



FIRST PROPERTY GROUP PLC
COMPLIANCE AND RISK COMMITTEE
TERMS OF REFERENCE

Constitution

This Committee shall be known as the Compliance and Risk Committee. The Committee is an approval body to whom the Chief Executive has delegated authority to approve certain determinations in relation to the group's governance, risk and control framework pursuant to a framework of delegated authorities. The Committee does not constitute a Committee of the Board or a Committee within the Company's Articles of Association.

By approving these Terms of Reference the Chief Executive hereby approves and puts in place the delegated approval process and authorities set out in this document. These Terms of Reference apply to the Group and all its subsidiary companies and all the fund entities managed by First Property Asset Management Limited (FPAM).

Objective of the Committee

To ensure the effective management of compliance and operational, reputational and liquidity risk throughout the group in support of the group's strategy and in line with the risk appetite and the governance, risk and control framework.

Membership

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

George Digby (Committee Chairman);
Peter Moon; and
Jill Holmes.

The Chief Executive will be invited to attend all meetings. The Chief Executive may at any time appoint additional members to the Committee or remove or replace members of the Committee.

Meetings of the Committee

The Committee will be chaired by the Compliance Officer of FPAM (or his or her delegate).

The Committee will meet at least once a year with papers circulated at least five working days before the meeting.

The Chairman or Chief Executive may call an ad hoc meeting of the Committee at any time providing that at least 48 hours prior notice is given to each member of the Committee and that papers are distributed at least 24 hours before the meeting.

Quorum shall be two members.

The Compliance Officer has a right of veto on any material decision taken by the Committee.

FPAM will provide the Secretary to the Committee.

A copy of the minutes, as approved by the Chairman, will be circulated to all members of the Committee as soon as practicable.

Authority of the Committee

The Committee is authorised to:

- Ensure the rigorous implementation by the Board - of the approved framework for risk and compliance management, including the approval of relevant policies and procedures;
- Request and receive sufficient information to satisfy itself that the risk and compliance framework is operating as intended;
- Commission root cause analyses into significant policy breaches or control breakdowns;
- Investigate any matters of concern of a regulatory nature; and
- Report the findings of its reviews to the Chief Executive and the Board, if necessary.

Responsibilities

The Committee will be responsible for ensuring the effective operation of the risk management framework in relation to all risk types.

The responsibilities of the Committee with respect to these risks include the following:

- Monitor the group's risk profile in order to confirm that the group is operating within the Board approved risk appetite;
- Set risk limits within the risk appetite criteria;
- Maintain and review a consolidated register of material risks across the Group;
- Review operational and reputational risk exposures and ensure appropriate action is taken where necessary;
- Receive notification of any material breaches of risk limits or procedures and agree proposed action;
- Implement a rigorous framework for stress testing and approve the scenarios to be analysed;
- Ensure there is a suitable structure in place to identify the changing nature of risks and to react to forward-looking risk issues;
- Review risk and compliance training programmes to ensure the strengthening of a risk and compliance aware culture within the group;
- Review the risk rating methodology for new and existing risks and make recommendations to the Board for approval;
- Provide input to the Remuneration Committee on the alignment of remuneration to risk management;
- Recommend appropriate policies to ensure the group's ongoing compliance with relevant legal and regulatory requirements for Board approval;
- Receive and review all necessary information to satisfy itself that the compliance framework is operating as intended;
- Monitor and review the process for Freedom of Information requests; and

- Seek alignment to relevant UK and EU regulatory standards in all our systems, controls and conduct of business.

The Committee will have responsibility for reviewing a number of the group's policies on an annual basis or more frequently if required and making recommendations to the Board for approval. These policies will include:

- Operational Risk Management.
- Business Continuity Planning.
- Information Security Management.
- Record Keeping and Data Protection.
- Transaction Approval.
- Travel and Expenses.
- Procurement and Outsourcing.
- External Communications.
- Conflicts of Interest.
- Financial Crime.
- Client Suitability.
- Personal Account Dealing.
- Code of Professional Conduct.
- Taxation.

The Committee will report to the Board on a regular basis on all material matters.

The Committee will review its own terms of reference at least annually and recommend any changes.