

# Corporate Governance

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The Company is committed to achieving and maintaining high standards of Corporate Governance and has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code for Small and Mid-Size Quoted Companies. The QCA Code adopts key elements of good governance and then applies these to the needs and particular circumstances of small and mid-size quoted companies on a public market. The QCA Code identifies 10 broad principles that are considered appropriate arrangements and asks companies to disclose how the companies apply each principle. Our compliance with these 10 principles is set out below.

## *Vision and Strategy*

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The Company strategy is shaped and formulated by the Board of Directors in regular discussions with Dolphin Capital Partners Limited (“DCP” or the “Investment Manager”). The Company's assets are managed by DCP, an investment management company incorporated in February 2005. Full details of the Investment Manager’s remuneration policy and the terms and conditions of service are set out in the latest Annual Report.

The Board is Dolphin Capital Investors’ (the “Company”) absolute decision-making body, approving and disapproving all investments proposed by the Investment Manager. The Board is responsible for acquisitions and divestments, major capital expenditures and focuses upon the Company’s long-term objectives, strategic direction and distributions policy.

The Investment Manager is responsible for implementing this strategy and for generally managing and developing the business. Changes in strategy require approval from the Board. The strategy of the Group, which was approved by the shareholders’ General Meeting in December 2016, entails the orderly sale of the company’s projects on an asset by asset basis, in a controlled and timely manner and is set out in detail within the 2017 Annual Report.

The key challenges and risks that the Group strategy presents relate to the fact that many of the Company's investments might be illiquid, and there can be no assurance that the Company will be able to realise financial returns on such investments in a timely manner. Other risks include those associated with general economic climate, local real estate conditions, changes in supply of, or demand for, competing properties in an area, energy and supply shortages, various uninsured or uninsurable risk. As a result, a downturn in the real estate sector or the materialisation of any one or a combination of the aforementioned risks could materially adversely affect the Company and the implementation of the investment strategy.

In order to mitigate the above risks, the Board and DCP, working with the Company’s advisers, will explore the best manner in which the divestment of the Company’s portfolio can be achieved on an asset by asset basis, in the light of prevailing market conditions and circumstances, in order to maximise returns to shareholders. Moreover, in order to preserve the financial resources of the Company, the allocation of any additional capital investment into any of the Company’s projects will be substantially sourced from joint venture agreements with third party capital providers and project level debt and with the sole objective of enhancing the respective asset’s realisation potential and value.

## *Understanding and meeting shareholders' expectations*

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The Board, together with the Investment Manager, are responsible to implement the strategy that was approved by the shareholders' General Meeting in December 2016. This is reflected in the business model of the Company and its recent track record. Shareholders are encouraged to get in touch through filling a website form (<http://www.dolphinci.com/contact-us/>) or by sending an e-mail to [press@dolphincp.com](mailto:press@dolphincp.com) to schedule an interview or request additional information.

The Board is committed to maintaining an open dialogue with shareholders. Communication with shareholders is co-ordinated by the Chairman in consultation with the Investment Manager where appropriate.

Throughout the year, the Board maintains a regular dialogue with institutional investors, providing them with such information on the Company's progress as is permitted within the guidelines of the AIM rules, MAR and requirements of the relevant legislation. Twice a year, at the time of announcing the Group's half and full-year results, the Company schedules a round of visits and investor calls with its major shareholders to update them on developments and to receive feedback and suggestions from them.

## *Meeting wider stakeholder and social responsibilities*

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Corporate social responsibility ("CSR") is a cornerstone of the Company's culture.

The Company's Board is responsible for the social and ethical frameworks at DCI and the Company tries to be open about its approach and business and welcomes interaction with all stakeholders and the local communities. The goal is to deliver value for our shareholders while in parallel to contribute in meaningful ways to the local economies, societies and environments where DCI invests.

To date, Dolphin Capital Foundation has already made key contributions such as environmental equipment provision, sponsorships, scholarships and other educational and health support to the local communities. Dolphin is also member of the Hellenic Network for CSR, a Hellenic non-profit association aiming to raise awareness of the business community and the general public on CSR activities, to network and collaborate with enterprises and organisations, to mobilise and develop partnerships for the promotion of the social projects and to adapt and disseminate good practices in the area of CSR. The developments in which we are involved touch the lives of many people and we are mindful of the social responsibilities those investments bring.

DCI, as an externally managed company, does not itself employ personnel.

## *Risk management framework*

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Ultimate responsibility for the process by which risk in the business is managed rests with the Board. The Investment Manager is required to enforce the risk management framework adopted by the Company and report its effectiveness to the Board. The respective risks and processes to implement risk management are reviewed bi-annually.

The principal risks and uncertainties facing the Group, as well as mitigating actions, are set out within the 2017 Annual Report. These risks are reviewed by the Audit Committee, whose role is to provide oversight of the financial reporting process, the audit process, the system of internal controls, overall compliance with laws and regulations and review the budgetary process. The Audit Committee is chaired by Graham Warner and its other member is Mark Townsend.

The Company's Directors and Investment Manager comply with Rule 21 of the AIM Rules relating to directors' and applicable employees' dealings in the DCI's securities. Accordingly, DCI has adopted an appropriate Share Dealing Code for Directors and applicable employees of the Investment Manager and the Investment Manager has also adopted a conflicts of interest policy.

The Company does not have an Investment Committee as, in accordance with its investment strategy, it is not proceeding into any investments into new projects or the acquisition of additional assets.

### *Board balance and effectiveness*

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As at 30 June 2018, the Board comprised an independent non-executive Chairman and three non-executive directors. The Company does not have restrictions on the maximum length of service for Directors.

The Board will continue to review its structure in order to provide what it considers to be an appropriate balance of experience and skills. The Board looks to meet in a formal manner on a monthly basis, with additional meetings held as required.

All Directors receive regular and timely information regarding the operational and financial performance of the company. Relevant information is circulated to the Directors in advance of the Board meetings. All Directors have direct access to the advice and services of the Company's secretary and general counsel and are able to receive independent professional advice in the furtherance of their duties, if necessary, at DCI's expense.

Thirteen formal Board meetings (including Board calls) were held in the year to 31 December 2017. A summary of Board and Audit Committee meetings attended in the 12 months to 31 December 2017 is set out below:

Director	Board Meetings		Audit Committee	
	Attended	Eligible	Attended	Eligible
Mr A Coppel	13	13	-	-
Mr G Warner	12	13	2	2
Mr M Townsend	13	13	2	2
Mr M Kambourides	13	13	-	-
Mrs S Farr	10	13	-	-
Mr R Heller	13	13	-	-

On 25 January 2018, Robert Heller and Sue Farr resigned from the Company's Board.

Chairman of the Board is Mr A Coppel.

Non-executive directors: Mr A Coppel , Mr G Warner, Mr M Townsend and Mr M Kambourides

Directors must avoid situations in which they have, or can have, a direct or indirect interest that conflicts with, or may conflict with, the Company's interests unless the matter has been authorised by the other directors.

No director shall be disqualified by his office from contracting with the Company either as a buyer, seller or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any director shall be in any way interested be voided, nor shall any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement, by reason of such director holding that office or by reason of the fiduciary relationship thereby established, provided such director shall, immediately after becoming aware of the fact that he is interested in a transaction entered into or to be entered into by the Company, disclose such interest to the board of directors.

A director of the Company is not required to make such a disclosure if:

- (i) the transaction or proposed transaction is between the director and the Company; and,
- (ii) the transaction or proposed transaction is or is to be entered into in the ordinary course of the Company's business and on usual terms and conditions.

A disclosure to the Board to the effect that a director is a member, director, officer or trustee of another named company or other person and is to be regarded as interested in any transaction which may, after the date of the entry or disclosure, be entered into with that company or person, is a sufficient disclosure of interest in relation to that transaction. Such a disclosure is not made to the Board unless it is made or brought to the attention of every director on the Board.

The failure by a director to comply with this process does not affect the validity of a transaction entered into by the director or the Company.

A director of the Company who is interested in a transaction entered into or to be entered into by the Company may:

- (a) vote on a matter relating to the transaction;
- (b) attend a meeting of directors at which a matter relating to the transaction arises and be included among the directors present at the meeting for the purposes of a quorum; and
- (c) sign a document on behalf of the Company, or do any other thing in his capacity as a director, that relates to the transaction.

## *Board experience, skills and capabilities*

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The Board regularly reviews the composition of the Board to ensure it has the necessary skills to support the development of the business and is satisfied that it has sufficient skills to support the implementation of the investment strategy. The biographical details of all the Directors are given here.

### **ANDREW COPPEL**

Independent Non-Executive Chairman and Chairman of the Corporate Governance Committee

Mr Coppel has over 20 years' experience within the hospitality and leisure sectors in chairman, CEO and/or senior board level roles, as well as being a non-executive director of one of the UK's largest residential housebuilders.

Most recently, from 2011 to 2015, Mr Coppel was CEO of De Vere Group, one of the largest hotel and leisure groups in the UK, having joined the business initially as executive chairman in March 2010. As CEO, he led a team in turning round the group, building value through operational and investment initiatives, and crystallising that value principally through the sales of the three main divisions to US private equity firms. This resulted in the repayment to Lloyds Banking Group of over £1bn.

Mr Coppel was chairman and CEO of McCambridge Group from 2008 to 2009 and CEO of Jockey Club Racecourses from 2004 to 2007. In 1993, he joined Queens Moat Houses, one of the largest hotel groups in Europe, where he was group CEO until 2003. From 1990 to 1993 he was chairman and CEO of Sale Tilney.

In a non-executive capacity, he was the first chair of Tourism Ireland for seven years (2001-2007), chair of London Irish Rugby Football Club (2008-2011) and a non-executive director of Crest Nicholson (2009-2011). He also sat on Lloyds Bank's Advisory Board on Ireland.

Mr Coppel was awarded a CBE in 2009 for services to Irish tourism.

Mr Coppel ensures that his skills are kept up to date by attending conferences and specialized courses from advisers as well as personal reading into the subjects of corporate ethics and governance..

### **MARK TOWNSEND**

Independent Non-executive Director and chairman of the Nomination & Corporate Governance Committee

Mark Townsend is Executive Director and Investment Consultant to Asset Value Investors Limited, a significant shareholder of the Company. Mark has nearly 40 years' experience investing in listed property companies and directly into property markets in Europe.

Mark has managed the French Property Trust and the European Asset Value Fund, along with discretionary US and European mandates, which focused on under researched, undervalued listed property companies throughout Europe. Mark was elected a Fellow of the Royal Institution of Chartered Surveyors in 1990.

Mr Townsend ensures that his skills are kept up to date by attending conferences and specialized courses from advisers as well as personal reading into the subjects of valuation and corporate finance.

### **GRAHAM WARNER**

Non-executive Director and chairman of the Audit Committee

Graham Warner is a non-executive director at J O Hambro Capital Management Umbrella Fund plc, which continues to be a significant shareholder of the Company. Graham has nearly 40 years' experience in

banking and financial services, most recently as finance director of J O Hambro Capital Management Group Limited, and extensive experience of statutory reporting and governance of publicly listed entities. Mr Warner is not considered to be independent due to his relationship with JP Hambro but he continues to provide constructive challenge and scrutiny to the Board, as well as valuable and relevant skills and experience.

Prior to joining J O Hambro in 2000, Graham worked for Mercury Asset Management (subsequently Merrill Lynch Investment Managers), where he was responsible for Mercury's financial accounting and regulatory reporting. He has also worked for the National Bank of Kuwait Group and Hong Kong & Shanghai Banking Corporation in senior financial management roles.

Graham is a qualified Chartered Accountant.

Mr Warner ensures that his skills are kept up to date by attending conferences and specialized courses from advisers as well as personal reading into the subjects of accounting and finance.

### **MILTOS KAMBOURIDES**

Non-executive Director, Founder and Managing Partner of the Investment Manager

The Founder and Managing Partner of the Investment Manager. Miltos was previously a founding member of Soros Real Estate Partners ('SREP'). A global real estate private equity business, SREP was formed in 1999 by George Soros. During Miltos' tenure, the company raised a US\$1 billion fund and executed a number of complex real estate transactions in Western Europe and Japan, including a significant investment in several masterplanned leisure-integrated residential community developments in Spain. He was the deal leader and a founder of Mapeley Ltd, which went on to become the second largest real estate outsourcing company in the UK after winning two major 20-year multi-billion GBP contracts: one with the Inland Revenue and Customs & Excise Departments of the UK and one with the Abbey National bank. Before joining Soros, Miltos spent two years at Goldman Sachs working on real estate private equity transactions in the UK, France and Spain. In 1998, he received a Goldman Sachs Global Innovation award for his work on creating Trillium, the largest real estate outsourcing company in the UK. Miltos graduated from the Massachusetts Institute of Technology with a BS and MS in Mechanical Engineering and a BS in Mathematics. He has received several academic honours and participated twice in the International Math Olympiad (Beijing 1990, Moscow 1992) and once in the Balkan Math Olympiad (Sofia 1990) where he received a bronze medal. Miltos is a member of the World Travel & Tourism Council. Since 2008 he sponsors the Kambourides Graduate Fellowship in the Center for Computational Engineering at MIT.

Mr Kambourides ensures that his skills are kept up to date by attending seminars, conferences and specialized courses from advisers as well as personal reading into the subjects of real estate management and development as well as corporate finance.

### ***Board performance evaluation***

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The DCI Board meetings are held on a rotational basis among key geographical locations and DCI projects – as a result the whole Board has the opportunity to meet the Investment Manager's team 'on the ground' to ensure they continue to develop their knowledge and understanding of the business.

No formal Board evaluation process is conducted by the Company as the Chairman believes that the Board performs effectively. Key strategic issues and risks are discussed in an open and forthright manner, with decisions being made based on the factual data available.

During the course of the year, the Directors received updates from the Company's Nominated Adviser and various other external advisers on a number of corporate governance matters.

## *Establishment and promotion of an ethical corporate culture*

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Throughout DCI, culture has significant impact on behaviors, risk management and ultimately performance. The Board is responsible for defining the desired culture, delegating the embedding of culture in operations to the Investment Manager and then overseeing and monitoring the result. The Board seeks to maintain the highest standards of integrity and probity in the conduct of the company's operations. An open culture is encouraged within the Company, with regular communications among stakeholders.

The Board believes that if an organization wants to create a culture of ethics they must be sure that members have the tools that they need to do so. These include adequate and appropriate training, consultation, modeling, and supervision. These tools also include being able to bring internal and external experts to the organization in to engage staff at all levels of training and problem solving as well.

## *Maintaining suitable and effective governance structures and processes*

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The Board and the Investment Manager are collectively responsible for promoting the success of the Company. However, their respective roles are strictly delineated. The Investment Manager and the executive director have day-to-day responsibility for the business operations of the Company and the non-executive directors are responsible for bringing independent and objective judgement to Board decisions. The Chairman is primarily responsible for focusing the Board discussions on the key levers for value creation and risk management as well as the effective running of the Board process. In addition to shaping such a Board culture he is responsible for making sure that all members are fully informed and qualified to take the required decisions. For this purpose, non-executive directors spend time with the Investment Manager's executive team between Board meetings, covering certain aspects of the business where they have special expertise.

The Board has established the following Committees:

**Audit Committee:** to provide oversight of the financial reporting process, the audit process, the system of internal controls, overall compliance with laws and regulations and review the budgetary process. The Audit Committee is chaired by Graham Warner and its other member is Mark Townsend. The QCA Code's guidance states that the Audit committee should be comprised of at least two independent Non-Executive Directors but that the Chairman should not be one of these two Directors. As the Company currently only has two independent Non-Executive directors, one of whom is also the Chairman of the Company, the Company does not currently comply with the QCA Code's guidance on the composition of the Audit Committee. The Board believes, at this time in the Company's development and with respect to the Company's size and goals of, that the positions within the Board and Audit Committee are sufficient to carry out good corporate governance with a balanced approach to decisions.

The Audit Committee is responsible for the relationship with the Group's external auditor, the review of the Group's financial reporting and the Group's internal controls.

The Committee will normally meet at least three times a year and is responsible for monitoring the quality of internal control, ensuring that the financial performance of the Company is properly measured and reported on, meeting with the external auditor and reviewing reports from the external auditor. It meets with the external auditor at least twice a year.

The Audit Committee has undertaken an assessment of the auditor's independence, including:

- Discussion with the auditor of a written report detailing all relationships with the Company and any other parties that could affect independence or the perception of independence;
- A review of the auditor's own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including regular rotation of the audit partner; and
- Obtaining written confirmation from the auditor that, in their professional judgement, they are independent.

The Board is satisfied that the external auditor is independent in the discharge of their audit responsibilities

**Nomination & Corporate Governance Committee:** to evaluate the Company's corporate governance policies and programmes and principles and recommend changes to the Board, identify, evaluate and recommend to the Board qualified nominees for Board election and review and evaluate the Board's performance. The Nomination & Corporate Governance committee evaluates the effectiveness and performance on the basis of the competences of its members, the frequency of its meetings and procedures put in place, the interaction and communication of its members with the members of the Investment Manager and its overall role in monitoring the implementation of the Company's investment strategy, The outcomes of Board evaluation processes could range from relatively minor amendments to Board processes, changes in Board composition and alterations in Committee structures to significant steps towards rectifying the factors that contribute to Board dysfunctionality and an actionable plan to implementing the outcomes of such evaluation, potentially with the support of external advisers.

The Corporate Governance Committee is chaired by Mark Townsend and its other member is Andrew Coppel. The Committee will meet on an occasional basis, as matters arise.

In the furtherance of their duties, the Directors have access to the advice and service of the Company Secretary and are permitted to take independent professional advice and to undertake any relevant training (both at the Company's expense, where appropriate).

The Board has a number of matters specifically reserved for its decision or approval. These include the approval of the interim and annual financial statements, setting strategic direction, budgets and long-term plans.

The Board and the Investment Manager is supported on compliance matters by both internal and external resources. Externally, the Group utilises the Nominated Adviser, legal counsel, regulatory consultants and other experts where it is deemed appropriate.

There are no current plans for evolution of the corporate governance framework.

### *Effective corporate communications and investor relations*

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The Board is committed to maintaining an open dialogue with shareholders. Communication with shareholders is co-ordinated by the Chairman in consultation with the Investment Manager where appropriate.

Throughout the year, the Board maintains a regular dialogue with institutional investors, providing them with such information on the Company's progress as is permitted within the guidelines of the AIM rules, MAR and requirements of the relevant legislation. Twice a year, at the time of announcing the Group's half and full-year results, the Company schedules a round of visits and investor calls with its major shareholders to update them on developments and to receive feedback and suggestions from them.

The Board believes that the Annual and the Interim Report published at the half-year play an important part in presenting all shareholders with an assessment of the Group's position and prospects. All reports and press releases are published on the Company's website ([www.dolphinci.com](http://www.dolphinci.com)).

DCI places a high priority on regular communications with its various stakeholder groups and aims to ensure that all communications concerning DCI's activities are clear, fair and accurate. DCI's website is regularly updated and stakeholders can access the results of voting at AGMs online

There have been no AGMs where a resolution has had over 20% of independent shareholders vote against it.