

14 March 2019

PPHE Hotel Group Limited
("PPHE" or the "Company" or the "Group")
Joint Venture for art'otel® in New York City

PPHE, an international hospitality real estate group, is pleased to announce that 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 properties located at 538, 540 and 542 West 29th Street, New York, United States of America (together "**the Property**"). The aggregated consideration for the acquisition of the Property was US\$42 million plus associated acquisition costs.

The joint venture intends to develop a mixed-use scheme consisting of a 98-room art'otel® branded hotel with extensive public areas and 55 residential condominium units (the "**Project**"). PPHE and Largo each hold a 50% interest in the joint venture and, once the hotel is operational, PPHE will manage it under a management contract.

The Property is located in West Chelsea by the popular and regenerated High Line on the West Side of Midtown Manhattan, a short walk from the Meatpacking District, Penn Station, Madison Square Garden and immediately adjacent to Hudson Yards, the largest private development in the US. This area has undergone large-scale redevelopment in recent years, creating a buzzing new neighbourhood known as the preeminent art gallery district in New York City, renowned for restaurants and bars and is an ideal location for the Group's art-inspired lifestyle art'otel® brand. The interior design of the art'otel will be inspired by a signature artist, whose original works will be displayed, and the hotel will offer a destination restaurant and bar.

This Project is in line with PPHE's development strategy to target real estate in prime locations and attractive geographies where it believes there is significant upside potential to drive growth and long-term value through both its property portfolio and operations. This Project is also part of the Group's plan to bring art'otel® to major cities, building on the success of the brand in Amsterdam, Berlin, Cologne and Budapest, and the development of art'otel london hoxton and art'otel london battersea power station.

Joint Venture Agreement

The joint venture, through a wholly-owned subsidiary (the "**Property Owner**") has acquired the fee interest in the Property. The consideration paid by the Property Owner for the acquisition of the Property was in aggregated US\$ 42 million plus associated acquisition costs (the "**Property Acquisition**"). The Property Acquisition was partly funded with a US\$22.15 million loan (the "**Loan**") from Bank Hapoalim B.M. (the "**Lender**"). The Loan is secured by a first priority mortgage encumbering the Property and each of certain Largo guarantors and PPHE have delivered certain customary guarantees in favor of the Lender.

The balance of the purchase price for the Property Acquisition and associated costs is funded by Largo and PPHE. The total capital committed by PPHE to the joint venture in respect of the pre-construction phase, including the property acquisition and certain pre-construction costs, is US\$ 17.6 million, to be funded from the Company's existing cash resources.

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, each member of the joint venture has a call right in respect of the other and if neither party buys, there are certain exit provisions with PPHE preserving the right to retain the Property.

The joint venture arrangements also contain customary exit provisions which will apply following satisfaction of the Construction Conditions, and pursuant to which the parties may require, or be required, to acquire each other's interest in the joint venture in certain limited circumstances.

PPHE's obligations under all of the above arrangements are, to the extent they are not within PPHE's sole discretion (and together with its funding obligations and any guarantees to the bank) subject to a monetary cap which is materially below the threshold for a class 1 transaction (as defined by the Financial Conduct Authority's Listing Rules).

Boris Ivesha, President & Chief Executive Officer of PPHE Hotel Group said:

"We are delighted to have acquired an interest in this property which is at the centre of the new Hudson Yards, West Chelsea, Manhattan. We have a proven track record of successful property development and creating value throughout the hospitality real estate supply chain. We relish the opportunity to enter this new market and expand our footprint into the United States.

Together with Largo, we will embark on this exciting development project with the aim to own and operate the first art'otel outside of Europe as we look to further expand our presence in major gateway cities."

About Largo

Largo is a private real estate development company specialising in the acquisition, development and construction of luxury multifamily, commercial and mixed-use projects in New York City. Since its founding in 2009, Largo has successfully developed over 1.5 million square feet of luxury rental apartments, condominiums, office buildings and retail in prime locations in Manhattan and Brooklyn. For additional information, please visit www.LargoNYC.com.

Enquiries:

PPHE Hotel Group Limited

Daniel Kos
Chief Financial Officer & Executive Director

Robert Henke
Executive Vice President of Commercial & Corporate Affairs Tel: +31 (0)20 717 8600

Hudson Sandler

Wendy Baker / Sophie Lister
Tel: +44 (0)20 7796 4133
Email: pphe@hudsonsandler.com

Notes to editors

PPHE Hotel Group is an international hospitality real estate company, with a £1.6 billion portfolio of primarily prime freehold and long leasehold assets in Europe.

The 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.

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

The 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. The Group's development pipeline includes two new hotels in London which are expected to add an additional 500 rooms by the end of 2022/2023.

PPHE Hotel Group is a Guernsey registered company and its shares are listed on the Premium Listing segment of the Main Market of the London Stock Exchange. PPHE Hotel Group also holds a controlling ownership interest (51.97% of the share capital) in Arena Hospitality Group, whose shares are listed on 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

