

## C. Corporate Governance

The Directors recognise the importance of sound corporate governance and intend to comply with the Corporate Governance Code for Small and Mid-Size quoted Companies (the “QCA Code”) as published by the Quoted Companies Alliance (“QCA”) insofar as reasonably practicable given the Company’s nature and size. The QCA Code was devised by the QCA, in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to and more suitable for many AIM companies than the UK Corporate Governance Code. **The Company has joined the QCA.**

### Directors’ Responsibilities

The Board of directors of the Company (“the Board”) is responsible for the overall strategy and management of the Group. There is a formal schedule of matters specifically reserved for Board decision including investment and performance objectives and policies, financial reporting and control, the approval of borrowings by the Group, any investments or disposals over certain thresholds and shareholder communication.

The Board meets regularly throughout the year to enable it to discharge its duties. An agenda and relevant papers are circulated by the Company Secretary, where practical, at least three business days before each meeting. For individual investment transactions and other appropriate matters that do not coincide with the pre-arranged Board meetings, ad hoc meetings of the Board will be convened as and when necessary to approve the relevant matter. The quorum of Board meetings requires the presence of at least three Directors. The Board has an agenda for each of its meetings which includes:

- Review the performance of both the property and securities portfolios of the group, via a review of a report prepared by the property consultant and an assessment of the management accounts prepared by the finance team.
- Assess progress on new investment possibilities, via an assessment of the reports prepared by the Chief Executive.
- Assess Company strategy, the current market and expected future developments.
- Assess investor relations via reports from the Company’s broker and registrar.
- Understand any new views of the shareholders.
- Review the reports and activities of the Investment Committee.
- Review any compliance issues via reports prepared by the Company Secretary with advice/updates from the Company’s advisors as required.
- Review any legal or secretarial matters reported by the Company Secretary.

Other matters reserved for the attention of the Board, which are considered by the Board as necessary, include:

- Board membership and determining the terms of reference of the Board and establishing the overall control framework.
- Stock Exchange related matters, including the approval of communications to the Stock Exchange and communications with shareholders.
- Key commercial matters, including approval of all investments and divestments exceeding £50,000 in value not reviewed by the Investment Committee, and any significant changes in lease terms.
- Compliance with the New Investment Policy set out in the admission document and circular sent to shareholders dated 8 October 2014.
- Any new borrowing/lending facilities.
- Review and ratification of granting of share options and other incentives by the Remuneration Committee under the Company’s share and incentive scheme(s) once introduced.
- Appointment, termination, and regular assessment of the performance of the principal advisers, including tax advisers, corporate lawyers, broker, registrar and PR advisers (where appropriate).
- Approval of the budget and financial plans.
- Approval of annual and half yearly financial reports, to 31 December and 30 June respectively, dividends, accounting policies and significant changes in accounting practices.
- Review of the adequacy of corporate governance procedures.
- Review of the adequacy of compliance procedures for the company and its FCA regulated subsidiaries, once established.
- Review of the group-wide risk assessment and the effectiveness of internal controls (to be performed at least annually), content and timelines of reporting, treasury and hedging policies, resource requirements, working capital requirements and solvency for dividends and distributions.

- Approval of changes to the Group's capital structure, dividend policy, treasury policy, borrowing facilities and any banking relationships, cash management, the group's business strategy, acquisitions and disposals of investments and capital expenditure.
- Approval of any related party transactions.
- Ensuring legal, tax and AIM Rules for Companies compliance.

## Audit Committee

The Board consider the Company to be a smaller company as defined in the UK Corporate Governance code and as such has formerly established an Audit Committee which consists of a minimum of two independent non-executive directors of the Company being the quorum.

The Audit Committee consists of three members, namely Anthony Townsend, Peter Moon and Richard Chadwick, all of whom are considered to be independent non-executive directors.

Peter Moon chairs the Audit Committee, and is considered to be literate in finance and accounting matters, and be able to understand, and if necessary challenge, the financial reporting matters provided by the Finance Director.

The Audit Committee will meet at least once a year, normally twice, and as appropriate or as requested. The Audit Committee will meet without the presence of other board members and advisers. It is for the Audit Committee to decide whether or not non-members should be invited to a particular meeting or a particular agenda item. The Audit Committee will, at least annually, meet with the external auditors without management to discuss matters relating to its remit and any issues arising from the audit.

The Audit Committee is authorised by the Board to:

- Investigate any activity within its terms of reference;
- Seek any information that it requires from any employee of the Company and all employees are directed to cooperate with any request from the Audit Committee; and
- Obtain such legal or independent professional advice and such advisers may attend meetings as necessary.

The Audit Committee is responsible for the following:

- to monitor the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance, reviewing significant financial reporting issues and judgements contained therein;
- to keep under review the adequacy and effectiveness of the company's internal financial controls and internal control and risk management systems and review and approve statements to be included in the annual report concerning internal controls and risk management. It is noted that the review of the company's internal control and risk management systems is a responsibility of the Board as a whole;
- to make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor in respect of audit services provided;
- to review and assess the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;
- to develop and implement arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and review any such concerns raised;
- to review the company's procedures, systems and controls for detecting fraud and preventing bribery;
- to consider at least annually whether there is a requirement for an internal audit function and to make the appropriate recommendation to the Board with the reasons for the absence of such a function being explained in the relevant section of the annual report;
- to review regularly company policies, practices and information, including the interim and annual report and accounts, preliminary announcements and related formal statements before submission to the Board, focusing particularly, but not exclusively, on:
  - (i) critical accounting policies and practices, and any changes in them;
  - (ii) major judgemental decision areas;
  - (iii) significant adjustments arising from the audit;
  - (iv) the clarity of disclosures;
  - (v) corporate governance statements relating to the audit and to risk management;
  - (vi) the going concern statement;
  - (vii) compliance with accounting standards;
  - (viii) compliance with stock exchange and other legal requirements;
  - (ix) the review of policies and processes for identifying and assessing risk;
  - (x) disclosures on key risks and management's responses to them; and

- (xi) any other topics as requested by the Board.

## Remuneration Committee

The Board consider the Company to be a smaller company as defined in the UK Corporate Governance Code and has formerly established a Remuneration Committee which consists of a minimum of two independent non-executive directors of the Company being the quorum. The Remuneration Committee consists of three members, namely Anthony Townsend, Peter Moon and Richard Chadwick, all of whom are considered to be independent non-executive Directors. Anthony Townsend chairs the Remuneration Committee.

The Remuneration Committee will meet at least once a year and otherwise as required.

The Remuneration Committee is authorised by the Board to:

- Investigate any activity within its terms of reference;
- Seek any information that it requires from any employee of the Company and all employees are directed to cooperate with any request from the Remuneration Committee; and
- Obtain such legal or independent professional advice and such advisers may attend meetings as necessary.

The duties of the Remuneration Committee are to:

- determine and agree with the Board the framework or broad policy for the remuneration of the executive directors;
- determine targets for any performance related pay schemes operated by the Company;
- determine the policy for and scope of pension arrangements for each executive director;
- ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- within the terms of the agreed policy, determine the total individual remuneration package of each executive director including, where appropriate, bonuses, incentive payments and share options;
- in determining such packages and arrangements, give due regard to the contents of the Combined Code as well as the AIM Rules and associated guidance;
- be aware of and advise on any major changes in employee benefit structures throughout the group;
- agree the policy for authorising claims for expenses from the executive directors;
- be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the RC;  
and
- report the frequency of, and attendance by, members of the Board at remuneration committee meetings in the annual report.

## Nomination Committee

The Company does not have a Nomination Committee. The Board as a whole determines from time to time whether it is appropriate to appoint new board members. Directors are appointed based upon their relevant experience and the contribution that the proposed director would make to the overall performance and governance of the Company. Any proposed director is asked to confirm to the Board that they are not aware of any conflicts or other issues, which may prejudice their independence.