

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from your stockbroker, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in PPHE Hotel Group Limited (the "Company"), please forward this document, together with the accompanying documents, to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.



PPHE HOTEL GROUP LIMITED  
(Registered in Guernsey under number 47131)

## NOTICE OF ANNUAL GENERAL MEETING

Notice of the annual general meeting to be held on 8 May 2017 at 12 noon at 1st and 2nd floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW is set out on pages 5 to 7 of this document. Whether or not you propose to attend the annual general meeting, please complete and submit the enclosed Form of Proxy in accordance with the instructions printed on it. The Form of Proxy must be completed, signed and returned so as to reach the Company's Registrars by no later than 12 noon on 6 May 2017. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual.

## PPHE Hotel Group Limited

(Incorporated in Guernsey with registered number 47131)

Directors:	Registered office:
Eli Papouchado (Chairman)	1st and 2nd floors
Boris Ivesha	Elizabeth House
Chen Moravsky	Les Ruettes Brayes
Dawn Morgan	St Peter Port
Kevin McAuliffe	Guernsey
Nigel Jones	GY1 1EW

28 February 2017

Dear Shareholder,

### Notice of annual general meeting of PPHE Hotel Group Limited (the "Company")

I am writing to inform you that the annual general meeting ("AGM") of the Company will be held at 12 noon on 8 May 2017 at 1st and 2nd floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW.

The formal notice of the AGM and the resolutions to be proposed are set out on pages 5 to 7 of this document. Further information on the business to be conducted at the AGM and the resolutions to be proposed is set out below.

### Ordinary business

#### Accounts (Resolution 1)

The directors of the Company (the "Directors") are required by the Companies (Guernsey) Law, 2008 (as amended) (the "Companies Law") to present each year the Company's most recent financial statements and the Directors' and the auditors' reports on those financial statements to the Company at its AGM.

Resolution 1 will, therefore, propose that the report of the Directors and the Accounts of the Company for the year ended 31 December 2016 together with the report of the auditors, be received.

The Company's financial statements and the Directors' and the auditors' reports on the financial statements will be posted to shareholders prior to the AGM and published on the Company's website pphe.com.

#### Final dividend (Resolution 2)

A final dividend of 11 pence per ordinary share for the year ended 31 December 2016 is recommended for payment by the Directors. If Resolution 2 is passed then the recommended final dividend will be paid on 12 May 2017 to all shareholders who were on the register of members as at the close of business on 31 March 2017.

The Companies Law has adopted a solvency based regime rather than a capital maintenance regime, which requires that a company can only pay a dividend provided it satisfies the "solvency test" (as detailed in the Companies Law) immediately after the dividend is paid. A company satisfies the "solvency test" if: (i) it is able to pay its debts as they become due; and (ii) the value of its assets is greater than the value of its liabilities. In recommending the payment of the final dividend the Directors have already considered the "solvency test". However, payment of the final dividend will remain conditional on the Directors reconfirming that the "solvency test" will be satisfied immediately following such payment being made on 12 May 2017.

#### Re-appointment of Auditors and approval of remuneration (Resolutions 3 and 4)

The Company is required to appoint auditors for each of its financial years.

Resolution 3 will, therefore, propose the re-appointment of Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, as auditors and Resolution 4 will authorise the Directors to determine their remuneration.

#### Re-election of Directors (Resolutions 5 to 10)

To be noted, the articles of association of the Company require that at each annual general meeting: (a) any Director who was elected, or last re-elected, at or before the annual general meeting held in the third calendar year preceding that annual general meeting is required to retire from office by rotation; and (b) such further Directors if any shall retire by rotation as would bring the number retiring by rotation up to one-third of the number of Directors in office at the date of the notice of the meeting, but in each case such Director is eligible for re-election. No Directors have been appointed since the last annual general meeting.

The UK Corporate Governance Code recommends that all directors of FTSE 350 listed companies should be subject to annual re-election by shareholders. Although the Company is not a FTSE 350 listed company, the Directors have decided to endorse this recommendation of the UK Corporate Governance Code and therefore all the Directors will retire at the AGM and offer themselves for re-election.

Resolutions 5 to 10 will, therefore, propose the re-election of the Directors:

#### Eli Papouchado, (79) – Non-Executive Chairman

- Chairman of the group since formation
- Founder of the Red Sea Group and acted as its Chairman for 10 years
- Wealth of experience in the construction, design, development, financing, acquisition and management of leading hotels, including Park Plaza Westminster Bridge London, Park Plaza London Riverbank and many others
- Involved in the development of hundreds of thousands of square metres of retail space in shopping malls and large residential projects in the US, Eastern Europe and the Middle East
- Served as Chairman of the Israel Hotel Association

**Boris Ivesha, (71) – President & Chief Executive Officer**

- President of the Group since 1991
- Brought Park Plaza® Hotels & Resorts brand to the group in 1994 in collaboration with the Red Sea Group
- Major influencer in the expansion of the group's portfolio
- Established the Yamit Hotel, Israel in 1984 and served as its President
- Director of the Carlton Hotel in Israel (1979 – 1984)
- General Manager of the Royal Horseguards Hotel in London (1972 – 1979)

**Chen Moravsky, (46) – Deputy Chief Executive Officer & Chief Financial Officer**

- Appointed Deputy Chief Executive Officer in August 2014
- Chief Financial Officer of the Company since 2005
- Financial Director of the Red Sea Group (2001 – 2004)
- Extensive experience in the hotel/leisure business and real estate investment market
- Previously Audit Manager at Deloitte
- Certified Public Accountant (ISR)
- MBA from the University of Manchester and Bachelor of Business from the Tel Aviv College of Management

**Kevin McAuliffe, (59) – Non-Executive Director & Senior Independent Director**

- Former Member of the Society of Trust and Estate Practitioners and a director of various regulated investment companies
- Retired Chairman of Carey Group (since joining as Chief Executive in 1999)
- Head of Advisory Services for Paribas International Private Banking and Managing Director of Paribas Suisse in Guernsey (1992 – 1999)
- Served as Finance Director of Ansbacher offshore banking group, appointed as Chief Executive Officer of Ansbacher's Guernsey bank and trust company business in 1994
- Held posts in 3 different departments in the States of Guernsey (1973 – 1980)

**Nigel Jones, (55) Non-Executive Director**

- Member of the Royal Institution of Chartered Surveyors (since 1989)
- Chief Executive of ComProp Limited (2001 – 2007) whilst it traded as an AIM-listed property company and during that time was responsible for major office developments including headquarter offices for Fortis, Kleinwort Benson and Generali, along with retail stores for B&Q and Waitrose
- Initially worked in Southampton for Humberts and dealt with management of coastal land forming part of the Crown Estate
- Moved to Guernsey and later established the Island's first dedicated Commercial property practice in 1995

**Dawn Morgan, (52) Non-Executive Director**

- Fellow of Institute of Chartered Accountants
- Finance Director and Company Secretary of International Energy Group Limited from 2004 – 2013
- Main Board Company Secretary of International Energy Group Limited from 2000 – 2004
- Group Accountant of International Energy Group Limited from 1994 – 2000

**Special business****Purchase of Own Shares (Resolution 11)**

The purpose of resolution 11 is to put in place an authority to enable the Company to make market purchases of up to 4,220,386 ordinary shares of nil par value of the Company ("Ordinary Shares"), being approximately 10% of the issued ordinary share capital (excluding treasury shares) as at the date of this document.

The Company's exercise of this authority will be subject to the stated upper and lower limits on the price payable (as set out in the attached notice of AGM). The Directors will only exercise the power of purchase after careful consideration and in circumstances where they are satisfied that to do so would result in an increase in earnings per share and would be in the best interests of the Company and of its shareholders generally. The Directors intend to keep under review the potential to purchase Ordinary Shares. If granted, this authority will expire on the conclusion of the next annual general meeting of the Company or, if earlier, 15 months after this resolution is passed.

If the authority conferred by this resolution is exercised, the Company will have the option of either holding in treasury or of cancelling any of its own shares purchased pursuant to this authority and will decide at the time of purchase which option to pursue. As at 27 February 2017 (the latest practicable date prior to the publication of this document), there were 499,806 share options outstanding under the Company's share option plans in respect of 499,806 Ordinary Shares representing 1.18% of the Company's issued share capital (excluding treasury shares). If the authority to purchase the Ordinary Shares were exercised in full, then the total number of options to subscribe for Ordinary Shares outstanding would represent 1.32% of the reduced issued share capital (excluding treasury shares).

**Power to allot and Disapplication of Pre-emption Rights (Resolution 12)**

In certain circumstances, it may be in the best interests of the Company to allot shares (or to grant rights over shares) for cash without first offering them to existing shareholders in proportion to their holdings. The purpose of resolution 12 is to grant the power to the Directors to allot Ordinary Shares (or sell treasury shares) for cash without first offering such Ordinary Shares pro-rata to existing shareholders in accordance with the rights of pre-emption set out in the Company's articles of incorporation. This would provide the Directors with a degree of flexibility to act in the best interests of the Company so that (i) the Company can follow normal practice in the event of a rights issue, open offer or other offer of securities in favour of the existing shareholders in proportion to their shareholdings, and (ii) shares may be issued for cash to persons other than existing shareholders.

This is a general disapplication of the rights of pre-emption in respect of 4,220,386 Ordinary Shares representing approximately 10% of the current issued share capital of the Company (excluding treasury shares). If granted, this authority will expire on the conclusion of the next annual general meeting of the Company or, if earlier, 15 months after the resolution is passed. The Directors have no present intention of exercising this authority.

### **Amendment of Company's Memorandum and Articles of Incorporation (Resolution 13)**

The Board is asking Shareholders to approve a number of amendments to the Memorandum of Incorporation and the Articles of Incorporation, primarily to ensure consistency with the Companies Law, which has been recently amended. The Board considers it prudent to implement the changes to the Memorandum of Incorporation and the Articles of Incorporation to ensure their consistency with the new legislation and so that the Company can benefit from having a modernised constitution. The principal changes being proposed are in relation to the introduction of the Uncertificated Securities (Guernsey) Regulations, 2009, which replace the CREST rules, and which are mostly technical in nature. Other changes are minor and relate to technical or clarifying matters.

A copy of the Company's current Memorandum and Articles of Incorporation, together with a copy marked to show the proposed change pursuant to resolution 13, will be available on request at the Company's registered office from the date of this notice until the time of the Annual General Meeting

### **Action to be taken**

You will find enclosed a Form of Proxy for use at the AGM.

Please complete, sign and return the enclosed form as soon as possible in accordance with the instructions printed thereon, whether or not you intend to be present at the AGM. Forms of Proxy should be returned so as to be received by, Capita Asset Services, PXS1 34, Beckenham Road, Beckenham, Kent BR3 4ZF, United Kingdom, as soon as possible and in any event no later than 48 hours before the time appointed for holding the AGM, that is to say, no later than 12 noon on 6 May 2017.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

### **Recommendation**

The Directors consider that all the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole and unanimously recommend shareholders to vote in favour of all the resolutions, as they intend to do in respect of their own beneficial holdings.

Yours sincerely,



**Eli Papouchado**  
Chairman

### PPHE Hotel Group Limited

(Registered in Guernsey under number 47131)

NOTICE IS HEREBY GIVEN that the annual general meeting of PPHE Hotel Group Limited (the "Company") will be held at 1st and 2nd floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW at 12 noon on 8 May 2017 for the following purposes:

#### Ordinary business

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. That the report of the Directors and the accounts of the Company for the year ended 31 December 2016, together with the report of the auditors, be received.
2. That a final dividend for the year ended 31 December 2016 of 11 pence per share be authorised.
3. That Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, be re-appointed as auditors of the Company for the ensuing year.
4. That the Directors be authorised to determine the remuneration of the Company's auditors.
5. That Eli Papouchado, who retires and who, being eligible, offers himself for re-appointment as a director of the Company, be re-elected.
6. That Boris Ivesha, who retires and who, being eligible, offers himself for re-appointment as a director of the Company, be re-elected.
7. That Chen Moravsky, who retires and who, being eligible, offers himself for re-appointment as a director of the Company, be re-elected.
8. That Kevin McAuliffe, who retires and who, being eligible, offers himself for re-appointment as a director of the Company, be re-elected.
9. That Nigel Jones, who retires and who, being eligible, offers himself for re-appointment as a director of the Company, be re-elected.
10. That Dawn Morgan, who retires and who, being eligible, offers herself for re-appointment as a director of the Company, be re-elected.

#### Special business

To consider and, if thought fit, pass the following resolution as a special resolution:

11. That the Company be and is hereby unconditionally and generally authorised at any time at the absolute discretion of the directors in accordance with the Companies (Guernsey) Law, 2008 (as amended) to make market acquisitions (as defined in that law) of the ordinary shares of the Company (the "Ordinary Shares") on such terms and in such manner as the directors of the Company shall from time to time determine, provided that:
  - (A) the maximum aggregate number of Ordinary Shares hereby authorised to be acquired is 4,220,386 (equal to 10% of the Ordinary Shares in issue (excluding treasury shares) at the date of this notice);

- (B) the minimum price that may be paid for each Ordinary Share is £0.01 (exclusive of expenses);
- (C) the maximum price (exclusive of expenses) that may be paid for each Ordinary Share is the higher of:
  - (i) not more than 5% above the average of the middle market quotations for the Ordinary Shares as derived from the Daily Official List of London Stock Exchange plc for the five business days before the purchase is made; or
  - (ii) an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share on the trading venues where the purchase is carried out;
- (D) the authority conferred shall be in substitution for all such pre-existing authorities and shall expire at the conclusion of the next annual general meeting of the Company, or, if earlier, the date 15 months after the date on which this resolution is passed; and
- (E) the Company may make a contract to acquire its Ordinary Shares under the authority conferred prior to the expiry of such authority, which will be executed wholly or partly after the expiry of such authority, and may purchase its Ordinary Shares in pursuance of any such contract.

To consider and, if thought fit, pass the following resolution as an extraordinary resolution:

12. That the directors of the Company be and are hereby empowered pursuant to article 4.22 of the Company's articles of incorporation to allot Ordinary Shares, or sell treasury shares, for cash as if article 4.14 of the articles of incorporation of the Company did not apply to any such allotment or sale provided that this authority shall be limited to the allotment of Ordinary Shares, or the sale of treasury shares, in the Company:
  - (A) in connection with an offer of securities:
    - (i) to holders of Ordinary Shares (other than the Company) on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings; or
    - (ii) to holders of other securities in accordance with the rights attached thereto,

and so that the directors may impose limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlement or securities represented by depositary receipts, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter; and

(B) (otherwise than pursuant to sub-paragraph (A) of this resolution 12) up to a maximum aggregate number of 4,220,386 Ordinary Shares, and further provided that such authority shall be in substitution for all pre-existing authorities and shall apply until the end of the next annual general meeting of the Company after the date of the passing of this resolution 12, or, if earlier, the date falling 15 months after the date this resolution is passed, save that under each authority the Company may, before such expiry, make an offer or agreement which would or might require Ordinary Shares to be issued or treasury shares to be sold or rights to subscribe for or convert securities into Ordinary Shares to be granted after the authority ends and the directors may issue Ordinary Shares or sell treasury shares or grant rights to subscribe for or convert securities into Ordinary Shares under any such offer or agreement as if the authority had not ended.

To consider and, if thought fit, pass the following resolution as a special resolution:

13. That the Company's Memorandum and Articles of Incorporation be amended, primarily to ensure consistency with the Companies (Guernsey) Law, 2008, which has been recently amended.



By Order of the Board  
C.L. Secretaries Limited  
Company Secretary

Registered Office:

1st and 2nd Floors  
Elizabeth House  
Les Ruettes Brayes  
St Peter Port  
Guernsey  
GY1 1EW

Dated: 28 February 2017

## Notes

- 1 Any member entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote in his stead, providing that they are appointed to exercise rights attached to different shares. Such proxy need not be a member of the Company. If no specific direction to voting is given, the proxy will vote or abstain at his discretion.
- 2 To be valid, the Form of Proxy must be returned in accordance with the instructions printed thereon not later than 12 noon on 6 May 2017. The Form of Proxy should be returned to Capita Asset Services, PXS1 34, Beckenham Road, Beckenham, Kent BR3 4ZF, United Kingdom.
- 3 Completion and return of a Form of Proxy will not prevent a member from attending and voting at the meeting should he / she so wish.
- 4 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (formerly CRESTCo's) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must in order to be valid, be transmitted so as to be received by Capita Asset Services (ID RA 10) by no later than 12 noon on 6 May 2017. No such message received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- 5 Pursuant to article 16.5 of the articles of incorporation of the Company, only those shareholders registered in the register of members of the Company as at close of business on 6 May 2017 or, if this meeting is adjourned, 48 hours prior to the time fixed for the adjourned meeting shall be entitled to attend and vote at the annual general meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after close of business on 6 May 2017 or, if this meeting is adjourned, 48 hours prior to the time fixed for the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at this annual general meeting.
- 6 Any corporation which is a member may by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of shareholders of the Company, and the person so authorised shall be entitled to exercise the same powers (other than a power to appoint a proxy) as that corporation could exercise if it were an individual shareholder of the Company.
- 7 As at 27 February 2017 (the latest practicable date prior to the publication of this document) the Company's issued share capital consisted of 44,065,862 Ordinary Shares of no par value, all carrying one vote each (1,862,000 of which were held as treasury shares).

