



# Audit, Risk and Compliance Committee Charter

Newmark REIT Management Limited

## Policy details

<b>Compliance Policies and Procedures</b>	
<b>Chapter</b>	AFSL Requirements
<b>Section</b>	Compliance Committee
<b>Document</b>	Audit, Risk and Compliance Committee Charter
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## 1.0 Purpose of Charter

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The Board of Newmark REIT Management Limited (**NRML**) has established an Audit, Risk and Compliance Committee (the **Committee**) to oversee NRML's financial reporting and system of risk management, and to meet the requirements and conditions of its Australian Financial Services Licence.

In this Charter, NRML as responsible entity for each of Newmark Hardware Trust and Newmark Capital (Chadstone) Property Trust (each a **Trust** and together **Newmark Property REIT**) and entities owned by NRML or Newmark Property REIT are referred to collectively as the **Group**.

This Charter should be read in conjunction with the Compliance Plan for Newmark Property REIT.

This Charter governs the operations of the Newmark Property REIT Audit and Risk Committee.

## 2.0 Authority and Coverage of the Committee

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The Committee is appointed and authorised by the Board to assist the board in fulfilling its responsibilities in relation to the Group's financial reporting, internal control structure, risk management systems and the external audit function.

The Committee is entitled to obtain information from any employee of NRML or any external party such as external investment management (Newmark Property Funds Management Pty Ltd or **NPFM**), property asset management (Newmark Asset Management Pty Ltd or **NAM**) or leasing service providers (**Managers**), external auditors and other consultants.

At all times the members of the Committee have free and unfettered access to the directors and staff of NRML, the Managers, NRML's external accountants, NRML's external auditor and to all of NRML's books and records and vice versa.

The Committee may seek independent professional advice with the approval of the Chair of the Board.

## 3.0 Purpose of the Committee

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The Committee acts as an interface between staff, Managers, the external auditors and the Board. The Committee monitors and provides an objective non-executive review of compliance procedures and outcomes, and advises the Board as to the effectiveness of all facets of compliance under the Act. The Committee also serves to assist the Board in carrying out its obligations regarding the Group's risk management, financial reporting and internal and external audit functions. These responsibilities of the Committee are set out in Section 4.

## 4.0 Responsibilities

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The responsibilities of the Committee are as follows:

### 4.1 Compliance

- (a) to oversee and monitor compliance by NRML with the Compliance Plan, and to report on its findings to the Board;
- (b) to report to the Board:
  - (i) any breach of the *Corporations Act 2001* (Cth) (**Corporations Act**) involving a Trust; or

- (ii) any breach of the provisions included in a Trust's Constitution in accordance with s 601GA (Contents of the Constitution) of the Corporations Act of which it becomes aware of or that it suspects;
- (c) to report to ASIC if it is of the view that NRML has not taken or does not propose to take, appropriate action to deal with a matter reported under paragraph (b);
- (d) to assess at regular intervals (as determined by the Committee) whether the Compliance Plan is adequate, and report to the Board on its assessment; and
- (e) to make recommendations to the Board about any changes that it considers should be made to the Compliance Plan.

In particular, among other things, the Committee will monitor:

- (a) the review of the fees and expenses paid to NRML on a quarterly basis;
- (b) the review of the reports of the relevant Reporting Officers in relation to the monitoring of service providers; and
- (c) compliance with NRML's financial obligations pursuant to its Australian Financial Services Licence (**AFSL**) requirements, the ASX Listing Rules (**Listing Rules**), the Compliance Plan, ASIC and the Corporations Act.

## 4.2 Risk Management

- (a) monitoring management's performance against the risk management framework, including whether it is operating within the risk appetite set by the Board;
- (b) evaluating the adequacy and effectiveness of the risk management framework and risk management reporting that incorporates a program of assurance to ensure that material risks are being identified and appropriate management plans are in place, and making recommendations to the Board on any material risk management issues which arise;
- (c) reviewing any material incident involving fraud, a breakdown of the entity's risk controls or other risk exposures, and providing a report to the Board on those incidents and/or breaches, including lessons learned and recommendations on how to deal with such exposures;
- (d) following the establishment of an internal audit function, receiving reports from internal audit on its reviews of the adequacy of the entity's processes for managing risk;
- (e) receiving reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks;
- (f) reviewing the Group's risk management framework at least annually, including making recommendations to the Board in relation to changes that should be made to the entity's risk management framework and risk profile (including evaluating operational, strategic and emerging risks) or to the risk appetite set by the Board;
- (g) overseeing the entity's insurance program, through reviewing and approving the adoption and structure of the Group's insurance program, having regard to the entity's business and the insurable risks associated with its business; and
- (h) reviewing its performance and the Audit, Risk and Compliance Committee Charter annually to ensure it is operating effectively.

## 4.3 Audit

### Financial reporting

- (a) reviewing the accounting policies and practices adopted and compliance with accounting standards, Listing Rules and relevant legislation;
- (b) reviewing the appropriateness of the accounting judgements or choices exercised by management in the preparation of the financial reports;
- (c) reviewing and making recommendations to the Board on financial statements, including the half year and full year financial reporting, Appendix 4D and Appendix 4E prior to filing with the ASX, and dividend and distribution estimates (after discussing with management and external auditors), with consideration given to whether the financial statements are in accordance with accounting standards and reflect the Committee members' understanding of, and otherwise provide a true and fair view of, the financial position and performance of the Group;
- (d) receive from the CFO of NPFM a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. The Committee will provide this declaration to the Board for consideration; and
- (e) reviewing, with reference to the opinion of external auditors, and making recommendations on, the Group's accounting policies and principles.

### Internal Audit

Following the establishment of an internal audit function:

- (a) reviewing the effectiveness, independence, objectivity and performance of internal audit work;
- (b) reviewing internal audit reports and the responsiveness of management to internal audit findings; and
- (c) reviewing and approving the appointment or removal of an internal auditor.

### External Audit

- (a) reviewing and considering the appointment or removal of the external auditor, the contractual terms and the fees payable to the auditor for audit and non-audit work;
- (b) reviewing the rotation of the audit engagement partner;
- (c) reviewing the scope, processes, results and adequacy of the external audit;
- (d) reviewing the audit plans, independence and performance of the external auditor, and preparing policies regarding the independence of the external auditor where considered appropriate; and
- (e) reviewing any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor.

### Reporting

- (a) reporting to the Board on the Group's process to verify the integrity of any periodic corporate report the Group releases to the market that is not audited or reviewed by an external auditor.



## 5.0 Composition of the Committee

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- (a) The Board appoints members of the Committee and may remove or replace the Committee Chair and members of the Committee.
- (b) The Committee must have at least three members, of which:
  - (i) all of whom are non-executive directors; and
  - (ii) a majority of whom are independent directors.
- (c) The Committee will be chaired by an independent director who is not the Chair of the Board (the **Committee Chair**).
- (d) Committee members must be suitably qualified to perform their role as a member of Committee. All Committee members should be financially literate and have familiarity with financial management. It is appropriate that members of the Committee have diverse backgrounds with at least one member of the Committee having an accounting and/or related financial expertise as determined by the Board.
- (e) The Board has responsibility for reviewing the qualifications of prospective Committee members and for ensuring that the appointees are suitably qualified.
- (f) Members of management and the external auditor may attend Committee meetings at the invitation of the Committee Chair.
- (g) The Committee has access to and may meet with the Group's internal and external auditors without executives or management of the Group being present.

## 6.0 Authority

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The Committee, in order to carry out its responsibilities, has the following authority:

- (a) the right to seek and obtain information which it requires from the Managers, management and staff, and internal and external auditors;
- (b) the right to interview the Managers, management, and internal and external auditors (with or without management present); and
- (c) seek advice from external consultants or specialists where the Committee considers that necessary or appropriate.

## 7.0 Committee Responsibilities

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### 7.1 General

The Committee members must:

- (a) act honestly;
- (b) exercise the degree of care and diligence a reasonable person in the member's position would;
- (c) not use information acquired to gain an improper advantage or cause detriment to the Scheme members;



- (d) not make improper use of their position to gain, either directly or indirectly, an advantage for themselves or another or cause detriment to investors;
- (e) take all responsible steps to assist ASIC in checking the level of compliance with the plan; and
- (f) disclose to the Committee a direct or indirect pecuniary interest they have in a matter being considered or to be considered if their interest could conflict with the proper performance of their duties in relation to the consideration of the matter. The disclosure 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.

## 7.2 Compliance Reporting

The Committee will review the framework established for monitoring compliance with the conditions of its Australian Financial Services Licence and the results of management investigations into any breaches that may occur.

The Committee will periodically consider the duties and responsibilities of the Compliance function and evaluate its role in confirming that its obligations are being met.

It is recommended that, where possible, reports for members of the Committee should be provided by no later than three (3) business days prior to the meeting.

Reports should be produced as at the end of the month immediately prior to the meetings.

If any material event occurs after the end of the month and prior to the meeting, members should be provided with interim details by e-mail for discussion as "Other Issues" in the meeting.

Reports to the Committee will include:

- (a) Compliance with Compliance Plan obligations;
- (b) Compliance with Compliance Manuals and Procedures;
- (c) Compliance with Licence obligations (financial reporting);
- (d) Compliance with Regulatory Reporting;
- (e) Operational control & risk issues;
- (f) All matters raised by internal and external auditors (and where applicable, regulatory bodies) and follow up actions;
- (g) Review Breach Reports;
- (h) Review the complaints register;
- (i) Conflicts of Interest / Related Party Interests;
- (j) Performance of third-party providers;
- (k) Scheme performance and promotion; and
- (l) Outstanding issues and progress on action items.

## 8.0 Meetings

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### 8.1 Adjournment

The Committee Chair has power to adjourn the meeting and reschedule accordingly as agreed with the Committee members.

### 8.2 Quorum

The quorum for a meeting of the Committee is two members. If a quorum is not present within 15 minutes after the time set for the meeting, the meeting is adjourned to such place and time as the Committee members present decide. They must tell the other Committee members of the time and place.

### 8.3 Attendees

Any director of NRML, the Auditors, or any invitee of the Board or a Committee member may attend any meeting of the Committee.

Any executive of the Manager who is not a Committee member may attend (but not vote at) a meeting of the Committee for discussion on a particular area of interest to that executive. The Committee may also invite other individuals to attend meeting of the Committee, as they consider appropriate.

If the Committee Chair does not attend and there is no acting Committee Chair, the members that are present may choose one of them to act as Committee Chair for that meeting.

### 8.4 Minutes, reports and recommendations

The Committee Chair must ensure that minutes of the Committee meetings are prepared which include any records, recommendations and actions required.

Minutes shall be taken at each meeting and circulated at least three business days prior to the next scheduled meeting.

The Committee Chair must ensure that a copy of the minutes of each meeting are provided to the Board and the Compliance Officer.

In addition, the minutes shall be made available upon request to Committee members, the Compliance Plan Auditor, Scheme Auditor, AFSL Auditor and any Reporting Officers under the Compliance Plan.

The Committee shall distribute a report to the Board following each meeting, where deemed necessary. The report should be a summary of key issues and recommendations discussed at the meeting as well as details of any resolutions sought of the Board together with supporting papers.

### 8.5 Meeting frequency

The Committee should meet at least four times per annum or more frequently as required, with some flexibility over the December-January period subject to there being no material issues of concern advised by either the Board or the Compliance Officer.

### 8.6 Meeting method

The Committee meetings may be held using any method or technology agreed by the Committee members.

## 8.7 Convening meetings

The Board may convene a meeting of the Committee at any time.

Any Committee Member may call a meeting on 5 days' notice or such shorter time as the other Committee Members agree.

## 8.8 Voting

Voting at a meeting of Committee Members is by simple majority.

## 9.0 Review of Charter

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The Board may amend this Charter at any time in consultation with the Committee. The Board must review this Charter at least annually.



Newmark REIT Management Limited  
ACN 644 715 382  
AFSL 526690  
Level 17, 644 Chapel Street, South Yarra, VIC, 3141  
T. +61 3 9820 3344  
[info@newmarkcapital.com.au](mailto:info@newmarkcapital.com.au)  
[www.newmarkcapital.com.au](http://www.newmarkcapital.com.au)

