

Q3 update – trading “in line”

1 Year Chart



PPHE Hotel Group Limited is a research client of H2 Radnor Ltd.

MiFID II – this research is deemed to be a minor, non-monetary benefit.

29th October 2026

Robert Plant

rplant@h2radnor.com

+44 (0) 203 897 1846

PPHE's Q3 update (July to September) looks reassuring, especially given the backdrop of the Iran conflict and higher taxes in the UK and the Netherlands, with a like-for-like (LFL) revenue increase of 6.3%, after a rise of 8.2% in Q1 and 3.8% in Q2. Q3 LFL figures exclude the Q3 2025 results of Park Plaza Wallstreet Berlin Mitte and all figures mentioned below are LFL.

The outlook says that “the demand seen in Q3 has continued into the important Q4 trading period, with demand and forward bookings for the Group's properties and its meetings and events proposition encouraging” and adds that “notwithstanding the geopolitical volatility and fiscal headwinds, the Board expects to deliver results for the financial year ending 31 December 2026 in line with market expectations”. We have maintained our adjusted EBITDA forecasts of £140.1m for FY26 and £150.1m for FY27. The statement gives a company compiled adjusted EBITDA range for FY26 as £140.0m to £143.4m.

- **Regionally**, PPHE does not provide data in the quarterly updates but said that trading was “driven by demand for our high-quality assets in the UK and Croatia”. We note that the UK is PPHE's main region, accounting for 62% of revenue by geography in FY25, and had been the strongest performer in H1 too and that recently Whitbread and IHG have also pointed to robust UK trading. We believe a good UK hotel market performance may reflect both a relatively resilient UK consumer market and tourism which shifted from the Middle East.
- Croatia is the Group's second largest country (20% of revenue) and we think it could have benefitted from tourists choosing to visit the country who may have previously visited summer locations closer to the Middle East or flown east via the Gulf, due to geopolitical uncertainty.
- **Valuation**; our illustrative fair value, based on a four-stage Sum of the Parts (SOTP) model, is £22.09 per share, 46% above the current share price. We set out our SOTP at the end.

YE Dec, £m	Revenue	EBITDA	EPS (p) ¹	Div (p)	Net Debt	EPRA NRV (£)	PER ¹	Yield %
FY 2023A	414.6	128.2	117.7	36.0	725.3	26.72	12.8	2.4
FY 2024A	442.8	136.5	125.8	38.0	750.0	27.51	12.0	2.5
FY 2025A	466.4	138.2	125.0	39.0	775.5	27.35	12.1	2.6
FY 2026E	474.6	140.1	112.6	40.0	893.2		13.4	2.7
FY 2027E	484.3	150.1	128.4	42.0	844.3		11.7	2.8

¹ EPRA Adjusted EPS

Source: h2Radnor

Q326 - key additional points

- **Room revenue** rose by 5.8% in Q3, after increasing by 3.4% in Q1 and 3.2% in Q2.
- **RevPAR** (revenue per available room, calculated by multiplying average room rate by occupancy rate) increased by 5.9% in Q3, having risen by 3.8% in Q1 and 2.5% in Q2, led by increased occupancy.
- **Occupancy** rose by 300bps in Q3, from 80.4% in Q325 to 83.4% in Q326, having increased by 40bps in Q1 but reduced by 40bps in Q2. We think the strong increase in occupancy particularly noteworthy as more recently increases in RevPAR have been led by room rates, albeit will await detail on why this was from the FY results.
- **Average room rate** increased by 2.1% in Q3, having risen by 3.2% in Q1 and 3.1% in Q2.
- **The hotels in PPHE's recent development pipeline** are all now open and the statement mentions that "newly opened and repositioned hotels, including art'otel Rome Via Veneto and art'otel London Hoxton, continued to mature and establish themselves within their respective markets".
- **Portfolio**; the Group completed the sale of the site in New York for \$33.5 million, which was announced earlier this year. The sale proceeds repaid the associated debt of \$6.75 million and the balance will be deployed in accordance with the Group's capital allocation strategy.

PPHE valuation

Sum of the parts valuation

Our illustrative equity fair value of £22.09 per share is based on a four-stage SOTP model, using an EV of £2,237m and an equity value to PPHE shareholders of £934m (Figure 2).

Figure 2: SOTP valuation of PPHE

SOTP Valuation		
EV	Value (£m)	Proportion of EV (%)
DCF of PPHE's core portfolio	1,665	74
DCF of PPHE's development pipeline	400	18
Multiple value of PPHE's management platform	126	6
Other assets	46	2
Total	2,237	100
Deferred tax on revaluation of properties	(45)	
Net debt (FY26E)	(893)	
Equity value	1,298	
Minorities of the core - subtotal	(269)	
Minorities of the development pipeline - subtotal	(95)	
Minority total	(364)	
Equity value to PPHE shareholders	934	
Number of shares (m)	42.3	
Value per share (£)	22.09	

Source: Company, h2Radnor

Stage 1 – DCF of the core

The main value, accounting for 74% of the EV within our SOTP, is a DCF of the core existing hotels and resorts portfolio at £1,665m (Figure 3). As a base, we use our FY26 P&L forecast revenue and remove our forecast for both the development pipeline and management platform as we model these two separately. Our terminal growth rate is 0.5%.

Figure 3: DCF of PPHE's core portfolio (£m)

December year end	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E	TV
Revenue	400	404	424	445	467	486	505	526	547	568	549
Growth		1.0%	5.0%	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	0.5%
EBITDA	118	120	131	139	146	152	158	165	171	178	167
Margin	29.5%	29.8%	31.0%	31.1%	31.3%	31.4%	31.4%	31.4%	31.4%	31.4%	30.4%
Margin change		1.0%	4.0%	0.5%	0.5%	0.2%	0.0%	0.0%	0.0%	0.0%	(3.0%)
Income unit liability	(14)	(14)	(14)	(15)	(16)	(16)	(17)	(18)	(18)	(19)	(19)
Interest expense on lease liabilities	(10)	(10)	(11)	(11)	(12)	(12)	(13)	(13)	(14)	(14)	(14)
Working capital	0	0	0	0	0	0	0	0	0	0	0
Maintenance capex	(16)	(16)	(17)	(18)	(19)	(19)	(20)	(21)	(22)	(23)	(16)
Maintenance capex/revenue	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	3.0%
Free cash	78	80	89	95	100	104	109	113	117	122	118
Present value	69	67	70	69	69	67	66	64	63	61	59
Value											
Total present value of forecast period	665										
Terminal value	999										
Total	1,665										

Source: Company, h2Radnor

We use a WACC of 6.5%, based on a cost of equity of 8.4% and a cost of debt of 5.1% (Figures 4 and 5).

Figure 4: WACC for PPHE

WACC	
Cost of equity	8.4%
Cost of debt	5.1%
Total	6.5%

Source: Company, h2Radnor

Figure 5: Inputs to WACC for PPHE

Cost of equity	
Risk free rate	4.5%
Equity risk premium	3.5%
Beta	1.1
Total	8.4%

Source: Company, h2Radnor

Stage 2 – DCF of the development pipeline

We have a separate DCF value for the development pipeline worth £400m, comprising 18% of the EV within our SOTP (Figure 6). The Group has said that post the opening of the four new hotels trading will stabilise at least £25m of EBITDA. Given that these will be new hotels, we model a higher revenue growth rate and margin progression than for the core portfolio DCF. We use the same WACC and terminal growth rate as for the core portfolio DCF.

Figure 6: DCF of PPHE's development pipeline (£m)

December year end	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E	TV
Revenue	40	44	53	58	62	66	69	73	76	80	80
Growth		10.0%	20.0%	10.0%	7.0%	6.0%	5.0%	5.0%	5.0%	5.0%	0.5%
EBITDA	8	16	21	23	25	26	28	29	31	33	32
Margin	20.0%	36.0%	39.6%	39.8%	40.0%	40.2%	40.4%	40.6%	40.8%	41.0%	40.2%
Margin change		80.0%	10.0%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	(2.0%)
Working capital	0	0	0	0	0	0	0	0	0	0	0
Working capital/revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Maintenance capex	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(2)
Maintenance capex/revenue	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	3.0%
Free cash	6	14	19	21	22	24	25	27	28	30	30
Present value	6	12	16	16	16	16	16	16	16	16	15
Value											
Total present value of the forecast period	147										
Terminal value	253										
Total	400										

Source: Company, h2Radnor

Stage 3 – multiple of the management platform

The third stage of our SOTP, is to value PPHE's management platform and this accounts for 6% of our EV (Figure 7). In an extreme example, if the Group sold all of its portfolio under existing management agreements it would still have a management platform, managing all

hotels and resorts without owning them. The EPRA NRV does not account for the management platform as it only values the owned assets and the development pipeline.

We assume that the management platform will generate £14m of EBITDA in FY26, which we remove from our core DCF. We use 9.0x EV/EBITDA which generates a value of £126m.

Figure 7: Multiple valuation of PPHE's management platform

Operating company	FY26E
Revenue (£m)	35.0
EBITDA (£m)	14.0
Margin (%)	40.0
EV/EBITDA (x)	9.0
EV (£m)	126

Source: Company, Radnor

Stage 4 – Other assets

The fourth stage of our SOTP, is to value three other assets, which we add in at a collective £46m and this accounts for 2% of our EV (Figure 8).

The EPRA NRV does include the Income Units and two German JVs but not the Waterloo sites.

- 1) the Income Units in Park Plaza County Hall London which PPHE owns, valued at £16m.
- 2) the fair value of PPHE's part of the two German JVs, which had an EPRA NRV of £18m.
- 3) the Waterloo site, where planning permission has been given, bought at £12m.

Our 'other assets' does not include any value for other potential developments set out below. Projects are included in the balance sheet at cost and will be valued once developed, and currently these three potential projects are all at nil albeit they could have value once developed.

- 1) Close to the City of London, a mixed-use development site is earmarked for a 182-room select-service Radisson RED lifestyle hotel.
- 2) the Group has planning permission to develop a 616-key hotel on the site adjacent to its Park Plaza London Park Royal property for which it is designing plans.
- 3) the Group has planning permission for a new 79-room hotel, converting 6.5k sqm of subterranean space within the Park Plaza Victoria property.
- 4) the Group could develop the land in Croatia currently occupied by campsites into more valuable hotels and resorts.

Figure 8: Value of PPHE's other assets

Other assets	£m
The Income Units in Park Plaza County Hall	16
The fair value of PPHE's part of the two German JV	18
The Waterloo site	12
Total	46

Source: Company, Radnor

For the net debt of the core, we use our forecast net debt of £893m for FY26. For the minorities of the core, we use £269m, as the EPRA NRV of the minorities was £319m and we reduce this by £50m which was the minority value ascribed to Hoxton when this development was announced in 2021.

The four hotels in the Group's development pipeline all include minorities, with Belgrade at 48%, Hoxton at 49%, Rome at 49% and Zagreb at 48% and we use 49% overall. We take our DCF value for the development pipeline of £400m, then assume debt of £207m, which gives an equity value of £193m and we take 49% of this to generate a minority value of £95m (Figure 9).

Figure 9: Minority value of PPHE's development pipeline

Value	Amount (£m)
DCF of PPHE's development pipeline	400
Debt of the development pipeline	(207)
Equity value of pipeline	193
Minority	49%
Value of minorities	95

Source: Company, Radnor

Historically, PPHE has had low/no tax, partly reflecting its substantial capital allowances. Instead of deducting tax in our DCF, we deduct £45m in our SOTP, which is the deferred tax on revaluation of properties in the EPRA Net Disposal Value (NDV), which is effectively the tax that PPHE would pay upon portfolio sale.

PPHE Hotel Group

Robert Plant
+44 203 897 1846
rplant@h2radnor.com

Price (p): 1508 p
Market Cap: 631 m
EV: 1381 m

PROFIT & LOSS

Year to 31 December, £m

	2023	2024	2025E	2026E	2027E
Group Revenue	414.6	442.8	466.4	474.6	484.3
Op. Exp.	(286.4)	(306.3)	(328.2)	(334.6)	(334.2)
EBITDA	128.2	136.5	138.2	140.1	150.1
EBITDA margin %	30.9%	30.8%	29.6%	29.5%	31.0%
Depr & Amortisation	(45.1)	(47.1)	(72.3)	(64.1)	(63.0)
EBITA - Adjusted	83.1	89.4	65.9	76.0	87.2
Associates & JV's	(0.1)	(0.3)	(0.3)	(0.3)	(0.3)
Income unit liability	(14.2)	(12.9)	(11.9)	(13.5)	(13.5)
Net Bank Interest	(31.4)	(37.4)	(43.2)	(40.9)	(39.4)
Other operating items	0.0	(0.0)	23.7	1.7	-
PBT - Adjusted	37.5	38.8	34.2	23.0	33.9
Non Operating Items	(8.7)	(8.2)	(32.7)	(1.7)	-
PBT - IFRS	28.8	30.6	1.5	21.3	33.9
Tax - Adjusted	(2.2)	(3.7)	(20.1)	(3.4)	(5.1)
Tax rate - Adjusted	5.8%	9.4%	58.7%	15.0%	15.0%
Minority interests	(4.7)	0.5	12.6	(3.2)	(3.3)
No. shares m, diluted	42.5	42.3	42.3	42.3	42.3
Adj EPS (p), diluted	71.9	84.3	63.1	38.5	60.3
EPRA adjusted EPS (p)	117.7	125.8	125.0	112.6	128.4
Total DPS (p)	36.0	38.0	39.0	40.0	42.0

CASH FLOW

Year to 31 December, £m	2023	2024	2025E	2026E	2027E
Gross Op Cashflow	127.5	131.5	138.8	141.4	149.4
Net Op Cashflow	78.4	68.0	100.1	83.9	91.4
Free Cashflow	57.7	46.1	77.5	60.8	91.4
Net Cashflow	(44.6)	(39.9)	(3.3)	4.8	36.4

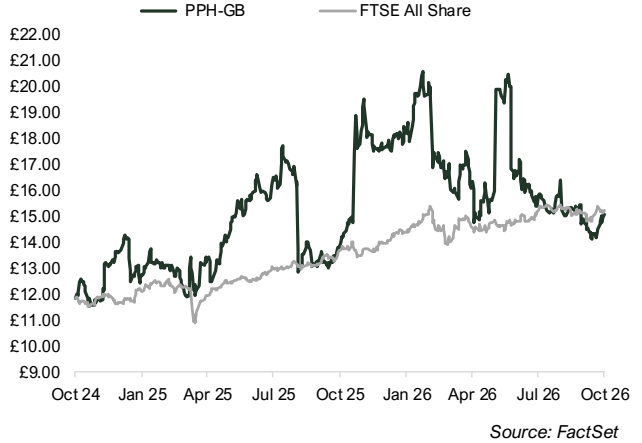
BALANCE SHEET

Year to 31 December, £m	2023	2024	2025E	2026E	2027E
Intangibles	10.7	7.6	6.6	3.4	-
P,P+E	1,412.8	1,421.4	1,460.7	1,575.1	1,537.9
Right of Use Asset	229.2	225.3	222.9	227.8	224.6
Tax Asset & Other	58.9	68.1	61.9	61.9	61.9
Total Fixed Assets	1,711.6	1,722.4	1,752.1	1,868.2	1,824.3
Current Assets	44.4	39.1	31.8	33.2	34.6
Current Liabilities	(94.0)	(86.8)	(92.7)	(94.1)	(95.6)
Net Current Assets	(49.5)	(47.7)	(60.9)	(60.9)	(60.9)
Long Term Liabilities	(405.6)	(398.6)	(403.1)	(403.2)	(403.0)
Net Cash (Debt)	(725.3)	(750.0)	(775.5)	(893.2)	(844.3)
Net Assets	531.1	526.1	512.6	510.9	516.1

GROWTH

YoY growth	2023	2024	2025E	2026E	2027E
Revenue	26%	7%	5%	2%	2%
EBITDA	35%	6%	1%	1%	7%
EPRA EPS	136%	7%	-1%	-10%	14%
Dividend	140%	6%	3%	3%	5%

PRICE CHART - 2 YEAR ABSOLUTE vs FTSE ALL SHARE



SHAREHOLDERS

	% of ord. Share capital
Eli Papouchado	32.9%
Boris Ivesha	11.1%
Harel Insurance	8.5%
Clal Insurance	7.8%
Exodus Management	5.2%
	65.5%

Source: Company website

Previous announcements

Date	Event
August 2026	H1 results
July 2026	Strategic review concluded
April 2026	Q1 trading update
February 2026	FY results
November 2025	Strategic review announced
October 2025	Q3 trading update
August 2025	H1 results
April 2025	Q1 trading update
February 2025	FY results
January 2025	Year end trading update
October 2024	Q3 trading update
August 2024	H1 results

RATIOS

	2023	2024	2025E	2026E	2027E
RoE	7.5%	6.6%	0.3%	4.5%	6.2%
RoCE*	8.9%	9.3%	9.3%	8.6%	9.6%
Asset Turnover (x)	4.1x	3.9x	3.8x	3.9x	3.8x
NWC % Revenue	-11.9%	-10.8%	-13.1%	-12.8%	-12.6%
Op Cash % EBITA	153.4%	147.1%	210.7%	186.1%	171.4%
EBITDA / interest x	4.1x	3.6x	3.2x	3.4x	3.8x

VALUATION

Fiscal	2023	2024	2025E	2026E	2027E
P/E	12.8x	12.0x	12.1x	13.4x	11.7x
EV/EBITDA	10.8x	10.1x	10.0x	9.9x	9.2x
Div Yield	2.4%	2.5%	2.6%	2.7%	2.8%
FCF Yield	4.2%	3.3%	5.6%	4.4%	6.6%

* RoCE defined as EBITDA minus 4% of revenue as a real world depreciation equivalent

REGULATORY DISCLOSURES

H2 Radnor Ltd is authorised and regulated by the Financial Conduct Authority.

H2 Radnor Ltd
68 King William Street
London
EC4N 7HR

www.h2radnor.com

DISCLAIMER

Copyright 2026, H2 Radnor Ltd. All rights reserved. This report has been commissioned by **PPHE Hotel Group Limited** and prepared and issued by **H2 Radnor Ltd**. All information used in this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the analyst at the time of publication. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

This report is not intended as a solicitation or inducement to buy, sell, subscribe or underwrite any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. However, H2 Radnor Ltd does have strict rules relating to personal dealings by individuals employed or instructed to help prepare investment research. A copy of these rules is available upon request. H2 Radnor Ltd does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contracted persons or entities may have a position in any or related securities mentioned in this report. H2 Radnor Ltd, or its affiliates, may perform services or solicit business from any of the companies mentioned in this report. The value of securities mentioned in this report can fall as well as rise and can be subject to volatility. In addition, it may be difficult to or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance. Forward looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. To the maximum extent permitted by law, H2 Radnor Ltd, or its affiliates and their respective directors, officers and employees will not be held liable for any loss or damage as a result of reliance being placed on any of the information contained in this report and do not guarantee the returns on investments in the products discussed in this publication.