

Chairman's statement

Eli Papouchado **Chairman**



Adapting to new challenges

Reflecting on 2021, I am very humbled by the adaptability, skill and dedication of our teams across the business. Their hard work during the last two years has aided the Group immensely in navigating through the most difficult trading conditions ever seen in our industry. Despite these unprecedented trading conditions progress has been made against our strategic priorities.

Many of our teams have had to work hard to rebuild momentum following extended periods of government-financed support, such as furlough, but they have come together stronger than ever, continuing to welcome our guests where we can and with the best safety and customer service possible. Our Executive Leadership in particular voluntarily signed up to a number of salary sacrifice schemes, deferrals and waiver of incentives throughout 2020 and 2021. I would like to place on record my gratitude for our teams and leadership's support, commitment and exceptional efforts during these difficult times.

PPHE has continued to make strong progress throughout the year, and we are proud that the value of our property portfolio now stands at £1.8 billion. Our £200+ million pipeline is robust and includes flagship developments such as art'otel London Hoxton and Grand Hotel Brioni Pula, alongside repositioning projects in Croatia and Italy. There will be many great openings to watch out for over the next few years which we are very excited for, and our long-term partnership with Clal Insurance ("Clal"), which unlocked £113.7 million of equity, has enabled us to pursue further strategic growth opportunities and will continue to do so as the pandemic subsides.

Delivering for all stakeholders

We recognise the unique but vital role that each of our stakeholders plays in the Group's success. As such, creating and delivering value for their benefit is the driving force in all that we do. This is visible in: our passion for creating memorable guest experiences; our commitment to maintaining an open and constructive dialogue with investors; our prioritisation of the well-being and development of our team members; and our willingness to serve the communities in which we operate. I was pleased to see the progress made in our stakeholder engagement activities over the course of the year, particularly the active dialogue maintained with representatives of independent shareholders in order to remain guided by their views and allowing us to adapt our approach wherever possible in response.

The maintenance of a robust governance framework is key to the delivery of long-term sustainable value and has been crucial to navigating the circumstances of the pandemic as well as the recovery process. 2021 saw us make a number of important strides in corporate governance, including establishing a designated Environmental, Social and Governance (ESG) Committee to add necessary rigour and structure to the manner in which we deliver our governance goals and delivering our first Task Force on Climate-related Financial Disclosures (TCFD) Report, which we welcomed as an opportunity for meaningful and structured engagement with the risks and opportunities presented by climate change, as well as an advisory vote to shareholders on the Remuneration Report included in the financial statements and the Remuneration Policy applicable as of 2022. The Deputy Chairman spearheads our corporate governance strategy, and full details of our activities this year are set out in his statement on pages 90 to 135.

Dividend

Having suspended dividend payments in light of ongoing uncertainty due to COVID-19, we have continued to review our policy in line with business performance and cash flow. Government measures have continued to restrict travel demand and the Group has subsequently received government support during the year across its different operating regions. The Board is therefore of the view that it is neither sustainable nor appropriate to propose a dividend in respect of 2021. The Board appreciates the importance of dividends and

will continue to review any future dividend payments in line with the recovery trajectory and the business returning to cash flow positive trading.

Looking ahead

We were heartened to see momentum return to the business from May 2021 onwards, as many of our markets opened up, albeit with a few restrictions, and international travel resumed. During this period, it was clear that demand for our high quality, well-located hotels remained strong. The emergence of the Omicron variant in November resulted in new measures being introduced and demand declining.

We are well-aware that there will continue to be industry-wide challenges ahead throughout this road to recovery. While uncertainty will continue as individual markets react to their own evolving situations that cannot be fully predicted, we will continue to deliver on our strategy, opening our doors where we can and delivering the best experience possible for our customers. As vaccination and booster programmes continue to be rolled out in countries all over the world, I expect that our recovery will remain strong, as it was in the UK and Croatia in the second half of this year.

The Board's optimism for the future is founded on our proven ability to recover through challenging times. We are well-placed to continue to outperform the sector whenever and wherever restrictions are eased, as our unique business model, strong financial position, proven management team, superior expertise and exciting development pipeline continue to position us well into 2022 and beyond.

Eli Papouchado
Chairman



PPHE WINS AWARD
AS TOP 6 BEST PLACES
TO WORK