



14 March 2023

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

PPHE confirms Clal Insurance as cornerstone investor for its European Hospitality Real Estate Fund of up to €250m equity

PPHE Hotel Group, the international hospitality real estate group which develops, owns and operates hotels and resorts, is pleased to announce that it will be launching a new European Hospitality Real Estate Fund ("the **Fund**") of up to €250 million equity. The Fund, which is subject to regulatory approval, is intended to enable strategic acquisitions of hotels focusing primarily on value-add investments across Europe and will launch with an initial asset in Rome. Hotels acquired by the Fund will be operated by PPHE's hospitality operating platform.

Further to the announcement on 2 March 2023 that it was in advanced discussions, PPHE is pleased to confirm that it has reached agreement with Clal Insurance ("Clal"), to participate as a cornerstone investor in the Fund. Clal has committed to invest up to €75 million (with an upper limit of 49% participation at any point in time). This builds on PPHE's existing successful partnership with Clal in relation to two key London assets.

The Fund will enable the Group to further accelerate its strategy of identifying, acquiring and developing attractive hotel assets across a range of key European markets. This is consistent with PPHE's longstanding approach to building shareholder value through the careful stewardship of its own balance sheet and partnership with third party capital providers. Investors in the Fund will be able to benefit from and tap into PPHE's integrated owner-operator model, driving optimal operating performance through enhanced access to world recognised brands as well as an uplift in real estate value. The Fund will also further drive the growth and value of PPHE's scalable hospitality management platform, as PPHE will be appointed as the hotel management company for all hotels acquired through the Fund.

In its initial form, participation in the Fund will be 51% by PPHE and 49% by Clal. In consideration for its 51% participation, PPHE will contribute the ownership of its existing Rome asset to the Fund for an agreed value of €29.3m. Clal will subscribe an initial €28.1m in cash for an initial 49% participation in the Fund.

PPHE has committed to participate in the Fund for an amount up to €50 million in cash and/or assets. In the coming year, additional investors will be able to participate for the remaining €125 million equity, following the receipt of regulatory approval. With full equity subscription and combined with a targeted 50% bank leverage the investment potential of the Fund will be around €500 million. The Fund will have an initial life of seven years, during which time the Fund aims to deliver an attractive double-digit IRR for the Fund's investors, by focusing primarily on value-add investments and applying the well-established and proven PPHE strategy.

Fund Highlights

- PPHE will enter into hotel management contracts for each of the Fund's owned hotels, growing the hospitality management platform of PPHE as the Fund hotel portfolio grows.
- Where appropriate, PPHE will leverage its access to Radisson Hotel Group's portfolio of brands, which provides instant access to global distribution and booking platforms, reward programmes and customer databases, and a wide range of commercial benefits.
- Upon success of a further capital raise and achieving an IRR target (Hurdle) rate during the Funds' entire lifecycle, PPHE will be able to earn further incentives.

- PPHE will have asset and development exposure from its participation.
- The Fund demonstrates the full asset lifecycle approach inherent within PPHE's differentiated and fully integrated buy / build / manage business model.
- Attractive opportunities falling within the Fund's investment criteria during the investment period shall be pursued through the Fund.

For the purpose of the U.K. Listing Rules, the total gross assets (at its depreciated book values) of PPHE as at 31 December 2022 were £1,860 million and the latest the Group's existing Rome asset is included in here at a cost price of £36.7 million. The existing Rome asset is not expected to contribute any profit to the Group during 2023 as it is currently undergoing a refurbishment and repositioning programme. Following completion the Fund will continue to be consolidated into the Group's financial accounts. Any future contributions to the Fund from PPHE will be provided either in the form of cash from available resources or additional assets. It is envisaged that all future hotels within the Fund will enter into long-term management contracts with PPHE.

Enquiries

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Notes to Editors

PPHE Hotel Group is an international hospitality real estate company, with a £2.0 billion portfolio, valued as at December 2022 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 portfolio includes 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's strategy is to grow its portfolio of core upper upscale city centre hotels, leisure and outdoor hospitality and hospitality management platform.

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.artotel.com | www.arenahotels.com | www.arenacampsites.com