

13 January 2014

**PPHE Hotel Group Limited**

**(the "Company")**

**Joint venture in relation to two hotels in Berlin**

Further to its announcement on 1 July 2013 of the acquisition of the freeholds and associated inventories of art'otel berlin mitte and art'otel berlin kudamm (the "**Hotels**") by companies within the Company's group of companies (the "**Group**"), the Company is pleased to announce that those companies amongst others have today entered into a 50:50 joint venture in relation to the Hotels with the Nakash group and its wholly owned entities ("**Nakash**").

The Group has sold to Nakash 50% of the shares in the companies which own the freeholds and the operating businesses of the Hotels and assigned 50% of the shareholder loans made by the Group to those companies for an aggregate consideration of €3,180,425. This was satisfied by the discharge in full of the loan of that amount that had been advanced by one of Nakash's affiliates (as referred to in the 1 July announcement) in order to facilitate completion of the acquisition of the Hotels in July 2013. The Company and Nakash will also contribute €1,000,000 each for the renovation of the Hotels.

As previously announced, €12.5 million of the consideration for the acquisition was funded by a 10-year term loan from Deutsche Hypothekenbank secured on the properties and guaranteed by the Company. Under the joint venture Nakash has agreed to indemnify the Company against 50% of any liability it may incur under that guarantee.

Nakash is the founder of the denim brand 'Jordache' which manages a multibillion dollar portfolio of investments with a focus on real estate located in prime locations throughout the world and is also involved in the hotel business. The Nakash portfolio consists of retail space, offices, multifamily and hospitality and hotel properties.

The Group continues to manage the Hotels under long term hotel operating agreements.

Boris Ivesha, President & Chief Executive Officer of the Company, commented:

*"We are pleased to announce this joint venture with the Nakash group, an international investor in quality assets. Together we will embark on an exciting renovation project of these well located hotels with the aim of further improving their position."*

**Enquiries:**

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**Note to editors:**

PPHE Hotel Group Limited is a Guernsey registered company and through its subsidiaries, jointly controlled entities and associates, owns, leases, develops, operates and franchises 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 Group has an exclusive licence from Carlson, a global privately held 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 Group. The Group has a minority ownership interest in the Arenaturist group, one of Croatia's leading hospitality companies.

The portfolio of owned, leased, managed and franchised hotels comprises 38 hotels in operation offering a total of more than 8,300 rooms. The development pipeline includes four new hotels, which together are expected to add more than 1,100 rooms to the portfolio by the end of 2016

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)

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