



YEW GROVE

REIT PLC

Corporate Governance Framework

20 June 2020

For the period from admission on 8 June 2018 (“Admission”) the Company has adopted the corporate governance practices as governed by the relevant requirements and procedures as set out by the Irish Corporate Governance Annex to the UK Corporate Governance Code (“Irish Annex”) (to be found at <http://www.ise.ie/Products-Services/Sponsors-and-Advisors/Irish-Corporate-Governance-Annex.pdf>) and the UK Corporate Governance Code 2016 (“UK Code”) (to be found at <https://www.frc.org.uk/getattachment/ca7e94c4-b9a9-49e2-a824-ad76a322873c/UK-Corporate-Governance-Code-April-2016.pdf>), collectively known as the “Codes”.

This Corporate Governance Statement can be accessed electronically on our website at <http://yew-tree-commercial.prod-euw1.investis.com/investors/corporate-governance>

The Board confirms that the Company complies with the Codes. The Board has published further details of its compliance with the Corporate Governance Code in its Annual Report for the year ending 2019 which is available at <http://www.ygreit.com/~media/Files/Y/Yew-Tree-Commercial/reports-and-presentations/2019-annual-report.pdf>.

This describes its assessment of the Company’s prospects, the time period of the assessment and the appropriateness of that period in order to present a fair, balanced and understandable assessment of the Company’s position and prospects. It includes a statement of its reasonable expectation, with any significant assumptions explained, of the Company continuing in operation and meeting its liabilities as they fall due.

The Role of the Board of Directors

As at the date of this Report, there are seven directors on the Board, all of whom have been Directors from Admission. Barry O'Dowd (the Chair), Eimear Moloney, Garry O'Dea and Brian Owens are independent non-executive directors. The Chief Executive Officer, Jonathan Laredo, the Chief Financial Officer, Charles Peach and the Chief Investment Officer, Michael Gibbons are executive directors. The biographies of all the Directors are provided on our website at <http://yew-tree-commercial.prod-euw1.investis.com/about-us/board-of-directors>

The role of the Board is to set the strategic objectives for the Company, to monitor the achievement of these strategic objectives, and to determine the nature and extent of the principal risks it is prudent to take in achieving these strategic objectives. The Board is also responsible for monitoring and reviewing the effectiveness of the Company's risk management and internal control systems. The Board is responsible for ensuring the accuracy of financial and business information provided to shareholders and for ensuring that such information presents a fair, balanced and understandable assessment of the Company's position and prospects.

The Board ensures appropriate financial and human resources are available to the Company and oversees the performance of the executive directors and other employees of the Company as well as the Company's activities. There are a number of matters that require Board approval, such as Company strategy, risk management and internal controls, Board appointments, appointment and oversight of certain delegates, corporate structure and share capital, dividend policy and payments, interim and annual financial statements and corporate governance. The Board keeps under constant review the Company's performance and financial record. As a matter of law certain matters are required to be performed by Ballybunion Capital Limited in its capacity as the Company's alternative investment fund manager ("AIFM").

Under the Company's corporate governance framework any matter which requires the consent of the Board of the Company is considered at a Board meeting attended by an appropriate number of Directors.

Committees of the Board

The Board has delegated certain of its responsibilities to Committees of the Board, namely the Audit Committee, Remuneration Committee, Nomination Committee and Valuation Committee. The duties and responsibilities of each of these Committees are set out clearly in terms of reference which have been approved by the Board and are available on the Company's website <http://www.ygreit.com/investors/corporate-governance>. Further detail of the Audit Committee and Remuneration Committee is set out below. Membership and Chairship of each committee is reviewed by the Board at least every three years.

Board Meetings

The Board meets at least four times each calendar year and, prior to such meetings taking place, an agenda and board papers are circulated to the Directors so that they are adequately prepared for the meetings. The Company Secretary is responsible for the procedural aspects of the Board meetings. All Directors are expected to participate in all scheduled Board meetings as well as each annual general meeting ("AGM"). The Board Committees' meetings are arranged as and when required, with appropriate notice given and papers circulated in advance. Standing items at Board meetings include management accounts for the period, budgeted and actual performance, compliance reporting, portfolio and pipeline reporting and other operational reports.

Chair

The Chair, Barry O'Dowd, is a non-executive director. The Board believes that the Chair meets all of the criteria in the Codes and is demonstrably independent in character and judgement in his role. The Chair's primary responsibility is to lead the Board and to ensure its effectiveness both collectively and individually. The Chair meets shareholders from time to time, at the Company's AGM and as part of interim and annual results presentations, in order to understand their views. He also makes himself aware of shareholder views through feedback reports provided by the Company's brokers.

Before the beginning of each calendar year and following consultation with the Company Secretary and other Directors, the Chair sets a schedule of Board and Audit Committee meetings, with key agenda items, for the following year. The Chair also leads the Company's annual strategy session, in conjunction with the Chief Executive Officer.

Information and Support

The Chair ensures all directors are furnished with the information necessary to assist them in the performance of their duties. Directors have access to the Company Secretary, and, where appropriate, are entitled to have access to independent professional advice at the expense of the Company. The Committees of the Board are provided with sufficient resources to undertake their duties. The Company provides appropriate D&O insurance in respect of legal action against its directors.

As required by the Codes, the Chair has held meetings during the year with the non-executive Directors without the presence of the executive Directors.

Appointments to the Board

The Board members were selected to bring a range and depth of knowledge, skills and business experience to the Company. All serving members of the Board have been in place since Admission. The Nomination Committee leads the process for Board appointments and has a majority of independent non-executive directors. The criteria that it applies include experience and knowledge

of the commercial real estate sector, strong financial skills, general business experience, professional background and likely availability, and a need for balance and diversity, including gender, on the Board.

At least half of the Board are independent non-executive directors (excluding the Chair).

All non-executive directors are appointed for a term of three years, subject to continued satisfactory performance. All directors are submitted for re-election at the Company's AGM, in accordance with the Company's Articles of Association and the provisions of the Codes. The terms and conditions of appointment of all directors are set out in letters of appointment which are made available at each annual general meeting.

Induction and Development of Directors

All new independent directors receive an induction on joining the Board. All members of the Board are invited to visit part of the Company's portfolio on induction or thereafter to gain first hand understanding of examples of the implementation of the Company's strategy, property management, operations and tenant relations. The independent directors also receive presentations from the executive management and the Company's advisors on matters relevant to the Company's business.

The Nomination Committee, on behalf of the Board, assesses the training needs of the directors on at least an annual basis. The Chair considers the training needs of directors, in conjunction with individual directors, and has concluded that those needs are adequately met.

Communications with Shareholders

The Board recognises the importance of and welcomes feedback and all effective communications with shareholders. The Board is responsible for ensuring that a satisfactory dialogue with shareholders takes place and that the Company maintains open, two-way lines of communication with shareholders. It is important to the Board that shareholders understand the Company's strategy and objectives, which the Board works to ensure are clearly explained and articulated.

Presentations will be made to both existing and prospective institutional shareholders, principally after the release of the interim and annual results but also as part of investor days organised by brokerage firms. Major acquisitions are also announced to the market and the Company's website (www.ygreit.com) provides the full text of all stock exchange releases. The website will also contain annual and interim reports. The Board is kept informed of the views of shareholders and other investors by the Chief Executive Officer and receives analysts' reports on the Company. The Chair and the other directors also have the opportunity to meet shareholders and analysts at the Company's annual general meeting. If shareholders would like to communicate directly with the Board, they should contact Jonathan Laredo, contact details for whom are available from the Company's website. The Senior Independent Director, Garry O'Dea, is also available to shareholders who may have concerns which they would like to bring to his particular attention.

Share Dealings

The Market Abuse Regulation (596/2014) contains rules requiring listed companies to have effective systems and controls regarding persons discharging managerial responsibilities ("PDMRs") securities dealing clearance. The Board has put in place securities dealing rules which apply to the directors, and relevant employees of the Company and any of its affiliates (and certain persons connected with such persons). The securities dealing rules set out the pre-clearance approval procedures to be

adhered to when dealing in the shares of the Company and also set out periods in which share dealings are prohibited.

Independence

In accordance with the principles of the Codes, the Company maintains a majority of independent non-executive directors on the Board. The independence of each non-executive director is considered annually by the Board. The Board determines whether each director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. The Board is satisfied that each of its designated non-executive directors, namely Barry O'Dowd, Eimear Moloney, Garry O'Dea and Brian Owens fulfil the independence requirements of the Codes. The Board is also satisfied that the other directorships held by its directors do not interfere with the discharge of their duties to the Company.

The Company has and continues to maintain a robust whistleblowing policy that allows Company staff or advisors to raise concerns about possible improprieties in financial reporting or any other responsibility of the Company.

Board Evaluation

The effectiveness and performance of the Board and its directors, and of its Committees and their chairmen, is evaluated annually by the Board. The UK Code, under Provision B.6.2, provides that the Company (also as a smaller Company for the purposes of the Irish Annex) is not required to be externally evaluated every three years, however, the Company intends that an independent review by an independent outside expert should be conducted at least every three years. The Board states in its annual reports how its performance has been evaluated in accordance with the Codes.

The Board formally concludes on its own performance, on the performance of the Committees and on the performance of the individual directors including the Chair. The senior independent non-executive director meets with the non-executive Directors (other than the Chair) to appraise the Chair's performance, taking into consideration the views of the executive directors.

Accountability

In accordance with the Codes, the Board presents a fair, balanced and understandable assessment of the Company's position and prospects and specifically that they consider that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. Their opinion of the validity of adopting the going concern basis of accounting in preparing the annual and interim financial statements and the basis by which the Company seeks to generate or preserve value over the long term are included within its Annual reports.

The Audit Committee

The Audit Committee is constituted in compliance with the Codes and Articles of Association regarding the composition of the Audit Committee. The Audit Committee is chaired by Garry O'Dea, an independent non-executive director. All members of the Audit Committee were independent non-executive directors. All members are appointed for an initial term of up to three years, which may be extended by the Board.

The Board is satisfied that the Audit Committee members are appropriately qualified and experienced to fulfil their roles and have a broad mix of skills and experience arising from senior roles they hold or have held with other organisations and that the Audit Committee as a whole has

competence relevant to the sector in which the Company operates. In accordance with the Codes, Garry O’Dea, in particular, is considered by the Board to have recent, significant and relevant financial experience.

The Audit Committee has the responsibility of monitoring, managing, reappointing or replacing the external auditor. The Audit committee monitors the independence, performance and objectivity of the external auditors through meetings with them, reports from and on them and reviews with or without senior management. The Audit Committee met with the Company’s auditor and the Chair of the Audit Committee separately met with the auditor in the period.

External Audit

In order to assist the Audit Committee in evaluating the external audit process and to ensure continuous improvement, following the completion of the audit, the Audit Committee members will discuss with the management team the effectiveness of the external auditors and the external audit process generally. At least annually, the Audit Committee meets with the external auditors without the presence of the management team to discuss any matters the external auditors may wish to raise. The Audit Committee continues to be satisfied with the performance of the external auditors, who remain effective, objective and independent.

The Audit Committee is required to report in the annual report on any recommendations of the audit committee that the board have not accepted.

Internal Audit

In accordance with the Codes, the Audit Committee has considered the Company’s scale, complexity and range of operations, and based on the foregoing, in particular the size of the Company, the Audit Committee has recommended to the Board that it does not believe it is necessary to establish an internal audit function. The Board concurs with the Audit Committee’s recommendation not to establish an internal audit function for the Company at this time. The Audit Committee will continue to review this position annually and make appropriate recommendations to the Board.

Risk Management and Internal Control

The Board has overall responsibility for the effectiveness of the Company’s system of internal control and risk management. The Board has delegated responsibility for the monitoring of the effectiveness of this system to the Audit Committee. In accordance with the “Guidance on Risk Management, Internal Control and Related Financial and Business Reporting” issued by the Financial Reporting Council in September 2014, the Board confirms that there is an ongoing process for identifying, measuring and managing the significant risks faced by the Company in achieving its strategic objectives. The Board and the Audit Committee have developed, documented and maintain a robust risk identification, management and internal control framework and periodically review and consider if the systems are operating effectively. The Chair of the Audit Committee reports to the Board during the year on the Committee’s activities regarding risk management and internal control. The Audit Committee reviews the updated risk register and risk management policy and if appropriate recommends for adoption by the Board. The Company’s risk management policy and risk register identify the principal risks facing the Company and assess the controls in place to mitigate those risks and the procedures in place to monitor them. This process is designed to manage rather than eliminate the risk of failure to achieve the Company’s business objectives and can only provide reasonable, but not absolute assurance against material loss or mis-statement. The principal risks

facing the Company and the means for their management and mitigants are included in the annual report.

The Remuneration Committee

The Remuneration Committee is constituted in compliance with the Codes and Articles of Association regarding its composition. The Remuneration Committee is chaired by Eimear Moloney, an independent non-executive director. A majority of the Remuneration Committee are independent non-executive directors. All members are appointed for an initial term of up to three years, which may be extended by the Board.

The principal duties of the Remuneration Committee include determining the framework for the remuneration of the Company's directors, Company secretary and other members of the executive management, reviewing the design of all share incentive plans, performance related pay schemes and payments ensuring the executive management of the Company have appropriate incentives to reward their contribution to the success of the Company. Members of the Remuneration Committee will also meet with the Company's shareholders to discuss remuneration as appropriate.

Directors' and Non-Executive Director's Remuneration Policy

The objective of the Company's remuneration policy is to attract, motivate and retain high calibre, qualified, executives with the necessary skills and experience in order for the Company to achieve its strategic objectives. The Directors also recognise the importance of ensuring that employees are incentivised and identify closely with the success of the Company. Accordingly, the Committee's aim is to provide a framework for remuneration which creates an appropriate balance between fixed and performance-related elements. It is the Committee's intention that performance-related remuneration is linked to the achievement of objectives which are aligned with shareholders' interests over the medium term.

Variable Remuneration

The remuneration policy includes the possibility of awards of variable components of remuneration. The Company describes the components of bonus or other variable elements of remuneration and disclose what components of variable compensation are deferred and for how long in its annual report.

Long Term Incentive Plan (LTIP)

The executive directors may receive awards as a part of the Long Term Incentive Plan. This provides for awards of options that vest three years after grant, subject to challenging performance conditions, with the options being exercisable after an additional two years.

The Remuneration Committee may reduce an LTIP Award or require the participant to repay (in the period of up to two years following the vesting date) an amount received on vesting of an LTIP Award in circumstances in which: (a) the value of the LTIP Award was determined on the basis of materially incorrect information; (b) the participant is guilty of wilful misconduct or fraud; (c) the Company suffers reputational damage as a result of the actions or inactions of a participant; or (d) the participant is guilty of a material breach of his contract of employment.

Non-Executive Director Fees

The remuneration of the non-executive directors shall be determined by the Board as a whole. No director shall be involved in any decisions in respect of his or her own remuneration. Levels of remuneration for non-executive directors reflect the time commitment and responsibilities of the role. The fees paid to non-executive directors should, therefore, be set at a level which aims to attract individuals with the necessary experience and ability to make a significant contribution to the Company and to compensate them appropriately for their role. The Board will review its performance on an annual basis and will review the remuneration of the directors during the term of their respective appointments.