

THE PRS REIT PLC

(the "**Company**")

TERMS OF REFERENCE OF THE MANAGEMENT ENGAGEMENT COMMITTEE

(as adopted on 2 May 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.
 - 1.3 Unless otherwise stated, reference to "**Chairman**" shall mean the Chairman of the Committee.
 - 1.4 Unless otherwise stated, reference to the "**Secretary**" shall mean the Secretary of the Committee.
2. **Membership**
 - 2.1 The Committee shall be made up of at least three members. Members of the Committee shall be appointed by the Board in consultation with the Chairman of the Committee.
 - 2.2 All members of the Committee shall be independent non-executive directors, at least one of whom shall have recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies.
 - 2.3 The Committee as a whole shall have competence relevant to the real estate investment trust sector.
 - 2.4 Only members of the Committee have the right to attend Committee meetings. However, other individuals (if not members of the Committee) such as other directors, representatives of the Company's AIFM, Investment Adviser or other external advisers may be invited to attend all or part of any meeting as and when appropriate and necessary.
 - 2.5 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. The Board may fill vacancies in the Committee by appointment from amongst the Board.
 - 2.6 The Board shall appoint the Chairman who shall be an independent non-executive director. In the absence of the Chairman and/or an appointed deputy, the remaining members of the Committee present shall elect one of themselves to chair the meeting.
 - 2.7 Each member of the Committee shall disclose to the Committee:
 - 2.7.1 any personal, financial or other interest in any matter to be decided by the Committee; or
 - 2.7.2 any potential conflict of interest arising from a cross-directorship or otherwise; and
 - 2.7.3 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.

- 2.8 The Chairman shall appoint a Secretary of the Committee, which shall be either the Company Secretary or a member of the Committee as appropriate. The Committee shall have access to the Company Secretary on all Committee matters.

3. **Quorum**

- 3.1 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.
- 3.2 Members may participate in a meeting of the Committee by means of a telephone or other communication equipment.
- 3.3 Any matters to be determined by the Committee shall be decided by a majority of the votes cast at a meeting of the Committee called for such purpose. Any action of the Committee may also be taken by an instrument or instruments in writing signed by all the members of the Committee (including in counterparts) and any such action shall be as effective as if it had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.

4. **Frequency of Meetings**

- 4.1 The Committee shall meet as and when required, but at least once a year. The Committee should consider the terms of appointment of the Company's AIFM and other service providers..
- 4.2 Additional meetings may be called by a member of the Committee, or may be requested by the Chairman.

5. **Notice of Meetings**

- 5.1 Meetings of the Committee shall be called by the Secretary at the request of any of its members or at the request of external auditors 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 all other non-executive directors, no later than five working days before the date of the meeting. The Secretary or his or her nominee shall ensure that supporting information and papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. **Minutes of meetings**

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 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.

7. **Duties**

- 7.1 The Committee shall:
- 7.1.1 review, at least annually, the performance of the AIFM's obligations under the AIFM Agreement and make recommendations to the Board on any

variation to the terms of the AIFM Agreement which it considers necessary or desirable;

- 7.1.2 consider whether the appointment of the AIFM continues to be in the interests of shareholders;
- 7.1.3 review, at least annually, the performance of the Investment Adviser's obligations under the Investment Advisory Agreement and make recommendations to the Board on any variation to the terms of the Investment Advisory Agreement which it considers necessary or desirable;
- 7.1.4 consider whether the appointment of the Investment Adviser continues to be in the interests of shareholders and if the terms of the Investment Advisory Agreement remain competitive and sensible for shareholders;
- 7.1.5 reasonably satisfy itself that systems put in place by each of the Investment Adviser and the AIFM in respect of the Company are adequate to meet relevant legal and regulatory requirements;
- 7.1.6 review with each of the Investment Adviser and the AIFM any material issues arising from their work that either the Investment Adviser or the AIFM wishes to bring to the attention of the Committee, whether privately or otherwise;
- 7.1.7 review at least annually the performance of the Company's other service providers and their obligations pursuant to the Forward Purchase Agreement, Lettings Management Agreement, Development Management Agreement, Depositary Agreement and Administration and Secretarial Agreement and make recommendations on any variation to the terms of these agreements that it considers necessary or desirable;
- 7.1.8 monitor compliance by providers of other services to the Company with the terms of their respective agreements from time to time;
- 7.1.9 review and consider the appointment and remuneration of providers of services to the Company;
- 7.1.10 consider any points of conflict which may arise between the providers of services to the Company; and
- 7.1.11 consider the appointments of alternative service providers if necessary.

8. **Other Matters**

8.1 The Committee shall:

- 8.1.1 have access to sufficient resources in order to carry out its duties, including access to the company secretary of the Company for assistance as required;
- 8.1.2 give due consideration to applicable laws and regulations including without limitation to the requirements of the Prospectus Rules, Disclosure Guidance and Transparency Rules, the provisions of the UK Corporate Governance Code, the Market Abuse Regulation and the AIFM Directive as such apply to the Company from time to time, as well as voluntary compliance with certain provisions of the Listing Rules;
- 8.1.3 review and approve the minutes of any meetings of the Committee;

- 8.1.4 report to the Board on the proceedings of each meeting and make recommendations to the Board where it deems that action or improvement is required;
 - 8.1.5 oversee any investigation of activities which are within its terms of reference; and
 - 8.1.6 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.
- 8.2 Members of the Committee shall have the right to obtain legal and other professional advice on any matter within its terms of reference.
- 8.3 The Committee shall also have the power to consider such other matters as deemed appropriate.
9. **Authority**
- 9.1 The Committee is authorised:
- 9.1.1 to seek any information it requires from:
 - (a) any member of the Board; or
 - (b) any director or employee of the Investment Adviser of the Company (from time to time) or employee of the Company in order to perform its duties;
 - 9.1.2 to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference;
 - 9.1.3 to call any employee or officer of the Company to be questioned at a meeting of the Committee as and when required; and
 - 9.1.4 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.