

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

Audited Annual Results for the year ended 31 December 2011,
Publication of Annual Report & Accounts and Notice of Annual General Meeting

Financial Highlights

- Total Group revenue increased by 44.7% to €202.4 million (2010: €139.8 million).
- EBITDAR increased by 61.5% to €75.0 million (2010: €46.5 million).
- EBITDA increased by 72.9% to €65.0 million (2010: €37.6 million).
- Proposed final dividend of 6.0 pence per share (2010: nil).

Operational Highlights

- Impressive first full year performance and significant contribution from Park Plaza Westminster Bridge London.
- Migration from AIM to LSE's Main Market (standard listing).
- Long term refinancing of banking facility for Park Plaza Westminster Bridge London.
- Development financing for the construction of art'otel amsterdam.
- Acquisition of sites for mixed-use developments in London, United Kingdom and Pattaya Bay, Thailand.
- Completed extension of 61 rooms at art'otel berlin city center west.
- Refurbishments at Park Plaza Victoria Amsterdam, Park Plaza Eindhoven and Park Plaza Leeds.

Post Balance Sheet Events

- Company name changed to PPHE Hotel Group Limited on 29 February 2012.
- Residential sales at our Pattaya Bay project in Thailand commenced, with 85 of 301 apartments contracted for sale.

Key Financial Statistics

	Reported			Like for like*		
	Year ended 31 Dec 2011	Year ended 31 Dec 2010	% change [#]	Year ended 31 Dec 2011	Year ended 31 Dec 2010	% change [#]
Total revenue	€202.4 million	€139.8 million	+44.7%	€157.4 million	€139.8 million	+12.6%
EBITDAR	€75.0 million	€46.5 million	+61.5%	€61.6 million	€46.5 million	+32.5%
EBITDA	€65.0 million	€37.6 million	+72.9%	€52.4 million	€37.6 million	+39.2%
EBITDA margin	32.1%	26.9%	+5.2%	33.3%	26.9%	+6.4%
Profit before tax	€10.6 million	€60.5 million	-82.4%	-	-	-
Normalised profit before tax⁺	€13.6 million	€6.1 million	+123.7%	-	-	-
Occupancy	77.7%	77.4%	+0.3%	79.3%	77.4%	1.9%
Average room rate	€119.2	€110.7	+7.6%	€121.5	€110.7	+9.7%
RevPAR	€92.6	€85.7	+8.0%	€96.3	€85.7	+12.4%
Room revenue	€139.0 million	€93.4 million	+48.9%	€107.1 million	€93.4 million	+14.7%

Percentage change figures are calculated from actual figures as opposed to the rounded figures included in the tables.

+ Normalised profit before tax includes adjustments for fair value losses from derivatives, one-off (re-) finance expenses and other income.

* The like for like figures exclude Park Plaza Nottingham and Park Plaza Leeds for the first seven months of 2011, Park Plaza Westminster Bridge London for the first two months of 2011, Park Plaza Amsterdam Airport for the first four months of 2011 and art'otel cologne for the first two months of 2011. The financial contribution of Park Plaza Sherlock Holmes London, Park Plaza Victoria London and Park Plaza Riverbank London (including Plaza on the River) in 2011 in the like for like comparison has been calculated on the basis of the ownership interest of PPHE Hotel Group in those hotels during the financial year ended 31 December 2010.

All financial information in this announcement (except for occupancy, average room rate and RevPAR) reflects PPHE Hotel Group's interest, unless otherwise stated.

Boris Ivesha, President and Chief Executive Officer, PPHE Hotel Group Limited, said:

“I am very pleased with the significant achievements for 2011 and believe that our focus on revenue generation, improved portfolio (including new hotels which are yet to mature), reinforced management structure, recent refinancing activities and the global partnership with Carlson put us in an advantageous position for delivering strong results in 2012 and beyond.”

PPHE Hotel Group Limited has today published its Annual Report & Accounts for the year ended 31 December 2011, incorporating the Consolidated financial statements, on which the auditors have issued an unqualified audit opinion, and the Notice of the Annual General Meeting, to be held on Wednesday 25 April 2012 at 12 noon at Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW. The Annual Report & Accounts and Notice of Annual General Meeting are available on the Company’s website at www.parkplazahotels.net and www.pphe.com.

Copies of the Annual Report & Accounts and Notice of the Annual General Meeting and the form of proxy for use at the Annual General Meeting have been submitted to the National Storage Mechanism and will shortly be available for inspection at: www.hemscott.com/nsm.do

In accordance with Disclosure and Transparency Rule 6.3.5, the information in the attached Appendix consisting of a Directors' Responsibility Statement, principal risks and uncertainties and related party transactions has been extracted unedited from the Annual Report & Accounts for the year ended 31 December 2011.

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CHAIRMAN'S STATEMENT

I am pleased to report that 2011 has been another year of progress for the Company. Our team delivered a record trading performance, generating unprecedented revenues and EBITDA. We are now seeing the full year benefits from our 2010 acquisitions, new hotel openings and several successfully completed hotel renovation projects.

Reflecting on 2011, the headlines were largely dominated by continued global economic unrest, turmoil in the Middle East and North Africa and one Euro crisis after another. We are proud to have delivered strong results in spite of these macroeconomic challenges.

Company highlights during the year include the migration of our listing from AIM to the standard listing segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities in June 2011. The objectives of this move were to raise our profile both domestically and internationally, improve liquidity in our shares and give rise to further funding opportunities in the future. Since our migration, our share price has increased by approximately 35% (as at 31 December 2011) and with this in mind we are considering to move from standard to premium listing. We have confidence in our business model and took the opportunity to acquire into treasury an additional 800,000 shares at 227.5 pence per share in October 2011.

We acquired a mixed-use development site in Thailand, contracted to acquire a mixed-use development site in the United Kingdom and refinanced banking facilities for Park Plaza Westminster Bridge London and art'otel amsterdam.

Our high standards of service remain at the heart of our business and we have continued to focus on, and deliver, a great guest experience. This can only be achieved by having an enthusiastic, committed and professional team and I am pleased to report that guest satisfaction was yet again at a very high level and employee satisfaction at an all time high this year.

During the year the Company's performance was recognised with a number of awards. In the first half of 2011, we were awarded the 'Best Small or Independent Hotel Brand' award by Business Travel which was followed by multiple other awards and recognition throughout the year for hotels, teams and individual employees. Such recognition is a testimony to our continued investment in service and training.

The Board is committed to applying high levels of corporate governance and has been particularly active over the last year. On the Board's recommendation, the Company has appointed an independent internal auditor who is mandated by the Audit Committee to audit group structure and procedures.

The Company changed its name from Park Plaza Hotels Limited to PPHE Hotel Group Limited on 29 February 2012. Since flotation of the Company in 2007, we have significantly expanded our hotel portfolio with new hotel acquisitions and hotel developments which have positioned the Company as an established growing hotel owner and operator. The Board believes that the name of the Company did not distinguish it clearly enough from the hotel brand names which the Group operates under a licence or ownership. Nor did the name fully reflect the Group's multi-brand approach for operating hotels. With several art'otels under development, the Group's interest in Arenaturist, and recent acquisitions in London and Pattaya Bay, Thailand, this name change will further position PPHE Hotel Group as a multi-brand operator, better placed for further portfolio expansion.

Whilst we have changed our name, our business principles and strategy remain the same. We will continue to focus on operating contemporary hotels in vibrant destinations, offering excellent service and value to our guests in order to deliver returns to our shareholders.

The Board is pleased to recommend to the Annual General Meeting the payment of a final dividend of 6.0 pence per share for the year ended 31 December 2011. The Board is very proud of its achievements during 2011 and wishes to thank all members of staff for delivering such a great set of results.

The Board also believes that the recent strengthening of the Group's senior management team, its strong partnership with Carlson Rezidor Hotel Group, excellent hotel portfolio and developments and the sports events and the Diamond Jubilee in London, position it well for the future.

Eli Papouchado
Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT

The industry in which we operate showed an initial recovery during 2010 which gained further momentum in 2011. However, this recovery generally applied to capital cities and other traditional high demand destinations, with provincial destinations trailing due to continuing low levels of demand paired with increased costs and new supply.

In such turbulent times, every business requires strong and focused management and I believe our teams have really delivered this year through the growth and development of our excellent network of hotels. Our vision is to realise growth potential and I am happy to report that we delivered on our strategy and promise. As set out in our 2010 Annual Report, we were committed to focusing on improving our overall performance, growing our average room rates, managing our expenses, progressing our development projects and adding new projects to our pipeline. To this end, the Group has broken some significant records in the year. Total revenue was up by 44.7% and EBITDA was up by 72.9%. There have been many other successes of which I am very proud. We earned some excellent industry recognition, maintained our very high levels of guest and employee satisfaction, recorded various operational successes and added several new exciting projects to our development pipeline.

Overall performance

A large proportion of our revenues are generated by our London hotels which performed well in 2011. This year was the first full year of operation for our largest hotel, Park Plaza Westminster Bridge London, and we are delighted with its performance.

We saw the benefits from our first year as sole owner of Park Plaza Sherlock Holmes London, Park Plaza Victoria London, Park Plaza Riverbank London (including Plaza on the River), Park Plaza Leeds and Park Plaza Nottingham. As mentioned, although the London hotels performed well, the provinces are more challenging and they will take longer to recover from the economic downturn. We are, however, confident that with our recent and planned investments into our hotels in these destinations we can capitalise on our strong position in the market.

In The Netherlands, our recent refurbishments have helped improve the hotels' performance and in particular our hotels in Amsterdam reported strong growth.

Germany and Hungary have been the most challenging countries in which we have been operating for several years, although the positive trends experienced in 2010 continued this year, albeit at a slower growth rate. art'otel cologne, which opened in 2010, reported a strong growth year on year and art'otel budapest, arguably our worst affected hotel during the downturn, made a remarkable comeback. Despite the reported loss for this region, it contributed positively to the Group's cash flow.

Improved products and new developments

Extensive renovation works were undertaken and completed at Park Plaza Leeds in the United Kingdom and Park Plaza Victoria Amsterdam and Park Plaza Eindhoven in The Netherlands. These hotels have clearly benefited from these investments with average room rates and overall guest satisfaction increasing.

We completed a 61-room extension at the art'otel berlin city center west. In addition, this Andy Warhol and Christopher Makos dedicated hotel now offers new meeting rooms, leisure facilities and an inviting bar and lounge.

Preparations for the construction of art'otel amsterdam, which is set to open in 2013, are now well underway and this hotel will be our first art'otel[®] in ownership.

During the year, we announced a new mixed-use development project in Pattaya Bay, Thailand and we contracted to acquire a mixed-use development site in London. We commenced extensive renovations at three of the Arenaturist hotels in Croatia, which will be ready for the new season when they reopen in May 2012 as the first Park Plaza[®] Resorts worldwide.

Improving our financial position

Following 2009 and 2010 refinancing activities, in 2011 we successfully secured new banking facilities for Park Plaza Westminster Bridge London and the construction of art'otel amsterdam. The Group has sound financial arrangements, with no significant loans set to expire within the next few years, a comforting position in what still remains an uncertain financial environment.

Industry recognition

The year got off to an excellent start, with our hard work and dedication recognised in the form of the Business Travel Award for 'Best Small or Independent Hotel Brand'. Winning this award was not an easy feat considering that we were

up against some strong competition. Winning this prestigious award was merely the start of many more to come during the year, including awards for hotels, hotel teams, restaurants and bars and individual members of staff.

Safeguarding our future

To ensure we continue to deliver on our strategy we have strengthened our senior management team during the year and have optimised our organisational structure. Following his successful tenure at Park Plaza Westminster Bridge London, Andrew Swindells was promoted to Chief Operating Officer and a Vice President Restaurants and Bars and a Vice President of Asset Management were appointed.

Global partnerships

We have continued to benefit from our unique partnership with the Carlson Rezidor Hotel Group. In particular, the launch of the new Club CarlsonSM guest rewards programme in the year was a success. With its substantial benefits for members, as well as the participating hotels, the membership base has grown significantly and currently has over eight million members worldwide. A new programme extension, Club CarlsonSM for Business, was launched in the second half of the year and this initiative focuses on attracting new business from small to medium enterprises.

In partnership with Carlson Rezidor Hotel Group, we continued to invest in developing a stronger online presence. This year, we launched brand-wide social media channels, a mobile friendly website, the new Club CarlsonSM App and a range of online advertising and email marketing initiatives. These activities have helped us to generate more direct business and increase our share of brand website bookings.

In the year, Carlson Rezidor Hotel Group added six new Park Plaza[®] hotels in Thailand and India, including key markets such as Bangkok and New Delhi and has announced its intent to add a further 14 hotels under the Park Plaza[®] Hotels & Resorts umbrella by 2015. These new openings will lead to greater customer recognition and improved cross marketing and sales opportunities.

Guest experience

Making our guests feel welcome and consistently offering them a high standard of service and good overall experience are essential to our success. Our teams are passionate to achieve this and have delivered another outstanding performance through continued focus on delivering a quality service.

Guest and employee satisfaction remained strong; in fact employee satisfaction was at an all time high of 83.3, an increase of 2.8% year on year. This growth is underpinned by our strategy of investing in people.

The hotels collectively generated over 50,000 completed guest satisfaction surveys through our online system. These surveys are invaluable for us to not only improve satisfaction levels, but also to further improve our policies and procedures in general. We pride ourselves on listening to our guests and responding to their needs and the guest survey tool enables us to develop and maintain direct relationships with each and every guest. Our teams take this seriously and as a testimony to their success, 91% of these survey respondents indicated that they were satisfied or extremely satisfied with their stay. We see a clear trend of Club CarlsonSM members rating our performance better than non-members and showing a stronger intention to return to, and recommend, our hotels.

In the year we launched you:niverse, our bespoke and highly intuitive intranet and e-learning portal which has been developed to improve internal communications and foster a climate of best practice sharing. This portal will serve as our primary platform for e-learning modules which are currently being developed as part of our proprietary business school, you:niversity, which is set to be introduced in 2012.

Current trading

In comparison with previous years, our performance in January and February 2012 has not changed significantly. RevPAR for the first two months of the year is in line with the Board's expectations in all markets. The first quarter is traditionally our weakest and with the continued uncertainty in the global economy we remain more focused than ever on driving top line growth and managing our costs. We are optimistic about the benefits the sports events in London will bring.

I want to take this opportunity to sincerely thank our Board and all members of staff for their hard work, passion and commitment. I am very pleased with the significant achievements for 2011 and believe that our focus on revenue generation, improved portfolio (including new hotels which are yet to mature), reinforced management structure, recent refinancing activities and the global partnership with Carlson Rezidor Hotel Group put us in an advantageous position for delivering strong results in 2012 and beyond.

Boris Ivesha
President and Chief Executive Officer

CHIEF FINANCIAL OFFICER'S STATEMENT

The Group has delivered a record performance, once again exceeding the Board's expectations. In addition to a significant increase in revenue and EBITDA, during the past years we were successful in refinancing several banking facilities which have significantly improved our financial position with no significant loans due to expire in the next several years.

Occupancy

Across the Group, occupancy increased to 77.7% (2010: 77.4%), in line with our strategy of focusing on growing average room rates. On a like for like basis, occupancy increased by 1.9% to 79.3% (2010: 77.4%).

Average room rate

Management has been successful in delivering real revenue growth this year by capitalising on increased demand and growing the average room rate. The overall average room rate as a result increased by 7.6% to €119.2 (2010: €110.7) and on a like for like basis, the average room rate increased by 9.7% to €121.5 (2010: €110.7).

RevPAR

The sustained occupancy level in combination with the increase in average room rate, has resulted in a 8.0% increase in RevPAR which for the period was €92.6 (2010: €85.7). On a like for like basis, RevPAR increased by 12.4% to €96.3 (2010: €85.7).

Room revenue

During the year room revenue increased by 48.9% to €139.0 million (2010: €93.4 million). On a like for like basis, room revenue increased by 14.7% to €107.1 million (2010: €93.4 million).

Total revenue

Total Group revenue for the period increased by 44.7% to €202.4 million (2010: €139.8 million). A significant part of this growth is a direct result of our new openings and acquisitions in 2010. In particular the performance of Park Plaza Westminster Bridge London has had a great impact on our results. On a like for like basis, total Group revenue increased by 12.6% to €157.4 million reflecting a strong underlying performance, in particular from our hotels in London and Amsterdam.

EBITDA

Our overall EBITDA increased by 72.9% to €65.0 million (2010: €37.6 million). On a like for like basis, EBITDA increased by 39.2% to €52.4 million (2010: €37.6 million), showing a strong underlying performance in the Group's established hotel portfolio.

Due to this improved EBITDA and our continued focus on managing our cost base, the EBITDA margin increased by 5.2% to 32.1% (2010: 26.9%). On a like for like basis our EBITDA margin increased to 33.3%.

EBITDA primarily benefited from contributions of the additional hotels in the portfolio and the increased ownership share of hotels. EBITDA improved as well due to the recovery in the London and Amsterdam hotel markets, which resulted in a healthy RevPAR growth.

All our regions have reported a positive EBITDA result, apart from our hotels in Germany and Hungary. Despite the reported EBITDA loss this region still positively contributes in the form of management fees which are accounted for in the Management and Holdings Operations.

Profit before tax

The reported profit before tax was €10.6 million (2010: €60.5 million). The profit relates mainly to the increased EBITDA contribution of €27.4 million from the full year benefits of our 2010 acquisitions and openings, somewhat offset by a €6.1 million increase in finance expenses and interest expenses guaranteed to unit holders of Park Plaza Westminster Bridge London. In addition an income of €2.5 million from the final settlement of the construction contract for Park Plaza Riverbank London was recorded and interest and income from forfeited deposits relating to the sale of units in Park Plaza Westminster Bridge London amounted to €0.7 million. The Group faced an additional finance expense due to revaluation of derivative financial instruments of €4.7 million and a one-off €1.5 million expense due to the costs associated with its migration from AIM to the Official List was also incurred. Normalised profit before tax increased to €13.6 million (2010: €6.1 million). The 2010 profits mainly related to gains arising from one-off events

amounting to €54.4 million. 2011 normalised profit adjustments include fair value losses from derivatives, one-off (re-) finance expenses and other income (see Note 23[^], 24[^] and 25 to the Consolidated financial statements[^]).

Earnings per share

Basic and diluted earnings per share for the year was €0.37 (2010: €1.52). The year on year decrease was a result of a lower profit before tax, with our 2010 profit before tax positively affected by one-off events. Details on the calculation of earnings/loss per share are provided in Note 27[^] to the Consolidated financial statements.

Dividend

The Directors are proposing a final dividend of 6.0 pence per share (2010: Nil), which will absorb £2,460,918 of equity. Subject to shareholder approval at the Annual General Meeting, to be held on 25 April 2012, the dividend will be paid on 27 April 2012 to shareholders on the register at 23 March 2012. The shares will go ex-dividend on 21 March 2012.

Debt position and refinancing

Our net debt as at 31 December 2011 was €387.1 million, a net year on year increase of €17.2 million (as at 31 December 2010: €369.9 million). This includes €31.0 million of liquid assets (2010: €30.9 million), of which cash and cash equivalents were €29.5 million (2010: €25.6 million) and other liquid financial assets of €1.5 million (2010: €5.3 million). During the period, the movement in net debt primarily included a €10.5 million increase in loans, an increase due to foreign exchange of €11.0 million and €5.5 million redemption of loans (see Note 31f to the Consolidated financial statements[^]).

Financial structure and investments – main developments during the period

Refinancing of Park Plaza Westminster Bridge London, United Kingdom

On 2 June 2011, we were pleased to announce the refinancing of existing banking facilities for Park Plaza Westminster Bridge London. The refinancing involved seven year term facilities totalling £115.0 million (€137.0 million) with Bank Hapoalim. Further details are set out in Note 17[^] to the Consolidated financial statements.

Acquisition of site in London, United Kingdom

On 12 July 2011, we exchanged contracts to acquire a two-acre site on 628 Western Avenue in west London for £6.0 million (€7.2 million). A 10% deposit has been paid and the balance is payable in cash upon completion which is due to take place by no later than June 2012. This is a high profile gateway site with prime frontage onto the A40, a major arterial route into central London. We have submitted an application for planning permission and expect this to be granted in 2012.

Acquisition of site in Pattaya Bay, Thailand

On 18 August 2011, we completed the acquisition of a site, via a joint venture, located in Pattaya Bay, Thailand for €6.8 million. This opportunity allows us to expand into Asia with the development of a 40,000 square metre mixed-use development, including a 100-room upscale apart-hotel.

Since the year end, residential sales at our Pattaya Bay project in Thailand commenced and, to date, 85 of 301 apartments have been contracted for sale.

Refinancing of art'otel amsterdam, The Netherlands

On 14 September 2011, we were pleased to announce the refinancing of existing banking facilities with Bank Hapoalim for art'otel amsterdam. The €26.0 million facility, which matures in March 2014, is in connection with the land acquisition and redevelopment of an office building to art'otel amsterdam. Further details are set out in Note 17[^] to the Consolidated financial statements.

Purchase of shares

Management strongly believes in the Group's long term future and value proposition and underlined this view in the year by increasing the number of shares it holds in treasury. On 26 October 2011, we announced the purchase of 800,000 of our own shares increasing the total number of shares held in treasury to 1,662,000 (constituting 4.1% of the Company's issued share capital, excluding treasury shares). Further details are set out in Note 15[^] to the Consolidated financial statements.

Looking ahead

We have an exciting year ahead of us with our London hotels expected to benefit from the global exposure, and high levels of demand, on the back of the summer sports events. Construction is underway for our new development in Amsterdam and we have several extensive refurbishments planned throughout the year. These investments are necessary to further strengthen our foothold within the 'affordable luxury' segment of the market and safeguard our revenue streams.

Despite excellent achievements in 2011, we remain highly vigilant about the current unrest in the financial markets. As demonstrated in earlier downturns, our teams are very focused on generating revenues and operating as efficiently as possible and although no slowdown is yet experienced, we remain on our guard.

Chen Moravsky
Chief Financial Officer

^Notes to the Consolidated financial statements are available in the 2011 Annual Report & Accounts

REVIEW OF OPERATIONS

United Kingdom: Our EBITDA has nearly doubled to €47.5 million.

	Reported in Euros (€)		Like for like** in Euros (€)	
	Year ended 31 Dec 2011	Year ended 31 Dec 2010	Year ended 31 Dec 2011	Year ended 31 Dec 2010
Total revenue	€140.0 million	€81.6 million	€97.1 million	€81.6 million
EBITDAR	€48.9 million	€25.6 million	€35.7 million	€25.6 million
EBITDA	€47.5 million	€24.5 million	€34.8 million	€24.5 million
Occupancy	82.1%	81.8%	84.0%	81.8%
Average room rate	€145.6	€137.9	€152.7	€137.9
RevPAR	€119.6	€112.8	€128.3	€112.8
Room revenue	€98.6 million	€56.5 million	€68.6 million	€56.5 million

	Reported in local currency GBP (£)		Like for like** in local currency GBP (£)	
	Year ended 31 Dec 2011	Year ended 31 Dec 2010	Year ended 31 Dec 2011	Year ended 31 Dec 2010
Total revenue	£121.8 million	£69.8 million	£84.6million	£69.8 million
EBITDAR	£42.5 million	£21.9 million	£31.1million	£21.9 million
EBITDA	£41.3 million	£21.0 million	£30.3million	£21.0 million
Average room rate	£126.7	£118.0	£132.9	£118.0
RevPAR	£104.0	£96.5	£111.7	£96.5
Hotel room revenue	£85.8 million	£48.3 million	£ 59.8million	£48.3 million

***The like for like figures exclude Park Plaza Nottingham and Park Plaza Leeds for the first seven months of 2011 and Park Plaza Westminster Bridge London for the first two months of 2011. The financial contribution of Park Plaza Sherlock Holmes London, Park Plaza Victoria London and Park Plaza Riverbank London (including Plaza on the River) in 2011 in the like for like comparison has been calculated on the basis of the ownership interest of PPHE Hotel Group in those hotels during the financial year ended 31 December 2010.*

Our performance

2011 was the first fully operational year for Park Plaza Westminster Bridge London and first full year as sole owners of the established London hotels (Park Plaza Riverbank London, Park Plaza Victoria London and Park Plaza Sherlock Holmes London) and Park Plaza Leeds and Park Plaza Nottingham.

Although our increased ownership in these hotels is one of the reasons for our significant year on year growth, it is also the result of a strong performance by most of our London hotels.

RevPAR in the United Kingdom for the year was €119.6 (2010: €112.8), representing an increase of 6.0% year on year. However, this result was impacted by the currency exchange rate from Sterling to Euro and in local currency RevPAR increased by 7.8% to £104.0 (2010: £96.5).

On a like for like basis, RevPAR increased by an impressive 13.8% to €128.3 (2010: €112.8), showing a strong underlying performance of our established London hotels in particular. Like for like RevPAR in local currency increased by 15.8% to £111.7 (2010: £96.5).

Most of our portfolio in the United Kingdom delivered a solid performance against the market, with our hotels outperforming the market in occupancy by 8.3 points, average room rates by £33.7 and RevPAR by £35.43. Occupancy remained almost flat in most hotels, but in local currency our average room rates increased by 7.4%, versus 3.8% for the market and RevPAR increased by 7.8%, versus 4.1% growth for the market (TRI HotStats, UK Chain Hotels Market Review December 2011).

The majority of our hotels in the United Kingdom outperformed their competitor sets in occupancy and RevPAR, mainly driven by a strong growth in average room rates, with several of our hotels in London reporting a double digit growth (STR Global, December 2011). The hotels in the provincial destinations, which were acquired on 4 August 2010, continued to experience a more difficult trading environment due to a soft corporate demand.

In the United Kingdom, reported total revenue increased by 71.6% to €140.0 million (2010: €81.6 million), on a like for like basis total revenue increased by 19.1% to €97.1 million (2010: €81.6 million).

EBITDA nearly doubled to €47.5 million (2010: €24.5 million) and on a like for like basis EBITDA increased by 42.0% to €34.8 million (2010: €24.5 million).

Developments

In March 2011 we launched the Mandara Spa at Park Plaza Westminster Bridge London. The first of its kind in Europe, the Mandara Spa is now fully operational and offers 700 square metres of treatment rooms, a relaxation lounge, Spa boutique, fitness centre and indoor swimming pool.

On 12 July 2011, we exchanged contracts to acquire a two-acre site in west London. This high profile, gateway site has prime frontage onto the A40, a major arterial route into central London and the Company has submitted a planning request for a mixed-use development, including a hotel component. Planning is expected to be obtained in 2012 and the transaction is due to be completed by June 2012.

Following our acquisition of Park Plaza Leeds and Park Plaza Nottingham in August 2010, we approved a refurbishment plan for these properties. In 2011 we completed the first phase of extensive renovations at Park Plaza Leeds. During this phase half of the rooms were fully renovated and several of the public areas. The second phase of this renovation is due to be completed by the second quarter of 2012.

At Park Plaza Nottingham we have renovated several public areas during the year and further renovations are planned for 2012.

In early February 2010, we received planning consent for the United Kingdom's first art'otel[®], to be located in London's Hoxton area. The approval followed over two years of design work, undertaken in close collaboration with Hackney Council's Design Review Panel, the Greater London Authority and several local community groups in Shoreditch. We are currently in the process of further optimising the plans for this development to include a lifestyle art'otel[®], as well as an art gallery, restaurants, bars and possibly a number of loft style apartments.

The Netherlands: Our hotels reported a 3% increase in RevPAR driven by average room rates; Total revenue and EBITDA increased with Park Plaza Victoria Amsterdam our star performer.

Hotel operations	Euro (€)			
	Reported		Like for Likes ***	
	Year ended 31 Dec 2011	Year ended 31 Dec 2010	Year ended 31 Dec 2011	Year ended 31 Dec 2010
Total revenue	€24.8 million	€22.8 million	€23.8 million	€22.8 million
EBITDAR	€7.8 million	€7.6 million	€7.8 million	€7.6 million
EBITDA	€7.8 million	€7.6 million	€7.7 million	€7.6 million
Occupancy	74.9%	77.9%	78.7%	77.9%
Average room rate	€109.4	€102.2	€112.9	€102.2
RevPAR	€82.0	€79.6	€88.8	€79.6
Room revenue	€17.8 million	€16.2 million	€16.6 million	€16.2 million

*** The like for like figures exclude Park Plaza Amsterdam Airport for the first four months of 2011

Our performance

The Dutch market was one of several Euro-zone countries reporting a recovery from the economic crisis in 2011. For the hospitality sector, Amsterdam showed one of the strongest rebounds which is in stark contrast with the provincial cities which showed limited signs of recovery.

Against this background, our hotels in The Netherlands delivered a good overall performance, with a total RevPAR increase of 3.0% to €82.0 (2010: €79.6). Our overall occupancy decreased, but the average room rates increased at a faster rate than our competitor sets leading to an increased RevPAR. It is worth mentioning that key performance indicators such as occupancy, average room rates and RevPAR have been negatively impacted since our 2010 acquisition of Park Plaza Amsterdam Airport. Demand for this airport location is much more volatile, and rates are generally lower than those for our hotels in city centre locations, which impacts the overall key performance indicators for this region.

On a like for like basis, our RevPAR growth was therefore much more significant at 11.6%, with RevPAR increasing from €79.6 in 2010 to €88.8 in 2011.

With two of our hotels located in the city centre of Amsterdam, and one located near Schiphol Airport, Amsterdam is a key market for us. All three hotels delivered a strong performance with double digit growth in average room rates and RevPAR.

Park Plaza Amsterdam Airport delivered a double digit growth in occupancy. The city centre hotels outperformed their competitor sets in RevPAR (STR Global, December 2011). Park Plaza Amsterdam Airport was acquired from administrators in 2010 and it is encouraging to see such significant growth across key performance indicators such as occupancy, average room rate and RevPAR.

However, our top performer in this region was Park Plaza Victoria Amsterdam which, despite having half of its room inventory closed for renovation during the first quarter in 2011, generated nearly the same revenue in the full year as it did in 2010.

The provincial hotels, Utrecht and Eindhoven, outperformed their competitor sets in occupancy and RevPAR (STR Global and MKG Hospitality, December 2011), although these markets proved to be more challenging than the Amsterdam market. Reported total revenue increased by 8.6% to €24.8 million (2010: €22.8 million) and EBITDA increased by 2.1% to €7.8 million (2010: €7.6 million). On a like for like basis, EBITDA increased by 1.5% to €7.7 million (2010: €7.6 million).

Developments

During the year we focused on the repositioning of Park Plaza Amsterdam Airport and several soft refurbishments were completed. Under the leadership of a new management team a significant renovation programme commenced in February 2012. As part of this programme, all public areas on the ground floor will be redesigned creating different environments for the different customer audiences. This repositioning will enable us to better market this hotel as a premier conference destination, providing easy access to many European destinations given its proximity to Schiphol Airport.

Extensive renovations were also undertaken and completed in the year at Park Plaza Victoria Amsterdam (164 guestrooms) and Park Plaza Eindhoven (47 guestrooms, including the creation of two additional rooms). Both hotels have experienced a year on year uplift in overall guest satisfaction, mainly as a result of improved product ratings.

The construction of art'otel amsterdam, located adjacent to Park Plaza Victoria Amsterdam in the heart of the city, is now well underway and this hotel is scheduled to open in 2013.

Germany and Hungary: Reporting positive signs notwithstanding tough markets; The region positively contributes to the Group's cash flow

Hotel operations	Euro (€)			
	Reported		Like for Likes****	
	Year ended 31 Dec 2011	Year ended 31 Dec 2010	Year ended 31 Dec 2011	Year ended 31 Dec 2010
Total revenue	€30.2 million	€27.7 million	€29.2million	€27.7 million
EBITDAR	€7.5 million	€6.7 million	€7.3million	€6.7 million
EBITDA	€(1.0) million	€(0.3) million	€(0.8)million	€(0.3) million
Occupancy	71.7%	70.4%	72.1%	70.4%
Average room rate	€70.9	€68.8	€70.3	€68.8
RevPAR	€50.9	€48.4	€50.7	€48.4
Room revenue	€22.6 million	€20.7 million	€21.9million	€20.7 million

**** The like for like figures exclude art'otel cologne for the first two months of 2011.

Our performance

In Germany and Hungary, the impact from a recovering economy on our hotel performance was not as strong as experienced by the other regions in which we operate and historically these markets have not been as buoyant as the United Kingdom or The Netherlands.

RevPAR increased by 5.0% to €50.9 (2010: €48.4) as a result of a modest growth in average room rates and occupancy. On a like for like basis, RevPAR increased by 4.6% to €50.7 (2010: €48.4).

In its first fully operational year, art'otel cologne delivered a good performance with a reported double digit RevPAR growth driven by a combination of increased occupancy and average room rate. art'otel budapest, which was arguably our hotel most affected by the economic downturn, reported a similar positive trend.

Total revenue for the region increased by 9.0% to €30.2 million (2010: €27.7 million). On a like for like basis, total revenue increased by 5.3% to €29.2 million (2010: €27.7 million). EBITDAR in 2011 was € 7.5 million (2010: € 6.7 million).

The EBITDA loss in Germany and Hungary increased to a €1.0 million loss (2010: loss of €0.3 million). The 2010 EBITDA loss was however positively impacted by a one-off rent discount in one of the leased hotels.

Our business model in this region is primarily based on operational leases. We have reported negative EBITDA in recent years and 2011 is no exception. However, the contribution of this region is still positive in the form of management fees which are included in the segment Management and Holdings Operations.

Developments

Throughout the year work continued on the 61-room extension at art'otel berlin city center west. This hotel, which has Andy Warhol and Christopher Makos as its signature artists, opened these extra rooms in November 2011. The new bar and lounge, two meeting rooms and a fitness room were opened early 2012. It is expected that this extension and new facilities will help to improve the hotel's market position and overall performance.

An extensive renovation programme of all rooms and the public areas at art'otel budapest started at the end of 2011 and will continue throughout 2012.

We also made good progress with the project planning for Park Plaza Nuremberg and construction is expected to start in 2012 with the hotel opening in 2013.

Management and Holdings Operations: Increased revenue and EBITDA

	Euro (€)	
	Year ended 31 Dec 2011	Year ended 31 Dec 2010
Total revenue before elimination	€28.5 million	€20.7 million
Revenue within the consolidated group	€21.1 million	€13.0 million
External and reported revenue	€7.4 million	€7.7 million
EBITDA	€10.8 million	€5.8 million

Our performance

Total revenue before elimination for our Management and Holdings increased by 37.7% to €28.5 million (2010: €20.7 million). Revenue within the consolidated group increased by 62.3% to €21.1 million (2010: €13.0 million) and external and reported revenue slightly decreased by 3.8% to €7.4 million (2010: €7.7 million).

This resulted in an overall EBITDA increase of 86.2% to €10.8 million (2010: €5.8 million). The main drivers of the reported EBITDA growth are the increased contributions from our newly acquired and opened hotels during 2010 and a one-off fee which relates to previous years.

Reported revenue and EBITDA in Management and Holdings Operations are derived from the Group's different contract arrangements.

Croatia: Renovations at three hotels underway

Our relationship

Arenaturist group is one of Croatia's best known hospitality groups and consists of eight hotels, five holiday apartment complexes, eight campsites and 52 food and beverage outlets, all of which are located in Istria. Arenaturist group caters primarily for European tourists and the majority of accommodation is only operational during the summer months.

All properties are located in prime locations by the sea and are a short distance from either the 3,000 year old city of Pula or the touristic Medulin. In 2008, we acquired a 20% stake in Arenaturist, the holding company of the Arenaturist group, and we were awarded the management agreement for Arenaturist. Arenaturist d.d. is listed on the Zagreb Stock Exchange. The Arenaturist group is accounted for as an associate in the Consolidated financial statements.

Our progress

Since we started operating Arenaturist, we have mainly focused on improving the operational results. We appointed a new board and senior management and initiated several staff training programmes focusing on improving overall guest experiences.

We launched new websites and invested in those facilities that would provide an immediate return, whilst continuing to develop our longer term renovation plans. Several planning applications have since been submitted and granted.

In time for the 2011 season, we implemented a new multi-property management system, which now serves as this group's technology backbone. This management system has not only led to efficiency but it also provides the team with greater visibility and reporting and forecasting tools.

After the close of the 2011 summer season, we started extensive renovations at Hotel Histria, Punta Verudela and Hotel Medulin. This project includes 816 rooms and apartments as well as a shopping area, children's playground, spa and leisure centre, tennis courts, conference centre, landscaping and several restaurants and bars.

Renovations at these hotels are planned to be completed in May/June 2012 and they reopen as Park Plaza Histria Pula, Park Plaza Verudela Pula and Park Plaza Medulin.

Consolidated statement of financial position

	As at 31 December	
	2011 €'000	2010 €'000
Assets		
Non-current assets:		
Intangible assets	40,748	42,313
Property, plant and equipment	610,881	605,242
Apart-hotel units under management	168,607	160,586
Prepaid leasehold payments	234	244
Investment in associate	21,508	22,140
Other non-current financial assets	30,311	27,389
Restricted deposits and cash	12,620	–
	884,909	857,914
Current assets:		
Inventories under construction	7,851	–
Restricted deposits and cash	3,563	21,999
Inventories	1,265	1,351
Other current financial assets	1,499	1,671
Trade receivables	16,939	17,176
Other receivables and prepayments	9,057	9,557
Cash and cash equivalents	29,506	25,637
	69,680	77,391
Total assets	954,589	935,305
Equity and liabilities		
Equity:		
Issued capital	–	–
Share premium	237,729	237,729
Other reserves	(36,544)	(36,445)
Treasury shares	(3,181)	(1,083)
Foreign currency translation reserve	(35,565)	(36,507)
Hedging reserve	(17,072)	(1,087)
Accumulated earnings	55,864	40,611
Total equity	201,231	203,218
Non-current liabilities:		
Bank borrowings	411,215	261,570
Advance payments from Apart-hotel unit holders	182,060	176,503
Deposits received from Apart-hotel unit holders	12,279	–
Other financial liabilities	86,502	65,299
Deferred income taxes	4,121	8,770
	696,177	512,142
Current liabilities:		
Trade payables	14,249	24,998
Deposits received from Apart-hotel unit holders	–	18,234
Other payables and accruals	36,019	37,419
Bank borrowings	6,913	139,294
	57,181	219,945
Total liabilities	753,358	732,087
Total equity and liabilities	954,589	935,305

Date of approval of the financial statements 7 March 2012.

Boris Ivesha, President and Chief Executive Officer

Chen Moravsky, Chief Financial Officer

Consolidated income statement

	Year ended 31 December	
	2011 €'000	2010 €'000
Revenues	202,380	139,829
Operating expenses	(127,351)	(93,382)
EBITDAR	75,029	46,447
Rental expenses	(9,979)	(8,814)
EBITDA	65,050	37,633
Depreciation and amortisation	(18,492)	(12,409)
EBIT	46,558	25,224
Financial expenses	(28,227)	(28,873)
Financial income	3,511	10,421
Other income and expenses	1,720	60,351
Interest expenses guaranteed to Apart-hotel unit holders	(10,426)	(4,279)
Share in loss of associate	(2,502)	(2,362)
Profit before tax	10,634	60,482
Income tax benefit	4,619	1,421
Profit for the year	15,253	61,903
Profit (loss) attributable to:		
Owners of the parent	15,253	61,903
Non-controlling interests	–	–
Basic and diluted earnings per share in Euro		
Basic and diluted earnings per share attributable to the equity holders of the Company during the year	0.37	1.52

Consolidated statement of comprehensive income

	Year ended 31 December	
	2011 €'000	2010 €'000
Profit for the year	15,253	61,903
Other comprehensive income (loss):		
Fair value gain (loss) on available-for-sale financial assets	(107)	289
Reclassification adjustment for (profit) loss from available-for-sale financial assets recorded in income statement	-	(346)
Loss from cash flow hedges	(15,985)	(911)
Cash flow hedges recycled through profit or loss	-	8,920
Reclassification adjustment in respect of foreign currency translation reserve	-	(9,390)
Foreign currency translation adjustments of foreign operations	1,360	1,205
Foreign currency translation adjustment of associate	(418)	54
Other comprehensive income (loss)	(15,150)	(179)
Total comprehensive income	103	61,724
Attributable to:		
Owners of the parent	103	61,724
Non-controlling interests	-	-

Consolidated statement of changes in equity

	Issued capital	Share premium	Other reserves	Treasury shares	Foreign currency translation reserve	Hedging reserve	Accumulated earnings (accumulative deficit)	Total	Non controlling interests	Total equity
Balance as at 1 January 2010	–	236,000	(36,418)	(1,083)	(28,376)	(9,096)	(21,292)	139,735	–	139,735
Profit for the year	–	–	–	–	–	–	61,903	61,903	–	61,903
Other comprehensive loss for the year	–	–	(57)	–	(8,131)	8,009	–	(179)	–	(179)
Total comprehensive income	–	–	(57)	–	(8,131)	8,009	61,903	61,724	–	61,724
Issue of shares	–	1,729	–	–	–	–	–	1,729	–	1,729
Share-based payments	–	–	30	–	–	–	–	30	–	30
Balance as at 31 December 2010	–	237,729	(36,445)	(1,083)	(36,507)	(1,087)	40,611	203,218	–	203,218
Profit for the year	–	–	–	–	–	–	15,253	15,253	–	15,253
Other comprehensive loss for the year	–	–	(107)	–	942	(15,985)	–	(15,150)	–	(15,150)
Total comprehensive loss	–	–	(107)	–	942	(15,985)	15,253	103	–	103
Purchase of treasury shares	–	–	–	(2,098)	–	–	–	(2,098)	–	(2,098)
Share-based payments	–	–	8	–	–	–	–	8	–	8
Balance as at 31 December 2011	–	237,729	(36,544)	(3,181)	(35,565)	(17,072)	55,864	201,231	–	201,231

* No par value.

Consolidated statement of cash flows

	Year ended 31 December	
	2011 €'000	2010 €'000
Cash flows from operating activities:		
Profit for the year	15,253	61,903
Adjustment to reconcile profit to cash provided by operating activities:		
Financial expenses and interest expenses guaranteed to Apart-hotel unit holders	38,653	33,151
Financial income	(3,511)	(10,421)
Income tax benefit	(4,619)	(1,421)
Negative goodwill on acquisition of Schiphol Victoria Hotel C.V.	-	(308)
Negative goodwill on acquisition of Park Plaza Leeds and Park Plaza Nottingham	-	(1,756)
Negative goodwill on acquisition of Park Plaza Riverbank London (including Plaza on the River), Park Plaza Victoria London, Park Plaza Sherlock Holmes London	-	(7,933)
Capital gain from obtaining control in a former jointly controlled entity	-	(50,825)
Share in loss of associates	2,502	2,362
Depreciation and amortisation	18,492	12,409
Share-based payments	8	30
	51,525	(24,712)
Changes in operating assets and liabilities:		
Increase in inventories under construction	(6,487)	(5,013)
(Increase) decrease in inventories	100	(663)
Increase in trade and other receivables	55	(5,658)
Increase (decrease) in trade and other payables	(12,373)	11,112
	(18,705)	(222)
Cash paid and received during the period for:		
Interest paid	(30,521)	(22,880)
Interest received	146	1,011
Taxes paid	(114)	170
Taxes received	-	(119)
	(30,489)	(21,818)
Net cash provided by operating activities	17,584	15,151
Cash flows from investing activities:		
Investments in property, plant, equipment and Apart-hotel units	(10,973)	(23,101)
Investments in intangible fixed assets	(1,003)	
Net change in cash upon acquisition of Schiphol Victoria Hotel C.V.	-	(739)
Net change in cash upon acquisition of Park Plaza Leeds and Park Plaza Nottingham	-	(9,619)
Net change in cash upon acquisition of Park Plaza Riverbank London (including Plaza on the River), Park Plaza Victoria London, Park Plaza Sherlock Holmes London	-	2,945
Loans to jointly controlled entities and to partners in jointly controlled entities	(82)	(8,396)
Decrease (increase) in restricted deposits	8,551	45,127
Purchase of available-for-sale investment in bonds and securities	-	(693)
Purchase of available-for-sale investment in shares	-	(390)
Proceeds from sale of available-for-sale investment in shares	-	14,723
Advance payments from unit holders	-	130,538
(Increase) decrease in restricted cash	(2,173)	28
Loans to unit holders	-	(2,180)
Net cash (used in) provided by investing activities	(5,680)	148,243

Consolidated statement of cash flows

	Year ended 31 December	
	2011 €'000	2010 €'000
Cash flows from financing activities:		
Purchase of treasury shares	(2,098)	–
Increase in deposits from Apart-hotel unit holders	–	1,757
Proceeds from long-term loans	10,484	100,358
Repayment of long-term loans	(17,052)	(114,441)
Increase in short-term loans		(169,012)
(Repayment) loans from jointly controlled entities and from partners in jointly controlled entities	44	8,635
Net cash used in financing activities	(8,622)	(172,703)
Increase (decrease) in cash and cash equivalents	3,282	(9,309)
Net foreign exchange differences	587	528
Cash and cash equivalents at beginning of year	25,637	34,418
Cash and cash equivalents at end of year	29,506	25,637

	Year ended 31 December	
	2011 €'000	2010 €'000
Significant non-cash transactions:		
Purchase of inventories under construction and fixed assets	–	14,081
Issue shares	–	1,729
Total non-cash transactions	–	15,810

Notes

Note 1: General

- a. The audited annual results for the year ended 31 December 2011 are extracted from the audited Consolidated financial statements of PPHE Hotel Group Limited ("the Company") which were both authorised for issuance in accordance with a resolution of the Directors on 7 March 2012.
- b. On 29 February 2012, the Company changed its name from Park Plaza Hotels Limited to PPHE Hotel Group Limited.
- c. Description of business and formation of the Company:
The Company was incorporated and registered in Guernsey on 14 June 2007.
The Company's primary activity is owning, leasing, developing, operating and franchising primarily full service upscale and lifestyle hotels in major gateway cities and regional centres predominantly in Europe.
- d. Assessment of going concern:
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.
The Group has entered into a number of loan facilities, the details of which are set out in Note 17 to the Consolidated financial statements[^]. The Board believes that the Group currently has adequate resources and in the future will generate sufficient funds to honour its financial obligations and continue its operations as a going concern for the foreseeable future.
- e. Accounting policies
The information in this document is extracted from the audited consolidated financial statements that are available on our websites www.parkplazahotels.net and www.pphe.com. The Consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), and International Accounting Standards Committee interpretations as issued by the International Accounting Standards Board (IASB) as adopted by the European Union.

Note 2: Earnings per share

The following reflects the income and share data used in the basic earnings per share computations:

	As at 31 December	
	2011	2010
	€'000	€'000
Profit	15,253	61,903
Weighted average number of Ordinary shares outstanding	41,682	40,815

Potentially dilutive instruments (share options – see Note 16 to the Consolidated financial statements[^]) have not been included in the 2010 calculation of diluted earnings per share because they are anti-dilutive for all periods presented. The potentially dilutive instruments (195,000) in 2011 have an immaterial effect on the basic earnings per share.

Note 3: Segments

For management purposes, the Group's activities are divided into Owned Hotel Operations and Management Activities. Owned Hotel Operations are further divided into three reportable segments: The Netherlands, Germany and Hungary, and the United Kingdom. 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 for financial reporting purposes in the Consolidated income statement.

As at 31 December 2011

	The Netherlands €'000	Germany and Hungary €'000	United Kingdom €'000	Management €'000	Holding companies and adjustments ² €'000	Consolidated €'000
Revenue						
Third party	24,820	30,205	139,981	7,374	–	202,380
Inter-segment				21,146	(21,146)	–
Total revenue	24,820	30,205	139,981	28,520	(21,146)	202,380
Segment EBITDA	7,766	(966)	47,487	10,596	167	65,050
Depreciation and amortisation						(18,492)
Financial expenses						(28,227)
Financial income						3,511
Interest expenses guaranteed to Apart-hotel unit holders						(10,426)
Other income, net						1,720
Share in loss of associate						(2,502)
Profit before taxes						10,634
		The Netherlands	Germany and Hungary	United Kingdom	Holding companies and adjustments	Consolidated
Geographical information						
Non-current assets ¹		75,958	7,499	695,861	41,152	820,470

¹ Non-current assets for this purpose consist of property, plant and equipment, apart-hotel units under management, prepaid leasehold payments and intangible assets.

² Consist of inter-company eliminations.

As at 31 December 2010

	The Netherlands €'000	Germany and Hungary €'000	United Kingdom €'000	Management €'000	Holding companies and Adjustments ¹ €'000	Consolidated €'000
Revenue						
Third party	22,847	27,700	81,179	8,103	–	139,829
Inter-segment	–	–	389	12,618	(13,007)	–
Total revenue	22,847	27,700	81,568	20,721	(13,007)	139,829
Segment EBITDA	7,607	(286)	24,512	10,438	(4,638)	37,633
Depreciation and amortisation						(12,409)
Financial expenses						(28,873)
Financial income						10,421
Interest expenses guaranteed to Apart-hotel unit holders						(4,279)
Other income, net						60,351
Share in loss of associate						(2,362)
Profit before taxes						60,482
		The Netherlands	Germany and Hungary	United Kingdom	Holding companies and adjustments	Consolidated
Geographical information						
Non-current assets ²		75,166	7,620	682,523	43,076	808,385

¹ Consist of inter-company eliminations.

² Non-current assets for this purpose consist of property, plant and equipment, prepaid leasehold payments and intangible assets.

^Notes to the Consolidated financial statements are available in the 2011 Annual Report & Accounts

Appendix

Principal risks and uncertainties

Risk and impact	Mitigation	Grading	Change
<p>Risk name</p>			
<p>Information technology and systems The Group is reliant on certain technologies and systems for the operation of its business. Any material disruption or slowdown of the Group's information systems, especially any failures relating to its reservation system, could cause valuable information to be lost or operations to be delayed.</p> <p>In addition, the Group and its hotels maintain personal customer data, which is shared with and retained by the Group's partner. Such information may be misused by employees of the Group or its partner or other outsiders if there is an inappropriate or unauthorised access to the relevant information systems.</p>	<p>The Group invests in appropriate IT systems so as to obtain as much operational resilience as possible. Further, a variety of security measures is implemented in order to maintain the safety of personal customer information.</p>	High	Unchanged during the year
<p>Market and hotel industry risks The Group's operations and their results are subject to a number of factors that could adversely affect the Group's business, many of which are common to the hotel industry and beyond the Group's control, such as the global economic downturn, changes in travel patterns or in the structure of the travel industry and the increase of acts of terrorism. The impact of any of these factors (or a combination of them) may adversely affect sustained levels of occupancy, room rates and/or hotel values.</p>	<p>Although management continually seeks to identify risks at the earliest opportunity, many of these risks are beyond the control of the Group. The Group has in place contingency and recovery plans to enable it to respond to major incidents or crises and takes steps to minimise these exposures to the greatest extent possible.</p>	High	Unchanged during the year
<p>The Group's borrowings The Group is exposed to a variety of risks associated with the Group's existing bank borrowings and its ability to satisfy debt covenants. Failure to satisfy obligations under any current or future financing arrangements could give rise to default risk and require the Group to refinance its borrowings.</p>	<p>The Board monitors funding needs regularly. Financial covenant ratios are monitored and sensitised as part of normal financial planning procedures. For details of the Company's hedging arrangements, please refer to Note 31 of the Consolidated financial statements.</p>	Medium	Increased during the year
<p>Fixed operating expenses The Group's operating expenses, such as personnel costs, operating leases, information technology and telecommunications, are to a large extent fixed. As such, the Group's operating results may be vulnerable to short-term changes in its revenues.</p>	<p>The Group has appropriate management systems in place (such as staff outsourcing) designed to create flexibility in the operating cost base so as to optimise operating profits in volatile trading conditions.</p>	Medium	Unchanged during the year
<p>Foreign exchange rate fluctuations The exchange rates between the functional currency of the Group's subsidiaries operating outside the Eurozone, and the Euro (the reporting currency for the purposes of the Consolidated financial statements) may fluctuate significantly, affecting the Group's financial results. In addition, the Group may incur currency transaction risk in the event that one of the Group companies enters into a transaction using a different currency from its functional currency.</p>	<p>The Group eliminates currency transaction risk by matching commitments, cash flow and debt in the same currency.</p>	Low	Unchanged during the year

Risk and impact	Mitigation	Grading	Change
Risk name			
<p>The Park Plaza® Hotels & Resorts brand and reservation system The Group's rights to the Park Plaza® Hotels & Resorts brand stem from a territorial licence agreement with CarlsonSM, pursuant to which the Group has the exclusive right to use (and to sub-license others to use) the Park Plaza® Hotels & Resorts trademark in 56 countries within the EMEA region. This agreement also allows the Group to use CarlsonSM's highly cost effective central reservation system. Failure to maintain these rights could adversely affect the Group's brand recognition and its profitability.</p>	<p>The Group's rights to use the Park Plaza® Hotels & Resorts brand and CarlsonSM's central reservation system are in perpetuity. This unique and exclusive partnership is reinforced by the Group's continued focus on operational efficiency and portfolio growth through its intensified cooperation with CarlsonSM.</p>	Low	Unchanged during the year
<p>Guaranteed return of investment to Park Plaza Westminster Bridge London unit holders Marlbray Limited, the freehold owner of Park Plaza Westminster Bridge London, and the Company have guaranteed (directly or indirectly) to all (but four) of the purchasers of units in Park Plaza Westminster Bridge London a 5% or 6% return on their investment (with the exception of two units in respect of which the guaranteed annual return is less than 5%) for a period of five years from the second month of completion. To the extent that net income is less than the guaranteed return, Marlbray and the Company will be obliged to make up any shortfall.</p>	<p>Marlbray is entitled to receive and retain all net income generated by the units sold during the term of the guarantees and if such income exceeds guaranteed return, Marlbray benefits from the surplus. This arrangement, combined with a regular monitoring of revenues, allows management to effectively control costs and to minimise the impact of any shortfalls.</p>	Low	Unchanged during the year
<p>Key senior personnel and management The success of the Group's business is partially attributable to the efforts and abilities of its senior managers and key executives. Failure to retain its executive management team or other key personnel may threaten the success of the Group's operations.</p>	<p>The Group has appropriate systems in place for recruitment, reward and compensation and performance management. Development and maintenance of a Group culture also plays a leading role in minimising this risk. The Group has further enhanced its management structure by appointing a Chief Operating Officer, a Vice President of Restaurants and Bars and a Vice President of Asset Management.</p>	Low	Reduced during the year

Significant other transactions with Related Parties

- a. On 10 April 2008, the Group acquired 20% interest in WH/DMREF Bora B.V. ("Bora"), the owner of 74% of Arenaturist d.d., a public company listed on the Zagreb (Croatia) Stock Exchange, and 100% of three related private companies (together "the Arenaturist Group").

Under the shareholder's agreement dated 10 April 2008 in respect of Bora, Park Plaza Hotels Europe B.V. ("PPHE"), a wholly-owned subsidiary of the Company, has been appointed as the operator of the Bora hotels, resorts and campsites with a view to entering into an operating agreement, reflecting the principal commercial terms and conditions set forth in such shareholder's agreement.

In early 2011, PPHE entered into operating agreements with the Arenaturist Group, which included agreement on sales and marketing fees. Sales and marketing fees for 2009 and 2010 of €1.0 million were recorded in the income statement for the year ended 31 December 2011 as part of the total revenues.

- b. In June 2011, Riverbank entered into a settlement agreement with Gear Construction Management Limited ("Gear") regarding liquidated damages payable to Riverbank under the project management agreement due to the delayed practical completion of the project which had been planned for 2007. The settlement amount is £1.9 million (€2.2 million).

The agreement was signed on 13 July 2011. The settlement amount was set off against a liability of Riverbank to Gear in connection with the construction of the hotel by Gear and was recorded as other income in the income statement.

- c. In January 2012, Park Plaza Hotels (Services) UK Limited, a wholly-owned subsidiary of the Company, entered into a framework agreement with GC Project Management Limited ("GC") for the provision of project management services by GC to the Group for a fixed monthly fee of £45,000 (plus VAT) for a period of 36 months with effect from September 2011. GC is also entitled to reimbursement of properly incurred expenses in connection with the provision of the services.

Directors' responsibility statement

The Board confirms to the best of its knowledge that the Consolidated financial statements, which have been prepared in accordance with IFRS as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group. The business review, which is incorporated into this report, the Chairman's Statement, the Chief Executive Officer's statement and the Chief Financial Officer's Statement include a fair view of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.