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28 July 2020

**PPHE HOTEL GROUP LIMITED**  
(“PPHE”, the “Company” or “the Group”)

**Trading Update**

PPHE Hotel Group, the international hospitality real estate group which develops, owns and operates hotels and resorts, today announces a trading update ahead of the publication of its interim results for the six months ended 30 June 2020 scheduled for 3 September 2020.

**Summary**

- 80% of the Group's portfolio is now open and welcoming back guests
- Reopening strategy results in outperformance against market, supported by quality of assets and dynamic owner operator model
- The Group's operational structure realigned in accordance with guest demand for the short to medium term, resulting in significant cost reduction
- Comprehensive health and wellbeing initiatives launched to provide confidence and comfort to guests and team members
- Financial position remains robust with additional facilities secured

**Boris Ivesha, President & Chief Executive Officer, PPHE said:**

“I am delighted to welcome guests again to our properties, the majority of which have now reopened, and I am encouraged by the strong leisure demand for weekend city breaks.

During this period of uncertainty, the Group has demonstrated its ability to adapt and navigate the unprecedented challenges of this pandemic while maintaining our focus on our long-term growth strategy.

We have a well-invested portfolio in key locations, a dynamic owner operator model and an award-winning customer proposition. We remain focused on maintaining our operational stability, continuing to create growth opportunities and delivering best value for our stakeholders whilst mindful of the culture and values of the Group.”

**Update on reopening and current trading**

The Group is currently operating approximately 80% of its portfolio with limited services in line with social distancing guidelines.

The Group is progressing its ongoing restructuring programme to ensure its operational structure is fit for purpose and is aligned with guest demand for the short and medium term. Current demand is predominately leisure orientated with domestic guests or guests from surrounding countries, led by city breaks with high weekend occupancy. As hotels have reopened, the strategy has been to rebuild momentum and optimise occupancy, offering guests attractive and fully flexible rates with a view to

building the average room rate as guest confidence returns, travel restrictions ease and international travel resumes, resulting in the level of enquiries on long lead-time bookings increasing.

In the United Kingdom, eight out of the Group's ten hotels are in operation following the lifting of the Government's restrictions on 4 July. Park Plaza Westminster Bridge London, which remained open during lockdown, has capitalised on the return of the short term leisure demand for the capital. In the Netherlands, five out of six hotels have resumed operations. Park Plaza Victoria Amsterdam, located in the heart of the city and which fully relaunched in 2019 following extensive renovations, has been able to significantly outperform the market and its competitor set (source: STR Global, month to date).

In Germany and Hungary, six out of eight hotels have resumed operations. In Croatia, four hotels and all campsites, including the repositioned Arena Grand Kazela Campsite, have opened with a positive start to the season. Four hotels, including one hotel which is currently going through a repositioning programme, remain closed.

The reopening of all the Group's hotels has been supported by the Group's new health and safety programmes launched to protect guests and team members' safety – "Reassuring Moments" by Park Plaza and 'be bold, be creative, be safe" by art'otel.

## H1 performance

*Key financial statistics for the six months ended 30 June 2020 (unaudited)*

	Reported			Reported Q2		
	Six months ended 30 June 2020	Six months ended 30 June 2019	% change	Three months ended 30 June 2020	Three months ended 30 June 2019	% change
Total revenue	£61.9million	£155.3 million	(60.2)%	£10.4 million	£92.8 million	(88.8)%
Total room revenue	£39.5 million	£109.1 million	(63.8)%	£5.1 million	£65.7 million	(92.3)%
Occupancy	34.7%	76.8%	(4200) bps	10.7%	77.1%	(6640) bps
Average room rate	£112.0	£121.7	(7.9)%	£94.6	£126.1	(25.0)%
RevPAR	£38.9	£93.4	(58.3)%	£10.1	£97.2	(89.6)%

Trading in January and February was in line with the Board's expectations as the Group continued to benefit from a well-invested estate. However, trading from mid-March was impacted by COVID-19, with the Group's properties being either temporary closed or operating at significantly reduced capacity.

Swift action was taken to preserve cash and reduce costs and overheads, including a reduction in payroll costs through utilising government job retention schemes, reduced working hours, voluntary salary reductions, and restructurings and forgoing contract renewals as well as utilisation of the business rates holiday in the UK and the withdrawal of a proposed final dividend payment.

Property closures and reduced capacity significantly impacted second quarter performance. Reported total room revenue declined by 92.3%. RevPAR was down 89.6%, reflecting occupancy of 10.7% and an average room rate of £94.6.

During this period, the health and the safety of team members and all stakeholders has been of the utmost importance to the Group. The Group greatly appreciates the support and professionalism that team members have shown during this difficult time.

## Financial Position

The Group has significant reserves to cope with the current trading environment.

As at 30 June 2020, the cash position of the Group amounted to £136.7 million (£149.9 million as of 31 March 2020).

The Group has secured £20 million of new funding against Park Plaza London Waterloo from Santander UK plc, which can be used for the general working capital requirements of the Group.

As previously announced, up to £180 million of funding has been secured for the completion of the construction of art'otel london hoxton. This facility also offers the Group the ability to temporarily draw up to £43 million of this facility, if required, for any cash flow needs the Group may encounter in the near future.

Where required, financial covenant testing and amortisation of existing facilities have been postponed until summer 2021.

A detailed overview of the cash flow of the Group will be included in the Group's interim announcement scheduled for 3 September 2020.

#### **Enquiries:**

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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) by Savills and Zagreb nekretnine Ltd of primarily prime freehold and long leasehold assets in Europe.

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.

PPHE Hotel Group is a Guernsey incorporated 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](http://www.pphe.com)  
[www.arenahospitalitygroup.com](http://www.arenahospitalitygroup.com)

#### **For reservations**

[www.parkplaza.com](http://www.parkplaza.com)  
[www.artotels.com](http://www.artotels.com)  
[www.arenahotels.com](http://www.arenahotels.com)  
[www.arenacampsites.com](http://www.arenacampsites.com)