

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**FORM 10-Q**

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**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For quarterly period ended March 31, 2017

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

COMMISSION FILE NO. 1-38012

Playa Hotels & Resorts N.V.

(Exact name of registrant as specified in its charter)

The Netherlands

(State or other jurisdiction of incorporation or organization)

Not Applicable

(IRS Employer Identification Number)

Prins Bernhardplein 200

1097 JB Amsterdam, the Netherlands

(Address of Principal Executive Offices)

Not Applicable

(Zip Code)

+31 20 521 49 62

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past ninety (90) days. YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES  NO

As of May 8, 2017, there were 103,464,186 shares of the registrant's ordinary shares, €0.10 par value, outstanding.

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**Playa Hotels & Resorts N.V.**  
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

**Playa Hotels & Resorts N.V.**  
**Condensed Consolidated Balance Sheets**  
(\$ in thousands, except share data)  
(unaudited)

	As of March 31, 2017	As of December 31, 2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 134,156	\$ 33,512
Restricted cash	10,048	9,651
Trade and other receivables, net	52,556	48,881
Accounts receivable from related parties	1,945	2,532
Inventories	11,328	10,451
Prepayments and other assets	28,803	28,633
Property, plant and equipment, net	1,391,902	1,400,317
Investments	1,389	1,389
Goodwill	51,731	51,731
Other intangible assets	1,754	1,975
Deferred tax assets	1,818	1,818
<b>Total assets</b>	<b>\$ 1,687,430</b>	<b>\$ 1,590,890</b>
<b>LIABILITIES, CUMULATIVE REDEEMABLE PREFERRED SHARES AND SHAREHOLDERS' EQUITY</b>		
Trade and other payables	\$ 128,214	\$ 145,042
Accounts payable to related parties	5,284	8,184
Income tax payable	13,918	5,128
Debt	828,156	780,725
Debt to related party	—	47,592
Deferred consideration	1,180	1,836
Other liabilities	10,066	8,997
Deferred tax liabilities	76,832	76,832
<b>Total liabilities</b>	<b>1,063,650</b>	<b>1,074,336</b>
Commitments and contingencies		
Cumulative redeemable preferred shares (par value \$0.01; 0 and 28,510,994 shares authorized, issued and outstanding as of March 31, 2017 and December 31, 2016, respectively; aggregate liquidation preference of \$0 and \$345,951 as of March 31, 2017 and December 31, 2016, respectively)	—	345,951
<b>Shareholders' equity</b>		
Ordinary shares (par value €0.10; 103,464,186 and 50,481,822 shares authorized, issued and outstanding as of March 31, 2017 and December 31, 2016, respectively)	11,039	5,386
Paid-in capital	769,314	349,358
Accumulated other comprehensive loss	(3,790)	(3,719)
Accumulated deficit	(152,783)	(180,422)
<b>Total shareholders' equity</b>	<b>623,780</b>	<b>170,603</b>
<b>Total liabilities, cumulative redeemable preferred shares and shareholders' equity</b>	<b>\$ 1,687,430</b>	<b>\$ 1,590,890</b>

The accompanying Notes form an integral part of the Condensed Consolidated Financial Statements

**Playa Hotels & Resorts N.V.**  
**Condensed Consolidated Statements of Operations and Comprehensive Income**  
(\$ in thousands)  
(unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Revenue:</b>		
Package	\$ 152,956	\$ 142,456
Non-package	21,111	17,500
<b>Total revenue</b>	<b>174,067</b>	<b>159,956</b>
<b>Direct and selling, general and administrative expenses:</b>		
Direct	77,106	72,498
Selling, general and administrative	28,664	21,986
Depreciation and amortization	12,410	13,134
Insurance proceeds	—	(130)
<b>Direct and selling, general and administrative expenses</b>	<b>118,180</b>	<b>107,488</b>
<b>Operating income</b>	<b>55,887</b>	<b>52,468</b>
Interest expense	(14,015)	(13,743)
Other expense, net	(645)	(282)
<b>Net income before tax</b>	<b>41,227</b>	<b>38,443</b>
Income tax provision	(13,588)	(1,906)
<b>Net income</b>	<b>27,639</b>	<b>36,537</b>
<b>Other comprehensive (loss) income, net of taxes:</b>		
Benefit obligation (loss) gain	(71)	58
<b>Other comprehensive (loss) income</b>	<b>(71)</b>	<b>58</b>
<b>Total comprehensive income</b>	<b>\$ 27,568</b>	<b>\$ 36,595</b>
Accretion and dividends of cumulative redeemable preferred shares	(7,922)	(10,684)
<b>Net income available to ordinary shareholders</b>	<b>\$ 19,717</b>	<b>\$ 25,853</b>
<b>Earnings per share - Basic</b>	<b>\$ 0.21</b>	<b>\$ 0.28</b>
<b>Earnings per share - Diluted</b>	<b>\$ 0.21</b>	<b>\$ 0.28</b>
<b>Weighted average number of shares outstanding during the period - Basic</b>	<b>62,255,681</b>	<b>50,481,822</b>
<b>Weighted average number of shares outstanding during the period - Diluted</b>	<b>62,255,681</b>	<b>50,481,822</b>

The accompanying Notes form an integral part of the Condensed Consolidated Financial Statements

**Playa Hotels & Resorts N.V.**  
**Condensed Consolidated Statements of Cumulative Redeemable Preferred Shares, Shareholders'**  
**Equity and Accumulated Other Comprehensive Loss for the three months ended March 31, 2016 and 2017**  
(\$ in thousands, except share data)  
(unaudited)

	Shareholders' Equity									
	Cumulative Redeemable Preferred Shares		Ordinary Shares		Treasury Shares		Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
<b>Balance at December 31, 2015</b>	32,738,094	\$352,275	60,249,330	\$ 656	5,373,884	\$(23,108)	\$420,872	\$ (4,067)	\$ (200,638)	\$ 193,715
Retroactive application of recapitalization			(9,767,508)	4,730	(5,373,884)	23,108	(27,838)			—
<b>Adjusted balance at December 31, 2015</b>	32,738,094	\$352,275	50,481,822	\$ 5,386	—	\$ —	\$393,034	\$ (4,067)	\$ (200,638)	\$ 193,715
Net income for the period									36,537	36,537
Benefit obligation gain, net of tax								58		58
Dividends of cumulative redeemable preferred shares		10,684					(10,684)			(10,684)
<b>Balance at March 31, 2016</b>	32,738,094	\$362,959	50,481,822	\$ 5,386	—	\$ —	\$382,350	\$ (4,009)	\$ (164,101)	\$ 219,626

	Shareholders' Equity									
	Cumulative Redeemable Preferred Shares		Ordinary Shares		Treasury Shares		Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
<b>Balance at December 31, 2016</b>	28,510,994	\$345,951	60,249,330	\$ 656	5,373,884	\$(23,108)	\$377,196	\$ (3,719)	\$ (180,422)	\$ 170,603
Retroactive application of recapitalization			(9,767,508)	4,730	(5,373,884)	23,108	(27,838)			—
<b>Adjusted balance at December 31, 2016</b>	28,510,994	\$345,951	50,481,822	\$ 5,386	—	\$ —	\$349,358	\$ (3,719)	\$ (180,422)	\$ 170,603
Net income for the period									27,639	27,639
Benefit obligation loss, net of tax								(71)		(71)
Recapitalization transaction			52,982,364	5,653			427,878			433,531
Dividends of cumulative redeemable preferred shares		7,922					(7,922)			(7,922)
Purchase of cumulative redeemable preferred shares	(28,510,994)	(239,492)								—
Settlement of accrued dividends of cumulative redeemable preferred shares		(114,381)								—
<b>Balance at March 31, 2017</b>	—	\$ —	103,464,186	\$11,039	—	\$ —	\$769,314	\$ (3,790)	\$ (152,783)	\$ 623,780

The accompanying Notes form an integral part of the Condensed Consolidated Financial Statements

**Playa Hotels & Resorts N.V.**  
**Condensed Consolidated Statements of Cash Flows**  
(\$ in thousands)  
(unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 27,639	\$ 36,537
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,410	13,134
Amortization of debt discount, premium and issuance costs	777	771
Gain on insurance recoverables	—	(129)
Other	(407)	41
Changes in assets and liabilities:		
Trade and other receivables, net	(2,319)	(13,849)
Accounts receivable from related parties	(769)	(1,057)
Insurance recoverable	—	206
Inventories	(915)	(221)
Prepayments and other assets	(9,273)	3,088
Trade and other payables	(11,647)	(14,657)
Accounts payable to related parties	354	800
Income tax payable	9,323	(4,358)
Deferred consideration	(26)	161
Other liabilities	588	166
Net cash provided by operating activities	<b>25,735</b>	<b>20,633</b>
<b>INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(3,175)	(2,010)
Purchase of intangibles	(10)	(108)
Proceeds from disposal of property, plant and equipment	4	—
Net cash used in investing activities	<b>(3,181)</b>	<b>(2,118)</b>
<b>FINANCING ACTIVITIES:</b>		
Repayment of deferred consideration	(630)	(625)
Repayments of debt	(938)	(938)
Recapitalization transaction	79,658	—
Repayments of borrowings on revolving credit facility	—	(15,000)
Net cash provided by (used in) financing activities	<b>78,090</b>	<b>(16,563)</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>100,644</b>	<b>1,952</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD</b>	<b>\$ 33,512</b>	<b>\$ 35,460</b>
<b>CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>	<b>\$ 134,156</b>	<b>\$ 37,412</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid for interest, net of interest capitalized	\$ 22,777	\$ 21,292
Cash paid for income taxes	\$ 6,045	\$ 6,337
<b>SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Capital expenditures incurred but not yet paid	\$ 527	\$ 350
Non-cash PIK Dividends	\$ 7,922	\$ 10,684
Purchase of cumulative redeemable preferred shares	\$ (239,492)	\$ —
Settlement of accrued dividends of cumulative redeemable preferred shares	\$ (114,381)	\$ —

The accompanying Notes form an integral part of the Condensed Consolidated Financial Statements

**Playa Hotels & Resorts N.V.**  
**Notes to the Condensed Consolidated Financial Statements**  
**(unaudited)**

## **Note 1. Organization, operations and basis of presentation**

### *Background*

Playa Hotels & Resorts N.V. ("Playa" or the "Company") is a leading owner, operator and developer of all-inclusive resorts in prime beachfront locations in popular vacation destinations. Playa's portfolio consists of 13 resorts located in Mexico, the Dominican Republic and Jamaica. We currently manage eight of our 13 resorts. Unless otherwise indicated or the context requires otherwise, references in our condensed consolidated financial statements (our "Condensed Consolidated Financial Statements") to "we," "our," "us" and similar expressions refer to Playa and its subsidiaries.

### *Basis of preparation, presentation and measurement*

Our Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. Certain information and disclosures normally included in financial statements prepared in accordance GAAP have been condensed or omitted. Accordingly, these unaudited interim Condensed Consolidated Financial Statements should be read in conjunction with the Company's Consolidated Financial Statements as of and for the year ending December 31, 2016, included in our Form 8-K filed on March 14, 2017.

In our opinion, the unaudited interim Condensed Consolidated Financial Statements have been prepared on the same basis as the annual Consolidated Financial Statements and include all adjustments, consisting of only normal recurring adjustments, necessary for fair presentation.

The results of operations for the three months ended March 31, 2017 are not necessarily indicative of the results of operations to be expected for the full year ending December 31, 2017. All dollar amounts (other than per share amounts) in the following discussion are in thousands of United States dollars, unless otherwise indicated.

## **Note 2. Impact of recently issued accounting standards**

### *Future Accounting Standards*

In March 2017, the FASB issued ASU No. 2017-07 ("ASU 2017-07"), *Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. Net periodic benefit cost is currently reported as an employee cost within operating income. ASU 2017-07 requires bifurcation of net benefit cost resulting in the service cost component being presented with other employee compensation costs in operating income. The other components will be reported separately outside of operations, and will not be eligible for capitalization. The ASU is effective for annual periods beginning after December 15, 2017, including interim periods therein. We do not expect the implementation of ASU 2017-07 to have a material impact on our financial statements. All non-service cost components of our net periodic benefit cost will be presented within the Condensed Consolidated Statements of Operations and Comprehensive Income as other expense, net instead of direct expense with no impact to overall net income.

## **Note 3. Business combination**

At 12:00 a.m. Central European Time on March 12, 2017, we consummated a business combination (the "Business Combination") pursuant to that certain Transaction Agreement by and among us, Playa Hotels & Resorts B.V. (our "Predecessor"), Pace Holdings Corp. ("Pace") and New Pace Holdings Corp. ("New Pace"), the effects of which replicated the economics of a reverse merger between our Predecessor and Pace. In connection with the Business Combination, Pace formed Porto Holdco B.V., a Dutch private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), as a wholly-owned subsidiary to facilitate the reverse merger with our Predecessor. Prior to the consummation of the Business Combination, Porto Holdco B.V. was converted to a Dutch public limited liability company (*naamloze vennootschap*) and changed its name to Porto Holdco N.V. Upon the consummation of the Business Combination, the Company's name was changed to Playa Hotels & Resorts N.V.

For accounting and financial reporting purposes, the Business Combination was accounted for as a recapitalization of our Predecessor because Pace was incorporated as a special purpose acquisition company and considered a public shell company. Our Predecessor also maintained effective control of the combined entity because our Predecessor's operations comprise the ongoing operations of the

combined entity, our Predecessor's senior management became the senior management of the combined entity and our Predecessor's directors were appointed to, and constitute the majority of, the combined entity's board of directors. Accordingly, no step-up in basis of assets or goodwill were recorded.

The Condensed Consolidated Financial Statements presented herein are those of our Predecessor for all periods prior to the completion of the Business Combination and the recapitalization of the number of ordinary shares attributable to our Predecessor shareholders is reflected retroactively to the earliest period presented. Accordingly, the number of shares of ordinary shares presented as outstanding as of January 1, 2016, totaled 50,481,822 and consisted of the number of ordinary shares issued to Predecessor shareholders. This number of shares was also used to calculate the Company's earnings per share for all periods prior to the Business Combination.

The consideration received as a result of the Business Combination is summarized as follows (*\$ in thousands*):

Purchase of all of our Predecessor's cumulative redeemable preferred shares <sup>(1)</sup>	\$	353,873
Net cash transferred from Pace		78,859
Playa Employee Offering <sup>(2)</sup>		799
<b>Total Consideration Transferred</b>	<b>\$</b>	<b>433,531</b>

<sup>(1)</sup> Balance consisted of the face value of our Predecessor's cumulative redeemable preferred shares and their associated PIK dividends as of March 10, 2017, per the terms of the Business Combination.

<sup>(2)</sup> In connection with the Business Combination, we entered into subscription agreements (the "Subscription Agreements") with Playa employees, their family members and persons with business relationships with Playa, pursuant to which those persons agreed to purchase 82,751 ordinary shares for an aggregate purchase price of \$0.8 million.

#### Note 4. Warrants

##### *Public Warrants:*

We issued 45,000,000 warrants to former shareholders of Pace as consideration in the Business Combination (the "Public Warrants"), which entitle such warrant holders to purchase one-third of one Ordinary Share for an exercise price of one-third of \$11.50. The Public Warrants became exercisable on April 10, 2017, which was thirty days after the completion of the Business Combination. The Public Warrants expire five years after the completion of the Business Combination. As of the date of this filing, no Public Warrants have been exercised.

##### *Founder Warrants:*

We issued 22,000,000 warrants to former holders of certain privately placed warrants of Pace and our Predecessor's former common shareholders as consideration in the Business Combination (the "Founder Warrants"), which entitle such warrant holders to purchase one-third of one Ordinary Share for an exercise price of one-third of \$11.50. The Founder Warrants became exercisable on April 10, 2017, which was thirty days after the completion of the Business Combination. The Founder Warrants expire five years after the completion of the Business Combination or earlier upon redemption or liquidation in accordance with their terms. As of the date of this filing, no Founder Warrants have been exercised. The holders of the Founder Warrants may not effect any sale or distribution of the Founder Warrants or the ordinary shares underlying the Founder Warrants for a period lasting until 180 days after the completion of the Business Combination.

##### *Earnout Warrants:*

We issued a total of 3,000,000 warrants to our Predecessor's former common shareholders and TPG Pace Sponsor, LLC, a Cayman Islands limited liability company and an affiliate of TPG Global, LLC, as consideration in the Business Combination (the "Earnout Warrants"). The Earnout Warrants entitle such warrant holders to acquire one ordinary share for each Earnout Warrant for an exercise price of €0.10 per ordinary share in the event that the price per share underlying the Earnout Warrants on the NASDAQ is greater than \$13.00 for a period of more than 20 days out of 30 consecutive trading days after the closing date of the Business Combination but within five years after the closing date of the Business Combination. As of the date of this filing, none of the Earnout Warrants were exercised. The holders of the Earnout Warrants may not effect any sale or distribution of the Earnout Warrants or the ordinary shares underlying the Earnout Warrants for a period lasting until 180 days after the completion of the Business Combination.

All warrants issued as part of the Business Combination are classified as paid-in capital and were considered part of a value for value exchange. There was no fair value adjustment to retained earnings and no earnings per share impact.



## Note 5. Earnings per share

Prior to the consummation of the Business Combination, our Predecessor's cumulative redeemable preferred shares ("Preferred Shares") and their related accumulated Non-cash PIK Dividends were participating securities. If a dividend was declared or paid on our Predecessor's ordinary shares, holders of our Predecessor's ordinary shares and Preferred Shares were entitled to proportionate shares of such dividend, with the holders of our Predecessor's Preferred Shares participating on an as-if converted basis.

Under the two-class method, basic earnings per share ("EPS") attributable to ordinary shareholders is computed by dividing the net income attributable to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the period. Net income attributable to ordinary shareholders is determined by allocating undistributed earnings between ordinary and preferred shareholders. Diluted EPS attributable to ordinary shareholders is computed by using the more dilutive result of either the two-class method or the if-converted method. The if-converted method uses the weighted-average number of ordinary shares outstanding during the period, including potentially dilutive ordinary shares assuming the conversion of the outstanding Preferred Shares of our Predecessor, as of the first day of the reporting period.

For periods in which there are undistributed losses, there is no allocation of earnings to preferred shareholders and the number of shares used in the computation of diluted losses per share is the same as that used for the computation of basic losses per share, as the result would be anti-dilutive. Under the two-class method, the net loss attributable to ordinary shareholders is not allocated to share premium reserve of the Preferred Shares until all other reserves have been exhausted or such loss cannot be covered in any other way.

The calculation of basic and diluted EPS, under the two-class method, are as follows (*\$ in thousands*):

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Numerator:</b>		
Net Income	\$ 27,639	\$ 36,537
Convertible Preferred Share dividends	(7,922)	(10,684)
Allocation of undistributed earnings to preferred shareholders	(6,799)	(11,923)
<b>Numerator for basic EPS-income available to common shareholders</b>	<b>12,918</b>	<b>13,930</b>
Add back convertible Preferred Share dividends <sup>(1)</sup>	—	—
Add back of undistributed earnings to preferred shareholders <sup>(1)</sup>	—	—
<b>Numerator for diluted EPS-income available to common shareholders after assumed conversions</b>	<b>\$ 12,918</b>	<b>\$ 13,930</b>
<b>Denominator:</b>		
Denominator for basic EPS-weighted shares	62,255,681	50,481,822
Convertible Preferred Shares	—	—
<b>Denominator for diluted EPS-adjusted weighted-average shares</b>	<b>62,255,681</b>	<b>50,481,822</b>
<b>Basic EPS</b>	<b>\$ 0.21</b>	<b>\$ 0.28</b>
<b>Diluted EPS</b>	<b>\$ 0.21</b>	<b>\$ 0.28</b>

<sup>(1)</sup>For the three months ended March 31, 2017 and 2016, cumulative preferred shareholder dividends of our Predecessor of \$7.9 million and \$10.7 million, respectively, and the preferred shareholders' allocation of undistributed earnings of our Predecessor of \$6.8 million and \$11.9 million, respectively, were not added back for purposes of calculating diluted EPS-income available to ordinary shareholders because the effect of treating our Predecessor's convertible preferred securities as if they had been converted to their 32,032,530 and 41,937,483 ordinary share equivalents as of January 1, 2017 and 2016, respectively, is anti-dilutive.

Outstanding Public Warrants, Founder Warrants and Earnout Warrants to acquire a total of 25,333,333 ordinary shares are not included in the computation of diluted EPS-income available to ordinary shareholders after assumed conversions because the warrants were not exercisable as of March 31, 2017.

## Note 6. Property, plant and equipment

The balance of property, plant and equipment is as follows (*\$ in thousands*):

	As of March 31,	As of December 31,
	2017	2016
Land, buildings and improvements	\$ 1,421,623	\$ 1,421,371
Fixtures and machinery	62,775	60,294
Furniture and other fixed assets	161,970	163,753
Construction in progress	5,734	3,866
Total property, plant and equipment, gross	1,652,102	1,649,284
Accumulated depreciation	(260,200)	(248,967)
<b>Total property, plant and equipment, net</b>	<b>\$ 1,391,902</b>	<b>\$ 1,400,317</b>

Depreciation expense for property, plant and equipment was \$12.2 million and \$12.9 million for the three months ended March 31, 2017 and 2016, respectively.

For the three months ended March 31, 2017 and 2016, no interest expense was capitalized on qualifying assets.

## Note 7. Fair value of financial instruments

Our financial instruments consist of cash and cash equivalents, restricted cash, trade and other receivables, accounts receivable from related parties, insurance recoverable, trade and other payables, accounts payable to related parties, deferred consideration and debt. We believe the carrying value of these assets and liabilities, excluding deferred consideration and debt, approximate their fair values at March 31, 2017 and December 31, 2016.

### *Fair value measurements*

The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. U.S. GAAP establishes a hierarchical disclosure framework, which prioritizes and ranks the level of observability of inputs used in measuring fair value as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Unadjusted quoted prices for similar assets or liabilities in active markets, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Inputs are unobservable and reflect our judgments about assumptions that market participants would use in pricing an asset or liability.

We did not have any movements in and out of Level 3 for our fair valued instruments during any of the above periods.

The following table presents our fair value hierarchy for our financial liabilities measured at fair value on a recurring basis as of March 31, 2017 and December 31, 2016 (*\$ in thousands*):

	March 31, 2017		Level 1		Level 2		Level 3	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Fair value measurements on a recurring basis:</b>								
Deferred Consideration	\$ 1,180	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,180	\$ —
	December 31, 2016		Level 1		Level 2		Level 3	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Fair value measurements on a recurring basis:</b>								
Deferred Consideration	\$ 1,836	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,836	\$ —

The following table presents a reconciliation from the opening balances to the closing balances for our Level 3 fair valued instruments as of March 31, 2017 and December 31, 2016 (\$ in thousands):

	<b>Deferred Consideration</b>
<b>Balance as of December 31, 2015</b>	<b>\$ 4,145</b>
Total losses included in earnings (or change in net assets) <sup>(1)</sup>	160
Settlements	(625)
<b>Balance as of March 31, 2016</b>	<b>3,680</b>
Total losses included in earnings (or change in net assets) <sup>(1)</sup>	49
Settlements	(638)
<b>Balance as of June 30, 2016</b>	<b>3,091</b>
Total losses included in earnings (or change in net assets) <sup>(1)</sup>	28
Settlements	(628)
<b>Balance as of September 30, 2016</b>	<b>2,491</b>
Total gains included in earnings (or change in net assets) <sup>(1)</sup>	(36)
Settlements	(619)
<b>Balance as of December 31, 2016</b>	<b>1,836</b>
Total gains included in earnings (or change in net assets) <sup>(1)</sup>	(26)
Settlements	(630)
<b>Balance as of March 31, 2017</b>	<b>\$ 1,180</b>

<sup>(1)</sup> All losses and gains (other than changes in net assets) are included in interest expense in the Condensed Consolidated Statements of Operations and Comprehensive Income.

The following tables present our fair value hierarchy for our financial liabilities not measured at fair value as of March 31, 2017 and December 31, 2016 (\$ in thousands):

	Carrying Value	Fair Value			
	As of March 31, 2017	Level 1	Level 2	Level 3	Total
<b>Financial liabilities not recorded at fair value:</b>					
Debt:					
Term Loan	\$ 356,564	\$ —	\$ —	\$ 360,125	\$ 360,125
Revolving Credit Facility <sup>(1)</sup>	—	—	—	—	—
Senior Notes due 2020	471,592	—	507,467	—	507,467
<b>Total</b>	<b>\$ 828,156</b>	<b>\$ —</b>	<b>\$ 507,467</b>	<b>\$ 360,125</b>	<b>\$ 867,592</b>

	Carrying Value	Fair Value			
	As of December 31, 2016	Level 1	Level 2	Level 3	Total
<b>Financial liabilities not recorded at fair value:</b>					
Debt:					
Term Loan	\$ 356,937	\$ —	\$ —	\$ 363,060	\$ 363,060
Revolving Credit Facility <sup>(1)</sup>	—	—	—	—	—
Senior Notes due 2020	471,380	—	513,405	—	513,405
<b>Total</b>	<b>\$ 828,317</b>	<b>\$ —</b>	<b>\$ 513,405</b>	<b>\$ 363,060</b>	<b>\$ 876,465</b>

<sup>(1)</sup> We estimate that the carrying value of our revolving credit facility (the "Revolving Credit Facility") is the fair value as of March 31, 2017 and December 31, 2016. The valuation technique and significant unobservable inputs are consistent with our term loan (the "Term Loan"), but the valuation using the discounted cash flow technique approximates the carrying value as the expected term is significantly shorter in duration. We typically use our Revolving Credit Facility solely for short term liquidity.

The following table displays valuation techniques and the significant unobservable inputs for our Level 3 assets and liabilities measured at fair value as of March 31, 2017 and December 31, 2016 (*\$ in thousands*):

<b>Fair Value Measurements as of March 31, 2017</b>				
	<b>Fair Value</b>	<b>Significant Valuation Techniques</b>	<b>Significant Unobservable Inputs</b>	<b>Input</b>
Deferred Consideration	\$ 1,180	Discounted Cash	Discount Rate	4.15%
		Flow	Forward Rate	4.63% - 5.00%
			Expected Term	4 months
Term Loan	\$ 360,125	Discounted Cash	Discount Rate	3.25%
		Flow	Forward Rate	4.00% - 5.12%
			Expected Term	29 months
<b>Fair Value Measurements as of December 31, 2016</b>				
	<b>Fair Value</b>	<b>Significant Valuation Techniques</b>	<b>Significant Unobservable Inputs</b>	<b>Input</b>
Deferred Consideration	\$ 1,836	Discounted Cash	Discount Rate	4.00%
		Flow	Forward Rate	4.63% - 5.00%
			Expected Term	7 months
Term Loan	\$ 363,060	Discounted Cash	Discount Rate	3.00%
		Flow	Forward Rate	4.00% - 5.33%
			Expected Term	32 months

#### ***Term Loan and deferred consideration***

The fair value of our Term Loan and deferred consideration are estimated using cash flow projections applying market forward rates and discounted back at the appropriate discount rate. The primary sensitivity in each estimate is based on the selection of an appropriate discount rate. Fluctuations in this assumption will result in a different estimate of fair value as an increase in the discount rate would result in a decrease in the fair value.

#### ***Senior Notes due 2020***

The fair value of the Senior Notes due 2020 is estimated using unadjusted quoted prices in a market that is not active. Current pricing was compiled and applied to the outstanding principal amount.

### **Note 8. Income taxes**

We are domiciled in The Netherlands and are taxed in The Netherlands with our other Dutch subsidiaries. Dutch companies are subject to Dutch corporate income tax at a general tax rate of 25%.

For the three months ended March 31, 2017, our income tax provision was \$13.6 million, compared to \$1.9 million tax provision for the prior year period. The increased income tax provision of \$11.7 million was driven primarily by the impact on increased pre-tax book income and an increase in the discrete tax expense associated with foreign exchange rate fluctuations.

#### ***Dominican Republic***

Taxes in the Dominican Republic are determined based upon Advance Pricing Agreements (APA) with The Ministry of Finance of the Dominican Republic ("The Ministry of Finance"). Historically, based upon our APAs all three of our Dominican entities were subject to the greater of an asset tax or gross receipts tax; thus, such entities have not been subject to income tax accounting under U.S. GAAP. To date, the Company's APAs for 2016 and subsequent years have not been finalized with The Ministry of Finance, as the tax authorities in the Dominican Republic are working to finalize a Memoranda of Understanding ("MOU") with the Association of Hotels and Tourism of the Dominican Republic, which the Company is party to, and that will provide a framework for the negotiation of the new Company APAs. As such, the Company maintains its position from the December 31, 2016 income tax provision, which contemplates the existing Dominican statutory law without consideration of an MOU and associated APA. Accordingly, the Dominican branch of Playa Cana B.V., incorporated in the Dominican Republic, is treated as an income taxpayer, and our other two

Dominican-incorporated entities, Inversiones Vilazul, S.A.S and the Dominican branch of Playa Romana Mar B.V., are treated as asset taxpayers. Should the final MOU and APA result in the Dominican branch of Playa Cana B.V. being an asset tax payer for the foreseeable future, the Company would reverse the deferred tax expense recorded to date. Should the finalized MOU and APA require our other two Dominican entities to be subject to income tax the Company would need to establish income tax balances for both current and deferred tax expense.

## Note 9. Related party transactions

The following summarizes transactions and arrangements that we have entered into with related parties. The details of the balances between us and related parties as of March 31, 2017 and December 31, 2016 are as follows (*\$ in thousands*):

	<b>As of March 31,</b>		<b>As of December 31,</b>	
	<b>2017</b>		<b>2016</b>	
Accounts receivable	\$	1,945	\$	2,532
Accounts payable	\$	5,284	\$	8,184
Deferred consideration <sup>(1)</sup>	\$	—	\$	1,836
Term Loan <sup>(2)</sup>	\$	—	\$	47,592
Preferred Shares Non-cash PIK Dividends <sup>(3)</sup>	\$	—	\$	106,459

(1) Playa H&R Holdings B.V., our wholly owned subsidiary, agreed to make payments of \$1.1 million per quarter to the selling shareholder of Real Resorts (the "Real Shareholder") through the quarter ending September 30, 2017.

(2) The Real Shareholder is one of the lenders under our Term Loan. The Real Shareholder's portion of the original Term Loan was \$50.0 million. The balance is net of the discount on the Term Loan and associated deferred financing costs.

(3) No Non-cash PIK Dividends had been issued or declared with respect to the Preferred Shares. The total accumulated amounts of Non-cash PIK Dividends payable to the Real Shareholder were \$0.0 million and \$19.4 million as of March 31, 2017 and December 31, 2016, respectively. The total accumulated amounts of Non-cash PIK Dividends payable to HI Holdings Playa B.V., an affiliate of Hyatt Hotels Corporation ("HI Holdings Playa"), were \$0.0 million and \$87.1 million as of March 31, 2017 and December 31, 2016, respectively.

### *Relationship with Hyatt*

In connection with the Business Combination, all outstanding Preferred Shares of our Predecessor owned by HI Holdings Playa were purchased at a purchase price of \$8.40 per share for \$196.0 million in face value and \$93.6 million of associated PIK dividends.

### *Relationship with Real Shareholder*

In connection with the Business Combination, all outstanding Preferred Shares of our Predecessor owned by the Real Shareholder were purchased at a purchase price of \$8.40 per share for \$43.5 million in face value and \$20.8 million of associated PIK dividends. Due to the acquisition of the Real Shareholder's Preferred Shares from our Predecessor, the Real Shareholder is no longer considered a related party and deferred consideration and the Real Shareholder's portion of the original Term Loan were not considered related party balances as of March 31, 2017.

### *Transactions with related parties*

Transactions between us and related parties during the three months ended March 31, 2017 and 2016 were as follows (*\$ in thousands*):

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
Dividends on the Preferred Shares <sup>(1)</sup>	\$ (7,922)	\$ (10,684)
Deferred consideration accretion <sup>(2)</sup>	(36)	(47)
Interest expense on related party debt <sup>(2)</sup>	(372)	(494)
Franchise fees <sup>(3)</sup>	(4,365)	(3,849)
Lease payments <sup>(3)</sup>	(309)	(314)
<b>Total transactions with related parties</b>	<b>\$ (13,004)</b>	<b>\$ (15,388)</b>

(1) Included in accretion and dividends of Preferred Shares in the Condensed Consolidated Statements of Operations and Comprehensive Income.

(2) Included in interest expense in the Condensed Consolidated Statements of Operations and Comprehensive Income.

(3) Included in direct expense in the Condensed Consolidated Statements of Operations and Comprehensive Income.

Franchise fees relate to resorts currently operating under the all-ages Hyatt Ziva and adults-only Hyatt Zilara brands (the "Hyatt All-Inclusive Resort Brands".)

One of our offices is owned by our Chief Executive Officer, and we sublease the space at that location from a third party. Lease payments related to this space were \$0.3 million and \$0.3 million for the three months ended March 31, 2017 and 2016, respectively.

One of our offices in Cancún, Mexico is owned by an affiliate of the Real Shareholder, and we sublease the space from a third party also affiliated with the Real Shareholder. Lease payments related to this space were less than \$0.1 million for the three months ended March 31, 2017 and 2016.

## **Note 10. Commitments and contingencies**

### *Litigation, claims and assessments*

We are subject, currently and from time to time, to various claims and contingencies related to lawsuits, taxes and environmental matters, as well as commitments under contractual obligations. Many of these claims are covered under current insurance programs, subject to deductibles. We recognize a liability associated with commitments and contingencies when a loss is probable and reasonably estimable. Although the ultimate liability for these current matters cannot be determined at this point, based on information currently available, we do not expect that the ultimate resolution of such claims and litigation will have a material effect on our Condensed Consolidated Financial Statements.

The Dutch corporate income tax act provides the option of a fiscal unity, which is a consolidated tax regime wherein the profits and losses of group companies can be offset against each other. Our Dutch companies file as a fiscal unity, with the exception of Playa Romana B.V., Playa Romana Mar B.V. and Playa Hotels & Resorts N.V. As of January 1, 2016, Playa Resorts Holding B.V. replaced our Predecessor as the head of our Dutch fiscal unity and is jointly and severally liable for the tax liabilities of the fiscal unity as a whole.

The Mexican tax authorities have issued an assessment to one of our Mexican subsidiaries. In February 2014, we filed an appeal before the tax authorities, which was denied on May 26, 2014. On June 11, 2014, we arranged for the posting of a tax surety bond issued by a surety company, which guarantees the payment of the claimed taxes and other charges (and suspends collection of such amounts by the tax authorities) while our further appeal to the tax court is resolved. To secure reimbursement of any amounts that may be paid by the surety company to the tax authorities in connection with the surety bond, we provided cash collateral to the surety company valued at approximately \$4.4 million as of March 31, 2017. On August 15, 2014, we filed an appeal of the assessment with the tax court. In August 2016, we received notice of a favorable resolution from the tax court, which was appealed by both, the Mexican tax authorities and our local subsidiary, which would only be analyzed if the appeal by the tax authorities succeeds. The total assessment from the Mexican tax authorities was valued at \$9.7 million as of March 31, 2017.

During the third quarter of 2015, we identified and recorded a potential Dutch operating tax contingency resulting from allocations to be made of certain corporate expenses from 2014 and 2015. We have provided all requested documentation to the Dutch tax authorities for their review and are currently waiting for their final determination. We have an estimated amount of \$1.5 million as a tax contingency at March 31, 2017 that is recorded in other liabilities within the Condensed Consolidated Balance Sheet.

### *Electricity supply contract*

One of our subsidiaries entered into an electricity supply contract wherein we committed to purchase electricity from a provider over a five-year period ending December 2019. In consideration for our commitment, we received certain rebates. Should this contract be terminated prior to the end of the five-year period, we will be obligated to refund to the supplier the undepreciated portion of (i) the capital investment it made to connect our facilities to the power grid (original amount approximately \$1.4 million) and (ii) the unearned rebates we received (total unearned rebates of \$1.1 million and \$1.2 million as of March 31, 2017 and December 31, 2016, respectively), in each case using a 20% straight-line depreciation per annum.

### *Leases and other commitments*

We lease certain equipment for the operations of our hotels under various lease agreements. The leases extend for varying periods through 2021 and contain fixed components and utility payments. In addition, several of our administrative offices are subject to leases of building facilities from third parties, which extend for varying periods through 2023 and contain fixed and variable components.

Rental expense under non-cancelable operating leases, including contingent leases, consisted of \$0.5 million and \$0.5 million for the three months ended March 31, 2017 and 2016, respectively.

### Note 11. Ordinary shares

As of January 1, 2016, the number of shares of ordinary shares presented as outstanding totaled 50,481,822, consisting of the number of shares of ordinary shares issued to Predecessor shareholders after the retroactive application of the recapitalization. On March 12, 2017, 52,982,364 shares of ordinary shares were issued as part of a recapitalization completed in the Business Combination. See Note 3 for a further discussion of the Business Combination.

As of March 31, 2017, our ordinary share capital consisted of 103,464,186 ordinary shares outstanding, which have a par value of €0.10 per share.

### Note 12. Preferred Shares

Prior to the consummation of the Business Combination, all of our Predecessor's outstanding Preferred Shares were purchased at a purchase price of \$8.40 per share for an aggregate amount of \$353.9 million, which consisted of \$239.5 million in face value and \$114.4 million of associated PIK dividends. The Preferred Shares issued by our Predecessor were eliminated and extinguished as part of the reverse merger in the Business Combination. The extinguishment is reflected as a non-cash financing activity in the Condensed Consolidated Statements of Cash Flows.

The following summarizes Preferred Shares as of March 31, 2017 and December 31, 2016 (*\$ in thousands*):

	<u>As of March 31,</u> <u>2017</u>	<u>As of December 31,</u> <u>2016</u>
Face value	\$ —	\$ 239,492
Non-cash PIK Dividends	—	106,459
<b>Net value of the Preferred Shares</b>	<b>\$ —</b>	<b>\$ 345,951</b>

### Note 13. Debt

Debt consists of the following (*\$ in thousands*):

	<u>As of March 31,</u> <u>2017</u>	<u>As of December 31,</u> <u>2016</u>
<b>Debt Obligations</b>		
Term Loan - 4.00%	\$ 361,875	\$ 362,813
Revolving Credit Facility	—	—
Senior Notes due 2020 - 8.00%	475,000	475,000
<b>Total Debt Obligations</b>	<b>836,875</b>	<b>837,813</b>
Unamortized (discount) premium		
Discount on Term Loan	(738)	(811)
Premium on Senior Notes due 2020	3,873	4,123
<b>Total unamortized (discount) premium</b>	<b>3,135</b>	<b>3,312</b>
Unamortized debt issuance costs:		
Term Loan	(4,573)	(5,065)
Senior Notes due 2020	(7,281)	(7,743)
<b>Total unamortized debt issuance costs</b>	<b>(11,854)</b>	<b>(12,808)</b>
<b>Total Debt</b>	<b>\$ 828,156</b>	<b>\$ 828,317</b>

### Debt Covenants

Our Senior Secured Credit Facility also requires us to meet leverage ratio and interest coverage ratio financial covenants in each case measured quarterly as defined in our Senior Secured Credit Facility. We were in compliance with all applicable covenants as of March 31, 2017 and December 31, 2016.

## Note 14. Employee benefit plan

In accordance with labor law regulations in Mexico, certain employees are legally entitled to receive severance that is commensurate with the tenure they had with us at the time of termination without cause, which results in an unfunded benefit obligation. There were no plan assets as of March 31, 2017 or December 31, 2016 as contributions are made only to the extent benefits are paid.

The following table presents the components of net periodic benefit cost for the three months ended March 31, 2017 and 2016 (\$ in thousands):

	Three Months Ended March 31,	
	2017	2016
Service cost	\$ 158	\$ 166
Interest cost	68	60
Effect of foreign exchange rates	372	(41)
Amortization of prior service cost	—	1
Amortization of gain	(8)	(2)
Compensation-non-retirement post employment benefits	4	(12)
Settlement gain	(7)	—
Curtailment gain	—	(5)
<b>Net periodic benefit cost</b>	<b>\$ 587</b>	<b>\$ 167</b>

## Note 15. Other balance sheet items

### *Trade and other receivables, net*

The following summarizes the balances of trade and other receivables, net as of March 31, 2017 and December 31, 2016 (\$ in thousands):

	As of March 31,	As of December 31,
	2017	2016
Gross trade and other receivables	\$ 53,253	\$ 49,942
Allowance for doubtful accounts	(697)	(1,061)
<b>Total trade and other receivables, net</b>	<b>\$ 52,556</b>	<b>\$ 48,881</b>

Our allowance for doubtful accounts as of March 31, 2017 and December 31, 2016 was approximately \$0.7 million and \$1.1 million, respectively. We have not experienced any significant write-offs to our accounts receivable.

### *Prepayments and other assets*

The following summarizes the balances of prepayments and other assets as of March 31, 2017 and December 31, 2016 (\$ in thousands):

	As of March 31,	As of December 31,
	2017	2016
Advances to suppliers	\$ 4,244	\$ 5,769
Prepaid income taxes	4,976	2,759
Prepaid other taxes <sup>(1)</sup>	15,033	15,343
Other Assets	4,550	4,762
<b>Total prepayments and other assets</b>	<b>\$ 28,803</b>	<b>\$ 28,633</b>

<sup>(1)</sup> Includes recoverable value-added tax and general consumption tax accumulated by our Mexico and Jamaica entities during remodeling respectively.



### Goodwill

The gross carrying values and accumulated impairment losses of goodwill as of March 31, 2017 and December 31, 2016 are as follows (\$ in thousands):

	As of March 31, 2017	As of December 31, 2016
Gross carrying value	\$ 51,731	\$ 51,731
Accumulated impairment loss	—	—
<b>Carrying Value</b>	<b>\$ 51,731</b>	<b>\$ 51,731</b>

### Other intangible assets

The summary of other intangible assets as of March 31, 2017 and December 31, 2016 consisted of the following (\$ in thousands):

	As of March 31, 2017	As of December 31, 2016	Weighted average useful life
Strategic Alliance	\$ 3,748	\$ 3,748	
Licenses	991	987	
Other	2,216	2,196	
Acquisition Cost	6,955	6,931	
Strategic Alliance	(3,578)	(3,472)	
Other	(1,623)	(1,484)	
Accumulated Amortization	(5,201)	(4,956)	
Strategic Alliance	170	276	3 years
Licenses	991	987	
Other	593	712	3 years
<b>Carrying Value</b>	<b>\$ 1,754</b>	<b>\$ 1,975</b>	

Amortization expense for intangibles was \$0.2 million and \$0.2 million for the three months ended March 31, 2017 and 2016, respectively. Our licenses have indefinite lives. Accordingly, there is no associated amortization expense or accumulated amortization. As of March 31, 2017 and December 31, 2016, such indefinite lived assets totaled \$1.0 million.

### Trade and other payables

The following summarizes the balances of trade and other payables as of March 31, 2017 and December 31, 2016 (\$ in thousands):

	As of March 31, 2017	As of December 31, 2016
Trade payables	\$ 16,040	\$ 21,229
Advance deposits	36,870	41,621
Withholding and other taxes payable	36,678	27,432
Accrued professional services	14,248	19,566
Interest payable	6,578	16,151
Payroll and related accruals	8,755	12,963
Other payables	9,045	6,080
<b>Total trade and other payables</b>	<b>\$ 128,214</b>	<b>\$ 145,042</b>

## Other liabilities

The following summarizes the balances of other liabilities as of March 31, 2017 and December 31, 2016 (\$ in thousands):

	As of March 31,	As of December 31,
	2017	2016
Tax contingencies	\$ 2,988	\$ 2,969
Pension obligations	4,175	3,556
Casino loan and license	1,023	1,027
Other	1,880	1,445
<b>Total other liabilities</b>	<b>\$ 10,066</b>	<b>\$ 8,997</b>

## Note 16. Segment information

We consider each one of our hotels to be an operating segment, none of which meets the threshold for a reportable segment. We also allocate resources and assess operating performance based on individual hotels. Our operating segments meet the aggregation criteria and thus, we report three separate segments by geography: (i) Yucatán Peninsula, (ii) Pacific Coast and (iii) Caribbean Basin.

Our operating segments are components of the business which are managed discretely and for which discrete financial information is reviewed regularly by our Chief Executive Officer, Chief Financial Officer and Chief Operating Officer, all of whom represent our chief operating decision maker (“CODM”). Financial information for each reportable segment is reviewed by the CODM to assess performance and make decisions regarding the allocation of resources. We did not provide a reconciliation of reportable segments' assets to our consolidated assets as this information is not reviewed by the CODM to assess performance and make decisions regarding the allocation of resources.

The performance of our operating segments is evaluated primarily on adjusted earnings before interest expense, income tax provision, and depreciation and amortization expense (“Adjusted EBITDA”), which should not be considered an alternative to net income or other measures of financial performance or liquidity derived in accordance with U.S. GAAP. We define Adjusted EBITDA as net income, determined in accordance with U.S. GAAP, for the period presented, before interest expense, income tax provision, and depreciation and amortization expense, further adjusted to exclude the following items: (a) other expense, net; (b) transaction expenses; (c) other tax expense, and (d) insurance proceeds.

There are limitations to using financial measures such as Adjusted EBITDA. For example, other companies in our industry may define Adjusted EBITDA differently than we do. As a result, it may be difficult to use Adjusted EBITDA or similarly named financial measures that other companies publish to compare the performance of those companies to our performance. Because of these limitations, Adjusted EBITDA should not be considered as a measure of the income or loss generated by our business or discretionary cash available for investment in our business and investors should carefully consider our U.S. GAAP results presented in our Condensed Consolidated Financial Statements.

The following tables present segment net revenue and a reconciliation to gross revenue and segment Adjusted EBITDA and a reconciliation to net income (\$ in thousands):

	Three Months Ended March 31,	
	2017	2016
<b>Revenue:</b>		
Yucatán Peninsula	\$ 80,748	\$ 71,617
Pacific Coast	28,432	22,889
Caribbean Basin	61,330	62,347
Segment net revenue <sup>(1)</sup>	170,510	156,853
Other	—	4
Tips	3,557	3,099
<b>Total gross revenue</b>	<b>\$ 174,067</b>	<b>\$ 159,956</b>

<sup>(1)</sup> Net revenue represents total gross revenue less compulsory tips paid to employees and other miscellaneous revenue not derived from segment operations.

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Adjusted EBITDA:</b>		
Yucatán Peninsula	\$ 43,070	\$ 36,398
Pacific Coast	14,272	11,224
Caribbean Basin	24,940	26,271
Segment Adjusted EBITDA	82,282	73,893
Other corporate - unallocated	(7,809)	(7,059)
<b>Total consolidated Adjusted EBITDA</b>	<b>74,473</b>	<b>66,834</b>
<i>Less:</i>		
Other expense, net	645	282
Transaction expenses	6,000	944
Other tax expense	176	418
Insurance proceeds	—	(130)
<i>Add:</i>		
Interest expense	(14,015)	(13,743)
Depreciation and amortization	(12,410)	(13,134)
<b>Net income before tax</b>	<b>41,227</b>	<b>38,443</b>
Income tax provision	(13,588)	(1,906)
<b>Net income</b>	<b>\$ 27,639</b>	<b>\$ 36,537</b>

## **Note 17. Subsequent events**

For our interim Condensed Consolidated Financial Statements as of March 31, 2017, we have evaluated subsequent events through the date the interim financial statements were issued.

### *Senior Secured Credit Facility Refinance*

On April 27, 2017, we amended and restated our existing Senior Secured Credit Facility, which consists of our \$530.0 million Term Loan priced at 99.75% of the principal amount and a Revolving Credit Facility with a maximum aggregate borrowing capacity of \$100.0 million. The proceeds received from the Term Loan were used to repay our existing term loan and \$115.0 million of our Senior Notes due 2020. The repayment of our existing term loan and partial repayment of our Senior Notes due 2020 will be accounted for as an extinguishment of debt and is estimated to result in a loss of \$12.5 million.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis of Playa Hotels & Resorts N.V.'s ("Playa") financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements (our "Condensed Consolidated Financial Statements") and the notes related thereto which are included in "Item 1. Financial Statements" of this Quarterly Report on Form 10-Q. Unless the context otherwise requires, "we," "us," "our" and the "Company" refer to Playa and its subsidiaries.*

### **Cautionary Note Regarding Forward-Looking Statements**

*Some of the statements contained in this quarterly report constitute forward-looking statements within the meaning of the federal securities laws. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. Forward-looking statements reflect our current views with respect to, among other things, our capital resources, portfolio performance and results of operations. Likewise, our Condensed Consolidated Financial Statements and all of our statements regarding anticipated growth in our operations, anticipated market conditions, demographics and results of operations are forward-looking statements. In some cases, you can identify these forward-looking statements by the use of terminology such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words or phrases.*

*The forward-looking statements contained in this quarterly report reflect our current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause our actual results to differ significantly from those expressed in any forward-looking statement. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:*

- general economic uncertainty and the effect of general economic conditions on the lodging industry in particular;*
- the popularity of the all-inclusive resort model, particularly in the luxury segment of the resort market;*
- the success and continuation of our relationship with Hyatt;*
- the volatility of currency exchange rates;*
- the success of our branding or rebranding initiatives with our current portfolio and resorts that may be acquired in the future, including the rebranding of two of our resorts under the new all-inclusive "Panama Jack" brand;*
- our failure to successfully complete expansion, repair and renovation projects in the timeframes and at the costs anticipated;*
- significant increases in construction and development costs;*
- our ability to obtain and maintain financing arrangements on attractive terms;*
- the impact of and changes in governmental regulations or the enforcement thereof, tax laws and rates, accounting guidance and similar matters in regions in which we operate;*
- the effectiveness of our internal controls and our corporate policies and procedures and the success and timing of the remediation efforts for the material weaknesses that we identified in our internal control over financial reporting;*
- changes in personnel and availability of qualified personnel;*
- environmental uncertainties and risks related to adverse weather conditions and natural disasters;*
- dependence on third parties to provide Internet, telecommunications and network connectivity to our data centers;*
- the volatility of the market price and liquidity of our ordinary shares and other of our securities; and*
- the increasingly competitive environment in which we operate.*

*While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. The Company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or*

*factors, new information, data or methods, future events or other changes after the date of this quarterly report, except as required by applicable law. You should not place undue reliance on any forward-looking statements, which are based only on information currently available to us (or to third parties making the forward-looking statements).*

#### **Explanatory Note**

At 12:00 a.m. Central European Time on March 12, 2017 (the "Closing Time"), we consummated a Business Combination that replicated the economics of Playa Hotels & Resorts B.V. (our "Predecessor") and Pace Holdings Corp., an entity that was formed as a special purpose acquisition company for the purpose of effecting a merger or other similar business combination with one or more target businesses ("Pace"), with us (the "Business Combination"). In connection with the Business Combination, which is described in detail in our Current Report on Form 8-K filed with the Securities and Exchange Commission ("SEC") on March 14, 2017, we changed our name from Porto Holdco N.V. to Playa Hotels & Resorts N.V. In addition, in connection with the Business Combination, (i) prior to the consummation of the Business Combination, all of our Predecessor's cumulative redeemable preferred shares were purchased and were subsequently extinguished upon the reverse merger of our Predecessor with and into us, (ii) Pace's former shareholders and our Predecessor's former shareholders received a combination of our ordinary shares and warrants as consideration in the Business Combination. Our Predecessor was the accounting acquirer in the Business Combination, and the business, properties, and management team of our Predecessor prior to the Business Combination are the business, properties, and management team of the Company following the Business Combination.

Our financial statements, other financial information and operating statistics presented in this Form 10-Q reflect the results of our Predecessor for all periods prior to the Closing Time. Our financial statements and other financial information also include the consolidation of Pace from the Closing Time of the Business Combination to March 31, 2017.

## Overview

We are a leading owner, operator and developer of all-inclusive resorts in prime beachfront locations in popular vacation destinations in Mexico and the Caribbean. As of March 31, 2017, we owned a portfolio consisting of 13 resorts (6,142 rooms) located in Mexico, the Dominican Republic and Jamaica. We believe that our properties are among the finest all-inclusive resorts in the markets they serve. All of our resorts offer guests luxury accommodations, noteworthy architecture, extensive on-site activities and multiple food and beverage options. Our guests also have the opportunity to purchase upgrades from us such as premium rooms, dining experiences, wines and spirits and spa packages. For the three months ended March 31, 2017, we generated net income of \$27.6 million, total revenue of \$174.1 million, Net Package RevPAR of approximately \$270.67 and Adjusted EBITDA of \$74.5 million. For the three months ended March 31, 2016, we generated net income of \$36.5 million, total revenue of \$160.0 million, Net Package RevPAR of approximately \$249.66 and Adjusted EBITDA of \$66.8 million.

## Our Portfolio

The following table presents an overview of our resorts, each of which we own in its entirety. We manage eight of our resorts and a third party, AMResorts, manages five of our resorts. No resort in our portfolio contributed more than 12.6% of our total net revenue or 14.1% of our consolidated Adjusted EBITDA for the three months ended March 31, 2017. The table below is organized by our three geographic business segments: the Yucatán Peninsula, the Pacific Coast and the Caribbean Basin.

<b>Name of Resort</b>	<b>Location</b>	<b>Brand and Type</b>	<b>Operator</b>	<b>Rooms</b>
<b><u>Yucatán Peninsula</u></b>				
Hyatt Ziva Cancún	Cancún, Mexico	Hyatt Ziva (all ages)	Playa	547
Hyatt Zilara Cancún	Cancún, Mexico	Hyatt Zilara (adults-only)	Playa	307
Gran Caribe Real	Cancún, Mexico	Gran (all ages)(1)	Playa	470
THE Royal Playa del Carmen	Playa del Carmen, Mexico	THE Royal (adults-only)	Playa	513
Gran Porto Real	Playa del Carmen, Mexico	Gran (all ages)(1)	Playa	287
Secrets Capri	Riviera Maya, Mexico	Secrets (adults-only)	AMResorts	291
Dreams Puerto Aventuras	Riviera Maya, Mexico	Dreams (all ages)	AMResorts	305
<b><u>Pacific Coast</u></b>				
Hyatt Ziva Los Cabos	Cabo San Lucas, Mexico	Hyatt Ziva (all ages)	Playa	591
Hyatt Ziva Puerto Vallarta	Puerto Vallarta, Mexico	Hyatt Ziva (all ages)	Playa	335
<b><u>Caribbean Basin</u></b>				
Dreams La Romana	La Romana, Dominican Republic	Dreams (all ages)	AMResorts	756
Dreams Palm Beach	Punta Cana, Dominican Republic	Dreams (all ages)	AMResorts	500
Dreams Punta Cana	Punta Cana, Dominican Republic	Dreams (all ages)	AMResorts	620
Hyatt Ziva and Hyatt Zilara Rose Hall(2)	Montego Bay, Jamaica	Hyatt Ziva (all ages) and Hyatt Zilara (adults-only)	Playa	620
<b><u>Total Rooms</u></b>				<b><u>6,142</u></b>

(1) Pursuant to an agreement with Panama Jack, we have agreed to rebrand these resorts under the Panama Jack brand. We expect the rebranding to be completed in 2017.

(2) Our Jamaica property is treated as a single resort operating under both of the all-ages Hyatt Ziva and adults-only Hyatt Zilara brands (the "Hyatt All-Inclusive Resort Brands"), rather than as two separate resorts.

## Results of Operations

### Three Months Ended March 31, 2017 and 2016

The following table summarizes our results of operations on a consolidated basis for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,		Increase / Decrease	
	2017	2016	Change	% Change
(\$ in thousands)				
<b>Revenue:</b>				
Package	\$ 152,956	\$ 142,456	\$ 10,500	7.4 %
Non-package	21,111	17,500	3,611	20.6 %
Total revenue	<b>174,067</b>	<b>159,956</b>	<b>14,111</b>	<b>8.8 %</b>
<b>Direct and selling, general and administrative expenses:</b>				
Direct	77,106	72,498	4,608	6.4 %
Selling, general and administrative	28,664	21,986	6,678	30.4 %
Depreciation and amortization	12,410	13,134	(724)	(5.5)%
Insurance proceeds	—	(130)	130	(100.0)%
<b>Direct and selling, general and administrative expenses</b>	<b>118,180</b>	<b>107,488</b>	<b>10,692</b>	<b>9.9 %</b>
<b>Operating income</b>	<b>55,887</b>	<b>52,468</b>	<b>3,419</b>	<b>6.5 %</b>
Interest expense	(14,015)	(13,743)	(272)	2.0 %
Other expense, net	(645)	(282)	(363)	128.7 %
<b>Net income before tax</b>	<b>41,227</b>	<b>38,443</b>	<b>2,784</b>	<b>7.2 %</b>
Income tax provision	(13,588)	(1,906)	(11,682)	612.9 %
<b>Net income</b>	<b>\$ 27,639</b>	<b>\$ 36,537</b>	<b>\$ (8,898)</b>	<b>(24.4)%</b>

The following tables set forth information with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue (as defined below), total net revenue and Adjusted EBITDA for the three months ended March 31, 2017 and 2016. For a description of these operating metrics and non-U.S. GAAP measures and a reconciliation of Net Package Revenue, Net Non-package Revenue and total net revenue to total revenue as computed under U.S. GAAP, see “Key Indicators of Financial and Operating Performance,” below. For discussions of Adjusted EBITDA and reconciliation to the most comparable U.S. GAAP financial measures, see “Key Indicators of Financial and Operating Performance” and “Non-U.S. GAAP Financial Measures,” below.

### Total Portfolio

	Three Months Ended March 31,		Increase / Decrease	
	2017	2016	Change	% Change
Occupancy	87.4%	82.3%	5.1 pts	6.2%
Net Package ADR	\$ 309.61	\$ 303.40	\$ 6.21	2.0%
Net Package RevPAR	270.67	249.66	21.01	8.4%
(\$ in thousands)				
Net Package Revenue	\$ 149,622	\$ 139,538	\$ 10,084	7.2%
Net Non-package Revenue	20,888	17,319	3,569	20.6%
Total net revenue	170,510	156,857	13,653	8.7%
Adjusted EBITDA	\$ 74,473	\$ 66,834	\$ 7,639	11.4%

### Total Revenue and Total Net Revenue

Our total revenue for the three months ended March 31, 2017 increased \$14.1 million, or 8.8%, compared to the three months ended March 31, 2016. Our total net revenue (which represents total revenue less compulsory tips paid to employees) for the three months ended March 31, 2017 increased \$13.7 million, or 8.7%, compared to the three months ended March 31, 2016. This increase was driven by an increase in Net Package Revenue of \$10.1 million, or 7.2%, and an increase in Net Non-package Revenue of \$3.6 million, or 20.6%. The increase in Net Package Revenue was the result of an increase in Net Package ADR of \$6.21, or 2% and an increase in average occupancy from 82.3% to 87.4%, the equivalent of an increase of \$21.01, or 8.4%, in Net Package RevPAR.

### Direct Expenses

The following table shows a reconciliation of our direct expenses to net direct expenses for the three months ended March 31, 2017 and 2016 (\$ in thousands):

	Three Months Ended March 31,		Increase/Decrease	
	2017	2016	Change	% Change
Direct expenses	\$ 77,106	\$ 72,498	\$ 4,608	6.4%
Less: tips	3,557	3,099	458	14.8%
<b>Net direct expenses</b>	<b>\$ 73,549</b>	<b>\$ 69,399</b>	<b>\$ 4,150</b>	<b>6.0%</b>

Our direct expenses include resort expenses, such as food and beverage, salaries and wages, utilities and other ongoing operational expenses. Our net direct expenses (which represents total direct expenses less compulsory tips paid to employees) for the three months ended March 31, 2017 were \$73.5 million, or 43.1%, of total net revenue and \$69.4 million, or 44.2%, of total net revenue for the three months ended March 31, 2016. Net direct expenses for the three months ended March 31, 2017 include \$19.5 million of food and beverage expenses, \$24.4 million of resort salary and wages, \$7.0 million of utility expenses, \$3.4 million of repairs and maintenance expenses, \$0.6 million of licenses and property taxes, \$3.9 million of incentive and management fees, \$4.4 million of Hyatt fees, and \$10.3 million of other operational expenses. Other operational expenses primarily include \$1.2 million of office supplies, \$1.1 million of guest supplies, \$0.6 million of laundry and cleaning expenses, \$1.1 million of transportation and travel expenses, \$0.9 million of entertainment expenses, \$1.0 million of other supplies and expense amortization, \$1.4 million of property and equipment rental expenses and \$3.0 million of other expenses.

Net direct expenses for the three months ended March 31, 2016 include \$18.9 million of food and beverage expenses, \$24.4 million of resort salaries and wages, \$6.0 million of utility expenses, \$3.6 million of repairs and maintenance expenses, \$0.8 million of licenses and property taxes, \$4.2 million of incentive and management fees, \$3.8 million of Hyatt fees, and \$7.7 million of other operational expenses. Other operation expenses primarily include \$1.2 million of office supplies, \$1.1 million of guest supplies, \$0.8 million of laundry and cleaning expenses, \$1.1 million of transportation and travel expenses, \$0.9 million of entertainment expenses, \$0.9 million of other supplies and expense amortization, \$0.7 million of property and equipment rental expenses, and \$1.0 million of other expenses.

Net direct expenses for the three months ended March 31, 2017 increased \$4.2 million, or 6%, compared to the three months ended March 31, 2016. The increases in net direct expenses were primarily attributable to an increase in utility expenses of \$1.1 million, an increase in food and beverage expenses of \$0.6 million and an increase in other operational expenses of \$2.6 million. These expenses were partially offset by a decrease in incentive and management fees of \$0.3 million and a decrease in license and property taxes of \$0.2 million.

### Selling, General and Administrative Expenses

Our selling, general and administrative expenses for the three months ended March 31, 2017 increased \$6.7 million, or 30.4%, compared to the three months ended March 31, 2016. This increase was primarily driven by an increase in transaction expenses of \$4.9 million, an increase in advertising expenses of \$0.8 million, an increase in professional fees of \$0.2 million, an increase in corporate personnel costs of \$0.8 million, and an increase of \$0.5 million in other selling, general and administrative expenses. These expenses were partially offset by a decrease in insurance expenses of \$0.5 million.

### Depreciation and Amortization Expense

Our depreciation and amortization expense for the three months ended March 31, 2017 decreased \$0.7 million, or 5.5%, compared to the three months ended March 31, 2016.



### *Insurance Proceeds*

We did not receive insurance proceeds during the three months ended March 31, 2017. We received \$0.1 million of insurance proceeds during the three months ended March 31, 2016, which represents proceeds related to a small claim at the Dreams Palm Beach resort.

### *Interest Expense*

Our interest expense for the three months ended March 31, 2017 increased \$0.3 million, or 2.0%, as compared to the three months ended March 31, 2016. This increase was primarily attributable to the issuance of an additional \$50.0 million of our senior unsecured notes, which mature on August 15, 2020 (the "Senior Notes due 2020") on October 4, 2016. This was partially offset by a decrease in interest expense on our Revolving Credit Facility.

### *Income Tax Provision*

The income tax provision for the three months ended March 31, 2017 was \$13.6 million, an increase of \$11.7 million compared to the three months ended March 31, 2016, during which we reported an income tax provision of \$1.9 million. The increased income tax provision in the three months ended March 31, 2017 was driven primarily by a \$3.1 million increase of the tax impact on increased pre-tax book income and an \$8.3 million increase in the discrete expense associated with foreign exchange rate fluctuations.

### *Adjusted EBITDA*

Our Adjusted EBITDA for the three months ended March 31, 2017 increased \$7.6 million, or 11.4%, compared to the three months ended March 31, 2016. For discussions of Adjusted EBITDA and reconciliation to the most comparable U.S. GAAP financial measures, see "Key Indicators of Financial and Operating Performance" and "Non-U.S. GAAP Financial Measures," below.

## **Key Indicators of Financial and Operating Performance**

We use a variety of financial and other information to monitor the financial and operating performance of our business. Some of this is financial information prepared in accordance with U.S. GAAP, while other information, though financial in nature, is not prepared in accordance with U.S. GAAP. For reconciliations of non-U.S. GAAP financial measures to the most comparable U.S. GAAP financial measure, see "Non-U.S. GAAP Financial Measures." Our management also uses other information that is not financial in nature, including statistical information and comparative data that are commonly used within the lodging industry to evaluate the financial and operating performance of our portfolio. Our management uses this information to measure the performance of our segments and consolidated portfolio. We use this information for planning and monitoring our business, as well as in determining management and employee compensation. These key indicators include:

- Net revenue
- Net Package Revenue
- Net Non-package Revenue
- Occupancy
- Net Package ADR
- Net Package RevPAR
- Adjusted EBITDA
- Comparable Adjusted EBITDA

### ***Net Revenue, Net Package Revenue and Net Non-package Revenue***

We derive net revenue from the sale of all-inclusive packages, which include room accommodations, food and beverage services and entertainment activities, net of compulsory tips paid to employees in Mexico and Jamaica. Government mandated compulsory tips in the Dominican Republic are not included in this adjustment, as they are already excluded from revenue. Net revenue is recognized when the rooms are occupied and/or the relevant services have been rendered. Advance deposits received from guests are deferred and included in trade and other payables until the rooms are occupied and/or the relevant services have been rendered, at which point the revenue is recognized. Food and beverage revenue not included in a guest's all-inclusive package is recognized when the goods are consumed. Net revenue represents a key indicator to assess the overall performance of our business and analyze trends, such as consumer demand, brand preference and competition.

In analyzing our results, our management differentiates between Net Package Revenue and Net Non-package Revenue (as such terms are defined below). Guests at our resorts purchase packages at stated rates, which include room accommodations, food and beverage services and entertainment activities, in contrast to other lodging business models, which typically only include the room accommodations in the stated rate. The amenities at all-inclusive resorts typically include a variety of buffet and à la carte restaurants, bars, activities, and shows and entertainment throughout the day. “Net Package Revenue” consists of net revenues derived from all-inclusive packages purchased by our guests. “Net Non-package Revenue” primarily includes net revenue associated with guests' purchases of upgrades, premium services and amenities, such as premium rooms, dining experiences, wines and spirits and spa packages, which are not included in the all-inclusive package.

The following table shows a reconciliation of Net Package Revenue, Net Non-package Revenue and Net Revenue to Total Revenue for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
	(\$ in thousands)	
Total Net Package Revenue	\$ 149,622	\$ 139,538
Total Net Non-package Revenue	20,888	17,319
<b>Total net revenue</b>	<b>170,510</b>	<b>156,857</b>
Plus: compulsory tips	3,557	3,099
<b>Total revenue</b>	<b>\$ 174,067</b>	<b>\$ 159,956</b>

### **Occupancy**

“Occupancy” represents the total number of rooms sold for a period divided by the total number of rooms available during such period. Occupancy is a useful measure of the utilization of a resort’s total available capacity and can be used to gauge demand at a specific resort or group of properties for a period. Occupancy levels also enable us to optimize Net Package ADR by increasing or decreasing the stated rate for our all-inclusive packages as demand for a resort increases or decreases.

### **Net Package ADR**

“Net Package ADR” represents total Net Package Revenue for a period divided by the total number of rooms sold during such period. Net Package ADR trends and patterns provide useful information concerning the pricing environment and the nature of the guest base of our portfolio or comparable portfolio, as applicable. Net Package ADR is a commonly used performance measure in the all-inclusive segment of the lodging industry, and is commonly used to assess the stated rates that guests are willing to pay through various distribution channels.

### **Net Package RevPAR**

“Net Package RevPAR” is the product of Net Package ADR and the average daily occupancy percentage. Net Package RevPAR does not reflect the impact of non-package revenue. Although Net Package RevPAR does not include this additional revenue, it generally is considered the key performance measure in the all-inclusive segment of the lodging industry to identify trend information with respect to net room revenue produced by our portfolio or comparable portfolio, as applicable, and to evaluate operating performance on a consolidated basis or a regional basis, as applicable.

### **Adjusted EBITDA**

We define EBITDA, a non-U.S. GAAP financial measure, as net income (loss), determined in accordance with U.S. GAAP, for the period presented, before interest expense, income tax and depreciation and amortization expense. We define Adjusted EBITDA, a non-U.S. GAAP financial measure, as EBITDA further adjusted to exclude the following items:

- Other expense (income), net
- Impairment loss
- Management termination fees
- Pre-opening expenses
- Transaction expenses
- Severance expenses

- Other tax expense
- Insurance proceeds
- Stock-based compensation expense
- Loss (gain) on extinguishment of debt

We believe that Adjusted EBITDA is useful to investors for two principal reasons. First, we believe Adjusted EBITDA assists investors in comparing our performance over various reporting periods on a consistent basis by removing from our operating results the impact of items that do not reflect our core operating performance. For example, changes in foreign exchange rates (which are the principal driver of changes in other expense, net), and expenses related to capital raising, strategic initiatives and other corporate initiatives, such as expansion into new markets (which are the principal drivers of changes in transaction expenses), are not indicative of the operating performance of our resorts. The other adjustments included in our definition of Adjusted EBITDA relate to items that occur infrequently and therefore would obstruct the comparability of our operating results over reporting periods. For example, revenue from insurance policies, other than business interruption insurance policies is infrequent in nature, and we believe excluding these expense and revenue items permits investors to better evaluate the core operating performance of our resorts over time.

The second principal reason that we believe Adjusted EBITDA is useful to investors is that it is considered a key performance indicator by our board of directors (our "Board") and management. In addition, the compensation committee of our Board determines the annual variable compensation for certain members of our management based, in part, on consolidated Adjusted EBITDA. We believe that Adjusted EBITDA is useful to investors because it provides investors with information utilized by our Board and management to assess our performance and may (subject to the limitations described below) enable investors to compare the performance of our portfolio to our competitors.

Adjusted EBITDA is not a substitute for net income or any other measure determined in accordance with U.S. GAAP. There are limitations to the utility of non-U.S. GAAP financial measures, such as Adjusted EBITDA. For example, other companies in our industry may define Adjusted EBITDA differently than we do. As a result, it may be difficult to use Adjusted EBITDA or similarly named non-U.S. GAAP financial measures that other companies publish to compare the performance of those companies to our performance. Because of these limitations, Adjusted EBITDA should not be considered as a measure of the income or loss generated by our business or discretionary cash available for investment in our business, and investors should carefully consider our U.S. GAAP results presented.

For a reconciliation of EBITDA and Adjusted EBITDA to net income as computed under U.S. GAAP, see "Non-U.S. GAAP Financial Measures."

## Segment Results

### Three Months Ended March 31, 2017 and 2016

We evaluate our business segment operating performance using segment net revenue and segment Adjusted EBITDA. The following tables summarize segment net revenue and segment Adjusted EBITDA for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,		Change	% Change
	2017	2016		
<b>Net revenue:</b>	<b>(\$ in thousands)</b>			
Yucatán Peninsula	\$ 80,748	\$ 71,617	\$ 9,131	12.7 %
Pacific Coast	28,432	22,889	5,543	24.2 %
Caribbean Basin	61,330	62,347	(1,017)	(1.6)%
Segment net revenue	170,510	156,853	13,657	8.7 %
Other	—	4	(4)	(100.0)%
<b>Total net revenue</b>	<b>\$ 170,510</b>	<b>\$ 156,857</b>	<b>\$ 13,653</b>	<b>8.7 %</b>

	Three Months Ended March 31,		Change	% Change
	2017	2016		
<b>Adjusted EBITDA:</b>	(\$ in thousands)			
Yucatán Peninsula	\$ 43,070	\$ 36,398	\$ 6,672	18.3 %
Pacific Coast	14,272	11,224	3,048	27.2 %
Caribbean Basin	24,940	26,271	(1,331)	(5.1)%
Segment Adjusted EBITDA	82,282	73,893	8,389	11.4 %
Other corporate—unallocated	(7,809)	(7,059)	(750)	10.6 %
<b>Total Adjusted EBITDA</b>	<b>\$ 74,473</b>	<b>\$ 66,834</b>	<b>\$ 7,639</b>	<b>11.4 %</b>

For a reconciliation of segment net revenue and segment Adjusted EBITDA to gross revenue and net income, respectively, each as computed under U.S. GAAP, see Note 16 to our Condensed Consolidated Financial Statements.

### *Yucatán Peninsula*

The following tables set forth information with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue, total net revenue and Adjusted EBITDA for our Yucatán Peninsula segment for the three months ended March 31, 2017 and 2016 for the total segment portfolio. As the properties in the Yucatán Peninsula were owned and operated during the entirety of the periods shown, the total segment portfolio and comparable segment portfolio statistics are identical, and as such, no comparable data is needed.

	Three Months Ended March 31,		Change	% Change
	2017	2016		
Occupancy	90.6%	83.5%	7.1 pts	8.5%
Net Package ADR	\$ 325.66	\$ 309.13	\$ 16.53	5.3%
Net Package RevPAR	295.18	258.15	37.03	14.3%
	(\$ in thousands)			
Net Package Revenue	\$ 72,259	\$ 63,897	\$ 8,362	13.1%
Net Non-package Revenue	8,489	7,720	769	10.0%
Total net revenue	80,748	71,617	9,131	12.7%
Adjusted EBITDA	\$ 43,070	\$ 36,398	\$ 6,672	18.3%

*Segment Total Net Revenue.* Our net revenue for the three months ended March 31, 2017 increased \$9.1 million, or 12.7%, compared to the three months ended March 31, 2016. This increase was primarily due to the performance of Hyatt Ziva Cancun, which accounted for an \$8.4 million increase in net revenue compared to the three months ended March 31, 2016 due to its increase in both Net Package ADR and Occupancy compared to prior year. This was partially offset by the performance of Gran Porto, which accounted for a \$0.6 million decrease in net revenue compared to the three months ended March 31, 2016 due to a decrease in its Net Package ADR.

*Segment Adjusted EBITDA.* Our Adjusted EBITDA for the three months ended March 31, 2017 increased \$6.7 million, or 18.3%, compared to the three months ended March 31, 2016. Excluding Gran Porto this increase was due in large part to the strong performance by all of our resorts, which accounted for a \$7.6 million increase in Adjusted EBITDA compared to the three months ended March 31, 2016, with Hyatt Ziva Cancun being the most notable contributor. This was offset by the performance of Gran Porto, which accounted for a \$0.9 million decrease in Adjusted EBITDA compared to the three months ended March 31, 2016.

### *Pacific Coast*

The following tables set forth information with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-Package Revenue, total net revenue and Adjusted EBITDA for our Pacific Coast segment for the three months ended March 31, 2017 and 2016 for the total segment portfolio. As the properties in the Pacific Coast were owned and operated during the entirety of the periods shown, the total segment portfolio and comparable segment portfolio statistics are identical, and as such, no comparable data is needed.

	Three Months Ended March 31,		Change	% Change
	2017	2016		
Occupancy	77.6%	69.2%	8.4 pts	12.1%
Net Package ADR	\$ 369.25	\$ 346.29	\$ 22.96	6.6%
Net Package RevPAR	286.64	239.56	47.08	19.7%
(\$ in thousands)				
Net Package Revenue	\$ 23,889	\$ 20,186	\$ 3,703	18.3%
Net Non-package Revenue	4,543	2,703	1,840	68.1%
Total net revenue	28,432	22,889	5,543	24.2%
Adjusted EBITDA	\$ 14,272	\$ 11,224	\$ 3,048	27.2%

*Segment Total Net Revenue.* Our total net revenue for the three months ended March 31, 2017 increased \$5.5 million, or 24.2%, compared to the three months ended March 31, 2016. This increase was due to increased net revenue by both hotels in this segment.

*Segment Adjusted EBITDA.* Our Adjusted EBITDA for the three months ended March 31, 2017 increased \$3.0 million, or 27.2%, compared to the three months ended March 31, 2016. This increase was due to increased Adjusted EBITDA by both hotels in this segment.

### *Caribbean Basin*

The following table sets forth information with respect to our Occupancy, Net Package ADR, Net Package RevPAR, Net Package Revenue, Net Non-package Revenue, total net revenue and Adjusted EBITDA for our Caribbean Basin segment for the three months ended March 31, 2017 and 2016 for the total segment portfolio. As the properties in the Caribbean Basin were owned and operated during the entirety of the periods shown, the total segment portfolio and comparable segment portfolio statistics are identical, and as such, no comparable data is needed.

	Three Months Ended March 31,		Change	% Change
	2017	2016		
Occupancy	87.6%	85.8%	1.8 pts	2.1 %
Net Package ADR	\$ 271.87	\$ 284.50	\$ (12.63)	(4.4)%
Net Package RevPAR	238.04	244.15	(6.11)	(2.5)%
(\$ in thousands)				
Net Package Revenue	\$ 53,474	\$ 55,455	\$ (1,981)	(3.6)%
Net Non-package Revenue	7,856	6,892	964	14.0 %
Total net revenue	61,330	62,347	(1,017)	(1.6)%
Adjusted EBITDA	\$ 24,940	\$ 26,271	\$ (1,331)	(5.1)%

*Segment Total Net Revenue.* Our total net revenue for the three months ended March 31, 2017 decreased \$1.0 million, or 1.6%, compared to the three months ended March 31, 2016. This decrease was due to the performance of Hyatt Ziva and Hyatt Zilara Rose Hall, which accounted for a \$0.1 million decrease in net revenue compared to the three months ended March 31, 2016. The remaining resorts in the Dominican Republic recorded a decrease of \$0.9 million for the three months ended March 31, 2017 compared to the three months ended March 31, 2016, with Dreams Punta Cana being the largest contributor to this decrease. The decrease in Net Package ADR was due to the strategic decision to build and promote occupancy at Hyatt Ziva and Zilara Rose Hall, as well as Dreams Palm Beach at the expense of package rates, which decreased.

*Segment Adjusted EBITDA.* Our Adjusted EBITDA for the three months ended March 31, 2017 decreased \$1.3 million, or 5.1%, compared to the three months ended March 31, 2016. This decrease was primarily due to Hyatt Ziva and Hyatt Zilara Rose Hall, which accounted for a \$1.7 million decrease in Adjusted EBITDA compared to the three months ended March 31, 2016. This was partially offset by an increase of \$0.4 million for the three months ended March 31, 2017 for the remaining resorts in the Dominican Republic compared to the three months ended March 31, 2016.

## Non-U.S. GAAP Financial Measures

### *Reconciliation of Net Income to Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)*

The following is a reconciliation of our U.S. GAAP net income to EBITDA and Adjusted EBITDA for the three months ended March 31, 2017 and 2016 (\$ in thousands):

	Three Months Ended March 31,	
	2017	2016
<b>Net income</b>	<b>\$ 27,639</b>	<b>\$ 36,537</b>
Interest expense	14,015	13,743
Income tax provision	13,588	1,906
Depreciation and amortization	12,410	13,134
<b>EBITDA</b>	<b>67,652</b>	<b>65,320</b>
Other expense, net <sup>(a)</sup>	645	282
Transaction expense <sup>(b)</sup>	6,000	944
Other tax expense <sup>(c)</sup>	176	418
Insurance proceeds <sup>(d)</sup>	—	(130)
<b>Adjusted EBITDA</b>	<b>\$ 74,473</b>	<b>\$ 66,834</b>

- (a) Represents changes in foreign exchange and other miscellaneous expenses or income.
- (b) Represents expenses incurred in connection with corporate initiatives, such as: the redesign and build-out of our internal controls; other capital raising efforts including the business combination with Pace; and strategic initiatives, such as possible expansion into new markets. We eliminate these expenses from Adjusted EBITDA because they are not attributable to our core operating performance.
- (c) Relates primarily to a Dominican Republic asset tax, which is an alternative tax to income tax in the Dominican Republic. We eliminate this expense from Adjusted EBITDA because it is substantially similar to the income tax expense we eliminate from our calculation of EBITDA.
- (d) Represents a portion of the insurance proceeds related to property insurance and not business interruption proceeds.

## Seasonality

The seasonality of the lodging industry and the location of our resorts in Mexico and the Caribbean generally result in the greatest demand for our resorts between mid-December and April of each year, yielding higher occupancy levels and package rates during this period. This seasonality in demand has resulted in predictable fluctuations in revenue, results of operations, and liquidity, which are consistently higher during the first quarter of each year than in successive quarters.

## Inflation

Operators of lodging properties, in general, possess the ability to adjust room rates to reflect the effects of inflation. However, competitive pressures may limit our ability to raise room rates to fully offset inflationary cost increases.

## Liquidity and Capital Resources

Our primary short-term cash needs are paying operating expenses, maintaining our resorts, servicing of our outstanding indebtedness and funding any ongoing expansion, renovation, repositioning and rebranding projects. As of March 31, 2017, we had \$35.4 million of scheduled contractual obligations due within one year.

We expect to meet our short-term liquidity requirements generally through net cash provided by operations, existing cash balances and, if necessary, short-term borrowings under our revolving credit facility, originally entered into on August 9, 2013 amended and restated pursuant to that certain Restatement Agreement, dated as of April 27, 2017, with the lenders and agents party thereto and the guarantors named therein, permitting borrowings of up to \$100.0 million and which matures on April 27, 2022 (the "Revolving Credit Facility"). We had cash and cash equivalents of \$134.2 million as of March 31, 2017, compared to \$37.4 million as of March 31, 2016 (excluding \$10.0 million and \$6.4 million of restricted cash, respectively). As of March 31, 2017, there was \$0.0 million outstanding under our Revolving Credit Facility. When assessing liquidity, we also consider the availability of cash resources held within local business units to meet our strategic needs.

Long-term liquidity needs may include existing and future property expansions, renovations, repositioning and rebranding projects, potential acquisitions and the repayment of indebtedness. As of March 31, 2017, our total debt obligations were \$836.9 million (which represents the principal amounts outstanding under our Revolving Credit Facility, \$530.0 term loan facility, originally entered into on August 9, 2013, as amended and restated pursuant to that certain Restatement Agreement, dated as of April 27, 2017, with the lenders and agents party thereto and the guarantors named therein, which matures on April 27, 2024 (the "Term Loan," and together with the Revolving Credit Facility, the "Senior Secured Credit Facility") and Senior Notes due 2020 and excludes a \$0.7 million issuance discount on our Term Loan, a \$3.9 million issuance premium on our Senior Notes due 2020 and \$11.9 million of unamortized debt issuance costs). On April 27, 2017, we redeemed \$115.0 million in aggregate principal amount of our Senior Notes due 2020 with a portion of proceeds from the Senior Secured Credit Facility (for additional detail, see "—Senior Secured Credit Facility"). In addition to the sources available for short-term needs, we may use equity or debt issuances or proceeds from the potential disposal of assets to meet these long-term needs.

In an effort to maintain sufficient liquidity, our cash flow projections and available funds are discussed with our Board and we consider various ways of developing our capital structure and seeking additional sources of liquidity if needed. The availability of additional liquidity options will depend on the economic and financial environment, our credit, our historical and projected financial and operating performance and continued compliance with financial covenants. As a result of possible future economic, financial and operating declines, possible declines in our creditworthiness and potential non-compliance with financial covenants, we may have less liquidity than anticipated, fewer sources of liquidity than anticipated, less attractive financing terms and less flexibility in determining when and how to use the liquidity that is available.

### ***Financing Strategy***

In addition to our Revolving Credit Facility, we intend to use other financing sources that may be available to us from time to time, including financing from banks, institutional investors or other lenders, such as bridge loans, letters of credit, joint ventures and other arrangements. Future financings may be unsecured or may be secured by mortgages or other interests in our assets. In addition, we may issue publicly or privately placed debt or equity securities. When possible and desirable, we will seek to replace short-term financing with long-term financing. We may use the proceeds from any financings to refinance existing indebtedness, to finance resort projects or acquisitions or for general working capital or other purposes.

Our indebtedness may be recourse, non-recourse or cross-collateralized and may be fixed rate or variable rate. If the indebtedness is non-recourse, the obligation to repay such indebtedness will generally be limited to the particular resort or resorts pledged to secure such indebtedness. In addition, we may invest in resorts subject to existing loans secured by mortgages or similar liens on the resorts, or may refinance resorts acquired on a leveraged basis.

### ***Cash Flows***

The following table summarizes our net cash provided by or used in operating activities, investing activities and financing activities for the periods indicated and should be read in conjunction with our Condensed Consolidated Statements of Cash Flows and accompanying notes thereto included in the Condensed Consolidated Financial Statements.

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
	<b>(\$ in thousands)</b>	
Net cash provided by operating activities	\$ 25,735	\$ 20,633
Net cash used in investing activities	(3,181)	(2,118)
Net cash provided by (used in) financing activities	78,090	(16,563)

### *Net Cash Provided by Operating Activities*

Our net cash from operating activities is generated primarily from operating income from our resorts. For the three months ended March 31, 2017 and 2016, our net cash provided by operating activities totaled \$25.7 million and \$20.6 million, respectively. Net income of \$27.6 million for the three months ended March 31, 2017 included significant non-cash expenses, including \$12.4 million of depreciation and amortization, representing a decrease of \$0.7 million compared to the three months ended March 31, 2016.

Activity for the three months ended March 31, 2017:

- Net increase in interest expense of \$0.3 million, primarily due to an increase in indebtedness outstanding during the period as a result of the issuance of an additional \$50.0 million of our Senior Notes due 2020 on October 4, 2016
- Transaction expenses of \$6.0 million

Activity for the three months ended March 31, 2016:

- Transaction expenses of \$0.9 million

### *Net Cash Used in Investing Activities*

For the three months ended March 31, 2017 and 2016, our net cash used in investing activities was \$3.2 million and \$2.1 million, respectively.

Activity for the three months ended March 31, 2017:

- Capital expenditures of \$3.2 million

Activity for the three months ended March 31, 2016:

- Capital expenditures of \$2.0 million
- Purchase of intangibles of \$0.1 million

### *Capital Expenditures*

We maintain each of our properties in good repair and condition and in conformity with applicable laws and regulations, franchise agreements and management agreements. Routine capital expenditures are administered by us and a third party property management company. However, we have approval rights over capital expenditures as part of the annual budget process for each of our properties. From time to time, certain of our resorts may be undergoing renovations as a result of our decision to upgrade portions of the resorts, such as guestrooms, public space, meeting space, gyms, spas and/or restaurants, in order to better compete with other hotels in our markets. The following table summarizes our capital expenditures for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
	(\$ in thousands)	
Maintenance Capital Expenditures <sup>(1)</sup>	3,175	2,010
<b>Total Capital Expenditures</b>	<b>\$ 3,175</b>	<b>\$ 2,010</b>

- (1) Our maintenance capital expenditures are cash expenditures made to extend the service life or increase capacity of our assets (including expenditures for the replacement, improvement or expansion of existing capital assets). These maintenance capital expenditures differ from ongoing repair and maintenance expense items which do not in our judgment extend the service life or increase the capacity of assets and are charged to expense as incurred. Typically, maintenance capital expenditures equate to roughly 3% to 4% of total net revenue.

### *Net Cash Provided by (Used in) Financing Activities*

Our net cash provided by financing activities was \$78.1 million for the three months ended March 31, 2017, compared to \$16.6 million used in financing activities for the three months ended March 31, 2016.



Activity for the three months ended March 31, 2017:

- Principal payments on our Term Loan of \$0.9 million
- Payments of our deferred consideration to the selling shareholder of Real Resorts (the "Real Shareholder") of \$0.6 million
- Recapitalization as part of the business combination of \$79.7 million

Activity for the three months ended March 31, 2016:

- Repayments of borrowings on our Revolving Credit Facility of \$15.0 million
- Principal payments on our Term Loan of \$0.9 million
- Payments of our deferred consideration to the Real Shareholder of \$0.6 million

### ***Dividends***

We may only pay dividends to our shareholders if our shareholders' equity exceeds the sum of the paid-up and called-up share capital plus the reserves as required to be maintained by Dutch law or by our articles of association.

Any amount remaining out of the profit is carried to reserve as our Board determines. After reservation by our Board of any profit, the profits which are not required to be maintained by Dutch law or by our articles of association may be declared by the shareholders, but only at the proposal of our Board. Our Board is permitted, subject to certain requirements, to declare interim dividends without the approval of the shareholders at a General Meeting. However, payments of dividends are restricted by the indenture governing our Senior Notes due 2020 and our Senior Secured Credit Facility. See "—Senior Secured Credit Facility." No cash dividends were paid during the three months ended March 31, 2017. We do not plan on paying cash dividends on our ordinary shares in the foreseeable future.

Our Predecessor could not pay any dividends on its ordinary shares until any accumulated and unpaid dividends on its Preferred Shares had been paid in full, to the extent any of our Predecessor's Preferred Shares were outstanding. Our Predecessor's Preferred Shares accumulated dividends at a rate of 12% per annum (payable in Preferred Shares), compounded quarterly, on each January 15, April 15, July 15, and October 15. On March 11, 2017, all outstanding Preferred Shares of our Predecessor were repurchased and all such Preferred Shares have been canceled and no Preferred Shares remain outstanding.

### ***Senior Secured Credit Facility***

On August 9, 2013, we entered into our senior secured credit facility, which consisted of a term loan of \$375.0 million, which was scheduled to mature on August 9, 2019, and our revolving credit facility of \$50.0 million, which was scheduled to mature on August 9, 2018. On April 27, 2017, we amended and restated our existing Senior Secured Credit Facility, consisting of a new \$530.0 million term loan priced at 99.75% of the principal amount which matures on April 27, 2024 and a revolving credit facility with a maximum aggregate borrowing capacity of \$100.0 million which matures on April 27, 2022. The maturity date with respect to the Revolving Credit Facility and the Term Loan are subject to an earlier maturity date (the "Springing Maturity Date") if on the date that is 91 days prior to August 15, 2020 (the final maturity date of our Senior Notes due 2020), either the outstanding principal amount of the Senior Notes due 2020 is greater than or equal to \$25.0 million or, if less than \$25.0 million, we are unable to demonstrate that we have sufficient liquidity to repay such outstanding principal amount without causing our liquidity to be less than \$50.0 million. The borrower under our Senior Secured Credit Facility is our wholly owned subsidiary Playa Resorts Holding B.V.

The proceeds received from the Term Loan were used to repay our existing term loan and \$115.0 million of our Senior Notes due 2020. The repayment of our existing term loan and partial repayment of our Senior Notes due 2020 will be accounted for as an extinguishment of debt and is estimated to result in a loss of \$12.5 million. This refinancing lowers our annual weighted average cost of debt and saves the Company an estimated \$2.0 million in annualized interest expense.

### *Revolving Credit Facility*

Our Revolving Credit Facility, which permits us to borrow up to a maximum aggregate principal amount of \$100.0 million, matures on April 27, 2022 (subject to the Springing Maturity Date) and bears interest at variable interest rates that are either based on London Interbank Offered Rates ("LIBOR") or based on an alternate base rate ("ABR Rate") derived from the greatest of the federal funds rate, prime rate, euro-currency and the initial term loan rate with varying spreads for each. We are required to pay a commitment fee ranging from 0.25% to 0.5% per annum (depending on the level of our consolidated secured leverage ratio in effect from time to time) on the average daily undrawn balance.

### *Term Loan*

We borrowed the full \$530.0 million available under our Term Loan on April 27, 2017. We received net proceeds of approximately \$33.3 million from our Term Loan after refinancing our existing senior secured credit facility and a portion of our Senior Notes due 2020, deducting a debt issuance discount of \$1.3 million and unamortized debt issuance costs of \$7.1 million. The unamortized debt issuance costs are accreted on an effective interest basis over the term of our Term Loan.

The Term Loan bears interest at a rate per annum equal to LIBOR plus 3.0% (where the applicable LIBOR rate has a 1.0% floor), and interest continues to be payable in cash in arrears on the last day of the applicable interest period (unless we elect to use the ABR rate).

Our Term Loan requires quarterly payments of principal equal to 0.25% of the \$530.0 million original principal amount on the last business day of each March, June, September and December. The remaining unpaid amount of our Term Loan is due and payable at maturity on April 27, 2024 (subject to the Springing Maturity Date).

### *Senior Notes due 2020*

On August 9, 2013, our wholly-owned subsidiary Playa Resorts Holding B.V. issued \$300.0 million of our Senior Notes due 2020. Interest on our Senior Notes due 2020 is payable semi-annually in arrears on February 15 and August 15 of each year. We received net proceeds of approximately \$290.1 million after deducting unamortized debt issuance costs of \$9.9 million. The net proceeds were used in connection with the formation transactions of our Predecessor, to fund general working capital requirements and for general corporate purposes.

On February 14, 2014, we issued an additional \$75.0 million of our Senior Notes due 2020. The additional Senior Notes due 2020 were priced at 105.5% of their principal amount, and we received net proceeds of approximately \$79.1 million before deducting unamortized debt issuance costs of \$2.3 million.

On May 11, 2015, we issued an additional \$50.0 million of our Senior Notes due 2020. The additional Senior Notes due 2020 were priced at 103% of their principal amount and we received net proceeds of approximately \$51.5 million before deducting unamortized debt issuance costs of \$0.6 million. The net proceeds of the February 14, 2014 and May 11, 2015 issuances were primarily used in connection with the expansion, renovation, repositioning and rebranding of our Hyatt Ziva Cancún resort, and the remaining net proceeds were used for general corporate purposes, including fees and expenses.

On October 4, 2016, we issued an additional \$50.0 million of the Senior Notes due 2020. The additional Senior Notes due 2020 were priced at 101% of their principal amount and we received net proceeds of approximately \$50.5 million before deducting unamortized debt issuance costs of less than \$0.1 million. The net proceeds of the October 4, 2016 issuance were used to purchase 4,227,100 of our Predecessor's outstanding Preferred Shares at a purchase price of \$8.40 per share for \$35.5 million in face value and we paid \$14.5 million of associated PIK dividends. Our Predecessor's Preferred Shares were extinguished as part of the reverse merger in the Business Combination.

On April 27, 2017, we redeemed \$115.0 million in aggregate principal amount of our Senior Notes due 2020 with a portion of the proceeds from the Senior Secured Credit Facility. Our Senior Notes due 2020 were redeemed at 106% of the principal amount. Following the redemption, \$360.0 million in aggregate principal amount of our Senior Notes due 2020 remained outstanding.

Our Senior Notes due 2020 mature on August 15, 2020 and bear interest at 8.00% per year, payable semi-annually in arrears on February 15 and August 15 of each year. As of March 31, 2017, the aggregate outstanding principal amount of our Senior Notes due 2020 was \$475.0 million.

At any time, we may redeem some or all of our Senior Notes due 2020 at the applicable redemption rate set forth below plus accrued and unpaid interest (if any):

Year of Redemption	Redemption Rate %
2016	106%
2017	104%
2018	102%
2019 and thereafter	100%

Our Senior Notes due 2020 are senior unsecured obligations of our wholly-owned subsidiary Playa Resorts Holding B.V. and rank equally with all other senior unsecured indebtedness of Playa Resorts Holding B.V. Our Senior Notes due 2020 are subordinated to any existing and future secured debt of Playa Resorts Holding B.V. to the extent of the value of the assets securing such debt, including our Senior Secured Credit Facility. We were in compliance with all applicable covenants under the indenture governing our Senior Notes due 2020 as of March 31, 2017.

### Business Combination

At the Closing Time, we consummated the Business Combination resulting in Playa Hotels & Resorts N.V. having 103,464,186 shares outstanding with a par value of €0.10 per share. As a result, we received an additional \$79.7 million in cash and all outstanding preferred shares of our Predecessor were purchased as well as all associated paid-in-kind dividends (\$353.9 million in total), which were subsequently extinguished as part of the reverse merger in the Business Combination. The additional capital will be used for general corporate purposes.

### Contractual Obligations

The following table sets forth our obligations and commitments to make future payments under contracts and contingent commitments as of March 31, 2017:

	Interest Rate	Less than 1 Year <sup>(1)</sup>	Due in 1 to 3 years	Due in 3 to 5 years	Due in Over 5 years	Total
	(%)	(\$ in thousands)				
Revolving Credit Facility <sup>(2)</sup>	4.91% - 5.26%	\$ 191	\$ 146	\$ —	\$ —	\$ 337
Term Loan <sup>(3)</sup>	4.00% - 5.12%	14,259	389,323	—	—	403,582
Senior Notes due 2020 <sup>(4)</sup>	8.00%	19,000	76,000	513,000	—	608,000
Deferred consideration <sup>(5)</sup>	4.63% - 5.00%	1,221	—	—	—	1,221
Operating lease obligations		740	1,686	1,407	721	4,554
<b>Total Contractual Obligations<sup>(6)</sup></b>		<b>\$ 35,411</b>	<b>\$ 467,155</b>	<b>\$ 514,407</b>	<b>\$ 721</b>	<b>\$ 1,017,694</b>

(1) The period less than 1 year represents the remaining obligations in 2017.

(2) The interest rate on our Revolving Credit Facility is LIBOR plus 375 basis points with no LIBOR floor. LIBOR was calculated using the average forecasted one-month forward-looking LIBOR curve for each respective period.

(3) The interest rate on our Term Loan is LIBOR plus 300 basis points with a 1% LIBOR floor. LIBOR was calculated using the average forecasted three-month forward-looking LIBOR curve for each respective period.

(4) Includes \$115.0 million of Senior Notes due 2020 that were redeemed on April 27, 2017.

(5) Playa H&R Holdings B.V., a subsidiary of ours, agreed to make payments of \$1.1 million per quarter to the Real Shareholder through the quarter ending September 30, 2017.

(6) Total Contractual Obligations excludes the refinancing of our Senior Secured Credit Facility and the redemption of \$115.0 million of our Senior Secured Notes due 2020 as such refinancing and redemption occurred subsequent to March 31, 2017. See Note 17 in the Condensed Consolidated Financial Statements for more information.

### Off Balance Sheet Arrangements

We had no off balance sheet arrangements for the three months ended March 31, 2017 and 2016.

## **Critical Accounting Policies and Estimates**

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures. We have discussed those estimates that we believe are critical and require the use of complex judgment in their application in our 2016 Consolidated Financial Statements included within Form 8-K filed with the SEC on March 14, 2017. Since the date of our 2016 Consolidated Financial Statements included within Form 8-K, there have been no material changes to our critical accounting policies or the methodologies or assumptions we apply under them.

## **Fair Value of Financial Instruments**

Our financial instruments consist of cash and cash equivalents, restricted cash, trade and other receivables, accounts receivable from related parties, insurance recoverable, trade and other payables, accounts payable to related parties, deferred consideration and debt. See Note 7, "Fair Value of Financial Instruments," to our Condensed Consolidated Financial Statements for more information.

## **Related Party Transactions**

See Note 9, "Related Party Transactions," to our Condensed Consolidated Financial Statements for information on these transactions.

## **Recent Accounting Pronouncements**

See the recent accounting pronouncements in the "Impact of recently issued accounting standards" section of Note 2 to our Condensed Consolidated Financial Statements.

## **Item 3. *Quantitative and Qualitative Disclosures About Market Risk.***

In the normal course of operations, we are exposed to interest rate risk and foreign currency risk which may impact future income and cash flows.

### ***Interest Rate Risk***

The risk from market interest rate fluctuations mainly affects long-term debt bearing interest at a variable interest rate. We may use derivative financial instruments to manage exposure to this risk. We currently do not have any interest rate swaps or similar derivative instruments. As of March 31, 2017, approximately 43% of our outstanding indebtedness bore interest at floating rates and approximately 57% bore interest at fixed rates. If market rates of interest on our floating rate debt were to increase by 1.0%, the increase in interest expense on our floating rate debt would decrease our future earnings and cash flows by approximately \$3.6 million annually, assuming the balance outstanding under our Revolving Credit Facility remained at \$0.0 million. If market rates of interest on our floating rate debt were to decrease, our interest expense on floating rate debt would remain unchanged as our Term Loan contains a LIBOR floor of 1.00%.

### ***Foreign Currency Risk***

We are exposed to exchange rate fluctuations because all of our resort investments are based in locations where the local currency is not the U.S. dollar, which is our reporting currency. For the three months ended March 31, 2017 approximately 3% of our revenues were denominated in currencies other than the U.S. dollar. As a result, our revenues reported on our Condensed Consolidated Statements of Operations and Comprehensive Income are affected by movements in exchange rates.

Approximately 65.6% of our operating expenses for the three months ended March 31, 2017 were denominated in the local currencies in the countries in which we operate. As a result, our operating expenses reported on our Condensed Consolidated Statements of Operations and Comprehensive Income are affected by movements in exchange rates.

The foreign currencies in which our expenses are primarily denominated are the Mexican Peso, Dominican Peso and the Jamaican Dollar. The effect of an immediate 5% adverse change in foreign exchange rates on Mexican Peso-denominated expenses at March 31, 2017 would have impacted our net income before tax by approximately \$2.4 million. The effect of an immediate 5% adverse change in foreign exchange rates on Dominican Peso-denominated expenses at March 31, 2017 would have impacted our net income before tax by approximately \$0.9 million. The effect of an immediate 5% adverse change in foreign exchange rates on

Jamaican Dollar-denominated expenses at March 31, 2017 would have impacted our net income before tax by approximately \$0.6 million.

At this time, we do not have any outstanding derivatives or other financial instruments designed to hedge our foreign currency exchange risk, and we do not plan to enter into any such instruments in the future.

#### **Item 4. Controls and Procedures.**

*Disclosure Controls and Procedures.* We maintain a set of disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) designed to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In accordance with Rule 13a-15(b) of the Exchange Act, as of the end of the period covered by this quarterly report, an evaluation was carried out under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, of the effectiveness of our disclosure controls and procedures. Based on that ongoing evaluation, and considering the continuing review of controls and procedures that is being conducted by our Chief Executive Officer and Chief Financial Officer, including the remedial actions and the material weakness in internal control over financial reporting disclosed below, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were not effective as of March 31, 2017 as a result of the material weaknesses described below.

*Changes in Internal Control Over Financial Reporting.* There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting, except as follows:

As previously disclosed in the Company's Current Report on Form 8-K filed with the SEC on March 14, 2017, we have identified, and Deloitte & Touche, LLP, the independent registered public accounting firm that audited our Consolidated Financial Statements for the years ended December 31, 2016 and 2015, and for each of the three years in the period ended December 31, 2016, has communicated, material weaknesses in our internal control over financial reporting as of December 31, 2016. A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement in our annual or interim financial statements will not be prevented or detected on a timely basis.

We have the following two material weaknesses in our internal control over financial reporting as of December 31, 2016, which have not been remediated:

- We have not formalized our accounting policies and procedures or the associated internal controls (including the monitoring of such internal controls) to ensure accurate and consistent financial reporting in accordance with accounting principles generally accepted in the United States of America.
- Our information technology controls, including system access, change management, segregation of duties, backups and disaster recovery plans, are not sufficiently designed and implemented to address certain information technology risks and, as a result, could expose our systems and data to unauthorized use, alteration or destruction.

These material weaknesses increase the risk of a material misstatement in our financial statements.

As of March 31, 2017, we have continued to take steps to remediate these identified material weaknesses. We are in the process of implementing improved processes and controls, such as a new accounting system to limit the use of manual processes and formalizing policies and procedures related to our finance and accounting and information technology. Additionally, we are working with third-party advisors to implement a monitoring environment to test the implementation of our new controls. Effectiveness will need to be successfully tested over several quarters before we can conclude that the material weaknesses have been remediated. There can be no assurance that we will be successful in making these improvements in a timely manner, or at all, and in remediating our current material weaknesses, and we may not prevent future material weaknesses from occurring.

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

In the ordinary course of our business, we are subject to claims and administrative proceedings, none of which we believe are material or would be expected to have, individually or in the aggregate, a material adverse effect on our financial condition or results

of operations. The outcome of claims, lawsuits and legal proceedings brought against us, however, is subject to significant uncertainties.

### **Item 1A. Risk Factors.**

At March 31, 2017, there have been no material changes from the risk factors previously disclosed in the Company's Current Report on Form 8-K filed with the SEC on March 14, 2017, which is accessible on the SEC's website at [www.sec.gov](http://www.sec.gov).

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

On December 13, 2016, in connection with the business combination between the Company, Playa Hotels & Resorts B.V. (our "Predecessor") and Pace Holdings Corp. ("Pace") (the "Business Combination"), Pace entered into subscription agreements with certain investors, including certain members of Pace management and affiliates, pursuant to which such investors agreed to subscribe for and purchase, and Pace agreed to issue and sell to such investors, newly issued shares of Pace (the "Pace Private Placement"). On March 10, 2017, upon the consummation of the business combination between Pace and us, as consideration to shareholders of Pace in the Business Combination, each share of Pace purchased in the Pace Private Placement was exchanged for an equivalent number of our ordinary shares, par value €0.10 per share (our "Ordinary Shares"). We issued a total of 5,064,654 Ordinary Shares to investors in the Pace Private Placement, which Ordinary Shares were not registered under the Securities Act at the time of issue in reliance upon the exemption provided in Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and/or Regulation D promulgated thereunder. The resale of the Ordinary Shares issued in the Pace Private Placement was subsequently registered with the Securities and Exchange Commission ("SEC") pursuant to a Registration Statement on Form S-1 filed with the SEC on May 1, 2017.

On March 10, 2017, as consideration paid to TPG Pace Sponsor, LLC, a Cayman Islands limited liability company and the sponsor of Pace (formerly, TPACE Sponsor Corp., a Cayman Islands exempted company) ("Pace Sponsor"), in connection with the business combination of Pace with us, we issued to Pace Sponsor the following securities: (i) 2,000,000 warrants to acquire our Ordinary Shares in the event that the price per Ordinary Share underlying the warrants on the NASDAQ is greater than \$13.00 for a period of more than 20 days out of 30 consecutive trading days after the closing date of the business combination but within five years after the closing date of the business combination ("Earnout Warrants"), and (ii) 14,666,667 warrants to acquire one-third of one Ordinary Share, at the price of one-third of \$11.50 per share, subject to certain adjustments described in the Warrant Agreement between Computershare Trust Company N.A., Computershare, Inc. and us ("Founder Warrants").

On March 11, 2017, as consideration paid to the holders of our Predecessor ordinary shares (the "Playa Common Shareholders") in connection with the merger of our Predecessor into us, we issued the following securities to the Playa Common Shareholders: (i) 50,481,822 shares of our Ordinary Shares; (ii) 7,333,333 Founder Warrants; and (iii) 1,000,000 Earnout Warrants. Each Playa Shareholder received its pro rata portion of the number of Founder Warrants issued to the Playa Common Shareholders and its pro rata portion of the Earnout Warrants issued to the Playa Common Shareholders.

The Earnout Warrants and the Founder Warrants were not registered under the Securities Act at the time of issue in reliance upon the exemption provided in Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder.

On March 10, 2017, Pace entered into certain securities purchase agreements (the "Securities Purchase Agreements") with the holders of our Predecessor's preferred shares (the "Playa Preferred Shareholders") to acquire all of the preferred shares, par value \$0.01 per share, of our Predecessor (the "Playa Preferred Shares"). The Company, as Pace's successor in interest under the Securities Purchase Agreements with the Playa Preferred Shareholders following the consummation of the business combination between Pace and us, acquired all of the Playa Preferred Shares from the Playa Preferred Shareholders at a price of \$8.40 for each outstanding Playa Preferred Share (plus any accrued and unpaid dividends thereon through March 10, 2017), for an aggregate consideration value of approximately \$353.8 million (which includes accrued but unpaid dividends on the Playa Preferred Shares through December 31, 2016, plus any additional accrued but unpaid dividends thereon after December 31, 2016 through the closing of the Business Combination). The Playa Preferred Shares were unregistered securities, which were purchased by us in reliance upon the exemption provided in Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder. The Playa Preferred Shares were extinguished after our purchase of such securities.

On March 11, 2017, after the merger of Playa into us, we issued 82,751 Ordinary Shares to Playa employees, their family members and persons with business relationships with Playa (the "Playa Employee Offering") for an aggregate purchase price of \$798,547.15. The sale of Ordinary Shares in the Playa Employee Offering was made in reliance upon an exemption from registration provided by Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder, as a transaction not involving a public offering. The resale of the Ordinary Shares issued in the Playa Employee Offering was subsequently registered with the SEC pursuant to a Registration Statement on Form S-1 filed with the SEC on May 1, 2017.

### **Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. *Mine Safety Disclosures.***

Not Applicable.

**Item 5. *Other Information.***

None.

**Item 6. Exhibits.**

The following exhibits are filed as part of this Form 10-Q:

Exhibit Number	Exhibit Description
2.1	Transaction Agreement, dated as of December 13, 2016, by and among Pace Holdings Corp., Playa Hotels & Resorts B.V., Porto Holdco B.V. and New PACE Holdings Corp. (incorporated by reference to Exhibit 2.1 to the Registration Statement on Form S-4 filed by Porto Holdco B.V. with the Securities and Exchange Commission on February 7, 2017)
2.2	Amendment No. 1 to Transaction Agreement, dated as of February 6, 2017, by and among Playa Hotels & Resorts B.V., Pace Holdings Corp., Porto Holdco B.V. and New PACE Holdings Corp. (incorporated by reference to Exhibit 2.2 to the Registration Statement on Form S-4 filed by Porto Holdco B.V. with the Securities and Exchange Commission on February 7, 2017)
3.1	Articles of Association of Playa Hotels & Resorts N.V.
3.2	Board Rules for Playa Hotels & Resorts N.V.
4.1	Indenture, dated as of August 9, 2013, by and among Playa Resorts Holding B.V., the Guarantors listed therein and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by Playa Hotels & Resorts N.V. with the Securities and Exchange Commission on March 14, 2017)
4.2	Supplemental Indenture, dated as of August 13, 2013, by and among Playa Resorts Holding B.V., the Guarantors listed therein and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed by Playa Hotels & Resorts N.V. with the Securities and Exchange Commission on March 14, 2017)
4.3	Second Supplemental Indenture, dated as of February 26, 2014, by and among Playa Resorts Holding B.V., the Guarantors listed therein and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K filed by Playa Hotels & Resorts N.V. with the Securities and Exchange Commission on March 14, 2017)
4.4	Third Supplemental Indenture, dated as of May 11, 2015, by and among Playa Resorts Holding B.V., the Guarantors listed therein and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K filed by Playa Hotels & Resorts N.V. with the Securities and Exchange Commission on March 14, 2017)
4.5	Fourth Supplemental Indenture, dated as of October 4, 2016, by and among Playa Resorts Holding B.V., the Guarantors listed therein and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.5 to the Current Report on Form 8-K filed by Playa Hotels & Resorts N.V. with the Securities and Exchange Commission on March 14, 2017)
4.6	Fifth Supplemental Indenture, dated as of December 21, 2016, by and among Playa Resorts Holding B.V., the Guarantors listed therein and the Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.6 to the Current Report on Form 8-K filed by Playa Hotels & Resorts N.V. with the Securities and Exchange Commission on March 14, 2017)
4.7	Sixth Supplemental Indenture, dated April 28, 2017, by and among Playa Resorts Holding B.V., the Guarantors listed therein and the Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.7 to Registration Statement on Form S-1 filed by the Registrant on May 1, 2017)
10.1	Shareholder Agreement (incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-4 filed by Porto Holdco B.V. with the Securities and Exchange Commission on February 7, 2017)
10.2	Registration Rights Agreement (incorporated by reference to Exhibit 10.2 to the Registration Statement on Form S-4 filed by Porto Holdco B.V. with the Securities and Exchange Commission on February 7, 2017)
10.3	Investor Subscription Agreement (incorporated by reference to Exhibit 10.3 to the Registration Statement on Form S-4 filed by Porto Holdco B.V. with the Securities and Exchange Commission on February 7, 2017)
10.4	PHC Investor Subscription Agreements (incorporated by reference to Exhibit 10.4 to the Registration Statement on Form S-4 filed by Porto Holdco B.V. with the Securities and Exchange Commission on February 7, 2017)
10.5	Form of Playa Investor Subscription Agreements, dated as of March 11, 2017, by and between the Company and each Playa Investor party thereto (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K filed by Playa Hotels & Resorts N.V. with the Securities and Exchange Commission on March 14, 2017)
10.6	Parent Sponsor Letter Agreement (incorporated by reference to Exhibit 10.5 to the Registration Statement on Form S-4 filed by Porto Holdco B.V. with the Securities and Exchange Commission on February 7, 2017)



- 10.7 Waiver Agreement (incorporated by reference to Exhibit 10.6 to the Registration Statement on Form S-4 filed by Porto Holdco B.V. with the Securities and Exchange Commission on February 7, 2017)
- 10.8 Parent Merger Agreement (incorporated by reference to Exhibit 10.8 to the Registration Statement on Form S-4 filed by Porto Holdco B.V. with the Securities and Exchange Commission on February 7, 2017)
- 10.9 Company Merger Proposal (incorporated by reference to Exhibit 10.9 to the Registration Statement on Form S-4 filed by Porto Holdco B.V. with the Securities and Exchange Commission on February 7, 2017)
- 10.10 Company Earnout Warrant Agreement (incorporated by reference to Exhibit 10.10 to the Registration Statement on Form S-4 filed by Porto Holdco B.V. with the Securities and Exchange Commission on February 7, 2017)
- 10.11 Sponsor Earnout Warrant Agreement, dated as of March 10, 2017, by and between the Company and TPG Pace Sponsor, LLC (formerly, TPACE Sponsor Corp.) (incorporated by reference to Exhibit 10.11 to the Current Report on Form 8-K filed by Playa Hotels & Resorts N.V. with the Securities and Exchange Commission on March 14, 2017)
- 10.12 Warrant Agreement, dated as of March 10, 2017, by and among the Company, Computershare, Inc. and Computershare Trust Company N.A. (incorporated by reference to Exhibit 10.12 to the Current Report on Form 8-K filed by Playa Hotels & Resorts N.V. with the Securities and Exchange Commission on March 14, 2017)
- 10.13 Holdco Founder Warrants Agreement, dated as of March 10, 2017, by and between the Company and TPG Pace Sponsor, LLC (formerly, TPACE Sponsor Corp.) (incorporated by reference to Exhibit 10.13 to the Current Report on Form 8-K filed by Playa Hotels & Resorts N.V. with the Securities and Exchange Commission on March 14, 2017)
- 10.14 Form of Holdco Founder Warrants Agreement, dated as of March 11, 2017, by and between the Company and each of the former shareholders of Playa Hotels & Resorts B.V. (incorporated by reference to Exhibit 10.14 to the Current Report on Form 8-K filed by Playa Hotels & Resorts N.V. with the Securities and Exchange Commission on March 14, 2017)
- 10.19 Restatement Agreement, dated as of April 27, 2017, by and among Playa Hotels & Resorts N.V., Playa Resorts Holding B.V., the Guarantors party thereto, Deutsche Bank AG New York Branch and the other lenders party thereto (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the Registrant on April 28, 2017)
- 10.20 Strategic Alliance Agreement, dated as of December 14, 2016, by and between Hyatt Franchising Latin America, L.L.C. and Playa Hotels & Resorts B.V. (incorporated by reference to Exhibit 10.22 to the Current Report on Form 8-K filed by Playa Hotels & Resorts N.V. with the Securities and Exchange Commission on March 14, 2017)
- 10.21 Executive Employment Agreement, dated as of August 31, 2016, by and among Playa Resorts Management, LLC, Playa Hotel & Resorts, B.V. and Bruce D. Wardinski (incorporated by reference to Exhibit 10.23 to the Current Report on Form 8-K filed by Playa Hotels & Resorts N.V. with the Securities and Exchange Commission on March 14, 2017)
- 10.22 Executive Employment Agreement, dated as of September 21, 2016, by and between Playa Resorts Management, LLC and Larry K. Harvey (incorporated by reference to Exhibit 10.24 to the Current Report on Form 8-K filed by Playa Hotels & Resorts N.V. with the Securities and Exchange Commission on March 14, 2017)
- 10.23 Executive Employment Agreement, dated as of September 15, 2016, by and between Playa Management USA, LLC and Kevin Froemming (incorporated by reference to Exhibit 10.25 to the Current Report on Form 8-K filed by Playa Hotels & Resorts N.V. with the Securities and Exchange Commission on March 14, 2017)
- 10.24 Executive Employment Agreement, dated as of September 15, 2016, by and between Playa Management USA, LLC and Alexander Stadlin (incorporated by reference to Exhibit 10.26 to the Current Report on Form 8-K filed by Playa Hotels & Resorts N.V. with the Securities and Exchange Commission on March 14, 2017)
- 10.25 Form of Restricted Shares Agreement
- 31.1 Certification of the Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of the Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002
- 101 The following materials from Playa Hotels & Resorts N.V.'s Quarterly Report on Form 10-Q for the period ended March 31, 2017, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Income, (iii) Condensed Consolidated Statements of Cumulative Redeemable Preferred Shares, Shareholders' Equity and Accumulated Other Comprehensive Loss, (iv) Condensed Consolidated Statements of Cash Flows, and (v) the notes to the Condensed Consolidated Financial Statements

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**Playa Hotels & Resorts N.V.**

Date: May 8, 2017

By: /s/ Bruce Wardinski

**Bruce Wardinski**

**Chairman and Chief Executive Officer**

**(Principal Executive Officer)**

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the undersigned, in his capacity as the principal financial officer of the registrant.

**Playa Hotels & Resorts N.V.**

Date: May 8, 2017

By: /s/ Larry Harvey

**Larry Harvey**

**(Principal Financial Officer and Principal Accounting Officer)**

## ARTICLES OF ASSOCIATION OF PLAYA HOTELS &amp; RESORTS N.V.

CONTINUOUS TEXT of the articles of association of **Playa Hotels & Resorts N.V.**, formerly known as Porto Holdco N.V., with corporate seat in Amsterdam, after deed of statutory merger, by deed executed before a deputy of W.H. Bossenbroek, civil law notary in Amsterdam, on 11 March 2017, effective 12 March 2017

Trade Registry number 67450628.

This is a translation into English of the original Dutch text. An attempt has been made to be as literal as possible without jeopardizing the overall continuity. Inevitably, differences may occur in translation, and if so the Dutch text will by law govern.

**ARTICLES OF ASSOCIATION**  
**DEFINITIONS AND INTERPRETATION**

**Article 1**

1.1 In these articles of association the following definitions shall apply:

<b>Article</b>	An article of these articles of association.
<b>Beneficially Owned</b>	Having Beneficial Ownership of the shares concerned.
<b>Beneficial Ownership</b>	Actual or deemed beneficial ownership as determined under Rule 13d-3 of the United States Securities Exchange Act 1934, as amended, or any successor rule.
<b>Board of Directors</b>	The Company's board of directors.
<b>Board Rules</b>	The internal rules applicable to the Board of Directors, as drawn up by the Board of Directors.
<b>Brand Company</b>	Any entity or partnership that is a franchisor, licensor or owner of a Competing Brand or manages or otherwise operates hotels exclusively for the franchisor, licensor or owner of a Competing Brand, as reasonably determined by the Board of Directors.
<b>Brand Owner</b>	Any entity or partnership that (i) is a Brand Company, (ii) has a group company that is a Brand Company or (iii) has a direct or indirect owner that is a Brand Company (in each case excluding a Restricted Brand Company), as reasonably determined by the Board of Directors.
<b>Chief Executive Officer</b>	The Company's chief executive officer.
<b>Company</b>	The company to which these articles of association pertain.
<b>Competing Brand</b>	A hotel concept or brand for all-inclusive hotels or resorts that has at least twelve (12) hotels operating under that concept's or brand's trade name(s) anywhere in the world and that directly competes with any of the resorts operated under the all-ages Hyatt Ziva and the adults-only Hyatt Zilara brands developed by the Company and Hyatt Hotels Corporation, as reasonably determined by the Board of Directors.
<b>DCC</b>	The Dutch Civil Code.
<b>Director</b>	A member of the Board of Directors.
<b>Excess Group</b>	A Brand Owner or a Restricted Brand Company which violates Article 14.1 together with its respective group companies.
<b>Excess Shareholder</b>	A shareholder which holds Excess Shares.

<b>Excess Shares</b>	The shares held by a shareholder forming part of an Excess Group, for such number of shares which are Beneficially Owned by the relevant Brand Owner or Restricted Brand Company representing a percentage of the issued and outstanding shares in the Company's capital exceeding the applicable Shareholding Threshold, provided that such number shall not exceed the number of shares held by the shareholder concerned.
<b>Excess Shares Foundation</b>	Stichting Playa Excess Shares Foundation, a foundation incorporated under the laws of the Netherlands, having its corporate seat in Amsterdam.
<b>Executive Director</b>	An executive Director.
<b>General Meeting</b>	The Company's general meeting of shareholders.
<b>Group Company</b>	An entity or partnership which is organisationally connected with the Company in an economic unit within the meaning of Section 2:24b DCC.
<b>Indemnified Officer</b>	A current or former Director and any other person designated as an executive officer entitled to indemnification pursuant to Article 21 by the Board of Directors (with such designation being deemed to have occurred if the Company executes an indemnification agreement pursuant to Article 21 with any such officer of the Company or its Subsidiaries).
<b>Lead Independent Director</b>	The chairman of the Board of Directors.
<b>Meeting Rights</b>	With respect to the Company, the rights attributed by law to the holders of depository receipts issued for shares with a company's cooperation, including the right to attend and address a General Meeting.
<b>Non-Distributable Equity</b>	The part of the Company's equity that is formed by the paid up and called up part of its capital and the reserves that it must maintain by law.
<b>Non-Executive Director</b>	A Director other than an Executive Director.
<b>Person with Meeting Rights</b>	A shareholder of the Company or a usufructuary or pledgee of shares in the Company's capital with voting rights.
<b>Registration Date</b>	The date of registration for a General Meeting as provided by law.
<b>Restricted Brand Company</b>	Marriott International, Inc., Hilton Worldwide Inc., Starwood Hotels & Resorts Worldwide, Inc., InterContinental Hotels Group plc (also known as InterContinental Hotels Group), Accor S.A. (also known as Accor Hotels Worldwide) or any of their respective group companies or legal successors.
<b>Shareholder Rights</b>	A shareholder's Meeting Rights and the voting rights of such shareholder attached to the shares held by such shareholder.
<b>Shareholding Threshold</b>	Either of the following thresholds: <ul style="list-style-type: none"> <li>a. for a Brand Owner: fifteen percent (15%); and</li> <li>b. for a Restricted Brand Company: five percent (5%).</li> </ul>
<b>Simple Majority</b>	More than half of the votes cast.

**Subsidiary**

A subsidiary of the Company within the meaning of Section 2:24a DCC, including:

- a. an entity in whose general meeting the Company or one or more of its Subsidiaries can exercise, whether or not by virtue of an agreement with other parties with voting rights, individually or collectively, more than half of the voting rights; and
- b. an entity of which the Company or one or more of its Subsidiaries are members or shareholders and can appoint or dismiss, whether or not by virtue of an agreement with other parties with voting rights, individually or collectively, more than half of the managing directors or of the supervisory directors, even if all parties with voting rights cast their votes.

**Website**

The Company's website.

- 1.2 References to statutory provisions are to those provisions as they are in force from time to time.
- 1.3 Terms that are defined in the singular have a corresponding meaning in the plural.
- 1.4 Words denoting a gender include each other gender.
- 1.5 Except as otherwise required by law, the terms "written" and "in writing" include the use of electronic means of communication.
- 1.6 References to shares being "outstanding" are to shares that form part of the Company's issued share capital which are not held by the Company itself or by a Subsidiary.

**NAME AND SEAT****Article 2**

- 2.1. The Company's name is **Playa Hotels & Resorts N.V.**
- 2.2. The Company has its corporate seat in Amsterdam.

**OBJECTS****Article 3**

The Company's objects are, directly or indirectly:

- a. to participate in, acquire, hold, operate, manage, finance, exchange and/or dispose of any interest in and to conduct the management or supervision of other entities, companies, partnerships and businesses;
- b. to finance Subsidiaries and their enterprises, and to borrow from and lend money to Subsidiaries;
- c. to acquire, exploit and dispose of registered property and other property;
- d. to acquire, exploit and dispose of patents, trade names, trademarks, know-how, royalties and rights of intellectual and/or industrial property, as well as to grant a licence to such rights and to acquire and exploit licences;
- e. to furnish guarantees, provide security, warrant performance in any other way and to assume liability, whether jointly and severally or otherwise, in respect of obligations of Group Companies or other parties; and
- f. to do anything which, in the widest sense, is connected with or may be conducive to the matters described above in this Article 3.

**SHARES - AUTHORISED SHARE CAPITAL AND DEPOSITORY receipts****Article 4**

- 4.1. The Company's authorised share capital amounts to fifty million euro (EUR 50,000,000).
- 4.2. The authorised share capital is divided into five hundred million (500,000,000) shares, each having a nominal value of ten eurocents (EUR 0.10).
- 4.3. The Board of Directors may resolve that one or more shares are divided into such number of fractional shares as may be determined by the Board of Directors. Unless specified differently, the provisions of these articles of association concerning shares and shareholders apply mutatis mutandis to fractional shares and the holders thereof, respectively.
- 4.4. The Company may not cooperate with the issue of depository receipts for shares in its capital.

## **SHARES - FORM OF SHARES AND SHARE REGISTER**

### **Article 5**

- 5.1. All shares are registered shares, provided that the Board of Directors may resolve that one or more shares are bearer shares, represented by physical share certificates.
- 5.2. The Board of Directors is not required to comply with a request made by a shareholder to convert one or more of his registered shares into bearer shares or vice versa. If the Board of Directors resolves to grant such a request, the shareholder concerned shall be charged for the costs of such conversion.
- 5.3. Registered shares shall be numbered consecutively, starting from 1.
- 5.4. The Board of Directors shall keep a register setting out the names and addresses of all holders of registered shares and all holders of a usufruct or pledge in respect of such shares. The register shall also set out any other particulars that must be included in the register pursuant to applicable law. Part of the register may be kept outside the Netherlands to comply with applicable local law or pursuant to stock exchange rules.
- 5.5. Shareholders, usufructuaries and pledgees whose particulars must be set out in the register shall provide the Board of Directors with the necessary particulars in a timely fashion. Any consequences of not, or incorrectly, notifying such particulars shall be borne by the relevant party.
- 5.6. All notifications may be sent to shareholders, usufructuaries and pledgees whose particulars must be set out in the register at their respective addresses as set out in the register.
- 5.7. If the Board of Directors has resolved that one or more shares are bearer shares, share certificates shall be issued for such bearer shares in such form as the Board of Directors may determine. Share certificates may represent one or more bearer shares. Each share certificate shall be signed by or on behalf of a Director.
- 5.8. The holder of evidence of a bearer share may request the Company to provide him with a duplicate for a missing share certificate. The Company shall only provide such duplicate:
  - a. if the party making the request can demonstrate, to the satisfaction of the Board of Directors, that such party is indeed entitled to receive such duplicate; and
  - b. if a period of four weeks has elapsed after having published the request on the Website without any objection to such request having been received by the Company within that period.
- 5.9. If an objection as referred to in Article 5.8 paragraph b. has been received by the Company in a timely fashion, the Company shall only provide the duplicate to the party who requested such duplicate after having been provided with a copy of a binding advice or court order to provide such duplicate, without the Company being required to investigate the competence of the relevant arbitrators or court, as the case may be, or the validity of such binding advice or judgment, as the case may be.
- 5.10. Upon a duplicate of a share certificate for a bearer share having been provided by the Company, such duplicate shall replace the original share certificate and no rights can be derived any longer from the share certificate thus replaced.

## **SHARES - ISSUE**

### **Article 6**

- 6.1. Shares can be issued pursuant to a resolution of the General Meeting or of another body authorised by the General Meeting for this purpose for a specified period not exceeding the maximum statutory period as described in Section 2:96 DCC. When granting such authorisation, the number of shares that may be issued must be specified. The authorisation may be extended, in each case for a period not exceeding five years. Unless stipulated differently when granting the authorisation, the authorisation cannot be revoked. For as long as and to the extent that another body has been authorised to resolve to issue shares, the General Meeting shall not have this authority.
- 6.2. The preceding provisions of this Article 6 apply mutatis mutandis to the granting of rights to subscribe for shares, but do not apply in respect of issuing shares to a party exercising a previously acquired right to subscribe for shares.
- 6.3. The Company may not subscribe for shares in its own capital.

## **SHARES - PRE-EMPTION RIGHTS**

### **Article 7**

- 7.1. Upon an issue of shares, each shareholder shall have a pre-emption right in proportion to the aggregate nominal value of his shares.
- 7.2. In deviation of Article 7.1, shareholders do not have pre-emption rights in respect of:
  - a. shares issued against non-cash contribution; or
  - b. shares issued to employees of the Company or of a Group Company.

- 7.3. The Company shall announce an issue with pre-emption rights and the period during which those rights can be exercised in the State Gazette and in a daily newspaper with national distribution, unless all shares are registered shares and the announcement is sent in writing to all shareholders at the addresses submitted by them.
- 7.4. Pre-emption rights may be exercised for a period of at least two weeks after the date of announcement in the State Gazette or after the announcement was sent to the shareholders.
- 7.5. Pre-emption rights may be limited or excluded by a resolution of the General Meeting or of the body authorised as referred to in Article 6.1, if that body was authorised by the General Meeting for this purpose for a specified period not exceeding the maximum statutory period as described in Section 2:96a DCC. The authorisation may be extended, in each case for a period not exceeding the maximum statutory period as described in Section 2:96a DCC. Unless stipulated differently when granting the authorisation, the authorisation cannot be revoked. For as long as and to the extent that another body has been authorised to resolve to limit or exclude pre-emption rights, the General Meeting shall not have this authority.
- 7.6. A resolution of the General Meeting to limit or exclude pre-emption rights, or to grant an authorisation as referred to in Article 7.5, shall require a majority of at least two thirds of the votes cast if less than half of the issued share capital is represented at the General Meeting.
- 7.7. The preceding provisions of this Article 7 apply mutatis mutandis to the granting of rights to subscribe for shares, but do not apply in respect of issuing shares to a party exercising a previously acquired right to subscribe for shares.

## **SHARES - PAYMENT**

### **Article 8**

- 8.1. Without prejudice to Section 2:80(2) DCC, the nominal value of a share and, if the share is subscribed for at a higher price, the difference between these amounts must be paid up upon subscription for that share.
- 8.2. Shares must be paid up in cash, except to the extent that payment by means of a contribution in another form has been agreed.
- 8.3. Payment in a currency other than the euro may only be made with the Company's consent. Where such a payment is made, the payment obligation is satisfied for the amount in euro for which the paid amount can be freely exchanged. Without prejudice to the last sentence of Section 2:80a(3) DCC, the date of the payment determines the exchange rate.

## **SHARES - FINANCIAL ASSISTANCE**

### **Article 9**

- 9.1. The Company may not provide security, give a price guarantee, warrant performance in any other way or commit itself jointly and severally or otherwise with or for others with a view to the subscription for or acquisition of shares or depository receipts for shares in its capital by others. This prohibition applies equally to Subsidiaries.
- 9.2. The Company and its Subsidiaries may not provide loans with a view to the subscription for or acquisition of shares or depository receipts for shares in the Company's capital by others, unless the Board of Directors resolves to do so and Section 2:98c DCC is observed.
- 9.3. The preceding provisions of this Article 9 do not apply if shares or depository receipts for shares are subscribed for or acquired by or for employees of the Company or of a Group Company.

## **SHARES - ACQUISITION OF OWN SHARES**

### **Article 10**

- 10.1. The acquisition by the Company of shares in its own capital that have not been fully paid up shall be null and void.
- 10.2. The Company may only acquire fully paid up shares in its own capital for no consideration or if and to the extent that the General Meeting has authorised the Board of Directors for this purpose and all other relevant statutory requirements of Section 2:98 DCC are observed.
- 10.3. An authorisation as referred to in Article 10.2 remains valid for no longer than the maximum statutory period as described in Section 2:98 DCC. When granting such authorisation, the General Meeting shall determine the number of shares that may be acquired, how they may be acquired and within which range the acquisition price must be. An authorisation shall not be required for the Company to acquire shares in its own capital in order to transfer them to employees of the Company or of a Group Company pursuant to an arrangement applicable to them, provided that these shares are included on the price list of a stock exchange.
- 10.4. Without prejudice to Articles 10.1 through 10.3, the Company may acquire shares in its own capital for cash

consideration or for consideration satisfied in the form of assets. In the case of a consideration being satisfied in the form of assets, the value thereof, as determined by the Board of Directors, must be within the range stipulated by the General Meeting as referred to in Article 10.3.

- 10.5. The previous provisions of this Article 10 do not apply to shares acquired by the Company under universal title of succession.
- 10.6. In this Article 10, references to shares include depository receipts for shares.

#### **SHARES - REDUCTION OF ISSUED SHARE CAPITAL**

##### **Article 11**

- 11.1. The General Meeting can resolve to reduce the Company's issued share capital by cancelling shares or by reducing the nominal value of shares by virtue of an amendment to these articles of association. The resolution must designate the shares to which the resolution relates and it must provide for the implementation of the resolution.
- 11.2. A resolution to cancel shares may only relate to shares held by the Company itself or in respect of which the Company holds the depository receipts.
- 11.3. A partial repayment of capital on shares or release from the obligation to pay up shall be allowed only as part of the implementation of a resolution to reduce the nominal amount of the shares. Such repayment or release must be effected in respect of all shares on a proportional basis. The requirement of proportionality may be deviated from with the consent of all shareholders concerned.
- 11.4. A resolution of the General Meeting to reduce the Company's issued share capital shall require a majority of at least two thirds of the votes cast if less than half of the issued share capital is represented at the General Meeting.

#### **SHARES - ISSUE AND TRANSFER REQUIREMENTS**

##### **Article 12**

- 12.1. Subject to Article 12.3 and except as otherwise provided or allowed by Dutch law, the issue or transfer of a share shall require a deed to that effect and, in the case of a transfer and unless the Company itself is a party to the transaction, acknowledgement of the transfer by the Company.
- 12.2. The acknowledgement shall be set out in the deed or shall be made in such other manner as prescribed by law.
- 12.3. For as long as any shares are listed on the New York Stock Exchange, the NASDAQ Stock Market or on any other stock exchange operating in the United States of America, the laws of the State of New York shall apply to the property law aspects of the shares reflected in the register administered by the relevant transfer agent.

#### **SHARES - USUFRUCT AND PLEDGE**

##### **Article 13**

- 13.1. Shares can be encumbered with a usufruct or pledge.
- 13.2. The voting rights attached to a share which is subject to a usufruct or pledge vest in the shareholder concerned.
- 13.3. In deviation of Article 13.2, the holder of a usufruct or pledge on shares shall have the voting rights attached thereto if this was provided when the usufruct or pledge was created.
- 13.4. Usufructuaries and pledgees without voting rights shall not have Meeting Rights.

#### **SHARES - SHAREHOLDING THRESHOLD**

##### **Article 14**

- 14.1. No Brand Owner or Restricted Brand Company may have Beneficial Ownership of shares representing a percentage of the issued and outstanding shares in the Company's capital exceeding the applicable Shareholding Threshold, as reasonably calculated by the Board of Directors.
- 14.2. Promptly after the Company becomes aware of a Brand Owner or a Restricted Brand Company violating Article 14.1, the Company shall notify such Brand Owner or Restricted Brand Company of such violation, unless the Board of Directors grants an exemption to such Brand Owner or Restricted Brand Company as referred to in Article 14.7 paragraph c. Such notification shall be sent in writing by courier or by registered mail to the registered office of the Brand Owner or Restricted Brand Company concerned (in each case with proof of delivery) and shall constitute a notification to the entire Excess Group of the Brand Owner or Restricted Brand Company concerned.
- 14.3. Promptly after having received a notification referred to in Article 14.2, each Excess Shareholder who is a member of the Excess Group of the Brand Owner or the Restricted Brand Company concerned must dispose of its Excess Shares or take or cause any other action, such that the Brand Owner or Restricted Brand Company, as the case may be, no longer violates Article 14.1, provided that such disposal or other action may not result in an increase of the number of shares Beneficially Owned by any Brand Owner or Restricted Brand Company



- that already violates, or would violate as a result of such increase, Article 14.1.
- 14.4. Upon receipt of a notification referred to in Article 14.2, the Shareholder Rights attached to the Excess Shares of each Excess Shareholder who is a member of the Excess Group concerned shall be suspended until such time as that Excess Shareholder has complied with its obligations under Article 14.3. In case of a suspension of rights attached to Excess Shares which are held by Excess Shareholders who are members of the same Excess Group, such suspension shall be effective to all members of such Excess Group in proportion to their respective holdings of shares within such Excess Group. This proportion shall be reasonably determined by the Board of Directors based on the information available to it and the Board of Directors may rely on such information for determining such proportion without further investigation; in the absence of any such information, the Board of Directors shall have full discretion to determine such proportion.
- 14.5. If an Excess Shareholder has not, within two weeks after the date of receipt of a notification referred to in Article 14.2, complied with its obligations under Article 14.3:
- a. such Excess Shareholder shall not be entitled to exercise the Shareholder Rights attached to any of its shares until such time as such Excess Shareholder has complied with its obligations under Article 14.3; and
  - b. the Company shall have an irrevocable power of attorney to transfer the Excess Shares of such Excess Shareholder, at the discretion of the Board of Directors:
    - i. to the Excess Shares Foundation in exchange for depository receipts for such Excess Shares issued to the Excess Shareholder concerned; or
    - ii. to any other party, for a price equal to such Excess Shares as determined by one or more independent experts designated by the Board of Directors, provided that such transfer does not result in an increase of the number of shares Beneficially Owned by any Brand Owner or Restricted Brand Company that already violates, or would violate as a result of such increase, Article 14.1, as reasonably determined by the Board of Directors,provided that, in case an Excess Shareholder is a member of an Excess Group, the Company shall endeavour to transfer the Excess Shares of the Excess Shareholders that form such Excess Group in proportion to their respective holdings of shares within such Excess Group, to the extent such proportion is reasonably known to the Board of Directors; the last sentence of Article 14.4 shall apply mutatis mutandis.
- 14.6. When transferring Excess Shares to the Excess Shares Foundation as described in Article 14.5 paragraph b. on behalf of multiple Excess Shareholders forming part of the same Excess Group of a Brand Owner or a Restricted Brand Company, the Company shall endeavour to transfer, in total on behalf of all such Excess Shareholders, no more Excess Shares than the number of shares Beneficially Owned by the Excess Group of the Brand Owner or Restricted Brand Company concerned that represent the percentage of the issued and outstanding shares in the Company's capital exceeding the applicable Shareholding Threshold.
- 14.7. The previous provisions of this Article 14 do not apply to:
- a. the Company, its Subsidiaries and the Excess Shares Foundation;
  - b. any clearing and settlement institution, transfer agent and depository acting in a professional capacity in connection with the admission to listing and trading of the shares on a stock exchange and designated by the Board of Directors; and
  - c. any Brand Owner or Restricted Brand Company who has been granted an exemption from the previous provisions of this Article 14 in writing by the Board of Directors, provided that:
    - i. the Board of Directors has full discretion when deciding whether or not to grant such an exemption and may draw up rules and/or policies in respect thereof;
    - ii. the Board of Director may withdraw any such exemption in whole or in part at its full discretion by means of a written notification addressed to the Brand Owner or Restricted Brand Company concerned; and
    - iii. if and when such an exemption is granted, the Board of Directors may, at its absolute discretion, determine that the exemption applies to all or part of the shares Beneficially Owned by the relevant Brand Owner or Restricted Brand Company, as well as the situations in which the exemption ceases to apply, either in whole or in part.

## **BOARD OF DIRECTORS - COMPOSITION**

### **Article 15**

- 15.1. The Company has a Board of Directors consisting of:
- a. one or more Executive Directors, being primarily charged with the Company's day-to-day operations; and
  - b. at least one and up to ten Non-Executive Directors, being primarily charged with the supervision of the performance of the duties of the Directors.
- The Board of Directors shall be composed of individuals.
- 15.2. The Board of Directors shall determine the number of Executive Directors and the number of Non-Executive Directors with due observance of Article 15.1.
- 15.3. In case only one Executive Director has been appointed, that Executive Director shall automatically be the Chief Executive Officer. If more than one Executive Director has been appointed, the Board of Directors shall elect one Executive Director to be the Chief Executive Officer. An Executive Director shall cease to be the Chief Executive Officer:
- a. automatically when he ceases to be an Executive Director; or
  - b. upon his removal as Chief Executive Officer by the Board of Directors, provided that he shall subsequently continue his term of office as an Executive Director without having the title of Chief Executive Officer.
- 15.4. The Board of Directors may grant an Executive Director such additional titles as the Board of Directors deems appropriate.
- 15.5. The group of Non-Executive Directors shall elect a Non-Executive Director to be the Lead Independent Director for a specified period of at most one year. The Non-Executive Director so elected shall cease to be the Lead Independent Director:
- a. automatically when he ceases to be a Non-Executive Director; or
  - b. upon his removal as Lead Independent Director by the group of Non-Executive Directors, provided that he shall subsequently continue his term of office as a Non-Executive Director without having the title of Lead Independent Director.
- 15.6. The Board of Directors may appoint one or more observers without voting rights in relation to resolutions of the Board of Directors, who will have the right to attend meetings of the Board of Directors and participate as such in the deliberations of the Board of Directors, subject to the limitations under Dutch law relating to:
- a. the decision-making, functioning and organisation of the Board of Directors; and
  - b. the interests of the Company and of the business connected with it.
- Observers shall be appointed for such period as decided by the Board of Directors and may also be suspended or removed by the Board of Directors. The Board of Directors may, at any time, determine that the specific circumstances of the case at hand require the Board of Directors to perform its duties through deliberations and decision-making among the Directors only (without the attendance or participation of any such observer).
- 15.7. Where a Director is no longer in office or is unable to act, he may be replaced temporarily by a person whom the Board of Directors has designated for that purpose and, until then, the other Director(s) shall be charged with the management of the Company. Where all Directors are no longer in office or are unable to act, the management of the Company shall be attributed to the former Director who most recently ceased to hold office as the Lead Independent Director (or, if he is unwilling or unable to accept that position, the former Director who most recently ceased to hold office as the Chief Executive Officer, provided that the latter is willing and able to accept that position), who may designate one or more other persons to be charged with the management of the Company (instead of, or together with, such former Director). The person(s) charged with the management of the Company pursuant to the previous sentence shall cease to hold that position when the General Meeting has appointed one or more persons as Director(s).
- 15.8. A Director shall be considered to be unable to act within the meaning of Article 15.7:
- a. in a period during which the Company has not been able to contact him (including as a result of illness), provided that such period lasted longer than ten consecutive days (or such other period as determined by the group of Non-Executive Directors on the basis of the facts and circumstances at hand);
  - b. during his suspension; or

- c. in the deliberations and decision-making of the Board of Directors on matters in relation to which he has declared to have, or in relation to which the group of Non-Executive Directors has established that he has, a conflict of interests as described in Article 18.7.

## **BOARD OF DIRECTORS - APPOINTMENT, SUSPENSION AND DISMISSAL**

### **Article 16**

- 16.1. The General Meeting shall appoint the Directors and may at any time suspend or dismiss any Director. In addition, the Board of Directors may at any time suspend an Executive Director.
- 16.2. The General Meeting can only appoint a Director upon a binding nomination by the Board of Directors. The General Meeting may at any time resolve to render such nomination to be non-binding by a Simple Majority representing more than half of the issued share capital. If a nomination is rendered non-binding, a new nomination shall be made by the Board of Directors. If the nomination comprises one candidate for a vacancy, a resolution concerning the nomination shall result in the appointment of the candidate, unless the nomination is rendered non-binding. A second meeting as referred to in Section 2:120(3) DCC cannot be convened. In deviation of the preceding sentences of this Article 16.2, if all Directors are no longer in office or are unable to act, and the management of the Company has been attributed one or more person(s) in accordance with Article 15.7, the General Meeting can appoint one or more Directors without a binding nomination by the Board of Directors, provided that any subsequent appointment of a Director shall again be subject to the preceding sentences in this Article 16.2.
- 16.3. At a General Meeting, a resolution to appoint a Director can only be passed in respect of candidates whose names are stated for that purpose in the agenda of that General Meeting or the explanatory notes thereto.
- 16.4. Upon the appointment of a person as a Director, the General Meeting shall determine whether that person is appointed as Executive Director or as Non-Executive Director.
- 16.5. A resolution of the General Meeting to suspend or dismiss a Director shall require a Simple Majority representing more than half of the issued share capital, unless the resolution is passed at the proposal of the Board of Directors. A second meeting as referred to in Section 2:120(3) DCC cannot be convened.
- 16.6. If a Director is suspended and the General Meeting does not resolve to dismiss him within three months from the date of such suspension, the suspension shall lapse.
- 16.7. If the Board of Directors has drawn up a rotation schedule, each Director shall retire in accordance with such rotation schedule. A retiring Director can be reappointed immediately, subject to such rotation schedule.

## **BOARD OF DIRECTORS - DUTIES and ORGANISATION**

### **Article 17**

- 17.1. The Board of Directors is charged with the management of the Company, subject to the restrictions contained in these articles of association. In performing their duties, Directors shall be guided by the interests of the Company and of the business connected with it.
- 17.2. The Board of Directors shall draw up Board Rules concerning its organisation, decision-making and other internal matters, with due observance of these articles of association. In performing their duties, the Directors shall act in compliance with the Board Rules.
- 17.3. The Directors may allocate their duties amongst themselves in or pursuant to the Board Rules or otherwise pursuant to resolutions adopted by the Board of Directors, provided that:
  - a. the Executive Director(s) shall be charged with the Company's day-to-day operations;
  - b. the task of supervising the performance of the duties of the Directors cannot be taken away from the Non-Executive Directors;
  - c. the Lead Independent Director must be a Non-Executive Director; and
  - d. the making of proposals for the appointment of a Director and the determination of the remuneration of the Executive Director(s) cannot be allocated to an Executive Director.
- 17.4. The Board of Directors may determine in writing, in or pursuant to the Board Rules or otherwise pursuant to resolutions adopted by the Board of Directors, that one or more Directors can validly pass resolutions in respect of matters which fall under his/their duties.
- 17.5. The Board of Directors may establish such committees as are deemed to be appropriate by the Board of Directors. The Board of Directors shall draw up (and/or include in the Board Rules) rules concerning the organisation, decision-making and other internal matters of its committees.
- 17.6. The Board of Directors may perform the legal acts referred to in Section 2:94(1) DCC without the prior approval of the General Meeting.

## **BOARD OF DIRECTORS - Decision-making**

### **Article 18**

- 18.1. Each Director may cast one vote in the decision-making of the Board of Directors.
- 18.2. A Director can be represented by another Director holding a written proxy for the purpose of the deliberations and the decision-making of the Board of Directors.
- 18.3. Resolutions of the Board of Directors and resolutions of the group of Non-Executive Directors shall be passed, irrespective of whether this occurs at a meeting or otherwise, by Simple Majority unless the Board Rules provide differently.
- 18.4. Invalid votes, blank votes and abstentions shall not be counted as votes cast.
- 18.5. Where there is a tie in any vote of the Board of Directors, no resolution shall have been passed.
- 18.6. The Executive Director(s) shall not participate in the decision-making concerning the determination of the remuneration of the Executive Director(s).
- 18.7. A Director shall not participate in the deliberations and decision-making of the Board of Directors on a matter in relation to which he has a direct or indirect personal interest that conflicts with the interests of the Company and of the business connected with it. If all Directors have a conflict of interest as described in the previous sentence and as a result thereof, no resolution can be passed by the Board of Directors, the resolution may nevertheless be passed by the Board of Directors as if none of the Directors has a conflict of interests as described in the previous sentence.
- 18.8. Meetings of the Board of Directors can be held through audio-communication facilities, unless a Director objects thereto.
- 18.9. Resolutions of the Board of Directors may, instead of at a meeting, be passed in writing, provided that all Directors are familiar with the resolution to be passed and none of them objects to this decision-making process. Articles 18.1 through 18.7 apply mutatis mutandis.
- 18.10. The approval of the General Meeting is required for resolutions of the Board of Directors concerning a material change to the identity or the character of the Company or the business, including in any event:
  - a. transferring the business or materially all of the business to a third party;
  - b. entering into or terminating a long-lasting alliance of the Company or of a Subsidiary either with another entity or company, or as a fully liable partner of a limited partnership or general partnership, if this alliance or termination is of significant importance for the Company; and
  - c. acquiring or disposing of an interest in the capital of a company by the Company or by a Subsidiary with a value of at least one third of the value of the assets of the Company, according to the balance sheet with explanatory notes or, if the Company prepares a consolidated balance sheet, according to the consolidated balance sheet with explanatory notes in the Company's most recently adopted annual accounts.
- 18.11. The absence of the approval of the General Meeting of a resolution as referred to in Article 18.10 shall result in the relevant resolution being null and void pursuant to Section 2:14(1) DCC but shall not affect the powers of representation of the Board of Directors or of the Directors.

## **BOARD OF DIRECTORS - REMUNERATION**

### **Article 19**

- 19.1. The General Meeting shall determine the Company's policy concerning the remuneration of the Board of Directors with due observance of the relevant statutory requirements.
- 19.2. The remuneration of Directors shall be determined by the Board of Directors with due observance of Articles 18.6 and 18.7 and the policy referred to in Article 19.1.
- 19.3. The Board of Directors shall submit proposals concerning arrangements in the form of shares or rights to subscribe for shares to the General Meeting for approval. This proposal must at least include the number of shares or rights to subscribe for shares that may be awarded to the Board of Directors and which criteria apply for such awards or changes thereto. The absence of the approval of the General Meeting shall not affect the powers of representation.

## **BOARD OF DIRECTORS - REPRESENTATION**

### **Article 20**

- 20.1. The Board of Directors is entitled to represent the Company.
- 20.2. The power to represent the Company also vests in the Chief Executive Officer and, where more than one Executive Director has been appointed, in each Executive Director individually.

- 20.3. The Company may also be represented by the holder of a power of attorney to that effect. If the Company grants a power of attorney to an individual, the Board of Directors may grant an appropriate title to such person.

## **INDEMNITY**

### **Article 21**

- 21.1. The Company shall indemnify and hold harmless each of its Indemnified Officers against:
- a. any financial losses, costs, fines or other damages incurred by such Indemnified Officer; and
  - b. any expense reasonably paid or incurred by or on behalf of such Indemnified Officer in connection with any threatened, pending or completed inquiry, investigation, suit, claim, action or legal proceedings of a civil, criminal, administrative or other nature, formal or informal, in which he becomes involved, to the extent relating to or arising in connection with his current or former position with the Company and/or a Group Company and/or his current or former service at the request of the Company as a director, officer, limited or general partner, member, employee or agent of any other foreign or domestic entity, partnership, joint venture, trust, other enterprise (whether conducted for profit or not for profit) or employee benefit plan, and in each case to the extent permitted by applicable law. The Company shall be deemed to have requested the Indemnified Officer to serve an employee benefit plan where the performance of the Indemnified Officer's duties to the Company also imposes or imposed duties on, or otherwise involves or involved services by, the Indemnified Officer to the plan or participants or beneficiaries of the plan.
- 21.2. No indemnification shall be given to an Indemnified Officer under these articles of association:
- a. if a competent court or arbitral tribunal has finally established (without the possibility for appeal) that the acts or omissions of such Indemnified Officer that led to the financial losses, costs, fines, damages, other expenses, suit, claim, action or legal proceedings as described in Article 21.1 are of a nature constituting malice, gross negligence, intentional misconduct and/or serious culpability attributable to such Indemnified Officer;
  - b. to the extent that his financial losses, costs, fines, damages and other expenses are covered under an insurance, but only to the extent that the relevant insurer has irrevocably settled or provided reimbursement for, these financial losses, costs, fines, damages and other expenses; or
  - c. for proceedings brought by such Indemnified Officer against the Company or any of its Subsidiaries, except for proceedings brought to enforce indemnification to which he is entitled under applicable law, insurance policies obtained by the Company, these articles of association, a resolution of the Board of Directors or an agreement between such Indemnified Officer and the Company.
- 21.3. The Board of Directors may stipulate additional terms, conditions and restrictions in relation to the indemnification referred to in Article 21.1, provided however that neither any additional term, condition or restriction so stipulated, nor any amendment or repeal of any provision of these articles of association or any other internal rules or regulations of the Company, nor the addition of provisions to these articles of association or any other internal rules of regulations of the Company, relating to the subject matter of this Article 21 (an "Article 21 Amendment") which would impose conditions on, be inconsistent with, or would restrict the rights available to an Indemnified Officer under, this Article 21 shall eliminate, restrict or reduce the rights of any Indemnified Officer under this Article 21 in respect of any matter that occurred, or any inquiry, investigation, suit, claim, action or other legal proceedings arising or relating to any time prior to such Article 21 Amendment becoming effective.

## **GENERAL MEETING - CONVENING AND HOLDING MEETINGS**

### **Article 22**

- 22.1. Annually, at least one General Meeting shall be held. This annual General Meeting shall be held within six months after the end of the Company's financial year.
- 22.2. A General Meeting shall also be held:
- a. within three months after the Board of Directors has considered it to be likely that the Company's equity has decreased to an amount equal to or lower than half of its paid up and called up capital, in order to discuss the measures to be taken if so required; and
  - b. whenever the Board of Directors or the Chief Executive Officer so decides.

Without prejudice to Article 22.4, General Meetings may be convened by the Board of Directors or by the Chief Executive Officer individually.

- 22.3. General Meetings must be held in the place where the Company has its corporate seat or in Rotterdam, Schiphol Airport (municipality Haarlemmermeer), Utrecht or The Hague.
- 22.4. If the Board of Directors and the Chief Executive Officer have failed to ensure that a General Meeting as referred to in Articles 22.1 or 22.2 paragraph a. is held, each Person with Meeting Rights may be authorised by the court in preliminary relief proceedings to do so.
- 22.5. One or more Persons with Meeting Rights who collectively represent at least the part of the Company's issued share capital prescribed by law for this purpose may request the Board of Directors in writing to convene a General Meeting, setting out in detail the matters to be discussed. If the Board of Directors has not taken the steps necessary to ensure that the General Meeting could be held within the relevant statutory period after the request, the requesting Person(s) with Meeting Rights may be authorised, at his/their request, by the court in preliminary relief proceedings to convene a General Meeting.
- 22.6. Any matter of which the discussion has been requested in writing by one or more Persons with Meeting Rights who, individually or collectively, represent at least the part of the Company's issued share capital prescribed by law for this purpose shall be included in the convening notice or announced in the same manner, if the Company has received the substantiated request or a proposal for a resolution no later than on the sixtieth day prior to that of the General Meeting.
- 22.7. A General Meeting must be convened with due observance of the relevant statutory minimum convening period.
- 22.8. All Persons with Meeting Rights must be convened for the General Meeting in accordance with applicable law. The holders of registered shares may be convened for the General Meeting by means of convening letters sent to the addresses of those shareholders in accordance with Article 5.6. The previous sentence does not prejudice the possibility of sending a convening notice by electronic means in accordance with Section 2:113(4) DCC.

## **GENERAL MEETING - PROCEDURAL RULES**

### **Article 23**

- 23.1. The General Meeting shall be chaired by one of the following individuals, taking into account the following order of priority:
- by the Lead Independent Director, if there is a Lead Independent Director and he is present at the General Meeting;
  - by the Chief Executive Officer, if there is a Chief Executive Officer and he is present at the General Meeting;
  - by another Director who is chosen by the Directors present at the General Meeting from their midst; or
  - by another person appointed by the General Meeting.
- The person who should chair the General Meeting pursuant to paragraphs a. through d. may appoint another person to chair the General Meeting instead of him.
- 23.2. The chairman of the General Meeting shall appoint another person present at the General Meeting to act as secretary and to minute the proceedings at the General Meeting. Where an official report of the proceedings is drawn up by a civil law notary, no minutes need to be prepared. Every Director may instruct a civil law notary to draw up such an official report at the Company's expense.
- 23.3. The chairman of the General Meeting shall decide on the admittance to the General Meeting of persons other than:
- those who have Meeting Rights at that General Meeting, or their proxy holders; and/or
  - those who have a statutory right to attend that General Meeting on other grounds.
- 23.4. The holder of a written proxy from a Person with Meeting Rights who is entitled to attend a General Meeting shall only be admitted to that General Meeting if the proxy is determined to be acceptable by the chairman of that General Meeting.
- 23.5. The Company may direct that any person, before being admitted to a General Meeting, identify himself by means of a valid passport or driver's license and/or should be submitted to such security arrangements as the Company may reasonably consider to be appropriate under the given circumstances. Persons who do not comply with these requirements may be refused entry to the General Meeting.
- 23.6. The chairman of the General Meeting has the right to eject any person from the General Meeting if he considers that person to disrupt the orderly proceedings at the General Meeting.

- 23.7. The General Meeting may be conducted in the English language, or - if a majority of the Directors present at the General Meeting consent thereto - in any other language reasonably determined by the chairman of the General Meeting.
- 23.8. The chairman of the General Meeting may limit the amount of time that persons present at the General Meeting are allowed to take in addressing the General Meeting and the number of questions they are allowed to raise, with a view to safeguarding the orderly proceedings at the General Meeting. The chairman of the General Meeting may also adjourn the meeting if he considers that this shall safeguard the orderly proceedings at the General Meeting.

#### **GENERAL MEETING - EXERCISE OF MEETING AND VOTING RIGHTS**

##### **Article 24**

- 24.1. Each Person with Meeting Rights has the right to attend, address and, if applicable, vote at General Meetings, whether in person or represented by the holder of a written proxy. Holders of fractional shares together constituting the nominal value of a share shall exercise these rights collectively, whether through one of them or through the holder of a written proxy.
- 24.2. The Board of Directors and/or the Chief Executive Officer may decide that each Person with Meeting Rights is entitled, whether in person or represented by the holder of a written proxy, to participate in, address and, if applicable, vote at the General Meeting by electronic means of communication. For the purpose of applying the preceding sentence it must be possible, by electronic means of communication, for the Person with Meeting Rights to be identified, to observe in real time the proceedings at the General Meeting and, if applicable, to vote. The Board of Directors may impose conditions on the use of the electronic means of communication, provided that these conditions are reasonable and necessary for the identification of the Person with Meeting Rights and the reliability and security of the communication. Such conditions must be announced in the convening notice.
- 24.3. The Board of Directors and/or the Chief Executive Officer can also decide that votes cast through electronic means of communication or by means of a letter prior to the General Meeting are considered to be votes that are cast during the General Meeting. These votes shall not be cast prior to the Registration Date.
- 24.4. For the purpose of Articles 24.1 through 24.3, those who have voting rights and/or Meeting Rights on the Registration Date and are recorded as such in a register designated by the Board of Directors shall be considered to have those rights, irrespective of whoever is entitled to the shares or depository receipts at the time of the General Meeting. Subject to mandatory Dutch law, the Board of Directors is free to determine, when convening a General Meeting, whether the previous sentence applies.
- 24.5. Each Person with Meeting Rights must notify the Company in writing of his identity and his intention to attend the General Meeting. This notice must be received by the Company ultimately on the seventh day prior to the General Meeting, unless indicated otherwise when such General Meeting is convened. Persons with Meeting Rights that have not complied with this requirement may be refused entry to the General Meeting.

#### **GENERAL MEETING - DECISION-MAKING**

##### **Article 25**

- 25.1. Each share shall give the right to cast one vote at the General Meeting. For this purpose, fractional shares, if any, collectively constituting the nominal value of a share shall be considered to be equivalent to such a share.
- 25.2. No vote may be cast at a General Meeting in respect of a share belonging to the Company or a Subsidiary or in respect of a share for which any of them holds the depository receipts. Usufructuaries and pledgees of shares belonging to the Company or its Subsidiaries are not, however, precluded from exercising their voting rights if the usufruct or pledge was created before the relevant share belonged to the Company or a Subsidiary. Neither the Company nor a Subsidiary may vote shares in respect of which it holds a usufruct or a pledge.
- 25.3. Unless a greater majority is required by law or by these articles of association, all resolutions of the General Meeting shall be passed by Simple Majority. Subject to any provision of mandatory Dutch law and any higher quorum requirement stipulated by these articles of association, the General Meeting can only pass resolutions if at least one third of the issued and outstanding shares in the Company's capital are present or represented at such General Meeting. A second meeting as referred to in Section 2:120(3) DCC cannot be convened.
- 25.4. Invalid votes, blank votes and abstentions shall not be counted as votes cast. Shares in respect of which an invalid or blank vote has been cast and shares in respect of which an abstention has been made shall be taken into account when determining the part of the issued share capital that is represented at a General Meeting.
- 25.5. Where there is a tie in any vote of the General Meeting, the relevant resolution shall not have been passed.

- 25.6. The chairman of the General Meeting shall decide on the method of voting and the voting procedure at the General Meeting.
- 25.7. The determination during the General Meeting made by the chairman of that General Meeting with regard to the results of a vote shall be decisive. If the accuracy of the chairman's determination is contested immediately after it has been made, a new vote shall take place if the majority of the General Meeting so requires or, where the original vote did not take place by response to a roll call or in writing, if any party with voting rights who is present so requires. The legal consequences of the original vote shall lapse as a result of the new vote.
- 25.8. The Board of Directors shall keep a record of the resolutions passed. The record shall be available at the Company's office for inspection by Persons with Meeting Rights. Each of them shall, upon request, be provided with a copy of or extract from the record, at no more than the cost price.
- 25.9. The Directors shall, in that capacity, have an advisory vote at the General Meetings.

#### **GENERAL MEETING - SPECIAL RESOLUTIONS**

##### **Article 26**

- 26.1. The following resolutions can only be passed by the General Meeting with a majority of at least two thirds of the votes cast, unless such resolution is passed at the proposal of the Board of Directors:
- a. the issue of shares or the granting of rights to subscribe for shares;
  - b. the limitation or exclusion of pre-emption rights;
  - c. the designation or granting of an authorisation as referred to in Articles 6.1, 7.5 and 11.2, respectively;
  - d. the reduction of the Company's issued share capital;
  - e. the making of a distribution from the Company's profits or reserves;
  - f. the making of a distribution in the form of shares in the Company's capital or in the form of assets, instead of in cash;
  - g. the amendment of these articles of association;
  - h. the entering into of a merger or demerger;
  - i. the instruction of the Board of Directors to apply for the Company's bankruptcy; and
  - j. the Company's dissolution.
- 26.2. For purposes of Article 26.1, a resolution shall not be considered to have been proposed by the Board of Directors if such resolution has been included in the convening notice or announced in the same manner by or at the request of one or more Persons with Meeting Rights pursuant to Articles 22.5 and/or 22.6, unless the Board of Directors has expressly indicated its support of such resolution in the agenda of the General Meeting concerned or in the explanatory notes thereto.

#### **REPORTING - FINANCIAL YEAR, ANNUAL ACCOUNTS AND MANAGEMENT REPORT**

##### **Article 27**

- 27.1. The Company's financial year shall coincide with the calendar year.
- 27.2. Annually, within the relevant statutory period, the Board of Directors shall prepare the annual accounts and the management report and deposit them at the Company's office for inspection by the shareholders.
- 27.3. The annual accounts shall be signed by the Directors. If any of their signatures is missing, this shall be mentioned, stating the reasons.
- 27.4. The Company shall ensure that the annual accounts, the management report and the particulars to be added pursuant to Section 2:392(1) DCC shall be available at its offices as from the convening of the General Meeting at which they are to be discussed. Persons with Meeting Rights are entitled to inspect such documents at that location and to obtain a copy at no cost.
- 27.5. The annual accounts shall be adopted by the General Meeting.

#### **REPORTING - AUDIT**

##### **Article 28**

- 28.1. The General Meeting shall instruct an auditor as referred to in Section 2:393 DCC to audit the annual accounts. Where the General Meeting fails to do so, the Board of Directors shall be authorised.
- 28.2. The instruction may be revoked by the General Meeting and, if the Board of Directors has granted the instruction, by the Board of Directors. The instruction can only be revoked for well-founded reasons; a difference of opinion regarding the reporting or auditing methods shall not constitute such a reason.

#### **DISTRIBUTIONS - GENERAL**

##### **Article 29**

- 29.1. A distribution can only be made to the extent that the Company's equity exceeds the Non-Distributable Equity.



- 29.2. The Board of Directors may resolve to make interim distributions, provided that it appears from interim accounts to be prepared in accordance with Section 2:105(4) DCC that the requirement referred to in Article 29.1 has been met and, if it concerns an interim distribution of profits, taking into account the order of priority described in Article 31.1.
- 29.3. Distributions shall be made in proportion to the aggregate nominal value of the shares.
- 29.4. Subject to Article 31.1 paragraph a., the parties entitled to a distribution shall be the relevant shareholders, usufructuaries and pledgees, as the case may be, at a date to be determined by the Board of Directors for that purpose. This date shall not be earlier than the date on which the distribution was announced.
- 29.5. The General Meeting may resolve, subject to Article 26, that all or part of such distribution, instead of being made in cash, shall be made in the form of shares in the Company's capital or in the form of the Company's assets.
- 29.6. A distribution shall be payable on such date and, if it concerns a distribution in cash, in such currency as determined by the Board of Directors. If it concerns a distribution in the form of the Company's assets, the Board of Directors shall determine the value attributed to such distribution for purposes of recording the distribution in the Company's accounts with due observance of applicable law (including the applicable accounting principles).
- 29.7. A claim for payment of a distribution shall lapse after five years have expired after the distribution became payable.
- 29.8. For the purpose of calculating the amount or allocation of any distribution, shares held by the Company in its own capital shall not be taken into account. No distribution shall be made to the Company in respect of shares held by it in its own capital.

## **DISTRIBUTIONS - RESERVES**

### **Article 30**

- 30.1. The Company may maintain any reserve as the Board of Directors deems to be appropriate.
- 30.2. Subject to Article 26, the General Meeting is authorised to resolve to make a distribution from the Company's reserves.
- 30.3. The Board of Directors may resolve to charge amounts to be paid up on shares against the Company's reserves, irrespective of whether those shares are issued to existing shareholders.

## **DISTRIBUTIONS - PROFITS**

### **Article 31**

- 31.1. Subject to Article 29.1, the profits shown in the Company's annual accounts in respect of a financial year shall be appropriated as follows, and in the following order of priority:
- a. The Board of Directors shall first determine which part of the profits shall be added to the Company's reserves.
  - b. Subject Article 26, the profits remaining after the application of paragraph a. of this Article 31.1 shall be at the disposal of the General Meeting for distribution on the shares.
- 31.2. Without prejudice to Article 29.1, a distribution of profits shall be made after the adoption of the annual accounts that show that such distribution is allowed.

## **DISSOLUTION AND LIQUIDATION**

### **Article 32**

- 32.1. In the event of the Company being dissolved, the liquidation shall be effected by the Board of Directors, unless the General Meeting decides otherwise.
- 32.2. To the extent possible, these articles of association shall remain in effect during the liquidation.
- 32.3. To the extent that any assets remain after payment of all of the Company's debts, those assets shall be distributed to the shareholders.
- 32.4. After the Company has ceased to exist, its books, records and other information carriers shall be kept for the period prescribed by law by the person designated for that purpose in the resolution of the General Meeting to dissolve the Company. Where the General Meeting has not designated such a person, the liquidators shall do so.

**THE UNDERSIGNED**

W.H. Bossenbroek, civil law notary in Amsterdam, hereby declares that he is satisfied that, to the best of his knowledge, the unofficial English translation of the articles of association of Playa Hotels & Resorts N.V., with corporate seat in Amsterdam, immediately after deed of statutory merger on 11 March 2017, effective 12 March 2017, read as per the text printed above.

Signed at Amsterdam, on 13 March 2017.  
(Signed: W.H. Bossenbroek)

**BOARD RULES FOR PLAYA HOTELS & RESORTS N.V.**

**BOARD RULES**



**Playa Hotels & Resorts N.V.**

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adopted by the Board on  
March 9, 2017, effective as of March 11, 2017

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## INTRODUCTION

### Article 1

- 1.1. These rules govern the organization, decision-making and other internal matters of the Board. In performing their duties, the Directors shall act in compliance with these rules.
- 1.2. These rules are complementary to, and subject to, the Articles of Association and applicable laws and regulations.
- 1.3. These rules shall be posted on the Company's website.

## DEFINITIONS AND INTERPRETATION

### Article 2

- 2.1. In these rules the following definitions shall apply:

<b>Appendix</b>	An appendix to these rules.
<b>Article</b>	An article of these rules.
<b>Articles of Association</b>	The Company's articles of association.
<b>Audit Committee</b>	The audit committee established by the Board.
<b>Board</b>	The Company's board of directors.
<b>Board Meeting</b>	A meeting of the Board.
<b>Chief Executive Officer</b>	The Company's chief executive officer.
<b>Committee</b>	The Audit Committee, the Compensation Committee and the Nominating Committee and any other permanent or ad hoc committee established by the Board.
<b>Committee Charter</b>	The charter concerning the organization, decision-making and other internal matters of the relevant Committee.
<b>Company</b>	Playa Hotels & Resorts N.V.
<b>Company Group</b>	The Company and its subsidiaries.
<b>Company Secretary</b>	The person who is appointed as the Company's company secretary.
<b>Compensation Committee</b>	The compensation committee established by the Board.
<b>Conflict of Interests</b>	A direct or indirect personal interest of a Director which conflicts with the interests of the Company and of the business connected with it.
<b>DCGC</b>	The Dutch Corporate Governance Code.
<b>Director</b>	A member of the Board.
<b>Executive Director</b>	An executive Director.
<b>General Meeting</b>	The Company's general meeting of shareholders.
<b>Lead Independent Director</b>	The chairman of the Board for purposes of Dutch law and the DCGC.
<b>NASDAQ</b>	The NASDAQ Stock Market.
<b>Nominating Committee</b>	The nominating and governance committee established by the Board.
<b>Non-Executive Director</b>	A Director other than an Executive Director.
<b>Simple Majority</b>	More than half of the votes cast.

- 2.2. References to statutory provisions are to those provisions as they are in force from time to time.
- 2.3. Terms that are defined in the singular have a corresponding meaning in the plural.
- 2.4. Words denoting a gender include each other gender.
- 2.5. Except as otherwise required by law, the terms "written" and "in writing" include the use of electronic means of communication.

## COMPOSITION

### Article 3

- 3.1. The Board currently consists of one Executive Director and nine Non-Executive Directors.
- 3.2. Subject to Article 17, the Board may, from time to time, change the number of Executive Directors and the number of Non-Executive Directors who should have a seat on the Board, taking into account recommendations from the Nominating Committee. Any such change shall be subject to the applicable limitations under the Articles of Association. When deciding on a change of the number of Directors who should have a seat on the Board, the Board shall also consider the relevant provisions of the DCGC and shall ensure that the majority of the Board remains composed of (i) Non-Executive Directors and (ii) Directors who meet the independence requirements of NASDAQ as in effect from time to time.
- 3.3. For as long as only one Executive Director has been appointed, that Executive Director shall automatically be the Chief Executive Officer. If more than one Executive Director has been appointed, the Board (on the basis of a recommendation from the Nominating Committee) shall elect one Executive Director to be the Chief Executive Officer. An Executive Director shall cease to be the Chief Executive Officer:
  - a. automatically when he ceases to be an Executive Director; or
  - b. upon his removal as Chief Executive Officer by the Board, provided that he shall subsequently continue his term of office as an Executive Director without having the title of Chief Executive Officer.
- 3.4. The Chief Executive Officer may carry the title "Chairman and Chief Executive Officer".
- 3.5. The group of Non-Executive Directors (on the basis of a recommendation from the Nominating Committee) shall elect a Non-Executive Director to be the Lead Independent Director on an annual basis. The group of Non-Executive Directors may dismiss the Lead Independent Director, provided that the Non-Executive Director so dismissed shall subsequently continue his term of office as a Non-Executive Director without having the title of Lead Independent Director.
- 3.6. The Lead Independent Director shall act as the chairman of the Board for purposes of Dutch law and the DCGC.
- 3.7. The Board shall elect a Non-Executive Director to be the Vice-Chairman. The Board may dismiss the Vice-Chairman, provided that the Non-Executive Director so dismissed shall subsequently continue his term of office as a Non-Executive Director without having the title of Vice-Chairman.

## DIRECTOR QUALIFICATION STANDARDS

### Article 4

- 4.1. Without prejudice to Article 8.3:
  - a. a majority of the members of the Board must meet the criteria for independence under the NASDAQ listing rules, as in effect from time to time and as interpreted by the Board in its business judgment; and
  - b. the Board also intends to meet the criteria for independence under the DCGC, to the extent reasonably practicable.
- 4.2. The Board shall undertake an annual review of the independence of the Directors and:
  - a. in accordance with the applicable independence criteria under the NASDAQ listing rules, shall affirmatively determine that each "independent" Director has no material relationship with the Company (either directly or indirectly, including as a partner, shareholder or officer of an organization that has a relationship with the Company); and
  - b. in accordance with the applicable independence criteria under the DCGC, shall affirmatively determine who of the Non-Executive Directors qualify as independent and whether the Board should take steps to increase the number of Non-Executive Directors who qualify as independent under the provisions of the DCGC.

The names of the independent Directors shall be published in the Company's annual proxy statement to shareholders or in the Company's annual report on Form 10-K.
- 4.3. The Nominating Committee has adopted, and the Board has ratified, the Company's policy regarding Director qualification requirements and the process for identifying and evaluating Director candidates. Such policy also, together with the relevant sections of these rules, serves as the Board's profile as referred to in the DCGC.
- 4.4. The Board has determined not to establish a mandatory retirement age for Directors.
- 4.5. The Board has determined not to establish term limits for Directors. While term limits could help ensure that

there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight into the Company and its operations based on their understanding of the Company's history, policies and objectives and, therefore, provide an increasing contribution to the Board as a whole. As an alternative to term limits, the Nominating Committee shall review each Director's continuation on the Board every year, taking into account the relevant provisions of the DCGC. This will allow each Director the opportunity to confirm his desire to continue as a member of the Board.

- 4.6. The Company recognizes the importance of the Directors having the requisite time to devote to carrying out their duties and responsibilities towards the Company. The Company does not have a policy limiting the number of other positions which a Director may have, provided that:
  - a. upon the recommendation or nomination of Directors or Director candidates for (re)appointment by the General Meeting, the Nominating Committee and the Board shall take into account the applicable limitations on the number of other positions any such Director or Director candidate may hold under applicable law, and the number of other public company boards and other boards (or comparable governing bodies) on which the Director or Director candidate is a member;
  - b. Directors shall disclose any public company board position (and an Executive Director shall also disclose any other material position) they are considering to take to the Board in advance and, at least annually, any such position held by incumbent Directors should be discussed by the Board;
  - c. in case of a Director changing his principal occupation or business association, or taking on significant additional business responsibilities, the Director shall promptly notify the Board and the Nominating Committee shall make a recommendation to the Board as to whether it believes it is appropriate for such Director to continue to serve on the Board;
  - d. no member of the Audit Committee may serve simultaneously on the audit committees of more than two other public companies; and
  - e. an Executive Director should not accept a non-executive or supervisory position on the board of another public company without the approval of the Board.
- 4.7. Director candidates and incumbent Directors (as the case may be) shall be nominated annually for (re)appointment for a term ending at the end of the annual General Meeting to be held in the year following their (re)appointment. Any such nomination shall be made by the Board on the basis of the recommendations of the Nominating Committee.
- 4.8. A Director should retire early in the event of inadequate functioning, structural incompatibility of interests, and in other instances in which this is deemed necessary by the Board.

## **TASKS AND RESPONSIBILITIES**

### Article 5

- 5.1. In addition to the responsibilities that follow from applicable law, the Articles and the DCGC, the Directors are collectively responsible for the Company's general affairs and the business connected with it. The Executive Director(s) shall primarily be charged with the Company's day-to-day operations and the Non-Executive Directors shall primarily be charged with the supervision of the performance of the duties of the Directors.
- 5.2. In performing their duties, Directors shall be guided by the interests of the Company and its business and, in this respect, the Directors shall take the interests of all of the Company's stakeholders into proper consideration. Directors shall have access to management and, as necessary and appropriate, the Company's independent advisors.
- 5.3. After their appointment, all Directors should follow a formal orientation program geared to their role. This program should cover general financial, social and legal affairs, financial reporting by the Company, specific aspects that are unique to the Company's business, the culture within the Company Group and the tasks and responsibilities of a Director and should also include presentations by management to familiarize new Directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers and its independent auditors. From time to time, the Board may set aside time during its Board Meetings to provide continuing director education for the benefit of the Directors, so that they stay actively informed and up to date on current issues relating to Director responsibilities if and when appropriate. The Company will pay all reasonable expenses relating to continuing director education.

- 5.4. The Board shall formulate and approve a strategy on long-term value creation, considering aspects such as the implementation and feasibility of such strategy, the Company's business model, the market(s) in which the Company operates, the Company's risk appetite, the Company's targets and non-financial issues relevant to the Company (including corporate social responsibility).
- 5.5. The Board shall establish policies and principles for the selection, and possible succession planning, of Directors, the Chairman and Chief Executive Officer and other management officers.
- 5.6. The Board shall consider and decide upon all matters, provided that:
- the Board's tasks and responsibilities, as well as its decision-making authority, in respect of the matters described in Appendix A are delegated to the Chairman and Chief Executive Officer;
  - the Board has delegated some of its tasks and responsibilities to the Committees, as described in the respective Committee Charters;
  - the Board's decision-making authority in respect of the matters described in the Committee Charters are delegated to the respective Committees; and
  - the Board may, from time to time and with due observance of applicable law, the NASDAQ listing rules and the DCGC, delegate such further tasks and responsibilities and/or decision-making authority to one or more Committees and/or to one or more Directors, as the Board considers appropriate.

Committees and Directors to whom decision-making authority has been delegated as set out above can validly pass resolutions in respect of the matters which fall under their tasks and responsibilities and any such resolution shall be considered to be a resolution of the Board.

- 5.7. The Board shall be assisted by the Company Secretary. The Company Secretary shall be appointed and dismissed by the Board. The Company Secretary shall ensure that proper procedures are followed within the organization of the affairs of the Board and the Committees and that statutory obligations and obligations under the Articles of Association are complied with. The Company Secretary shall also ensure the provision of information to the Directors and is expected to assist the Lead Independent Director in the organization of the affairs of the Board.
- 5.8. At least annually, the Board shall conduct an annual review and self-evaluation in order to determine whether it and its Committees are functioning effectively, consistent with the NASDAQ listing rules and the DCGC. This review shall include a discussion on the Board's profile and composition and the competence and functioning of the individual Directors and may include presentations to the Board by each Committee chairperson and/or the Company's outside advisors, including its legal counsel and independent auditor. As part of this annual review, the Board shall also identify any aspects with regard to which Directors require further training or education. The Nominating Committee shall be responsible for overseeing the annual evaluation process.

## **MEETINGS AND DECISION-MAKING**

### **Article 6**

- 6.1. The Board shall meet as often as the Lead Independent Director or the Chairman and Chief Executive Officer or any two Directors jointly deem(s) necessary or appropriate, provided that there shall be at least four regularly scheduled Board Meetings in each calendar year.
- 6.2. To promote open discussion among Non-Executive Directors, the Board may exclude the Executive Director(s) or other management participation from all, or any portion of, any Board Meeting. In addition, the Executive Director(s) shall recuse themselves from all, or any portion of, a Board Meeting to the extent that it concerns matters in respect of which applicable law, the NASDAQ listing rules and/or the DCGC requires or recommends that they be deliberated and/or resolved upon by the Non-Executive Directors outside the presence of the Executive Director(s).
- 6.3. If the group of Non-Executive Directors includes Directors who are not independent under the NASDAQ listing rules, it is the Company's policy that there will be regularly scheduled meetings and no less than one meeting per calendar year, of the Non-Executive Directors who are independent under the NASDAQ listing rules. The Lead Independent Director shall preside at such sessions.
- 6.4. Without prejudice to Articles 6.2 and 6.3, Directors are expected to attend all Board Meetings and to review the materials sent to the Directors in preparation of any such Board Meeting. If a Director is frequently absent at, or frequently comes unprepared to, Board Meetings, he shall be required to account for his absence to the Board.

- 6.5. A Board Meeting may be convened by the Lead Independent Director or by the Chairman and Chief Executive Officer or by any two Directors jointly by means of a written notice.
- 6.6. All Directors shall be given reasonable notice of at least five days for all Board Meetings, unless a shorter notice is required to avoid a delay which could reasonably be expected to have an adverse effect on the Company and/or the business connected with it. Notice of a Board Meeting shall include the date, time, place and agenda for that Board Meeting and shall be sent to the Directors in writing. The Notice shall be accompanied by any relevant documentation and information to be discussed at the Board Meeting.
- 6.7. If a Board Meeting has not been convened as described in Articles 6.5 and 6.6, resolutions may nevertheless be passed at such Board Meeting by a unanimous vote of all Directors.
- 6.8. At the invitation of the Board, members of management and/or the Company's outside advisors, including its legal counsel and independent auditor, may attend Board Meetings for the purpose of participating in the discussions.
- 6.9. All Board Meetings shall be chaired by the Lead Independent Director or, in his absence, by the Vice-Chairman or, in his absence, by another Director designated by the Directors present at the relevant Board Meeting. The chairman of the Board Meeting shall appoint a secretary to prepare the minutes of the proceedings at such Board Meeting. The secretary does not necessarily need to be a Director.
- 6.10. The minutes of a Board Meeting shall be adopted in the same or in a subsequent Board Meeting. Minutes of the proceedings at a Board Meeting shall be sufficient evidence thereof and of the observance of all necessary formalities, provided that such minutes are certified by the Lead Independent Director or any two other Directors.
- 6.11. Each Director may cast one vote in the decision-making of the Board.
- 6.12. A Director can be represented by another Director holding a written proxy for the purpose of the deliberations and the decision-making of the Board.
- 6.13. Resolutions of the Board shall be passed, irrespective of whether this occurs at a Board Meeting or otherwise, by Simple Majority unless these rules provide differently.
- 6.14. Invalid votes, blank votes (i.e., where no choice has been made) and abstentions shall not be counted as votes cast.
- 6.15. Board Meetings can be held through audio-communication facilities, unless a Director objects thereto.
- 6.16. Resolutions of the Board of Directors may, instead of at a Board Meeting, be passed in by written consent, provided that all Directors are familiar with the resolution to be passed and none of them objects to this decision-making process. Articles 6.11 through 6.14 apply mutatis mutandis.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

### Article 7

- 7.1. The Chairman and Chief Executive Officer shall be charged with the Company's day-to-day operations, is primarily responsible for managing the operations of the Company Group and has the authority to individually represent the Company.
- 7.2. Matters described in Appendix A can be validly resolved upon by the Chairman and Chief Executive Officer without any further resolutions, approvals, consents, consultations or other active involvement of the Board, and the Company shall have full and complete authority to engage in such matters.
- 7.3. The Chairman and Chief Executive Officer may authorize executive officers and other employees to represent the Company on a continuing basis.

## **LEAD INDEPENDENT DIRECTOR**

### Article 8

- 8.1. The Lead Independent Director shall ensure the proper functioning of the Board and the Committees, and shall act as a liaison between (i) management, including the Chairman and Chief Executive Officer, (ii) independent Directors (as determined in accordance with NASDAQ rules), (iii) employees reporting misconduct that by their nature cannot be brought to management, and (iv) interested parties and the Board.
- 8.2. Without prejudice to any other tasks and responsibilities attributed to the Lead Independent Director pursuant to applicable law, the NASDAQ listing rules and the DCGC, the Lead Independent Director shall ensure that:
  - a. the Directors receive at the appropriate time all information necessary for the proper performance of



- b. their duties;
  - b. there is sufficient time for deliberation and decision-making by the Board and the Committees;
  - c. the Board and the Committees remain properly constituted and function properly;
  - d. the annual review referred to in Article 5.8 is carried out;
  - e. the Company has proper and effective contact with its employee representatives and (with due observance of the Company's public disclosure policy) its shareholders;
  - f. the General Meeting is conducted orderly and efficiently; and
  - g. the Directors follow the orientation program and subsequently receive sufficient education and training described in Article 5.3.
- 8.3. The Lead Independent Director should not be a former Executive Director and should be independent under the criteria of both the NASDAQ listing rules and the DCGC.
- 8.4. The Lead Independent Director shall not also chair the Audit Committee, the Nominating Committee or the Compensation Committee.
- 8.5. As a general principle, the Lead Independent Director is expected to chair the General Meeting. As such, the Lead Independent Director shall be the principal point of contact for those attending the General Meeting. The Lead Independent Director, as chairman of the General meeting, shall be charged with safeguarding the orderly proceedings at the General Meeting.
- 8.6. The Vice-Chairman shall act for the Lead Independent Director when the occasion arises. All duties of the Lead Independent Director shall vest in the Vice-Chairman if the Lead Independent Director is absent or unable to act. The Vice-Chairman shall also act as point of contact for Directors concerning the functioning of the Lead Independent Director.
- 8.7. Shareholders may send correspondence addressed to the Board directly to the Lead Independent Director. The Lead Independent Director will decide what action, if any, should be taken with respect to any such communication, including whether such communication should be reported to the Board.

## **COMPENSATION**

### Article 9

- 9.1. The Company has a compensation policy concerning, among other things, the compensation of the Directors, which sets forth a compensation structure designed to attract, retain and motivate Directors with the leadership qualities, skills and experience needed to support the management and growth of the Company's business. Such policy contains the principles for determining the form and amount of Director compensation.
- 9.2. The compensation for the Directors shall be determined by the Board at the recommendation of the Compensation Committee, within the framework of the Company's compensation policy and with due regard to applicable law, the NASDAQ listing rules and the DCGC. Non-Executive Directors shall be compensated for their service to the Company in cash and/or equity of the Company on a basis that is commensurate with the commitment made by such Directors to serve the Company, and taking into account the compensation paid to directors by other similarly situated public companies. The Board shall be critical, also with a view to public perception, when determining the form and amount of Director compensation.
- 9.3. The Board recognizes that Directors' independence may be jeopardized if Director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a Director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a Director or an organization with which the Director is affiliated, and therefore such actions are discouraged. The Board shall critically evaluate each of these matters when determining the form and amount of Director compensation, and the independence of a Director.

## **SHARE OWNERSHIP GUIDELINES**

### Article 10

- 10.1. In order to align the Director's interests with the interests of the stakeholders of the Company, each Non-Executive Director and each of the Company's named executive officers is expected to have a financial interest in the Company. The Board shall evaluate the ownership status of the Directors and its named executive officers at the end of each fiscal year.
- 10.2. The Chairman and Chief Executive Officer is required to own shares equal in value to at least five times his

base salary. Each of the other named executive officers of the Company is required to own shares equal to at least three times his base salary. The Chairman and Chief Executive Officer and the other named executive officers must comply with the ownership requirement within five years of their appointment.

- 10.3. Each Non-Executive Director is required to own shares equal in value to five times his annual base cash retainer, to the extent such Non-Executive Director receives securities in connection with service on the Board. Non-Executive Directors must comply with the ownership requirement within five years of their appointment and are required to hold shares at this level while serving as a Director.
- 10.4. For purposes of this Article, shares shall include all classes of shares beneficially owned by such person, including shares received as compensation, preferred shares, time vested restricted shares or share units and vested stock options.
- 10.5. The Nominating Committee may waive the share ownership requirements in the event of financial hardship or other good cause.

## **CONFLICT OF INTERESTS AND RELATED PARTY TRANSACTIONS**

### Article 11

- 11.1. A Director shall immediately report any actual or potential Conflict of Interests which is of material significance to the Company and/or to such Director to the Lead Independent Director (and if the Lead Independent Director has any such actual or potential Conflict of Interests, he shall immediately report this to the Vice-Chairman) and the Audit Committee, and shall provide all relevant information concerning such Conflict of Interests. The Board shall decide, without the Director concerned being present, whether there is a Conflict of Interests.
- 11.2. Except as otherwise agreed in writing by the Company and Hyatt Hotels Corporation ("Hyatt"), neither the Company Group nor Hyatt shall have any duty to refrain from engaging, directly or indirectly, in the same or similar activities or lines of business as the other; provided that Hyatt may not pursue a corporate opportunity if the opportunity was discovered, directly or indirectly, through the use of Company Group property or information, or was offered to a Hyatt affiliated Director expressly in his or her capacity as a director of the Company (although Hyatt may pursue such opportunity if it is discovered through other means, whether before or after its discovery through the use of Company Group property or information or offer to a Hyatt affiliated Director provided that in pursuing such opportunity no confidential Company Group information is used and the other provisions of this Article 11 and the provisions of Article 16 are complied with). If a Director affiliated with Hyatt has an actual or potential Conflict of Interests due to his position as a Director and his relationship with Hyatt, such director shall immediately report such Conflict of Interests pursuant to Section 11.1.
- 11.3. A Director shall not participate in the deliberations and decision-making of the Board on a matter in relation to which he has a Conflict of Interests. If all Directors have Conflicts of Interests and as a result thereof, no resolution can be passed by the Board, the resolution shall nevertheless be passed by the Board as if none of the Directors has a Conflict of Interests.
- 11.4. Transactions in which there is a Conflict of Interests shall be performed and disclosed in accordance with applicable law, the NASDAQ listing rules and the DCGC.
- 11.5. The Company has a policy on related party transactions in order to ensure that such related party transactions (as defined in further detail in such policy) are properly reviewed, approved and disclosed in accordance with applicable law, the NASDAQ listing rules and the DCGC.

## **CHIEF EXECUTIVE OFFICER EVALUATION AND MANAGEMENT SUCCESSION**

### Article 12

- 12.1. The Compensation Committee shall conduct an annual review of the Chairman and Chief Executive Officer's performance in accordance with policies and principles set forth in its Committee Charter. The Board shall review the results of the Compensation Committee's annual review in order to ensure that the Chairman and Chief Executive Officer is providing the best leadership for the Company in the long and short terms.
- 12.2. The Board shall periodically evaluate policies and principles for Chairman and Chief Executive Officer selection and succession planning so as to facilitate smooth transitions of leadership. If appropriate, the Board shall establish a Committee to assist it in evaluating potential successors to the Chairman and Chief Executive Officer.

## **BOARD COMMITTEES**

### Article 13

- 13.1. The Board has established the Audit Committee, the Compensation Committee and the Nominating Committee and may establish such other Committees as deemed to be necessary or appropriate by the Board.
- 13.2. Subject to Articles 5.6 and 17.2, the Board shall approve the Committee Charters and both the Board and a majority of the applicable Committee members must approve any changes to any existing Committee Charter.

## **OWNERSHIP OF AND TRADING IN SECURITIES**

### Article 14

- 14.1. The Directors shall be subject to the Company's policy on the ownership of and trading in Company securities.
- 14.2. In addition, each Director shall practice great reticence:
  - a. when conducting a transaction in securities issued by another listed company if this could reasonably create the appearance of such Director possessing, or being able to possess, price-sensitive information concerning such company; and
  - b. in the ownership of and trading in securities issued by, or relating to, another listed company which is a direct competitor of the Company.

## **Retention of Outside Advisors**

### Article 15

The Board and each Committee shall have the power to retain and terminate independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance. The Company shall provide the necessary means for this purpose.

## **CONFIDENTIALITY**

### Article 16

- 16.1. Each Director shall at all times (including after his resignation, removal or during a suspension) treat all information and documentation obtained in his capacity as a Director with due discretion and, in the case of confidential information or documentation, with utmost confidentiality.
- 16.2. Confidential information and documentation shall not be disclosed outside the Board, unless to the extent that:
  - a. such disclosure is required under applicable laws or regulations and/or by any competent court or other authority;
  - b. it concerns a disclosure to professional advisors of a Director, subject to a duty of confidentiality and only to the extent necessary for any lawful purpose;
  - c. such information has already become public knowledge at the date of such disclosure other than through the improper disclosure by a Director;
  - d. such disclosure is allowed under a duly executed confidentiality agreement between the Director and the Company; or
  - e. such disclosure has been authorized by the Board.

## **AMENDMENTS**

### Article 17

- 17.1. The Nominating Committee will review these rules from time to time, and if it determines modifications are required, will make recommendations to the Board.
- 17.2. The Board may amend or supplement these rules (including all Appendices) and allow temporary deviations from these rules (including all Appendices) pursuant to a resolution passed by a majority of at least two thirds of the full Board (including any vacancies on the Board at the time of the resolution being passed).

## **GOVERNING LAW AND JURISDICTION**

### Article 18

These rules shall be governed by and shall be construed in accordance with the laws of the Netherlands. Any dispute arising in connection with these rules shall be submitted to the exclusive jurisdiction of the competent court in Amsterdam.

## **APPENDIX A**

### **MATTERS DELEGATED TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

1. Any matter relating to the Company's day-to-day operations.
2. Representing and binding the Company vis-à-vis third parties.
3. Determining any logistical matter in relation to any General Meeting.
4. Approving non-material changes to the business plan, strategy or budget of the Company or any business segment of the Company Group.
5. Setting performance targets for the Company Group.
6. Monitoring the operational and financial performance of the Company Group.
7. Effecting intra group organizational changes to the structure of the Company Group.
8. Making investments and divestments representing a value of up to 5% of the total assets of the Company Group.
9. Entering into financing arrangements for an amount of up to 5% of the total assets of the Company Group and to provide sureties, guaranties or similar undertakings in connection with any such financing arrangement.
10. Entering into and terminating strategic alliances that are not considered to be material to the Company Group, provided that strategic alliances in respect of which the Company Group's interest represents a value not exceeding 5% of the total assets of the Company Group shall not be considered to be material.
11. Approving the issuance of any equity or debt securities representing a value of up to \$75 million in connection with any acquisitions.
12. Terminating the employment contracts of employees of the Company Group (unless it concerns a considerable number of employees at the same time or within a short period of time).
13. Non-material changes in the working conditions of employees of the Company Group.

**CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Bruce Wardinski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Playa Hotels & Resorts N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)):
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2017

/s/ Bruce Wardinski

Bruce Wardinski  
Chairman and Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Larry Harvey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Playa Hotels & Resorts N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)):
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2017

/s/ Larry Harvey

Larry Harvey  
(Principal Financial Officer and Principal  
Accounting Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Playa Hotels & Resorts N.V. (the "Company") on Form 10-Q for the quarter ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2017

/s/ Bruce Wardinski

Bruce Wardinski  
Chairman and Chief Executive Officer  
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as a part of this report or on a separate disclosure document.

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Playa Hotels & Resorts N.V. (the "Company") on Form 10-Q for the quarter ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2017

/s/ Larry Harvey

\_\_\_\_\_  
Larry Harvey

(Principal Financial Officer and Principal Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as a part of this report or on a separate disclosure document.



