

WE ARE CREATORS

INTERIM RESULTS FOR SIX
MONTHS ENDED 30TH JUNE 2019

H O I M E S H O T E L

Holmes Hotel London


PARK
PLAZA

artotel


ARENA
HOTELS &
APARTMENTS


ARENA
CAMPSITES

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All enquiries relating to this presentation should be directed to Robert Henke, Executive Vice President Commercial & Corporate Affairs, PPHE Hotel Group Limited at rhenke@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
- / Held various senior leadership positions in hotels in London and Tel Aviv



Daniel Kos
Chief Financial Officer
& Executive Director

Skills and experience

- / Having joined the group in 2011, he was appointed Chief Financial Officer in January 2018
- / 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



Greg Hegarty
Chief Operating Officer

Skills and experience

- / COO since 2018, previously EVP UK and Chief Commercial Officer. 12 years with the Group including hotel manager and regional manager roles
- / Responsible for the Group's Operations, People & Culture and Commercial Strategies
- / Master's Degree in Business Administration



Robert Henke
Executive Vice President
Commercial & Corporate Affairs

Skills and experience

- / Responsible for Investor Relations, Communications, Brand Development, and all commercial activities
- / Joined the Group in 2001 and developed and led the Group's central marketing, branding and ecommerce organisation
- / Bachelor's Degree in Hotel Management Business Administration from Hotelschool The Hague

CONTENTS

3

INTRODUCTION

13

RECENT
DEVELOPMENTS
AND PIPELINE

15

2019 H1 HIGHLIGHTS

23

SUPPLEMENTARY
INFORMATION

A 30-YEAR TRACK RECORD OF OWNING, DEVELOPING AND OPERATING PRIME HOSPITALITY REAL ESTATE

£1.7 billion in prime assets

International hospitality real estate group with a **£1.7bn** portfolio of **50** prime assets consisting of hotels, resorts and campsites

Healthy leverage

Net bank debt leverage ratio of **29.7%**. Growth since IPO funded without diluting shareholders

£25.52 EPRA NAV per share as at 30 June 2019

We develop our own assets and have grown our EPRA NAV per share by 300% over the last 8 years

2018 ordinary dividend of 35 pence per share

Interim dividend 2019 increased to 17 pence (2018: 16 pence) which is in line with the company's progressive dividend policy

Adjusted EPRA earnings yield 8.1%¹

Adjusted EPRA EPS for the 12 months to 30 June 2019 at 120 pence

Attractive pipeline

Attractive development pipeline including Hoxton London, Battersea Power Station London, Manhattan New York City and Belgrade

¹ Based on a share price of £18.7 and adjusting for excess cash and a non yielding development site.

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

Our purpose is to create valuable memories for our guests and value for our assets

We create shareholder value through developing, owning and operating hospitality real estate

We own or co-own the majority of our portfolio

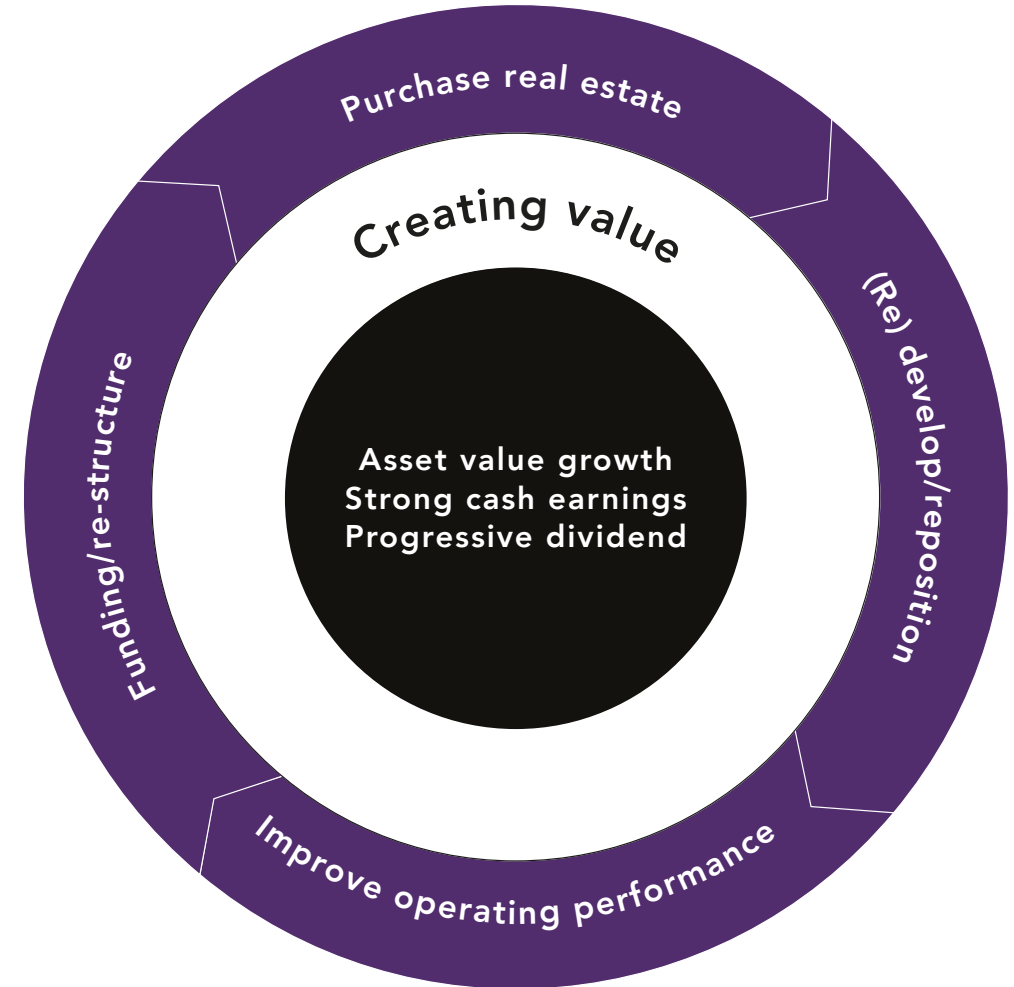
We (re)develop, redesign and continuously improve operations, creating significant value along every part of the value chain

We acquire properties with significant upside potential

Through refinancing our properties we are able to release capital for new investments, enabling further growth of our Group

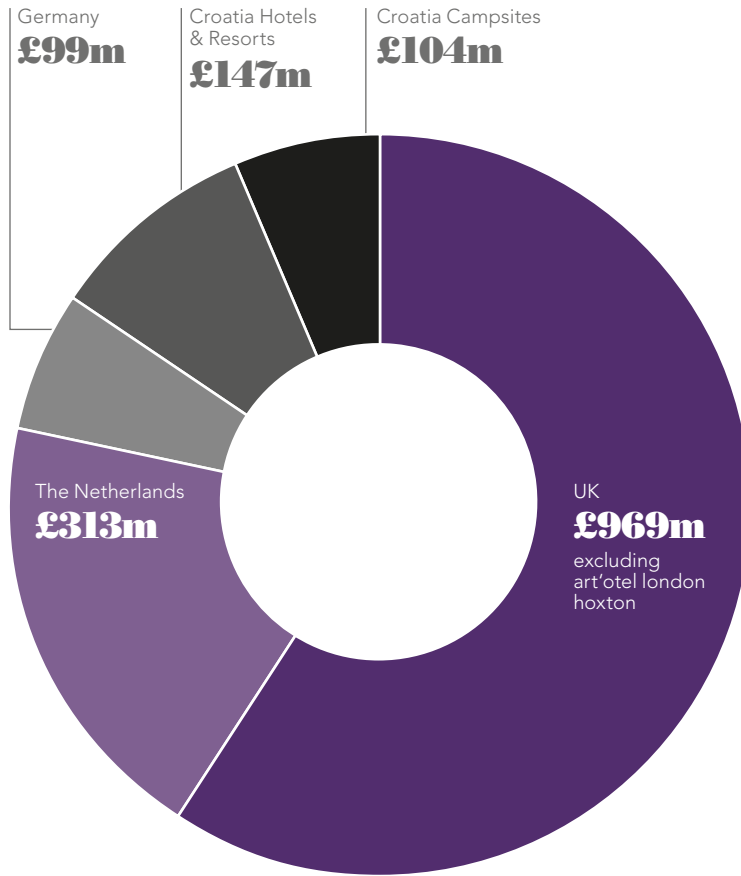
**OUR TOTAL SHAREHOLDER RETURN¹
SINCE IPO IN 2007 IS 398%**

¹ Source: Bloomberg TSR IPO until 30 June 2019.



A DIVERSIFIED PORTFOLIO OF OPERATING ASSETS

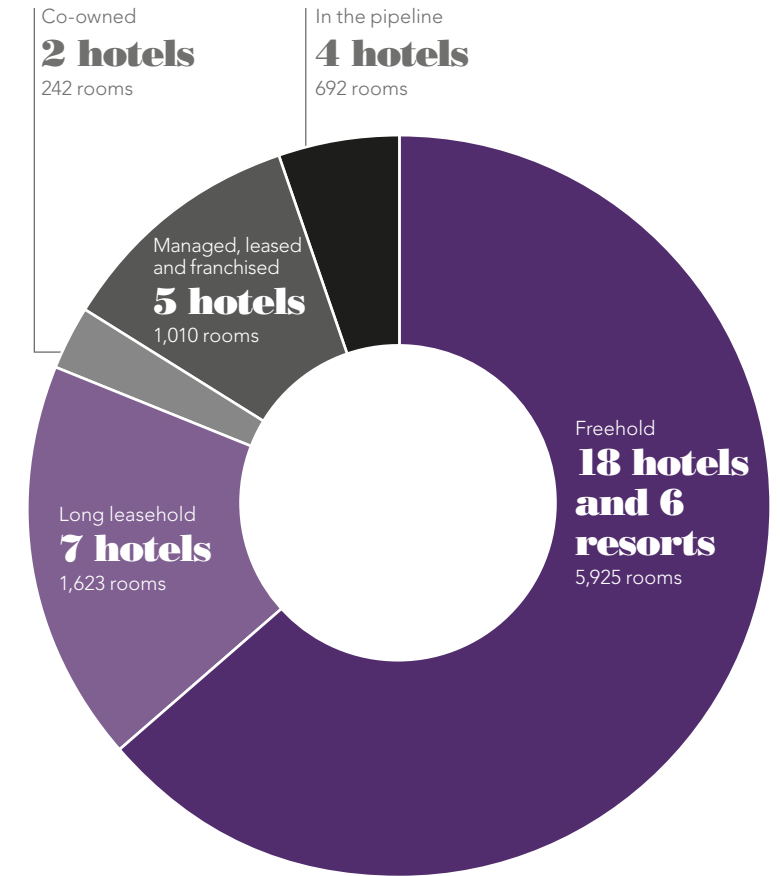
Value split by geography¹



Hotels and resorts by geography (Includes franchises and excludes campsites and development pipeline)



Hotels and resorts by ownership type (Includes franchises and excludes campsites)



¹ Excludes franchised hotels and hotels under operating leases.
The fair values were determined on the basis of independent valuations prepared in the summer of June 2019.

INDEPENDENT OPERATOR WITH BRAND FLEXIBILITY AND ACCESS TO GLOBAL DISTRIBUTION



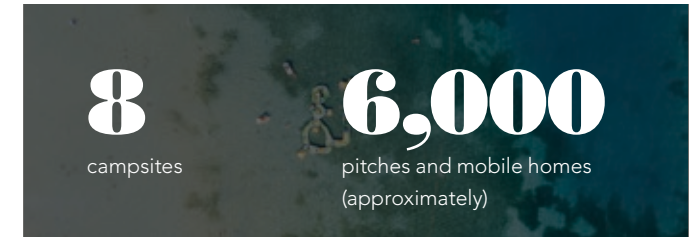
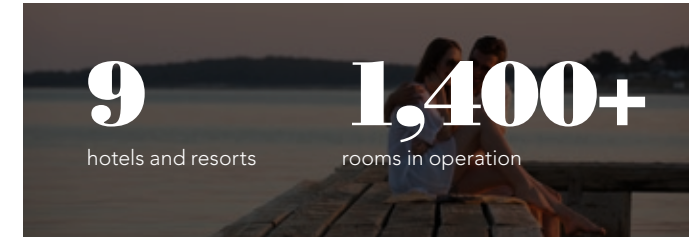
The Park Plaza® brand is owned by Radisson Hotel Group (RHG) and operated in EMEA by the Group under an exclusive and perpetual licence.



The art'otel® brand, which is wholly owned by the Group, is also marketed through RHG.



In Croatia, our subsidiary Arena Hospitality Group also operates:



Radisson Hotel Group, combined with its new owner Jin Jiang, is the world's 2nd largest hotel group



Central reservation and distribution system



Powerful online and mobile platforms



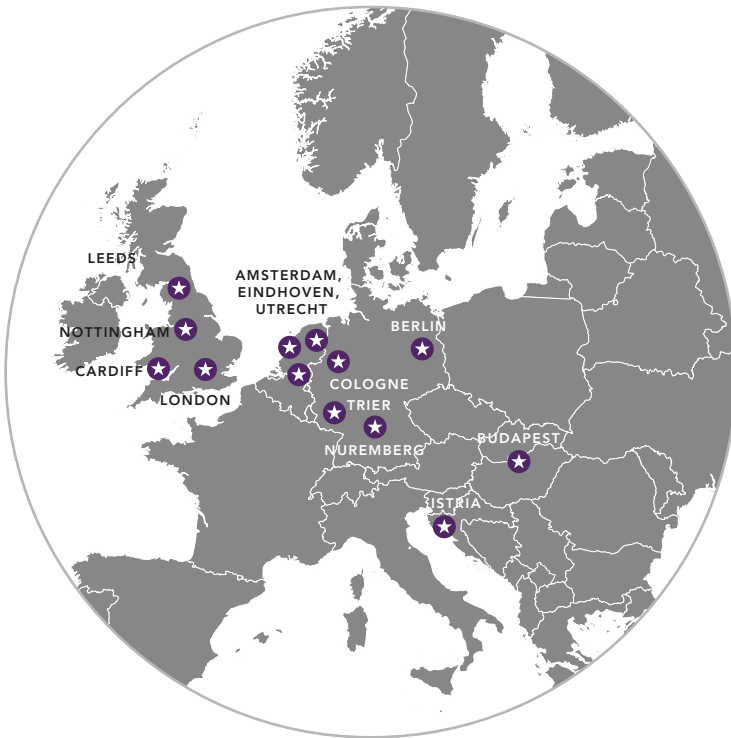
Radisson Rewards programme with 22+ million members (Jin Jiang 144+ million)



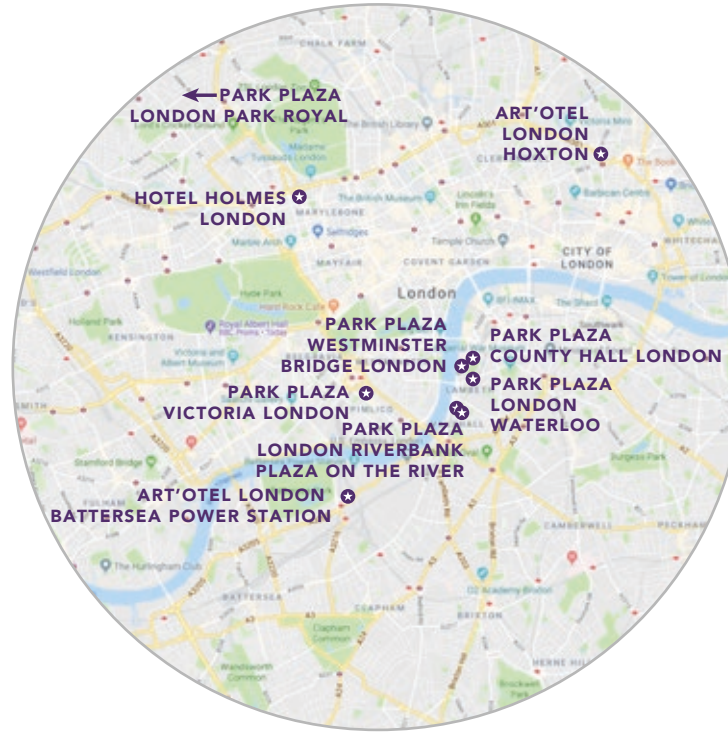
Global sales, marketing and buying power

CENTRALLY LOCATED IN GROWTH MARKETS

Europe



London



Amsterdam



SELECTION OF PROPERTIES IN PRIME LOCATIONS

Well-maintained, prime assets, with close proximity to major demand generators within leading capital cities, urban markets and resort destinations

Properties

LONDON



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



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



Park Plaza Victoria London
Adjacent to Victoria Station



Park Plaza London Waterloo
Close proximity to Waterloo Station

AMSTERDAM



Park Plaza Victoria Amsterdam
Opposite Amsterdam Central Station



art'otel amsterdam
Opposite Amsterdam Central Station



Park Plaza Amsterdam Airport
Close proximity to Amsterdam Airport Schiphol

GERMANY



art'otel cologne
Located in the attractive Rheinauhafen area



Park Plaza Nuremberg
Opposite Nuremberg's Hauptbahnhof



Arena One 99
Croatia's first all-glamping offering



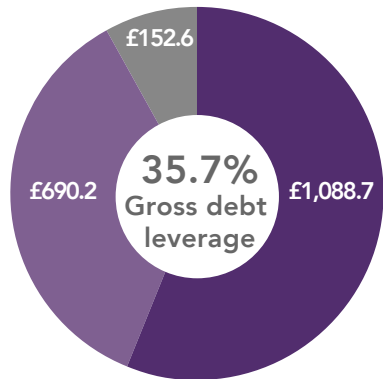
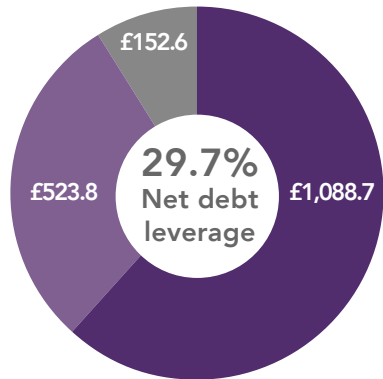
Park Plaza Belvedere Medulin
Iconic leisure and sports hotel



Park Plaza Histria Pula
Dramatic beachfront setting

STRONG BALANCE SHEET WITH DIVERSE APPROACH TO FUNDING

Debt/Equity



- PPHE shareholders equity
- Bank debt
- Non-controlling interest

Accounting debt (backed by assets)

Park Plaza Westminster Bridge London units

(999 year leases)

100+ year leases

£'m

127.8

191.8

Bank debt

Gross bank debt

Cash

Net bank debt

690.2

166.4

523.8

Equity

Equity PPHE shareholders (properties at market value, EPRA NAV¹)

Non-controlling interest (properties at market value)

Total equity

1,088.7

152.6

1,241.3

¹ Excluding £4.0 million dilutive share options.

LONG-TERM BANK FUNDING SECURED AT LOW AVERAGE COST

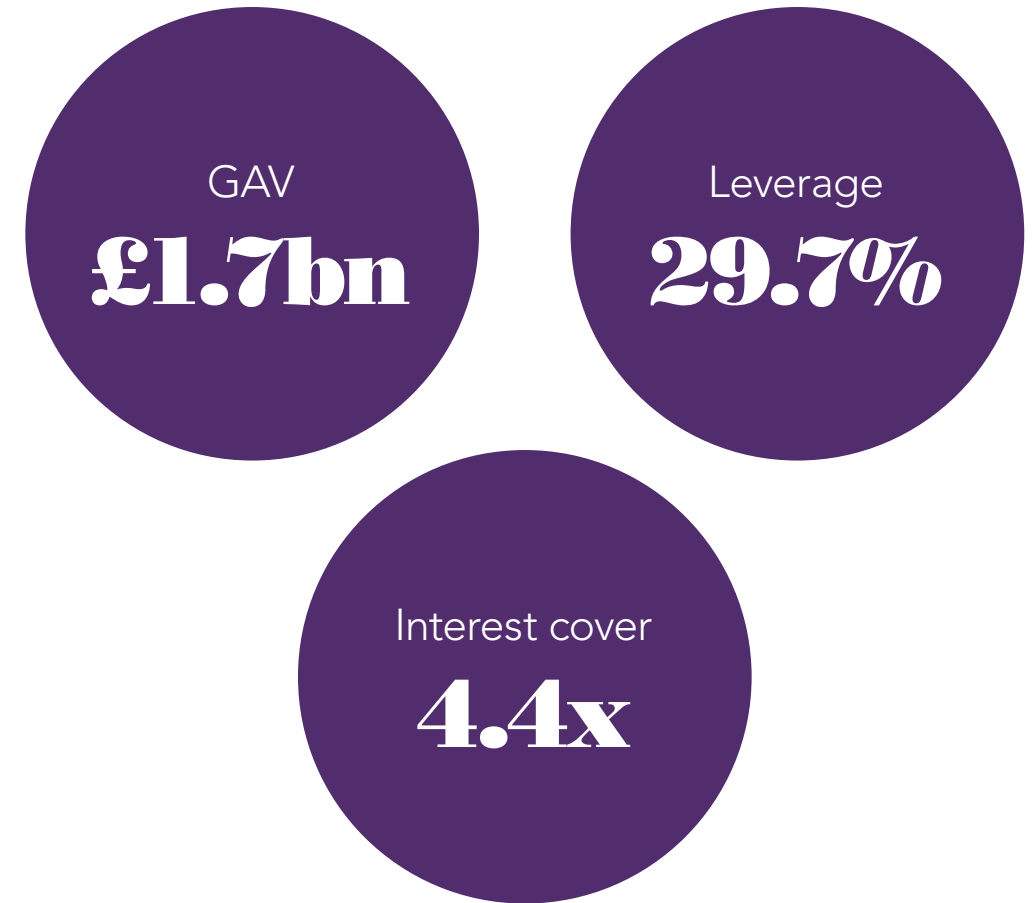
Loan maturity profile at 30 June 2019

Total £'m	1 year £'m	2 years £'m	3 years £'m	4 years £'m	5 years £'m	Thereafter £'m
690.2	14.7	12.9	13.0	15.0	12.6	622.0

- Average cost of bank debt 3.1%
- Average maturity of bank debt 7.5 years
- Group average bank interest cover 4.4x¹

Debt characteristics

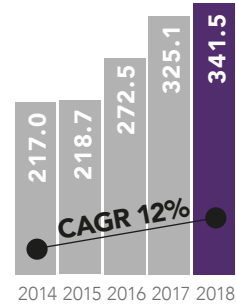
- Asset backed loans on portfolio or single asset
- Limited or no recourse to the Group (ring fenced in SPVs)
- Borrowing policy of 50% to 65% LTV
- Spread of lenders
- Covenants (LTV and debt service cover) at facility level with cure rights



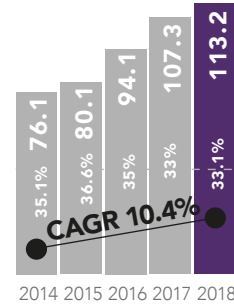
¹ EBITDA, less unitholder and finance lease payments, divided by bank interest.

LEADING TO STRONG EARNINGS AND VALUE GROWTH

**Total revenue
£'m**



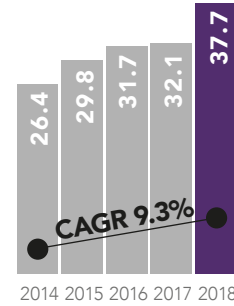
**EBITDA
£'m**



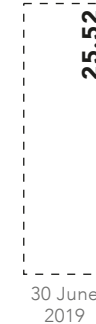
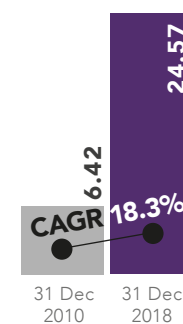
--- EBITDA margin



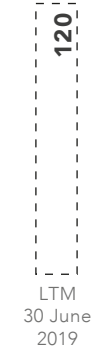
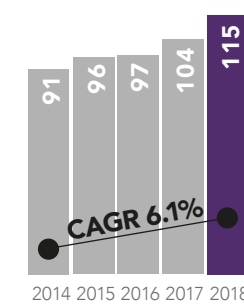
**Normalised PBT
£'m**



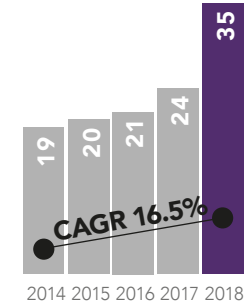
**EPRA NAV per share
£**



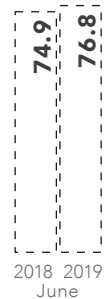
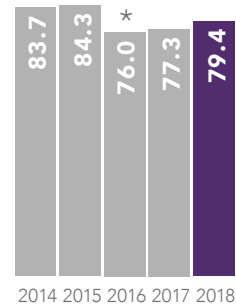
**Adjusted EPRA EPS
Pence**



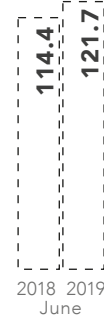
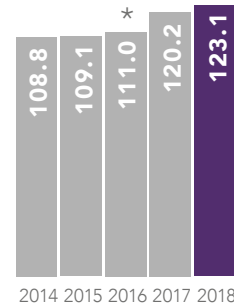
**Dividend per share
Pence**



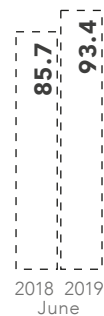
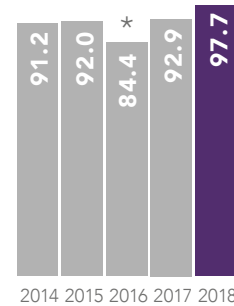
**Occupancy
%**



**Average room rate
£**



**RevPAR
£**



**...INDUSTRY LEADING OPERATING
MARGINS THAT TRANSLATE TO SUPERIOR
SHAREHOLDER RETURNS...**

* Includes Croatian operations acquired in March 2016.

...AND SOLID RETURNS ON INVESTMENT

30 June 2019	At market value		Total £'m
	Operational assets £'m	Development asset and excess cash £'m	
Net assets employed	1,682.6	82.5	1,765.1
Net bank debt	(639.6)	115.8	(523.8)
Minority interest	(121.5)	(31.1)	(152.6)
EPRA NAV ¹	921.5	167.2	1,088.7
Recurring adjusted EPRA earnings	50.4	0.4	50.8
Implied return on EPRA NAV	5.5%	0.2%	4.7%
Implied return on market capitalisation ²	8.1%	0.2%	6.4%

Development (non-yielding) assets and excess cash represent 15% of EPRA Net Asset Value and 21% market capitalisation²

IMPLIED REPORTED RETURN OF 8.1% ON OPERATIONAL ASSETS BASED ON MARKET CAPITALISATION²

¹ EPRA NAV excluding the £4.0 million effect due to exercise of dilutive options.

² Company market capitalisation is based on the market share price as at 30 June 2019 (£18.7).

CREATING VALUE WITH RECENT AND CURRENT DEVELOPMENT AND REPOSITIONING PROJECTS



HOLMES HOTEL LONDON

- PPHE Hotel Group's first premium boutique hotel
- Unveiled late spring 2019
- Situated on Chiltern Street Marylebone, Holmes Hotel London has seen a multi-million-pound repositioning which includes all guest rooms and public areas
- 118 sophisticated guest rooms, three meeting spaces, a gym and all-day dining destination; Kitchen at Holmes



PARK PLAZA LONDON WATERLOO

- Site acquired in 2013 and after four years of development the hotel opened June 2017
- Hotel offers 494 rooms and suites
- Destination restaurant, bar and Illy café
- Swimming pool and spa facilities
- Several meeting rooms and executive lounge



PARK PLAZA LONDON RIVERBANK

- Hotel opened in 2005 with 461 rooms and suites
- Re-developed property during 2015/2018, adding 185 rooms to the property
- Renovated all existing rooms
- Added a swimming pool and spa facilities
- Created destination restaurant and executive lounge, both with river views

...AND CONTINUING TO DO SO WITH OUR STRONG PIPELINE

Repositioning, renovation and development projects



2019
CONTRACTED TO ACQUIRE 88 ROOMS HOTEL IN BELGRADE



2020
VERUDELA BEACH RESORT PULA



2022
HOTEL BRIONI PULA

New hotel projects



OWNED (EXPECTED OPENING 2022/2023)
ART'OTEL LONDON HOXTON



MANAGED (EXPECTED OPENING 2022)
ART'OTEL LONDON BATTERSEA POWER STATION



JOINT VENTURE (EXPECTED OPENING 2023)
ART'OTEL NEW YORK

2019 H1 HIGHLIGHTS

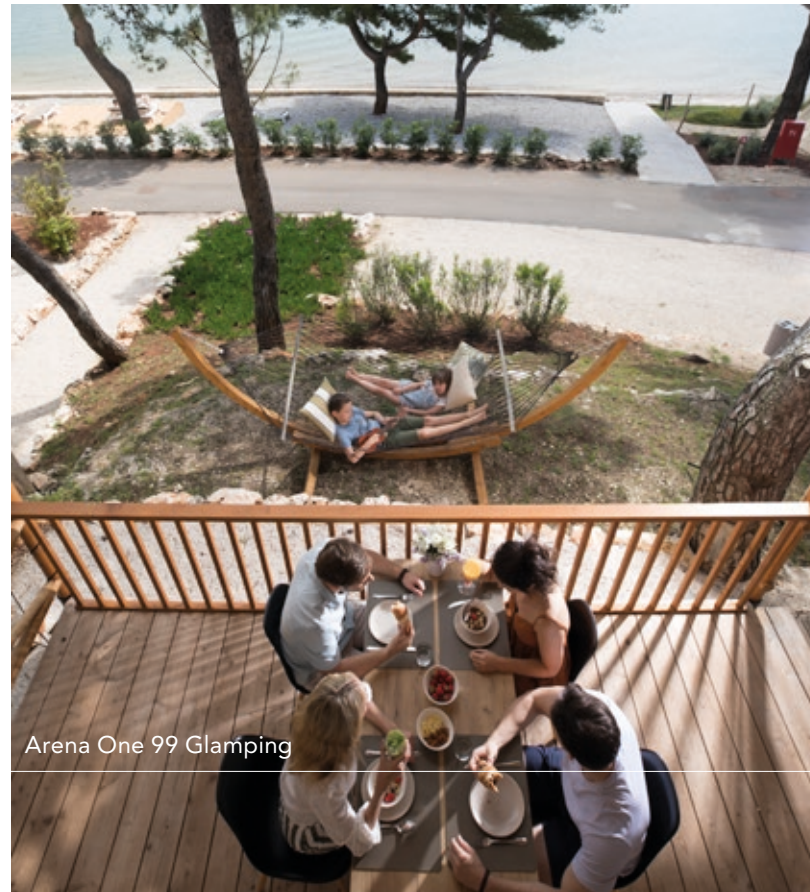
ART'OTEL LONDON
BATTERSEA POWER STATION



Park Plaza Vondelpark, Amsterdam



Arena Kažela Campsite Medulin



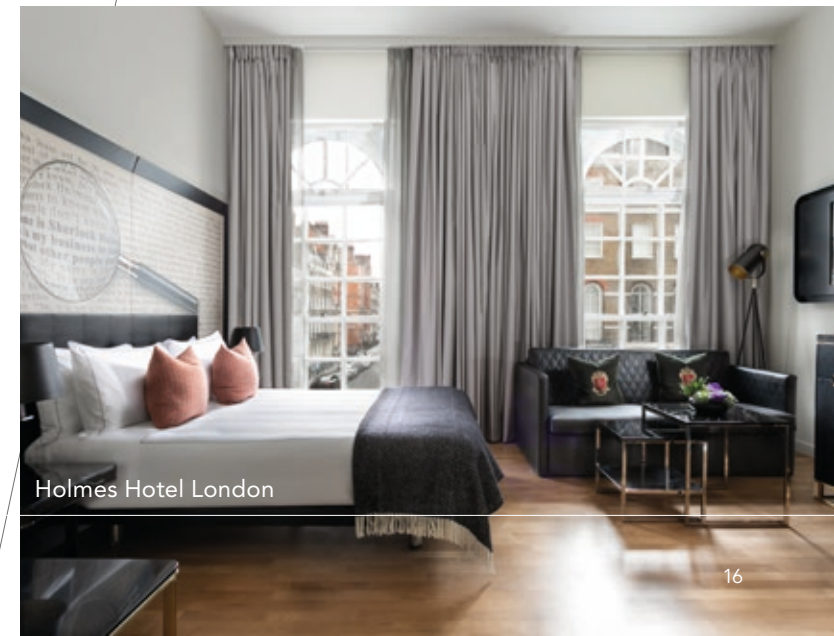
Arena One 99 Glamping



Holmes Hotel London



Park Plaza Vondelpark, Amsterdam



Holmes Hotel London

HIGHLIGHTS

Inclusion in the FTSE 250 Index

Joined both FTSE 250 and FTSE
All Share Indices 24 June 2019

London Repositioning

Full opening of Holmes Hotel London after
£9 million repositioning programme

Croatia Repositioning

Arena Kažela Campsite unveiled luxury new look including
swimming pool complex and 164 campsite homes

Amsterdam Repositioning

Soft opening of Park Plaza Vondelpark, Amsterdam
after £9 million repositioning programme

Development Pipeline

Site works progressing at the Group's 100% owned art'otel
london hoxton and managed art'otel london battersea power station

Utrecht Repositioning

Final stages of £6 million repositioning programme of Park Plaza Utrecht

Acquisitions

Contracted to acquire hotel in Belgrade and acquired, with a joint venture
partner, site in New York

Future Repositioning

Several projects identified including Verudula Beach and Villas Pula, Croatia

FINANCIAL HIGHLIGHTS

	HY 2019	HY 2018	Change
Total revenue	£155.3m	£148.8m	+4.3%
Like-for-like revenue ¹	£155.2m	£146.0m	+6.3%
EBITDA	£45.7m	£40.6m	+12.5%
Like-for-like EBITDA ¹	£43.1m	£40.8m	+5.7%
Like-for-like EBITDA margin ¹	27.8%	27.9%	(10)bps
Normalised PBT	£5.5m	£5.1m	+7.5%
Reported PBT	£4.3m	£16.4m	(74.0)%
Occupancy	76.8%	74.9%	190bps
Average room rate	£121.7m	£114.4m	6.4%
RevPAR	£93.4m	£85.7m	9.0%

	HY 2019	HY 2018	Change
Normalised EPS	16p	15p	+8.9%
Reported EPS	16p	42p	(62.5)%
Ordinary dividend	17p	16p	+6.3%
	June 2019	December 2018	Change
EPRA NAV	1,092.7m	1,053m	3.9%
Adjusted EPRA earnings (LTM)	50.8m	48.5m	4.7%
EPRA NAV per share	£25.52	£24.57	3.9%
Adjusted EPRA earnings per share (LTM)	120p	115p	4.7%

¹ The like-for-like comparison for 2019 excludes the influence of IFRS 16, which was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. Furthermore, the like-for-like figures for 30 June 2018 exclude the operations of Park Plaza Vondelpark, Amsterdam from January to March 2018 and exclude the operations of art'otel dresden during H1 2018 (the lease of which was terminated on July 2018).

6.3%

Like-for-like revenue growth mainly due to strong results in the UK

5.7%

Like-for-like EBITDA increase, keeping a solid EBITDA margin of 27.8%

7.5%

Normalised PBT increase, impaired by higher depreciation in properties that were recently repositioned

EPRA NAV

Group's total assets of £1.7 billion, which translates to EPRA NAV of £25.52 per share

Investments

Completion of multi-year £100+ million hotel investment programme

Adjusted EPRA earnings per share

4.7% growth, despite rooms refurbishment programme

UNITED KINGDOM

	Reported in GBP (£)			Like-for-like in GBP (£) ¹		
	6 months ended 30 June 2019	6 months ended 30 June 2018	Change	6 months ended 30 June 2019	6 months ended 30 June 2018	Change
Total revenue	£95.7 million	£89.6 million	+6.8%	£95.7 million	£89.6 million	+6.8%
EBITDAR	£31.0 million	£29.0 million	+7.2%	£30.9 million	£29.0 million	+6.8%
EBITDA	£30.8 million	£27.9 million	+10.6%	£30.1 million	£27.9 million	+7.9%
Occupancy	85.0%	82.7%	+230bps	85.0%	82.7%	+230bps
Average room rate	£144.0	£135.3	+6.4%	£144.0	£135.3	+6.4%
RevPAR	£122.3	£112.0	+9.3%	£122.3	£112.0	+9.3%
Room revenue	£68.8 million	£62.8 million	+9.5%	£68.8 million	£62.8 million	+9.5%

¹ The like-for-like comparison for 2019 excludes the influence of IFRS 16, which was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019.

6.8%

Like-for-like revenue increase as a result of the maturing of new inventory and improved trading at several of our London hotels

7.9%

Like-for-like EBITDA increase negatively affected by the repositioning of Holmes Hotel London

9.3%

Like-for-like RevPAR growth outperforming the London market

Projects progress

Successful reopening of Holmes Hotel London and good progress with the renovation at Park Plaza Victoria London and the site works at Hoxton



THE NETHERLANDS

	Reported in local currency Euros (€)			Like-for-like in local currency Euros (€) ¹		
	6 months ended 30 June 2019	6 months ended 30 June 2018	Change	6 months ended 30 June 2019	6 months ended 30 June 2018	Change
Total revenue	€29.6 million	€28.2 million	+5.0%	€29.6 million	€27.4 million	+8.1%
EBITDAR	€8.1 million	€8.2 million	(0.4)%	€8.3 million	€8.0 million	+3.7%
EBITDA	€8.1 million	€8.1 million	+0.1%	€8.2 million	€7.9 million	+3.6%
Occupancy	86.6%	83.9%	+280bps	86.6%	84.5%	+210bps
Average room rate	€145.0	€139.8	+3.7%	€145.0	€141.3	+2.7%
RevPAR	€125.6	€117.2	+7.1%	€125.6	€119.4	+5.2%
Room revenue	€22.2 million	€21.0 million	+5.6%	€22.2 million	€20.3 million	+9.1%

¹ The like-for-like comparison for 2019 excludes the influence of IFRS 16, which was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. Furthermore, the like-for-like figures for 30 June 2018 exclude the operations of Park Plaza Vondelpark, Amsterdam from January to March 2018.

8.1%

Like-for-like revenue increased as a result of the maturing of Park Plaza Victoria Amsterdam

3.6%

Like-for-like EBITDA increase negatively affected by the repositioning of Park Plaza Utrecht

5.2%

Like-for-like RevPAR growth outperforming the Amsterdam market

Projects progress

Repositioning projects at Park Plaza Vondelpark, Amsterdam and Park Plaza Utrecht. Expected to be fully operational in H2 2019



GERMANY AND HUNGARY

	Reported in local currency Euros (€)			Like-for-like in local currency Euros (€) ¹		
	6 months ended 30 June 2019	6 months ended 30 June 2018	Change	6 months ended 30 June 2019	6 months ended 30 June 2018	Change
Total revenue	€16.2 million	€18.0 million	(10.3)%	€16.2 million	€15.7 million	+3.0%
EBITDAR	€4.7 million	€4.8 million	(1.1)%	€4.7 million	€4.4 million	+6.0%
EBITDA	€4.5 million	€2.4 million	+92.3%	€2.9 million	€2.8 million	+5.9%
Occupancy	78.0%	77.7%	+30bps	78.0%	77.6%	+40bps
Average room rate	€105.8	€95.5	+10.7%	€105.8	€101.4	+4.3%
RevPAR	€82.5	€74.2	+11.1%	€82.5	€78.7	+4.8%
Room revenue	€13.1 million	€14.1 million	(7.2)%	€13.1 million	€12.5 million	+4.8%

¹ The like-for-like comparison for 2019 excludes the influence of IFRS 16, which was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. Furthermore, the like-for-like figures for 30 June 2018 exclude the operations of art'otel dresden (the lease of which was terminated on 31 July 2018).

3.0%

Like-for-like revenue increase

5.9%

Like-for-like EBITDA increase

4.8%

Like-for-like RevPAR increase mainly due to improved average room rate



CROATIA

	Reported in HRK		
	6 months ended 30 June 2019	6 months ended 30 June 2018	Change
Total revenue	HRK 142.7 million	HRK 137.3 million	+3.9%
EBITDAR	HRK 0.4 million	HRK 5.5 million	(93.6)%
EBITDA	HRK (4.7) million	HRK 0.8 million	(678.7)%
Occupancy	52.7%	51.0%	+170bps
Average room rate	HRK 571.0	HRK 569.0	+0.4%
RevPAR	HRK 300.8	HRK 290.1	+3.7%
Room revenue	HRK 81.4 million	HRK 79.1 million	+2.9%

3.9%

3.9% total revenue increase driven by Arena One 99
and Arena Kažela Campsite

3.7%

RevPAR increase mainly due to improved occupancy

Projects Progress

Arena Kažela Campsite features 164 luxury camping homes and a brand new swimming complex
Expected start of refurbishment of Verudela Beach Resort Pula apartments in 2019



SUPPLEMENTARY INFORMATION

PARK PLAZA VICTORIA,
AMSTERDAM

ART'OTEL
AMSTERDAM

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2019 Unaudited £'000	As at 31 December 2018 Audited £'000
Assets		
Non-current assets:		
Intangible assets	20,247	21,463
Property, plant and equipment	1,116,135	1,270,785
Right-of-use assets	222,204	–
Investment in joint ventures	18,088	4,346
Other non-current financial assets	17,851	18,027
Restricted deposits and cash	1,886	1,884
Deferred income tax assets	95	95
	1,396,506	1,316,600
Current assets:		
Restricted deposits	3,381	3,672
Inventories	2,670	2,481
Trade receivables	24,447	15,324
Other receivables and prepayments	15,039	12,016
Investment in marketable securities	4,966	4,449
Cash and cash equivalents	156,215	207,660
	206,718	245,602
Total assets	1,603,224	1,562,202

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2019 Unaudited £'000	As at 31 December 2018 Audited £'000
Equity and liabilities		
Equity:		
Issued capital	–	–
Share premium	130,161	130,061
Treasury shares	(3,636)	(3,636)
Foreign currency translation reserve	24,152	23,131
Hedging reserve	(735)	(437)
Accumulated earnings	223,191	224,373
Attributable to equity holders of the parent	373,133	373,492
Non-controlling interests	103,516	105,050
Total equity	476,649	478,542
Non-current liabilities:		
Bank borrowings	674,875	681,981
Provision for litigation	889	3,873
Provision for concession fee on land	4,696	4,330
Financial liability in respect of Income Units sold to private investors	127,824	129,151
Other financial liabilities	228,220	188,269
Deferred income taxes	5,860	7,115
	1,042,364	1,014,719
Current liabilities:		
Trade payables	19,460	12,162
Other payables and accruals	49,429	41,469
Bank borrowings	15,322	15,310
	84,211	68,941
Total liabilities	1,126,575	1,083,660
Total equity and liabilities	1,603,224	1,562,202

CONSOLIDATED INCOME STATEMENT

	As at 30 June 2019 Unaudited £'000	As at 30 June 2018 Unaudited £'000
Revenues	155,273	148,809
Operating expenses	(108,767)	(104,079)
EBITDAR	46,506	44,730
Rental expenses	(851)	(4,149)
EBITDA	45,655	40,581
Depreciation and amortisation	(21,016)	(17,266)
EBIT	24,639	23,315
Financial expenses	(15,831)	(15,133)
Financial income	1,377	638
Other income	876	20,398
Other expenses	(2,430)	(8,612)
Net expenses for financial liability in respect of Income Units sold to private investors	(4,364)	(4,124)
Share in results of associate and joint ventures	11	(48)
Profit before tax	4,278	16,434
Income tax benefit	1,917	110
Profit for the period	6,195	16,544
Profit attributable to:		
Equity holders of the parent	6,584	17,621
Result non-controlling interest	(389)	(1,077)
	6,195	16,544
Basic and diluted earnings per share (in Pound Sterling)	0.16	0.42

HIGH QUALITY PORTFOLIO INDEPENDENTLY VALUED AT £1.7 BILLION

30 June 2019	Book value	EPRA value ¹	Valuation yield
United Kingdom properties in operation (gross)	737.1		
Finance lease liabilities	(191.8)		
Units in Park Plaza Westminster Bridge London owned by third parties	(127.8)		
United Kingdom properties in operation (net)	417.5	968.5	7.5%–10.75% discount rate, 5%–8.25% caprate
Netherlands properties in operation	212.8	313.4	7.25%–9% discount rate, 5.25%–7% caprate
German properties in operation	76.5	99.3	8.5%–8.75% discount rate, 6%–6.25% caprate
Croatian properties in operation	185.5	256.5	9%–11% discount rate, 8%–10% caprate
Property in development	80.7	82.5	Specific development valuation model
Other PP&E (leased properties and offices)	7.2	7.2	
	980.2	1,727.4	
Joint venture and non-controlling interests in hospitality real estate	34.9	42.2	8.5% discount rate, 6% caprate
Other assets and liabilities	(14.6)	(4.5)	
Net assets	1,000.5	1,765.1	
Total market/EPRA NAV revaluation		764.6	
– Allocated to PPHE shareholders		715.6	
– Allocated to non-controlling interests		49.0	

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.

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 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 2019 (with the exception of operating leases, managed and franchised properties). The basis for the calculation of the Group's EPRA net asset value of £1,092.7 million (£25.52 per share) is set out in the table below.

	30 June 2019 £ million	31 December 2018 £ million
NAV per the financial statements	373.1	373.5
Effect of exercise of options	4.0	4.7
Diluted NAV, after the exercise of options¹	377.1	378.2
Includes:		
Revaluation of owned properties in operation (net of non controlling interest) ²	700.5	655.8
Revaluation of development property (Aspirations)	1.8	5.4
Revaluation of the joint venture interest held in two German properties (net of non-controlling interest)	3.8	3.8
Excludes:		
Fair value of financial instruments	(0.7)	(0.4)
Deferred tax	(8.8)	(9.4)
EPRA NAV	1,092.7	1,053.0
Fully diluted number of shares (in thousands)	42,816	42,860
EPRA NAV per share (in £)	25.52	24.57

¹ The fully diluted number of shares is excluding treasury shares but including 417,500 outstanding dilutive options (as at 31 December 2018: 522,500).

² The fair values of the properties as at 30 June 2019 and 31 December 2018 were determined on the basis of independent external valuations.

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 £50.8 million for the 12 months to 30 June 2019 (12 months to 31 December 2018: £48.5 million) and the Company's adjusted EPRA earnings per share of £1.20 for the 12 months to 30 June 2019 (12 months to 31 December 2018: £1.15) is set out in the table below.

	12 months ended 30 June 2019 £ million	12 months ended 31 December 2018 £ million
Earnings attributed to equity holders of the parent company	27.0	38.1
Depreciation and amortisation expenses	39.7	35.9
Gain on re-measurement of previously held interest in joint venture	–	(20.3)
Early close-out costs of debt instrument	–	0.3
Changes in fair value of financial instruments	0.2	1.0
Non-controlling interests in respect of the above ³	(6.9)	(6.1)
EPRA earnings	60.0	48.9
Weighted average number of shares (LTM)	42,367,912	42,335,136
EPRA earnings per share (in £)	1.42	1.16
Company specific adjustments¹:		
Capital loss on buy-back of Income Units in Park Plaza Westminster Bridge London previously sold to private investors	0.9	0.6
Termination of operating lease ⁴	–	3.1
Revaluation of finance lease ⁵	3.1	4.8
Gain from settlement of legal claim ⁸	(0.9)	–
Other non-recurring expenses (including pre-opening and transfer to premium listing expenses)	0.6	1.8
Adjustment of lease payments ⁶	(1.1)	–
One-off tax income ⁷	(1.1)	–
Maintenance capex (4% of total revenues) ²	(14.0)	(13.6)
Non-controlling interests in respect of Maintenance capex and Gain from settlement of legal claim ^{3,8}	3.3	2.9
Company adjusted EPRA earnings	50.8	48.5
Company adjusted EPRA earnings per share (in £)	1.20	1.15
Reconciliation company adjusted EPRA earnings to normalised reported profit before tax		
Company adjusted EPRA earnings	50.8	48.5
Reported depreciation	(39.7)	(35.9)
Non-controlling interest in respect of reported depreciation ³	6.9	6.0
Maintenance capex (4% of total revenues) ²	14.0	13.6
Non-controlling interest on Maintenance capex and Gain from settlement of legal claim ^{3,8}	(3.3)	(2.9)
Adjustment of lease payments ⁶	1.1	–
One-off tax income ⁷	1.1	–
Profit attributable to non-controlling interest	6.1	5.4
Reported tax	1.1	3.0
Normalised profit before tax	38.1	37.7

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.

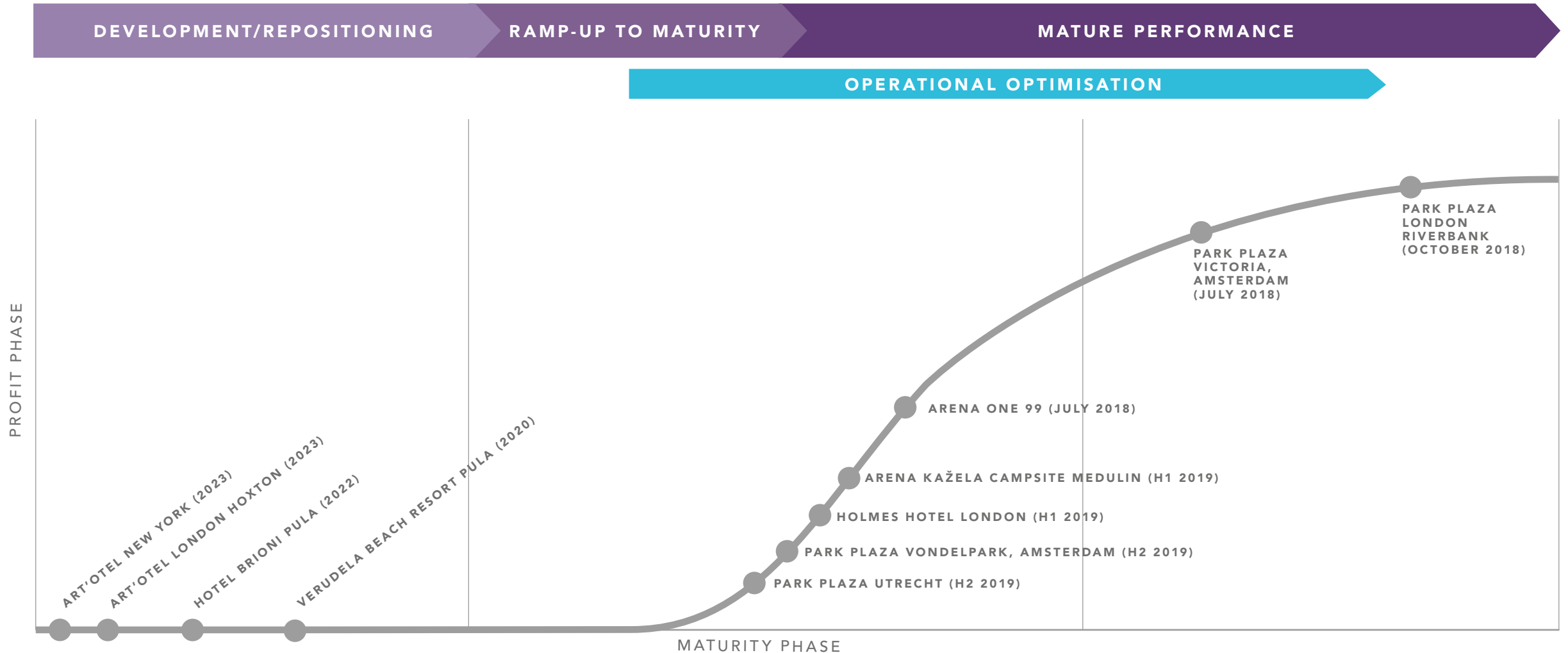
5 Non cash revaluation of finance lease liability relating to minimum future CPI increases.

6 Lease cash payments which are not recorded as an expense in the Group's income statement due to the implementation of IFRS 16.

7 One off tax income due to investment tax incentive received in Croatia and a change in the tax rate in the Netherlands.

8 Release of accrual as a result of a settlement reached in a legal dispute in Croatia with Pula Herculanea d.o.o (see Note 16a in the annual consolidated financial statements).

RE-DEVELOPMENT AND POSITIONING OUR PORTFOLIO





WHY ISTRIA?

Pula

The historic city of Pula is one of Istria's most famous tourist destinations, situated in the southern tip of Croatia's Istrian peninsula, around 4.5 miles from Pula International Airport. Venice is easy to reach by ferry, which is just 80 miles away.

PULA



BANJOLE



Arena Indije Campsite

POMER



Arena One 99 Glamping



Arena Tašalera Campsite

PREMANTURA



Arena Runke Campsite

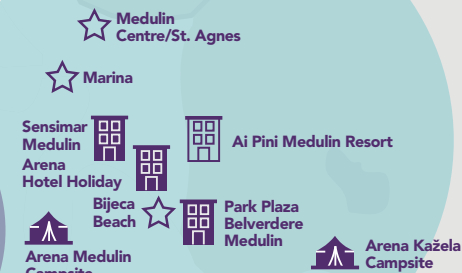


Arena Stupice Campsite



Nature Park Cape Kamenjak

MEDULIN



Medulin

Medulin is a family-friendly resort; around 5 miles south-east of Pula and approximately 12 miles from Pula International Airport.

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



Kenneth Bradley
Non-Executive Director

Skills and experience

Eli has been Chairman of the Group since its formation in 1989, previously founding the Red Sea Group, a collection of real estate companies which he led as its Chairman for ten years. He has a wealth of experience in the construction, design, development, financing, acquisition and management of leading European hotels, including Park Plaza Westminster Bridge London, Park Plaza London Riverbank, art'otel amsterdam, Park Plaza Nuremberg and many others. Eli has led the development of major retail spaces in shopping malls and large residential projects in the USA, Eastern Europe and the Middle East. He also served as Chairman of the Israel Hotel Association.

Boris has been President & Chief Executive Officer of PPHE Hotel Group since 1991. He was responsible for bringing the Park Plaza Hotels & Resorts® brand to the Group in 1994 in collaboration with Eli Papouchado and the Red Sea Group, and has been a major influencer in the expansion of the Group's international portfolio. In previous roles, Boris established the Yamit Hotel in Israel in 1984 and served as its President, and was Director of the Carlton Hotel in Israel from 1979 until 1984 and General Manager of the Royal Horseguards Hotel in London from 1972 until 1979.

Daniel is a Certified Public Accountant and is the Chief Financial Officer & Executive Director of the Group. He joined the Group in 2011 as Group Head of Accounting and was appointed Vice President Corporate Finance in 2015. Prior to joining the Group, Daniel held senior leadership positions within audit and finance, including eleven years at Mazars LLP, an international audit practice.










Kevin is the Non-Executive Deputy Chairman of the Group. He was a member of the Society of Trust and Estate Practitioners for 20 years and has held directorships in various regulated investment companies and remains a director of two regulated entities. Retired Chairman of Carey Group (after joining as Chief Executive in 1999), he was also Head of Advisory Services for Paribas International Private Banking and Managing Director of Paribas Suisse in Guernsey (1992–1999). He served as Finance Director of Ansbacher offshore banking group and was appointed as Chief Executive of Ansbacher's Guernsey bank and trust company business in 1994. He also held posts in three different departments in the States of Guernsey (1973–1980).

Nigel is a Non-Executive Director and Senior Independent Director and has been a member of the Royal Institution of Chartered Surveyors since 1989. He was Chief Executive of ComProp Limited between 2001 and 2007 while it traded as an AIM-listed property company, and during that time he was responsible for major office developments including headquarter offices for Fortis, Kleinwort Benson and Generali, along with retail stores for B&Q and Waitrose. Nigel initially worked in Southampton for Humberts and dealt with the management of coastal land forming part of the Crown Estate before moving to Guernsey, where he established the island's first dedicated commercial property practice in 1995.

Dawn is a Non-Executive Director. She is a Chartered Accountant and former Finance Director and Company Secretary of International Energy Group Ltd (IEG). She joined IEG as Financial Accountant in 1992 and was promoted to Group Accountant and Company Secretary in 2000, and further promoted to the main board as Finance Director from 2004 to 2013. During her 21 years at EG, Dawn's extensive role covered all aspects of commercial accounting and management. This included the group consolidations and cash flows, disaster recovery, restructuring and the centralisation of the finance function. She was also actively involved in the flotation of IEG on the London Stock Exchange and various group acquisitions and disposals, including the sale of IEG and its integration into an Australian and Canadian quoted company.

Ken joined the board as a non-executive director on 4 September 2019. He spent over 20 years with the Royal Bank of Scotland Group in a range of management roles with a focus on corporate and institutional banking and risk. Ken's last position at Royal Bank of Scotland Group involved him overseeing the whole Guernsey arm of the business. In 2009 Ken moved to Barclays Wealth where he spent 8 years leading their banking and trust business in Guernsey and had wider fiduciary banking responsibilities in other locations. Ken also has an MBA from Warwick Business School and has completed the Institute of Directors certificate and diploma in Company Direction.

LEADERSHIP TEAM

PPHE HOTEL GROUP						ARENA HOSPITALITY GROUP		
								
Greg Hegarty Chief Operating Officer	Jaklien van Sterkenburg Executive Vice President People & Culture Head of HR	Robert Henke Executive Vice President Commercial & Corporate Affairs	Inbar Zilberman General Counsel	Daniel Pedreschi Vice President Operations the United Kingdom	Michelle Wells Vice President Operations the Netherlands	Reuel ("Reli") Slonim President of the Management Board	Devansh Bakshi Chief Financial Officer & Member of the Management Board	Arnoud Duin Regional General Manager, Germany & Hungary
NUMBER OF YEARS WORKED AT PPHE HOTEL GROUP								
12 years	24 years	17 years	9 years	11 years	12 years	11 years	5 years	12 years

LARGEST SHAREHOLDERS

NUMBER OF ISSUED SHARES (EXCLUDING TREASURY)

42,398,188

Largest shareholders as at 30 June 2019	Number of shares	Percentage of issued share capital (excluding treasury)
Eli Papouchado¹	13,760,260	32.45%
Boris Ivesha²	4,636,974	10.94%
Bank Leumi Le Israel	3,047,039	7.19%
First International Bank of Israel	2,616,725	6.17%
Aroundtown Property Holdings	2,605,507	6.15%

¹ Eli Papouchado is deemed to be interested in the following Ordinary Shares:

- (a) 11,537,843 Ordinary Shares held by Euro Plaza Holdings B.V. ("Euro Plaza"). Euro Plaza is an indirect wholly-owned Dutch incorporated subsidiary of A.P.Y. Investments & Real Estate Ltd ("APY"). As at the date hereof, 98% of the shares in APY are held by Eli Papouchado as trustee of an endowment created under Israeli law which he formed in 1998 (the "Endowment"). The primary beneficiaries of the Endowment are Eli Papouchado and his sons, Yoav Papouchado and Avner Papouchado, and the secondary beneficiaries are the children of Yoav and Avner. The remaining 2% of the shares in APY are held by Yoav and Avner Papouchado respectively (1% each). APY and its subsidiaries are part of an international constructions, hotel and real estate group (the "Red Sea Group") that was founded by Eli Papouchado. The Ordinary Shares held by Euro Plaza have been pledged to secure guarantees given by Euro Plaza of certain banking facilities provided to another company in the Red Sea Group, as disclosed on 13 December 2013.
- (b) 22,417 Ordinary Shares held by Red Sea Club Limited ("Red Sea Club"), an intermediate subsidiary of APY and holding company of Euro Plaza.
- (c) 2,200,000 Ordinary Shares held by A.A. Papo Trust Company Limited ("A.A. Papo"), a company which is wholly-owned by Eli Papouchado, acting in its capacity as the sole trustee of an endowment whose main beneficiary is Eli Papouchado's daughter, Eliana Papouchado.

² Boris Ivesha is deemed to be interested in 4,636,974 Ordinary Shares held by Walford Investments Holdings Limited ("Walford") which is wholly-owned by Clermont Corporate Services Limited ("Clermont"), as trustee of certain trusts established for the benefit of Boris Ivesha (the president and chief executive officer of the Company) and his family.

CORRESPONDENCE

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