

THE VALUE OF HIGH STANDARDS



Kevin McAuliffe
Non-Executive Deputy Chairman

IN THE GOVERNANCE SECTION

- Leadership and effectiveness
Pages 92 to 103
- Accountability
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Corporate Governance

As Deputy Chairman, it is with pleasure that I present our 2019 corporate governance statement. 2019 has been an exciting year in our journey as a Company for many reasons, not the least of which is our elevation into the FTSE 250 index from June 2019. As with most companies across the FTSE, the most significant corporate governance development of the year was the application of the 2018 UK Corporate Governance Code (the '2018 Code'). The 2018 Code is a distinct departure from previous versions of the corporate governance code. As a Board, and a Company, our governance focus has been on assessing and implementing meaningful and tailored governance controls and wider stakeholder engagement which support openness and accountability in delivering the long-term sustainable success of the Company and is in keeping with the principles set out by the 2018 Code.

Our Board provides the Company with entrepreneurial leadership within a framework of prudent and effective controls which enables risk to be assessed and managed. It is our role, collectively as a Board, to set the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives, review management performance; set the Company's values and standards and ensure that its obligations to its stakeholders are understood and met.

This corporate governance statement sets out how we applied the principles of the 2018 Code in 2019 and, where we have not complied with provisions of the 2018 Code, explains the reason for the divergence and how we aim to address any divergence in the future.

Sustainability, climate and developing our future

As an element of our governance strategy for 2019, we focused on aligning

our environment, internally and externally, to support the long-term stability of the Company while appreciating how we as a Company impact the world around us.

Assessing our climate and impact on the world around us, be it our operational ecosystem and cultural atmosphere or the environmental footprint of our operations, was and will continue to be an area of focus for our Board. Creating a Code compliant governance structure is part of our governance strategy. Our greater aim is to embed Code compliant governance that positively impacts our climate and sustainability.

You will see in both this section of the report and the Responsible Business section (pages 80 to 89), where we have progressed in monitoring and communicating our values and culture as a Company page 110, our expansion of our Responsible Business programme at the direction of our workforce and with the full support of the Board page 104, and

how we are working to fully integrate our values, stakeholder engagement and strategy through the lens of sustainability.

As a central element of our governance strategy, we have focused this year on corporate culture, including the drafting of a comprehensive “Code of Conduct”, engaging with team members in an active and purpose-driven manner and refreshing our anti-bribery, anti-slavery and human rights policies together with enhancing our stakeholder engagement. The continuation of this journey is undoubtedly a key focus of 2020 as we continue our story as a Company, focusing on incorporating governance that accounts for our climate without losing sight of our strategic visions, values and purpose as a Company.

🔗 **For more on our Code of Conduct see page 107.**

Our governance journey

In this report you will see references to: our existing governance from 2018 alongside the progress of the key areas where 2019 saw the implementation of new processes in alignment with the principles of the 2018 Code and a signpost of our intentions/ plans as part of our evolving governance journey. For example, in our Ethics & Compliance section (pages 106 to 107), you will see how we revisited and strengthened many of our ethical dealing policies in 2019 and our plans to engage with the workforce to ensure that these policies are consistently followed and understood by all as part of our value system and culture.

With the introduction of the 2018 Code and our move to the FTSE 250, the Board and Executive Leadership Team have reviewed the current effectiveness of our governance framework, assessed the resources to carry

out our strategic aims and ensure that the corporate culture aligns with the core values and purpose of the Company. We believe our governance framework is fit to take us through the next stages of our development and we will be progressing initiatives and programmes that have been adopted this year in line with the 2018 Code.



KEVIN MCAULIFFE
NON-EXECUTIVE DEPUTY
CHAIRMAN

BOARD’S ACTIVITIES 2019

A. Strategy, operational performance and risks

- Regularly received operational updates from the Chief Executive Officer
- Regularly reviewed potential growth opportunities
- Regularly reviewed principal risks
- Reviewed the results of and evaluated the performance of the external audit
- Regularly reviewed the results of and evaluated the performance of the internal audit
- Regularly updated on IT risks and data security

B. Financial performance

- Regularly received updates from the Chief Financial Officer
- Regularly reviewed details of Group’s performance against budget and the Group’s financial position
- Reviewed and approved the full- and half-yearly results and associated announcements and the trading updates
- Considered interim and final dividend recommendations and declarations

C. Succession and talent

- Reviewed and considered management incentive plans and remuneration policies for Non-Executive Directors, Executive Directors, and senior management and benchmarked Executive Directors’ remuneration
- Reviewed expenses policies
- Reviewed gender balance of the Company
- Reviewed gender balance of senior management – we have a good balance
- Reviewed Board Diversity Policy
- Considered succession planning for Board and senior management
- Regularly reviewed structure, size and composition of the Board
- Received and considered the results of the review of the effectiveness of the Board and its composition (including skills, knowledge, experience and diversity)

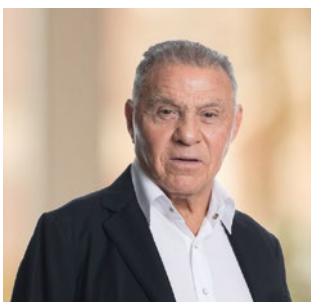
D. Stakeholder engagement and governance

- Received regular reports from the chair of each committee
- Received regular reports from Company Secretary and from the Chief Corporate & Legal Officer
- Reviewed governance standards of the Group and its subsidiaries
- Reviewed Group’s Code of Conduct
- Reviewed Group’s simplified Whistleblowing Policy and routinely reviewed the reports arising from its operation
- Reviewed other principal Group policies
- Received regular updates on investor relations and updates from investor presentations
- Organised and discussed the outcomes of operational site visits

CHAIRMAN

Eli Papouchado

Non-Executive
Chairman



- Chairman of the Group since formation
- Founder of the Red Sea Group and acted as its Chairman for ten 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 USA, Eastern Europe and the Middle East
- Served as Chairman of the Israel Hotel Association

N/A

Independent: No

Year of first appointment: 2007

DEPUTY CHAIRMAN

Kevin McAuliffe

Non-Executive
Deputy Chairman



- Former Member of the Society of Trust and Estate Practitioners and a Director of various regulated investment companies
- Retired Chairman of Carey Group (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 three different departments in the States of Guernsey (1973–1980)
- Arena Hospitality Group Supervisory Board Member

Board Committees:

- Nomination Committee

Independent: No

Year of first appointment: 2007

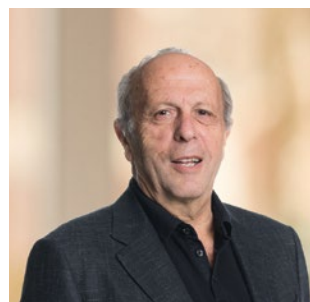
External appointments:

- Supervisory Board Member Arena Hospitality

EXECUTIVE DIRECTORS

Boris Ivesha

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)
- Arena Hospitality Group Supervisory Board Chairman

N/A

Independent: No

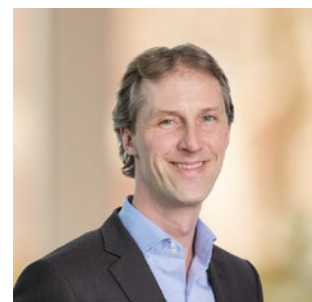
Year of first appointment: 2007

External appointments:

- Chairman of Supervisory Board, Arena Hospitality

Daniel Kos

Chief Financial Officer
& Executive Director



- Appointed Chief Financial Officer in January 2018
- Previously Vice President Corporate Finance of the Group, which he joined in 2011
- Held, prior to joining the Group, various senior leadership positions within auditing and finance, including at Mazars LLP
- Certified Public Accountant (Register Accountant)

N/A

Independent: No

Year of first appointment: 2018

N/A

NON-EXECUTIVE DIRECTORS

Nigel Jones

Non-Executive Director & Senior Independent Director



- Chartered Surveyor
- Chief Executive of ComProp Limited (2001–2007) while it traded as an AIM-listed property company
- He was responsible for major office developments including; headquarter offices for Fortis, Kleinwort Benson and Generali, along with retail stores for B&Q and Waitrose.

Board Committees:

- Nomination Committee
- Audit Committee
- Remuneration Committee

Independent: Yes

Year of first appointment: 2007

N/A

Dawn Morgan

Non-Executive Director



- Fellow of the Institute of Chartered Accountants in England and Wales
- Finance Director and Company Secretary of International Energy Group Limited (2004–2013)
- Main Board Company Secretary of International Energy Group Limited (2000–2004)
- Group accountant of International Energy Group Limited (1994–2000)

Board Committees:

- Nomination Committee
- Audit Committee
- Remuneration Committee

Independent: Yes

Year of first appointment: 2016

N/A

Ken Bradley

Non-Executive Director



- Former Guernsey Island Director at RBS
- Former Guernsey Island Director and Chief Country Officer at Barclays Bank

Board Committees:

- Nomination Committee
- Audit Committee
- Remuneration Committee

Independent: Yes

Year of first appointment: 2019

N/A

Nigel Keen

Non-Executive Director



- Appointed:** 2020
- Chartered Surveyor
 - Former head of property at Tesco
 - Former head of property at the John Lewis Partnership
 - Vistry Group Plc Remuneration Committee Chair and member of both audit and nominations committees
 - Non-Executive Director Vistry Group Plc
 - Non-Executive Director RG Carter

Board Committees:

- Nomination Committee
- Audit Committee
- Remuneration Committee

Independent: Yes

Year of first appointment: 2020

External appointments:

- Non-Executive Director Vistry Group Plc.
- Non-Executive Director RG Carter

CORPORATE GOVERNANCE
LEADERSHIP TEAM

Boris Ivesha

President &
Chief Executive Officer



Boris has been President and Chief Executive Officer of PPHE Hotel Group since 1991.

He was responsible for bringing the Park Plaza® Hotels & Resorts brand to the Group in 1994 in collaboration with Eli Papouchado and the Red Sea Group, and has been a major influencer in the expansion of the Group's international portfolio.

In previous roles, Boris established the Yamit Hotel in Israel in 1984 and served as its President and was Director of the Carlton Hotel in Israel from 1979 until 1984 and General Manager of the Royal Horseguards Hotel in London from 1972 until 1979. He is on the Arena Hospitality Group Supervisory Board as Chairman and was appointed to the Board on 14 June 2007

Daniel Kos

Chief Financial Officer
& Executive Director



Daniel joined the Company in 2011 as Group Head of Accounting. Daniel was promoted to the role of Vice President Corporate Finance in 2015. Further promotion followed in 2018 when he was appointed Chief Financial Officer and Executive Director of the Company.

Prior to joining the Company, Daniel held senior leadership positions within auditing and finance, including 11 years at internationally recognised accounting, audit and consulting group Mazars LLP focusing on hospitality, real estate and financial service companies.

Daniel is a Certified Public Accountant.

Greg Hegarty

Deputy Chief
Executive Officer &
Chief Operating Officer



As Deputy CEO, Greg works alongside our President & CEO Boris Ivesha driving the corporate vision and growth strategy for the Group.

In addition, Greg has overall responsibility for the day-to-day running of the Group's operations whilst creating and implementing commercial and operational strategies, which include, but are not limited to, Operations, People & Culture. Greg holds a Master Degree in Business Administration (MBA) and brings over 22 years of experience in the hospitality industry including senior management roles at global brands such as GLH Hotels and BDL Hotels.

In 2004 Greg won a prestigious Acorn Award, which recognises the flair and passion of rising stars in hospitality, and has further shown his commitment to the industry by becoming a Fellow of the Institute of Hospitality and a Master Innholder.

Inbar Zilberman

Chief Corporate &
Legal Officer



Inbar joined the Group in 2010. Inbar oversees the Group's corporate initiatives including acquisitions, expansions, corporate governance, shareholders' engagement, and corporate social responsibility while continuing to lead the the multi-jurisdictional legal and compliance functions. Inbar brings an expertise in negotiations and deal execution and has a pivotal role in developing the Group's corporate governance, the move to a Premium Listing on the Main Market and subsequent inclusion within the FTSE 250.

Prior to joining the Group, Inbar was in the corporate finance team at the law firm Berwin Leighton Paisner LLP (now Bryan Cave Leighton Paisner LLP) in London and formerly a partner at the Israeli law firm, Bach, Arad, Scharf & Co. Inbar holds an LLB from Tel Aviv University and an LLM from the LSE. She is a qualified solicitor in England, Wales and Israel.

Jaklien Van Sterkenburg

Executive Vice President
People & Culture | Head of HR



Jaklien joined the Group in 1995 as Director of Sales at Park Plaza Victoria Amsterdam, before being promoted to Regional Director of Sales and Vice President of People Development and Human Resources, having also gained operational hotel experience as an interim Hotel Manager.

Her passion for working with people to achieve their goals and developing them was instrumental in Jaklien's decision to switch to the role of HR Manager for the hotels in the Benelux Union while simultaneously supervising hotels in Germany and Hungary. Jaklien then moved onto her role of Vice President HR for the Group.

Jaklien began her career with Sofitel Legend The Grand Amsterdam and has worked for Accor hotels in senior Sales roles. She is a graduate of the NHTV, the University of Applied Sciences.

Robert Henke

Executive Vice President
Commercial Affairs



Robert oversees all commercial activities including Sales, Distribution, Reservations, Customer Service, Revenue, Digital Marketing and CRM as well as Brand Marketing, Guest Experience and Communications (including brand strategy, brand development, management of the Group's strategic partnership with the Radisson Hotel Group and corporate communications).

He has more than 20 years' experience in international hospitality and first joined the Group in 2001, when he was involved in the opening of the Group's hotels in the United Kingdom and the successful implementation of Radisson Hotel Group's marketing programmes and systems. He rejoined the Group in 2007 and since then has significantly developed the central commercial organisation, creating and leading a multi-disciplined, international team of specialists.

Prior to joining PPHE Hotel Group, he held international Marketing positions at Golden Tulip Worldwide and Hilton Hotels Corporation. He holds a Bachelor's Degree in Hotel Management Business Administration from Hotelschool TheHague, with a major in Marketing.

Daniel Pedreschi

Regional Vice
President Operations,
United Kingdom



Daniel oversees all UK hotels, restaurants and bars in collaboration with each individual General Manager, as well as focusing on new property developments and the general PPHE Hotel Group strategy.

Daniel has been with the Company since 2009, originally taking the position of Hotel Manager at Park Plaza Westminster Bridge London and in 2011 he moved to the General Manager position. In October 2013, Daniel took on the additional role of supporting the Central Reservations Office as a General Manager alongside his existing responsibilities.

With over 20 years' experience, Daniel's passion for hospitality and attention for detail have always been key drivers in his career, striving to find improvements to always keep ahead of the competition and enhance our position in the industry.

Michelle Wells

Regional Vice
President Operations,
Netherlands



Michelle has held a number of management positions at PPHE Hotel Group over a period of 12 years, originally joining as General Manager, Park Plaza Sherlock Holmes London in 2007. Michelle moved to the role of General Manager of sister hotel Park Plaza County Hall London in 2014 and then onto Park Plaza London Victoria in 2016. Promoted to the newly created role of Vice President Operations, the Netherlands in 2019, Michelle oversees all operational, revenue, finance, marketing and sales strategic objectives for the region on behalf of six properties.

Michelle brings a strong operational and commercial background to the business and educational qualifications including the highly acclaimed completion of the General Managers Programs in strategic management at Cornell University in the USA, is a Master Innholder and a holder of the Freedom of the City of London.

STATEMENT OF COMPLIANCE

For the year ended 31 December 2019, the Board believes that the Company has applied all the principles of, and complied with all provisions of, the 2018 Code, except as set out in this governance statement as required by the Financial Conduct Authority's (FCA) Listing Rules (which include the 'comply or explain' requirement). We comply with corporate governance requirements pursuant to the FCA's Disclosure Guidance and Transparency Rules by virtue of information included in this governance section of the Annual Report.

The relevant documents can be found online at:

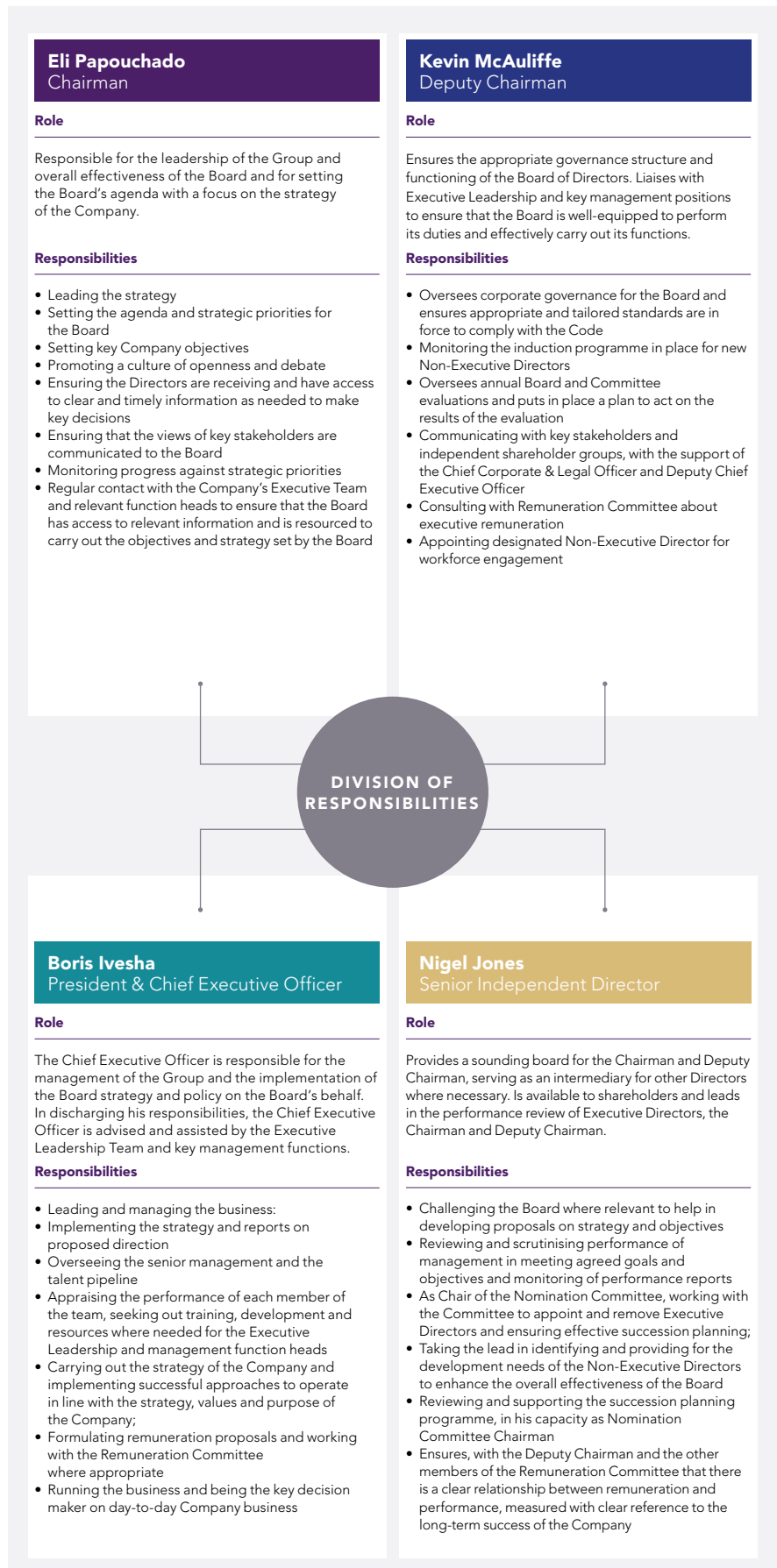
- www.frc.org.uk, for the 2018 Code; and
- www.handbook.fca.org.uk, for the FCA's Disclosure Guidance and Transparency Rules sourcebook as well as Listing Rules.

DIVISION OF RESPONSIBILITIES

Role and responsibility of the Chairman, Deputy Chairman, Senior Independent Director and Chief Executive Officer

The Board recognises a clear separation of roles between the Chairman, Deputy Chairman, Senior Independent Director and Chief Executive, with each having separate duties and accountabilities and collectively ensuring effective communication with stakeholders and reviewing and agreeing issues of Group-wide significance.

The Chairman is responsible for strategic leadership of, and operations of, the Board. The Deputy Chairman assists to fulfil governance and internal control functions of the Board and acts as the primary Board liaison to the workforce, and other Directors and shareholders as required. The President & Chief Executive Officer runs the Company's business and leads the Executive Team. The Senior Independent Director acts as a sounding Board for the Chairman and/or Deputy Chairman.



Board composition

As of 31 December 2019, the Company had seven Directors, five of whom were Non-Executives (including the Chairman, Eli Papouchado), three of whom were considered independent. As of 20 February 2020, the Company has eight Directors, six of whom are Non-Executives. Of those six Non-Executive Directors, four are considered independent. The Deputy Chairman, Kevin McAuliffe, is no longer considered independent (*for more details see the Provision 4 section below*). The Chairman, Eli Papouchado, is not considered independent as he is the founder of the Company (*for more details see Appointment of Chairman below*). The two Executive Directors are Boris Ivesha, President & Chief Executive Officer, and Daniel Kos, Chief Financial Officer.

Nigel Jones will be retiring from the Board and will not stand for re-election at the forthcoming Annual General Meeting. All other Board members will stand for election or re-election at the forthcoming Annual General Meeting.

Appointment of Chairman

The Board re-elected Eli Papouchado ('Papo') as Chairman on 15 May 2019. As the Company's founder and the vision behind its success, Papo remains an invaluable asset to the Board. In setting the Company's purpose, strategy and objectives, the Board leverages Papo's all important knowledge, network and intuition earned through his many successes spanning more than six decades in construction, design, development, financing, acquisition and management of leading hotels, retail spaces, large residential projects and his leadership as Chairman of the Israel Hotel Association. The Board believes that Papo's vision, expertise and intuition are heavy drivers behind the successful strategy of the Company since its founding and therefore unanimously recommended his appointment as the Chairman in 2019.

Independence and tenure of Chairman

Provision 19 of the 2018 Code dictates that the chair should not remain in post beyond nine years from the date of their first appointment, although such time can be extended to facilitate effective succession planning and development of a diverse board. Provision 9 of the 2018 Code further recommends that the Chairman, on appointment, be independent. The Company diverges on both provisions and does so after great debate and deliberation, taking into consideration long-term succession planning and the development of a diverse and experienced Board.

The Board believes that it should not underestimate the substantial ongoing benefits that Papo brings to the Board and to shareholders by maintaining his position.

Papo is the founder of the Red Sea Group (of which Euro Plaza Holdings B.V., the Company's largest shareholder, is a part) and was not therefore independent on appointment, and is not independent of the Company. However, the Board believes that Papo's extensive experience and knowledge of the Group's business, as well as the hotel real estate business more generally and his network, justify this departure from the recommendations of the 2018 Code. To mitigate some of the potential areas of concern, the Board appointed Kevin McAuliffe as Non-Executive Deputy Chairman, with oversight for corporate governance. Kevin was independent on appointment as Deputy Chairman.

2019 Board additions

During 2019, in keeping with our succession planning programme, the Board appointed an Independent Non-Executive Director. As of the date of publication we appointed another Independent Non-Executive Director.

👁 **For additional information please see the biography on page 93.**

Prior to recruiting for these roles, the Nomination Committee discussed and considered each Board member's individual skills, competencies, knowledge and diversity, alongside succession planning, to ensure that we maintain an effective and strong Board. This process ensures that our Board is able to provide the leadership and strategy of the Company, underpinned by the values and behaviours that shape its culture and the way it conducts its business.

Ken Bradley joined the Board as a Non-Executive Director on 4 September 2019 – see his biography on page 93. With Ken's appointment, the Board was further strengthened with financial and accounting acumen. February 2020 saw the appointment of a further Non-Executive Director, Nigel Keen.

👁 **For more information on nominations and appointments, please see the Nomination Committee Report on page 111.**

"Ken's impressive breadth of experience and knowledge gained through a long and successful career in banking will complement the balance of skills among the existing directors. He brings an invaluable combination of managerial and financial expertise, and we look forward to welcoming him onto the Board."

ELI PAPOUCHADO
CHAIRMAN

"I am delighted to welcome Nigel to the Board. He brings a wealth of property experience from leading blue chip companies, which will be invaluable as we continue to expand our property capability and build out our development pipeline of over GBP300 million."

ELI PAPOUCHADO
CHAIRMAN

Director induction

The Deputy Chairman and Chief Corporate & Legal Officer are responsible for ensuring that new appointees to the Board receive a tailored and comprehensive induction to familiarise them with the Company's strategic aims, purpose, operations, regulatory climate, stakeholders, Directors' duties and governance practices. We tailor our programme taking into consideration the Director's previous Board experience, expertise and familiarity with the real estate and hospitality industries. The induction process includes two interviews with the Deputy Chairman before the programme commences and mid-way to identify any gaps.

KEN BRADLEY'S INDUCTION PROGRAMME 2019-2020:

■ 2019 ■ 2020

SEPTEMBER 2019


First interview with the Deputy Chairman regarding induction requirements


Corporate governance presentation on statutory obligations


Review of key statutory documents



Hotel familiarisation visits – London


Hotel inspections with Audit Committee to Leeds and Nottingham


Pre-appointment Audit Committee attendance as an observer


Meetings with the management team – UK


Hotel familiarisation visits – Croatia


Meetings with the management team – Croatia


Hotel familiarisation visits – Netherlands and Germany


Meetings with the management team – Netherlands and Germany


Second interview with the Deputy Chairman to identify any gaps and if additional information is required

FIRST QUARTER 2020

Board ensures resources to meet its objectives and measures performance against them

Our Board is empowered to carry out its duties with consideration to its statutory and contractual obligations in addition to various policies and terms of reference in place.

The Directors have adopted a set of reserved powers, which establish the key purpose of the Board and detail its major duties. These duties cover the following areas of responsibility:

- Statutory obligations and public disclosure
- Strategic matters and financial reporting
- Oversight of management and personnel matters
- Risk assessment and management, including reporting
- Monitoring, governance and control
- Other matters having material effects on the Company

These reserved powers of the Board have been adopted by the Directors to clearly demonstrate the seriousness with which the Board takes its fiduciary responsibilities and as an ongoing means of measuring and monitoring the effectiveness of its actions.

Each Director may obtain independent professional advice at the Company's expense in the furtherance of their duties as a Director. The Board sought the advice of an independent Remuneration consultant Pearl Mayer in 2019. Pearl Mayer provided support to our Remuneration Committee, as provided in more detail in the Remuneration Report.

 For more details, see our Remuneration report on page 116 for further information.

Our Board is empowered to carry out its duties, with consideration to the various terms of reference in place:

- Articles of Incorporation
- Board Diversity Policy
- Division of Board Responsibilities: Non-Executive Directors
- Schedules of Matters Reserved for the Board
- Terms of Reference: Audit Committee
- Terms of Reference: Nomination Committee
- Terms of Reference: Remuneration Committee

Time commitment

The Board receives accurate, timely and clear information which affords them the ability to have an open, constructive discussion and debate on material matters of the Company. Board meetings allow for ample time to discuss and debate matters. Non-executive Directors are required to ensure that they have sufficient time to meet their Board responsibilities. All committee members are expected to devote adequate time to consider the views of relevant stakeholders and all material information regarding issues falling within the committee's remit.

Advisory support to the Board by the Company Secretary and Chief Corporate & Legal Officer

The Chief Corporate & Legal Officer, with the support of our Company Secretary, C.L. Secretaries Limited ensure that the Board has the policies, processes, information, time and resources needed in order for the Board to function effectively and efficiently.

Specifically, the Company Secretary ensures that Board procedures are complied with and carries out responsibilities with respect to Companies (Guernsey) Law 2008 (as amended or replaced from time to time) and the FCA's Listing Rules and Disclosure Guidance and Transparency Rules.

The Chief Corporate & Legal Officer ensures that good information flows around the Board and senior management and that appropriate and timely information is provided to the Board and its committees. The Chief Corporate & Legal Officer is responsible for advising and supporting the Chairman, Deputy Chairman and Board on all governance matters with the support of the Company Secretary.

All Directors have access to the advice and services of both the Chief Corporate & Legal Officer and Company Secretary and are able to gain access to external independent professional advice at the Company's expense should they wish to do so in the furtherance of their duties.

The Chief Corporate & Legal Officer oversees the Group's corporate compliance and governance arrangements, practices and procedures, for the Group companies, including those below the Board level and throughout the workforce, to ensure that they are consistent with the standards and best practice of the Company and aligned with the directions of the Board and the risk appetite of the Company as set by the Board.

Board meetings

The Board promotes a culture of openness and debate, executing its responsibilities with care and consideration, ensuring that there is a clear division of responsibilities between the leadership of the Board and the Executive Leadership of the Group's business. If any Director has unresolved concerns about the Company or a proposed action, these are recorded in the minutes of the meeting. There were no such occasions in 2019.

Board meeting procedures

At each Board meeting, standing agenda items were strategy and management updates from the President & Chief Executive, financial updates from the Chief Financial Officer, corporate governance developments and an update from each Board Committee chair on their

respective committee meetings and discussions. Additional items were added to agendas as and if required.

The Notices of Board Meeting and Agendas are formally circulated to the Board in advance of Board meetings as part of the Board papers and therefore Directors may request any agenda items to be added that they consider appropriate for discussion.

At the beginning of each meeting, each Director must disclose the nature and extent of any conflict of interest arising generally or in relation to any matter to be discussed as soon as the Director becomes aware of its existence. Directors must also disclose their shareholdings.

Conflicts of interest

Overall corporate governance arrangements, including Board roles and responsibilities, committee terms of reference. A related party and significant transactions policy, among others. All team members and our Board are required to comply with our Conflicts of Interest Policy. This policy was reviewed this year and an updated version was approved by the Board and compliance training on the same was provided in all operational regions.

A formal procedure is in place for the reporting and reviewing any potential conflicts of interest involving the Board with support from the Chief Corporate & Legal Officer. Any conflict of interest is to be disclosed without delay and strict procedures followed to ensure the conflict is fully evaluated and addressed. As a means of ensuring that the Board members are acting free from personal conflicts of interest, the annual Board assessment reviews the independence of its members, taking into consideration their positions and shareholding in other companies. In line with our Conflicts of Interest Policy and Significant and Related Party Transactions Policy, a Director affected by a conflict of interest is not permitted to participate in formal discussions and decision-making involving the interest at stake. The Board does not believe there to be any inherent conflicts of interest other than ones already disclosed by each Director. Any statutory duties under Guernsey law that are in addition to the Conflicts of Interest Policy are complied with by the Directors.

Board overseeing management

Our Executive Leadership Team was assessed by the Non-Executive Directors and the Deputy Chairman in October and November 2019, in consideration of the results of our annual Climate Analysis, annual progress and in response to feedback from the workforce on increasing engagement in Responsible Business

initiatives. Workforce engagement was a useful tool in expanding the assessment of management in 2019 and was part of the deliberations, and decision, by the Board in appointing the Deputy Chief Executive Officer and Chief Corporate & Legal Officer.

These meetings to assess the management and Executive Directors were held without the Executive Directors and it was agreed that both Executive Directors, the President & Chief Executive and Chief Financial Officer had fulfilled the Board's expectations in relation to Company performance. This evaluation was then considered by the Remuneration Committee when assessing compensation for the Executive Directors.

👁 See Remuneration report on page 116 for further information.

As part of the management assessment, the Board reviewed a number of Company policies, procedures and team member training in 2019. The Board further underwent the same annual compliance training provided to all team members. Taking part in this training and reviewing the accompanying internal communications aids the Board in ensuring that the desired behaviours and culture of the Company are reinforced while overseeing the effectiveness of our risk mitigation procedures.

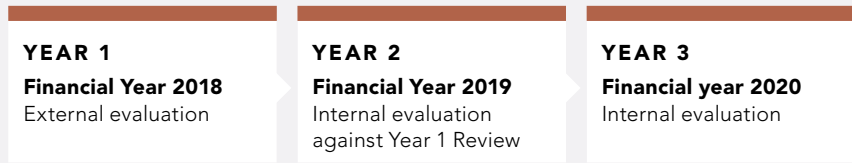
The Board directed the refresh of a number of policies to improve the ease of reading and application to ensure that all team members were empowered by our policies to carry out their duties in line with our Company values and ethos. In consideration of the refresh of these policies, our Directors, particularly our Audit Committee, dedicated time to reviewing best-practice developments, assessing performance and optimising our approach to ensure that we remain relevant and our policies and procedures reflect the core values of the Company.

👁 For more details, see our Audit Committee report on page 113 and our Ethics and Compliance report on page 106.

EVALUATION OF DIRECTORS

The Board evaluates its performance and considers the tenure of each Director on an annual basis, and believes that the mix of skills, experience and length of service is appropriate to the requirements of the Company. This feeds into considerations for succession planning for long-serving Directors. Each Director confirmed that they have sufficient time to allocate to the Company to discharge their responsibilities effectively.

Progress made against the 2018 external evaluation was reviewed in 2019. Highlights of progress and actions taken can be found below in the box on the right. The purpose of the 2019 review of Board and committee effectiveness was to follow up on the outcomes and recommendations of the 2018 external evaluation. The evaluation covered the full scope of the Board and each Committee's work, and provided recommendations, suggestions and an overall assessment of effectiveness.



The review found that the Board has made positive progress in 2019.

Focus areas 2019	Board response	Progress
Executive succession planning	While the Board currently considers the retention risk of the Group to be low, the Board recognises that it has a responsibility to investors to prepare a succession plan for the senior executive team that ensures stability and continuity of strategy and achievement.	Greg Hegarty was appointed Deputy Chief Executive Officer and Inbar Zilberman as Chief Corporate & Legal Officer in 2019, which took effect on 1 January 2020.
Board succession planning	The Board and Nomination Committee now have a better understanding of the views of independent shareholders, as well as taking into consideration views and guidance of shareholder proxy groups, on Director tenure and is to consider implementing a steady refresh of tenured Directors.	The Nomination Committee considered these views, and Nigel Jones will retire from the Board at the conclusion of the 2020 Annual General Meeting. Kevin McAuliffe will continue to serve on the Board as Deputy Chairman, but is no longer considered independent, and will stand for re-election at the 2020 Annual General Meeting.
Improve stakeholder engagement mechanism, with a focus on workforce	Stakeholder engagement is vital to Board success and the Board has been more proactive in seeking out productive engagement with the wider stakeholders.	Good progress was made during 2019, with increased opportunities for Non-Executive Directors to collaborate directly with team members and a Non-Executive Director elected as the Board representative charged with ensuring active and regular engagement and understanding of team member concerns.

Annual Committee assessment

Additionally, each Board Committee is assessed annually to ensure that it is functioning in line with the Terms of Reference and mandates set by the Code. The Board has identified a need to further review the Terms of Reference in line with the Code and aims to do so in early 2020. The 2018 assessment was that the Audit Committee should refresh its internal audit requirements and the Nomination Committee should give due care to its Executive Leadership Team succession planning, ensuring that the talent pipeline is well developed at the senior levels of the Company. It was also recommended that the Remuneration Committee should review the medium- to long-term incentive plan. These objectives were achieved in 2019.

Balance of independent Non-Executive Directors

The Code dictates that at least half of the Board, excluding the Chair, be made up of independent Non-Executive Directors. After due consideration was given to all factors that are likely to impair, or appear to impair, the independent judgment of each Director, the Board came to the conclusion that three of the five Non-Executive Directors maintained their independence throughout 2019: Dawn Morgan, Ken Bradley and Nigel Jones. The Board has decided as at November 2019 that Mr McAuliffe will no longer be determined to be independent by reason of his tenure on the Board and his role as Deputy Chairman. See Code Provision 4 statement below. In consideration of Mr McAuliffe's independence at appointment and continued independence through to the end of November 2019, and the addition of Ken Bradley as an Independent Non-Executive Director the Board believes the spirit of Code Principle G has

been complied with and there was an appropriate combination of Executive and Non-Executive Directors during the 2019 year, and in particular independent Non-Executive Directors; ensuring that no one individual or small Group of individuals dominates the Board's decision-making.

Code Provision 4

Additional efforts were made to consult shareholders and understand their views, in accordance with Code Provision 4, on Resolutions 8 and 9 (re-appointment of Kevin McAuliffe and Nigel Jones, respectively) at the Annual General Meeting in 2019. Both of these resolutions received a significant vote against their re-appointment to the Board.

Through consultation with significant independent shareholder groups and shareholder proxy agencies, it was found that the primary reason for the vote against re-election related to concerns over the tenure of these two Directors. While the

Board believes that both Mr McAuliffe and Mr Jones are highly effective and engaged members of the Board with a wealth of knowledge, which is highly valued by the Company, the Board has given further consideration to the views of its shareholders and taken the following actions since the 2019 Annual General Meeting vote and reported on the same in November 2019.

In response to this feedback, Mr Jones will be retiring from the Board in 2020 and will not be seeking re-election at the 2020 Annual General Meeting.

In response to shareholder feedback, the additional action was undertaken to re-evaluate Mr McAuliffe’s independence with greater emphasis placed on shareholder responses and in view of his appointment as of 12 June 2018 as Non-Executive Deputy Chairman. While the Board continues to believe that as of November 2019, the Board resolved that Mr McAuliffe was independent in character and judgment, and the Board agreed that going forward Mr McAuliffe will no longer be deemed as independent. To effectuate proper governance, this decision directed that the Board seek an additional independent Director to ensure that at least half of the Board, excluding the Chair, continues to be considered independent. As of the time this report was published, two additional independent Non-Executive Directors appointed, Nigel Keen and Ken Bradley, and will seek shareholder election at the 2020 Annual General Meeting.

Board succession planning

In light of the Company’s joining of the FTSE 250, and following the 2019 Annual General Meeting, the Board further reviewed its succession planning programme.

As part of the governance journey that accompanies the joining of the FTSE 250, the Board established a succession planning programme. As an important element of this programme, the Board acknowledged the long tenure of certain Board members, whose roles have been integral in generating the success and growth to prompt inclusion in the FTSE 250. However, it is business imperative to ensure that the refreshment of the Board is sufficiently gradual so as to encourage stability, continuity of values and strategy and the overall success of the Board, each committee and the Company as a whole.

In keeping with the succession planning programme, Nigel Jones will be retiring from the Board in 2020 and an additional independent Non-Executive Director has been appointed and will stand for election at the 2020 Annual General Meeting, alongside Ken Bradley who will stand for election following his appointment as an independent Non-Executive Director in September 2019.

While the consideration of the Code’s emphasis on tenure remains, the Board is strongly of the belief that the Chairman is invaluable to the Company and the Board, and his continued role in the Company has led to our continued success.

The Board considers the depth of knowledge Deputy Chairman brings to the Board, to be of significant value while the Board progresses its succession planning programme and new directors are acclimating to their roles. Accordingly, the Board diverges from tenure recommendations in the Code with respect to the Chairman and Deputy Chairman.

Executive succession planning

At the Executive level, the Board, led by the Nomination Committee, effectuated the executive succession planning for 2019 by appointing Greg Hegarty as Deputy Chief Executive Officer and Inbar Zilberman as Chief Corporate Officer & Legal Officer. Additionally, the talent pipeline was further developed with the talent pool being utilised to fill vacancies within hotel management and to promote individuals within the corporate teams.

The Board was actively involved in these appointments and further took the initiative to meet with many candidates being considered for leadership promotions. Fully utilising the talent pipeline to nurture the long-term relationship with leadership candidates is a strength of the Company.

The Board will keep a watching brief on the talent pipeline.

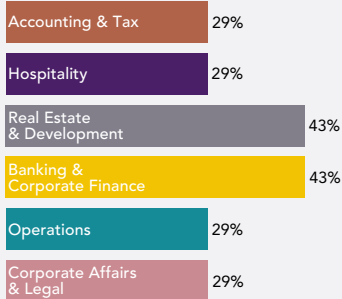
Succession planning programme 2019



DIVERSITY

BOARD

SKILLS

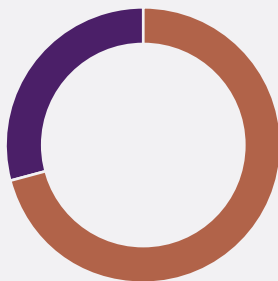


GENDER DIVERSITY

14%
FEMALE

86%
MALE

ETHNIC ORIGIN



71% Europe
29% Middle East

NATIONALITIES



AVERAGE AGE

61

**DIRECT REPORTS TO
CHIEF EXECUTIVE OFFICER**

SKILLS

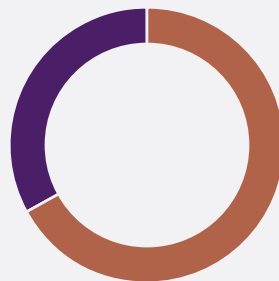


GENDER DIVERSITY

33%
FEMALE

67%
MALE

ETHNIC ORIGIN



67% Europe
33% Middle East

NATIONALITIES

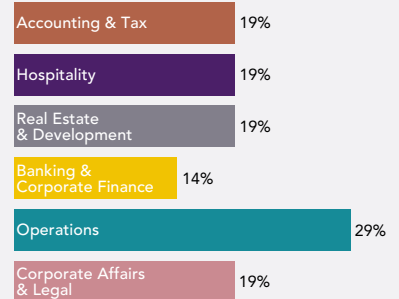


AVERAGE AGE

42

THEIR DIRECT REPORTS

SKILLS

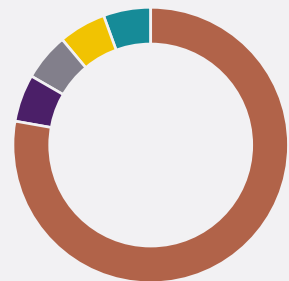


GENDER DIVERSITY

50%
FEMALE

50%
MALE

ETHNIC ORIGIN



78% Europe
5.5% Middle East
5.5% North America
5.5% Africa
5.5% India

NATIONALITIES



AVERAGE AGE

42

HAMPTON-ALEXANDER REVIEW 2019

The Hampton-Alexander Review is an independent body set up to review women's representation in FTSE 350 companies at Board level and in leadership roles two layers below the Board. As a new constituent of the index, 2019 was the first year of our participation in the review. We were pleased to be ranked in the Top 3 FTSE listed companies in the Travel and Leisure Sector for combined

executive committee and direct reports with a ratio of 43.5%. Furthermore, this ratio suggests that out of all participating full-service hotel companies, we are the most diverse in terms of women's representation at the combined executive committee and direct reports level. The figures on the previous page are updated as of 31 December 2019.

FTSE LISTED TRAVEL AND LEISURE SECTOR COMPANIES FOR COMBINED EXECUTIVE COMMITTEE AND DIRECT REPORTS

**Top 3
RANKING**

**43.5%
RATIO**

The Board has a diversity of relevant skill sets with varied and balanced experience, knowledge and skills that are highly relevant to the Company's needs and challenges.

The Company is committed to a merit-based system for both its Board composition as well as talent recruitment for the Group within a diverse and inclusive culture which seeks outward multiple perspectives and views and is free of conscious or unconscious bias and discrimination. The Board maintains a diversity policy, which is considered for all Board, senior management appointments and succession plans. Furthermore, the Board Diversity Policy is reviewed annually by the Board, and was most recently reviewed in August 2019, to ensure that the policy is up to date and has been observed by the Nomination Committee.

Our review of gender diversity ahead of the Hampton-Alexander Review highlighted a great depth of diversity at the executive level, but an area for improvement at the Board level. The Board reviewed whether diversity targets would be advantageous to improve diversity at the Board level. The conclusion was that setting diversity targets risks overshadowing the need to identify suitable candidates on the basis of merit, with the primary objective of finding directors whose skill set best reflects the needs and nature of the business. However, the absence of targets makes it no less pressing that all future appointments and re-appointments are taken with due regard to the benefits of diversity and the needs of the Board.

Diversity at all levels, including the Board, that has strategic and oversight of PPHE, is a key to ensuring that the Group is not at risk of group-think and monotone decision-making. The Board and senior management are a unified voice for PPHE's strategic growth weaved together by individual directors each with their own experience, skill set, expertise and background. Our Board and Executive Team consists, of both men and women and includes talented and committed individuals whose business experience, geography, age, gender, and ethnicity are varied.

👁️ **For more details see page 102 on leadership diversity.**

Equality, diversity and inclusion in the workforce

The diversity and inclusivity of our entire team are important for us to bring the best to our business and understand and reflect the needs of our guests and other key stakeholders. We are fully committed to respect and deliver fair treatment for everyone whatever their background, race, ethnicity, gender or other protected characteristics (as defined within the Equality Act 2010) and deliver opportunity and development for all of our team members, guests and stakeholders. Where possible, we actively support events in our community that celebrate diversity and inclusion.

TALENT DEVELOPMENT

"The Board's role is succession planning, remuneration and workforce engagement give meaningful opportunities to shape Company culture."

**KEN BRADLEY
NON-EXECUTIVE DIRECTOR**

👁️ **For details on Board engagement with the workforce and exercising oversight of Company culture, see pages 104 to 107.**

We have a robust process in place to ensure that Company leadership is actively engaged with identifying and developing our talented team members. In 2019, the UK and the Netherlands used 85 internal trainers and almost 100 internal coaches to develop our team members, and to continue growing our talent pipeline. At PPHE, we have 38 fully trained mentors, including our Executive Leadership Team and Deputy Chief Executive Officer, throughout the business who are fully trained to support team members on our leadership and development programmes.

EXAMPLES OF THE BOARD MONITORING CULTURE & WORKFORCE ENGAGEMENT

Designated Non-Executive Director

Kevin McAuliffe, Non-Executive Deputy Chairman, has been tasked with gathering the views of the workforce. The views of the workforce are then shared with the Board and considered in the Remuneration, Nomination and Audit Committee meetings and when directing action and strategy on culture.



Leadership summit

At the beginning of 2019, PPHE held a three-day summit, 'We Are Creators', that brought together our leadership from the United Kingdom, the Netherlands, Germany & Hungary and Croatia to launch the Company's new purpose.

The sessions included panels with our Chairman and President & Chief Executive Officer, creative leadership workshops, keynote guest speakers, mindfulness training and an awards dinner recognising team members and suppliers. Following the 2019 We Are Creators Leadership Summit, we rolled out a series of similar events in the United Kingdom, the Netherlands and Germany. These events were attended by more than 2,000 team members.

We have also created workbooks for each hotel and department to recreate the collaboration activities and group with their own teams. These workbooks focus on how to recreate the activities that focused on our values, purpose and collaboration exercises.

Board site visits

Site visits provide the Board with great opportunities to better understand the dedication, work and the feedback from both the managerial and non-managerial team members. This understanding greatly improves the depth of the Board's understanding of our operations and team member views.

This recommendation of at least two site visits per year will be reviewed in 2020 to determine how we can continue to use site visits to enhance the Non-Executive Director's understanding of the day-to-day operations of the Company. The site visits were an integral part of Ken Bradley's induction and he will be supporting the

process of Nigel Keen's induction programme, taking guidance from site visits and activities that he felt were of considerable benefit to his own induction process in 2019.

As part of our refreshed Responsible Business programme, we aim to create more opportunities for the Board to interact closely with team members at all levels and across the Group. Our Responsible Business programme is a great platform to expand on our workforce engagement as it reflects our values and Company purpose in a wider sense. Ensuring participation opportunities for our Board helps to reinforce our culture and engagement in a mutually enriching and informal manner.



👁 For more details on the Responsible Business programme see pages 80 to 89.

Town hall meetings – Corporate teams

Led by our Executive Directors and our executive leadership team, the Company hosts quarterly meetings, 'Let's Connect!', with the corporate teams in both London and Amsterdam. These meetings are used to keep team members updated on recent developments. These town hall style meetings allow team members to ask questions and provide feedback.

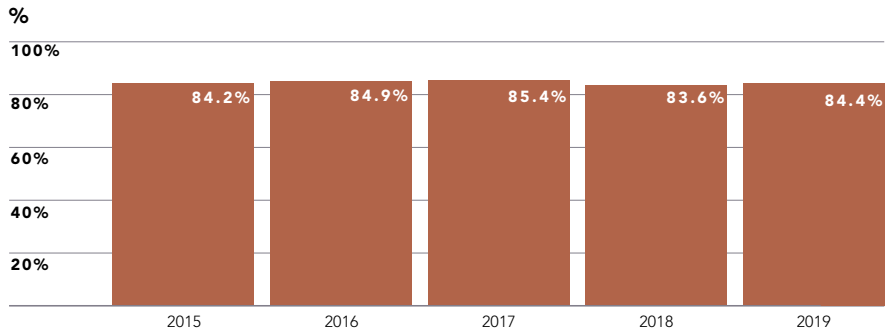
Town hall meetings – Regional teams

Each region conducts quarterly 'lets connect' meetings in regional and corporate offices. These meetings are often attended by the executive leadership team.

Digital sharing platforms

Our dedicated team member intranet gives our team members a chance to hear regular updates from the President & Chief Executive Officer, executive management team, regional and corporate colleagues as well as share their views and experiences. The intranet saw more than 281,000 visits and 1,221,410 page views in 2019.

ENGAGEMENT SCORE



Team member engagement survey

Having a fully engaged team is critical in order to attract and retain our team members and provide great guest experience. In order to do this, a culture where team members feel safe to share their opinion and help us shape the future of our Group is essential.

We have been measuring employee engagement since 2015 and it continues to play an important role in the further development of the Group by helping us understand and improve our team members’ experience. Each year, team members are asked detailed questions around their job, manager, team and Company, and an overall engagement score is produced.

Our Climate Analysis survey is conducted digitally at least once a year and are developed in multiple languages to remove as many barriers to entry as possible and encourage participation. In 2019, we achieved an engagement index score of 84.4%. With 3,409 completed surveys, the participation ratio of eligible team members remained steady at 89%. Mr Kevin McAuliffe was part of the designated session to review and discuss the results in detail and will monitor follow up results.

Workforce engagement at the Board level is a growth area for the Company, as we continue with the methods of engagement which have proven effective during 2019, and expand our depth of engagement, seeking to enhance our discussions with hotel team members at all levels and bring in new stakeholder issues.

🔗 For more information on how we engage with our stakeholders, please see pages 73 to 79.

Workforce engagement outcome example – accommodation unit

Our team members are key stakeholders and a strategic asset to our business. Regular engagement between the Board, Executive Leadership Team and workforce allows us all to ensure that we are mutually benefiting from our relationship and appreciate the role we each play in our collective and individual success.

Finding affordable accommodation in London with good facilities has been identified as a major concern for some team members. To solve this, the Board and Leadership Team have invested in purchasing and developing an accommodation unit in a trendy Chiswick Park area of London. The unit opened its doors to its first team members in January 2020 and offers high quality homes with easy commute at below the market average rate. We believe this is an excellent example of the Board acting on the views of our team members, as this not only answers their request but it will help the Company to attract talented individuals in the London market going forward.

The initiative will be monitored closely by the Board and, if successful, we will continue to look for other units.



“Our team members are at the heart of our business and are indispensable for its success. Establishing effective engagement and encouraging active participation between our team members and Board provides immeasurable value to both the Board and our Team Members.”

DANIEL KOS
CHIEF FINANCIAL OFFICER & EXECUTIVE DIRECTOR

ETHICS AND COMPLIANCE

Our Board is actively expanding its duties to include ensuring that the Company contributes to wider society.

Workforce policies and practices

Reflecting its introduction in the 2018 Code, the Board has made more proactive efforts to oversee and ensure that workforce policies and practices are consistent with the Company's values and support its long-term success.

Whistleblowing

Included in the Board focus on workforce policies, practices and culture, the Board oversaw the review and complete overhaul of the Whistleblowing Policy. The Policy allows the workforce to raise any matters of concern, and was implemented in all regions in December 2019 and is to be implemented in Arena Hospitality Group, our Croatian subsidiary, in early 2020.

The Whistleblowing Policy incorporates uniform central principles that provide all team members with a way to raise concerns in accordance with local law in each region, but with the uniform assurance that making a disclosure made in good faith will not be subject to unfavourable treatment. The Board and Executive Team stand by this assurance. The practical mechanism for carrying out the policy is set by addendum to account for local law in every region where we operate a hotel or office. The Company has also implemented a dedicated 24-hour hotline for all regions where local language or English can be used to raise genuine concerns in confidence and – if preferred – anonymously.

The Board has it in mind to regularly review these arrangements, alongside all of our ethical dealing policies, to ensure that they are proportionate, effective and allow for independent investigations of matters and appropriate follow-up action.

With the Code of Conduct, our Board was integral in setting the culture by identifying the right behaviours. Further to that, our remuneration policy manages performance against those behaviours and reinforces them with incentive structures.

Ensuring incentives align with culture and are standardised across the Company is a focus area for our Remuneration Committee and Board in 2020.

🔗 See Code of Conduct on page 106

NED involvement in Governance, Ethics and non-financial risk Culture & embedding culture and values

The Group's leadership culture is one of connecting, inspiring, innovating and empowering, and we foster an environment based on our values to drive our internal blueprint 'We Are Creators'. These values allow us to create an optimal leadership culture which drives the optimal working climate of our team members to ultimately deliver our intended guest experience. Our leadership teams delivered the blueprint sessions throughout the summer to their teams who then cascaded the training to their subsequent teams.

With the launch of the blueprint, we are more than ever aligned to deliver the intended guest experience with our leaders being ready to support an inclusive, fun, adaptive working climate where our team members have the opportunity to grow.

When our team members are happy and engaged, they provide better service to our guests.

Our ethos is that with the right attitude, anyone can succeed, and therefore when we recruit we look for individuals who reflect our team member behaviour. Our blueprint supports us to effectively recruit team members and build links with the education sector, local authorities and charities.

One way in which we do this is through our PPHE Career Festivals and Hospitality Showcases, held throughout the year in the UK and the Netherlands. The purpose of these events is to reach out to our local community and partners, as well as filling entry level and managerial roles in key areas of the business. In 2019, 170 people were hired on the day at our Careers Festivals.

All new team members attend our mandatory 'Feeling Welcome' induction programme, ensuring that new starters understand our culture, values and their role in delivering inspirational guest experiences. We then develop our team members personally and professionally by providing them with skills, knowledge and the opportunity to grow. We take this seriously and have worked hard to put together award-winning talent and learning programmes.

Health and well-being

Embedding a long-term and positive culture to mental and physical health across the organisation is important to us. We want to promote a mentally healthy environment, stopping preventable issues and allowing people to thrive and become more productive.

Every employee has access to an independent employee assistance programme, and in 2019 we trained team members from across the UK to become Mental Health First Aiders. We encourage all of our team members to take part in internal events to promote health and well-being. In 2019, teams across the UK took part in World Mental Health Day and Mental Health Awareness Week. Team members participated in yoga sessions, and held activities that opened up conversations around well-being, confidence and mental health.

🔗 For additional information on health and well-being see our Responsible Business section page 80

Human rights and anti-slavery

In 2019, the Company published its own Responsible and Ethical Sourcing Policy, and began introducing it into the business to be applied to individual hotel suppliers and centrally for regional and corporate procurement. This policy aligns with the 2019 Modern Slavery Statement, which sets out our Company efforts to avoid any potential complicity in human rights violations related to our operations or supply chain.

Training on our anti-slavery policy and Responsible and Ethical Sourcing Policy has been carried out at the General Manager level and with the intent to further support the policy with the addition of training materials for all hotels in the year ahead.

Anti-bribery

The Company and its Directors are committed to ensuring adherence to the highest legal and ethical standards. The Board has a zero tolerance approach to bribery and corrupt practices. This is reflected in all elements of the way the Group operates and was reinforced in the refreshing of the anti-bribery policy suite and accompanying training.

The anti-bribery policy suite extends across all of the Group's business dealings in all countries and territories in which the Group operates and applies to Directors, managers and all employees of the Group, as well as relevant business partners and other relevant individuals and entities.

Code of Conduct – Culture

The Company took the decision to fully refresh our ethical dealing policies and ensure that our policies are holistically integrated with our key Company values. In January, our Non-Executive Directors attended a workshop in our regional London office to review Company compliance and have focused discussions on expansion of governance, compliance, data protection, non-financial risk and ethical business initiatives. The outcome of this was the full review of our ethical dealing policies, which have been steadily rolled out, accompanied by training, to all regions this year and will continue to be rolled out during 2020.

Our Board supports the highest standards of transparency, accountability and integrity. Our new Code of Conduct is designed to guide our behaviour in all areas of decision-making, keeping our values and shared culture at the forefront of all business decisions.

The Code of Conduct offers guidance on our key values and ethical behaviour towards all stakeholders and covers issues of ethical practices, diversity and fair treatment for all, sustainability and environmental protections, health and safety, government and community relations, environmental protection, transparency, competition, anti-bribery and data protection. The Code of Conduct will be published, with training and internal communications, in 2020, and ensures that the Company's values, as endorsed by the Board, are clearly set out for all team members and integrated seamlessly into the fabric of the Company.

Our whistleblowing and anti-bribery policies and procedures were fully overhauled to ensure that each provided clear procedures that are easily understood and are relevant to our business.

The Code of Conduct will be fully integrated into the business in the year ahead, with anti-bribery and whistleblowing having been published internally and accompanied by compliance training in all regions in 2019.

BOARD RESPONSIBILITIES

Strategy. Define and set long-term objectives ensuring the necessary resources are available for the business to develop and grow in a sustainable way. Set and monitor annual operating and capital expenditure budgets and material deviations from them.

Culture. Promote a guest-focused culture, valuing integrity, transparency and respect. Working as a company building opportunities for career progression and personal growth for team members through training, development, a service mentality and ensuring our team members feel valued and empowered to succeed.

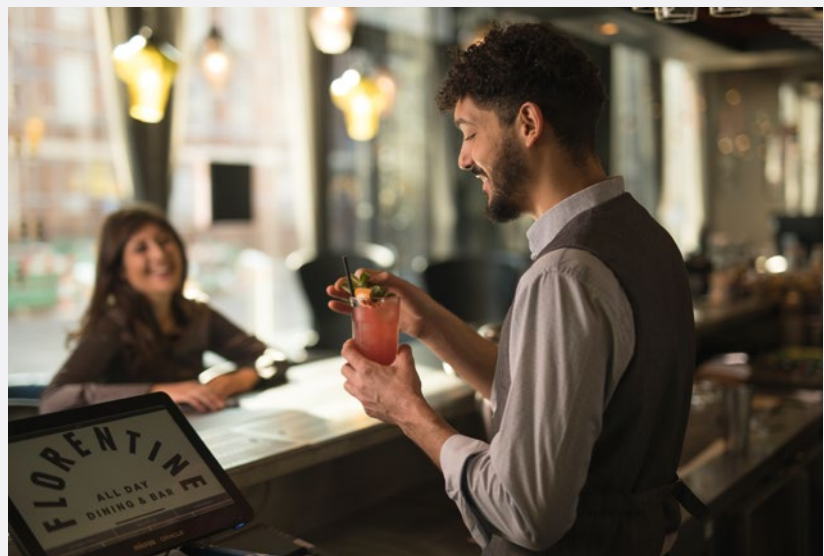
Performance. Regularly review the performance of the Group in light of its business strategy, objectives, business plans and budgets, and ensure that any necessary corrective action is taken.

Governance. Oversee resourcing, ensuring the tools are available for management and the Group as a whole to meet its objectives and measure performance against them. Ensure workforce policies and practices are both ethical and consistent with the Company's values and long-term objectives, management is capable and effective and sound planning is in place. Monitor the effectiveness of internal controls, risk management policies and compliance with all statutory and regulatory obligations across our multi-jurisdictional portfolio.

Sustainability. Regularly review business strategy to ensure that it remains appropriate for any cyclical and structural changes in the industry. Manage risk and regularly assess the adequacy and effectiveness of mitigation measures, oversee controls and ensure commercial strategy is modelled for resilience and challenging market conditions. Embed a culture that rewards personal and team performance aligned to our strategic and financial objectives to maintain and attract top talent.

Extension of Group activities. Approve any material modifications to the Group's commercial activities, ensuring significant departures from existing Group activities are considered prudently and with a clear understanding of the risks as well as the rewards, with due consideration given to the likely reaction stakeholders.

Stakeholder communications. Build and maintain successful relationships with a wide range of stakeholders, created on trust, transparency and mutual respect. Understand what matters to key stakeholders. Ensure an open discussion on objectives and constructive dialogue with all stakeholder groups.



BOARD AND COMMITTEE MEETINGS

Our Board

**Strategy. Purpose.
Culture. Communications.**

Sets the Strategy, commercial vision, leading with integrity, promoting culture.

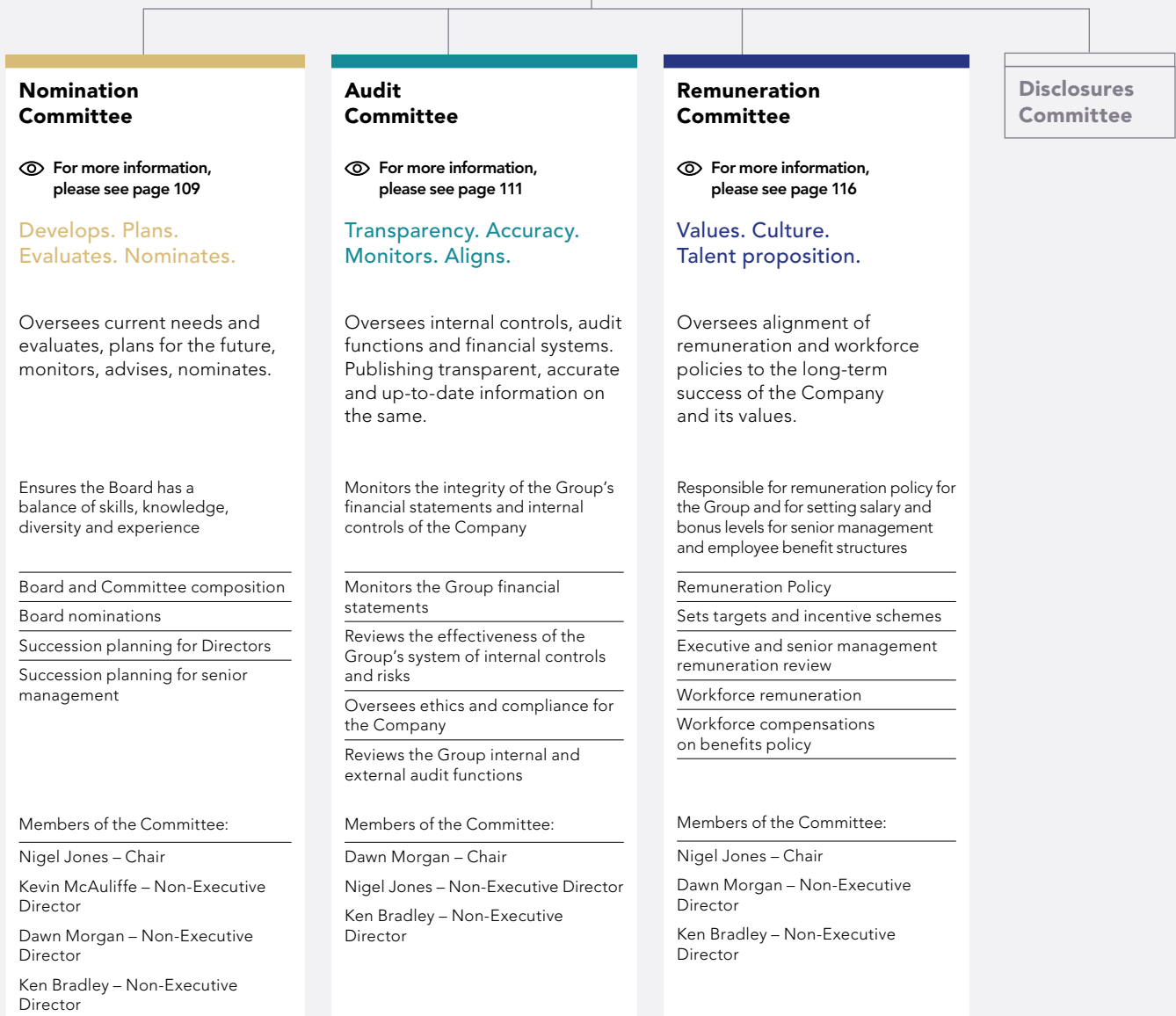
Evaluates management, overseeing resources and talent pipeline, engaging with key stakeholders.

Board Committees

In accordance with the 2018 Code, the Company has established the following committees in order to support the Board and carry out work on its behalf:

- Nomination Committee
- Audit Committee
- Remuneration Committee

Terms of reference for each Board Committee are available on the Company's website: pphe.com



BOARD AND COMMITTEE MEMBERSHIP

	B	N	A	R
Eli Papouchado	C			
Kevin McAuliffe ¹				
Boris Ivesha				
Daniel Kos				
Nigel Jones		C		C
Dawn Morgan			C	
Ken Bradley				

- B** Board of Directors
- A** Audit Committee
- N** Nomination Committee
- R** Remuneration Committee
- C** Chair

¹ Kevin McAuliffe stepped down from the Audit Committee and Remuneration Committee during 2019.

Board and Committees membership

The Board and its Committees are regularly evaluated on their composition and effectiveness to ensure that they have a wide combination of relevant skills, experience and knowledge.

Only Committee members are entitled to attend Committee meetings. However, other directors, management and advisers may be invited, at the request of the respective Chair, to provide updates, information and insights into a particular matter, answer questions and to assist the Committee in carrying out its duties.

BOARD AND COMMITTEE MEETINGS

The Board and its Committees have a sufficient number of regularly scheduled meetings to discharge their respective duties. The Board also held two unscheduled meetings in 2019. Additionally, the Board holds regular ad-hoc Board Committee meetings when and if required, for example to discuss a recent purchase of a corner site at Waterloo.



CORPORATE GOVERNANCE
CORPORATE GOVERNANCE CONTINUED

BOARD AND COMMITTEE MEETINGS ATTENDANCE

If any Director is unable to attend a meeting, they communicate their opinions and comments on the matters to be considered via the Deputy Chairman or the relevant Committee Chair. Full attendance is provided below.

Board and Committee attendance.

	Board meetings attended/ eligible to attend		Audit Committee meetings attended/ eligible to attend		Remuneration Committee meetings attended/ eligible to attend		Nomination Committee meetings attended/ eligible to attend		Ad-hoc Board Committee meetings
		%		%		%		%	
Eli Papouchado	1/6	17%	n/a	n/a	n/a	n/a	n/a	n/a	–
Kevin McAuliffe ^{1,2}	6/6	100%	2/2	100%	3/3	100%	5/5	100%	5
Nigel Jones	6/6	100%	5/5	100%	4/4	100%	5/5	100%	4
Dawn Morgan ³	5/6	83%	5/5	100%	4/4	100%	5/5	100%	4
Ken Bradley ^{4,5,6,7}	3/3	100%	1/1	100%	2/2	100%	1/1	100%	1
Boris Ivesha ⁸	5/6	83%	n/a	n/a	n/a	n/a	n/a	n/a	–
Daniel Kos	6/6	100%	n/a	n/a	n/a	n/a	n/a	n/a	–

1 Mr McAuliffe stepped down from the Audit Committee following the 2019 Annual General Meeting.

2 Mr McAuliffe stepped down from the Remuneration Committee in November 2019.

3 Ms Morgan was out of the country at the time of this Board meeting. The meeting could not be moved and was at 2am local time where she was. Her attendance was excused in advance.

4 Mr Bradley was appointed to the Board in September 2019 and therefore was only eligible to attend one Board meeting.

5 Mr Bradley was appointed to the Audit Committee in September 2019 and therefore was only eligible to attend one Audit Committee meeting.

6 Mr Bradley was appointed to the Remuneration in September 2019 and therefore was only eligible to attend two Remuneration Committee meetings.

7 Mr Bradley was appointed to the Nomination Committee in September 2019 and therefore was only eligible to attend one Nomination Committee meeting.

8 Mr Ivesha could not join one unscheduled ad-hoc Board meeting as he was abroad. His views on the discussed matters were, however, communicated to the Deputy Chairman.

Board monitoring culture

The Board and Executive Team use various tools to assess the Company's culture. The annual Climate Analysis is a leading source on the values and behaviours of the Company.

Other key sources of intelligence in determining the culture include:

- online reviews of the hotels and services received from guests,
- review of Company provided hotlines such as the whistleblowing hotline and compliance support e-hotline,
- social media posts,
- employer review sites,
- compliance training records,
- exit interviews,
- hotel audits and "other human capital metrics" that provide the Executive Team and Board with insights on the health of the culture and its alignment with the vision, strategy and purpose of the Company.

This data is regularly reviewed by the Executive Leadership Team and discussed with the Board to develop a deep understanding of the culture's health, gaps to address and steps to take to better align with the long term strategy of the Company. The Board will continue to grow its oversight in the culture and its evolution in relation to the Company purpose and strategy in line with good governance practices.



Nigel Jones
 Chairman of Nomination Committee

Nomination Committee members

Kevin McAuliffe
 Non-Executive Deputy Chairman

Dawn Morgan
 Non-Executive Director

Ken Bradley
 Non-Executive Director

Role

The work of the Nomination Committee is instrumental in supporting the Group's commitment to promoting a diverse and inclusive culture which encompasses multiple perspectives and ensuring that the Board and the Group's wider workforce at all times consists of talented and committed individuals whose business experience, age, gender, and ethnicity are varied.

Throughout the year, the Nomination Committee regularly reviews the balance and composition of the Board, its committees and the Executive Team, as well as Non-Executive Director independence, skills and tenure in light of the recommendations of the 2018 Code. It is responsible for reviewing the capabilities, talents, diversity and development strategy at the most senior levels of the business, overseeing the development of a diverse pipeline for succession and nominating suitable candidates for Board positions.

"The composition of the Board has been reviewed and shaped to ensure it fulfils the current needs of the business, the business demands going forward and is in line with the Committee's succession planning and the requirements of the 2018 Code".

NIGEL JONES
 CHAIRMAN OF THE NOMINATION COMMITTEE

Nomination Committee attendance and meetings

The Nomination Committee met five times during the year. Attendance of the individual Directors who served on the Nomination Committee throughout the year is shown in the table on page 108.

Nomination Committee's focus in 2019

Function	Actions in 2019
Board and Committee composition	<ul style="list-style-type: none"> Reviewed the composition of the Board to ensure maintenance of an appropriate balance of skills and diversity of experience to support the future growth strategy Reviewed the results and recommendations of the Board's external evaluation Oversaw the implementation of and reviewed the results of the Board internal evaluation Conducted internal assessment of the Nomination Committee's performance and constitution to ensure effectiveness Reviewed Terms of Reference of the Nomination Committee
Board nominations	<ul style="list-style-type: none"> Oversaw the recruitment process of new Directors, including short list of candidates Considered the appointment of two new Directors
Succession planning for Directors and senior management	<ul style="list-style-type: none"> Regularly reviewed and considered succession planning for the Board and senior management
Diversity and talent development	<ul style="list-style-type: none"> Considered the results of gender balance of the Company Discussed gender diversity of the Company and pathway to better top-management gendered diversity Reviewed the Board's Diversity Policy Assisted the Remuneration Committee with expenses and remuneration policies and incentives plans

Nomination Committee membership

The Nomination Committee is formed with four Non-Executive Directors, three of whom are considered by the Board to be independent and all who have no personal financial interest in the matters to be decided. The Committee is chaired by Nigel Jones, Senior Independent Director. Its other members are Dawn Morgan, Kevin McAuliffe and Ken Bradley. Nigel Keen was appointed post period end.

Succession Planning

When reviewing candidates for appointments to the Board, the Nomination Committee considers the current skillset and experience of the Board against the future needs and long-term succession planning in light of the Group's strategy and needs. An independent review as to the effectiveness of the Board and its committees was concluded in February 2019 and provided the framework for the Nomination Committee to review the composition of the Board and identify the skillsets that would best compliment the Board. The Nomination Committee further

considers the Board's composition, diversity and how effectively its members work together to achieve objectives as set out in the relevant Terms of Reference, when suggesting both new appointments and endorsing the re-election of existing Board members. Due consideration is also given to the length of service of the Board as a whole. Crucially, the Executive Directors were not present at the Nomination Committee meetings held over the course of the year providing the Committee with an opportunity to objectively review the balance of the Board and openly consider its succession plans.

The Nomination Committee's succession planning programme seeks to ensure that board succession is considerate of the overall existing composition, skillset and tenure of the Board in order to maintain a well-rounded balance of individuals whilst preserving the stability and continuity of the Board. In light of the above objectives and in consideration of both the requirements of the Code and independent shareholder views concerning tenure, Nigel Jones will be retiring from the Board and the Nomination

Committee, and will not stand for re-election at the 2020 AGM. As such, the Board led by the Nomination Committee, actively progressed with the appointment of two Non-Executive Directors; Ken Bradley and Nigel Keen, post period end.

New appointments

The Nomination Committee leads the process for appointments. Following the independent review of the effectiveness of the Board carried out in February 2019; in light of Nigel Jones’ retirement from the Board and the Nomination Committee; and in light of Kevin McAuliffe vacating his independent directorship following his appointment as Deputy Chairman, the Nomination Committee identified that the two new Non-Executive Directors to be appointed over the course of 2019 should have relevant banking, risk management and property expertise.

The Nomination Committee started its search by appointing OSA Recruitment, a local Guernsey-based external search consultancy practice. The Nomination Committee informed OSA Recruitment of the skills and experience that they were looking for and directed them to put forward a range of candidates with a focus on skill set and diversity. OSA undertook an advertising campaign which resulted in five candidates being shortlisted by the Nomination Committee and led to the appointment of Ken Bradley in September 2019.

The Nomination Committee concluded that Ken’s banking and risk management experience (particularly his experience as Guernsey Island Director of Barclays Bank) would add to the skill set of the Board.

Following the successful appointment of Ken Bradley, the Nomination Committee then sought to appoint a candidate with property expertise. The Nomination Committee used external search consultancy, Forster Chase, to find the second candidate. Foster Chase participates in the Voluntary Code of Conduct for Executive Search Firms.

Five candidates were shortlisted and interviewed. Through this process and the evaluation of candidates against the Nomination Committee’s criteria, it was clear that Nigel Keen was the candidate that offered the most appropriate skills for the position and was duly appointed on 20 February 2020. Nigel Keen, a Chartered Surveyor, brings a wealth of experience in property development and construction, having served as Property Director for Tesco and more recently Waitrose.

When considering candidates for appointment, the existing commitments of candidates are also considered in light of the time commitment required to engage with key stakeholders, understand the business, carry out the duties required for a Non-Executive Director and avoid conflicts of interest. Prior Board approval is required by a Director wishing to take on an additional external appointment.

Induction training and development

Following each new appointment, a bespoke training programme is arranged for the relevant new director to introduce them to the various elements of the business allowing them to better understand its operation and aspirations so that they may provide improved contributions to the Board. This induction process, full details of which are set out on page 98, also covers relevant laws (e.g. Money Laundering, the Market Abuse Regulation, the Listing Rules and the Disclosure Guidance and Transparency Rules).

PPHE is the top Company amongst FTSE 350 full-service hotels for women’s representation of combined senior team and their direct reports.

Diversity and talent recruitment

As the designated Non-Executive Director for workforce engagement, Kevin McAuliffe takes proactive efforts to understand the views of the workforce and ensure they are communicated and well reflected in Nomination Committee, Audit Committee and Board discussions. This insight into the views of the workforce assisted the Nomination Committee in its work of monitoring the diversity and culture of the workforce over the course of 2019.

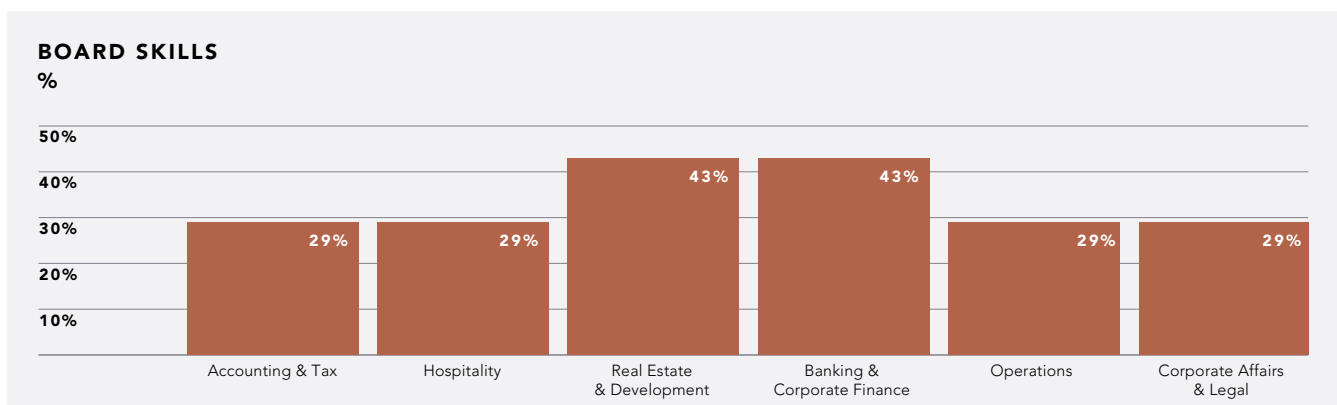
During the year, the Nomination Committee also reviewed the Diversity Policy and analysed gender diversity across the business. The results were positive and showed a good balance across the senior members of all teams. The Nomination Committee considers that this balance is important to ensure that there is an appropriate balance at senior positions in the future. A snapshot summary of the diversity of the Company at board level and in leadership roles two layers below the Board is set out on page 102.



NIGEL JONES
 CHAIRMAN OF
 NOMINATION COMMITTEE

“We as a Board have considerable opportunities to shape the culture of the Company through our responsibilities around compensation and succession planning. We recognise that the leadership pipeline must reflect the Company’s values in order to safeguard the sustainability of the Company and its culture.”

KEN BRADLEY
 NON-EXECUTIVE DIRECTOR AND
 MEMBER OF THE NOMINATION
 COMMITTEE





Dawn Morgan
Chairwoman of Audit Committee

Audit Committee members

Nigel Jones
Non-Executive Director & Senior Independent Director

Ken Bradley
Non-Executive Director

Role

The Audit Committee plays a key role in assisting the Board to:

- observe its responsibility of ensuring that the Group’s financial systems provide accurate and up-to-date information on its financial position;
- ensure the Group’s published consolidated financial statements and announcements represent an accurate and fair reflection of its financial position;
- ensure that appropriate accounting policies, internal financial controls and compliance procedures are in place; and
- review the external audit process as well as the external auditor’s independence.

The Audit Committee receives and reviews information from the Chief Financial Officer, the Chief Corporate & Legal Officer, the internal legal, compliance, audit and risk teams and the external auditors regularly throughout the year in order to allow it to carry out its functions.

The Board considers that the work and composition of the Audit Committee complies with the 2018 Code.

Audit Committee’s Focus in 2019

Function	Actions in 2019
Monitor the Group’s financial statements	<ul style="list-style-type: none"> • Reviewed financial statements, associated announcements and announcement timetable • Reviewed the form and content of the Annual Report to ensure that it was fair, balanced and clear • Reviewed interim results for the period ended 30 June 2019 • Reviewed the viability statement and ensured that the model used for scenario and sensitivity testing clearly aligned with the principal risks of the Group
Ensure that the Group’s financial systems provide accurate and up-to-date information on its financial position	<ul style="list-style-type: none"> • Reviewed and considered the performance of the Group’s assets throughout the year • Reviewed and considered the Group’s refinancing activities • Approval of budget
Review the effectiveness of the Group’s system of internal controls and risks	<ul style="list-style-type: none"> • Reviewed and considered the effectiveness of financial controls and internal control and risk management systems against action plans • Monitored and reviewed the effectiveness of internal audit function • Reviewed Whistleblowing Policy • Conducted internal assessment of the Audit Committee’s performance and terms of reference to ensure effectiveness • Oversaw the appointment and progress of the Enterprise Risk Manager • Monitored enforcement principle in subsidiaries • Received updates on enterprise risk management • Updated principal risk schedule and Enterprise Risk Management framework • From the monthly management information provided, ensured that any required remedial action on any identified weaknesses was implemented
Oversee ethics and compliance for the Group	<ul style="list-style-type: none"> • Regularly reviewed IT risks and cyber security and procured a cyber-insurance policy • Reviewed governance standards of the Group and its subsidiaries • Reviewed data privacy matters and procedures • Reviewed and considered updated Significant and Related-party Transaction Policy • Monitored arrangements with related parties • Organised and analysed the outcomes of operational site visits to Park Plaza Nottingham and Park Plaza Leeds
Review the Group’s external audit function	<ul style="list-style-type: none"> • Monitored and assessed the quality and effectiveness of external audit function • Approved the terms of external audit engagement

Audit Committee membership

The Audit Committee comprises the following independent Non-Executive Directors, each having relevant skills and experience as prescribed by the UK Corporate Governance Code:

- Dawn Morgan brings valuable insight through her role as our Audit Committee Chair. Dawn is a Chartered Accountant and a former Finance Director and Company Secretary. These previous roles together with her robust experience in all aspects of

commercial finance (including treasury and strategic aspects), allow her to provide strong leadership to the Audit Committee in carrying out its duties and responsibilities;

- Nigel Jones has substantial experience of dealing with financial matters as well as relevant experience in the property and construction industries; and
- Ken Bradley brings a wealth of recent banking (as well as general financial and managerial) experience.

This combined breadth of relevant financial experience is such that the Board is satisfied that the members of the Audit Committee can properly discharge their duties in light of the nature of the Group's business and the sector in which it operates. The Board is supportive of the more active role the Committee has taken over the 2019 financial year following the Company's transfer to a premium listing (in particular by leading risk work streams as further explained below) and believes that the addition of Ken to the committee has complemented its existing skill set.

Kevin McAuliffe's membership of the Audit Committee came to an end at the 2019 Annual General Meeting following the successful completion of the handover to Dawn Morgan as the new Chairwoman of the Audit Committee. As Nigel Jones will also be retiring and not seeking election at the 2020 Annual General Meeting, the Nomination Committee has conducted a careful search for a Non-Executive Director with the expertise to suitably step in to the upcoming vacancy on the Audit Committee. This search has resulted in the appointment of Nigel Keen to the Board and Audit Committee.

External audit and external auditors

Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, are the Company's current external auditors and were re-appointed for a tenure of one year at the Company's last Annual General Meeting.

The Audit Committee considers the appointment, re-appointment and removal of the external auditors, reviews their terms of appointment and negotiates fees on behalf of the Board prior to making recommendations through the Board to the shareholders to consider at each Annual General Meeting.

A formal tender process was last carried out in 2014 and under current regulations we will be required to retender the audit by no later than the 2024 financial year. Our current engagement partner at Kost Forer Gabbay & Kasierer has only been in the post since 2017. Taking this and a review of other relevant factors (outlined below) into account, the Committee has concluded that there is no reason to consider an audit retender at this time.

Kost Forer Gabbay & Kasierer have expressed their willingness to continue in office as auditors and a resolution to re-appoint them for a tenure of one year will be proposed at the forthcoming Annual General Meeting. If approved, this will be Kost Forer Gabbay & Kasierer's sixth year of appointment as the Company's external auditors.

Over the course of the Audit Committee meetings held this year, the Committee has considered in detail the reports and financial statements produced by Kost Forer Gabbay & Kasierer and monitored their progress and the quality of the work produced. The Committee also arranged for Kost Forer Gabbay & Kasierer to present their findings to them following their annual audit review, which provided the Committee with a forum to raise queries and questions. The findings of the Audit Committee were then discussed with the Board and other relevant management functions. Following this analysis, the Board can confirm that it is satisfied with the Group's external audit functions and the integrity of its financial and narrative statements.

The Audit Committee also reviewed the independence and objectivity of the external auditors and reported to the Board that it considered that the external auditors' independence and objectivity were maintained. This review included discussions with the external auditors at various meetings, reliance on the external auditors' own internal controls for compliance with independence rules and ensuring compliance with the Non-Audit Services Policy (as further described below). When evaluating the independence of the external auditors, the Audit Committee also took into consideration the quality of the audit produced, the constitution of the audit team being used by Kost Forer Gabbay & Kasierer, communications between management and the external audit team and generally how the external audit team interacts with and challenges management.

Additional actions to evaluate the performance of the external auditors included: (i) a review of questionnaires that had been tailored for and completed by senior finance personnel who were exposed to the audit process within the Group to obtain their input on the effectiveness of the external audit process. The feedback was positive and showed an overall level of satisfaction, and (ii) meetings with management to discuss the performance of the external auditors without them being present.

The audit fees amounted to £350,176 (2018: £315,000) and the non-audit fees amounted to £4,727 (2018: £211,000).

A Non-Audit Services Policy drafted by the Audit Committee was formally adopted by the Board during 2019. The policy sets out the circumstances and financial limits within which the auditors may be permitted to provide certain non-audit services. The Audit Committee monitors compliance with this policy.

The Audit Committee considered whether the provision of the non-audit services during the year would impact on the objectivity and independence of the auditors taking into account the Non-Audit Services Policy and was comfortable that this work did not.

Internal audit

The Audit Committee monitors and reviews the effectiveness of the internal auditor and internal audit function, agrees the annual work plan and reviews whether the internal auditor has the proper resources to enable him to satisfactorily complete such work plans. It also reviews status reports and considers management's response to any major findings, providing support, if necessary, for any follow-up action required, and ensures that the team obtains free and unrestricted access to all Group activities, records, property and personnel necessary to fulfil its agreed objectives. To analyse audit effectiveness, the Audit Committee meets with management to discuss the performance of the internal auditor without him being present. Separate meetings are also held with the internal auditor without the presence of any member of management. The Audit Committee concluded that the internal audit function, in conjunction with the external audit, provided effective assurance over the Group's risks and controls environment and was operating effectively. There were no significant concerns raised.

Enterprise Risk Management (ERM)

The Audit Committee monitors the Group's risk management system and controls to review their efficacy. The Group's risk profile and mitigating activities are also regularly monitored by the Audit Committee, who are kept informed of emerging business risks and concerns. Informed by these activities, the Group risk-reward strategy is set by the Board at the recommendation of the Audit Committee.

Risk which is inherent to all businesses either by region, standard business activity, nature of our industry or due to social and geopolitical causes are also reviewed by the Audit Committee with the aim of implementing appropriate controls and monitoring systems. When reviewing risks, the Audit Committee takes into account material external socioeconomic and geopolitical matters.

As further explained on page 111, the Audit Committee appointed a new enterprise risk manager this year to enhance its approach to ERM by undertaking a thorough review of the risks threatening the business. Our ERM manager has worked with the various business functions in order to formulate: (i) functional level risk registers; (ii) an emerging risk profile; and (iii) a revised ERM framework. The Audit Committee set out both the key objectives and work plan for the ERM manager at the beginning of this process and was then involved in reviewing and challenging his output. He reports directly to the Audit Committee.

The detailed assessment of the principal risk, emerging risks and uncertainties facing the Group is included on pages 42 to 46.

Financial reporting

Prior to submission to the Board, the Audit Committee monitors the integrity of the financial statements and Annual Report and Accounts (Annual Report) and confirms that they have been properly prepared in accordance with IFRS (as adopted by the European Union) and the requirements of Guernsey law.

The Audit Committee reviews draft annual and interim reports before recommending their approval and publication to the Board. The Audit Committee discusses with the Chief Executive Officer, Chief Financial Officer and external auditors the significant accounting policies, estimates and judgments applied in preparing these reports. In relation to the 2019 financial statements, the significant issues considered were the following:

- The approach that should be taken by management in relation to the disclosure requirements under IFRS 16 and how to ensure a smooth transition of the Group's disclosure in its financial statements. The Audit Committee particularly considered the discount rates proposed by management in calculating lease liabilities with the external auditors and concluded that the disclosures in the financial statements were appropriate
- The treatment of the Group's investment in the New York joint venture. When considering this issue, the Audit Committee held discussion with management and reviewed the joint venture agreement. Following this, the Audit Committee agreed that the decisions over the joint venture were made jointly with Largo 542 West 29th Street Partners LLC. It was, therefore, concluded that the treatment of the investment in the joint venture according to the equity method and its presentation in the financial statements were appropriate


In addition, the other significant issues generally considered relate to the complexity of the financial statements due to the size of the Group and the multiple legal entities.

The Audit Committee also reviews the reports to shareholders and any other public announcement concerning the Group's financial position, corporate governance statements and statements on the Group's system of internal controls and reports its views to the Board to assist in its approval of the results announcements and the Annual Report. The Audit Committee has reviewed the Annual Report and Accounts. In its opinion, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Whistleblowing Policy

The Audit Committee is also responsible for reviewing arrangements by which staff may, in confidence, raise concerns about possible improprieties in any matters, including financial reporting, and ensuring that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action. The Company has a Whistleblowing Policy in place which was fully refreshed by the Audit Committee, approved by the Board and translated into all languages where the Company operates and offers a 24-hour hotline for all team members to call with concerns where they can speak with an English speaker or a speaker of the region's national language. This Whistleblowing Policy:

- encourages employees to report suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate, and that their confidentiality will be respected;
- provides employees with guidance as to how to raise those concerns; and
- reassures employees that they should be able to raise genuine concerns in good faith without fear of reprisals, even if they turn out to be mistaken.

 For more on the Whistleblowing Policy see page 106 in the Ethics and Compliance section.

Audit Committee attendance and meetings

The Audit Committee met five times during the year and received monthly financial updates from the Chief Financial Officer and Chief Operating Officer on the Group's performance. Attendance of the individual Directors who served on the Audit Committee throughout the year is shown in the table on page 113.



DAWN MORGAN
CHAIRWOMAN OF THE
AUDIT COMMITTEE



Nigel Jones
Chairman of
Remuneration Committee

**Remuneration
Committee members**

Dawn Morgan
Non-Executive Director

Ken Bradley
Non-Executive Director

It is my pleasure to present the Director's Remuneration Report for the year ended 31 December 2019. As I will be retiring from the Board following the 2020 AGM, I would like to take the opportunity to thank my colleagues on the Remuneration Committee and the Board.

2020 will be our first full financial year of inclusion in the FTSE 250 Index. Accordingly, the Remuneration Committee spent much of the 2019 year assessing our current policy and introducing appropriate changes effective as of 2020 commiserate with the Company's Listed status and FTSE constituency.

As a Guernsey incorporated company, we are not required to comply with the Companies Act 2006 requirements for remuneration reporting. However, the Committee is minded of investors' expectations and takes these into consideration when formulating the remuneration policy of the Company.

As an initial step we appointed Pearl Meyer an independent external remuneration advisor in 2019, to assess the current remuneration policy against the market to ensure we are situated to attract and retain talent. Pearl Meyer is a leading advisor to Boards on Executive Compensation operating in the US, UK and EMEA markets with a range of Fortune 500 and FTSE 300 companies.

REMUNERATION COMMITTEE'S FOCUS IN 2019

The Board's areas of focus in 2019 are expected to include:

Function	Actions in 2019
Remuneration Policy	<ul style="list-style-type: none"> Reviewed Remuneration Policy
Sets targets and incentive schemes	<ul style="list-style-type: none"> Reviewed and considered incentive schemes
Executive and senior management remuneration review	<ul style="list-style-type: none"> Reviewed remuneration of senior management Reviewed senior team expenses policy Considered benchmarking exercise for executive remuneration
Workforce remuneration and benefits policies	<ul style="list-style-type: none"> Reviewed team expenses policy

Fundamentally, our work in creating our new policy was about finding a balance: ensuring that remuneration structures are planned in a way that incentivises the team to look after the medium-to-long term interests of stakeholders when executing the Company's strategy while allowing sufficient flexibility for us to recruit and retain the best people to deliver on that strategy. Our design of the remuneration policy was focused on the strategic rational for executive pay and the links between remuneration, strategy and long-term sustainable success. When considering the policy for the executive directors and leadership team we also considered the alignment with the workforce.

As an international company, we source talent in various regions, in an increasingly competitive marketplace, so a "one-size-fits-all" approach to remuneration is not well suited for our business. We remain cognisant of best practice in the UK and the expectations of our institutional shareholders in terms of compensating our executive team, as well as the need to have in place fair employment and remuneration practices across the wider workforce.

This report provides our annual report on remuneration for 2019, however we have opted to include our 2020 policy and scheme information as the second part of this Remuneration Report.

Review of 2019

During the year, the Committee reviewed our existing approach to remuneration, alongside the Nomination Committee, and reviewed and advised on implementation of our long term succession planning programme for the Board, senior management team and in consideration of recruitment of a new Board members.

Our remuneration considerations were all viewed in light of the inclusion in the FTSE 250 and the expansion of the 2018 Code which came into effect in 2019. Given the expansion of the Committee's remit under

the new version of the Code, we wanted to consider the new requirements and how they will impact our work as a Committee.

Changes in committee membership

In 2019, we welcomed one new committee member and saw one committee member step down. Kevin McAuliffe, stepped down from the committee in November 2019. Ken Bradley was appointed to the Board and joined the committee as a member in September 2019. As of the date of publication, an additional independent Non-Executive Director was appointed to the Board, Nigel Keen, who joined the Remuneration Committee, effective as of the date of his appointment.

Looking ahead in 2020

In 2020, the Committee will continue to integrate the principals of the Code in our remuneration policy while considering remuneration for Executive Directors, Company leadership and the workforce. We stand ready to consider any future Executive Director appointments that may be made during the year.

We will continue to strive to apply best practice when it comes to our remuneration policies and practices and listen carefully to feedback from our shareholders.

On behalf of the Board



NIGEL JONES
CHAIRMAN OF THE
REMUNERATION COMMITTEE

Committee Governance

The Remuneration Committee, consisted of three Non-Executive Directors in 2019, and consists of four Non-Executive Directors as of the date of this report, all of whom are considered (or were, as applicable, during their tenure) independent by the Board. There were five scheduled Committee meetings in 2019; for information on attendance, please refer to page 108.

The Chief Executive Officer, Chief Financial Officer and Chief Corporate & Legal Officer are invited to attend meetings as appropriate. The Committee considers their views when reviewing the remuneration of Executive Directors and other senior executives; however, no Directors are involved in the consideration of their own remuneration.

The Chief Corporate & Legal Officer acts as an adviser to the Committee and Pearl Meyer was appointed to provide market data in support of a remuneration consultant to support the work of the Committee.

No member of the Committee has any personal financial interest in the matters to be decided by the Committee or involvement in the day-to-day management of the business of the Company.

Role

The Committee’s terms of reference are available at www.pphe.com.

The terms of reference are regularly reviewed to ensure compliance.

Summary of the 2020 remuneration policy

A summary of the policy is included for reference to assist with the understanding of the contents of this report.

The following table sets out each element of remuneration and how it supports the Company’s short- and long-term strategic objectives.

The Company considered a number of reports prepared by Pearl Meyer which were used as a guide to establish the remuneration policy going forward. The 2020 remuneration policy is primarily comprised of four main incentives being base salary, annual bonus, long term incentive plan as well as a retention bonus, details of which are included in the table below.

2020 Remuneration Policy – base salary

Purpose and link to strategy	Salaries are a key component of the reward package in attracting, motivating and retaining executives who are instrumental in driving and growing the business and delivering the Company’s strategic goals.
Operation	Salaries in the Group are based on the value of the individual, the level of responsibility, experience and market conditions. Salaries are reviewed at least annually but are not necessarily increased. The Committee may award salary increases at other times of the year if it considers such an award to be appropriate. In reviewing salaries, account is taken of market conditions, significant changes in role, pay and conditions elsewhere in the Group, inflation and budgets.
Maximum	The salary payable to Executive Directors will normally be capped at the upper quartile of the relevant market benchmark for the role under review. This maximum salary represents the highest end of the range at which the Committee would expect the base salary to be set, rather than the actual amount to be paid. Salaries will be set on a case-by-case basis to reflect the role and the experience and qualifications of the individual. There is no separate cap on the annual increase to base salaries. However, the Committee will normally determine the appropriate level of increase for Executive Directors taking into account the general level of increase for the broader workforce, but on occasion may need to make a more significant increase to recognise additional responsibilities, or an increase in the scale or scope of the role.

2020 Remuneration Policy – annual bonus

Purpose and link to strategy	<p>The Chief Financial Officer and other members of the Leadership Team are eligible to participate in an annual bonus scheme to:</p> <ul style="list-style-type: none"> • incentivise executives to drive Group strategy and performance over the short term; and • ensure that a significant proportion of the total reward of executives' packages is linked to performance during the year.
Operation	<p>The performance period for annual bonuses corresponds with the financial year. Bonus measures, weightings and targets are set annually at the start of the financial year by the Committee which retains discretion to revise any calculated bonus if it is felt to have become misaligned with the Group's performance.</p> <p>Payment of the annual bonus is normally contingent on the employee still being employed by the Group at the time of payment.</p> <p>Annual bonus is not pensionable. The Committee may defer and pay a proportion (up to 40% of the earned annual bonus) in shares which vest after two year of grant and must be held for two years after vesting. No performance conditions apply to such deferred bonus shares, but their release is subject to continued employment over the vesting period. Deferred bonus share awards would be eligible, at the Committee's discretion, for a dividend equivalent.</p> <p>The bonus plan includes clawback and malus provisions.</p>
Performance	<p>50% of the bonus opportunity will be linked to financial performance, with the remainder linked to non- financial measures, which may include personal objectives and other non-financial operational measures as determined by the Committee, such as corporate social responsibility performance targets. However, the Committee has discretion to vary those percentages by plus or minus 10% for any year to reflect particular corporate objectives. Financial measures may include, but are not limited to, operating profit, revenue and revenue per available room.</p> <p>The Committee determines bonus performance measures, weightings and targets annually which are closely aligned with the Group's short-term strategic priorities. Targets for financial measures are set by reference to the Group's budget, while the personal element of the bonus is driven by personal performance objectives set at the start of the year.</p>

Long-term incentive plan awards

A long-term incentive plan has been put in place for 2020 for our Chief Financial Officer and other members of the Leadership Team. The purpose of the new long term incentive portion of our upcoming Remuneration Policy is to ensure that remuneration is linked to the successful delivery of the Company strategy and is awarded in a formal and transparent manner.

Purpose and link to strategy	<p>The Company's 2020 Long-Term Incentive Plan ("LTIP") forms the long-term variable element of executive remuneration at the Company and is intended to incentivise long-term outperformance. The LTIP allows for the award of performance shares and nil cost share options.</p> <p>LTIP awards will normally comprise awards of performance shares, which are aimed at: driving and rewarding sustainable performance over the long term; aligning the interests of executives and shareholders; and supporting retention.</p>
Operation	<p>Performance share awards shall normally vest on the third anniversary of the date of grant, subject to the achievement of performance conditions over three years, continued employment with the Group and the rules of the Plan. LTIP awards may additionally be subject to an additional post-vesting holding period (of up to two years). There is no re-testing of performance conditions under the Plan. The Plan allows dividends or dividend equivalents to accrue, subject to the Committee's discretion.</p> <p>The Plan includes clawback and malus provisions.</p>
Performance	<p>The performance criteria attached to the LTIP is focused on a blend of measures including total shareholder return ('TSR'), earnings growth and net asset value growth, to fully align with the performance measures of the strategic priorities of the Group.</p>
Maximum	<p>The maximum annual value of performance shares and nil cost share options awarded under the LTIP is 150% of base salary. The level of award is otherwise determined by the Committee at the time of grant, details of which will be disclosed in the relevant Annual Report on Remuneration.</p>

Pension

Purpose and link to strategy	The provision of retirement benefits supports the Company in attracting and retaining executives and promoting long-term retirement planning.
Operation	A defined cash contribution may be made into either a Company sponsored pension plan or a private pension plan or as cash in lieu of pension.
Maximum	Pensions are awarded in line with the practice applicable country of employment of the relevant employee.

Other benefits

Retention bonus	The retention bonus provides an additional payment outside of base salary. It ranges in fixed amounts accruing per year with duration of the plan per individual ranging from three to five and a half years depending on the role and contribution to the delivery of the strategy.
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Directors' fees

Base Fee	Fees paid to Non-Executive Directors are determined by the Board as a whole taking into account the time commitment and responsibilities. Their purpose is to attract and retain Non-Executive Directors.
Chairman fee	In the case of the Chairman and Deputy Chairman, both receive a set fee which is set by the Nomination Committee and agreed by the Board. The Chairman's fee is determined by taking into account the time commitment and responsibilities of the role, as well as the role holder's skills, gravitas and qualifications to lead the Board.
Additional fees	Non-Executive Directors are paid an additional fee for being Senior Independent Director, a member of a Board Committee and for chairing a Board Committee.
Appointment term and other matters	<p>The Independent Non-Executive Directors each have rolling letters of appointment which may be terminated by either party on three months' notice. Non-Executive Directors are not entitled to bonuses, benefits or pension scheme contributions or to participate in any share scheme operated by the Company.</p> <p>In addition to any remuneration payable, a Non-Executive Director may be paid reasonable travel, hotel and other expenses properly incurred in discharging the Director's duties. Fees cease immediately in the event the Non-Executive Director ceases to be a Director.</p> <p>Directors are entitled to the benefits afforded by the Group's Directors and Officers Insurance.</p>
Termination	<p>Boris Ivesha has a rolling contract which may be terminated on 12 months' notice by the Group or on six months' notice by Boris Ivesha.</p> <p>Daniel Kos has a rolling contract which may be terminated on six months' notice by the Group or on three months' notice by Daniel Kos.</p> <p>There are provisions for earlier termination by the Group in certain specific circumstances.</p> <p>Each Non-Executive Director has specific terms of appointment. The Chairman's letter of appointment provides for an indefinite term. The Board believes that Eli Papouchado's extensive experience and knowledge of the Group's business, as well as the hotel business generally, justify this departure from the recommendations of the Code. Dawn Morgan's letter of appointment provides for a fixed term expiring on the sixth anniversary of her appointment, subject to re-election at each Annual General Meeting.</p> <p>Kevin McAuliffe's and Nigel Jones' respective letters of appointment provide for a fixed term expiring on 14 June 2021, subject to re-election at each Annual General Meeting, noting however that only Kevin McAuliffe will be standing for re-election at the 2020 Annual General Meeting.</p> <p>All the Non-Executive Directors' appointment letters (including the Chairman's) are subject to termination by either side on three months' notice.</p> <p>Other than salary and benefits in relation to the notice period, the letters of appointment contain provisions for termination by the Group in certain specific circumstances. Details of the contract dates and notice periods are set out in the table below. The letters of appointment are available for inspection at the Company's registered office.</p>

CORPORATE GOVERNANCE
DIRECTORS' REMUNERATION REPORT CONTINUED

Terms of appointment

Director	Date of appointment	Term of appointment	Notice period
Eli Papouchado	26 June 2007	Indefinite	3 months
Boris Ivesha	14 June 2007	Indefinite	12 months from Group, 6 months from Boris Ivesha
Daniel Kos	27 February 2018	Indefinite	6 months from Group, 3 months from Daniel Kos
Kevin McAuliffe	15 June 2007	14 June 2021	3 months
Nigel Jones	26 June 2007	14 June 2021	3 months
Dawn Morgan	19 May 2016	9 March 2022	3 months
Ken Bradley	4 September 2019	AGM – 2021	3 months
Nigel Keen	20 February 2020	AGM – 2021	3 months

Remuneration on recruitment

Reward packages for new Executive Directors will be consistent with the above Remuneration Policy. Fixed remuneration elements would be paid only from the date of employment and any bonus will be pro-rated to reflect the proportion of the year employed. The maximum level of variable remuneration is as stated in the policy table above.

Termination payments

The Company's normal policy is to limit payments to Executive Directors on termination to contractual entitlements under their service agreements and the rules of any incentive and pension plans. There is no automatic entitlement to bonus as part of the termination arrangements, and the value of any terminating arrangement will be at the discretion of the Committee, having regard to all relevant factors. This Committee maintains discretion if the Committee determines the Executive Director is on good leaver status.

Annual report on remuneration

Audited information

Single total figure of remuneration for each Director in 2019

The total remuneration for each person who served as a Director of the Company during 2019 is set out in the table below:

Position	Base salary and fees		Additional remuneration		Bonus		Pension contributions		Retention award		Other benefits		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Boris Ivesha President & CEO	426,542	416,953	-	-	-	-	100,000	100,000	-	-	5,107	20,146	531,649	537,099
Daniel Kos CFO	228,996	181,655	-	-	60,000	39,859	13,131	11,956	52,526	21,258	-	-	354,653	254,729
Eli Papouchado Non-Executive Chairman	200,000	200,000	-	-	-	-	-	-	-	-	-	-	200,000	200,000
Kevin McAuliffe Non-Executive Deputy Chairman	100,000	85,927	10,000	-	-	-	-	-	-	-	-	-	110,000	85,927
Ken Bradley Non-Executive Director	18,100	-	-	-	-	-	-	-	-	-	-	-	18,100	-
Nigel Jones Senior Independent Director	65,625	59,624	10,000	-	-	-	-	-	-	-	-	-	75,625	59,624
Dawn Morgan Non-Executive Director	59,048	51,526	10,000	-	-	-	-	-	-	-	-	-	69,048	51,526
Chen Moravsky Non-Executive Director	-	21,500	-	-	-	-	-	-	-	-	-	-	-	21,500
	1,098,311	1,017,185	30,000	-	60,000	39,859	113,131	111,956	52,526	21,258	5,107	20,146	1,359,075	1,210,405

Chen Moravsky stood down as a Non-Executive Director on 12 June 2018

Ken Bradley was appointed to the Board on 4 September 2019

The CFO's remuneration is denominated in € and converted to £ at average exchange rate for presentation purposes

Mr Ivesha is a significant shareholder and therefore, the Committee is satisfied that he is appropriately incentivised to deliver the mid-to-long term strategy of the Company without additional bonus payments being awarded.

Three Non-Executive Directors received additional remuneration of £10,000 each in 2019, which related to the extra time commitments due to the Company's admission to the Premium Listing in 2018.

Options

	Number of options	Number vested as at 31 Dec 2019	Exercise price
Daniel Kos	50,000	50,000	£6.90
	25,000	8,333	£14.30

Gender pay gap

We calculate and publish our annual gender pay gap in accordance with the criteria provided by the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. As required by legislation, this information is based on snapshot of data as at 5 April 2018. Further information can be found at <https://www.pphe.com/responsibility/responsible-reporting>.

Our gender pay gap report, prepared for our two UK operating subsidiaries at a hotel level, reflects the industry's challenge of attracting applicants of both genders for roles where traditional gender associations exist. We are working with peers and through UKHospitality, a trade association for the UK hospitality industry, to raise awareness and promote all roles to be attractive to any gender. We have seen successes in women applying for engineering and chef roles and men going into housekeeping, meeting and event, sales and front office receptionist positions through our apprenticeship programme. This gap will close over time with continued cross-industry initiatives.

We will continue to implement strategies to minimise this gap and ensure we are doing our part to discourage the gender stigma that accompanies certain jobs within our hotels, such as housekeeping and maintenance support. Accordingly, we will continue to measure our gender pay regularly to ensure that what we are doing is having the desired effect, and if not, what we can do differently.

CORPORATE GOVERNANCE
DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2019.

The Strategic Report and Directors' Report together are the Management Report for the purposes of Rule 4.1.8R of the DTR.

The following matters have been included in the Strategic Report but are incorporated by reference into this Directors' Report:

Topic	Section of the report	Page
Fair view of the Company's business	Strategic Report	2 to 89
Principal risks and uncertainties	Strategic Progress in 2019, Our Approach to Risk Management and Principal Risks and Uncertainties	36 to 46
Strategy	Strategic Report	18 and 19, 36 and 37
Business Model	Our Business Model	18
Important events impacting the business	Strategic Report	2 to 89
Likely future developments	Strategic Report	32 to 35
Financial key performance indicators	Highlights	Highlights
Non-financial key performance indicators	Stakeholder engagement, team member engagement	74 to 79
Environmental matters	Responsible Business	80 to 89
Company's employees	Highlights	Highlights
Social, community and human rights issues	Responsible Business	80 to 89
S172 and relationship with suppliers, customers and others	Chairman's statement	9
Greenhouse gas emissions	Responsible Business	88
Directors' induction and training	Directors' induction	98

The following matters have been included in the Corporate Governance Report but are incorporated by reference into this Directors' Report:

Gender breakdown of Board and Leadership	Diversity	102
Ethnic background of Board and Leadership	Diversity	102
Diversity characteristics of Board and Leadership	Diversity	102

Appointment and replacement of Directors

Pursuant to the Articles, the Board has the power to appoint any person to be a Director. At every general meeting, a minimum of one third of the Directors shall retire from office. No person, other than a Director retiring at a general meeting, shall, unless recommended by the Directors, be eligible for election at a general meeting as a Director unless notice has been received from such person. In accordance with the Code and good corporate governance practice, the entire Board will stand for re-election at the forthcoming Annual General Meeting.

Pursuant to the Articles, Euro Plaza Holdings B.V. ('Euro Plaza') may:

- nominate two Non-Executive Directors to the Board for so long as Euro Plaza and its associates directly or indirectly control at least 30% of the issued shares in the Company; and
- nominate one Non-Executive Director to the Board for so long as Euro Plaza and its associates control at least 10% but less than 30% of the issued shares of the Company.

Pursuant to the Articles, Molteno Limited may nominate one Non-Executive Director to the Board for so long as Molteno Limited and its associates directly or indirectly control at least 10% of the issued shares in the Company.

The shareholders may, by ordinary resolution, resolve to remove any Director before the expiration of his or her period of office and appoint a replacement Director.

Share capital

The issued share capital of the Company together with the details of the movements in the Company's share capital during the year are shown in Note 12 to the consolidated financial statements.

No further interests have been disclosed to the Company in accordance with DTR 5 in the period between the end of the financial year and 21 February 2020.

Number of issued shares	44,347,410
Shares held in treasury by the Group	1,888,070
Number of issued shares (excluding treasury)	42,459,340

Shares

There is currently only one class of share in issue (being ordinary shares) which all carry the same rights as one another. There are no shares in the Company which carry special rights with regard to control of the Company.

The following limitations on voting rights of shareholders apply:

- The Board may suspend the voting rights attached to any shares owned directly, indirectly or beneficially by a NonQualified Holder (as defined in the Articles)
- The Directors may at any time make calls upon the shareholders in respect of any unpaid shares. No shareholder is entitled to vote unless all calls due from him have been paid

The following deadlines for exercising voting rights apply:

- A written resolution will state a date by which the resolution must be passed. The Law imposes a default lapse date of 28 days from circulation of the written resolution if no lapse date is specified
- In the case of resolutions passed at general meetings of shareholders, voting rights may only be exercised at the time the resolution is proposed at the meeting

Any arrangements by which the financial rights to shares are held by a person other than the registered shareholder would be by agreement between the shareholder and the beneficiary. The Company is not obliged to recognise any such trust arrangements and shall pay any dividends to the registered shareholder.

With the prior approval of the shareholders by ordinary resolution, the Board may exercise all powers of the Company to allot and issue, grant rights to subscribe for, or to convert any securities into, an unlimited number of shares of each class in the Company.

Unless such shares are to be wholly or partly paid otherwise than in cash or are allotted or issued pursuant to an employee share scheme, any shares to be allotted and issued must first be offered to the existing shareholders on the same or more favourable terms.

The Company may from time to time acquire its own shares subject to the requirements of the Law. The Law requires the prior approval of any share buy-back by way of ordinary resolution of the shareholders and a certification by the Board that the Company satisfies the solvency test set out in the Law.

Articles

The Articles may be amended at any time by passing a special resolution of the shareholders pursuant to the Law. A special resolution is passed by a majority of not less than 75% of the votes of the shareholders entitled to vote and voting in person or by attorney or by proxy at a meeting or by 75% of the total voting rights of eligible members by written resolution.

Substantial share interest

The table provided on page 124 shows shareholders holding 5% or more of the issued share capital (excluding treasury shares) as at 31 January 2020.

CORPORATE GOVERNANCE
DIRECTORS' REPORT CONTINUED

Shareholders with holding 5% or more of the Company's issued share capital (excluding treasury) as at 21 February 2020.

	Number of Ordinary Shares	Percentage of the Company's issued share capital ¹
Eli Papouchado ²	13,760,260	32.41
Boris Ivesha ³	4,636,974	10.92
Aroundtown Property Holdings	2,605,507	6.14
Canaccord Genuity Group Inc	2,183,750	5.14

1 Excludes shares held in treasury.

2 Eli Papouchado is deemed to be interested in the Ordinary Shares held by Euro Plaza, Red Sea Club Limited and A.A. Papo Trust Company Limited.

3 Boris Ivesha (the President and Chief Executive Officer of the Company) is deemed to be interested in 4,636,974 Ordinary Shares held by Walford which is wholly-owned by Clermont, as trustee of certain trusts established for the benefit of Boris Ivesha and his family.

Controlling shareholders

The Company's immediate controlling shareholders are Euro Plaza Holdings B.V. and Walford Investments Holdings Limited ("Walford"). Euro Plaza is ultimately controlled by Eli Papouchado, acting in his capacity as trustee of an endowment created under Israeli law ("the Endowment"). Walford is ultimately controlled by Clermont Corporate Services Limited ("Clermont"), a professional corporate trustee in its capacity as trustee of certain trusts established for the benefit of Boris Ivesha and his family. As required under Listing Rule 9.2.2 R(1), the Company has entered into separate relationship agreements with: (i) Euro Plaza and Eli Papouchado (acting in his capacity as trustee of the Endowment) and (2) Walford and Clermont, which as a concert party hold 62.69% of the issued share capital of the Company.

The Company has complied with the undertakings in Listing Rule 6.5.4R and Listing Rule 9.2.2ADR(1) since admission to the Premium Listing segment. So far as the Company is aware, these undertakings have also been complied with by Euro Plaza, Eli Papouchado, acting in his capacity as trustee of the Endowment, Walford and Clermont since admission.

In accordance with the relationship agreements entered into the Company's controlling shareholders, each of Euro Plaza and Walford is entitled to appoint representatives to the Board of the Company. Mr Eli Papouchado is cleared to be the representative of Euro Plaza and Mr Boris Ivesha is cleared to be the representative of Walford for these purposes.

DTR disclosures

Eli Papouchado is deemed to be interested in 13,760,260 ordinary shares, which constitutes 32.41% of the issued share capital (excluding treasury shares) of the Company:

- 12,207,843 ordinary shares held by Euro Plaza;
- Euro Plaza is an indirect wholly-owned subsidiary of A.P.Y. Investments & Real Estate Ltd ('APY'). 98% of the shares in APY are held by Eli Papouchado;
- 22,417 ordinary shares held by Red Sea Club Limited, a subsidiary of APY; and
- 1,530,000 ordinary shares held by A.A. Papo Trust Company Limited, which is wholly-owned by Eli Papouchado.

Boris Ivesha is deemed to be interested in 4,636,974 ordinary shares, which constitutes 10.92% of the issued share capital (excluding treasury shares) of the Company. The shares are held by Walford which is wholly owned by Clermont, as trustee of certain trusts established for the benefit of Boris Ivesha and his family.

Eli Papouchado, Euro Plaza, APY and A.A. Papo Trust Company Limited and other parties related to him (together the "Red Sea Parties") and Walford, Clermont, Boris Ivesha and other parties related to him (together the "Ivesha Parties") are a party to a shareholders agreement dated 14 March 2013 (as amended from time to time) (the "Shareholders Agreement"). Pursuant to the Shareholders Agreement, it has been agreed that for so long as, inter alia, the combined interests of the Ivesha Parties and the Red Sea Parties in the Company are not less than 30% and the Red Sea Parties' interest in the Company is at least 20% of the share capital then in issue (excluding, in both cases, shares held in treasury), on any shareholder resolution all shares held by the Ivesha Parties shall be voted in a manner which is consistent with the votes cast by, or on behalf of, the Red Sea Parties in respect of that resolution. As a result, the Red Sea Parties are all considered to be interested in the shares in which the Ivesha Parties are interested.

Article 19 of the Market Abuse Regulation

The interests of each Director disclosed to the Company under Article 19 of the Market Abuse Regulation as at the end of the financial year are set out above.

There have been no changes in the interests of each Director in the period between the end of the financial year and 26 February 2020.

Listing Rule 9.8.4R

The following table is disclosed pursuant to Listing Rule 9.8.4R. The table sets out only those sections of Listing Rule 9.8.4R which are applicable to the Company. The information required to be disclosed can be located in the Annual Report at the references set out below:

Section	Information	Location
4	Details of long-term incentive schemes	Note 13 to the consolidated financial statements
10	Contracts of significance	Notes 14 and 30 to the consolidated financial statements
11	Provision of services by a controlling shareholder	Note 30 to the consolidated financial statements
14	Controlling shareholder statement	Directors' Report

DTR 7.2.8

The following table is disclosed pursuant to Listing Rule 7.2.

Requirement	Page
Diversity Policy	103

Auditors

Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Going concern

The Board believes it is taking all appropriate steps to support the sustainability and growth of the Group's activities. Detailed budgets and cash flow projections have been prepared for 2019 and 2020 which show that the Group's hotel operations will be cash generative during the period. We have assessed the viability of the Group over a three-year period to 31 December 2022, as set out on page 47. The Directors have determined that the Company is likely to continue in business for at least 12 months from the date of this Annual Report. This, taken together with their conclusions on the matters referred to below and in Note 1(c) to the consolidated financial statements, has led the Directors to conclude that it is appropriate to prepare the 2019 consolidated financial statements on a going concern basis.

Financial risk management objectives and policies

In addition, Note 31 to the consolidated financial statements includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk.

Directors' responsibilities

The Directors are required to prepare the Annual Report and the consolidated financial statements for each financial year to give a true and fair view of the state of affairs of the Company and the undertakings included in the consolidation taken as a whole as at the end of the financial year, and of the profit or loss for that year.

In preparing the consolidated financial statements, the Directors should:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the consolidated financial statements. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the consolidated financial statements have been properly prepared in accordance with the Law. The Directors are responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' declaration

So far as each of the Directors, who is a director at the time the Directors' Report is approved, is aware, there is no relevant audit information of which the Company's auditor is unaware and each has taken all the steps he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' responsibility statement

Each of the directors named on pages 92 and 93 confirms to the best of his or her knowledge that:

(i) the consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole; and

(ii) the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face, and provides information necessary for shareholders to assess the Company's performance, business model and strategies.

The Directors consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Signed on behalf of the Board by



BORIS IVESHA
PRESIDENT &
CHIEF EXECUTIVE OFFICER



DANIEL KOS
CHIEF FINANCIAL OFFICER
& EXECUTIVE DIRECTOR
26 FEBRUARY 2020