

## Trading update (unaudited)

2 May 2017

for the three months ended 31 March 2017

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 for the three months ended 31 March 2017.

### Performance during the quarter ended 31 March 2017

- On a like-for-like basis<sup>1</sup>, revenue increased by 17.0% to £53.3 million (three months ended 31 March 2016: £45.6 million), driven by a marked recovery in the leisure segment in London, the opening of the extension of Park Plaza London Riverbank, improved trading in Germany and a currency exchange rate benefit. Likewise, reported total revenue increased by 28.9% to £57.7 million (three months ended 31 March 2016: £44.7 million), also driven by the contribution from newly opened hotels and the consolidation of our Croatian operations.
- Like-for-like<sup>1</sup> average room rate increased by 11.2% to £111.0 (three months ended 31 March 2016: £99.8). On a reported basis, average room rate increased by 9.8% to £112.0 (three months ended 31 March 2016: £102.0).
- On a like-for-like<sup>1</sup> basis, occupancy increased by 560 bps to 71.6% (three months ended 31 March 2016: 66.0%). Reported occupancy decreased by 130 bps to 71.1% (three months ended 31 March 2016: 72.4%) as a result of the consolidation of our Croatian operations where the majority of properties are closed during the first quarter due to seasonality.
- Like-for-like<sup>1</sup> RevPAR increased by 20.7% to £79.5 (three months ended 31 March 2016: £65.9). Reported RevPAR increased by 7.8% to £79.6 (three months ended 31 March 2016: £73.9).

<sup>1</sup> The like-for-like comparison figures exclude Park Plaza London Waterloo, Park Plaza London Park Royal and Park Plaza Nuremberg for the three months ended 31 March 2017. Furthermore, the like-for-like comparison figures for the three months ended 31 March 2016 exclude Park Plaza Prenzlauer Berg Berlin (the contract for which was terminated as per 30 June 2016) and include the performance of the Croatian operation.

### Corporate activities during the first quarter

- Completed the acquisition of art'otel berlin kudamm and art'otel cologne.
- Renamed Arenaturist d.d. to Arena Hospitality Group d.d. supporting its international operations and expansion ambitions.
- General Assembly of the Company's subsidiary, Arena Hospitality Group d.d., approved a non pre-emptive public offering of new shares.
- Launched soft opening of Park Plaza London Park Royal.
- Completed sale of one of the three properties that comprised Park Plaza Vondelpark, Amsterdam.

### Ongoing investment in hotel portfolio

During the period, we launched the soft opening of Park Plaza London Park Royal and works continued at Park Plaza London Waterloo, which had its soft opening in November 2016. Both hotels are expected to be fully operational at the end of the second quarter 2017. Renovation works have continued at Park Plaza Victoria Amsterdam and preparations are underway to start renovation programmes at Park Plaza Vondelpark, Amsterdam, Park Plaza Utrecht and Park Plaza Sherlock Holmes London.

#### Commenting on the results, Boris Ivesha, President & Chief Executive Officer, PPHE Hotel Group said:

*'We are pleased to report a strong first quarter performance, reflecting improved trading year-on-year across all our operating regions. The first quarter is usually our weakest quarter of the year and in 2016 was negatively impacted by various acts of terrorism in Europe, renovations at certain hotels and Easter.'*

*During the period, we launched the soft opening of Park Plaza London Park Royal and brought more rooms into operation at the new Park Plaza London Waterloo. Trading at both hotels has been encouraging and they are on schedule to be fully operational by the end of the second quarter. Our investment in renovations at Park Plaza Riverbank London and Park Plaza Victoria Amsterdam continued to plan.*

*We have made further progress with the transformation of our Croatian operation and during the period we renamed the company Arena Hospitality Group.*

*Based on our results to date, the Board anticipates the full year results to be in line with its expectations.'*

## Trading since 31 March 2017 and outlook

- Trading since 31 March 2017 has remained encouraging and our overall results are in line with the Board's expectations in all markets.
- As previously announced, the Company is considering the release of equity following practical completion of two of its new hotels, whilst retaining operational control, by way of debt structuring and/or a sale and leaseback.

## Post period events

- On 28 April 2017, our Croatian subsidiary, Arena Hospitality Group d.d., published a prospectus for a public offering issue and listing of shares, a copy of which can be downloaded from [www.arenaturist.com](http://www.arenaturist.com)

## Unaudited Key Financial Statistics for the three months ended 31 March 2017

	Reported			Like-for-like <sup>1</sup>		
	Three months ended 31 March 2017	Three months ended 31 March 2016	% change <sup>2</sup>	Three months ended 31 March 2017	Three months ended 31 March 2016	% change <sup>2</sup>
Total revenue	£57.7 million	£44.7 million	28.9%	£53.3 million	£45.6 million	17.0%
Occupancy <sup>3</sup>	71.1%	72.4%	(130) bps	71.6%	66.0%	560 bps
Average room rate	£112.0	£102.0	9.8%	£111.0	£99.8	11.2%
RevPAR	£79.6	£73.9	7.8%	£79.5	£65.9	20.7%

<sup>1</sup> The like-for-like comparison figures exclude Park Plaza London Waterloo, Park Plaza London Park Royal and Park Plaza Nuremberg for the three months ended 31 March 2017. Furthermore, the like-for-like comparison figures for the three months ended 31 March 2016 exclude Park Plaza Prenzlauer Berg Berlin (the contract for which was terminated as per 30 June 2016) and include the performance of the Croatian operation.

<sup>2</sup> Percentage change figures are calculated from actual figures as opposed to the rounded figures included in the above table. Unless otherwise indicated, all figures in this report compare three months ended 31 March 2017 with three months ended 31 March 2016.

<sup>3</sup> Occupancy is calculated by dividing the available number of rooms (taking into account operating days and rooms being available) by the number of occupied rooms.

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## Notes to editors

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

The majority of the Group's hotels operate under the Park Plaza® or art'otel® brands. 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 ownership interest (77.09% of the share capital) in the Arena Hospitality Group, one of Croatia's best known hospitality groups.

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

## Our Company:

[www.pphe.com](http://www.pphe.com)

## Our Brands:

[www.parkplaza.com](http://www.parkplaza.com)

[www.artotels.com](http://www.artotels.com)

[www.arenaturist.com](http://www.arenaturist.com)

For images and logos visit [www.vfmii.com/parkplaza](http://www.vfmii.com/parkplaza)

## Forward-looking statements

This announcement 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 announcement 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 announcement. 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 announcement should be considered as a profit forecast.