## Shareholder questions for the General Meeting on 8th October 2020

**Q:** **The Restaurant Group is threatened with complete closure as the COVID 19 pandemic sweeps through the UK. Your restaurants that are open are watching every penny they spend. The stock market has little confidence as the share price plummets.**

**Why did you spend senior management and directors time in working up the proposal (instead of spending that time helping the business) and then spending tens of thousands of pounds with Equiniti (your Registrars) to prepare the documents , set up the meeting, inform all shareholders and record all votes?**

**If your directors and senior managers have not got the commitment to work for TRG without incentives in this period of crisis, then the company is best rid of them. They would not have the interest of the Company at their heart.**

**A**: We note that this question was submitted before the announcement of our interim results on 6th October 2020, which provides a detailed picture of the action which has been taken in response to the Covid-19 crisis and the financial performance of the Group during the first half of the year. Our interim results announcement and presentation can be found on our website at: https://www.trgplc.com/investors/. We would recommend that shareholders read the full documents, in addition to the summary information set out below.

As noted by Andy Hornby, our Chief Executive on 6th October 2020, "*it has been an extraordinary and difficult period for the hospitality sector but one in which we have pulled together to achieve a great deal. The priority throughout has been the safety of our colleagues and customers, and we have also accelerated the reshaping of our portfolio, resulting in a higher quality, diversified estate*".

Decisive actions taken in response to COVID-19

In our interim results announcement we provided extensive detail on the decisive action which the Board and senior management have taken to safeguard the business during the Covid-19 crisis. These include:

- reducing costs during lockdown to a maximum of only c. £3.5m per month;
- significantly reducing the capital expenditure of the Group;
- immediate action to address working capital pressures, including contract renegotiations with our supportive supplier base and the agreement of deferred payment plans;
- accessing government support where appropriate;
- arranging increased flexibility in our banking facilities with our very supportive lending group, including:
  - covenant waivers for June 2020 and December 2020;
  - extension of the £160m RCF facility by 6 months to 30th June 2022;
  - securing a £50m CLBILS loan through Lloyds Banking Group expiring on 30th June 2022 and
  - increasing the Wagamama Super Senior RCF with Santander to £35m from £20m and
- strengthening our liquidity, with a placing of shares on 8 April 2020 which raised net proceeds of £54.6 million from institutional shareholders.

Proactively restructured the business to ensure a much higher quality, diversified estate

The Board and senior management have also proactively restructured the business to ensure a much higher quality, diversified estate, through several initiatives including:

- the successful CVA of "The Restaurant Group (UK) Limited" (primary operator of the Frankie & Benny's brand) resulting in an exit of 128 underperforming trading sites. The CVA also resulted in achieving improved rental terms based on turnover on 83 sites in the remaining trading estate;
- placing "Chiquito Limited" (primary operator of the Chiquito's brand) into administration allowing us to exit 45 underperforming trading sites without further liabilities and

- we are in the process of exiting c. 36-41 Concessions sites deemed economically unattractive based on expected future passenger trends over the medium term.

Directors' Remuneration

Finally, the Executive Directors and, indeed, the wider leadership team, have adopted a responsible approach to remuneration to safeguard the business including:

- the CEO and Non-executive Directors waived 40% of their salaries/fees from 1 April 2020 (the CFO 20%), which has been aligned at a 20% reduction for all of the Board from 1 July 2020. This reduction will continue while the Company continues to participate in the Government Job Retention Furlough scheme;
- the bonuses for 2019 approved and reported as payable in the Directors' Remuneration Report, were waived by the Executive Directors and have been cancelled;
- salary sacrifices by a majority of staff at head office during the lockdown period;
- the cancellation of the planned 2020 LTIP award and
- no annual bonuses to be paid to the Executive Directors for 2020.

When we wrote to shareholders on 21st September 2020, we explained that, whilst these pay cuts etc. were important in the context of the lockdown, they effectively meant that the Company's senior management was not subject to any long-term retention or incentivisation mechanisms, which was not in the best interests of shareholders.

For that reason, as the Group focussed on re-opening and re-establishing the business, the Remuneration Committee turned its attention to the Directors' Remuneration Policy going forward and, in particular, long-term incentives. The Board of Directors believes that our Executives can be best aligned with shareholders through restricted shares, which inherently provide an immediate and significant interest in the share price alongside our longer-term investors. This is a long-term scheme and the 2020 award will only vest in full in 3 years' time if the underpins are achieved (and would then be subject to a further 2-year holding period).

A phased and measured reopening programme

As we announced on 6th October 2020, the reopening of our estate has been undertaken in a controlled and phased manner with c.50% of units trading as at the end of July moving to c.90% as at the end of August with the acceleration in openings in part to take full advantage of the Eat Out to Help Out (EOTHO) scheme.

Extensive planning was done in each division with protocols and procedures in place to ensure colleague and customer safety whilst providing an enjoyable and authentic hospitality experience. The diversified portfolio of the Group has also allowed each division to adapt uniquely to the challenges of social distancing, whilst keeping the customer at the heart of every decision.

As stated by our Chief Executive on 6th October 2020:

"*Since reopening, I am genuinely pleased with the strength of our trading performance and would like to sincerely thank each and every one of our colleagues for their extraordinary efforts.*

*Whilst the sector outlook is uncertain, and we are mindful of recent restrictions across the UK, we are confident that the actions we have taken provide us with strong foundations to emerge as one of the long-term winners*."