

PHOENIX SPREE DEUTSCHLAND LIMITED
MATTERS RESERVED FOR THE BOARD

Latest Update:
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(last reviewed)

MATTERS RESERVED FOR THE BOARD

1. **Membership**

- 1.1 At least half of the Board, excluding the Chair, should be non-executive Directors whom the Board considers to be independent when assessed against the circumstances set out in Provision 13 of the Association of Investment Companies Code of Corporate Governance (“**AIC Code**”). The majority of the Board should be independent of the Investment Manager; and
- 1.2 Only members of the Board have the right to attend Board meetings. However, other individuals such as representatives of QSix Limited (the “**Property Advisor**”) and external advisers, as appropriate, may be invited to attend for all or part of any meeting as and when appropriate or necessary.

2. **Quorum**

The quorum necessary for the transaction of business of the Board is as set out in the Company’s articles of association.

3. **Frequency of meetings**

The Board shall meet at least four times a year and otherwise as required.

4. **Notice of meetings**

- 4.1 Meetings of the Board shall be called by the Secretary at the request of the Chair or any of its members; and
- 4.2 Unless otherwise agreed with the Chair, notice of each meeting confirming the venue, time and date shall be forwarded to each member of the Board and any other person required to attend no later than ten working days before the date of the meeting. An agenda of items to be discussed shall be forwarded to the Chair in the first instance at least ten working days before the date of the meeting unless otherwise agreed by the Chair, then circulated to each member of the Board and any other person required to attend at least five working days before the date of the meeting. Supporting papers shall be sent to Board members and other attendees at the same time.

5. **Minutes of meetings**

- 5.1 The Secretary shall minute the proceedings and decisions of all meetings of the Board, including recording the names of those present and in attendance;
- 5.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly; and
- 5.3 Draft minutes of Board meetings shall be circulated to the chair of the meeting no later than 10 working days following the date of the meeting. Following the chair’s review, and ideally no later than 15 business days following the date of the meeting, the draft minutes shall be circulated to all Board members for review. Once approved, minutes should be tabled for noting at the next available quarterly Board meeting unless it would be inappropriate to do so in the opinion of the Chair.

6. **Duties**

All matters that have a material impact upon the Company will be referred to the Board. However, below is a schedule of matters reserved specifically for the decision of the Board.

6.1 **Stakeholder engagement**

NB: Although it is not a requirement for a non-UK company to comply with section 172 of the

Companies Act 2006, there are, however, related corporate governance disclosures in the AIC Code which apply to the Company on a comply or explain basis.

- 6.1.1 Seek regular engagement with major shareholders (either directly or through the Company's service providers) in order to understand their views on governance and performance against the Company's investment objective and investment policy, including attending the Annual General Meeting to respond to any shareholder questions;
- 6.1.2 Engage with the Company's key stakeholders (either directly or through the Company's service providers) to understand and factor into boardroom discussions the potential impact of Board decisions on each stakeholder group and consider their needs and concerns, in accordance with section 172 of the Companies Act 2006;
- 6.1.3 Act in a way the Board considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in section 172 of the Companies Act 2006); and
- 6.1.4 When significant votes have been cast against the Board recommendation for a resolution at a general meeting, explain, when announcing voting results, what actions the Company intends to take to consult shareholders in order to understand the reasons behind the result.

6.2 Conflicts

- 6.2.1 Deal with conflicts of interests of directors;
- 6.2.2 Identify and manage conflicts of interest, including those relating to significant shareholdings, and ensure that the influence of third parties does not compromise or override independent judgement; and
- 6.2.3 Approval of additional external board appointments, taking into consideration any potential conflicts of interest and the Director's continuing ability to meet the time requirements of their role as a non-executive director of the Company.

6.3 Investments / Divestments

- 6.3.1 Consider and, if thought fit, approve potential investment and divestment transactions recommended by the Property Adviser, if they fall outside the criteria delegated to the Property Adviser (see clause 7.2 below). The working capital position of the Company will be formally reviewed in advance of any property acquisitions;
- 6.3.2 Monitor, through regular reporting from the Property Adviser, and scrutinise the performance of the Company's investment portfolio;
- 6.3.3 Approve the designation of assets as condominiums, above the agreed limit of €25 million per annum delegated to the Property Adviser (see clause 7.2 below);
- 6.3.4 Engagement of prospective property managers, following a request from the Property Adviser; and
- 6.3.5 Consider and review EPRA reporting annually or as may be required.

6.4 Strategic / Policy Considerations

- 6.4.1 Overall leadership of the Company and setting the values and standards and assessing how the

Company preserves them over the long-term;

- 6.4.2 Assess and monitor its own culture, including its policies, practices, and behaviour to ensure it is aligned with the Company's purpose, values and strategy;
- 6.4.3 Investment/business strategy, including the ongoing review of the Company's investment objectives and investment policy;
- 6.4.4 Specific risk management policies including insurance, hedging, borrowing limits and corporate security;
- 6.4.5 Agreement of codes of ethics and business practices;
- 6.4.6 Avoidance of wrongful and fraudulent trading; and
- 6.4.7 Review regular compliance, marketing, and investment reports, including investment performance and associated matters such as gearing, asset allocation, attribution analysis, marketing/investor relations, peer group information and industry issues.

6.5 Corporate Matters

- 6.5.1 Approve all shareholder circulars, prospectuses, and listing particulars;
- 6.5.2 Convene general meetings of the Company, including approval of the resolutions and any associated documentation to be put to shareholders at the general meeting;
- 6.5.3 Recommending to shareholders the approval of alterations to the memorandum and articles of association of the Company; and
- 6.5.4 Making any takeover offer for another company or other companies within the City Code of Takeovers and Merger and considering a response to any such approach to the company.

6.6 Finance

- 6.6.1 Approving, upon the recommendation of the Property Adviser, the raising of capital, changes to capital structure and financing facilities;
- 6.6.2 Approval of the Company's dividend policy and determination of interim, special and final (if any) dividends, following recommendation from the Property Advisor;
- 6.6.3 Approval of operating and capex budgets (for a period of 12 months and beyond) and monitor performance against budget;
- 6.6.4 Approval of all guarantees given by the Company;
- 6.6.5 Review and approve the use of derivative instruments; and
- 6.6.6 Consider recommendations from the Property Advisor with respect to treasury policies including foreign currency and interest rate exposure, market risk and liquidity risk.

6.7 Management Engagement

- 6.7.1 monitoring and evaluating the Property Advisor's investment performance and compliance with

the terms of the Property Advisory Agreement and, if necessary, providing appropriate guidance, which may include considering the merit of obtaining an independent appraisal of the Property Advisor's services on an annual basis;

- 6.7.2 reviewing the terms of the Property Advisory Agreement from time to time to ensure that the terms thereof conform with market and industry practice and remain in the best interests of Shareholders and making recommendations to the Board on any variation to the terms of the Property Advisory Agreement which it considers necessary or desirable;
- 6.7.3 consider the continuing appointment of the Property Advisor is in the best interest of the Company and Shareholders;
- 6.7.4 keep under review:
 - a) the level and method of remuneration, the basis on which the performance fees (if any) are calculated and the notice period of the Property Advisor, giving due consideration to the competitive position of the Company against the peer group;
 - b) whether the asset and estate management fee should be based on gross assets, net assets, or market capitalisation;
 - c) the basis of any performance fee or performance related element and that it does not encourage excessive risk and rewards demonstrably superior performance by the property Advisor in managing the portfolio against the Company's stated objectives when compared to a suitable benchmark or peer group;
- 6.7.5 ensuring that a sound system of risk management and internal control is maintained and reviewed annually in order to safeguard Shareholders' investment and the Company's assets;
- 6.7.6 the Board is responsible for risk management and ensuring appropriate mitigation of those risks in conjunction with recommendations of the Company's Money Laundering and Compliance Officer.
- 6.7.7 monitoring and reviewing the performance of the Company's main service providers;
- 6.7.8 establishing procedures by which the main service providers should report back and the methods by which these providers are monitored and evaluated; and
- 6.7.9 considering any points of conflict which may arise between the providers of services to the Company.
- 6.8 Annual Report and Financial Statements
 - 6.8.1 Describe in the annual report how opportunities and risks to the future success of the business have been considered and address the sustainability of the Company's business model and how its governance contributes to the delivery of its strategy;
 - 6.8.2 Ensure inclusion of the Company's investment objective and investment policy in the annual report;
 - 6.8.3 In line with best practice, as set out in the AIC Code, describe in the annual report how stakeholder interests and the matters set out in section 172 of the Companies Act 2006 have been considered in board discussions and decision-making;
 - 6.8.4 Identify in the annual report each non-executive director considered to be independent by the Board. Where circumstances which are likely to impair, or could appear to impair, a non-executive

director's independence apply, and the Board nonetheless considers that the non-executive director is independent, a clear explanation should be provided;

6.8.5 Explain in the annual report the areas of decision making reserved for the Board and those over which the Property Advisor has discretion;

6.8.6 State in the annual and half-yearly report whether it is appropriate to adopt the going concern basis of accounting in preparing them and identify any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the reports; and

6.8.7 Detail in the annual report the number of meetings of the Board and its committees, and the individual attendance by Directors.

6.9 General

6.9.1 Allotment calls and forfeiture of shares;

6.9.2 If required, determination, with the assistance of the Property Advisor, of a policy on buy-back of shares and holding them in treasury including the criteria for sale from treasury/cancellation;

6.9.3 Approval of the arrangement of liability insurance for Directors and officers; and

6.9.4 Monitor press releases, marketing activities and investor relations.

6.10 Board Committees

6.10.1 Delegation of the Board's powers;

6.10.2 Establishment of, terms of reference for, membership of, and reporting arrangements for all Board committees, in consultation with the chair of the committees; and

6.10.3 Consideration and, if appropriate, approval of recommendations from its committees.

7. Delegation of Powers

7.1 Board Committees

7.1.1 The Board is responsible to shareholders for the overall management of the Company and may exercise all the powers of the Company subject to the relevant laws, the Company's articles of association and any directions given by special resolution of the shareholders. Some powers have been delegated to Board committees;

7.1.2 There are currently seven Board committees, as follows:

- a) Audit Committee
- b) Risk Committee
- c) Property Valuation Committee
- d) Nomination Committee
- e) Remuneration Committee
- f) Environmental, Social and Governance Committee
- g) Market Abuse Regulation Committee

7.1.3 The duties delegated to each committee are detailed in the committees' terms of reference.

7.2 Property Advisor

7.2.1 The Board have delegated a number of authorities to the Property Advisor which allow for Board efficiencies;

7.2.2 To ensure oversight and responsibility is maintained by the Board, the Property Advisor will report on all delegated powers as part of their report tabled to the quarterly Board meetings; and

7.2.3 The Board is responsible for delegation of authority in the form of a Power of Attorney, unless authority has already been delegated to the Property Advisor.

8. Other matters

The Board shall:

8.1 have access to sufficient resources in order to carry out its duties; including access to the Company Secretary and external advisers if required;

8.2 be provided with appropriate timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

8.3 give due consideration to laws and regulations, the provisions of the AIC Code and the requirements of the UK Financial Conduct Authority, Prospectus Regulation Regime and the Disclosure Guidance and Transparency Rules as appropriate;

8.4 oversee any investigation that is considered necessary and/or appropriate; and

8.5 review this schedule of matters reserved for the Board to ensure that it is operating at maximum effectiveness.

9. Authority

The Board is authorised to:

9.1 seek any information it requires from any Director, the Property Advisor or any external adviser of the Company in order to perform its duties;

9.2 obtain, at the Company's expense, outside legal or other professional advice; and

9.3 call any Director, any representative of the Property Advisor or any external adviser to be questioned at a meeting of the Board as and when required.