

INTRODUCTION TO GOVERNANCE



KEVIN MCAULIFFE
Non-Executive
Deputy Chairman

I am pleased to present the Corporate Governance report for the year ended 31 December 2022.

As the Group's outgoing Deputy Chairman I can reflect on the Corporate Governance journey undertaken at the Group, and look back with pride on what we have achieved. I am naturally saddened to be leaving the group, but I do so with the satisfaction and confidence that the Group is on the right path.

In 2022, the Group took the opportunity to re-engage with all important identified stakeholder groups through the conduct of a materiality assessment of the priorities of our investors and others for corporate governance going forward. We were very pleased to note the high degree of satisfaction they expressed, but were also very interested to hear their concerns and desires going forward.

We have always recognised that it is vital to maintain good communication between our various stakeholder groups and executive leadership. We have achieved this in a variety of ways in 2022, from the materiality assessment, to investor roadshows and other activities aimed at keeping active dialogue with representatives of independent shareholders. I have served as the Board's liaison with our workforce, which has yielded great input into our success this year.

2021 saw the external evaluation phase of our annual Board effectiveness evaluation,

which means that in 2022 we have benefitted from an independent, external perspective on Governance, and have taken their advice and recommendations on board.

We have also been active in developing an ESG Strategy, which you can read about on pages 66 and 67, and therefore keeping internal standards, policies and other methods of ensuring high standards are kept under review.

I would like to take this opportunity to welcome Marcia Bakker to the Board as a new Non-Executive Director. Refreshing and maintaining the independence of the Board with diverse expertise and backgrounds is an important part of ensuring ongoing good governance, and I know that Marcia will play a key role in this looking ahead.

This report sets out how we have complied with and applied the principles and provisions of the 2018 Corporate Governance Code (the 'Code') throughout the year.

LEADERSHIP ROLE

Our Board provides the Group with entrepreneurial leadership within a framework of prudent and effective controls enabling risk to be assessed and managed alongside the strategic aims of the Group. This enabled 2022 to be a great success story as assessed against those aims, with the Group returning to profitability swiftly after pandemic restrictions were lifted.

The Board's input into strategy is maintained through a number of channels. We conduct an annual Strategy Day, which enables a deep-dive by the Board into strategic leadership, and enables us to give the Executive Leadership Team detailed input. This is combined with monthly business update calls between the Board, its Executive Leadership Team and our senior management. The Non-Executive Directors meet directly after the monthly updates, which gives the necessary forum for scrutiny and discussion without the rest of the Board and Executive Leadership Team present. This independent

STATEMENT OF COMPLIANCE SECTION 172 COMPANIES ACT 2006

The UK Corporate Governance Code (the Code) incorporates section 172 of the UK Companies Act 2006, which requires us, as a matter of good corporate governance and good corporate citizenship to consider the interests of identified stakeholder groups in making business decisions. This duty requires us to ensure stakeholders are able to have their views and input taken into consideration, and to consider the likely impact on stakeholders of business decisions. The Board's decisions are guided by what is most likely to promote the success of the Company in the long term through creating sustainable value for shareholders and contributing to wider society as a whole. Each Director listed in this corporate governance section of our report understands their duties, and acts in a way that, in their judgment, promotes the success of the Company for the benefit of all stakeholders, with due regard to the varying interests of different stakeholder groups.

Detailed information on how we have discharged these responsibilities in 2022 can be found in the following sections of the Report:

- This corporate governance chapter
- Stakeholder engagement –
The summary Task Force on
Climate-related Financial Disclosures
(TCFD) report
- Statements from the Chairman and
Deputy Chairman

analysis means each meeting of the full Board is a forum where different perspectives are aired based on a sound and detailed knowledge of the issues the business faces and the opportunities that exist.

BOARD EVALUATION

An external review of the Board and its Committees was carried out by Independent Audit Limited in 2021. The Board assesses and evaluates the performance and effectiveness of the Board as a whole, and each director in particular on an annual basis, with the external reviews taking place once every three years. Our progress against the 2021 external evaluation was reviewed internally in 2022, and we present the results (see page 100).

BOARD COMPOSITION

We are very pleased to welcome Marcia Bakker to our complement of independent non-executive directors. I have decided to gradually retire from business life and, as a consequence, will not stand for re-election at the next Annual General Meeting and will resign from the Board at the conclusion of that meeting. An independent Non-Executive Director will be assigned my responsibilities in due course.

SUSTAINABILITY AND ESG

Our Environmental, Social and Governance (“ESG”) Committee established in 2021 has overseen the Executive Leadership Team’s sustainability activities, and this year, we are proud to announce a brand new ESG Strategy to be published alongside our Annual Report and Accounts. This strategy is the outcome of work between the Executive Leadership Team supported by external expert consultants to assess the material priorities of our stakeholders, and translate these into measurable targets and KPIs to which we can be held accountable. We are also on a journey to Carbon Net Zero, which involves setting Science-Based Targets. Going forward, the publication of the strategy and setting of the targets will allow our performance to be measured against our peers and other internationally recognised benchmarks.

SHAREHOLDER ENGAGEMENT

At the Annual General Meeting held in May 2022, a small number of shareholders heeded the recommendations of proxy agencies and voted against the re-appointment of Mr Bradley, the Chair of the Nomination Committee.

Our active dialogue with representatives of independent shareholders throughout the year informs our understanding of governance priorities for investors, and assists us in setting targets internally, and with communication priorities. We are grateful for our investors’ ongoing support and guidance to help us address their concerns, which related to Board composition, specifically my tenure and independence as well as that of the Chair of the Company; and the road map to meet diversity targets.

My own retirement will allow an independent Non-Executive Director to take over my responsibilities, and our move towards meeting Board diversity targets in 2022 are steps that will help to ensure we repay the confidence investors have shown in us.

2022 saw increased shareholder input through the introduction of an advisory vote for shareholders on the Report of the Remuneration Committee and on the Remuneration Policy. This is now a standing item on our Annual General Meeting agenda, which has helped us to meet shareholder expectations.

Engagement with shareholders is further achieved through investor roadshows led by our Chief Financial Officer, Deputy CEO and Executive Vice-President Commercial Affairs throughout the year. Feedback received during roadshows is reported by Mr Kos to the Board for discussion at quarterly Board meetings, following which our Senior Independent Director reaches out to shareholders to continue the dialogue. In addition, as part of his role as Senior Independent Director, Mr Keen meets with shareholders as and when requested. He is always keen to engage with shareholders, and would appreciate receiving any meeting requests.

WORKFORCE ENGAGEMENT

It is our aim to be an employer of choice, and we are keen to make sure we are reaching the highest standards of workforce engagement. Team members were key stakeholders engaged with as part of the materiality assessment conducted this year, and employee engagement surveys are completed twice yearly. This ensures we keep our fingers on the pulse. Monthly business updates also ensure that we receive regular feedback from the workforce.

The Board made it a priority to conduct site visits as a major part of workforce engagement in 2022, as the pandemic had prevented this on some sites for a considerable period. We intend to continue this in 2023, especially as it is a priority to ensure that our newest Non-Executive Director receives on-site familiarisation as part of her induction.

The Board had taken a particular interest in our workforce engagement processes throughout the year with a desire to have an increase of its scope to include a focus on ESG for next year and beyond. We have benefitted from a materiality assessment in 2022, we are committed to continue to ensure that on an ongoing basis, our methodology for workforce engagement is structured, consistent and fulfilling its purpose of strengthening the employee voice in the boardroom.

CONCLUSION

We recognise that sound corporate governance is imperative to delivering long-term sustainable value for all of our stakeholders.

I would like to thank our Board, Executive Leadership Team, the entire workforce and all our stakeholders for their commitment and support during my tenure, and I have every confidence in the business going forward.



KEVIN MCAULIFFE

Non-Executive
Deputy Chairman

BOARD OF DIRECTORS

BOARD AND COMMITTEE MEMBERSHIP

- ESG Committee
- Audit Committee
- Nomination Committee
- Remuneration Committee
- C** Chair

Eli Papouchado

Yoav Papouchado Alternate Director

Kevin McAuliffe



Nigel Keen



Kenneth Bradley



Stephanie Coxon



Marcia Bakker



Boris Ivesha

Daniel Kos

KEVIN MCAULIFFE



NON-EXECUTIVE DEPUTY CHAIRMAN

Mr McAuliffe is a former member of the Society of Trust and Estate Practitioners and a Director of various regulated investment companies. From 1999, he worked with the Carey Group, joining as Chief Executive in 1999, before serving as its Chairman until his retirement. He served as Head of Advisory Services for Paribas International Private Banking and Managing Director of Paribas Suisse in Guernsey from 1992 to 1999, and as Finance Director of Ansbacher Offshore Banking Group, before being appointed as Chief Executive Officer of Ansbacher's Guernsey bank and trust company business in 1994. Mr McAuliffe has held posts in three different departments in the States of Guernsey between 1973 and 1980, and is a member of the Supervisory Board of the Arena Hospitality Group.

External appointments: Supervisory Board Member, Arena Hospitality Group; Director of CKLB International Management Limited and CM Management Limited

Board Committees: Nomination Committee

Independent: No

Year of first appointment: 2007

ELI PAPOUCHADO



NON-EXECUTIVE CHAIRMAN

Mr Papouchado has been Chairman of the Group since its formation. He is a Founder of the Red Sea Group and acted as its Chairman for over ten years.

Our Chairman brings a wealth of experience in the construction, design, development, financing, acquisition and management of leading hotels, including Park Plaza Westminster Bridge London, Park Plaza London Riverbank and many others. He has been involved in the development of hundreds of thousands of square metres of retail space in shopping malls and large residential projects in the USA, Eastern Europe and the Middle East, and served as Chairman of the Israel Hotel Association.

External appointments: N/A

Board Committees: N/A

Independent: No

Year of first appointment: 2007

KENNETH BRADLEY



NON-EXECUTIVE DIRECTOR

Mr Bradley is a former Guernsey Island Director at RBS, who focused on corporate banking and structured finance, and was also Guernsey Island Director and Chief Country Officer at Barclays Bank, overseeing their Banking and Fiduciary business, while having responsibility for businesses in five other jurisdictions.

External appointments: Director of a Private Fiduciary Company and a small Finance Company

Board Committees: Nomination Committee (Chair), Audit Committee, Remuneration Committee, ESG Committee (Chair)

Independent: Yes

Year of first appointment: 2019



ALTERNATE DIRECTOR TO NON-EXECUTIVE CHAIRMAN

Mr Yoav Papouchado is the Chairman of the Red Sea Group. He is a real estate developer with over 30 years of experience of residential developments and data centres worldwide. He serves as Deputy Chairman of the Supervisory Board of the Arena Hospitality Group, listed on the Zagreb Stock Exchange, and is President of Gear Construction, the construction arm of the Red Sea Group.

External appointments: Chairman, Red Sea Hotels Limited; President, Gear Construction; Deputy President of the Supervisory Board, Arena Hospitality Group

Board Committees: N/A

Independent: No

Year of first appointment: 2020



NON-EXECUTIVE DIRECTOR & SENIOR INDEPENDENT DIRECTOR

Mr Keen is a chartered surveyor who previously served as the Head of Property at Tesco and at the John Lewis Partnership. He serves the Vistry Group Plc as the Chair of its Remuneration Committee, and as a member of both its Audit and Nomination Committees. He is also a Non-Executive Director for RG Carter Construction Company and is Deputy Chairman of the Maudsley Mental Health Charity.

External appointments: Non-Executive Director, Vistry Group Plc; Non-Executive Director, RG Carter; Deputy Chairman, Maudsley Mental Health Charity

Board Committees: Nomination Committee, Audit Committee, Remuneration Committee

Independent: Yes

Year of first appointment: 2018



PRESIDENT & CHIEF EXECUTIVE OFFICER

Mr Ivesha has been President of the Group since 1991, and brought the Park Plaza brand to the Group in 1994 in collaboration with the Red Sea Group, and has been the major influencer in expanding the Group's portfolio. He established the Yamit Hotel, Israel in 1984, and served as its President. He was Director of the Carlton Hotel in Israel from 1979 to 1984, and the General Manager of the Royal Horseguards Hotel in London from 1972 to 1979. He is the Chairman of the Supervisory Board of the Arena Hospitality Group.

External appointments: Chairman of the Supervisory Board of the Arena Hospitality Group

Board Committees: N/A

Independent: No

Year of first appointment: 2007



NON-EXECUTIVE DIRECTOR

Ms Coxon is a Fellow of the Institute of Chartered Accountants in England and Wales and is a Non-Executive Director on several London listed companies. Prior to becoming a Non-Executive Director, Ms Coxon led the investment trust capital markets team at PwC for the UK and Channel Islands. During her time at PwC, Ms Coxon specialised in advising FTSE 250 and premium London listed companies on accounting, corporate governance, risk management and strategic matters.

External appointments: Independent Non-Executive Director, Apax Global Alpha Limited; Non-Executive Director, JLEN Environmental Assets Group Limited; Non-Executive Director, PraxisIFM Group Limited; Non-Executive Director, International Public Partnerships Limited

Board Committees: Nomination Committee, Audit Committee (Chair), Remuneration Committee, ESG Committee

Independent: Yes

Year of first appointment: 2020



CHIEF FINANCIAL OFFICER & EXECUTIVE DIRECTOR

Mr Kos has worked with the Group for over ten years of which the last five years have been as Chief Financial Officer and Executive Director. As Chief Financial Officer, Mr Kos is responsible for the Group's finance, IT and procurement strategy. Mr Kos has 20 years of finance experience in the field of audit and corporate finance and has been involved in several large complex M&A deals, large (re)financing projects and several transactions on the public markets in London and Zagreb. Prior to joining the Company, Mr Kos held senior leadership positions within auditing and finance, including 11 years at internationally recognised accounting, audit and consulting group Mazars LLP, focusing on hospitality, real estate and financial service companies. Mr Kos is a certified public accountant with significant international experience across many different industries.

External appointments: N/A

Board Committees: N/A

Independent: No

Year of first appointment: 2018



NON-EXECUTIVE DIRECTOR

Ms Bakker is a Certified Public Accountant with over 20 years of experience in audit, finance, executive search and leadership advisory. She has a broad background in finance with a speciality in financial reporting and was part of the IFRS and Financial Instrument competence centre at KPMG. During the last ten years, she has combined her finance background with executive search and succession planning for various corporate clients.

External appointments: Member of the Board of ISVV (Internationale School van de Wijsbegeerte)

Board Committees: Audit Committee, Nomination Committee, Remuneration Committee, ESG Committee

Independent: Yes

Year of first appointment: 2022

EXECUTIVE LEADERSHIP TEAM

THE DEPUTY CHIEF EXECUTIVE OFFICER CHAIRS A MONTHLY MEETING OF OUR EXECUTIVE LEADERSHIP TEAM, THE LEADERSHIP TEAM MANAGES DAY-TO-DAY OPERATIONS OF THE GROUP'S BUSINESSES, UNDER THE SUPERVISION OF THE BOARD. THE BOARD MAINTAINS A SCHEDULE OF MATTERS RESERVED TO THE BOARD, AND SETS THE FINANCIAL LIMITS OF THE EXECUTIVE LEADERSHIP TEAM.

Executive Leadership Team remit:

- Recommendations to the Board for strategic priorities, and formulation of forward-looking strategy.
- Design, construction and maintenance of our portfolio of properties.
- Performance management through KPIs, strategic objectives and budget.
- Health, safety and security;
- Customer engagement, product development and brand standards.
- Asset management and capital investment (where Board approval is not required).
- Procurement and cost efficiency.
- Sustainability.
- Reputation and stakeholder management.
- Risk management.
- People, culture, values and sustainability.
- Talent and succession.
- Information technology and cyber.

BORIS IVESHA



PRESIDENT & CHIEF EXECUTIVE OFFICER

Boris has been President and Chief Executive Officer of PPHE Hotel Group since 1991. He was responsible for bringing the Park Plaza brand to the Group in 1994 in collaboration with Eli Papouchado and the Red Sea Group, and has been a major influencer in the expansion of the Group's international portfolio. In previous roles, Boris established the Yamit Hotel in Israel in 1984 and served as its President, and was Director of the Carlton Hotel in Israel from 1979 until 1984 and General Manager of the Royal Horseguards Hotel in London from 1972 until 1979. He is on the Arena Hospitality Group Supervisory Board as Chairman and was appointed to the Group Board on 14 June 2007.

ROBERT HENKE



EXECUTIVE VICE PRESIDENT COMMERCIAL AFFAIRS

Robert oversees all commercial activities including Sales, Distribution, Reservations, Customer Service, Revenue, Digital Marketing and CRM as well as Brand Marketing, Guest Experience and Communications (including brand strategy, brand development, management of the Group's strategic partnership with the Radisson Hotel Group and corporate communications). He has more than 20 years' experience in international hospitality and first joined the Group in 2001, when he was involved in the opening of the Group's hotels in the UK and the successful implementation of Radisson Hotel Group's marketing programmes and systems. He re-joined the Group in 2007 and since then has significantly developed the central commercial organisation, creating and leading a multi-disciplined, international team of specialists. Prior to joining PPHE Hotel Group, he held international marketing positions at Golden Tulip Worldwide and Hilton Hotels Corporation. He holds a Bachelor's Degree in Hotel Management Business Administration from Hotel school The Hague, with a major in Marketing.



CHIEF FINANCIAL OFFICER & EXECUTIVE DIRECTOR

Daniel has worked with the Group for over ten years, of which the last five years he has been Chief Financial Officer and Executive Director. As Chief Financial Officer, Daniel is responsible for the Group's finance, IT and procurement strategy. Daniel has 20 years of finance experience in the field of audit and corporate finance and has been involved in several large complex M&A deals, large (re) financing projects and several transactions on the public markets in London and Zagreb. Prior to joining the Company, Daniel held senior leadership positions within auditing and finance, including 11 years at internationally recognised accounting, audit and consulting group Mazars LLP, focusing on hospitality, real estate and financial service companies. Daniel is a certified public accountant with significant international experience across many different industries.



REGIONAL VICE PRESIDENT OPERATIONS, THE UK

Daniel oversees all UK hotels, restaurants and bars in collaboration with each individual General Manager, as well as focusing on new property developments and the general PPHE Hotel Group strategy. Daniel has been with the Company since 2009, originally taking the position of Hotel Manager at Park Plaza Westminster Bridge London and in 2011 he moved to the General Manager position. In October 2013, Daniel took on the additional role of supporting the Central Reservations Office as a General Manager alongside his existing responsibilities. With over 20 years' experience, Daniel's passion for hospitality and attention for detail have always been key drivers in his career, striving to find improvements to always keep ahead of the competition and enhance our position in the industry.



DEPUTY CHIEF EXECUTIVE OFFICER & CHIEF OPERATING OFFICER

As Deputy CEO, Greg works alongside the Group's President & CEO Boris Ivesha driving the corporate vision and growth strategy for the Group. In addition, Greg has overall responsibility for the day-to-day running of the Group's operations while creating and implementing commercial and operational strategies, which include, but are not limited to, Operations and People & Culture. Greg holds a Masters' Degree in Business Administration (MBA) and brings nearly a decade of experience in the hospitality industry including senior management roles at global brands such as GLH Hotels and BDL Hotels. In 2004, Greg won a prestigious Acorn Award, which recognises the flair and passion of rising stars in hospitality. In 2005, Greg also won the prestigious Esprit General Manager of the Year award and has further shown his commitment to the industry by becoming a Fellow of the Institute of Hospitality and a Master Innholder.



REGIONAL VICE PRESIDENT OPERATIONS, THE NETHERLANDS

Michelle has held a number of management positions at PPHE Hotel Group over a period of 16 years, Promoted to the role of Regional Vice President Operations, the Netherlands in 2019, Michelle oversees all operational, revenue, finance, marketing and sales strategic objectives for the region on behalf of six properties. With the Rome hotel acquired in 2021 Michelle has added this to her portfolio. Michelle brings a strong operational and commercial background to the business and educational qualifications including the highly acclaimed completion of the General Managers Programs in strategic management at Cornell University in the USA; she is Master Innholder and a holder of the Freedom of the city of London.



CHIEF CORPORATE & LEGAL OFFICER

Inbar joined the Group in 2010. Inbar oversees the Group's corporate initiatives including acquisitions, expansions, corporate governance, shareholders' engagement, and ESG initiatives while continuing to lead the multi-jurisdictional legal and compliance functions necessary for our success. Inbar brings an expertise in negotiations and deal execution and has a pivotal role in developing the Group's corporate governance. In 2021, Inbar featured in the prestigious Women to Watch and Role Models in Hospitality, Travel & Leisure Index 2021. Prior to joining the Group, Inbar was in the corporate finance team at the law firm Berwin Leighton Paisner LLP (now Bryan Cave Leighton Paisner LLP) in London and formerly was a partner at the Israeli law firm, Bach, Arad, Scharf & Co. Inbar holds an LLB from Tel Aviv University and an LLM from the LSE. She is a qualified Solicitor in England, Wales and Israel



EXECUTIVE VICE PRESIDENT RESTAURANT & BARS

Jamie joined the Group in 2022 as Executive Vice President of Restaurants & Bars. Jamie has an extensive track record in hospitality operations, having most recently opened Mama Shelter Shoreditch (London) as General Manager. Previously, he held General Manager roles with Soho House Group, and entertainment sales roles with Firmedale Hotels, along with running restaurants for notable chefs such as Gordon Ramsay and Mark Hix. In this new position, Jamie oversees the division's outputs and development, which includes the established and successful TOZI Restaurant & Bar, Chino Latino and ARCA brands, and the introduction of JOIA – the flagship restaurant, bar and rooftop at art'otel London Battersea Power Station, this has now opened. Jaime also leads and develops the new concepts going into art'otel London Hoxton, set to open early 2024.

CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE

For the year ended 31 December 2022, the Board believes that the Company has applied all the principles of, and complied with all provisions of, the Code, except as set out in this governance statement as required by the Financial Conduct Authority's (FCA's) Listing Rules (which include the 'comply or explain' requirement). We comply with corporate governance requirements pursuant to the FCA's Disclosure Guidance and Transparency Rules by virtue of information included in this governance section of the Annual Report. The relevant documents can be found online at:

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

DIVISION OF RESPONSIBILITIES

In accordance with the Financial Reporting Council's Corporate Governance Code 2018 (the Code), the Group operates a clear separation of roles between the Chairman (including the Deputy Chairman), Senior Independent Director and Chief Executive. The accompanying table sets out the responsibilities of each role. Each role has separate duties and accountabilities, and collectively ensures effective communication with stakeholders, and reviews and agrees issues of Group-wide significance.

DIVISION OF RESPONSIBILITIES

ELI PAPOUCHADO

CHAIRMAN

ROLE

Responsible for the leadership of the Group and overall effectiveness of the Board, and for setting the Board's agenda with a focus on the strategy of the Company. The Chair also holds the Executive Leadership Team accountable for furthering the interests of shareholders.

RESPONSIBILITIES

- Strategic leadership
- Setting the agenda and strategic priorities for the Board
- Setting key Company objectives
- Promoting a culture of openness and debate
- Ensuring that the Directors are receiving and have access to clear and timely information as needed to make key decisions
- Ensuring that the views of key stakeholders are communicated to the Board
- Monitoring progress against strategic priorities
- Regular contact with the Company's Executive Leadership Team and relevant function heads to ensure that the Board has access to relevant information and is resourced to carry out the objectives and strategy set by the Board

BORIS IVESHA

PRESIDENT & CHIEF EXECUTIVE OFFICER

ROLE

The Chief Executive Officer is responsible for the management of the Group and the implementation of the Board strategy and policy on the Board's behalf. In discharging his responsibilities, the Chief Executive Officer is advised and assisted by the Executive Leadership Team and key management functions.

RESPONSIBILITIES

- Leading and managing the business
- Implementing the strategy and reporting on proposed direction
- Delivering on the key objectives set by the Chairman
- Overseeing the senior management and the talent pipeline
- Appraising the performance of each member of the Executive Leadership Team, and seeking out training, development and resources where needed
- Carrying out the strategy of the Company and implementing successful approaches to operate in line with the strategy, values and purpose of the Company
- Running the business and being the key decision-maker on day-to-day Company business

KEVIN MCAULIFFE

DEPUTY CHAIRMAN

ROLE

Ensures that the appropriate governance structure and functioning of the Board of Directors.

Liaises with the Executive Leadership Team and key management positions to ensure that the Board is well equipped to perform its duties and effectively carry out its functions.

RESPONSIBILITIES

- Oversees corporate governance for the Board and ensures appropriate and tailored standards are in force to comply with the Code
- Monitoring the induction programme in place for new Non-Executive Directors
- Ensuring that the Directors are receiving and have access to clear and timely information as needed to make key decisions

- Oversees annual Board and Committee evaluations and puts in place a plan to act on the results of the evaluation
- Communicating with key stakeholders and independent shareholder groups, with the support of the Chief Corporate & Legal Officer and Deputy Chief Executive Officer
- Consulting with the Remuneration Committee about executive remuneration
- Acting as designated Non-Executive Director for workforce engagement
- Appointed as the representative of PPHE Hotel Group on the Supervisory Board of Arena Hospitality Group, the Company's listed subsidiary

NIGEL KEEN

SENIOR INDEPENDENT DIRECTOR

ROLE

Provides a sounding board for the Chairman and Deputy Chairman, serving as an intermediary for other Directors, and, where necessary, being available to shareholders and leading in the performance review of the Deputy Chairman.

RESPONSIBILITIES

- Challenging the Board where relevant to help in developing proposals on strategy and objectives
- Evaluating the effectiveness of the Chairman on behalf of the other Directors
- Providing a channel for shareholder feedback on executives and governance issues in the Company
- Taking the lead in identifying and providing for the development needs of the Non-Executive

Directors to enhance the overall effectiveness of the Board

- As Chair of the Remuneration Committee ensures, with the Deputy Chairman and the members of the Remuneration Committee, that there is a clear relationship between remuneration and performance, measured with clear reference to the long-term success of the Company and added value to society as a whole
- As Chair of the Remuneration Committee, is responsible for ensuring that all remuneration proposals are put before the Committee for approval, and placed on the agenda of the next general meeting for an advisory vote by shareholders
- Owns the Remuneration Policy, which is kept updated, and subject to a shareholder vote once every three years

BOARD RESPONSIBILITIES

Strategy.

Define and set the Company's strategy for creating value for all stakeholders, including society as a whole, through success sustainable in the long term.

Governance.

- Oversee resourcing, ensuring the tools are available for management and the Group as a whole to meet the Group's objectives and measure performance against them.
- Ensure that workforce policies and practices are both ethical and consistent with the Company's values and long-term objectives, management is capable and effective and sound planning is in place.

Performance.

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

ESG.

Environment:

- Set targets for carbon reduction and other key environmental KPIs.
- Aim for carbon Net Zero.

Society and workforce culture.

- Promote a guest-focused culture in line with the strategy, valuing integrity, transparency and respect.
- Embed a culture that rewards personal and team performance aligned to our strategic and financial objectives to maintain and attract top talent.

Stakeholder communications.

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

CORPORATE GOVERNANCE *continued*


BOARD COMPOSITION

As of 31 December 2022, the Company had eight Directors, six of whom were Non-Executives (including the Chairman, Eli Papouchado). The two Executive Directors are Boris Ivesha, President & Chief Executive Officer, and Daniel Kos, Chief Financial Officer. Of the six Non-Executive Directors, four are considered independent. The Chairman, Eli Papouchado, is not considered independent as he is a Red Sea Party (Red Sea Party is defined for the purposes of the Disclosure Guidance and Transparency Rules in the Directors' Report at page 128). The Deputy Chairman, Kevin McAuliffe, is not considered independent due to his tenure of service. Mr McAuliffe has announced his retirement from the Board, and will not stand for re-election at the forthcoming Annual General Meeting. All other Board members will stand for election or re-election at the forthcoming Annual General Meeting.

APPOINTMENT OF NEW DIRECTOR

During 2022, in keeping with our succession planning programme, the Board appointed an Independent Non-Executive Director. Marcia Bakker joined the Board as a Non-Executive Director on 6 December 2022. Her biography is available on page 93. She brings a wealth of experience in recruitment and accounting to her oversight role.

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

 For more information on nominations and appointments, please see the Nomination Committee Report on pages 106 to 110.

BOARD POLICIES AND MATTERS RESERVED TO THE BOARD

Our Board is empowered to carry out its duties with consideration to its statutory and contractual obligations. Transparency in methodology and outcomes is supported through the following documented terms of reference and policies directing processes to:

- Articles of Incorporation
- Division of Board Responsibilities: Non-Executive Directors
- Schedules of Matters Reserved for the Board
- Board Committee Terms of Reference


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

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

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

Each Director may obtain independent professional advice at the Company's expense in the furtherance of their duties as a Director. In appointing Marcia Bakker, the Nomination Committee received the professional assistance of the recruiting firm OSA Recruitment and Forster Chase.

The Board reviews all governance policies and Terms of Reference periodically to ensure the policies remain current and appropriate to the needs of the Board and Company.

 For more information, see the Audit Committee report on pages 110 to 115.

EXERCISING OVERSIGHT AND ENSURING ADEQUATE TIME TO CARRY OUT DUTIES

Board meetings allow for ample time to discuss and debate matters. Non-Executive Directors are required to ensure that they have sufficient time to meet their Board responsibilities, and are accountable to the Deputy Chairman for this.

All Committee members are expected to devote adequate time to consider the views of relevant stakeholders and all material information regarding issues falling within the respective Committee's remit.

CHIEF CORPORATE & LEGAL OFFICER AND COMPANY SECRETARY SUPPORT

The Chief Corporate & Legal Officer and the Company Secretary ensure that Board receives accurate, timely and clear information which affords members the ability to have an open, constructive

discussion and debate on material matters affecting the Group. The Company Secretary ensures that Board procedures are complied with and carries out responsibilities with respect to Companies (Guernsey) Law 2008 (as amended or replaced from time to time).

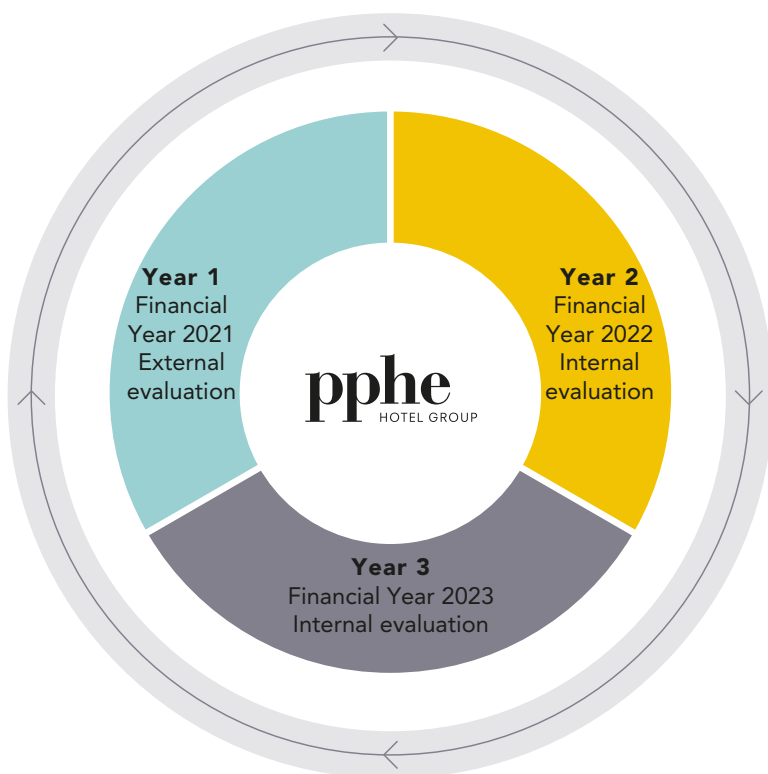
The Chief Corporate & Legal Officer ensures compliance with the FCA's Listing Rules and Disclosure Guidance and Transparency Rules, and takes responsibility for information flow to the Board, and Committees of the Board in an appropriate and timely manner, to ensure effective decision-making. The Chief Corporate & Legal Officer is responsible for advising and supporting the Chairman, Deputy Chairman and Board on all governance matters with the support of the Company Secretary. All Directors have access to the advice and services of both the Chief Corporate & Legal Officer and Company Secretary, and are able to gain access to external independent professional advice at the Company's expense should they wish to do so in the furtherance of their duties.

The Chief Corporate & Legal Officer oversees the Group's corporate compliance and The Companies (Guernsey) Law, 2008 governance arrangements, practices and procedures, for the Group companies, including those below the Board level and throughout the workforce, to ensure that they are consistent with the standards and best practice of the Company, and aligned with the directions of the Board and the risk appetite of the Company as set by the Board.

EVALUATION OF DIRECTORS

An evaluation of the Board and its Committees is carried out every year and in every third year this is conducted by an external evaluator. In 2022, the evaluation was conducted by the Deputy Chairman, whilst in 2021 this was conducted by Independent Audit Limited, who have no connection with the Board or members of the Executive Leadership Team and are therefore completely independent. The evaluation includes consideration of the tenure of each Director and the mix of skills, experience and length of service. This feeds into the succession plan. Each Director confirmed that they have sufficient time to allocate to the Company to discharge their responsibilities effectively.

Progress made against the 2021 external evaluation was reviewed in 2022. Highlights of progress and actions are shown in the table on the next page. The purpose of the 2022 review of Board and Committee effectiveness was to follow up on the outcomes and recommendations of the 2021 external evaluation. The evaluation covered the full scope of the Board's and each Committee's work, and provided recommendations, suggestions and an overall assessment of effectiveness. The review found that 2022 was a year of positive progress.



CORPORATE GOVERNANCE *continued*

2022 BOARD EVALUATION SUMMARY (WITH UPDATES ON 2021 OUTCOMES)

2022 Identified focus area	2022 Outcome										
Board	<ol style="list-style-type: none"> The resumption of “normal service” following the COVID-19 period was welcome, and the NED board members found their visits to the various hotels and head offices as well as the ability to meet again face to face to be of great benefit. Board composition is optimised following the appointment of a further non-executive director. This follows Nomination Committee focus on succession planning, which will continue in 2023. The Board balances continuity at leadership level with appropriate refresh, which allows the Board to have the capacity and flexibility to accommodate the upcoming retirement of the non-executive deputy chairman. Strategic engagement between the Board and Executive Leadership Team is working well. A recommendation to focus on stakeholder communication: <ul style="list-style-type: none"> Board interaction with shareholders (see the Stakeholder Engagement section on pages 86 to 89) is a permanent and ongoing focus of the Board. The Board appreciates engagement with the management layer below the Executive Leadership Team to further stakeholder strategic priorities. Previous focus on risk management structure has delivered improvements. Assessment of the focus, duration, and frequency of the quarterly Board meetings shows that previous recommendations have been implemented and delivered desired results. 2023 focus is on targeted improvements to the content and timing of Board papers. On-boarding was reviewed following the appointment of Marcia Bakker, and the ongoing conduct of her induction programme. 										
Committees	<p>The Board evaluation included a review of the functioning of each of the Board committees, including priorities for 2023.</p> <table border="1"> <thead> <tr> <th>Committee</th> <th>2023 priorities</th> </tr> </thead> <tbody> <tr> <td>Audit Committee:</td> <td> <ul style="list-style-type: none"> Evaluating the potential impact of the Department for Business, Energy and Industrial Strategy (BEIS) consultation document on audit and corporate governance reform. Continue to oversee the assurance plan over financial internal controls and work with the Head of Internal Audit and Risk to develop assurance plan for non-financial internal controls. </td> </tr> <tr> <td>Remuneration Committee:</td> <td> <ul style="list-style-type: none"> Preparation for a new Remuneration Policy to be submitted for shareholder advisory vote in 2024. </td> </tr> <tr> <td>Nomination Committee:</td> <td> <ul style="list-style-type: none"> Succession planning. Completion of the Board induction programme for Marcia Bakker, including UK and Arena Hospitality Group site visits. </td> </tr> <tr> <td>ESG Committee:</td> <td> <ul style="list-style-type: none"> Oversight of ESG strategy implementation and progress reporting, including on progress towards net zero target. </td> </tr> </tbody> </table>	Committee	2023 priorities	Audit Committee:	<ul style="list-style-type: none"> Evaluating the potential impact of the Department for Business, Energy and Industrial Strategy (BEIS) consultation document on audit and corporate governance reform. Continue to oversee the assurance plan over financial internal controls and work with the Head of Internal Audit and Risk to develop assurance plan for non-financial internal controls. 	Remuneration Committee:	<ul style="list-style-type: none"> Preparation for a new Remuneration Policy to be submitted for shareholder advisory vote in 2024. 	Nomination Committee:	<ul style="list-style-type: none"> Succession planning. Completion of the Board induction programme for Marcia Bakker, including UK and Arena Hospitality Group site visits. 	ESG Committee:	<ul style="list-style-type: none"> Oversight of ESG strategy implementation and progress reporting, including on progress towards net zero target.
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ESG Committee:	<ul style="list-style-type: none"> Oversight of ESG strategy implementation and progress reporting, including on progress towards net zero target. 										

UPDATE ON 2021 PRIORITY AREAS AND 2022 OUTCOMES

Executive Summary of 2021 findings	<ol style="list-style-type: none"> The Board was “working well” and the focus on identified priorities will lead to improvements. Increased engagement between the management team and the Board has proved valuable. (Focus into 2023 is on engagement through regular updates from the next layer of management.) Succession Planning should continue to be the main focus for the Nomination Committee. The Board should continue to monitor the time-management and format of Board meetings and papers. Non-Executive Director discussions should prioritise strategy.
2021 Finding	2022 Outcome Update
Succession planning and Board experience	<ul style="list-style-type: none"> Succession planning continues to be the priority for the Nomination Committee. The appointment of a new Non-Executive Director has been completed. The Induction programme for Marcia Bakker is underway. The procedure for appointment included instructions to recruiters to ensure a short list implemented recommendations from the FTSE Women Leaders (formerly Hampton Alexander) Review and Parker Review. The 2021 review noted that the Pandemic had restricted the induction of the most recently appointed Non-Executive Directors. The site visit programme in was welcomed by all Board members.
Risk management	<ul style="list-style-type: none"> The Board is satisfied that increased resourcing for the risk management team is working well.
Board meetings and agendas	<ul style="list-style-type: none"> Implementation of upgrades to the Board portal and the resumption of in-person Board meetings are working well. The Board considered it would benefit from new standing agenda items.
ESG and Stakeholder Engagement	<ul style="list-style-type: none"> The recommendation in 2021 for adoption of a strategy with targets has been implemented and approved by the ESG Committee. The Senior Independent Director has prioritised shareholder engagement. The Board feels that good work has been done on identifying stakeholder priorities in 2022, but that further work on establishing stakeholder targets would be appropriate.
Strategy	<ul style="list-style-type: none"> Evolution of the strategy from Pandemic response to recovery and growth has been successful, and the Board has been engaged and informed.

For more information, please see the Nomination Committee report on pages 106 to 110.

RESOURCING THE BOARD TO ENSURE IT MEETS ITS OBJECTIVES AND MEASURES PERFORMANCE AGAINST THEM

At all times, all Directors have access to the Chief Corporate & Legal Officer to ensure that they have appropriate, legally informed advice on all governance matters.

Where necessary, Directors have access to independent, external legal advice at the expense of the Company should they require it in order to discharge their responsibilities.

The Board carries out its duties with reference to documented obligations set out in law, contractual requirements, policies and terms of reference. The Chief Corporate & Legal Officer, aided by the Company Secretary, Carey Commercial Limited, ensures that the Board is adequately resourced for effective and efficient function.

Carey Commercial Limited as Company Secretary ensures that the Board procedures are complied with at all times, and carries out responsibilities set out in the Companies (Guernsey) Law, 2008 (as amended or replaced from time to time).

The Chief Corporate & Legal Officer oversees Group compliance with law, practice and procedure and supports the ESG Committee in the formulation and execution of the Group's ESG strategy and objectives.

BOARD MEETINGS – ESTABLISHING AND PROMOTING A CULTURE OF DEBATE AND DIVERSITY

The Board values diversity of opinion and differing viewpoints in executing its responsibilities. The Chairman ensures that time is made available for all opinions to be heard. In particular, the Board values a clear separation of responsibilities between the Executive Leadership Team and the leadership provided by the Board.

This ensures proper oversight, informed debate and diversity of thought.

Each member of the Executive Leadership Team oversees certain defined departments of the business and reports on the progress of these areas to the Board as and when relevant. The Company believes that this structure ensures effective communication between the Board and the Executive Leadership Team of the Company's business,

BOARD MEETINGS – PROCEDURES

Standing agenda items

1. Strategy
2. Management updates from
 - Executive Directors
 - Executive Leadership Team
3. Update on corporate governance
4. Activity reports from Board Committee Chairs

Non-members in regular attendance

Deputy CEO & Operating Officer

Chief Corporate & Legal Officer

Regular Executive Leadership Team attendance of Board meetings is part of our succession plan. We seek to develop talent internally

Updates on corporate governance are provided by the Deputy Chairman and the Chief Corporate & Legal Officer

Additional items added to the agenda when required

and that no small group of individuals dominates the Board's decision-making.

Any concern expressed by Directors about the Company or its subsidiaries, or a proposed action, is recorded in the minutes of the meeting. Additionally, the Senior Independent Director takes responsibility for ensuring that all viewpoints are available to the Board.

NOTICES AND REVIEW OF ANY CONFLICTS ARISING

The notices of Board meetings, agendas and supporting documents are formally circulated to the Board in advance of Board meetings as part of the Board papers. Therefore, Directors have the opportunity to request that any agenda items be added that they consider appropriate for discussion.

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

CONFLICTS OF INTEREST

The Board and all team members are required to comply with two policies: The Conflicts of Interest Policy and the Significant and Related Party Transactions Policy. These policies are reviewed annually, and compliance training is regularly refreshed. The policies require that anyone with a potential conflict of interest promptly and without delay observes a formal procedure for reporting it, and having it reviewed by the Board with support from the Chief Corporate & Legal Officer. A Director affected by a conflict of interest is not permitted to participate in formal discussions and decision-making involving the interest at stake. The Board does not believe there to be any inherent conflicts of interest other than ones already disclosed by each Director. Any statutory duties under Guernsey law that are in addition to the Conflicts of Interest Policy are complied with by the Directors.

ANNUAL COMMITTEE ASSESSMENT

Each Board Committee is assessed annually to ensure that it is functioning in line with the relevant terms of reference and mandates set by the Code. In 2022 all Board Terms of Reference were reviewed internally without change. Annual review of governance documents is a requirement of best practice.

BALANCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Code dictates that at least half of the Board, excluding the Chair, be made up of independent Non-Executive Directors, and that no one individual or group should be allowed to dominate decision-making.

After due consideration was given to all factors that are likely to impair, or appear to impair, the independent judgment of each Director, the Board concludes that three of the four Non-Executive Directors who were in place during the 2022 year maintained their independence throughout their respective tenures: Kenneth Bradley, Nigel Keen and Stephanie Coxon. The remaining Non-Executive Director, Kevin McAuliffe, is not independent within the meaning of

CORPORATE GOVERNANCE *continued*

the Code by virtue only of his tenure with the Board. The Alternate Director and Executive Board members are not independent. On 6 December 2022, Marcia Bakker joined the Board as a new independent, Non-Executive Director. Each Director is fully resourced as appropriate, and maintains time to perform their duties, using their independent judgment any individual or small group of individuals holding undue influence.

NON-EXECUTIVE DIRECTORS OVERSEEING MANAGEMENT

The Company believes that the Board has ample oversight by delegating the role of overseeing management and scrutinising their performance to the Chief Executive who reports on the same to the Board.

The Non-Executive Directors are kept abreast of management performance by the Chief Executive Officer. In addition, members of the Executive Leadership Team had monthly business update calls with the Non-Executive Directors in 2022 and have established a permanent forum to ensure that information-flows and transparency were well-maintained to enable the Board the ability to effectively carry out its duties and make swift decisions. This open communication between the Non-Executive Directors and Executive Leadership Team has been found to be very effective as it allows the Non-Executive Directors to engage directly to ensure that management takes corrective actions in a timely manner.

DELEGATION AND COMMUNICATION BETWEEN THE BOARD AND THE EXECUTIVE LEADERSHIP TEAM

To ensure regular and meaningful interaction between the Board and the Executive Leadership Team, monthly business update calls take place. Attendees are Board, the Executive Leadership Team and other senior management as appropriate. Further, the Non-Executive Directors conduct sub-meetings following the business update calls without others in attendance to ensure good oversight.

ESG

Following the establishment of its new ESG Committee in 2021, 2022 has seen work take place on development of a new ESG strategy to ensure that the business not only meets its legal obligations, but is accountable to all its stakeholders for its effect on the planet and on society as a whole. You can read about this strategy document on pages 66 and 67. As part of its activities, the Committee reviewed its own composition and performance. It was noted that if ESG priorities are to become fully integrated into business strategy, maintaining a separate committee, in current form, in the medium to long term may not be desirable. However, it was felt that as Directors increased their knowledge and skills base on ESG matters, and for the purpose of monitoring the implementation of the new strategy, the ESG Committee would remain a necessary part of the governance structure for 2023.

2022 has seen the creation of a new ESG strategy, which we have been very happy to oversee. You can read the strategy in full on our website; however, its objective is to ensure that all of our activities are directed to making our business responsible and adaptable to the changing world. We think this document will enable all our stakeholders to hold us to account for our performance against the four pillars. Targets and goals, and reporting on those allow us to increase transparency and ensure that our activities are directed towards a strategic goal.

CULTURE AND VALUES

The Board keeps all internal policies under annual review. The aim of refreshing policies is to ensure that they remain current, are adapted to our business and support the desired culture and behaviours of the Group.

Our policies and procedures aim to set a framework to empower team members to carry out their duties in line with our values and ethos.

While refreshing these policies, our Directors dedicated time to reviewing best-practice developments, assessing performance and optimising our approach to ensure that our policies and procedures reflect the core values of the Group.



BOARD AND COMMITTEE MEETINGS

Board Committees

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

- Nomination Committee
- Audit Committee
- Remuneration Committee

In line with investor priorities, and to ensure good governance, the Company has established the following Committee

- ESG Committee



Strategy. Purpose. Culture. Communications.

Sets the strategy and commercial vision, leading with integrity, promoting culture.

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



Develops. Plans. Evaluates. Nominates.

Oversees current needs and evaluates, plans for the future, monitors, advises, nominates candidates.

Report available on pages 106 to 110

Ensures the Board has a balance of skills, knowledge, diversity and experience.

- Board and Committee composition
- Board nominations
- Succession planning for Directors
- Succession planning for senior management



Transparency. Accuracy. Monitors. Aligns.

Oversees risk management, internal controls, audit functions and financial systems.

Report available on pages 111 to 115

Monitors the integrity of the Group's financial statements and internal controls of the Company.

- Monitors and reviews the integrity of the Group's half-year and full-year financial results, and the financial reporting process
- Oversees risk management and reviews the effectiveness of the Group's systems of internal controls and risks
- Oversees ethics and compliance for the Company
- Reviews and oversees the Group's internal and external audit functions



Values. Culture. Talent proposition.

Oversees alignment of remuneration and workforce policies to the long-term success of the Company and its values.

Report available on pages 118 to 125

Responsible for Remuneration Policy and for setting salary and bonus levels for senior management and employee benefit structures.

- Remuneration Policy
- Sets targets and incentive schemes
- Executive Leadership Team and senior management remuneration review



Future plans. Safeguards. Sustains.

Oversees the approach to sustainability and adding value for our people, our places and our planet.

Report available on pages 116 and 117

Responsible for reviewing the TCFD report, and proposing strategy and targets to the Board

- TCFD reporting
- Oversees the Group's environmental and social impact
- Sustainability and ethics
- Liaising with ESG specialists/consultants

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






CORPORATE GOVERNANCE *continued*

BOARD AND COMMITTEE MEMBERSHIP

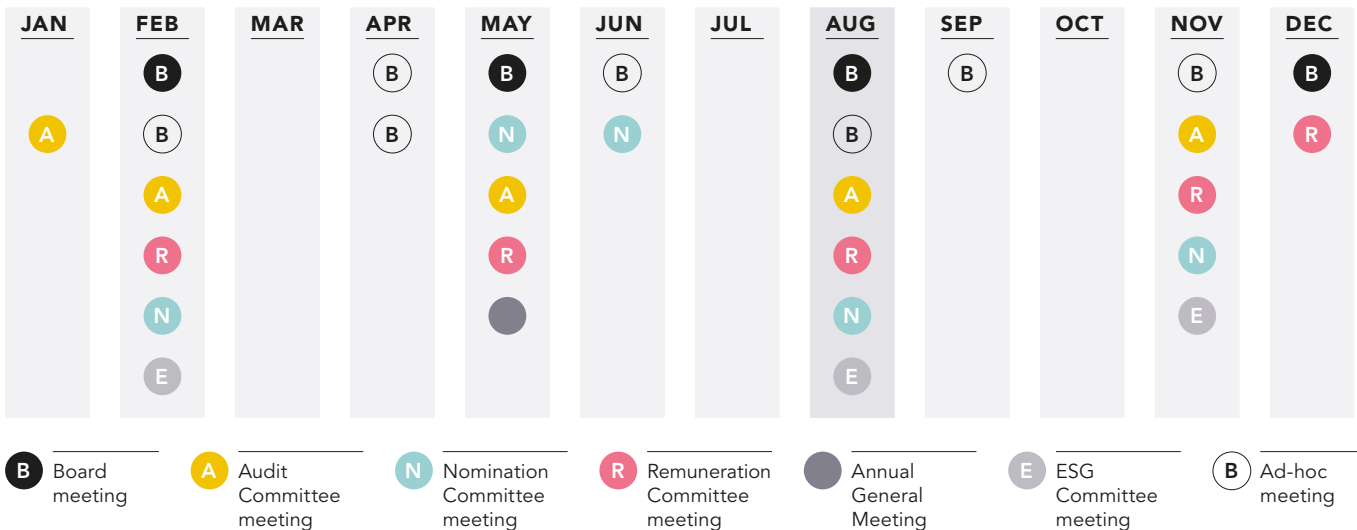
The Board and its Committees are regularly evaluated on their composition and effectiveness to ensure that they have a wide combination of relevant skills, experience and knowledge.

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

Eli Papouchado	C				
Yoav Papouchado	Alternate Director				
Kevin McAuliffe					
Nigel Keen				C	
Kenneth Bradley		C			C
Stephanie Coxon			C		
Marcia Bakker					
Boris Ivesha					
Daniel Kos					

 Board of Directors	 Audit Committee
 Nomination Committee	 Remuneration Committee
 ESG Committee	C Chair

BOARD AND COMMITTEE MEETINGS IN 2022



BOARD AND COMMITTEE MEETINGS

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

	Board meetings		Audit Committee meetings		Remuneration Committee meetings		Nomination Committee meetings		ESG Committee meetings		Ad-hoc Board meetings
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Eli Papouchado	4	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
Yoav Papouchado <i>Alternate Director</i>											2
Kevin McAuliffe	4	4	N/A	N/A	N/A	N/A	4	4	N/A	N/A	5
Nigel Keen	3	4	5	5	4	4	5	5	N/A	N/A	5
Kenneth Bradley	4	4	5	5	4	4	5	5	3	3	5
Stephanie Coxon	4	4	5	5	4	4	5	5	3	3	3
Boris Ivesha	4	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4
Daniel Kos	4	4	N/A	N/A	N/A	N/A	N/A	N/A	1	1	5

Not all directors were required to be present at every ad-hoc Board meeting. Each ad-hoc Board meeting was quorate



BOARD MONITORING CULTURE

The Board takes steps to monitor the culture within the organisation. The following tools allow the Board to keep abreast of workforce culture:

- Pulse surveys
- Online guest reviews
- Social media
- Employer review sites
- Compliance training records
- Hotel audits

Data from these sources is available at Board level to monitor the health of the culture within the business. Aligning culture to the values and purpose of the business is key to success.

NOMINATION COMMITTEE REPORT



KENNETH BRADLEY
CHAIR OF THE NOMINATION COMMITTEE

Membership of the Nomination Committee and meeting attendance

Name of Director	Meetings attended and eligible to attend
Kenneth Bradley (Chair)	5/5
Stephanie Coxon	5/5
Kevin McAuliffe ¹	4/4
Nigel Keen	5/5
Marcia Bakker ²	N/A

1 Mr McAuliffe has announced his forthcoming retirement from the Board of PPHE Hotel Group. At the meeting of the Committee held on 17 June 2022, his succession was the principal agenda item, and it was therefore deemed not appropriate for him to be in attendance by the Chair.

2 Marcia Bakker was appointed to the Board on 6 December 2022, and joined the Committee after its December meeting.

DEAR STAKEHOLDER,

The Nomination Committee has joined with the Board and other Committees in having spent 2022 concentrating on delivering on stakeholder priorities. Good governance is achieved by assembling a diverse Board with the requisite expertise, and with this in mind, we have worked to deliver on the priorities of stakeholders and the Corporate Governance Code 2018.

SUCCESSION PLANNING

We are aware that we are some way from meeting Board diversity targets, and have taken on board feedback from stakeholders on this subject. This business thrives on the experience and expertise of its founders, and this must be balanced by independent oversight. One measure we are taking to address the issues of diversity and succession planning is to include internal talent development as a target in our new ESG strategy. We consider this to be the best way to remain steady and true to its culture and values.

NOMINATION COMMITTEE'S 2022 ACTIVITIES AND FOCUS

FUNCTION	ACTIONS IN 2022
Board and Committee composition	<ul style="list-style-type: none"> Reviewed the composition of the Board to support the strategy, values and culture of the business Reviewed the results of the external Board evaluation conducted in 2021 by Independent Audit Limited Considered the Committee's own performance and constitution to ensure that it is operating at maximum effectiveness Approved a new Board Diversity Policy Completed recruitment of a new Non-Executive Director, and assessed the recruitment's impact on the Board skills matrix and diversity
Board nominations	<ul style="list-style-type: none"> Appointed an additional Non-Executive Director following a recruitment process supported by independent recruitment specialists, OSA Recruitment and Forster Chase Commenced onboarding and induction process for new Non-Executive Director Commenced process of nominating a new Non-Executive Deputy Chairman following the Board Succession Plan
Succession planning for Directors and senior management	<ul style="list-style-type: none"> Regularly reviewed and considered succession planning of the Board and Executive Leadership Team
Diversity and talent development	<ul style="list-style-type: none"> Reviewed and updated the Board Diversity Policy Conducted appointment of new Non-Executive Director using the principles set out in the FTSE Women Leaders and Parker Reviews
Workforce engagement	<ul style="list-style-type: none"> Site visits in Amsterdam Hotels and Corporate Office, site visits by Committee members in Croatia Met relevant members of senior management on a monthly basis to raise and identify concerns relating to workforce, such as recruitment and talent retention challenges and how to meet volatile demand

BOARD COMPOSITION

There are changes to Board composition to announce. Kevin McAuliffe, our long-standing Non-Executive Deputy Chair, has made the decision to retire from the Board effective at the Annual General Meeting in 2023. Kevin's help in onboarding all of us as Non-Executive Directors has been invaluable, and his experience and leadership will be missed. His responsibilities will be assigned to an independent Non-Executive Director following his departure.

We are very pleased to welcome Marcia Bakker to the Board as a Non-Executive Director, Marcia brings her long experience in accountancy and executive recruitment to the Board. Kevin's retirement and Marcia's appointment mean that the average length of service for each Board Director is reduced. This serves the good governance principle that directorial independence and regular refresh are fundamental to good governance.

LOOKING AHEAD

The Nomination Committee's task is to look to the future, and ensure that there is the best possible leadership from those tasked with the responsibility of ensuring the long-term, sustainable success of the business for everyone. Along with Kevin's replacement, 2023 will be spent looking at the issues raised by stakeholders in their feedback. I am very happy to present this Nomination Committee Report to the Board.

NOMINATION COMMITTEE MEMBERSHIP AND MEETING ATTENDANCE

Throughout the year 2022, the Committee was composed of four Non-Executive Directors, who were joined by Marcia Bakker after her appointment to the Board. Three of those Directors are considered to be independent. Each Director is individually and the Board is collectively subject to an annual evaluation. This evaluation considers the independence of each Director. No member of the Nomination Committee is considered to have a personal financial interest in matters to be decided by the Committee.

BOARD SUCCESSION PLANNING

The Board and the Executive Leadership Team meet monthly for a formal update session, and are closely in touch constantly. For every senior position, we have worked hard to ensure that there is an internal development pipeline, with suitable candidates selected and prepared.

The importance of independence and diversity of experience, and regular Board refresh means we also look externally for certain roles, including that of Non-Executive Director. We use external, independent recruitment consultants, who assisted in the appointment of Marcia Bakker.

The Committee, having determined that the Board would benefit from the appointment of an additional Non-Executive Director, instructed independent specialists, OSA Recruitment and Forster Chase, to assist with finding a suitable candidate. Neither independent business had links to the Company or any of Directors on appointment. Instructions to the recruiters were prepared with criteria derived from the skills matrix maintained as part of the succession plan, and the requirements of our diversity targets.

Marcia Bakker's selection was based on the objective criteria that the Board required additional remuneration and HR expertise that her recruitment background provided, and that her accountancy background improved the relevant financial experience of the Non-Executive Board members.

All Non-Executive Directors with the exception of the Chair and the outgoing Non-Executive Deputy Chairman were appointed after 2018. We consider this an important element of ensuring that we respect the Corporate Governance Code provisions relating to tenure. The Chair and our Executive Directors represent the voice of experience in consistent delivery of value to stakeholders, with newer, diverse independent perspectives on the Board acting in oversight.

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

EXECUTIVE LEADERSHIP TEAM SUCCESSION PLANNING

In 2022, we saw changes to our Executive Leadership Team. With the departure of our Executive Vice President for People & Culture, People & Culture and HR are now managed within the regions, with a reporting line directly to the Deputy CEO.

We believe that the smooth transition to the new arrangements demonstrates the robustness of our internal development strategy and succession planning based on merit and objective criteria, and within this context promotes diversity of gender, social and economic backgrounds and cognitive and personal strengths.

The Chief Executive Officer, who sits on the Board and remains in regular discussion with the Board, directs succession planning at the senior management level and does so in coordination with the Chairman, Deputy Chairman and the Board as a whole.



This serves the good governance principle that directorial independence and regular refresh are fundamental to good governance.

NOMINATION COMMITTEE REPORT *continued*

BOARD INDUCTION PROGRAMME MARCIA BAKKER INDUCTION PROGRAMME 2022 – 2023



Following each new appointment, a bespoke training programme is arranged for the relevant new director to introduce them to the various elements of the business allowing them to better understand its operation and aspirations so that they may provide improved contributions to the Board. This induction process also covers relevant laws (e.g. Money Laundering, the Market Abuse Regulation, the Listing Rules and the Disclosure Guidance and Transparency Rules). This induction is a formalised process owned by the Deputy Chairman the Chair of the Nomination Committee and Chief Corporate & Legal Officer.



The training's content is bespoke to each new individual based on their skills as identified during the recruitment process, experience and familiarity with the real estate and hospitality industries.

As well as the legal duties of Directors, it is important to familiarise Directors with the Company's strategic aims, purpose, operations, regulatory climate, stakeholders, and corporate governance practices. The programme of induction in 2022 and 2023 for Marcia Bakker is included in the table.

INDEPENDENCE AND TENURE OF THE CHAIRMAN OF THE BOARD

The Code recommends that the Chair of the Board should not remain in their post beyond nine years from the date of their first appointment (although such time can be extended to facilitate effective succession planning and development of a diverse Board) and that the Chair should be independent on appointment. These provisions are intended to ensure that the Chair is independent of management

As a business, we do not meet this recommendation. We believe that our reasons for departing from it are robust. The Nomination Committee is of the view that Mr Papouchado's investment in the long-term success of the Company allows him to lend a critical eye to management in an independent and objective manner, and aligns his interests with those of other stakeholders.

We are sensitive to stakeholder feedback about these matters, and changes to the Board reflect the need for robust, independent scrutiny by a regularly refreshed panel of diverse experience and skills. Our Non-Executive Deputy Chairman is stepping down, allowing this role to become independent as a counter-balance to the non-independence of the Chair. Nigel Keen's role as Senior Independent Director also acts as a check to maintaining appropriate governance of the Board, serving as an intermediary for other Directors, offering a line of communication with shareholders and challenging the Board (including the Chairman) when he deems necessary. We believe the oversight that our Non-Executive Directors, led

by Nigel as the Senior Independent Director, are able to provide we believe mitigates any risk associated with the non-independence of the Chair.

Our continued focus on engagement with stakeholders is a key component in ensuring that the great contribution made by Mr Papouchado to the long-term success of the business does not interfere with our duty to prioritise the interests of our investors and other stakeholders.

With due regard to the turmoil in the market since 2020, and the likelihood of further macroeconomic difficulty to come, the value of experience and continuity provided by Mr. Papouchado is not to be underestimated. The business relies on his unique vision, wealth of knowledge, network and intuition earned through his many successes spanning more than six decades in construction, design, development, financing, acquisition and management of leading hotels. The Nomination Committee and the Board as a whole remains convinced that experience and continuity on the Board is essential to safeguarding the resilience of the business and identifying growth opportunities in the interests of all our stakeholders and society as a whole. The Nomination Committee has therefore made the following decisions:

- that any deviation from the Code is subject to continuing review to ensure it has a robust justification that can be clearly and transparently explained to shareholders to their satisfaction, as in this case; and
- that Mr Papouchado be recommended for reappointment as Chair in 2023.

BOARD DIVERSITY

The Nomination Committee takes responsibility for diversity, equity and inclusion. As part of this, we annually consider the gender balance of those in senior management and their direct reports. Our Board and Executive Leadership Team consist of both men and women and include talented and committed individuals whose business experience, geography, age, gender and ethnicity are varied.

The Board maintains a Board Diversity Policy covering all diversity characteristics protected by the Equality Act 2010 which is reviewed annually by the Nomination Committee and proposed for annual adoption by the Board. In proposing the 2022 policy, the Nomination Committee recommends changes where it deems appropriate in light of the current Board composition.

The updates to the policy in 2022 included:

- an explicit commitment that the Diversity Policy applies to all Committees of the Board as well as the Board as a whole;
- an explicit reference to the targets set by the FTSE Women Leaders and Parker Reviews, and a commitment that any short list of candidates for future Board appointment will contain diverse candidates;
- a commitment to internal talent development and promotion from within.

The Diversity policy approval process is open to discussion and debate. In 2022, we noted the updates to the Disclosure Guidance and Transparency Rules (DTRs) and Listing Rules (LRs) regarding diversity, and incorporated these into the Board Diversity Policy accordingly.

SUCCESSION PLANNING, DIVERSITY AND BOARD AND COMMITTEE REVIEWS

May 2022	June 2022	August 2022	November 2022
Evaluation of Directors – ESG Training for Directors identified in gap analysis N	Succession planning N	Succession planning N	Due diligence for appointment of new Non-Executive Director N
Succession planning N	Update to Board Diversity Policy N	Board evaluation gap analysis N	Group-wide Gender balance N
Appointment of additional Non-Executive Director (candidate review, diversity considerations) N		Appointment of OSA Recruitment and Forster Chase to recruit additional Non-Executive Director N	

NOMINATION COMMITTEE REPORT *continued*

DIVERSITY DISCLOSURES:

Reporting on gender identity or sex	No. of Board members	Percentage of the Board	No. of senior positions on the Board (CEO, CFO, SID and Chair)	No. in executive management	Percentage of executive management
Men	6	75%	4	6	75%
Women	2	25%	0	2	25%
Other categories	0	0	0	–	–
Not specified/prefer not to say	0	0	0	–	–
Reporting on ethnic background					
White British or other white (including minority white groups)	8	100%	4	8	100%
Mixed/multiple ethnic groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

The benefits of diversity are that the Board is able to provide the Executive Leadership Team with a wide range of experiences and perspectives. The more diverse the background of Board members, the broader the range of ideas that can bring innovation to our Company's mission. The Committee takes responsibility for implementing the Board Diversity Policy and linking it to the objectives of the Company and Company strategy. We review how the policy has been implemented and progressed.

All appointments to the Board are made on a merit basis and are viewed holistically. We are absolutely committed to appointing suitable candidates on the basis of merit, with the primary objective of finding Directors whose skill set best reflects the needs and nature of the business for the benefit of our stakeholders. Ensuring diversity of experience, viewpoint and skill set on the Board is the priority, but reaching the FTSE Women Leaders and Parker Review targets is incorporated into the recruitment process by including them in instructions to our specialist recruiters. It is our aim to ensure that any short list of candidates contains at least one candidate to assist us in reaching our targets.

We are aware that in our 2023 Annual Report, we will be required to increase our diversity reporting. We have taken the decision that we should begin reporting in this format in our 2022 Annual Report and Accounts in order to ensure that we are as transparent about these issues as early as possible. The Board and senior management are a unified voice for the Company's strategic growth weaved together by individual Directors each with their own experience, skill set, expertise and background. The diversity and inclusivity of our entire team are important for us to bring the best to our

business and understand and reflect the needs and perspectives of our guests and other key stakeholders. We are fully committed to respect and deliver fair treatment for everyone whatever their background, race, ethnicity, gender or other protected characteristics (as defined within the Equality Act 2010) and deliver opportunity and development for all of our team members, guests and stakeholders. In accordance with the Code, the work of the Nomination Committee includes giving consideration to issues of diversity, equity and inclusion, including the mix of gender and ethnicity of those in senior management and their direct reports.

Where possible, we actively support events in our community that celebrate diversity, equity and inclusion. Diversity, in all respects, is of great value in collective decision-making at every level of the organisation. Our Diversity Policy, and indeed our approach to recruiting new Directors and other members of the Executive Leadership Team and setting up our talent pipeline, supports a culture of inclusion and diversity.

NOMINATION COMMITTEE'S 2022 ACTIVITIES AND FOCUS

Senior management

The Board and senior management are a unified voice for the Company's strategic growth weaved together by individual Directors each with their own experience, skill set, expertise and background. The diversity and inclusivity of our entire team are important for us to bring the best to our business and understand and reflect the needs and perspectives of our guests and other key stakeholders. We are fully committed to respect and deliver fair treatment for everyone, whatever their background, race, ethnicity, gender or other protected characteristics (as defined within the Equality Act 2010) and deliver opportunity and development for all of our team members, guests and stakeholders. In accordance with the Code, the work of

the Nomination Committee includes giving consideration to issues of diversity, equity and inclusion, including the mix of gender and ethnicity of those in senior management and their direct reports.

Workforce

Where possible, we actively support events in our community that celebrate diversity, equity and inclusion. Diversity, in all respects, is of great value in collective decision-making at every level of the organisation. Our Diversity Policy, and indeed our approach to recruiting new Directors and other members of the Executive Leadership Team and setting up our talent pipeline, supports a culture of inclusion and diversity.

AUDIT COMMITTEE REPORT



STEPHANIE COXON
CHAIR OF THE
NOMINATION COMMITTEE

Membership of the Audit Committee and meeting attendance

Name of Director	Meetings attended and eligible to attend
Stephanie Coxon (Chair)	5/5
Nigel Keen	5/5
Kenneth Bradley	5/5
Marcia Bakker ¹	NA

¹ Marcia Bakker was appointed on 6 December 2022.

DEAR STAKEHOLDER,

I am pleased to present the Company's Audit Committee report for the year ended 31 December 2022. The following pages outline how the Audit Committee discharged the responsibilities delegated to it by the Board over the course of the year, and the key areas of focus for the Audit Committee.

This Audit Committee performs a crucial role in providing independent oversight over the financial reporting process, internal audit processes and the Company's risk management and internal controls. It provides expert scrutiny to ensure the Company's performance is correctly verified by the external auditors and that the reporting of this to our stakeholders is fair, balanced and understandable.

The recovery from the Covid 19 pandemic and the new headwinds presented in 2022 (increased interest rates, utility rates and tough labour market) have continued to be a major focus of the Audit Committee. The impact of this on the Group's risk assessment and internal control arrangements was assessed for appropriateness by the Audit Committee on a regular basis. This has led to the Audit Committee adapting the internal audit plans to ensure they aligned with the key risks highlighted in the Company's risk management system. Whilst also monitoring resourcing to enable the internal audit function to deliver on various assurance programmes.

Looking further out, the Audit Committee is evaluating the potential impact of the Department for Business, Energy and Industrial Strategy (BEIS) consultation document on audit and corporate governance reform to ensure the Group will be ready once it becomes effective.

I would like to welcome Marcia Bakker to the Audit Committee and to thank those who have assisted the Audit Committee in fulfilling its duties during the year, providing independent oversight with the support of assurance from the external auditors.

The Role of the Audit Committee

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

- observe its responsibility of ensuring that the Group's financial systems provide accurate and up-to-date information on its financial position;
- ensure the Group's published consolidated financial statements and related announcements represent an accurate and fair reflection of its financial position;
- manage and monitor the Company's risk, both financial and non-financial;
- ensure that appropriate accounting policies, internal financial controls and compliance procedures are in place; and
- review and assess the quality of the external audit process as well as the external auditors' independence.

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

Carey Commercial Limited carries out Company Secretary services to ensure the Audit Committee has the policies, processes, information, time and resources needed to function effectively and efficiently. The Audit Committee regularly reports to the Board on how it has discharged its responsibilities.

The Audit Committee's terms of reference can be found on the Company's website.

AUDIT COMMITTEE REPORT *continued*

Effectiveness of the Audit Committee

A comprehensive Audit Committee evaluation was performed by the Audit Committee Chair to assess the effectiveness of the Audit Committee and ensure that the composition and work of the Audit Committee complies with the Code. While it was concluded that the Audit Committee remained effective, there were areas of focus identified and built into the objectives of the Audit Committee.

The focus areas of the Audit Committee this year have been around;

- Financial controls – to oversee an assurance programme to test the effectiveness of the controls in place and look to use data analytics where possible.
- External audit – to make sure the Audit Committee challenged and was comfortable with the external audit approach given the recovery from the pandemic and new headwinds facing the Company and wider hospitality sector, and also to look for new challenge from the external auditors given the new EY audit partner in place for the FY22 audit.
- Internal audit plan and resourcing – to ensure that an internal audit plan is set which aligns to the risks highlighted in the ERM system and that the internal audit team have enough resources to deliver the plan.
- Management information – to make sure this is fit for purpose to allow for the Non-Executive Directors to make informed decisions.
- ESG – working alongside the ESG Committee to ensure that the TCFD reporting, in the accounts are fair, balanced and understandable, and incorporating the impact of climate change into the Group's ERM system.

AUDIT COMMITTEE'S 2022 ACTIVITIES AND FOCUS

FUNCTION	ACTIONS IN 2022
Monitor the Group's financial statements	<ul style="list-style-type: none"> – Reviewed the form and content of the Annual Report and Accounts, to ensure that it is fair, balanced and understandable, and the associated announcements – Reviewed the Interim Report and Financial Statements for the period ended 30 June 2022 and the related announcements
Monitor and review the effectiveness of the Group's system of internal controls and risks	<ul style="list-style-type: none"> – Received regular updates on the internal audit and ERM, including: <ul style="list-style-type: none"> – the financial control framework ; and – risk incidents and mitigating actions – Received regular updates on and reviewed emerging risks – Updated principal risk schedule and ERM framework – Conducted internal assessment of the Audit Committee's performance to ensure effectiveness – Set the internal audit plan for FY22 and other assurance requirements, and monitor the progress throughout the year. Selected deep-dive internal audits over areas highlighted in the enterprise risk management system, e.g. data privacy and operational resilience – Monitored and reviewed the effectiveness of internal audit function – Considered the structure of internal audit and incorporated data analytics to assist in this area – Continue to assess appropriateness of reporting from subsidiaries
Oversee ethical dealings and compliance for the Group	<ul style="list-style-type: none"> – Reviewed the Significant and Related Party Transaction Policy – Reviewed and approved a number of the Group's updated ethical policies including its Whistleblowing and Anti-Bribery & Corruption policies – Reviewed the Policy for the Approval of Non-Audit Services – Reviewed the financial management information being presented to the Board to make sure it is fit for purpose – Met with compliance and governance teams for update on compliance and governance matters
Review the Group's external audit function	<ul style="list-style-type: none"> – Considered the audit and interim planning report from the external auditors – Considered the annual and interim findings report from the external auditors – Aside from the formal reporting, regular informal communications with the external auditors during the audit process – Met with subsidiary auditors to discuss the status of the subsidiary audits – Evaluated the performance of the external auditors – Considered the tenure of the external auditors – Considered the external auditors' independence and non-audit services

Relevant skills and experience

The Audit Committee is composed entirely of independent Non-Executive Directors, each having relevant skills and experience as prescribed by the Financial Report Council Corporate Governance Code ('Code') and each bringing an independent mind-set to their role. The Audit Committee, as a whole, has the competence relevant to the sectors in which the Company operates and the Chair, among others within the membership, have recent and relevant financial experience. For further details, please see the Directors' biographies on pages 92 and 93.

The composition of the Audit Committee is regularly considered by the Board and the Nomination Committee. The Board is satisfied that the Audit Committee is properly structured and can properly discharge its duties, including in light of the nature of the Group's business and the sector in which it operates.

Audit Committee schedule and resources

The Audit Committee meetings are scheduled a week ahead of the Board meeting to allow for any work arising from the Audit Committee meeting to be carried out and reported to the Board as appropriate.

The Audit Committee members had access to ask questions or request ad-hoc meetings from the Executive Leadership Team, key members of the corporate teams, the external auditors, external auditors of the subsidiaries and any other member of the Company as they requested.

The Audit Committee receives monthly financial, IT, operational performance and strategic updates from the Chief Financial Officer, Deputy Chief Executive Officer, Chief Corporate & Legal Officer and the Regional Vice Presidents.

The Audit Committee Chair also receives monthly updates on non-financial reporting areas, such as enterprise risk, internal audit matters and updates on the financial control framework from the Head of Internal Audit and Risk, who reports directly to the Audit Committee. The Audit Committee is satisfied that it had access to the resources necessary to discharge its responsibilities in 2022.

Relationship with the Board

The Audit Committee was provided with adequate time in Board meetings to resolve any matters of conflict between the Board and Audit Committee. Had any such

disagreement remained unresolved, the Audit Committee has the right to report the issue to the shareholders as part of the report on its activities in the Annual Report. Accordingly, the Audit Committee reports that there were no such unresolved disagreements and matters presented by the Audit Committee were discussed in full, and up until signing this Annual Report.

External audit and external auditors

Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, are the Company's external auditors. The Audit Committee considers the appointment, re-appointment and removal of the external auditors, reviews their terms of appointment and negotiates fees on behalf of the Board prior to making recommendations through the Board to the shareholders to consider at each Annual General Meeting.

The Audit Committee annually assesses, and reports to the Board on, the independence and performance of the external auditors and the quality of the audit process, with a recommendation on whether to propose to the shareholders that the external auditor be re-appointed. Kost Forer Gabbay & Kasierer were re-appointed for a further tenure of one year at the Company's Annual General Meeting in 2022.

The 2022 external audit will be Kost Forer Gabbay & Kasierer's ninth year of appointment as the Company's external auditors (17th year of an Ernst & Young Global member firm). The Company has a policy of tendering the external audit at least every ten years. The Audit Committee will keep the need to retender the audit under continual review, and will consider if such a retender process should be initiated sooner than 2024.

Kost Forer Gabbay & Kasierer have expressed their willingness to continue in office as auditors and a resolution to re-appoint them for a tenure of one year will be proposed at the forthcoming Annual General Meeting.

Overseeing external auditors

In addition to the Audit Committee meeting formally with the external auditors, the Chair of the Audit Committee has met them informally on seven further occasions. These informal meetings have been held to ensure that the Chair is kept up-to-date with the progress of their work and that their

formal reporting meets the Audit Committee's needs.

In November 2022, the external auditors presented their proposed audit plan to the Audit Committee for discussion. The objective of this was to ensure that the focus of their audit aligned to the Group's key risks and strategy. The Audit Committee also arranged for the external auditors to present their findings to them following their annual audit, which provided the Audit Committee with a forum to raise queries and questions. The findings of the Audit Committee were then discussed with the Board and other relevant management functions. Following this analysis, and additional meetings with the external auditors, the Audit Committee can confirm that it is satisfied with the Group's external audit functions and the integrity of its financial and narrative statements.

During the year, the Audit Committee has asked the external auditors to look at three main areas:

- Hedging instruments – at the date of acquisition the external auditors were consulted to ensure that the interest rate swap agreements entered into during the year were accounted for correctly. The external auditors liaised with their own technical department with the terms of each transaction and confirmed the accounting treatment used by the Group was in accordance with IFRS 9.
- Internal controls – we asked the external auditors to provide specific feedback on the Group's internal controls and how the Groups internal controls compared to similar hospitality groups. The external auditors provided their feedback as part of the final audit closing meeting with positive results.
- Related party transactions – given the development of Hoxton is ongoing with GC Management we asked the auditors to provide written feedback in their final audit findings document. The external auditors confirmed that all material related party transactions are appropriately disclosed and recorded in the consolidated financial statements.

AUDIT COMMITTEE REPORT *continued*

When the external auditors present their findings the Audit Committee request that management are not present for part of the meeting to ensure that the External Auditors are able to speak freely and share any views without management being present. This also allows the Audit Committee to understand how the external auditors had been professionally sceptical in their procedures and discuss any areas which they have challenged management on. No concerns were raised by Kost Forer Gabbay & Kasierer as part of this meeting.

The key audit matters raised by the external auditors are included in their audit opinion on pages 130 to 133.

Review of the external auditors

The Audit Committee reviewed the independence and objectivity of the external auditors and reported to the Board that it considered that the external auditors' independence and objectivity were maintained.

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

The Audit Committee performed a comprehensive evaluation on the performance of the external auditors during the year. The feedback showed an overall level of satisfaction, however there was some additional information the Audit Committee felt would be helpful to receive, for example; insights around upcoming corporate governance changes and TCFD reporting requirements. The audit fees due to the external auditors amounted to £300,007 (2021: £268,586).

Policy on engaging external auditor to supply non-audit services

The Audit Committee monitors the Group's relationship with its external auditors considering what impact the provision of

non-audit services may have on the auditors' independence and objectivity.

The Company has adopted a policy on the engagement of the external auditors to supply non-audit services. The policy sets out the circumstances and financial limits within which the auditors may be permitted to provide certain non-audit services, whether a tender process is considered for non-audit services and any information which must be considered to ensure that the non-audit services do not impair the objectivity and independence of the auditors. The policy is in line with the recommendations set out in the FRC's Guidance on Audit Committees and the requirements of the FRC's Revised Ethical Standard (2019). The Audit Committee regularly reviews this policy for necessary changes in response to changes in related standards and regulatory requirements and monitors compliance with this policy.

Total non-audit fees amounted to £61,452 (2021: £61,783) consisting of the interim review of the Group's half-year financial results. Although this is considered to be a non-audit service, the objective of the interim review is aligned with the audit. The Audit Committee considered the provision of the non-audit service during the 2022 year and was comfortable that the nature and extent of non-audit services provided did not present a threat to the external auditors' objectivity or independence.

Internal audit

The Company has an internal audit and risk management function which reports directly to the Audit Committee Chair. This reporting line ensures the internal audit function maintains appropriate independence from the Executive Leadership Team and senior management. The Head of Internal Audit and Risk maintains a dotted line reporting function to the Chief Financial Officer who is an Executive Board member.

The Audit Committee follows the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

The Audit Committee monitors and reviews the effectiveness of the internal audit function and meets with the Head of Internal Audit and Risk on a monthly basis to review the progress of the internal audit programme, among other things. The Audit Committee meets with the Head of Internal Audit and Risk at each Audit Committee meeting and does so without the

presence of the Board and the Executive Leadership Team, unless specifically invited by the Chair, to discuss matters relating to its remit and any issues arising from the internal audits.

On an annual basis the Audit Committee meets with the Head of Internal Audit and Risk to agree the work plan for the year ahead. The Audit Committee also reviews whether the Head of Internal Audit and Risk has the proper resources to enable him to satisfactorily complete such work plans. In 2021, the Audit Committee identified that additional resource was required in the internal audit team to meet the internal audit work plan set out by the Audit Committee.

As a result, a new team member joined in early 2022 with a focus on providing internal audit assurance over the financial internal controls. The resourcing of this team is due to be looked at in the first half of 2023 to assess if there is enough capacity in the team.

Throughout the year, the internal auditor reports on the progress of the internal audit work plan and action point status. The Audit Committee regularly reviews reports and considers the Board's response to any major findings, providing support, if necessary, for any follow-up action required and ensures that the team obtains free and unrestricted access to all Group activities, records, property and personnel necessary to fulfil its agreed objectives.

In line with the 2022 internal audit work plan, the Audit Committee instructed the Head of Internal Audit and Risk to perform work focused on the following:

- HR Master Data and Payroll-to perform key control execution and effectiveness testing in relation to the Hire to Retire (HTR) processes and risks documented in the established Financial Control Framework.
- Procure to Pay-to perform key Control Execution and Effectiveness Testing in relation to the key Procure to Pay (PTP) processes and risks documented in the established Financial Control Framework.
- GDPR compliance- to assess the adequacy of the Group's compliance programme and procedures in place to protect the business from a breach of the General Data Protection Regulation (GDPR) which could result in financial penalties and reputational damage.

- Operational resilience- to assess the adequacy and effectiveness of the organisation's approach to business continuity management (BCM) and the extent to which it contributes to the capability of the organisation to continue the delivery of its services at acceptable levels following a disruptive incident.
- Cyber security- third party review of cyber security through penetration testing of the Company's core infrastructure.

All these areas were highlighted in the ERM system or form part of the Financial Assurance Programme. I am pleased to report that an additional resource was added to the internal audit team from the beginning of 2022 to assist with delivering the internal audit programme.

The Audit Committee is satisfied that the quality, experience and expertise of the internal audit function was appropriate for the business.

Looking forward to the future, the internal audit team is looking at data analytics and how this can be used to monitor real time and provide some real insights to the Audit Committee and the business.

Financial controls

The established Financial Control Framework has been reviewed by the Chief Finance Officer and wider finance leadership team during 2022. The framework maps financial controls across the business and identifies control owners. The control owners are asked to confirm compliance with the expected controls through self-certification. The framework is also subject to routine internal audit testing as part of the Financial Assurance Programme.

Enterprise Risk Management

The Board is responsible for risk management with guidance from the Audit Committee. A standing agenda item in every Audit Committee meeting is consideration of the Company's risk register, with the main focus on key risks.

The Audit Committee monitors the Company's risk management system and controls to review their effectiveness.

The Group's risk profile and mitigating activities are also regularly monitored by the Audit Committee, who are kept apprised of emerging business risks and concerns. Informed by these activities, the Group risk

appetite strategy is set by the Board at the recommendation of the Audit Committee.

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

The internal audit and risk function continues to work with the various business functions in order to formulate: (i) functional level risk registers; and (ii) an emerging risk profile. The Audit Committee oversees the ERM function and continuously reviews and challenges the output. To ensure the ERM function's independence and objectivity, the Head of Internal Audit and Risk reports directly to the Audit Committee.

The Head of Internal Audit and Risk has continued to work closely with a third party consultant on incorporating and assessing climate change risks in the ERM system. This process has been overseen by the Audit Committee and for further details on these risks please see the TCFD report on pages 70 to 73.

The detailed assessment of the principal risk, emerging risks and uncertainties facing the Group is included on pages 78 to 84.

Financial reporting

The Audit Committee has reviewed the Annual Report and Accounts. In its opinion, taken as a whole, it is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Company's position and performance, business model and strategy.

The Audit Committee reviews draft annual and interim reports. The Audit Committee discusses with the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer and external auditors the significant accounting policies, estimates and judgments applied in preparing these reports.

The overall responsibility for approving annual and interim statements and other governance statements is carried out by the Board, in accordance with the Schedule of Matters Reserved for the Board.

In relation to the 2022 Annual Report and Accounts, the significant issues considered and where the Audit Committee challenged the Executive and senior management were the following:

- **Going concern** – This continues to be an area of focus for the Audit Committee. The Audit Committee considered the appropriateness of the going concern assessment and associated judgments around material uncertainties as disclosed in Note 1(c) to the financial statements.
- **Impairment testing** – The Group's impairment review requires significant judgment in estimating the recoverable amount of its intangible assets, property, plant and equipment and the IFRS 16 right-of-use asset. The Audit Committee had a robust conversation with the Chief Financial Officer on the methodology used to determine the impairment reviews.
- **Alternative Performance Measures** – The Audit Committee in reviewing the Annual Report and Accounts has challenged management on their use and definitions of APMs. As a result an APM glossary has been added at the back of the Annual Report and Accounts.
- **Climate change/ESG** – As mentioned earlier in this report, the Audit Committee has had in depth conversations with the Head of Internal Audit and Risk when overseeing the climate change risks in the ERM system. The Audit Committee had a robust discussion over the key assumptions and judgments used in assessing for impairment.

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

ESG COMMITTEE REPORT



KENNETH BRADLEY,
CHAIR OF THE ESG COMMITTEE

Membership of the ESG Committee and meeting attendance

Name of Director	Meetings attended and eligible to attend
Ken Bradley (Chair)	3/3
Stephanie Coxon	3/3
Marcia Bakker ¹	0/0

¹ Marcia Bakker was appointed on 6 December 2022.

DEAR STAKEHOLDER,

2022 has been a busy year for ESG. We have overseen a materiality assessment exercise to gather stakeholder views on what ought to be our ESG priorities in the future, and we have used that information to set the business targets, performance against which will become a standing item on our committee agenda.

Continuation of the Committee

This is our first Committee report in the Annual Report and Accounts for the company. The Committee takes the view that in the short to medium term, an dedicated oversight committee for ESG is of benefit to the Company, but we believe that as implementation of our ESG Strategy embeds these issues into the ways of doing business, in the long-term, the responsibilities of the committee will converge with those of our other Board committees, leading to a point where a separate ESG Committee is redundant.

Strategic oversight

We are very pleased to announce new ESG targets in our strategy. Targets can only be set once we are satisfied we have the correct data for our baseline position, and whilst this work is ongoing in some areas, for example, water consumption, a great deal has been done this year in establishing carbon baselines, most notably for Scope 3 (supply chain) emissions.

This work is challenging. Carbon from the supply chain is less under our control than the decisions we can make for our own emissions under Scopes 1 and 2. Reduction in emissions cannot simply be achieved on our own, but on an ongoing basis through strategic partnership with our suppliers.

Strategic outcomes

Carbon reduction is an urgent priority for all businesses, and therefore, as you can read in the strategy on pages 70 and 71, we have set a target to achieve carbon net zero. We are committed to achieving an absolute maximum of carbon reduction through offsetting our emissions of 10%. When we look at Scopes 1 and 2, we are already consuming only certified renewable electricity in the regions where that is available (the UK, Netherlands and Germany), so the challenge is the elimination of gas from our energy supply. Looking at Scope 3, we have conducted a detailed review of food and beverage carbon footprint, and will be doing the same for our real estate and construction activities starting in 2023.

Social targets

We are looking at diversity, equity and inclusion in our working practices, as well as labour standards and human rights across the supply chain. 'People' is one of the four new pillars of our strategy, and our targets prioritise wellness, learning and development and diversity, equity and inclusion.

Governance

Good governance is the foundation stone of stakeholder confidence in the business and its long-term sustainability. We therefore consider it important that performance against ESG non-financial metrics forms part of remuneration.

ESG COMMITTEE'S 2022 ACTIVITIES AND FOCUS

FUNCTION	ACTIONS IN 2022
Performance of the Committee	<ul style="list-style-type: none">– Reviewed the Committee Terms of Reference.– Commissioned Board-level training in 2023 for ESG for all Board members to ensure Board skills matrix is complete.
Oversight of Climate-related risk and reporting	<ul style="list-style-type: none">– Reviewed the climate risk assessment undertaken for TCFD reporting– Approved TCFD report for publication.
Diversity, Equity and Inclusion (DEI)	<ul style="list-style-type: none">– Horizon scanning for best practice in DEI practices and reporting
ESG Strategy	<ul style="list-style-type: none">– Review of double-materiality assessment exercise and conclusions– Oversight of development of ESG Strategy, including data-gathering projects and scrutiny of value-add from membership of Industry forums

REMUNERATION COMMITTEE REPORT



NIGEL KEEN
CHAIR OF THE
REMUNERATION COMMITTEE

Membership of the Nomination Committee and meeting attendance

Name of Director	Meetings attended and eligible to attend
Nigel Keen (Chair)	4/4
Stephanie Coxon	4/4
Kenneth Bradley	4/4
Marcia Bakker ¹	N/A

¹ Marcia Bakker was appointed to the Board on 6 December 2022.

DEAR STAKEHOLDER,

It is my pleasure to present the Remuneration Report for the year ended 31 December 2022. The report will be presented for an advisory vote of shareholders at the forthcoming Annual General Meeting.

The current Remuneration Policy has been approved by the shareholders through an advisory vote in the 2021 Annual General Meeting for the years 2022-2024.

2022 has been a year of cautious optimism. Ongoing obstacles to trading in some areas persisted throughout the first quarter, but it would be remiss of me not to pay tribute to the effort and enthusiasm of our teams at all levels of the business for the growth and success we saw for the remainder of the year. Everyone from the hotel reception desk, and the planning team for our pipeline, to the experienced and dynamic Executive Leadership Team has played a part in a welcome success story for 2022.

Taking these successes into account, the Committee's duty is to the shareholders to determine that their investment is protected by remuneration practices in line with the long-term success of the business.

Executive remuneration should be aligned to Company purpose and values, and be clearly linked to the successful delivery of the Company's long-term strategy.

As a Guernsey-incorporated company, the Company is not subject to the remuneration reporting regulations that apply to UK-incorporated companies. Nevertheless, the Committee recognises the importance of effective corporate governance and we will therefore continue to operate in line with the UK remuneration reporting regulations as far as reasonably possible, and where this does not contradict our own regulatory framework. Accordingly, shareholders voted in favour of the Remuneration Policy at the 2022 Annual General Meeting and it is now in place for three years.

The Committee reviewed the comparators against which remuneration should be benchmarked: market practice; workforce pay and benefits; shareholding requirement; leaver provisions; and vesting period. Having conducted a Board evaluation, its recommendation that executive incentives be evaluated in consideration of retention priorities was a relevant consideration. Additionally, we looked at the stakeholder feedback, as well as reports of proxy advisers and correspondence from institutional investors. We applied the Corporate Governance Code in our reasoning. I am very pleased to present this report for 2022.

Remuneration Committee membership and meeting attendance

Throughout the year 2022, the Committee was composed of three independent Non-Executive Directors. They were joined by a fourth independent Non-Executive Director who was appointed in December 2022. No member of the Remuneration Committee is considered to have a personal financial interest in matters to be decided by the Committee. As the Chair, I satisfy the independence and service requirements of the Corporate Governance Code.

The Deputy Chairman, Chief Executive Officer, Deputy Chief Executive Officer & Chief Operating Officer, Chief Financial Officer and Chief Corporate & Legal Officer are invited to attend meetings as appropriate depending on the items on the agenda. The Committee considers their views when reviewing the remuneration of Executive Directors and other senior executives; however, no Directors are involved in the consideration of their own remuneration and only members of the Committee have the right to vote at Committee meetings.

The Committee seeks independent advice as appropriate.

Role of the Remuneration Committee

The key responsibilities of the Committee include:

- putting in place and periodically reviewing the Policy for the remuneration of the Chairman, Executive Directors and senior management to ensure fair and responsible rewards and incentives with a clear and proportionate link to corporate and individual performance;
- ensuring that the Policy is clear, transparent, predictable, simple and therefore suitable for publication for the purpose of shareholder inspection and informing the advisory vote at the Annual General Meeting;
- within the terms of the Policy, determining the individual remuneration of each Executive Director and C-suite, ensuring implementation of the Policy does not create simple formulaic results;
- reviewing remuneration levels, including pension arrangements, bonuses and other benefits across the Group to ensure alignment between executive remuneration and the workforce as a whole and between remuneration and creation of shareholder value;
- reviewing the alignment of incentives and rewards with culture, taking these into account when setting the Policy for Executive Director remuneration;
- consulting with the CEO in setting the levels of remuneration for the C-suite;
- approving the design of, and determining targets for and conditions attached to, any long-term incentive schemes operated by the Group, including pension arrangements, bonuses and other benefits; and
- the engagement and determining the independence of any external remuneration advice that might be considered necessary from time to time.

The Committee's terms of reference are annually reviewed to ensure compliance with the Code and ongoing strategic alignment with the Company, with the latest updated terms of reference approved in 2022 and available on our website.

REMUNERATION IN 2022

Base Salary

The CEO's base salary remains the same throughout 2022, in line with the reported base salary as of 1 January 2022 as set out in the 2021 Remuneration Report, which is in the lower quartile against the TSR Benchmark group, particularly considering the size and complexity of the business carried out by the Group. Daniel Kos's base salary remained at the level as set in July 2021 until November 2022. In November 2022, along with an increase of salaries across the wider workforce, a 5% increase was implemented for CFO where the wider workforce in the UK and Netherlands regions received on average at least a 10% increase (based on multiple factors).

Pension

The CEO's pension contribution is set at a 10% cap level (this, following a reduction from his contractual pension entitlement of £100,000 in 2021). The CEO's pension shall reduce further as of 1 January 2023 to 5% of his base salary in line with the wider workforce. The CFO's pension allowance for 2022 is in line with the wider workforce in the Netherlands.

Annual bonus plan outcome 2022

The Company operated an annual bonus plan for its C-suite and Executive Leadership Team.

The Annual Bonus for 2022 had two elements:

- (1) A COVID recovery bonus based on the business's return to operations using financial metrics (100% achieved).
- (2) A Performance Bonus based on financial criteria and personal objectives, with success assessed 70% on financial metrics, 30% on non-financial metrics. Financial metrics include Revenue and Gross Operating Profit targets and non-financial metrics including guest satisfaction, employee engagement and an ESG target. Of the non-financial metrics, although good progress had been made during the year, 25% of those targets have been achieved in full and attributed to the overall annual bonus. In aggregate, 77.5% of the performance bonus had been met.

Following an assessment of the targets achieved, the Chief Financial Officer has been awarded £531,000 as an overall 2022 annual bonus, of which 45% is awarded in cash and 55% in 23,000 Nil Price Options², which are subject to a holding period of one year from the date of grant. As a significant shareholder in the company, the CEO waived his right to participate in the 2022 annual bonus.

REMUNERATION COMMITTEE'S 2022 ACTIVITIES AND FOCUS

FUNCTION	ACTIONS IN 2022
Remuneration Policy	Reviewed Remuneration Policy against following criteria: <ul style="list-style-type: none">– Link to strategy and success against business performance metrics– Furtherance of long-term sustainability of value creation for shareholders– Link to ESG performance metrics
Executive Director and senior management remuneration review	<ul style="list-style-type: none">– Reviewed Executive Director basic pay– Reviewed Executive Director pensions; benefits; incentives and shareholding for alignment to workforce, culture and objectives– Reviewed C-suite remuneration
Set targets and incentive schemes	<ul style="list-style-type: none">– Reviewed and considered incentive scheme
Workforce remuneration and benefits policies	<ul style="list-style-type: none">– Reviewed gender pay gap and pay

² Value calculated at 31st December 2022.

REMUNERATION COMMITTEE REPORT *continued*

2022 LTIP grant

The Committee has resolved to grant an LTIP award in June 2022, subject to the rules of the Long-Term Incentive Plan, and within the framework set by the Policy. The award is subject to performance metrics based on Total Shareholder Return (TSR) and adjusted EPRA earnings per share, and has a three-year vesting period and two-year holding requirement. As a significant shareholder in the Company, the CEO waived his entitlement to participate in the 2022 LTIP. The CFO has been awarded a conditional LTIP award of 22,000 NIL Price Options.

TSR benchmark group

Our unique business model in owning and operating our hotels makes us both a real-estate and a hospitality business. For this reason, the Committee developed a specific benchmark for remuneration purposes. The Committee has used a blend of listed companies in the hospitality management and hotel real-estate sectors and as a peer comparator as well as hotel businesses in order to ensure our asset-holding real-estate business model and our hotel operations business model were properly reflected in our comparator group.

Name	Ticker	Market	Sector
PPHE Hotel Group	PPH-GB	UK	Leisure & Hospitality
Dalata	DAL-GB	UK	Leisure & Hospitality
InterContinental Hotels Group	IHG-GB	UK	Leisure & Hospitality
Whitbread	WTB-GB	UK	Leisure & Hospitality
Accor	AC-FR	France	Leisure & Hospitality
NH Hotel Group	NHH-ES	Spain	Leisure & Hospitality
Melia Hotels International	MEL-ES	Spain	Leisure & Hospitality
Pandox	PNDX.B-SE	Sweden	Leisure & Hospitality
Scandic Hotels Group	SHOT-SE	Sweden	Leisure & Hospitality
Aroundtown	AT1-DE	Germany	Leisure & Hospitality
Marriot	MAR-US	USA	Leisure & Hospitality
Hilton	HLT-US	USA	Leisure & Hospitality
Wyndham Hotels	WH-US	USA	Leisure & Hospitality
Choice Hotels International	CHH-US	USA	Leisure & Hospitality
Hyatt Hotels	H-US	USA	Leisure & Hospitality
Ashford Hospitality Trust	AHT-US	USA	REIT
Host Hotels & Resorts	HST-US	USA	REIT
Park Hotels & Resorts	PK-US	USA	REIT
Apple Hospitality REIT	APLE-US	USA	REIT
Pebblebrook Hotel Trust	PEB-US	USA	REIT
RLJ Lodging Trust	RLJ-US	USA	REIT
Sunstone Hotel Investors	SHO-US	USA	REIT
Diamondrock Hospitality	DRH-US	USA	REIT
Summit Hotel Properties	INN-US	USA	REIT
Chatham Lodging Trust	CLDT-US	USA	REIT
Braemar Hotels & resorts	BHR-US	USA	REIT
Hersha Hospitality Trust	HT-US	USA	REIT

The Committee believes that basing awards on TSR and adjusted EPRA earnings incentivises good year-on-year operational performance without sacrificing the value of the asset portfolio, thus ensuring that incentives are structured in short-term profitability and long-term sustainable success.

Performance targets for 2022 LTIP awards

	TSR (50% of award)	Adjusted EPRA earnings 50% of award)
Definition	TSR performance as benchmarked against comparator group	EPRA achieved in year ending 31 December 2025
Threshold vesting (25% of maximum)	TSR at median quartile	1.06
Maximum vesting (100% of maximum)	TSR at the top quartile	1.16

Remuneration	Year	Base salary/ and fees ²	Salary sacrifice options	Additional remuneration	Bonus	Pension contributions	LTIP	Other benefits	Total
Executive Directors									
Boris Ivesha President & CEO ¹	2021	438,132	–	–	–	100,000	–	16,352	554,484
	2022	500,000 ³	–	–	–	50,000	–	13,311	563,311
Daniel Kos CFO ¹	2021	314,529	46,670	–	–	14,574	–	–	375,773
	2022	448,091	–	–	531,050 ⁵	14,295	–	–	993,436
Non-Executive Directors									
Eli Papouchado Non-Executive Chairman	2021	200,000	–	–	–	–	–	–	200,000
	2022	200,000	–	–	–	–	–	–	200,000
Kevin McAuliffe Non-Executive Deputy Chairman	2021	100,000	–	–	–	–	–	–	100,000
	2022	100,000	–	–	–	–	–	–	100,000
Kenneth Bradley Non-Executive Director	2021	55,700	–	–	–	–	–	–	55,700
	2022	59,900	–	–	–	–	–	–	59,900
Nigel Keen Senior Independent Director	2021	58,220	–	–	–	–	–	–	58,220
	2022	61,300	–	–	–	–	–	–	61,300
Stephanie Coxon Non-Executive Director	2021	55,700	–	–	–	–	–	–	55,700
	2022	59,900	–	–	–	–	–	–	59,900
Marcia Bakker Non-Executive Director ⁴	2021	–	–	–	–	–	–	–	–
	2022	2,568	–	–	–	–	–	–	2,568
	2021	1,222,281	46,670	–	–	114,574	–	16,352	1,399,877
	2022	1,431,759⁶	–	–	531,050	64,295	–	13,311	2,040,414

Notes to Outcomes table

Notes to Outcomes table

- Boris Ivesha and Daniel Kos' remuneration is denominated in € and converted to £ at average exchange rate for presentation purposes.
- Base salary/fees represent all amounts received by the director from the Company for the financial year.
- The committee had carried out a benchmarking exercise of the CEO's base salary. The committee considers the CEO's base salary to be considerably lower than comparable peers, however, the committee accepts that any increase in the base salary should be moderate and staggered. Furthermore, the CEO has a contractual entitlement for an increase of his salary in line with UK CPI. As a result, the CEO's base salary shall increase as of 1 January 2023 from £500,000 to £550,000.
- Marcia Bakker was appointed to the Board on 6th December 2022, and remuneration is pro-rated accordingly.
- The annual bonus of the CFO includes as to 55% in 23,000 Share Awards having a holding period of one year and the rest in cash.
- Boris Ivesha, Kevin McAuliffe and Yoav Papouchado are entitled to additional remuneration for their services on the supervisory board of the Group's subsidiary, Arena Hospitality Group, which is not included in the table above.

In 2022, the total fee for Boris' services amounted to HRK150,564 (£17,695) (2021: HRK147,368 (£16,807)), the total fee for Kevin McAuliffe's services amounted to HRK150,564 (£17,695) (2021: HRK147,368 (£16,807)) and the total fee for Yoav Papouchado's services amounted to 150,564 (£17,695) (2021: HRK147,368 (£16,807)). It should be noted that Yoav Papouchado is not remunerated for his position as an Alternate Director of the Company.

REMUNERATION COMMITTEE REPORT *continued*

REMUNERATION POLICY 2022-2024

Introduction

The Remuneration Policy (the 'Policy') came into effect on 1 January 2022. The Committee is tasked with keeping the Policy under review, and ensuring that it is suitable to be presented to shareholders for their advisory vote, which took place at the Annual General Meeting in April 2022. The Policy was designed with the interests of employees, shareholders and other stakeholders in mind, and was proposed mindful of the impact of the Company's operations on the community and the environment. The Committee and the Board considered the Company's reputation and relationships with the places in which the Company operates before proposing the Policy.

Purpose of the Policy

- Promote the long-term sustainable success of the Company and support its strategy.
- Ensure that the Company's remuneration structures are aligned to the Company's purpose, strategy and entrepreneurial culture.
- Provide an appropriate balance to utilise remuneration to attract, retain and motivate the Company's leadership to drive the strategic vision of the Group successfully.

POLICY TABLE

(1) Base salary	1. Purpose and link to strategy	
	To provide a market competitive salary that will retain, attract and incentivise executives with the right expertise who are instrumental in driving and growing the business and delivering the Company's strategic goals.	
	2. Operation	3. Maximum potential value
	Salaries in the Group are based on the value of the individual, the level of responsibility, experience and market conditions. Salaries are reviewed at least annually but not necessarily increased. The Committee may award salary increases at other times of the year if it considers such an award to be appropriate. In reviewing salaries, salaries are benchmarked against appropriate comparable organisations and account is taken of significant changes in role, levels of pay in the broader workforce, the Group's performance, inflation and budget.	The salary payable to Executive Directors will normally be capped at the upper quartile of the relevant market benchmark for the role under review. This maximum salary represents the highest end of the range at which the Committee would expect the base salary to be set, rather than the actual amount to be paid. There is no separate cap on the annual increase to base salaries. However, the Committee will normally determine the appropriate level of increase for Executive Directors taking into account the general level of increase for the broader workforce, but on occasion may need to make a more significant increase to recognise additional responsibilities, or an increase in the scale or scope of the role.
(2) Benefits	1. Purpose and link to strategy	
	To provide market competitive benefits consistent with role.	
	2. Operation	3. Maximum potential value
	Benefits vary between regions and would typically include annual leave, wellbeing day, occupational sick pay, health screening, personal accident insurance, and participation in all employee share schemes. In the UK, these would include in addition medical insurance and life assurance, and in the Netherlands, car allowances. In line with business requirements, other expenses may be paid, such as relocation expenses, together with related tax liabilities	We do not consider it appropriate to set a maximum benefits value as this may change periodically and by region.
(3) Pension	1. Purpose and link to strategy	
	To attract and retain talent by enabling long-term pension saving.	
	2. Operation	3. Maximum potential value
	A pension allowance of up to 10% of base salary may be paid for Executive Directors based on length of service and subject to local rules under place of employment. This may be taken as a contribution to the Group Personal Pension Plan, as a cash supplement, or a combination of the two. The Company has taken note of Provision 38 of the Code and is taking advice on the steps needed to use best endeavours to comply in due course as of the effective date of this provision entering into force	Executives can choose to participate in a defined contribution arrangement, or may receive a cash equivalent. A salary supplement may also be paid as part of a pension allowance arrangement

(4) Annual bonus plan	1. Purpose and link to strategy	
	To incentivise and reward the delivery of near-term business targets and objectives	
	2. Operation	4. Performance metrics
	The annual bonus scheme is a discretionary scheme and is reviewed prior to the start of each financial year to ensure that it appropriately supports the business strategy. Performance measures and stretching targets are set by the Committee. Bonuses are normally paid in cash but may also be awarded in deferred share awards. Actual bonus amounts are determined by assessing performance against the agreed targets typically after year end. The results are then reviewed by the Committee to ensure that any bonus paid accurately reflects the underlying performance of the business. Where share awards are granted as part of the annual bonus plan, they are held by the individual for one year subject to clawback provisions. Circumstances include: a material misstatement, serious misconduct, a material failure of risk management, re-statement of prior year results, corporate failure, or serious reputational damage to any Group company.	Performance measures are selected to focus executives on strategic priorities, providing alignment with shareholder interests and are reviewed annually. Weightings and targets are reviewed and set at the start of each financial year. Financial metrics will comprise at least 50% of the bonus and are likely to include one or more of: – a profit-based measure; and/or – a cash-based measure. Non-financial metrics, key to business performance, will be used for any balance. These may include measures relating to build quality and customer service. Overall, quantifiable metrics will comprise at least 70% of the bonus. The Committee may at its discretion adjust the outcome under the formulaic measures where it considers it is appropriate to do so to better reflect overall Company performance.
3. Maximum potential value		
150% of base salary.		
(5) Long-term share incentive plan	1. Purpose and link to strategy	
	The LTIP scheme adopted in 2022 allows for a framework for the award of market value options, salary related options, deferred bonus awards and performance share awards to all employees. The long-term and phased vesting of these awards, along with the ability of the Committee to apply additional holding periods, are designed to: – drive and reward sustainable performance over the long term; – align the interests of executives and shareholders; and – support talent retention.	
	2. Operation	3. Maximum potential value
	The long-term incentive plan allows for the award of the following options which are subject to the rules of the LTIP: – market value options – options that are linked to the market value of the shares in the Company; – salary related options – whereby employees agree to a reduction in their base salary in exchange for the right to acquire shares at nil-cost. These options normally vest after 12 months' subject to an additional six-month holding period; – performance share awards – options which are granted subject to specified performance targets. Notwithstanding the extent to which any performance target is satisfied, the number of vested award shares may be adjusted by the Committee to ensure that the number of vested award shares is appropriate taking into account the underlying business performance of the Group. These awards are subject to the rules of the scheme which may include: long-term vesting periods prescribed by the Committee upon grant; good-leaver and bad-leaver provisions allowing the Committee to exercise discretion as to when it might be appropriate for an award to vest in spite of the relevant employee leaving the Group; post vesting holding periods determined by the Committee at the time of the award; and share capital dilution limits. The plan allows dividends or dividend equivalents to accrue, subject to the Remuneration Committee's discretion.	The aggregate market value (as determined by the Committee at or prior to the award date) of shares in respect of which performance share awards and/or restricted stock awards are made to an employee in any financial year are capped at 150% of the employee's annual base salary at the award date
4. Performance metrics		
The performance measures applied to LTIP awards are reviewed annually to ensure they remain relevant to strategic priorities and aligned to shareholder interests. Weightings and targets are reviewed and set prior to each award. Performance measures will include long-term performance targets, of which financial and/or share price-based metrics will comprise at least two-thirds of the award. Quantifiable non-financial metrics, key to business performance, will be used for any balance. Any material changes to the performance measures from year to year would be subject to prior consultation with the Company's controlling shareholders. The Committee may adjust the number of shares realised if it considers such adjustment is justified based on: (a) the performance of the Company, any business area or team; (b) the conduct, capability or performance of the participant; or (c) the occurrence of unforeseen events or of events outside the participant's control.		

Notes to the Policy table

The Committee may make minor amendments to the Policy set out above (for regulatory, exchange control, tax or administrative purposes, or to take account of a change in legislation). As the Company is registered in Guernsey, shareholders' approval is not required in connection with the Policy.

The Executive Directors may request, and the Company may grant, salary and bonus sacrifice arrangements.

The LTIP rules permit the substitution or variance of performance conditions to produce a fairer measure of performance as a result of an unforeseen event or transaction. They include discretions for upwards adjustment to the number of shares to be realised in the event of a takeover, and scheme of arrangement or voluntary winding up.

Non-significant changes to the performance metrics may be made by use of discretion under the performance conditions. Awards are normally satisfied in shares, although there is flexibility to settle in cash.

The Committee reserves the right to make remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) that are not in line with the Policy table set out above where the terms of the payment were set out and approved prior to the date the Policy came into effect. For these purposes, 'payments' include the Committee determining and paying short-term and long-term incentive awards of variable remuneration.

REMUNERATION COMMITTEE REPORT *continued*

Non-Executive Directors' fee

Base fee

The Non-Executive Director fees are decided by the Board in accordance with the Company's Articles of Incorporation. This fee is the same for each Non-Executive Director.

Chairman fee

In the case of the Chairman and Deputy Chairman, both receive a set fee which is set by the Remuneration Committee and agreed by the Board. The Chairman's fee is determined by taking into account the time commitment and responsibilities of the role, as well as the role holder's skills, gravitas and qualifications to lead the Board. No Director may participate in the decision-making relating to their own remuneration.

Additional fees

Non-Executive Directors are paid a set additional fee for being Senior Independent Director, a member of a Board Committee and for chairing a Board Committee.

This fee is the same for each Non-Executive Director, with exception of the Deputy Chair who attracts an additional fee for the role and the Senior Independent Director who attracts an additional fee for the role.

Appointment term and other matters

The independent Non-Executive Directors are appointed for a period ending at the Annual General Meeting in 2024 (subject to annual re-election), unless terminated sooner (as in the case of the Non-Executive Deputy chairman, who has announced his retirement effective from the date of the Annual General Meeting to be held in 2023). Non-Executive Directors are not entitled to bonuses, benefits or pension scheme contributions or to participate in any share scheme operated by the Company.

In addition to any remuneration payable, a Non-Executive Director may be paid reasonable travel, hotel and other expenses properly incurred in discharging the Director's duties. Fees cease immediately in the event the Non-Executive Director ceases to be a Director.

Directors are entitled to the benefits afforded by the Group's Directors and Officers Insurance.

Maximum potential value

Prescribed by the Articles of Association of the Company.

Term and termination

Boris Ivesha has a contract which may be terminated on 12 months' notice by the Group or on six months' notice by Boris Ivesha.

Daniel Kos has a contract which may be terminated on six months' notice by the Group or on three months' notice by Daniel Kos.

There are provisions for earlier termination by the Group in certain specific circumstances.

Each Non-Executive Director has specific terms of appointment. The Chairman's letter of appointment provides for an indefinite term terminable on three months' prior notice by either side or immediately upon the Board passing a resolution to remove the Chairman as a Director.

The Non-Executive Directors' terms of appointment currently end at the Annual General Meeting held in 2024 (although the non-executive deputy chairman has given notice of termination at the Annual General Meeting to be held in 2023).

All the Non-Executive Directors' appointment letters (including the Chairman's) are subject to termination by either side on three months' notice.

Other than salary and benefits in relation to the notice period, the letters of appointment contain provisions for termination by the Group in certain specific circumstances. The letters of appointment are available for inspection at the Company's registered office.

The dates of the Directors' contracts are as follows:

Director	Date of appointment	Term of appointment	Subject to annual re-election	Notice period
Eli Papouchado	26-Jun-07	Indefinite	Yes	3 months
Boris Ivesha	14-Jun-07	Indefinite	Yes	12 months from Group; 6 months from Boris Ivesha to the Group
Daniel Kos	27-Feb-18	Indefinite	Yes	6 months from Group; 3 months from Daniel Kos to the Group
Kevin McAuliffe	15-Jun-07	Ends at Annual General Meeting 2023	N/A	Notice of retirement issued December 2022
Ken Bradley	04-Sep-19	Annual General Meeting 2024	Yes	3 months
Nigel Keen	20-Feb-20	Annual General Meeting 2024	Yes	3 months
Stephanie Coxon	07-Aug-20	Annual General Meeting 2024	Yes	3 months
Marcia Bakker	06-Dec-22	Annual General Meeting 2024	Yes	3 months

The Executive Directors' service contracts do not contain specific provision for compensation in the event of removal at an Annual General Meeting.

In the event of early termination, some Directors may be eligible for payments in lieu of notice. When determining exit payments, the Committee would take account of a variety of factors, including individual and business performance, the obligation for the Director to mitigate loss (for example, by gaining new employment), the Director's length of service and any other relevant circumstances, such as ill health. A departing Director may also be entitled to a payment in respect of statutory rights. The Committee would distinguish between types of leaver in respect of incentive plans. 'Good leavers' (death, ill health, agreed retirement, redundancy or any other reason at the discretion of the Committee) may be considered for a bonus payment having completed the full year, and part-year bonus payments may be paid and LTIP awards may vest at the usual time taking into account performance conditions and pro-rating for time in employment during the performance period, unless the Committee determines otherwise. The LTIP rules include discretion, in exceptional circumstances, for acceleration of the realisation date and upwards adjustment to the number of shares to be realised for 'good leavers' in such a situation. In all other leaver circumstances, the Committee would decide the approach taken, which would ordinarily mean that leavers would not be entitled to consideration for a bonus and LTIP awards would lapse. Any vested LTIP award that is subject to a holding period at the time of the executive's cessation of employment will not lapse except in the case of the executive's gross misconduct. The Committee reserves the right to make any other payments in connection with a director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment. In addition, the Committee reserves the right, acting in good faith, to pay fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his or her cessation of office or employment.

The appointment of each of the Non-Executive Directors is for an initial period of three years, or for the period between the date of appointment and the Annual General Meeting in 2024, whichever is the shorter. The appointment of each Non-Executive Director is renewable for further terms, and is terminable by the Non-Executive Director (as applicable) or the Company on three months' notice. No contractual payments would be due on termination. There are no specific provisions for compensation on early termination for the Non-Executive Directors, with the exception of entitlement to compensation equivalent to three months' fees (as applicable) or, if less, the balance of appointment, in the event of removal at an Annual General Meeting.

Reward packages for new Executive Directors will be consistent with the above Remuneration Policy. Fixed remuneration elements would be paid only from the date of employment and any bonus will be pro-rated to reflect the proportion of the year employed. The maximum level of variable remuneration is as stated in the Policy table on pages 122 and 123.

The Committee retains discretion to make appropriate remuneration decisions outside the standard Remuneration Policy to meet the individual circumstances when an interim appointment is made to a fill an Executive Director role on a short-term basis. For Non-Executive Directors, the Board would consider the appropriate fees for a new appointment taking into account the existing level of fees paid to the Non-Executive Directors, the experience and ability of the new Non-Executive Director and the time commitment and responsibility of the role.

2023 and beyond

In 2023, we will be seeking shareholder approval under an advisory vote of the Remuneration Report which summarises the remuneration outcomes for 2022. As we have seen the business return to profitability this year, we believe that the Remuneration Policy applicable for 2022–2024 continues to ensure that the Company is able to attract, retain and incentivise management with a framework which supports the long-term success of the Company and encourages actions which align with the values, purpose and culture of the Company. The Policy will be again subject to shareholder approval in 2025.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2022.

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

The following matters have been included in the Strategic report and incorporated by reference into this Directors' report:

Topic	Section of the Report	Pages
Principal activities	Strategic report	44
Fair view of the Company's business	Strategic report	44 to 45
Principal risks and uncertainties	Strategic progress in 2022, Our approach to risk management and principal risks and uncertainties	74
Strategy	Strategic report	22
Business model	Business model	20
Important events impacting the business	Strategic report	34
Likely future developments	Our pipeline	30
Financial key performance indicators	Highlights	32
Non-financial key performance indicators	Stakeholder Engagement, Responsible Business	56 to 69, 89 to 89
Environmental matters	Responsible Business, Task Force on Climate-Related Financial Disclosures (TCFD)	70
Company's employees	Responsible Business (Our People)	58
Social, community and human rights issues	Responsible Business	58
S172 and relationship with suppliers, customers and others	Introduction to Governance	90
Greenhouse Gas Emissions	Task Force on Climate-Related Financial Disclosures (TCFD)	73
Directors' induction and training	Nomination Committee Report	108

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

Diversity report of Board membership (ethnicity and gender)	Nomination Committee Report	110
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Appointment and replacement of Directors

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

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

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

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

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

Share capital

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

Shares

One class of share in issue (being ordinary shares) which all carry the same rights. No shares in the Company carry special rights with regard to control of the Company.

The following limitations on voting rights of shareholders apply:

- The Board may suspend the voting rights attached to any shares owned directly, indirectly or beneficially by a Non-Qualified Holder (as defined in the Articles)
- The Directors may, at any time, make calls upon the shareholders in respect of any unpaid amounts on shares. No shareholder is entitled to vote unless shares held are fully paid up

The following deadlines for exercising voting rights apply:

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

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

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

Unless such shares are to be wholly or partly paid otherwise than in cash or are allotted or issued pursuant to an employee share scheme, any shares to be allotted and issued must first

be offered to the existing shareholders on the same or more favourable terms.

The Company may from time to time acquire its own shares subject to the requirements of the Law. The Law requires the prior approval of any share buy-back by way of ordinary resolution of the shareholders and a certification by the Board that the Company satisfies the solvency test set out in the Law. The authority in respect of purchase of the Company's ordinary shares, as granted at the 2022 Annual General Meeting, was limited to 4,254,077 ordinary shares being approximately 10% of the issued share capital (excluding treasury shares) of the Company as at the latest practicable date prior to the publication of the 2022 Annual General Meeting notice. Such authority was used during the year under review in connection with the share buy-back programme, and in the financial year 2022 a total of 110,999 shares were repurchased. Between 31 December 2022 and the last practicable date prior to publication of this report (24 February 2023), a total of 117,601 ordinary shares had been repurchased. As of Close of Business on 24 February 2023, the total number of ordinary shares purchased in 2022 and 2023 was 228,600.

Articles

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

Substantial share interest

The table provided shows shareholders holding 5% or more of the issued share capital (excluding treasury shares) as at 24 February 2023. No further interests have been disclosed to the Company in accordance with DTR 5 in the period between the end of the financial year and 24 February 2023.

Shareholders with holdings of 5% or more of the Company's issued share capital (excluding treasury) as at 24th February 2023.

	Number of Ordinary Shares	Percentage of the issued Ordinary Share capital (excluding treasury shares)
Concert Party member		
Red Sea Parties:		
Euro Plaza	12,207,843	28.85%
Red Sea Club Limited	22,417	0.05%
AA Papo Trust Company Limited¹	1,530,000	3.62%
Ivesha Parties:		
Walford	4,636,974	10.96%
Total	18,397,234	43.47%
		Percentage of the issued Ordinary Share capital (excluding treasury shares)
Shareholder	Number of Ordinary Shares	
Aroundtown Property Holdings	4,246,974	10.04%
Clal Insurance Enterprises Holdings	2,267,859	5.36%
Harel Insurance Investments and Financial Services	2,143,040	5.06%

1 A.A. Papo Trust Company Limited is the trustee of a second endowment created by Eli Papouchado under Israeli law in 2008. Eli Papouchado was the owner of these 1,530,000 Ordinary Shares and granted those shares to the second endowment in 2015. The primary beneficiary of the second endowment is Eli's daughter, Eliana, and the secondary beneficiaries are Eli Papouchado and his divorcee, Sigal Gross.

DIRECTORS' REPORT *continued*

Controlling shareholders

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

- (i) Euro Plaza and Eli Papouchado (acting in his capacity as trustee of the Endowment); and
- (ii) Walford and Clermont, which as a concert party hold 43.25% of the issued share capital of the Company.

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

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

DTR disclosures

Eli Papouchado is deemed to be interested in 13,760,260 ordinary shares, which constitutes 32.51% of the issued share capital (excluding treasury shares) of the Company:

- 12,207,843 ordinary shares held by Euro Plaza;
- Euro Plaza is an indirect wholly owned subsidiary of A.P.Y. Investments & Real

Estate Ltd ('APY'). 98% of the shares in APY are held by Eli Papouchado;

- 22,417 ordinary shares held by Red Sea Club Limited, a subsidiary of APY; and
- 1,530,000 ordinary shares held by A.A. Papo Trust Company Limited, which is wholly owned by Eli Papouchado.

Boris Ivesha is deemed to be interested in 4636,974 ordinary shares, which constitutes 11.0% of the issued share capital (excluding treasury shares) of the Company. The shares are held by Walford which is wholly owned by Clermont, as trustee of certain trusts established for the benefit of Boris Ivesha and his family.

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

Article 19 of the UK Market Abuse Regulation

The interests of each Director disclosed to the Company under Article 19 of the Market Abuse Regulation as at the end of the financial year are set out above and on page 190. There have been no changes in the interests of each Director in the period between the end of the financial year and 24 February 2023.

Listing Rule 9.8.4R

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

Section	Information	Location
4	Details of long-term incentive schemes	Consolidated financial statements note: 12.
10	Contracts of significance	Consolidated financial statements note: 29(c).
11	Provision of services by a controlling shareholder	Consolidated financial statements note: 6.
14	Controlling shareholder statement	Directors' report

DTR 7.2.8

Pursuant to DTR 7.2.8, the annual review of the Board Diversity Policy is found in the report of the Nomination Committee at page 109.

UK Streamlined Energy and Carbon Reporting

In line with market practice for UK listed businesses, our Streamlined Energy and Carbon Reporting, UK Scope 1, Scope 2 and Scope 3 emissions, intensity ratio and yearly comparisons are provided in the TCFD report at page 73, including information as to quantification and reporting methodology.

Energy efficiency action

For energy efficiency actions, please see the Responsible Business section (including the TCFD report) on pages 56 to 73.

Auditors

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

Going concern and viability statement

The Board has an obligation under the Code to state whether it believes that the Company and the Group will be able to continue in operation and meet their liabilities as they fall due over a specified period determined by the Board, taking account of the current position and the principal risks of the Company and the Group. The Board believes it is taking all appropriate steps to support the sustainability and growth of the Group's activities. The Viability Statement on page 85 and the report of the Audit Committee contain the necessary information to determine viability over a three year time-horizon.

In determining the assumptions used in cash flow forecasts, the Directors considered various third party market predictions and considered the current principal and emerging risks facing the Group while focusing specifically on macro-economic market disruptions and inflation, and the impact this could have on future performance and liquidity of the Group.

Based on these cash flow forecasts, the Directors confirm they have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements.

This, taken together with their conclusions in Note 1(c) to the consolidated financial statements, has led the Directors to conclude that it is appropriate to prepare the 2022 consolidated financial statements on a going concern basis.

Financial risk management objectives and policies

In addition, Note 30 to the consolidated financial statements includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk.

Directors' declaration – audit information and independent auditor

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

Directors' responsibilities

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

In preparing the consolidated financial statements, the Directors should:

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

The Directors confirm that they have complied with the above requirements in preparing the consolidated financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the consolidated financial statements have been properly prepared in accordance with the Law.

The Directors are responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

- (i) the consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole;
- (ii) the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face, and provides information necessary for shareholders to assess the Company's performance, business model and strategies; and
- (iii) The Directors consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Signed on behalf of the Board by



Boris Ivesha
President & Chief Executive Officer
1 March 2023



Daniel Kos
Chief Financial Officer & Executive Director
1 March 2023