Risk Factors Comparison 2024-02-22 to 2023-02-23 Form: 10-K

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The following discussion summarizes material factors that could make an investment in us speculative or risky and should be considered carefully. These risks are interrelated and you should treat them as a whole. Additional risks and uncertainties not presently known to us may also materially and adversely affect our business operations, the value of our ordinary shares and our ability to pay dividends to our shareholders. In connection with the forward- looking statements that appear in this Annual Report on Form 10- K, in these risk factors and elsewhere, you should carefully review the section entitled " Forward- Looking Statements. " ~~The COVID- 19 pandemic has had, and may continue to have, a significant material adverse effect on our business, results of operations, cash flows and financial condition. The effects of the coronavirus (COVID- 19) pandemic on the lodging industry have been, and may continue to be, unprecedented with global demand for lodging drastically reduced and occupancy levels reaching historic lows. We have generally seen a return to normalized occupancies and pre- COVID- 19 trends across our resorts during 2022. However, the extent to which the COVID- 19 pandemic could continue to impact us and consumer behavior will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, continuing resurgences of the virus and its variants, the government actions taken to contain the pandemic or mitigate its impact, and the continuing effectiveness and uptake of vaccines and treatment therapies. Additionally, the effects of the pandemic have had, and may continue to have, a material adverse effect on our ability to consummate acquisitions and dispositions of resorts and our ability to timely complete planned capital expenditures and other projects. In addition, our business could be materially and adversely affected by the effect of, or the public perception or a risk of, other pandemic diseases. For example, the outbreaks of severe acute respiratory syndrome (" SARS ") and avian flu in 2003 and H1N1 flu in 2009 had a severe impact on the travel industry. Cases of the Zika virus have been reported in regions in which our resorts are located. Additionally, the public perception of a risk of another pandemic or media coverage of these diseases, or public perception of health risks linked to perceived regional food and beverage safety, particularly if focused on regions in which our resorts are located, may adversely affect us by reducing demand for our resorts or result in health or other government authorities imposing restrictions on travel.~~ General economic uncertainty and weak demand in the lodging industry could have a material adverse effect on us. Our business strategy depends significantly on demand for vacations generally and, more specifically, on demand for all- inclusive vacation packages. Actual or anticipated weak macroeconomic conditions in North America, especially the United States and Mexico, Europe and Asia, such as high levels of unemployment and underemployment, inflation, wage stagnation or **an** economic **slowdown or** recession could reduce the level of discretionary income or consumer confidence in the countries from which we source our guests and have a negative impact on the lodging industry. We cannot provide any assurances that demand for all- inclusive vacation packages will remain consistent with or increase from current levels. Furthermore, our business is focused primarily on, and our acquisition strategy targets the acquisition of resorts in, the all- inclusive segment of the lodging industry (and properties that we believe can be converted into all- inclusive resorts in a manner consistent with our business strategy). This concentration exposes us to the risk of economic downturns in the lodging industry broadly and, more specifically, in the leisure dominated all- inclusive segment of the lodging industry. As a result of the foregoing, we could experience a prolonged period of decreased demand and price discounting in our markets, which would negatively affect our revenues and could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects. Recent significant increases in inflation and interest rates could adversely impact us and our customers. Inflation ~~increased significantly in 2022 and~~ continues to remain at elevated levels compared to recent years. The efforts of the U. S. Federal Reserve and other central banks to combat inflation have led to significantly increased interest rates. These increases have resulted in increasing operating costs and borrowing costs **and may increase the cost of refinancing our existing indebtedness** . In addition, the degree and pace of these changes may result in adverse macroeconomic effects that could reduce our ~~customer~~ **customers** ' ~~s~~ leisure travel budgets and corresponding demand for our resorts. We are exposed to significant risks related to the geographic concentration of our resorts, including weather- related emergencies, natural disasters, and instability in government and public safety. Our resorts are concentrated in Mexico (which accounted for ~~49~~ **47** . ~~4~~ **9** % of our Total Net Revenue as defined in Part II, Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations), ~~Jamaica~~ **the Dominican Republic** (~~21~~ **27** . ~~8~~ **1** % of our Total Net Revenue) and **Jamaica** ~~the Dominican Republic~~ (~~28~~ **23** . ~~0~~ **5** % of our Total Net Revenue) for the year ended December 31, ~~2022~~ **2023** . When the countries and / or the regions of these countries in which our resorts are concentrated are adversely impacted by government or economic instability, public- safety issues, such as crime or power outages, weather- related emergencies, such as hurricanes or floods, or natural disasters, such as earthquakes, a number of our resorts could be adversely impacted by the same event, which could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects. We cannot assure you that any property or business interruption insurance will adequately address all losses, liabilities and damages ~~.The majority of our operating expenses are incurred locally at our resorts~~ and are denominated in Mexican Pesos,Dominican Pesos or Jamaican dollars.The net proceeds from our outstanding debt borrowings were received and are payable by our subsidiaries in U.S.dollars and our functional reporting currency is U.S.dollars.An increase in the relative value of the local currencies,in which we incur our costs at each resort,relative to the U.S.dollar,in which our revenue from each resort is denominated,would adversely affect our results of operations for those resorts. ~~Although~~ **Our current policy is not to hedge against changes in foreign exchange rates and** we ~~entered~~ **therefore** . Terrorist acts, armed conflict, civil unrest, criminal activity and threats thereof, and other international events impacting the security of travel or the perception of security of travel could adversely affect the demand for travel generally and demand for vacation packages at our resorts. Past acts of terrorism and violent crime have had an adverse effect on tourism, travel and the availability of air service and other forms of transportation. The threat or possibility of future terrorist acts, an outbreak, escalation and / or continuation of hostilities or armed conflict abroad, ~~such as the war between Russia and Ukraine,~~ criminal violence, civil unrest or the possibility thereof, the issuance of travel advisories by sovereign governments, and other geopolitical uncertainties have had and may have an adverse impact on the demand for vacation packages and consequently the pricing for vacation packages. Decreases in demand and reduced pricing in response to such decreased demand would adversely affect our business by reducing our profitability. ~~Thirteen~~ **Eleven** of the ~~25~~ **24** resorts in our portfolio are located in Mexico, **which** ~~and Mexico~~ has experienced ~~criminal violence~~ **high levels of crime** for years, primarily due to the activities of drug cartels and related organized crime. There have occasionally been instances of criminal violence near our resorts. Criminal activities and the possible escalation of violence or other safety concerns, including food and beverage safety concerns, associated with them in regions where our resorts are located, or an increase in the perception among our prospective guests of an escalation of such violence or safety concerns, could instill and perpetuate fear among prospective guests and may lead to a loss in business at our resorts in Mexico because these guests may choose to vacation elsewhere or not at all. In addition, increases in **actual or perceived** violence, crime ~~or~~ **,** civil unrest or other safety concerns in the Dominican Republic, Jamaica, or any other location where we may own a resort in the future may also lead to decreased demand for our resorts and negatively affect our business, financial condition, liquidity, results of operations and prospects. **Global health pandemics, epidemics, and / or other public health emergencies could have a significant material adverse effect on our business, results of operations, cash flows and financial condition. Our business could be materially and adversely affected by the effects of, or the public perception of a risk of, pandemic diseases, epidemics, and / or other public health emergencies. Past outbreaks, such as the COVID- 19 pandemic, had a severe impact on the travel industry. The extent of the impact depends on the severity and duration of such an event as well as the nature and duration of any laws, regulations, mandates, and / or protocols imposed by federal, state, and / or local governmental authorities in the markets in which we operate in response to such an event. Additionally, the public perception of a risk of another pandemic or public health emergency, media coverage of these diseases, or public perception of health risks linked to perceived regional food and beverage safety, particularly if focused on regions in which our resorts are located, may adversely affect us by reducing demand for our resorts or result in health or other government authorities imposing restrictions on travel.** Our success depends in large part on the success of our third- party brand partners. ~~Eighteen~~ **Seventeen** of the resorts in our portfolio bear the name of one or both of the Hyatt All- Inclusive Resort Brands, the Hilton all- inclusive resort brand (the " Hilton Brand ") and the Wyndham all- inclusive resort brand (the " Wyndham Brand "). As a result of this concentration, our success will depend, in part, on the continued success of these brands. We believe that building brand value is critical to increase demand and build guest loyalty. Consequently, if market recognition or the positive perception of any of the Hyatt All- Inclusive Resort Brands, Hilton Brand or Wyndham Brand is reduced or compromised, the goodwill associated with these resorts in our portfolio would likely be adversely affected. Under the applicable resort agreements with these partners, Hyatt, Hilton and Wyndham provide (or cause to be provided) various marketing services to the relevant resorts, and we may conduct local and regional marketing, advertising and promotional programs, subject to compliance with their requirements. We cannot assure you that we and our applicable partners will be successful in our marketing efforts to grow any of these brands. If we are not able to satisfy the requirements imposed by our third- party brand partners, our relationship with these partners could deteriorate ~~, which could have a material adverse effect on us~~ . Under the terms of our franchise agreements with Hyatt, Hilton and Wyndham, we are required to meet specified operating standards and other terms and conditions. We expect that these brands will periodically inspect our resorts that carry the Hyatt All- Inclusive Resort Brand, Hilton Brand and Wyndham Brand, as applicable. If we fail to maintain brand standards at one or more of these resorts, or otherwise fail to comply with the terms and conditions of the applicable franchise agreements, then the applicable franchise agreements (and in some cases all franchise agreements related to the particular brand) could be terminated. In that situation, we may be subject to liquidated damage payments. If one or more of these franchise agreements is terminated, the underlying value and performance of our related resort (s) could decline significantly from the loss of associated name recognition, participation in applicable guest loyalty programs, reservation systems and websites, and access to group sales business, as well as from the costs of " rebranding " such resorts. There are very few restrictions on the ability of our third- party brand partners, including Hyatt, to compete with us. Our strategic relationship with our brand partners, including Hyatt, is an important component of our business and brand strategy. However, there are very few restrictions preventing our brand partners from competing with us. For example, except for the Hyatt franchise agreements, we have no contractual right to operate any resort in our current or future portfolio under the Hyatt All- Inclusive Resort Brands or any other Hyatt- sponsored brands. Hyatt, in its sole discretion, may designate other third parties as authorized operators of resorts or Hyatt may decide to directly operate resorts under the Hyatt All- Inclusive Resort Brands or any other Hyatt brand, whether owned by third parties or Hyatt itself. Hyatt is also free to develop or license other all- inclusive resorts in the regions in which we operate, even under the Hyatt All- Inclusive Resort Brands (subject to certain territorial restrictions included in the Hyatt franchise agreements). Therefore, Hyatt may decide to compete against our resorts for market share and guests, and we have no contractual right to partner with Hyatt on opportunities for future resorts. In addition, Hyatt **owns** ~~recently acquired~~ Apple Leisure Group (" ALG "), a luxury resort- management services, travel and hospitality group that manages all- inclusive resorts in many of the regions in which we operate. With ALG' s brand management platform AMResorts, Hyatt may therefore compete against us for contracts to manage all- inclusive resorts in the Caribbean, Mexico and Latin America, and its financial and marketing resources, brand name recognition and terms of its management agreements may cause us to miss out on attractive business opportunities and adversely affect our revenues, growth strategy and profits. ~~Under our Strategic Alliance Agreement with Hilton, we have a right of first offer to franchise or manage a new Hilton all- inclusive resort under the Hilton~~

~~all- inclusive resort brand (the " Hilton Brand ") within certain countries located in the Caribbean and Mexico, and certain countries in Central and South America (the " Target Markets ") through August 7, 2023. However, except~~ **Except** for the Hilton franchise agreements, we have no contractual right to operate any resort in our current or future portfolio under the Hilton Brand or any other Hilton- sponsored brands. In addition, in the future, Hilton, in its sole discretion and subject to its obligations under the Hilton Strategic Alliance Agreement in **certain countries located in** the **Caribbean and Mexico, and certain countries in Central and South America (the "** Target Markets **")** , **Hilton** may (i) designate other third parties as authorized operators of resorts, or Hilton may decide to directly operate resorts, under the Hilton Brand or any other Hilton- sponsored brand, whether owned by third parties or Hilton itself and (ii) may develop or license other all- inclusive resorts in the Target Markets, even under the Hilton Brand. Additionally, outside of the Target Markets, Hilton is free to develop or license other all- inclusive resorts under the Hilton Brand and other Hilton- sponsored brands at any time. If our brand partners compete with us and our resorts, it could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects and the market price of our ordinary shares, and could divert the attention of our senior management from other important activities. There is increased competition from global hospitality branded companies in the all- inclusive market segment. As demand for all- inclusive stays has increased, we have seen U. S. and European global hospitality branded companies enter the all- inclusive market segment. Increased competition from global branded hospitality companies may result in reduced market share and lower returns on investment for us as the increasing interest of global hospitality brands in the all- inclusive segment attracts more institutional capital to our target markets, increasing competition for the acquisition of hospitality assets **and competition for individual guests, group reservations and conference business at our resorts** . The entrance by global branded hospitality companies into the all- inclusive market segment may impact our ability to secure third- party management agreements as global hospitality branded companies are able to offer management agreements bundled with their branding services and a lower fee structure, resulting in increased competition for the management of all- inclusive resorts. ~~We have significant exposure to currency exchange rate risk.~~ The ~~majority~~ **results** of ~~our operating~~ **operations of** ~~expenses are incurred locally at~~ our resorts and are denominated in Mexican Pesos,...... in foreign exchange rates and we therefore may be adversely affected by **various** ~~appreciation in the value of other currencies against the U. S. dollar, or to prolonged periods of exchange rate volatility. These fluctuations may negatively impact our financial condition, liquidity and results of operations~~ **operating risks common** to the **lodging industry** ~~extent we are unable to adjust our pricing accordingly. Additionally~~ , **including competition** ~~in the event that the U. S. dollar increases in value relative to the currency of the prospective guests living outside the United States~~ , **over- supply** ~~our prospective guests may have a reduced ability to pay for travel to our resorts~~ and **dependence on tourism** ~~this may lead to lower Occupancy rates and revenue~~ , which could have a material adverse effect on us **. Our resorts are subject to various operating risks common to the lodging industry, many of which are beyond our control** , including ~~our financial~~ **, among others, the following: • the availability of and demand for hotel and resort rooms; • over- building of hotels and resorts in the markets in which we operate, which** results **in increased supply and may adversely affect Occupancy and revenues at our resorts; • pricing strategies of our competitors; • increases in operating costs due to inflation and other factors that may not be offset by increased room rates or other income; • international, national, and regional economic and geopolitical conditions; • the impact of war, crime, actual or threatened terrorist activity and heightened travel security measures instituted in response to war, terrorist activity or threats (including Travel Advisories issued by the U** . ~~An~~ **S** .Department of State) and civil unrest;• the impact of any economic or political instability in Mexico due to unsettled political conditions,including civil unrest,widespread criminal activity,acts of terrorism,force majeure,war or other armed conflict,strikes and governmental actions;• the desirability of particular locations and changes in travel patterns;• the occurrence of natural or man- made disasters,such as earthquakes,tsunamis,hurricanes,floods,and oil spills;• events that may be beyond our control that could adversely affect the reputation of one or more of our resorts or that may disproportionately and adversely impact the reputation of our brands or resorts;• taxes and government regulations that influence or determine wages,prices,interest rates,construction procedures,and costs;• adverse effects of a downturn in the lodging industry,especially leisure travel and tourism spending;• necessity for periodic capital reinvestment to maintain,repair,expand,renovate and reposition our resorts;• regional,national and international development of competing resorts;• increases in wages and other labor costs,energy,healthcare,insurance,transportation and fuel,and other expenses central to the conduct of our business or the cost of travel for our guests,including recent increases in energy costs and any resulting ~~increase~~ increase in **travel costs** ~~the value of the Mexican Peso, the Dominican Peso~~ or ~~the Jamaican dollar compared to the currencies of other potential destinations may disadvantage the tourism industry in Mexico, the Dominican Republic or Jamaica, respectively, and result in a corresponding~~ decrease in **airline capacity;** ~~the Occupancy rates and revenue of our resorts as consumers may choose destinations in countries with more attractive exchange rates. In the event that this appreciation occurs, it could lead to an~~ **and • organized labor activities** ~~increase in the rates we charge for rooms in our resorts~~ , which could ~~result~~ **cause the diversion of business from resorts involved** in ~~a~~ **labor negotiations, loss of group business, and / or increased labor costs. Any one or more of these factors could limit or reduce the demand for our resorts or the prices our resorts are able to obtain or** ~~decrease~~ **increase our costs** ~~in Occupancy rates~~ and ~~revenue and,~~ therefore **reduce the operating** ~~, negatively impact our business, financial condition, liquidity,~~ results of **our resorts. Even where such factors do not reduce demand, resort- level profit margins may suffer if we are unable to fully recover increased** ~~operations~~ **operating costs from** ~~and prospects. Furthermore, appreciation of local currencies relative to the U. S. dollar could make fulfillment of~~ our **guests** ~~and our subsidiaries' U~~ . **These factors** ~~S. dollar denominated obligations, including our subsidiaries' debt service payments, more challenging and~~ could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects. Our resort development, acquisition, expansion, repositioning and rebranding projects will be subject to timing, budgeting and other risks ~~, which could have a material adverse effect on us~~ . We may develop, acquire, expand, reposition or rebrand resorts ~~(such as the two resorts we have rebranded under the Wyndham Alltra~~

~~all- inclusive brand)~~ from time to time as suitable opportunities arise, taking into consideration general economic conditions. To the extent that we determine to develop, acquire, expand, reposition or rebrand resorts, we could be subject to risks associated with, among others: • construction delays or cost overruns **, including due to inflationary pressures or changes in foreign exchange rates,** that may increase project costs; • receipt of zoning, occupancy and other required governmental permits and authorizations; • strikes or other labor issues; • development costs incurred for projects that are not pursued to completion; • investment of substantial capital without, in the case of developed or repositioned resorts, immediate corresponding income; • results that may not achieve our desired revenue or profit goals; • **changes in tax laws or regulations that may increase project costs; •** acts of nature such as earthquakes, hurricanes, floods or fires that could adversely impact a resort; • ~~ability~~ **adverse changes** to ~~raise~~ **the cost or availability of** capital, including construction or acquisition financing; and **• macroeconomic changes that could adversely impact the market where the resort is located;** • governmental restrictions on the nature or size of a project. We have seen certain construction timelines lengthen due to competition for skilled construction labor ~~,~~ **and** disruption in the supply chain for materials, and ~~the impact of COVID- 19 generally, and~~ these circumstances could continue or worsen in the future **. In addition, construction costs have increased over the last three years** . As a result of the foregoing, we cannot assure you that any development, acquisition, expansion, repositioning and rebranding project will be completed on time or within **our** budget or if the ultimate rates of investment return are below the returns forecasted at the time the project was commenced. If we are unable to complete a project on time or within **our** budget, the resort' s projected operating results may be adversely affected, which could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects. Given the beachfront locations of our resorts, we are particularly vulnerable to extreme weather events, such as hurricanes, which may increase in frequency and severity as a result of climate change and adversely affect our business. We have been and may continue to be adversely impacted by the consequences of climate change, such as increases in the frequency, duration and severity of extreme weather events and changes in precipitation and temperature, which have resulted and may continue to result in physical damage or a decrease in demand for our properties, all of which are located in coastal beachfront locations that are vulnerable to significant property damage from hurricanes, tropical storms **, tsunamis** and flooding. For example, in 2022 ~~,~~ **and** 2021 ~~and 2020~~ , we incurred hurricane and tropical storm repair expenses totaling $ 8. 6 million ~~,~~ **and** $ 0. 9 ~~million, and $ 1. 7~~ million, respectively, that were not offset with insurance proceeds. Although a majority of our repair and clean- up expenses have been covered by insurance, including those related to the impacts of Hurricane Fiona in the Dominican Republic in September 2022, there is no assurance that, given the increasing burdens on insurance companies from extreme weather events, we will be able to continue to obtain adequate insurance against these types of losses, or that our insurers will in the future be in a position to satisfy our claims. In addition, the costs of insurance against these types of events have increased **significantly** in recent years. For example, in ~~2022~~ **2023** our property insurance costs of our comparable resorts were ~~27~~ **103** . ~~9~~ **3** % higher than **in** 2018. In addition, changes in applicable legislation and regulation on climate change could result in increased capital expenditures, such as a result of changes in building codes or requirements to improve the energy efficiency of the properties. In addition, the ongoing transition to **primarily** non- carbon **-** based energy presents certain risks for us and our target customers, including macroeconomic risks related to high energy costs and energy shortages, among other things. Furthermore, legislative, regulatory or other efforts to combat climate change or other environmental concerns could result in future increases in taxes, restrictions on or increases in the costs of supplies, transportation and utilities, any of which could increase our operating costs, and necessitate future investments in facilities and equipment. Climate change also presents additional risks beyond our control which can adversely impact demand for hospitality products and services, our operations, and our financial results. For example, most of our properties are located at or around sea level, and are therefore vulnerable to rising sea levels and erosion. Climate change- related impacts may also result in a scarcity of resources, such as water and energy, at some or all of the regions in which our results are located. Furthermore, increasing awareness around sustainability, the impact of air travel on climate change and the impact of over- tourism may contribute to a reduction in demand from certain guests visiting our resorts. We also face investor- related climate risks. Investors are increasingly taking into account environmental, social, and governance factors, including climate risks, in determining whether to invest in companies. Our exposure to the risks of climate change may adversely impact investor interest in our securities. These risks also include the increased pressure to make commitments, set targets, or establish goals to take actions to meet them, which could expose us to market, operational, execution and reputational costs or risks. The coastlines of a number of the regions where our resorts are concentrated have experienced elevated levels of sargassum seaweed in recent years. Many of our resorts are beach- front properties that have been exposed to elevated levels of sargassum seaweed. In recent years, the amount of sargassum that has washed up onshore in various geographies in Mexico has increased. If not removed promptly, the seaweed can overrun the beach, making it difficult to swim in the water and generating a foul odor if it is allowed to rot. The heightened level of sargassum in recent years has led to negative media coverage and increased awareness of the potential problem and has required additional operating expenses to remove it. Although we do our best to remove the seaweed and prevent the build- up, the exact cause of overgrowth is unknown. If we are unable to successfully mitigate the impact of the seaweed build- up, there may be a reduction in demand from certain guests for our resorts. Our insurance may not be adequate to cover our potential losses, liabilities and damages, the cost of insurance may continue to increase materially, including as a result of extreme weather events that may be related to climate change, and we may not be able to secure insurance to cover all of our risks ~~, all of which could have a material adverse effect on us~~ . The business of owning and managing resorts is subject to a number of risks, hazards, adverse environmental conditions, labor disputes, changes in the regulatory environment and natural phenomena such as floods, hurricanes, earthquakes **, erosion** and earth movements. Such occurrences could result in damage or impairment to, or destruction of, our resorts, personal injury or death, environmental damage, business interruption, monetary losses and legal liability. While insurance is not commonly available for all these risks, we maintain customary insurance against risks that we believe are typical and reasonably insurable in the lodging industry and in amounts that we believe to be reasonable but that contain limits, deductibles, exclusions and endorsements. However, we may decide not to insure against certain risks because of high premiums compared to the benefit offered by such insurance or for other reasons. In the event that costs or losses exceed our available insurance or additional liability is imposed on us for which we are not insured or are otherwise unable to seek reimbursement, we could be materially and adversely affected, including our financial results. We may not be able to continue to procure adequate insurance coverage at commercially reasonable rates in the future or at all, and some claims may not be paid. There can be no assurance that the coverage and amounts of our insurance will be sufficient for our needs. Labor shortages could restrict our ability to operate our properties or grow our business or result in increased labor costs that could adversely affect our results of operations and cash flows. Our success depends in large part on our ability to attract, retain, train, manage and engage skilled employees. As of December 31, ~~2022~~ **2023** , we directly and indirectly employed approximately 14, 100 employees worldwide at both our corporate offices and on- site at our resorts. If we are unable to attract, retain, train, manage, and engage skilled employees, our ability to manage and staff our resorts could be impaired, which could reduce guest satisfaction. Staffing shortages in places where our resorts are located also could hinder our ability to grow and expand our businesses **. We have been subject to increased labor costs at our resorts in recent years** . Because payroll costs are a major component of the operating expenses at our resorts, a shortage of skilled labor could also require higher wages that would increase labor costs, which could adversely affect our results of operations and cash flows. A significant number of our employees are unionized, and ~~if~~ labor negotiations or work stoppages **could** ~~were to~~ disrupt our operations ~~, it could have a material adverse effect on us~~ . Approximately ~~43~~ **37** % of our full- time equivalent work force is unionized. As a result, we are required to negotiate the wages, salaries, benefits, staffing levels and other terms with many of our employees collectively and we are exposed to the risk of disruptions to our operations. Our results could be adversely affected if future labor negotiations were to disrupt our operations. If we were to experience labor unrest, strikes or other business interruptions in connection with labor negotiations or otherwise, or if we were unable to negotiate labor contracts on reasonable terms, we could be materially and adversely affected, including our results of operations. In addition, our ability to make adjustments to control compensation and benefits costs, rebalance our portfolio or otherwise adapt to changing business needs may be limited by the terms and duration of our collective bargaining agreements. The availability and affordability of commercial airline and tour operator services is important to our business. Many of our guests depend on a combination of scheduled commercial airline services and tour operator services to transport them to airports near our resorts. Increases in the price of airfare, due to increases in fuel prices, reductions in service, or other factors such as inflation **or staffing shortages** , increase the overall vacation cost to our guests and may adversely affect demand for our vacation packages. Changes in commercial airline services or tour operator services as a result of strikes, weather or other events, or the lack of availability due to schedule changes or a high level of airline bookings, could have a material adverse effect on us, including our occupancy rates and revenue and, therefore, our liquidity and results of operations. Our resorts require ongoing and often costly maintenance, renovations and capital improvements. Our resorts have an ongoing need for maintenance, renovations and other capital improvements, including replacements, from time to time, of furniture, fixtures and equipment. In addition, Hyatt, Hilton and Wyndham require periodic capital improvements by us as a condition of maintaining the use of their brands. In addition to liquidity risks, these capital improvements may result in declines in revenues while rooms or restaurants are out of service due to capital improvement projects or other risks **. Our costs of financing these capital improvements has increased recently due to higher interest rates and materials and labor cost increases** . The costs of these capital improvements or any of the above noted factors could have a material adverse effect on us, including our financial condition, liquidity and results of operations. We have substantial debt outstanding that requires significant payments of principal and interest. As of December 31, ~~2022~~ **2023** , our total debt obligations were $ 1, ~~105~~ **094** . ~~7~~ **2** million **,** which represents the principal amounts outstanding under our new term loan issued in December 2022 (the " ~~2022~~ Term Loan **due 2029** ") and revolving credit facility (the " ~~2022~~ Revolving Credit Facility, " and, collectively with the ~~2022~~ Term Loan **due 2029** , the " ~~2022~~ Senior Secured Credit Facility ") and finance lease obligations, excluding $ ~~32~~ **26** . ~~4~~ **5** million of issuance discounts and $ ~~7~~ **6** . ~~8~~ **4** million of unamortized debt issuance costs. In addition, the terms of the ~~2022~~ Senior Secured Credit Facility permit us to incur additional indebtedness, subject to our ability to meet certain borrowing conditions. Our substantial debt may have important consequences to you. For instance, it could: • make it more difficult for us to satisfy our financial obligations; • require us to dedicate a substantial portion of any cash flow from operations to the payment of interest and principal due under our debt, which would reduce funds available for other business purposes, including capital expenditures and acquisitions; • place us at a competitive disadvantage compared to some of our competitors that may have less debt and better access to capital resources; • limit our ability to respond to changing business, industry and economic conditions and to withstand competitive pressures, which may adversely affect our operations; • cause us to incur higher interest expense in the event of increases in interest rates on our borrowings that have variable interest rates or in the event of refinancing existing debt at higher interest rates; • limit our ability to make investments or acquisitions, dispose of assets, pay cash dividends or redeem or repurchase shares; and / or • limit our ability to refinance existing debt or to obtain additional financing required to fund working capital and other business needs, including capital requirements and acquisitions. Our ability to service our significant financial obligations depends on our ability to generate significant cash flow from operations, which is partially subject to general economic, financial, competitive, legislative, regulatory and other factors beyond our control, and we cannot assure you that our business will generate cash flow from operations, or that we will be able to complete any necessary financings or refinancings, in amounts sufficient to enable us to fund our operations, engage in acquisitions, capital improvements or other development activities, pay our debts and other obligations and fund our other liquidity needs. If we are not able to generate sufficient cash flow from operations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. Additional debt or equity financing may not be available in sufficient amounts, at times or on terms acceptable to us, or at all, and any additional debt financing we do obtain may significantly increase our leverage on unfavorable terms. If we are unable to implement one or more of these alternatives, we may not be able to service our debt or other obligations, which could result in us being in default thereon, in which circumstances our lenders could cease making loans to us, lenders or other holders of our debt could accelerate and declare due all outstanding obligations due under the respective agreements and secured lenders could foreclose on their collateral, any of which could have a material adverse effect on us. The agreements which govern our various debt obligations impose restrictions on our business and limit our ability to undertake certain actions. The agreements which govern our ~~2022~~ Senior Secured Credit Facility include covenants imposing significant restrictions on our business. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. These covenants place restrictions on our ability to, among other things: • incur additional debt; • pay dividends or repurchase shares or make other distributions to shareholders; • make investments or acquisitions; • create liens or use assets as security in other transactions; • issue guarantees; • merge or consolidate, or sell, transfer, lease or dispose of substantially all of our assets; • amend our Articles of Association or bylaws; • engage in transactions with affiliates; and • purchase, sell or transfer certain assets. The ~~2022~~ Senior Secured Credit Facility requires us to comply with certain financial and other covenants. Our ability to comply with these agreements may be affected by events beyond our control, including prevailing economic, financial and industry conditions. These covenants could have a material adverse effect on our business by limiting our ability to take advantage of financing, mergers, acquisitions or other corporate opportunities. The breach of any of these covenants could result in a default under the ~~2022~~ Senior Secured Credit Facility. An event of default under any of our debt agreements could permit such lenders to declare all amounts borrowed from them, together with accrued and unpaid interest, to be immediately due and payable, which could, in turn, trigger defaults under other debt obligations and could result in the termination of commitments of the lenders to make further extensions of credit under the ~~2022~~ Revolving Credit Facility. If we are unable to repay debt to our lenders, or are otherwise in default under any provision governing any secured debt obligations, our secured lenders could proceed against us and against any collateral securing that debt. Our variable rate indebtedness is priced using a spread over SOFR and subjects us to interest rate risk, which could cause our debt service obligations to increase significantly. **A portion of our** ~~Borrowings~~ **borrowings** under the ~~2022~~ Senior Secured Credit Facility ~~are~~ **is** at variable rates of interest and ~~expose~~ **exposes** us to interest rate risk **, as it is not hedged by our $ 550. 0 million of interest rate swaps. Higher prevailing interest rates in recent years have increased the cost of debt on our variable rate indebtedness** . If interest rates **continue to** increase, our debt service obligations on our existing and any future variable rate indebtedness would also increase and our cash available to service our other obligations and invest in our business would decrease. Furthermore, rising interest rates would likely increase our interest obligations on future fixed rate indebtedness. As a result, rising interest rates could materially and adversely affect our financial condition and liquidity. Any mortgage debt we incur will expose us to increased risk of property losses due to foreclosure, which could have a material adverse effect on us. Incurring mortgage debt increases our risk of property losses because any defaults on indebtedness secured by our resorts may result in foreclosure actions initiated by lenders and ultimately our loss of the property securing the loan for which we are in default. For tax purposes, a foreclosure of any nonrecourse mortgage on any of our resorts may be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. In certain of the jurisdictions in which we operate, if any such foreclosure is treated as a sale of the property and the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we could recognize taxable income upon foreclosure but may not receive any cash proceeds. In addition, any default under our mortgage debt may increase the risk of default on our other indebtedness, including other mortgage debt. If this occurs, we may not be able to satisfy our obligations under our indebtedness, which could have a material adverse effect on us, including our financial condition, liquidity (including our future access to borrowing) and results of operations. We may become subject to disputes or legal, regulatory or other proceedings that could involve significant expenditures by us ~~, which could have a material adverse effect on us~~ . The nature of our business has exposed us to disputes or legal, regulatory and other proceedings from time to time relating to tax matters, environmental matters, government regulations, including licensing and permitting requirements, food and beverages safety regulations, personal injury, labor and employment matters, contract disputes and other issues. In addition, amenities at our resorts, including restaurants, bars, casinos, and swimming pools, are subject to significant regulations, and government authorities may disagree with our interpretations of these regulations, or may enforce regulations that historically have not been enforced. Such disputes, individually or collectively, could adversely affect our business by distracting our management from the operation of our business or impacting our market reputation with our guests. If these disputes develop into proceedings or judgments, these proceedings or judgments, individually or collectively, could distract our senior management, disrupt our business or involve significant expenditures and our reserves relating to ongoing proceedings, if any, may ultimately prove to be inadequate, any of which could have a material adverse effect on us, including our financial results. Some of the resorts in our portfolio located in Mexico were constructed and renovated without certain approvals. The authority granted to the Mexican government is plenary and we can give no assurance it will not exercise its authority to impose fines, remediation measures or close part or all of the related resort (s), which could have a material adverse effect on us. Some of the resorts in our portfolio were constructed and renovated without certain approvals at the time the construction and renovation work was carried out, as the prior owners of such resorts determined that such approvals were not required under the Mexican law. We can give no assurance that the Mexican authorities will have the same interpretation of Mexican law as the prior owners. The authority granted to the Mexican government in this regard is plenary and we can give no assurance the Mexican government will not exercise its authority to impose fines, to require us to perform remediation / restoration activities and / or to contribute to environmental trusts, and / or to close part or all of the related resort (s), which could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects. As of 1988, Mexican environmental laws were amended in order to establish that, among other things, any new hotel construction and certain renovations require the preparation of an environmental impact statement (“ MIA ”) in order to obtain an Environmental Impact Authorization (Resolutivo de Impacto Ambiental). Furthermore, since 2003 depending on each specific project, a supporting technical report (“ ETJ ”) is required to obtain an Authorization to Change the Use of Soil of Forestal Land (Autorización de Cambio de Uso de Suelo en Terrenos Forestales). With respect to the applicable resorts: • Two of **our** ~~the acquired~~ resorts, Wyndham Alltra Cancún and Hyatt Zilara Cancún, were built prior to implementation of the MIA in 1988 and, therefore, required no such authorization. However, certain renovations to these resorts were carried out after 1988 without an MIA because the prior owner determined that no authorization was needed pursuant to an exception in the Mexican law. We can give no assurance that the Mexican authorities will have the same interpretation of the applicability of the exception as the prior owner. • **Two other** ~~The remaining two~~ resorts, Hilton Playa del Carmen All- Inclusive Resort and Wyndham Alltra Playa del Carmen, were constructed after 1988 without the required MIA and ETJ authorizations. Notwithstanding the foregoing, those resorts were operated by the prior owner, and since our ~~Predecessor~~ **predecessor** ~~'~~ **company'** s acquisition ~~at the time of our Predecessor' s formation transaction~~ have been operated by our ~~Predecessor~~ **predecessor** and us, with no interference in the normal course of business. The consequences of failing to obtain the MIA and / or ETJ, as applicable, could result in fines of up to approximately $ 300, 000, obligations to perform remediation / restoration activities and / or contribute to environmental trusts, and, in the case of a severe violation, a partial or total closing or a demolition of the relevant resort (s). Although we are not aware of closings or demolitions due to the failure to obtain the MIA and / or ETJ, no assurance can be given that such action will not be taken in the future. Our wholly- owned subsidiary Playa Resorts Holding B. V. may be required to obtain a banking license and / or may be in violation of the prohibition to attract repayable funds as a result of having issued senior notes and borrowing under our ~~2022~~ Senior Secured Credit Facility, which could have a material adverse effect on us. Under the Regulation (EU) No 575 / 2013 of the European Parliament and of the Council of June 26, 2013, which took effect on January 1, 2014, as amended from time to time (the " CRR "), there is uncertainty regarding how certain key terms in the CRR are to be interpreted. If such terms are not interpreted in a manner that is consistent with current Dutch national guidance on which Playa Resorts Holding B. V. (our wholly- owned subsidiary) relies, Playa Resorts Holding B. V. could be categorized as a " credit institution " as a consequence of borrowing under our ~~2022~~ Senior Secured Credit Facility if it is deemed to be " an undertaking the business of which is to receive deposits or other repayable funds from the public and to grant credits for its own account. " This would require it to obtain a banking license and it could be deemed to be in violation of the prohibition on conducting the business of a bank without such a license. With respect to the borrowing under our ~~2022~~ Senior Secured Credit Facility, Playa Resorts Holding B. V. could also be deemed to be in violation of the prohibition on attracting repayable funds from the public. In each such case, it could, as a result, be subject to certain enforcement measures such as a warning and / or instructions by the regulator, incremental penalty payments (last onder dwangsom) and administrative fines (bestuurlijke boete), which all may be disclosed publicly by the regulator. There is limited official guidance at the EU level as to the key elements of the definition of " credit institution, " such as the terms " repayable funds " and " the public. " The Netherlands legislature has indicated that, as long as there is no clear guidance at the EU level, it is to be expected that the current Dutch national interpretation of these terms will continue to be taken into account for the use and interpretation thereof. Playa Resorts Holding B. V. relies on this national interpretation to reach the conclusion that a requirement to obtain a banking license is not triggered, and that the prohibitions on conducting the business of a bank without such a license and on attracting repayable funds from the public have not been violated, on the basis that (i) each lender under our ~~2022~~ Senior Secured Credit Facility has extended loans to Playa Resorts Holding B. V. for an initial amount of at least the U. S. dollar equivalent of € 100, 000 or has assumed rights and / or obligations vis- à- vis Playa Resorts Holding B. V. the value of which is at least the U. S. dollar equivalent of € 100, 000 and (ii) all senior notes which were issued by Playa Resorts Holding B. V. were in denominations which equal or are greater than the U. S. dollar equivalent of € 100, 000. If European guidance is published on what constitutes " the public " as referred to in the CRR, and such guidance does not provide that the holder of a note of $ 150, 000 or more, such as was the case with our senior notes, or the lenders under our ~~2022~~ Senior Secured Credit Facility, each providing a loan the initial amount of which exceeds the U. S. dollar equivalent of € 100, 000, are excluded from being considered part of " the public " and the current Dutch national interpretation of these terms is not considered to be " grandfathered, " then Playa Resorts Holding B. V. may be required to obtain a banking license, and / or may be deemed to be in violation of the prohibition on conducting the business of a bank without such a license and, with respect to our ~~2022~~ Senior Secured Credit Facility, the prohibition on attracting repayable funds from the public and, as a result may, in each case, be subject to certain enforcement measures as described above. If Playa Resorts Holding B. V. is required to obtain a banking license or becomes subject to such enforcement measures, we could be materially adversely affected. The ~~results~~ **seasonality** of ~~operations of our resorts may be adversely affected by various operating risks common to~~ the lodging industry ~~, including competition, over- supply and dependence on tourism, which~~ could have a material adverse effect on us. Our resorts are subject to various operating...... a material adverse effect on us. The lodging industry is seasonal in nature, which can be expected to cause quarterly fluctuations in our revenues ~~. Although this trend was disrupted in 2020 and 2021 by the impacts of the COVID- 19 pandemic, we saw a return to pre- COVID- 19 seasonality trends in 2022~~ . The seasonality of the lodging industry and the location of our resorts in Mexico and the Caribbean will generally result in the greatest demand for our resorts between mid- December and April of each year, yielding higher occupancy levels and package rates during this period. This seasonality in demand has resulted in predictable fluctuations in revenue, results of operations and liquidity, which are consistently higher during the first quarter of each year than in successive quarters. We can provide no assurances that these seasonal fluctuations will, in the future, be consistent with our historical experience or whether any shortfalls that occur as a result of these fluctuations will not have a material adverse effect on us. The cyclical nature of the lodging industry may cause fluctuations in our operating performance ~~, which could have a material adverse effect on us~~ . The lodging industry is highly cyclical in nature. Fluctuations in operating performance are caused largely by general economic and local market conditions, which subsequently affect levels of business and leisure travel. In addition to general economic conditions, new hotel and resort room supply is an important factor that can affect the lodging industry' s performance, and over- building has the potential to further exacerbate the negative impact of an economic recession. Room rates and Occupancy, and thus Net Package RevPAR (as defined in Part II, Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations), tend to increase when demand growth exceeds supply growth. A decline in lodging demand, or increase in lodging supply, could result in returns that are substantially below expectations, or result in losses, which could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects. Further, the costs of running a resort tend to be more fixed than variable. As a result, in an environment of declining revenue, the rate of decline in earnings is likely to be higher than the rate of decline in revenue. The increasing use of Internet travel intermediaries by consumers could have a material adverse effect on us. Some of our vacation packages are booked through Internet travel intermediaries, including, but not limited to, Travelocity. com, Expedia. com and Priceline. com. ~~As these Internet bookings~~ **Bookings through** ~~increase,~~ these intermediaries **generally result in** ~~may be able to obtain~~ higher commissions, reduced room rates or other significant contract concessions from us **which, together, reduce our margins** . Moreover, some of these Internet travel intermediaries are attempting to offer lodging as a commodity, by increasing the importance of price and general indicators of quality, such as " three- star downtown hotel, " at the expense of brand identification or quality of product or service. If ~~consumers develop loyalty to~~ **our guests increasingly use** Internet reservations systems rather than ~~to~~ our booking system or the brands we own and operate, ~~the value of our resorts could deteriorate and we could be materially and adversely affected, including~~ our financial results **would be adversely impacted** . Cyber risk and the failure to maintain the integrity of internal or guest data could harm our reputation and result in a loss of business and / or subject us to costs, fines, investigations, enforcement actions or lawsuits. We, Hyatt, Hilton, Wyndham, our third- party resort manager and other third- party service providers collect, use and retain large volumes of guest data, including credit card numbers and other personally identifiable information, for business, marketing and other purposes in our, Hyatt' s, Hilton' s, Wyndham' s, our third- party resort manager' s and other third- party service providers' various information technology systems, which enter, process, summarize and report such data. We also maintain personally identifiable information about our employees. We, Hyatt, Hilton, Wyndham, our third- party resort manager and other third- party service providers store and process such internal and guest data both at on- site facilities and at third- party owned facilities including, for example, in a third- party hosted cloud environment. The integrity and protection of our guest, employee and company data, as well as the continuous operation of our, Hyatt' s, Hilton' s, Wyndham' s, our third- party resort manager' s and other third- party service providers' systems, is critical to our business. Our guests and employees expect that we will adequately protect their personal information. The regulations and contractual obligations applicable to security and privacy are increasingly demanding, both in the United States and in other jurisdictions where we operate, and cyber- criminals have been recently targeting the lodging industry. We continue to develop and enhance controls and security measures to protect against the risk of theft, loss or fraudulent or unlawful use of guest, employee or company data, and we maintain an ongoing process to re- evaluate the adequacy of our controls and measures. We **routinely face risks of potential incidents, whether through cyber- attacks or cyber intrusions over the Internet, ransomware and other forms of malware, computer viruses, attachment to emails, phishing attempts, extortion or other scams. Although we make efforts to maintain the security and integrity of our information technology systems, these systems and the proprietary, confidential and personal information that resides on or is transmitted through them, are subject to the risk of a security incident or disruption, and there can be no assurance that our security efforts and measures, and those of our third- party providers, will be effective. In addition, although we obtain assurances from third parties that they have systems and processes in place to protect our guest, employee and company data, and that they will take steps to assure the protection of such data, third- party service providers may also be subject to data intrusion or data breach. Any compromise of the confidential data of our guests, employees, or business, or the failure to prevent or mitigate the loss of or damage to this data through breach, could result in operational, reputational, competitive, or other business harm, as well as financial costs and regulatory action. While we** employ a variety of measures to prevent, detect, and mitigate these threats, **our systems and those of third** ~~which include password protection, frequent mandatory password change events, multi - factor authentication, mandatory employee trainings, internal phishing testing, firewall detection systems, frequent backups, a redundant data system for core applications, vulnerability scanning and penetration testing. However, notwithstanding these efforts to protect against unauthorized access of our systems and sensitive information, because of the scope and complexity of their information technology structure, our reliance on third parties to support and protect our structure and data, and the constantly evolving cyber- threat landscape, our systems and those of third~~ parties on which we rely are vulnerable to disruptions, failures, unauthorized access, cyber- terrorism, employee error, negligence, fraud or other misuse, and given the sophistication of hackers to gain unauthorized access to our sensitive information, we may not be able to detect the breach for long periods of time or at all. These or similar occurrences, whether accidental or intentional, could result in theft, unauthorized access or disclosure, loss, fraudulent or unlawful use of guest, employee or company data **or damage to our systems,** which could harm our reputation, result in an interruption or disruption of our services or result in a loss of business, as well as remedial and other costs, fines, investigations, enforcement actions, or lawsuits. As a result, future incidents could have a material adverse impact on us, including our business, our financial condition, liquidity and results of operations and prospects. As of December 31, ~~2022~~ **2023** , we ~~have~~ **are** not ~~had~~ **aware of** any material ~~incidences involving~~ cybersecurity ~~attacks~~ **incidents that impacted the Company in the last three years. Further information relating to cybersecurity risk management is discussed in Item 1C. Cybersecurity in this report** . Information technology systems, software or website failures or interruptions could have a material adverse effect on our business or results of operations. We rely on the uninterrupted and efficient operation of our information technology systems and software. Information technology is critical to our day- to- day operations, including, but not exclusive to guest check- in and check- out, housekeeping and room service, and reporting our financial results and the financial results of our resorts **. The volume of new software vulnerabilities has increased substantially, as has the importance of patches and other remedial measures. In addition to remediating newly identified vulnerabilities, previously identified vulnerabilities must also be updated. The Company is at risk that cyber**

attackers exploit these known vulnerabilities before they have been addressed . We rely on certain third- party hardware, network and software vendors to maintain and upgrade many of our critical systems on an ongoing basis to support our business operations and to keep pace with technology developments in the hospitality industry. The software programs supporting many of our systems are licensed to us by independent third- party software providers. An inability to continuously maintain and update our hardware and software programs or an inability for network providers to maintain their communications infrastructure would potentially disrupt or inhibit the efficiency of our operations if suitable alternatives could not be identified and implemented in a timely, efficient and cost- effective manner. We may be subject to unknown or contingent liabilities related to our existing resorts and resorts that we acquire, which could have a material adverse effect on us. Our existing resorts and resorts that we may in the future acquire may be subject to unknown or contingent liabilities for which we may have no recourse, or only limited recourse, against the sellers. In general, the representations and warranties provided under the transaction agreements related to our existing resorts and any future acquisitions of resorts by us may not survive the closing of the transactions. Furthermore, indemnification under such agreements may not exist or be limited and subject to various exceptions or materiality thresholds, a significant deductible or an aggregate cap on losses. As a result, there is no guarantee that we will recover any amounts with respect to losses due to breaches by the transferors or sellers of their representations and warranties or other prior actions by the sellers. In addition, the total amount of costs and expenses that may be incurred with respect to liabilities associated with these resorts may exceed our expectations, and we may experience other unanticipated adverse effects, all of which may materially and adversely affect us, including our business, financial condition, liquidity, results of operations and prospects. We could be exposed to liabilities under the FCPA and other anti- corruption laws and regulations, including non- U. S. laws, any of which could have a material adverse impact on us. We have international operations, and as a result are subject to compliance with various laws and regulations, including the FCPA and other anti- corruption laws in the jurisdictions in which we do business, which generally prohibit companies and their intermediaries or agents from engaging in bribery or making improper payments to foreign officials or their agents or other entities. The FCPA also requires companies to make and keep books and records and accounts which, in reasonable detail, reflect their transactions, including the disposition of their assets. We have implemented, and will continue to evaluate and improve, safeguards and policies designed to prevent violations of various anti- corruption laws that prohibit improper payments or offers of payments to foreign officials or their agents or other entities for the purpose of conducting business, and we are in the process of expanding our training program. The countries in which we own resorts have experienced governmental corruption to some degree and, in certain circumstances, compliance with anti- corruption laws may conflict with local customs and practices. Despite existing safeguards and any future improvements to our policies and training, we will be exposed to risks from deliberate, reckless or negligent acts committed by our employees or agents for which we might be held responsible. Failure to comply with these laws or our internal policies could lead to criminal and civil penalties and other legal and regulatory liabilities and require us to undertake remedial measures, any of which could have a material adverse impact on us, including our business, financial condition, liquidity, results of operations and prospects. Our existing resorts and resorts that we may acquire may contain or develop harmful mold that could lead to liability for adverse health effects and costs of remediating the problem ~~, either of which could have a material adverse effect on us~~ . When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Concern about indoor exposure to mold has been increasing as exposure to mold may cause a variety of adverse health effects and symptoms, including allergic or other reactions. Some of the resorts in our portfolio or resorts that we may acquire may contain microbial matter, such as mold and mildew, which could require us to undertake a costly remediation program to contain or remove the mold from the affected resort. Furthermore, we can provide no assurances that we will be successful in identifying harmful mold and mildew at resorts that we seek to acquire, which could require us to take remedial action at acquired resorts. The presence of significant mold could expose us to liability from guests, employees and others if property damage or health concerns arise, which could have a material adverse effect on us, including our results of operations. Illiquidity of real estate investments could significantly impede our ability to sell resorts or otherwise respond to adverse changes in the performance of our resorts ~~, which could have a material adverse effect on us~~ . Because real estate investments are relatively illiquid, our ability to sell one or more resorts promptly for reasonable prices in response to changing economic, financial and investment conditions will be limited. The real estate market is affected by many factors beyond our control that could impact the timing of a disposition, including adverse changes in economic and market conditions, changes in interest and tax rates and in the availability and cost and other terms of debt financing, and changes in governmental laws and regulations. In addition, we may be required to expend funds to correct defects, terminate contracts or to make improvements before a resort can be sold. We can provide no assurances that we will have funds available, or access to such funds, to correct those defects or to make those improvements. In acquiring a resort, we may agree to lock- out provisions or tax protection agreements that materially restrict us from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. These factors and any others that would impede our ability to respond to adverse changes in the performance of our resorts or a need for liquidity could materially and adversely affect us, including our financial results. We could incur significant costs related to government regulation and litigation with respect to environmental matters ~~, which could have a material adverse effect on us~~ . Our resorts are subject to various international, national, regional and local environmental laws that impose liability for contamination. Under these laws, governmental entities have the authority to require us, as the current owner of property, to perform or pay for the clean- up of contamination (including hazardous substances, waste, or petroleum products) at, on, under or emanating from our property and to pay for natural resource damages arising from such contamination. Such laws often impose liability without regard to whether the owner or operator or other responsible party knew of, or caused, such contamination, and the liability may be joint and several. Because these laws also impose liability on persons who owned a property at the time it was or became contaminated, it is possible we could incur cleanup costs or other environmental liabilities even after we sell resorts. Contamination at, on, under or emanating from our resorts also may expose us to liability to private parties for costs of remediation and / or personal injury or property damage. In addition, environmental laws may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. If contamination is discovered on our resorts, environmental laws also may impose restrictions on the manner in which our property may be used or our business may be operated, and these restrictions may require substantial expenditures. Moreover, environmental contamination can affect the value of a property and, therefore, an owner' s ability to borrow funds using the property as collateral or to sell the property on favorable terms or at all. Furthermore, persons who sent waste to a waste disposal facility, such as a landfill or an incinerator, may be liable for costs associated with cleanup of that facility. In addition, our resorts are subject to various international, national, regional and local environmental, health and safety regulatory requirements that address a wide variety of issues. Some of our resorts routinely handle and use hazardous or regulated substances and wastes as part of their operations, which are subject to regulation (e. g., swimming pool chemicals). Our resorts incur costs to comply with these environmental, health and safety laws and regulations and could be subject to fines and penalties for non- compliance with applicable laws. Liabilities and costs associated with contamination at, on, under or emanating from our properties, defending against claims, or complying with environmental, health and safety laws could be significant and could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects. We can provide no assurances that (i) changes in current laws or regulations or future laws or regulations will not impose additional or new material environmental liabilities or (ii) the current environmental condition of our resorts will not be affected by our operations, by the condition of the resorts in the vicinity of our resorts, or by third parties unrelated to us. The discovery of material environmental liabilities at our resorts could subject us to unanticipated significant costs, which could result in significant losses. Please see " Risk Factors — Risks Related to Our Business — We may become subject to disputes or legal, regulatory or other proceedings that could involve significant expenditures by us ~~, which could have a material adverse effect on us~~ " as to the possibility of disputes or legal, regulatory or other proceedings that could adversely affect us. The tax laws, rules and regulations (or interpretations thereof) in the jurisdictions in which we operate may change ~~, which could have a material adverse effect on us~~ . We generally seek to structure our business activities in the jurisdictions in which we operate in a manner that is tax- efficient, taking into account the relevant tax laws, rules and regulations. However, tax laws, rules and regulations in these jurisdictions are complex and are subject to change as well as subject to interpretation by local tax authorities and courts. There can be no assurance that these tax laws, rules and regulations (or interpretations thereof) will not change, possibly with retroactive effect, or that local tax authorities may not otherwise successfully assert positions contrary to those taken by us. In any such case, we may be required to operate in a less tax- efficient manner, incur costs and expenses to restructure our operations and / or owe past taxes (and potentially interest and penalties), which in each case could negatively impact our operations. For example, we are currently renegotiating our agreements which determine our taxes in the Dominican Republic, known as advanced pricing agreements, with The Ministry of Finance of the Dominican Republic. On ~~October 8, 2021, almost 140 countries in the OECD / G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS), including the U. S., the Netherlands and Mexico, reached an agreement on international tax reform. The reform of international corporate tax rules consist of two pillars: Pillar 1 and Pillar 2. Pillar 1 covers a new system of allocating taxing rights over the largest multinationals to jurisdictions where profits are earned (technical work on the details thereof is ongoing in the Inclusive Framework). Pillar 2 contains rules aimed at reducing the opportunities for base erosion and profit shifting with the goal to ensure that the largest multinational groups of companies pay a minimum rate of corporate tax. On~~ December 15, 2022 **,** ~~it was announced that~~ the ~~EU~~ **Council of the European Union formally** adopted ~~a directive implementing a global minimum tax at an effective rate of 15 % at the EU level (~~ the EU Pillar 2 Directive ~~)~~ . The EU Pillar 2 Directive ~~is largely aligned~~ **aims at consistently implementing among all 27 member states the OECD' s Global Anti- Base Erosion Model Rules (GloBe Rules), which are aimed at reducing the opportunities for base erosion and profit shifting** with the **goal** ~~OECD' s model rules released in December 2021. Some deviations were introduced~~ to ensure ~~compliance with~~ **that the largest multinational groups of companies pay a minimum rate of corporate tax of 15 %.** EU ~~treaties. The EU Pillar 2 rules will apply to large multinational and domestic groups or companies with a combined annual turnover of at least € 750 million.~~ Member States **were required** ~~, including the Netherlands, will now have~~ to transpose the EU Pillar 2 Directive ~~rules~~ into their national laws ~~by~~ **and apply** the ~~end~~ **Pillar 2 measures in respect** of **the fiscal years beginning on or after December 31,** 2023. The Netherlands has **transposed** ~~already published draft Pillar 2 rules in connection with the foregoing. The Netherlands proposes an entry into force of the so- called' Income Inclusion Rule' (IRR) and qualified domestic top- up tax as per December 31, 2023 and the so- called' Undertaxed Profit Rule' (UTPR) as per December 31, 2024 (in line with~~ the EU Pillar 2 Directive **into its national legislation with effect from December 31, 2023 pursuant to the Dutch Minimum Tax Act 2024 (Wet minimumbelasting 2024**). **We expect to be impacted by** ~~Other~~ -- **the** ~~(non- EU) countries~~ **Dutch Minimum Tax Act 2024 beginning January 1, 2024. We** are ~~also actively considering~~ **currently analyzing the impact of the Dutch Minimum Tax Act 2024 to determine the potential effect on our results and to ensure compliance with the legislation. We currently expect that the Dutch Minimum Tax Act 2024 will increase our worldwide effective tax rate and have a material impact on our financial results, beginning in fiscal year 2024. We continue to monitor the potential impacts of ongoing OECD initiatives and proposed Pillar 2 tax legislative** changes ~~to their~~ **in all jurisdictions where we have a** tax **presence** ~~laws to adopt certain parts of the OECD' s proposals~~ . ~~As a~~ **Our financial** ~~result~~ **results** ~~of~~ **may be negatively impacted if** these **changes are** ~~new tax rules and the ongoing initiatives at the OECD level, if~~ enacted into law, in whole or in part ~~, our effective tax rate may increase which may negatively impact our financial results~~ . Increases in property taxes would increase our operating costs, which could have a material adverse effect on us. Each of our resorts is subject to real estate and personal property taxes, especially upon any development, redevelopment, rebranding, repositioning and renovation. These taxes may increase as tax rates change and as our resorts are assessed or reassessed by taxing authorities. If property taxes increase, we would incur a corresponding increase in our operating expenses, which could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects. Risks Related to Ownership of Our Ordinary Shares The rights of our shareholders and the duties of our directors are governed by Dutch law, our Articles of Association and internal rules and policies adopted by our Board ~~,~~ and differ in some important respects from the rights of shareholders and the duties of members of a board of directors of a U. S. corporation. Our corporate affairs, as a Dutch public limited liability company (naamloze vennootschap), are governed by our Articles of Association, internal rules and policies adopted by our Board and by the laws governing companies incorporated in the Netherlands. The rights of our shareholders and the duties of our directors under Dutch law are different from the rights of shareholders and / or the duties of directors of a corporation organized under the laws of U. S. jurisdictions. In the performance of its duties, our Board is required by Dutch law to consider our interests and the interests of our shareholders, our employees and other stakeholders (e. g., our creditors, guests and suppliers) as a whole and not only those of our shareholders, which may negatively affect the value of your investment. In addition, the rights of our shareholders, including for example the rights of shareholders as they relate to the exercise of shareholder rights, are governed by Dutch law and our Articles of Association and such rights differ from the rights of shareholders under U. S. law. For example, if we engaged in a merger, Dutch law would not grant appraisal rights to any of our shareholders who wished to challenge the consideration to be paid to them upon such merger (without prejudice, however, to certain cash exit rights offered under Dutch law in certain circumstances). We are organized and existing under the laws of the Netherlands, and, as such, the rights of our shareholders and the civil liability of our directors and executive officers **,** are governed in certain respects by the laws of the Netherlands. We are organized and existing under the laws of the Netherlands **. As such** , **under Dutch private international law, the rights** and **obligations of our shareholders vis- à- vis the Company originating from Dutch corporate law and our Articles of Association** , as **well as** ~~such, the rights of our shareholders and~~ the civil liability of our **officers (functionarissen) (including our** directors and executive officers **)** are governed in certain respects by the laws of the Netherlands. ~~The ability~~ **We are not a resident** of ~~our shareholders in certain countries other~~ -- **the United States** ~~than the Netherlands to bring an~~ **and our officers may also not all be residents of the United States. As a result, depending on the subject matter of the** action **brought** against us ~~,~~ **and /** ~~our~~ - **or our** ~~directors and executive~~ officers **, United States courts** may **not have jurisdiction. If a Dutch court has jurisdiction with respect to such action, that court will apply Dutch procedural law and Dutch private international law to determine the law applicable to that action. Depending on the subject matter of the relevant action, a competent Dutch court may apply another law than the laws of the United States. Also, service of process against non-residents of the United States can in principle (absent, for example, a valid choice of domicile) not** be ~~limited under applicable law~~ **effected in the United States** . **Furthermore** ~~In addition~~ , substantially all of our assets are located outside the United States. **On** ~~As a result, it may not be possible for shareholders to effect service of process within the United States upon us or our directors and executive officers or to enforce judgments against us or them in U. S. courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States. In addition, it is not clear whether a Dutch court would impose civil liability on us or any of our directors and executive officers in an original action based solely upon the federal securities laws of the United States brought in a court of competent jurisdiction in the Netherlands. As of~~ the date of this annual report, **(i)** there is no treaty in ~~effect~~ **force** between the United States and the Netherlands ~~providing~~ for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters **and (ii) both** ~~. With respect to choice of court agreements in civil or commercial matters, it is noted that~~ the Hague Convention on Choice of Court Agreements **(2005) and the Hague Judgments Convention (2019) have** entered into force for the Netherlands, but ~~has~~ **have** not entered into force for the United States. ~~Accordingly~~ **Consequently** , a judgment rendered by a court in the United States **will** ~~, whether or not predicated solely upon U. S. securities laws, would~~ not automatically be recognized and enforced by the competent Dutch courts. However, if a person has obtained a judgment ~~for the payment of money~~ rendered by a court in **the United States that is enforceable under the laws of** the United States and files a claim with the competent Dutch court, the Dutch court will in principle give binding effect to ~~a foreign~~ **that United States** judgment if (i) the jurisdiction of the ~~foreign~~ **United States** court was based on a ground of jurisdiction that is generally acceptable according to international standards, (ii) the judgment by the ~~foreign~~ **United States** court was rendered in legal proceedings that comply with the Dutch standards of proper administration of justice including sufficient safeguards (behoorlijke rechtspleging), (iii) binding effect of such ~~foreign~~ **United States** judgment is not contrary to Dutch public order **(openbare orde)** and (iv) the judgment by the ~~foreign~~ **United States** court is not incompatible with a decision rendered between the same parties by a Dutch court, or with a previous decision rendered between the same parties by a foreign court in a dispute that concerns the same subject and is based on the same cause, provided that the previous decision qualifies for ~~acknowledgment~~ **recognition** in the Netherlands. Even if such a ~~foreign~~ **United States** judgment is ~~giving~~ **given** binding effect, a claim based thereon may, however, still be rejected if the ~~foreign~~ **United States** judgment is not or no longer formally enforceable. **Moreover, if the United States judgment is not final (for instance when appeal is possible or pending) a competent Dutch court may postpone recognition until the United States judgment will have become final, refuse recognition under the understanding that recognition can be** ~~Based~~ - **asked** ~~on~~ **again once** the ~~lack of a treaty~~ **United States judgment will have become final, or impose** as ~~described above, U~~ **a condition for recognition that security is posted** . ~~S~~ **A competent Dutch court may deny the recognition and enforcement of punitive damages or other awards** . **Moreover, a competent Dutch court may reduce the amount of damages granted by a United States court and recognize damages only to the extent that they are necessary to compensate actual losses or damages. Thus, United States** investors may not be able **, or experience difficulty,** to enforce **a judgment obtained in a United States court** against us or our **officers** ~~directors, representatives or certain experts named herein who are residents of the Netherlands or countries other than the United States any judgments obtained in U. S. courts in civil and commercial matters, including judgments under the U. S. federal securities laws~~ . Under our Articles of Association, and certain other contractual arrangements between us and our directors, we indemnify and hold our directors harmless against all claims and suits brought against them, subject to limited exceptions. There is doubt, however, as to whether U. S. courts would enforce such indemnity provisions in an action brought against one of our directors in the United States under U. S. securities laws. Sagicor owns a significant number of our ordinary shares and has representation on our Board, and may have interests that differ from those of our other shareholders. As of January 31, ~~2023~~ **2024** , approximately ~~8~~ **9** % of our outstanding ordinary shares were beneficially owned by Sagicor Financial Corporation Limited and its designated director on our Board. As a result, Sagicor and its affiliates may be able to influence the outcome of matters submitted for director action, subject to our directors' obligation to act in the interest of all of our stakeholders, and for shareholder action, including the designation and appointment of our Board (and committees thereof) and approval of significant corporate transactions, including business combinations, consolidations and mergers. So long as this shareholder and / or its affiliates continue to directly or indirectly own a significant amount of our outstanding equity interests and have the right to designate a director to our Board and / or one or more committees thereof, this shareholder may be able to exert substantial influence on us and may be able to exercise its influence in a manner that is not in the interests of our other stakeholders. This shareholder' s influence over our management could have the effect of delaying, deferring or preventing a change in control or otherwise discouraging a potential acquirer from attempting to obtain control of us, which could cause the market price of our ordinary shares to decline or prevent our shareholders from realizing a premium over the market price for our ordinary shares. Prospective investors in our ordinary shares should consider that the interests of this shareholder may differ from their interests in material respects. Provisions of our Articles of Association or Dutch corporate law might deter or discourage acquisition bids for us that shareholders might consider to be favorable and prevent or frustrate any attempt to replace or remove our Board at the time of such acquisition bid. Certain provisions of our Articles of Association may make it more difficult for a third party to acquire control of us or effect a change in our Board. These provisions include: • A provision that our directors are appointed by our general meeting (" General Meeting ") at the binding nomination of our Board. Such binding nomination may only be overruled by the General Meeting by a resolution adopted by at least a majority of the votes cast, if such votes represent more than 50 % of our issued share capital. • A provision that our shareholders at a General Meeting may suspend or remove directors at any time. A resolution of our General Meeting to suspend or remove a director may be passed by a majority of the votes cast, provided that the resolution is based on a proposal by our Board. In the absence of a proposal by our Board, a resolution of our General Meeting to suspend or remove a director shall require a vote of at least a majority of the votes cast, if such votes represent more than 50 % of our issued share capital. • A requirement that certain actions can only be taken by the General Meeting with at least two- thirds of the votes cast, unless such resolution is passed at the proposal by our Board, including an amendment of our Articles of Association, the issuance of shares or the granting of rights to subscribe for shares, the limitation or exclusion of preemptive rights, the reduction of our issued share capital, the application for bankruptcy, the making of a distribution from our profits or reserves on our ordinary shares, the making of a distribution in the form of shares in our capital or in the form of assets, instead of cash, the entering into of a merger or demerger, our dissolution and the designation or granting of authorizations such as the authorization to issue shares and to limit or exclude preemptive rights. Our General Meeting adopted a resolution to grant such authorizations to our Board. • A provision prohibiting (a) a " Brand Owner " (which generally means a franchisor, licensor or owner of a hotel concept or brand that has at least 12 all- inclusive resorts and that competes with any Hyatt All- Inclusive Resort Brand resort) from acquiring our ordinary shares such that the Brand Owner (together with its affiliates) acquires beneficial ownership in excess of 15 % of our outstanding shares, or (b) a " Restricted Brand Company " from acquiring our ordinary shares such that the Restricted Brand Company (together with its affiliates) acquires beneficial ownership in excess of 5 % of our outstanding ordinary shares. Upon becoming aware of either share cap being exceeded, we will send a notice to such shareholder informing such shareholder of a violation of this provision and granting the shareholder two weeks to dispose of such excess ordinary shares to an unaffiliated third party. Such notice will immediately trigger the transfer obligation and suspend the right to attend our General Meeting and voting rights (together, " Shareholder Rights ") of the shares exceeding the cap. If such excess shares are not disposed by such time, (i) the Shareholder Rights on all shares held by the shareholder exceeding the share cap will be suspended until the transfer obligations have been complied with, (ii) we will be irrevocably authorized under our Articles of Association to transfer the excess shares to a foundation until sold to an unaffiliated third party and (iii) such foundation shall issue depository receipts for the ordinary shares concerned to the relevant Brand Owner or Restricted Brand Company for as long as those ordinary shares are held by the foundation. Such provisions could discourage a takeover attempt and impair the ability of shareholders to benefit from a change in control and realize any potential change of control premium. This may adversely affect the market price of the ordinary shares. Moreover, our Board can invoke a cooling- off period of up to 250 days in the event of certain unsolicited takeover offers and shareholder activism. During a cooling- off period, our General Meeting would not be able to dismiss, suspend or appoint members of the Board (or amend the provisions in our Articles of Association dealing with those matters) except at the proposal of our Board **or a response period under the DCGC (as defined below) of up to 180 days in the event of shareholder activism** . Provisions of our franchise agreements with Hyatt might deter acquisition bids for us that shareholders might consider to be favorable and / or give Hyatt the right to terminate such agreements if certain persons obtain and retain more than a specified percentage of our ordinary shares. Certain provisions of our franchise agreements with Hyatt may make it more difficult for certain third parties to acquire more than a specified percentage of issued ordinary shares. Our franchise agreements with Hyatt and our Articles of Association both contain a provision prohibiting (a) a Brand Owner from acquiring issued ordinary shares such that the Brand Owner (together with its affiliates) acquires beneficial ownership in excess of 15 % of issued and outstanding ordinary shares, and (b) a Restricted Brand Company from acquiring issued ordinary shares such that the Restricted Brand Company (together with its affiliates) acquires beneficial ownership in excess of 5 % of issued and outstanding ordinary shares. Upon becoming aware of either share cap being exceeded, we must send a notice to such shareholder informing such shareholder of a violation of this provision and granting the shareholder two weeks to dispose of such excess ordinary shares to an unaffiliated third party. Such notice will immediately trigger the transfer obligation and suspend the Shareholder Rights of ordinary shares exceeding the share cap. If such excess ordinary shares are not disposed by such time, (i) the Shareholder Rights on all ordinary shares held by the shareholder exceeding the share cap will be suspended until the transfer obligations have been complied with and (ii) we will be irrevocably authorized under our Articles of Association to transfer the excess ordinary shares to a foundation until sold to an unaffiliated third party. Our franchise agreements provide that, if the excess ordinary shares are not transferred to a foundation or an unaffiliated third party within 30 days following the earlier of the date on which a public filing is made with respect to either share cap being exceeded and the date we become aware of either share cap being exceeded, Hyatt will have the right to terminate all (but not less than all) of its franchise agreements with us by providing the notice specified in the franchise agreement to us and we will be subject to liquidated damage payments to Hyatt. In the event that any Brand Owner or Restricted Brand Company acquires any ownership interest in us, we will be required to establish and maintain controls to protect the confidentiality of certain Hyatt information and will provide Hyatt with a detailed description and evidence of such controls. Future issuances of debt securities and equity securities may adversely affect us, including the market price of our ordinary shares and may be dilutive to existing shareholders. In the future, we may incur debt or issue equity ranking senior to our ordinary shares. Those securities will generally have priority upon liquidation. Such securities also may be governed by an indenture or other instrument containing covenants restricting its operating flexibility. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our ordinary shares. We may also issue ordinary shares in a public or private offering at prices below the current market price of the ordinary shares. Because our decision to issue debt or equity in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, nature or success of our future capital raising efforts. As a result, future capital raising efforts may reduce the market price of our ordinary shares and be dilutive to existing shareholders. Our shareholders may not have any preemptive rights in respect of future issuances of our ordinary shares. In the event of an increase in our share capital, our ordinary shareholders are generally entitled under Dutch law to full preemptive rights, unless these rights are limited or excluded either by a resolution of the General Meeting or by a resolution of our Board (if our Board has been authorized by the General Meeting for this purpose), or where shares are issued to our employees or a group company (i. e., certain affiliates, subsidiaries or related companies) or where shares are issued against a non- cash contribution, or in case of an exercise of a previously acquired right to subscribe for shares. The same preemptive rights apply when rights to subscribe for shares are granted. Preemptive rights may be excluded by our Board on the basis of the irrevocable authorization of the General Meeting to our Board for a period of **up to** five years from the date of this authorization with respect to the issue of our ordinary shares up to the amount of the authorized share capital (from time to time). The General Meeting has delegated the authority to issue our ordinary shares and grant rights to purchase our ordinary shares in accordance with the respective authorizations granted by our General Meeting. Accordingly, holders of our ordinary shares may not have any preemptive rights in connection with, and may be diluted by an issue of, our ordinary shares and it may be more difficult for a shareholder to obtain control over our General Meeting. Certain of our shareholders outside the Netherlands, in particular, U. S. shareholders, may not be allowed to exercise preemptive rights to which they are entitled, if any, unless a registration statement under the Securities Act of 1933, as amended (the " Securities Act "), is declared effective with respect to our ordinary shares issuable upon exercise of such rights or an exemption from the registration requirements is available. We are not obligated to and do not comply with all the best practice provisions of the Dutch Corporate Governance Code (the " DCGC "). This could adversely affect your rights as a shareholder. As we are incorporated under Dutch law and our ordinary shares have been listed on a government- recognized stock exchange (i. e., the Nasdaq), we are subject to the DCGC. The DCGC contains both principles and best practice provisions for our Board, shareholders and the General Meeting, financial reporting, auditors, disclosure compliance and enforcement standards. The DCGC is based on a " comply or explain " principle. Accordingly, we are required to disclose in our annual management report publicly filed in the Netherlands, whether or not we are complying with the various provisions of the DCGC. If we do not comply with one or more of those provisions (e. g., because of a conflicting Nasdaq requirement or U. S. market practice), we are required to explain the reasons for such non- compliance in our annual management report. We acknowledge the importance of good corporate governance. However, we do not comply with all the provisions of the DCGC, to a large extent because such provisions conflict with or are inconsistent with the corporate governance rules of the Nasdaq and U. S. securities laws that apply to us, or because we believe such provisions do not reflect customary practices of global companies listed on the Nasdaq. This could adversely affect your rights as a shareholder and you may not have the same level of protection as a shareholder in a Dutch company that fully complies with the DCGC. If, based on Mexican law, the accounting value of our ordinary shares is derived more than 50 % from property in Mexico, it could result in the imposition of tax on a selling shareholder who is not eligible to claim benefits under the income tax treaty between Mexico and the United States or under any other favorable income tax treaty with Mexico. According to article 161 of the Income Tax Law of Mexico, the transfer by a nonresident of Mexico of shares in an entity where the accounting value of the transferred shares is derived, directly or indirectly, from more than 50 % from immovable property located in Mexico could be subject to Mexican income tax. The applicable Mexican law does not provide for the method to be followed in making this calculation. The income tax rate in Mexico for the disposal of shares by nonresidents is currently either 25 % of the gross sale proceeds or, if certain conditions are met, 35 % of the net gain. Withholding of 25 % of gross sale proceeds is required of the buyer only if the latter is a Mexican resident. A Mexican nonresident subject to tax under article 161 may be eligible to claim exemption from taxation or a reduced tax rate under an applicable income tax treaty with Mexico, such as the income tax treaty between Mexico and the United States. A determination of whether the accounting value of our ordinary shares is derived, directly or indirectly, more than 50 % from immovable property located in Mexico is subject to interpretations of the applicable law and will be affected by various factors with regard to us that may change over time. If, at the time of a transfer of our ordinary shares, the accounting value of our ordinary shares is derived, directly or indirectly, from more than 50 % from immovable property located in Mexico and article 161 were applied to such transfer, it could result in the imposition of the above- mentioned tax on a selling shareholder who is not eligible to claim benefits under the income tax treaty between Mexico and the United States or under any other favorable income tax treaty with Mexico.