

## AUDIT AND RISK COMMITTEE CHARTER

### 1. Purpose

- 1.1. The Audit and Risk Committee is established by the Board of Directors. The purpose of the Audit and Risk Committee is to assist the Board of Directors in its review of:
  - a) URB's financial reporting principles and policies, controls and procedures;
  - b) the integrity of URB's financial statements and the independent audit thereof, and the Company's compliance with legal and regulatory requirements in relation thereto;
  - c) compliance with URB's Risk Management Policy; and
  - d) due diligence and prudential supervision procedures required by regulatory bodies.
- 1.2. The Audit and Risk Committee will report to the Board on each of the matters referred to in clause 1.1.
- 1.3. The Audit and Risk Committee is also responsible for:
  - a) the appointment, evaluation and oversight of the external auditor;
  - b) compensation of external auditor; and
  - c) where deemed appropriate, replacement of the external auditor.

### 2. Powers of the Audit and Risk Committee

- 2.1. The Audit and Risk Committee is required to make recommendations to the Board and does not have any executive powers to commit the Board or management (including the Investment Manager and external consultants) to the implementation of these recommendations, other than:
  - a) where the Board has delegated authority to the Audit and Risk Committee; and
  - b) for matters relating to the appointment, compensation, oversight and replacement of the external auditor.
- 2.2. The Audit and Risk Committee has unrestricted access to URB's Investment Manager, external accounting consultants, external auditors and other advisers in order to fulfil its purpose and undertake its duties.
- 2.3. The Audit and Risk Committee has the ability to direct any special investigations deemed necessary and to consult independent experts where considered necessary to carry out its duties. Costs of such consultations are borne by URB.

### 3. Function of Respective Parties

- 3.1. Other than in relation to the work of the external auditor, the function of the Audit and Risk Committee is oversight. It is recognised that members of the Audit and Risk Committee are not full time employees of URB.
- 3.2. Each member of the Audit and Risk Committee is entitled to rely on URB's Investment Manager and external accounting consultant, on matters within their responsibility, and on external professionals on matters within their areas of expertise, and may assume the accuracy of information provided by such persons, so long as he or she is not aware of any reasonable grounds upon which such reliance or assumption may be inappropriate.
- 3.3. The Board may rely upon information provided by the Audit and Risk Committee and its members, in relation to matters within the Audit and Risk Committee's responsibility

under the terms of this Charter, provided that it has evaluated all the information and is not aware of any reasonable basis upon which to question its accuracy.

- 3.4. The external accounting consultant appointed by the URB board is responsible for:
- a) the preparation, presentation and integrity of URB's financial statements; and
  - b) implementing and maintaining appropriate accounting and financial reporting principles and policies and procedures on internal controls designed to assure compliance with accounting standards, applicable laws and other regulations.
- 3.5. The external auditors are responsible for planning and carrying out each audit and review, in accordance with applicable auditing standards. The external auditors are accountable to shareholders through the Audit Committee.

#### **4. Duties of the Audit and Risk Committee**

- 4.1. The following duties are structured in accordance with the Audit and Risk Committee's purposes:
- a) With respect to the external auditors:
    - i) select, evaluate and replace as necessary the external auditor;
    - ii) review and agree the annual audit engagement letter;
    - iii) approve the fees charged for audit and review services;
    - iv) determine categories of non-audit services that may be provided by the external auditor;
    - v) provide approval of all non-audit services that are to be undertaken by the external auditor;
    - vi) review and provide oversight of audit reports prepared and issued by the external auditors on Group financial statements and activities;
    - vii) consider and review reports prepared by the external auditor on critical accounting policies, all alternative treatments of financial information permitted under Australian equivalents to International Financial Reporting Standards, and all other written communication between the external auditor and management;
    - viii) resolve any disagreements between the external auditor and management regarding URB's financial reporting;
    - ix) discuss with the external auditors any relationship that may impact their objectivity and independence;
    - x) ensure that the external auditors prepare and deliver an annual statement as to their independence which includes details of all relationships with URB;
    - xi) annually review the effectiveness of the external auditor; and
    - xii) ensure the external audit engagement partner and review partner be rotated every five years.
  - b) With respect to financial reporting:
    - i) receive from the Investment Manager, the external accounting consultant and the external auditors a timely analysis of significant financial reporting issues and practices and review such analyses;
    - ii) review the full-year and half-year audited financial statements, earning press releases and ASX submissions, other financial information being made public, any significant matters arising from the audit, judgements and accounting

- estimates made by URB, and significant changes to URB's auditing and accounting principles, policies, controls, procedures and practices;
- iii) discuss the critical accounting policies with external auditors and external accounting consultant;
  - iv) ensure the financial statements include disclosure covering governance issues in accordance with the requirements of regulators; and
  - v) review the form of opinion that the external auditors propose to render.
- c) With respect to due diligence procedures:
- i) discuss any reports prepared in relation to issues of shares, debt securities, or other instruments requiring the issue of a prospectus, where the prospectus is issued by URB;
  - ii) discuss reports on URB prepared for prudential supervisors or other regulators; and
  - iii) consider any reports prepared by external auditors in relation to the above due diligence procedures.
- d) With respect to corporate governance:
- i) develop and promulgate rules on the employment by URB of members of the external audit firm (if applicable); and
  - ii) ensure that URB has adopted a Code of Conduct.
- e) With respect to reporting:
- i) review the Audit Committee Charter annually, and recommend any changes to the Board of Directors;
  - ii) provide a self-assessment of the effectiveness of the Audit Committee at least annually;
  - iii) ensure the Audit Committee Charter is available on the URB web site, and that all shareholders are informed at least annually of the location of the Audit Committee Charter; and
  - iv) report to the Board on the activities of the Audit Committee.
- f) With respect to internal controls:
- i) review the effectiveness and efficiency of operations;
  - ii) assess the reliability of financial reporting;
  - iii) ensure compliance with applicable laws and regulations; and
  - iv) review in a general manner the Company's policies with respect to risk assessment and risk management.
- g) With respect to risk management:
- i) develop the Risk Management Policy;
  - ii) develop the Company's Risk Appetite Statement;
  - iii) oversee implementation of the Risk Management Framework, ensuring it continues to be sound and is able to satisfy the objectives of the Risk Management Policy;
  - iv) ensure the Investment Manager is identifying and managing the high level corporate and investment risks;

- v) consider the Investment Manager's reports regarding the effectiveness of the Risk Management Framework;
- vi) make recommendations to the Board in relation to any incident involving fraud or other break down of the Company's internal controls;
- vii) make recommendations to the Board on the Company's insurance program;
- viii) ensure URB complies with its obligations under the Corporations Act to include in the Directors' Report each year appropriate discussion of the Company's main internal and external risk sources that could adversely affect the entity's prospects in future years; and
- ix) ensure URB complies with all risk-related disclosure requirements under the ASX Listing Rules.

## **5. Eligibility**

- 5.1. The Audit and Risk Committee shall appoint one of its members, other than the Chairman of the Board, to serve as its Chairman.
- 5.2. The majority of the Audit and Risk Committee members must be independent non-executive directors.
- 5.3. The independence criteria set out in the Board Charter will apply to determining eligibility of Audit and Risk Committee members.
- 5.4. Each member of the Audit and Risk Committee must be appropriately financially literate (as such qualification is interpreted by the Board in its business judgement) and have a strong understanding of the industry in which the Company operates.
- 5.5. The Chairman of the Audit and Risk Committee will be a 'financial expert'. A financial expert is a person who, as a result of education and experience as a public accountant or auditor or as the principal financial officer, controller or principal accounting officer of a Company, has an understanding of financial statements, and Australian Equivalents to International Financial Reporting Standards, and experience in preparing or auditing financial statements of companies comparable to URB, in the application of GAAP to accounting for estimated, accruals and reserves, in internal accounting controls and in the functioning of audit committees.

## **6. Meetings**

- 6.1. The Audit and Risk Committee will meet at least two times annually, and more frequently if it deems necessary.
- 6.2. Representatives of the Investment Manager, the external accounting consultant (if any) and of the external auditors will be invited to attend part or all of any meeting of the Audit and Risk Committee. The Audit and Risk Committee may request certain parties to withdraw from any part of the meeting, and may request any officer or employee of the Company or the external auditors to attend a meeting.
- 6.3. The Audit and Risk Committee will meet at least once annually with the external auditors, in the absence of representatives of the Investment Manager and the external accounting consultant. The Audit and Risk Committee will request the external auditor to advise it whether any officer of URB has taken any action to improperly influence, coerce, manipulate or mislead any member of the external audit team for the purpose of rendering the financial statements materially misleading.