

AUSTRALIAN INFRASTRUCTURE FUND LIMITED AUDIT COMMITTEE CHARTER

1. Purpose

The Audit Committee is to provide independent assurance to the Board of Directors of Australian Infrastructure Fund Limited (“AIFL”), on the appropriateness of AIFL’s accountability and control framework.

The Committee will review, monitor and, where necessary, recommend to the Board of AIFL improvements to:

- the internal control processes;
- the financial reporting process;
- the financial management framework;
- the functioning of AIFL’s compliance and internal audit function;
- the external audit process; and
- the risk management framework.

2. Scope and Responsibilities

The Committee will:

Financial Management and Internal Controls

- In conjunction with the Audit Committee of the Manager, review and to report to the Board on AIFL’s consolidated financial statements and AIFT consolidated financial statements, prior to their release to the ASX and stapled security holders;
- Review all significant accounting policy changes and, where appropriate, make recommendations to the Board;
- Monitor and report to the Board on the framework, adequacy and security of the internal financial controls, and the accounting and management information systems;
- Monitor procedures and compliance with the Corporations Act and other financial reporting obligations including the ASX Listing Rules;
- Review the financial risks annually to ensure that key financial risk areas are identified and managed; and
- Evaluate and monitor financial risk.

Compliance and Internal Audit Function

- Review reports received from the Company Secretary and Head of Compliance;
- Commission such enquiries by the Company Secretary and Head of Compliance as the Committee deems appropriate.

External Audit

- Recommend to the Board the appointment and termination of the external auditor;
- Consider and, if thought adequate, approve proposed fees in respect of the external audit;
- Consider and, if thought adequate, approve the engagement letter proposed by the external auditor;
- Commission such enquiry by the external auditor as the Committee deems appropriate;
- Review and assess the performance of the external auditor;
- Review reports received from the external auditor;
- Review the Manager's responses to matters raised by the external auditor;
- Ensure that the lead external audit partner does not perform more than five consecutive years' audits;
- Review and confirm the independence of the external auditor and obtain from the external auditor a written statement detailing all relationships and services between the external auditor and AIFL and evaluate whether non-audit services adversely impact the objectivity and independence of the external auditor;
- Meet regularly with the external auditor and at least an annual basis without the Manager present.

Selection and Appointment of External Auditor

The Audit Committee will review the performance and value of the external auditor's services at least once every three years and must re-tender the external audit contract no less than every five years. In making its recommendation to the Board for the appointment of an external auditor, the Committee should call for tenders from suitably qualified firms of auditors. In assessing the tenders, the Committee may interview the firms and/or seek additional information in support of the tender.

Risk Management

- Ensure an appropriate overall risk management framework is in place with regular reporting to the Committee; and
- Review the risk assessment annually to ensure key risk areas are identified and managed; and

General

- Review reports on any defalcations, frauds and thefts from AIFL and action taken by the Manager; and
- Review any other matters that the Board refers to the Committee.

3. Composition

- (a) The members of the Audit Committee shall be appointed by the Board and comprise three Directors of the Board: two independent directors and the Common Director with the Manager, or such director of AIFL as the Board may otherwise select. The composition of the Committee shall be reviewed at least every three years.
- (b) All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements.

4. Chairman

The Chairman of the Committee shall be an independent director of, and be appointed by, the Board of AIFL. The Committee Chairman must not also be the Chairman of the Board.

Should the Chairman of the Committee be absent from a meeting, the members of the Committee present will appoint a Chairman for that particular meeting.

5. Quorum

A quorum will comprise two Committee members. The Chairman of the Committee will not have a casting vote.

6. Attendance

- (1) Directors not members of the Committee shall have a right to receive copies of the Committees papers and to attend all meetings of the Committee.
- (2) Attendees at Committee meetings will, subject to the discretion of the Committee, ordinarily comprise the Committee members, AIF's Chief Operating Officer, the Manager's Chief Finance Officer, and Company Secretary and Head of Compliance.

- (3) Any person including the external auditor may be invited to attend part or all of any meetings of the Committee at the discretion of the Committee.

7. Frequency of Meetings

The Committee will meet at least four times each year and at such times as are considered necessary by the Board, the Committee or the Chairman of the Committee. The Committee shall meet at least twice each year concurrently with the Audit Committee of the Manager to review the AIFL consolidated financial statements and the AIFT consolidated financial statements.

8. Reporting

The Chairman of the Committee will report regularly to the Board on the activities of the Committee.

9. Rights of Access

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the external auditor as well as anyone employed by the Manager (in the absence of management where necessary).

10. Compliance and Internal Audit

The Company Secretary and Head of Compliance is responsible for the compliance, risk management and internal audit function and has a direct reporting line to the Chairman of the Audit Committee in all matters that relate to the compliance, internal audit and risk management of AIFL.

11. Independent advice

The Audit Committee may obtain independent and professional advice to assist in the discharge of its responsibilities.

12. Performance Review

The Committee shall assess its effectiveness annually, with a view to ensuring that its performance accords with Best Practice.

13. Charter Review

The Committee's Charter shall be reviewed annually by the Committee. Any changes to the Committee shall be approved by the Board.

14. Secretary

Unless the Board resolves otherwise, the Committee Secretary will be the Company Secretary of AIFL.

15. Minutes

The draft minutes will be circulated to all members of the Committee for adoption at its next meeting.