

## **UK COMMERCIAL PROPERTY REIT LIMITED (the “Company”)**

### **TERMS OF REFERENCE - RISK COMMITTEE**

**Approved on 22 March 2018 (Updated following Board Meeting on 15 June 2018)**

#### **1. Constitution**

The Risk Committee (the “Committee”) was initially constituted by resolution of the Board on 21 September 2016. A certified copy of the resolution is attached to these terms of reference.

#### **2. Authority**

- 2.1. The Committee is authorised to investigate any matter within its terms of reference (and shall have the resources which it needs to do so) and to seek any information it requires from any associate of the Company. The Committee is authorised to take such independent professional advice (including property and legal advice) and to secure the attendance of third parties with relevant expertise or experience as it considers necessary.
- 2.2. The Committee shall have no executive powers but shall be responsible for reporting its findings and recommendations to the Board which remains responsible for making all decisions.

#### **3. Membership**

- 3.1. Members of the Committee shall be appointed by the Board. The Committee shall be made up of at least three members.
- 3.2. All members of the Committee shall be non-executive directors.
- 3.3. Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate.
- 3.4. The Board shall appoint the Committee Chair who shall be a non-executive director. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

#### **4. Secretary**

The Company Secretary or its nominee shall act as the Secretary of the Committee.

#### **5. Quorum**

The quorum necessary for the transaction of business shall be two members.

## **6. Frequency of Meetings**

The Committee shall meet at least annually and may otherwise convene the Committee, meet together for the despatch of business and otherwise regulate their meetings as they think fit.<sup>1</sup>

## **7. Notice of Meetings**

- 7.1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members.
- 7.2. 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 all other non-executive directors, 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.

## **8. Minutes of Meetings**

- 8.1. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 8.2. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 8.3. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.

## **9. Duties**

The Committee shall seek to ensure that proper consideration of risk is undertaken in all aspects of the Company's business, particularly when a property transaction or any other significant project is being proposed. Specifically, the Committee will review the Risk Report produced by the Investment Manager (or such other person as may from time to time provide such risk services to the Company) and submitted to the Board, focusing in particular on:

- considering matters relating to the risk profile of the Company, including an assessment of risk appetite, risk tolerance and risk strategy;
- reviewing the key risks, ensuring that no important risks have been omitted, seeking assurance that these risks are appropriately rated, taking account as far as possible of both qualitative and quantitative measures, and ensuring that appropriate risk mitigation processes are in place;
- considering significant changes from the previous risk report;

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<sup>1</sup> The frequency and timing of meetings will differ according to the needs of the Company. Meetings should be organised so that attendance is maximised (for example by timetabling them to coincide with Board meetings).

- reviewing the findings and any recommendations or statements made by the Investment Manager;
- reviewing the Investment Manager’s risk processes and internal control procedures in their capacity as the AIFM;
- ensuring that risk applying to any acquisition or disposal is fully considered;
- critically reviewing the risk section(s) of the Annual Report;
- matters relating to health & safety in the property portfolio and review of reports from the Investment Manager and Property Managers.

## 10. Reporting Responsibilities

The Chair of the Committee shall make a brief verbal report of the findings and recommendations of the Committee to the Board after each Committee meeting.

### ADDENDUM I

#### UKCM – Risk Committee Members

	Appointed	Review
Margaret Littlejohns (Chair)	1 January 2018	
Andrew Wilson	21 September 2016	
Ken McCullagh	21 September 2016	
Sandra Platts	21 September 2016	
Michael Ayre	21 September 2016	
Robert Fowlds	1 April 2018	

John Robertson	21 September 2016	Resigned 31 March 2018
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