roughly 7.954 billion by 2022. Between 2017 and 2021, the growth rate was about 1.06% per year, but it's expected to slow down to around 0.94% from 2022 to 2027 as birth rates drop in some developed countries. **Looking at regions, the Middle East, Africa, and Turkey are seeing the fastest growth at 2.34% annually**, thanks to their younger populations. The Americas are growing a bit slower at 0.87%, and Asia-Pacific is at 0.69%. Meanwhile, **Europe is facing a decline, with a slight drop of -0.05% expected from 2022 to 2027** because of older populations in countries like Germany and Italy (Figure *23*). This slowdown in Europe may discourage local travel, but it still relies heavily on tourists from faster-growing areas like Asia and the Middle East, which is important for luxury hotels and tourism.

Global Corporate Profit

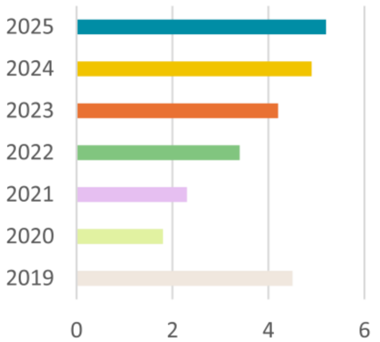
Corporate profits, key for corporate travel, have been all over the place lately. Before the pandemic, profits grew about 4% each year from 2015 to 2019. In 2020, the situation changed drastically as lockdowns came into play, causing profits to drop by 11% in the U.S. and 8% in Europe (S&P Global, Corporate Earnings Trends, August 2024). However, by 2021 and 2022, profits bounced back, increasing 15% yearly due to pent-up demand and government support (World Bank, 2024). **For 2025, S&P Global projects profits will rise only 5%**, a drop from 7% in 2024, mainly due to high interest and labour costs squeezing margins. Europe is expected to lag at 4%, partly due to a slowing manufacturing sector in Germany, while the Americas and Asia-Pacific could see gains of 6% and 7% respectively (OECD, 2024) (Figure 24).

Figure 25 - European Tourist Arrivals by Region in millions (2019-2025F)



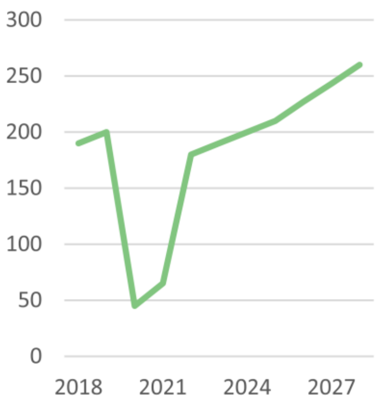
Source: UNWTO, 2024

Figure 26 – Global Air Travel Passengers (2019-2025F) in billion



Source: STR, 2024

Figure 27 - European Hotels Revenue in billions (2018-2028F)



Source: Statista, 2024

4.2. Market Overview

Tourism

Tourism is a key part of the European economy in 2025, generating jobs and revenue, but it's also vulnerable to economic ups and downs. After the 2008 financial crisis, the sector bounced back, growing by 4.07% from 2009 to 2010 thanks to rising global income levels. The COVID-19 pandemic hit hard, causing a 70% drop in international arrivals in 2020. But by 2021-2022, tourism was making a comeback, reaching 85% of 2019 levels by 2023 as people started traveling again (UNWTO, 2024).
In 2025, it's expected that Europe will welcome around 730 million tourists, a 3.5% increase from the previous year, nearing the pre-pandemic record of 746 million (CBRE, European Real Estate Market Outlook 2025) (Figure 25). This aligns with global air travel, which is projected to reach 5.2 billion passengers (IATA, Air Passenger Market Analysis, January 2025) (Figure 26). **Southern Europe, including Spain, Italy, and Greece, is set to lead with a 5% annual growth**, while Western Europe might see a slower growth of 2.5%. Business travel recovery is still uncertain. Climate issues and geopolitical tensions could also impact tourism, with long-haul travel potentially dropping by 10% if trade relations worsen (Deloitte, 2025).

World Hotels Demand

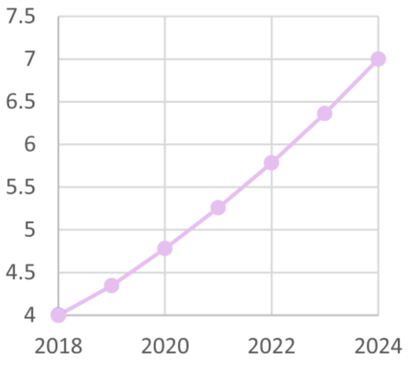
In 2025, the European hotel industry is seeing a shift after a decade of growth before COVID, which had a 6% annual increase from 2009 to 2017. After the drop in 2020, demand is settling down, with forecasts suggesting a **3 to 4% rise in revenue per available room (RevPAR)** per year, down from 8% in 2024 as both leisure and business travel recover (CBRE, 2025). **Occupancy rates across Europe are hitting 77.5%**, and the high-end segment is doing even better at 79.7% due to controlled supply. Guest nights are expected to reach 1.2 billion, up 4% from last year but still 5% below 2019's peak.

Looking at demand sources, **leisure travel accounts for 65% of room nights** and remains strong, while business travel, at 20%, is growing slowly due to hybrid work trends. Group travel is rebounding quicker at a 6% increase, spurred by events like the UEFA Champions League Final in 2025. **Revenue is projected to hit €210 billion in 2025**, rising 5% from last year, with the market expected to reach €260 billion by 2028 as demand for premium experiences grows (Statista, Hotel Market Outlook, August 2024) (Figure 27).

World Hotels Supply

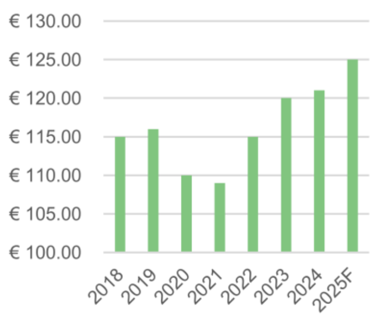
European hotel supply expansion continues to be constrained, hampered by elevated entry barriers and the regulatory obstacles. From 2008 through 2018, global hotel total increased by 1.2 percent each year, with the continuation to 2025, and **Europe increased by 2.1% CAGR in the 2019-25 period**. That is the equivalent of **45 thousand additional rooms per year across the 20 largest markets** (Cushman & Wakefield, European Hospitality Sector Outlook 2024). **Total room supply will be 6.8 million**,

Figure 28 - Airbnb supply in Europe from 2018 to 2024 (in Millions)



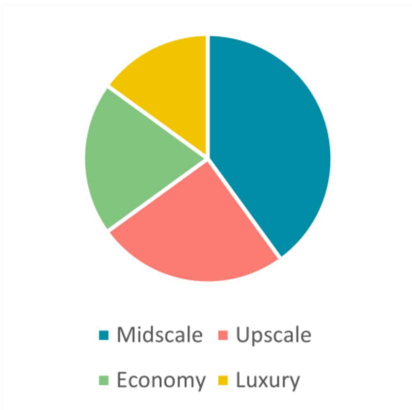
Source: Airbnb, 2024

Figure 29 – Average Daily Rate in Europe 2018-2025F



Source: Trivago, 2024

Figure 30 - Market share of hotel categories in 2025



Source: STR, 2024

with luxury and upscale growing most quickly **at 4.3% annually** on the back of high-profile schemes such as Chancery Rosewood London. Rising development costs, up by 15 percent from 2022, combined with tough planning regimes, are curbing net expansion, especially in intensively developed city centres. Policy measures such as Amsterdam's hotel limit also limit supply growth (JLL, European Hotel Investment Trends 2025). The sharing economy continues to change supply dynamics. **Airbnb supply in Europe was 7 million rooms in 2024, expanding at a 10% CAGR since 2018**, shaking up low-to-mid-market hotels in central business districts like Paris and Barcelona (Airbnb, Annual Report 2024) (Figure 28). **Independent hotels are the most common in Europe (68% of supply)**, as opposed to the US (74% branded), giving rise to a fragmented yet agile market (STR, 2024).

Hotels Price

Hotel prices in Europe will expectedly stabilize in 2025 after the increases and decreases associated with the pandemic. Between 2018-2019 before COVID hit, hotel prices were steady from an average daily rate (ADR) standpoint, at around €115-116, from improved tourist numbers but also partially due to new hotel inventory making the ability to raise rates more restrictive (Figure 29). In 2020, 2021 there was a few downward years with ADR falling to €109, a 5% decline from the previous year and in major city centres, such as London, there was a decline of 8%. **Looking ahead to 2025, ADR will increase to roughly €125, which is an increase of 3% from the year prior** and occupancy will be improving across the continent. **Luxury hotels should dominate improvements to ADR increase** as they emerge from pandemic periods, specifically during the summer where **coastal areas will see ADR exceed €140**. Also, **RevPAR will finally see some good news with a year-over-year increase of 3% to €97** for the continent (HSMAI, 2024).

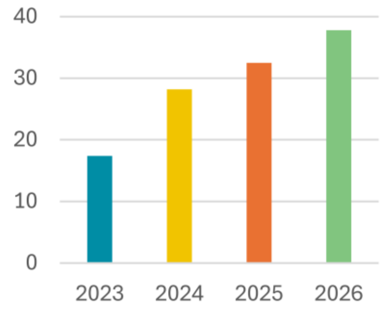
Industry Structure

The European hotel market operates as a convergence of many different businesses competing for guests. **While 54% of hotel rooms are affiliated with chains**, there is still an abundance of diversity in services. Major brands managed **28% of the market in 2025**, which is up 4% from the previous pandemic year (2020). Smaller operations are struggling. **Analysis of room revenue strategies across regions reveals that Western Europe represents 45% of room revenue**, followed by Southern Europe at 30%, and Central & Eastern Europe at 15%, with urban areas typically outperforming. In terms of hotel category, **luxury represents 15% while upscale is 25%, midscale is 40%, and economy is 20%** (Figure 30). The gradation from luxury to economy becomes particularly evident from high-end to midscale categories, where the distinctions in service, amenities, and overall guest experience are most clearly observed (STR, 2024).

M&A Activity

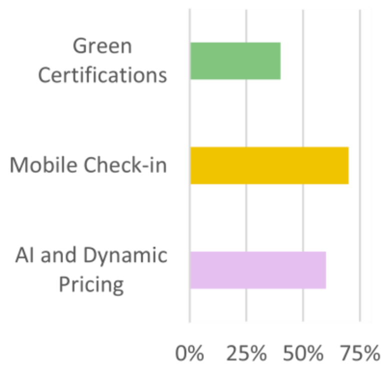
Mergers and acquisitions continue to accelerate in 2025, with European hotel transactions **reaching $32.5 billion** as investors pursue excellent properties.

Figure 31 – M&A Deal Value



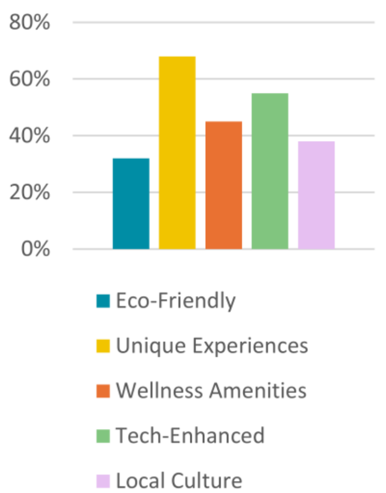
Source: RCA, 2024

Figure 32 – Hotels Trend Adoption



Source: STR, 2024

Figure 33 – Travelers Preference Share (%)



Source: RSM UK, 2025

Deal volume is expected to increase from 20 in 2023 to 25 in 2025, with 20% of the transactions involving mixed-use developments, such as converting office buildings into hotels (Figure 31). The sales triggered by the post-pandemic penalty are slowing down, and the focus is back to fine-tuning portfolios, however there are still appetites for accepting smaller hotels as buyers, no matter how inflated the prices become. (RCA, Hotel M&A Trends, September 2024).

Industry Trends

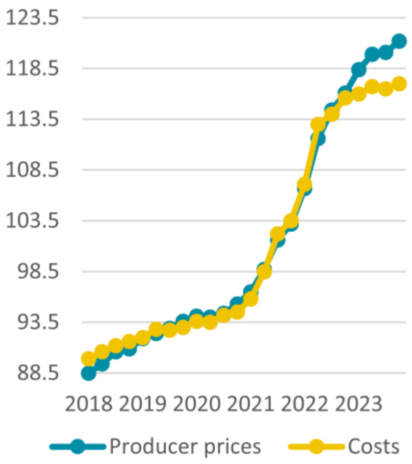
The hospitality landscape of 2025 is in a state of **structural transformation** driven by **rapid digital advancement**, **evolving guest preferences**, and the expectation of accountability for **(ESG) practices**. Over 60% of upscale, full-service hotels plan to make use of **AI tools** for personalized pricing, guest engagement, and process automation. **Smart rooms**, **mobile check-in**, and **chatbot services** have moved from novelty to expectation (STR, 2024) (Figure 32). Demand for **experiential travel** continues to grow, and **25% of all bookings are now hybrid** since they include work and leisure travel (RSM UK, 2025). **Sustainability is no longer a differentiator**. **Green-certified hotels are preferred by consumers** and addressed as an **investor consideration**, while **sustainability in operations** is another important component in determining **brand equity and asset value** (McKinsey, Sustainable Travel Trends, 2024). Hospitality brands that prioritize the intertwined values of **innovation**, **flexibility**, and **ESG** are likely to have the best opportunities for **long-term performance**.

4.3. Demand Driver

Four main demand drivers fuel the European hospitality market in 2025. **Economic stability in the near term**, boosted by an estimated global GDP increase of 3.2% and a euro zone growth rate of 1.2% that builds consumer confidence, so consumers are more willing to spend on discretionary travel and associated hospitality options (IMF, World Economic Outlook, October 2024; ECB, Eurosystem Staff Macroeconomic Projections, December 2024). **Consumer preferences are shifting**: 32% of travelers prioritize eco-friendly accommodations, 68% seek unique experiences, 45% value wellness amenities like spas, 55% favor tech-enhanced services such as smart rooms, and 38% prefer hotels reflecting local culture (RSM UK, 2025; Hotelier Magazine, 2025) (Figure 33). **Technology advancements** around accessibility will impact and this will also bolster accessibility even further, as great strides have been made with AI based booking platforms. AI-driven booking platforms are expected to handle 80% of reservations, boosting accessibility. **Global events**, such as the 2025 UEFA Champions League Final, will also create a short-term catalytic uplift in room demand, specifically **increasing occupancy levels by 5-10% in the cities hosting the event** (CBRE, European Real Estate Market Outlook 2025). Likewise, major religious events, i.e. election of a new Pope in Italy, could lead to significant spikes in accommodation demand especially in Rome as guests travel from all over the world to witness historic occurrences.

4.4. Supply Driver

Figure 34 – Construction producer prices and costs index



Source: Eurostat, 2024

New hotel supply in Europe is scarce even with €27 billion invested in new high-end urban properties and resort projects. **Construction costs have increased by 15%** since 2022 as price increases in labour and materials (Eurostat, 2024) (Figure 34). There are also many regulatory constraints, such as **land zoning laws in cities like Amsterdam and Barcelona**, that limit the opportunities for new builds. Hotel supply is expected to grow at slightly above 1% CAGR from 2024 and **visitor arrivals are expected to see a 3% annual increase** (CBRE, 2025), revealing an imbalance between supply and demand. High construction costs are pushing hotel owners to refurbish existing properties instead of building new ones. Office-to-hotel conversions in cities like London and Edinburgh show promise, despite planning and economic challenges.

4.5. Competitive Positioning

Peers Identification

Table 3 – SARD Model

Company	SARD Rank
Accor S.A.	1
Dalata Hotel Group plc	2
Scandic Hotels Group AB	3
Aroundtown SA	3
InterContinental Hotels Group plc	5
Meliá Hotels International S.A.	5
Pandox AB	7
Hyatt Hotels Corporation	7
NH Hotel Group S.A.	9
Hilton Worldwide Holdings Inc.	9
Marriott International, Inc.	11
Choice Hotels International, Inc.	11
Whitbread plc	13
Platzer Fastigheter Holding AB	14
Les Hôtels Baverez	15

Source: Author's Analysis

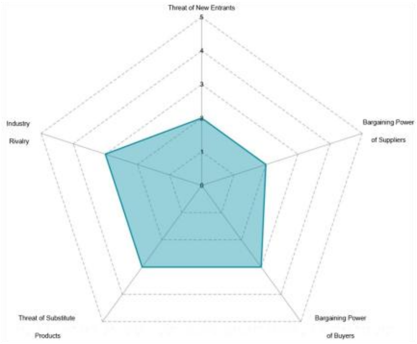
To determine what companies were suitable for PPHE's comparative analysis, a **SARD Model** was utilized on an initial sample of **15 hospitality companies**. After this initial screening process, it was determined that six companies were the most closely related: **Accor**, **Scandic Hotels**, **Dalata Hotel Group**, **Aroundtown**, **InterContinental Hotels Group**, and **Meliá Hotels International**.

Accor operates across Europe with a hybrid model, mixing hotel management and owned properties, like PPHE. **Scandic Hotels** focuses on premium urban locations in key European cities, aligning with PPHE's site strategy. **Dalata Hotel Group** blends property ownership and operations, targeting high-demand European markets, akin to PPHE's approach. **Aroundtown** invests in prime European real estate, complementing PPHE's asset-heavy focus in gateway cities. **InterContinental Hotels Group** manages luxury and upscale brands across Europe, reflecting PPHE's market positioning. **Meliá Hotels International** with a strong foothold in Europe's hotel market, shares PPHE's emphasis on strategic urban locations.

Industry Corporate Strategies

Hotel operators have established business strategies to adapt to the post-pandemic recovery and inflation. **Capital expenditures have decreased** when priorities shifted away from new buildings to **refurbish existing properties**. **Food & beverage has increased in overall importance** as a diversification revenue stream. Also, operators are **undertaking sustainability efforts** by investing in energy-efficient technologies and obtaining carbon neutral certifications to appeal to environmentally focused travellers, while simultaneously improving the guest experience (in addition to operating margins) with technological adaptations like **contactless check-ins and AI-based pricing models**.

Figure 35 – Porter's Five Forces



Source: Author's Analysis

Porter's Five Forces

Threat of New Entrants | Low 2

PPHE benefits from structural barriers that reduce new entrant threats in its core markets. The company's ownership of premium London freeholds (Westminster, Victoria) creates natural scarcity value, while its vertically integrated model provides cost advantages in expansion. art'otel's cultural positioning and Holmes' boutique format defend against chain-scale competition. While alternative lodging pressures exist, they primarily impact mid-market segments, with limited effect on PPHE's premium urban portfolio.

Bargaining Power of Suppliers | Low 2

Suppliers, such as real estate firms and tech vendors, hold low bargaining power due to the abundance of options for basic supplies. However, labour shortages and demand for skilled staff in key markets can slightly elevate supplier influence.

Bargaining Power of Buyers | Medium 3

While buyer bargaining power remains a consideration across the hotel sector, PPHE's strategic focus on premium urban markets and differentiated brand portfolio meaningfully reduces this threat. The company benefits from London's structural undersupply of upscale accommodations, with constrained new development supporting pricing discipline.

Threat of Substitute Products | Medium 3

Substitutes pose a growing threat with the rise of Airbnb and similar platforms, offering personalized, cost-effective alternatives to traditional hotels. This pressure intensifies during economic downturns as consumers prioritize affordability over branded stays.

Industry Rivalry | Moderate 3

The hospitality sector remains competitive, yet PPHE's premium positioning and brands provide some insulation. The Company's ownership of well-positioned assets in high-barrier markets like Westminster and Hoxton creates natural insulation from broader industry rivalry pressures.

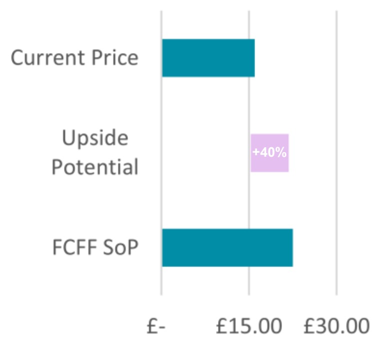
Table 4 – SWOT Analysis

Strengths	Weaknesses
• Brand Recognition • Diverse Revenue Streams • Hotel Industry's Economic Impact	• Seasonality and Demand Fluctuation • Labor Intensive Industry • High Operating Costs
Opportunities	**Threats**
• Sustainability and Eco-Friendly Tourism • Premium Urban Mixed-Use Development • Technological Advancements	• Environmental Risks • Regulatory Challenges • Competition from Alternative Lodging

Source: Author's Analysis

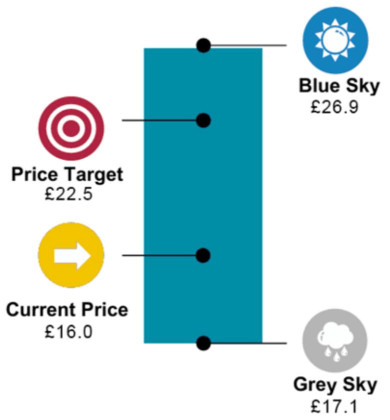
5. Investment Summary

Figure 36 – FCFF Target Price



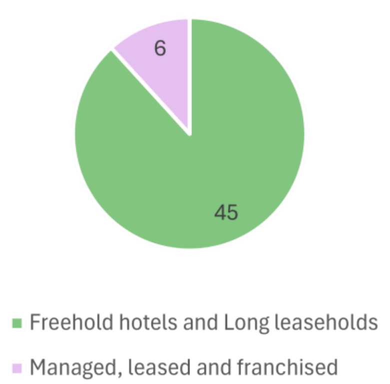
Source: Author's Analysis

Figure 37 – PPHE's Price Target Scenario



Source: Author's Analysis

Figure 38 – Portfolio Composition



Source: Author's Analysis

The base case for PPH.L has a BUY recommendation, with a 2026YE PT of **£22.5**, representing an **upside potential of approximately 40%** of the current share price of £16.0, corresponding to an **annual return of 25.4%** (Figure 36). This valuation uses FCFF approach reflecting three fundamental value creation pillars. PPHE's projected **6.7% revenue CAGR** from 2024-2029F, driven by three key operational levers: First, occupancy improvement from **74.5% in 2024 to 81.4% by 2029F**, already taking in consideration the new properties. Second, average daily rate growth from **£161.5 to £177**.Third, margin expansion of **50 basis points** as fixed costs are leveraged across higher room nights and ancillary revenues. The valuation accounts for **£21 million in incremental EBITDA** by 2029F due to forecasted openings, despite properties not yet reaching full maturity. Scenario analysis supports a **blue sky valuation of £26.9** and a **grey sky of £17.1**, driven by differing assumptions regarding occupancy rates, influenced by aviation traffic projections (Figure 37).

A Unique Hotel Business Model

Company's **"Buy, Build & Operate"** model creates demonstrable value through full control of the asset lifecycle. This approach This approach differentiates from most hospitality players by maintaining a high ownership level (Figure 38).

Executing a Clear Growth Strategy

PPHE has spent **£300 million** in recent years on new developments and improvements, using its own money and loans. The upcoming 186-room Westminster Bridge development marks the final phase of this investment round. The current share price valuation fails to fully reflect PPHE's secured London development pipeline. However, this analysis identifies three fully permitted projects that will meaningfully enhance the company's competitive: (1) **Park Royal Expansion**, 465 rooms, development adjacent to the existing Park Plaza property is currently in design phases; (2) **Park Plaza Victoria Conversion**, 179 rooms, innovative subterranean redevelopment in one of London's highest-barrier-to-entry locations; (3) **Radisson RED London**, 182 keys, a lifestyle-focused select-service property scheduled for 2029 delivery. Collectively representing **£220 million of committed capex**, these projects will expand PPHE's London room count by 25%

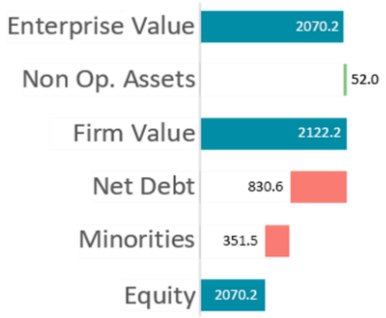
Key Risks

The Company operates in a cyclical business that is sensitive to macro-economic conditions, international travel patterns, and public sentiment. Reputational issues, especially regarding the Park Plaza brand, can adversely affect pricing power and occupancy rates. Operationally, the Company is exposed to cyber risk in respect of its booking systems, as well as management turnover and declining guest satisfaction levels. While such risks are mitigated through the Company's experienced management and heavy asset base in the business model, they must be factored into any potential investment review.

6. Valuation

The valuation of PPHE is supported by detailed financial models, available in Appendices 42 to 47. Key assumptions underlying these models are outlined in Appendix 8. Historical financial statements, common-size statements, and supporting tables can be found in Appendices 1 to 6. Together, these provide the foundation for the forecast and valuation analysis presented in this report.

Figure 39 – FCFF – Integrated Approach

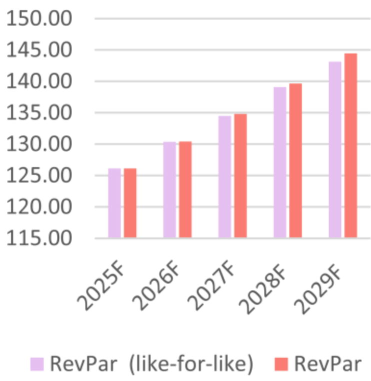


Source: Author's Analysis

Free Cash Flow to the Firm – Integrated Approach

FCFF was the base model used for the valuation of PPHE Hotel Group. This approach involved the computation of a detailed FCF schedule for 2025F-2029F, supplemented by a stable growth rate model for the perpetual period (Figure 39). The application of the Integrated FCFF Approach resulted in a FY26 PT of **£22.5 per share**, representing **an upside of 40%** and an annualized return of 25.4%. The main drivers that contribute to the FCFF valuation are: i) CAPEX investments leading to a higher number of available rooms; ii) increased occupancy rates; iii) growth in Average Daily Rate (ADR).

Figure 40 – PPHE's RevPar

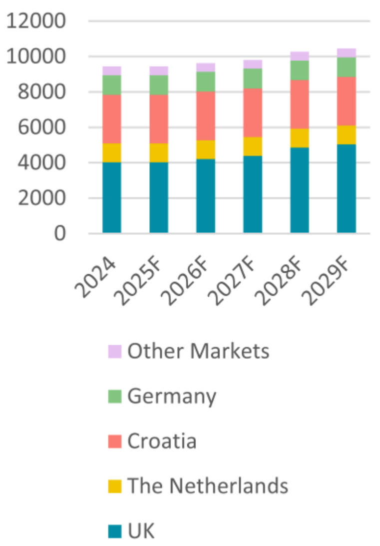


Source: Author's Analysis

Revenues

PPHE's revenues were projected by multiplying the number of rooms in each geographic segment by the respective RevPAR, with segmentation based on the countries where the Company operates. ADR growth was forecasted using real private consumption growth, while occupancy rates were projected based on Eurocontrol's IFR Movement Growth. **Revenue growth reflects the Company's expansion strategy**, including the opening of **art'otel Rome Piazza Sallustio** in early 2025, the **4 new London projects** and the first full year of operations for three hotels opened in 2024: Radisson RED Belgrade, Radisson RED Berlin Kudamm, and art'otel London Hoxton. The revenue progression reflects substantial operational improvements, with like-for-like **occupancy rates** projected to **rise from 74.5% in 2024** to **82% by 2029F**. During the same period, **average daily rates** are expected to increase from **£161.5 to £177.5**, driving **RevPAR** growth from **£120.3 to £144.4** (Figure 40). Combining these drivers, with **an increase in total rooms available**, total revenues will grow from **£442.8 million in 2024** to **£608.8 million by 2029F**, representing a **6.7% CAGR** (Figure 41).

Figure 41 – PPHE's Number of Rooms

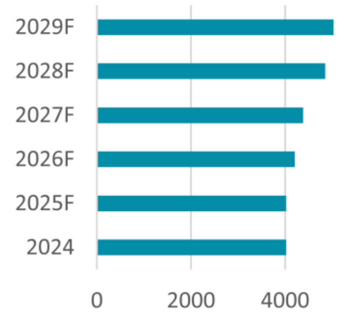


Source: Author's Analysis

CAPEX

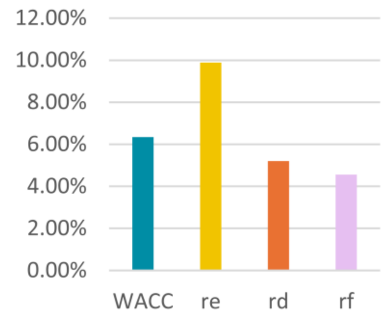
PPHE's capital expenditures were split into **maintenance** and **development capex**. Maintenance capex was projected at **4% of total revenues** annually, reflecting ongoing investment in the upkeep of the existing hotel portfolio. Development capex, which has been substantial in recent years due to a **£300 million** investment pipeline, is **now approaching completion**. Looking ahead, was considered a forecasted **plan of £220 million development pipeline** that will extend its investment cycle **until 2029F**. This planned expenditure includes four strategic London projects: the Westminster Bridge development with **186 rooms opening in 2026F**, the Park Plaza Victoria conversion with **179 rooms in 2027F**, the Park Royal

Figure 42 – Number of Rooms in UK



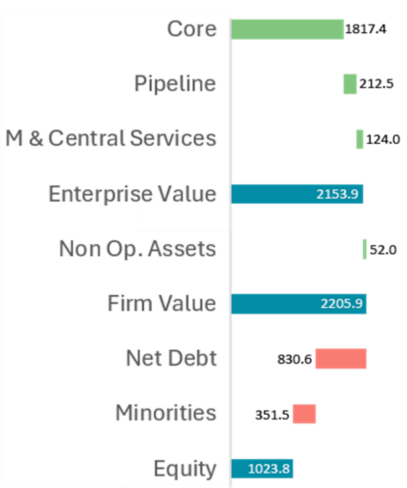
Source: Author's Analysis

Figure 43 – WACC Variables



Source: Author's Analysis

Figure 44 - FCFF Sum of the Pars



Source: Author's Analysis

expansion with **465 rooms in 2028F**, and the Radisson RED London property with **182 rooms in 2029F**, contributing to an UK rooms increase (Figure 42).

Terminal Value

The terminal growth rate (g*) was estimated using the PRAT Model. This method resulted in a **terminal growth rate of 1.45%**, reflecting the company's anticipated capacity to reinvest and generate returns on capital sustainably into perpetuity.

WACC Assumptions

The **Weighted Average Cost of Capital (WACC) is calculated as 6.3%**, which considers its target capital structure. The cost of equity was calculated using the Capital Asset Pricing Model (CAPM), with the **risk-free rate** (based on the 10-year UK government bond yield) equals **4.6%**, the **market risk premium equal to 5.5%** (Kroll Recommended Eurozone Equity Risk Premium and Corresponding Risk-Free Rates to be Used in Computing Cost of Capital: December 2019 - Present), and a beta equal to 0.97, which was derived from the peer group companies and adjusted to reflect Europe Hospitality sector. These inputs result in a **cost of equity of 9.9%**. The **cost of debt** was estimated at **5.2%**. A corporate **tax rate of 15%** was applied, in line with management's forward guidance (Figure 43).

Dividend Discount Model

PPHE has a consistent dividend history, except during COVID-19, but the **Dividend Discount Model (DDM) isn't ideal for its valuation**. The stable historical payout ratio belies the reality that shareholder value creation primarily stems from asset development rather than yield. This is further evidenced by founder **Eli Papouchado's 29.23% stake**, which aligns management interests with **long-term capital appreciation over** near-term **distributions**. For 2025 onwards, assuming a **56% payout ratio**, rising 3% yearly, providing a DDM PT of **£9.1**.

Free Cash Flow to the Firm – Sum of the Parts Approach

In the SoP method, the company was separated into the **core hotel operations**, the **development pipeline**, the **management platform**, and **non-operating assets** such as undeveloped land. This analysis yields a 2026 year-end **price target of £24.5** per share, representing 53% upside potential from the current price. The valuation demonstrates that PPHE's **core hotel operations** generate the substantial majority **84% of total enterprise value at £1,990 million**, while the development pipeline contributes 10%, the management platform accounts for 6%, and non-operating assets represent 2% (Figure 44). A different terminal growth rate was applied to the core business and development pipeline since, in the terminal year, since the new hotels and projects are not yet operating at a mature stage.

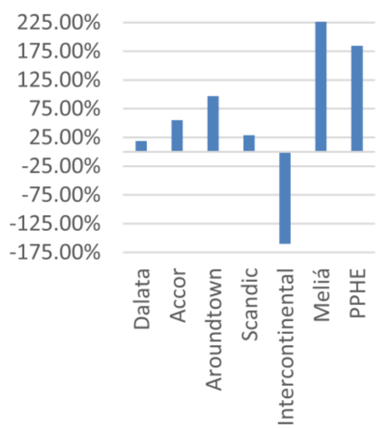
Figure 45 – Summary of TTM MBV Methodologies (£/Share)

Source: Author's Analysis

Figure 46 – Summary of Forward MBV Methodologies (£/Share)

Source: Author's Analysis

Figure 47 - Peers's Debt/Equity %



Source: Author's Analysis

Market-Based Valuation

To complement the intrinsic valuation, a relative market-based valuation was conducted using a peer group derived through the **Sum of Absolute Rank Differences (SARD) methodology**.

Two sets of trading multiples, Trailing Twelve Months (TTM) and FY2026 forward estimates, were applied to derive a range of equity valuations for PPHE. The TTM analysis produced a wide dispersion of outcomes (Figure 45). The **EV/EBITDA multiple of 14.7x yielded the highest target price at £28.2**, significantly above the current market price of £15.94, followed by the P/S multiple 2.1x, which implied a target of £25.26. The P/E multiple 18.8x resulted in £15.7, closely aligned with current trading. EV/Revenue, based on a 5.4x multiple, produced a more conservative figure of £38.2. These difference s highlight the need for careful interpretation considering PPHE's capital structure and investment phase.

Forward-looking multiples for FY2026 present a more compressed valuation range. The **P/E multiple of 18.6x implies £15.5**, while **EV/Revenue at 4.5x yields £26.87**, and **EV/EBITDA at 10.8x results in £13.82**, the lowest estimate (Figure 46).

Due to the **asset-heavy operating model** of PPHE, it has a materially **higher debt-to-equity ratio** compared to peers, which **limits comparability** on earnings-based multiples such as P/E (Figure 47). Higher depreciation from new property additions, along with interest, restricts net income. While multiples based on EV are generally preferred because they are independent of capital structure, enterprise value considers net debt so that companies in high capex stages look relatively more expensive compared to firms with more established cash flow. The on-going **development cycle at PPHE increases net debt** to drive higher enterprise value while new properties do not contribute to earnings and cash flow until finished and opened. Because of this factor, **multiples based on EV may structurally understate PPHE's fair value** compared to the more mature peer group.

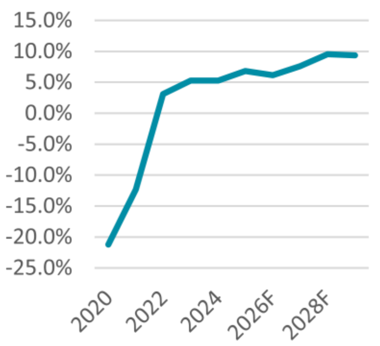
Overall, the **market-based valuation serves primarily as a benchmarking tool** rather than a central determinant of fair value. The **forward multiples reflect a timing mismatch**, especially EV/EBITDA, between investment and earnings realization, leading to a low representation of equity value. Overall, the multiples **also support a Buy recommendation** alongside the intrinsic valuation, which better captures the long-term impact of PPHE's expansion strategy. As additional properties open and contribute meaningfully to EBITDA, the gap in multiple-based valuations is expected to narrow.

Adjusted Present Value

Using an Adjusted Present Value (APV) approach, which is appropriate given the **group's high financial leverage**, D/E of 185%. The forecasted unlevered free cash flows from 2027F to 2029F, along with a terminal value discounted at an **unlevered cost of equity** of 9.5%, yields a firm value of £1,705m. After subtracting net debt of £830.6m, an equity value of £1,172.7m was derived. Based on the outstanding 41.85 million shares, this implies a **2026FY price target of £20.8**, representing a **30% upside** from the current share price.

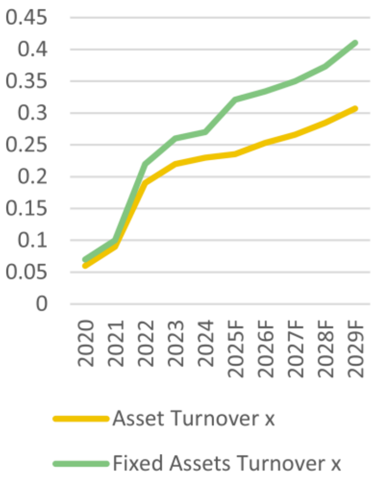
7. Financial Analysis

Figure 48 - PPHE's Return on Equity Evolution in %



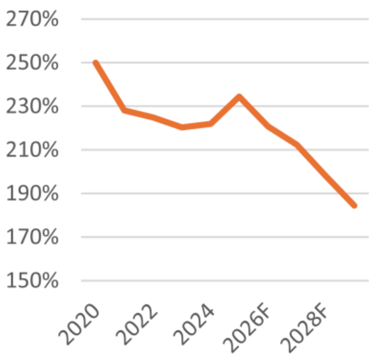
Source: Author's Analysis

Figure 49 – PPHE's Asset Turnover and Fixed Asset Turnover Evolution



Source: Author's Analysis

Figure 50 – PPHE's Debt/Equity %



Source: Author's Analysis

Profitability and Margin Growth

PPHE is expected to see strong **profitability** improvements from 2025 to 2029. **Return on Equity (ROE)** will rise from **5.25% in 2024** to a high of **9.54% in 2028**, before slightly easing to **9.37% in 2029**, showing better returns for shareholders (Figure 48). The **EBITDA Margin** stays robust, growing slightly from **30.8% to 31.3%**, reflecting good cost control. The **EBIT Margin** improves from **20% to 20.3%**, and the **Net Income Margin** climbs from **6.37% to 10.18%** by 2028, then dips to **9.65% in 2029**. These trends signal steady **earnings growth** driven by revenue increases and efficient operations. Total Revenue YoY growth stays in the 6 to 7% range, indicating continued top-line expansion. Based on these metrics, PPHE has been able to use its asset base, its capital, and its acquisitions to support growth on both the income and expense lines.

Efficiency in Operations and Assets

PPHE's **operational efficiency** is set to improve. **Asset Turnover** will increase from **0.23 in 2024 to 0.31 in 2029**, meaning the Company uses its assets better to generate sales. **Fixed Asset Turnover** increases from **0.27 to 0.41**, showing improved use of properties, due to new expansion investments (Figure 49). The **Cash Conversion Cycle** stays steady at around **7.7 days**, indicating smooth management of payments and collections. **Liquidity** also strengthens, with the **Current Ratio** goes from **1.01 to 0.96** and the **Quick Ratio** from **0.83 to 0.94**. **Operating Cash Flow to Current Liabilities** also rises from **0.4 to 0.65**, indicating improved ability to meet short-term obligations using internally generated funds.

Debt and Financial Stability

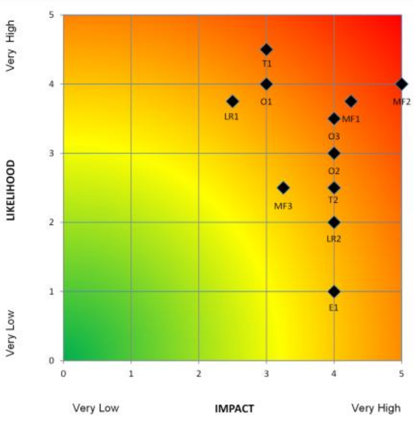
Despite periods of elevated leverage, PPHE is gradually **reducing its debt burden**. The **Total Debt to Equity** ratio drops from **222% in 2024 to 184% in 2029**, and **Total Debt to Total Capital** falls from **69% to 65%**, showing a more balanced approach to financing (Figure 50). The **Long-Term Debt to Total Capital** ratio also moves lower, stabilizing around 60% in 2029. The Company's ability to pay interest improves, with the **EBIT/Interest Expense** ratio rising from **2.46 to 3.06** and the **EBITDA/Interest Expense** ratio from **3.75 to 4.72**. While PPHE maintains high leverage to fund growth, these trends reflect careful **debt management** and stronger financial stability. Moreover, the **Net Debt/EBITDA** ratio also slopes down from 7.72 in 2024 to 5.19 in 2029 and supports the Company's increasing ability to service financial obligations out of earnings naked. Assessing the improvement in the comparative sum of total liabilities to total assets falls from 72.27% to 69%, which reflects a transition toward healthier balance sheet accounts.

8. Investment Risks

8.1. Risk Identification and characterization

PPHE faces a range of risks that could impact its performance and future. These risks are grouped into five broad areas: i) Market & Financial Risks; ii) Legal & Regulatory Risks; iii) Operational Risks; iv) Technological Risks; v) Environmental, Social and Governance (ESG) Risks.

Figure 51 – PPHE's Risk Matrix



Source: Author's Analysis

i) Market & Financial Risks

Adverse Economic Climate (MF1)

Economic instability such as high inflation and interest rate hikes are major concerns. PPHE responds with tighter cost management, dynamic pricing strategies, and advanced forecasting tools to maintain agility in a volatile environment.

Market Demand Decline (MF2)

Uncertainty in global travel demand, driven by geopolitical or economic instability, could reduce occupancy and revenues. The Company mitigates this through AI-powered pricing optimization, targeted marketing initiatives, and strategic alignment with the Radisson Hotel Group.

Funding and Liquidity (MF3)

Tighter credit conditions increase financing risk. PPHE keeps this in check with strict treasury policies, regular lender engagement, and a focus on fixed-rate debt to limit exposure to rising interest rates.

ii) Legal & Regulatory Risks

Data Protection (LR1)

A major data breach could result in regulatory penalties and reputational harm. PPHE has implemented robust cybersecurity protocols, routine audits, and continuous staff training to ensure compliance and risk mitigation.

ESG Compliance (LR2)

Failing to meet rising ESG standards could affect reputation and access to capital. PPHE adheres to certified ESG frameworks, with clear goals and transparent reporting, aligned with Radisson's global ESG strategy.

iii) Operational Risks

Operational Disruption (O1)

Events such as natural disasters, political instability, or pandemics could disrupt hotel operations. The Company prepares with business continuity plans, crisis training, and supply chain oversight.

Health & Safety (O2)

Guest or employee safety incidents could damage the brand. PPHE ensures compliance through frequent audits, safety training programs, and collaboration with local health and regulatory bodies.

Talent Management (O3)

The tight labour market presents challenges in attracting and retaining talent. PPHE addresses this via employee development initiatives, well-being programs, and strong internal mobility pathways.

iv) Technological Risks

Cybersecurity (T1)

With more reliance on tech, cyberattacks are a major threat. PPHE uses AI-powered security tools, updated compliance measures, and team training to reduce the risk.

IT System Failure (T2)

Operational dependence on IT systems makes service continuity vulnerable to outages. To reduce this risk, the Company is migrating to cloud-based systems and enhancing IT infrastructure resilience.

v) ESG Risks

Reputation and Stakeholder Perception (E1)

Falling short of ESG expectations can erode stakeholder confidence. The Company addresses this through clear ESG goals, independent certification, and transparent communication.

8.2. Risk Assessment

Considering the above, investing in PPHE comprises a moderate level of risk, with the appropriate recommendation system represented in Error! Reference source not found.. To reach this conclusion it was performed: i) scenario analysis; ii) sensitivity analyses; and iii) a Monte Carlo Simulation. The additional sensitivity analyses are in Appendix 48.

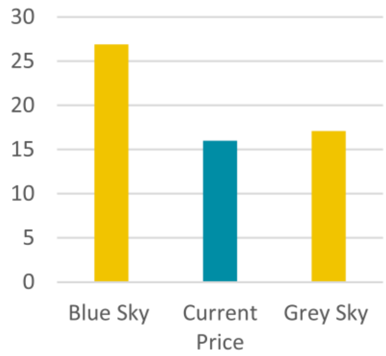
Table 5 - Recommendation System (Medium Risk)

Recommendation	Threshold (Annualized upside potential)
SELL	-5%≤
REDUCE	>-5% & ≤5%
HOLD/NEUTRAL	>5% & ≤15%
BUY	>15% & ≤30%

Scenario Analysis

A blue and grey scenario analysis was used based on the IFR Movement Growth, which has direct implications on occupancy levels, thereby impacting RevPAR, revenues, and costs. In the blue scenario, **increased IFR Movement Growth** leads to stronger occupancy levels, leading to an increase in RevPAR and overall revenues, which benefits profitability. This scenario provides a **price target of £26.9** and an **upside potential of 68%**. In the grey scenario, **lower IFR Movement Growth** means more benign occupancies reduce RevPAR, revenues, and profitability. It is tagged with a **price target of £17.1**, representing a **20% potential upside** (Figure 52).

Figure 52 – Blue and Grey Scenario



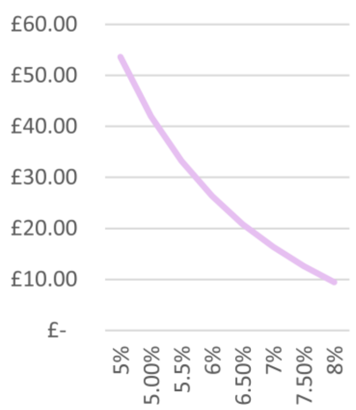
Source: Author's Analysis

Sensitivity Analyses

Cost of Capital

The terminal period WACC used in the base case was 6.3%. The WACC elasticity to PPHE's PT becomes lower as WACC increases (Figure 53). All other variables remaining equal, **a decrease of 0.5% in WACC** would result in a **Strong Buy recommendation**.

Figure 53 – PT Sensitivity to WACC



Source: Author's Analysis

Occupancy Rate and Average Daily Rate

Table 6 evaluates PPHE Hotel Group's PT against fluctuations in **ADR** and **Occupancy rate**. Holding Occupancy constant at 81.4%, target price adjusts by approximately **£0.60-£0.70** for every **±0.5% change in ADR**. A +0.5% ADR increase raises the target to £23.3, while a -0.5% decrease lowers it to £21.8. Extreme movements (±2.5%) widen the range significantly: +2.5% ADR implies £25.7; -2.5% ADR implies £19.2. Holding ADR constant at £177.5, the target price shows **slightly greater sensitivity to Occupancy changes**. A **±0.5% shift** adjusts the target by **£0.70-£0.80**. +0.5% Occupancy lifts the target to £23.3; -0.5% reduces it to £21.6. A +2.5% Occupancy surge supports £26.5, while a -2.5% collapse implies £18.4, underscoring its critical impact. Concurrent shifts amplify effects. The most bullish scenario achieves £29.8 while the most bearish falls to £15.2. Occupancy changes generally drive higher per-unit sensitivity than equivalent ADR movements.

Table 6 - Valuation Sensitivity to Occupancy Rate and Average Daily Rate

		Average Daily Rate										
	Δ %	-2.5%	-2.0%	-1.5%	-1.0%	-0.5%	**£ 177.51**	+0.5%	+1%	+1.5%	+2%	+2.5%
Occupancy Rate	-2.5%	£ 15.2	£ 15.9	£ 16.5	£ 17.1	£ 17.8	£ 18.4	£ 19.1	£ 19.7	£ 20.3	£ 21.0	£ 21.6
	-2.0%	£ 16.0	£ 16.7	£ 17.3	£ 17.9	£ 18.6	£ 19.2	£ 19.9	£ 20.5	£ 21.1	£ 21.8	£ 22.4
	-1.5%	£ 16.8	£ 17.5	£ 18.1	£ 18.7	£ 19.4	£ 20.0	£ 20.7	£ 21.3	£ 22.0	£ 22.6	£ 23.2
	-1.0%	£ 17.6	£ 18.2	£ 18.9	£ 19.5	£ 20.2	£ 20.8	£ 21.5	£ 22.1	£ 22.8	£ 23.4	£ 24.1
	-0.5%	£ 18.4	£ 19.0	£ 19.7	£ 20.3	£ 21.0	£ 21.6	£ 22.3	£ 22.9	£ 23.6	£ 24.2	£ 24.9
	81.4%	£ 19.2	£ 19.8	£ 20.5	£ 21.1	£ 21.8	**£ 22.5**	£ 23.1	£ 23.8	£ 24.4	£ 25.1	£ 25.7
	+0.5%	£ 20.0	£ 20.6	£ 21.3	£ 21.9	£ 22.6	£ 23.3	£ 23.9	£ 24.6	£ 25.2	£ 25.9	£ 26.5
	+1%	£ 20.7	£ 21.4	£ 22.1	£ 22.7	£ 23.4	£ 24.1	£ 24.7	£ 25.4	£ 26.0	£ 26.7	£ 27.4
	+1.5%	£ 21.5	£ 22.2	£ 22.9	£ 23.5	£ 24.2	£ 24.9	£ 25.5	£ 26.2	£ 26.9	£ 27.5	£ 28.2
	+2%	£ 22.3	£ 23.0	£ 23.7	£ 24.3	£ 25.0	£ 25.7	£ 26.3	£ 27.0	£ 27.7	£ 28.3	£ 29.0
	+2.5%	£ 23.1	£ 23.8	£ 24.4	£ 25.1	£ 25.8	£ 26.5	£ 27.1	£ 27.8	£ 28.5	£ 29.1	£ 29.8

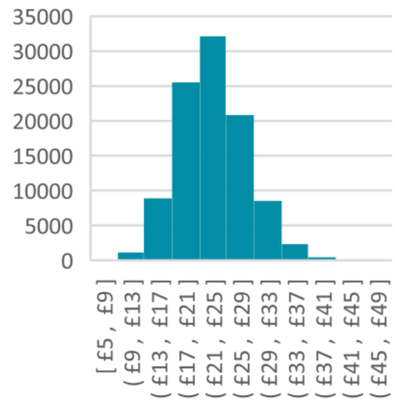
RevPar and EBITDA Margin

Table 7 analysis evaluates PPHE's PT against fluctuations in **RevPar** and EBITDA margin. Holding EBITDA margin at 31.3%, the target price adjusts by **£0.10–£0.2** per share for every **±0.5% RevPar** change. A +2.5% RevPar increase lifts the target to £23.0, while a -2.5% decrease reduces it to £21.9. This demonstrates low sensitivity to room revenue performance. Holding RevPar constant at £144.4, the target price shows material sensitivity to EBITDA margin changes. Each **±0.5% margin shift** drives a **~£1.10–£1.20** adjustment in the target price. A +2.5% margin expansion supports £27.9, while a -2.5% contraction collapses the target to £16.9, highlighting operational leverage as a critical valuation driver. **EBITDA margin dominates sensitivity**, contributing to 90% of the total variance. The optimal scenario achieves £28.60, while the adverse extreme falls to £16.5. PPHE's valuation is substantially more sensitive to EBITDA margin performance than RevPar fluctuations, with a plausible range spanning £16.5 to £28.6.

Table 7 - Valuation Sensitivity to EBITDA Margin and Revenue per Available Room

						RevPar					
EBITDA Margin Δ %	-2.5%	-2.0%	-1.5%	-1.0%	-0.5%	**£ 144.44**	+0.5%	+1%	+1.5%	+2%	+2.5%
-2.5%	£ 16.5	£ 16.6	£ 16.7	£ 16.7	£ 16.8	£ 16.9	£ 17.0	£ 17.1	£ 17.2	£ 17.3	£ 17.4
-2.0%	£ 17.6	£ 17.7	£ 17.8	£ 17.8	£ 17.9	£ 18.0	£ 18.1	£ 18.2	£ 18.3	£ 18.4	£ 18.5
-1.5%	£ 18.7	£ 18.8	£ 18.8	£ 18.9	£ 19.0	£ 19.1	£ 19.2	£ 19.3	£ 19.4	£ 19.5	£ 19.6
-1.0%	£ 19.7	£ 19.8	£ 19.9	£ 20.0	£ 20.1	£ 20.2	£ 20.3	£ 20.4	£ 20.5	£ 20.6	£ 20.7
-0.5%	£ 20.8	£ 20.9	£ 21.0	£ 21.1	£ 21.2	£ 21.3	£ 21.5	£ 21.6	£ 21.7	£ 21.8	£ 21.9
31.3%	£ 21.9	£ 22.0	£ 22.1	£ 22.2	£ 22.3	**£ 22.5**	£ 22.6	£ 22.7	£ 22.8	£ 22.9	£ 23.0
+0.5%	£ 23.0	£ 23.1	£ 23.2	£ 23.3	£ 23.4	£ 23.6	£ 23.7	£ 23.8	£ 23.9	£ 24.0	£ 24.1
+1%	£ 24.1	£ 24.2	£ 24.3	£ 24.4	£ 24.5	£ 24.7	£ 24.8	£ 24.9	£ 25.0	£ 25.1	£ 25.2
+1.5%	£ 25.2	£ 25.3	£ 25.4	£ 25.5	£ 25.6	£ 25.7	£ 25.9	£ 26.0	£ 26.1	£ 26.2	£ 26.3
+2%	£ 26.2	£ 26.4	£ 26.5	£ 26.6	£ 26.7	£ 26.8	£ 27.0	£ 27.1	£ 27.2	£ 27.3	£ 27.5
+2.5%	£ 27.3	£ 27.4	£ 27.6	£ 27.7	£ 27.8	£ 27.9	£ 28.1	£ 28.2	£ 28.3	£ 28.5	£ 28.6

Figure 54 – MonteCarlo Simulation



Source: Author's Analysis

MonteCarlo Simulation

The model generated using 100000 iterations suggests a **high probability trading range of £21-£25** (Figure 54). This means the stock remains **fundamentally undervalued at current levels**. Also, the **£22.5 PT target is well within the mode and close to the mean** output, supporting the view. The Monte Carlo simulation with a **79% bullish sentiment** (44% Strong Buy, 32% Buy) provides a **mean simulated price of £22.8**. In addition, this suggests when the outlook is bullish, there appears to be **long-term upside from current levels**. On extreme measures, the output suggests a minimum of £4.73 and a speculative maximum of £43.2. Overall, because the output suggests the **stock is trading below the mean**, the results identified it as **undervalued and retain space for growth**. Therefore, the outputs also **supports the £22.5 price target**, with the current price offering an attractive entry point.

Appendices

Appendix 1: Statement of Financial Position

Balance Sheet (£M)	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Assets	**1605.3**	**1675.4**	**1860.2**	**1923.8**	**1897.1**	**2022.0**	**1996.8**	**2009.3**	**2001.0**	**1993.0**
Non-Current Assets	**1472.6**	**1505.3**	**1647.8**	**1722.0**	**1728.2**	**1788.9**	**1821.1**	**1833.3**	**1833.8**	**1798.2**
Intangible assets	17.8	14.3	12.8	10.7	7.6	7.6	7.6	7.6	7.6	7.6
Property, plant and equipment	1201.4	1236.0	1335.2	1412.8	1421.4	1482.1	1514.2	1526.5	1526.9	1491.4
Right-of-use assets	223.8	215.9	225.4	229.2	225.3	225.3	225.3	225.3	225.3	225.3
Investment in joint ventures	4.7	4.3	5.0	5.4	8.2	8.2	8.2	8.2	8.2	8.2
Other non-current assets	16.0	16.4	47.2	39.6	47.0	47.0	47.0	47.0	47.0	47.0
Restricted deposits and cash	2.3	8.1	9.3	10.4	5.8	5.8	5.8	5.8	5.8	5.8
Deferred income tax asset	6.7	10.2	12.9	13.8	12.9	12.9	12.9	12.9	12.9	12.9
Current Assets	**132.8**	**170.1**	**212.4**	**201.8**	**168.9**	**233.1**	**175.8**	**176.0**	**167.2**	**194.8**
Restricted deposits and cash	4.8	5.2	9.2	6.9	16.6	16.6	16.6	16.6	16.6	16.6
Inventories	2.3	1.8	3.2	3.3	2.7	2.9	3.1	3.3	3.5	3.7
Trade receivables	3.5	6.8	18.5	17.9	18.7	20.1	21.4	22.6	24.1	25.9
Other receivables and prepayments	8.0	19.4	17.9	23.3	17.7	19.0	20.2	21.3	22.8	24.4
Other current financial assets	.0	.0	-	-	-	-	-	-	-	-
Cash and cash equivalents	114.2	136.8	163.6	150.4	113.2	174.5	114.5	112.2	100.3	124.1
Equity + Liabilities	**1605.3**	**1675.4**	**1860.2**	**1923.8**	**1897.1**	**2022.0**	**1996.8**	**2009.3**	**2001.0**	**1993.0**
Equity	**405.0**	**447.2**	**503.2**	**531.2**	**526.1**	**540.6**	**554.0**	**571.1**	**593.4**	**616.0**
Issued capital	-	-	-	-	-	-	-	-	-	-
Share premium	131.4	131.2	133.2	133.5	134.5	134.5	134.5	134.5	134.5	134.5
Treasury shares	(3.5)	(3.5)	(5.5)	(6.9)	(14.5)	(14.5)	(14.5)	(14.5)	(14.5)	(14.5)
Foreign currency translation reserve	20.8	3.8	20.0	13.9	4.9	4.9	4.9	4.9	4.9	4.9
Hedging reserve	(.7)	(.4)	11.0	7.8	10.0	10.0	10.0	10.0	10.0	10.0
Accumulated earnings	161.6	147.4	156.4	166.3	177.9	194.5	209.9	229.5	255.0	281.0
Non-controlling interests	95.4	168.7	188.2	216.6	213.4	211.2	209.3	206.8	203.5	200.2
Liabilities	**1200.4**	**1228.2**	**1357.0**	**1392.6**	**1371.1**	**1481.4**	**1442.8**	**1438.2**	**1407.6**	**1376.9**
Non-Current Liabilities	**1105.9**	**1119.5**	**1215.5**	**1250.8**	**1203.7**	**1166.0**	**1292.2**	**1145.8**	**1287.0**	**1174.3**
Borrowings	721.0	729.3	817.6	845.2	805.1	767.4	893.6	747.2	888.3	775.6
Provision for litigation	-	-	-	-	-	-	-	-	-	-
Provision for concession fee on land	5.4	5.1	5.3	5.2	5.0	5.0	5.0	5.0	5.0	5.0
Income Units Liability	126.2	124.6	121.1	114.3	110.6	110.6	110.6	110.6	110.6	110.6
Other financial liabilities	244.8	253.4	265.5	280.2	277.9	277.9	277.9	277.9	277.9	277.9
Deferred income taxes	8.5	7.2	5.9	5.9	5.2	5.2	5.2	5.2	5.2	5.2
Current Liabilities	**94.5**	**108.7**	**141.5**	**141.8**	**167.4**	**315.4**	**150.6**	**292.4**	**120.6**	**202.7**
Trade payables	6.5	16.7	13.6	14.8	9.1	9.8	10.4	11.0	11.7	12.6
Other payables and accruals	51.7	53.2	80.8	79.1	77.7	83.5	88.7	93.8	100.0	107.4
Borrowings	36.4	38.8	47.1	47.8	80.6	222.1	51.5	187.6	8.9	82.7

Appendix 2: Income Statement

Income Statement (£M)	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Revenues	**101.8**	**141.4**	**330.1**	**414.6**	**442.8**	**475.7**	**505.5**	**534.4**	**569.8**	**612.1**
Operating Expenses	(110.9)	(113.8)	(233.1)	(284.1)	(304.)	(325.9)	(345.7)	(365.4)	(389.2)	(417.6)
EBITDAR	**(9.1)**	**27.6**	**97.**	**130.5**	**138.8**	**149.9**	**159.8**	**169.1**	**180.6**	**194.5**
Rental expenses	(1.)	(2.5)	(2.4)	(2.3)	(2.3)	(2.3)	(2.4)	(2.5)	(2.6)	(2.7)
EBITDA	**(10.1)**	**25.1**	**94.6**	**128.2**	**136.5**	**147.5**	**157.3**	**166.6**	**178.1**	**191.8**
Depreciation and amortisation	(46.6)	(43.3)	(40.)	(45.1)	(47.1)	(52.3)	(55.6)	(58.8)	(62.7)	(67.3)
Operating Profit (EBIT)	**(56.7)**	**(18.2)**	**54.6**	**83.1**	**89.4**	**95.2**	**101.7**	**107.8**	**115.4**	**124.5**
Financial expenses	(35.5)	(31.4)	(37.3)	(36.1)	(42.6)	(38.)	(49.2)	(42.)	(33.4)	(40.6)
Financial income	.4	.3	1.5	4.8	5.2	4.8	6.4	4.9	4.9	4.7
Other expenses	(9.7)	(9.4)	(6.8)	(13.)	(13.2)	(2.6)	(2.6)	(2.6)	(2.6)	(2.6)
Other income	10.3	3.8	10.	4.4	5.	.5	.5	.5	.5	.5
Income unit liability	(2.6)	(1.9)	(10.8)	(14.2)	(12.9)	(15.)	(15.4)	(15.8)	(16.3)	(16.7)
JV's	(.8)	(.7)	.2	(.1)	(.3)	(.3)	(.3)	(.3)	(.3)	(.3)
Profit before tax	**(94.7)**	**(57.6)**	**11.5**	**28.8**	**30.6**	**44.6**	**41.2**	**52.5**	**68.2**	**69.5**
Income tax expense	.7	5.1	3.4	(1.7)	(2.9)	(6.7)	(6.2)	(7.9)	(10.2)	(10.4)
Net Income	**(94.)**	**(52.5)**	**14.8**	**27.1**	**27.7**	**37.9**	**35.**	**44.6**	**58.**	**59.1**

Appendix 3: Cash Flow Statement

Cash Flow Statement (£M)	2025F	2026F	2027F	2028F	2029F
Cash from Operating Activities	**93.8**	**93.8**	**106.6**	**124.5**	**130.9**
Profit/(loss) for the year	37.9	35.	44.6	58.	59.1
Financial Expenses	38.	49.2	42.	33.4	40.6
Income unit liability	15.	15.4	15.8	16.3	16.7
Financial Income	(4.8)	(6.4)	(4.9)	(4.9)	(4.7)
D&A	52.3	55.6	58.8	62.7	67.3
NWC	3.5	3.2	3.1	3.8	4.6
Cash paid and received during the period	(48.2)	(58.2)	(52.9)	(44.8)	(52.6)
Cash from Investing Activities	**(113.)**	**(87.8)**	**(71.)**	**(63.1)**	**(31.7)**
Maintenance capex	(19.)	(20.2)	(21.4)	(22.8)	(24.5)
Development capex	(94.)	(67.6)	(49.7)	(40.4)	(7.3)
Cash from Financing Activities	**80.5**	**(66.)**	**(37.8)**	**(73.3)**	**(75.4)**
Dividend payment	(21.3)	(19.6)	(25.)	(32.5)	(33.1)
Dividend payment to NCI	(2.1)	(2.)	(2.5)	(3.3)	(3.3)
Proceeds/(repayments) from loans and borrowings	103.9	(44.4)	(10.3)	(37.5)	(38.9)
Net Change in Cash	**61.3**	**(60.)**	**(2.3)**	**(11.9)**	**23.8**
Cash and equivalents at the beginning of year	113.2	174.5	114.5	112.2	100.3
Cash and equivalents at end of year	174.5	114.5	112.2	100.3	124.1

Appendix 4: Common-Size Statement of Financial Position

Balance Sheet (£Mn)	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Assets	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Non-Current Assets	**92%**	**90%**	**89%**	**90%**	**91%**	**88%**	**91%**	**91%**	**92%**	**90%**
Intangible assets	1.1%	0.9%	0.7%	0.6%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Property, plant and equipment	75%	74%	72%	73%	75%	73%	76%	76%	76%	75%
Right-of-use assets	14%	13%	12%	12%	12%	11%	11%	11%	11%	11%
Investment in joint ventures	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Other non-current assets	1.0%	1.0%	2.5%	2.1%	2.5%	2.3%	2.4%	2.3%	2.3%	2.4%
Restricted deposits and cash	0.1%	0.5%	0.5%	0.5%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Deferred income tax asset	0.4%	0.6%	0.7%	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%
Current Assets	**8.3%**	**10%**	**11%**	**10%**	**8.9%**	**12%**	**8.8%**	**8.8%**	**8.4%**	**10%**
Restricted deposits and cash	0.3%	0.3%	0.5%	0.4%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%
Inventories	0.1%	0.1%	0.2%	0.2%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%
Trade receivables	0.2%	0.4%	1.0%	0.9%	1.0%	1.0%	1.1%	1.1%	1.2%	1.3%
Other receivables and prepayments	0.5%	1.2%	1.0%	1.2%	0.9%	0.9%	1.0%	1.1%	1.1%	1.2%
Other current financial assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash and cash equivalents	7.1%	8.2%	8.8%	7.8%	6.0%	8.6%	5.7%	5.6%	5.0%	6.2%
Equity + Liabilities	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Equity	**25%**	**27%**	**27%**	**28%**	**28%**	**27%**	**28%**	**28%**	**30%**	**31%**
Issued capital	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Share premium	8.2%	7.8%	7.2%	6.9%	7.1%	6.7%	6.7%	6.7%	6.7%	6.7%
Treasury shares	-0.2%	-0.2%	-0.3%	-0.4%	-0.8%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%
Foreign currency translation reserve	1.3%	0.2%	1.1%	0.7%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%
Hedging reserve	0.0%	0.0%	0.6%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Accumulated earnings	10%	8.8%	8.4%	8.6%	9%	10%	11%	11%	13%	14%
Non-controlling interests	6%	10%	10%	11%	11%	10%	10%	10%	10%	10%
Liabilities	**75%**	**73%**	**73%**	**72%**	**72%**	**73%**	**72%**	**72%**	**70%**	**69%**
Non-Current Liabilities	**69%**	**67%**	**65%**	**65%**	**63%**	**58%**	**65%**	**57%**	**64%**	**59%**
Borrowings	45%	44%	44%	44%	42%	38%	45%	37%	44%	39%
Provision for litigation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provision for concession fee on land	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%	0.3%	0.2%	0.2%	0.3%
Income Units Liability	7.9%	7.4%	6.5%	5.9%	5.8%	5.5%	5.5%	5.5%	5.5%	5.5%
Other financial liabilities	15%	15%	14%	15%	15%	14%	14%	14%	14%	14%
Deferred income taxes	0.5%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Current Liabilities	**5.9%**	**6.5%**	**7.6%**	**7.4%**	**8.8%**	**16%**	**7.5%**	**15%**	**6.0%**	**10%**
Trade payables	0.4%	1.0%	0.7%	0.8%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%
Other payables and accruals	3.2%	3.2%	4.3%	4.1%	4.1%	4.1%	4.4%	4.7%	5.0%	5.4%
Borrowings	2.3%	2.3%	2.5%	2.5%	4.2%	11.0%	2.6%	9.3%	0.4%	4.1%

Appendix 5: Common-Size Income Statement

Income Statement (£Mn)	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Revenues	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Operating Expenses	-109%	-80%	-71%	-69%	-69%	-68%	-68%	-68%	-68%	-68%
EBITDAR	**-9%**	**20%**	**29%**	**31%**	**31%**	**32%**	**32%**	**32%**	**32%**	**32%**
Rental expenses	-1.0%	-1.8%	-0.7%	-0.6%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.4%
EBITDA	**-10%**	**18%**	**29%**	**31%**	**31%**	**31%**	**31%**	**31%**	**31%**	**31%**
Depreciation and amortization	-46%	-31%	-12%	-11%	-11%	-11%	-11%	-11%	-11%	-11%
Operating Profit (EBIT)	**-56%**	**-13%**	**17%**	**20%**	**20%**	**20%**	**20%**	**20%**	**20%**	**20%**
Financial expenses	-35%	-22%	-11%	-8.7%	-10%	-8.0%	-9.7%	-7.9%	-5.9%	-6.6%
Financial income	0.4%	0.2%	0.5%	1.1%	1.2%	1.0%	1.3%	0.9%	0.9%	0.8%
Other expenses	-9.6%	-6.7%	-2.1%	-3.1%	-3.0%	-0.6%	-0.5%	-0.5%	-0.5%	-0.4%
Other income	10%	2.7%	3.0%	1.1%	1.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Income unit liability	-2.5%	-1.4%	-3.3%	-3.4%	-2.9%	-3.1%	-3.0%	-3.0%	-2.9%	-2.7%
JV's	-0.8%	-0.5%	0.1%	0.0%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.0%
Profit before tax	**-93%**	**-41%**	**3.5%**	**7.0%**	**6.9%**	**9.4%**	**8.1%**	**10%**	**12%**	**11%**
Income tax expense	0.7%	3.6%	1.0%	-0.4%	-0.7%	-1.4%	-1.2%	-1.5%	-1.8%	-1.7%
Net Income	**-92%**	**-37%**	**4.5%**	**6.5%**	**6.3%**	**8.0%**	**6.9%**	**8.4%**	**10%**	**9.6%**

Appendix 6: Common-Size Cash Flow Statement

Cash Flow Statement (£Mn)	2025F	2026F	2027F	2028F	2029F
Cash from Operating Activities	**100%**	**100%**	**100%**	**100%**	**100%**
Profit/ (loss) for the year	40%	37%	42%	47%	45%
Financial Expenses	40%	52%	39%	27%	31%
Income unit liability	16%	16%	15%	13%	13%
Financial Income	-5.1%	-6.8%	-4.6%	-3.9%	-3.6%
D&A	56%	59%	55%	50%	51%
NWC	3.78%	3.42%	2.93%	3.06%	3.48%
Cash paid and received during the period	-51%	-62%	-50%	-36%	-40%
Cash from Investing Activities	**100%**	**100%**	**100%**	**100%**	**100%**
Maintenance capex	17%	23%	30%	36%	77%
Development capex	83%	77%	70%	64%	23%
Cash from Financing Activities	**100%**	**100%**	**100%**	**100%**	**100%**
Dividend payment	-26%	30%	66%	44%	44%
Dividend payment to NCI	-2.6%	3.0%	6.6%	4.4%	4.4%
Proceeds/(repayments) from loans and borrowings	129%	67%	27%	51%	52%

Appendix 7: Financial Ratios

Ratios	Unit	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Profitability											
Return on Assets	%	-2.2%	-0.7%	1.9%	2.8%	2.9%	1.9%	1.7%	2.2%	2.9%	3.0%
Return to Total Capital	%	-2.5%	-0.8%	2.2%	3.1%	1.6%	2.1%	2.0%	2.5%	3.3%	3.3%
Return on Equity	%	-21%	-12%	3.1%	5.3%	5.3%	6.8%	6.2%	7.6%	10%	9%
Margin Analysis											
EBITDA Margin	%	-10%	18%	29%	31%	31%	31%	31%	31%	31%	31%
EBIT Margin	%	-56%	-13%	17%	20%	20%	20%	20%	20%	20%	20%
Net Income Margin	%	-80%	-37%	3%	5.4%	6.4%	8.0%	6.9%	8.4%	10%	10%
Asset Turnover											
Asset Turnover	x	0.06	0.09	0.19	0.22	0.23	0.24	0.25	0.27	0.28	0.31
Fixed Assets Turnover	x	0.07	0.10	0.22	0.26	0.27	0.32	0.33	0.35	0.37	0.41
Short Term Liquidity											
Current Ratio	x	1.40	1.57	1.50	1.42	1.01	0.74	1.17	0.60	1.39	0.96
Quick Ratio	x	1.26	1.44	1.32	1.29	0.83	0.73	1.15	0.59	1.36	0.94
Op Cash Flow to Current Liabilities	x	-0.30	-0.09	0.40	0.55	0.41	0.30	0.62	0.36	1.03	0.65
Days Sales Outstanding	days	29.2	13.3	14.0	16.0	15.1	15.4	15.4	15.4	15.4	15.4
Days Outstanding Inventory	days	7.49	6.43	3.89	4.12	3.58	3.25	3.26	3.26	3.26	3.27
Days Payable Outstanding	days	27.8	36.5	23.3	18.1	14.3	10.9	11.0	11.0	11.0	11.0
Cash Conversion Cycle	days	8.90	-16.75	-5.38	2.08	4.40	7.74	7.73	7.73	7.72	7.71
Long Term Solvency											
Total Debt / Equity	%	250%	228%	225%	220%	222%	234%	221%	212%	198%	184%
Total Debt / Total Capital	%	71%	70%	69%	69%	69%	70%	69%	68%	66%	65%
LT Debt / Equity	%	238%	218%	214%	211%	205%	193%	211%	179%	197%	171%
Long-Term Debt / Total Capital	%	68%	66%	66%	66%	64%	58%	66%	57%	66%	60%
Total Liabilities / Total Assets	%	75%	73%	73%	72%	72%	73%	72%	72%	70%	69%
EBIT / Interest Expense	x	-1.72	-0.58	2.20	2.07	2.46	2.51	2.07	2.57	3.45	3.06
EBITDA / Interest Expense	x	-0.46	0.66	3.80	3.19	3.75	3.89	3.20	3.97	5.33	4.72
(EBITDA - Capex) / Interest Expense	x	-2.20	-1.21	0.15	0.33	1.72	0.91	1.42	2.28	3.44	3.94
Total Debt / EBITDA	x	-65.9	49.4	12.0	9.1	8.55	8.59	7.77	7.28	6.60	5.92
Net Debt / EBITDA	x	-58.4	42.8	10.2	7.94	7.72	7.29	6.94	6.51	5.94	5.19
Total Debt / (EBITDA - Capex)	x	-13.9	-26.9	304.8	89.4	18.7	36.7	17.6	12.7	10.2	7.10
Net Debt / (EBITDA - Capex)	x	-12.3	-23.3	260.8	77.8	16.9	31.2	15.7	11.3	9.2	6.2
Growth Over Prior Year											
Total Revenues Year Growth	%	-72%	39%	133%	26%	6.8%	7.4%	6.3%	5.7%	6.6%	7.4%
EBITDA Year Growth	%	-120%	-161%	530%	37%	6.4%	8.1%	6.6%	5.9%	6.9%	7.7%

Appendix 8: Forecasting Assumptions

Income Statement Assumptions

Revenue Related Assumptions

Item	Assumption
Occupancy Rate	Grows by IFR Movement Growth per country
Average Daily Rate	Grows by Private Consumption Growth per country
RevPAR	Occupancy Rate x Average Daily Rate
Room Revenue	RevPAR x #Rooms x Operating Days
Other Revenue	Based on historical % of Room Revenue per country
Management Platform	Grows at historical revenue %

Expenses Related Assumptions

Item	Assumption
Depreciation & Amortization	11% of Revenues
Operating Expenses	Grows by consumer price inflation in existing markets; for new hotels, based on historical % of revenue
Rental Expenses	0.5% of Revenues
Lease Expenses	2024 lease interest / lease amount x 1.15% YoY
Other	Same as 2024
Interest in Bank Loans	Total Debt x Interest Rate for the year
Foreign Exchange Differences	0
Loss from Marketable Securities	0
Expense from PPC Hall London Units	0
Capital Loss on Buy-Back of Income Units	0
Revaluation of Interest Rate Swap	0
Re-measurement of Lease Liability	0
Loss on Disposal of Fixed Assets	0
Other Non-Recurring Expenses	Same as 2024
Refinance Expenses	Same as 2024
Revaluation of Share Appreciation Rights	0
Income Tax Expense	Flat 15% Rate

Income Related Assumptions

Item	Assumption
Income from PPC Hall London Units	Grows with UK Revenue
Foreign Exchange Differences	0
Interest in Bank Deposits	Prior Year Cash x 2.5%
Gain from Marketable Securities	0
JV Financial Income	Grows 2.5% YoY
Revaluation of Share Appreciation Rights	0
Revaluation of Interest Rate Swap	0
Gain on Disposal of Fixed Assets	0
Revaluation - Income Units (PPC Hall London)	Grows with UK Revenue
Income Unit Liability	Same as 2024
JV's	Same as 2024

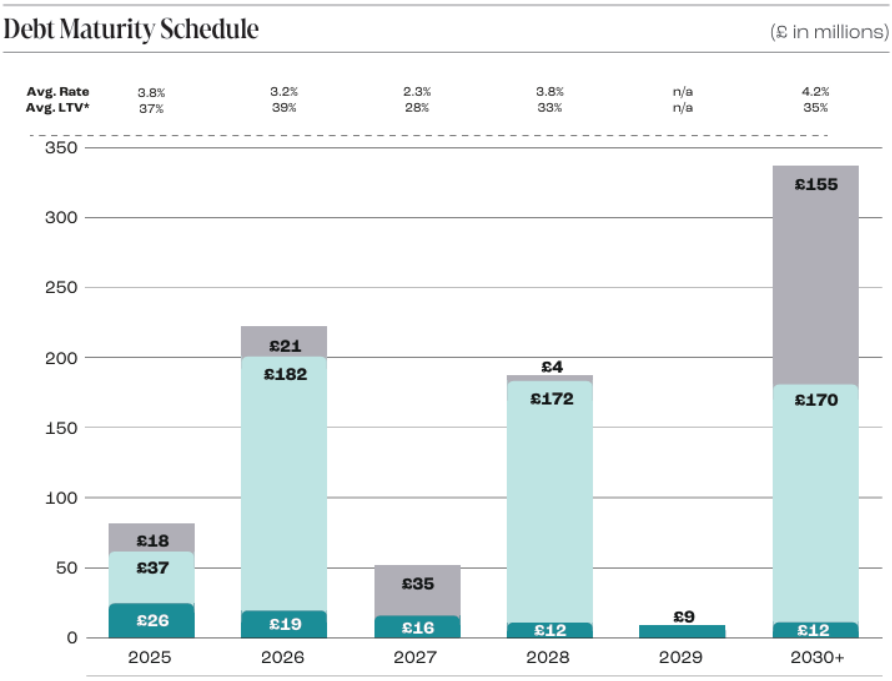
Balance Sheet Assumptions

Item	Assumption
Intangible Assets	Same as 2024
Property, Plant and Equipment	PP&E = Beginning PP&E + CAPEX - Depreciation & Amortization
Right-of-Use Assets	Same as 2024
Investment in Joint Ventures	Same as 2024
Other Non-Current Assets	Same as 2024
Restricted Deposits & Cash	Same as 2024
Deferred Income Tax Asset	Same as 2024
Restricted Deposits and Cash	Same as 2024
Inventories	Grows with Revenue
Trade Receivables	Grows with Revenue
Other Receivables and Prepayments	Grows with Revenue
Other Current Financial Assets	0
Cash and Cash Equivalents	Cash and Cash Equivalents = Beginning Cash and Cash Equivalents + Increase in Cash and Cash Equivalents
Issued Capital	Same as 2024
Share Premium	Same as 2024
Treasury Shares	Same as 2024
Foreign Currency Translation Reserve	Same as 2024
Hedging Reserve	Same as 2024
Accumulated Earnings	Accumulated Earnings = Beginning Accumulated Earnings + Net Income - Dividend
Non-Controlling Interests	NCI = Beginning NCI + NCI's Share of Profit - Dividends to NCI
Borrowings	Debt Appendix for detailed assumptions
Provision for Litigation	Same as 2024
Provision for Concession Fee on Land	Same as 2024
Income Units Liability (Private Investors)	Same as 2024
Other Financial Liabilities	Same as 2024
Deferred Income Taxes	Same as 2024
Trade Payables	Grows with Revenue
Other Payables and Accruals	Grows with Revenue
Borrowings	Debt Appendix for detailed assumptions

Cash Flow Statement Assumptions

Item	Assumption
Dividend Payment	56.06% of Net Income
Dividend Payment to NCI	10% of Dividend Payment
Maintenance Capex	4% of Revenue
Share-Based Payments	0
Net Forex Differences	0

Appendix 9: Debt Maturity Schedule



Appendix 10: Debt Related Assumptions

	2024	2025F	2026F	2027F	2028F	2029F
Long Term Debt due within one year	80.6	222.1	51.5	187.6	8.9	82.7
Avg. Rate	3.0%	3.8%	3.2%	2.3%	3.2%	-
Debt Issued	-	184.5	177.7	41.2	150.1	
Debt paid	-	80.6	222.1	51.5	187.6	38.9
Short-Term Debt	80.6	222.1	51.5	187.6	8.9	82.7
Long-Term Debt	805.1	767.4	893.6	747.2	888.3	775.6
Total Debt	**1,163.5**	**1,267.4**	**1,223.0**	**1,212.7**	**1,175.2**	**1,136.2**
Other financial liabilities	277.9	277.9	277.9	277.9	277.9	277. 277.9

Refinancing Strategy: 80% of maturing debt is assumed to be refinanced
Short-Term Debt Forecast (2029F): Estimated using the average of 2026F, 2027F and 2028F short-term debt
120Mn Loan in 2025F, repayment of 30M in 2029F

Appendix 11: Private consumption (real % change pa)

Region	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
United Kingdom	-13.15%	7.22%	7.63%	0.34%	0.90%	1.30%	1.50%	1.50%	1.50%	1.50%
The Netherlands	-6.15%	4.46%	6.94%	0.80%	1.08%	0.95%	1.63%	1.19%	1.12%	1.35%
Croatia	-5.17%	10.75%	6.89%	3.04%	5.00%	2.80%	2.80%	3.00%	3.00%	0.03%
Germany	-6.75%	2.30%	5.59%	-0.37%	0.26%	0.56%	1.50%	1.80%	1.50%	1.60%
Austria	-7.58%	4.75%	4.91%	-0.47%	0.08%	1.36%	1.42%	1.97%	2.03%	2.22%
Serbia	-2.35%	7.78%	2.53%	-0.03%	4.00%	4.00%	4.00%	3.00%	3.50%	3.00%
Hungary	-0.73%	4.88%	6.50%	-1.43%	4.07%	3.89%	3.99%	3.69%	3.04%	3.04%
Italy	-10.60%	5.82%	4.99%	1.01%	0.40%	0.90%	1.00%	1.00%	0.90%	0.80%

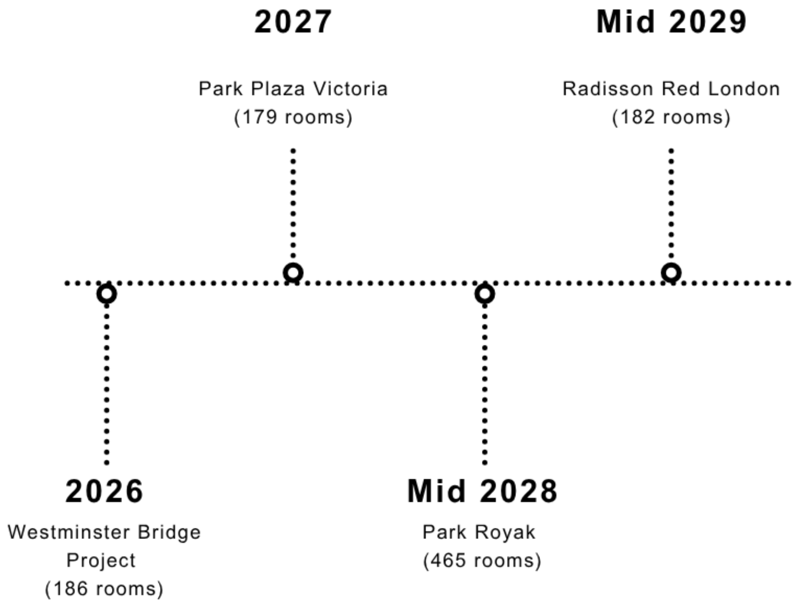
Appendix 12: IFR Movement Growth (%)

Region	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
United Kingdom (base scenario)	-60.00%	4.00%	101.00%	12.00%	3.80%	1.80%	1.10%	1.30%	1.50%	1.00%
United Kingdom (high scenario)						3.00%	2.10%	2.90%	2.80%	2.00%
United Kingdom (low scenario)						0.10%	0.00%	-0.40%	0.10%	-0.50%
The Netherlands	-55.00%	10.00%	67.00%	9.30%	5.10%	2.60%	1.10%	1.00%	1.40%	1.10%
The Netherlands (high scenario)						3.80%	2.10%	2.10%	2.30%	1.80%
The Netherlands (low scenario)						-0.70%	1.00%	-0.20%	0.10%	-0.30%
Croatia	-58.00%	53.00%	55.00%	14.00%	13.00%	8.60%	3.80%	2.20%	2.40%	1.70%
Croatia (high scenario)						10.00%	5.00%	4.90%	4.40%	3.50%
Croatia (low scenario)						7.00%	2.50%	-0.30%	0.40%	-0.30%
Germany	-56.00%	16.00%	58.00%	7.90%	4.20%	3.00%	2.30%	1.40%	1.60%	1.00%
Germany (high scenario)						4.40%	3.40%	3.10%	2.80%	2.00%
Germany (low scenario)						1.20%	1.30%	-0.50%	0.00%	-0.60%
Austria	-57.00%	25.00%	71.00%	14.00%	4.70%	4.50%	2.90%	1.70%	1.90%	1.30%
Austria (high scenario)						5.80%	4.00%	3.90%	3.50%	2.60%
Austria (low scenario)						2.90%	1.70%	-0.40%	0.20%	-0.40%
Serbia	-56.00%	41.00%	64.00%	15.00%	10.00%	6.30%	3.50%	2.20%	2.30%	1.70%
Serbia (high scenario)						7.60%	4.80%	4.80%	4.40%	3.60%
Serbia (low scenario)						4.70%	2.20%	-0.40%	0.30%	-0.30%
Hungary	-57.00%	29.00%	83.00%	15.00%	6.40%	5.50%	3.70%	2.70%	2.70%	2.10%
Hungary (high scenario)						6.80%	4.90%	5.20%	4.60%	3.50%
Hungary (low scenario)						3.90%	2.40%	0.20%	0.80%	0.10%
Italy	-60.00%	41.00%	62.00%	11.00%	9.10%	5.40%	2.90%	1.80%	1.80%	1.20%
Italy (high scenario)						6.90%	4.40%	4.70%	3.90%	2.90%
Italy (low scenario)						3.70%	1.40%	-0.80%	-0.10%	-0.80%

Appendix 13: Consumer prices (% change period-on-period; av)

Region	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
United Kingdom	1.00%	2.51%	7.92%	6.80%	3.28%	2.90%	2.30%	2.00%	1.90%	1.90%
The Netherlands	1.11%	2.83%	11.64%	4.10%	3.22%	2.80%	1.90%	2.20%	2.20%	2.20%
Croatia	0.16%	2.56%	10.78%	7.94%	3.00%	2.50%	2.20%	2.10%	2.00%	2.00%
Germany	0.37%	3.21%	8.67%	6.03%	2.49%	2.31%	2.30%	2.70%	2.30%	2.20%
Austria	1.39%	2.76%	8.62%	7.71%	2.92%	2.28%	2.20%	2.00%	2.10%	2.10%
Serbia	1.55%	4.03%	11.83%	12.10%	4.60%	3.90%	2.90%	2.60%	2.40%	2.30%
Hungary	3.33%	5.10%	14.62%	17.13%	3.69%	4.73%	3.09%	3.01%	2.93%	2.93%
Italy	-0.18%	1.94%	8.70%	5.92%	1.10%	1.70%	1.80%	1.80%	1.80%	1.80%

Appendix 14: Forecasted Development Pipeline



Appendix 15: Occupancy Rate (%)

Occupancy Rate (%)	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
United Kingdom	29.0%	31.9%	67.8%	83.6%	83.0%	84.5%	85.4%	86.5%	87.8%	88.7%
The Netherlands	25.3%	16.3%	57.3%	82.4%	86.5%	88.7%	89.7%	90.6%	91.9%	92.9%
Croatia	30.4%	46.6%	55.1%	52.7%	54.8%	59.5%	61.8%	63.1%	64.6%	65.7%
Germany	-	26.5%	53.0%	62.3%	69.5%	71.6%	73.2%	74.3%	75.4%	76.2%
Other Markets	-	8.8%	34.3%	44.4%	59.3%	62.5%	64.6%	65.9%	67.3%	68.4%
Development Pipeline	-	-	-	-	-	-	70.0%	72.5%	74.6%	77.5%

Appendix 16: Average Daily Rate (£)

Average Daily Rate (£)	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
United Kingdom	116.6	136.2	192.3	190.8	186.0	188.4	191.2	194.1	197.0	200.0
The Netherlands	98.3	109.9	142.2	149.1	144.5	145.9	148.3	150.0	151.7	153.7
Croatia	89.8	101.0	123.2	140.2	138.3	142.2	146.2	150.5	155.1	159.7
Germany	-	77.1	110.3	120.3	115.3	115.9	117.7	119.8	121.6	123.5
Other Markets	-	68.4	97.2	129.8	116.1	119.1	122.3	125.2	128.3	131.3
Development Pipeline	-	-	-	-	-	-	191.2	194.1	197.0	200.0

Appendix 17: RevPar (£)

RevPar (£)	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
United Kingdom	33.8	43.4	130.3	159.6	154.4	159.2	163.4	168.0	173.1	177.4
The Netherlands	24.9	17.9	81.5	122.8	124.9	129.5	133.0	136.0	139.4	142.8
Croatia	27.3	47.1	67.8	73.8	75.7	84.6	90.3	95.0	100.2	105.0
Germany	-	20.4	58.4	74.9	80.1	83.0	86.2	89.0	91.7	94.1
Other Markets	-	6.0	33.4	57.7	68.6	74.5	78.9	82.5	86.4	89.8
Development Pipeline	-	-	-	-	-	-	133.9	140.8	147.0	155.0

Appendix 18: PPHE's Key Metrics

Group Key Metrics	2025F	2026F	2027F	2028F	2029F
Group ADR (£)	163.6	166.8	170.1	173.6	177.5
Group Occupancy (%)	0.77	0.78	0.79	0.80	0.81
Group RevPar (£)	126.2	130.4	134.8	139.7	144.4

Appendix 19: PPHE's Like for Like Key Metrics

Group Key Metrics	2025F	2026F	2027F	2028F	2029F
Group ADR (like-for-like) (£)	163.6	166.2	169.1	171.9	174.9
Group Occupancy (like-for-like) (%)	0.77	0.78	0.80	0.81	0.82
Group RevPar (like-for-like) (£)	126.2	130.4	134.5	139.1	143.1

Appendix 20: Rooms Revenue (M£)

Room Revenue	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
United Kingdom	39.0	49.9	149.9	183.8	192.2	208.0	213.4	219.4	226.1	231.8
The Netherlands	9.8	7.0	31.9	48.1	49.1	50.7	52.1	53.3	54.6	55.9
Croatia	8.1	21.6	36.1	42.6	46.6	49.3	52.6	55.3	58.4	61.1
Germany	-	5.3	15.2	19.5	20.9	21.6	22.5	23.2	23.9	24.5
Other Markets	-	0.5	4.6	6.1	8.3	13.0	14.3	14.9	15.6	16.3
Development Pipeline						-	9.1	18.8	32.1	52.1

Appendix 21: Other Revenue (M£)

Other Revenue	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
United Kingdom	17.5	25.4	40.2	51.1	56.4	59.5	61.0	62.7	64.6	66.3
The Netherlands	5.1	3.4	9.7	15.2	17.1	16.9	17.3	17.7	18.1	18.6
Croatia	10.6	23.0	33.1	35.5	37.5	40.3	43.0	45.3	47.8	50.0
Germany	-	1.3	2.5	3.3	3.5	3.6	3.8	3.9	4.0	4.1
Other Markets	-	0.4	1.7	1.8	2.4	3.8	4.2	4.4	4.6	4.7
Development Pipeline	-	-	-	-	-	-	2.6	5.4	9.2	14.9

Appendix 22: Management & Central Services Revenue (M£)

Management and Central Services	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Management & Central Services Revenue	14.4	18.0	37.5	51.4	55.9	60.7	64.5	68.2	72.7	78.0
Revenues within the consolidated Group	11.6	14.3	32.4	43.7	47.1	51.6	54.8	57.9	61.8	66.3
External Revenue	2.8	3.7	5.1	7.7	8.8	9.1	9.7	10.2	10.9	11.7

Appendix 23: PPHE Total Revenue (M£)

Group Revenue (Mn£)	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Total Group Revenue	101.8	141.5	330.0	414.7	442.8	475.7	505.5	534.5	569.8	612.1

Appendix 24: Operating Expenses (M£)

Operating Expenses	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
United Kingdom	64.1	134.2	158.3	170.9	182.0	186.8	192.0	197.8	202.8
The Netherlands	9.3	30.4	43.7	44.1	45.3	46.1	47.2	48.2	49.3
Croatia	30.1	48.0	56.0	60.9	64.8	69.2	72.8	76.8	80.5
Germany	-53.0	11.4	17.3	17.6	18.0	18.4	18.9	19.3	19.7
Other Markets	1.7	5.7	8.3	9.3	14.6	16.1	16.8	17.6	18.3
M & Central Services	11.3	5.1	0.7	1.4	1.2	1.2	1.3	1.4	1.5
Development Pipeline						8.0	16.4	28.1	45.6

Appendix 25: General Expenses (M£)

General Expenses	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Rental Expenses	2.5	2.4	2.3	2.3	2.3	2.4	2.5	2.6	2.7
Unit Liability	1.9	10.8	14.2	12.9	15.0	15.4	15.8	16.3	16.7
JV's	0.7	0.2	0.1	0.3	0.3	0.3	0.3	0.3	0.3

Appendix 26: General Expenses (M£)

Other Expenses	2021.0	2022.0	2023.0	2024.0	2025F	2026F	2027F	2028F	2029F
Capital loss on buy-back of Income Units			3.3	1.5	-	-	-	-	-
Revaluation of interest rate swap			4.6	-	-	-	-	-	-
Re-measurement of lease liability			3.9	4.0	-	-	-	-	-
Loss on disposal of fixed assets			0.0	0.5	-	-	-	-	-
Other non-recurring expenses			1.3	3.9	-	-	-	-	-
Refinance expenses			-	2.6	2.6	2.6	2.6	2.6	2.6
Revaluation of share appreciation rights			-	0.8	-	-	-	-	-

Appendix 27: Financial Expenses (M£)

Financial Expenses	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Interest and other finance expenses on bank loans	24.0	24.8	25.4	29.9	26.6	37.6	30.2	21.5	28.7
Interest on finance lease liabilities	7.3	9.7	10.3	10.7	10.9	11.1	11.2	11.4	11.4
Foreign exchange differences, net	-	2.0	-	1.5	-	-	-	-	-
Loss from marketable securities					-	-	-	-	-
Expense from Park Plaza County Hall London Units	0.0				-	-	-	-	-
Other	0.1	0.7	0.5	0.5	0.5	0.5	0.5	0.5	0.5

Appendix 28: Financial Income (M£)

Financial Income	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Income from Park Plaza County Hall London Income Units	0.0	0.9	1.0	1.3	1.4	1.4	1.5	1.5	1.6
Foreign exchange differences,net	0.0	-	0.9	-	-	-	-	-	-
Interest on bank deposits	0.2	0.4	2.5	3.4	2.8	4.4	2.9	2.8	2.5
Gain from marketable securities					-	-	-	-	-
Interest and other financial income from jointly controlled entities	0.1	0.1	0.4	0.5	0.5	0.6	0.6	0.6	0.6

Appendix 29: Other Income (M£)

Other Income	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Revaluation of share appreciation rights			2.8	-	-	-	-	-	-
Revaluation of interest rate swap			-	4.3	-	-	-	-	-
Gain on disposal of fixed assets			-	0.3	-	-	-	-	-
Revaluation of Income Units Park Plaza County Hall London			1.6	0.5	0.5	0.5	0.5	0.5	0.5

Appendix 30: Forecasted Depreciation & Amortization (M£)

Depreciation & Amortization	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Depreciation & Amortization	43.28	40.01	45.07	47.08	52.331	55.602	58.79	62.7	67.3

Appendix 31: PPHE – Portfolio in the United Kingdom

Hotel	Location	Nr of rooms	Ownership/management form
art'otel London Battersea Power Station	London	164	Management agreement
art'otel London Hoxton	London	357	Operated with majority ownership
Holmes Hotel London	London	118	Fully owned
Park Plaza London Park Royal	London	212	Fully owned
Park Plaza Victoria London	London	299	Fully owned
Park Plaza County Hall London	London	399	Operated with minority ownership
Park Plaza London Waterloo	London	494	Fully owned
Park Plaza Riverbank London	London	650	JV
Park Plaza Westminster Bridge London	London	1019	JV, majority-owned
Park Plaza Cardiff	Cardiff	129	Franchise agreement
Park Plaza Nottingham	Nottingham	178	Fully owned
Park Plaza Leeds	Leeds	187	Fully owned

Appendix 31: PPHE – Portfolio in the Netherlands

Hotel	Location	Nr of rooms	Ownership/management form
Park Plaza Vondelpark	Amsterdam	102	Fully owned
Park Plaza Eindhoven	Eindhoven	104	Fully owned
art'otel Amsterdam	Amsterdam	107	Fully owned
Park Plaza Utrecht	Utrecht	120	Fully owned
Park Plaza Victoria Amsterdam	Amsterdam	298	Fully owned
Park Plaza Amsterdam Airport	Amsterdam	342	Fully owned

Appendix 33: PPHE – Campsite Portfolio in Croatia

Campsites	Location	Nr of rooms
Arena Indije Campsite	Medulin	534
Arena Grand Kazela Campsite	Medulin	1569
Arena Medulin Campsite	Medulin	1053
Arena One 99 Glamping	Medulin	193
Arena Runke Campsite	Medulin	247
Arena Stoja Campsite	Pula	758
Arena Stupice Campsite	Medulin	1111
Arena Tasalera Campsite	Medulin	333

Appendix 34: PPHE – Portfolio in Croatia

Hotel	Location	Nr of rooms	Ownership/management form
Guesthouse Riviera	Pula	33	Owned by AHG
Al Pini	Medulin	63	Owned by AHG
Kamp Kazela Apartments	Medulin	99	Owned by AHG
Verdudela Beach and Villa Resort	Pula	176	Owned by AHG
Park Plaza Arena Pula	Pula	187	Owned by AHG
TUI BLUE Medulin	Medulin	190	Owned by AHG
Arena Hotel Holiday	Medulin	192	Owned by AHG
Horizont Pula	Pula	207	Owned by AHG
Splendid	Pula	218	Owned by AHG
art'otel Zagreb	Zagreb	110	Owned by AHG
Park Plaza Histria	Pula	369	Owned by AHG
Park Plaza Verudela	Pula	385	Owned by AHG
Park Plaza Belvedere	Medulin	423	Owned by AHG
Hotel Brioni	Pula	227	Owned by AHG

Appendix 35: PPHE – Portfolio in Germany

Hotel	Location	Nr of rooms	Ownership/management form
art'otel berlin mitte	Berlin	109	50% owned by AHG/50% owned by JV Partner
Park Plaza Trier	Trier	150	Franchise agreement
Park Plaza Berlin Kudamm	Berlin	152	50% owned by AHG/50% owned by JV Partner
Park Plaza Wallstreet Berlin Mitte	Berlin	167	Operating lease
Park Plaza Nuremberg	Nuremberg	177	Fully owned by AHG
art'otel cologne	Cologne	218	Fully owned by AHG
Radisson RED Berlin Kudamm	Berlin	133	Owned by AHG

Appendix 36: PPHE –Portfolio in Other Markets

Hotel	Location	Nr of rooms	Ownership/management form
art’otel Rome Piazza Sallustio	Italy	99	Fully owned
Radisson RED Belgrade	Serbia	165	Owned by AHG
Park Plaza Budapest	Hungary	88	Operating lease
Arena Franz Ferdinand Nassfeld	Austria	144	Owned by AHG

Appendix 37: SWOT

Strengths	Weaknesses
• Brand Recognition • Diverse Revenue Streams • Hotel Industry's Economic Impact	• Seasonality and Demand Fluctuation • Labor Intensive Industry • High Operating Costs

Opportunities	Threats
• Sustainability and Eco-Friendly Tourism • Premium Urban Mixed-Use Development • Technological Advancements	• Environmental Risks • Regulatory Challenges • Competition from Alternative Lodging

Appendix 38: SARD Model

Company	ROE	Net Debt/EBIT	Revenue Growth	EBIT Margin	Market Cap	Profitability	Risk	Growth	Op. Characteristics	Size	SARD	SARD Rank	Peer?
PPHE	8.99%	8.07	6.80%	20.19%	523.84	7	6	7	8	14	0		
Dalata	**5.60%**	**6.37**	**7.32%**	**24.42%**	**928**	**9**	**9**	**6**	**6**	**13**	**1**	**2**	YES
Intercontinental	**-27.81%**	**3.57**	**6.47%**	**21.15%**	**13200**	**12**	**14**	**8**	**8**	**3**	**3**	**5**	YES
Whitbread	8.18%	6.52	12.75%	22.51%	4750	8	8	2	7	7	10	13	NO
Accor	**11.54%**	**3.17**	**10.88%**	**13.90%**	**9320**	**5**	**15**	**4**	**14**	**4**	**0**	**1**	YES
NHH	20.24%	5.96	11.99%	16.73%	2340	4	10	3	10	10	5	9	NO
Melia	**22.13%**	**6.71**	**4.35%**	**14.39%**	**1204**	**3**	**7**	**10**	**13**	**12**	**3**	**5**	YES
Pandox	5.35%	10.24	4.19%	51.22%	2576	10	5	11	4	8	4	7	NO
Scandic	**34.76%**	**15.08**	**0.11%**	**12.91%**	**1265**	**2**	**2**	**14**	**15**	**11**	**2**	**3**	YES
Marriott	-129.29%	3.89	5.85%	15.01%	51750	15	12	9	12	1	7	11	NO
Hilton	-50.44%	4.16	7.67%	49.62%	43138	14	11	5	5	2	5	9	NO
Hyatt	36.45%	127.57	-0.28%	5.63%	7440	1	1	15	16	5	4	7	NO
Les Hotels Baverez	9.41%	-2.66	-0.93%	16.06%	149.72	6	16	16	11	16	23	15	NO
Platzer Fastigheter	2.47%	11.74	14.93%	74.67%	700.01	11	4	1	1	14	11	14	NO
Aroundtown	**0.43%**	**14.93**	**3.22%**	**58.93%**	**2426**	**12**	**3**	**13**	**3**	**9**	**2**	**3**	YES
Choice Hotels Internation	-351.00%	3.86	4.10%	60.72%	4870	16	13	12	2	6	7	11	NO

Appendix 39: WACC Estimation

Peer Company	Levered Beta	Debt / Equity	Tax Rate	Unlevered Beta
Dalata	1.17	19.10%	13.70%	1.00
Accor	1.36	54.90%	29.18%	0.98
Aroundtown	1.45	96.81%	17.37%	0.81
Scandic	1.45	28.90%	20.60%	1.18
Intercontinental	1.35	-160.00%	29.99%	-11.24
Meliá	1.91	226.27%	25.00%	0.71
Average	**1.45**	**44.33%**		**0.94**
Median	**1.41**	**41.90%**		**0.89**

Target Weights	2025F	2026F	2027F	2028F	2029F	Terminal
Debt Weight	70%	69%	68%	66%	65%	65%
Equity Weight	30%	31%	32%	34%	35%	35%
Debt-to-Equity	234%	221%	212%	198%	184%	184.4%

Metric	Value
Debt to Total Capitalization	64.84%
Equity to Total Capitalization	35.16%
Risk Free Rate	4.56%
Market Risk Premium	5.50%
Beta	0.97
Cost of Equity	**9.89%**
Cost of Debt	**5.20%**
Corporate Tax Rate	15%
After Tax Cost of Debt	4.42%
WACC	**6.34%**

Appendix 40: Growth Rate Calculation

Inflation (%)	2025F	2026F	2027F	2028F	2029F
UK	2.9%	2.3%	2.0%	1.9%	1.9%
Netherlands	2.8%	1.9%	2.2%	2.2%	2.2%
Croatia	2.5%	2.2%	2.1%	2.0%	2.0%
Germany	2.3%	2.3%	2.7%	2.3%	2.2%
Austria	2.3%	2.2%	2.0%	2.1%	2.1%
Hungary	4.7%	3.1%	3.0%	2.9%	2.9%
Serbia	3.9%	2.9%	2.6%	2.4%	2.3%
Italy	1.7%	1.8%	1.8%	1.8%	1.9%

Real GDP Growth (%)	2025F	2026F	2027F	2028F	2029F
UK	0.8%	1.4%	1.5%	1.5%	1.4%
Netherlands	1.3%	1.3%	1.7%	1.5%	1.7%
Croatia	2.8%	2.7%	2.9%	2.9%	2.9%
Germany	0.3%	1.2%	1.7%	1.5%	1.4%
Austria	0.6%	1.3%	1.5%	1.6%	1.8%
Hungary	1.6%	3.7%	3.6%	3.0%	2.9%
Serbia	4.2%	4.5%	4.8%	4.0%	4.0%
Italy	0.6%	0.7%	0.8%	0.8%	0.8%

Average (25F-29F)	Inflation	GDP Growth
UK	2.2%	1.3%
Netherlands	2.3%	1.5%
Croatia	2.2%	2.8%
Germany	2.4%	1.2%
Austria	2.1%	1.4%
Hungary	3.3%	3.0%
Serbia	2.8%	4.3%
Italy	1.8%	0.7%

Fisher Formula	UK	Netherlands	Croatia	Germany	Other Markets
% Revenues	55.3%	14.0%	19.3%	5.3%	3.7%
Average Inflation Rate	2.2%	2.3%	2.2%	2.4%	2.5%
Average GDP Growth	1.3%	1.5%	2.8%	1.2%	2.3%
Inflation Rate * Revenues	0.012	0.003	0.004	0.001	0.001
GDP Growth * Revenues	0.007	0.002	0.005	0.001	0.001
g*	**0.76%**				

Fisher Formula – Development Pipeline	
% Revenues	100.0%
Average Inflation Rate	2.2%
Average GDP Growth	1.3%
Inflation Rate * Revenues	0.02
GDP Growth * Revenues	0.01
g*	**3.55%**

PRAT Model	
NI	59.05
Dividends	(36.42)
Equity	616.0
ROE	0.09
g	**1.45%**

Appendix 41: Non-Operating Assets (M£)

Non-Operating Assets	Value
The New York site	34.0
The fair value of two German JVs	18.0
Total	**52.0**

Appendix 42: Free Cash Flow to the Firm – Integrated Approach (M£)

	2027F	2028F	2029F
EBIT(1-t)	91.6	98.1	105.8
D&A	(58.8)	(62.7)	(67.3)
Charges related to units sold to private investors	(15.8)	(16.3)	(16.7)
Ground rent	(11.2)	(11.4)	(11.4)
Capex	(71.0)	(63.1)	(31.7)
Change in working capital	3.1	3.8	4.6
Free Cash Flow	**49.2**	**66.1**	**108.8**
WACC	6.3%		
Perpetual growth rate	1.5%		
PV of free cash flows	195.2		
PV of terminal value	1875.0		
Enterprise Value	**2070.2**		
Non-Operating Assets	52.0		
Net Debt FY26	830.6		
Minorities	351.5		
Equity	**940.1**		
Number of Shares	41.9		
Estimated price per share (£)	**22.5**		

Appendix 43: Free Cash Flow to the Firm – Sum of The Parts Approach (M£)

FCFF - Core Business	2027F	2028F	2029F
EBIT	94.9	98.4	101.5
Tax Rate	15%	15%	15%
EBIT * (1-Tc)	80.7	83.7	86.3
Charges related to units sold to Private Investors	(15.8)	(16.3)	(16.7)
Ground Rent	(10.9)	(11.1)	(11.2)
CapEx	20.0	20.7	21.3
D&A	55.0	57.0	58.7
Change in NWC	2.9	3.5	4.0
Free Cash Flow	**86.1**	**89.1**	**91.7**
WACC	6.3%		
Perpetual growth rate	1.5%		
PV of free cash flows	236.0		
PV of terminal value	1581.4		
Enterprise Value	**1817.4**		

FCFF - Development Pipeline	2027F	2028F	2029F
EBIT	5.1	8.6	14.0
Tax Rate	15%	15%	15%
EBIT * (1-t)	4.3	7.3	11.9
CapEx	50.6	42.0	9.9
D&A	2.7	4.5	7.4
Change in NWC	0.14	0.28	0.5
Free Cash Flow	**(43.8)**	**(30.4)**	**8.9**
WACC	6.3%		
Perpetual growth rate	3.5%		
PV of free cash flows	(60.7)		
PV of terminal value	273.2		
EV	**212.5**		

Management & Central Services	Value
EBITDA	8.4
Multiples	14.7
EV	**124.0**

Non Operating Assets	Value
The New York site	34.0
The fair value of two German JVs	18.0
Total	**52.0**

Sum of The Parts Approach	Value
Enterprise Value PPHE	**2205.9**
Cash	114.5
Debt	945.1
Minorities	351.5
Equity Value	**1023.8**
Number of shares	41.9
Estimated price per share (£)	**24.5**

Appendix 44: Adjusted Present Value (M£)

(£m)	2027F	2028F	2029F
EBIT (1-Tc)	91.6	98.1	105.8
Depreciation	58.8	62.7	67.3
Charges related to units sold to private investors	(15.8)	(16.3)	(16.7)
Ground rent	(11.2)	(11.4)	(11.4)
CapEx	(71.0)	(63.1)	(31.7)
NWC	(3.12)	(3.81)	(4.6)
UFCF	**49.2**	**66.1**	**108.8**
Terminal	1356.6		
Vunlevered	1539.6		
Tax Shield	**6.2**	**4.9**	**6.0**
Terminal	146.4		
PV Tax Shield	161.9		
APV	**1701.5**		
Net Debt	830.6		
Equity	**871.0**		
Shares	41.9		
Estimated price per share (£)	**20.8**		

Appendix 45: Dividend Discount Model Approach (M£)

Dividend Discount Model Approach	2027F	2028F	2029F
Net Income	44.7	58.0	59.1
Payout Ratio	0.58	0.59	0.61
Dividend Paid	**25.8**	**34.5**	**36.2**
Perpetuity Value	301.0		
Equity Value	**380.3**		
Number of shares	41.9		
Estimated price per share (£)	**9.1**		

Appendix 46: Multiples Approach - TTM

Peer	Ticker	P/E	P/S	EV/Revenue	EV/EBITDA
Dalata	DHG	17.1	2.4	3.74	11.9
Accor	AC	19.26	1.97	2.36	12.9
Aroundtown	AT1	15	2.83	11.78	16.8
Scandic	SHOT	22.7	0.81	2.8	16.5
Intercontinental	IHG	27.8	3.77	9.71	19
Melia	MEL	10.9	0.77	2	11

P/E	2026YE PT
Multiple	18.79x
Price Target	**£15.71**

EV/EBITDA	2026YE PT
Multiple	14.68x
Price Target	**£28.20**

EV/Revenue	2026YE PT
Multiple	5.40x
Price Target	**£38.20**

P/S	2026YE PT
Multiple	2.09x
Price Target	**£25.26**

Appendix 47: Multiples Approach - Forward

Peer	Ticker	P/E	EV/Revenue	EV/EBITDA
Dalata	DHG	30.86	3.43	9.7
Accor	AC	18.7	2.11	9.95
Aroundtown	AT1	12.8	8.57	13.8
Scandic	SHOT	15.9	2.7	8.9
Intercontinental	IHG	22.88	7.95	15.5
Melia	MEL	10.4	2	7.3

P/E	2026YE PT
Multiple	18.59x
Price Target	**£15.54**

EV/Revenue	2026YE PT
Multiple	4.46x
Price Target	**£26.87**

EV/EBITDA	2026YE PT
Multiple	10.86x
Price Target	**£13.82**

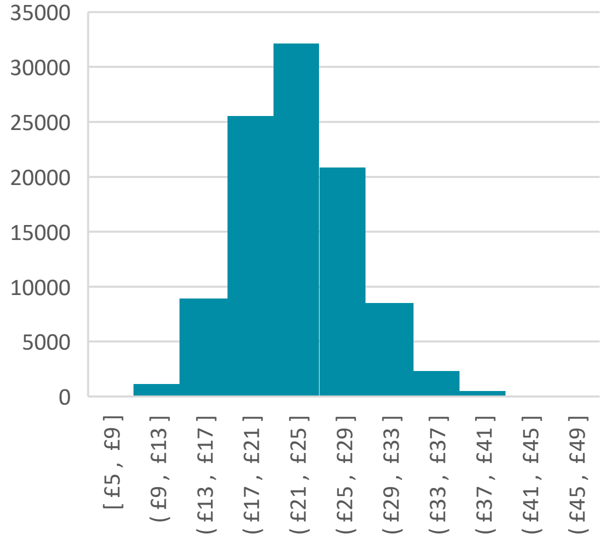
Appendix 48: Sensitivity Analysis

		Weighted Average Cost of Capital								
Long-run sustainable growth	Δ %	-1.0%	-0.8%	-0.5%	-0.3%	**6.34%**	+0.25%	+0.5%	+0.75%	+1%
	-1.0%	£ 23.4	£ 20.8	£ 18.5	£ 16.4	£ 14.5	£ 12.7	£ 11.1	£ 9.6	£ 8.2
	-0.8%	£ 26.0	£ 23.2	£ 20.6	£ 18.3	£ 16.2	£ 14.3	£ 12.5	£ 10.9	£ 9.4
	-0.5%	£ 28.8	£ 25.7	£ 22.9	£ 20.4	£ 18.1	£ 16.0	£ 14.1	£ 12.4	£ 10.7
	-0.25%	£ 32.1	£ 28.6	£ 25.5	£ 22.7	£ 20.2	£ 17.9	£ 15.8	£ 13.9	£ 12.2
	1.45%	£ 35.7	£ 31.8	£ 28.3	£ 25.2	**£ 22.5**	£ 20.0	£ 17.7	£ 15.6	£ 13.7
	+0.25%	£ 39.8	£ 35.4	£ 31.5	£ 28.1	£ 25.0	£ 22.2	£ 19.7	£ 17.5	£ 15.4
	+0.5%	£ 44.6	£ 39.5	£ 35.1	£ 31.2	£ 27.8	£ 24.8	£ 22.0	£ 19.5	£ 17.3
	+0.75%	£ 50.0	£ 44.2	£ 39.2	£ 34.8	£ 31.0	£ 27.6	£ 24.5	£ 21.8	£ 19.3
	+1%	£ 56.5	£ 49.7	£ 43.9	£ 38.9	£ 34.5	£ 30.7	£ 27.3	£ 24.3	£ 21.6

		Average Daily Rate										
Occupancy Rate	Δ %	-2.5%	-2.0%	-1.5%	-1.0%	-0.5%	**£ 177.51**	+0.5%	+1%	+1.5%	+2%	+2.5%
	-2.5%	£ 15.2	£ 15.9	£ 16.5	£ 17.1	£ 17.8	£ 18.4	£ 19.1	£ 19.7	£ 20.3	£ 21.0	£ 21.6
	-2.0%	£ 16.0	£ 16.7	£ 17.3	£ 17.9	£ 18.6	£ 19.2	£ 19.9	£ 20.5	£ 21.1	£ 21.8	£ 22.4
	-1.5%	£ 16.8	£ 17.5	£ 18.1	£ 18.7	£ 19.4	£ 20.0	£ 20.7	£ 21.3	£ 22.0	£ 22.6	£ 23.2
	-1.0%	£ 17.6	£ 18.2	£ 18.9	£ 19.5	£ 20.2	£ 20.8	£ 21.5	£ 22.1	£ 22.8	£ 23.4	£ 24.1
	-0.5%	£ 18.4	£ 19.0	£ 19.7	£ 20.3	£ 21.0	£ 21.6	£ 22.3	£ 22.9	£ 23.6	£ 24.2	£ 24.9
	81.4%	£ 19.2	£ 19.8	£ 20.5	£ 21.1	£ 21.8	**£ 22.5**	£ 23.1	£ 23.8	£ 24.4	£ 25.1	£ 25.7
	+0.5%	£ 20.0	£ 20.6	£ 21.3	£ 21.9	£ 22.6	£ 23.3	£ 23.9	£ 24.6	£ 25.2	£ 25.9	£ 26.5
	+1%	£ 20.7	£ 21.4	£ 22.1	£ 22.7	£ 23.4	£ 24.1	£ 24.7	£ 25.4	£ 26.0	£ 26.7	£ 27.4
	+1.5%	£ 21.5	£ 22.2	£ 22.9	£ 23.5	£ 24.2	£ 24.9	£ 25.5	£ 26.2	£ 26.9	£ 27.5	£ 28.2
	+2%	£ 22.3	£ 23.0	£ 23.7	£ 24.3	£ 25.0	£ 25.7	£ 26.3	£ 27.0	£ 27.7	£ 28.3	£ 29.0
	+2.5%	£ 23.1	£ 23.8	£ 24.4	£ 25.1	£ 25.8	£ 26.5	£ 27.1	£ 27.8	£ 28.5	£ 29.1	£ 29.8

		RevPar										
EBITDA Margin	Δ %	-2.5%	-2.0%	-1.5%	-1.0%	-0.5%	**£ 144.44**	+0.5%	+1%	+1.5%	+2%	+2.5%
	-2.5%	£ 16.5	£ 16.6	£ 16.7	£ 16.7	£ 16.8	£ 16.9	£ 17.0	£ 17.1	£ 17.2	£ 17.3	£ 17.4
	-2.0%	£ 17.6	£ 17.7	£ 17.8	£ 17.8	£ 17.9	£ 18.0	£ 18.1	£ 18.2	£ 18.3	£ 18.4	£ 18.5
	-1.5%	£ 18.7	£ 18.8	£ 18.8	£ 18.9	£ 19.0	£ 19.1	£ 19.2	£ 19.3	£ 19.4	£ 19.5	£ 19.6
	-1.0%	£ 19.7	£ 19.8	£ 19.9	£ 20.0	£ 20.1	£ 20.2	£ 20.3	£ 20.4	£ 20.5	£ 20.6	£ 20.7
	-0.5%	£ 20.8	£ 20.9	£ 21.0	£ 21.1	£ 21.2	£ 21.3	£ 21.5	£ 21.6	£ 21.7	£ 21.8	£ 21.9
	31.3%	£ 21.9	£ 22.0	£ 22.1	£ 22.2	£ 22.3	**£ 22.5**	£ 22.6	£ 22.7	£ 22.8	£ 22.9	£ 23.0
	+0.5%	£ 23.0	£ 23.1	£ 23.2	£ 23.3	£ 23.4	£ 23.6	£ 23.7	£ 23.8	£ 23.9	£ 24.0	£ 24.1
	+1%	£ 24.1	£ 24.2	£ 24.3	£ 24.4	£ 24.5	£ 24.7	£ 24.8	£ 24.9	£ 25.0	£ 25.1	£ 25.2
	+1.5%	£ 25.2	£ 25.3	£ 25.4	£ 25.5	£ 25.6	£ 25.7	£ 25.9	£ 26.0	£ 26.1	£ 26.2	£ 26.3
	+2%	£ 26.2	£ 26.4	£ 26.5	£ 26.6	£ 26.7	£ 26.8	£ 27.0	£ 27.1	£ 27.2	£ 27.3	£ 27.5
	+2.5%	£ 27.3	£ 27.4	£ 27.6	£ 27.7	£ 27.8	£ 27.9	£ 28.1	£ 28.2	£ 28.3	£ 28.5	£ 28.6

Appendix 49: MonteCarlo Simulation



Recommendation		Probability
Sell	7096	7%
Reduce	6639	7%
Hold	9570	10%
Buy	31781	32%
Strong Buy	44914	45%

Parameter	Mean	Std Dev
RevPar 5y CAGR	3.73%	1.00%
WACC	6.34%	0.50%
g	1.45%	0.25%

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Nuno Alexandre Ferreira Lopes da Cruz, Monday, June 30th, 2025

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Level of Risk	SELL	REDUCE	HOLD/NEUTRAL	BUY	STRONG BUY
High Risk	0%≤	>0% & ≤10%	>10% & ≤20%	>20% & ≤45%	>45%
Medium Risk	-5%≤	>-5% & ≤5%	>5% & ≤15%	>15% & ≤30%	>30%
Low Risk	-10%≤	>-10% & ≤0%	>0% & ≤10%	>10% & ≤20%	>20%