

Interim Results for the six months ended 30 June 2019 (Unaudited)

LFL EBITDA growth of 5.7% and EPRA NAV per share up by 3.9% to £25.52.

Performance supported by recent investments in the hospitality real estate portfolio and RevPAR outperformance in London.

PPHE Hotel Group, the international hospitality real estate group which owns, co-owns and develops hotels, resorts and campsites, is pleased to announce its results for the six months ended 30 June 2019.

Financial highlights and EPRA reporting

- On a like-for-like¹ basis, total revenue increased by 6.3% to £155.2 million (H1 2018: £146.0 million). Reported total revenue increased by 4.3% to £155.3 million (H1 2018: £148.8 million)
- On a like-for-like basis¹, EBITDA increased 5.7% to £43.1 million (H1 2018: £40.8 million) Reported EBITDA increased by 12.5% to £45.7 million (H1 2018: £40.6 million), benefiting from the adoption of IFRS 16
- Like-for-like¹ RevPAR increased by 7.5% to £93.4 (H1 2018: £86.9). Reported RevPAR increased by 9.0% to £93.4 (H1 2018: £85.7). In the UK, like-for-like and reported RevPAR increased by 9.3% to £122.3 (H1 2018: £112.0)
- Normalised profit before tax² increased by 7.5% to £5.5 million (H1 2018: £5.1 million) In H1 2018 reported profit before tax benefited from a one-off revaluation resulting in an H1 2019 reported profit before tax decrease to £4.3 million (H1 2018: £16.4 million)¹
- Normalised EPS³ was £0.16 (H1 2018: £0.15), reported EPS was £0.16 (H1 2018: £0.42)
- Last 12 months (LTM) adjusted EPRA earnings per share to 30 June 2019 increased by 4.7% to £1.20 per share (12 months ending 31 December 2018: £1.15)
- Interim ordinary dividend of 17 pence per share, up 6.3% from last year (H1 2018: 16.0 pence per share), which is in line with the Company's progressive dividend policy
- Following a recent independent valuation of the portfolio, the Group's total assets now amount to £1.7 billion which translates to an EPRA NAV of £25.52 per share as at 30 June 2019, reflecting a 3.9% increase since 31 December 2018 (£24.57 per share)⁴

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 31 July 2018).

2 For a reconciliation of reported profit before tax to normalised profit before tax see page 7.

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.

4 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.

Corporate activity and operational highlights

- Completion of a multiyear extensive £100 million+ hotel investment programme aimed at repositioning and further upgrading property portfolio in the UK and Netherlands
- Successful reopening of Holmes Hotel London, which received a £9.0 million investment to reposition the property
- Good progress also made with repositioning projects at Park Plaza Vondelpark, Amsterdam and Park Plaza Utrecht with soft openings at both properties
- Site works progressing at the Group's 100% owned art'otel london hoxton, with improved planning consent. Works are also underway at art'otel london battersea power station, which will be managed by the Group on completion of the construction
- Entry into the United States for our 100% owned art'otel brand with a joint venture agreement to develop a prime site located in Manhattan, New York
- Arena Hospitality Group (Arena) has agreed to acquire the 88 Rooms Hotel in Belgrade, Serbia, for HRK 47 million (approximately £5.7 million), subject to certain conditions being fulfilled
- Second major repositioning project for 2019 unveiled as Arena completed a multi-million-pound repositioning of the Arena Kažela Campsite including brand-new luxury camping homes
- Inclusion in the FTSE 250 and FTSE All Share indices

Current trading and outlook:

The second half of the year is usually the stronger trading period in all of PPHE's markets. While in 2019 Croatia is experiencing competitive market conditions, London and the Netherlands continue to trade well. Overall, trading since 30 June 2019 is in line with expectations.

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

"We are pleased to report a good first half performance, with continued revenue growth and Group like-for-like EBITDA up 5.7%. This reflects an increase in all of our key operating metrics, with good growth in occupancy and average room rate both contributing to strong RevPAR growth, as well as the strength of our portfolio. This performance has been driven by a solid operating performance from our UK hotel portfolio.

Our real estate investment programme has progressed well, and we are delighted with the completion of several significant repositioning projects which have transformed our portfolio. Going into the second half of the year, all of our hotels are now fully operational.

We remain committed to delivering future growth. Our current pipeline is strong, and the Group expects to spend approximately £300 million on exciting developments such as art'otel london hoxton. We also remain open to asset acquisitions to broaden our portfolio and deliver our target returns on investment.

PPHE's proven development strategy is to target real estate in prime locations and attractive geographies where we believe there is significant upside potential to drive growth and long-term value through both the property portfolio and operations. The recent independent valuations of our properties represent an EPRA NAV per share of £25.52, up 3.9% from 31 December 2018.

We continue to expect PPHE's full year performance to be in line with previous expectations."

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Notes to Editors

PPHE Hotel Group is an international hospitality real estate company, with a £1.7 billion portfolio (valued as at summer of 2019) of primarily prime freehold and long leasehold assets in Europe.

PPHE Hotel 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.

PPHE Hotel 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, PPHE Hotel 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 PPHE Hotel Group to develop and operate properties across several segments of the hospitality market.

PPHE Hotel 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. PPHE Hotel Group's development pipeline includes two new hotels in London and one in New York City which are expected to add an additional 600 rooms by the end of 2022/2023.

PPHE Hotel Group is a Guernsey registered company with shares listed on the London Stock Exchange and a constituent of the FTSE 250. PPHE Hotel Group also holds a controlling ownership interest in Arena Hospitality Group, whose shares are listed on the Prime market of the Zagreb Stock Exchange.

Company websites

www.pphe.com
www.arenahospitalitygroup.com

For reservations

www.parkplaza.com
www.artotels.com
www.arenahotels.com
www.arenacampsites.com

For images and logos visit

www.vfmii.com/parkplaza

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.

Key financial statistics for the six months ended 30 June 2019

	Reported			Like-for-like ¹		
	Six months ended 30 June 2019	Six months ended 30 June 2018	% change ²	Six months ended 30 June 2019	Six months ended 30 June 2018	% change ²
Total revenue	£155.3 million	£148.8 million	4.3%	£155.2 million	£146.0 million	6.3%
Room revenue	£109.1 million	£103.1 million	5.8%	£109.1 million	£101.1 million	8.0%
EBITDAR	£46.5 million	£44.7 million	4.0%	£46.5 million	£ 44.3 million	5.1%
EBITDA	£45.7 million	£40.6 million	12.5%	£43.1 million	£40.8 million	5.7%
EBITDA margin	29.4%	27.3%	210bps	27.8%	27.9%	(10)bps
Reported PBT	£4.3 million	£16.4 million	(74.0%)	N/A	N/A	N/A
Normalised PBT	£5.5 million	£5.1 million	7.5%	N/A	N/A	N/A
Occupancy	76.8%	74.9%	190bps	76.8%	74.8%	200bps
Average room rate	£121.7	£114.4	6.4%	£121.7	£116.1	4.8%
RevPAR	£93.4	£85.7	9.0%	£93.4	£86.9	7.5%

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. 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 (the lease of which was terminated on 31 July 2018).

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 2019 with six months ended 30 June 2018.

EPRA performance indicators

The Group's EPRA NAV per share at 30 June 2019 was £25.52 and the last 12 months adjusted EPRA earnings per share to 30 June 2019 increased by 4.7% to £1.20 per share.

	30 June 2019 £ million	31 December 2018 £ million
EPRA earnings (LTM) ¹	60.0	48.9
Adjusted EPRA earnings (LTM) ¹	50.8	48.5
EPRA NAV	1,092.7	1,053.0

	30 June 2019 £ million	31 December 2018 £ million
Per share figures:		
EPRA earnings per share (LTM)	1.42	1.16
Adjusted EPRA earnings per share (LTM)	1.20	1.15
EPRA NAV per share	25.52	24.57

¹ EPRA earnings and adjusted EPRA earnings for 30 June 2019 are calculated on the last 12-month period ended on 30 June 2019.

Financial performance

The Group is pleased to report a good first half performance delivering like-for-like¹ growth in both revenue and EBITDA. This was largely driven by a strong RevPAR performance in London contributing to like-for-like¹ Group RevPAR growth of 7.5% supported by a 4.8% like-for-like¹ increase in average room rate and 200bps like-for-like¹ increase in occupancy.

Trading has continued to mature across new hotels opening in 2017 and 2018 further driving the Group's first half performance.

Total revenue increased by 4.3% to £155.3 million (H1 2018: £148.8 million), driven by maturing performance of new openings among other factors. On a like-for-like basis¹, revenue increased by 6.3% to £155.2 million (H1 2018: £146.0 million).

Group EBITDA increased by 12.5% to £45.7 million (H1 2018: £40.6 million). On a like-for-like¹ basis, EBITDA increased by 5.7% to £43.1 million (H1 2018: £40.8 million); Like-for-like¹ EBITDA margin decreased by 10bps to 27.8% (H1 2018: 27.9%).

The increase in like-for-like EBITDA was largely due to strong Group RevPAR growth of 7.5% supported by a 4.8% increase in average room rate and 200bps increase in occupancy alongside the maturing of our 2017 and 2018 openings in the Netherlands and United Kingdom.

As at 1 January 2019, the Group adopted the IFRS 16 accounting standard, which was issued in January 2016. Prior to this standard adoption, leases that were classified as operating leases were included in EBITDA as rent expenses. As a result of the new accounting standard, as at 1 January 2019, the Group has recognised lease liabilities relating to future lease payments with corresponding right-of-use assets representing the right to use the underlying assets in its balance sheet. In line with this revised treatment, instead of rent expenses, the Group now records depreciation cost on the right-of-use assets and finance expense in accordance with the schedule of the lease liabilities which are included below EBITDA in the Group's consolidated income statement. In addition, rent expenses related to leases that were previously classified as finance leases are recorded as finance expenses starting 1 January 2019.

As a result of the standard implementation, for the first six months of 2019 the Group's reported profit before tax decreased by £0.1 million, EBITDA increased by £2.6 million, depreciation increased £1.8 million and interest expenses increased £0.8 million.

Normalised profit before tax increased by 7.5% to £5.5 million (H1 2018: £5.1 million). The increase is mainly due to the improved performance in the UK region.

Reported profit before tax decreased to £4.3 million (H1 2018: £16.4 million). In 2018 reported profit before tax benefited from a one-off revaluation 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 as detailed below.

Reconciliation of reported profit before tax to normalised profit before tax

In £ millions	Six months ended 30 June 2019	Six months ended 30 June 2018	12 months to 30 June 2019	12 months ended 31 December 2018
Reported profit before tax	4.3	16.4	34.3	46.4
Termination of operating lease ¹	–	3.1	–	3.1
Refinance expenses	–	0.3	–	0.3
Loss on buy back of units in Park Plaza Westminster Bridge London from private investors	0.4	0.1	0.9	0.6
Fair value adjustment on income swaps with private investors of Income Units in Park Plaza Westminster Bridge London	0.1	0.2	0.3	0.4
Arena's legal release of accrual	(0.9)	–	(0.9)	–
Results from marketable securities	(0.5)	0.3	(0.1)	0.7
Revaluation of finance lease	1.7	3.4	3.1	4.8
Forfeited deposits from rescinded sale contracts of Income Units at Park Plaza Westminster Bridge London to private investors	–	–	(0.1)	(0.1)
Pre-opening expenses	0.4	0.2	0.4	0.2
Gain on revaluation of previously held interest in art'otel london hoxton development	–	(20.3)	–	(20.3)
Expenses in connection with transfer to premium listing	–	1.4	0.2	1.6
Normalised profit before tax	5.5	5.1	38.1	37.7

¹ See EPRA earning calculation on page 10

Financial position

Net bank debt as at 30 June 2019 was £523.8 million, an increase of £44.2 million (as at 31 December 2018: £479.6 million). During the period, the movement in net bank debt included, among other things, a decrease in cash and cash equivalents of £51.2 million, mainly due to an investment in a joint venture in New York 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 52.3% (as at 31 December 2018: 50.0%). The Group's gearing ratio with the Group's properties at market value amounts to 29.7%.

FTSE 250 and FTSE All Share inclusion

In June 2019, the Group was pleased to announce its inclusion in the FTSE 250 and FTSE All Share Indices, with effect from the start of trading on 24 June 2019.

Ongoing portfolio investments

The Group is delighted that the major repositioning and investment programme focused on key properties in the United Kingdom and the Netherlands is nearing completion, with the repositioned properties in London, Amsterdam and Utrecht now at soft opening stages.

The repositioning of Holmes Hotel London, the Group's first premium boutique hotel, was completed in spring 2019 and excellent progress has been made at Park Plaza Vondelpark, Amsterdam and Park Plaza Utrecht, with soft openings at both properties taking place at the end of June 2019.

Renovation work has also commenced and is progressing to plan at Park Plaza Victoria London, with completion expected in H2 2019.

In Croatia, Arena announced the completion of its major repositioning of the Arena Kažela Campsite and we are excited about the potential of the project.

A strong pipeline

The Group expects to spend approximately £300.0 million on its current pipeline projects. The Group's pipeline includes exciting projects such as the Group's 100% owned art'otel london hoxton project and two new projects announced by the Group in the first half of 2019 (the acquisition with a joint venture partner of a site in New York earmarked for an art'otel and Arena's acquisition of the 88 rooms hotel in Belgrade Serbia, which is expected to be completed later this year).

Additional future repositioning projects have been identified and planned such as Verudela Beach Resort & Apartments in Pula Croatia.

The Group's pipeline extends to include art'otel london battersea power station, which will be operated by the Group under a management agreement on completion in 2022.

Acquisition strategy

The Group will continue to reposition and develop the assets within the portfolio as well as focus on its committed development pipeline to deliver future growth. The Group retains a strong excess cash position and the Board will continue to consider asset acquisitions to broaden our portfolio and deliver our target returns on investment.

We have a clear strategy to drive growth and long-term value through our property portfolio and our operations. In our property portfolio, we take a disciplined, yield-focused approach to capital deployment and look to optimise the value of our existing portfolio and, where appropriate, extract value to fund longer-term sustainable growth. The Group takes an integrated and entrepreneurial approach to everything we do and will continue to reposition and develop assets within our portfolio as well as focus on our committed development pipeline to deliver future growth. We retain a strong cash position and we will continue to consider asset acquisitions to broaden our portfolio and deliver our target returns on investment. We are disciplined in selecting and progressing an investment opportunity, only targeting real estate with significant upside potential which fits our long-term growth strategy and above all creates strong shareholder value.

The Group's acquisition criteria include:

- prime location;
- attractive geographies – this includes territories where the Group is not currently present;
- opportunity to create significant capital value; and
- risk adjusted accretive IRRs.

Corporate governance review and board changes

As mentioned in the Annual Report and Accounts 2018, it is the Board's current intention to increase the number of independent non-executive directors on the Board during the course of the 2019 financial year.

On 4 September 2019, PPHE announced that the Board had appointed Kenneth Bradley as a non-executive director of the Company, and a member of the Audit Committee, the Nominations Committee and the Remuneration Committee. Kenneth is a former Chief Country Officer of both RBSI and Barclays Bank.

The Company has been taking proactive steps to seek to identify further suitable candidates and will keep shareholders updated on progress in this respect.

Additionally, as also announced in the Annual Report and Accounts, Kevin McAuliffe's membership of the Audit Committee came to an end at the Annual General Meeting.

Dividend

The Board has approved the payment of an interim dividend of 17 pence per share, for the period ended 30 June 2019, to all shareholders who are on the register at 20 September 2019.

This represents a 6.3% increase year-on-year (H1 2018: 16 pence per share). The interim dividend is to be paid on 15 October 2019.

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

The second half of the year is usually the stronger trading period in all of PPHE's markets. While in 2019 Croatia is experiencing competitive market conditions, London and the Netherlands continue to trade well. Overall, trading since 30 June 2019 is in line with expectations.

Whilst we are mindful of current macroeconomic and political uncertainty, we are confident in our contingency plans in place to mitigate against the impact of any disorderly withdrawal by the United Kingdom from the EU. The Group is potentially affected by such a withdrawal in areas such as employment, delivery of goods, funding and demand for its hotels, and it has been highly proactive in all of these areas. Building on the success of the Group's recent insourcing of accommodation services, we have continued to strengthen our employer value proposition by acquiring an apartment building in London which, following conversion, will serve as staff accommodation. We have also continued to invest in a wide variety of recruitment, training and retention initiatives. To ensure a continued and seamless delivery of meetings and events, we have bought certain goods in bulk. All major loans for our properties have been refinanced in recent years, with the average maturity of our loans currently at 7.5 years. The weakening of Sterling has in recent years resulted in increased leisure demand from other countries and we expect this trend to continue. Our commercial strategy tends to be highly dynamic and we can tailor our marketing activities accordingly.

We are delighted with the completion of significant repositioning projects across our portfolio and expect the trading performance of these hotels to begin to further contribute to our overall growth. We are confident in the strength of our portfolio, and we expect PPHE's full year performance to be in line with previous expectations.

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.

The Company has included in its results for the six months to 30 June 2019 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 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 value of the properties as at 30 June 2019 and as at 31 December 2018 were determined on the basis of independent external valuations.

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 £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 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.

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).

Return on capital employed

The table below provides some selected data for the Group's assets as at 30 June 2019, 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	644.5	–	80.7	263.1	–	988.3
Right to use asset	194.9			27.3		222.2
Book-value intangible assets	18.3			1.9		20.2
Other long-term assets	17.5		13.7	4.9		36.1
Working capital	(10.4)			(13.1)		(23.5)
Cash and liquid investments	37.9	51.0		12.7	64.8	166.4
Bank/institutional loans (short/long term)	(579.4)			(110.8)		(690.2)
Finance lease liability, land concession and other provisions	(202.3)			(32.8)		(235.1)
Other provisions	(5.3)			(2.5)		(7.8)
Total capital consolidated	115.7	51.0	94.4	150.7	64.8	476.6
Minority shareholders				(72.4)	(31.1)	(103.5)
Total capital employed by PPHE Hotel Group shareholders	115.7	51.0	94.4	78.3	33.7	373.1

1 These are stated at cost price less depreciation. The fair value of these properties is substantially higher.

2 This contains properties that are in development.

3 Excess cash is directly available for further investments and developments.

4 Arena Hospitality Group d.d is listed on the Zagreb Stock Exchange. The market capitalisation at 30 June 2019 is £230.5 million.

Portfolio independently valued

30 June 2019	Book value	Market 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, 7%–9% caprate
Property in development	80.7	82.5	Specific development valuation model as at 30 June 2018
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.

United Kingdom

Hotel Operations

	Reported in GBP (£)		Like-for-like ¹ in GBP (£)	
	Six months ended 30 June 2019	Six months ended 30 June 2018	Six months ended 30 June 2019	Six months ended 30 June 2018
Total revenue	£95.7 million	£89.6 million	£95.7 million	£89.6 million
EBITDAR	£31.0 million	£29.0 million	£30.9 million	£29.0 million
EBITDA	£30.8 million	£27.9 million	£30.1 million	£27.9 million
Occupancy	85.0%	82.7%	85.0%	82.7%
Average room rate	£144.0	£135.3	£144.0	£135.3
RevPAR	£122.3	£112.0	£122.3	£112.0
Room revenue	£68.8 million	£62.8 million	£68.8 million	£62.8 million

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.

UK hotel portfolio performance

We are pleased to report that total revenue in the United Kingdom increased by 6.8% to £95.7 million (H1 2018: £89.6 million). This growth was mainly the result of the maturing of new room inventory and improved trading at several of our London hotels.

Like-for-like¹ and reported RevPAR increased by 9.3% to £122.3 (H1 2018: £112.0), which was the result of a 6.4% increase in average room rate to £144.0 (H1 2018: £135.3) and an increase in occupancy by 230bps to 85.0% (H1 2018: 82.7%).

Reported EBITDA for the region increased by 10.6% to £30.8 million (H1 2018: £27.9 million) and like-for-like¹ EBITDA, excluding the effect of IFRS 16, increased by 7.9% to £30.1 million (H1 2018: £27.9 million).

Repositioning, redevelopment and development pipeline

We are pleased to report excellent progress in the first half of 2019, as we completed the extensive repositioning programme at Holmes Hotel London. Opening its doors in May, this was the Group's first repositioned property of the year and is now fully re-launched. The property received a £9 million investment and is the Group's first premium boutique hotel. As part of the repositioning, the property benefited from a major redesign which included the full refurbishment of all rooms and public areas and the unveiling of a new brand identity with an up-market boutique aesthetic.

Renovation for Park Plaza Victoria London is progressing well and due to complete in H2 2019. This will include refurbishment of the lobby area, bar and public spaces.

Site works are progressing well with the Group's 100% owned art'otel london hoxton, with improved planning consent now including 27 floors comprising of 343 hotel rooms and suites as well as five floors of office space. Additionally, the art'otel london battersea power station, which will be managed by the Group on completion of the construction, is progressing well, with completion expected in 2022.

The United Kingdom hotel market*

Demand in the first half of 2019 has remained strong due to the continued devaluation of Sterling in the first half.

RevPAR in the London market increased by 5% to £117.9, supported by 1.1% growth in occupancy and a 3.9% increase in average daily rate to £146.1.

In Nottingham, the overall market saw RevPAR increase 4.0% to £46.7 driven by a 3.1% increase in average daily rate to £62.4 and a 0.9% increase in occupancy to 74.8%. The Leeds market reported a 1.1% increase in RevPAR to £51.4, due to an increase in occupancy of 2.1%. Average room rate fell 0.9% to £67.2.

* Source of information in this section: STR Global, August 2019.

The Netherlands

Hotel Operations

	Reported in GBP (£) ¹		Reported in local currency Euros (€) ¹	
	Six months ended 30 June 2019	Six months ended 30 June 2018	Six months ended 30 June 2019	Six months ended 30 June 2018
Total revenue	£25.9 million	£24.8 million	€29.6 million	€28.2 million
EBITDAR	£7.1 million	£7.2 million	€8.1 million	€8.2 million
EBITDA	£7.1 million	£7.1 million	€8.1 million	€8.1 million
Occupancy	86.6%	83.9%	86.6%	83.9%
Average room rate	£126.5	£123.0	€145.0	€139.8
RevPAR	£109.6	£103.1	€125.6	€117.2
Room revenue	£19.4 million	£18.5 million	€22.2 million	€21.0 million

	Like-for-like ² in GBP (£) ¹		Like-for-like ² in local currency Euros (€) ¹	
	Six months ended 30 June 2019	Six months ended 30 June 2018	Six months ended 30 June 2019	Six months ended 30 June 2018
Total revenue	£25.8 million	£24.1 million	€29.6 million	€27.4 million
EBITDAR	£7.2 million	£7.0 million	€8.3 million	€8.0 million
EBITDA	£7.2 million	£7.0 million	€8.2 million	€7.9 million
Occupancy	86.6%	84.5%	86.6%	84.5%
Average room rate	£126.5	£124.3	€145.0	€141.3
RevPAR	£109.6	£105.0	€125.6	€119.4
Room revenue	£19.3 million	£17.9 million	€22.2 million	€20.3 million

¹ Average exchange rate from Euro to Sterling for the period ended 30 June 2019 was 1.146 and for the period ended 30 June 2018 was 1.137, representing a 0.8% increase.

² 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 of January 2019. Furthermore, the like-for-like figures for 30 June 2018 exclude the operations of Park Plaza Vondelpark, Amsterdam from January to March.

Dutch hotel portfolio performance

We are pleased to report that total revenue in local currency increased by 5.0% to €29.6 million (H1 2018: €28.2 million). The main contributor for this increase was the maturing of Park Plaza Victoria Amsterdam, which was repositioned in 2018. However, this increase was offset by the reduction in room inventory at Park Plaza Vondelpark, Amsterdam and Park Plaza Utrecht as a result of the repositioning programmes.

RevPAR in local currency increased by 7.1% to €125.6 (H1 2018: €117.2). This growth was achieved through a 3.7% increase in average room rate to €145.0 (H1 2018: €139.8) and an increase in occupancy by 270bps to 86.6% (H1 2018: 83.9%). In Sterling, RevPAR increased by 6.3% to £109.6 (H1 2018: £103.1), with average room rates increasing by 2.9% to £126.5 (H1 2018: £123.0).

Reported EBITDA remained unchanged at €8.1 million (H1 2018: €8.1 million). Like-for-like² EBITDA increased by 3.6% to €8.2 million (H1 2018: €7.9 million).

Repositioning projects

We are delighted to report good progress with repositioning projects at Park Plaza Vondelpark, Amsterdam and Park Plaza Utrecht. We anticipate both hotels to be fully operational in H2 2019.

The Dutch hotel market*

RevPAR in the Amsterdam market was down slightly by 0.6% to €122.3 in the period. This was the result of a 0.7% decrease in occupancy to 79.6% and a marginal increase of 0.1% in average daily rate to €153.7.

Outside of Amsterdam, hotels in Utrecht reported a 1.4% decrease in RevPAR to €83.2, as a result of an 1.8% increase in average room rate to €112.4 and a 3.1% decrease in occupancy to 74.0%.

In the Eindhoven area, RevPAR increased by 5.6% to €52.9, due to a 4.1% increase in average daily rate to €83.5 and 1.4% growth in occupancy to 63.3%.

* Source of information in this section: STR Global, August 2019.

Germany and Hungary

Hotel Operations

	Reported in GBP (£) ¹		Reported in local currency Euros (€) ¹	
	Six months ended 30 June 2019	Six months ended 30 June 2018	Six months ended 30 June 2019	Six months ended 30 June 2018
Total revenue	£14.1 million	£15.9 million	€16.2 million	€18.0 million
EBITDAR	£4.1 million	£4.2 million	€4.7 million	€4.8 million
EBITDA	£3.9 million	£2.1 million	€4.5 million	€2.4 million
Occupancy	78.0%	77.7%	78.0%	77.7%
Average room rate	£92.3	£84.0	€105.8	€95.5
RevPAR	£72.0	£65.3	€82.5	€74.2
Room revenue	£11.4 million	£12.4 million	€13.1 million	€14.1 million

	Like-for-like ² in GBP (£) ¹		Like-for-like ² in local currency Euros (€) ¹	
	Six months ended 30 June 2019	Six months ended 30 June 2018	Six months ended 30 June 2019	Six months ended 30 June 2018
Total revenue	£14.1 million	£13.8 million	€16.2 million	€15.7 million
EBITDAR	£4.1 million	£3.9 million	€4.7 million	€4.4 million
EBITDA	£2.6 million	£2.5 million	€2.9 million	€2.8 million
Occupancy	78.0%	77.6%	78.0%	77.6%
Average room rate	£92.3	£89.2	€105.8	€101.4
RevPAR	£72.0	£69.2	€82.5	€78.7
Room revenue	£11.4 million	£11.0 million	€13.1 million	€12.5 million

1 Average exchange rate from Euro to Sterling for the period ended 30 June 2019 was 1.146 and for the period ended 30 June 2018 was 1.137, representing a 0.8% increase.

2 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).

German and Hungarian hotel portfolio performance

On a like-for-like² basis, revenue in local currency for our Germany and Hungary operations increased by 3.0% to €16.2 million (H1 2018: €15.7 million). In Sterling, like-for-like² total revenue increased by 2.1% to £14.1 million (H1 2018: £13.8 million). On a reported basis revenue decreased by 10.3% in Euros, to €16.2 million (H1 2018: €18.0 million). In Sterling, reported total revenue decreased by 11.0% to £14.1 million (H1 2018: £15.9 million). The main reason for the decrease was the termination of the loss making lease agreement of art'otel dresden with effect from 31 July 2018.

Overall occupancy increased by 30bps to 78.0% (H1 2018: 77.7%) and average room rate, in local currency, increased by 10.7% to €105.8 (H1 2018: €95.5). RevPAR as a result increased by 11.1% to €82.5 (H1 2018: €74.2).

Reported EBITDA increased by 92.3% to €4.5 million (H1 2018: €2.4 million), primarily due to reduced rental expenses as a result of IFRS 16 implementation and the termination of the loss making lease agreement of art'otel dresden. Like-for-like² EBITDA increased by 5.9% to €2.9 million (H1 2018: €2.8 million).

Portfolio update

The Group renewed the lease of art'otel budapest for a further 20 years, effective from 1 January 2019.

The German and Hungarian hotel market*

In Berlin, the hotel market reported a 7.0% RevPAR increase to €76.8, driven by a 3.5% improvement in average room rate to €99.6, and a 3.4% increase in occupancy to 77.1%.

In the Cologne area, hotels reported a 6.7% RevPAR increase to €85.3, driven by a 6% increase in average room rate to €116.5, and a 0.6% increase in occupancy to 73.2%.

RevPAR in the Nuremberg area decreased by 6.2% to €85.3, as a result of a 3.6% decline in average room rate to €109.4 and a fall in occupancy by 2.7% to 68.9%.

In Hungary, the performance of the Budapest market continued to improve, with RevPAR up 5% to €64.5. Average room rate increased by 5.9% to €87.3, and occupancy fell by 0.8% to 73.9%.

* Source of information in this section: STR Global, August 2019.

Croatia

Operations

	Reported in GBP (£) ¹		Reported in local currency HRK ¹	
	Six months ended 30 June 2019	Six months ended 30 June 2018	Six months ended 30 June 2019	Six months ended 30 June 2018
Total revenue	£16.7 million	£16.2 million	HRK 142.7 million	HRK 137.3 million
EBITDAR	£0 million	£0.7 million	HRK 0.4 million	HRK 5.5 million
EBITDA	£(0.6) million	£0.1 million	HRK (4.7) million	HRK 0.8 million
Occupancy	52.7%	51.0%	52.7%	51.0%
Average room rate	£67.2	£67.5	HRK 571.0	HRK 569.0
RevPAR	£35.4	£34.4	HRK 300.8	HRK 290.1
Room revenue	£9.6 million	£9.4 million	HRK 81.4 million	HRK 79.1 million

¹ Average exchange rate from Kuna to Sterling for the period ended 30 June 2019 was 8,501 and for the period ended 30 June 2018 was 8,424, representing a 0.9% increase.

Croatian portfolio performance

The first half of the year is marked by lower business activity, notably during the first few months. As of Easter, the business starts to intensify and reaches its peak during July and August. This season, Croatia has been experiencing competitive market conditions due to increase in supply coupled with a bolder return of Greece, Turkey and Egypt to the Mediterranean market.

In local currency, total revenue increased by 3.9% to HRK 142.7 million (H1 2018: HRK 137.3 million). The first half in Croatia typically generates negative EBITDA. This year pressures on the cost side coupled with an extremely rainy and cold May resulted into a negative reported EBITDA of HRK 4.7 million (first six months of 2018: HRK 0.8 million).

Repositioning projects

In July, Arena unveiled a major repositioning of the Arena Kažela Campsite. The Group is very excited about its potential. Located in Medulin on the southern coast of the Istria peninsula, following an investment of over HRK 130 million, Arena Kažela Campsite now features 164 brand-new luxury camping homes, a brand-new swimming complex and a new reception.

After the 2019 summer season, Arena is expected to continue with its refurbishment and repositioning programme which will include projects at Verudela Beach Resort Pula and other selected improvements across its portfolio.

Acquisitions

In April, Arena agreed to acquire the 88 Rooms Hotel in Belgrade, Serbia, for HRK 47 million (approximately £5.7 million), subject to certain conditions being fulfilled. This marks Arena's previously announced entry into a new market and is in line with its strategy to develop properties across the Central and Eastern Europe region.

Management and Central Services

	Reported in GBP (£) ²	
	Six months ended 30 June 2019	Six months ended 30 June 2018
Total revenue	£20.7 million	£18.9 million
Revenue elimination	£(17.8) million	£(16.7) million
Total revenue	£2.9 million	£2.2 million
EBITDA	£4.3 million	£3.4 million
	Like-for-like ² in GBP (£) ¹	
	Six months ended 30 June 2019	Six months ended 30 June 2018
Total revenue	£20.7 million	£18.9 million
Revenue elimination	£(17.8) million	£(16.7) million
Total revenue	£2.9 million	£2.2 million
EBITDA	£3.9 million	£3.4 million

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.

² Average exchange rate from Euro to Sterling for the period ended 30 June 2019 was 1.146 and for the period ended 30 June 2018 was 1.137, representing a 0.8% increase.

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.

Principal risks and uncertainties

We continue to carry out a robust assessment of the principal risks and uncertainties facing the Company. Internal controls and an effective risk management regime are integral to the Group's continued operation. We provide information on the nature of the risk, actions to mitigate risk exposure and an indication of the significance of the risk by reference to its potential impact on the Group's business, financial condition and results of operation and/or the likelihood of the risk materialising. In light of the foregoing we consider there to be no significant change to the risks and uncertainties as set out in the Company's consolidated financial statements for the year ended 31 December 2018, which may affect the Group's performance in the next six months. It should be noted, however, that there may be risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, that may also have an adverse effect upon the Group.

The most significant risks and uncertainties relate to factors that are common in the market and beyond the Group's control, such as the UK's withdrawal from the European Union, foreign exchange rate fluctuations and/or market dynamics with a growing movement against air travel. For a detailed discussion of the risks and uncertainties facing the Group, please refer to pages 42 to 44 of the last annual report for the year ended 31 December 2018.

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, and 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 2019. 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 for the year ended 31 December 2018
- The Directors of the Company are listed in the last annual report for the year ended 31 December 2018, with the exception of the following change in the period with Kenneth Bradley appointed to the Board as a non-executive director on 4 September 2019. A current list of directors is maintained on the website of the Company (www.pphe.com)

Going concern

The Board believes it is taking all appropriate steps to support the sustainability and growth of the Group's activities. Detailed budgets and cash flow projections have been prepared for 2019 and 2020 which show that the Group's hotel operations will be cash generative during the period. We have assessed the viability of the Group over a period to 31 December 2021, as set out further on page 45 of the last annual report for the year ended 31 December 2018. The Directors have determined that the Company is likely to continue in business for at least 12 months from the date of this announcement. This, taken together with their conclusions on the matters referred to herein and in Note 1 to the consolidated financial statements, has led the Directors to conclude that it is appropriate to prepare the half year consolidated financial statements on a going concern basis.

By the order of the Board




4 September 2019

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 2019 which comprise the interim consolidated statement of financial position as at 30 June 2019 and the related interim consolidated income statement, 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.

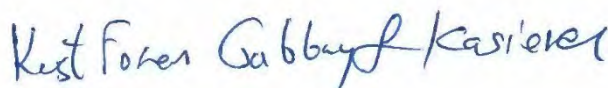
Scope of review

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.

By the order of the Board



KOST FORER GABBAY & KASIERER

A Member of Ernst & Young Global

Tel Aviv, Israel
4 September 2019

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2019 Unaudited £'000	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
Investments 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

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

	30 June 2019 Unaudited £'000	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

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

4 September 2019

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 2019 Unaudited £'000	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

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

	Six months ended	
	30 June 2019 Unaudited £'000	30 June 2018 Unaudited £'000
Profit for the period	6,195	16,544
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)
Loss from cash flow hedges ¹	(574)	(163)
Foreign currency translation adjustments of foreign operations ²	1,351	1,975
Other comprehensive income, net	777	1,766
Total comprehensive income	6,972	18,310
Total comprehensive income attributable to:		
Equity holders of the parent	7,307	18,289
Non-controlling interest	(335)	21
	6,972	18,310

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.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital ¹ £'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 2019 (audited)	–	130,061	(3,636)	23,131	(437)	224,373	373,492	105,050	478,542
Profit for the period	–					6,584	6,584	(389)	6,195
Other comprehensive income (loss) for the period	–			1,021	(298)		723	54	777
Total comprehensive income (loss)	–			1,021	(298)	6,584	7,307	(335)	6,972
Dividend distribution ²	–					(8,056)	(8,056)	–	(8,056)
Dividend distribution by a subsidiary	–					–	–	(1,449)	(1,449)
Share based payments	–	100					100		100
Refund of cost in connection with prior year's transaction with non-controlling interest	–					290	290	250	540
Balance as at 30 June 2019 (unaudited)	–	130,161	(3,636)	24,152	(735)	223,191	373,133	103,516	476,649
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

1 No par value.

2 Final dividend for 2018 was 19.0 pence per share which was paid in May 2019 (final dividend for 2017: 13.0 pence per share).

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

	Six months ended	
	30 June 2019 Unaudited £'000	30 June 2018 Unaudited £'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the period	6,195	16,544
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	20,195	18,994
Financial income	(876)	(638)
Income tax expense (benefit)	(1,917)	(110)
Loss on buy-back of Income Units sold to private investors	382	121
Gain on re-measurement of previously held interest in joint venture	–	(20,280)
Refinance expenses	–	313
Loss (gain) from marketable securities	(501)	263
Share based payments	100	23
Revaluation of lease liability	1,666	3,429
Share in results of associate and joint ventures	(11)	48
Depreciation and amortisation	21,016	17,266
	40,054	19,429
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
Increase in inventories	(176)	(58)
Increase in trade and other receivables	(11,243)	(14,593)
Increase in trade and other payables	9,960	6,360
	(1,459)	(8,291)
CASH PAID AND RECEIVED DURING THE PERIOD FOR:		
Interest paid	(20,991)	(19,764)
Interest received	661	575
Taxes paid	(592)	(2,495)
Taxes received	1,376	184
	(19,546)	(21,500)
Net cash flows provided by operating activities	25,244	6,182

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

	Six months ended	
	30 June 2019 Unaudited £'000	30 June 2018 Unaudited £'000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in property, plant and equipment	(43,642)	(30,634)
Purchase of remaining interest in previously held joint venture	–	(34,549)
Loan to third party	(591)	–
Investments in joint venture	(13,509)	–
Release of restricted deposit	–	22,000
Decrease (increase) in restricted cash, net	305	(435)
Sale (purchase) of investments in marketable securities, net	(16)	19,696
Net cash flows used in investing activities	(57,453)	(23,922)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividend distribution	(8,056)	(5,511)
Dividend distribution by a subsidiary	(1,449)	–
Draw down of long-term loans	–	50,680
Repayment of long-term loans	(9,405)	(62,436)
Buy-back of Income Units previously sold to private investors	(880)	(337)
Refund of cost in connection with prior year's transaction with non-controlling interest	540	–
Net cash flows used in financing activities	(19,250)	(17,604)
Increase (decrease) in cash and cash equivalents	(51,459)	(35,344)
Net foreign exchange differences	14	1,125
Cash and cash equivalents at beginning of period	207,660	241,021
Cash and cash equivalents at end of period	156,215	206,802
Non cash items:		
Outstanding payables on investments in property, plant and equipment	–	1,426

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 2019 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 2018 and for the year then ended and the accompanying notes ('annual consolidated financial statements').
- c. As part of their ongoing responsibilities, the Directors have recently undertaken a thorough review of the Group's cash flow forecast and potential liquidity risks. Detailed budgets and cash flow projections have been prepared for 2019 and 2020 which show that the Group's hotel operations will be cash generative during the period. The Directors have determined that the Company is likely to continue in business for at least 12 months from the date of the consolidated financial statements.
- d. The Company is listed on the Premium Listing segment of the Official List of the UK Listing Authority (the 'UKLA') and the shares are traded on the Main Market for listed securities of the London Stock Exchange.

Note 2: Basis of preparation and changes in 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 2018, except for the adoption of new standards effective as of 1 January 2019. 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 16 Leases, and IFRIC Interpretation 23 Uncertainty over Income Tax Treatments 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 2019, but did not have an impact on the interim condensed consolidated financial statements of the Group.

Effects of IFRS 16 (Modified retrospective method)

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Group adopted IFRS 16 using the Modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). The Company elected to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The effect of adoption IFRS 16 is as follows:

Impact on the statement of financial position (increase/(decrease)) as at 1 January 2019:

	According to the previous accounting policy £'000	The change £'000	As presented according to IFRS 16 £'000
Non-current assets:			
Prepaid leasehold payments included in other non-current financial assets	305	(305)	–
Property, plant and equipment	1,270,785	(182,897)	1,087,888
Right-of-use assets	–	222,076	222,076
Current liabilities:			
Current maturity of lease liabilities included in other payables and accruals	–	(3,415)	(3,415)
Accrued rent included in other payables and accruals	(1,858)	683	(1,175)
Other payables and accruals	(41,469)	(2,732)	(44,201)
Non-current liabilities:			
Lease liability included in other financial liabilities	(187,701)	(36,142)	(223,843)

Impact on the interim consolidated income statement (increase/(decrease)) as at 30 June 2019:

	According to the previous accounting policy £'000	The change £'000	As presented according to IFRS 16 £'000
Operating expenses	(108,869)	102	(108,767)
Rent expenses	(3,363)	2,512	(851)
EBITDA	43,041	2,614	45,655
Depreciation	(19,189)	(1,827)	(21,016)
Financial expenses	(14,991)	(840)	(15,831)
Profit before tax	4,331	(53)	4,278

a. Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items including land, buildings and equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as financial expenses) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the income statement on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets.

For leases previously classified as operating leases, the Group recognised lease liabilities for lease payments with corresponding right-of-use assets representing the right to use the underlying assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application which ranged between 2.2%–3.6%.

For leases previously classified as finance leases, the Group reclassified the outstanding balance of the leased assets from Property, plant and equipment to Right-of-use assets. The carrying amount of the finance lease liability remained unchanged.

In accordance with the modified retrospective method of adoption, the Group applied IFRS 16 at the date of initial application and accordingly, the comparative information in this interim condensed consolidated financial statements have not been restated.

As at 1 January 2019:

- Right-of-use assets of £222.1 million were recognised and presented separately in the statement of financial position. Lease assets recognised previously under finance leases of £182.9 million and included under Property, plant and equipment were reclassified to Right-of-use assets
- Additional lease liabilities of £39.6 million were recognised and included under long-term Other financial liabilities and short-term Other payables and accruals
- Straight-line rent Lease payable of £0.7 million related to previous operating lease was netted off against Right-of-use assets.
- Prepaid leasehold of £0.3 million was reclassified to Right-of-use assets

b. Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

Lease liabilities are measured as the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below €5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgment in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- whether an entity considers uncertain tax treatments separately;
- the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- how an entity determines taxable profit (tax loss), tax bases unused tax losses, unused tax credits and tax rates; and
- how an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

The Group applies significant judgment in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements. The interpretation did not have an impact on the consolidated financial statements of the Group.

Note 3: Significant events during the reported period

a. Joint venture agreement in New York City

On 13 March 2019 the Company, through a wholly-owned subsidiary, entered into a joint venture agreement with Largo 542 West 29th Street Partners LLC, an affiliate of Largo ('Largo'), a New York-based real estate development and investment firm, to acquire, through W29 Owner LLC (the 'Property Owner'), properties located at 538, 540 and 542 West 29th Street, New York, United States of America (together the 'Property'). PPHE has a 50% interest in the Property Owner.

The consideration paid for the acquisition of the Property was US\$42.6 million (£33.3 million) plus associated acquisition and financing costs of US\$2.9 million (£2.3 million) (the 'Property Acquisition'). The Property Acquisition was partly funded with a US\$20.7 million (£16.2 million) loan (the 'Loan') from Bank Hapoalim B.M. (the 'Lender'). The Loan is secured by a first priority mortgage encumbering the Property. In addition, Largo and PPHE have delivered certain customary guarantees in favour of the Lender.

The total cash contributed by PPHE and Largo to the joint venture as of the acquisition date was US\$17 million (£13.3 million) and US\$7.8 million (£6.1 million), respectively. The extra cash contribution by PPHE of US\$9.2 million (£7.2 million) is considered as a member loan which bears 8% interest (the 'member loan').

Under the terms of the joint venture agreement, the parties shall negotiate a construction agreement to be entered into between the Property Owner and Largo (or an affiliate thereof), as contractor, for the development of the Property (the 'Construction Agreement') subject to the agreement of mutually acceptable terms and seek third party construction funding (the 'Construction Conditions'). If these Construction Conditions are not met, prior to February 29, 2020, PPHE shall have the right, for a period of 90 days, to purchase Largo's interest in the property. If PPHE opts not to purchase Largo's interest in the property, Largo shall have the right, for a period of 90 days, to purchase PPHE's interest in the property. If neither of the foregoing occurs, the property owners will sell the Property, subject to PPHE's right to purchase Largo's interest in the property for a purchase price that is based upon the price that a third party would pay for the entire Property.

If the Construction Agreement is executed, beginning on the date that the construction documents are executed and the construction financing closes, and until the date that is 365 days following construction completion, PPHE shall have the right to purchase Largo's interest in the property for a purchase price equal to the sum of (i) Largo's capital account plus (ii) US\$3.5 million less any distributions previously made to Largo plus (iii) the sum of the outstanding balance of any member loans or company loans made by Largo (with accrued interest) minus the sum of the outstanding balance of any member loans or company loans made by PPHE (with accrued interest) ((i) through (iii), collectively, the 'Put/Call Purchase Price'). In addition, after construction completion and until the date that is 182 days following construction completion, Largo shall have the right to require that PPHE purchase Largo's interest in the property for a purchase price equal to the Put/Call Purchase Price.

As of 30 June 2019, the Group's investment in the joint venture, including the outstanding member loan, amounts to US\$17.4 million (£13.7 million) which investment is accounted for using the equity method.

b. 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 343 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 re-measured 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.

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 2019 (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	25,859	14,122	95,656	16,710	2,926	–	155,273
Inter-segment	–	–	–	–	17,786	(17,786)	–
Total revenue	25,859	14,122	95,656	16,710	20,712	(17,786)	155,273
Segment EBITDA	7,083	3,947	30,849	(554)	4,330	–	45,655
Depreciation and amortisation							(21,016)
Financial expenses							(15,831)
Financial income							1,377
Net expenses for financial liability in respect of Income Units sold to private investors							(4,364)
Other income (expenses), net							(1,554)
Share in profit of associate and joint ventures							11
Profit before tax							4,278

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 (expenses), net							11,786
Share in loss of associate and joint ventures							(48)
Profit before tax							16,434

Note 5: Financial instruments**Fair value of financial instruments:**

During the period ended 30 June 2019, 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.

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.

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 stronger trading period.

b. Other income

	Six months ended 30 June 2019 (Unaudited) £'000	Six months ended 30 June 2018 (Unaudited) £'000
Capital gain on divestments	–	72
Gain on re-measurement of previously held interest in joint venture (Note 3b)	–	20,280
Recycling of hedging reserves upon refinancing and cancelling hedge accounting	–	46
Gain from settlement of legal claim ¹	876	
Total	876	20,398

¹ 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).

c. Other expenses

	Six months ended 30 June 2019 (Unaudited) £'000	Six months ended 30 June 2018 (Unaudited) £'000
Buy-back of Income Units at Park Plaza Westminster Bridge London	(382)	(121)
Other non-recurring expenses (including pre-opening expenses)	(382)	(245)
Loss upon repayment of loan	–	(360)
Termination of operating lease ¹	–	(3,112)
Revaluation of finance lease ²	(1,666)	(3,429)
Expenses in connection with transition to premium listing	–	(1,345)
Total	(2,430)	(8,612)

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.

d. 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.

	Six months ended 30 June	
	2019	2018
Reported profit (£'000)	6,584	17,621
Weighted average number of ordinary shares outstanding (in thousands)	42,368	42,333

e. Related parties

In the reported period there were no significant changes in the terms of the related parties transactions which were disclosed in the Company's annual consolidated financial statements as of 31 December 2018.

d. Post balance sheet event

The Board has approved the payment of an interim dividend of 17 pence per ordinary share, for the period ended 30 June 2019, to all shareholders who are on the register at 19 September 2019. The interim dividend is to be paid on 15 October 2019.