

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.



NOTICE OF ANNUAL GENERAL MEETING

Notice of the annual general meeting to be held on 13 May 2013 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 11 May 2013. 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
Elisha Flax	St Peter Port
Kevin McAuliffe	Guernsey
Nigel Jones	GY1 1EW

10 April 2013

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 12:00 p.m. on 13 May 2013 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 annual general meeting.

Resolution 1 will, therefore, propose that the report of the Directors and the Accounts of the Company for the year ended 31 December 2012, 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.

Final dividend (Resolution 2)

A final dividend of 6.0 pence per ordinary share for the year ended 31 December 2012 is recommended for payment by the Directors. If Resolution 2 is passed then the recommended final dividend will be paid on 14 May 2013 to all shareholders who were on the register of members as at the close of business on 2 April 2013.

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 14 May 2013.

Reappointment of Auditors (Resolution 3)

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

Resolution 3 will, therefore, propose the reappointment of Ernst & Young LLP as auditors and authorise the Directors to fix their remuneration.

Re-election of Directors (Resolutions 4 to 9)

The existing articles of incorporation of the Company require that any Directors appointed during the year following the annual general meeting offer themselves for election at the next annual general meeting. In addition, the existing articles of incorporation 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 4 to 9 will, therefore, propose the re-election of the following Directors:

Eli Papouchado (75) – Non-Executive Chairman

Mr. Papouchado is the founder of the Red Sea Group and has previously acted as the Chairman of its board for ten years. He has been involved in the construction, design, development, financing, acquisition and management of leading hotels, including Park Plaza Westminster Bridge London, Park Plaza Riverbank London, Park Plaza Victoria London, Park Plaza Leeds, Park Plaza Nottingham, Park Plaza Victoria Amsterdam, the milestone Taba Hotel and many others. Mr. Papouchado was involved in the development of hundreds of thousands of square metres of retail space in shopping malls and large residential projects in the United States, Eastern Europe and the Middle East. He also served as Chairman of the Israel Hotel Association.

Boris Ivesha (67) – President and Chief Executive Officer
Mr. Ivesha has been the President of the Company since 1991. In 1972, he was appointed General Manager of the Royal Horseguards Hotel in London, a position he held until 1979, when he became a Managing Director for the Carlton Hotel in Israel. Mr. Ivesha established the Yamit Hotel in 1984, served as the hotel's President and brought the Park Plaza® Hotels & Resorts brand to the group in 1994 in collaboration with the Red Sea Group. He has been one of the major drivers behind the expansion of the group's portfolio.

Chen Moravsky (42) – Chief Financial Officer
Mr. Moravsky has been the Chief Financial Officer of the Company since 2005. He was previously the Financial Director of the Red Sea Group which he joined in 2001. It was at the Red Sea Group where he gained his expertise in the hotel/leisure business and real estate investment market. Mr. Moravsky was previously employed as an Audit Manager at Deloitte. Mr. Moravsky is a Certified Public Accountant (ISR) and holds an MBA from The University of Manchester as well as a Bachelor of Business from the Tel Aviv College of Management.

Kevin McAuliffe (55) – Non-Executive Director, Senior Independent Director
Mr. McAuliffe is currently the Executive Chairman of Carey Group, having joined that business as Chief Executive in 1999. Prior to this, he was Head of Advisory Services for Paribas International Private Banking and the Managing Director of Paribas Suisse in Guernsey. Previously the Finance Director of the Ansbacher offshore banking group, he was appointed Chief Executive of Ansbacher's Guernsey bank and trust company business in 1994. From 1973 to 1980, he held posts in three different departments in the States of Guernsey. He is a Member of the Society of Trust and Estate Practitioners and a director of various regulated investment companies.

Elisha Flax (51) – Non-Executive Director
Mr. Flax is a real estate entrepreneur engaged in various real estate activities in Eastern Europe. He served as a non-executive director of Delek Global Real Estate plc, an AIM listed real estate company until 2010. Mr. Flax was previously employed as a solicitor at the London offices of US law firms Chadbourne & Parke and Akin, Gump, Strauss, Hauer & Feld and general counsel at PlaneStation Limited. He holds an LLB degree from Keio University in Tokyo, Japan and is a qualified solicitor in England and Wales.

Nigel Jones (51) – Non-Executive Director
Mr. Jones has been a member of the Royal Institution of Chartered Surveyors since 1989. He was the Chief Executive of ComProp Limited, an AIM listed property company based in Guernsey, between 2001 and 2007. During that period he was responsible for major office developments including headquarter offices for Fortis, Kleinwort Benson and Generali, as well as retail stores for B&Q which are now occupied by Waitrose. Mr. Jones initially worked in Southampton for Humberts dealing with the management of coastal land that formed part of the Crown Estate. Having moved to Guernsey he established the Island's first dedicated commercial property practice in 1995. His directorships include UK Care No 1 Limited which holds leases on approximately 100 BUPA care homes, Matrix Property Fund Management (Guernsey) Limited, Threadgreen Industrial Limited and B L Management Guernsey 2011 Limited, part of The British Land Company PLC.

Special business

Purchase of Own Shares (Resolution 10)

The purpose of resolution 10 is to put in place an authority to enable the Company to make market purchases of up to 4,151,529 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 10 April 2013 (the latest practicable date prior to the publication of this document), there were 1,030,800 share options outstanding under the Company's share option plans in respect of 1,030,800 ordinary shares representing 2.48% of the Company's issued ordinary 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 2.76% of the reduced issued share capital (excluding treasury shares).

Amendment of Company's Articles of Incorporation (Resolution 11)

The purpose of this resolution 11 is to enable the use by the Company's registrar Capita Registrars Limited of an electronic seal on share certificates as opposed to an embossed seal.

Capita Registrars Limited wishes to replace the use of embossed seals with the use of laser seals which are more cost effective. While the Company is entitled to request that the embossed seal continues to be used, a monthly fee will be levied against it.

The Company's articles of incorporation do not currently provide for the use of an electronic seal. Resolution 11 will therefore propose the amendment of the Company's articles of incorporation to explicitly allow for the use of an electronic seal.

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 4,151,529 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.

Action to be taken

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

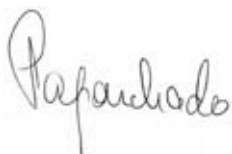
Please complete, sign and return the enclosed form as soon as possible in accordance with the instructions printed thereon, whether or not you intend to be present at the AGM. Forms of Proxy should be returned so as to be received by Capita Registrars PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, 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 11 May 2013.

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,

A handwritten signature in dark ink, appearing to read 'Papouchado', written in a cursive style.

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 13 May 2013 for the following purposes:

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 2012, together with the report of the auditors, be received.
2. That a final dividend for the year ended 31 December 2012 of 6.0 pence per share be declared.
3. That Ernst & Young LLP be re-appointed as auditors of the Company for the ensuing year and the directors be authorised to determine their remuneration.
4. That Eli Papouchado, who retires and who, being eligible, offers himself for re-appointment as a director of the Company, be re-elected.
5. That Boris Ivesha, who retires and who, being eligible, offers himself for re-appointment as a director of the Company, be re-elected.
6. That Chen Moravsky, who retires and who, being eligible, offers himself for re-appointment as a director of the Company, be re-elected.
7. That Kevin McAuliffe, who retires and who, being eligible, offers himself for re-appointment as a director of the Company, be re-elected.
8. That Elisha Flax, 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.

Special business

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

10. 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 4,151,529 (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 as derived from the London Stock Exchange Trading System;

(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.

11. That Article 26.2 of the Company's articles of incorporation be amended to allow for the use of an electronic seal as follows –

"The Seal may be in electronic form and, whether or not it is in electronic form, the Company's name shall appear on it in legible letters."

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

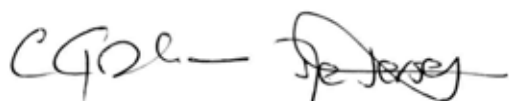
12. That the directors of the Company be and are hereby empowered pursuant to article 4.22 of the Company's articles of incorporation to allot Ordinary Shares, or sell treasury shares, for cash as if article 4.14 of the articles of incorporation of the Company did not apply to any such allotment or sale 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 4,151,529 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.

A handwritten signature in black ink, appearing to read 'C. L. Secretaries Limited', followed by a horizontal line and a stylized flourish.

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: 10 April 2013

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. 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 11 May 2013. The Form of Proxy should be returned to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, 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 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 Registrars (ID RA 10) by no later than 12 noon on 11 May 2013. 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 6:00p.m. on 11 May 2013 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 6:00p.m. on 11 May 2013 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 10 April 2013 (the latest practicable date prior to the publication of this document) the Company's issued share capital consisted of 43,377,292 Ordinary Shares of no par value, all carrying one vote each (1,862,000 of which were held as treasury shares).

