1 September 2021

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

Unaudited Interim Results for the six months ended 30 June 2021

Improving demand during the second quarter

PPHE Hotel Group, the international hospitality real estate group which develops, owns and operates hotels and resorts, announces its unaudited interim results for the six months ended 30 June 2021 (the "Period").

Further significant progress

- Secured a contract to operate two hotels exclusively as part of the UK government's hotel quarantine programme, and secured an exclusive agreement for Park Plaza Westminster Bridge London to act as official player hotel for the 2021 Wimbledon Championships

- Unlocked £113.7 million of equity at the Group's latest NAV through a long-term partnership with Clal Insurance ("Clal"), providing financial headroom for future growth opportunities and to support recovery

- Continued progress on £200+ million development pipeline to enhance long-term growth, which includes flagship developments art'otel london hoxton and Hotel Brioni in Pula, Croatia. In Croatia, construction of a hotel in Zagreb is expected to start in September (opening Q4 2022), detailed planning is underway for the repositioning of a hotel in Pula, and another campsite has been earmarked for repositioning

- Multiple actions taken to attract and retain talent in a highly competitive labour market and recognised as *'Top-6 Best Places to Work'* and shortlisted for the *'Best Employer'* by The Caterer, a leading UK hospitality industry trade publication, which will further strengthen the Group's position for recruitment.

Financial performance and strong cash position

- Total revenue in H1 was £25.8 million (H1 2020: £61.9 million, which included a pre-COVID January and February). In Q2, total revenue was £20.4 million, up 95.8% vs Q2 2020

- EBITDA loss limited to £14.0 million in H1 through decisive actions to mitigate the impact of the COVID-19 pandemic ("pandemic") (H1 2020: loss of £3.3 million, which included a pre-COVID January and February). In Q2, EBITDA was £(3.9) million, up 42.4% vs Q2 2020

- EPRA NRV per share* at 30 June 2021 was £20.85 (31 December 2020: £22.08)

- EPRA Earnings per share (LTM) was £(1.34) vs 31 December 2020: £(0.96). Adjusted EPRA earnings per share (LTM) was £(1.35) vs 31 December 2020: £(1.23)

- Financial position is strong, with £237.9 million cash available at 30 June 2021, which consists of consolidated net cash of £177.9 million, and further access to undrawn facilities of £60 million

(*) EPRA NRV and EPRA NRV per share were calculated based on the independent external valuations prepared in December 2020.

Well positioned for recovery

- Majority of properties in operation, following a prolonged period of lockdowns and temporary closures since the onset of the pandemic

- Occupancy in the Group's key cities is currently dominated by domestic leisure demand as air travel is still subdued

- Positive booking trends continued into July and August in the UK, the Netherlands and Germany, again driven by predominantly domestic leisure activity

- In Croatia, July and August performance exceeded expectations, with the aggregrate revenue during this key demand period at approximately 90% of the revenue generated in the same period in 2019

- In the UK, the Group is encouraged by the increasing number of meeting and event enquiries, which are at the highest level since the start of the pandemic and demonstrate the demand when markets stabilise, albeit enquiry levels are still some way behind 2019

- The Group’s well-invested portfolio together with its agile owner-operator model and strong track record provides a solid foundation for further recovery

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

“We were delighted to welcome back guests to our properties and see improving demand as restrictions eased across our markets in Q2 following a long period of lockdown measures and ongoing domestic and international travel restrictions which impacted trading in the period. In the period, we secured some exclusive contracts across several of our London properties and our flagship Park Plaza Westminster Bridge London was the proud host hotel for the players and support teams of the Wimbledon Championships. We also continued to make progress on our £200+ million development pipeline and through a partnership on two London properties we were able to unlock £113.7 million of equity at the Group’s latest NAV to grow our Group to further increase our financial flexibility and support our recovery.

“Post period end, we have seen the increasing trend for leisure demand continue, while the number of enquiries for meetings and events in the UK is at the highest level since the pandemic started. In Croatia we have reported a strong July and August performance, with revenues at approximately 90% of those generated during the same period in 2019.”

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 December 2020 by Savills and Zagreb nekretnine Ltd (ZANE), 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 registered company with shares listed on the London Stock Exchange. 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 | www.arenahospitalitygroup.com

For reservations:
www.parkplaza.com | www.artotels.com | www.arenahotels.com | www.arenacampsites.com

BUSINESS & FINANCIAL REVIEW

BUSINESS REVIEW

In the first six months of 2021, the ongoing challenges presented by the pandemic continued to cause severe disruption to the global hospitality sector, with government imposed domestic and international travel restrictions and social distancing measures in place for much of the period. Consequently, as expected, the Group's trading in the first half was severely subdued due to the majority of its hotels either temporarily closed or operating at reduced capacity.

However, our proactive strategy resulted in the Group securing various Essential Business arrangements across several of its London properties, including its current support to the UK government's hotel quarantine programme at two of its hotels. In addition, our flagship Park Plaza Westminster Bridge London was the proud host hotel for the players and support teams of the 2021 Wimbledon Championships.

In Q2 2021, travel restrictions were progressively eased across the Group's operating markets. In the UK, all the Group's hotels were reopened to guests on 17 May, in line with the UK government's roadmap, and from June restrictions were gradually eased across Continental Europe. By the end of the second quarter, all the Group properties (except for Park Plaza Amsterdam Airport and art'otel budapest) were open and trading for the first time since the onset of the pandemic. Booking demand is gradually improving with short lead times.

Demand across all regions has been predominantly leisure focused, with provincial cities and resort destinations proving to be more popular than capital cities. In the UK, due to the restrictions on international travel, leisure demand is largely from the domestic market which, also prior to the pandemic, is historically the Group's largest source market. With measures easing and sports events once again being allowed we were well placed to benefit from demand associated with events such as the 2020 UEFA European Football Championships and the Cricket Hundred Series. The Group has also seen an increased level of enquiries from the business travel and meeting planner sectors for the Group's meetings and events offer in the UK.

Across Continental Europe the Group has seen greater signs of international leisure travel recovering and we are particularly pleased with our Croatian subsidiary's performance during the summer months, welcoming guests from many European source markets.

With the vaccination programmes firmly underway across all our operating regions, the increased acceptance of lateral flow and PCR testing and vaccination passports introduced across Europe, the Group expects the positive demand trends to continue gaining momentum.

Despite the challenges during the Period, the Group maintained a strong financial position and made further progress in line with its long-term growth strategy. It entered into a long-term partnership with Clal, which unlocked £113.7 million of equity and advanced on its £200+ million development pipeline, all of which demonstrates the Group adaptability to ever-changing prevailing market conditions.

Furthermore, the Group meticulously prepared for the reopening of properties by leveraging its well-invested estate, flexible owner operator model and broad customer appeal, including by enhancing its technological capabilities, and re-engaging with team members to ensure the continued delivery of the high-quality and memorable guest experience that is synonymous with the Group.

As widely reported, the hospitality industry is going through fundamental changes in terms of employment and the Group is no exception. However, the Group's strong focus on leadership and development initiatives, for which it has won numerous awards in recent years, has resulted in the Group being recognised in the 'Top-6 Best Places to Work in Hospitality' awards by The Caterer, the UK's leading hospitality trade publication. This award showcases the very best places to work in what has been an incredibly difficult time for the sector caused by the pandemic. We are therefore especially proud of our continued investment in our people, and the on-going care and support we provide to all our team members.

Further details are set out below and in the Financial Performance, and the Review of Operations.

Long-term partnership with Clal

In June, the Group entered into a long-term partnership with Clal, a leading insurance and long-term savings company, in respect of Park Plaza London Riverbank and art'otel london hoxton. As part of the transaction, PPHE received £113.7 million in cash and Clal was granted 5 million share appreciation rights ('SAR') to have a value upside if the gap between the Group's latest reported EPRA NAV and its' current market price narrows over the maturity period. The SAR has a 7-year maturity with a strike price of £16 per share and the upside is capped at £21 per share. Clal has also committed to a further cash injection of £12.1 million to fund its portion of the remaining equity commitments of the art'otel london hoxton development project. Clal's investment, taking into account existing bank debt and remaining development costs, is based on a £263 million property valuation for Park Plaza London Riverbank and an all-in development budget cost of £279.3 million for the art'otel london hoxton project.

The Group remains the majority owner of the hotels by retaining a 51% holding in one joint venture company holding ("JVCo") and through its management company has secured a 20-year hotel management agreement in respect of both hotels. Clal became a minority partner and owner of 49% of the shares in JVCo, holding indirectly the real estate and operations of these two properties.

The agreement provides the Group with additional liquidity to pursue new growth opportunities and to support the recovery ahead.

Development pipeline

Good progress was made in the Group's £200+ million development pipeline, which includes flagship developments such as art'otel london hoxton and Hotel Brioni Pula in Croatia.

In the UK, construction progressed at art'otel london hoxton, the Group's largest development project. The new 27-storey building will accommodate 343 hotel rooms and suites, five floors of office space, gym, swimming pool, wellness facilities and art gallery space. The project is expected to complete by 2024.

art'otel london battersea power station, which is to be operated by the Group under a long-term management agreement, is expected to open during the first half of 2022.

Excellent progress was made at Hotel Brioni in Pula to reposition the property as an upper upscale 227-room, full-service hotel. The Group is evaluating the optimum time to reopen and relaunch the property as Grand Hotel Brioni Pula, which is expected to be during the 2022 summer season.

Also in London, plans were prepared for two further development projects: (i) a mixed-use scheme including a 465-room hotel, adjacent to Park Plaza London Park Royal; (ii) work is in progress for a planning application to develop a mixed-use scheme, including a hotel at 79-87 Westminster Bridge Road.

In September 2021, following a period of design and planning, the Group is expected to commence construction of its property (under a 45-year lease agreement) in the centre of Zagreb, Croatia at an estimated cost of €16 million. The Group will operate the hotel when the property is relaunched as a luxury hotel (expected Q4 2022).

The Group's longer term project pipeline includes a development site in New York and two repositioning projects in Pula, Croatia.

Operational update

The Group has demonstrated throughout the pandemic the ability to generate revenue from those sectors of the market which were still travelling, including securing Essential Business travel arrangements.

In the UK, the Group entered into a commercial agreement with the Department of Health and Social Care ("DHSC") to provide temporary accommodation for individuals returning from 'red-list' countries, which provided the Group with an alternative revenue stream. Park Plaza London Waterloo and Park Plaza Victoria London have operated solely as quarantine hotels since May and July respectively. The service provided by these hotels is set by DHSC and the hotels have limited contact with guests during their quarantine. DHSC is responsible for the provision of medical and security staff to the hotel.

Park Plaza Westminster Bridge London was selected by the All England Lawn Tennis Club ("AELTC") to be the Official Player Hotel for the Wimbledon Championships in order to provide a minimised risk environment for all players and their support teams at this year's competition. The Group was proud to secure this exclusive agreement which comprised full-service hospitality including testing and recovery centres, gyms, hospitality desks for players and highly tailored nutritional food and beverage offerings.

The Group's commercial action plan supports the reopening and ramping up period and focuses on proactively driving customer and business demand. As part of this plan, the Group has been involved in the London Mayor's 'Let's do London' recovery campaign, and has entered into a partnership with Merlin Entertainments for a jointly funded media campaign consisting of attractive room rates and access to 2-for-1 tickets at Merlin attractions, including the London Eye and Sea Life.

Investment in operations and digital transformation

The Group has continued to implement contactless services at its hotels, which offer guest reduced person-to-person contact during their stay. The dedicated Apps for Park Plaza and art'otel enable guest to check-in online prior to arrival or self-check-in on arrival, have a digital room key via smartphone, contactless payment options, new messaging options for guests such as a real time messaging through chat or WhatsApp and online ordering of room service. Guests also receive a pre-arrival email with ancillary services to personalise their stays, including room upgrades, early check-in and late check-outs, breakfast and dinner options or special amenities.

Engagement with team members

A key focus for the Group throughout the pandemic has been safeguarding the wellbeing of its own team members.

The Group's internal communications initiatives and 'staying connected' newsletters and regular video interviews with senior management continue to be well received and provide a channel to enhance communications with team members. Furthermore, in the Period the Group proactively engaged with all its team members, providing a re-boarding programme in preparation for the returned to work as hotels reopened. This included one-to-one meeting with their line manager, online learning, and importantly, safety training and wellbeing support.

To address the well-documented pressures across the hospitality labour market, the Group continues to implement initiatives to attract and retain team members, including enhanced standard pay rates for critical recruitment and retention, the introduction of a retention bonus, as well as wellbeing days to promote work life balance. Open days have also developed our presence as an employer of choice in local communities and we continue to leverage LinkedIn and industry recruitment websites.

Industry Recognition

In recognition of the Group's commitment to preparing team leaders and managers to lead the business post-lockdown, the Group is proud to have received several accolades in the Period; '*Top-6 Best Places to Work in Hospitality'* by The Caterer, winner of the *'Best Management Preparation Award'* at the HR in Hospitality Awards 2021, shortlisted for The Caterer's upcoming *'Best Employer Award'.* In Croatia, the Group's subsidiary Arena Hospitality d.d. ("Arena") was awarded the national *'Safe Stay in Croatia'* label.

Environmental, Social and Governance ("ESG")

During the Period, the Group has been working towards establishing ESG activities as an intrinsic part of the infrastructure forming its response to the pandemic and business recovery. The highlights are set out below:

- *Workforce engagement:* establishment of a UK team member forum of elected representatives to facilitate communication between management and team members.

- *Carbon & energy:* PPHE's owned and managed hotels across the UK, the Netherlands and Germany are now reliant on electricity generated from 100% renewable sources. The Group has also been working with its energy consultant on the production of a 'room per night carbon factor', which will allow the Group to calculate the amount of CO2 generated per occupied room per night to allow the Group to set science-based carbon targets. The Group is also gathering data to allow it to comply with the reporting requirements prescribed by the Task Force on Climate-Related Financial Disclosures in its next financial statements. Hotel guests support the Group's activities through its "Save Tomorrow, Today" and "eco-logical" ongoing programmes, which rewards guests for helping to reduce water, detergent and electricity usage.

- *Sustainable development:* For properties in development, sustainability is key. In the UK, the Group is on-target to achieve an 'Excellent' Building Research Establishment Environmental Assessment Method ("BREEAM") sustainability rating for art'otel london hoxton. Outside the UK, the Group's ongoing works at Hotel Brioni Pula have included façade works, window replacements, new air-cooling systems and energy-efficient boilers in line with applicable local climate regulations.

- *Governance*: The Group has updated its Whistleblowing Policy and rolled out a whistleblowing publicity refresh across the Group. It has also established an ESG Committee consisting of non-executive directors to take responsibility for the progress and oversight of ESG.

- *Supply chain due diligence:* The Group has been working on constructing an up-to-date supplier database which includes and tracks key information on, among other things, packaging, transport, workforce and supply chain. This will allow it to set targets on these key components and curate our supplier base to meet these targets.

- *Communities:* In the UK, the Group enrolled team members to support the NHS in the vaccination roll-out. In the Netherlands, Park Plaza Amsterdam Airport supported a local school in being able to continue to educate children whilst observing social distancing measures by providing a meeting space which was converted into classroom space for 400 students a day. As well as providing local hands-on assistance in the pandemic response, team members in Croatia were also able to provide ten fully equipped mobile homes from its campsites to impacted communities within 24 hours of an earthquake striking Sisak-Moslavina County in July 2021.

Current trading

As we enter the second half of 2021, government-imposed restrictions are progressively being eased, aided by ongoing vaccination programmes across the Group's countries of operation, making European travel possible as of 1 July. Consequently, the Group is seeing increasing levels of enquiries and bookings, across both the leisure and events segments.

In July and August, trading in the UK, the Netherlands and Germany was driven by domestic leisure activity. Meeting and event enquiries in the UK have been at their highest level since the start of the pandemic, albeit at subdued levels compared to 2019. Due to the short lead times currently experienced, it is premature to assess the pace of business travel for the second half of the year. In Croatia, the Group reported a strong performance during July and August (peak summer season), with an aggregated revenue at approximately 90% of the revenue generated during the same period in 2019.

The Group has a well-invested portfolio, agile owner-operator model and strong track record, which together provide a solid foundation for further recovery. While the Board remains mindful of ongoing uncertainty, it remains confident in the appeal and long-term prospects of the travel sector and the Group's ability to capitalise on continued recovery to achieve long-term success.

FINANCIAL PERFORMANCE

Key financial statistics for the six months and three months ended 30 June 2021 (unaudited)

	H1 Reported in GBP (£)		
	Six months ended 30 June 2021	**Six months ended 30 June 2020**	Change[1]
Total revenue	**£25.8 million**	£61.9 million	**(58.4)%**
Room revenue	**£13.7 million**	£39.5 million	**(65.4)%**
EBITDAR	**£(12.8) million**	£(2.8) million	**(358.8)%**
EBITDA	**£(14.0) million**	£(3.3) million	**(322.5)%**
EBITDA margin	**(54.4)%**	(5.4)%	**(4,900) bps**
Reported PBT	**£(50.3) million**	£(40.7) million	**(23.8)%**
Normalised PBT	**£(48.9) million**	£(44.6) million	**(9.7)%**
Occupancy	**12.8%**	34.7%	**(2,190) bps**
Average room rate	**£95.2**	£112.0	**(15.0)%**
RevPAR	**£12.2**	£38.9	**(68.6)%**

[1] Percentage change figures are calculated from actual figures as opposed to the rounded figures included in the above table.

	Q2 Reported in GBP (£)		
	Three months ended 30 June 2021	Three months ended 30 June 2020	Change[1]
Total revenue	**£20.4 million**	£10.4 million	**95.8%**
Room revenue	**£11.1 million**	£5.1 million	**117.3%**
EBITDAR	**£(3.4) million**	£(6.6) million	**48.8%**
EBITDA	**£(3.9) million**	£(6.8) million	**42.4%**
EBITDA margin	**(19.2)%**	(65.1)%	**4600 bps**
Occupancy	**17.5%**	10.7%	**680 bps**
Average room rate	**£102.6**	£94.6	**8.4%**
RevPAR	**£18.0**	£10.1	**78.6%**

[1] Percentage change figures are calculated from actual figures as opposed to the rounded figures included in the above table.

The Group has been encouraged by the early demand experienced from mid-May onwards for its UK hotels and from June for its Croatian region in particular. These early signs of recovery, paired with Essential Business travel arrangements for two of our London hotels and an exclusive use event at another property enabled the Group to deliver a 95.8% revenue increase in the second quarter, to £20.4 million (Q2 2020: £10.4 million). Room revenue increased by 117.8% to £11.1 million (Q2 2020: £5.1 million).

Overall trading in H1 2021 was subdued domestic and international travel restrictions in place across the Group's operating markets for much of the first half. Activity levels continued to be severely reduced with most of the Group's properties closed or operating at significantly reduced capacity, resulting in Group revenue and occupancy during the Period decreasing. This challenging performance compares to a strong performance in the first two and a half months of 2020 prior to the onset of the pandemic and any associated restrictions. The limited demand during the first half was primarily from essential stays and contracted group business, albeit there was some return of leisure guests from May as restrictions were progressively eased across operating markets.

As a result, in H1 2021 reported total revenue declined by 58.4% to £25.8 million (H1 2020: £61.9 million). RevPAR declined by 68.6%, with occupancy of 12.8% compared with 34.7% in H1 2020. Average room rate declined by 15.0% to £95.2 (H1 2020: £112.0).

Consequently, Group reported an EBITDA loss of £14.0 million (H1 2020: EBITDA loss of £3.3 million) and the EBITDA margin fell to -54.4% (H1 2020: -5.4%).

Normalised profit before tax decreased to £(48.9) million (H1 2020: £(44.6) million). Reported profit before tax decreased to £(50.3) million (H1 2020: £(40.7) million).

Reconciliation of reported profit before tax to normalised profit before tax

In £ millions	**Six months ended 30 June 2021**	Six months ended 30 June 2020	**12 months ended 30 June 2021**	12 months ended 31 December 2020
Reported profit (loss) before tax	**(50.3)**	(40.7)	**(104.3)**	(94.7)
Net insurance proceeds received in relation to one of the Group's UK hotels	**-**	(10.0)	**-**	(10.0)
Execution of the sale and purchase agreement with the Republic of Croatia related to Guest House Riviera Pula	**-**	1.6	**(0.1)**	1.5
Fair value adjustment on income swaps with private investors of Income Units in Park Plaza Westminster Bridge London	**-**	0.3	**-**	0.3
Loan early prepayment break costs	**0.6**	-	**0.6**	-
Results from marketable securities	**-**	(0.1)	**-**	(0.1)
Revaluation of finance lease	**1.7**	1.7	**3.4**	3.4
Revaluation of Park Plaza County Hall London Income Units	**-**	0.6	**1.8**	2.4
Disposals and Other non-recurring expenses (including pre-opening expenses)	**(0.9)**	2.0	**(0.8)**	2.1
Impairment of property, plant and equipment and right-of-use assets	**-**	-	**5.3**	5.3
Normalised profit (loss) before tax	**(48.9)**	(44.6)	**(94.1)**	(89.8)

Funding and liquidity

The Group's financial position remains strong, with £237.9 million cash available at 30 June 2021 (31 March 2021: £168.9 million), which consists of a consolidated cash position of £177.9 million at 30 June 2021 (31 March 2021: £99.9 million), and further access to undrawn facilities of £60.0 million (31 March 2021: £69.0 million, including £37.2 million of funding for art'otel london hoxton).

In the Period, the Group fully repaid the drawn balance under the Coronavirus Large Business Interruption Loan Scheme ("CLBILS") facility and the Waterloo facility. The Group had previously secured a development loan for its art'otel london hoxton development project, which included an option to draw £37.2 million (remaining undrawn balance as at 31 December 2020) for corporate purposes. With the Group unlocking equity by entering into a joint venture with Clal, it has elected to forego on this option. As a result of these changes, the Group currently has access to £60 million of undrawn facilities.

Dividend

Given the continuous nature of government restrictions across our operating regions as a result of the pandemic, the Board is not proposing an interim dividend in respect of the six-month period ended 30 June 2021.

The Board appreciates the importance of dividends and will continue to review any future dividend payments in line with the recovery trajectory and the business returning to cash flow positive trading.

EPRA accounting information

The Group is a developer, owner and operator of hotels, resorts and campsites and realises returns through both developing and owning assets as well as the operations of those assets to their full potential. Certain EPRA performance measurements are disclosed to aid investors in analysing the

Group's performance and understanding the value of its assets and earnings from a property perspective.

EPRA performance indicators

The Group's last 12 months adjusted EPRA earnings per share to 30 June 2021 decreased by 9.8% to £(1.35) per share. A summary of the Group's EPRA performance measures is set out in the table below.

	30 June 2021 £ million	31 December 2020 £ million
EPRA earnings (LTM)[1]	**(56.9)**	(40.6)
Adjusted EPRA earnings (LTM)[1]	**(57.7)**	(52.1)
EPRA NRV (*)	**895.2**	960.8

Per share figures:	**30 June 2021 £**	31 December 2020 £
EPRA Earnings per share (LTM)	**(1.34)**	(0.96)
Adjusted EPRA earnings per share (LTM)	**(1.35)**	(1.23)
EPRA NRV per share (*)	**20.85**	22.08

[1] EPRA earnings and adjusted EPRA earnings for 30 June 2021 are calculated for the last 12-month period ended on 30 June 2021.
(*) EPRA NRV and EPRA NRV per share were calculated based on the independent external valuations prepared in December 2020.

EPRA performance measures

a. EPRA net asset value

To guide investors on the market value of the Group's property portfolio and performance, the Group has been reporting various EPRA key performance indicators since 2018, alongside its operational metrics. Property valuations have historically been undertaken once a year by independent external valuers, using established and widely recognised methods including applying appropriate discount rates to property cash flow generation and applying capitalisation rates from precedent transactions.

In December 2020, the Group's properties (with the exception of operating leases, managed and franchised properties) were independently valued by Savills (in respect of properties in the Netherlands, UK and Germany) and by Zagreb nekretnine Ltd (ZANE) (in respect of properties in Croatia). Based on those valuations we have calculated the Group's EPRA NRV, EPRA NTA and EPRA NDV for 30 June 2021 and 31 December 2020.The EPRA NRV as at 30 June 2021, set out in the table below amounts to £895.2 million, which equates to £20.85 per share. EPRA NRV decreased by £65.6 million (£1.23 per share) mainly due to the last six-month losses.

	30 June 2021 £ million		
	EPRA NRV (Net Reinstatement Value)	**EPRA NTA[4] (Net Tangible Assets)**	**EPRA NDV (Net Disposal Value)**
NAV per the financial statements	**291.6**	**291.6**	**291.6**
Effect of exercise of options	**6.2**	**6.2**	**6.2**
Diluted NAV, after the exercise of options[1]	**297.8**	**297.8**	**297.8**
Includes:			
Revaluation of owned properties in operation (net of non-controlling interest)[2]	**567.2**	**567.2**	**567.2**
Revaluation of the JV interest held in two German properties (net of non-controlling interest) [2]	**3.1**	**3.1**	**3.1**

Fair value of fixed interest rate debt	**-**	**-**	**(65.5)**
Deferred tax on revaluation of properties	**-**	**-**	**(10.8)**
Real estate transfer tax[3]	**16.4**	**-**	**-**
Excludes:			
Fair value of financial instruments	**(0.6)**	**(0.6)**	**-**
Deferred tax	**(10.1)**	**(10.1)**	**-**
Intangibles as per the IFRS balance sheet	**-**	**15.9**	**-**
EPRA NAV	**895.2**	**862.9**	**791.8**
Fully diluted number of shares (in thousands)[1]	**42,938**	**42,938**	**42,938**
EPRA NAV per share (in £)	**20.85**	**20.09**	**18.44**

[1] The fully diluted number of shares excludes treasury shares but includes 589,367 outstanding dilutive options (as at 31 December 2020: 1,196,996).
[2] The fair values of the properties were determined on the basis of independent external valuations prepared in December 2020. The properties under development are measured at cost.
[3] EPRA NTA and EPRA NDV reflect fair value net of transfer costs. Transfer costs are added back when calculating EPRA NRV.
[4] NTA is calculated under the assumption that the Group does not intend to sell any of its properties in the long run.

	31 December 2020 £ million		
	EPRA NRV (Net Reinstatement Value)	EPRA NTA[4] (Net Tangible Assets)	EPRA NDV (Net Disposal Value)
NAV per the financial statements	309.6	309.6	309.6
Effect of exercise of options	13.2	13.2	13.2
Diluted NAV, after the exercise of options[1]	322.8	322.8	322.8
Includes:			
Revaluation of owned properties in operation (net of non-controlling interest)[2]	602.1	602.1	602.1
Revaluation of the JV interest held in two German properties (net of non-controlling interest) [2]	3.2	3.2	3.2
Fair value of fixed interest rate debt	–	–	(84.5)
Deferred tax on revaluation of properties	–	–	(13.1)
Real estate transfer tax[3]	18.6	–	–
Excludes:			
Fair value of financial instruments	(0.7)	(0.7)	–
Deferred tax	(13.4)	(13.4)	–
Intangibles as per the IFRS balance sheet	–	17.8	–
EPRA NAV	960.8	924.4	830.5
Fully diluted number of shares (in thousands)[1]	43,521	43,521	43,521
EPRA NAV per share (in £)	22.08	21.24	19.08

[1] The fully diluted number of shares excludes treasury shares but includes 1,196,996 outstanding dilutive options (as at 31 December 2019: 412,290).
[2] The fair values of the properties were determined on the basis of independent external valuations prepared in December 2020. The properties under development are measured at cost.
[3] EPRA NTA and EPRA NDV reflect fair value net of transfer costs. Transfer costs are added back when calculating EPRA NRV.
[4] NTA is calculated under the assumption that the Group does not intend to sell any of its properties in the long run.

Cash flow and EPRA earnings

The table below provides details on the Group's cash flow in the first and second quarter of 2021 (see Note 1d for further details)

	Three months ended 31 March 2021 £ million	**Three months ended 30 June 2021 £ million**
Operational cash flow (including working capital)	**(8.2)**	**3.0**
Investment in properties	**(10.6)**	**(17.5)**
Debt service including leases and unit holders in Park Plaza Westminster Bridge London	**(9.1)**	**(11.5)**
Proceeds from loans	**16.3**	**18.4**
Repayment of loans	**-**	**(40.4)**
Joint Venture with Clal Insurance[2]	**-**	**125.8**
Other exceptional items (including FX)	**(2.7)**	**0.2**
Total cash movement	**(14.3)**	**78.0**
Cash at beginning of period	**114.2**	**99.9**
Cash at end of period	**99.9**	**177.9**
Undrawn facilities at end of period[1]	**69.0**	**60.0**

[1] The amount of undrawn facilities as at 30 June 2021 comprise of the £40 million undrawn amount under the CLBILS facility and the £20 million undrawn amount under the Park Plaza London Waterloo facility. The amount of undrawn facilities as at 31 March 2021 comprise of £17.0 million undrawn amount under the CLBILS facility, £14.8 million undrawn amount under the Park Plaza London Waterloo facility and access to £37.2 million undrawn amount under the art'otel london hoxton facility which was cancelled due to the Group entering into a joint venture with Clal.

[2] Comprise of the £113.7 million cash received as part of entering into a long-term partnership with Clal, including the further cash injection of £12.1 million to fund the remaining equity commitments of the art'otel london hoxton development project.

The basis for calculating the Company's adjusted EPRA earnings of £(57.7) million for the 12 months to 30 June 2021 (12 months to 31 December 2020: £(52.1) million) and the Company's adjusted EPRA earnings per share of £(1.35) for the 12 months to 30 June 2021 (12 months to 31 December 2020: £(1.23)) is set out in the table below.

	12 months ended 30 June 2021 £ million	12 months ended 31 December 2020 £ million
Earnings attributed to equity holders of the parent company	**(95.6)**	(81.7)
Depreciation and amortisation expenses	**44.7**	46.6
Revaluation of Park Plaza County Hall London Income Units	**1.8**	2.4
Changes in fair value of financial instruments	**-**	0.2
Non-controlling interests in respect of the above[3]	**(7.8)**	(8.1)
EPRA earnings	**(56.9)**	(40.6)
Weighted average number of shares (LTM)	**42,506,006**	42,466,006
EPRA earnings per share (in pence)	**(134)**	(96)
Company specific adjustments[1]:		
Remeasurement of lease liability[4]	**3.4**	3.4
Disposals and Other non-recurring expenses (including pre-opening expenses)[9]	**(0.8)**	2.0
Government settlement purchase of hotel Riviera[6]	**(0.1)**	1.5
Loan early prepayment break costs	**0.6**	–
Adjustment of lease payments[5]	**(1.8)**	(2.6)
Insurance settlement[7]	**-**	(10.0)

Investment tax credit and change in tax[8]	**(0.7)**	(1.8)
Maintenance capex[2]	**(2.6)**	(4.0)
Non-controlling interests in respect of the above[3]	**1.2**	–
Company adjusted EPRA earnings[1]	**(57.7)**	(52.1)
Company adjusted EPRA earnings per share (in pence)	**(135)**	(123)

Reconciliation Company adjusted EPRA earnings to normalised reported profit before tax		
Company adjusted EPRA earnings	**(57.7)**	(52.1)
Reported depreciation[10]	**(39.4)**	(41.3)
Non-controlling interest in respect of reported depreciation	**7.8**	8.1
Maintenance capex[2]	**2.6**	4.0
Non-controlling interest on maintenance capex and the company specific adjustments	**(1.2)**	–
Adjustment of lease payments[5]	**1.8**	2.6
Investment tax credit and change in tax rate[8]	**0.7**	1.8
Reported loss attributable to non-controlling interest	**(11.1)**	(12.2)
Reported tax	**2.4**	(0.7)
Normalised (loss) profit before tax	**(94.1)**	(89.8)

1 The 'Company specific adjustments' represent adjustments of non-recurring or non-trading items.
2 Calculated as 4% of revenues, which represents the expected average maintenance capital expenditure required in the operating properties.
3 Non-controlling interests include the non-controlling shareholders in Arena and third-party investors in income units of Park Plaza Westminster Bridge London.
4 Non-cash revaluation of finance lease liability relating to minimum future CPI/RPI increases.
5 Lease cash payments which are not recorded as an expense in the Group's income statement due to the implementation of IFRS 16.
6 Execution of the sale and purchase agreement with the Republic of Croatia related to Guest House Riviera Pula (see Note 5d in the 2020 annual consolidated financial statements).
7 Net insurance proceeds received in relation to one of the Group's UK hotels.
8 Relates to investment tax credit received in Croatia and change in tax rate (see Note 27 in the 2020 annual consolidated financial statements)
9 Mainly relates to write-off value and sale of fixed assets.
10 Reported depreciation excluding impairments of property, plant and equipment and right-of-use assets.

REVIEW OF OPERATIONS

United Kingdom

Hotel operations

	Reported in £	
	Six months ended 30 June 2021	Six months ended 30 June 2020
Total revenue	**£15.3 million**	£41.8 million
EBITDAR	**£(1.4) million**	£4.9 million
EBITDA	**£(1.7) million**	£4.8 million
Occupancy	**14.9%**	37.9%
Average room rate	**£113.7**	£126.5
RevPAR	**£16.9**	£47.9
Room revenue	**£9.7 million**	£27.5 million

Hotel portfolio performance

Restrictions were eased on 17 May and the Group was pleased to reopen our UK hotels, welcoming back guests for non-essential travel. Since, there have been encouraged by early signs of a return in demand, primarily from domestic leisure guests with international travel still subject to restrictions and measures. The commercial agreement with DHSC to provide quarantine accommodation at two hotels, and our agreement with AELTC to be the exclusive hotel for players and their teams, provided a secure revenue stream in the recovery period.

During this period, we completed works on The Residence at Holmes Hotel London. This subterranean self-contained event space includes a private pantry and is ideal for team away days and collaborative group sessions in a unique setting.

Most of the Group's hotels in the UK (the Group's key market) were temporarily closed from 6 January until 17 May, in line with the UK Government's international and domestic travel restrictions due to the pandemic. All restaurants and bars within properties were also closed, both significantly impacting the half year performance.

Total revenue in the first half declined by 63.4% to £15.3 million (H1 2020: £41.8 million). RevPAR was 64.6% lower at £16.9 (H1 2020: £47.9), primarily due to a significantly fall in occupancy to 14.9% (H1 2020: 37.9%), and a 10.1% reduction in average room rate to £113.7 (H1 2020: £126.5). During the Period, the Group continued minimise the impact of the closures, such as accessing the COVID-19 Job Retention Scheme and the business rates holiday, nevertheless reported EBITDA was £(1.7) million (H1 2020: £4.8 million).

*The United Kingdom hotel market**

The UK hotel market experienced a significant decline in activity in H1 2021 vs H1 2020. RevPAR was down 26.8% at £18.08, driven by a 21.3% decline in average room rate to £62.78 and a 7.0% reduction in occupancy to 28.8%

In London, RevPAR fell by 61.5% to £15.69 compared with H1 2020, reflecting a 38.7% fall in occupancy to 19.8%, and a 37.1% reduction in average room rate to £79.13.

*STR European Hotel Review, June 2021

The Netherlands

Hotel operations

	Reported in £		Reported in local currency €[1]	
	Six months ended 30 June 2021	Six months ended 30 June 2020	**Six months ended 30 June 2021**	Six months ended 30 June 2020
Total revenue	**£1.9 million**	£9.5 million	**€2.2 million**	€10.8 million
EBITDAR	**£(2.0) million**	£0.4 million	**€(2.3) million**	€0.5 million
EBITDA	**£(2.0) million**	£0.4 million	**€(2.3) million**	€0.5 million
Occupancy	**5.5%**	29.5%	**5.5%**	29.5%
Average room rate	**£91.5**	£106.9	**€105.7**	€121.7
RevPAR	**£5.0**	£31.5	**€5.8**	€35.9
Room revenue	**£1.0 million**	£6.2 million	**€1.1 million**	€7.0 million

[1] Average exchange rate from Euro to Pound Sterling for the period ended 30 June 2021 was 1.155 and for the period ended 30 June 2020 was 1.139, representing a 1.4% increase.

Hotel portfolio performance

Trading during the first half was severely impacted by government lockdown measures, including travel restrictions, curfews and the temporary closure of restaurants, cafes, and bars. While hotels could remain open, extremely lower demand resulted in the Group's hotels being either temporarily closed or operated at significantly reduced capacity. All restaurants and bars within the properties were closed.

All properties, except for Park Plaza Amsterdam Airport, are now in operation.

Total revenue (in euros) was 79.6% lower at €2.2 million (H1 2020: €10.8 million). RevPAR was €5.8 (H1 2020: €35.9), mainly due to the sharp fall in occupancy to 5.5% (H1 2020: 29.5%). Average room rate declined by 13.2% to €105.7 (H1 2020: €121.7).

The Group continued to focus on its cost base and utilised the government support schemes, nevertheless EBITDA during the period was €(2.3) million (H1 2020: €0.5 million).

A relaunch of art'otel amsterdam, including a new restaurant design and concept by Henrique Sá Pessoa, a Portuguese two Michelin starred chef, is planned for the final quarter of 2021. The Group has completed a refurbishment of a new all-day café, Carsten's Café Amsterdam, positioned near the entrance of the hotel.

*The Dutch hotel market**

The market was severely disrupted in H1 2021. RevPAR declined by 51.7% to €14.54 compared to H1 2020. Occupancy fell by 40.5% to 17.6%, and the average room rate was €82.49, 18.8% lower than in H1 2020.

In Amsterdam, our main market in the Netherlands, RevPAR significantly fell by 71.0% to €10.08. Occupancy levels declined by 59.4% to 12.2%, and the average daily room rate declined by 28.6% to €82.98.

*STR European Hotel Review, June 2021

Croatia

Operations

	Reported in £		Reported in local currency HRK[1]	
	Six months ended 30 June 2021	Six months ended 30 June 2020	**Six months ended 30 June 2021**	Six months ended 30 June 2020
Total revenue	**£5.3 million**	£3.3 million	**HRK 46.6 million**	HRK 28.3 million
EBITDAR	**£(2.3) million**	£(3.5) million	**HRK (19.7) million**	HRK (29.7) million
EBITDA	**£(3.2) million**	£(3.9) million	**HRK (27.5) million**	HRK (33.5) million
Occupancy	**18.8%**	35.6%	**18.8%**	35.6%
Average room rate	**£62.9**	£50.5	**HRK 547.7**	HRK 433.2
RevPAR	**£11.8**	£18.0	**HRK 102.9**	HRK 154.3
Room revenue	**£2.2 million**	£1.6 million	**HRK 19.4 million**	HRK 13.3 million

[1] Average exchange rate from Kuna to Pound Sterling for the period ended 30 June 2021 was 8.713 and for the period ended 30 June 2020 was 8.580, representing a 1.6% increase.

Portfolio performance

In Croatia, most of the Group's hotels and apartment complexes were closed until early June due the pandemic and measures taken by the Croatian government.

During the second quarter, plans were prepared for reopening the properties for the summer season, which included hiring part time employees and revamping the properties ahead of opening. From early June, all properties were reopened, and booking activity started to increase. As a service to guests, Arena provided PCR test locations to guests at several of its properties.

Total revenue (in local currency) increased by 64.7% to HRK 46.6 million (H1 2020: HRK 28.3 million). However, RevPAR declined by 33.3% to HRK 102.9 (H1 2020: HRK 154.3), reflecting a decline in occupancy to 18.8% (H1 2020: 35.6%), albeit average room rate was up 26.4% to HRK 547.7.

EBITDA loss improved by 18.0% to HRK 27.5 million (2020: HRK 33.5 million). The Group continued to utilise government grants to support payroll costs.

Germany, Hungary, and Serbia

Hotel operations

	Reported in £		Reported in local currency €[1]	
	Six months ended 30 June 2021	Six months ended 30 June 2020	**Six months ended 30 June 2021**	Six months ended 30 June 2020
Total revenue	**£1.0 million**	£5.6 million	**€1.1 million**	€6.4 million
EBITDAR	**£(1.8) million**	£0.1 million	**€(2.0) million**	€0.1 million
EBITDA	**£(1.8) million**	£0.1 million	**€(2.1) million**	€0.1 million
Occupancy	**7.4%**	29.5%	**7.4%**	29.5%
Average room rate	**£63.9**	£91.6	**€73.8**	€104.4
RevPAR	**£4.8**	£27.1	**€5.5**	€30.8
Room revenue	**£0.8 million**	£4.3 million	**€0.9 million**	€4.9 million

[1] Average exchange rate from Euro to Pound Sterling for the period ended 30 June 2021 was 1.155 and for the period ended 30 June 2020 was 1.139, representing a 1.4% increase.

Hotel portfolio performance

Tighter travel restrictions and lockdowns were in place for most of the first half. In Germany, demand was flat and primarily from the leisure segment, with a slight uplift in activity in June as restrictions were eased. The hotels in Nuremberg and Cologne performed better than in Berlin (the Group's main market in the region) due to a stronger domestic leisure demand for these destinations.

In Hungary, art'otel budapest was closed (and remains closed) due to the imposed lockdown and continued low levels of demand. The Group opened Hotel 88 Rooms, its new hotel in Belgrade, Serbia in May 2021.

As a result, total revenue (in euros) fell by 82.3% to €1.1 million. RevPAR was down 82.2% at €5.5, reflecting the sharp fall in occupancy to 7.4% (H1 2020: 29.5%). Average room rate reduced by 29.2% to €73.8 (H1 2020: €104.4).

During the Period, the Group continued to access government support schemes in the region to mitigate the impact of the pandemic. Alongside payroll support ("Kurzarbeit") in Germany, new subsidies are available including a retrospective scheme from October 2020, and a scheme from January to September 2021. In addition, in Hungary, an amendment to the lease agreement for art'otel budapest was signed in June 2021, which granted the lessor a waiver to six monthly rents for the Period from August 2020 to January 2021. Despite the steps taken to reduce costs, EBITDA decreased to €(2.1) million from €0.1 million in H1 2020.

*The German hotel market**

The German market experienced a 62.2% decline in RevPAR to €10.37, resulting from a 52.7% reduction in occupancy to 13.7% and a 20.1% reduction in average room rate to €75.75.

In Berlin, RevPAR fell by 65.3% to €9.77, due to a 53.6% fall in occupancy to 14.3%, and average room rate reduced 25.3% to €68.33.

*STR European Hotel Review, June 2021

Management and Central Services

Reported in £

	Six months ended 30 June 2021	Six months ended 30 June 2020
Total revenue before elimination	**£6.1 million**	£9.1 million
Revenues within the consolidated Group	**£(3.9) million**	£(7.4) million
External and reported revenue	**£2.2 million**	£1.7 million
EBITDA	**£(5.3) million**	£(4.7) million

Our performance

Revenues in this segment are primarily management, sales, marketing and franchise fees, and other charges for central services.

These are predominantly charged within the Group and therefore eliminated upon consolidation. For the six months ended 30 June 2021 the segment showed a negative EBITDA of £5.3 million as management fees that were charged, both internally and externally, did not exceed the costs in this segment.

Management, Group Central Services and licence, sales and marketing fees are calculated as a percentage of revenues and profit, and therefore these are affected by underlying hotel performance.

PRINCIPAL RISKS AND UNCERTAINTIES

Our ERM framework supports the pursuit of our objectives through enabling informed and calculated risk-taking, while protecting our financial strength and reputation. The integration of risk management and routine assessments of risks within each corporate function allows us greater information at the leadership level to ensure each function remains alert and accountable to assess and report on risks on a regular basis, whether or not the risk profile of an area has changed.

Our risk priority is decided through an assessment of the likelihood of the risk and its impact should it materialise. Our assessments are weighted towards impact to encourage prioritisation of high impact risks. We have several areas of active risk, triggered by the pandemic, for which the response and oversight will continue to be our primary focus.

We continue to have several areas of active risk, triggered by the pandemic, for which the response and oversight remains our primary focus.

Whilst we are well positioned for a strong recovery and we see positive trends across our markets, we have not yet reduced our assessments in respect of our most significant principal risks and consider that all areas of risk priority within the 2020 Annual Report remain unchanged due to the continued uncertainty caused by the pandemic and the impact of Brexit.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that, to the best of their knowledge, these interim condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole for the period ended 30 June 2021. The interim management report includes a fair review of the information required by DTR 4.2.7 R and DTR 4.2.8 R, namely:

- An indication of important events which have occurred during the first six months and their impact on the condensed set of financial statements, plus a description of the principal risks and uncertainties for the remaining six months of the financial year

- Material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report for the year ended 31 December 2020

- The directors of the Company are listed in the last annual report for the year ended 31 December 2020. A current list of directors is maintained on the website of the Company (www.pphe.com)

GOING CONCERN

The Group continued to take effective action to conserve cash in the six months ended 30 June 2021 and as at 30 June 2021 it continued to hold a strong liquidity position with an overall consolidated cash balance of £177.9 million and access to £60 million of undrawn facilities.

The scenario considered and assessment made by the Directors in adopting the going concern basis for preparing these financial statements is included in Note 1 to the Interim Financial Statements. Having reviewed this scenario, the Directors have determined that the Company is likely to continue in business for at least 12 months from the date of this announcement. This, taken together with their conclusions on the matters referred to herein and in Note 1 to the consolidated financial statements, has led the Directors to conclude that it is appropriate to prepare the half-year consolidated financial statements on a going concern basis.

INDEPENDENT REVIEW REPORT TO PPHE HOTEL GROUP LIMITED

To: The Board of Directors of PPHE Hotel Group Limited

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of PPHE Hotel Group Limited and its subsidiaries (the Group) as at 30 June 2021 which comprise the interim consolidated statement of financial position as at 30 June 2021 and the related interim consolidated income statement, and consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes.

Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Kost Forer Gabbay & Kasierer

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

Tel Aviv, Israel
31 August 2021

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2021 Unaudited £'000	31 December 2020 Audited £'000
ASSETS		
NON-CURRENT ASSETS:		
Intangible assets	**15,909**	17,754
Property, plant and equipment	**1,192,628**	1,201,358
Right-of-use assets	**221,059**	223,793
Investment in joint ventures	**4,558**	4,741
Other non-current financial assets	**15,965**	15,958
Restricted deposits and cash	**2,196**	2,261
Deferred income tax assets	**6,477**	6,724
	1,458,792	1,472,589
CURRENT ASSETS:		
Restricted deposits	**4,775**	4,777
Inventories	**2,069**	2,260
Trade receivables	**7,431**	3,473
Other receivables and prepayments	**13,634**	8,044
Investments in marketable securities	**26**	27
Cash and cash equivalents	**177,923**	114,171
	205,858	132,752
Total assets	**1,664,650**	1,605,341

The accompanying notes are an integral part of the Consolidated interim financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2021 Unaudited £'000	31 December 2020 Audited £'000
EQUITY AND LIABILITIES		
EQUITY:		
Issued capital	**-**	–
Share premium	**130,479**	131,389
Treasury shares	**(3,482)**	(3,482)
Foreign currency translation reserve	**10,163**	20,804
Hedging reserve	**(555)**	(703)
Accumulated earnings	**154,853**	161,587
Attributable to equity holders of the parent	**291,458**	309,595
Non-controlling interests	**165,907**	95,358
Total equity	**457,365**	404,953
NON-CURRENT LIABILITIES:		
Bank borrowings	**704,413**	721,006
Provision for concession fee on land	**5,201**	5,399
Financial liability in respect of Income Units sold to private investors	**125,664**	126,155
Other financial liabilities	**253,821**	244,818
Deferred income taxes	**8,030**	8,472
	1,097,129	1,105,850
CURRENT LIABILITIES:		
Trade payables	**14,075**	6,502
Other payables and accruals	**64,178**	51,667
Bank borrowings	**31,903**	36,369
	110,156	94,538
Total liabilities	**1,207,285**	1,200,388
Total equity and liabilities	**1,664,650**	1,605,341

The accompanying notes are an integral part of the Consolidated interim financial statements.

INTERIM CONSOLIDATED INCOME STATEMENT

	Six months ended	
	30 June 2021 Unaudited £'000	30 June 2020 Unaudited £'000
Revenues	**25,758**	61,856
Operating expenses	**(38,577)**	(64,650)
EBITDAR	**(12,819)**	(2,794)
Rental expenses	**(1,185)**	(520)
EBITDA	**(14,004)**	(3,314)
Depreciation and amortisation	**(19,054)**	(20,999)
EBIT	**(33,058)**	(24,313)
Financial expenses	**(16,574)**	(18,622)
Financial income	**921**	370
Other income	**1,033**	9,982
Other expenses	**(2,448)**	(5,826)
Net income (expense) for financial liability in respect of Income Units sold to private investors	**279**	(1,850)
Share in results of associate and joint ventures	**(486)**	(393)
Loss before tax	**(50,333)**	(40,652)
Income tax benefit	**59**	3,138
Loss for the period	**(50,274)**	(37,514)
Loss attributable to: Equity holders of the parent	**(44,677)**	(30,806)
Non-controlling interests	**(5,597)**	(6,708)
	(50,274)	(37,514)
Basic and diluted earnings per share (in Pound Sterling)	**(1.05)**	(0.72)

The accompanying notes are an integral part of the Consolidated interim financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended	
	30 June 2021 Unaudited £'000	30 June 2020 Unaudited £'000
Loss for the period	**(50,274)**	(37,514)
Other comprehensive income (loss) to be recycled through profit and loss in subsequent periods:		
Profit (loss) from cash flow hedges[1]	**280**	(174)
Foreign currency translation adjustments of foreign operations[2]	**(14,106)**	24,993
Other comprehensive income (loss), net	**(13,826)**	24,819
Total comprehensive loss	**(64,100)**	(12,695)
Total comprehensive loss attributable to:		
Equity holders of the parent	**(55,085)**	(11,551)
Non-controlling interest	**(9,015)**	(1,144)
	(64,100)	(12,695)

1 Included in hedging reserve.
2 Included in foreign currency translation reserve.

The accompanying notes are an integral part of the Consolidated interim financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital[1] £'000	Share premium £'000	Treasury shares £'000	Foreign currency translation reserve £'000	Hedging reserve £'000	Accumulated earnings £'000	Attributable to equity holders of the parent £'000	Non-controlling interests £'000	Total equity £'000
Balance as at 1 January 2021 (audited)	**–**	**131,389**	**(3,482)**	**20,804**	**(703)**	**161,587**	**309,595**	**95,358**	**404,953**
Loss for the period	–	–	–	–	–	**(44,677)**	**(44,677)**	**(5,597)**	**(50,274)**
Other comprehensive income (loss) for the period	–	–	–	**(10,556)**	**148**	–	**(10,408)**	**(3,418)**	**(13,826)**
Total comprehensive income (loss)	–	–	–	**(10,556)**	**148**	**(44,677)**	**(55,085)**	**(9,015)**	**(64,100)**
Share based payments	–	**432**	–	–	–	**49**	**481**	**44**	**525**
Exercise of options	–	**(1,342)**	–	–	–	–	**(1,342)**	–	**(1,342)**
Transactions with non-controlling interests (note 3a)	–	–	–	–	–	**37,809**	**37,809**	**79,520**	**117,329**
Balance as at 30 June 2021 (unaudited)	–	**130,479**	**(3,482)**	**10,248**	**(555)**	**154,768**	**291,458**	**165,907**	**457,365**
Balance as at 1 January 2020 (audited)	–	130,260	(3,636)	8,094	(655)	243,233	377,296	103,465	480,761
Loss for the period	–	–	–	–	–	(30,806)	(30,806)	(6,708)	(37,514)
Other comprehensive income (loss) for the period	–	–	–	19,347	(92)	–	19,255	5,564	24,819
Total comprehensive income (loss)	–	–	–	19,347	(92)	(30,806)	(11,551)	(1,144)	(12,695)
Share based payments	–	62	–	–	–	33	95	30	125
Transactions with non-controlling interests	–	–	–	–	–	–	–	(63)	(63)
Balance as at 30 June 2020 (unaudited)	–	130,322	(3,636)	27,441	(747)	212,460	365,840	102,288	468,128

1 No par value.

The accompanying notes are an integral part of the Consolidated interim financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended	
	30 June 2021 Unaudited £'000	30 June 2020 Unaudited £'000
Cash flows from operating activities:		
Loss for the period	**(50,274)**	(37,514)
Adjustments to reconcile loss to cash used in operating activities:		
Financial expenses including changes in fair value of derivatives and expenses for financial liability in respect of Income Units sold to private investors	**16,295**	20,472
Financial income	**(921)**	(263)
Income tax benefit	**(59)**	(3,138)
Loss (gain) on disposal of assets	**(1,033)**	1,470
Gain from marketable securities	**–**	(107)
Share based payments	**525**	125
Revaluation of lease liability	**1,773**	1,738
Revaluation of County Hall units	**–**	600
Share in loss of associate and joint ventures	**486**	393
Depreciation and amortisation	**19,054**	20,999
	36,120	42,289
Changes in operating assets and liabilities:		
Decrease in inventories	**118**	375
Decrease (increase) in trade and other receivables	**(9,648)**	7,479
Increase (decrease) in trade and other payables	**17,940**	(1,318)
	8,410	6,536
Cash paid and received during the period for:		
Interest paid	**(15,247)**	(18,970)
Interest received	**300**	313
Taxes paid	**(193)**	(380)
	(15,140)	(19,037)
Net cash flows used in operating activities	**(20,884)**	(7,726)

The accompanying notes are an integral part of the Consolidated interim financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Six months ended	
	30 June 2021 Unaudited £'000	30 June 2020 Unaudited £'000
Cash flows from investing activities:		
Investments in property, plant and equipment	**(27,965)**	(32,230)
Proceeds from disposal of property, plant and equipment	**1,373**	85
Purchase of remaining interest in previously held joint venture	**–**	(2,207)
Investment in Intangibles	**(131)**	–
Loan to third jointly controlled entities	**(403)**	–
Increase in restricted cash, net	**(21)**	(871)
Sale of investments in marketable securities, net	**–**	5,303
Net cash flows used in investing activities	**(27,147)**	(29,920)
Cash flows from financing activities:		
Net proceeds (payments) from transactions with non-controlling interests	**125,823**	(63)
Proceeds from long-term loans	**11,177**	21,680
Repayment of long-term loans	**(22,475)**	(4,771)
Net cash flows provided by financing activities	**114,525**	16,846
Increase (decrease) in cash and cash equivalents	**66,494**	(20,800)
Net foreign exchange differences	**(2,742)**	4,766
Cash and cash equivalents at beginning of period	**114,171**	153,029
Cash and cash equivalents at end of period	**177,923**	136,995

Non-cash items:		
Lease additions	**2,273**	13,476
Outstanding payables on investments in property, plant and equipment	**4,006**	5,445

The accompanying notes are an integral part of the Consolidated interim financial statements.

NOTES:

Note 1: General

a. PPHE Hotel Group, together with its subsidiaries (the 'Group'), is an international hospitality real estate group, which owns, co-owns and develops hotels, resorts and campsites, operates the Park Plaza® brand in EMEA and owns and operates the art'otel® brand.

b. These financial statements have been prepared in a condensed format as of 30 June 2021 and for the six months then ended ('interim consolidated financial statements'). These financial statements should be read in conjunction with the Company's annual consolidated financial statements as of 31 December 2020 and for the year then ended and the accompanying notes ('annual consolidated financial statements').

c. The Company is listed on the Premium Listing segment of the Official List of the UK Listing Authority (the 'UKLA') and the shares are traded on the Main Market for listed securities of the London Stock Exchange.

d. **Going concern and liquidity**

In the first six months of 2021, the ongoing challenges presented by the pandemic continued to cause severe disruption to the global hospitality sector, with government imposed domestic and international travel restrictions and social distancing measures in place for much of the Period. Consequently, as expected, the Group's trading in the first half was severely subdued due to the majority of its hotels either temporarily closed or operating at reduced capacity. However, in Q2 2021 travel restrictions were progressively eased across the Group's operating markets. In the UK, all the Group's hotels were reopened to guests on 17 May, in line with the UK government's roadmap, and from June restrictions were gradually eased across Continental Europe. By the end of the second quarter, all the Group properties (except for Park Plaza Amsterdam Airport and art'otel budapest) were open and trading for the first time since the onset of the pandemic.

The Group continued to take effective action to conserve cash in the six months ended 30 June 2021. Actions mainly included utilisation of government support schemes available to the business across its market, such as government job support schemes (amounting to £9.3 million) and the business rates holiday (100% relief) in the UK (amounting to saving of approximately £8.4 million), which holiday is being reduced to 66% business rates relief from 1 July 2021. Furthermore, capital expenditure requirements for the Group's development pipeline have been prioritised, and discretionary spend has been reduced to business-critical investments only. The Board has not recommended a dividend payment to shareholders and future payments will be aligned to the recovery trajectory and performance of the business.

In the period, the Group further strengthened its liquidity through raising £125.8 million in cash as part of its joint venture transaction with Clal (see note 3a) and as at 30 June 2021 the Group continues to hold a strong liquidity position with an overall consolidated cash balance of £177.9 million. Furthermore, in June 2021 the Group fully repaid the drawn balance under the CLBILS facility and the Waterloo facility and currently has access to £60 million of undrawn facilities.

The Directors have considered detailed cash flow projection for the next three years which assumes a very slow recovery in the rest of 2021 with EBITDA levels at approximately 25% of 2019, 2022 EBITDA at 70% of 2019, EBITDA in 2023 returning to 2019 levels. This scenario assumes that covenant waivers will be extended if necessary. Having reviewed this scenario, the Directors have determined that the Company is likely to continue in business for at least 12 months from the date of this announcement.

Note 2: Basis of preparation and changes in accounting policies

The interim consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of the following new standards effective as of 1 January 2021 had no material impact on the interim Consolidated financial statements:

- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS

Note 3: Significant events during the reported period

a. Long term partnership for 49% of Park Plaza London Riverbank and art'otel london hoxton development project

On 23 June 2021 a wholly owned subsidiary of PPHE Hotel Group, entered into a sale and purchase agreement with Clal Insurance ("Clal"), one of Israel's leading insurance and long-term savings companies. As part of this agreement, Clal became a minority partner and owner of 49% of the shares of Signature Top Ltd, a wholly owned subsidiary of the Group, ("Signature Top") which indirectly holds the real estate and operations of both the 646-room Park Plaza London Riverbank ("Riverbank") and the 343-room art'otel london hoxton development project ("Hoxton"), which is scheduled to open in 2024. As part of this agreement the Group has secured a 20-year hotel management agreement in respect of both hotels.

In addition, Clal was granted 5 million share appreciation rights ('SAR') of the Company which has a seven-year maturity with a strike price of £16 per share and a cap of £21 per share. The SAR will vest as follows:

- 500,000 SAR Units shall vest and become exercisable on the first anniversary of the completion of the sale and purchase agreement (“Completion”)
- 500,000 SAR Units shall vest and become exercisable on the date being 18 months after Completion
- The remaining four million SAR Units shall vest and become exercisable on the second anniversary of Completion.

Upon exercise, the Company will have a right to determine whether an amount equal to the SAR Value as of the date of the exercise will be satisfied by a payment of cash or by the issuance of the Company’s shares.

The SAR instrument, which is included in level 2 in the fair value hierarchy, was valued by an independent valuer using the Black-Scholes model. The following lists the inputs used for the fair value measurement:

Dividend yield	0%
Expected volatility of the share price	29.13%
Risk-free interest rate	0.931%
Years to expiration	7 years

The total price paid by Clal in connection with the transaction amounts to £113.7 million in cash, subject to working capital adjustments, out of which £7.2 million was allocated to the SAR. In addition, Clal provided further cash injection of £12.1 million to fund their portion of the remaining equity commitments of the art'otel london hoxton development project.

The arrangements between the Group and Clal contain customary exit provisions which include a right for Clal to require a sale of either or both of the companies which own the hotels following seven years from completion or earlier in a change of control of PPHE and certain events of default. If triggered, such provisions afford the Group a pre-emption right in respect of such companies. The Group has also given certain guarantees to Clal regarding completion of the art'otel london hoxton development project.

The Group has assessed this transaction and concluded that the sale of the ownership interest in Signature Top does not trigger a change of control and should be accounted for as an equity transaction in accordance with IFRS 10 Consolidated Financial Statements. The excess of consideration received over the carrying amount of the non-controlling interests (net of £1.3 million of transaction costs) in the amount of £37.8 million) is recognised in equity of the parent. The Group has elected to recognise this amount in accumulated earnings. Furthermore, the SAR liability in the amount of £7.2 million was classified as a Financial liability measured at fair value through profit or loss in line with IAS 32 Financial Instruments: Presentation and IFRS 9 Financial Instruments and is included (net of the current portion in the amount of £0.7 million) in Other financial liabilities in the Group's consolidated balance sheet.

b. CLBILS extension

On 26 May 2021, Park Plaza Hotels (UK) Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Santander UK Plc to extend the £30 million Coronavirus Large Business Interruption Loan Scheme (CLBILS) facility which was signed on 10 November 2020 to £40 million under the same terms and conditions. As at 30 June 2021 the facility is undrawn.

c. Repayment of Grandis loan

On 25 June 2021, Grandis Netherlands Holding B.V., a wholly-owned subsidiary of the Company, voluntarily prepaid the loan facility with Aareal Bank AG ('Aareal') which had an outstanding balance of £9.2 million. The break costs of the early prepayment which amounted to £0.6 million were recorded in other expense in the Group's consolidated income statement.

Note 4: Segment data

For management purposes, the Group's activities are divided into Owned Hotel Operations and Management Activities. Owned Hotel Operations are further divided into four reportable segments: The Netherlands, Germany, Hungary and Serbia, the United Kingdom, and Croatia. 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 the amount presented in the consolidated income statement.

	Six months ended 30 June 2021 (unaudited)						
	The Netherlands £'000	Germany, Hungary and Serbia £'000	United Kingdom £'000	Croatia £'000	Management and holding companies £'000	Adjustments £'000	Consolidated £'000
REVENUE							
Third party	**1,902**	**984**	**15,290**	**5,324**	**2,258**	**-**	**25,758**
Inter–segment	**-**	**-**	**14**	**19**	**3,888**	**(3,921)**	
Total revenue	**1,902**	**984**	**15,304**	**5,343**	**6,146**	**(3,921)**	**25,758**
Segment EBITDA	**(2,008)**	**(1,783)**	**(1,742)**	**(3,158)**	**(5,313)**	**-**	**(14,004)**
Depreciation and amortisation							**(19,054)**
Financial expenses							**(16,574)**
Financial income							**921**
Net income for financial liability in respect of Income Units sold to private investors							**279**
Other income (expenses), net							**(1,415)**
Share in results of associate and joint ventures							**(486)**
Loss before tax							**(50,333)**

	Six months ended 30 June 2020 (unaudited)						
	The Netherlands £'000	Germany, Hungary and Serbia £'000	United Kingdom £'000	Croatia £'000	Management and holding companies £'000	Adjustments £'000	Consolidated £'000
REVENUE							
Third party	9,470	5,637	41,795	3,285	1,669	-	61,856
Inter–segment	-	-	-	-	7,420	(7,420)	-
Total revenue	9,470	5,637	41,795	3,285	9,089	(7,420)	61,856
Segment EBITDA	406	74	4,769	(3,909)	(4,654)	-	(3,314)
Depreciation and amortisation							(20,999)
Financial expenses							(18,622)
Financial income							370

Net expenses for financial liability in respect of Income Units sold to private investors	(1,850)
Other income (expenses), net	4,156
Share in results of associate and joint ventures	(393)
Loss before tax	(40,652)

Note 5: Financial instruments

Fair value of financial instruments:

During the period ended 30 June 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

There were no material changes in interest rates that significantly affected the fair value of the Group's financial assets and liabilities. As assets are matched with liabilities in the same currency, the exposure to currency risk is limited.

Note 6: Other disclosures

a. Seasonality

The Group is in an industry with seasonal variations. Sales and profits vary by quarter and the second half of the year is generally the stronger trading period.

b. Other income

	Six months ended 30 June 2021 (Unaudited) £'000	Six months ended 30 June 2020 (Unaudited) £'000
Net proceeds from settlement of insurance claim[1]	**-**	9,982
Gain from sale of property, plant and equipment	**1,033**	-
Total	**1,033**	9,982

[1]Net insurance proceeds received in relation to one of the Group's UK hotels.

c. Other expenses

	Six months ended 30 June 2021 (Unaudited) £'000	Six months ended 30 June 2020 (Unaudited) £'000
Loan early repayment break costs (see note 3c)	**(572)**	-
Other non-recurring expenses (including pre-opening expenses)	**(103)**	(392)
Disposal of assets [1]	**-**	(1,470)
Settlement with the Republic of Croatia in relation to Guest House Riviera Pula	**-**	(1,626)
Revaluation of finance lease[2]	**(1,773)**	(1,738)
Revaluation of Income Units at Park Plaza County Hall London	**-**	(600)
Total	**(2,448)**	(5,826)

1. Mainly relates to the write-off value of fixed assets due to reconstruction of Hotel Brioni Pula (disposal of asset due to reconstruction).
2. Non-cash revaluation of finance lease liability relating to minimum future CPI/RPI increases.

d. Earnings per share

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

Potentially dilutive instruments are not considered since their effect is antidilutive (increase of loss per share).

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Reported loss attributable to Equity holders of the parent (£'000)	**(44,677)**	(30,806)
Weighted average number of ordinary shares outstanding (in thousands)	**42,539**	42,459

e. Related parties

Balances with related parties

	30 June 2021 £'000	31 December 2020 £'000
Loans to joint ventures	**5,299**	5,066
Short-term payable	**15**	88
Payable to GC Project Management Limited	**51**	903
Payable to Gear Construction UK Limited	**622**	1,862

Transactions with related parties

	Six months ended 30 June	
	2021 £'000	2020 £'000
Cost of transactions with GC Project Management Limited	**-**	1,874
Cost of transaction with Gear Construction UK Limited	**11,475**	-
Interest income from jointly controlled entities	**49**	46