



Audit, Risk and Compliance Committee Charter

GDI Property Group (the “Group”)

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Audit and Risk Committee Charter

Contents

1	Purpose and authority	1
1.1	Purpose	1
1.2	Authority	1
1.3	Termination	2
2	Role of the Committee	2
3	Duties and Responsibilities	3
3.1	Duties of members	3
3.2	Disclosure by Members	3
3.3	External reporting	4
3.4	External audit	5
3.5	Internal control and risk management	6
3.6	Related party transactions	7
4	Membership	7
4.1	Composition and size	7
4.2	Chairperson	7
4.3	External Members	7
4.4	Removal	8
4.5	Retirement	8
4.6	Commitment of Committee members	8
4.7	Technical expertise	8
4.8	Skills development	8
4.9	Secretary	8
4.10	Service Agreements	8
4.11	Alternates	8
4.12	RE to operate Scheme	9
5	Committee meetings and processes	9
5.1	Meetings	9
5.2	Frequency and calling of meetings	9
5.3	Voting by the Committee	9
5.4	Quorum	9
5.5	Location of Meetings	9
5.6	Attendance by management and advisors	9
5.7	Agenda and documents	10
5.8	Access to information and advisors	10
5.9	Minutes	10
5.10	Circular Resolution	10
5.11	ASIC Directions	10
6	Committee's performance evaluation	10
7	Review and publication of charter	11

Audit, Risk and Compliance Committee Charter

1 Purpose and authority

1.1 Purpose

- (a) GDI Property Group (“**Group**”) consists of:
 - (i) GDI Property Trust (“**Scheme**”) for which GDI Funds Management Limited (“**RE**”) is the responsible entity; and
 - (ii) GDI Property Group Limited (“**Company**”).
- (b) In this Charter, a reference to:
 - (i) the “**Board**” is a reference to the boards of the Company and RE:
 - (A) consisting of the same board members; and
 - (B) acting jointly as the board of the Group; and
 - (ii) the “**Committee**” is a reference to the Audit, Risk and Compliance Committee:
 - (A) consisting of the same Committee members; and
 - (B) appointed by the Board (i.e. boards of the Company and RE acting jointly).
- (c) The purpose of this Audit, Risk and Compliance Charter is to:
 - (i) specify the authority delegated to the Audit, Risk and Compliance Committee by the Board; and
 - (ii) set out the role, responsibilities, membership and operation of the Committee.
- (d) The Committee has been established by the Board to satisfy the requirements of the Corporations Act.
- (e) RE has been granted an Australian Financial Services Licence by the Australian Securities and Investments Commission, authorising it amongst other things to operate certain types of managed investment schemes.

1.2 Authority

The Committee;

- (a) is a committee of the Board established in accordance with the constitutions of the Company and RE;
- (b) is authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities; and

- (c) has the authority and power to exercise the responsibilities set out in this Charter and under any separate resolutions of the Board granted to it from time to time.

1.3 Termination

- (a) RE may advise the Committee that the Committee is no longer appointed to act for a scheme if the Corporations Act does not require a committee for that scheme.
- (b) The Committee ceases to be appointed for a scheme on completion of the winding up of that scheme.

2 Role of the Committee

The role of the Committee is to assist the Board in carrying out its accounting, auditing and financial reporting responsibilities, including:

- (a) oversight of:
 - (i) the integrity of the Group's external financial reporting and financial statements;
 - (ii) the appointment, remuneration, independence and competence of the Group's external auditors;
 - (iii) the performance of the external audit function and review of their audits;
 - (iv) the effectiveness of the Group's system of risk management and internal controls; and
 - (v) the Group's systems and procedures for compliance with applicable legal and regulatory requirements;
- (b) monitoring to what extent RE complies with the Scheme's Compliance Plan and to report on its findings to RE;
- (c) reporting to RE:
 - (i) any breach of the Corporations Act involving the Scheme; or
 - (ii) any breach of the provisions included in the Scheme's Constitution in accordance with section 601 GA of the Corporations Act of which the Committee becomes aware or suspects;
- (d) reporting to ASIC if the Committee is of the view that RE has not taken, or does not propose to take, appropriate action to deal with a matter reported under paragraph (c) above;
- (e) assessing at regular intervals whether the Compliance Plan is adequate, to report to RE on the assessment and to make recommendations to RE about any changes that it considers should be made to the Compliance Plan.

In addition, the other functions of the Committee are:

- (f) to report to the Board following each meeting of the Committee upon the outcomes of each meeting;

- (g) to review the recommendation of management regarding the appointment or dismissal of the Compliance Plan auditor and to recommend such action to the Board;
- (h) to do such other things as the Board may reasonably require and which are consistent with the Corporations Act; and
- (i) the report of the Committee to the Board will be in such form as the Board may require from time to time.

3 Duties and Responsibilities

3.1 Duties of members

In accordance with section 601JD of the Corporations Act, all members of the Committee (“**Member**”) have a duty to:

- (a) act honestly;
- (b) exercise the degree of care and diligence that a reasonable person would exercise if they were in the Member's position;
- (c) not make use of information acquired through being a Member to:
 - (i) gain an improper advantage for the Member or another person;
 - (ii) cause detriment to the members of the Group; and
- (d) not make improper use of their position as a Member to gain, directly or indirectly, an advantage for himself or herself or for any other person or to cause detriment to the members of the Group.

In addition, the other duties of Members are to:

- (e) keep confidential any confidential information concerning the Group which is disclosed to the Member and not disclose the information except:
 - (i) to the extent necessary to perform the Member's duties;
 - (ii) to the extent required by law; or
 - (iii) with the prior consent of the Board;
- (f) do such other things as the Board may reasonably require and which are consistent with the Corporations Act; and
- (g) do such other things as the Corporations Act may require and not do such things as it may prohibit them from doing.

3.2 Disclosure by Members

In accordance with section 601JJ of the Corporations Act, all Members must disclose to the Committee:

- (a) a direct or indirect pecuniary interest that they have in a matter being considered, or about to be considered by the Committee if their interest could conflict with the property performance of their duties in relation to the consideration of the matter; and

- (b) a disclosure under paragraph (a) above must occur at the first meeting of the Committee after the relevant facts have come to the Member's knowledge and must be recorded in the minutes of the meeting.

In addition, Members must disclose to the Group in writing:

- (c) any directorships they hold in any company; and
- (d) any membership of any other Committee; and
- (e) if the Member:
 - (i) becomes bankrupt;
 - (ii) is convicted of a criminal offence;
 - (iii) conducts his or her duties in a manner which the Member believes the Group would reasonably consider to be unprofessional or unethical; or
 - (iv) breaches any specific term or condition of the Member's appointment.

3.3 External reporting

The Committee is responsible for:

- (a) reviewing the appropriateness of the accounting principles adopted by management in the composition and presentation of financial reports;
- (b) overseeing the preparation of financial reports and reviewing the results of external audits of these reports;
- (c) assessing significant estimates and judgments in financial reports by examining the processes used to derive material estimates and judgments and seeking verification of those estimates from internal and external auditors;
- (d) reviewing management's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the preparation of accounts and external reporting by the Group of financial and non-financial information
- (e) assessing (before publication) whether external reporting is consistent with Committee members' information and knowledge and is adequate for security-holder needs;
- (f) reviewing material documents and reports prepared for lodgement with regulators, assessing their impact on the Group and making recommendations to the Board on their approval or amendment;
- (g) ensuring that a comprehensive process is established to capture issues for the purpose of continuous reporting to ASX;
- (h) reviewing the completeness and accuracy of the Group's main corporate governance practices as required by ASX Listing Rules;
- (i) assessing information from internal and external auditors that affects the quality of financial reports;

- (j) asking the external auditor for an independent judgment about the appropriateness of the accounting principles used and the clarity of financial disclosure practices used by the Group;
- (k) assessing solvency and the going concern assumption;
- (l) assessing the management of non-financial information in documents to ensure that conflicts with financial statements and other documents do not occur; and
- (m) recommending to the Board whether the financial and non-financial statements should be signed based on the Committee's assessment of them.

3.4 External audit

The Committee is responsible for:

- (a) making recommendations to the Board on the appointment and remuneration of the external auditor and, if appropriate, recommending that tenders be called to assist in deciding which external auditor should be recommended;
- (b) agreeing the terms of engagement of the external auditor before the start of each audit;
- (c) reviewing the external auditor's fee and being satisfied that an effective, comprehensive and complete audit can be conducted for the external auditor's set fee;
- (d) monitoring the effectiveness and independence of the external auditor, and periodically assessing their performance;
- (e) reviewing the external auditor's independence based on the external auditor's relationships and services with the Group and other organisations;
- (f) assessing whether the external auditor's provision of non-audit services impairs or appears to impair their judgment or independence and, if required, developing policies for Board approval to ensure this does not occur;
- (g) making recommendations to the Board on the removal of the external auditor;
- (h) ensuring that any recommendation to replace the external auditor is carefully evaluated before the Board makes a final decision;
- (i) inviting the external auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of external audit findings;
- (j) reviewing the scope of the external audit, including identified risk areas and any additional procedures, with the external auditor on a periodic basis;
- (k) raising with the external auditor any specific points of divergence with the Group's management;
- (l) monitoring and examining management's response to the external auditor's findings and recommendations;

- (m) reviewing all representation letters signed by management and ensuring all information provided is complete and appropriate;
- (n) meeting with the external auditor without management present at least once a year; and
- (o) establishing and making publicly available in the corporate governance section of the Group's website information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners.

3.5 Internal control and risk management

The Committee is responsible for:

- (a) preparing a risk profile which describes the material risks facing the Group including financial and non-financial matters;
- (b) regularly reviewing and updating the risk profile;
- (c) ensuring that the Group has an effective risk management system;
- (d) assessing and ensuring that there are internal processes for determining and managing key risk areas, such as:
 - (i) non-compliance with laws, regulations, standards and best practice guidelines including industrial relations, occupational health and safety, environmental and trade practices laws;
 - (ii) important judgments and accounting estimates;
 - (iii) business licence requirements;
 - (iv) litigation and claims;
 - (v) fraud and theft; and
 - (vi) relevant business risks not dealt with by other Board committees;
- (e) receiving reports concerning material and actual incidents within the risk areas above and ensuring that macro risks are reported to the Board at least annually;
- (f) conducting investigations of breaches or potential breaches of internal controls, and incidents within the risk areas above, particularly in relation to accounts and financial reporting;
- (g) evaluating the independence of external auditors;
- (h) examining and evaluating the effectiveness of the internal control system with management and internal and external auditors and making improvements;
- (i) making publicly available a description of the Group's risk management policy and internal compliance and control system in the corporate governance section of the Group's website;
- (j) encouraging voluntary reporting by employees to the internal auditor or the Committee of breaches of internal controls and Group policies, and incidents within the risk areas above;

- (k) assessing existing controls that management has in place for unusual transactions or transactions with more than an accepted level of risk; and
- (l) meeting periodically with key management, internal and external auditors and compliance staff to understand the Group's control environment;
- (m) reporting to the Board at least four times each year, generally at quarterly intervals or more frequently as required by the Board; and
- (n) advising the Board if it forms the view that one of its Members or proposed Members does not have sufficient skills, experience or resources to undertake the responsibility of the Committee or if the Committee forms the view that any Member who was an External Member has ceased to be an External Member.

3.6 Related party transactions

The Committee is responsible for reviewing and monitoring the propriety of related party transactions.

4 Membership

4.1 Composition and size

The Committee will consist of:

- (a) only non-executive directors;
- (b) a majority of independent directors; and
- (c) at least three members.

Membership is reviewed periodically and re-appointment to the Committee is not automatic. Appointments and resignations are decided by the Board.

4.2 Chairperson

The chairperson of the Committee must be an independent non-executive director who is not the chairperson of the Board.

The chairperson of the Committee is appointed by the Board. If, for a particular Committee meeting, the Committee chairperson is not present within 10 minutes of the nominated starting time of the meeting, the Committee may elect a chairperson for the meeting.

4.3 External Members

The Committee will comprise of at least three Members appointed from time to time by the Board or its delegate.

The majority of Members must be External Members.

Any Member appointed as an External Member must:

- (a) confirm to the Company and RE in writing in such form as the Company and RE determine at the time of appointment and then every year that he or she qualifies as an External Member under section 601JB(2) of the Corporations Act;
- (b) immediately advise the Company and RE in writing if he or she no longer qualifies as an External Member.

4.4 Removal

Any Board member who is also a Member will cease to be a Member on resignation from the Board.

4.5 Retirement

A Member who is not a Board member or an employee may retire by giving notice in writing under that Member's service agreement or contact of employment.

4.6 Commitment of Committee members

Committee members must devote the necessary time and attention for the Committee to carry out its responsibilities.

At the first Committee meeting after their appointment and when the Board reviews Committee membership, each Committee member must confirm that they are able to devote sufficient time and attention to the Committee for the coming year.

4.7 Technical expertise

The Committee must be structured so that:

- (a) all members are financially literate, that is, are able to read and understand financial statements;
- (b) at least one member has financial expertise, that is, is an accountant or financial professional with experience of financial and accounting matters; and
- (c) some members have an understanding of the industry in which the Group operates.

4.8 Skills development

If the Committee chairperson approves, a Committee member may attend seminars or training related to the functions and responsibilities of the Committee at the Group's expense.

4.9 Secretary

RE's company secretary is the secretary of the Committee.

4.10 Service Agreements

Any Member who is not an employee of the Scheme or a Board member of the RE must enter into a service agreement with RE.

In respect of each Member who is an employee of the Scheme, the appointment, remuneration, indemnification and insurance of that Member is governed by their contract of employment.

4.11 Alternates

An internal Member may from time to time appoint any person approved for the purpose by a majority of the Committee to act as their Alternate during that Member's absence or inability to act as a Member.

Such Alternate shall be subject in all respects to this Charter and the Corporations Act whilst acting for the Member they represent.

A Member may at any time revoke the appointment of any Alternate appointed by that Member. Should a Member cease to be a Member of the Committee then any Alternate appointed by that Member shall cease to have any power or function as an Alternate.

4.12 RE to operate Scheme

Each Member acknowledges that RE is required by the Corporations Act to operate the Scheme and perform the functions conferred on it by the Scheme's Constitution and the Corporations Act. Each Member acknowledges that the functions of the Committee are as set out in Section 3 of the Compliance Plan, and that the functions of the Committee do not extend to the operation or management of the Scheme.

5 Committee meetings and processes

5.1 Meetings

Meetings and proceedings of the Committee are governed by the provisions in the constitutions of the Company and RE regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this Charter.

5.2 Frequency and calling of meetings

The Committee will meet as frequently as required to undertake its role effectively. The chairperson must call a meeting of the Committee if requested by any member of the Committee, the external auditor, the internal auditor or the chairperson of the Board.

5.3 Voting by the Committee

Voting is by simple majority. The Chairperson has a casting vote.

No objection can be made to any vote cast, unless it is made at the meeting.

5.4 Quorum

Two directors constitute a quorum for meetings of the Committee.

5.5 Location of Meetings

- (a) Any physical meeting of the Committee in one place will be held at the offices of the Company or RE, or such other place as the Members may agree with the Company and RE.
- (b) Where the Committee holds a meeting solely or partly by telephone or other instantaneous means of conferring, the meeting is to be treated as held at the place at which the Chair for the meeting is physically located.

5.6 Attendance by management and advisors

The Managing Director and Chief Financial Officer are expected to attend each scheduled meeting of the Committee and a standing invitation will be issued to the internal and external auditors.

The Committee chairperson may also invite directors who are not members of the Committee, other senior managers and external advisors to attend meetings of the Committee. The Committee may request management and/or others to provide such input and advice as is required.

5.7 Agenda and documents

The chairperson of the Committee determines the meeting agenda after appropriate consultation.

The secretary distributes the agenda and any related documents to all Committee members and other attendees before each proposed meeting.

5.8 Access to information and advisors

The chairperson of the Committee receives all reports between the external auditor and management, and the internal auditor and management.

The Committee has the authority to:

- (a) require management or others to attend meetings and to provide any information or advice that the Committee requires;
- (b) access the Group's documents and records;
- (c) obtain the advice of special or independent counsel, accountants or other experts, without seeking approval of the Board or management; and
- (d) access management and internal and external auditors.

5.9 Minutes

The secretary will keep minute books to record the proceedings and resolutions of its meetings.

The chairperson of the Committee, or delegate, will report to the Board after each Committee meeting. Minutes of Committee meetings will be included in the papers for the next Board meeting after each Committee meeting.

5.10 Circular Resolution

If a majority of the Members have signed a document containing a statement that they are in favour of a resolution contained in the document then a resolution in these terms shall be deemed to have been passed at a meeting of the members held on the day on which the last signature is placed on the document.

5.11 ASIC Directions

- (a) If ASIC directs RE to give any information about the arrangements contained in the Compliance Plan of the Scheme, the Committee must, if requested by RE, assist RE to give the information to ASIC. RE must notify the Committee of ASIC's direction as soon as it is reasonably practicable after receipt of the direction, and must notify the Committee that it has complied with the direction as soon as is reasonably practicable after it has so complied.
- (b) A Member must take all reasonable steps to assist ASIC in carrying out a check under section 601FF1 of the Corporations Act as to whether RE is complying with the Scheme's Constitution, the Compliance Plan and the Corporations Act.

6 Committee's performance evaluation

The Committee will review its performance from time to time and whenever there are major changes to the management structure of the Group.

The Committee's performance, both of individual Members and collectively, will be evaluated on a regular basis by the Board. This may include feedback from the Board.

The performance evaluation will have regard to the extent to which the Group has met its responsibilities in terms of this Charter.

7 Review and publication of charter

The Board will review this Charter to ensure it remains relevant to the current needs of the Group. The Charter may be amended by resolution of the Board.

The Charter is available on the Group's website and the key features are published in the annual report.

Approved by the Board on 16 December 2013