

NPT LIMITED

AUDIT AND RISK COMMITTEE CHARTER

The Audit and Risk Committee oversees the Company's compliance with the Audit and Risk Charter. The Board has considered that the Company's size prevent them from establishing a separate Audit and Risk Committee and therefore the full Board will fulfill the obligations and be guided by the Audit and Risk Charter as set out below, and the Company's Risk Management Policy. This decision will be reviewed from time to time.

1. OBJECTIVES

The primary objectives of the Charter are as follows:

- to set the principles and standards with respect to internal controls, accounting policies and the nature, scope, objectives and functions of the external audit. This objective enables the Board to satisfy itself that management is discharging its responsibilities in accordance with established processes and, wherever practical, best practice methodologies; and
- to ensure the efficient and effective management of all business risks, and the efficient and effective compliance with the Risk Management Policy.

2. MEETINGS

The Board will meet at least two times per year, or more frequently if required, to specifically fulfil its obligations and discharge its duties in respect to the Audit and Risk Charter. The CEO, CFO and/or the external Auditor may attend at the request of the Committee.

A quorum shall consist of no less than two Board members, one of whom shall be the Chair or a nominee of the Chair and one of whom shall be an independent director. When meeting on Audit and Risk matters the Chair shall not be the Chairman of the Board.

3. DUTIES AND RESPONSIBILITIES

The duties and responsibilities are as follows:

External Audit

- Establish guidelines for the selection and appointment of the external Auditor and the rotation of the principal external audit partner (at least once every five years).
- The appointment and removal of the external Auditor.
- Ensure through liaison with the External Auditor that the Company is discharging its responsibilities to meet relevant legislation and regulatory requirements governing

corporate entities, including generally accepted accounting practice and reporting standards.

- Approve the annual audit plan, timetable, audit fee and non-audit fees (if applicable).
- Monitor the effectiveness, objectivity and independence of the external auditor.

Financial Statements

- Review draft financial statements with management and the External Auditors, and recommend final acceptance of the NZX Preliminary Announcements and full financial statements for each financial year and half year by the Board.
- Provide advice on and review the Company's Annual Reports and Interim Reports.
- Receive, consider and ensure appropriate action is taken on the External Auditor's reports to the Company and to security holders.
- Receive, consider and ensure appropriate action is taken on the External Auditor's reports on the status of internal controls and management systems.
- Review existing accounting policies and practices, in particular new accounting policies or amendments to existing accounting policies, to ensure appropriateness and compliance with generally accepted accounting practice and applicable financial reporting standards.
- Require the CEO and CFO to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operating results and are in accordance with relevant financial standards.

Risk Management

- Appoint a Risk and Compliance Officer².
- Set and annually review the Risk Management Policy.
- Review risks as set out in Policy and identify key risks for which risk management plans will be developed and implemented.
- Review and implement the annual risk management plans to ensure risks are actively managed in a systematic and prioritised manner and assessed regularly.
- Ensure that management undertakes a regular legal and statutory compliance review.
- Review annually the performance of the Risk and Compliance Officer.

Other Duties

- Review financial issues as identified.
- Identify and direct any special projects or investigations deemed necessary.
- Review the Audit and Risk Charter annually.
- Review the Delegated Authority Policy annually.

² The Committee has appointed NPT's Chief Financial Officer as the Risk and Compliance Officer

NPT LIMITED

RISK MANAGEMENT POLICY

1. POLICY STATEMENT

The Company is committed to actively identifying risk, assessing its impact on the Company and developing and implementing an appropriate strategy to mitigate that risk. NPT Limited's Risk Management Policy is designed to monitor and manage the Company's risk by incorporating risk management within day to day management and governance processes.

2. RESPONSIBILITY

The Board is ultimately responsible for the Company's risk management. The Audit and Risk Committee, in conjunction with the Risk and Compliance Officer, have delegated responsibility to:

- ensure the development of regular reporting mechanisms to give assurance on compliance with the Risk Management Policy to the Board;
- monitor, review and approve management's annual compliance programme (including the insurance strategy) to ensure risks are identified and managed in a systematic and prioritised manner;
- review management's annual insurance risk programme. Consider insurance renewals and review key policy terms; and
- review the Risk Management Policy annually.

External Specialists

Outsourcing services to specialist external suppliers assists the Company in reducing the risk of making a significant error in important processes, not providing adequate separation of duties or not identifying a key risk. The Company engages independent experts to provide the following services:

- property valuations;
- legal advice;
- registry services;
- audit services;
- tax planning and advice; and
- any other specialist services as required from time to time.

3. REPORTING

The Company has set up reporting procedures that ensure:

- the Board is kept fully informed of all relevant matters;
- the Company meets all legal and regulatory compliance obligations;
- there is a company-wide focus on identification and appropriate mitigation of risk; and
- internal controls are followed and regularly reviewed and updated as required.

The following reporting ensures the Company complies with its Risk Management Policy:

- monthly Board Reports incorporating the Chief Executive Officer's report on the property portfolio, current business issues and a financial overview and the Chief Financial Officer's report on financial performance against budget;
- annual review of the Risk Management Policy and the Risk and Compliance Officer's performance;
- provision of Director's certificates and other reports to the Company's bankers as required under facility agreements;
- annual Audit management letter and audit report from the external auditor; and
- compliance with the NZSX continuous disclosure listing rules.

4. RISK MANAGEMENT MATRIX

The Company has identified the following areas of potential risk and the risk management strategies used to mitigate those risks:

Risk Area	Causes	Potential Outcomes	Risk Management Strategies
Financial/Operational Risk	<ul style="list-style-type: none"> > Governance mismanagement > Changes in economic conditions > Loss of key tenant/s > Lack of adequate Property/Income replacement insurance 	<ul style="list-style-type: none"> > Exposure to avoidable financial loss, fraud or legal action > Adverse impact on Shareholder returns and/or value > Management decisions based on inaccurate and/or unreliable information > Non compliance with appropriate accounting principles 	<ul style="list-style-type: none"> > Strong Corporate Governance > Appropriately resourced Property Management function > Outsourcing of some business functions to external specialists > Internal controls and reporting processes in place > Appropriate insurance in place
Property Risk	<ul style="list-style-type: none"> > Changes in economic and/or market conditions > Changes to status of key tenants > Damage or destruction of Company's properties 	<ul style="list-style-type: none"> > Financial loss > Adverse impact on Shareholder value and returns 	<ul style="list-style-type: none"> > Appropriately resourced property management function including use of external experts where required > Internal controls and reporting processes in place > Appropriate insurance in place

Risk Area	Causes	Potential Outcomes	Risk Management Strategies
Tax Risk	<ul style="list-style-type: none"> > Changes to taxation laws > Incorrect application of taxation laws 	<ul style="list-style-type: none"> > Adverse impact on Shareholder value and returns > Costs associated with non compliance with appropriate taxation laws 	<ul style="list-style-type: none"> > Strong oversight by Audit and Risk Committee > Internal controls in place > Outsourcing external tax expertise
Liquidity Risk	<ul style="list-style-type: none"> > Lack of internal control > Changes in economic and/or market conditions > Changes in status of tenants 	<ul style="list-style-type: none"> > Impact on solvency 	<ul style="list-style-type: none"> > Strong internal controls including cash monitoring and reporting in place > Strong property management processes in place > Ongoing monitoring of relevant economic conditions
Interest Rate Risk	<ul style="list-style-type: none"> > Increased interest rates > Mismanagement of interest rate swaps 	<ul style="list-style-type: none"> > Increased cost of borrowing > Financial loss from swaps 	<ul style="list-style-type: none"> > Adoption of Board approved Treasury Policy > Strong internal management of cost of funds > Borrowing constraints i.e. bank covenants > Company swap strategy followed as per Treasury Policy
Human Resources Risk	<ul style="list-style-type: none"> > Loss of key personnel 	<ul style="list-style-type: none"> > Loss of specialised knowledge base > Short term loss of appropriate resource 	<ul style="list-style-type: none"> > Succession plan in place > Appropriately remunerated staff > Attractive working environment provided
Investment Market Risk	<ul style="list-style-type: none"> > Changes in economic and/or market conditions > Changes to relevant regulations 	<ul style="list-style-type: none"> > Adverse impact on Shareholder returns and value 	<ul style="list-style-type: none"> > Strong Corporate Governance > Outsourcing of relevant business functions to external specialists > Internal controls and reporting processes in place > Appropriate insurance in place
Legal / Compliance Risk	<ul style="list-style-type: none"> > Lack of appropriate knowledge and/or lack of internal controls leading to legal claims 	<ul style="list-style-type: none"> > Legal and fine costs > Reputation damage 	<ul style="list-style-type: none"> > Strong Corporate Governance > Outsourcing of key business functions to external specialists > Internal controls and reporting processes in place
Business Continuity Risk	<ul style="list-style-type: none"> > Failure of key functions due to natural disaster or utilities company failure 	<ul style="list-style-type: none"> > Disruption to continuation of key business operations 	<ul style="list-style-type: none"> > Data Disaster Recovery Plan in place > Business continuation plan in place > Appropriate insurance in place
Health and Safety Risk	<ul style="list-style-type: none"> > Unsafe work environment 	<ul style="list-style-type: none"> > Legal Claims > Non compliance with relevant legislation > Disruption to key personnel resource 	<ul style="list-style-type: none"> > Provision of safe work environment > Health and Safety Policy in place