

Audit and Risk Committee Charter

Kyron Capital Group (ASX: KYN) comprising Kyron Capital Limited (ABN 33 169 308 187) and Kyron Group RE Limited (ABN 70 688 908 876, Australian Financial Services Licence Number 700092) as Responsible Entity of Kyron Investment Fund (ARSN 169 450 926) (together the "Group")

1 Introduction

- 1.1 The Audit and Risk Committee is a committee of the Board and applies to the Group, including in its capacity as an ASX-listed stapled real estate investment trust and in respect of Kyron Group RE Limited as responsible entity of Kyron Investment Fund, a registered managed investment scheme regulated by ASIC.
- 1.2 The primary role of the Audit and Risk Committee is to:
- a satisfy itself that the Group has an adequate control framework for the oversight of the external audit and the internal audit arrangements;
 - b make recommendations to the Board in relation to:
 - the adequacy of the Group's processes for identifying, measuring, monitoring and managing the material business risks it faces;
 - any incident involving fraud or a breakdown of the Group's internal control policies and practices;
 - the Group's insurance program;
 - its obligations in relation to safety and sustainability;
 - obligations as responsible entity of a registered managed investment scheme, including oversight of compliance plan arrangements, compliance controls and ASIC regulatory expectations; and
 - the integrity of the Group's external reporting, including financial reports, sustainability reports and market disclosures relevant to securityholders.
 - c advise the Board on governance standards and appropriate corporate governance policies for the Group; and
 - d critically review the Group's performance against its corporate governance policies.

2 Responsibilities

The Committee is required to ensure:

2.1 Reliable management and financial reporting

- a Assess the adequacy of management reporting on the entity's risks, operations, and financial condition to the Board.
- b Scrutinise the Group's accounting policies and practices in the light of the Corporations Act and Australian Accounting Standards.
- c Review the half yearly and annual financial statements of the Group and recommend to the Board whether the Board should approve those financial statements and the related directors' declarations.
- d Review and discuss with the external auditor the quality and acceptability of the Group's accounting principles as applied in its financial reporting.



- e Supervise the implementation of the Australian Accounting Standards and other changes in regulatory requirements.
- f Review significant accounting judgements, estimates and disclosures, including property valuations, impairment, fair value measurement, revenue recognition, financial instruments, going concern and capital management matters.
- g Oversee management's processes for ensuring that financial and other periodic reporting is materially accurate, balanced, complete and supported by appropriate verification, assurance and documentation.
- h Review and recommend to the Board for approval the Group's reporting obligations under the National Greenhouse and Energy Reporting Act 2007 and related regulations, including governance over the completeness and accuracy of greenhouse gas emissions, energy production and energy consumption data, operational control assessments, applicable registration and reporting thresholds, reporting to the Clean Energy Regulator, and supporting records and assurance processes.
- i Review the governance, risk management, controls, data, assumptions and assurance arrangements supporting any sustainability report or climate-related financial disclosures before they are recommended to the Board for approval.

2.2 Compliance with laws and regulations

- a Consider the plans and processes for the Group's compliance activities.
- b Ensure that the Group's financial statements, sustainability reporting and other periodic reporting comply with the Corporations Act, Australian Accounting Standards, Australian Sustainability Reporting Standards, ASX Listing Rules and other relevant regulatory requirements.
- c Oversee the adequacy and effectiveness of the compliance framework for Kyrion Investment Fund as a registered managed investment scheme, including approval of the compliance plan, compliance controls, incident and breach reporting, design and distribution obligations, internal dispute resolution controls and reporting to the Board
- d Receive and review the annual compliance plan audit report, report to the Board on the effectiveness of the compliance framework and make recommendations regarding any material non-compliance, required regulatory reporting or amendments to the compliance plan
- e Receive reports on material regulatory interactions, correspondence, surveillances, reportable situations, licensing matters and enforcement or remediation activity involving ASIC, ASX or any other regulator relevant to the Group.
- f Monitor the laws and the regulations that relate generally to the entity's business operations and, review the Group's compliance with such laws.
- g Seek advice of the Group's legal advisers on any legal matters that could have significant impact on the Group's financial statements.

2.3 Maintenance of an effective and efficient audit

- a Recommend to the Board the appointment of the external auditor firm.
- b Review the plans of the external auditors, including any significant changes to the plans.
- c Review the efficiency and effectiveness of the external auditor firm in relation to their responsibilities.
- d Review and discuss with the external auditor professional and other significant relationships to determine their independence.
- e Review the external auditor's fees.
- f Review and approve any non-audit engagement of the external auditor, having regard to the nature of the services, the quantum of fees, any independence threats and applicable professional, Corporations Act and ASX Corporate Governance Principles and Recommendations requirements.
- g Ensure there are no unjustified limitations placed on the auditors and review any serious disputes with management during the audits.



- h Ensure the scopes of the audits are adequate, with emphasis on matters where the Committee, management or the auditors believe special attention is necessary.
- i Meet with and assess the findings of the external auditors as well as management's response to their recommendations.
- j Ensure compliance with the ASX Corporate Governance Principles and Recommendations related to external auditors.
- k Review the external auditor's independence declarations, audit quality indicators, key audit matters, material audit adjustments, unadjusted differences and any control deficiencies identified through the audit or review process.

2.4 Risk management and internal control

- a In consultation with management:
 - Prepare a risk profile which describes the material business risks facing the Group, including financial and non-financial matters and taking into account both the Group's legal obligations and the reasonable expectations of the Group's stakeholders (such as shareholders, employees, customers, suppliers, creditors, consumers and the broader community in which the Group operates).
 - Ensure that the risk profile specifically considers risks relevant to the Group's business as an ASX-listed real estate investment and fund manager, and responsible entity, including property market, valuation, liquidity, refinancing, capital management, outsourcing, cyber security, technology, data governance, conflicts of interest and related party transaction risks. This includes climate risks and opportunities.
 - Review the adequacy of controls for related party transactions, conflicts management, asset valuations, custody, scheme property, liquidity management and allocation of costs between the Group, funds, schemes and mandates managed by the Group.
 - Regularly review and update the risk profile and provide copies to the Board.
 - Review the risk profile at least annually to satisfy itself that it continues to be sound and disclose that such a review has taken place in the Group's annual report.
- b Review and report to the Board (at least annually) on the effectiveness of the Group's internal controls regarding:
 - Due diligence for acquisitions and other new projects.
 - Compliance with confidentiality obligations.
 - Cyber security, technology resilience, privacy, data governance and third-party service provider controls.
- c Review and report to the Board (at least annually) on the effectiveness of internal systems and processes for identifying, managing and monitoring material business risks, including:
 - Breaches of contract or internal controls.
 - Litigation and claims.
 - Fraud and theft.
 - The Group's insurance program, having regard to the Group's business and the insurable risk associated with its business.
 - Compliance with the Group's Australian financial services licence conditions, responsible entity obligations, compliance plan obligations and obligations to act in the best interests of members of Kyron Investment Fund.
- d Obtain regular reports from management on the occurrence and/or status of any material breaches of internal controls, reportable situations, compliance plan breaches, responsible entity incidents, cyber incidents or other material risk exposures or incidents and report to the Board (at each Board



meeting or earlier, if appropriate) on such breaches, exposures and incidents and generally whether material business risks are being managed effectively.

- e Review the scope of the internal and external auditors' review of internal control and risk management, review reports on significant findings and recommendations, together with management's responses.
- f Recommend to the Board any changes to the Company's internal control and risk management framework from time to time as appropriate.

2.5 Safety responsibilities

In order to fulfil its responsibilities relating to Safety, the Committee will (where applicable):

- a Monitor Safety issues
 - review and evaluate market practice and trends in matters relating to Safety and evaluate their impact on the Group;
 - monitor and inform the Board of all legislation, regulations, standards and regulatory guidance which are relevant to the Group's Safety practices, policies and reporting obligations;
 - evaluate the Group's Safety practices and policies in light of the developments referred to in the above two bullet points, and make recommendations to the Board;
- b Review Safety performance
 - review the Safety performance of the Group, with particular emphasis on:
 - the Safety and Sustainability consequences of decisions made and actions taken by the Group;
 - the way in which Safety and Sustainability issues are impacting on the reputation and community perception of the Group; and
 - Safety and Sustainability outcomes in light of the standards and objectives set out in the Group's Safety and Sustainability policies;
 - evaluate the sufficiency of resources allocated to addressing specific Safety issues;
 - evaluate the effectiveness of Safety policies, management systems, and, in particular, in light of any Safety incidents;
 - where necessary, conduct site visits to review the implementation of Safety policies at specific sites;
 - investigate, or cause to be investigated, any significant Safety incidents;
 - review, or cause to be reviewed, reports from management on Safety issues;
- c Develop and manage Safety policies and performance
 - assist and support the Board in the development of Safety policies to ensure that the Group's Safety objectives are being achieved;
 - review and make recommendations to the Board in relation to the Safety aspects of any new initiatives, customer contracts or other new Group activities;
 - assist the Board in managing relationships with local communities, local governments and customers on Safety issues; and
 - annually review all Safety policies and recommend revisions to the Board.

2.6 Corporate governance responsibilities

In relation to its corporate governance function, the Committee is required to:

- a review developments in corporate governance in Australia and internationally that may be relevant to the Group and to the expectations of the investor market and other stakeholders;



- b monitor the corporate governance requirements and expectations of regulators, including the Australian Securities & Investments Commission, the ASX Listing Rules and ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, and consider their application to the Group as an ASX-listed real estate investment fund and manager and responsible entity of a registered managed investment scheme;
- c review ethical guidelines and standards for directors;
- d advise the Board on corporate governance standards, and on the adoption or amendment of corporate governance policies that would be appropriate for the Group;
- e review annually the Group's compliance with its corporate governance policies and procedures, and report to the Board on the results of the review together with any recommendations of the Committee; and
- f assist the Board to prepare the Group's corporate governance disclosure statements in its Annual Report.

3 Composition

- a The Audit and Risk Committee shall comprise a minimum of three (3) members, the majority of whom shall be independent non-executive directors. The Chair of the Committee will be an independent non-executive director appointed by the Board who is not the Chair of the Board.
- b The Committee may invite other persons as it deems necessary and may seek advice from such other persons as appropriate.
- c The Audit and Risk Committee should include members who are financially literate and collectively have sufficient skills, experience and expertise in financial reporting, audit, risk management, listed entity governance, real estate investment, managed investment schemes, responsible entity obligations and sustainability reporting. At least one member, preferably the chairperson, should have financial expertise (i.e. be a qualified accountant or other financial professional with experience of financial and accounting matters).

4 Procedural requirements

4.1 Committee procedures

- a Meetings shall be held at least quarterly or more frequently as required. Additional meetings may be convened as required, including to consider financial reporting, sustainability reporting, audit, risk, compliance or regulatory matters requiring timely Committee oversight.
- b The Committee may meet with the external auditor from time to time, in separate executive sessions to discuss relevant matters.
- c A quorum for Committee Meetings is two members of the Audit and Risk Committee, one of whom must be the Chairperson or, in the absence of the Chairperson, another independent non-executive director.
- d If the Chairperson is absent from a meeting and no acting Chairperson has been appointed, the members present may choose one of them to act as Chairperson for that meeting.
- e Meetings of the Committee may be held or participated in by conference call or similar means.
- f Decisions may be made by circular or written resolution. Each member of the Committee will have one vote.
- g Subject to 4.1(h) and 4.1(i), the Committee may make resolutions by circulating resolutions if deemed appropriate to do so. The resolution is passed when a majority of members being entitled to attend and vote at meetings sign the resolution
- h Circular resolutions are intended to be used for matters that are administrative or non-controversial in nature and do not require deliberation between the members, or where the members have already had an adequate opportunity to deliberate on the matter.



- i Each member must be given a reasonable opportunity to consider the proposed resolution and all information reasonably necessary to make an informed decision. Before the resolution is passed, any member may, acting reasonably, object to the matter being determined by circular resolution. If an objection is made, the circular resolution must be withdrawn and will not be effective or binding, and the matter must instead be considered and determined at a meeting of the Committee.
- j The Chairperson will not have a casting vote. If there is a tied vote, the motion will lapse.
- k The proceedings of all meetings will be recorded in minutes to be approved by the Committee.
- l The secretary of the Committee should be the Company Secretary or such other person as nominated by the Committee.
- m The Company Secretary will provide such assistance as may be required by the Chairperson in relation to the preparation of agendas, minutes or papers for the Committee.
- n The Committee may have access to such internal resources, and seek such advice from any external advisers, consultants or specialists, as it may consider necessary or desirable to fulfil its objectives.
- o Regular reports shall be provided to the Board including:
 - assessment of the management processes supporting external reporting;
 - procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
 - assessment of the performance and independence of the external auditors and whether the Audit and Risk Committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;
 - the results of its review of internal compliance and control systems;
 - assessment of whether external reporting is consistent with committee members' information and knowledge and is adequate for securityholder needs;
 - recommendations for the appointment or removal of an auditor;
 - report annually to the Board regarding information to be provided in the Annual Report to securityholders, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by law or the ASX Listing Rules.
 - before the Board approves the Group's financial statements for a financial period, provide a report on whether the financial records of the Group have been properly maintained and whether the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity.
 - before the Board approves any sustainability report or climate-related financial disclosure, provide a report on whether the Committee is satisfied that the disclosure is supported by appropriate governance, risk management, controls, data, assurance and verification processes.
 - regular reporting on the adequacy and effectiveness of the compliance plan and compliance controls for Kyron Investment Fund, including any material breaches, reportable situations, remediation activity and compliance plan audit findings.
- p Committee members may not receive directly or indirectly any consulting, advisory or other fee from the Group, other than the remuneration received by a Director on the Committee in his or her capacity as a Director and member of the Committee.

4.2 Authorities

- a The Board authorises the Committee, within the scope of its responsibilities, to seek any information it requires from any Group employee or contractor.
- b The Committee may obtain independent professional advice on relevant matters at the expense of the Group.



5 Revisions of this Charter

- 5.1 This Charter of the Audit and Risk Committee must be approved by the Board of the Group.
- 5.2 The Committee is responsible for reviewing the effectiveness of this Charter and the Audit and Risk Committee at least annually, having regard to applicable law, ASX Listing Rules, ASX Corporate Governance Principles and Recommendations, ASIC guidance and enforcement priorities, market practice for ASX-listed real estate investment trusts and registered managed investment schemes, and the Group's evolving risk profile, and to make recommendations to the Board of any amendments to this Charter.