

Trading update (unaudited)

31 October 2017

for the three months and nine months ended 30 September 2017

PPHE Hotel Group, which together with its subsidiaries (the "Group") owns, leases, develops, operates and franchises full service upscale, upper upscale and lifestyle hotels in major gateway cities, regional centres and select resort destinations, predominantly in Europe, is pleased to announce its trading update for the three months and nine months ended 30 September 2017.

Performance during the quarter ended 30 September 2017

- On a like-for-like basis¹, revenue increased by 9.9% to £102.4 million (three months ended 30 September 2016: £93.2 million), driven by strong trading notably in London and Croatia and a currency exchange rate benefit. Likewise, reported total revenue increased by 19.0% to £110.9 million (three months ended 30 September 2016: £93.2 million), driven by the same factors as well as the additional room inventory in London and Nuremberg.
- Like-for-like¹ average room rate increased by 9.2% to £123.8 (three months ended 30 September 2016: £113.4). On a reported basis, average room rate increased by 9.9% to £124.6 (three months ended 30 September 2016: £113.4).
- On a like-for-like¹ basis, occupancy was flat at 84.0% and on a reported basis, occupancy increased by 10 bps to 84.1% (three months ended 30 September 2016: 84.0%).
- Like-for-like¹ RevPAR increased by 9.2% to £104.0 (three months ended 30 September 2016: £95.2). Reported RevPAR increased by 10.0% to £104.8 (three months ended 30 September 2016: £95.2).

¹ The like-for-like figures for the three months ended 30 September 2017 exclude Park Plaza London Waterloo and Park Plaza London Park Royal for the period.

Corporate activities during the quarter ended 30 September 2017

- Completion of the sale and leaseback of Park Plaza London Waterloo for £161.5 million, providing further capital for future investments.
- Acquisition of an ownership interest in Park Plaza County Hall London through the purchase of 44 apart-hotel units at an aggregate value of £15.2 million.

Performance during the nine months ended 30 September 2017

- On a like-for-like basis¹, revenue increased by 13.1% to £232.0 million (nine months ended 30 September 2016: £205.1 million), driven by strong trading notably in London and Croatia and a currency exchange rate benefit. Likewise, reported total revenue increased by 23.4% to £252.7 million (nine months ended 30 September 2016: £204.8 million), also driven by the contribution from newly added room inventory in London and Nuremberg.
- Like-for-like¹ average room rate increased by 10.0% to £118.5 (nine months ended 30 September 2016: £107.7). On a reported basis, average room rate increased by 10.8% to £119.5 (nine months ended 30 September 2016: £107.8).
- On a like-for-like¹ basis, occupancy increased by 270 bps to 76.7% (nine months ended 30 September 2016: 74.0%). Reported occupancy increased by 90 bps to 76.7% (nine months ended 30 September 2016: 75.8%).
- Like-for-like¹ RevPAR increased by 13.9% to £90.8 (nine months ended 30 September 2016: £79.8). Reported RevPAR increased by 12.2% to £91.7 (nine months ended 30 September 2016: £81.7).

¹ The like-for-like figures for the nine months ended 30 September 2017 exclude Park Plaza London Waterloo and Park Plaza London Park Royal for the period and exclude Park Plaza Nuremberg for the first five months of 2017. Furthermore, the like-for-like comparison figures for the nine months ended 30 September 2016 have been adjusted to exclude Park Plaza Prenzlauer Berg Berlin (the lease for which was terminated on 30 June 2016) and to include the performance of the Croatian operation for the first quarter of 2016.

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

'We are pleased to report a strong performance in the third quarter as we benefited from positive trading across several of our operating regions and new room inventory in London.'

During the period, we completed the sale and leaseback of the new Park Plaza London Waterloo, raising further capital for future investments.

Renovations continued according to plan at Park Plaza London Riverbank and Park Plaza Victoria Amsterdam, with similar programmes being prepared for several of our other hotels.

Based on our results to date and our outlook for the final quarter of the year, the Board anticipates the Group's full year results will be in line with its previous expectations.'

Ongoing investment in hotel portfolio

- During the period, renovation works continued at Park Plaza London Riverbank, Park Plaza Victoria Amsterdam and Park Plaza Sherlock Holmes London.
- Preparations are underway in order to commence renovation programmes at Park Plaza Vondelpark, Amsterdam, and Park Plaza Utrecht.

Trading since 30 September 2017 and outlook

- The fourth quarter is usually the strongest trading period for our operating regions, excluding the Croatian operation which is highly seasonal. Trading since 30 September 2017 remains consistent with meeting the Board's expectations for the full year results.

Post period events

- The interim dividend of 11.0 pence per share was paid on 13 October 2017.
- On 16 October 2017, Chen Moravsky informed the Company of his intention to step down from his executive roles of Deputy Chief Executive Officer and Chief Financial Officer in order to pursue new opportunities. Chen will take up a new role as a Non-Executive Director, effective from 31 December 2017. The process of recruiting a replacement for Mr Moravsky has commenced.
- On 17 October 2017, the Company purchased 41,070 of its ordinary shares at a price per share of 1,041 pence, this was to create liquidity for employees who had recently exercised their share options under the Company's share option plan. The 41,070 ordinary shares will be held in treasury, bringing the total number of ordinary shares now held in treasury to 1,903,070 ordinary shares.

Trading update

This trading update sets out the performance of PPHE Hotel Group for the three months ended and nine months ended 30 September 2017.

Unaudited Key Financial Statistics for the three months ended 30 September 2017

	Reported			Like-for-like ¹		
	Three months ended 30 September 2017	Three months ended 30 September 2016	% change ²	Three months ended 30 September 2017	Three months ended 30 September 2016	% change ²
Total revenue	£110.9 million	£93.2 million	19.0%	£102.4 million	£93.2 million	9.9%
Occupancy ³	84.1%	84.0%	10 bps	84.0%	84.0%	0 bps
Average room rate	£124.6	£113.4	9.9%	£123.8	£113.4	9.2%
RevPAR	£104.8	£95.2	10.0%	£104.0	£95.2	9.2%

¹ The like-for-like figures for the three months ended 30 September 2017 exclude Park Plaza London Waterloo and Park Plaza London Park Royal for the period.

² Percentage change figures are calculated from actual figures as opposed to the rounded figures included in the above table.

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

Unaudited Key Financial Statistics for the nine months ended 30 September 2017

	Reported			Like-for-like ¹		
	Nine months ended 30 September 2017	Nine months ended 30 September 2016	% change ²	Nine months ended 30 September 2017	Nine months ended 30 September 2016	% change ²
Total revenue	£252.7 million	£204.8 million	23.4%	£232.0 million	£205.1 million	13.1%
Occupancy ³	76.7%	75.8%	90 bps	76.7%	74.0%	270 bps
Average room rate	£119.5	£107.8	10.8%	£118.5	£107.7	10.0%
RevPAR	£91.7	£81.7	12.2%	£90.8	£79.8	13.9%

¹ The like-for-like figures for the nine months ended 30 September 2017 exclude Park Plaza London Waterloo and Park Plaza London Park Royal for the period and exclude Park Plaza Nuremberg for the first five months of 2017. Furthermore, the like-for-like comparison figures for the nine months ended 30 September 2016 have been adjusted to exclude Park Plaza Prenzlauer Berg Berlin (the lease for which was terminated on 30 June 2016) and to include the performance of the Croatian operation for the first quarter of 2016.

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For reservations:

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, upper upscale and lifestyle hotels in major gateway cities, regional centres and select resort destinations, predominantly in Europe.

The majority of the Group's hotels operate under the Park Plaza® or art'otel® brands. The Group has an exclusive licence from Carlson Hotels, one of the world's largest hotel groups, to develop and operate Park Plaza® Hotels & Resorts in Europe, the Middle East and Africa. The art'otel® brand is wholly owned by the Group.

The Group has a controlling ownership interest (51.97% of the share capital) in the Arena Hospitality Group, one of Croatia's best known hospitality groups.

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

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.