

## Interim Management Statement

6 November 2012

for the three months and nine months ended 30 September 2012

PPHE Hotel Group, which owns, leases, develops, operates and franchises full service upscale and lifestyle hotels in major gateway cities and regional centres, predominantly in Europe, today announces its Interim Management Statement for the three months ended 30 September 2012.

### Highlights

- Reported revenue increased by 27.5% to €66.0 million (third quarter 2011: €51.8 million). On a like for like basis, revenue increased by 19.5% to €61.9 million. For the nine months ended 30 September 2012, the Group is pleased to report a 19.8% growth in total revenue to €177.0 million (nine months to 30 September 2011: €147.7 million). On a like for like basis, total revenue increased by 13.6% to €167.8 million.
- Group RevPAR increased by 15.7% to €112.8 (third quarter 2011: €97.5), driven by growth in average room rate of 19.3% to €138.3 (third quarter 2011: €116.0). For the nine months ended 30 September 2012, Group RevPAR increased by 10.1% to €101.4 (nine months to 30 September 2011: €92.1), driven by growth in average room rate of 11.7% to €131.1 (nine months to 30 September 2011: €117.4).
- On 29 August 2012, the Group increased its Shares held in treasury by 200,000 to 1,862,000.
- Extensive renovation works of the meeting rooms at Park Plaza Victoria Amsterdam were completed at the end of September.
- The interim dividend of 6.0 pence per share was paid on 3 October 2012.

### Performance

PPHE Hotel Group is pleased to report a period on period improvement in financial performance for the third quarter, both on a reported and like for like basis. Revenue increased as a result of the Group obtaining full ownership of three hotels and one hotel development in The Netherlands, coupled with a strong performance of the hotels in London, which benefited from the various sports events and celebrations.

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

'We are pleased to report a 27.5% growth in revenue for the third quarter of 2012, primarily as a result of our increased hotel ownership in the Netherlands and a particularly strong performance of our hotels in the United Kingdom. In summer we benefitted strongly from the various sports events held in London, although this was partly offset by a softer than usual July performance in the build up to the London Olympics and Paralympics.

Our performance to 30 September 2012 has been encouraging and with the significant renovations completed earlier this year at several of our hotels, we anticipate further performance improvements ahead. As a result, the Board expects the full year results to be ahead of Company expectations.'

## Key Financial Statistics

for the three months ended 30 September 2012

	Reported			Like for like <sup>1</sup>		
	Three months ended 30 September 2012	Three months ended 30 September 2011	% change <sup>2</sup>	Three months ended 30 September 2012	Three months ended 30 September 2011	% change <sup>2</sup>
Total revenue	€66.0 million	€51.8 million	+27.5%	€61.9 million	€51.8 million	+19.5%
Occupancy	81.6%	84.0%	-2.4%	81.6%	84.0%	-2.4%
Average room rate	€138.3	€116.0	+19.3%	€138.3	€116.0	+19.3%
RevPAR	€112.8	€97.5	+15.7%	€112.8	€97.5	+15.7%

for the nine months ended 30 September 2012

	Reported			Like for like <sup>1</sup>		
	Nine months ended 30 September 2012	Nine months ended 30 September 2011	% change <sup>2</sup>	Nine months ended 30 September 2012	Nine months ended 30 September 2011	% change <sup>2</sup>
Total revenue	€177.0 million	€147.7 million	+19.8%	€167.8 million	€147.7 million	+13.6%
Occupancy	77.3%	78.4%	-1.1%	77.3%	78.4%	-1.1%
Average room rate	€131.1	€117.4	+11.7%	€131.1	€117.4	+11.7%
RevPAR	€101.4	€92.1	+10.1%	€101.4	€92.1	+10.1%

<sup>1</sup> In the like for like figures the financial contribution of Park Plaza Amsterdam Airport, Park Plaza Victoria Amsterdam and Park Plaza Utrecht in 2012 has been calculated on the basis of the ownership interest of PPHE Hotel Group in those hotels during the same period in 2011.

<sup>2</sup> 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 three or nine months ended 30 September 2012 with the same period in 2011. All financial information in this report for total revenue, reflects PPHE Hotel Group's interest.

## Outlook

PPHE Hotel Group has a high quality hotel portfolio with a strong presence in several European gateway cities. The Group remains highly focused on delivering exceptional service to its guests and outperforming its competitors by leveraging its access to a global distribution network, direct marketing, sales and revenue management. The Group continues to explore new growth opportunities and development projects.

Despite volatility in the European hotel sector, the London hotel market has performed strongly. In addition, the Group remains focused on tightly managing costs and driving operational efficiencies. As a result, the Board expects the full year results to be ahead of Company expectations.

The Company is considering how best to fund its future expansion and take advantage of a number of opportunities to pursue organic expansion or acquisitions. One option that the Company is considering is the release of part of the value of its hotel assets whilst retaining operational control. This process will take a number of months and it is expected that a further update on progress will be made at the time of the annual results announcement in March 2013.

## Forward-looking statements

This interim management statement 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 interim management statement 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 interim management statement. 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 publication should be considered as a profit forecast.

## Notes to Editors

PPHE Hotel Group (formerly Park Plaza Hotels Limited) is a Guernsey registered company and through its subsidiaries, jointly controlled entities and associates, owns, leases, operates, franchises and develops full service upscale and lifestyle hotels in major gateway cities and regional centres predominantly in Europe.

The majority of the Group's hotels operate under two distinct brands, Park Plaza® Hotels & Resorts and art'otel®. The Company has an exclusive licence from Carlson<sup>SM</sup>, a global privately owned hospitality and travel company, to develop and operate Park Plaza® Hotels & Resorts in Europe, the Middle East and Africa. The art'otel® brand is fully owned by the Company.

The Group has a minority ownership interest in the Arenaturist group, one of Croatia's leading hospitality companies. Our portfolio of owned, leased, managed and franchised hotels comprises 39 hotels offering a total of more than 8,300 rooms. Our development pipeline includes three new hotels and two mixed-use developments, which together are expected to add nearly 900 rooms to the portfolio by the end of 2014.

### Our Company:

[www.pphe.com](http://www.pphe.com)

### Our Brands:

[www.parkplaza.com](http://www.parkplaza.com)

[www.artotels.com](http://www.artotels.com)

[www.arenaturist.com](http://www.arenaturist.com)

For images and logos visit [www.vfmii.com/parkplaza](http://www.vfmii.com/parkplaza)

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