

PPHE Hotel Group Limited
(“PPHE Hotel Group” or the “Company”)

Interim Management Statement

PPHE Hotel Group Limited, which together with its subsidiaries (the “Group”), owns, leases, develops, operates and franchises full service upscale and lifestyle hotels in major gateway cities and regional centres, predominantly in Europe, is pleased to announce its interim management statement for the quarter ended 31 March 2014.

Performance and highlights during the quarter ended 31 March 2014

- Total revenue for the first quarter increased by 12.4% to €54.6 million (three months ended 31 March 2013: €48.6 million). On a constant currency basis, total revenue for the quarter increased by 9.8% to €53.4 million.
- RevPAR increased by 11.7% to €89.8 (three months ended 31 March 2013: €80.4). This growth was the result of an 8.3% increase in average room rate to €123.6 (three months ended 31 March 2013: €114.1) and 220 basis points growth in occupancy to 72.7% (three months ended 31 March 2013: 70.5%).
- During the period, excellent progress was made in Croatia on the renovation and conversion of Arenaturist's Hotel Belvedere, which will reopen as Park Plaza Belvedere Medulin in Q2.
- On 13 January 2014, the Group announced that it had sold 50% of the shares in the companies which own the freeholds and operating business of art’otel berlin mitte and art’otel berlin kudamm to a joint venture partner, while continuing to manage these hotels under long term hotel operating agreements.

Unaudited key financial statistics for the three months ended 31 March 2014

	Reported			Like-for-like ¹		
	Three months ended 31 March 2014	Three months ended 31 March 2013	Change ²	Three months ended 31 March 2014	Three months ended 31 March 2013	Change ²
Total Revenue	€54.6 million	€48.6 million	+12.4%	€52.5 million	€47.4 million	+10.9%
Occupancy	72.7%	70.5%	+220 bps	73.0%	70.6%	+240bps
Average room rate	€123.6	€114.1	+8.3%	€122.3	€116.7	+4.8%
RevPAR	€89.8	€80.4	+11.7%	€89.3	€82.4	+8.3%

¹ The like-for-like figures exclude art’otel amsterdam for the three months ended 31 March 2014. Furthermore, the like-for-like comparison figures for 2013 exclude art’otel berlin mitte and art’otel berlin kudamm.

² Percentage change figures are calculated from actual figures as opposed to the rounded figures included in the above table. Unless otherwise indicated, all figures in this report compare three months ended 31 March 2014 with the same period in 2013. All financial information in this report for total revenue reflects PPHE Hotel Group’s controlling interests.

Trading since 31 March 2014

Since 31 March 2014, trading has remained encouraging and our overall results are in line with the Board’s expectations in all markets.

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

"We are pleased to report that 2014 has started well for our Group, as we benefited from improved trading conditions, the strengthening of the Euro and the contribution from our flagship art'otel amsterdam which opened in October 2013.

We remain focused on investing in our portfolio to ensure we retain our strong competitive positions in the markets in which we operate. During the quarter, good progress was made on our renovation project in Croatia and we continued to advance our plans for an exciting renovation programme across several of our key hotels which is expected to commence later this year. The Board expects the full year results to be in line with its expectations."

Forward-looking statements

This interim management statement may contain certain "forward-looking statements" which reflect the Company's and/or the directors' current views with respect to financial performance, business strategy and future plans, both with respect to the Group and the sectors and industries in which the Group operates. Statements which include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "will", "targets", "aims", "may", "would", "could", "continue" and similar statements are of a future or forward-looking nature. All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Group's actual results to differ materially from those indicated in these statements. Any forward-looking statements in this interim management statement reflect the Group's current views with respect to future events and are subject to risks, uncertainties and assumptions relating to the Group's operations, results of operations and growth strategy. These forward-looking statements speak only as of the date of this interim management statement. Subject to any legal or regulatory obligations, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to the Group or individuals acting on behalf of the Group are expressly qualified in their entirety by this paragraph. Nothing in this publication should be considered as a profit forecast.

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Notes 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 hotel projects, one hotel extension and reconfiguration and two rebranding projects. These developments are expected to add over 1,200 rooms to our portfolio by 2017.

Our Hotel Brands:

www.parkplaza.com

www.artotels.com

www.arenaturist.com

For images and logos visit www.vfmii.com/parkplaza

Our Company:

www.pphe.com