



TERMS OF REFERENCE FOR INVISTA REAL ESTATE INVESTMENT MANAGEMENT HOLDINGS PLC

BOARD

1. Introduction

- 1.1 This terms of reference principally applies to the Board of Invista Real Estate Investment Management Holdings Plc. However, where applicable it also covers the operation of its UK Subsidiary Boards.

2. Membership

- 2.1 The membership of the Board shall comprise at least three Non-Executive Directors, determined by the Board to be independent. These directors should make up at least half of the Board.
- 2.2 The appointment and removal of Board Directors will be made in accordance with the circumstances and procedures prescribed by the Articles of the Company.
- 2.3 A quorum for a valid meeting of the Board is two Directors, one of whom should be the Chairman or an independent Non-Executive Director.
- 2.4 The Secretary is appointed by the Board.

3. Proceedings of the Board

- 3.1 At meetings of the Board, strategy is considered, operational performance is reported and reviewed against plan, strategic reviews of the business undertaken, and new developments (including risk management issues) are considered against the Company's corporate and strategic objectives.
- 3.2 An agenda with supporting papers detailing the business to be discussed (and which Company is to consider each matter) is normally circulated towards the end of the week before the meeting, although urgent items may be circulated separately or tabled.
- 3.3 Although normally decisions are reached on a consensus, in the event of disagreement, decisions will be made by the majority, with the Chair of the meeting having a second casting vote in the event of a tie. A Director who

remains opposed to a proposal after a vote can ask for his or her dissent to be noted in the minutes.

- 3.4 The Articles allow Board meetings to take place by conference call or video conference. Decisions can also be made by a written resolution signed by all Directors. Written resolutions avoid the need to convene a Board meeting and may involve no collective discussion of the item involved (other than informally). Once signed by all Directors, a written resolution has the same force as a resolution passed at a meeting of the Directors.
- 3.5 The Board meeting minutes are prepared and circulated to members of the Board and other nominated recipients. They are submitted for formal approval to the following meeting.
- 3.6 The Directors of the Company may, where they consider it necessary, seek independent professional advice at the expense of the Company, in relation to concerns arising from the fulfilment of their duties as Directors. In general seeking such advice would not normally be considered until the issue had been discussed by the Director concerned with the Chairman.
- 3.7 Directors of the Company also have access to the impartial advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is accountable to the Board, through the Chairman, on all governance matters.
- 3.8 If they have concerns about the way in which the Company is being run, or about a course of action being proposed by the Board, Directors should ensure that their concerns are recorded in the Board Minutes, if they cannot be resolved. Where a Non-Executive Director resigns, a written statement should be provided to the Chairman, for circulation to the Board, setting out the reasons for resignation.

4. Frequency of Meetings

- 4.1 The Board shall meet at least four times a year, but the aim will be to meet formally six times per year with one annual off site day. Any Director of the Board or the Secretary may call additional meetings as necessary.
- 4.2 Normally the Board does not meet in August and December. Further Board meetings may be scheduled to take place as necessary.

5. Shareholder Approval

5.1 Companies Act Requirements and Related Legislation

Matters requiring shareholder approval include:-

- changes to the Memorandum or Articles;
- changing the name of the Company;
- fixing or changing the Company's authorised share capital;

- creating a new class of shares;
- issuing and buying back shares (this power is normally partially delegated by the shareholders to the Directors of the Company, but subject to certain limitations intended to protect the position of existing shareholders);
- appointing or changing the auditors; and
- authorisation of political donations.

5.2 **Memorandum and Articles**

5.2.1 The Company's Memorandum and Articles of Association generally do not reserve matters to the shareholders beyond those that are specified in legislation.

5.3 **Listing (AIM) Rules**

Matters requiring shareholder approval include:-

- significant acquisitions (the Rules set out definitions of 'major' based on various comparisons of the size of the two businesses concerned);
- transactions between the Company and its Directors (other than minor items or transactions on normal commercial terms) and joint venture transactions where appropriate; and
- creation of new employee share schemes where Directors of the Company are to participate and/or new shares are to be listed.

6. **Principal Duties of the Board**

6.1 **Matters Reserved to the Board**

The Board has a number of matters specifically reserved to it which are set out below.

6.1.1 **Regulatory/Legal Requirements**

Matters for approval by the Board:-

- the interim results and preliminary results of the Company;
- declaration of any interim and final dividends;
- the Annual Report and Accounts;
- the appointment and removal of the Company Secretary;
- approval of listing particulars and circulars; and
- approval of the annual report on directors' remuneration contained in the Annual Report and Accounts of the Company;

Matters for noting by the Board:-

- declarations of interest from Directors pursuant to Section 324 of the Companies Act.

6.1.2 **Appointments, Training, Evaluation and Terms of Reference**

Matters for approval by the Board:-

- appointment and removal of Directors in the circumstances prescribed by the articles;
- appointment of any Director as Chairman or Senior Independent Director and ending such appointments;
- determination of the independence of any Director or proposed Director taking into account the issues referred to in the combined code;
- apportionment of responsibilities to the Executive Directors of the Company including appointments to the positions of Chief Executive and Deputy Chief Executive Officer;
- the scope and extent of delegations to the Chairman, Chief Executive and Deputy Chief Executive Officer;
- the terms of reference of all Board Committees;
- performance evaluation of the Board at least once each year, and reporting (in the Company's Annual Report and Accounts) as to whether such performance evaluation has taken place and how it has been conducted;
- succession planning arrangements for the Board and Senior Management;
- policy on Executive Directors' remuneration; and
- approval by the Chairman and Executive Directors of the remuneration and terms of appointment of Non-Executive Directors of the Company, reflecting the time commitment and responsibilities of the role.

Matters for noting by the Board:-

- arrangements for ensuring that a satisfactory dialogue with shareholders takes place.

6.1.3 **Management**

Matters for approval by the Board:-

- strategic and Business Plans, and significant changes thereto;
- policies and standards and significant changes thereto on financial and non-financial risks, including but not limited to market risk; credit risk (including large exposures); regulatory and operational risk;
- the policy in relation to the provision of non-audit services by the external auditors, as recommended by the Audit Committee;
- annual review of the effectiveness of the Group's system of internal controls and reporting to shareholders that this has been done. The review will cover all material controls, including financial, operational and compliance controls and risk management systems;
- any material changes to the levels and nature of the insurance cover held by the Company;
- on the recommendation of the Audit Committee, the Audit Engagement Letter; and
- matters for agendas for any General Meetings of the Company.

Matters for noting by the Board:-

- reports on the Company's system of internal control;
- reviews of performance in light of the Group's strategy, objectives, business plans and budgets, together with any corrective actions; and
- reports on the views of the company's shareholders.

6.1.4 **Substantial transactions**

Matters for approval by the Board:-

- any individual item or series of linked transactions that commit the Company to capital and/or revenue expenditure in excess of £25 million, or any transactions which meet any of the Class Tests contained within the AIM Rules, whichever is the lower.

But excluding:-

- any transaction permitted under any separate Policy Statements approved by the Board; and
- Fund management activity conducted in accordance with its approved Investment Policy and Limits.

6.1.5 **Changes to business activities**

Matters for approval by the Board:-

- commencement by the Company, of any activity within its powers where such business had not previously been transacted and where activity will represent in excess of £25 million or any transactions which meet any of the Class Tests contained within the AIM Rules, whichever is the lower; and
- cessation by the Company, of any activity previously conducted representing in excess of £25 million or any transactions which meet any of the Class Tests contained within the AIM Rules, whichever is the lower.

6.1.6 **Share Capital and financing**

Matters for approval by the Board:-

- any increase/reduction in the issued share capital of the Company within the authorised share capital approved by the Shareholders; and
- the issue or repayment of, or the subscription for, any share capital or debt securities or any other borrowings not in the ordinary course of business by the Company subject also to Shareholder approval.

6.1.7 **Guarantees/Indemnities/Securities**

Matters for approval by the Board:-

- the issue of any guarantee, indemnity or security by the Company in excess of £25 million, other than in connection with a credit transaction, to a third party and/or other than in the ordinary course of the investment business of the Company, subject to the form of such documents being approved by Invista's lawyers.

6.1.8 **Donations**

Matters for approval by the Board:-

- any donation to a political party, either in the UK or overseas, subject also to the approval of the Shareholders and the detailed legal obligations applicable to such donations.

6.1.9 **Employee Share and Pension Schemes**

Matters for approval of the Board:-

- approval of material changes in the pension schemes and arrangements, the annual funding rates and any special pension contributions.
- approval of new employee Share Schemes and material changes in use of existing schemes.

6.1.10 **Subsidiaries**

The Company has the powers of a sole or majority shareholder to appoint or remove Directors and exercises indirect control over the activities of its subsidiaries by the retention of certain powers, subject to the rights of minority shareholders. The Board has delegated the application of a number of these powers to the Chief Executive Officer as set out in Chapter 8 of Invista's Governance Manual.

6.1.11 **Associates and Joint Ventures**

The operation of Associates and Joint Ventures will normally be governed by the provisions of a detailed Shareholders' and/or Joint Venture Agreement, the terms of which should include, inter alia, the powers of the Board of the Associate or Joint Venture, and the procedures for creating and approving business plans for the Associate or Joint Venture.

Joint Venture Agreements will normally contain a power of veto that can be invoked where the appointed Executive Director disagrees with the Joint Venture Board on any business decisions and/or points of principle relating to governance matters.

6.2 **Matters not Specifically Reserved to the Board**

Matters not specifically reserved to the Board are delegated to: -

- Board Committees, or
- The Chairman, or
- The Chief Executive Officer, or
- The Deputy Chief Executive Officer.

6.2.1 **Board Committees**

Each Board Committee has a terms of reference in place outlining the extent of their authority which has been approved by the Board. These are contained in Chapter 6 of the Invista's Governance Manual.

6.2.2 **Chairman**

6.2.2.1 **Overall responsibility**

The Chairman of the Board is appointed by the Board in the circumstances prescribed by the Articles.

6.2.2.2 **Specific matters**

The Chairman's responsibilities are detailed in Chapter 7 of Invista's Governance Manual.

6.2.3 **Chief Executive Officer**

The Board delegates the powers to the Chief Executive shown in Chapter 8 of Invista's Governance Manual.