pphe HOTEL GROUP

Unaudited Interim Results for the six months ended 30 June 2018

6 SEPTEMBER 2018

PPHE Hotel Group, which together with its subsidiaries (the "Group"), is an international hospitality real estate group, which owns, co-owns and develops hotels, resorts and campsites, operates the Park Plaza® brand in EMEA and owns and operates the art'otel® brand, is pleased to announce its results for the six months ended 30 June 2018.

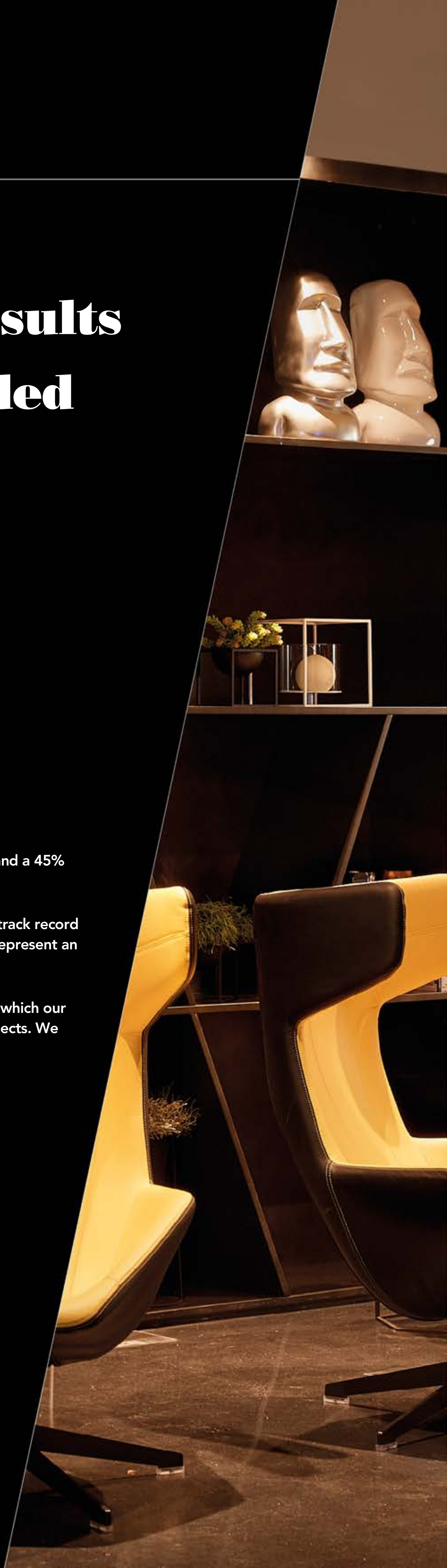
Commenting on the results, **Boris Ivesha**, President and Chief Executive Officer, PPHE Hotel Group said:

"We are pleased to report a solid first half performance, with further revenue growth and a 45% increase in the interim dividend.

As an owner and operator of hospitality real estate, we are committed to and have a track record of creating long-term value for our shareholders. The recent independent valuations represent an EPRA NAV per share of £24.21.

We remain focused in the second half of the year on the excellent service delivery for which our properties and people are known and on significantly progressing our renovation projects. We continue to expect the full year results to be in line with the Board's expectations."

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



Park Plaza Hotels & Resorts art'otel ARENA HOTELS & APARTMENTS ARENA CAMPSITES

Unaudited Interim Results for the six months ended 30 June 2018

Revenue and profit growth and an EPRA NAV per share of £24.21

PPHE Hotel Group, which together with its subsidiaries (the "Group"), is an international hospitality real estate group, which owns, co-owns and develops hotels, resorts and campsites, operates the Park Plaza® brand in EMEA and owns and operates the art'otel® brand, is pleased to announce its results for the six months ended 30 June 2018.

Financial highlights and EPRA Reporting

- Solid first half performance delivering year-on-year revenue growth, with trading maturing across recently opened hotels in 2016 and 2017 and improved trading across several operating regions;
- Reported total revenue increased by 5.0%, to £148.8 million (H1 2017: £141.8 million). On a like-for-like basis[1] total revenue increased by 4.4% to £148.0 million (H1 2017: £141.8 million);
- EBITDA increased by 1.7% to £40.6 million (H1 2017: £39.9 million). On a like-for-like basis[1] EBITDA increased by 0.5% to £40.6 million (H1 2017: £40.4 million);
- RevPAR increased by 2.5% to £85.7 (H1 2017: £83.6). Like-for-like[1] RevPAR increased by 2.9% to £86.0 (H1 2017: £83.6);
- Normalised profit before tax increased by 62.4% to £5.1 million (H1 2017: £3.1 million). Reported profit before tax[2] increased by 384.6% to £16.4 million (H1 2017: £3.4 million)[2];
- Normalised EPS[3] was £0.15 (H1 2017: £0.08), reported EPS was £0.42 (H1 2017: £0.09);
- First time disclosure of The European Public Real Estate Association (EPRA) performance measurements to aid investors in analysing the Group's real estate business:
  - The EPRA NAV per share as at 30 June 2018 was £24.21 per share, which is a 0.8% increase since 31 December 2017 (£24.02 per share);
  - Last 12 months (LTM) adjusted EPRA Earnings per share to 30 June 2018 increased by 3.8% to £1.08 per share (12 months ending 31 December 2017: £1.04);
- Interim ordinary dividend of 16.0 pence per share, up 45% from last year (H1 2017: 11.0 pence per share), which is in line with the Company's progressive dividend policy.

Corporate activity and operational highlights

- Announcing the transfer of the Company's ordinary shares from Standard Listing to Premium Listing on the official list of the UK Listing Authority and trading on the Main Market for listed securities of the London Stock Exchange;
- Preliminary construction works commenced on development of art'otel london hoxton, having acquired full ownership of this project earlier in the year;
- Further progress on extensive hotel investment programme aimed at further upgrading property portfolio, as seen with the completed works at Park Plaza Victoria Amsterdam;
- Croatia's first all-glamping offer, Arena One 99, launched for summer season following an investment of £6.5 million.

1 The like-for-like figures for 30 June 2018 exclude the first two months of Park Plaza London Park Royal numbers. Furthermore, the like-for-like comparison figures for 30 June 2017 exclude rent expenses for art'otel cologne and art'otel berlin kudamm.
2 For a reconciliation of reported profit before tax to normalised profit before tax see page 5.
3 Earnings for the year, adjusted to remove any unusual or one-off influences, divided by the weighted average number of ordinary shares outstanding during the year.

Notes to editors

PPHE Hotel Group Limited ('PPHE' or the 'Group') is an international hospitality real estate company, with a £1.6 billion portfolio of primarily prime freehold and long leasehold assets in Europe. The Group's guiding principle is to generate attractive returns from operations and long-term capital appreciation.

Through its subsidiaries, jointly controlled entities and associates it owns, co-owns, develops, leases, operates and franchises hospitality real estate. Its primary focus is full-service upscale, upper upscale and lifestyle hotels in major gateway cities and regional centres, as well as hotel, resort and campsite properties in select resort destinations.

The Group benefits from having an exclusive and perpetual licence from the Radisson Hotel Group, one of the world's largest hotel groups, to develop and operate Park Plaza® branded hotels and resorts in Europe, the Middle East and Africa. In addition, the Group wholly owns, and operates under, the art'otel® brand and its Croatian subsidiary owns, and operates under, the Arena Hotels & Apartments and Arena Campsites brands. This multi-brand approach enables the Group to develop and operate properties across several segments of the hospitality market.

The Group is one of the largest owner/operators of hotels in central London and its property portfolio comprises of 38 hotels and resorts in operation, offering a total of approximately 8,800 rooms and 8 campsites, offering approximately 6,000 units. The Group's development pipeline includes two new hotels in London which are expected to add an additional 500 rooms by the end of 2022.

PPHE is a Guernsey registered company and its shares are listed on the Premium Listing segment of the Main Market of the London Stock Exchange. PPHE also holds a controlling ownership interest (51.97% of the share capital) in Arena Hospitality Group, whose shares are listed on the Zagreb Stock Exchange.

Company websites:

www.pphe.com
www.arenahospitalitygroup.com

For reservations:

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

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

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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.

Overview

The Group is pleased to report a solid first half performance delivering year-on-year revenue growth, with trading maturing across new hotels which opened in 2016 and 2017 and improved trading across several of its operating regions.

This performance has been achieved against a strong year-on-year comparative, especially for the London market which last year significantly benefited from an influx of visitors*.

The Group benefits from a strong surplus cash position and appetite for further growth.

The ongoing extensive investment programme which will further upgrade the Group's property portfolio has progressed well, with works at Park Plaza Victoria Amsterdam now completed and the opening of Croatia's first all-glamping offer, Arena One 99. Further renovation programmes are well under way across several of our hotels in London and the Netherlands with further programmes planned for Germany and Croatia.

In London, preliminary construction works have also commenced on the development of art'otel london hoxton, following the Group acquiring full ownership of this project earlier in the year.

At the end of June 2018, the Company announced the transfer of its ordinary shares from a Standard Listing to a Premium Listing on the London Stock Exchange with the transfer completing on 30 July 2018. As a result of this move, the Company expects to benefit from exposure to a wider investor base.

The Group owns or co-owns the vast majority of the properties in its portfolio. As both an owner and operator of hospitality focused real estate, the Group's business model enables it to transform real estate potential into value and profits for shareholders, through developing, owning and operating these assets.

To better reflect this asset owner/operator model, the Group has decided to disclose certain EPRA performance measurements, which it believes will aid investors in analysing the Group's performance and understanding the value of the Group's assets and its earnings from a property perspective. Further details are set out on page 8. The Group's EPRA NAV per share at 30 June 2018 was £24.21 and the last 12 months adjusted EPRA earnings per share to 30 June 2018 increased by 3.8% to £1.08 per share.

*Source: PWC September 2017

Key financial statistics for the six months ended 30 June 2018

	Reported			Like-for-like[1]		
	Six months ended 30 June 2018	Six months ended 30 June 2017	**% change[2]**	**Six months ended 30 June 2018**	Six months ended 30 June 2017	**% change[2]**
Total revenue	£148.8 million	£141.8 million	+5.0%	£148.0 million	£141.8 million	+4.4%
Room revenue	£103.1 million	£98.4 million	+4.8%	£102.5 million	£98.4 million	+4.1%
EBITDAR	£44.7 million	£44.5 million	+0.6%	£44.7 million	£44.5 million	+0.5%
EBITDA	£40.6 million	£39.9 million	+1.7%	£40.6 million	£40.4 million	+0.5%
EBITDA margin	27.3%	28.1%	(90) bps	27.4%	28.5%	(110) bps
Reported PBT	£16.4 million	£3.4 million	+384.6%	N/A	N/A	N/A
Normalised PBT[3]	£5.1 million	£3.1 million	+62.4%	N/A	N/A	N/A
Occupancy	74.9%	72.2%	+275 bps	74.9%	72.2%	+280 bps
Average room rate	£114.4	£115.8	(1.3)%	£114.8	£115.8	(0.9)%
RevPAR	£85.7	£83.6	+2.5%	£86.0	£83.6	+2.9%

1 The like-for-like figures for 30 June 2018 exclude the first two months of Park Plaza London Park Royal numbers. Furthermore, the like-for-like comparison figures for 30 June 2017 exclude rent expenses for art'otel cologne and art'otel berlin kudamm.
2 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.
3 Normalised profit before tax includes adjustments for other income and expenses and fair value changes of derivatives. For a reconciliation from reported profit before tax see page 5.

EPRA Performance indicators

	30 June 2018 £ million	31 December 2017 £ million
EPRA earnings[1]	47.8	53.5
Adjusted EPRA earnings[1]	45.6	43.9
EPRA NAV	1,037.9	1,024.2

	30 June 2018 £ million	31 December 2017 £ million
Per share figures:		
EPRA Earnings per share (LTM)	1.13	1.26
Adjusted EPRA earnings per share (LTM)	1.08	1.04
EPRA NAV per share	24.21	24.02

1 EPRA earnings and adjusted EPRA earnings for 30 June 2018 are calculated on the last 12-month period ended on 30 June 2018.

Financial Performance

Total revenue increased by 5.0% to £148.8 million (H1 2017: £141.8 million), mainly driven by maturing performance of the new openings in 2016 and 2017 and growth in our Germany & Hungary and Croatian regions. On a like-for-like basis[1], revenue increased by 4.4% to £148.0 million (H1 2017: £141.8 million).

Group EBITDA increased by 1.7% to £40.6 million (H1 2017: £39.9 million). On a like-for-like[1] basis, EBITDA increased by 0.5% to £40.6 million (H1 2017: £40.4 million); EBITDA margin decreased by 90 bps to 27.3% (H1 2017: 28.1%).

The increase in EBITDA is the result of improved trading across all our operating regions, aside from Netherlands, where the results were affected by the partial closure of Park Plaza Victoria Amsterdam which re-opened in May 2018. EBITDA in the United Kingdom was positively affected by the maturing of our 2016 and 2017 openings.

Normalised profit before tax increased by 62.4% to £5.1 million (H1 2017: £3.1 million). The increase is mainly due to the improved performance and lower interest expenses.

Reported profit before tax increased by 384.6% to £16.4 million (H1 2017: £3.4 million). This was primarily due to a re-valuation of the Company's previously held equity interest in art'otel london hoxton which was conducted immediately after the acquisition of the 50% joint venture interest in this development from its joint venture partner.

Reconciliation of reported profit before tax to normalised profit before tax

In £ millions	Six months ended 30 June 2018	Six months ended 30 June 2017	12 months to 30 June 2018	12 months ended 31 December 2017
Reported profit before tax	16.4	3.4	44.7	31.7
Fair value movements on derivatives recognised in the profit and loss	–	(0.1)	–	(0.1)
Termination of operating lease[1]	3.1	–	3.1	
Refinance expenses	0.3	–	0.9	0.6
Loss on buy back of units in Park Plaza Westminster Bridge London from private investors	0.1	0.7	0.1	0.7
Fair value adjustment on income swaps with private investors of Income units in Park Plaza Westminster Bridge London	0.2	0.2	0.4	0.4
Other non-recurring expenses	0.2	0.2	0.2	0.2
Results from marketable securities	0.3	0.1	0.2	–
Revaluation of finance lease	3.4	–	3.4	–
Capital gain on divestments	–	(1.4)	–	(1.4)
Gain on re-valuation of previously held interest in art'otel london hoxton development	(20.3)		(20.3)	–
Expenses in connection with transfer to premium listing	1.4	–	1.4	-
Normalised profit before tax	5.1	3.1	34.1	32.1

1 See EPRA earning calculation on page 9

RevPAR increased by 2.5% to £85.7 (H1 2017: £83.6). Like-for-like[1] RevPAR increased by 2.9% to £86.0 (H1 2017: £83.6). RevPAR growth was the result of a 275 bps increase in occupancy, to 74.9% (H1 2017: 72.2%). On a like-for-like[1] basis, occupancy increased by 280 bps to 74.9% (H1 2017: 72.2%). Average room rate during the period decreased by 1.3% to £114.4 (H1 2017: £115.8), with like-for-like[1] average room rate decreasing by 0.9% to £114.8 (H1 2017: £115.8).

Normalised EPS was £0.15 (H1 2017: £0.08), reported EPS was £0.42 (H1 2017: £0.09).

1 The like-for-like figures for 30 June 2018 exclude the first two months of Park Plaza London Park Royal numbers. Furthermore, the like-for-like comparison figures for 30 June 2017 exclude rent expenses for art'otel cologne and art'otel berlin kudamm.

Financial Position

Net bank debt as at 30 June 2018 was £474.0 million, an increase of £65.9 million (as at 31 December 2017: £408.1 million). During the period, the movement in net bank debt included, among other things, a decrease in cash and cash equivalents of £75.7 million, mainly due to the acquisition from the Group's joint venture partner of its 50% interest in the company which owns the development site for art'otel london hoxton and capital expenditure incurred in respect of the ongoing refurbishment and redevelopment programmes.

The Group's gearing ratio based on reported book values (net bank debt as a percentage of equity adjusted for the hedging reserve) increased to 51.1% (as at 31 December 2017: 48.0%). The Group's gearing ratio with the Group's properties at market value amounts to 28.9%.

Corporate activity

The Company announced completion of the transfer of its shares from a Standard Listing to a Premium Listing on the official list of the UK Listing Authority on 30 July 2018. It is expected that this move will, among other things, provide access to a greater pool of liquidity through a wider potential investor base, provide a more appropriate platform for the continued growth of the Group and further raise its profile and facilitate the potential inclusion in the FTSE Indices, subject to passing liquidity and free float thresholds.

The Group also completed the acquisition from its joint venture partner of its 50% interest in Aspirations Limited, the company which owns the site intended for art'otel london hoxton. Preliminary construction works on the development of the art'otel london hoxton have since commenced.

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 incurred 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.

Ongoing portfolio investments

The Group remains committed to ongoing investment in major renovation projects and smaller refurbishment programmes to maintain the high standards of its real-estate assets.

During the period, the extensive renovation programme at Park Plaza Victoria Amsterdam was completed and the hotel is now fully operational.

In Croatia, Arena Hospitality Group d.d. and its subsidiaries ('Arena') completed its first glamping offering, Arena One 99, in time for the summer season.

In London, we progressed further renovation works at Park Plaza London Riverbank, adding additional rooms and suites, a spa, swimming pool and a gym.

Further hotel renovation programmes are in progress at Park Plaza Vondelpark, Amsterdam, Park Plaza Utrecht, Park Plaza Sherlock Holmes London and Park Plaza Victoria London.

Corporate governance review and board changes

Changes to the board of directors of the Company (the 'Board') were announced in June 2018.

Following a review of its corporate governance arrangements and in keeping with maintaining a high standard of corporate governance, Kevin McAuliffe was appointed Non-Executive Deputy Chairman and Nigel Jones was appointed Senior Independent Director.

Chen Moravsky stepped down as Non-Executive Director of the Company and Roni Hirsch stepped down as the alternate director for Eli Papouchado, the Company's Non-Executive Chairman.

Future development and acquisition strategy

Re-positioning and (re) development strategy

The Group is progressing with extensive renovation and repositioning programmes across several of its hotels in the United Kingdom and the Netherlands and it has identified several renovation opportunities across hotels in Germany and Croatia and campsites in Croatia.

In addition to the current development projects being art'otel london hoxton (wholly-owned) and art'otel london battersea power station (management agreement), the Group is actively exploring additional new developments for further growth.

Many of the Group's properties contain food, beverage and other retail outlets. Current plans for the Group's proposed development of art'otel london hoxton include retail space as well as office space.

Acquisition strategy

While the Group's focus will continue to be on repositioning and developing its existing portfolio and committed pipeline, the Group's strong cash position allows the Board to consider further asset acquisitions to broaden the Group's portfolio.

Dividend

The Board has approved the payment of an interim dividend of 16.0 pence per share, for the period ended 30 June 2018, to all shareholders who are on the register at 21 September 2018.

This represents a 45% increase year-on-year (H1 2017: 11.0 pence per share). The interim dividend is to be paid on 15 October 2018.

This is in line with our progressive dividend policy and reflects the Board's confidence in the strength of the Group.

Current trading and outlook

Trading since 30 June 2018 has remained encouraging across all our operating regions. The second half of the year is usually the stronger trading period for us in all of our markets. Furthermore, we have a greater weighting towards the second half due to the summer seasonality of the Croatian operations. We will remain focused on revenue generation and proactive management of our cost base.

In addition, we will continue to progress the renovation programmes which are currently underway and prepare for further investments across our portfolio as the Board believes that there are considerable opportunities for further renovations to generate significant value for the Group, particularly in Croatia and Germany. As indicated previously, the extensive renovations underway and planned across our operating regions over the next year may have a temporary negative impact on our performance due to closure of rooms and public areas whilst works are in progress. However, the Board believes that this investment will have a positive impact on our long-term performance.

The Board's expectations for trading for the 2018 financial year remain unchanged.

EPRA Accounting Information

The Group is a developer, owner and operator of hotels, resorts and campsites and realises returns through both developing and owning assets as well as the operations of those assets. Historically, the performance of this diverse business model, which includes a high level of property ownership, has been reported on using standard metrics such as EBITDA and PBT. However, due to the significance of asset ownership and the complex accounting of its diverse funding structure, the Company believes that investors will find certain EPRA reporting metrics useful to analyse the Company's performance (value, profit and cash flow) as an asset owner.

EPRA has over 260 members according to its website www.epra.com, of which the Group is one. EPRA's mission is to promote, develop and represent European real estate companies whose shares are traded on stock markets. EPRA publishes Best Practice Recommendations ("BPR") for financial reporting by its members which seek to make financial statements of public real estate companies clearer and more comparable across Europe.

The Company has included in its results for the six months to 30 June 2018 EPRA BPR reporting of net asset value and earnings. The Company believes that the inclusion of EPRA BPR reporting will assist investors in understanding the value of the Group's assets and its earnings from a property perspective.

EPRA PERFORMANCE MEASURES

a. 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 operational hotel assets. 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 options[1]	360.8	344.9
Includes:		
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
Excludes:		
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 but 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.

b. 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 adjustments[1]:		
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 incurred 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.

Return on capital employed

The table below provides some selected data for the Group's assets as at 30 June 2018, prepared in Pound Sterling millions. With this table the Group aims to assist investors in making a further analysis of the Group's performance and capital allocation, separating its excess cash position (to fund further growth), the development projects and the assets of Arena. This data is additional to the segments that are monitored separately by the Board for resource allocations and performance assessment, which are the segments of the Group.

	PPHE Hotel Group £million			Arena[4] £million		Total £million
	Trading Properties	Excess Cash[3]	Non Trading projects[2]	Trading Properties	Excess Cash[3]	PPHE Hotel Group Reported
Balance sheet						
Book-value properties (net of financial liability in respect of Income Units sold to private investors)[1]	802.8	–	70.7	240.5	–	1,114.0
Book-value intangible assets	20.4			2.0		22.4
Other long-term assets	17.9			5.3		23.2
Working capital	(10.7)			(10.6)		(21.3)
Cash and liquid investments	48.1	80.0		16.1	71.8	216.0
Bank/institutional loans (short/long term)	(586.2)			(103.8)		(690.0)
Finance lease liability, land concession and other provisions	(186.3)			–		(186.3)
Other provisions	(6.4)			(17.8)		(24.2)
Total capital consolidated	99.6	80.0	70.7	131.7	71.8	453.8
Minority shareholders				(63.2)	(34.4)	(97.6)
Total capital employed by PPHE Hotel Group shareholders	99.6	80.0	70.7	68.5	37.4	356.2

1 Book-value properties are stated at cost price less depreciation. The fair value of these properties is substantially higher.
2 Non-trading projects comprise properties that are in development.
3 Excess cash is cash which is directly available for further investments and developments.
4 Arena is listed on the Zagreb Stock Exchange. Its market capitalisation at 30 June 2018 was £260 million.

Portfolio independently valued

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.

	At market value		
30 June 2018	Operational assets £'m	Development asset and excess cash £'m	Total £'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.

United Kingdom

Hotel Operations

	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
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
Room revenue	**£62.8 million**	£60.5 million	**£62.1 million**	£60.5 million

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

UK hotel portfolio performance

Against a very strong comparative, we are pleased to report that total revenue in the United Kingdom increased by 4.7% to £89.6 million (H1 2017: £85.6 million). This growth was mainly the result of the maturing new room inventory and improved trading at several of our London hotels. Whilst several of our London hotels generated increased revenue year-on-year, the leisure demand during the first half was not as strong as it was in the first half of 2017. EBITDA for the region increased by 7.3% to £27.9 million (H1 2017: £26.0 million).

RevPAR decreased by 3.8% to £112.0 (H1 2017: £116.4), which was the result of a 5.7% decline in average room rate to £135.3 (H1 2017: £143.4). Occupancy increased by 150 bps to 82.7% (H1 2017: 81.2%). Like-for-like[1] RevPAR decreased by 2.7% to £113.3 (H1 2017: £116.4).

The hotels in London maintained strong competitive positions by capturing demand, with three of our hotels outperforming their competitive sets in occupancy, three hotels outperforming in average room rate and two hotels in RevPAR. Park Plaza Westminster Bridge London in particular delivered yet another strong competitor performance. Furthermore, Park Plaza Nottingham outperformed its competitive set in occupancy, average room rate and RevPAR*.

Renovation projects and development pipeline

We are pleased to report progress in the first half of 2018, as we commenced preliminary construction works on art'otel london hoxton following the acquisition of the remaining 50% joint venture interest in March 2018 and progressed pre-opening activities for art'otel london battersea power station, both of which are expected to open in 2022.

We continued our renovation programme within the UK portfolio to ensure consistency for both the product and service across our portfolio. Current properties of focus include Park Plaza London Riverbank (works are expected to be completed in Q4 2018), Park Plaza Victoria London (works are expected to be completed Q4 2018) and Park Plaza Sherlock Holmes London (works are expected to be completed in Q2 2019).

The United Kingdom hotel market*

Against a strong comparative, with the first half of 2017 notably strong due to the significant demand generated as a result of the devaluation of Sterling, and supply growth of new hotel rooms surpassing demand, RevPAR in the London market decreased by 1.4% to £112.3.

Supply of new hotel rooms in London increased year-on-year by 2.2% and demand increased by 1.8%. Average room rates decreased by 1.0% to £141.2 and occupancy decreased by 0.4% to 79.6%.

In Nottingham, the overall market saw RevPAR increase by 3.8% to £44.9 due to a 1.5% increase in average room rate to £60.5 and a 2.3% increase in occupancy to 74.2%. The Leeds hotel market reported a 0.8% increase in RevPAR to £51.0, as a result of a 0.4% increase in average room rate to £67.9 and a 0.4% increase in occupancy to 75.2%.

* Source of information in this section: STR Global, June 2018.

The Netherlands

Hotel Operations

	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
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
Room revenue	**£18.5 million**	£18.4 million	**€21.0 million**	€21.4 million

1 Average exchange rate from Euro to Sterling for the period ended 30 June 2018 was 1.137 and for the period ended 30 June 2017 was 1.161, representing a 2.1% decrease.

Dutch hotel portfolio performance

In Euros, the region reported a minor decrease in the first half performance year-on-year, due to disruption associated with the extensive renovation programmes underway at Park Plaza Victoria Amsterdam (now completed), Park Plaza Utrecht (in progress) and Park Plaza Vondelpark, Amsterdam (where one of three buildings that make up the hotel was sold in Q1 2017 resulting in fewer rooms available) (in progress).

As anticipated, the renovation programmes at these hotels have resulted in a limited number of rooms, meeting rooms and food and beverage outlets in operation during the period. Total revenue decreased by 2.4% to €28.2 million (H1 2017: €28.9 million). RevPAR increased by 5.8% to €117.2 (H1 2017: €110.8). This growth was achieved through a 5.5% increase in average room rate to €139.8 (H1 2017: €132.5). Occupancy increased by 30 bps to 83.9% (H1 2017: 83.6%). In Sterling, RevPAR increased by 8.1% to £103.1 (H1 2017: £95.4), with average room rates increasing by 7.8% to £123.0 (H1 2017: £114.1).

EBITDA decreased by 8.0% to €8.1 million (H1 2017: €8.8 million), which in Sterling represented a decrease of 5.3% to £7.1 million (H1 2017: £7.5 million).

In Amsterdam, two of our hotels in the city centre outperformed their competitive sets in average room rate, and one hotel in RevPAR, whilst our hotels in Utrecht and Eindhoven outperformed their competitive sets in average room rate and RevPAR*.

Renovation projects

Park Plaza Victoria Amsterdam's extensive renovation programme has now been completed. The hotel has gone through a significant transformation following an extensive investment. We are very pleased with guest feedback to date on the new product. Later this year, the destination restaurant and bar which are part of the property will be launched.

Park Plaza Vondelpark, Amsterdam closed at the end of July 2018 to accelerate the upgrading programme. Works have started and are expected to be completed in Q2 2019.

A renovation programme is also underway at Park Plaza Utrecht where the first phase is expected to be completed by Q1 2019 and the second and final phase by Q4 2019.

The Dutch hotel market*

The Amsterdam market continued to benefit from increased demand, delivering RevPAR growth of 8.2% to €123.0, driven by a 6.8% improvement in average room rate to €153.7 and a 1.3% uplift in occupancy to 80.0%.

Outside of Amsterdam, hotels in Utrecht reported a 10.9% increase in RevPAR to €85.6, as a result of an 8.2% increase in average room rate to €112.5 and a 2.5% improvement in occupancy to 76.1%.

The Eindhoven area softened year-on-year, with RevPAR declining by 2.8% to €49.7, the result of a 2.8% decline in occupancy to 62.1% and a flat average room rate of €80.0.

* Source of information in this section: STR Global, June 2018.

Germany and Hungary

Hotel Operations

	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
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
Room revenue	**£12.4 million**	£11.1 million	**€14.1 million**	€12.9 million

1 Average exchange rate from Euro to Sterling for the period ended 30 June 2018 was 1.137 and for the period ended 30 June 2017 was 1.161, representing a 2.1% decrease.

	Like-for-like[2] in GBP (£)[1]		Like-for-like[2] 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
EBITDAR	**£4.2 million**	£4.1 million	**€4.8 million**	€4.8 million
EBITDA	**£2.1 million**	£2.1 million	**€2.4 million**	€2.5 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
Room revenue	**£12.4 million**	£11.1 million	**€14.1 million**	€12.9 million

1 Average exchange rate from Euro to Sterling for the period ended 30 June 2018 was 1.137 and for the period ended 30 June 2017 was 1.161, representing a 2.1% decrease.
2 The like-for-like comparison figures for 30 June 2017 exclude rent expenses for art'otel cologne and art'otel berlin kudamm.

German and Hungarian hotel portfolio performance

Revenue in our Germany and Hungary operations increased by 7.8% in Euros, to €18.0 million (2017: €16.7 million). In Sterling, total revenue increased by 10.4% to £15.9 million (2017: £14.4 million).

The majority of our hotels were able to further grow their revenues year-on-year, with Park Plaza Nuremberg as the main driver of the overall growth as this hotel continued to mature (this property opened in mid 2016).

Overall occupancy increased by 560 bps to 77.7% (H1 2017: 72.1%) and average room rate, in local currency, increased by 1.5% to €95.5 (H1 2017: €94.1). RevPAR as a result increased by 9.4% to €74.2 (H1 2017: €67.8).

Reported EBITDA increased by 26.3% to €2.4 million (H1 2017: €1.9 million), primarily due to the improved performance of several hotels and in particular the maturing of Park Plaza Nuremberg. EBITDA also benefited from reduced rental expenses as a result of the 2017 acquisition of the freehold interests in art'otel cologne and art'otel berlin kudamm.

In Germany, four of our hotels outperformed their competitive sets in occupancy and three in RevPAR metrics. Park Plaza Nuremberg continued to lead in its competitive set in average room rate. In Hungary, art'otel budapest continued to significantly outperform its competitive set in occupancy, average room rate and RevPAR key metrics*.

Renovation projects

Investments in the first half in Germany included the development of new wellness area at art'otel cologne and art'otel berlin mitte, both of which are at the final stages of completion. In addition, the refurbishment of art'otel berlin kudamm where all rooms and public areas will be refurbished and redesigned is expected to commence shortly.

In the past five years, the Group, in partnership with its Croatian subsidiary Arena, has transformed – and is continuing to transform – its operations in Germany through various asset management activities, creating further shareholder value. Its latest step in this process is the Group's termination, by mutual agreement with the owner, of the loss making lease agreement for the 174-room art'otel dresden with effect from 31 July 2018. To exit from this lease, the Group incurred an early termination expense of £3.1 million. This termination will result in an overall rent reduction and is expected to positively affect the Group's EBITDA by approximately £0.5 million annually.

The termination of this lease agreement follows other transformational steps in recent years starting in 2013 with the acquisition (and subsequent 50:50 joint venture partnership entered into in 2014) of art'otel berlin mitte and Park Plaza Berlin Kudamm, the opening of Park Plaza Nuremberg in 2016 and the termination of a loss-making lease agreement of a hotel in Berlin in the same year. In 2017, the Group acquired the properties in which art'otel cologne and art'otel berlin kudamm are located, reducing the rental obligations, generating positive returns and paving the way for extensive renovations of these assets. The Group and Arena, remain fully committed to the operations in Germany and further renovation programmes and growth opportunities are being explored in this strategic market.

The German and Hungarian hotel market*

In Berlin, the hotel market reported a 2.0% RevPAR increase to €72.7, driven by a 1.8% improvement in average room rate to €97.3. Occupancy increased by 0.2% to 74.7%.

In the Cologne area, hotels reported a declining performance, with RevPAR decreasing by 6.5% to €80.0, as a result of a 5.9% decrease in average room rate to €109.9 and a 0.6% decrease in occupancy to 72.7%.

RevPAR in the Nuremberg area increased by 13.6% to €81.2, as a result of a 8.4% improvement in average room rate to €114.4 and a 4.9% uplift in occupancy to 71.0%.

In Hungary, the performance of the Budapest market continued to improve, with RevPAR up 8.2% to HUF 19,518. Average room rate increased by 7.3% to HUF 26,235 and occupancy increased by 0.8% to 74.4%.

* Source of information in this section: STR Global, June 2018.

Croatia

Operations

	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
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[2, 3]	51.0%	47.0%	51.0%	47.0%
Average room rate[3]	£67.5	£64.9	HRK 569.0	HRK 561.2
RevPAR[3]	£34.4	£30.5	HRK 290.1	HRK 263.8
Room revenue[3]	£9.4 million	£8.4 million	HRK 79.1 million	HRK 72.2 million

1 Average exchange rate from Sterling to Croatian Kuna for the period ended 30 June 2018 was 8.42 and for the period ended 30 June 2017 was 8.64, representing a 2.5% decrease.
2 Occupancy is calculated by dividing the number of occupied rooms by the available number of rooms (taking into account operating days and rooms being available).
3 Occupancy, average room rate, RevPAR and room revenue exclude the campsite pitches.

Croatian portfolio performance

The Group's operations in Croatia are highly seasonal in nature with the majority of guest visits occurring from June to September. The first half of the year in Croatia is typically a period of low business activity, in which we focus on renovations, with the exception of the Easter period and the month of June, when the summer season commences.

However, the Group's Croatian operations delivered a strong first six months' financial performance, with growth in occupancy, average room rate and RevPAR. In local currency, RevPAR increased by 10.0% to HRK 290.1 (H1 2017: HRK 263.8), a result of a 1.4% increase in average room rate to HRK 569.0 (H1 2017: HRK 561.2) and 400 bps increase in occupancy to 51.0% (H1 2017: 47%).

In local currency, total revenue increased by 9.7% to HRK 137.3 million (H1 2017: HRK 125.2 million), primarily due to a strong performance in March (a result of the early Easter holiday), and in May (a result of the timing of the Pentecost holiday), alongside stronger demand for our sports related accommodation. During 2017, new facilities at the sports-oriented hotel, Park Plaza Belvedere Medulin were added and these additions benefited our operations during the first half of the year. Another highlight was the launch of Arena One 99, the first all-glamping offering in Croatia.

EBITDAR increased by 28.2% to HRK 5.5 million (H1 2017: HRK 4.3 million), despite an increase in property taxes (urban land and water protection fees). With the first half of the year usually an off-season period during which we typically experience a negative EBITDA, we are pleased to report a positive EBITDA of HRK 0.8 million for the first half of 2018.

Renovation projects

The primary development during the first half of the year was the completion of the first significant investment programme in one of our campsites. The former Pomer campsite has been transformed and has re-opened as Arena One 99 Glamping, an all-glamping offering. This new product opened in June, ahead of the summer season and offers a variety of accommodation units, luxury amenities, outdoor wellness area, beach bars and a well thought-out programme of activities for children and adults.

In addition, we have continued working on the detailed plans and phasing of the investments into our properties in Croatia, including plans for our largest campsite, Kažela, where we expect works to commence in the second half of 2018.

Management and Central Services

	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

Our performance

Revenues in this segment are primarily management, sales, marketing and franchise fees and other charges for central services. These are predominantly charged within the Group and therefore eliminated upon consolidation. The segment shows a positive EBITDA as management fees that are charged, both internal and external, exceed the costs in this segment.

Management, marketing and franchise fees are calculated as a percentage of revenues and profit, therefore these are affected by underlying hotel performance.

EBITDA was negatively impacted as a result of increased corporate advisory expenses.

Principal Risks and Uncertainties

There are no changes to the risks and uncertainties as set out in the Company's consolidated financial statements for the year ended 31 December 2017, which may affect the Group's performance in the next six months. The most significant risks and uncertainties relate to factors that are common to the hotel industry and beyond the Group's control, such as the global economic downturn, changes in travel patterns or in the structure of the travel industry and the increase in acts of terrorism. For a detailed discussion of the risks and uncertainties facing the Group, please refer to pages 42 and 43 of the Company's 2017 annual report.

Statement of Directors' Responsibilities

The directors confirm that, to the best of their knowledge, these interim condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole for the period ended 30 June 2018. The interim management report includes a fair review of the information required by DTR 4.2.7 R and DTR 4.2.8 R, namely:

- An indication of important events which have occurred during the first six months and their impact on the condensed set of financial statements, plus a description of the principal risks and uncertainties for the remaining six months of the financial year.
- Material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.
- The directors of the Company are listed in the Company's 2017 annual report and a current list of directors is maintained on the website of the Company (www.pphe.com).

By the order of the Board

5 September 2018

Boris Ivesha
President & Chief
Executive Officer

Daniel Kos
Chief Financial
Officer &
Executive Director

To: The Board of Directors of PPHE Hotel Group Limited

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of PPHE Hotel Group Limited and its subsidiaries (the Group) as at 30 June 2018 which comprise the interim consolidated statement of financial position as at 30 June 2018 and the related interim consolidated income statements, and consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes.

Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting (IAS 34) and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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A Member of Ernst & Young Global

5 September 2018

	30 June 2018 Unaudited £000	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 financial assets	18,287	18,828
Restricted deposits and cash	536	500
Deferred income tax assets	835	147
	1,290,742	1,220,214
CURRENT ASSETS:		
Restricted deposits	3,960	25,561
Inventories	2,766	2,701
Trade receivables	24,044	13,392
Other receivables and prepayments	17,141	12,446
Investments 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

The accompanying notes are an integral part of the Consolidated interim financial statements.

	30 June 2018 Unaudited £000	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:		
Bank 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
Bank 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

The accompanying notes are an integral part of the Consolidated interim financial statements.

5 September 2018
Date of approval of the
financial statements

Boris Ivesha
President & Chief Executive Officer

Daniel Kos
Chief Financial Officer &
Executive Director

	Six months ended	
	30 June 2018 Unaudited £000	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 income	20,398	1,351
Other expenses	(8,612)	(928)
Net expenses for financial liability in respect of Income Units sold to private investors	(4,124)	(4,874)
Share in results of associate and joint ventures	(48)	(91)
Profit before tax	16,434	3,391
Income tax benefit	110	(414)
Profit for the period	16,544	2,977
Profit attributable to: Equity holders of the parent	17,621	3,609
Result non-controlling interest	(1,077)	(632)
	16,544	2,977
Basic and diluted earnings per share (in Pound Sterling)	0.42	0.09

The accompanying notes are an integral part of the Consolidated interim financial statements.

	Six months ended	
	30 June 2018 Unaudited £000	30 June 2017 Unaudited £000
Profit for the period	16,544	2,977
Other comprehensive income (loss) to be recycled through profit and loss in subsequent periods:		
Reclassification to the income statement of cash flow hedge results upon discontinuation of hedge accounting[1]	(46)	–
Profit (loss) from cash flow hedges[1]	(163)	246
Foreign currency translation adjustments of foreign operations[2]	1,975	9,961
Other comprehensive income, net	1,766	10,207
Total comprehensive income	18,310	13,184
Total comprehensive income attributable to: Equity holders of the parent	18,289	11,152
Non-controlling interest	21	2,032
	18,310	13,184

1 Included in hedging reserve.
2 Included in foreign currency translation reserve.

The accompanying notes are an integral part of the Consolidated interim financial statements.

	Issued capital £000	Share premium £000	Treasury shares £000	Foreign currency translation reserve £000	Hedging reserve £000	Accumulated earnings £000	Attributable to equity holders of the parent £000	Non-controlling interests £000	Total equity £000
Balance as at 1 January 2018 (audited)	–	129,878	(3,636)	18,816	(302)	198,589	343,345	97,593	440,938
Profit for the period	–	–	–	–	–	17,621	17,621	(1,077)	16,544
Other comprehensive income (loss) for the period	–	–	–	777	(109)	–	668	1,098	1,766
Total comprehensive income (loss)	–	–	–	777	(109)	17,621	18,289	21	18,310
Dividend distribution[2]	–	–	–	–	–	(5,511)	(5,511)	–	(5,511)
Share based payments	–	23	–	–	–	–	23	–	23
Balance as at 30 June 2018 (unaudited)	–	129,901	(3,636)	19,593	(411)	210,699	356,146	97,614	453,760
Balance as at 1 January 2017 (audited)	–	129,527	(3,208)	14,391	(895)	159,814	299,629	30,573	330,202
Profit for the period						3,609	3,609	(632)	2,977
Other comprehensive income for the period				7,297	246	–	7,543	2,664	10,207
Total comprehensive income				7,297	246	3,609	11,152	2,032	13,184
Dividend distribution	–	–	–	–	–	(4,642)	(4,642)	–	(4,642)
Transactions with non-controlling interests	–	–	–	(3,886)	–	23,395	19,509	59,285	78,794
Balance as at 30 June 2017 (unaudited)	–	129,527	(3,208)	17,802	(649)	182,176	325,648	91,890	417,538

1 No par value.
2 Final dividend for 2017 was 13.0 pence per share which was paid in May 2018 (final dividend for 2016: 11.0 pence per share).

The accompanying notes are an integral part of the Consolidated interim financial statements.

	Six months ended	
	30 June 2018 Unaudited £000	30 June 2017 Unaudited £000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the period	16,544	2,977
ADJUSTMENT TO RECONCILE PROFIT TO CASH PROVIDED BY OPERATING ACTIVITIES:		
Financial expenses including changes in fair value of derivatives and expenses for financial liability in respect of Income Units sold to private investors	18,994	19,687
Financial income	(638)	(244)
Income tax expense (benefit)	(110)	414
Loss on buy back of Income Units sold to private investors	121	721
Gain on re-measurement of previously held interest in Joint Venture	(20,280)	–
Re-finance expenses	313	–
Gain from marketable securities	263	–
Share based payments	23	–
Gain on sale of property	–	(1,351)
Revaluation of finance lease	3,429	–
Share in loss of associate and joint ventures	48	91
Depreciation and amortisation	17,266	17,426
	19,429	36,744
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
Increase in inventories	(58)	(207)
Increase in trade and other receivables	(14,593)	(6,312)
Increase in trade and other payables	6,360	18,208
	(8,291)	11,689
CASH PAID AND RECEIVED DURING THE PERIOD FOR:		
Interest paid	(19,764)	(20,201)
Interest received	575	42
Taxes paid	(2,495)	(370)
Taxes received	184	–
	(21,500)	(20,529)
Net cash flows provided by operating activities	6,182	30,881

The accompanying notes are an integral part of the Consolidated interim financial statements.

	Six months ended	
	30 June 2018 Unaudited £000	30 June 2017 Unaudited £000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in property, plant and equipment	(30,634)	(81,058)
Proceeds from disposal of property, plant and equipment	–	7,146
Purchase of remaining interest in previously held joint venture	(34,549)	–
Release of restricted deposit	22,000	–
Decrease (increase) in restricted cash, net	(435)	1,009
Sale (purchase) of investments in marketable securities, net	19,696	(23,087)
Net cash flows used in investing activities	(23,922)	(95,990)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividend distribution	(5,511)	(4,642)
Draw down of long-term loans	50,680	41,738
Repayment of long-term loans	(62,436)	(10,918)
Buy-back of Income Units previously sold to private investors	(337)	(1,900)
Net proceeds from transactions with non-controlling interest	–	78,794
Net cash flows provided by (used in) financing activities	(17,604)	103,072
Increase(decrease) in cash and cash equivalents	(35,344)	37,963
Net foreign exchange differences	1,125	3,413
Cash and cash equivalents at beginning of period	241,021	144,732
Cash and cash equivalents at end of period	206,802	186,108
Non cash items:		
Outstanding payables on investments in property, plant and equipment	1,426	2,206
Acquisition of freehold interests in hotels	–	8,268

The accompanying notes are an integral part of the Consolidated interim financial statements.

Note 1: General

a. PPHE Hotel Group, which together with its subsidiaries (the "Group"), is an international hospitality real estate group, which owns, co-owns and develops hotels, resorts and campsites, operates the Park Plaza® brand in EMEA and owns and operates the art'otel® brand.

b. These financial statements have been prepared in a condensed format as of 30 June 2018 and for the six months then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual consolidated financial statements as of 31 December 2017 and for the year then ended and the accompanying notes ("annual consolidated financial statements").

c. The Board continues to monitor the Group's cash flow forecasts for a period of at least 12 months from the date of approval of the financial statements, including compliance with loan covenants and liquidity risks arising from the maturities of the Group's loans. The Board believes that the Group has adequate resources and will generate sufficient funds in the future to serve its financial obligations and continue its operations as a going concern in the foreseeable future.

d. The Company is listed on the Premium Listing segment of the Official List of the UK Listing Authority (the "UKLA") and to trading on the Main Market for listed securities of the London Stock Exchange. On the 30th of July 2018, the UKLA approved the transfer of the listing category of all of the Company's ordinary shares of nil par value from a standard listing (shares) to a premium listing (commercial company) on the Official List of the UKLA in accordance with Listing Rule 5.4A of the Listing Rules.

Note 2: Basis of preparation and changes in Accounting Policies

Accounting policies

The interim consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group applies, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. As required by IAS 34, the nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective method of adoption. The adoption of IFRS 15 had no material impact on the interim consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

(a) Classification and measurement

Except for certain trade receivables, under IFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The new classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade and other receivables, and loans included under Other non-current financial assets.

Other financial assets are classified and subsequently measured, as follows:

- Financial assets at FVPL comprise derivative instruments and quoted equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.
- The assessment of the Group's business models was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39.

b) Impairment

The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses.

c) Hedge accounting

The Group applied hedge accounting prospectively. At the date of the initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. The adoption of the hedge accounting requirements of IFRS 9 had no significant impact on the Group's financial statements.

The Group has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018 and without adjusting the comparative information. The adoption of IFRS 9 had no material impact on the interim consolidated financial statements.

Effects of IFRS 16 (retrospective method)

In respect of its current operating leases, at this stage the Group estimates that the initial adoption of IFRS 16 as of 1 January 2019 will result in an increase in assets and liabilities by approximately £10-14 million. The adoption of IFRS 16 will also result prospectively in the reduction of rental expense and an increase in depreciation and interest expense in profit or loss, resulting in an increase in EBITDA.

In respect of its current financial leases, the Group estimates that the adoption of IFRS 16 will result in an additional leasing liability and a corresponding increase in leased assets of approximately £9-13 million due to the inclusion of variable lease payments (market rent reviews) from prior years. The Group is still evaluating the requirements of IFRS 16 as to the timing of the recording of this adjustment in the consolidated financial statements.

The above information is subject to change as the Group continues to evaluate the effects of IFRS 16 until the date of adoption.

Note 3: Significant Events during the Reported Period

a. Acquisition of Joint Venture Interest in London

In March 2018, the Group purchased from its joint venture partner the remaining 50% interest in a joint venture company, Aspirations Limited ('Aspirations'), for a consideration of £35 million. Aspirations owns a property located by in Hoxton, London on which it plans to redevelop and construct a mixed use scheme consisting of the 318 room art'otel london hoxton, office and commercial space and ancillaries. Preliminary construction works have commenced. As this acquisition resulted in the Group obtaining control of Aspirations, the Group remeasured its previously held 50% equity interest after the acquisition date of the 50% joint venture interest from its joint venture partner. As a result, the fair value of the entire site at 100% was valued at £70 million, which resulted in recognising a gain of £20.3 million in other income.

The fair values of identifiable assets and liabilities of Aspirations at the date of acquisition were as follows:

	Fair Value £000
Property, plant and equipment	69,512
Trade receivables	41
Cash and cash equivalents	438
	69,991
Trade payables	(17)
	(17)
Net assets	**69,974**
Total consideration	34,987
Fair value of previously held interest (50%)	34,987
	69,974
Carrying amount of previous held interest	14,707
Fair value previously held interest	34,987
Gain (loss) on re–measurement of previously held interest	**20,280**
Cash flow on acquisition	
Cash acquired with the subsidiaries	438
Cash paid	(34,987)
Net cash outflow	**(34,549)**

From the date of acquisition until the end of the reporting period, the revenues and profit before tax of Aspirations were immaterial. If the acquisition had taken place as of 1 January 2018, the effect on revenues and profit before tax of the Group would have been immaterial.

b. Refinancing of four UK hotels

The Group has entered into a £45.0 million facility agreement (the Facility) with Banque Hapoalim (Luxembourg) S.A. (BHI) in respect of its interests in four hotels in the United Kingdom (namely, Park Plaza London Park Royal, Park Plaza County Hall London, Park Plaza Leeds and Park Plaza Nottingham) (together, the Hotels). The facility is for a period of 7 years and bears a fixed interest rate of 4.367% per annum. The Facility was used, among others, to refinance the 2016 Park Plaza London Park Royal construction facility with BHI in full, to repay certain shareholder loans and for general corporate purposes.

The Facility contains customary debt service cover and loan to value financial covenants which must be complied with at all times starting from 31 March 2019. The Facility is secured by, among other things, mortgages over the Group's ownership interests in the Hotels.

c. Grant of Share Options

On 29 June 2018 the Company granted to members of the senior management of the Company 215,500 options in aggregate to purchase ordinary shares in the Company at an exercise price of £14.30 per share (being the closing mid-market price on 28 June 2018) (the "Options"). The Options were granted under the terms of the Company's Executive Share Option Plan (the "Plan"). The Options vest in three equal tranches on each of the first, second and third anniversaries of the date of grant, subject to the rules of the Plan. Following the grant of the Options, the total number of options is 522,500 representing approximately 1.23% of the Company's issued share capital (excluding shares held in treasury). The fair value of the options on the date of grant was £448 thousand (£2.08 per option). The fair value was estimated using the following assumptions:

Dividend yield (%) 1.7
Expected volatility (%) 20.4
Risk-free interest rate (%) 0.99
Expected life of share options (years) 4.4
Weighted average share price (£) 14.3

Note 4: Segment Data

For management purposes, the Group's activities are divided into Owned Hotel Operations and Management Activities. Owned Hotel Operations are further divided into four reportable segments: the Netherlands, Germany and Hungary, the United Kingdom and Croatia. 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 the amount presented in the consolidated income statement.

	Six months ended 30 June 2018 (unaudited)						
	The Netherlands £000	Germany and Hungary £000	United Kingdom £000	Croatia £000	Management and holding companies £000	Adjustments £000	Consolidated £000
REVENUE							
Third party	24,829	15,874	89,568	16,297	2,241	–	148,809
Inter–segment	–	–	–	–	16,717	(16,717)	–
Total revenue	24,829	15,874	89,568	16,297	18,958	(16,717)	148,809
Segment EBITDA	7,132	2,070	27,889	96	3,394	–	40,581
Depreciation and amortisation							(17,266)
Financial expenses							(15,133)
Financial income							638
Net expenses for financial liability in respect of Income Units sold to private investors							(4,124)
Other income (net)							11,786
Share in loss of associate and joint ventures							(48)
Profit before tax							16,434

	Six months ended 30 June 2017 (unaudited)						
	The Netherlands £000	Germany and Hungary £000	United Kingdom £000	Croatia £000	Management and holding companies £000	Adjustments £000	Consolidated £000
REVENUE							
Third party	24,901	14,383	85,637	14,485	2,364	–	141,770
Inter–segment	–	–	–	–	15,523	(15,523)	–
Total revenue	24,901	14,383	85,637	14,485	17,887	(15,523)	141,770
Segment EBITDA	7,540	1,697	25,990	(5)	4,706	–	39,928
Depreciation and amortisation							(17,426)
Financial expenses							(14,813)
Financial income							244
Net expenses for financial liability in respect of Income Units sold to private investors							(4,874)
Other income (net)							423
Share in loss of associate and joint ventures							(91)
Profit before tax							3,391

Note 5: Financial Instruments

Fair value of financial instruments:

During the period ended 30 June 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Note 6: Other Disclosures

a. Seasonality

The Group is in an industry with seasonal variations. Sales and profits vary by quarter and the second half of the year is generally the strongest trading period.

b. Changes in business or economic circumstances

There were no material changes in interest rates that significantly affected the fair value of the Group's financial assets and liabilities. As assets are matched with liabilities in the same currency the exposure to currency risk is limited.

c. Other income

	Six months ended 30 June 2018 £000	Six months ended 30 June 2017 £000
Capital gain on divestments	72	1,351
Gain on re-measurement of previously held interest in Joint Venture (Note 3a)	20,280	–
Recycling of hedging reserves upon refinancing and cancelling hedge accounting	46	–
Total	20,398	1,351

d. Other expenses

	Six months ended 30 June 2018 £000	Six months ended 30 June 2017 £000
Buy back of Income Units at Park Plaza Westminster Bridge London	(121)	(721)
Other non-recurring expenses (including pre opening expenses)	(245)	(207)
Loss upon repayment of loan	(360)	–
Termination of operating Lease[1]	(3,112)	–
Revaluation of Finance lease[2]	(3,429)	–
Expenses in connection with transition to Premium Listing	(1,345)	–
Total	(8,612)	(928)

1 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.

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

e. Earnings per share

The following reflects the income and share data used in the basic earnings per share computations:
Potentially dilutive instruments had an immaterial effect on the basic earnings per share.

	As at 30 June	
	2018 £000	2017 £000
Reported profit	17,621	3,609
Weighted average number of Ordinary shares outstanding	42,333	42,204

f. Related parties

a. Project Management Contracts – The Group actively engages in the development of properties into new hotels and the refurbishment and/or extension of its existing portfolio of hotels. The Group has in the past contracted, and currently contracts, with GC Project Management Limited ("GC"), for project management services in respect of its projects. The Group currently has 6 project management agreements with GC for its various projects (the "Project Management Contracts"), each such agreement provides for a capped amount payable by the Group to GC in respect of each such project.

b. Pre-Construction and Maintenance Contract – The Group frequently uses GC to undertake preliminary assessment services, including appraisal work and provide initial estimates of the construction costs. Further, GC provides ad hoc maintenance work when required to the Group's various sites. Accordingly, the Group has entered into an agreement with GC for the provision of pre-construction and maintenance services by GC to the Group for a fixed annual retainer of £60,000.

c. Aircraft sale agreement -The Group has from time to time received passenger services from Sunshine Aviation Limited, a member of the Red Sea Group, which owns a business corporate jet (the "Aircraft"). As the Group's operations have expanded in Europe, particularly following the acquisition of Arena, the Group has from time to time hired the Aircraft from the Red Sea Group. The Company entered into an agreement to acquire it for a total consideration of US$2.34 million. Delivery of the Aircraft (and therefore completion of the acquisition) is required to occur at any time within six months from the date of the sale agreement. Prior to completion of the sale, either party is entitled to terminate the sale agreement on notice to the other.

g. Legal affairs

Further to note 14c to the 2017 consolidated financial statements of the Company, and as previously disclosed, in January 2013, the Company sold to Red Sea Hotels Limited ('Red Sea') all of the Company's shares in its subsidiary, Leno Finance Limited ('Leno'), the company through which the Company owned an interest in the site in Pattaya, Thailand (the 'Project'), and certain related loans and receivables. The Project encountered planning issues and as a result construction has been halted. The Company remained liable for certain continuing obligations as previously disclosed under a sponsor support deed in favour of the funding bank of the Project, United Overseas Bank (UOB). Red Sea has agreed to indemnify the Company in respect of these continuing obligations.

The Company has been recently advised that the planning issues are unlikely to be resolved and that it is probable that Bali Hai will go into liquidation. Furthermore, UOB have made demand of the Company for certain interest they contend is outstanding. The Company is working closely with Red Sea to refute UOB's claim (in respect of any liability for which the Company would benefit from Red Sea indemnity).

As before, the Company continues to believe that, given the Red Sea indemnity in favour of the Company, it is not probable that any material outflow of resources embodying economic benefits will be required to settle the obligations of the Company under the sponsor support deed.

h. Post balance sheet events

The Board has approved the payment of an interim dividend of 16 pence per ordinary share, for the period ended 30 June 2018, to all shareholders who are on the register at 21 September 2018. The interim dividend is to be paid on 15 October 2018.