

Statement of Compliance with the QCA Corporate Governance Code

Chairman's Introduction

It is the Board's job to ensure that the Arricano Group is managed for the long-term benefit of all shareholders, with the effective and efficient decision-making process. Corporate governance is an important part of that job, reducing risks and adding value to our business.

AIM Rule 26 requires AIM companies to adopt a recognised corporate governance code. The Arricano Board has decided to adopt the Quoted Companies Alliance (QCA) Corporate Governance Code (QCA Code). This Statement sets out how the Company currently complies, and does not comply with the QCA Code.

Urmas Somelar

Independent Non-Executive Director Chairman

Arricano or the Group or the Company means Arricano Real Estate PLC or the group of companies controlled by it.

DELIVER GROWTH

QCA Code Principle	How the Principle Should be Applied (as set out by the QCA Corporate Governance Code)	What We Do and Why
1. Establish a strategy and business model which promote long-term value for shareholders	The board must be able to express a shared view of the company's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.	<p>The Group strategy is explained fully within the Chairman's Statement and Chief Executive Officer's Report (pages 2-5) of our Annual Report for the year ended 31 December 2019.</p> <p>https://arricano.com/storage/reports/523.pdf</p> <p>The Group strategy is to increase the appeal of each shopping centre in the portfolio. Arricano's long-term strategy remains focused on developing and protecting value of the portfolio. Key metrics of visitor</p>

	<p>numbers and occupancy demonstrate the success of the management's strategy to date.</p> <p>The Company's purpose is to:</p> <ul style="list-style-type: none"> • Develop and operate the highest quality commercial real estate properties in CEE urban centres providing high quality user experience for its B2C clients and profit potential to its B2B partners; • Become a reliable investment platform for international investors in the CEE/UA market; • Become a benchmark for innovation in retail real estate attracting leading partners and potentially monetising B2C customer data. <p>However, retail is a fastmoving world and the Company is focused on anticipating future trends and ensuring that Arricano centres maintain their strong appeal.</p> <p>The key challenges to our business are:</p> <ul style="list-style-type: none"> - low purchasing power of Ukrainian people, which ultimately limits the Group's opportunities for establishing higher rent rates; - political situation and economic environment in Ukraine; - possible outbreaks connected with pandemic situation which may lead to series of negative consequences for main business of the Group. <p>Mitigating steps taken by the Company enable these risks to be kept under control and limit their exposure where possible.</p> <p>In particular, the Group:</p>
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		<ul style="list-style-type: none"> • Monitors the epidemiological situation in Ukraine and worldwide; • Proactively applies anti-pandemic measures in the facilities operated by the Group; • Revises cash flow forecast for the next year based on professional judgement, expertise in retail and real estate sectors, and the latest available market information on ongoing basis. <p>Also the Group is focused on innovation and operational excellence and it:</p> <ul style="list-style-type: none"> • Upgrades the product and tenant-mix to reflect the market and changing consumer behaviour in order to constantly increase earnings per square meter; • Keeps innovating in automation to reduce operational and administrative costs; • Aims to be a trendsetter in providing tenants with up-to-date infrastructure to assist them in increasing their turnover; • Accelerates development of digital media channels to utilize their revenue driving opportunities. <p>Also the Group is focused on growth and portfolio optimisation:</p> <ul style="list-style-type: none"> • By increasing the portfolio size with new concept real estate objects following the growing demand of a multifunctional lifestyle space; • By adding new space to the existing projects with high growth potential;
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		<ul style="list-style-type: none"> • Through improving geographical diversification to enhance the sustainability of the business model and investment attractiveness. <p>Also the Group is focused on seeking optimal financial leverage to enhance shareholder revenue, as well as from improved efficiency of own funds.</p> <p>Strong focus is also given to the Group's marketing programs. Our marketing aims are to attract and retain stakeholders of the Group - B2C (guests of the malls) and B2B (tenants). The main focus is on the shopping and entertainment centre development with the main brand attributes as the comfortable social space. And building consumer confidence with responsibility such as implementing visible safety and hygiene measures for staff and customers inside malls.</p>
<p>2. Seek to understand and meet shareholder needs and expectations</p>	<p>Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base.</p> <p>The board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.</p>	<p>The Board is committed to the continuous growth of Arricano's business.</p> <p>The Group encourages communication with investors and responds quickly to all queries received. The Chairman, the Chief Executive Officer and the Chief Financial Officer talk regularly with the Group's major shareholders and ensure that their views are communicated fully to the Board.</p> <p>The Board recognizes the Annual General Meeting ("AGM") as an important opportunity to meet shareholders. The Directors may be available to listen to the views of</p>

		<p>shareholders informally immediately following the AGM.</p> <p>Where voting decisions are not in line with the Company's expectations, the Board will contact those shareholders to understand and address any issues.</p>
<p>3. Take into account wider stakeholder and social responsibilities and their implications for long-term success</p>	<p>Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations.</p> <p>Where matters that relate to the company's impact on society, the communities within which it operates or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company's strategy and business model.</p> <p>Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.</p>	<p>Arricano Group is committed to sustainability progress in all aspects of our business.</p> <p>Engaging with our stakeholders strengthens our relationships and helps us make better business decisions to deliver on our commitments. The Board is regularly updated on wider stakeholder engagement feedback to stay abreast of stakeholder insights into the issues that matter most to them and our business, and to enable the Board to understand and consider these issues in decision-making.</p> <p>In addition to its shareholders, the Group believes its main stakeholder groups are its employees, tenants, suppliers, service providers, visitors, partners and the communities we work in.</p> <p>The representatives of the Group regularly collect feedback from stakeholders as described below, in particular, from different surveys, marketing and social research, face-to-face meetings, feedback provided via social media platforms (Facebook etc.), e-mail communications and feedback from our website.</p> <p>Among our service providers and partners, we would like to highlight the Company's Nominated Adviser and the Corporate Secretary with whom the Board representatives and the Company's</p>

		<p>executives continuously communicate and work with in order to ensure compliance of the Group operations with the requirements of AIM. Such dialogue helps the Group in its strategy and aim to become the long term-trusted partner for the shareholders.</p> <p>Aside from our shareholders, suppliers and tenants, our employees are one of our most important stakeholder groups and the top executives collect and analyse results of the Company's employee engagement surveys to get employees feedback on number of aspects of employment with the Group and the employees' representatives meet to discuss business related issues.</p> <p>The Group encourages feedback from its tenants through email communication, website, collaborative events, face-to-face calls and discussions. We collect the visitors thoughts from marketing and social research, media projects, special events and social media such as Facebook, YouTube and Instagram.</p> <p>The Group recognises the increasing importance of corporate social responsibility and endeavours to consider it during operation of its business.</p> <p>The Group supports CSR projects which contribute to the development of Arricano as a stable and reliable business partner and employer.</p> <p>The Group aims to conduct its business with integrity, respecting the different cultures and the dignity and rights of individuals. The Group treats each person equally</p>
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	<p>irrespective of its origin, nationality, gender, religious beliefs and sexual orientation.</p> <p>Health and safety</p> <p>The Group is committed to ensuring the highest standards of health and safety, for all employees, tenants and the visitors.</p> <p>The Group has signed the Memorandum “On Comprehensive Fire Safety Measures in Ukrainian Shopping Centers and Shopping Malls”, which confirms that comprehensive fire safety measures are observed at the Company's facilities, in particular fire safety systems' signs are functioning, the status and testing of all fire-fighting equipment is regularly checked,, personnel and evacuation training for employees, tenants and visitors are also held periodically.</p> <p>The Group seeks to meet legal requirements aimed at providing a healthy and secure working environment to all employees, visitors and tenants and understands that successful health and safety management involves integrating sound principles and practice into its day-to-day management arrangements and requires the collaborative effort of all parties.</p> <p>Responding Covid-19 challenges, the Group`s shopping malls are strictly following all the quarantine rules and requirements. The signs and the markings of the area that inform visitors about the observance of social distance. Entrance to the Group`s shopping malls without masks or respirators is prohibited, there are primary control and</p>
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		<p>temperature screening points at the entrance groups, where the visitors can also disinfect the hands with appropriate facilities.</p> <p>The Group's shopping malls thoroughly disinfect the premises in several ways, which ensures the quality and cleanliness of public space. Each store also arranges relevant measures and the staff monitors the number of visitors.</p> <p>Environment</p> <p>The Company is committed to minimising the impact of the Group's operations on the environment. The Group recognises that its business activities have an influence on the local, regional and global environment and accepts that it has a duty to carry these out in an environmentally responsible manner. The Group continuously participates in different events devoted to environmental safety, studying environmental cases and implementing them. In particular, the Group encourages separate collection of waste at the malls and offices and encourages its employees to responsibly use office facilities (re-use paper, print at both sides etc.).</p>
<p>4. Embed effective risk management, considering both opportunities and threats, throughout the organisation</p>	<p>The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customer.</p> <p>Setting strategy includes determining the extent of exposure to the identified risks</p>	<p>The Company has an established framework of internal financial controls, the effectiveness of which is regularly reviewed by the Board and the Audit Committee in light of an ongoing assessment of significant risks facing the Company.</p> <p>The Board recognises that maintaining sound controls and discipline is critical to managing the downside risks to our plan.</p>

	<p>that the company is able to bear and willing to take (risk tolerance and risk appetite).</p>	<p>The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group. The principal elements of the Group's internal control system include:</p> <ul style="list-style-type: none"> - Close management of the day-to-day activities of the Group by the top executives; - Comprehensive review and monitoring the level of operational risks; - An organisational structure with defined levels of responsibility, which promotes entrepreneurial decision-making and rapid implementation while minimising risks; - A comprehensive annual budgeting process producing a detailed integrated profit and loss, balance sheet and cash flow, which is approved by the Board; - Detailed monthly reporting of performance against budget; - Central control over key areas such as capital expenditure authorisation and banking facilities; - Multi-stage system of internal approval of documentation to be executed and actions to be performed by the Group. <p>The Group continues to review its system of internal control to ensure compliance with best practice, while also having regard to its size and the resources available.</p> <p>The Group adopted the system of internal control policies and procedures.</p>
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MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

QCA Code Principle	Application (as set out by QCA)	What we do and why
<p>5. Maintain the board as a well-functioning, balanced team led by the chair</p>	<p>The board members have a collective responsibility and legal obligation to promote the interests of the company, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board.</p>	<p>The Company is overseen by the Board of Directors.</p> <p>Urmas Somelar, being the Independent Non-Executive Director, is responsible for the running of the Board and Chief Executive Officer, has executive responsibility for running the Group's business and implementing the Group's strategy.</p>

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	<p>The board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.</p> <p>The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non- executive directors. Independence is a board judgement.</p> <p>The board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.</p> <p>Directors must commit the time necessary to fulfil their roles.</p>	<p>All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors from time to time in advance of the meetings. All Directors have direct access to the advice and services of the Company Secretary and are able to take independent professional advice in the furtherance of the duties, if necessary, at the Company's expense.</p> <p>The Board comprises four Non-Executive Directors and one Executive Director. The Board has determined that Mr. Urmaz Somelar (Non-executive Chairman), Mr. Frank Lewis (Non-executive Director) and Mr. Georgios Komodromos (Non-executive Director) are independent in character and judgement and that there are no relationships or circumstances, which could materially affect or interfere with the exercise of their independent judgement.</p> <p>Mr. Urmaz Somelar (Non-executive Chairman) is continuously communicating with the CEO of the Group, mentoring her and providing valuable advice, he is expected to devote at least 20 days to the Group per annum.</p> <p>The other Board members regularly communicate with each other and with the CEO as well as attending Board meetings. Generally, each Non-executive Director is expected to devote approximately 20 days to the Group per annum.</p> <p>The Board has established an Audit and a Remuneration Committee, with specific duties</p>

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		<p>and responsibilities. The directors do not consider that, given the size of the Board, it is appropriate at this stage to have a Nomination Committee. However, this will be kept under regular review by the Board.</p> <p>In addition, the directors believe that there is a necessity to establish the Internal Audit Department in case of increase of Net operation income of the Company up to USD 50 million.</p>
<p>6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</p>	<p>The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition.</p> <p>The board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board.</p> <p>As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change.</p>	<p>The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of rent, retailing, development, finance, law, innovation and marketing.</p> <p>The biographical details of the Directors are set out below.</p> <p>Non-executive Chairman</p> <p>Urmaz Somelar currently acts as a management consultant, working through his private company US Juhtimise. Previously Urmaz worked for over 20 years in banking, predominantly in the credit and credit risk areas. He has extensive knowledge of credit analysis, corporate restructuring and repossessed asset turnaround. Between 2009 and 2015 Urmaz built up and led different units within the Swedbank Group, working in the Baltics as well as Russia and Ukraine. Between 2015 and 2017, Urmaz acted as the CEO at Riigi Kinnisvara, an Estonian state real estate property and facility management company, which owns and manages more than 1.2 million square metres of office and</p>

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		<p>specialised property. His experience comes from top managerial level engagements in multinational bank in different East European countries and top executive in Estonian State real estate company catering for premises needs for majority of Estonian state sector needs. Mr. Somelar's skillset and personal qualities include interdisciplinary knowledge of managerial, finance and legal aspects of midcap/large companies, hands-on knowledge of restructuring and re-orienting companies, strong strategic and analytical thinking, high integrity and ability to work within different cultural environments.</p> <p>Mr. Urmas Somelar also holds the position of the member of the Audit Committee and the Remuneration Committee.</p> <p>Independent Non-executive Director</p> <p>Frank Lewis has a wealth of public company experience, having served as Non-Executive Chairman and Director for a number of international publicly-quoted firms with interests across Europe, the Far East, Middle East and Africa, which has given him a sound understanding of different business cultures and working practices, as well as considerable expertise in numerous business sectors. In addition to his non-executive roles, Frank had over 25 years of public and private company boardroom-level experience, including as Finance Director, CEO and Chairman, during which time he has been involved in numerous areas of business, including strategic planning, growth management, IPOs, corporate governance and regulatory compliance. He is a Fellow of the</p>

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		<p>Institute of Chartered Accountants in England & Wales, and was previously a member of the AIM Advisory Council, which advises the London Stock Exchange on matters relating to the AIM market.</p> <p>Mr. Frank Lewis also holds the position of the Chairman of the Audit Committee and the Remuneration Committee.</p> <p>Non-executive Director Mr. Volodymyr Tymochko is a Managing Director of Private Equity, and a Partner at Dragon Capital. At this position he is responsible for investment management of DUPD – an AIM-listed property investment company with active real estate projects in Ukraine. Prior to joining Dragon AM Volodymyr was an Associate Director for Consulting and Investment Services at Colliers International. Volodymyr graduated from the National University of Kyiv-Mohyla Academy and holds an MA degree in Economic Theory.</p> <p>Mr. Tymochko was appointed as the investor Director representing interests of the Company's shareholder, DUPD, and uses his skills and experience in order to ensure that the Company delivers the maximum shareholder value with the adequate risk appetite.</p> <p>Volodymyr uses his awareness with the local market conditions and market practice, taxation and legal requirements in order to evaluate the accuracy of calculations and forecasts, for example, when considering and approving the Group's budget and competitiveness of the remuneration</p>

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		<p>arrangements when performing the duties of the Remuneration Committee member.</p> <p>Volodymyr is actively involved in investment management of new and existing real estate investments in Ukraine, which grants him most current legal, commercial, HR and financial experience relevant for various business matters the Company and its shareholders encounter.</p> <p>Mr. Volodymyr Tymochko also holds the position of the member of the Audit Committee and the Remuneration Committee.</p> <p>Non-executive Director</p> <p>Mr. George Komodromos is a Senior Lawyer/Associate and the Head of the Financial Regulation Department at the law firm of NICOS CHR. ANASTASIADES & PARTNERS LLC, based in Limassol, Cyprus. Mr. Komodromos has over 12 years of legal experience, dealing with and advising mostly high net-worth individuals in the commercial sector. Mr. Komodromos practices several areas of law which mainly include commercial and corporate law, banking law, legal compliance, construction and property law. During his legal career, Mr. Komodromos has dealt with and been involved in numerous important projects which include inter alia joint ventures of significant value, takeovers of private equity and investment companies and the business development of financial institutions in several jurisdictions including the jurisdiction of the Republic of Cyprus. Mr. Komodromos graduated and obtained his Bachelor of Laws (LL.B) from the National and Kapodistrian University of Athens (Greece) and</p>

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		<p>thereafter obtained a Master of Laws (LL.M) with a specialisation in Commercial Law, from the University of Bristol (United Kingdom). He is currently a member of the Cyprus Bar Association.</p> <p>Mr. Komodromos combines his deep knowledge in International Law, Banking Law, Tax Law and Commercial Law with his vast experience in Cyprus Law and provides ongoing legal advisory assistance and guidance to the Company with respect to the date to date corporate, administrative and compliance matters of the Company. Being also highly experienced in Cyprus Companies Law, his legal contribution to the Company focuses, inter alia, in ensuring that the Company fulfils the requirements set by the domestic and European legislation. Mr. Komodromos is knowledgeable and qualified to advise the Company on Anti-Money Laundering and legal compliance matters and assists the Company in following and complying with the amendments of the International, European and Cyprus Law.</p> <p>Executive Director Mr. Juri Pold as a construction and development professional has more than 20 years of experience working for European companies and respectively the best practices and best European approaches to construction of civil (non-residential) projects. Juri graduated from the Estonian Agricultural University as a civil engineer in 1991. Mr Pold started his professional career in 1990 as project manager. In 1997 Juri joined Skanska, a world leading project development and construction group based in Sweden. Among the main achievements of Juri in Skanska was development of several infrastructural</p>

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		<p>nationwide projects in Finland and Estonia. Since 2007 Mr. Pold acted as a construction director of Expert Capital Management OU: it was an active start of expanding the development projects of shopping malls in Ukraine. Mr Pold occupied the position of construction director till 2009. During this period, Juri in cooperation with the team of international professionals engaged by Expert Capital Management OU worked on commercial real estate projects in Ukraine and Estonia. As a result, one of the first professional malls named - "Sun Gallery" Shopping and Entertainment Center was opened in 2008 in Kryvyi Rih, Ukraine.</p> <p>In 2013 Mr. Pold continued his career as a consultant, where his competence in construction and investments support the companies' development strategies.</p> <p>By joining the Board of Directors of Arricano Real Estate Plc Mr. Juri Pold has strengthened the team of professionals engaged in management and supervision of the Company's strategic development and expansion.</p> <p>In addition, Juri brings difficult issues to the attention of the shareholders; such as promoting the goodwill and protection of shareholders' interests, the review and evaluation of present and future opportunities, monitoring the implementation of policies, strategies and business plans. Juri uses his experience in construction and investments in order to support the Group's development strategies. Juri keeps his skillset up-to-date in</p>

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		<p>close contact with the Group and Group's shareholders.</p> <p>The Company does not have a diverse board with regard to gender however this is balanced by the CEO of the Company which currently is non-board position.</p> <p>Chief Executive Officer</p> <p>Mrs. Ganna Chubotina was appointed as the CEO of the Company.</p> <p>Ganna Chubotina has assumed the office of Arricano Director of Retail Leasing Department from March 2016. Management of Leasing Department, development and implementation of plan package for optimization of business processes of retail space lease with a view to increase the company's profitability, creation and implementation of shopping malls' development strategies, efficient work with the existing tenants and involvement of new ones are key areas of Ganna's work. Ganna came to Arricano from JLL Ukraine where she held the position of Retail Space Department Head/ Associate Director.</p> <p>She has been working for over 17 years in the field of commercial real estate 9 of which were at JLL Ukraine. Ganna's professional portfolio includes working with such large players of retail property market as SvitLand Ukraine LLC, King Cross & Komfort Invest, Amstar Europe, XXI Century, Arricano Real Estate, DCH Real Estate, Kray Property and such projects as Décor Service national furniture</p>

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		<p>and décor chain, Sky Mall shopping mall (Kyiv), Prospekt shopping mall (Kyiv), MFC Silver Breeze (Kyiv), Magelan shopping mall, (Kharkiv), Victoria Gardens shopping mall (Lviv) and others.</p> <p>Ganna graduated from Romano-Germanic Philology and Foreign Literature faculty of M. P. Dragomanov National Pedagogical University. Then she obtained degrees in Economics and Marketing at Kyiv National University of Trade and Economics.</p>
<p>7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</p>	<p>The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors.</p> <p>The board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team.</p> <p>It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable.</p>	<p>The Board takes into account the performance of its individual Directors internally before taking decisions on their re-appointment, to ensure that their performance is and continues to be effective, that where appropriate they maintain their independence and that they are demonstrating continued commitment to the role.</p> <p>In addition to that, the Board evaluates performance of the Chief Executive Officer, taking into consideration fulfilment of the Company's annual goals. The Company didn't adopt the strict performance evaluation procedure with the criteria against which effectiveness is considered and with frequency of evaluation process, because it believes that its internal approaches of succession planning and the processes by which the Board and other senior management appointments are determined constitutes enough motivation and performance assessment system which results in achievement in the Company's goals and the constant growth. The Company does not</p>

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		<p>regularly review the performance of its committees or individual directors other than described above. At the same time, the directors consider the necessity to review the Terms of reference of Audit Committee and Remuneration Committee once every two years.</p> <p>The Board does not regularly review and assess the performance of its Directors as the two independent directors are considered very experienced in their field and highly knowledgeable regarding the corporate governance and the financial matters. The two non-independent Directors were approved by the Board at the time of their appointment by their respective shareholders. The performance of the CEO is regularly reviewed by the Board through the business and the policy updates she provides.</p>
<p>8. Promote a corporate culture that is based on ethical values and behaviours</p>	<p>The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.</p> <p>The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the company.</p> <p>The culture should be visible in every aspect of the business, including recruitment, nominations, training and</p>	<p>The Group promotes a strong innovative results oriented corporate culture. The culture of the Group is to go the extra mile for its customers, suppliers and shareholders.</p> <p>The Board aims to lead by example and do what is in the best interests of the Company.</p> <p>The Group maintains its focus on motivated and inspired people and ensuring competitive compensation through an effective pay system based on results.</p> <p>In order to increase our tenants and visitors bases which are loyal to the Group, it is vital</p>

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	<p>engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company.</p> <p>The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company.</p>	<p>that all our employees act in a way that reflects the values of our business.</p> <p>Our corporate behavior guidelines, which are read by all employees as part of their induction, provide further specific details of aforementioned values, and principles of ethical behavior promoted in the Group.</p> <p>The Board authorised the CEO to manage the Group's day-to-day business. The CEO regularly arranges meetings both with the senior top management and with other Group staff and articulates how the Group's objectives, strategy and business model should be consistent with the Group's corporate culture. Also the CEO and the senior top management team receives feedback from the Group's employees on their vision on how corporate values are used in the operational activities and how they may improve the effectiveness on the Group's performance.</p> <p>The Group communicates elements of its corporate culture with its visitors and shoppers both online (via social networks, internet platforms, internet forums etc.) and offline in its malls. Online we provide B2C communication, promotion and feedback in relation to the goods and the services of the tenants. We enhance our online presence to ensure online and offline engagement and to wellcome the visitors to the malls for shopping.</p>
<p>9. Maintain governance structures and processes that are fit for purpose and</p>	<p>The company should maintain governance structures and processes in line with its corporate culture and appropriate to its:</p>	<p>The Board is responsible for the long-term success of the Company. There is a formal schedule of matters reserved to the Board. It is</p>

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<p>support good decision- making by the board</p>	<ul style="list-style-type: none"> • size and complexity; and • capacity, appetite and tolerance for risk. <p>The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.</p>	<p>responsible for overall Group strategy; approval of major investments (whether Capex or Opex); approval of the annual and interim results; annual budgets; dividend payments; and Board structure. It monitors the exposure to key business risks and reviews the strategic direction of all operating subsidiaries, their annual budgets and their performance in relation to those budgets. There is a clear division of responsibility at the head of the Company. The Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction. The Chief Executive Officer is responsible for implementing the Company's strategy once it has been approved and overseeing the management of the Company.</p> <p>All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of the meetings. The business reports monthly on its headline performance against its agreed budget, and the Board regularly reviews the updates on performance and any significant variances are reviewed at the meetings. Senior executives below Board level attend Board meetings where appropriate to present business updates or any issues regarding their zone of responsibility.</p> <p>The Remuneration Committee comprises three non-executive directors. It is chaired by Mr. Frank Lewis; Mr. Urmias Somelar and Mr. Volodymyr Tymochko are the other members. The committee is responsible for provision of specialized and independent advise, review and recommendation for matters relating to the</p>

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		<p>scale and structure of remuneration for the Directors, including any bonus arrangements or the award of share options with due regard to the interests of the shareholders and the performance of the Company.</p> <p>Audit Committee The Audit Committee comprises three non-executive directors. It is chaired by Mr. Frank Lewis; Mr. Urmaz Somelar and Mr. Volodymyr Tymochko are the other members. The Audit Committee shall meet at least four times per year or more frequently, as circumstances require. The committee is responsible for conducting or authorizing investigations into any and all aspects of the Company's operations, making recommendations to the Board on the appointment of the auditors and the audit fee and for monitoring the integrity of the financial statements of the Company. In addition, the Audit Committee will receive and review reports from the management and the auditors relating to the interim report, the annual report, legal issues and accounts and shall review the internal controls and risk management systems of the Company. Since 26th September 2019 the audit committee held 5 meetings.</p>

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QCA Code Principle	Application (as set out by QCA)	What we do and why
<p>10. Communicate how the company is governed and is performing by maintaining a dialogue with</p>	<p>A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all</p>	<p>The Company communicates with shareholders through the Annual Report and Accounts, website, full-year and half-year announcements, the AGM and one-to-one</p>

<p>shareholders and other relevant stakeholders.</p>	<p>interested parties to come to informed decisions about the company.</p> <p>In particular, appropriate communication and reporting structure should exist between the board and all constituent parts of its shareholder base. This will assist:</p> <p>the communication of shareholders' views to the board; and</p> <p>the shareholders' understanding of the unique circumstances and constraints faced by the company.</p> <p>It should be clear where these communication practices are described (annual report or website).</p>	<p>meetings with large existing or potential new shareholders.</p> <p>The Company encourages two-way communication with investors and aims to respond quickly to all queries received. The Board Members talk regularly with the Group's major shareholders and ensures that their views are communicated fully to the Board.</p> <p>The Board recognizes the AGM as an important opportunity to meet private shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM.</p>
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