

INTERIM RESULTS
FOR THE SIX MONTHS
ENDED 30 JUNE 2018

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All enquiries relating to this presentation should be directed to Robert Henke, Executive Vice President Corporate Affairs & Customer Experience, PPHE Hotel Group Limited at rlenke@pphe.com.

PRESENTATION TEAM



Boris Ivesha

President & Chief Executive Officer

Skills and experience

- / President of the Group since 1991
- / Brought the Park Plaza® Hotels & Resorts brand to the Group in 1994 in collaboration with the Red Sea Group
- / Has been a major influencer in the Group's international expansion



Daniel Kos

Chief Financial Officer & Executive Director

Skills and experience

- / Appointed Chief Financial Officer in January 2018 having joined the Group in 2011
- / Held various senior positions within auditing and finance, including at Mazars LLP
- / Certified Public Accountant (Register Accountant) and Bachelor in Business Economics from the Hogeschool van Amsterdam



Robert Henke

Executive Vice President Corporate Affairs & Customer Experience

Skills and experience

- / Responsible for Investor Relations, Communications, Brand Development, Customer Experience and Technology & Business Solutions
- / Joined the Group in 2001 and developed and led the Group's central marketing, branding and ecommerce organisation
- / Held international marketing positions at Golden Tulip Worldwide and Hilton Hotels Corporation
- / Bachelor Degree in Hotel Management Business Administration from Hotelschool The Hague

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WELCOME

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Countries

46

Properties in operation

3

Hotel brands

8,800

Rooms in operation

6,000

Campsite pitches

PPHE Hotel Group is an international hospitality real estate group with a £1.6 billion portfolio of primarily prime freehold and long leasehold assets in Europe and an EPRA NAV per share of £24.21

Our primary activity is developing, owning and operating hotels, resorts and campsites providing attractive returns, strong cash flow generation and long term capital appreciation.

Our properties are managed by our experienced teams and operate under wholly owned or licensed brands.

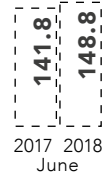


artotel

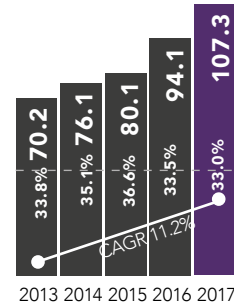


DOUBLE DIGIT 5-YEAR CAGR ON THE KEY KPIs

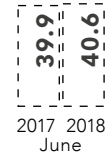
Total revenue
£'m



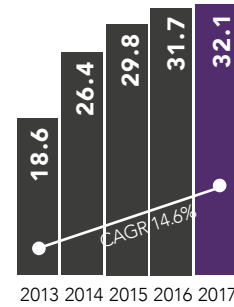
EBITDA
£'m



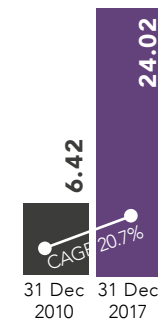
--- EBITDA margin



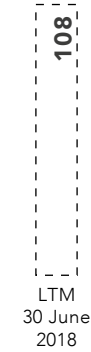
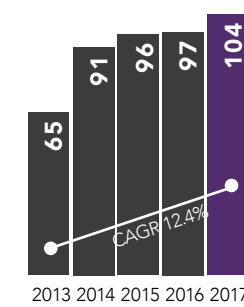
Normalised PBT
£'m



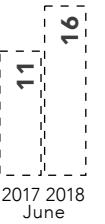
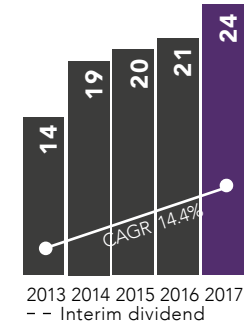
EPRA NAV per share
£



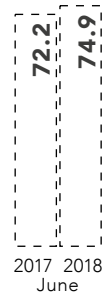
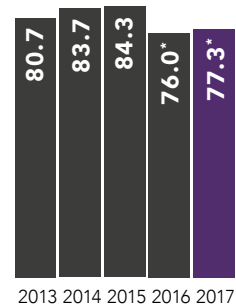
Adjusted EPRA EPS
Pence



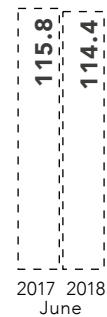
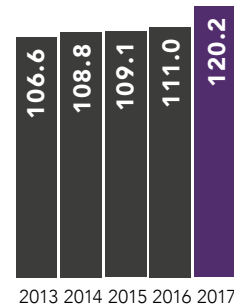
Dividend per share
Pence



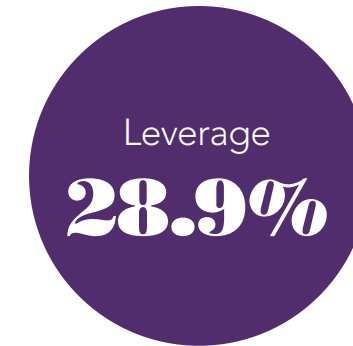
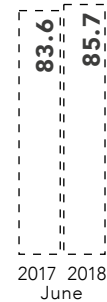
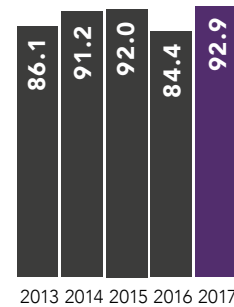
Occupancy
%



Average room rate
£



RevPAR
£



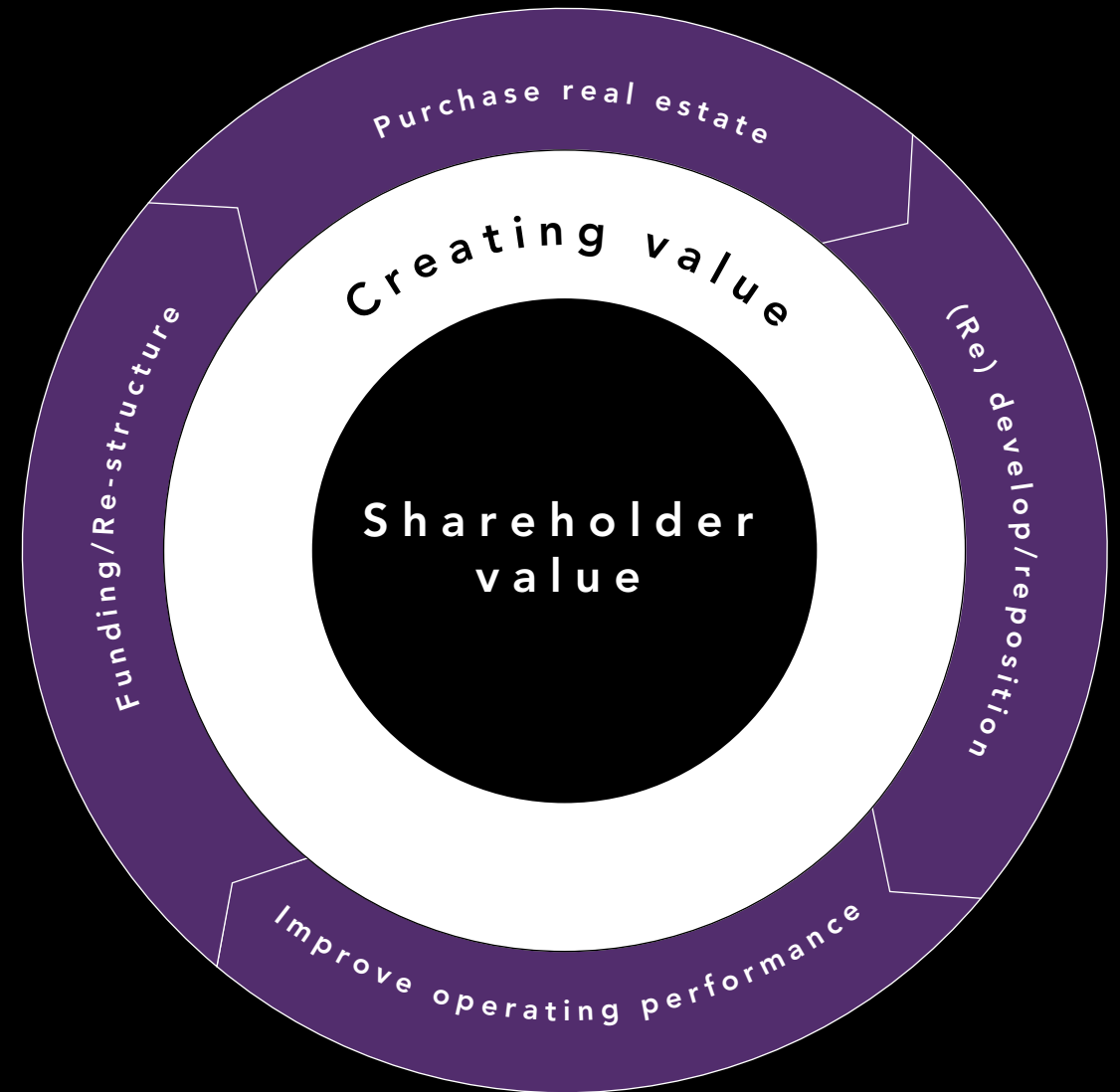
* Includes Croatian operations acquired in March 2016.

OUR BUSINESS MODEL – TRANSFORMING HOSPITALITY REAL ESTATE POTENTIAL INTO VALUE AND PROFITS

At PPHE Hotel Group, we create shareholder value through developing, owning and operating hospitality real estate.

We currently own or co-own the majority of our portfolio and have a proven track record in generating attractive operating returns and asset value appreciation.

We typically acquire properties which we believe have significant upside potential. We embark on a journey of (re)developing, redesigning and continuously improving the operation, creating significant value along every part of the value chain. This diligent process is managed by our experienced senior management team, consisting of specialists in every relevant discipline. Through refinancing our properties we are able to release capital for new investments, enabling further growth of our Group.



INVESTMENT PROPOSITION

1

Asset value growth

- EPRA NAV per share £24.21 at 30 June 2018
- EPRA net asset value per share has grown at 20.7% CAGR over 7 years from 31 Dec 2010 to 31 Dec 2017
- Prime property portfolio independently valued in 2018
- Majority of the properties are freehold or long leasehold

2

Operating earnings

- EPRA adjusted earnings per share 108p LTM to 30 June 2018
- PPHE generates all its EBITDA and profits from 80.7% of its net assets
- 19.3% of EPRA NAV consists of surplus cash (£117.3m) and development assets (£82.5m) that do not contribute to earnings yet

3

Strong development pipeline & yields

- A pipeline of development assets in London and Croatia ready for, or in phase of, (re)development
- Approximately £40m refurbishment and redevelopment plan
- Approximately £150m Hoxton development

4

Healthy leverage

- Historic growth funded by various types of finance arrangements without diluting PPHE shareholders
- Net bank debt leverage of 28.9%, gross bank debt leverage at 37.2%
- Surplus cash and funding headroom available for refurbishing the total current development pipeline

5

Progressive dividend policy

- Dividends have grown 14.4% CAGR over last 5 years (excluding special dividend of £1 per share in 2016)
- 2017 dividend 23.2% of EPRA adjusted EPS
- 2018 interim dividend increased by 45% to 16 pence

SELECTION OF PROPERTIES IN PRIME LOCATIONS

Well-maintained properties, with strong cash generation in central urban and beachfront resort locations.

Prime assets, with close proximity to major demand generators within leading capital cities, urban markets and resort destinations.

PROPERTIES



Park Plaza Westminster Bridge London
Opposite Big Ben on the thriving South Bank



Park Plaza London Waterloo
Close proximity to Waterloo Station



Park Plaza London Riverbank
Between Waterloo Station and Nine Elms / American Embassy



Park Plaza Victoria London
Adjacent to Victoria Station



Park Plaza Victoria Amsterdam
Opposite Amsterdam Central Station



art'otel amsterdam
Opposite Amsterdam Central Station



Park Plaza Nuremberg
Opposite Nuremberg's Hauptbahnhof



art'otel cologne
Located in the attractive Rheinauhafen area



art'otel berlin mitte
In the heart of Mitte



Park Plaza Belvedere Medulin
Iconic leisure and sports hotel



Park Plaza Histria Pula
Dramatic beachfront setting



Arena One 99
Croatia's only all-glamping offering

DEVELOPMENT OPPORTUNITIES



art'otel london hoxton
On the border of lively Hoxton and Shoreditch



Arena Kažela Campsite Medulin
Nearly 69 hectares of development potential



Park Plaza Sherlock Holmes London
Capitalising on the area's increased popularity

CENTRALLY LOCATED IN GROWTH MARKETS – EUROPE IS THE LARGEST GLOBAL TOURISM MARKET (40%)

Inbound international tourism in EU is projected to grow by an additional:

	2010 to 2020	2020 to 2030
	annual growth of	annual growth of
	7m	9m
	visits per annum	visits per annum

Source 1

Top 3 intra-EU markets:

	Germany	UK	The Netherlands
	20%	13%	7%
	of guests	of guests	of guests

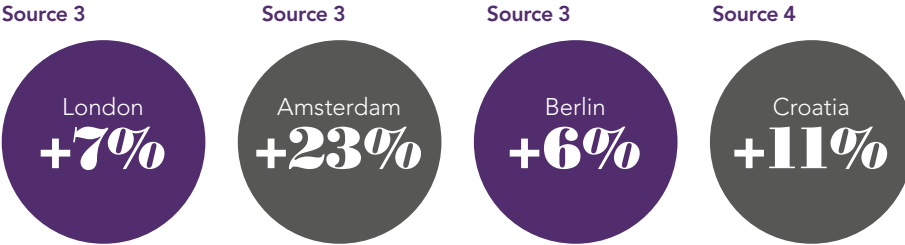
Source 1

Croatia in the three years to 2017:

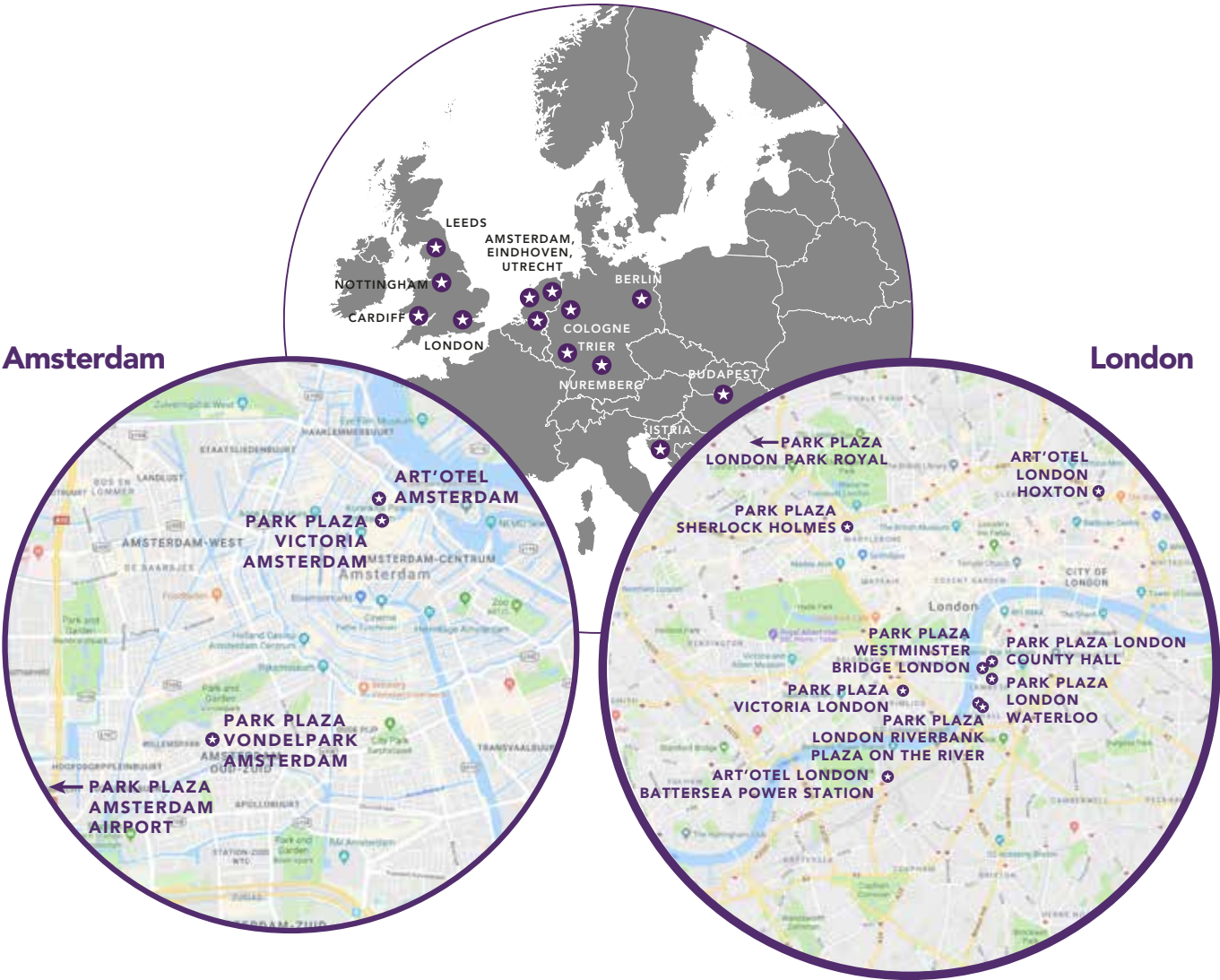
	Tourist arrivals	Tourist overnights
	+10.5%	+9.5%
	CAGR	CAGR

Source 2

RevPAR Growth 2019 over 2016



1 European Union Tourism Trends UNWTO and EU
 2 Croatian Bureau of Statistics
 3 Data: STR Global 2018 Econometric forecast: PwC 2018
 All annual figures are calculated as unweighted monthly averages as our approach does not allow forecasting of monthly demand weightings
 4 Data: Actual 2016 to 2017. STR for Mediterranean and Croatia BHH



INTERNATIONAL BRANDS SUPPORTED BY GLOBAL DISTRIBUTION



 Central reservation and distribution system

 Powerful online and mobile platforms

 Radisson Rewards programme with 20+ million members

 Global sales, marketing and buying power



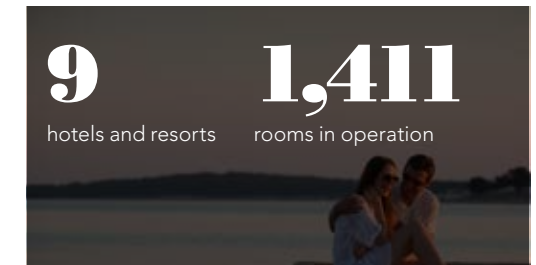
Country	Properties	Rooms
UK	11	3,682
The Netherlands	5	966
Germany	4	627
Croatia	4	1,367

1 The Park Plaza® brand is owned by Radisson Hotel Group ("RHG") and operated in EMEA by the Group under an exclusive and perpetual licence.
2 The art'otel® brand, which is wholly owned by the Group, is also marketed through RHG.



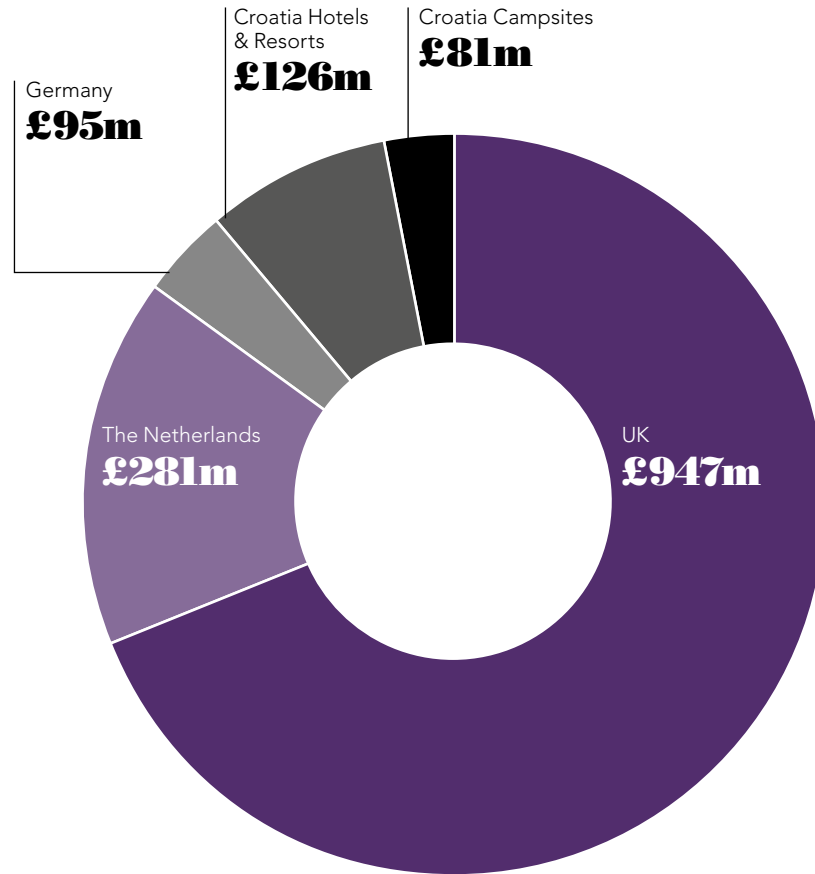
Country	Properties	Rooms
The Netherlands	1	107
Germany	3	479
Hungary	1	165
Croatia	–	–

In Croatia, our subsidiary Arena Hospitality Group also operates:

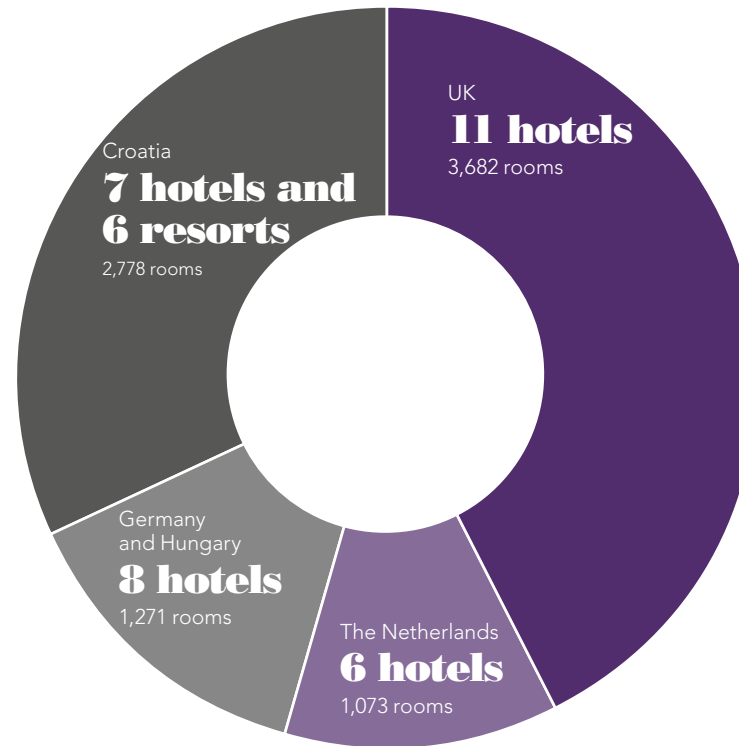


WELL-DIVERSIFIED PORTFOLIO OF OPERATING ASSETS

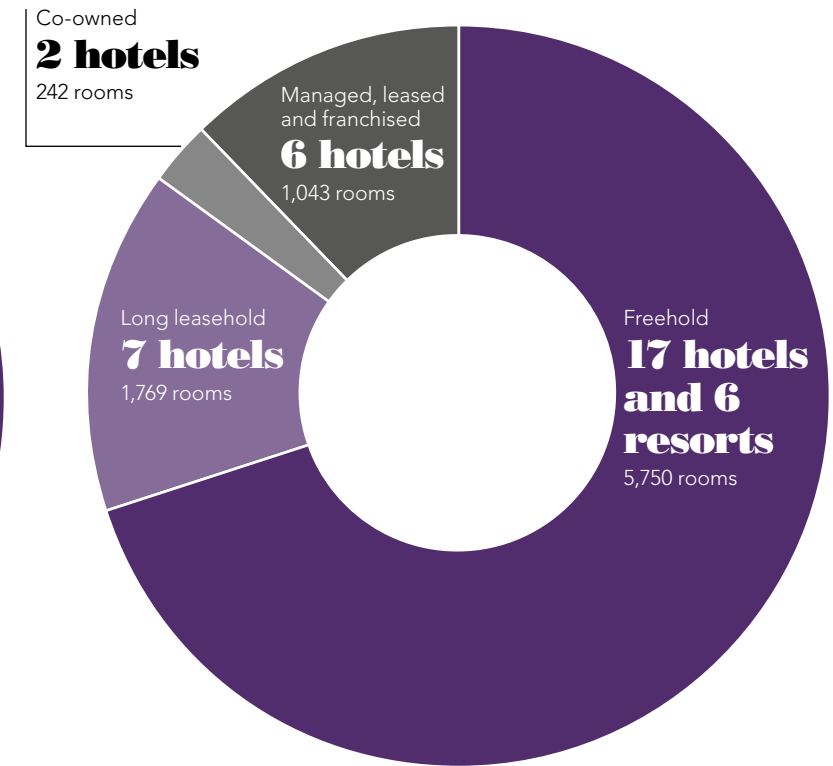
Value split by geography¹



Hotels and resorts by geography
(Includes franchises)



Hotels and resorts by ownership type
(Includes franchises)



¹ Independently valued by Savills (in respect of properties in the Netherlands, UK and Germany) and ZANE (in respect of properties in Croatia). Excludes franchised hotels and hotels under operating leases.

WELL-INVESTED PORTFOLIO CREATES ATTRACTIVE AND STEADY CASH RETURNS

		31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	31 Dec 2017	LTM June 2018
EBITDA	£'m	70.2	76.1	80.1	94.1	107.3	108.0

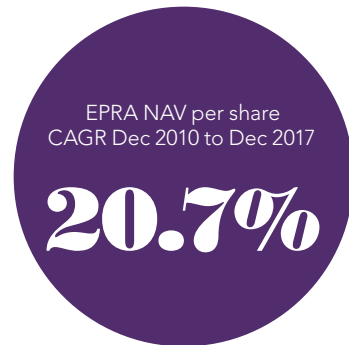
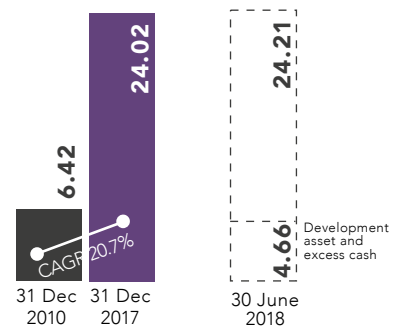
Earnings using EPRA methodology

EPRA earnings	£'m	33.4	45.0	47.3	48.1	53.5	47.8
EPRA EPS	£	0.81	1.08	1.13	1.14	1.26	1.13

Recurring earnings using company specific adjustments*

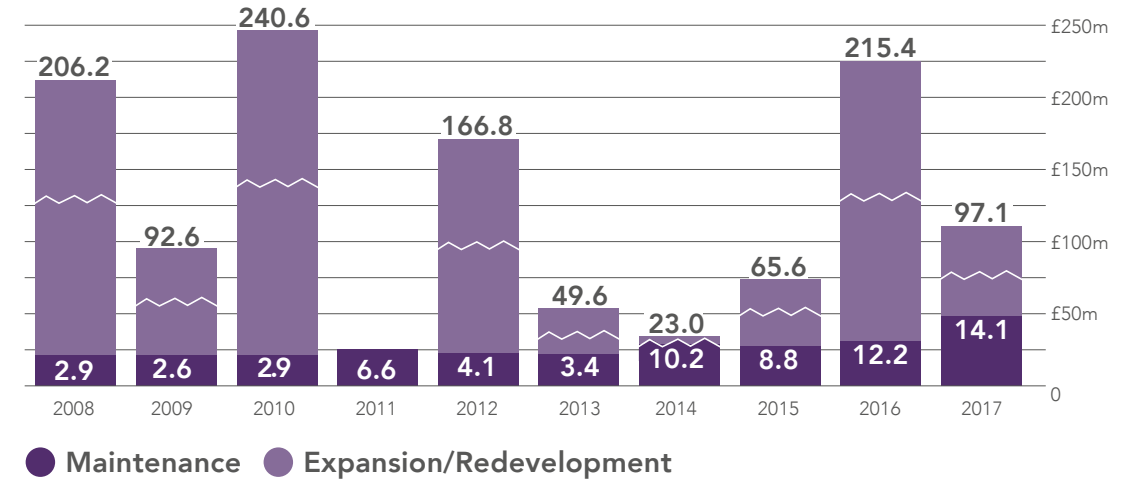
Adjusted EPRA earnings	£'m	26.9	37.7	40.3	41.1	43.9	45.6
EPRA EPS using company specific adjustments	£	0.65	0.91	0.96	0.97	1.04	1.08

EPRA NAV per share in £

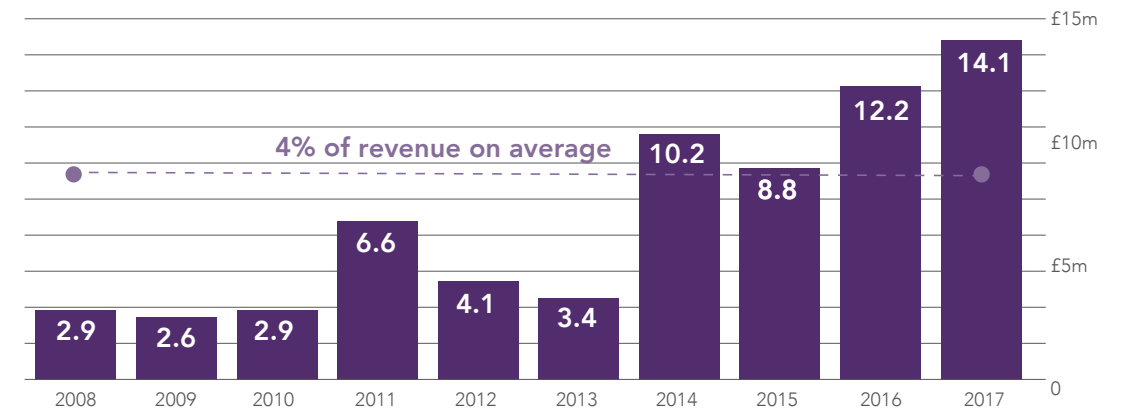


* EPRA earnings using company specific adjustments deduct an FF&E charge of 4% of revenues to reflect maintenance capital expenditure. Other adjustments include non-recurring items and non-cash revaluations.

Investments in property split between expansion/redevelopment and maintenance in £'m

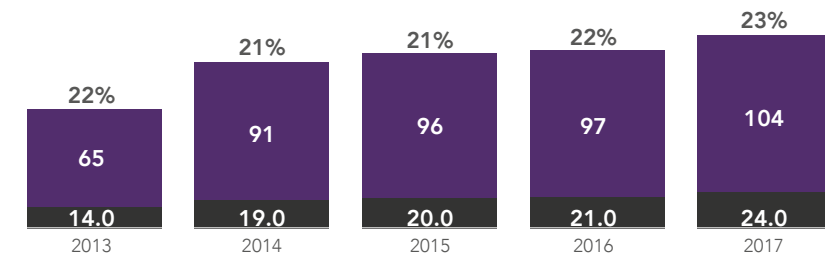


Historic maintenance capex profile



OUR BUSINESS MODEL CREATED DOUBLE DIGIT SHAREHOLDER RETURNS

EPRA earnings per share/dividends – Year to 31 December

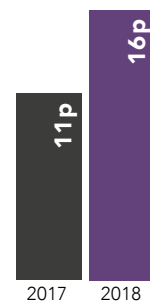


● Dividend per share ● Adjusted EPRA earnings per share ● Dividend cover

The record above excludes a special dividend of 100p per share paid in August 2016.



Interim dividend increased 45%



Total shareholder return over five years to 30 June 2018

Investor Returns – per share

	Pence
Share price 30 June 2013*	307
Dividends paid 30 June 2013 to date	198
Share price 30 June 2018*	1,445
	1,643
Total return – pence	1,336

* Source: PPHE website



CREATING VALUE – PARK PLAZA LONDON WATERLOO, DEVELOPMENT AND REFINANCE

ACQUISITION

Acquisition date (office building)	June 2013
Date of planning permission	March 2014
Construction completion date	June 2017
Total cost of investment (incl. site acquisition)	£125.0m

SALE AND LEASEBACK

Sale and leaseback date	July 2017
Proceeds of sale	£161.5m
Lease per annum	£5.6m
Yield	3.5%
Rent cover (stabilised operations)	± 2.0
Duration	199 years

VALUE CREATED FROM SALE OF LEASEBACK

Cash surplus on cost	£36m
Value of long leasehold interest (valued by Savills)	£84m
Total value created	£120m



CREATING VALUE – ARENA HOSPITALITY GROUP RESTRUCTURE AND REFINANCE

PPHE HOTEL GROUP’S INVESTMENT IN ARENA HOSPITALITY GROUP

– Investment in acquisitions and corporate restructuring	£28m
– Contribution of German and Hungarian operations (at fair value)	£44m
– Subscription for new shares in €106m public offering	£7m
Total investment (resulting in a 52% shareholding)	£79m

VALUATION AS AT 30 JUNE 2018

Market value of Arena shares on ZSE	£242m
Market valuation 52% shareholding	£126m

VALUE CREATED

Market value premium to investment	£47m
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HIGH QUALITY PORTFOLIO INDEPENDENTLY VALUED AT £1.6 BILLION

30 June 2018	Book value	Market value*	Valuation yield
United Kingdom properties in operation (Gross)	732.1		
Finance lease liabilities	(186.3)		
Units in Park Plaza Westminster Bridge London owned by third parties	(130.6)		
United Kingdom properties in operation (net)	415.2	947.5	7.5%–10.75% discount rate, 5%–8.25% caprate
Netherlands properties in operation	197.1	281.1	7.25%–9% discount rate, 5.25%–7% caprate
German properties in operation	76.1	94.8	8.5%–8.75% discount rate, 6%–6.25% caprate
Croatian properties in operation	157.6	206.9	9%–11% discount rate, 8%–10% caprate
Property in development	70.7	82.5	Specific development valuation model
Other PP&E (leased properties and offices)	11.0	11.0	
	927.7	1,623.8	
Joint venture and non-controlling interests in hospitality real estate	20.8	28.0	7%–8.5% discount rate, 6%–7% caprate
Other assets and liabilities	(20.8)	(11)	
Net assets	927.7	1,640.8	

Total market/ EPRA NAV revaluation	713.1
– Allocated to PPHE shareholders	677.0
– Allocated to non-controlling interests	36.1

* Properties have been valued on a discounted cash flow basis, assuming operational under management contracts. The properties in the United Kingdom, the Netherlands and Germany have been valued by Savills and the properties in Croatia have been valued by Zagreb nekretnine Ltd.

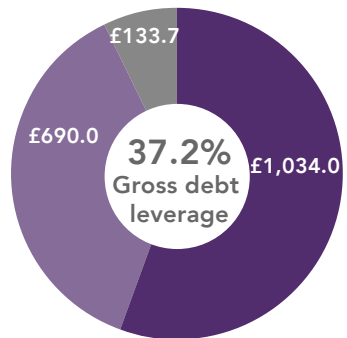
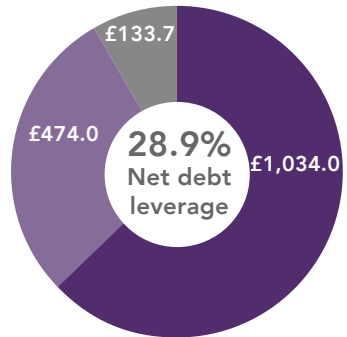
30 June 2018	At market value		Total £'m
	Operational assets £'m	Development asset and excess cash £'m	
Net assets employed	1,406.5	234.3	1,640.8
Bank financing	(474.0)	–	(474.0)
Minority interest	(99.2)	(34.5)	(133.7)
EPRA NAV	833.3	199.8	1,033.1
	80.7%	19.3%	100%
Recurring adjusted EPRA earnings	45.4	0.2	45.6
Implied return on EPRA NAV	5.4%	0.1%	4.4%

Development (non-yielding) assets and excess cash represent 19.3% of EPRA Net Asset Value.

Implied reported return of 5.4% impacted by refurbishment of hotels.

THE GROUP HAS FUNDED ITS EXPANSION WITH MINIMAL DILUTION OF SHAREHOLDERS

Debt/Equity



- PPHE Shareholders Equity
- Bank debt
- Non-controlling interest

30 June 2018

£'m

Accounting debt (backed by assets)

Park Plaza Westminster Bridge London units (999 year leases)	130.6
100+ year leases	186.3

Bank financing

£'m

Over 5 year debt	675.9
Less than 5 year debt	14.1
Cash	(216.0)
Bank financing	474.0

Equity

– Reported	356.1
– Market value restatement	677.0
Equity attributable to shareholders of the Group	1,033.1

– Reported	97.6
– Market value restatement	36.1

Non-controlling interest	133.7
Total equity	1,166.8

Total	1,640.8
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Loan maturity profile at 30 June 2018

Total £'m	1 year £'m	2 years £'m	3 years £'m	4 years £'m	5 years £'m	Thereafter £'m
690.0	14.1	14.6	13.2	13.2	42.1	592.8

- Average cost of bank debt 3.1%
- Average maturity of bank debt 8.4 years
- Group average bank interest cover 3.9¹

Debt characteristics

- Asset backed loans on portfolio or single asset
- Limited or no recourse to the Group (ring fenced in SPVs)
- Borrowing policy of 50% to 60% LTV
- Spread of lenders
- Covenants (LTV and debt service cover) at facility level with cure rights

¹ EBITDA, less unitholder and finance lease payments, divided by bank interest.

FUTURE DEVELOPMENTS AND ACQUISITIONS

Re-positioning and (re)development projects

We are progressing with extensive renovation and repositioning programmes across several of our hotels in the United Kingdom and the Netherlands. In addition, we have also identified several renovation and repositioning opportunities across hotels in Germany and hotels, resorts and campsites in Croatia.

New hotel projects

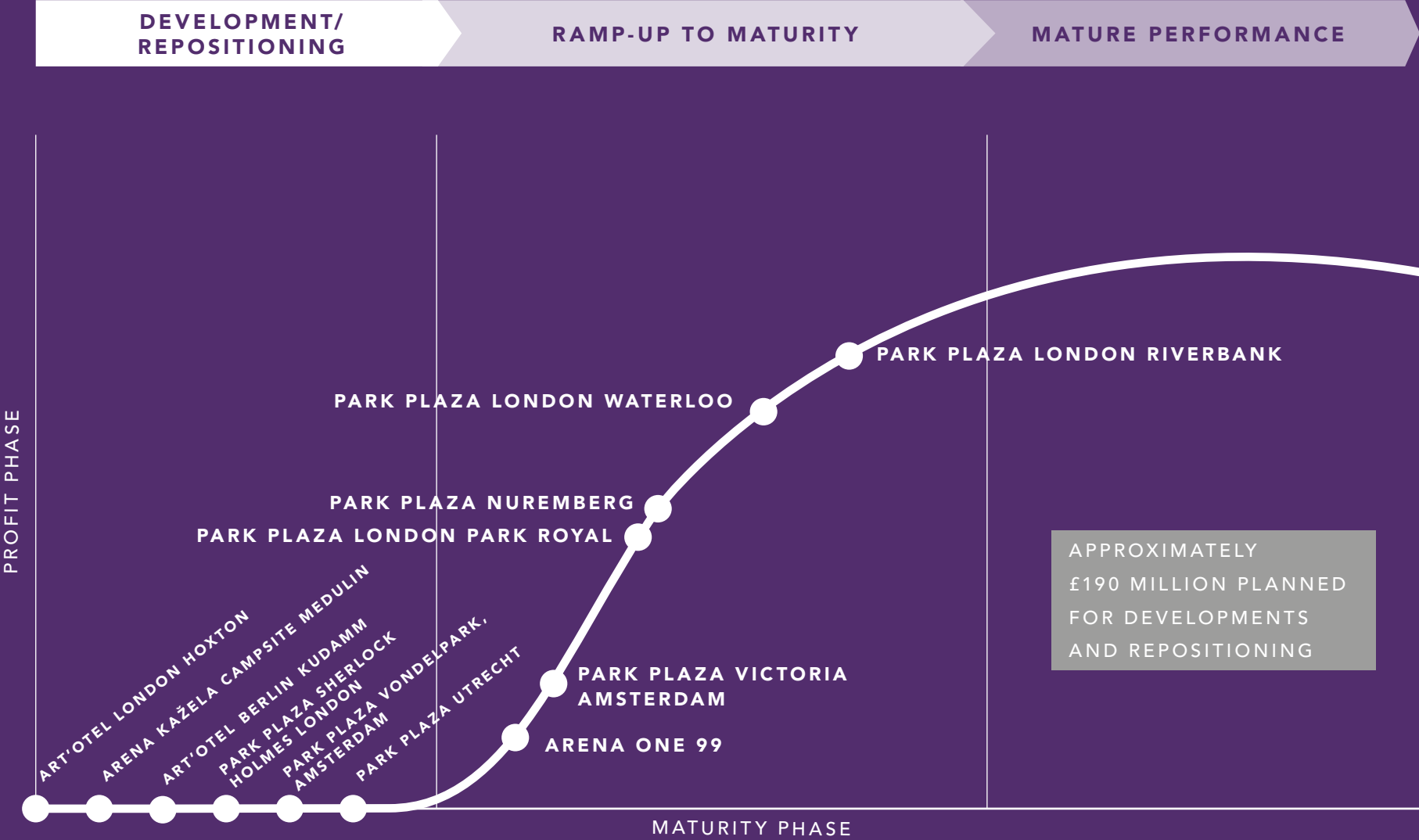
Our current pipeline of new hotels includes two iconic developments, both scheduled to open in 2022. They are art'otel london hoxton (wholly-owned) and art'otel london battersea power station (management agreement).

Future focus and acquisitions

While the Group's focus will continue to be on repositioning and developing the Group's existing portfolio and committed pipeline, we are in an unprecedented strong cash position to consider further asset acquisitions to broaden our portfolio.



PIPELINE AND MATURITY PHASE FOR PROJECTS



art'otel london hoxton



Park Plaza Victoria Amsterdam



Arena One 99 (Croatia)

ART'OTEL LONDON HOXTON

New development

Site acquired in 2008 with JV partner. JV interests acquired in 2018
Prominent site, on border of Shoreditch and Hoxton, minutes from Old Street Station and Liverpool Street Station
In possession of planning permission for mixed-use scheme consisting of 288 hotel guestrooms and 80 serviced apartments
Gross development: 33,897sqm
Hotel: 21,698sqm gross
Office: 7,006sqm gross
Flexible use (i.e retail space ground floor) – 140sqm gross
Shared plant and Back of House: 5,053sqm gross
Destination restaurant and bar
Gym and wellness facilities
Art gallery space with screening room and event space
Preliminary construction works underway
Completion: 2022
Investment: £150 million



ARENA KAŽELA CAMPSITE MEDULIN

Redevelopment and repositioning

Current offering

- Largest campsite in portfolio covering an area of approximately 68.9 hectares
- Current offer includes 1,412 pitches, 99 apartments and 176 mobile homes
- Various restaurants, shops, leisure and sports facilities and (small) swimming pools



Future planned offering

- New infrastructure to be created for all pitches and mobile homes, including water, electricity and wi-fi
- 250 mobile homes to be added including premium mobile homes
- Creation of two swimming pools and water park
- Overall upgrading of entrance, reception, public areas and facilities including a shopping area
- Duration: 18 months



PARK PLAZA VONDELPARK, AMSTERDAM

Redevelopment and repositioning

Current offering

Modest, limited service hotel with 102 rooms

Located in Amsterdam's most affluent area

Walking distance of shops, restaurants, museums and Vondelpark



Future offering

Redevelopment of all rooms and public spaces

Change entrance from busy road to park side location

Addition of destination restaurant and bar

Reposition product as lifestyle offering

Completion: Q2 2019

Investment: €9 million



PARK PLAZA SHERLOCK HOLMES LONDON

Redevelopment and repositioning

Current offering

Charming hotel with 119 rooms
Last significant renovation: 2001
Located on Baker Street
Walking distance of shops, restaurants, Regent's Park and attractions



Future offering

Redevelopment of all rooms, public spaces, fitness and meeting rooms
Change entrance from busy Baker Street to Chiltern Street (to capitalise on the area's growth and high-end development experienced in recent years)
Development of destination restaurant and bar
Reposition product as lifestyle offering
Completion: Q2 2019
Investment: £9 million



KEY INVESTMENT HIGHLIGHTS

1

Integrated hospitality platform focused on **premium hospitality real estate, strong cashflow** and **value growth** through value-add investing and control over operations

2

£1.6 billion portfolio of primarily prime freehold and long leasehold assets in Europe

3

Proven track record of creating value with EPRA NAV CAGR of **20.7%** from 2010 to 2017 and EPRA NAV per Share of **£24.21 at 30 June 2018**

4

Attractive development and refurbishment pipeline with solid yields

5

Experienced management team with established value-added track record

6

Recent move to **Premium Listing** on the London Stock Exchange with aspirations to join the **FTSE index series** (subject to satisfying relevant criteria), enabling access to a broader range of investors and improved liquidity



H1 UPDATE UNAUDITED

FINANCIAL HIGHLIGHTS

	HY 2018	HY 2017	Change ¹
Total revenue	£148.8 million	£141.8 million	+5.0%
Room revenue	£103.1 million	£98.4 million	+4.8%
EBITDAR	£ 44.7 million	£ 44.5 million	+0.6%
EBITDA	£40.6 million	£39.9 million	+1.7%
EBITDA margin	27.3%	28.1%	(90) bps
Reported PBT	£16.4 million	£3.4 million	+384.6%
Normalised PBT ²	£5.1 million	£3.1 million	+62.4%
Occupancy	74.9%	72.2%	+275 bps
Average room rate	£114.4	£115.8	(1.3)%
RevPAR	£85.7	£83.6	+2.5%
	June 2018	December 2017	Change ¹
EPRA NAV	1,037.9	1,024.2	+1.3%
EPRA NAV per share	24.21	24.02	+0.8%
EPRA EPS (LTM)	1.13	1.26	(10.3)%
Adjusted EPRA EPS (LTM)	1.08	1.04	+3.8%

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 six months ended 30 June 2018 with six months ended 30 June 2017. All financial information in this table for room revenue, total revenue, EBITDAR and EBITDA reflects PPHE Hotel Group's interest.

² Normalised profit before tax includes adjustments for other income and expenses and fair value changes of derivatives. For a reconciliation to reported profit before tax, please review the Consolidated Interim Financial Statements.

FINANCIAL

- Solid H1 performance with 5.0% revenue growth due to maturing of new hotels and improved regional performances
- EBITDA, Normalised PBT and Normalised EPS all increased
- First time disclosure of EPRA performance measurements, with EPRA NAV of £24.21 per share
- EPRA earnings increased by 3.8% to £1.08 per share in LTM
- 45% increase in interim ordinary dividend, to 16.0 pence per ordinary share

CORPORATE

- Announced transfer of ordinary shares to Premium Listing (admitted post period end)
- Preliminary construction works commenced on development of art'otel london hoxton
- Completed extensive works at Park Plaza Victoria Amsterdam and launched Arena One 99, Croatia's first all-glamping offering
- Further progress on extensive hotel investment programme

UNITED KINGDOM

	Reported in GBP (£)		Like-for-like ¹ in GBP (£)	
	Six months ended 30 June 2018	Six months ended 30 June 2017	Six months ended 30 June 2018	Six months ended 30 June 2017
Total revenue	£89.6 million	£85.6 million	£88.7 million	£85.6 million
Room revenue	£62.8 million	£60.5 million	£62.1 million	£60.5 million
EBITDAR	£29.0 million	£27.1 million	£28.9 million	£27.1 million
EBITDA	£27.9 million	£26.0 million	£27.9 million	£26.0 million
Occupancy	82.7%	81.2%	82.9%	81.2%
Average room rate	£135.3	£143.4	£136.6	£143.4
RevPAR	£112.0	£116.4	£113.3	£116.4

- 4.6% total revenue increase, against a strong year-on-year comparative
- EBITDA increased by 7.3%
- Benefited from new room inventory and new hotels added in 2016 and 2017
- Softening of leisure demand resulted in reduced average room rate, part offset by increase in occupancy
- Progressed renovation works at Park Plaza London Riverbank and Park Plaza Victoria London, on target to be completed by year-end
- Commenced extensive repositioning programme at Park Plaza Sherlock Holmes London
- Acquired control of development site for art'otel london hoxton and commenced preliminary construction works

¹ The like-for-like comparison figures for 30 June 2018 exclude the first two months of Park Plaza London Park Royal numbers.



THE NETHERLANDS

	Reported in GBP (£) ¹		Reported in local currency Euros (€) ¹	
	Six months ended 30 June 2018	Six months ended 30 June 2017	Six months ended 30 June 2018	Six months ended 30 June 2017
Total revenue	£24.8 million	£24.9 million	€28.2 million	€28.9 million
Room revenue	£18.5 million	£18.4 million	€21.0 million	€21.4 million
EBITDAR	£7.2 million	£7.6 million	€8.2 million	€8.8 million
EBITDA	£7.1 million	£7.5 million	€8.1 million	€8.8 million
Occupancy	83.9%	83.6%	83.9%	83.6%
Average room rate	£123.0	£114.1	€139.8	€132.5
RevPAR	£103.1	£95.4	€117.2	€110.8

- As anticipated, total revenue in Euros decreased slightly due to room closures and disruptions from renovations
- EBITDA negatively impacted by €0.7 million
- Average room rate and occupancy showing good improvements
- Projects progress:
 - Works at Park Plaza Victoria Amsterdam have been completed. Hotel to officially relaunch September 2018
 - Works in progress at Park Plaza Utrecht (completion 2019)
 - At Park Plaza Vondelpark, Amsterdam, one of three buildings that make up the hotel was sold in Q1 2017 resulting in fewer rooms available. Remaining two buildings currently closed for refurbishment to accelerate completion (expected Q2 2019)

¹ Average exchange rate from Euro to Sterling for June 2018 was 1.137 and for June 2017 was 1.161, representing a 2.1% decrease.



GERMANY AND HUNGARY

	Reported in GBP (£) ¹		Reported in local currency Euros (€) ¹	
	Six months ended 30 June 2018	Six months ended 30 June 2017	Six months ended 30 June 2018	Six months ended 30 June 2017
Total revenue	£15.9 million	£14.4 million	€18.0 million	€16.7 million
Room revenue	£12.4 million	£11.1 million	€14.1 million	€12.9 million
EBITDAR	£4.2 million	£4.1 million	€4.8 million	€4.8 million
EBITDA	£2.1 million	£1.7 million	€2.4 million	€1.9 million
Occupancy	77.7%	72.1%	77.7%	72.1%
Average room rate	£84.0	£81.0	€95.5	€94.1
RevPAR	£65.3	£58.4	€74.2	€67.8

- 7.8% increase in total revenue in Euros, due to an improved performance at most hotels
- Park Plaza Nuremberg main driver of growth as it continued to mature
- Reported EBITDA increased by 26.3%, primarily due to improved performance and reduced rental expenses (2017 acquisition of two hotels previously leased)
- Works nearly complete on the development of a new wellness area at art'otel cologne and art'otel berlin mitte
- Continued planning for renovation of public areas at art'otel cologne and guest rooms and public areas of art'otel berlin kudamm
- Terminated, upon the incurrence of an expense, loss making lease agreement for art'otel dresden (effective 31 July 2018), which will result in reduced rent and £0.5 million EBITDA uplift annually

¹ Average exchange rate from Euro to Sterling for June 2018 was 1.137 and for June 2017 was 1.161, representing a 2.1% decrease.



CROATIA

	Reported in GBP (£) ¹		Reported in HRK	
	Six months ended 30 June 2018	Six months ended 30 June 2017	Six months ended 30 June 2018	Six months ended 30 June 2017
Total revenue	£16.3 million	£14.5 million	HRK 137.3 million	HRK 125.2 million
Room revenue	£9.4 million	£8.4 million	HRK 79.1 million	HRK 72.2 million
EBITDAR	£0.7 million	£0.5 million	HRK 5.5 million	HRK 4.3 million
EBITDA	£0.1 million	£(-) million	HRK 0.8 million	HRK (-) million
Occupancy	51.0%	47.0%	51.0%	47.0%
Average room rate	£67.5	£64.9	HRK 569.0	HRK 561.2
RevPAR	£34.4	£30.5	HRK 290.1	HRK 263.8

- Croatian operations are a highly seasonal nature with majority of guest visits between June and September
- First half is typically a period of low business activity, with a focus on renovations
- However, 9.7% total revenue increase delivered in local currency, driven by increased occupancy and average room rate
- Reported a positive EBITDA of HRK 0.8 million
- Main drivers were a stronger performance in March and May, and increased demand for sports related accommodation
- Launch of Arena One 99, the first all-glamping offering in Croatia
- Significant renovation works are being planned at several properties, to commence in 2018 and 2019

¹ Average exchange rate from Pound Sterling to Croatian Kuna for June 2018 was 8.42 and for June 2017 was 8.64, representing a 2.5% decrease.



MANAGEMENT AND CENTRAL SERVICES

The revenues in this segment are mainly fee related (management, sales, marketing, reservation and franchise) and cost reimbursement charges to hotels within the Group.

The segment generally makes a profit on its management fees charged out to the Group (consolidated) and external (non consolidated) hotels. These management fees are calculated as a percentage of revenues (base fee) and a percentage of gross operating profit (incentive fee).

	Reported in GBP (£)	
	Six months ended 30 June 2018	Six months ended 30 June 2017
Total revenue	£18.9 million	£17.9 million
Revenue elimination	£(16.7) million	£(15.5) million
Total revenue	£2.2 million	£2.4 million
EBITDA	£3.4 million	£4.7 million

- Performance generally in line with overall performance of the Group
- EBITDA negatively affected as a result of increased corporate advisory expenses related to projects



CURRENT TRADING AND OUTLOOK

1

Trading since **30 June 2018** has remained encouraging across all our operating regions

2

Second half of the year is usually the **stronger trading period** and includes summer season of Croatian operations

3

Considerable opportunities for further renovations identified, particularly in **Croatia and Germany**

4

Current and planned renovations may have a **temporary** negative impact on performance whilst works are in progress

5

The Board believes that this investment will have a **positive impact** on our long-term performance

6

Expectations for trading for the 2018 financial year **remain unchanged**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2018 Unaudited £'000	As at 31 December 2017 Audited £'000
Assets		
Non-current assets:		
Intangible assets	22,389	23,570
Property, plant and equipment	1,244,670	1,158,442
Investment in joint ventures	4,025	18,727
Other non-current assets	18,287	18,828
Restricted deposits and cash	536	500
Deferred income tax asset	835	147
	1,290,742	1,220,214
Current assets:		
Restricted deposits and cash	3,960	25,561
Inventories	2,766	2,701
Trade receivables	24,044	13,392
Other receivables and prepayments	17,141	12,446
Investment in marketable securities	4,751	24,711
Cash and cash equivalents	206,802	241,021
	259,464	319,832
Total assets	1,550,206	1,540,046

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2018 Unaudited £'000	As at 31 December 2017 Audited £'000
Equity and liabilities		
Equity:		
Issued capital	–	–
Share premium	129,901	129,878
Treasury shares	(3,636)	(3,636)
Foreign currency translation reserve	19,593	18,816
Hedging reserve	(411)	(302)
Accumulated earnings	210,699	198,589
Attributable to equity holders of the parent	356,146	343,345
Non-controlling interests	97,614	97,593
Total equity	453,760	440,938
Non-current liabilities:		
Borrowings	675,896	666,936
Provision for litigation	3,776	3,659
Provision for concession fee on land	3,968	3,591
Financial liability in respect of Income Units sold to private investors	130,676	131,632
Other financial liabilities	195,687	192,792
Deferred income taxes	7,198	7,394
	1,017,201	1,006,004
Current liabilities:		
Trade payables	15,764	12,843
Other payables and accruals	49,351	47,314
Borrowings	14,130	32,947
	79,245	93,104
Total liabilities	1,096,446	1,099,108
Total equity and liabilities	1,550,206	1,540,046

CONSOLIDATED INCOME STATEMENT

	As at 30 June 2018 Unaudited £'000	As at 30 June 2017 Unaudited £'000
Revenues	148,809	141,770
Operating expenses	(104,079)	(97,290)
EBITDAR	44,730	44,480
Rental expenses	(4,149)	(4,552)
EBITDA	40,581	39,928
Depreciation and amortisation	(17,266)	(17,426)
EBIT	23,315	22,502
Financial expenses	(15,133)	(14,813)
Financial income	638	244
Other expenses	(8,612)	(928)
Other income	20,398	1,351
Net expenses for financial liability in respect of Income Units sold to private investors	(4,124)	(4,874)
Share in result of associate and joint ventures	(48)	(91)
Profit before tax	16,434	3,391
Income tax expense	110	(414)
Profit for the year	16,544	2,977
Profit attributable to:		
Equity holders of the parent	17,621	3,609
Non-controlling interests	(1,077)	(632)
	16,544	2,977
Basic and diluted earnings per share (in Pound Sterling)	0.42	0.09

APPENDIX



BOARD OF DIRECTORS



Eli Papouchado
Non-Executive Chairman



Boris Ivesha
President &
Chief Executive Officer



Daniel Kos
Chief Financial Officer
& Executive Director



Kevin McAuliffe
Non-Executive Deputy Chairman












Nigel Jones
Non-Executive Director &
Senior Independent Director



Dawn Morgan
Non-Executive Director

LEADERSHIP TEAM

PPHE HOTEL GROUP						ARENA HOSPITALITY GROUP		
								
Greg Hegarty Executive Vice President UK and Chief Commercial Officer	Jaklien van Sterkenburg Executive Vice President People & Culture Head of HR	Robert Henke Executive Vice President Corporate Affairs and Customer Experience	Inbar Zilberman General Counsel	Daniel Pedreschi Regional General Manager, the United Kingdom	Nieske van Klinken-Riezebos Regional General Manager, the Netherlands	Reli Slonim President of the Management Board	Milena Perkovic Chief Financial Officer	Arnoud Duin Regional General Manager, Germany & Hungary
9 years	23 years	16 years	8 years	9 years	19 years	10 years	32 years	11 years

LARGEST SHAREHOLDERS

NUMBER OF ISSUED SHARES (EXCLUDING TREASURY)

42,337,636

Largest shareholders	Number of shares	Percentage of issued share capital (excluding treasury)
Red Sea Group ¹	19,852,714	46.89%
Walford Investment Holdings Ltd ²	6,690,027	15.80%
Aroundtown Property Holdings Ltd	3,760,000	8.88%
Hargreave Hale	2,082,250	4.92%

1 These shares are held by three companies within the Red Sea Group for the benefit of the Papouchado family.
2 An entity owned by trusts established for the benefit of the Ivesha family.

APPENDIX – EPRA PERFORMANCE MEASURES

EPRA net asset value

The main adjustment to the published figures included in the Group's financial statements is the inclusion of the Group's properties at their open market value as an operational hotel asset. On this basis, all of the Group's properties have been independently valued by Savills (in respect of properties in the Netherlands, UK and Germany) and Zagreb nekretnine Ltd (ZANE) (in respect of properties in Croatia) as at June 2018 (with the exception of operating leases, managed and franchised properties). The basis for the calculation of the Group's EPRA net asset value of £1, 037.9 million (£24.21 per share) at 30 June 2018 is set out in the table below.

	30 June 2018 £ million	31 December 2017 £ million
NAV per the financial statements	356.1	343.3
Effect of exercise of options	4.7	1.6
Diluted NAV, after the exercise of options¹	360.8	344.9
Include:		
Revaluation of owned properties in operation (net of non controlling interest) ²	651.8	643.9
Revaluation of development property (Aspirations) ³	11.8	20.3
Revaluation of the JV interest held in two German properties (net of non controlling interest)	3.7	3.8
Exclude:		
Fair value of financial instruments	(0.4)	(0.3)
Deferred tax	(9.4)	(11.0)
EPRA NAV	1,037.9	1,024.2
Fully diluted number of shares (in thousands)	42,860	42,645
EPRA NAV per share (in £)	24.21	24.02

1 The fully diluted number of shares is excluding treasury shares and including 522,500 outstanding dilutive options (as at 31 December 2017: 307,000).

2 The fair values of the properties as at 30 June 2018 were determined on the basis of independent external valuations. The fair value for the properties as at 31 December 2017 were determined taking the 30 June 2018 valuations and deducting the value enhancing investments carried out in the first 6 months of 2018, amounting to approximately £16.9 million.

3 As at 31 December 2017, the Group owned 50% in a joint venture that held a site in Hoxton, London which is under development. The Group announced on 24 January 2018 that it had agreed to purchase the remaining 50% of the site for £35 million and on that basis the 50% it held was revalued to £35 million, which is reflected as the revaluation as at 31 December 2017. As at 30 June 2018, after the acquisition and revaluation of this asset in the reported NAV (total asset book value at £70 million), the development property was independently valued at £82.5 million, which is the basis for the revaluation.

APPENDIX – EPRA PERFORMANCE MEASURES

EPRA earnings

The main adjustment to the published figures included in the Group's financial statements is adding back the IFRS depreciation charge which is based on assets at historical cost and replacing it with a charge calculated as 4% of the Group's total revenues, representing the Group's expected average cost to upkeep the real estate in good quality. The basis for calculating the Company's adjusted EPRA earnings of £45.6 million for the 12 months to 30 June 2018 (12 months to 31 December 2017: £43.9 million) and the Company's adjusted EPRA earnings per share of £1.08 for the 12 months to 30 June 2018 (12 months to 31 December 2017: £1.04) is set out in the table below.

	12 months ended 30 June 2018 £ million	12 months ended 31 December 2017 £ million
Earnings attributed to equity holders of the parent company	38.4	24.3
Depreciation and amortisation expenses	34.1	34.3
Capital gain on divestments	–	(1.4)
Gain on re-measurement of previously held interest in Joint Venture	(20.3)	–
Early close-out costs of debt instrument	0.9	0.6
Changes in fair value of financial instruments	0.4	0.3
Non-controlling interests in respect of the above ³	(5.7)	(4.6)
EPRA Earnings	47.8	53.5
Weighted average number of shares (LTM)	42,313,000	42,248,613
EPRA Earnings per share (in £)	1.13	1.26
Company specific adjustments¹:		
Capital loss on buy back of Income units in Park Plaza Westminster Bridge London previously sold to private investors	0.1	0.7
Termination of operating lease ⁴	3.1	–
Revaluation of Finance lease ⁵	3.4	–
Other non-recurring expenses (including pre-opening expenses)	0.3	0.2
Expenses in connection with transfer to premium listing	1.4	–
Maintenance Capex ²	(13.3)	(13.0)
Non-controlling interests in respect of Maintenance Capex ³	2.8	2.5
Company adjusted EPRA earnings	45.6	43.9
Company adjusted EPRA earnings per share (in £)	1.08	1.04
Reconciliation company adjusted EPRA earnings to normalised reported profit before tax		
Company adjusted EPRA earnings	45.6	43.9
Reported depreciation	(34.1)	(34.3)
Non-controlling interest in respect of reported depreciation	5.7	4.6
Maintenance capex (4% of total revenues)	13.3	13.0
Non-controlling interest on maintenance capex	(2.8)	(2.5)
Profit attributable to non-controlling interest	5.2	5.7
Reported tax	1.2	1.7
Normalised profit before tax	34.1	32.1

1 The "Company specific adjustments" represent adjustments of non-recurring or non-trading items.

2 Calculated as 4% of revenues representing the expected average maintenance capital expenditure required in the operating properties.

3 Reflects the share of non-controlling interest in the depreciation and maintenance capex adjustments. Minorities include the non-controlling shareholders in Arena and third-party investors in income units of Park Plaza Westminster Bridge London.

4 In March 2018, the Group entered into an agreement to terminate the loss making lease agreement for the 174-room art'otel dresden, effective from 31 July 2018. To exit from this lease, the Group suffered an expense of £3.1 million. This termination will result in a rent reduction and is expected to positively affect the Group's EBITDA by approximately £0.5 million annually.

5 Non cash revaluation of finance lease liability relating to minimum future CPI increases.

SELECTION OF PROPERTY IMAGES



Park Plaza Westminster Bridge
London

Park Plaza Belvedere Medulin



Florentine Restaurant
London



art'otel amsterdam

Park Plaza Histria Pula



Chino Latino Restaurant,
London



Park Plaza Arena Pula



Park Plaza
London Waterloo



Park Plaza Nuremberg



Tozi Restaurant and Bar
London



Arena One 99 Glamping



Oaks Restaurant,
Nottingham

Park Plaza
London Park Royal



art'otel
berlin mitte

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