

Trading update

4 May 2016

for the three months ended 31 March 2016

PPHE Hotel Group Limited (the Company or 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 trading update for the three months ended 31 March 2016.

Performance during the quarter ended 31 March 2016

- Total revenue remained flat during the period at £44.7 million (three months ended 31 March 2015: £45.2 million).
- Average room rate increased by 5.0% to £101.9 (three months ended 31 March 2015: £97.0), mainly driven by double digit growth in average room rate in The Netherlands and Germany & Hungary.
- With a relatively slow start to the year at certain of our London hotels, and our rate focused strategy in Germany, our occupancy decreased in both of these regions. Overall occupancy decreased by 500 bps to 72.5% (three months ended 31 March 2015: 77.5%), resulting in a 1.7% reduction in RevPAR to £73.9 (three months ended 31 March 2015: £75.2).
- The first quarter is usually our weakest quarter of the year and it was further impacted by the timing of Easter. Given ongoing construction and renovation work at Park Plaza Riverbank London and Park Plaza Victoria London and various acts of terrorism in Europe, we are pleased with this result.

Trading since 31 March 2016

- Trading since 31 March 2016 varies by market with our hotels in The Netherlands continuing to perform strongly, in Germany & Hungary we are retaining a rate focused strategy and in the United Kingdom we remain fully focused on optimising our revenue performance, whilst carefully managing our cost base and preparing for the launch of several new hotels. Trading for the full year, in these regions, is expected to remain in line with the Board's expectations.

Main events during the period

- Completed £20.6 million construction facility for the development of Park Plaza London Park Royal.
- Entered into a sale and purchase contract for the outstanding 80.0% interest, which we did not then own, in our joint venture in Croatia for €51.0 million.
- Launched takeover bid for the remaining 25.9% of the issued share capital of Arenaturist.
- Announced that Dawn Morgan will be nominated for election as a non-executive director to the Board at the forthcoming annual general meeting on 19 May 2016.
- Entered into a ten year facility to refinance Park Plaza Victoria London for £87.0 million.

Post period events

- Completed refinancing of Park Plaza Victoria London.
- Completed the acquisition of the outstanding 80.0% interest in our joint venture in Croatia.
- Arenaturist published its first quarter results to the Zagreb Stock Exchange.
- Completed placing of Arenaturist shares with two institutional investors at £7.8 million.

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

'We were pleased to maintain a flat overall revenue during the first quarter, which is usually our weakest and which was impacted by the timing of Easter.

Our average room rate increased by 5.0%, largely as a result of a continued strong performance from our hotels in The Netherlands and our rate focused strategy in Germany.

Post period end, we were pleased to buy out our former joint venture partner in Croatia, thereby making us the majority shareholder in Arenaturist d.d., a company listed on the Zagreb Stock Exchange and paving the way for further growth and development in Croatia and other Central and Eastern European markets. In addition, we entered into a new ten year financing agreement for Park Plaza Victoria London.

Through such initiatives, and the imminent opening of several new hotels, we believe the Company is well placed to generate long-term value for its shareholders.'

Ongoing investment in hotel portfolio

The construction of three new hotels (Park Plaza Nuremberg in Germany and Park Plaza London Waterloo and Park Plaza London Park Royal, in the United Kingdom) and the construction of the extension and reconfiguration of Park Plaza Riverbank London are all on track to be completed during the second and third quarter of 2016 and we expect these developments to add significant value to our Group.

Carlson Relationship

The Company notes that on 27 April 2016, Carlson Hotels Inc announced that it had entered into an agreement to sell Carlson Hotels Inc to HNA Tourism Group, subject to receipt of regulatory approvals and other customary closing conditions. The Group owns, operates and franchises hotels under multiple brands, including the Carlson owned Park Plaza® Hotels & Resorts brand, for which it has a perpetual exclusive licence for certain countries in Europe, the Middle East and Africa. The Group's strategic partnership with Carlson goes back to 2002 and is not expected to be affected by new ownership.

Unaudited Key Financial Statistics for the three months ended 31 March 2016

| | Reported | | |
|-------------------|-------------------------------------|-------------------------------------|-----------------------|
| | Three months ended 31 March 2016 | Three months ended 31 March 2015 | % change ¹ |
| Total revenue | £44.7 million | £45.2 million | (1.0)% |
| Occupancy | 72.5% | 77.5% | (500) bps |
| Average room rate | £101.9 | £97.0 | 5.0% |
| RevPAR | £73.9 | £75.2 | (1.7)% |

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 months ended 31 March 2016 with the same period in 2015. All financial information in this report for total revenue, reflects the Group's controlling interest.

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Our Company:

www.pphe.com

Our Hotel Brands:

www.parkplaza.com

www.artotels.com

www.arenaturist.com

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

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 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 majority 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 five new hotel projects and one hotel extension and reconfiguration. These developments are expected to add nearly 1,100 rooms to our portfolio by the end of 2016 and an additional 500 rooms by the end of 2019.

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.