

## **SCHRODER REAL ESTATE INVESTMENT TRUST LIMITED**

### **Terms of Reference - Audit Committee**

**Approved on 17 November 2021**

#### **1. Role**

- 1.1 The role of the Audit Committee is to ensure that the Company maintains the highest standards of integrity in financial reporting and internal control.

#### **2. Constitution**

- 2.1 The Audit Committee, (the "Committee"), is constituted as a Committee of the Board of Directors of Schroder Real Estate Investment Trust Limited, (the "Company"), to assist the Board of the Company in its oversight responsibilities.
- 2.2 The Committee may amend the terms of reference at any time with the agreement of the Board and shall review the said terms annually.
- 2.3 The Committee may, from time to time, investigate, discuss or review matters outside its terms of reference if required to do so by the Board.

#### **3. Authority**

- 3.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any service provider and all service providers should be directed by the Investment Manager or Company Secretary to co-operate with any request made by the Committee.
- 3.2 The Committee is authorised by the Board to obtain external legal or other professional advice and to secure the attendance of anyone it considers has relevant experience, expertise or knowledge.

#### **4. Membership**

- 4.1 The Committee shall be appointed by the Board from amongst its members and shall consist of not less than three members, being independent non-executive directors, save for circumstances when the number of independent directors falls below three.
- 4.2 The Chairman of the Company may not be a member of the Committee but shall be invited to meetings.
- 4.3 The Chairman of the Committee shall be appointed by the Board.
- 4.4 At least one member of the Committee must have recent and relevant financial experience, to the satisfaction of the Board.

#### **5. Attendance at Meetings**

- 5.1 The quorum necessary for the transaction of the business of the Committee shall be at least two Committee members.
- 5.2 No one other than the Committee, Company Chairman and members are entitled to be present at a meeting of the Committee, but others may attend at the invitation of the Committee, including the external auditors and service providers.
- 5.3 At least once a year the Committee shall meet with the external auditors without the Investment Manager or the Administrator being present.

#### **6. Frequency of meetings**

- 6.1 Meetings shall be held at least twice a year.

- 6.2 Meetings may be called by: the Board; the Chairman of the Board acting for the Board; or by the Chairman of the Committee.
- 6.3 The Company's auditors will be advised of the timing of Committee meetings and invited to attend when appropriate. The Committee shall have access to the auditors at any time it requires.

7. **Secretary**

- 7.1 The Company Secretary shall be the secretary of the Committee and shall attend all meetings of the Committee.

8. **Duties**

The responsibilities of the Committee shall be to:-

**Accounting policies**

- 8.1 Consider whether the company has adopted appropriate accounting, policies and, where necessary, made appropriate estimates and judgements.

**Financial statements**

- 8.2 Monitor arrangements for, and the achievement of, compliance with statutory and other requirements governing financial reporting.
- 8.3 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 judgements contained in them.
- 8.4 Review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the company's financial statements (having regard to matters communicated to it by the auditor), interim reports, preliminary announcements and related formal statements.
- 8.5 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 performance, business model and strategy.
- 8.6 Ensure that the Annual Report describes the activities of the Committee in discharging its responsibilities in accordance with the requirements of the UK Corporate Governance Code, or the AIC Code of Corporate Governance.
- 8.7 If appropriate, recommend to the Board, the Company's annual and half-yearly reports.

**Going concern and viability assessment**

- 8.8 Review and make recommendations to the Board in relation to whether it considers it appropriate to adopt the going concern basis of accounting in preparing its annual and half-yearly financial statements, and identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.
- 8.9 Review and make recommendations to the Board in relation to viability assessment and related disclosures in the Company's annual report. In making its recommendations, the Committee will take into account the Company's current position and principal risks. The Committee will make recommendations with regards to the explanation in the annual report as to how the Board has assessed the prospects of the Company, over what period it has done so, why it considers that period to be appropriate and whether the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions as necessary.

**Internal control**

- 8.10 Review the Company's internal financial controls and, unless expressly addressed by the Board

itself, keep under review the adequacy and effectiveness of the Company's systems of internal control and risk management and review and approve the disclosures made in the Annual Report concerning such systems.

- 8.11 Monitor the internal control systems, relevant to the Company, of the AIFM, Portfolio Manager and/or Depositary and make recommendations on any improvements to such systems<sup>1</sup>.
- 8.12 Monitor the Company's procedures for ensuring compliance with regulatory and financial reporting requirements and its relationship with the relevant regulatory authorities.

#### **External audit and relationship with the external auditor**

- 8.13 Make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor<sup>2</sup>.
- 8.14 Discuss with the external auditor before any audit commences the nature and scope of the audit.
- 8.15 Review the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.
- 8.16 Discuss problems and reservations arising from the audits and any matters which the external auditors may wish to discuss (in the absence of the service providers where necessary).
- 8.17 Implement a 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, and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken<sup>3</sup>.
- 8.18 Review the content of any management letter issued by the external auditor.
- 8.19 Review periodically the need to tender audit services and to ensure that at least once every 10 years the audit services contract is put to tender;

#### **Whistleblowing**

- 8.20 Review arrangements by which staff of the Investment Manager may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, the objective being to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.
- 8.21 Consider other topics, as requested and defined by the Board.

### **9. Reporting Procedures**

- 9.1 The Committee Chairman, or in his absence the elected chairman of the relevant meeting, shall report on the issues raised at the meeting to the Board at the earliest opportunity and, at the meeting at which the Annual Report is considered, report to the Board on how it has discharged its responsibilities during the previous year.
- 9.2 The Secretary shall produce and circulate the minutes of meetings of the Committee to all members of the Board without delay.

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<sup>1</sup> To facilitate the Committee's review in this regard, a report will be provided by the service providers on their internal control procedures and risk management systems.

<sup>2</sup> The Committee should have primary responsibility for making a recommendation on the appointment, re-appointment and removal of the external auditor. If the Board does not accept the Committee's recommendation, it should include in the annual report, and in any papers recommending appointment or re-appointment, a statement from the Committee explaining the recommendation and should set out reasons why the Board has taken a different position.

<sup>3</sup> The annual report should explain to shareholders how, if the auditor provides non-audit services, auditor objectivity and independence is safeguarded.

9.3 The Chairman of the Committee shall attend the AGM and shall answer questions, through the chairman of the Board, on the Committee's activities and its responsibilities.

**SCHRODER REAL ESTATE INVESTMENT TRUST LIMITED**  
**ADDENDUM TO TERMS OF REFERENCE – AUDIT COMMITTEE**

**Membership of Committee & Appointment Schedule**

**Members**

**Appointment Date**

Stephen Bligh (Chairman)	28 <sup>th</sup> April 2015
Graham Basham	11 <sup>th</sup> September 2015
Alastair Hughes	26 <sup>th</sup> April 2017

**Establishment of the Committee**

Extract of Board Meeting Minute on 18<sup>th</sup> October 2004 held at 1.00 p.m.

**Audit**

**Committee:**

**IT WAS RESOLVED** that an audit committee consisting of Messrs Frederiksen, Goulborn, Hall and Sykes be and is hereby established. It was noted that the Audit Committee should meet twice each year and that the terms of reference would be circulated in due course.