



INVESTEC PROPERTY LIMITED

# Audit and Risk Committee Charter

To apply from the date of listing of Investec Australia Property Fund on ASX

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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 IAPF.

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 - Principles of Corporate Governance for South Africa;
- ASX LR; and
- JSE LR.

IAPF 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, IPL must comply with the rule or requirement of the Main Trading Exchange at the relevant time. IPL is a member of Investec.

## 1.2 Defined terms

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<b>Act</b>	Corporations Act 2001
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited or Australian Securities Exchange, as the context requires
<b>ASX LR</b>	ASX Listing Rules
<b>Board</b>	Board of directors of IPL
<b>Chairperson</b>	Chairperson of the Committee
<b>Constitution</b>	Constitution of IAPF dated 12 December 2012 (as amended from time to time)
<b>Committee</b>	Audit and Risk Committee of the Board
<b>Company Secretary</b>	Company secretary of IPL
<b>Director</b>	Director of IPL
<b>Finance Director</b>	Person appointed by the Board as the CFO or Finance Director of IPL
<b>Head of Compliance</b>	Investec's head of compliance, performing services for IPL
<b>Head of Internal Audit</b>	Investec Bank Plc's head of internal audit, performing services for IPL
<b>IAPF</b>	Investec Australia Property Fund
<b>IHAL</b>	Investec Holdings Australia Limited
<b>Investec</b>	Investec group of companies including Investec Bank plc in relation to any Australian operations where applicable , Investec Holdings Australia Limited and its subsidiaries, and Investec Property Holdings Australia Pty Limited and its subsidiaries
<b>IPL</b>	Investec Property Limited
<b>JSE</b>	JSE Limited or Johannesburg Stock Exchange, as the context requires

<b>JSE LR</b>	Listings Requirements of the JSE
<b>Main Trading Exchange</b>	Has the meaning given to it in the Constitution
<b>Members</b>	Members of the Committee
<b>RE</b>	Responsible entity

### 1.3 Application of this document

This Charter applies to IPL and the Board.

### 1.4 Ownership and review

This Charter will be reviewed annually by the Company Secretary to ensure it complies with relevant standards. Material changes will be submitted to the Committee and the Board for approval. The Charter is available on IAPF's website and the key features are published in IAPF's annual report.

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## 2 Membership

The Committee shall be composed of at least three independent non-executive directors of IPL 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 of IPL 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 IPL and IAPF;

Some members of the Committee should have suitable skills, competence and experience in areas relevant to IPL and its role as RE of IAPF and must undertake appropriate development to maintain those skills. IPL 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 IAPF's expense;

Members should devote the necessary time and attention for the Committee to carry out its responsibilities; and

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.

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## 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 Finance Director;
- the Head of Internal Audit;
- the Head of Compliance; 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 IAPF's external auditor not more than one month before the Board meets to approve IPL's and IAPF'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 Committee Secretary will distribute the notice of meeting, the agenda of items to be discussed and related material to all Members and other attendees before each proposed meeting of the Committee.

The Chairperson must receive all reports between the external auditor and management, and the internal auditor and management.

### **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 Chief Executive Officer of IAPF and Finance Director are expected to attend each scheduled meeting of the Committee and a standing invitation will be issued to the internal and 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 Company 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.

An attendance register shall be maintained for all Committee meetings.

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## **4 Objectives**

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

- the oversight of the quality and integrity of the accounting, auditing and financial reporting of IPL and IAPF;
- focus appropriate attention on the risk management framework of IPL and IAPF; and
- oversight of the compliance practices of IPL, 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 sections 5 and 6.

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## **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 employee of IPL as well as any Investec staff engaged by IPL to provide IPL with services;
- Access and interview management and internal and external auditors (with or without management present); and
- Access IPL's and IAPF'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 Investec internal audit or Investec compliance carry out specific tasks or reviews.

The Committee will meet with external auditors at least once a year without management present. The Head of Compliance 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 IAPF'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 Policy, the Committee shall have no executive powers and no executive duties with regard to its findings and recommendations.

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# 6 Duties and responsibilities

In order to achieve its objectives the Committee will, having regard to the involvement of Investec as described in section 6:

## 6.1 Financial and other corporate reports

Have responsibility for reviewing the financial statements, accounting practices and internal financial controls of IPL and IAPF, 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;
- Considering the implications of internal audit findings;
- Overseeing:
  - the performance and objectivity of the internal audit function, including having access to the internal audit function without management present; and
  - the co-ordination of the internal auditor with the external auditor;
- Evaluating management's responsiveness to the internal auditor's findings and recommendations;
- Meeting with the internal auditor without management present at least once a year;
- Assessing information from internal and 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 IPL's and IAPF's financial statements (including the solvency and going concern assumptions) by:
  - examining the processes used; and

- seeking verification from internal and external auditors;
- Assessing that IPL's and IAPF's financial statements reflect the Committee's understanding of, and provide a true and fair view of, IPL's (and any registered managed investment scheme which IPL 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 Chief Executive Officer of IAPF and the Finance Director make their declarations to the Board under section 295A of the Act) and Principle 4 of the ASX Corporate Governance Principles and Recommendations; and
- The Committee must ensure that financial reports prepared are not false or misleading.

Be responsible for:

- Making recommendations in relation to the adequacy of IPL's corporate reporting processes;
- Overseeing the process that is implemented to capture issues for continuous reporting to ASX and JSE;
- Reviewing the completeness and accuracy of IPL's corporate governance statement as required by the ASX LR, ASX Corporate Governance Principles and Recommendations, King IV Code - Principles of Corporate Governance for South Africa and JSE LR;
- Pre- reviewing material documents and reports prepared for lodgement with regulators, assessing their impact on IPL (and any registered managed investment scheme which IPL 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, financial report, should be approved based on the Committee's assessment of them.

## 6.2 Combined assurance model

Ensure the combined assurance model – being assurance coverage obtained from management, internal assurance providers and external assurance providers – is applied to provide a coordinated approach, including:

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

## 6.3 Expertise and resources of finance function

Review 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 Finance Director.

## 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 plan adopted by management.

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

- Governance risks;
- Liquidity risks;

- Market / investment risks;
- Operational risks, including:
  - Employee conduct;
  - Fraud;
  - Legal and regulatory;
  - Outsourcing;
  - People; and
  - Technology; and
- Strategic risks.

The above risks are documented in a risk register which sets out the risks relating to the business of IAPF.

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, and to review and improve the framework and identifies new and emerging risks; and
  - 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 IPL's and IAPF'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 IPL's and IAPF'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 IPL's and IAPF's risk management framework has taken place and, if appropriate, insights gained from the review and changes made as a result; and
    - whether IPL and IAPF has any material exposure to economic, environmental and social sustainability risks and if so how they intend to manage those risks.

## 6.5 Compliance

Consider the adequacy and effectiveness of the compliance function of Investec including to:

- Satisfy itself that IPL has appropriate policies, procedures and controls in place to ensure that IPL and IAPF comply with all applicable laws, regulations and codes of conduct and practices;

- Satisfy itself that IPL 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 IPL's duties as RE (s601FC of the Act);
- Oversee the implementation and execution of compliance plans by IPL as RE of relevant registered managed investment schemes;
- Report to the Board on breaches of law, regulation by IPL or on breaches of the Constitution; and
- Report to ASIC where the Committee forms the view that IPL has not taken or does not propose to take appropriate action in relation to a breach.

## 6.6 External audit

Recommend the appointment of the external auditor of IAPF and oversee the external audit process for IPL 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 IPL and the funds operated by IPL;
- 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 should 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 IAPF's management;
- 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 IAPF's annual general meeting and be available to answer questions from security holders relevant to the audit.

## 6.7 Social and ethics

Be responsible for overseeing social and ethical matters for IPL and the funds it operates as a responsible entity, including in relation to:

- Organisational ethics;
- Responsible corporate citizenship;

- Sustainable development; and
- Stakeholder relationships.

## 7 Involvement of Investec Group

IPL is a member of Investec. The main head company of Investec in Australia is Investec Holdings Australia Limited (**IHAL**). The IHAL board has established a committee called the Australian Audit, Risk & Compliance Committee (**IHAL AARC**).

As a general rule:

- the IHAL AARC has primary oversight for audit, risk and compliance matters of IPL in its personal capacity which covers IPL meeting its licence conditions and being a wholly owned subsidiary of Investec; and
- the Committee has primary oversight of IPL for audit, risk and compliance matters in respect of the funds business carried on by IPL, including as RE of IAPF.

Accordingly, there are a number of functions audit, risk and compliance functions for IPL which are wholly or in part supervised by the IHAL AARC, with material matters affecting IPL to be raised with the Committee on an exceptions basis.

The following table outlines where the governance of functions lies:

Function	IHAL AARC	IPL ARC
Company Secretarial	All company secretarial matters of IPL <b>in its personal capacity</b> with the exception of the approval of the IPL financial statements	All company secretarial matters of IPL <b>as a responsible entity</b> and approval of the IPL financial statements
Compliance	All compliance matters of IPL <b>in its personal capacity</b>	All compliance matters of IPL <b>as a responsible entity</b> and as notified by Compliance
Finance	Preparation of financial reports of IPL <b>in its personal capacity</b> and the audit thereof and monitoring of AFSL financial conditions	Preparation of financial reports of IPL <b>as a responsible entity</b> and the audit thereof  Approval for recommendation of financial reports of IPL <b>in its personal capacity</b> and <b>as a responsible entity</b>  Approval of cashflows for AFSL financial conditions
Insurance	All insurance of IPL in its personal capacity including directors' and officers' insurance and professional indemnity insurance	All insurance of IPL as a responsible entity
IT (infrastructure and support)	All	Exceptions based as notified by AARC
Internal audit	All	Exceptions based as notified by AARC
Operational risk	All operational risk of IPL in its personal capacity	All operational risk of IPL <b>as a responsible entity</b>

Function	IHAL AARC	IPL ARC
Tax	All tax matters of IPL in its personal capacity	All tax matters of IPL <b>as a responsible entity</b>

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## 8 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.

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## 9 Other

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

The performance evaluation will have regard to the extent to which IPL 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.