

CHARTER HALL WALE LIMITED AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

AUGUST 2018

Purpose and Scope

Charter Hall WALE Limited (**CHWALE**) is the Responsible Entity (**RE**) of Charter Hall Long WALE REIT (**CLW**).

The purpose of the CHWALE Audit, Risk and Compliance Committee (Committee) is to assist the CHWALE Board in discharging its audit, risk and compliance obligations by:

- Reviewing the integrity of CHWALE and CLW's financial reporting and disclosures and the CHWALE and CLW's auditing, accounting and financial reporting processes;
- Reviewing the CHWALE's risk management framework and its operation;
- Monitoring compliance with the CHWALE's obligations under the Corporations Act, the RE's Australian Financial Services Licence conditions and the Compliance Plan of CLW, as well as overseeing the operation of the CHWALE broader compliance framework; and
- Fulfilling the responsibilities detailed under this Charter.

Committee Membership

Committee members will be appointed by the Board via resolution. The Committee will comprise at least three members, all of whom are independent non-executive directors and a majority of whom must be independent directors. The Chairperson will be an independent non-executive director who is not the Chairperson of the Board.

All its members should be financially literate and least one member should have relevant qualifications and experience (i.e. should be a qualified accountant or other finance professional with experience on financial and accounting matters).

Members may withdraw from membership by written notification to the Board.

The duties and responsibilities of a member of the Committee are in addition to those duties set out for a director of the Board.

Meetings

The Committee will meet at least four times a year or more often if required.

The required quorum is two Committee members.

Notice of each meeting will be given to the Committee and any additional person required, within a reasonable period prior to the meeting.

CHWALE directors may attend meetings but will have no voting rights, unless they are a Committee member. The Committee may invite other persons as necessary.

The CHWALE Company Secretary or their nominee will act as the Secretary for the meeting and will minute the meeting and resolutions, which will be circulated to all Committee members.

Resolutions will be adopted by simple majority. In the case of a tie in votes, the Chairperson, in addition to his/her vote, has the casting vote.



Responsibilities

Financial Reporting

Review the financial statements and disclosures of CHWALE and CLW, for recommendation to the Board for approval;

Review the accounting policies, judgements and practices adopted by CHWALE and CLW, and compliance of such with accounting standards, ASX Listing Rules and relevant legislation;

Review and assess the management processes that support the production of financial statements and disclosures; and

Receive the declarations made by the Fund Manager and Head of Finance in relation to the financial statements, financial records and systems.

External Audit

Review the procedures for the selection and appointment of the external auditor;

Review recommendations from management for the appointment or removal of the external auditor to recommend to the Board;

Review and approve external audit plans and monitor any change in scope;

Review the quality and scope of the services provided by the external auditors;

Regularly review and approve the Charter Hall Group Auditor Independence Policy which sets out procedures and policies relating to the oversight of the external auditors' independence, including the required rotation of external audit engagement partner, process for approval of audit and non-audit engagement fees, etc;

Monitor management's and the auditors' compliance with the Auditor Independence Policy; and

Where appropriate, and at least twice a year, meet privately with the external auditor to discuss any matters that the Committee or the external auditor believe should be discussed privately.

Internal Audit

Review recommendations regarding the appointment or dismissal of the internal auditor;

Review and approve the Charter Hall Group Internal Audit Charter;

Review the scope of the internal audit program;

Review and appraise the performance and objectivity of the internal auditor;

Review management's reports on the status of the implementation of the audit program and any recommendations from the internal auditor;

Where appropriate, and at least once a year, meet privately with the internal auditor to discuss any matters that the Committee or the internal auditor believe should be discussed privately.

Risk Management

Enterprise risk and controls framework

Regularly review the CHWALE Risk Management Framework, including the Risk Appetite Statement, for recommendation to the Board;

Review, at least annually, the Risk Register where CHWALE and CLW's key strategic and operational risks, as well as the controls in place to mitigate those risks, are recorded;

Monitor management's performance against the stated risk appetite;

Review the allocation of key risks to the relevant Board or management committee for approval by the Board;

Review the Board and Committee compliance with the Risk Management Framework;

Monitor the actions taken by management to address the key risks for those risks delegated to this Committee identified via the Risk Management Framework and, where appropriate, provide recommendations; and



Receive a declaration or report from management (or commissioned by management) in relation to the review of the Risk Management Framework and its adequacy and soundness.

Fraud and corruption

Regularly review and adopt the Charter Hall Group Anti-bribery, Fraud and Corruption Risk Management Policy and recommend any required changes to the Board;

Receive and review reports from management in the event of an incident of bribery, fraud or corruption or any other breakdown in relevant internal controls; and

Provide recommendations to the Board in relation to these as appropriate.

Insurance

Review adequacy of insurance cover which is secured by Charter Hall Group, having regard to CHWALE and CLW's operations and the insurable risks associated with its operations.

Business Continuity

Regularly review Charter Hall Group's Business Continuity Plan, including physical and IT arrangements to support the plan; and

Receive and review reports on testing conducted on the BCP.

Treasury

Regularly review and assess CHWALE's Treasury Risk Management Policy and recommend any required changes to the Board.

Tax

Regularly review and recommend to the Board the adoption of the Charter Hall Group Tax Corporate Governance Charter; and

Receive and review reports from management in relation to CHWALE and CLW's compliance with taxation obligations, dealings with the ATO, and other matters as requested by the Committee or considered appropriate by management.

Compliance

Monitor compliance by CHWALE with its Australian Financial Services Licence conditions, the Compliance Plan for CLW, the Corporations Act, and the Constitutions of CLW;

Regularly review the Compliance Plan for CLW and make recommendations to the Board on any changes required;

Receive and review compliance reports prepared by management in relation to CHWALE and CLW's compliance with applicable laws and regulations;

Receive and review Compliance Plan and other audit reports from the Compliance Plan Auditors and monitor management's adoption of their recommendations (if any);

Receive and review reports on any breaches or suspicious matters identified or reported and consider, upon obtaining advice from the Compliance Plan Auditors and/or legal advisers, whether they should be reported to the relevant authority (ASIC, ASX, etc.).

Governance

Regularly review and assess the adequacy of the ARCC Charter and make any relevant recommendations to the Board and review and agree with management the ARCC Calendar that supports this Charter;

Annually, review the corporate governance section of the Annual Report relating to the Committee and its responsibilities; and

Receive reports from management regarding significant regulatory enquiries and review and note management responses.



Charter Hall Group-wide policies and procedures exist for:

- Anti-bribery, Fraud and Corruption Risk Management;
- Breach and Incident Reporting;
- Complaints Management;
- Securities Trading;
- Conflicts of Interest and Related Party Transactions;
- Privacy;
- Auditor Independence;
- Valuations;
- Internal Audit; and
- Insurance.

The ARCC will review and adopt the above Charter Hall Group Policies wherever practical. The ARCC and the Board reserves the right to request CHWALE specific policies be drafted where deemed required.

Access to resources and independent advisers

The Committee is to have access to CHWALE and CLW's risk and financial personnel and other parties (internal and external) and may seek the advice of CHWALE and CLW's auditors, legal counsel and other independent advisers so that it can adequately monitor and review the operation of the financial reporting, risk management and compliance frameworks and otherwise discharge its responsibilities under this Charter.

Authority

The Board authorises the Committee to:

- investigate any matter brought to its attention;
- obtain any information that it requires from any employee of the Charter Hall Group in order to perform its duties;
- have direct access to any employee of the Charter Hall Group;

Although the Committee can seek the advice and assistance of any of the Charter Hall Group executives, the Committee is required to take appropriate measures to ensure that this role is clearly separated from their role within the business of CHWALE or CLW.

Reporting

The Committee Chair may provide a brief oral report to the Board as to any material matters arising out of the Committee meeting. All directors may, within the Board meeting, request information of members of the Committee.

Charter review, ownership and version control

This Charter will be reviewed at least annually by the Head of Risk & Compliance and the Head of Finance and will take into account any change in legislative or regulatory requirements and changes in CHWALE or CLW's operations.