19 March 2014

PPHE Hotel Group Limited
("PPHE Hotel Group" or the **"Company")**

Unaudited Preliminary Results for the year ended 31 December 2013

PPHE Hotel Group Limited, 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 unaudited preliminary results for the year ended 31 December 2013.

Key highlights

- Excellent progress made during the year with revenue growth, significant refinancing, acquisitions, openings and refurbishments
- Completed €350.0 million refinancing of key hotels in London and The Netherlands, which includes a significant capital expenditure allocation. Secured a new €30.0 million facility for corporate purposes, including existing and prospective developments
- Proposed final dividend of 8.0 pence per share. Total dividend for the year increases by 16.7% to 14.0 pence per share. The increased dividend reflects the Board's confidence in the strength of the business and in respect of future years, the Board expects to follow a progressive dividend policy

Financial summary

- Reported total Group revenue increased by 1.2% to €245.0 million. On a constant currency and like-for-like basis, total Group revenue increased by 2.4% to €248.0 million
- Hotels in the United Kingdom, which account for approximately 65% of Group revenue, continued to perform strongly, however reported total revenue was impacted by a 4.6% reduction in average Sterling to Euro exchange rate
- RevPAR maintained at €101.4, reflecting occupancy-led focus. Occupancy increased by 330bps to 80.7%
- Reported EBITDA reduced by 3.1% to €82.9 million. On a constant currency and like-for-like basis, EBITDA was broadly flat at €85.1 million, including a one-off expense of €2.6 million (2012: €85.6 million, including a one-off benefit of €2.6 million)
- Normalised profit before tax was €21.9 million (2012: €24.1 million), a 8.9% decrease reflecting lower EBITDA and currency exchange losses. Reported profit before tax was €25.8 million (2012: €67.6 million). The decrease in reported profit primarily relates to a €50.0 million capital gain in the 2012 Comparative numbers from the application of IFRS accounting following an acquisition
- Normalised EPS was €0.54 (2012: €0.59), representing an 8.5% decrease. Reported EPS was €0.63 (2012: €1.64).

Operational highlights

- Achieved year-on-year revenue growth, despite strong prior year comparisons following our record performance in 2012
- Acquired office building to develop a new hotel near Waterloo Station in London and acquired freehold interests in two hotels in Berlin
- Opened flagship, five-star, art'otel amsterdam, incorporating 5&33, a destination bar, restaurant and gallery
- Completed 127-room extension of Park Plaza Histria Pula in Croatia and completed renovations in Hungary and Croatia
- Obtained planning permission for an extension at Park Plaza Riverbank London
- Sold development site in Pattaya Bay, Thailand for a profit - consideration of which is deferred for three years
- On 13 January 2014, entered into a 50:50 joint venture for two hotels in Berlin, while continuing to manage these hotels under long-term operating agreements

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

"2013 has been an exciting year for the Group with continued revenue and occupancy growth, driven by a strong performance from our London hotels in particular. Towards the end of the year we opened our flagship art'otel amsterdam in The Netherlands and the response from guests has been very encouraging.

We have also made further strategic progress with several corporate developments during the year, including acquisitions and planning applications which will further extend our portfolio and enhance our growth.

As we enter 2014, trading has been in line with the Board's expectations. We remain focused on investing in our portfolio to ensure that we retain our strong competitive positions in the markets in which we operate whilst at the same time continuing to progress our development pipeline to support our longer term growth."

Key financial statistics

	Reported			**Like-for-like[1]**		
	Year ended 31 Dec 2013	**Year ended 31 Dec 2012**	**Change[3]**	**Year ended 31 Dec 2013**	**Year ended 31 Dec 2012**	**Change[3]**
Total Revenue	€245.0 million	€242.1 million	+1.2%	€240.3 million	€242.1 million	-0.7%
Room revenue	€169.2 million	€166.2 million	+1.8%	€166.4 million	€166.2 million	+0.1%
EBITDAR	€93.4 million	€96.8 million	-3.5%	€93.6 million	€96.8 million	-3.3%
EBITDA	€82.9 million	€85.6 million	-3.1%	€82.4 million	€85.6 million	-3.7%
Profit before tax	€25.8 million	€67.6 million	-61.8%	-	-	
Normalised profit before tax[2]	€21.9 million	€24.0 million	-8.9%	-	-	
EBITDA margin	33.8%	35.4%	-160 bps	34.3%	35.4%	-110bps
Occupancy	80.7%	77.4%	+330 bps	81.1%	77.4 %	+370bps
Average room rate	€125.5	€130.9	-4.1%	€125.3	€130.9	-4.3%
RevPAR	€101.4	€101.3	+0.1%	€101.6	€101.3	+0.3%

[1] In the like-for-like comparison 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. The trading of art'otel amsterdam since opening in the fourth quarter of 2013 has been ignored. Furthermore, the results of two hotels in Berlin were adjusted to reflect a similar asset ownership structure during the same period in 2012.

[2] Normalised profit before tax includes adjustments for fair value losses from derivatives, one-off (re-)finance expenses and other income.

[3] Percentage change figures are calculated from actual figures as opposed to the rounded figures included in the above table. All financial information in this report for room revenue, total revenue EBITDAR and EBITDA reflects PPHE Hotel Group's interest.

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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, 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 the 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 hotel projects, one hotel extension and reconfiguration and two rebranding projects. These developments are expected to add over 1,200 rooms to our portfolio by 2017.

Our Hotel Brands:

www.parkplaza.com
www.artotels.com
www.arenaturist.com

Our Company:

www.pphe.com

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

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.

Chairman's statement

2013 was another year of progress for PPHE Hotel Group. This was achieved against a very strong prior year comparative, as we benefited in 2012 from the London Olympic Games, and despite the remaining challenging conditions in some of the markets in which we operate. We focused on what we do best: giving our customers exemplary service at our segment-leading hotels which are located in key travel destinations. As a result, we were able to increase our revenue year on year. Our teams, aided by our ongoing investment in training, continued to deliver exceptional service, with service satisfaction among our guests increasing once again.

One of our most exciting developments during the year was the opening of our new flagship art'otel amsterdam, which has been very well received by the market.

We acquired the freehold interests in two previously leased art'otels in Berlin, with a view to maximise returns by renovating and repositioning both hotels. In January this year we entered into a 50:50 joint venture in relation to these hotels. Our development pipeline was further strengthened by an exciting new acquisition of an office building in London, near Waterloo Station, where we plan to develop a hotel with over 400 rooms.

In December, we completed the largest refinancing in the history of our Company. This new facility brings us several financial benefits and also enables us to embark on an extensive renovation programme across some of our core properties. We have an exciting journey ahead of us, which will further solidify our already strong position in some of Europe's preferred investor and travel markets such as London and Amsterdam.

For the last two years the Board has recommended the payment of an interim and final dividend of 6.0 pence per share making a total of 12.0 pence per share for each year. The Board is proposing the payment of an increased final dividend of 8.0 pence per share, which when combined with the interim dividend of 6.0 pence per share paid on 11 October 2013, amounts to a total dividend for the year ended 31 December 2013 of 14.0 pence per share, an increase of 16.7%. The increased dividend reflects the Board's confidence in the strength of the business and in respect of future years the Board expects to follow a progressive dividend policy.

Looking ahead, we will focus on the delivery of the projects in our development pipeline. We have four active new hotel projects, three in London and one in Germany, plus the extension and reconfiguration of Park Plaza Riverbank London, and two rebranding projects which are expected to add over 1,200 rooms by the end of 2017, representing approximately a 15% increase on our current number of rooms. Additional new projects are also being considered. Our investment in these new projects and an extensive planned refurbishment of our existing estate is expected to exceed €130.0 million and will lead to long-term benefits. The Company continues to consider options of how to best fund future expansion, including the release of part of the value of hotel assets, while retaining operational control.

2014 will be a very special year for PPHE Hotel Group as we will be celebrating the start of a 25-year journey that has taken us from acquiring Park Plaza Eindhoven in 1989 through to establishing a high quality hotel portfolio, world-class brands and strong operating performances. We will commemorate this feat with several festivities planned throughout the year for guests, partners and employees. I take personal pride in what we have been able to achieve and I am thrilled about the future prospects of our Group.

I would like to take this opportunity to thank the Board for their guidance and all our teams for their great work in what was a challenging, but rewarding year.

Eli Papouchado
Chairman

Chief Executive Officer's statement

I am particularly proud of what our teams have achieved in 2013. It has been an exciting year with strong trading in London, increased ownership in several hotels in The Netherlands and several corporate developments all of which will help us to enhance growth. Our London hotels continued to trade strongly and Germany delivered a steady performance. Trading conditions in The Netherlands remained volatile, despite the much-anticipated 2013 celebration year for Amsterdam, which failed to bring us as many benefits as expected.

During the year our teams focused on maintaining RevPAR through occupancy, in anticipation of certain fragile markets, challenging 2012 comparatives and increased supply in most of our markets. In local currency, our owned hotels in London achieved a 4.9% growth in revenue. The London market has proven to be highly resilient and we are therefore pleased that we have been able to further strengthen our development pipeline in this appealing travel and investor destination. Our development pipeline in London now includes three new hotel projects and one reconfiguration and extension which, when completed, are expected to increase our room count in London by approximately 47% to nearly 3,300.

Disposal
After having carefully reassessed the project at Pattaya Bay in Thailand, I am pleased to advise that the disposal gave rise to a profit, although the consideration is deferred for three years.

Investing in our portfolio
During the course of 2013, we continued to invest in our hotels to ensure that we retain our strong competitive positions in the markets in which we operate. In Croatia, following a successful 2012 inaugural season, Park Plaza Medulin completed its renovation scheme with all rooms now fully renovated. We also completed the renovation of the rooms of the former Hotel Palma with 127 rooms now added to the room inventory of Park Plaza Histria Pula, the brand's flagship in Istria.

A major milestone for us was the highly anticipated opening of our latest flagship hotel, art'otel amsterdam. This hotel was set to redefine the brand positioning for art'otel, elevating it to a luxury, lifestyle level. Since it opened in October 2013, art'otel amsterdam has been very well received by the market, generating very positive feedback for both the hotel and the separately operated and marketed 5&33 restaurant, bar and gallery space.

The 5&33 concept was our second successful standalone dining concept introduced in the year as it was preceded by the launch of TOZI (located at Park Plaza Victoria London). Similar to 5&33, TOZI is a shared-dining concept aimed at a local clientele and both new concepts are currently rated among the top restaurants in their respective markets. Since it opened in April 2013, TOZI, for example, has not left the top 20 of best restaurants in London, as featured on influential website tripadvisor.com, out of more than 16,000 restaurants in London. 5&33 has been consistently rated as a top-10 restaurant in Amsterdam, regularly claiming first position, according to couverts.nl, one of The Netherlands' leading restaurant websites.

Strategic relationship and marketing
Our more than a decade long partnership with the Carlson Rezidor Hotel Group continues to go from strength to strength and we are pleased to see the global direction this partnership has taken. In a global industry, it is important to have a clear distribution, marketing and sales strategy through which all stakeholders benefit from economies of scale, negotiating power and innovative market leading initiatives, all of which are engrained in the Carlson Rezidor Hotel Group vision and roadmap. The various loyalty programmes, in which our hotels participate, continued to grow their memberships and we experienced more contribution of these programmes in the form of direct business and award stays being consumed at our hotels. Members of the Club Carlson programme are also more likely to return than non-members, their loyalty score is higher and the average room rate associated with member stays is higher than from non-member stays.

New for the year was the launch of a dedicated loyalty programme for small and medium sized enterprises. This programme will help us to compete better in our local markets by offering our customers a strong global value proposition of travel benefits and attractive discounts. We are particularly excited about the various initiatives Carlson Rezidor Hotel Group has in development with Google, such as Google Hotel Finder and Google Wallet, which will help us to improve our marketing reach and aide our objective to generate more business direct. Another milestone is the integration of tripadvisor.com reviews on our hotel websites. We take confidence in our products and services and offer our customers easy access to ratings and reviews from guests who have already stayed with us.

Guest experience
Consistently delivering exceptional customer service remains one of the strongest differentiators within our industry and our continued investment in learning and development programmes has contributed to another stellar performance. Our overall service performance for the year increased to 8.50, another record.

The key requirement to continuously deliver exemplary service is to have a highly motivated and engaged workforce. Our employee satisfaction survey results for the year were again impressive and a new record was achieved. Areas in which our employees rated our Group particularly high included ethical standards and personal development, which showed a good year-on-year growth, a direct result of investment in training. Areas such as loyalty and ambassadorship increased year on year, which are important to ensure continuity in service delivery. The response rate was at another record level, with 93% of our workforce participating.

Corporate Social Responsibility
Sustainability and responsible business are part of our strategy and operations and several hotels were recognised during the year for their work in these areas, including additional accreditation of certain hotels. We minimised employees travelling between our corporate office and regional offices and hotels, by investing in a state of the art video-conferencing system. We supported various charitable causes throughout the year on a corporate and hotel level, including but not limited to our annual participation in Movember, the prostate cancer charity initiative.

Investing for the future
Just before the period end we completed our largest refinancing to date, and apart from the improved financial terms that this five-year facility will bring, it also includes a significant capital expenditure allocation. From 2014 onwards, we will embark on a significant capital expenditure programme, with further renovation work planned at hotels in all of our markets. Our core hotels in The Netherlands and the United Kingdom will be renovated and in some cases repositioned, to further strengthen their appeal. Our acquisition of the freehold interests of art’otel berlin mitte and art’otel berlin kudamm paves the way for renovations of these properties, commencing in 2014.

In Croatia, the former Hotel Belvedere has now closed for extensive renovations and, once completed, this hotel will open as Park Plaza Belvedere Medulin in summer 2014. This will be our fourth and largest Park Plaza hotel to open in this attractive tourist destination and Park Plaza Hotels & Resorts is now one of the largest international hotel brands in Croatia. On completion of this renovation, more than 50% of Arenaturist’s hotel rooms will have been extensively renovated between 2012 and 2014. An impressive feat given the challenging economic conditions and we see it as a demonstration of our skills to successfully redevelop, reposition and operate hotels.

Current trading and outlook
The first quarter of the year is traditionally our weakest. Nevertheless in comparison with 2013, our RevPAR performance in January and February improved year on year. Overall results are in line with the Board's expectations in all markets.

Over the next two years, we will be significantly investing in our portfolio with renovations planned across ten hotels. This work is undertaken to ensure our hotels continue to improve on their strong market positions. We aim to minimise the impact on our operations through careful planning and a phased approach where possible. However, once renovations commence, we anticipate reduced capacities and a short-term impact on revenue due to temporary closures of rooms and public areas. Although this may be at the expense of short-term revenue gains, we believe that this investment will have a positive impact on our long-term results and position in the markets in which we operate.

Boris Ivesha
President and Chief Executive Officer

Chief Financial Officer's statement

Our overall underlying trading performance improved year on year. Following a slow start to the year conditions improved in the second half of the year, a trend which we continue to see today in most of the markets in which we operate.

During the year, we benefited from additional income from our increased ownership in certain Dutch hotels and the newly opened art'otel amsterdam. Nevertheless, our reported performance was also adversely impacted by currency translation, primarily as a result of approximately 65% of our revenue being generated in the United Kingdom. In addition, the 2013 results include a one-off property tax adjustment charge affecting EBITDA in the United Kingdom and the 2012 comparative figures include a one-off benefit relating to a one-off performance incentive fee.

On a like-for-like[1] and constant currency[2] basis, underlying revenue, including one-offs, increased by 2.4% to €248.0 million (2012: €242.1 million) and EBITDA, including one-offs, was broadly flat at €85.1 million (2012: €85.6 million).

There have been some significant corporate developments in the period, most notably our largest refinancing to date and several acquisitions.

The refinancing of nine of our hotels will help to minimise our liquidity risk, improve our margins and enable us to invest in our core assets to further strengthen their position and appeal.

A new corporate loan will assist us to advance existing and prospective developments, with the commencement in the first half of 2014 of the development of three projects in London.

Occupancy

With competitive market conditions prevailing, particularly in The Netherlands, our focus was occupancy-led, which resulted in a resilient overall performance. During the period, occupancy across the Group increased to 80.7% (2012: 77.4%).

Average room rate

With a strong prior year comparative due to the positive impact of the 2012 Olympic Games and challenging market conditions in certain markets, our average room rate decreased to €125.5 (2012: €130.9), a decrease of 4.1%.

RevPAR

We maintained our RevPAR performance, with RevPAR for the period flat at €101.4 (2012: €101.3), the result of an increase in occupancy and decrease in average room rate.

Room revenue

Reported room revenue increased by 1.8% to €169.2 million (2012: €166.2 million) during the period. On a like-for-like basis, room revenue was flat at €166.4 million. On a constant currency basis, room revenue increased by 5.1%.

Total revenue

During the period, reported total revenue for the Group grew by 1.2% to €245.0 million (2012: €242.1 million). This growth was primarily driven by our first full year of 100% ownership in three hotels in The Netherlands and the opening of art'otel amsterdam. In addition, reported total revenue in the year was adversely impacted by currency translation. In 2012, the Group benefited from a one-off performance incentive fee relating to a five-year period, rather than an annual fee received from 2013 onwards in our Management and Holdings Operations. The one-off effect reported in 2012 amounts to €2.6 million.

On a like-for-like basis, total revenue decreased by 0.7% to €240.3 million (2012: €242.1 million) and this decrease was predominantly the result of the negative impact of the weakness of Sterling against the Euro.

On a constant currency basis, total revenue increased by 4.4% to €252.7 million (2012: €242.1 million), reflecting the strong underlying performance of the hotels in the United Kingdom.

On a like-for-like and constant currency basis, underlying total revenue increased by 2.4% to €248.0 million (2012: €242.1 million, including a one-off benefit of €2.6 million).

EBITDA

Reported EBITDA decreased by 3.1% to €82.9 million (2012: €85.6 million) and our reported EBITDA margin for the year decreased by 160bps to 33.8% (2012: 35.4%).

On a like-for-like basis, EBITDA decreased by 3.7% to €82.4 million and our EBITDA margin decreased to 34.3%. On a constant currency basis, EBITDA was flat at €85.6 million and our EBITDA margin decreased to 33.9%.

Our like-for-like EBITDA did not reflect our improved trading performance in 2013 with the results offset by the following factors; firstly, the devaluation of Sterling against the Euro during 2013 resulted in a €2.7 million negative impact; secondly, a one-off charge relating to a prior year property tax adjustment which resulted in a €2.6 million (£2.0 million) negative impact on EBITDA for the United Kingdom; and finally, as mentioned above, the 2012 comparative included a €2.6 million (£2.0 million) one-off performance related incentive fee.

On a like-for-like and constant currency basis, EBITDA in 2013 was broadly flat at €85.1 million, including a one-off expense of €2.6 million (2012: €85.6 million, including one-off benefit of €2.6 million) and EBITDA margin was 34.3% (2012: 35.4%).

	Reconciliation of reported to like-for-like[1] and constant currency[2] (in € millions)			
	Reported	Like-for-like[1] adjustments	Constant currency[2] adjustments	Adjusted
Total revenue	245.0	(4.7)	7.7	248.0
Room revenue	169.2	(2.8)	5.5	171.8
EBITDAR	93.4	0.2	2.8	96.4
EBITDA	82.9	(0.5)	2.7	85.1
EBITDA margin	33.8%	0.5%	0.1%	34.3%

[1] In the like-for-like comparison 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. The trading of art'otel amsterdam since opening in the fourth quarter of 2013 has been ignored. Furthermore, the results of two hotels in Berlin were adjusted to reflect a similar asset ownership structure during the same period in 2012.

[2] The Group's result performance is negatively affected by a 4.6% reduction in average Sterling to Euro exchange rate, as the Group's hotels in the United Kingdom account for approximately 65% of Group hotel revenue. Constant currency reported financial statistics ignore this 4.6% year-on-year decrease and the 2012 average Sterling to Euro exchange rate is applied to the 2013 reported statistics.

Reconciliation reported to normalised profit	**Year ended 31 Dec 2013 € million**	**Year ended 31 Dec 2012 € million**
Reported profit before tax	25.8	67.6
Fair value movements on derivatives recognised in the profit and loss	(0.8)	(0.5)
Negative goodwill and capital gains after the acquisition of the remaining interests in three hotels and one development in The Netherlands	-	(50.0)
Fair value adjustment of the deferred purchase price of the acquisition of the remaining interests in three hotels and one development in The Netherlands (2012) and three hotels in the United Kingdom (2010)	(0.8)	(0.6)
Impairment of assets	-	6.2
Sales and marketing expenses in the Thai development project	-	0.4
Sale of Thai development project	(2.8)	-
Pre opening expenses	0.9	-
Forfeited deposits from rescinded contracts of unit sales of Park Plaza Westminster Bridge London	(0.3)	-
Strategic advice expenses	(0.1)	0.9
Normalised profit before tax*	**21.9**	**24.0**

* The normalised earnings per share amounts to €0.54, calculated with 41,515 thousand average outstanding shares.

Financial analysis per significant asset category

For management purposes, the Group's activities are divided into Owned Hotel Operations and Management Activities. The operating results of each of the aforementioned segments are monitored separately for the purpose of resource allocations and performance assessment, further details of which can be found in the annual report.

However, the Group believes that shareholders may find greater clarity on the results of the Group's owned operating assets; assets under development; leased properties; and its investment in Croatia. Set out below we provide some selected financial data for these assets for the year ended 31 December 2013, prepared in € millions.	Owned properties					
	In operation	Under development[3]	Leased properties	Croatian associate	Management and central	Reported
Balance sheet						
Adjusted book value properties [1,2]	671.0	94.7	1.3	–	0.8	767.8
Book value intangible assets	–	–	–	–	35.4	35.4
Book value non-consolidated investments	–	–	–	21.4	-	21.4
Bank loans, (short restricted) cash and liquid assets (adjusted net debt)	(432.5)	(57.8)	2.5	–	8.7	(479.1)
Deferred profit of sales of units at Park Plaza Westminster Bridge London[6]	(22.2)	–	–	–	–	(22.2)
Other assets and liabilities	(41.3)	(1.1)	(1.7)	3.5	7.9[5]	(32.7)
Capital employed	175.0	35.8	2.1	24.9	52.8	290.6
Normalised profit						
Revenues	208.8	2.5	26.6	–	7.1[4]	245.0
EBITDA	70.0	0.1	(0.9)	–	13.7	82.9
Add back: Charged management fees	11.7	–	1.6	2.5	(15.8)	–
Adjusted EBITDA	81.7	0.1	0.7	2.5	(2.1)	82.9
Depreciation and amortisation	(17.6)	(0.2)	(0.3)	–	(3.2)	(21.3)
EBIT	64.1	(0.1)	0.4	2.5	(5.3)	61.6
Interest expenses banks and finance leases	(25.9)	(1.0)	–	–	–	(26.9)
Interest guaranteed to unit holders	(10.8)					(10.8)
Other finance expenses and income	–	–	–	2.7	(2.1)	0.6
Associate result	–	–	–	(2.6)	–	(2.6)
Normalised profit before tax 31 December 2013	27.4	(1.1)	0.4	2.6	(7.4)	21.9
Normalised profit before tax 31 December 2012	26.6	(0.5)	1.2	2.5	(5.8)	24.0

[1] All assets are reported at cost, less depreciation. All properties are mortgaged under bank loans. The total mortgaged asset portfolio is within a 65% loan to value requirement of banks.
[2] Finance lease liabilities and deferred taxes relating to properties have been netted with the property book value.
[3] art'otel amsterdam has been presented under heading 'under development', as trading did not reflect a fully operational hotel at period end.

[4] Since the majority of the Group's hotels are fully owned, leased and consolidated, management and other fees generated on these hotels are fully eliminated.
[5] The amounts shown here in Management and central include unallocated assets and liabilities.
[6] The profit from the sale of apart-hotel units in the Park Plaza Westminster Bridge London has been deferred until the Group loses control over these units.

	31 December 2013
Adjusted property book value as multiple of adjusted EBITDA	8.2
Adjusted net debt as multiple of adjusted EBITDA	5.3
EBITDA as multiple of interest expenses	2.2

Profit before tax

Normalised profit before tax decreased by 8.9% to €21.9 million (2012: €24.0 million). The decrease in profit is mainly caused by a lower EBITDA and a currency exchange loss on a loan in Thai Baht. Adjustments made to normalise reported results are presented in and relate to items that the Group considers unrelated to its day-to-day business activities.

Reported profit before tax was €25.8 million (2012: €67.6 million). The decrease in reported profit relates mainly to a €50.0 million capital gain in the 2012 comparative numbers following the Group obtaining 100% control of previously jointly owned entities. The 2013 adjustments are detailed in the table provided after EBITDA.

Earnings and reported net asset value per share

Reported basic/diluted earnings per share for the period decreased by 61.6% to €0.63 (2012: €1.64). Normalised earnings per share was €0.54 (2012: €0.59), representing a 8.5% decrease. Reported net asset value per share (total equity / number of outstanding shares) amounts to €7.0 (2012: €6.26).

Dividend

For the last two years the Board has recommended the payment of an interim and final dividend of 6.0 pence per share making a total of 12.0 pence per share for each year. The Board is proposing the payment of an increased final dividend of 8.0 pence per share which when combined with the interim dividend of 6.0 pence per share paid on 11 October 2013, amounts to a total dividend for the year ended 31 December 2013 of 14.0 pence per share, an increase of 16.7%. Such is the belief in the strength of the business that we anticipate to follow a progressive dividend policy going forward.

Subject to shareholder approval at the Annual General Meeting, to be held on 11 June 2014, the dividend will be paid on 13 June 2014 to shareholders on the register at 28 March 2014. The shares will go ex-dividend on 26 March 2014.

Foreign exchange impact

The Company reported a €2.2 million foreign exchange loss in its profit and loss account (2012: €0.1 million). This loss is primarily caused by the conversion of outstanding consideration due by Red Sea Hotels Limited (related party) in connection with the Pattaya Bay disposal, which is denominated in Thai Baht.

Financial position

Net bank debt as at 31 December 2013 was €483.0 million, an increase of € 22.3 million (as at 31 December 2012: €460.6 million). This includes €43.2 million of liquid assets (as at 31 December 2012: €46.2 million), of which cash and cash equivalents were €41.7 million (as at 31 December 2012: €44.9 million) and other liquid financial assets of €1.5 million (as at 31 December 2012: €1.3 million).

During the period, the movement in net bank debt included, among other movements, an increase due to the drawdown of €10.0 million out of a €30.0 million term facility; a €14.5 million increase to finance part of the acquisition of an office building in London near Waterloo Station; a €12.5 million increase to finance part of the acquisition of two art'otels in Berlin; and a €6.6 million increase which relates to the completion of the art'otel amsterdam development. In addition, a decrease of €6.8 million relates to foreign exchange and a decrease of €14.8 million due to the reported annual redemption of loans. The Group's gearing ratio (net bank debt as a percentage of total capital (equity adjusted for the hedging reserve plus net bank debt) improved by 0.6% to 61.4% (as at 31 December 2012: 62.0%). This gearing ratio is calculated taking properties at cost, less depreciation.

During 2013, the Company succeeded in refinancing approximately 60% of the Company's bank loans. Besides more favourable terms, through this refinance, the Company's loans now have an average maturity date of five years, significantly decreasing the liquidity risk profile.

Developments

Sale of a development site in Thailand

On 1 May 2013, the Company completed the sale to Red Sea Hotels Limited of all the Company's shares in its subsidiary, Leno Finance Limited, the company through which PPHE Hotel Group owned its interest in a development site in Pattaya Bay, Thailand, and certain related loans and receivables, for a total consideration of Thai Baht 600 million (€15.0 million).

Acquisition of a prime site near London's Waterloo Station, United Kingdom

On 17 June 2013, the Company acquired an office building, Hercules House, near Waterloo Station in London, United Kingdom, for a consideration of £23.5 million (€28.2 million) in cash. The consideration was funded by a new £12.0 million (€14.5 million) term loan from Bank Hapoalim B.M. secured on the property and guaranteed by the Company and from the Group's existing cash balances. The Group plans to convert this office building to a hotel.

Completion of acquisition of two art'otels in Berlin, Germany

On 1 July 2013, the Company acquired the freehold interests in two hotels in Berlin which the Group already leased and managed, namely art'otel berlin mitte and art'otel berlin kudamm, together with the associated inventories, for a total consideration of €17.5 million. On completion the seller paid to the Group €2.0 million, which will be used for renovation works on the hotels. The consideration for the acquisition of the properties was funded by a €12.5 million ten-year term loan from Deutsche Hypothekenbank secured on the properties and guaranteed by the Company. On 13 January 2014, the Company sold 50% of the shares in the companies which own the freeholds and the operating businesses of these hotels through a 50:50 joint venture.

Completed refinancing of London and Dutch hotels

On 3 December 2013, the Company completed its largest refinancing to date, with improved terms and capital expenditure allocation for renovations. This new facility with Aareal Bank AG covers – Park Plaza Riverbank / Plaza on the River, Park Plaza Victoria and Park Plaza Sherlock Holmes – and in The Netherlands – Park Plaza Amsterdam Airport, Park Plaza Victoria Amsterdam, Park Plaza Vondelpark, Amsterdam, Park Plaza Eindhoven, Park Plaza Utrecht and art'otel amsterdam. The Hotels (except for art'otel amsterdam) were previously financed by three separate facilities provided by Aareal Bank AG with various maturity dates between December 2013 and September 2017. The new facility, which is for five years, comprises a Sterling tranche of up to £167.6 million (€201.1 million) and a Euro tranche of up to €153.2 million which includes the €24.0 million facility used to refinance the previous development facility for art'otel amsterdam with Bank Hapoalim B.M.. The Sterling tranche includes up to £7.0 million for (€8.4 million) capital expenditure at the London Hotels and the Euro tranche also includes up to €7.5 million for capital expenditure at the Dutch Hotels. The loan-to-value ratio required by the bank amounts to 65% on the total committed facility, implying an asset value of at least €545.0 million. The book value of these assets as at 31 December 2013 amounts to €505.0 million.

Corporate loan

On 18 December 2013, the Company successfully secured a five-year €30.0 million term facility with Bank Hapoalim B.M. for general corporate purposes, including for existing and prospective developments.

Looking ahead

We are excited about the future prospects of the Group. As we look ahead, we will focus on driving growth through delivering our existing pipeline, investing in and repositioning several of our core assets, and further improving our operations through revenue generation. The planned renovations across several of our hotels may have a temporary negative impact on the performance of these hotels due to closures of rooms and public areas. However, we believe that our investment in these renovation projects will have a positive impact on our long-term performance.

The Company continues to consider options of how to best fund future expansion, including the release of part of the value of hotel assets, while retaining operational control.

The Board is pleased to propose an increased final dividend which, when combined with the interim dividend, brings the total dividend for the year ended 31 December 2013 to 14.0 pence per share, an increase of 16.7%. This increase reflects the Board's confidence and belief in the strength of the business and we anticipate a progressive dividend policy going forward.

Chen Moravsky
Chief Financial Officer

UNITED KINGDOM

Our total revenue increased by 5.1% on a constant currency basis

Hotel operations[1]

	Euro (€)		GBP (£)	
	Year ended 31 Dec 2013	**Year ended 31 Dec 2012**	**Year ended 31 Dec 2013**	**Year ended 31 Dec 2012**
Total revenue	€161.6 million	€161.1 million	£137.2 million	£130.5 million
EBITDAR	€58.0 million	€60.7 million	£49.2 million	£49.2 million
EBITDA	€56.7 million	€59.5 million	£48.2 million	£48.2 million
Occupancy	86.8%	81.7%	86.8%	81.7%
Average Room Rate	€159.4	€169.2	£135.3	£137.1
RevPAR	€138.3	€138.2	£117.4	£112.0
Room Revenue	€114.1 million	€114.3 million	£96.9 million	£92.6 million

[1] No like for like comparison is provided as there have not been any transactions in the United Kingdom, which would affect these figures.

Our hotels in the United Kingdom delivered a solid performance during the period, with total revenue on a local currency basis increasing by 5.1% to £137.2 million (2012: £130.5 million). In Euro, the total revenue for the United Kingdom was flat at €161.6 million (2012: €161.1 million).

We are particularly pleased with this performance due to the strong year-on-year comparative as we benefited in 2012 from the Olympic Games in London. Our teams focused on – and succeeded in – maintaining RevPAR by focusing on growing occupancy. In local currency, RevPAR increased by 4.8% to £117.4 (2012: £112.0). In Euro, RevPAR was flat at €138.3 (2012: €138.2).

Occupancy increased by 5.1 percentage points to 86.8%. In local currency, average room rate decreased by 1.3% to £135.3 (2012: £137.1). In Euro, average room rate decreased by 5.8% to €159.4 (2012: €169.2). EBITDA decreased by 4.7% to €56.7 million; however, the results for the region were negatively impacted mainly due to the weakness of Sterling against the Euro. On a constant currency basis, EBITDA decreased by only 0.2%. Our 2013 EBITDA for the United Kingdom was further negatively impacted due to a property tax adjustment assessed by the tax authorities relating to historic periods of approximately £2.0 million (€2.4 million).

Two of our four London hotels outperformed their competitive set in RevPAR during the year (source: STR Global, December 2013). Most notably, our flagship hotel, Park Plaza Westminster Bridge London, once again delivered a strong performance as the best performer in its competitive set.

Both Park Plaza Leeds and Park Plaza Nottingham outperformed their competitive sets in terms of RevPAR. Park Plaza Leeds reported a good year-on-year improvement following extensive renovations carried out in 2012, in both absolute terms as well as performance against its competitive set (source: STR Global, December 2013).

Renovation projects and development pipeline

In April 2013, we opened a brand new restaurant concept, TOZI, at Park Plaza Victoria London, to much acclaim. TOZI, a name which is derived from the Venetian dialect for 'a group of close friends', is an Italian sharing concept restaurant. The restaurant's performance has exceeded our expectations and has consistently ranked in the Top 20 best restaurants in London on influential website tripadvisor.com out of 16,000 London restaurants.

On 17 June 2013, the Company acquired an office building, Hercules House, near Waterloo Station in London. We have since applied for planning consent to develop a 438-room hotel on this site. During 2014, we will continue to develop our plans for this site, which once opened, will make us one of the largest operators on London's South Bank.

On 21 November 2013, we were granted planning permission from Lambeth Town Council for an extension at Park Plaza Riverbank London. We are currently reviewing plans for the development of this extension, as well as a reconfiguration.

Looking ahead, we will continue to advance our development projects in West London and the art'otel london hoxton site.

Significant upgrades at an estimated cost of €8.4 million, which is over and above our normal capital expenditure, are also being considered for Park Plaza Riverbank London, Park Plaza Sherlock Holmes London and Park Plaza Victoria London, following the refinancing of these hotels in December 2013.

The United Kingdom hotel market
The London hotel market delivered marginal growth year-on-year, which was driven by a growth in occupancy. Across greater London, occupancy increased by 2.2 percentage points to 82.4%. Average room rate however declined by 1.6% to £137.9, resulting in RevPAR growth of 0.6% to £113.6.

More significant growth was experienced in the Leeds and Nottingham markets. In Leeds, growth was driven by a combination of increased occupancy and average room rate. For the year, occupancy increased by 6.2 percentage points to 75.9%, with average room rate increasing by 4.4% to £56.0, resulting in an overall RevPAR growth of 10.9% to £42.5.

In Nottingham, occupancy increased by 7.4 percentage points to 69.6%, with average room rate decreasing by 0.3% to £49.9, resulting in an overall RevPAR growth of 7.1% to £34.7 (Source: STR Global, December 2013).

THE NETHERLANDS

A mixed performance, with market conditions improving in the second half

Hotel operations	Euros (€)			
	Reported		Like-for-like *	
	Year ended 31 Dec 2013	Year ended 31 Dec 2012	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Total revenue	€42.4 million	€37.8 million	€ 37.7 million	€37.8 million
EBITDAR	€11.5 million	€12.4 million	€ 11.7 million	€ 12.4 million
EBITDA	€11.4 million	€12.3 million	€ 11.6 million	€12.3 million
Occupancy	74.1%	72.6%	75.4%	72.6%
Average room rate	€107.4	€108.5	€106.1	€108.5
RevPAR	€79.6	€78.8	€ 80.0	€ 78.8
Room revenue	€30.2 million	€27.0 million	€ 27.4 million	€27.0 million

* In the like-for-like comparison 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. Furthermore, the trading of art'otel amsterdam since opening in the fourth quarter of 2013 has been ignored.

Overall our hotels in The Netherlands reported a 12.1% increase in total revenue to €42.4 million (2012: €37.8 million). This growth was mainly due to our increased ownership in three hotels in The Netherlands, compared with the same period last year, and the first-time contribution of the newly opened art'otel amsterdam, which opened in October.

EBITDA decreased by 7.1% to €11.4 million (2012: €12.3 million), primarily as a result of the initial operating loss in the first months of trading of art'otel amsterdam and challenging market conditions.

On a like-for-like basis total revenue decreased by 0.4% to €37.7 million (2012: €37.8 million) and EBITDA declined by 5.6% to €11.7 million (2012: €12.4 million), reflecting the continued challenging market conditions in The Netherlands.

Occupancy increased by 1.5 percentage points to 74.1% (2012: 72.6%); paired with a 1.0% decrease in average room rate to €107.4 (2012: €108.5), this resulted in a 1.0% increase in RevPAR to €79.6 (2012: €78.8).

Competitive performances varied by hotel, with Park Plaza Vondelpark, Amsterdam, Park Plaza Utrecht and Park Plaza Eindhoven outperforming their respective competitive sets in RevPAR terms. Park Plaza Amsterdam Airport improved its RevPAR performance year on year, while its competitive set lost ground. Park Plaza Victoria Amsterdam reported a slight improvement in RevPAR (source: STR Global, December 2013).

Renovation projects and development pipeline
The most significant update for The Netherlands during the year was the completion and opening of art'otel amsterdam. Following the December 2013 refinancing of our hotels in The Netherlands, significant upgrade plans at an estimated cost of €7.5 million over and above the normal capital expenditure are currently being prepared for Park Plaza Victoria Amsterdam, Park Plaza Vondelpark, Amsterdam and Park Plaza Utrecht.

The renovation plans for Park Plaza Victoria Amsterdam are the most extensive and will include a reconfiguration and upgrade of the entire ground floor, the creation of a concept restaurant and bar and the complete renovation of approximately half of the rooms. The remaining rooms were extensively renovated in 2011.

The Dutch hotel market
The hotel market in greater Amsterdam showed an improvement year on year, with overall RevPAR increasing 3.4% to €92.1. This growth was the result of a 2.1 percentage points growth in occupancy to 75.5% and an average room rate increase of 1.2% to €122.0.

In Utrecht, the overall hotel performance deteriorated due to pressure on average room rates, which declined 4.8% to €88.7. Occupancy increased by 0.9 percentage points to 64.2%, resulting in a RevPAR decrease of 4.0% to €56.9.

The hotel market in Eindhoven was similarly weak, with RevPAR decreasing 5.4% to €36.9. This was the result of a 3.1 percentage point decrease in occupancy to 53.1% and 2.3% decrease in average room rate to €69.5 (Source: STR Global, December 2013).

GERMANY AND HUNGARY

Maintaining revenue while further reducing our EBITDA loss for the region

Hotel operations	Euros (€)			
	Reported		Like-for-like *	
	Year ended 31 Dec 2013	Year ended 31 Dec 2012	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Total revenue	€32.8 million	€32.6 million	€32.8 million	€32.6 million
EBITDAR	€8.6 million	€8.8 million	€8.6 million	€8.8 million
EBITDA	€0 million	€(0.5) million	€(0.8) million	€(0.5) million
Occupancy	75.4%	73.5%	75.4%	73.5%
Average room rate	€71.0	€72.7	€71.0	€72.7
RevPAR	€53.5	€53.4	€53.5	€53.4
Room revenue	€24.9 million	€24.9 million	€ 24.9 million	€24.9 million

*In the like-for-like comparison the results of two hotels in Berlin were adjusted to reflect a similar asset ownership structure during the same period in 2012.

Our hotels in Germany and Hungary maintained their 2012 performance level, with total revenue flat at €32.8 million (2012: €32.6 million). The EBITDA loss for the region, however, was further reduced to nil (2012:

€(0.5) million loss). This improvement was the result of the acquisition of two properties, that were previously leased, resulting in lower lease expenses.

Our hotels in this region increased occupancy by 1.9 percentage points to 75.4% (2012: 73.5%) and average room rate decreased by 2.3% to €71.0 (2012: €72.7) resulting in flat RevPAR of €53.5 (2012: €53.4).

The star performer in this region was art'otel budapest, which outperformed its competitive set in occupancy, average room rate and RevPAR. At our five hotels in Berlin we experienced mixed results, varying from an outperforming art'otel berlin mitte to a softer performance at art'otel berlin city center west. art'otel cologne continued to improve its performance, with Dresden remaining our most challenging market (source: STR Global, December 2013).

Renovation projects and development pipeline
Having renovated 75 rooms at art'otel budapest in 2012, an additional 36 rooms were renovated in early 2013. No additional extensive renovations took place during 2013 in this region. Following our acquisition of art'otel berlin mitte and art'otel berlin kudamm in July, we will embark on a renovation and repositioning exercise during 2014 for both hotels. On completion of the renovation of art'otel berlin kudamm, this hotel will be rebranded as Park Plaza.

In addition, we will part renovate art'otel cologne and we expect to commence the construction of Park Plaza Nuremberg, with an anticipated new opening date of 2015.

The German and Hungarian hotel market
The hotels in greater Berlin reported a year-on-year decrease of 0.8% in RevPAR to €65.0, the result of a 0.3 percentage point decrease in occupancy to 72.5% and 0.5% decrease in average room rate to €89.7.

Cologne on the contrary, experienced 4.3% growth in RevPAR to €70.4 .This growth was primarily driven by a 4.0% increase in average room rate to €103.8, with occupancy increasing by 0.2 percentage points to 67.8%. In Dresden, hotel performance was flat with RevPAR decreasing 0.3% to €46.3. The 1.1% increase in average room rate to €72.5 was offset by the 1.4 percentage point decrease in occupancy to 63.9%.

In Hungary, the performance of the hotel market in Budapest continued to improve with RevPAR increasing by 3.9% to €42.6. This growth was primarily driven by a 3.4 percentage point increase in occupancy to 65.8%. The average room rate for the market increased by 0.5% to €64.8 (Source: STR Global, December 2013).

MANAGEMENT AND HOLDINGS OPERATIONS

Our Management and Holdings Operations reported a modest improvement

	Euro (€)	
	Year ended 31 Dec 2013	**Year ended 31 Dec 2012**
Total revenue before elimination	€32.6 million	€33.6 million
Revenue within the consolidated Group	€24.5 million	€23.0 million
External and reported revenue	€8.1 million	€10.6 million
EBITDA	€14.8 million	€14.2 million

Our performance
As an owner/operator, a significant part of our hotel portfolio is owned and managed by us, and all hotel management related revenues are eliminated upon consolidation as intra-Group revenue.

Prior to consolidation and elimination of intra-Group revenue, total Management and Holdings revenue decreased by 2.9% to €32.6 million (2012: €33.6 million). This decrease is primarily the result of a one-off performance related incentive fee in 2012 comparative figures, amounting to £2.0 million (€2.4 million). After consolidation and the elimination of intra-Group revenue, reported revenues decreased by 23.2% to €8.1 million (2012: €10.6 million).

Reported EBITDA increased by 4.2% to €14.8 million (2012: €14.2 million).

CROATIA

Building on the success of 2012 and further hotel and service upgrades

Arenaturist group is one of Croatia's best known hospitality groups and consists of seven hotels, six holiday apartment complexes, eight campsites and 52 food and beverage outlets, all of which are located in Istria.

Arenaturist group caters primarily for European tourists and the majority of accommodation is only operational during the summer months. All properties are located in prime locations by the sea and are a short distance from either the 3,000-year-old city of Pula or the touristic town of Medulin.

In 2008, we acquired a 20% stake in WH/DMREF Bora B.V. (Bora), the holding company of the Arenaturist group, and we were awarded the management agreement for Arenaturist. Arenaturist d.d. is listed on the Zagreb Stock Exchange. The Arenaturist group is accounted for as an associate in the consolidated statements.

The results from our investment in Bora (consisting of shares and loans) increased marginally with € 0.1 million. This includes a loss of the investment in shares of €2.6 million (2012: loss of €2.4 million) and an interest income on loans of €2.7 million (2012: €2.5 million).

Although this 20% stake attributes marginally towards the profit of the Group, we benefit from the management agreements that were awarded to us as part of this investment. The Group realised a total of €2.5 million of management and marketing fee revenues in the year (2012: €2.4 million).

Following extensive renovations, three of Arenaturist's hotels reopened as Park Plaza properties just before the start of the 2012 summer season. In 2013, we were able to further capitalise on the improved market positions of these hotels, with all units reporting healthy growth in commercial terms, as well as guest satisfaction levels.

The remaining rooms at Park Plaza Medulin were fully renovated before the start of the 2013 season and our flagship hotel in this market, Park Plaza Histria Pula, was extended by 127 rooms. This was achieved through the renovation and conversion of the former Hotel Palma, located adjacent to Park Plaza Histria Pula.

Extensive renovation works started in November 2013 at Hotel Belvedere. Once completed, this hotel will reopen in summer 2014 as Park Plaza Belvedere Medulin and will offer approximately 430 rooms, making it our largest Park Plaza hotel in this market.

Notwithstanding challenging economic conditions and limited availability of credit, once this latest renovation has been completed, approximately half of Arenaturist's hotel rooms will have been fully renovated in the past three years, giving us a highly competitive position in this tourism hotspot.

Principal risks and uncertainties

Principal risks and uncertainties affecting PPHE Hotel Group will be detailed within the Annual Report for the year ended 31 December 2013, a copy of which will be made available on the Company's website at www.pphe.com in due course.

(Unaudited) Consolidated statement of financial position

	As at 31 December	
	2013	2012
	€'000	€'000
Assets		
Non-current assets:		
Intangible assets	**35,386**	38,174
Property, plant and equipment	**799,482**	762,922
Apart-hotel units under management	**169,226**	172,812
Prepaid leasehold payments	**435**	453
Investment in associate	**21,387**	21,561
Other non-current financial assets	**18,844**	8,195
Restricted deposits and cash	**9,482**	9,953
	1,054,242	1,014,070
Current assets:		
Inventories under construction	**-**	16,356
Restricted deposits and cash	**3,871**	5,987
Inventories	**1,290**	1,256
Other current financial assets	**1,538**	1,339
Trade receivables	**15,794**	19,753
Other receivables and prepayments	**5,875**	5,895
Cash and cash equivalents	**41,657**	44,903
	70,025	95,489
Total assets	**1,124,267**	1,109,559
Equity and liabilities		
Equity:		
Issued capital	**–**	–
Share premium	**239,504**	239,504
Other reserves	**(36,174)**	(36,524)
Treasury shares	**(3,701)**	(3,701)
Foreign currency translation reserve	**(34,446)**	(34,471)
Hedging reserve	**(12,642)**	(22,626)
Accumulated earnings	**138,024**	117,715
Total equity	**290,565**	259,897
Non-current liabilities:		
Bank borrowings	**500,731**	474,447
Advance payments from apart-hotel unit holders	**182,738**	186,595
Deposits received from apart-hotel unit holders	**8,864**	9,360
Other financial liabilities	**58,508**	68,798
Deferred income taxes	**12,492**	12,865
	763,333	752,065
Current liabilities:		
Trade payables	**12,189**	10,931
Other payables and accruals	**32,745**	54,236
Bank borrowings	**25,435**	32,430
	70,369	97,597
Total liabilities	**833,702**	849,662
Total equity and liabilities	**1,124,267**	1,109,559

(Unaudited) Consolidated income statement

	Year ended 31 December	
	2013	2012
	€'000	€'000
Revenues	**245,008**	242,092
Operating expenses	**(151,596)**	(145,296)
EBITDAR	**93,412**	96,796
Rental expenses	**(10,483)**	(11,196)
EBITDA	**82,929**	85,600
Depreciation, amortisation and impairment loss	(21,355)	(28,079)
EBIT	**61,574**	57,521
Financial expenses	**(30,167)**	(28,854)
Financial income	**4,610**	3,323
Other income and expenses	**3,135**	49,210
Interest expenses guaranteed to apart-hotel unit holders	**(10,763)**	(11,180)
Share in loss of associate	**(2,561)**	(2,430)
Profit before tax	**25,828**	67,590
Income tax benefit	**349**	386
Profit for the year	**26,177**	67,976
Basic and diluted earnings per share in Euro	**0.63**	1.64

(Unaudited) Consolidated statement of comprehensive income

	Year ended 31 December	
	2013 **€'000**	2012 €'000
Profit for the year	**26,177**	67,976
Other comprehensive income (loss) to be recycled through profit and loss in subsequent periods*:		
Fair value gain (loss) on available-for-sale financial assets[1]	**206**	55
Reclassification adjustment for (profit) loss from available-for-sale financial assets recorded in income statement[1]	–	(48)
Profit (loss) from cash flow hedges[2]	**9,984**	(5,554)
Foreign currency translation adjustments of foreign operations[3]	**(27)**	1,064
Foreign currency translation adjustment of associate[3]	**52**	30
Other comprehensive income (loss)	**10,215**	(4,453)
Total comprehensive income	**36,392**	63,523

[1] Included in other reserves.

[2] Included in hedging reserve.

[3] Included in foreign currency translation reserve.

* There is no other comprehensive income that will not be reclassified to the profit and loss in subsequent periods.

(Unaudited) Consolidated statement of changes in equity

In €'000	Issued capital*	Share premium	Other reserves	Treasury shares	Foreign currency translation reserve	Hedging reserve	Accumulated earnings	**Total equity**
Balance as at 1 January 2012	–	237,729	(36,544)	(3,181)	(35,565)	(17,072)	55,864	**201,231**
Profit for the year	–	–	–	–	–	–	67,976	**67,976**
Other comprehensive loss for the year	–	–	7	–	1,094	(5,554)	–	**(4,453)**
Total comprehensive profit	–	–	7	–	1,094	(5,554)	67,976	**63,523**
Purchase of treasury shares	–	–	–	(520)	–	–	–	**(520)**
Issue of Ordinary shares related to business combination	–	1,775	–	–	–	–	–	**1,775**
Share-based payments	–	–	13	–	–	–	–	**13**
Dividend distribution	–	–	–	–	–	–	(6,125)	**(6,125)**
Balance as at 31 December 2012	**–**	**239,504**	**(36,524)**	**(3,701)**	**(34,471)**	**(22,626)**	**117,715**	**259,897**
Profit for the year	–	–	–	–	–	–	26,177	**26,177**
Other comprehensive loss for the year	–	–	206	–	25	9,984	–	**(10,215)**
Total comprehensive profit	–	–	206	–	25	9,984	26,177	**36,392**
Share-based payments	–	–	144	–	–	–	–	**144**
Dividend Distribution**	–	–	–	–	–	–	(5,868)	**(5,868)**
Balance as at 31 December 2012	**–**	**239,504**	**(36,174)**	**(3,701)**	**(34,446)**	**(12,642)**	**138,024**	**290,565**

* No par value.

** The dividend distribution comprises a final dividend for the year ended 31 December 2012 of 6.0 pence per share and an interim dividend of 6.0 pence per share paid on 11 October 2013.

(Unaudited) Consolidated statement of cash flows

	Year ended 31 December	
	2013 **€'000**	2012 €'000
Cash flows from operating activities:		
Profit for the year	**26,177**	67,976
Adjustment to reconcile profit to cash provided by operating activities:		
Financial expenses and interest expenses guaranteed to apart-hotel unit holders	**40,930**	40,034
Financial income	**(4,610)**	(3,323)
Income tax benefit	**(349)**	(386)
Capital gain from obtaining control in a former jointly controlled entity	**–**	(45,672)
Negative goodwill on obtaining control in a former jointly controlled entity	**–**	(4,317)
Capital gain upon sale of subsidiary in Thailand	**(2,757)**	–
Fair value gain deferred consideration business combinations	**(799)**	(557)
Share in loss of associates	**2,561**	2,430
Depreciation, amortisation and impairment loss	**21,355**	28,079
Share-based payments	**144**	13
	56,475	16,301
Changes in operating assets and liabilities:		
Increase in inventories under construction	**(2,261)**	(8,453)
(Increase) decrease in inventories	**(47)**	130
Increase in trade and other receivables	**3,422**	1,570
Increase (decrease) in trade and other payables	**3,506**	4,049
	4,620	(2,704)
Cash paid and received during the period for:		
Interest paid	**(37,549)**	(38,140)
Interest received	**123**	135
Taxes received (paid)	**198**	(110)
	(37,228)	(38,115)
Net cash provided by operating activities	**50,044**	43,458
Cash flows from investing activities:		
Investments in property, plant, equipment and apart-hotel units	**(63,881)**	(23,602)
Net change in cash upon acquisition of Dutch joint venture interest	**–**	(21,553)
Net change in cash upon divestment of subsidiary in Thailand	**(1,595)**	–
Decrease in restricted deposits	**1,335**	3,414
Proceeds from sale of available-for-sale investments	**–**	199
Increase in restricted cash	**116**	(2,334)
Net cash used in investing activities	**(64,025)**	(43,876)

(Unaudited) Consolidated statement of cash flows

	Year ended 31 December	
	2013	2012
	€'000	€'000
Cash flows from financing activities:		
Purchase of treasury shares	**–**	(520)
Proceeds from long-term loans	**42,853**	30,524
Repayment of long-term bank loans and other long term liabilities	**(20,037)**	(14,481)
Proceeds from assets sold and leased back under a finance lease	**–**	8,638
Dividend payment	**(5,868)**	(6,125)
Advance receipt of loan for equity investment from future joint venture partner	**4,180**	–
(Repayment of) loans from jointly controlled entities and from partners in jointly controlled entities	**(9,360)**	(2,674)
Net cash provided by financing activities	**11,768**	15,362
Increase in cash and cash equivalents	**(2,213)**	14,944
Net foreign exchange differences	**(1,033)**	453
Cash and cash equivalents at beginning of year	**44,903**	29,506
Cash and cash equivalents at end of year	**41,657**	44,903

	Year ended 31 December	
	2013	2012
	€'000	€'000
Significant non-cash transactions:		
Issue shares	**–**	1,775
Total non-cash transactions	**–**	1,775

Selected notes to (unaudited) consolidated financial statements

NOTE 1: GENERAL

a. The Preliminary Results of PPHE Hotel Group Limited ("the Company") for the year ended 31 December 2013 are extracted from the (unaudited) consolidated financial statements of the Company for the year ended 31 December 2013 and were authorised for release by the Board on 18 March 2014. The audited consolidated financial statements and the audit report are yet to be signed. The preliminary announcement has been prepared on the same basis and using the same accounting policies as the audited consolidated financial statements for the year ended 31 December 2012.

b. Description of business and formation of the Company:
The Company was incorporated and registered in Guernsey on 14 June 2007. The shares of the Company are publicly traded. The Company's primary activity is owning, leasing, developing, operating and franchising primarily full service upscale and lifestyle hotels in major gateway cities and regional centres predominantly in Europe.

c. Assessment of going concern:
As part of their ongoing responsibilities, the Directors have recently undertaken a thorough review of the Group's cash flow forecast and potential liquidity risks. Detailed budgets and cash flow projections have been prepared for 2014 and 2015 which show that the Group's hotel operations will be cash generative during the period.

The Group has entered into a number of loan facilities. The Board believes that the Group currently has adequate resources and in the future will generate sufficient funds to honour its financial obligations and continue its operations as a going concern for the foreseeable future. The Group analyses its ability to comply with debt covenants going forward. During 2013, the Company succeeded in refinancing approximately 60% of the Company's bank loans increased to approximately five years, mitigating the liquidity risk of the company.

NOTE 2: EARNINGS PER SHARE

The following reflects the income and share data used in the basic earnings per share computations:

	As at 31 December	
	2013	2012
	€'000	€'000
Profit	**26,177**	67,976
Weighted average number of Ordinary shares outstanding	**41,515**	41,357

Potentially dilutive instruments 358,000 in 2013 (2012: 134,000) had an immaterial effect on the basic earnings per share.

NOTE 3: SEGMENTS

For management purposes, the Group's activities are divided into Owned Hotel Operations and Management Activities. Owned Hotel Operations are further divided into three reportable segments: The Netherlands, Germany and Hungary, and the United Kingdom. The operating results of each of the aforementioned segments are monitored separately for the purpose of resource allocations and performance assessment. Segment performance is evaluated based on EBITDA, which is measured on the same basis as for financial reporting purposes in the Consolidated income statement.

	As at 31 December 2013					
	The Netherlands €'000	Germany and Hungary €'000	United Kingdom €'000	Management €'000	Holding companies and Adjustments[1] €'000	Consolidated €'000
Revenue						
Third party	42,406	32,836	161,645	8,121	–	245,008
Inter-segment	–	–	–	24,468	(24,468)	–
Total revenue	42,406	32,836	161,645	32,589	(24,468)	245,008
Segment EBITDA	11,437	(41)	56,740	14,793	–	82,929
Depreciation, amortisation and impairment						(21,355)
Financial expenses						(30,167)
Financial income						4,610
Interest expenses guaranteed to apart-hotel unit holders						(10,763)
Other income, net						3,135
Share in loss of associate						(2,561)
Profit before tax						25,828

	As at 31 December 2012					
	The Netherlands €'000	Germany and Hungary €'000	United Kingdom €'000	Management €'000	Holding companies and Adjustments[1] €'000	Consolidated €'000
Revenue						
Third party	37,845	32,592	161,075	10,580	–	242,092
Inter-segment	–	–	–	22,972	(22,972)	–
Total revenue	37,845	32,592	161,175	33,552	(22,972)	242,092
Segment EBITDA	12,317	(454)	59,538	14,199	-	85,600
Depreciation and amortisation						(28,079)
Financial expenses						(28,854)
Financial income						3,323
Interest expenses guaranteed to apart-hotel unit holders						(11,180)
Other income, net						49,210
Share in loss of associate						(2,430)
Profit before tax						67,590

[1] Consist of inter-company eliminations.

NOTE 4: SUBSEQUENT EVENTS

a. On 29 January 2014, the Company announced that the €24.0 million refinancing with Aareal Bank AG of the recently opened art'otel Amsterdam which the Company own and operate was successfully completed (art'otel Refinance Tranche). The art'otel amsterdam was previously financed by a development facility provided by Bank Hapoalim B.M. that was due to mature in the first quarter of 2014. The parties have agreed not to hedge the exposure to changes in the interest of the art'otel Refinance Tranche.

b. On 13 January 2014 the Group entered into a 50:50 joint venture in relation to art'otel berlin mitte and art'otel berlin kudamm (the "Hotels") with Nakash group and its wholly owned entities ("Nakash"). The Group has sold Nakash 50% of the shares in the companies which own the freeholds and the operating businesses of the Hotels and assigned 50% of the shareholder loans made by the Group to those companies for an aggregate consideration of €3,180,425. This was satisfied by the discharge in full of the loan that amount that had been advanced by one of Nakash's affiliates in order to facilitate completion of the acquisition of the Hotels in July 2013. The Company and Nakash will also contribute €1,000,000 each for the renovation of the Hotels.

   Under the joint venture Nakash has agreed to indemnify the Company against 50% of any liability it may incur under its' guarantee to Deutsche Hypothekenbank.

c. The Directors are proposing a final dividend of 8.0 pence per share (2012: 6.0 pence per share), which will absorb £3.3 million of equity.

NOTE 5: DIVESTMENTS IN 2013

The Company completed a sale to Red Sea Hotels Limited ("Red Sea") of all the Company's shares in its subsidiary, Leno Finance Limited ("Leno"), the company through which the Company owned its interest in the site in Pattaya Bay, Thailand, and certain related loans and receivables, for a total consideration of Thai Baht 600 million (€15.0 million). Red Sea is controlled by Mr. Eli Papouchado, Chairman of PPHE Hotel Group, who, together with his family trusts, owns 44.63% of the voting rights in the Company. Mr. Papouchado (and his family trusts) were deemed to be acting in concert with Mr. Boris Ivesha (the President and Chief Executive Officer of PPHE Hotel Group) and his family trust, which owns 19.25% of the voting rights in the Company.

None of the consideration for the disposal was paid on completion, but will be payable by Red Sea in cash by no later than January 2017 (by when it is expected that the project will have been completed). However, Red Sea will be required to pay the consideration (in whole or in part, as applicable) earlier to the extent either that revenues from the sale of condominium units and serviced apartments exceed the aggregate of the total project development costs (including all financing costs) and related tax liabilities or that value from the project is otherwise released to Red Sea.

The present value of the outstanding consideration is calculated at Thai Baht 419 million (€9.3 million), taking into account a discount rate of 10%. The Company recognised a profit on the transaction of €2.8 million, which is presented under other income and expenses. As security for payment of the consideration, the Company has been granted a charge over shares in Leno representing 63% of Leno's share capital. Under the terms of the United Overseas Bank ("UOB") facilities, the Company is obliged, among other things, to provide certain financial support in the event of a cost overrun or funding shortfall in relation to the project and, in the event of default by Bali Hai Company Limited (the Thai company undertaking the project that is the borrower under the UOB facility) after completion of the project, UOB can require the Company to purchase the serviced apartments for a consideration equal to the amount then outstanding under the UOB facilities, subject to a maximum of Thai Baht 600 million (€13.3 million). It was a condition of UOB's consent to the sale of Leno that the Company continues to be bound by these obligations. Red Sea and Leno have agreed to indemnify the Company in respect of certain of these continuing obligations and as security Leno has pledged the shares held by it in Bali Hai Company Limited and certain affiliated Thai companies to the Company.

The Company has also been granted an option to manage the completed development and/ or acquire the serviced apartment element of the Project for Thai Baht 600 million. However, the Group will not be under any obligation to Red Sea to proceed with either.