



Board Charter

GDI Property Group (“Group”)

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GDI Property Group
Level 23
56 Pitt Street
Sydney NSW 2000
Australia
T +61 2 9223 4222
F +61 2 9252 4821
www.gdi.com.au

Board Charter

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Board Charter

1 Purpose of this charter

- (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 the “**Board**” is a reference to the boards of the Company and RE:
 - (i) consisting of the same board members; and
 - (ii) acting jointly as the board of the Group.
- (c) The purpose of this charter is to specify how the Group is governed so as to promote the Group and protect the interests of security-holders.
- (d) The Board is responsible for the governance of the Group. This charter sets out the role and responsibilities of the Board, which responsibilities are delegated to committees of the Board or to management, as well as the membership and the operation of the Board.

2 Role and responsibilities of the Board

2.1 Role

The role of the Board is to provide overall strategic guidance for the Group and effective oversight of management. The Board ensures that the activities of the Group comply with the constitutions of the Company and RE, from which the Board derives its authority to act, and with legal and regulatory requirements.

To achieve this role, the Board has reserved to itself the following specific responsibilities.

2.2 Strategy

The Board is responsible for:

- (a) overseeing the development of the Group’s corporate strategy through constructive engagement with senior executives;
- (b) reviewing and approving strategy plans and performance objectives of the Group consistent with the corporate strategy, and reviewing the assumptions and rationale underlying the strategy plans and performance objectives; and
- (c) monitoring implementation of the strategy plans.

2.3 Oversight of management

The Board is responsible for:

- (a) the appointment and if appropriate, removal of the Managing Director (“MD”), the chief financial officer and the company secretary;
- (b) approving succession plans for key individuals;
- (c) monitoring senior executives’ performance and implementation of strategy against measurable and qualitative indicators, encouraging enhanced effectiveness and ensuring that appropriate resources are available;
- (d) approving senior executive remuneration policies and practices;
- (e) providing advice and counsel to management; and
- (f) ensuring that the senior executives supply the Board with information that will help the Board discharge its duties.

2.4 Shareholders

The Board is responsible for:

- (a) promoting effective communication with security-holders, including convening security-holders’ meetings, listening and responding to security-holders views of management and of the Group;
- (b) facilitating the effective exercise of security-holders’ rights; and
- (c) reporting to security-holders and compliance with relevant regulatory requirements.

2.5 Other stakeholders

The Board is responsible for:

- (a) establishing and monitoring policies governing the Group’s relationship with other stakeholders and the broader community; and
- (b) establishing and maintaining environmental, employment and occupational, health and safety policies.

2.6 Ethics and responsible decision-making

The Board is responsible for:

- (a) actively promoting ethical and responsible decision-making;
- (b) establishing and maintaining a code of conduct to guide its directors and management in the practices necessary to maintain confidence in the Group’s integrity;
- (c) the system of accountability for unethical practices; and
- (d) establishing and maintaining a diversity policy to outline the Group’s commitment to diversity and inclusion in the workplace and set out a framework to achieve the Group’s diversity goals.

2.7 Oversight of financial management and capital management

The Board is responsible for:

- (a) ensuring the integrity of the Group's financial reporting;
- (b) reviewing and approving annual and half-yearly financial reports, having regard to, among other things, the information the directors know about the Group;
- (c) monitoring financial results on an ongoing basis;
- (d) establishing and overseeing the Group's accounting and financial management systems;
- (e) reviewing, approving and monitoring the progress of major capital expenditure, capital management, major acquisitions and divestitures and material commitments;
- (f) approving decisions affecting the capital of the Group, including capital structure or restructure and major financing arrangements; and
- (g) determining the dividend policy of the Group and determining the details for payment of dividends.

2.8 Compliance and risk management

The Board is responsible for:

- (a) establishing and overseeing the Group's control and accountability systems and reviewing reporting under those systems;
- (b) establishing, overseeing and regularly reviewing a system for identifying, assessing, monitoring and managing material risk throughout the Group, and informing investors of material changes to the Group's risk profile;
- (c) establishing, overseeing and regularly reviewing systems of internal compliance, risk management and control, and systems of legal compliance that govern the operations of the Group, and monitoring that they are operating effectively; and
- (d) establishing, overseeing and regularly reviewing written policies, codes and procedures governing compliance and risk oversight and management

3 Role and responsibilities of chairperson and company secretary

3.1 Chairperson

The chairperson is an independent and non-executive director appointed by the Board. The chairperson is responsible for:

- (a) leading the Board in reviewing and discussing Board matters;
- (b) chairing Board meetings and security-holder meetings;
- (c) ensuring the efficient organisation and conduct of the Board's function;
- (d) briefing all directors in relation to issues arising at Board meetings;
- (e) facilitating effective contribution by all directors and monitoring Board performance;

- (f) overseeing that membership of the Board is skilled and appropriate for the Group's needs;
- (g) promoting constructive relations between Board members and between the Board and management;
- (h) ensuring that independent directors meet separately at least annually to consider, among other things, senior executive performance;
- (i) reviewing corporate governance matters with the company secretary and reporting on those matters to the Board; and
- (j) establishing and overseeing the implementation of policies and systems for Board performance review and renewal.

3.2 Company secretary

The same individual is to be appointed as the company secretary of the Company and RE, and is required to act as secretary of the Board, attending all meetings of the Board as required. The company secretary is accountable to the Board through the chairperson on all corporate governance matters.

The company secretary is responsible for:

- (a) organising Board meetings and director attendance;
- (b) monitoring compliance with Board policy and procedures;
- (c) coordinating the completion and despatch of the Board agenda and briefing materials;
- (d) preparing minutes of meetings and resolutions of the Board and taking these to the chairperson for approval and circulation;
- (e) circulating minutes from committee meetings to the Board; and
- (f) ensuring the Group complies with its requirements under the Corporations Act regarding registered office, annual returns and notices to be lodged with the Australian Securities and Investments Commission.

4 Delegations of authority

4.1 Delegation to committees

Under the constitutions of the Company and RE, the Board may delegate responsibility to committees to consider certain issues in further detail and then report back to and advise the Board.

Standing committees established by the Board will adopt charters setting out the authority, responsibilities, membership and operation of the committee. There are currently two standing committees

- Audit, Risk and Compliance Committee; and
- Nomination and Remuneration Committee

The Board may establish other committees from time to time to consider other matters of special importance.

Directors are entitled to attend committee meetings and receive committee papers. Committees will maintain minutes of their meetings and are entitled to obtain professional or other advice in order to effectively carry out their proper functions. The chairperson of each committee will report back on committee meetings to the Board at the next full Board meeting.

4.2 Delegation to MD and management

The Board has delegated to the MD the authority to manage the day to day affairs of the Group and the authority to control the affairs of the Group in relation to all matters other than those responsibilities reserved to itself in this charter.

The Board may impose further specific limits on MD delegations. These delegations of authority will be maintained by the company secretary and will be reviewed by the Board as appropriate from time to time.

The MD has authority to sub-delegate to the senior management team.

5 Membership

5.1 Composition and size

The Board will consist of a majority of non-executive, independent directors. The chairperson of the Board will be elected annually by the directors and must be an independent non-executive director.

The directors will determine the size of the Board, subject to the constitutions of the Company and RE, which provide that there can be no less than [three] directors. The number of directors and the composition of the Board must at all times be appropriate to the Group to achieve efficient decision making and adequately discharge its responsibilities and duties.

The Group will seek to have directors with an appropriate range of skills, experience and expertise and an understanding of and competence to deal with current and emerging issues of the business. The Group's succession plans are designed to maintain an appropriate balance of skills, experience and expertise on the Board.

5.2 Appointment and re-election of directors

The process of selection and appointment of new directors to the Board is that when a vacancy arises, the Nomination and Remuneration Committee identifies candidates with appropriate skills, experience and expertise. Candidates with the skills, experience and expertise that best complement the Board's effectiveness will be recommended to the Board. When the Board considers that a suitable candidate has been found, that person may be appointed by the Board to fill a casual vacancy in accordance with the constitutions of the Company and RE, but must stand for election by security-holders at the next annual general meeting. Prior to any appointment, the Nomination and Remuneration Committee will undertake numerous checks such as a person's character, experience, education, criminal record and bankruptcy and report its findings to the Board.

Non-executive directors will be engaged by a letter of appointment setting out the terms and conditions of their appointment. Directors will be expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them.

Directors must retire from office in accordance with the constitution. Retiring directors may be eligible for re-election. Before each annual general meeting,

the chairperson of the Board will assess the performance of any director standing for re-election and the Board will determine their recommendation to security-holders on the re-election of the director (in the absence of the director involved). The Board (excluding the chairperson), will conduct the review of the chairperson.

5.3 Independence

All directors - whether independent or not - should bring an independent judgment to bear on all Board decisions.

A director is considered independent by the Group if the director is a non-executive director who is not a member of management and is free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment or could reasonably be perceived to do so.

A director who:

- (a) is a substantial security-holder of the Group or an officer of, or otherwise associated directly with, a substantial security-holder of the Group;
- (b) is employed, or has previously been employed in an executive capacity by the Group, or another group member and there has not been a period of at least three years between ceasing that employment and serving on the Board;
- (c) within the last three years, has been a principal of a material professional adviser or material consultant to the Group or another group member, or an employee materially associated with the service provided;
- (d) is a material supplier or customer of the Group or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (e) has a material contractual relationship with the Group or another group member other than as a director of the Company and RE,
- (f) has close family ties with any person who falls within any of the categories described above; or
- (g) has been a director of the Board for such a period that his or her independence may have been compromised,

will not be independent, unless the Board is satisfied on reasonable grounds that the director is independent despite the existence of one or more of these circumstances.

The Board will regularly assess the independence of each director in light of the interests disclosed by them. Each independent director must provide the Board with all relevant information for this. The outcome of this assessment will be reflected in the corporate governance section of the annual report.

Any change to a director's independent status will be disclosed to the market in a timely fashion.

5.4 Conduct of individual directors

Directors must at all times act in accordance with legal and statutory requirements, and discharge all their duties as directors. Directors must:

- (a) discharge their duties in good faith and in the best interests of the Group and for a proper purpose;
- (b) act with care and diligence, demonstrate commercial reasonableness in their decision making and act with the level of skill and care expected of a director of a major company, including applying an independent and enquiring mind to their responsibilities;
- (c) avoid conflicts of interest except in those circumstances permitted by the Corporations Act;
- (d) not make improper use of information gained through their position as a director;
- (e) not take improper advantage of their position as a director;
- (f) notify other directors of a material personal interest when a conflict arises;
- (g) make reasonable enquiries if relying on information or advice provided by others;
- (h) undertake any necessary inquiries in respect of delegates;
- (i) give the Group or ASX Limited all the information required by the Corporations Act; and
- (j) not permit the Group to engage in insolvent trading.

6 Board process

6.1 Meetings

All Board meetings will be conducted in accordance with the constitutions of the Company and RE and the Corporations Act.

Directors are committed to collective decision making, but have a duty to question and raise any issues of concern to them. Matters are to be debated openly and constructively amongst the directors. Individual directors must utilise their particular skills, experience and knowledge when discussing matters at Board meetings.

Directors must keep Board discussions and resolutions confidential, except where they are required to be disclosed.

All directors are generally expected to prepare adequately, attend and participate at each Board meeting. All directors should actively consider the sufficiency of the contents of the board papers that they have been provided for consideration. The Board should assess the information that it receives and the timing of its distribution to ensure the Board has sufficient time to examine the material provided to it for approval.

Non-executive directors will periodically meet without executive directors or management present.

The Board may request or invite management or external consultants to attend Board meetings, where necessary or desirable.

The Board may conduct meetings by telephone or video conference.

6.2 Independent professional advice

Following consultation with the chairperson, directors may seek independent professional advice at the Group's expense. Generally, this advice will be available to all directors.

6.3 Access to management

The directors have complete and open access to management following consultation with the chairperson and MD.

7 Review and publication of charter

The Board is responsible for reviewing this charter and the division of functions and responsibilities in the Group to determine its appropriateness to the needs of the Group from time to time. 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