

23 January 2014

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 and regional centres, predominantly in Europe, is pleased to provide the following update on trading for the year ended 31 December 2013.

Financial performance

Reported Group hotel revenue increased by approximately 2% year on year, primarily as a result of the Group’s first full year of 100% ownership in three hotels in The Netherlands and the opening of the art’otel amsterdam in October 2013. On a constant currency¹ basis, reported Group hotel revenue increased by approximately 5%.

On a like for like² basis, Group hotel revenue was flat. On a constant currency basis, like for like Group hotel revenue increased by approximately 3% reflecting a strong underlying performance at the Group’s hotels in the United Kingdom, despite a strong prior year comparative benefiting from the positive impact of the 2012 Olympic Games.

With challenging market conditions prevailing, particularly in The Netherlands, Management’s focus for the Group was occupancy-led, which resulted in a resilient overall performance. Occupancy increased to 80.7% (2012: 77.4%), whilst average room rate decreased by 4.1% to €125.5 (2012: €130.9). Group RevPAR as a result was flat at €101.4 (2012: €101.3).

As a result of this performance, the Company expects the results for the full year ended 31 December 2013 to be in line with expectations.

Other updates

On 21 November 2013, the Company was granted planning permission from Lambeth Town Council for a 98-room extension at Park Plaza Riverbank London.

On 13 December 2013, the Company’s wholly owned subsidiary, Park Plaza Hotels Europe BV, successfully secured a new five-year €30 million term facility with Bank Hapoalim B.M. for general corporate purposes, including existing and prospective developments. The facility is guaranteed by the Company.

Commenting on the results, Boris Ivesha, President & Chief Executive Officer, PPHE Hotel Group said: *“I am pleased to announce that our teams have achieved year on year revenue growth, despite strong prior year comparisons following our record performance in 2012.*

Although we saw a slow start to 2013, in particular in The Netherlands, our focus on driving occupancy has resulted in overall growth and we expect the full year results to be in line with expectations.

During the year we opened the highly-acclaimed art'otel amsterdam, successfully launched new restaurant concepts, made further strategic progress with acquisitions in London and Berlin and refinanced eight of our hotels enabling us to further invest in these valuable assets".

¹ Reported Group hotel revenue is 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 70% 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.

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.

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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 hotels, which together are expected to add more than 1,100 rooms to the portfolio by the end of 2016

Our Hotel Brands:

www.parkplaza.com

www.artotels.com

www.arenaturist.com

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

Our Company:

www.pphe.com

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.