

PPHE HOTEL GROUP LIMITED
(“PPHE Hotel Group” or the “Company”)

Trading Update

PPHE Hotel Group, which together with its subsidiaries (the “Group”) owns, leases, develops, operates and franchises full service upscale and lifestyle hotels in major gateway cities, regional centres and select resort destinations, predominantly in Europe, is pleased to announce its trading update in advance of the Group's results for the year ended 31 December 2016, which are expected to be announced late February.

Main corporate activities during the year

During 2016, we have undertaken several corporate activities to further re-shape our business, paving the way for future growth whilst continuing to operate a successful business and delivering exemplary service to our guests, namely:

Acquisition

- Acquisition of the interests from the Group's joint venture partner in Croatia and subsequent takeover offer and placement of shares. The Group's shareholding in Arenaturist d.d. is 77.1% following the transfer of its German and Hungarian operations.

Debt restructuring

- Successfully completed several long-term refinancing facilities for most of the Group's assets at favourable conditions.

Realising shareholder value

- Special dividend of £1.00 per ordinary share paid to shareholders in the year, returning £42.2 million of cash to shareholders;
- Interim ordinary dividend paid of 10.0 pence per ordinary share (H1 2015: 10.0 pence per share).

Financial performance

Reported Group hotel revenue increased by approximately 27% year-on-year. Most of this growth was the result of the first time consolidation of our Croatian operation. Additional growth drivers were the solid performance of our UK and Germany & Hungary regions in the 2nd half of the year, the opening and soft opening of new hotels and a currency exchange rate benefit. On a like-for-like basis¹, Group hotel revenue increased by approximately 7%.

Like-for-like¹ RevPAR increased by 7.2% to £85.4 (2015: £79.6) mainly as a result of the consolidation of our Croatian operation and the weakening of Sterling against the Euro. This RevPAR growth was achieved through an 8.6% increase in average room rate to £110.9 (2015: £102.1). Occupancy was flat at 77.0% (2015: 78.0%).

Reported Group RevPAR decreased by 8.2% to £84.4 (2015: £92.0). Average room rate increased by 1.8% to £111.0 (2015: £109.1), whilst occupancy decreased by 827 bps to 76.0% (2015: 84.3%). The decrease in occupancy is a direct result of the first time consolidation of our Croatian operation, which is a highly seasonal business heavily weighted towards the summer months.

As a result of this performance, the results for the year ended 31 December 2016 are expected to be in line with the Board's current expectations.

Hotel developments

The extension of Park Plaza London Riverbank has now been completed and following a partial opening in November 2016 of Park Plaza London Waterloo, the Group is preparing for its full opening in 2017. The soft opening of the 212-room Park Plaza London Park Royal is expected by the end of the first quarter.

Plans are being finalised to start extensive renovations in 2017 of Park Plaza Victoria Amsterdam, Park Plaza Vondelpark Amsterdam, Park Plaza Utrecht and Park Plaza Sherlock Holmes London, which will further strengthen the Group's competitive position.

Boris Ivesha, President & Chief Executive Officer, PPHE Hotel Group said:

"2016 has truly been a year of transition for our Group, with several new hotel openings and soft openings, debt restructuring, the acquisition of a controlling interest in our Croatian operation and the transfer of our Germany & Hungary assets under our Croatian operation which will enable us to create further shareholder value.

Whilst trading in the early part of the year was softer than expected in some of our markets in the build up to the Brexit referendum and in the wake of various terrorist attacks, the second half of the year was more encouraging. Improved market conditions have continued into 2017 and we expect to make further progress, particularly as we benefit from our new room inventory in Nuremberg and London where our market position will be strengthened significantly."

¹ The 2016 like-for-like comparison figures exclude Park Plaza London Waterloo and Park Plaza Nuremberg. Furthermore, the 2015 like-for-like comparison figures include the Croatian segment apart from the first quarter of 2015 and the figures from Park Plaza Prenzlauer Berg Berlin for the second half of the year as the contract for this hotel was terminated as per 30 June 2016.

Enquiries

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Notes to editors

The Company is a Guernsey registered company and through its subsidiaries, jointly controlled entities and associates, owns, leases, operates, franchises and develops full-service upscale and lifestyle hotels in major gateway cities, regional centres and select resort destinations, predominantly in Europe.

The Group's hotels operate under three distinct brands, Park Plaza® Hotels & Resorts, art'otel® and Arenaturist. The Group has an exclusive licence from Carlson Hotels, one of the world's largest hotel groups, to develop and operate Park Plaza® Hotels & Resorts in Europe, the Middle East and Africa.

The art'otel® brand is wholly owned by the Group.

The Group has a controlling (77.1% of the share capital) ownership interest in the Arenaturist group, one of Croatia's leading hospitality companies.

The Group's portfolio of owned, leased, managed and franchised hotels comprises 39 hotels offering a total of over 9,000 rooms. The Group's development pipeline includes three new hotels, which together are expected to add over 200 rooms in 2017 and an additional 500 rooms by the end of 2019.

Our Company:

www.pphe.com

Our Hotel Brands:

www.parkplaza.com

www.artotels.com

www.arenaturist.com

For images and logos visit www.vfmii.com/parkplaza

Forward-looking statements

This trading statement may contain certain “forward-looking statements” which reflect the Company’s and/or the Directors’ current views with respect to financial performance, business strategy and future plans, both with respect to the group and the sectors and industries in which the group operates. Statements which include the words “expects”, “intends”, “plans”, “believes”, “projects”, “anticipates”, “will”, “targets”, “aims”, “may”, “would”, “could”, “continue” and similar statements are of a future or forward-looking nature. All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the group’s actual results to differ materially from those indicated in these statements. Any forward-looking statements in this interim management statement reflect the group’s current views with respect to future events and are subject to risks, uncertainties and assumptions relating to the group’s operations, results of operations and growth strategy. These forward-looking statements speak only as of the date of this interim management statement. Subject to any legal or regulatory obligations, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to the group or individuals acting on behalf of the group are expressly qualified in their entirety by this paragraph. Nothing in this publication should be considered as a profit forecast.