

IRONGATE

Audit and Risk Committee Charter

30 November 2020

Irongate Group

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1. ABOUT THIS CHARTER

1.1 Policy statement

This Charter sets out the terms of reference, duties and responsibilities and administrative matters relating to the Committee including as responsible entity of the Fund.

To the extent required and where relevant, the composition of the Committee and this Charter meet the requirements for audit and compliance committees under the:

- Act;
- ASX Corporate Governance Principles and Recommendations;
- King IV Code;
- ASX LR; and
- JSE LR.

The Fund is listed on JSE and ASX. As such, this Charter must comply with the requirements of both the JSE and ASX. Where the requirement of one exchange is more stringent than the requirement of another exchange, compliance with the more stringent requirement is required.

If it is not possible to comply with both the JSE LR and the ASX LR, the RE must comply with the rule or requirement of the Main Trading Exchange at the relevant time.

1.2 Defined terms

Act	Corporations Act 2001 (Cth)
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited or Australian Securities Exchange, as the context requires
ASX Corporate Governance Principles and Recommendations	The Corporate Governance Principles and Recommendations (4th edition) published in February 2019 by the ASX Corporate Governance Council
ASX LR	ASX Listing Rules
Board	Board of directors of the RE
CEO	Chief Executive Officer of the Fund
CFO	Chief Finance Officer of the Fund
Chairperson	Chairperson of the Committee
Charter	This charter as amended from time to time
Committee	Audit and risk committee of the RE
Company Secretary	Company secretary of the RE
Constitution	The constitution of each of Irongate Property Fund I and Irongate Property Fund II (as amended from time to time)

Director	A director of the RE
Fund	Irongate Property Fund I and Irongate Property Fund II
Fund staff	Persons who perform activities on behalf of the RE or the RE Group, including staff, contractors and consultants, who have access to the RE's systems and premises (regardless of whether they utilise that access)
JSE	JSE Limited or Johannesburg Stock Exchange, as the context requires
JSE LR	Listings Requirements of the JSE
King IV Code	The principles of corporate governance for South Africa which outline the corporate governance guidelines that apply to all JSE listed entities
Main Trading Exchange	Has the meaning given to it in the Constitution
Member	Member of the Committee
RE	Irongate Funds Management Limited or any other entity acting as responsible entity of the trusts that comprise the Fund from time to time
RE Group	Any company or other entity that is controlled (directly or indirectly) by the RE as trustee of the trusts that comprise the Fund

1.3 Review

This Charter will be reviewed annually to check that it is operating effectively and whether any changes are required to the Charter.

2. MEMBERSHIP

The Committee shall be composed of at least three independent non-executive Directors and if any of the non-executive Directors are not independent, must consist of a majority of independent Directors.

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

The Chairperson must be an independent non-executive Director and shall be appointed by the Board. If, for a particular Committee meeting, the Chairperson is not present within 10 minutes of the nominated starting time of the meeting, the Committee may elect another Chairperson for the meeting.

Members must be financially literate so that the Committee has an appropriate understanding of International Financial Reporting Standards, the South African Statements of Generally Accepted Accounting Practices, the Australian Statements of Generally Accepted Accounting Practices and any other financial or sustainability reporting standards, regulations or guidance applicable to the RE and/or the Fund.

Some members of the Committee should have suitable skills, competence and experience in areas relevant to the RE and its role as RE of the Fund and must undertake appropriate development to maintain those skills. The RE will disclose the relevant qualifications and experience of the Members.

The chairperson of the Board may be a Member, but may not chair the Committee.

If the Chairperson agrees, a Member may attend seminars or training related to the functions and responsibilities of the Committee at the Fund's expense.

Members should 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 Member must confirm that they intend to devote sufficient time and attention to the Committee for the coming year.

3. ADMINISTRATION

3.1 Quorum

The quorum shall consist of not less than two Members, who must all be present throughout the meeting.

3.2 Secretary

The Company Secretary, or their nominee, will act as secretary of the Committee.

3.3 Frequency of meetings

There will be a minimum of four meetings per year, but the Committee may meet whenever required on an ad hoc basis.

3.4 Notice of meetings

The Chairperson may call a meeting and must call a meeting if requested to do so by:

- any Member;
- external auditors;
- the CFO;
- the compliance function; or
- any other Director.

Where possible, meeting dates will be determined at the commencement of the year and will be aligned with Board meetings.

The Committee must meet with the Fund's external auditor not more than one month before the Board meets to approve the RE's and the Fund's half yearly and yearly financial statements.

The Committee secretary shall prepare the agenda in conjunction with the Chairperson. This should reflect the matters for discussion at each meeting and the agenda and accompanying documentation shall be circulated to Members and any other persons required to attend the particular meeting, at least three days prior to the meeting.

The Chairperson determines the meeting agenda after appropriate consultation.

The Chairperson must receive all reports provided by the external auditor to management, and vice versa.

3.5 Meetings and resolutions other than in person

Where deemed appropriate by the Chairperson, meetings may occur via conference call or other electronic means and approvals and recommendations may occur via written resolution.

3.6 Attendance

The Chairperson may, at his or her discretion, invite non-Members to meetings of the Committee as deemed necessary and has the authority to require management or others to attend meetings and to provide any information or advice that the Committee requires.

The CEO and CFO are expected to attend each scheduled meeting of the Committee and a standing invitation will be issued to external auditors.

Directors who are not Members may attend meetings of the Committee if they wish.

3.7 Voting

A motion shall be passed by a simple majority of Members present and eligible to vote. There will be no casting vote and in the case of a deadlock the issue will be referred to the Board for a decision.

3.8 Recording meetings

The Committee secretary shall make a record of the proceedings of each meeting. The draft minutes of each meeting shall be reviewed by the Chairperson and, upon finalisation, shall be circulated to each Member and the Board and will be confirmed at the following Committee meeting.

The Committee secretary will maintain an attendance register for all Committee meetings.

4. OBJECTIVES

The Committee has been established to assist the Directors to fulfil their responsibilities for:

- the oversight of the quality and integrity of the accounting, auditing and financial reporting of the RE and the Fund;
- focus appropriate attention on the risk management framework of the RE and the Fund; and
- oversight of the compliance practices of the RE, especially in its role as responsible entity of registered managed investment schemes.

The duties and responsibilities of the Committee are more fully set out in paragraphs 5 and 6 of this Charter.

5. AUTHORITY

5.1 Sub-committees

The Committee may convene further committees or sub-committees to assist the Committee in its work. Sub-committees must report their findings to the Committee and Members shall have a right to attend all sub-committee meetings on a standing or ad hoc basis.

5.2 Board meeting

The Committee may call a meeting of the Board.

5.3 Access

The Committee shall have free and unfettered access to all personnel and other parties (internal and external), including the external auditors, as required by the Committee to carry out its duties.

The Committee is entitled to:

- receive any information it requires from any executive, officer or Fund staff;
- access and interview management and external auditors (with or without management present); and
- access the RE's and the Fund's documents and records.

Relevant information will be distributed to Members as it becomes available.

5.4 Audit and compliance

The Committee may require that the compliance function carry out specific tasks or reviews.

The Committee will meet with external auditors at least once a year without management present. The head of the compliance function shall have direct access to the Chairperson.

5.5 Advice

Members shall have the authority to obtain outside independent professional advice, without seeking approval of the Board or management (where the Committee considers that necessary or appropriate), and to secure the attendance at meetings of outside parties with the relevant experience and expertise where considered necessary at the Fund's expense.

Relevant information will be distributed to Committee members as it becomes available.

5.6 No executive function

Other than as set out in this Charter, the Committee shall have no executive powers and no executive duties with regard to its findings and recommendations.

6. DUTIES AND RESPONSIBILITIES

In order to achieve its objectives the Committee will have the duties and responsibilities listed below.

6.1 Financial and other corporate reports

The Committee will have responsibility for reviewing the financial statements, accounting practices and internal financial controls of the RE and the Fund, including:

- reviewing financial reports which should include the annual financial statements, any other intended release of price sensitive information and trading updates;
- being informed when there is a disagreement on auditing or accounting matters between management and the external auditors;
- reviewing accounting policies on an annual basis;
- ensuring compliance with financial reporting standards;
- developing processes to ensure that the financial statements comply with the financial reporting standards and legislation. The annual financial statements must state clearly that they have been prepared in accordance with the requirements of relevant laws;
- evaluating management's responsiveness to the auditor's findings and recommendations;
- meeting with the external auditor without management present at least once a year;
- assessing information from external auditors which is significant for financial reports;
- reviewing and assessing the appropriateness of material estimates, accounting judgments and significant choices exercised by management in preparing the RE's and the Fund's financial statements (including the solvency and going concern assumptions) by:
 - examining the processes used; and
 - seeking verification from external auditors;
- assessing that the RE's and the Fund's financial statements reflect the Committee's understanding of, and provide a true and fair view of, the RE's (and any registered managed investment scheme which the RE is the responsible entity of) financial position and performance;
- overseeing that appropriate risk management and internal control processes are in place to form the basis upon which the CEO and the CFO make their declarations to the Board under section 295A of the Act) and Principle 4 of the ASX Corporate Governance Principles and Recommendations; and
- ensuring that financial reports prepared are not false or misleading.

The Committee is also responsible for:

- making recommendations in relation to the adequacy of the RE's corporate reporting processes;
- overseeing the process that is implemented to capture issues for continuous reporting to the ASX and JSE;
- reviewing the completeness and accuracy of the RE's corporate governance statement as required by the ASX LR, ASX Corporate Governance Principles and Recommendations, King IV Code and JSE LR;

- re-reviewing material documents and reports prepared for lodgement with regulators, assessing their impact on the RE (and any registered managed investment scheme which the RE is the responsible entity of) and making recommendations to the Board on their approval or amendment; and
- recommending to the Board whether the financial statements and financial reports should be approved based on the Committee's assessment of them.

6.2 Combined assurance model

The Committee is responsible for ensuring that the combined assurance model – being assurance coverage obtained from management and external assurance providers – is applied to provide a coordinated approach, including:

- ensuring the assurance received is appropriate to address all significant risks facing the RE and the Fund; and
- monitoring the relationship between external assurance providers, the RE and the Fund.

6.3 Expertise and resources of finance function

The Committee is responsible for reviewing the expertise, resources and experience of the finance function including to consider and satisfy itself of the appropriateness of the expertise and experience of the CFO.

6.4 Risk review

The Committee will participate in management's process of setting risk tolerance levels, formulating and implementing the risk management plan and will report to the Board on the risk plan adopted by management.

The Committee must oversee and satisfy itself that appropriate policies, procedures and controls have been adopted by the RE and in its role as responsible entity of the Fund to address:

- governance risks;
- liquidity risks;
- market / investment risks;
- operational risks, including:
 - employee conduct risk;
 - fraud risk;
 - legal and regulatory risk;
 - outsourcing risk;
 - people risk; and
 - technology risk; and
- strategic risks.

The above risks are documented in a risk register which sets out the risks relating to the business of the Fund. In particular, the Committee must:

- oversee that management:
 - designs and implements an appropriate and effective risk management framework which aims to identify, protect against, detect, respond to and recover from risks;
 - reviews and improves the framework and identifies new and emerging risks; and
 - ensures that the framework is developed and reviewed with input from external auditors, compliance staff and other experts and consultants as relevant and in light of relevant standards and industry guidance;

- review the risk management framework at least annually to determine that it continues to be sound, and to identify any changes to material risks and whether they remain within the risk appetite set by the Board with input from management, external auditors, compliance staff and other experts and consultants as relevant and in light of relevant standards and industry guidance;
- report and make recommendations to the Board on risk management issues and the RE's and Fund's risk management framework;
- oversee the preparation of summaries and making recommendations to the Board including for:
 - the main internal and external risk sources that could adversely affect the RE's and the Fund's prospects for future financial years, for inclusion in the operating and financial review section of the Directors' report; and
 - the corporate governance statement in the annual report or on the website, including in relation to each reporting period:
 - whether the review of the RE's and the Fund's risk management framework has taken place and, if appropriate, insights gained from the review and changes made as a result; and
 - whether the RE and the Fund has any material exposure to economic, environmental and social sustainability risks and if so how they intend to manage those risks.

6.5 Compliance

The Committee is responsible for considering the adequacy and effectiveness of the RE's compliance function including to:

- satisfy itself that the RE has appropriate policies, procedures and controls in place to ensure that the RE and the Fund comply with all applicable laws, regulations and codes of conduct and practices;
- satisfy itself that the RE has adequate and appropriate resources dedicated to the implementation and appropriate monitoring of those policies, procedures and controls;
- consider questions of possible conflicts of interest that require Board consideration, including potential related party transactions;
- advise the Board on the exercise of the RE's duties (s 601FC of the Act);
- oversee the implementation and execution of compliance plans by the RE of relevant registered managed investment schemes;
- report to the Board on breaches of law or regulation by the RE or on breaches of the Constitution; and
- report to ASIC where the Committee forms the view that the RE has not taken or does not propose to take appropriate action in relation to a breach.

6.6 External audit

The Committee is responsible for recommending the appointment of the external auditor of the Fund and overseeing the external audit process for the RE and relevant funds including to:

- recommend the appointment, reappointment and removal of the external auditors and ensure compliance with relevant legislation;
- approve the external auditor's terms of engagement and remuneration;
- Ask the external auditor for an independent judgment about the appropriateness of the accounting principles, and the clarity of financial disclosure practices, used by the RE and the funds operated by the RE;
- review, monitor and report on the external auditor's independence and objectivity and assess the effectiveness of the audit process annually;
- review concerns identified as a result of external audit and ensure these are appropriately addressed by management;
- at the end of each annual audit, review the quality and effectiveness of the audit process and assess whether the external auditors have performed the audit as planned;
- invite the external auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of external audit findings;
- raise with the external auditor any specific points of divergence with the Fund's management team;
- monitor management's response to the external auditor's findings and recommendations;
- make recommendations to the Board on the rotation of the audit engagement partner; and
- evaluate whether to recommend to the Board that an external auditor be removed.

The external auditor will attend the Fund's annual general meeting and be available to answer questions from investors relevant to the audit.

6.7 Social and ethics

The Committee is responsible for overseeing social and ethical matters for the RE and the funds it operates as a responsible entity, including in relation to:

- organisational ethics;
- responsible corporate citizenship;
- sustainable development; and
- stakeholder relationships.

7. REPORTING

The Chairperson shall report to the Board on the Committee's findings and recommendations where considered necessary.

Any formal resolutions of the Committee will be put to the Board as recommendations for determination.

8. OTHER

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

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

Members must be available to meet with external bodies if requested to do so in accordance with relevant laws, regulations or prudential standards.