

## **CUSTODIAN REIT PLC (the “Company”)**

### **MATTERS RESERVED FOR THE BOARD**

#### **Introduction**

Every company should be led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society.

The following schedule sets out those matters reserved for the board in accordance with good corporate governance practice.

The board should set the Company’s strategic aims, ensuring that the necessary resources are in place for the Company to meet its objectives, and review the performance of the Company’s Key Service Providers. The board should establish the Company’s purpose, values and strategy and satisfy itself that these and its culture are aligned. The board is ultimately responsible for the Company’s management, general affairs, direction, performance and long-term success.

The board exercises all powers, authorities and discretions of the Company. Resolutions by the board are passed by a majority of votes. Each member of the board has one vote.

Directors, when making decisions and choices in setting policies and strategy, should exercise their own independent judgement and consider broader implications and how the actions and behaviours of the Company affect its customers, suppliers, the community and the environment as well as the Company’s reputation, as set out in Section 172 of the Companies Act 2006, the UK Corporate Governance Code 2018, FCA’s Listing Rules and Disclosure Guidance and Transparency Rules. The board will demonstrate to shareholders that the directors have performed this duty in its annual report and accounts.

Reference to Investment Manager refers to Custodian Capital Limited or such other person appointed as external investment manager by the board from time to time

#### **Schedule of matters reserved for the board**

- 1. Strategy, management and culture**
  - 1.1 The Company’s purpose, values, standards and culture.
  - 1.2 The Company’s long-term objectives, strategy and risk appetite.
  - 1.3 The annual operating and capital expenditure budgets and any material changes to them.
  - 1.4 Oversight and monitoring of performance of the Investment Manager and its compliance with the terms of the management agreement between it and the Company, following recommendations from the Chair of the Management Engagement Committee.
  - 1.5 Review the terms and operation of the Investment Management Agreement with the Investment Manager, considered a materially significant contract as per Section 5.
  - 1.6 Oversight of the Company’s operations and investment strategy ensuring:

- 1.7
  - a) Competent and prudent management.
  - b) Sound planning.
  - c) No trading which is significant in the context of the Company as a whole.
  - d) An adequate system of internal control.
  - e) Adequate accounting and other records; and
  - f) Compliance with statutory and regulatory obligations.
- 1.8 Ensuring that the necessary resources are in place for the Company to meet its objectives and to measure performance against them.
- 1.9 Approving major changes in tax planning, following recommendation from the audit and risk committee.
- 1.10 Review of performance in the light of the Company's strategic aims, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.11 Extension of the Company's activities into new business or geographic areas.
- 1.12 Any decision to cease to operate all or any material part of the Company's business.
- 1.13 Any decision to bring fund management internally and to become the Alternative Investment Fund Manager for the purposes of the Alternative Investment Fund Managers Directive (2011/61/EU).
2. **Structure and capital**
  - 2.1 Changes relating to the Company's capital structure including reduction of capital, share issues, or share buy backs (including the use of treasury shares).
  - 2.2 Major changes to the Company's corporate structure, including, but not limited to acquisitions and disposals of shares which are material relative to the size of the Company in question (taking into account initial and deferred consideration).
  - 2.3 Any change of Investment Manager.
  - 2.4 Changes to the Company's management and control structure.
  - 2.5 Any changes to the company's listing or its status as a plc.
3. **Financial reporting and controls**
  - 3.1 Approval of the preliminary announcement of the half-yearly and final results following recommendation from the Audit and Risk Committee.
  - 3.2 Approval of the annual report and accounts, following recommendation from the Audit and Risk Committee.
  - 3.3 Approval and publication the Company's investment policy.
  - 3.4 Approval of quarterly valuations of the property portfolio and net asset value statements.
  - 3.5 Approval of the dividend policy.

- 3.6 Declaration of interim and recommendation of final dividends.
- 3.7 Approval of any significant changes in accounting policies or practices, following recommendations from the Chair of the Audit and Risk Committee.
- 3.8 Approval of treasury policies.
- 3.9 Approval of material unbudgeted capital or operating expenditures (outside pre-determined tolerances).

#### 4. **Systems and Controls**

- 4.1 Ensuring the Company has effective overall systems of internal control, governance and risk management in place, including approving risk appetite, a robust assessment of both emerging and principle risks and reviewing the effectiveness of the Company's and Investment Manager's risk and control processes.
- 4.2 Considering risk reports from the board committees.

#### 5. **Contracts**

- 5.1 Contracts which are material strategically or by reason of size, entered into by the company in the ordinary course of business, for example bank borrowings.
- 5.2 Contracts of the company not in the ordinary course of business set out in the Investment Management Agreement.
- 5.3 Major capital projects.

#### 6. **Communication**

- 6.1 Ensuring effective engagement with, and participation from the shareholders and other key stakeholders, and receiving reports on the views of those stakeholders.
- 6.2 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 6.3 Approval of all circulars, prospectuses and listing particulars.
- 6.4 Approval of press releases concerning non-administrative matters or relating to the Investment Manager carrying out its remit under the Investment Management Agreement decided by the Board
- 6.5 Regulatory announcements concerning matters decided by the board.

#### 7. **Board membership and other appointments**

- 7.1 Changes in the structure, size and composition of the board, following recommendation from the Nominations Committee.
- 7.2 Appointments to the board, following recommendations by the Chair of the Nominations Committee.

- 7.3 The continuation in office of any director and the recommendation to shareholders of their election or re-election, following recommendation from the Nominations Committee.
- 7.4 The selection of the Chair following recommendation from the Nominations Committee and the Senior Independent Director.
- 7.5 The determination of independence of non-executive directors, following recommendation from the Nominations Committee
- 7.6 Succession planning for the board, following recommendation from the Nominations Committee, so as to maintain an appropriate balance of skills and experience promoting diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.
- 7.7 Approval of conflicts of interest involving directors or significant (holding more than 10%) shareholders.
- 7.8 The establishment, terms of reference, membership and chair of board committees, with input from the Nominations Committee. Receiving reports from each of the committees following their meetings.
- 7.9 Recommendation to shareholders of the appointment, reappointment or removal of the external auditor, following recommendation from the Audit and Risk Committee.
- 7.10 Appointment or removal of the Company Secretary.

## 8. **Remuneration**

- 8.1 Approval of the Remuneration Report (to include a “directors’ remuneration policy” and an “annual report on directors’ remuneration”), following recommendation from the Remuneration committee.
- 8.2 Determining the remuneration policy for the Company.
- 8.3 Determining the remuneration of the Non-Executive Directors including the Chairman, subject to the articles of association and shareholder approval as appropriate.

## 9. **Corporate governance matters**

- 9.1 Approving the Company’s overall Corporate Governance arrangements. This shall include the adoption of a corporate governance code and overseeing the Company’s compliance with that code.
- 9.2 Conducting an annual review of the performance of the board, board committees, each director and the Investment Manager, following recommendations from the Chair of the Management Engagement Committee.
- 9.3 Ensuring independence from and managing any conflicts with the Investment Manager.
- 9.4 Receiving reports on the view of shareholders, to ensure regular engagement with them and to understand their views on governance and the Company’s performance against its strategy.

The Chair should ensure that the board as a whole has a clear understanding of the views of shareholders.

- 9.5 Considering the balance of interests between shareholders, tenants and the community.
- 9.6 The board may also consider a website disclosure that explains the way the Company seeks to engage with its shareholders and how successful this has been.
- 9.7 Approval of key corporate and internal policies.
- 10. **Other**
- 10.1 The making of political donations (with shareholder approval).
- 10.2 Approval of the appointment of the Company's Key Service Providers
- 10.3 Prosecution, commencement, defence or settlement of litigation, or an alternative dispute resolution mechanism outside of day-to-day matters carried out under the Investment Management Agreement.
- 10.4 Approval of the overall levels of insurance for the Company including directors' & officers' liability insurance.
- 10.5 Any decision likely to have a material impact on the company or Company from any perspective, including, but not limited to, financial, operational, strategic or reputational.
- 10.6 Matters which the board considers suitable for delegation are contained in the terms of reference to its committees.
- 10.7 In addition, the board will receive reports and recommendations from time to time on any matter which it considers significant.