

URBAN LOGISTICS REIT PLC

(the "Company")

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

ADOPTED BY RESOLUTION OF THE BOARD ON 12 NOVEMBER 2021

1 DEFINITIONS

In this document: -

- (a) reference to the "**Board**" shall mean the Board of Directors of the Company;
- (b) reference to the "**Chairman**" shall mean the chairman of the Board;
- (c) reference to the "**Committee**" shall mean the Audit Committee of the Board;
- (d) reference to the "**Manager**" shall mean the investment manager of the Company from time to time;
- (e) reference to the "**Committee Chairman**" shall mean the member appointed as the chairman of the Committee;
- (f) reference to the "**Secretary**" shall mean the secretary of the Committee
- (g) reference to the "**Market Abuse Regulation**" shall mean the UK version of Regulation (EU) No 596/2014 of the European Parliament and of the Council on 16 April 2014 on market abuse, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"), as amended by domestic law from time to time;
- (h) reference to the "**Prospectus Regulation**" shall mean the UK version of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, which is part of UK law by virtue of the EUWA, as amended by domestic law from time to time; and
- (i) reference to the "**AIFMD**" shall mean the UK version of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No. 1095/2010; the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision which is part of UK law by virtue of the EUWA, as amended in the UK from time to time.

2 MEMBERS

2.1 The members of the Committee for the time being shall be:

- (a) Bruce Anderson (Committee Chairman);
- (b) Nigel Rich;
- (c) Jonathan Gray; and
- (d) Heather Hancock.

3 PURPOSE

The Committee is appointed by the Board to assist the Board in fulfilling its obligations relating to the Company's valuation cycle and the integrity of the internal financial controls and financial reporting of the Company. The Committee also reviews and challenges the process of identification of risks, opportunities and risk mitigation structures and processes across the business.

4 MEMBERSHIP

- 4.1 The Committee shall be made up of at least three independent non-executive Directors of the Company. Any member who fails to remain independent must step down from the Committee. Members of the Committee shall be appointed by the Board on the recommendation of the nomination committee in consultation with the Committee Chairman. The Chairman may serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman (in such case, the Board should explain in the annual report why it believes this is appropriate), but shall not chair the Committee.
- 4.2 All members of the Committee shall be non-executive directors at least one of whom shall have recent and relevant financial experience.
- 4.3 Only members of the Committee have the right to attend Committee meetings. However, the Chairman and representatives of the Manager may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 4.4 The external auditors and the valuer of the assets owned by the Company (the "**Valuer**") will be invited to attend meetings of the Committee as requested.
- 4.5 Appointments to the Committee shall be indefinite as long as any member remains a director of the Company or until such member resigns from his or her position as a member of the Committee.
- 4.6 The Board shall appoint the Committee Chairman from among the members of the Committee who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting (though the Chairman shall not be the Committee Chairman).

5 SECRETARY

- 5.1 The secretary of the Company or his or her nominee shall act as the 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 all issues.
- 5.2 The Committee shall have access to the services of the secretary of the Company on all Committee matters, including: assisting the Committee Chairman in planning the Committee's work, drafting meeting agendas, maintaining minutes, drafting of material about its activities for the annual report and interim reports, collection and distribution of information and provision of any necessary practical support.

6 MEETINGS AND QUORUM

- 6.1 The quorum necessary for the transaction of business shall be any 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.
- 6.2 Members may participate in a meeting of the Committee by means of conference telephone or other communication equipment.
- 6.3 Any matter 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. Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Any action of the Committee may also be taken by an instrument or instruments in writing (including via email or other electronic means) signed (including via the use of electronic signatures) by all of 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 the votes cast at a meeting of the Committee called for such purpose.
- 6.4 Except where he or she has a personal interest, the Committee Chairman shall have a casting vote.

7 FREQUENCY OF MEETINGS

- 7.1 The Committee shall meet at least four times a year at appropriate times in the valuation, reporting and audit cycle and otherwise as required at the discretion of the Committee Chairman or at the request of any of its members.
- 7.2 Outside of the formal meeting programme, the Committee Chairman will maintain a dialogue with key individuals involved in the Company's governance, including the Chairman, the external audit lead partner and the Valuer.

8 NOTICE OF MEETINGS

8.1 Meetings of the Committee shall be called by the Secretary at the request of any of its members or at the request of the external auditors if they consider it necessary.

8.2 Unless otherwise agreed by consent of all members, 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 shall ensure that supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

9 MINUTES OF MEETINGS

9.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

9.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

9.3 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.

9.4 A resolution in writing or via email and signed or otherwise approved via electronic signature by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

10 SHAREHOLDER ENGAGEMENT

10.1 The Committee Chairman should attend the annual general meeting of the Company or any general meeting relating to their area or responsibility prepared to respond to any shareholder questions on the Committee's activities and the Company's financial statements.

10.2 The Committee Chairman should seek engagement with shareholders on significant matters related to their area of responsibility.

11 DUTIES

The Committee should carry out the duties below for the Company, major subsidiary undertakings and the group as a whole, as appropriate.

11.1 Financial Reporting

(a) The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain. 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.

- (b) In particular, the Committee shall review and challenge where necessary: -
 - a. the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company/group;
 - b. the methods used to account for significant or unusual transactions where different approaches are possible;
 - c. whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - d. any significant adjustments resulting from the audit;
 - e. compliance with applicable regulatory and legal requirements;
 - f. compliance with best practice in the area of corporate governance;
 - g. the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
 - h. all material information presented with the financial statements, strategic report and the corporate governance statement (insofar as it relates to the audit and risk management).
- (c) The Committee shall review the annual report in its entirety.
- (d) The Committee shall review other published financial reports or data produced by the Company from time to time.
- (e) The Committee shall review press statements and advertisements relating to financial matters prior to their issue.
- (f) For the purposes of the viability statement, the Committee shall assess:
 - a. the current position of the Company's emerging and principal risks, including those that would threaten its business model, future performance, solvency or liquidity and reputation, and how they are managed and mitigated; and
 - b. the prospects of the Company over such period deemed appropriate.
- (g) The Committee shall review any other statements requiring Board approval which contain financial information first, 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 (the "**Listing Rules**") or the Disclosure Guidance and Transparency Rules (the "**Disclosure Guidance and Transparency Rules**") made by the Financial Conduct Authority (the "**FCA**") under section 73A of the Financial Services and Markets Act 2000, as amended, and the Market Abuse Regulation.

- (h) 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.

11.2 Narrative Reporting

The Committee should review the content of the annual report and accounts and advise the Board (where requested) 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 and whether it informs the Board's statement in the annual report on these matters that is required under the AIC Code of Corporate Governance (the "**Code**"). Final approval of the annual report and accounts and half year report remains with the Board.

11.3 Internal Controls and Risk Management Systems (including those of the Manager)

The Committee shall: -

- (a) keep under review the adequacy and effectiveness of the Company's internal financial controls that identify, assess, manage and monitor financial risks, and other internal control and risk management systems;
- (b) keep under review the adequacy, appropriateness and effectiveness of the Manager's financial controls and risk management systems; and
- (c) review and approve the statements to be included in the annual report concerning internal or external controls and risk management, including the assessment of principal risks and uncertainties.
- (d) ensure that the annual report includes:
 - a. the full text of the Company's published investment policy;
 - b. a statement (including a quantitative analysis) explaining how the Company has invested its assets with a view to spreading investment risk in accordance with its published investment policy;
 - c. a detailed and meaningful analysis of the Company's investment portfolio;
 - d. if relevant, a summary of the valuation of the Company's investment portfolio made in accordance with the Listing Rules;

- e. a statement, set out in a prominent position, as to whether in the opinion of the directors, the continuing appointment of the Manager on the terms agreed are in the interests of its shareholders as a whole, together with a statement of the reasons for this view; and
 - f. the name of the Manager and a summary of the principal contents of any agreements between the Company and the Manager, including, but not limited to: (a) an indication of the terms and duration of its appointment, (b) the basis for its remuneration; and (c) any arrangements relating to the termination of its appointment, including compensation payable in the event of termination;
- (e) if relevant, consider at least annually whether there is a need for an independent valuation of the Company's investment portfolio; and
- (f) consider annually whether there is a need for the Company to have its own internal audit function.

11.4 Compliance, whistleblowing and fraud

The Committee shall: -

- (a) review the adequacy and security of the Company's arrangements for any employees of the service providers to the Company 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;
- (b) review the Company's procedures for detecting fraud;
- (c) review the Company's systems and controls for the prevention of bribery and tax-evasion and receive reports on non-compliance;
- (d) review the adequacy and effectiveness of the Company's anti-money laundering systems and controls; and
- (e) review the adequacy and effectiveness of the Company's compliance function.

11.5 External Audit

The Committee shall: -

- (a) consider and make recommendations to the Board, to be put to shareholders for approval at the annual general meeting of shareholders, in relation to the appointment, re-appointment and removal of a firm of external auditors. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;

- (b) ensure that at least once every 10 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 external auditor with those of other audit firms; and in respect of such tender oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process;
- (c) oversee the relationship with the external auditor including (but not limited to): -
 - a. recommendations on their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted and that the level of fees in respect of any non-audit services is appropriate with regards to the extent of the non-audit services being provided;
 - b. approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - c. assessing annually their independence and objectivity taking into account relevant law, regulation, the Ethical Standard and other professional 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;
 - d. 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;
 - e. if the Company should consider hiring an employee of the present or a former audit firm, review the appropriateness of this appointment;
 - f. monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
 - g. assessing annually their independence, qualifications, expertise and resources and the effectiveness of the audit process taking into consideration relevant professional and regulatory requirements, which shall include a report from the external auditor on their own internal quality procedures;
 - h. seeking to ensure co-ordination with the activities of the internal audit function if and when an internal auditor is appointed;
 - i. evaluate the risks to the quality and effectiveness of the financial reporting process and consideration considering of the need to include the risk of the withdrawal of the Company's present external auditor from the market in that evaluation; and

- (d) meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
- (e) discuss with the auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- (f) review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement; and
- (g) review the findings of the audit with the external auditor. This shall include but not be limited to, the following: -
 - a. a discussion of any major issues which arose during the audit;
 - b. the auditor's explanation of how the risks to audit quality were addressed;
 - c. any accounting and audit judgements;
 - d. the auditors' view of their interactions with the Board and the Manager, as applicable;
 - e. levels of errors identified during the audit; and
 - f. the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgments by the auditor, and the auditor's response to questions from the Committee.

The Committee shall also: -

- (h) review any representation letter(s) requested by the external auditor before they are signed by the Board;
- (i) review the management letter and management's response to the auditor's findings and recommendations; and
- (j) develop and recommend to the Board, and thereafter implement, the Company's policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter. The policy should include consideration of the following matters:
 - a. threats to the independence and objectivity of the auditor and any safeguards in place, taking into account any relevant regulations and ethical guidance in this regard;

- b. the nature of the non-audit services;
- c. whether the audit firm is the most suitable supplier of the non-audit service;
- d. the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
- e. the criteria governing compensation;

11.6 Reporting Responsibilities

- (a) The Committee Chairman shall report formally to the Board on the Committee's proceedings after each meeting on all matters within its duties and responsibilities. The Committee Chairman shall also report to the Board on how it has discharged its responsibilities, as set out herein. This report shall include:
 - a. the significant issues that it considered in relation to the financial statements (required under paragraph 11.1(a)) and how these were addressed;
 - b. the assessment of the effectiveness of the external audit process (Required under paragraph 11.5(c)c), the approach taken to the appointment or reappointment of the auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans; and
 - c. any other issues on which the Board has requested the Committee's opinion.
- (b) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- (c) The Committee shall compile a report to shareholders on its activities, including its membership and frequency of and attendance at its meetings, 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 (including the provision of non-audit services and an explanation of how, if the auditor provides non-audit services to the Company, auditor objectivity and independence is safeguarded); 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 external auditor; its recommendation on the appointment or reappointment of the auditor, including the length of the incumbent auditor's tenure, when a tender was last conducted and any contractual provisions restricting the Committee's choice of auditor, and the amount of fees paid to the auditor for any of its services; and all information requirements set out in the Code.
- (d) In compiling the reports referred to above, 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.

11.7 Valuation Responsibilities

The Committee shall review the bi-annual property valuation report produced by the Valuer (or such other person as may from time to time provide such property valuation services to the Company) before its submission to the Board, focussing in particular on:

- (a) significant adjustments from the previous property valuation report;
- (b) reviewing the individual valuations of each property;
- (c) compliance with applicable standards and guidelines including those issued by the Royal Institution of Chartered Surveyors and the Listing Rules;
- (d) reviewing the findings and any recommendations or statements made by the Valuer; and
- (e) considering any further matters relating to the valuation of the properties.

12 OTHER MATTERS

The Committee shall: -

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company's secretary for assistance as required;
- (b) 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;
- (c) at all times give due consideration to relevant laws and regulations, the provisions of the Code and the requirements of the Listing Rules, the Prospectus Regulation Rules and the Disclosure Guidance and Transparency Rules (each as made by the FCA), the Prospectus Regulation, the AIFMD, the Market Abuse Regulation and any other applicable rules, as appropriate;
- (d) be responsible for co-ordination of the internal and external auditors;
- (e) oversee any investigation of activities which are within its terms of reference;
- (f) arrange for periodic review 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; and
- (g) work and liaise as necessary with all other Board committees.

13 AUTHORITY

The Committee is authorised:-

- (a) to seek any information it requires from any representative of the Manager, any employee or officer of the Company, the company secretary and administrator of the Company in order to perform its duties;
- (b) to obtain, at a reasonable cost and at the Company's expense, outside legal or other professional advice on any matter within its terms of reference;
- (c) to call any representative of the Manager, any employee or officer of the Company, the company secretary and administrator of the Company to be questioned at a meeting of the Committee as and when required; and
- (d) 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, including issues relating to the appointment, reappointment or removal of the external auditor.