

AUDIT AND RISK COMMITTEE CHARTER

ROLE OF THE BOARD AUDIT & RISK COMMITTEE

The board of Ingenia Communities Group (**Ingenia** or **Group**) has a responsibility to put in place a structure of review and authorisation designed to ensure the truthful and factual presentation of the Group's financial position and performance. The establishment of the Audit & Risk Committee (**Committee**) as a sub-committee of the Ingenia board is an integral part of this structure. The purpose of the Committee is to review the integrity of the Group's financial reporting practices, oversee the independence of the external auditors, maintain open lines of communication among the Board and the internal (if applicable) and external auditors, serve as an independent and objective party to review the financial information submitted by management to the Board for issue to shareholders, regulatory authorities and the general public, review the adequacy of the reporting and accounting controls of the Group and to oversee the Group's legislative compliance and risk management policies and procedures.

RESPONSIBILITIES OF THE COMMITTEE

The Committee has the following responsibilities.

1. Review of the Group's financial reports:

- Review the Group's financial reports and commentary prepared by management;
- Review any matters raised on the financial reports by the Group's external auditor;
- Assess the appropriateness of the accounting policies adopted in preparing the Group's financial reports;
- Assess whether the financial reports are adequate for security holder needs;
- Review compliance with disclosure requirements;
- Assess the adequacy of representations by management as to presentation of the financial reports;
- Recommend approval of the financial reports by the Board; and
- Review the Group's financial budgets and forecasts where requested by the Board.

2. External auditors:

- Establish and maintain procedures for the appointment and rotation of the Group's external auditor;

- Assess the performance of the external auditor;
- Assess the independence of the external auditor, having regard to the provision of non-audit services;
- Review the reasonableness of the external audit fees; and
- Recommending the appointment and removal of external auditors to the Board.

The Audit and Risk Committee has adopted the policy that unless determined otherwise for appropriate reasons:

- Any external audit engagement and review partner must be rotated every 5 years; and
- The statutory audit will be market-tested at least every seven years.

3. Internal control framework:

- Review the written policies and procedures designed to ensure accurate external financial reporting and make recommendations to the board thereon;
- Receive reports on all incidents of actual or suspected fraud, theft or cyber crime (if applicable);
- Assess the performance and objectivity of the internal audit function (if applicable);
- Review of the operational risk management framework; and
- Review of the internal compliance and control systems in relation to functions other than financial reporting.

4. Compliance

- Review the adequacy of the Group's system for compliance with relevant laws, regulations, standards and best practice guidelines;
- Assess the effectiveness of, and compliance with the Group's code of conduct, compliance plans, policies and procedures, constitutions and the Australian Financial Services licence ("AFSL");
- Obtains regular AFSL compliance updates (quarterly) from the Compliance Manager via the Executive Risk Management Committee;
- Approval of the Compliance Plan auditors scope of works;

5. Risk Management

The Committee shall be responsible for implementing and overseeing the Group's risk management policies.

In addition, the Committee shall:

- Identify and assess the Group's material business risks;
- Regularly review and update the Group's risk profile;
- Approve treasury and hedge policies (with authority delegated to the CFO to carry out the responsibilities under those policies);
- Oversee the risk management policies and systems; and
- Consider whether the Group has any material exposure to economic, environmental and social sustainability risks, and if applicable, review and monitor the systems in place to manage these risks.

COMPOSITION AND MEMBERSHIP OF THE COMMITTEE

The Board shall appoint the members to the Committee and review of the composition of the Committee at least annually.

The Committee should comprise:

- At least three members;
- Only non-executive directors, a majority of which are independent; and
- An independent chairperson, who is not the chairperson of the board.

The membership should include at least one member who has financial expertise, and some members who have an understanding of the property/seniors living industry in which the Group operates.

The terms of appointment to the Committee include the following:

- The members may resign upon reasonable notice in writing to the Committee chairperson;
- A member may from time to time be immediately removed by notice in writing by the Committee chairperson; and
- The appointment as a member of the Committee is automatically terminated upon that member ceasing to be a director of the Group.

COMMITTEE MEETINGS

Frequency of Meetings

The Audit and Risk Committee shall meet as frequently as required to undertake its role effectively and in any event at least twice per year. The minimum quorum for a Committee meeting is two members.

Any reportable issues that arise between meetings will be reported to the chair of the Committee. The chair may call an additional meeting of the Committee. The chair must call an additional meeting if required by any committee member, the chair, the managing director, the board or the external auditor.

External auditors are invited to attend Committee meetings, as well as representatives of management, as determined by the Committee.

A notice of each meeting confirming the date, time, venue and agenda will be forwarded to each member of the Committee as soon as practicable prior to the date of the meeting. The notice will include relevant supporting papers for the agenda items to be considered.

Committee meetings are permitted to be held other than in person, by any technological means as consented to by all members of the Committee. This consent may be a standing one.

Meetings of the Audit and Risk Committee without Management

The Committee may meet with the auditors annually or more frequently, without management present, to discuss any aspect of the Group's financial position and performance and other matters falling within the Committee's responsibilities.

Attendees

Any director of the board may attend and speak at a Committee meeting. Any invitee of a Committee member may attend and speak at a meeting.

Minutes, Reports and Recommendations

Committee members will be provided with the meeting agenda and relevant papers as soon as practicable prior to the meeting.

All records, including minutes and any reports or recommendations will be prepared and kept by the company secretary. The minutes of the Committee meetings are available for review by any director not a member of the Committee. The chairperson of the Committee shall report the findings and recommendations of the Committee to the board after each Committee meeting.

The auditor will receive a copy of the minutes and may request copies of any other records.

RESOURCES, INFORMATION AND USE OF EXTERNAL ADVISERS

The Committee will inform the board if it considers that it does not have adequate resources or access to information to enable it to perform its duties properly.

The Committee has unrestricted access to any information it requires from any Ingenia Group employee and to the internal (if applicable) and external auditors for the purpose of carrying out their functions as Committee members.

The Committee may also commission independent legal, accounting or other professional advice which is considered a reasonable expense by the Board.

POWERS OF THE COMMITTEE

The Committee has the explicit authority to investigate any matters within its terms of reference as set out in the Committee's charter, with the resources it needs to do so and with the right of access to information including external professional advice if necessary.

MANAGEMENT SIGN-OFF PROCEDURE

The Committee will ensure that the Chief Executive Officer and Chief Financial Officer provide a declaration to the board before it approves the Group's financial statements for a financial period that, are in accordance with the requirements of the *Corporations Act 2001* (Cth) and ASX Corporate Governance Recommendation 4.2.

COMMITTEE PERFORMANCE

The Committee shall perform an evaluation of its performance to determine whether it is functioning effectively by reference to its role under this Charter.

The board will evaluate the performance of the Committee as appropriate.

ADMINISTRATION

Disclosure of Interests

A member of the Committee must disclose any interest that they have in any matter under consideration.

Amendment of the Charter

This charter may be amended with the consent of a majority of members of the Committee and then approval by the board.

Policy History

Established:	5 June 2012
Last review:	June 2017
Current version:	June 2017
Review frequency:	Annually