



YEW GROVE

REIT PLC

Terms of reference for the Valuation Committee of the Board of Directors of Yew Grove REIT plc. (the “Company”)

Board Approval: 30th April 2018

Effective Date: 21st May 2018

There shall be established a committee of the board, duly constituted in accordance with the UK Corporate Governance Code and the Irish Corporate Governance Annex thereto (the “UK Code”) and the Company’s constitution, to be known as the Valuation committee.

References to ‘the committee’ are to ‘the Valuation committee’. References to ‘the board’ are to ‘the board of directors’.

1. Membership

- 1.1 Appointments to the committee are made by the board and shall be for a period of up to three years, which may be extended for two additional periods of up three years, provided the relevant member still meets the criteria for membership of the committee.
- 1.2 The committee shall have at least two members and include at least two independent non-executive directors of the board,
- 1.3 The board shall appoint the committee chairman who shall be an independent non-executive director. In the absence of the committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the board. The chairman of the board shall not be chairman of the committee.
- 1.4 Only members of the committee have the right to attend committee meetings. However, other individuals such as officers and staff of the Company and other directors and representatives from service providers to the Company may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.5 The external valuers appointed by the Company from time to time will be invited to attend meetings of the committee on a regular basis.

2. Secretary

The Company Secretary or its nominee shall act as the secretary of the committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be two, at least one of whom must be a non-executive director. A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.
- 3.2 The members of the committee may meet for the despatch of business, adjourn and otherwise regulate meetings as they think fit. Without prejudice to the foregoing, all or any of the members of the committee may participate in a meeting of the committee by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear and speak to each other. A member of the committee so participating shall be deemed to be present in person at the meeting and shall be entitled to fully participate and be counted in the quorum accordingly.
- 3.3 Without prejudice to the provisions of paragraphs 3.1 and 3.2 above, the members of the committee may make decisions without a meeting, by unanimous written consent, but only when deemed appropriate and necessary by the committee chairman.

4. Frequency of meetings

- 4.1 The committee shall meet at least twice a year at appropriate times in the reporting and valuation cycle of the Company and otherwise as required.
- 4.2 Outside of the formal meeting programme, the committee chairman will maintain a dialogue with key individuals involved in the Company's governance, including the chairman of the board.

5. Notice of meetings

- 5.1 Meetings of the committee shall be called by the secretary of the committee at the request of any of its members or at the request of external valuers if they consider it necessary.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee, any other person required to attend and to all other non-executive directors, if any, no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.
- 5.3 The notice period set out in paragraph 5.2 may be reduced at the sole discretion of the committee chairman to whatever they consider appropriate.
- 5.4 The committee may send notices, agendas and supporting papers in electronic form where the recipient has agreed to receive the documents in such a way.

6. Voting arrangements

- 6.1 Each member of the committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the committee.

- 6.2 If a matters that is considered by the committee is one where a member of the committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 6.3 Except where he has a personal interest, the committee chairman shall have a casting vote.
- 6.4 The committee chairman may ask any attendees of a committee meeting to leave the meeting to allow discussion of matters relating to them.

7. Minutes of meetings

- 7.1 The secretary shall minute the proceedings and resolutions of all meetings of the committee, including recording the names of those present and in attendance.
- 7.2 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 7.3 Draft minutes of committee meetings shall be circulated promptly to all members of the committee and, once agreed, to all other members of the board, if any, unless it would be inappropriate to do so in the opinion of the committee chairman.

8. Annual General Meeting (“AGM”)

The committee chairman should attend the annual general meeting to answer shareholder questions on the committee's activities.

9. Duties

The committee should carry out the duties below for the Company and the group as a whole, as appropriate. The committee should:-

9.1 Valuation reporting

The committee shall monitor the integrity of the valuation of the property assets of the Company, reviewing and reporting to the board on significant valuation reporting issues and judgements which they contain. The committee shall also review and report to the board on summary valuation statements, valuation methodologies used, and any valuation assumptions contained in valuation documents. In particular, the committee shall review and challenge where necessary;

- i. the consistency of, and any changes to, valuation methodologies both on a year on year basis and across the Company and, if applicable, its subsidiaries to ensure the valuations are in accordance with the RICS Valuation – Global Standards 2017, incorporating the International Valuation Standards and RICS Professional Standards (the "Red Book") ;
- ii. the methods used to account for significant or unusual properties where different approaches are possible;
- iii. whether the valuer has followed appropriate valuation standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- iv. the clarity of disclosure in the valuer’s reports and the context in which statements are made; and
the annual and semi-annual valuations, and where the committee is not satisfied with any

aspect of the valuations provided by the external valuer, it shall report its views to the board.

9.2 Narrative reporting

Where requested by the board, the committee should review the content of the valuation reports and advise the board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the value of the company's properties.

9.3 External Valuation

The committee shall:-

- i. consider and make recommendations to the board, in relation to the appointment, re-appointment and removal of the Company's external valuer or valuers. If the board does not accept the committee's recommendation on the appointment, re-appointment and removal of external valuer or valuers, the committee shall prepare a statement explaining the committee's recommendation. The committee shall oversee the selection process for new valuers and if a valuer resigns the committee shall investigate the issues leading to this and decide whether any action is required;
- ii. oversee the relationship with the external valuer or valuers including (but not limited to):
 - a. approval of their remuneration and that the level of fees is appropriate to enable an effective and high-quality valuation to be conducted;
 - b. approval of their terms of engagement, including any engagement letter issued at the start of each valuation and the scope of the valuation;
 - c. assessing annually their performance, independence and objectivity and the effectiveness of the valuation process taking into account relevant UK and Irish professional and regulatory requirements and the relationship with the valuer or valuers as a whole, including the provision of any non-valuation services;
 - d. satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the valuer and the Company (other than in the ordinary course of business) which could adversely affect the valuer's independence and loyalty;
 - e. assessing annually the qualifications, expertise and resources of the valuer or valuers and the effectiveness of the valuation process which shall include a report from the external valuer on their own internal quality procedures;
 - f. monitoring the adequacy of, and compliance with, the internal valuation control procedures relating to the Company;
 - g. seeking to ensure co-ordination with the internal valuation activities; and
 - h. evaluating the risks to the quality and effectiveness of the valuation process and consideration of the need to include the risk of the withdrawal of the valuer from the market in that evaluation;
- iii. meet the external valuer or valuers at least once a year, without any member of the Company's management being present, to discuss their remit and any issues arising from the

valuation;

- iv. review and approve the annual valuation plan and ensure that it is consistent with the scope of the valuation engagement;
- v. review the findings of the valuation with the external valuer or valuers, including but not be limited to, the following:-
 - a discussion of any major issues which arose during the valuation;
 - any valuation judgements; and
 - the effectiveness of the valuation process; and
- vi. develop and implement a policy on the supply of non-valuation services by the external valuer or valuers, taking into account any relevant ethical guidance on the matter and to report to the board identifying any matters in respect of which it considers that action or improvement is needed and make recommendations as to the steps to be taken.

10. Reporting responsibilities

- 10.1 The committee chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities, and shall also formally report on how it has discharged its responsibilities.
- 10.2 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The committee shall compile a report on its activities to be included in the Company's annual report. The report should include: an explanation of how the committee has addressed the effectiveness of the external valuation process; the significant issues that the committee considered in relation to the valuation statements and how these issues were addressed, having regard to matters communicated to it by the valuer; if an external valuer provides non-valuation services, an explanation of how the valuer's objectivity and independence are safeguarded; the approach taken to the appointment or reappointment of the external valuer and information on the length of tenure of the current valuation firms and when a tender was last conducted. The annual report shall also list the names of all members of the committee, the number of committee meetings and attendance by each member.
- 10.4 In compiling the reports referred to in 10.1 and 10.3, the committee should exercise judgement in deciding which of the issues it considers in relation to the property valuations are significant, but should include at least those matters that have informed the board's assessment of whether the Company is a going concern. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

11. Other matters

The committee shall also:-

- i. have access to sufficient resources in order to carry out its duties, including access to the Company secretarial function for assistance as required;
- ii. be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- iii. be responsible for co-ordination of the external valuers;

- iv. give due consideration to the provisions of the UK Code, the Irish and London Stock Exchange's Listing Rules, the Central Bank's and Financial Conduct Authority's Listing, Prospectus and Disclosure and Transparency Rules (as applicable) and any other applicable rules and regulations, as appropriate;
- v. arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval;
- vi. oversee any investigation of activities which are within its terms of reference;
- vii. work and liaise as necessary with all other board committees; and
- viii. make available its terms of reference, explaining its role and the authority delegated to it by the board.

12. Authority

The committee is authorised to:-

- i. seek any information it requires from the management, staff and/or any of the service providers of the Company in order to perform its duties;
- ii. obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference;
- iii. call any service provider of the Company to be questioned at a meeting of the committee as and when required;
- iv. publish in the Company's annual report details of any issues that cannot be resolved between the committee and the board;
- v. do all other matters as it believes appropriate in respect of the conduct of its duties, including, without limitation, the matters referred to herein; and
- vi. delegate any of its powers to one or more of its members or the secretary.