



Audit Committee Charter

Vicinity Centres
February 2019

Audit Committee Charter

1. Purpose

- 1.1 The purpose of the Committee is to assist the Board in fulfilling its corporate governance responsibilities by monitoring and providing an objective, non-executive review of:
- a. the external reporting of financial information and making recommendations to the Board;
 - b. the internal control environment of Vicinity;
 - c. the management of accounting and financial risks;
 - d. accounting, treasury and tax policies and practices; and
 - e. the internal and external audit functions.

2. Membership

- 2.1 The Committee will comprise:
- a. at least 3 members of the Board;
 - b. only non-executive Directors;
 - c. a majority of independent Directors (as assessed by the Board); and
 - d. an independent Chairman who is not the Chairman of the Board.
- 2.2 It is intended that all members of the Committee should be financially literate (i.e. able to read and understand financial statements) and have sufficient understanding of the Australian Real Estate Investment Trust (AREIT) industry to be able to discharge the Committee's mandate effectively.
- 2.3 The Board may appoint or remove Committee members. Committee members may withdraw from membership by written notification to the Board.
- 2.4 The Secretary of the Committee will be the Company Secretary, unless otherwise determined by the Committee.

3. Procedures

- 3.1 The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. It is intended that the Committee will normally meet quarterly.
- 3.2 The provisions of the Company's Constitution dealing with Directors' meetings and written resolutions apply to meetings of the Committee.
- 3.3 The quorum for meetings of the Committee will be two members.
- 3.4 The Committee will allocate time within each meeting to hear from the internal and external auditors without Management present.
- 3.5 The Committee has access to Vicinity's management, financial control personnel and external and internal auditors to the extent necessary to perform its role. The Committee may meet with those persons with or without management (or particular members of management) being present. These persons have direct access to the Committee. The Chief Executive Officer, Chief Financial Officer, External Auditor, Head of Internal Audit and Directors who are not members of the Committee will be invited to attend all Committee meetings by standing invitation and shall be provided with relevant meeting materials.
- 3.6 The Committee may seek the advice of independent legal, accounting, or other advisers to the extent necessary to carry out its duties.
- 3.7 The Committee may initiate special investigations as it sees fit, or as directed by the Board, in relation to matters set out in this Charter.
- 3.8 Minutes or written resolutions of the Committee may be inspected at all times by any Director.

3.9 The Board or Committee will periodically assess the Committee's performance.

4. Responsibilities

The responsibilities of the Audit Committee are as follows:

4.1 Accounts and Financial Reporting

4.1.1 Review the full year and half year financial statements of Vicinity and assess whether the financial statements reflect a true and fair view in accordance with relevant reporting requirements as a basis for recommendation for adoption by the Board.

4.1.2 Engage in the proactive oversight of Vicinity's financial reporting and disclosure processes.

4.1.3 Review significant accounting and reporting issues, including matters subject to accounting judgements and estimates.

4.1.4 Review the appropriateness of, and any amendments to, accounting policies.

4.1.5 Review the consistency of investor materials relating to Vicinity's full year and half year results with the financial statements.

4.2 Internal Control

4.2.1 Review the effectiveness of financial reporting systems and internal controls relating to financial risk management.

4.2.2 Oversee and monitor internal control deficiencies reported by the internal and/or external auditor or management and resolution of these matters as appropriate.

4.2.3 Review the processes underpinning the declarations of the Chief Executive Officer and Chief Financial Officer as to the effective operation of financial risk management and internal control systems in relation to financial reporting risks.

4.3 External Audit

4.3.1 Recommend to the Board the appointment and removal of the external auditor (including any proposed amendments to the term of the external auditor's engagement) and oversee the rotation of the external audit engagement partner.

4.3.2 Approve the scope of the external audit (including assessing that all material risks are addressed), fees and any other terms of the external auditor's engagement not expressly covered by this Charter.

4.3.3 Review reports from the external auditor regarding assurance engagements, including major issues identified during engagements and the external auditor's findings, and evaluate, and monitor management's response to, recommendations made by the external auditor.

4.3.4 Oversee and appraise at least annually the independence, adequacy and performance of the external auditor.

4.3.5 Monitor the working relationships between the internal and external audit functions and these functions and management.

4.3.6 Approve non-audit services performed by the external auditor in accordance with the External Audit Policy.

4.3.7 Approve the External Audit Policy.

4.4 Internal Audit

4.4.1 Monitor the effectiveness of the internal audit function and approve the appointment and removal of the internal auditor.

4.4.2 Review and approve the Internal Audit Charter and annual internal audit program, ensuring it addresses key risks.

4.4.3 Review and approve the resourcing and adequacy of, and budgetary allowance for, the internal audit function.

4.4.4 Review findings from the internal auditor and monitor management's response to recommendations.

4.4.5 Consult with the Risk and Compliance Committee with respect to the scope of the internal audit plan and provide the Risk and Compliance Committee with copies of reports relevant to its scope of responsibility.

4.4.6 Provide copies of internal audit reports with relevance to risk or compliance to the Risk and Compliance Committee.

4.4.7 Obtain an external assessment on the adequacy and effectiveness of internal audit at least once every three years, at the Committee's discretion.

4.5 **Treasury**

- 4.5.1 Review reports from management on treasury matters and make recommendations to the Board concerning:
- a. the strategies, risks, policies, plans, controls and delegations for treasury management, including debt and associated hedging; and
 - b. key performance indicators for Treasury.
- 4.5.2 Obtain appropriate assurance concerning the internal controls surrounding treasury management.
- 4.5.3 Monitor compliance with covenants, pledges and other obligations relating to funding arrangements.

4.6 **Taxation**

- 4.6.1 Evaluate reports from management on taxation matters including strategies, risks, key legislative developments and Vicinity's compliance with applicable legislation and regulations.
- 4.6.2 Review the tax risk profile and monitor relationships with revenue authorities.
- 4.6.3 Review the adequacy and effectiveness of the tax risk management framework, including policies, processes and procedures.

4.7 **Other**

- 4.7.1 Review the findings of examinations by regulatory agencies relevant to the Committee's areas of responsibility and the impact on the financial statements or tax position of Vicinity.

5. Interaction with the Board and other Committees

- 5.1 The Committee does not have responsibility for matters set out in the Board Charter that are not included in section 4 of this Charter, nor does the Committee's role extend to risk management in respect of the responsibilities that are set out in the Charters of the Risk and Compliance Committee and the Remuneration and Human Resources Committee.
- 5.2 The Committee will, in discharging its duties, seek to co-ordinate its activities with the Risk and Compliance Committee where appropriate. The Chairman of the Committee must liaise with the Chairman of the Risk and Compliance Committee on an ongoing basis to ensure that no material matter is overlooked by the two Committees.
- 5.3 At any time, the Board may delegate further powers to, or determine additional responsibilities for, the Committee.

6. Reporting

- 6.1 The Committee Chairman will provide a verbal report of the considerations of the Committee to the Board at the next Board meeting following a meeting of the Committee. Any significant issues or material risks to Vicinity that the Committee becomes aware of will be notified to the Board.

7. Review

- 7.1 The Committee will review the Committee charter at least annually and recommend proposed amendments to the Board for approval.

8. Glossary

Board	the Boards of the Company, the Responsible Entity and VFRE
Company	Vicinity Limited ACN 114 757 783
Responsible Entity	Vicinity Centres RE Ltd ACN 149 781 322, the responsible entity of the Trust
Trust	Vicinity Centres Trust ARSN 104 931 928
VFRE	Vicinity Funds RE Ltd ACN 084 098 180, the responsible entity of the Wholesale Funds managed by Vicinity
Vicinity	the Company, the Trust, the Responsible Entity, VFRE and each of their respective controlled or managed entities

Attachment 1

External Audit Policy

Appointment

The Audit Committee (**Committee**) has the responsibility and authority (subject to *Corporations Act 2001* (Cth) requirements) for recommending to the Board the appointment, reappointment or replacement and remuneration of the external auditor as well as evaluating its effectiveness and independence.

Independence and Rotation of External Audit Engagement Partner

Vicinity's external auditor must be independent pursuant to the *Corporations Act 2001* (Cth). The Committee will review the external auditor's independence in accordance with these requirements and the standards agreed between Vicinity and the external auditor, which include:

- rotation of the senior external audit partner every five years;
- annual confirmation by the external auditor that it has satisfied all professional regulations relating to auditor independence;
- half-yearly reporting on the level of external audit and non-audit fees; and
- any non-audit work performed by Vicinity's external auditor must be carried out in accordance with the agreed protocols.
- Approval of non-audit service activities exceeding \$50,000 per activity must be authorised by the Committee Chairman with the Committee being formally advised of all approvals on a six monthly basis. For the avoidance of doubt, non-audit services are those that do not relate to the agreed scope for half and full year assurance activities.