

Interim Management Statement

5 November 2013

for the three months and nine months ended 30 September 2013

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 and regional centres, predominantly in Europe, is pleased to announce its interim management statement for the three months and nine months ended 30 September 2013.

Performance and highlights during the quarter ended 30 September 2013

- Total revenue for the quarter decreased by 2.1% to €64.7 million (three months ended 30 September 2012: €66.0 million). On a constant currency basis, total revenue for the quarter increased by 1.1% to €66.8 million.
- RevPAR decreased by 1.8% to €110.8 (three months ended 30 September 2012: €112.8) as a direct result of the weakness of Sterling.
- Average room rates decreased by 8.7% to €126.3 (three months ended 30 September 2012: €138.3) whilst occupancy increased 6.2 percentage points to 87.8% (three months ended 30 September 2012: 81.6%).
- On 1 July 2013, the Group acquired the freehold interests in art'otel berlin mitte and art'otel berlin kudamm in Germany.
- On 23 September 2013, the soft opening of art'otel amsterdam took place.

Performance for the nine months ended 30 September 2013

- Total revenue decreased by 0.3% to €176.4 million (nine months ended 30 September 2012: €177.0 million). On a constant currency basis, total revenue for the nine months ended 30 September increased by 3.1% to €182.4 million.
- RevPAR decreased by 1.1% to €100.2 (nine months ended 30 September 2012: €101.4) primarily as a result of soft trading conditions in the Netherlands at the beginning of the year and the weakness of Sterling.
- Average room rates decreased by 5.7% to €123.6 (nine months ended 30 September 2012: €131.1) whilst occupancy increased 3.8 percentage points to 81.1% (nine months ended 30 September 2012: 77.3%).

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

'We are pleased to report that the improvements seen in trading conditions in the second quarter have continued into the third quarter with other key developments during the period including the launch of the much anticipated art'otel amsterdam and the acquisition of the freehold interests in two of our art'otels in Berlin.

Notwithstanding the challenging prior year comparatives due to the positive impact of the 2012 Olympics, we have reported a 1.1% growth in revenue on a constant currency basis. Trading since the period end has continued to be encouraging and we expect the full year results to be in line with expectations.'

Unaudited Key Financial Statistics for the three and nine months ended 30 September 2013

for the three months ended 30 September 2013

	Reported			Like for like ²		
	Three months ended 30 September 2013	Three months ended 30 September 2012	% change ¹	Three months ended 30 September 2013	Three months ended 30 September 2012	% change ¹
Total revenue	€64.7 million	€66.0 million	-2.1%	€64.7 million	€66.0 million	-2.1%
Occupancy	87.8%	81.6%	+6.2 pp	87.8%	81.6%	+6.2 pp
Average room rate	€126.3	€138.3	-8.7%	€126.3	€138.3	-8.7%
RevPAR	€110.8	€112.8	-1.8%	€110.8	€112.8	-1.8%

for the nine months ended 30 September 2013

	Reported			Like for like ²		
	Nine months ended 30 September 2013	Nine months ended 30 September 2012	% change ¹	Nine months ended 30 September 2013	Nine months ended 30 September 2012	% change ¹
Total revenue	€176.4 million	€177.0 million	-0.3%	€173.1 million	€177.0 million	-2.2%
Occupancy	81.1%	77.3%	+3.8 pp	81.1%	77.3%	+3.8 pp
Average room rate	€123.6	€131.1	-5.7%	€123.6	€131.1	-5.7%
RevPAR	€100.2	€101.4	-1.1%	€100.2	€101.4	-1.1%

¹ 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 or nine months ended 30 September 2013 with the same period in 2012. All total revenue in this report reflects PPHE Hotel Group's interest.

² In the like for like figures the financial contribution of Park Plaza Amsterdam Airport, Park Plaza Victoria Amsterdam and Park Plaza Utrecht in 2013 has been calculated on the basis of the ownership interest of PPHE Hotel Group in those hotels during the same period in 2012.

Trading since 30 September 2013

Since 30 September 2013, trading has remained encouraging. The fourth quarter is traditionally the Group's strongest quarter and the Board expects full year results to be in line with expectations.

The conditional development agreement to lease a site at Luton Airport has been rescinded.

An interim dividend of 6.0 pence per share was paid on 11 October 2013.

Forward-looking statements

This interim management 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.

Notes to Editors

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

The majority of the Group's hotels operate under two distinct brands, Park Plaza® Hotels & Resorts and art'otel®. The Group has an exclusive licence from Carlson, a global privately held hospitality and travel company, to develop and operate Park Plaza Hotels & Resorts in Europe, the Middle East and Africa. The art'otel brand is fully owned by PPHE Hotel Group. The Group has a minority ownership interest in the Arenaturist group, one of Croatia's leading hospitality companies.

The portfolio of owned, leased, managed and franchised hotels comprises 38 hotels in operation offering a total of more than 8,300 rooms. The development pipeline includes four new hotels which together are expected to add more than 1,100 rooms to the portfolio by the end of 2016.

Our Company:

www.pphe.com

Our Brands:

www.parkplaza.com

www.artotels.com

www.arenaturist.com

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

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