

Countryside Properties PLC

(the “Company”)

Terms of Reference: Audit Committee

As approved by the Board of Directors of the Company on 23 July 2020

References to the “**Committee**” shall mean the Audit Committee.

References to the “**Board**” shall mean the board of directors of the Company.

References to the “**Committee Chair**” shall mean the chair of the Committee.

References to the “**Committee Secretary**” shall mean the secretary of the Committee.

References to the “**Group**” shall mean the Company together with its subsidiary undertakings.

References to the “**Code**” shall mean the UK Corporate Governance Code, as amended.

1 Membership

- 1.1** The Committee shall comprise at least three members. Members of the Committee shall be appointed by the Board, on the recommendation of the nomination committee in consultation with the Committee Chair.
- 1.2** All members of the Committee shall be independent non-executive directors, at least one of whom shall have recent and relevant financial experience and have competence in accounting and/or auditing, with the Committee as a whole having competence relevant to the sector in which the Company operates. The chair of the Board shall not be a member of the Committee.
- 1.3** Only members of the Committee have the right to attend Committee meetings. However, the external auditor, finance director and internal auditor will be invited to attend meetings of the Committee on a regular basis, and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.4** Appointments to the Committee shall be for a period of up to three years, extendable by no more than two additional three-year periods, subject to the annual re-election of directors and provided the members continue to be independent.
- 1.5** The Board shall appoint the Committee Chair. 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.

2 Secretary

- 2.1** The secretary of the Company or his or her nominee shall act as the Committee Secretary and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

3 Quorum

- 3.1** The quorum necessary for the transaction of business shall be two members of the Committee.
- 3.2** 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.

4 Frequency of Meetings

- 4.1 The Committee shall meet at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
- 4.2 Outside of the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the Company's governance, including the Board chair, the chief executive, the finance director, the external audit lead partner and the lead of internal audit function.

5 Notice of Meetings

- 5.1 Meetings of the Committee shall be convened by the Committee Secretary at the request of any of its members or at the request of the external audit lead partner or the lead of the internal audit function if they consider it necessary. Meetings may be held in person, or over the telephone.
- 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 four 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.

6 Minutes of Meetings

- 6.1 The Committee Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance. The Committee Secretary shall also ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.2 Draft minutes of Committee meetings shall be agreed with the Committee Chair and then circulated promptly to all members of the Committee and to nominated recipients as soon as practicable after the meeting. Once approved, minutes should be circulated to all other members of the Committee unless it would be inappropriate to do so in the opinion of the Committee Chair.

7 Annual General Meeting

The Committee Chair should attend the annual general meeting of the Company (the "AGM") to answer questions from shareholders on the Committee's activities and responsibilities.

8 Responsibilities

The Committee should have oversight of the Group as a whole and, unless required otherwise by regulation, carry out the duties below for the Company, major subsidiary undertakings and the group as a whole, as appropriate.

8.1 Financial Reporting

- 8.1.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, preliminary announcements and any other formal announcement relating to its financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditor. The Committee shall also review summary financial statements, significant financial returns to regulators and any

financial information contained in certain other documents, such as announcements of a price sensitive nature.

8.1.2 In particular, the Committee shall review and challenge where necessary:

- (i) the consistency in application of, and any changes to, significant accounting policies both on a year on year basis and across the Company and the group;
- (ii) the methods used to account for significant or unusual transactions where different approaches are possible;
- (iii) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- (iv) the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made;
- (v) all material information presented with the financial statements, such as the business review and the corporate governance statements relating to the audit and to risk management;
- (vi) the basis on which the Group has been determined to be a going concern;
- (vii) any significant proposed adjustments resulting from the audit;
- (viii) any misstatements reported to the Committee by the external auditor that individually or in aggregate have not been corrected and management's explanations as to why they have not been adjusted; and
- (ix) any taxation or litigation matters.

8.1.3 The Committee shall review any other statements requiring Board approval which contain financial information, where to carry out a review prior to Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the Listing Rules or Disclosure Guidance and Transparency Rules sourcebook.

8.1.4 Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

8.2 Narrative Reporting

Where requested by the Board, the Committee should review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy and whether it informs the Board's statements in the Annual Report on these matters that is required under the Code.

8.3 Internal Controls and Risk Management Systems

The Committee shall:

8.3.1 keep under review the effectiveness of the Company's internal financial controls;

8.3.2 for so long as the management of risk is delegated to the Company's Risk Management Committee (RMC), it shall satisfy itself that:

- the RMC has adequately assumed ownership for risk and control;

- All material risks are identified, evaluated and managed;
 - The controls and mitigating actions are fit for purpose and working as intended; and
 - The risk review process is adequately rigorous and comprehensive;
- 8.3.3** review and approve the statements to be included in the annual report concerning internal controls and risk management and viability statement; and
- 8.3.4** at least annually, carry out a review of the effectiveness of the Company's internal control and risk management systems, and report on that review to the Board on the statement to be included in the annual report.

8.4 Compliance, Whistleblowing and Fraud

The Committee shall:

- 8.4.1** review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- 8.4.2** review the Company's procedures for detecting fraud;
- 8.4.3** review the Company's systems and controls for the prevention of bribery, money laundering and receive reports on non-compliance; and
- 8.4.4** keep under review the adequacy and effectiveness of the Company's compliance function.

8.5 Internal Audit

The Committee shall:

- 8.5.1** approve the appointment or termination of appointment of the head of internal audit (whether the internal audit function is led internally or externally);
- 8.5.2** review and approve the role and mandate of the internal audit function, monitor and review (by receiving regular reports on work carried out) its effectiveness and review and approve annually the charter of the internal audit function and ensure the function has the unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with appropriate professional standards for internal auditors and for the current needs of the business;
- 8.5.3** review and approve the annual internal audit work plan to ensure that it is aligned to the key risks of the business and receive regular reports on work carried out. The Committee shall pay particular attention to the areas in which the work of the risk, compliance, finance, internal audit and external audit functions may be aligned or overlapping and overseeing these relationships to ensure they are coordinated and operating effectively to avoid duplication;
- 8.5.4** ensure the internal audit function has direct access to the chair of the Board and to the Committee Chair, and is accountable to the Committee; where appropriate, meet separately with any of the executive directors without any other executive director being present;

- 8.5.5 meet with the head of internal audit at least once a year, without the presence of management;
- 8.5.6 ensure there is appropriate coordination between the internal audit function and the external auditors;
- 8.5.7 receive a report on the results of the internal auditor's work on a periodic basis and ensure appropriate action is taken on issues raised in such reports;
- 8.5.8 review and monitor management's responsiveness to the internal auditor's findings and recommendations to ensure that appropriate actions are taken;
- 8.5.9 carry out an annual assessment of the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system and the work of compliance, finance and the external auditor to determine whether it is satisfied that the quality, experience and expertise of internal audit is appropriate for the business. This will include a review of the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function; and
- 8.5.10 consider whether an independent, third party review of these processes is appropriate.

8.6 External Audit

The Committee shall:

- 8.6.1 consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor;
- 8.6.2 ensure that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender oversee the selection procedure for the appointment of the external audit firm, conduct the tender process and ensure that all tendering firms have such access as is necessary to information and individuals during the tendering process;
- 8.6.3 if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- 8.6.4 oversee the relationship with the external auditor including (but not limited to):
 - (i) approving their remuneration, including fees for audit and non-audit services, and ensuring that the level of fees is appropriate to enable an effective and high quality audit to be conducted;
 - (ii) approving their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - (iii) assessing annually their independence and objectivity taking into account relevant UK law, regulation, the Ethical Standard and other professional, regulatory and ethical requirements and the relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services;

- (iv) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
 - (v) agreeing with the Board a policy on the employment of former employees of the Company's auditor taking into account relevant UK legal and ethical requirements (including the Ethical Standard), and monitoring the application of this policy;
 - (vi) monitoring the auditor's processes for maintaining independence, its compliance with relevant legal, ethical and professional guidance including the guidance on the rotation of audit partners and staff, and monitoring and monitor the level of fees paid by the Company to external auditors compared to the overall fee income of the firm, office and partner and assess these in the context of other relevant legal, professional, regulatory and ethical requirements (including the Ethical Standard);
 - (vii) assessing annually the qualifications, expertise, resources and independence of the external auditor and the effectiveness of the external audit process, which shall include a report from the external auditor on its own internal quality procedures;
 - (viii) seeking to ensure co-ordination of the external audit with the activities of the internal audit function; and
 - (ix) evaluating the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee.
- 8.6.5** meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit;
- 8.6.6** discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team; and
- 8.6.7** review the findings of the audit with the external auditor. This shall include but not be limited to, the following;
- (i) a discussion of any major issues which arose during the audit;
 - (ii) key accounting and audit judgements;
 - (iii) levels of errors identified during the audit;
 - (iv) the auditor's explanation of how the risks to audit quality were addressed; and
 - (v) the auditor's view of their interactions with senior management.
- 8.6.8** be responsible for ensuring the resolution of any disagreements between management and the external auditor regarding financial reporting;
- 8.6.9** review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor and the auditor's response to

questions from the Committee, while taking into consideration relevant UK professional and regulatory requirements.

The Committee shall also:

- 8.6.10** review any representation letter(s) requested by the external auditor before they are signed by management;
- 8.6.11** review the management letter and management's response to the auditor's findings and recommendations; and
- 8.6.12** develop and implement a policy on the engagement and supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter, the nature of the non-audit services, whether the external audit firm is the most suitable supplier, the fees relative to the audit fee and the criteria governing compensation, and keep such policy under review.

9 Reporting Responsibilities

9.1 The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also report to the Board on how it has discharged its responsibilities. This report shall include:

- 9.1.1** the significant issues that it considered in relation to the financial statements (required under paragraph 8.1.1) and how these were addressed;
- 9.1.2** its assessment of the effectiveness of the external audit process (required under paragraph 8.6.4(vii)) and its approach taken on the appointment or reappointment of the external auditor, length of tenure of audit firm, when tender was last conducted and advance notice of any re-tendering plans;
- 9.1.3** information on any improvement or action that is required in relation to the approval of the supply of non-audit services by the external auditor (required under paragraph 8.6.12); and
- 9.1.4** any other issues on which the Board has requested the Committee's opinion.

9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9.3 The Committee shall compile a report on its activities to be included in the Company's annual report. The report should include:

- 9.3.1** an explanation of how the Committee has addressed the effectiveness of the external audit process;
- 9.3.2** the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor;
- 9.3.3** all other information requirements set out in the Code; and
- 9.3.4** a statement of compliance with the provisions of the Competition and Markets Authority Order;

9.4 In presenting the reports referred to in 9.1 and 9.3, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern and the inputs to the Board's viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

9.5 The Committee shall assist the directors of the Board in discharging their duty:

9.5.1 to confirm in the annual report that they have carried out a robust assessment of the principal risks facing the Company, and explain how those risks are being managed or mitigated; and

9.5.2 to state whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over a stated period of assessment, explaining why they consider that period to be appropriate.

10 Other Matters

The Committee shall:

10.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;

10.2 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;

10.3 give due consideration to laws and regulations, including the general duties of directors set out in the Companies Act 2006, the provisions of the Code and the requirements of the UK Listing Authority's Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook, the Competition and Markets Authority Order and any other applicable rules, as appropriate;

10.4 be responsible for co-ordination of the internal and external auditors;

10.5 oversee any investigation of activities which are within its terms of reference;

10.6 work and liaise as necessary with all other Board committees, taking particular account of the impact of the risk management and internal controls being delegated to different committees;

10.7 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board;

10.8 make publicly available its terms of reference, explaining clearly the role of the Committee and the authority delegated to it by the Board.

11 Authority

The Committee is authorised to:

11.1 investigate any activity within its terms of reference;

11.2 seek any information it requires from any employee of the Company in order to perform its duties;

11.3 obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;

- 11.4** call any employee to be questioned at a meeting of the Committee as and when required; and
- 11.5** 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.