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'All Active Asset Capital', 'AAAC' the 'Company' or the 'Group'

Corporate Governance Statement

Overview

As a company trading on AIM, the Company is not required to adopt a specific corporate governance code. However, it is required to provide details of the corporate governance code it has decided to adopt, state how it complies with that code and provide an explanation where it departs from compliance with that code.

The Directors support a high standard of corporate governance and have decided to comply with the QCA Code. The Directors believe that the QCA Code provides the Company with the framework to help ensure that a strong level of governance is maintained, enabling the Company to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all of its stakeholders. The Company has complied with the QCA Code with effect from Admission.

QCA Principles

Principle 1: Establish a business strategy and business model which promote long-term value for shareholders

The Group's business model and strategy is set out in Part I of the Admission Document. The Directors believe that the Group's model and growth strategy, which improve the Group's working capital position by operating hotels under leaseholds, help to promote long-term value for shareholders.

The principal risks facing the Group are set out in Part II of the Admission Document. The Directors ensure to take appropriate steps to identify risks and undertake a mitigation strategy to manage these risks.

Principle 2: Seek to understand and meet Shareholder needs and expectations

The Company's annual report and notice of AGM are sent to all shareholders and are available for download from the Company's website.

Shareholders are kept up to date via announcements made via a Regulatory Information Service on matters of a material substance and/or a regulatory nature. Updates are provided to the market from time to time and any expected material deviations to market expectations are announced via a Regulatory Information Service. The Company's AGM is an opportunity for shareholders to meet with the Non-Executive Chairman and other members of the Board. The meeting is open to all shareholders, giving them the option to ask questions and raise issues during the formal business or, more informally, following the meeting. The results of the AGM are announced via a Regulatory Information Service.

The Board is keen to ensure that the voting decisions of shareholders are reviewed and monitored and the Company intends to engage with Shareholders who do not vote in favour of resolutions at AGMs to understand their motivation.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group takes its corporate social responsibilities very seriously and is focused on maintaining effective working relationships across a wide range of stakeholders including employees, suppliers, individual customers, and OTAs and other booking partners with whom the Group trades, in order to achieve long term success.

The Directors maintain an open and ongoing dialogue with its stakeholders to help promote the long term success of the Group.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The principal risks facing the Group are set out in Part II of the Admission Document. The Directors will take appropriate steps to identify risks and undertake a mitigation strategy to manage these risks.

The risks involved and the specific uncertainties for the Company are regularly monitored and the full Board formally reviews such risks regularly at Board meetings. All proposals reviewed by the Board include a consideration of the issues and risks of the proposal. Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chairman

The Board will comprises of the following persons:

- the Non-Executive Chairman;
- the Non-Executive Director; and
- the Executive Director.

The biographies of the Directors are set out in Part I of the Admission Document. The Non-Executive Director Simon Grant-Rennick is considered to be independent and were selected with the objective of bringing experience and independent judgement to the Board. [●] is the Senior Independent Director.

The Board is also supported by the Audit Committee, the Remuneration Committee and the Nomination Committee. The Nomination Committee keeps the composition of the Board under regular review, taking into account the relevant skills, experience, independence, knowledge and gender balance of the Board. The Directors are subject to retirement by rotation at every third AGM of the Company.

The Board meets regularly and at least quarterly. Processes are in place to ensure that each Director is, at all times, provided with such information as is necessary to enable each Director to discharge their respective duties.

Principle 6: Ensure that between them the Directors have the necessary up to date experience, skills and capabilities

The skills and experience of the Directors is summarised in their biographies set out in Part I of the Admission Document.

The Directors believe that the Board has the appropriate balance of diverse skills and experience in order to deliver on its core objectives. The Nomination Committee [●] who will regularly review the composition of the Board to ensure it has the necessary depth of skills and experience to support the ongoing development of the Group. The Nomination Committee comprises [●] who will regularly review the composition of the Board to ensure it has the necessary depth of skills and experience to support the ongoing development of the Group.

Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Directors consider seriously the effectiveness of the Board, Audit Committee, Remuneration Committee, Nomination Committee, and individual performance of each Director.

The Company has established a formal process for the regular assessment of the individual contributions of each member of the Board to ensure that their contribution is relevant and effective.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Group promotes a culture of integrity, honesty, trust and respect and all employees of the Group are expected to operate in an ethical manner in all of their internal and external dealings. The staff handbook and policies promote this culture and include such matters as whistleblowing, social media, anti-bribery and corruption, communication and general conduct of employees.

The Board takes responsibility for the promotion of ethical values and behaviours throughout the Group, and for ensuring that such values and behaviours guide the objectives and strategy of the Group.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Non-Executive Chairman leads the Board and is responsible for its governance structures, performance and effectiveness. The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team. The Non-Executive Directors are responsible for bringing independent and objective judgement to Board decisions. The Executive Directors are responsible for the operation of the business and delivering the strategic goals agreed by the Board.

The Board is supported by the **Audit Committee**, **Nomination Committee**, and **Remuneration Committee**. There are certain material matters which are reserved for consideration by the full Board.

The Board reviews the Group's governance framework on an annual basis to ensure it remains effective and appropriate for the business going forward.

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with Shareholders and other relevant stakeholders

The Board views the Company's annual report and accounts as well as its half year report as key communication channels through which progress in meetings the Group's objectives and updating its strategic targets can be given to Shareholders. Additionally, the Board uses the Company's AGMs as a primary mechanism to engage directly with Shareholders, to give information and receive feedback about the Group and its progress.

The Company's website is updated on a regular basis with information regarding the Group's activities and performance. The Company's reports, presentations, notices of annual general meetings, and results of voting at shareholder meetings are made available on the website.

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