

# TOC PROPERTY BACKED LENDING TRUST PLC

(the "Company")

## MANAGEMENT ENGAGEMENT COMMITTEE

### Terms of Reference

(as adopted on 10 January 2017)

#### 1. DEFINITIONS

1.1 Reference to the "**Committee**" shall mean the Management Engagement Committee.

1.2 Reference to the "**Board**" shall mean the board of directors of the Company.

#### 2. MEMBERSHIP

2.1 The Committee shall be made up of at least two members. Members of the Committee shall be appointed by the Board in consultation with the Chairman of the Committee. All members of the Committee shall be non-executive directors.

2.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as representatives of the Company's investment manager and external advisers, as appropriate, may be invited to attend for all or part of any meeting as and when appropriate and necessary.

2.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the Committee.

2.4 The Board shall appoint one member of the Committee to act as 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 the terms of reference to be appointed to that position by the Board. The Chairman of the Board shall not be the Committee Chairman.

2.5 Each member of the Committee shall disclose to the Committee:

2.5.1 any personal financial or other interest in any matter to be decided by the Committee; or

2.5.2 any potential conflict of interest arising from a cross-directorship or otherwise; and

any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Committee.

#### 3. SECRETARY

The company secretary or their nominee shall act as the secretary of the Committee.

#### 4. QUORUM

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

## 5. MEETINGS

- 5.1 The Committee shall meet at least twice a year at appropriate times in the Company's reporting and audit cycle and otherwise as required at the discretion of the Committee Chairman or a majority of the members.

## 6. NOTICE OF MEETINGS

- 6.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members.
- 6.2 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.

## 7. MINUTES OF MEETINGS

- 7.1 The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all members of the Board, unless it would be inappropriate to do so.

## 8. ANNUAL GENERAL MEETING

The Committee Chairman should attend the Annual General Meeting (“**AGM**”) prepared to respond to any shareholder questions on the Committee's activities.

## 9. DUTIES

- 9.1 The Committee should carry out the duties below for the Company, major subsidiary undertaking (if any) and the group as a whole (if a group is in existence), as appropriate.

## 10. MANAGEMENT ENGAGEMENT

- 10.1 The management engagement terms on which the Company's investment manager is engaged shall be reviewed by the Committee annually, prior to the annual results announcement being released.
- 10.2 The Committee shall:
- 10.2.1 reasonably satisfy itself that the investment manager agreement is fair and that the terms remain competitive and sensible for shareholders;
  - 10.2.2 reasonably satisfy itself that systems put in place by the investment manager, in respect of the Company are adequate to meet relevant legal and regulatory requirements;
  - 10.2.3 reasonably satisfy itself that matters of compliance are under proper review. The Company shall procure (through the terms of the investment management agreement) that the Committee shall have direct access to the investment manager's compliance officer, and shall receive a report from the investment manager each year confirming that the investment manager has conducted the Company's affairs in compliance with the regulations applying to it;
  - 10.2.4 regularly review the composition (including skills, knowledge and experience) of the key executives performing the services on behalf of the investment manager and consider whether the continuing appointment of the investment manager, on the terms of the investment management agreement in the interests of shareholders as

a whole, and make recommendations to the Board hereon together with a statement of the reasons for their view;

- 10.2.5 consider the merit of obtaining, on a regular basis, an independent appraisal of the investment manager's services;
- 10.2.6 consider the appointment or re-appointment of the investment manager and the level of fees and make recommendations to the Board thereon; and
- 10.2.7 review with the investment manager any material issues arising from their work that the investment manager wishes to bring to the attention of the Committee, whether privately or otherwise.

## **11. REPORTING RESPONSIBILITIES**

- 11.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 The Company shall compile a report to the shareholders on its activities to be included in the Company's annual report.

## **12. OTHER MATTERS**

- 12.1 The Committee shall:
  - 12.1.1 have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
  - 12.1.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
  - 12.1.3 give due consideration to the applicable laws and regulations including (without limitation), provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable laws, as appropriate;
  - 12.1.4 oversee any investigation of activities which are within its terms of reference; and
  - 12.1.5 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.

## **13. AUTHORITY**

- 13.1 The Committee is authorised:
  - 13.1.1 to seek any information it requires from any representative of the investment manager in order to perform its duties;
  - 13.1.2 to obtain, at a reasonable cost and at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; costs must be agreed with the Company prior to being incurred.
  - 13.1.3 to call any representative of the investment manager to be questioned at a meeting of the Committee as and when required; and
  - 13.1.4 to have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.

Members of the Management Engagement Committee: Stephen Coe (Chair), Douglas Noble, John Newlands, Matt Harris