

# Reckson Australia Management Limited

## Audit and Risk Committee Charter

The Board of Directors (the **Board**) of Reckson Australia Management Limited (ABN 65 114 294 28) (**RAML**) established an Audit and Risk Committee (the **Committee**) at a meeting of the Board held on 13 September 2005. This is the Audit and Risk Committee Charter (the **Charter**) adopted by the Committee.

### 1. Committee's Purpose

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The core responsibilities of the Committee are to assist the Board in relation to:

- (a) the integrity of the financial statements of the Reckson New York Property Trust (ARSN 115 585 709) (the **Trust**);
- (b) monitoring the Trust's relationship with the external auditors;
- (c) overseeing the effectiveness of the internal audit function;
- (d) assessing the propriety of related party transactions;
- (e) assisting with the maintenance of an effective framework to deal with risk management; and
- (f) considering the adequacy of the Trust's, the Directors' and Officers' and other insurance cover.

### 2. Committee Membership

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- (a) The Committee shall comprise at least 3 members appointed by the Board.
- (b) A majority of the members of the Committee shall be external directors (in accordance with section 601AJ(2) of the Corporations Act).
- (c) All members of the Committee shall be non-executive directors of RAML.
- (d) The Board shall appoint the Chair of the Committee and determine the period for which they shall hold office. The Chair of the Committee shall be an independent director, who is not Chair of the Board.

### 3. Executive Support

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- (a) The Company Secretary (initially Francis Sheehan) or their nominee shall act as the Secretary of the Committee, unless otherwise determined by the Committee.
- (b) The Chief Financial Officer will provide executive support to the Committee.

### 4. Responsibilities

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The Committee shall have the following responsibilities.

**(a) Financial statements**

- (i) Monitor the integrity of the financial statements prepared for the Trust and RAML in accordance with the Corporations Act 2001 (Cth) and the ASX Listing Rules and, if satisfied, recommend adoption of the statements by the Board.
- (ii) Approve the accounting and tax policies applied by RAML.
- (iii) Reviewing the Trust's external reporting procedures including the financial reporting processes and financial statements, preliminary accounts, interim reporting, analysts briefings and continuous disclosure announcements.
- (iv) Approving the accounting and tax policies and principles applied by the Trust.
- (v) Confirm that management and the external auditors and, if necessary, legal counsel, have adequately reviewed any litigation, claim or other contingency, write-off provision or change in accounting policy or methodology which could have material impact on the Trust's financial statements.

**(b) External audit**

- (i) Preparing and informing the Board about its policies and procedures for the selection and appointment of the external auditor and for maintaining the independence of the external auditor, including the rotation of external audit engagement partners and the extent of any non-audit functions provided by the external auditor's firm.
- (ii) Monitoring and reviewing the performance of the external audit function.
- (iii) Reviewing all reports from external auditors and management responses to these.
- (iv) Making recommendations to the Board in relation to the appointment, removal and remuneration of the external auditor.
- (v) Engaging with the external auditor for any purpose consistent with the Committee's role.

**(c) Internal audit**

Until such time as the Board deems it appropriate to establish a separate internal audit function, the Committee shall expand the role and adopt the terms of reference of the external auditor as necessary to reasonably ensure the security and effectiveness of the RAML's systems and procedures.

**(d) Related party transactions**

- (i) Assessing the propriety of and approve all related-party transactions.

**(e) Risk management**

- (i) Assessing at regular intervals whether the Trust's internal financial control systems, risk management policies and risk management systems which apply to the RE and the Trust and its underlying assets are adequate.
- (ii) Assessing the adequacy of RAML's insurance cover, including Directors' and Officers' liability, professional indemnity, crime insurance and fraud policies.
- (iii) Making recommendations to the Board about any changes that it considers should be made.
- (iv) Assessing the management of key operational risks which face the business.

**(f) Insurance**

- (i) Reviewing and recommending to the Board for approval the scope, cover and cost of insurance cover for the Trust and its assets, Directors' and Officers' liability and any other insurance cover recommended by the Committee.

## **5. Meetings**

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### **5.1 Quorum**

The quorum necessary for the transaction of business is 2 Committee members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

### **5.2 Frequency**

The Committee shall meet not less than four times a year and at such other times as any member of the Committee or the Chairman of the Committee shall require.

### **5.3 Notice**

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be forwarded to each member of the Committee and any other person required to attend, no fewer than 5 business days prior to the date of the meeting.

### **5.4 Technology**

A meeting may be held by the Committee members communicating with each other by any technological means by which they are able to simultaneously hear each other and participate in the discussion.

## **5.5 Attendance**

Only members are automatically entitled to be present at a Committee meeting. Executive Directors may attend on invitation.

## **5.6 Minutes**

- (a) The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- (b) Minutes of Committee meetings shall be circulated to all members of the Committee.
- (c) Minutes shall be approved by the Committee, and these approved minutes distributed to all members of the Board for consideration at the next Board meeting.

## **6. Reporting**

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### **6.1 Reporting to the Board**

The Committee shall regularly report to the Board. These reports shall contain all matters relevant to Committee responsibilities including:

- (a) assessment of whether external reporting is consistent with Committee members' information and knowledge, and if this external reporting is adequate for shareholder needs;
- (b) recommendations for changes to the annual report and other external reporting;
- (c) the Committee's policies and procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
- (d) recommendations for the appointment or removal of an external auditor;
- (e) assessment of the performance and independence of the auditor;
- (f) provide a statement to the board for the inclusion in the annual report as to the whether the Committee is satisfied that the provision of any non-audit services is compatible with the independence of the external auditor;
- (g) the results of its review of risk management and internal compliance and control systems.

### **6.2 Annual report**

The Committee shall review the corporate governance section of the annual report relating to the Committee and its responsibilities.

## **7. Authority and Resources**

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The Board authorises the Committee to:

- (a) investigate any matter brought to its attention;

- (b) obtain any information that it requires from any employee of RAML in order to perform its duties;
- (c) have direct access to any employee of RAML;
- (d) obtain or retain internal or external professional, legal, accounting or other advice; and
- (e) have direct access to internal or external auditors, company tax and other financial advisors, and company papers and lawyers.

Although the Committee can seek the advice and assistance of any of RAML's executives, it needs to ensure that this role is clearly separated from their role within the business of the Trust or RAML.

## **8. Performance review**

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Committee members shall conduct an annual review of their work and provide any necessary recommendations to the Board in relation to the terms of this Charter.