

AUDIT COMMITTEE CHARTER

1. Introduction

The Audit Committee (“the Committee”) is constituted as a statutory committee of Hyprop Investments Limited (“the Company”) in respect of its statutory duties in terms of section 94(7) of the Companies Act, 71 of 2008 and a committee of the board in respect of all other duties assigned to it by the board.

The duties and responsibilities of the members of the Committee as set out in this document are in addition to those duties and responsibilities that they have as members of the board. The deliberations of the Committee do not reduce the individual and collective responsibilities of board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their legal obligations.

These terms of reference are subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation and any other applicable law or regulatory provision.

2. Purpose of the terms of reference

The purpose of this Charter is to set out the Committee's role and responsibilities as well as the requirements for its composition and meeting procedures.

3. Composition of the Committee

- 3.1. The Committee comprises at least three members who are independent non-executive directors to be elected by the shareholders on recommendation by the Remuneration and Nomination Committee. The Committee must be approved by the board.
- 3.2. All members of the Committee must be suitably skilled and experienced independent non-executive directors.
- 3.3. The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties, including an understanding of the following:

- 3.3.1. financial and sustainability reporting;
- 3.3.2. internal financial controls;
- 3.3.3. external audit process;
- 3.3.4. internal audit process;
- 3.3.5. corporate law;
- 3.3.6. risk management;
- 3.3.7. business sustainability issues;

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Directors: GR Tipper* (Chairman); PG Prinsloo (CEO); LR Cohen (Financial Director);
EG Dube#; KM Ellerine; L Engelbrecht#; MJ Lewin; L Norval;
S Shaw-Taylor; L van der Watt*; T Mokgatlha*#

(* Non-executive # Independent)

- 3.3.8. information technology governance as it relates to integrated reporting; and
 - 3.3.9. governance processes within the Company.
- 3.4. The Chairman of the board is eligible to be a member of the Committee but not Chairman of the Committee.
 - 3.5. The Committee is chaired by an independent non-executive director.
 - 3.6. The board elects the chairman of the Committee.
 - 3.7. The board must fill vacancies on the Committee within 40 business days after the vacancy arises.
 - 3.8. The Committee members must keep up-to-date with developments affecting the required skill-set.

4. Role

The Committee has an independent role with accountability to both the board and shareholders. The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

5. Responsibilities

The Committee has the following specific responsibilities:

5.1. Integrated reporting

The Committee oversees integrated reporting, and in particular the Committee must:

- 5.1.1. have reasonable regard to all material factors and risks that may impact on the integrity of the integrated report, including factors that may predispose management to present a misleading picture, significant judgements and reporting decisions made, monitoring or enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward-looking statements or information;
- 5.1.2. review the annual financial statements, interim reports, preliminary or provisional results announcements, summarised integrated information, any other intended release of price-sensitive information and prospectuses, trading statements and similar documents;
- 5.1.3. comment in the annual financial statements on the performance of its statutory duties;
- 5.1.4. review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information;
- 5.1.5. recommend to the board whether or not to engage an external assurance provider on material sustainability issues;
- 5.1.6. recommend the integrated report for approval by the board;
- 5.1.7. consider whether the external auditor should perform assurance procedures on the interim results;
- 5.1.8. review the content of the summarised information for whether it provides a balanced view; and

- 5.1.9. engage the external auditors to provide assurance on the summarised financial information.

5.2. Combined assurance

The Committee will ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities, and in particular the Committee should:

- 5.2.1. ensure that the combined assurance model receives attention appropriate to the Company's circumstances, taking into account the risks faced by the company and the costs of and benefits to be derived from combined assurance; and
- 5.2.2. monitor the relationship between the external assurance providers and the Company;

5.3. Finance function and financial director

The Committee

- 5.3.1. Reviews the expertise, resources and experience of the Company's finance function, and discloses the results of the review in the integrated report; and
- 5.3.2. Considers and satisfies itself on the suitability of the expertise and experience of the financial director every year.

5.4. Internal audit

The Committee is responsible for overseeing internal audit, and in particular the Committee must:

- 5.4.1. be responsible for the appointment and/or dismissal of the Head of Internal Audit or the internal audit service provider, as the case may be;
- 5.4.2. approve the internal audit plan; and
- 5.4.3. ensure that the internal audit function is subject to an independent quality review, as and when the Committee determines it appropriate.

5.5. Risk management

The Committee is an integral component of the risk management process and specifically the Committee must review:

- 5.5.1. financial reporting risks;
- 5.5.2. internal financial controls;
- 5.5.3. fraud risks as they relate to financial reporting; and
- 5.5.4. IT risks as they relate to financial reporting.
- 5.5.5. The committee is further responsible for:
 - 5.5.5.1 reporting to the JSE, in the annual compliance declaration referred

to in paragraph 13.49(d) of the JSE Listings Requirements, that the committee has monitored compliance with the risk policy during the year concerned.

Without derogating from its responsibilities, the Committee may delegate this function to the Risk Committee.

5.6. External audit

The Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process and in this regard the Committee must:

- 5.6.1. nominate as external auditor for appointment by the shareholders under section 90 of the Act, a registered auditor who, in the opinion of the Committee is independent of the company ;
- 5.6.2. approve the terms of engagement and remuneration for the external audit;
- 5.6.3. ensure that the appointment of the auditor complies with the provisions of the Act and any other legislation relating to the appointment of auditors;
- 5.6.4. monitor and report on the independence of the external auditor in the annual financial statements;
- 5.6.5. define a policy for non-audit services provided by the external auditor;
- 5.6.6. pre-approve any proposed agreement for non-audit services to be rendered by the external auditor;
- 5.6.7. ensure that there is a process for the Committee to be informed of any Reportable Irregularities (as identified in the Auditing Profession Act, 2005) identified and reported by the external auditor;
- 5.6.8. review the quality and effectiveness of the external audit process; and
- 5.6.9. consider whether the audit firm and, where appropriate, the individual auditor responsible for performing the functions of auditor are accredited as such under the JSE list of Auditors.

5.7. General

In addition to the foregoing, the audit committee has the following duties:

- 5.7.1. To prepare a report to be included in the annual financial statements for that financial year –
 - 5.7.1.1. describing how the Committee carried out its functions;
 - 5.7.1.2. stating whether the Committee is satisfied that the auditor was independent of the company; and
 - 5.7.1.3. commenting in any way the Committee considers appropriate on the financial statements, the accounting practices and the internal financial control of the company;
- 5.7.2. to receive and deal appropriately with any concerns or complaints, whether within or outside the company or on its own initiative relating to:

- 5.7.2.1. the accounting practices and internal audit of the company;
- 5.7.2.2. the content or auditing of the company's financial statements;
- 5.7.2.3. the internal financial controls of the company; or
- 5.7.2.4. any related matter.
- 5.7.3. To make submissions to the board on any matter concerning the company's accounting policies, financial controls, records and reporting; and
- 5.7.4. To perform such other oversight functions as may be determined by the board.

6. Authority

- 6.1. The Committee has decision making authority in regard to its statutory duties and is accountable in this respect to both the board and the shareholders. To this end the chairman of the Committee shall be present at all annual general meetings failing which another member of the Committee shall be present. On all responsibilities delegated to it by the board outside the statutory duties, the Committee makes recommendations for the approval of the board.
- 6.2. The Committee acts in accordance with its statutory duties and the delegated authority of the board as recorded in these terms of reference. It has the power to investigate any activity within the scope of its terms of reference.
- 6.3. The Committee, in the fulfilment of its duties, may call upon the chairmen of the other board committees, any of the executive directors, company officers, and company secretary or assurance providers to provide it with information subject to following board approved process.
- 6.4. The Committee has reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities subject to following board approved process.
- 6.5. The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.
- 6.6. The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the Company's cost, subject to a board approved process being followed.

7. Meetings and Procedures

7.1. Frequency

- 7.1.1. The Committee must hold sufficient scheduled meetings to discharge all its duties as set out in this Charter but subject to a minimum of three meetings per year.
- 7.1.2. Meetings in addition to those scheduled may, with approval of the chairman, be held at the request of the external auditor, the Chief Executive Officer, Financial Director, Head of Internal Audit or other members of this committee or senior management or at the instance of the board.

- 7.1.3. The Committee must meet with internal and external auditors at least once a year without management being present.

7.2. Attendance

- 7.2.1. The Chief Executive Officer, Financial Director, representatives from the external auditors, internal auditors, other assurance providers, professional advisors and board members may be in attendance at Committee meetings, but by invitation only and they may not vote.
- 7.2.2. Committee members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc basis for special matters, unless prior apology, with reasons, has been submitted to the chairman or company secretary.
- 7.2.3. The company secretary is the secretary to this Committee.
- 7.2.4. If the nominated chairman of the Committee is absent from a meeting, the members present must elect one of the members present to act as chairman.

7.3. Agenda and minutes

- 7.3.1. The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The annual plan must ensure proper coverage of the matters laid out in the terms of reference: the more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.
- 7.3.2. A detailed agenda, together with supporting documentation, must be circulated, in adequate time prior to each meeting to the members of the Committee and other invitees.
- 7.3.3. Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters discussed.
- 7.3.4. The minutes must be completed as soon as possible after the meeting and circulated to the chairman and members of the Committee for review thereof.
- 7.3.5. The minutes must be formally approved by the Committee at its next scheduled meeting.

7.4. Quorum

- 7.4.1. A representative quorum for meetings is a majority of members.
- 7.4.2. Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

8. Evaluation

The board must perform an evaluation of the effectiveness of the Committee annually.

9. Approval

These terms of reference were approved by the board and the Committee and will be reviewed from time to time.