

INTU PROPERTIES PLC

AUDIT COMMITTEE TERMS OF REFERENCE

1. MEMBERSHIP

- 1.1 The Committee shall comprise at least three members. Members of the Committee shall be appointed by the Board. All members of the Committee shall be independent non-executive directors at least one of whom shall have relevant and recent financial experience ideally with a professional qualification from one of the professional accountancy bodies. The chairman of the Committee shall be appointed by the Board and shall be an independent non-executive director.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, the external auditor, Chief Financial Officer, Finance, and Head of Internal Risk and Audit 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. All non-executive directors may attend Committee meetings if they wish subject to the Chairman confirming that it is appropriate for them to do so.
- 1.3 Appointments to the Committee shall be for period of up to three years, extendable by no more than two additional three-year periods, so long as members continue to be independent.

2. SECRETARY

- 2.1 The Company Secretary shall be the Secretary of the Committee and shall circulate the minutes and agendas of meetings of the Committee to all members of the Committee and make these available to all members of the Board.
- 2.2 At the beginning of any meeting, Directors should declare to the Secretary the existence of any conflict of interest affecting them in respect of any matter to be discussed and should absent themselves from any discussion of any such matter.

3. QUORUM

- 3.1 A quorum shall be two members.

4. FREQUENCY OF MEETINGS

- 4.1 Meetings of the Committee shall be aligned to the financial reporting timetable and held at appropriate intervals in the reporting cycle, not less than three times a year.
- 4.2 Outside of the formal meeting programme, the Committee Chairman will maintain a dialogue with key individuals involved in the Company's governance, including the Board Chairman, the Chief Executive, the Chief Financial Officer, the external audit lead partner or Head of Internal Risk and Audit if they consider necessary.

5. NOTICE OF MEETINGS

- 5.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members or at the request of the external audit lead partner or Head of Internal Risk and Audit 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 and any other person required to attend, 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 well as to the non-executive directors.

6. MINUTES OF MEETINGS

- 6.1 The Secretary shall minute the proceedings and decisions of all meetings and of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chairman.

7. AGM

- 7.1 The Committee Chairman should attend the Annual General Meeting prepared to respond to shareholder questions on the Committee's activities.

8. DUTIES

8.1 Financial Statements

- 8.1.1 The Committee shall monitor the integrity of the financial statements of the company and discuss with management and external auditors the public statements before submission to the Board, focussing particularly on:

- (i) the consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Group;
- (ii) areas involving significant judgement, estimation or uncertainty and the methods used to account for significant or unusual transactions where different approaches are possible;
- (iii) material mis-statements detected by the auditors that individually or in aggregate have not been corrected and management's explanations as to why they have not been adjusted;
- (iv) the basis for the going-concern assumption;
- (v) viability;
- (vi) compliance with financial reporting standards and relevant financial and governance reporting requirements;
- (vii) the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made; and
- (viii) all material presented with the financial statements, such as the business review and the corporate governance statements relating to the audit and to risk management.

- 8.1.2 Where requested by the Board, the Committee should review the content of the annual report and accounts and advise the Board whether, taken as a whole, it is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

8.2 Internal Control and Risk Management

- 8.2.1 The Committee shall review the adequacy of the company's internal control and risk management processes and systems, including review of the Company's annual statement on internal control and its compliance with the FRC and best practice guidance thereon, prior to consideration by the Board; and in particular, to review:

- (i) the policies and overall process for identifying and enabling a robust assessment of its business risks and managing their impact on the Company;
- (ii) the nature and extent of these business risks and those risks which the company is willing to take in achieving its strategic objectives, determining its risk appetite;

- (iii) regular assurance reports from Management, Risk and Internal Audit, External Auditors and others on the operational effectiveness of matters related to risk and control;
 - (iv) the timeliness of, and reports on, the effectiveness of corrective action taken by Management; and
 - (v) whether the principles of the FRC and best practice guidance are being embedded within the company.
- 8.2.2 Review and approve the statement to be included in the annual report concerning internal controls and risk management.
- 8.2.3 To consider any necessary disclosure implications of the process that has been applied by the Board to deal with material internal control aspects of any significant problems disclosed in the Annual Report and Accounts.
- 8.2.4 Review annual risk plan to ensure that the objectives support the business strategy. Ensure that the risk function is adequately and appropriately resourced to deliver it.

8.3 Internal Audit

The Committee shall:

- 8.3.1 Approve the internal audit function's remit, with reference to the Internal Audit Charter;
- 8.3.2 Monitor and review the effectiveness of the Company's internal function in the overall context of the Company's risk management system;
- 8.3.3 Review the internal audit programme and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company
- 8.3.4 Ensure that internal audit has direct access to the Board Chairman and the Audit Committee; and is accountable to the Audit Committee;
- 8.3.5 Receive a report of Internal Audit's work on a periodic basis;
- 8.3.6 Review and monitor management responsiveness to Internal Audit's findings and recommendations;
- 8.3.7 Approve the appointment or termination of appointment of the Head of Internal Risk and Audit;
- 8.3.8 Meet with the Head of Internal Risk and Audit at least once a year without the presence of management

8.4 External Audit

The Committee shall:

- 8.4.1 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;
- 8.4.2 Review the engagement letter for audit services prior to audit commencement and assess whether an effective audit can be performed for the fees payable;
- 8.4.3 Discuss with the external auditor the nature and scope of the audit (including any significant ventures, investments or operations which are not subject to audit) and ensure co-ordination if more than one audit firm is involved;

- 8.4.4 Assess the qualification, expertise and resources, and review the independence and objectivity of the external auditors, considering relationships between the Company and the audit firm, and effectiveness of the audit process against UK professional and regulatory requirements;
- 8.4.5 Develop and implement policy on the engagement of the external auditor or others to supply non-audit services, taking into account relevant ethical guidance and review matters related to the provision of non-audit services. This should include where specific approval is required in advance by virtue of fee size or nature of the work where it threatens auditor independence;
- 8.4.6 Review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
- A discussion of any major issues which arose during the audit;
 - Key accounting and audit judgements;
 - Levels of errors identified during the audit; and
 - The effectiveness of the audit process.
- 8.4.7 Monitor the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the company compared to the overall fee income of the firm, office and partner and other related requirements;
- 8.4.8 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;
- 8.4.9 Review, prior to its consideration by the Board, the external auditor's report to the directors, the management representation letter (prior to signing), the management letter and management's response; and
- 8.4.10 Review and consider the results of the external audit, its effectiveness against the plan and any deviations from it, its cost effectiveness and the audit fee.

8.5 Compliance, Whistleblowing & Fraud

- 8.5.1 The Audit Committee shall:
- 8.5.2 Review the adequacy and security of the arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Committee's objective is to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action, receiving regular reports on any concerns or incidents raised and make recommendations to the Board as it deems appropriate on any findings or improvements where required, noting that the full board has overall responsibility for whistleblowing;
- 8.5.3 Review the company's procedures for detecting fraud; and
- 8.5.4 Review the company's systems and controls for the prevention of bribery, tax evasion and receive reports on non-compliance.

9. REPORTING RESPONSIBILITIES

- 9.1 The Committee Chairman shall update the Board on the Committee's proceedings after each meeting on all matters within its duties and responsibilities and shall also report to the Board on how the Committee discharged its responsibilities. This report shall include:
- (i) The significant issues that it considered in relation to the financial statements and how these were addressed;

- (ii) Its assessment of the effectiveness of the external audit process and its recommendation on the appointment of reappointments of the external auditor; and
 - (iii) 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 an explanation of how the Committee has addressed the effectiveness of the external audit process; 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; and all other information requirements set out in the Code.
- 9.4 In compiling 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. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

10. OTHER MATTERS

The Committee shall:

- 10.1 Annually review and update its own terms of reference requesting Board approval for all proposed changes and, at appropriate intervals, evaluate its own performance against its terms of reference and best practice;
- 10.2 Review prospective changes in legislation and regulation which may affect the Company;
- 10.3 Review any correspondence with regulators;
- 10.4 Review any correspondence with present or past employees which pertains to "whistle-blowing";
- 10.5 Report to the Board on its proceedings and findings as soon as possible;
- 10.6 Monitor and review the valuation process and the effectiveness of the valuers;
- 10.7 Review significant transactions outside the Company's normal business, including the review of any shareholder circulars issued in connection with a proposed merger or takeover or other major transaction of a non-routine nature;
- 10.8 Annually consider how the remuneration of executives shapes their view of risk;
- 10.9 Be responsible for co-ordination of the internal and external auditors;
- 10.10 Make available to the public its terms of reference (on the Company's website) explaining clearly its role and the authority delegated to it by the Board; and
- 10.11 Give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate.

11. AUTHORITY

- 11.1 The Committee is authorised by the Board to:
 - (i) Investigate any activity within its terms of reference;

- (ii) Seek any information that it requires from any employee and all employees are directed to co-operate with any request made by the Committee;
- (iii) Obtain outside legal or other independent accounting or professional advice on any matter it believes it necessary to do so; and
- (iv) 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.

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