

Board charter and relationship with management

Centro Retail Limited

Centro MCS Manager Limited (as Responsible
Entity for the Centro Retail Trust)

Adopted by the Board on 30 June 2010

1 Introduction

The Boards of Centro Retail Limited (**Company**) and Centro MCS Manager Limited (as Responsible Entity for Centro Retail Trust) (together **the Group**) have each adopted this Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance, international best practice and applicable laws.

This Charter includes an overview of:

- Board composition and process;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board Committees.

The Board Charter and the charters adopted by the Board for its standing Committees have been prepared and adopted on the basis that strong corporate governance can add to the performance of the Company, create security holder value and engender the confidence of the investment market.

This Charter replaces any Charter previously approved by the Board for the same purpose.

1.1 Background

- Centro Retail Trust (**Trust**) is a managed investment scheme that is registered under the Corporations Act 2001 (the **Act**). Centro MCS Manager Limited, is the responsible entity of the Trust (**Responsible Entity**).
- The Group is a “stapled” vehicle that combines the Company with Centro Properties Trust.
- In general, the Board of the Company is responsible for the management, administration and overall corporate governance of the Company, and the Responsible Entity is responsible for the management, administration and overall corporate governance of Centro Retail Trust, including the protection of security holders’ interests, developing strategic direction, establishing goals for management and monitoring the achievement of these goals.

2 Board composition

2.1 Board composition and size

- It is intended that all Directors of the Company are also Directors of the Responsible Entity.
- The Board of the Company is appointed by the stapled security holders. Non-executive Directors are engaged through a letter of appointment.
- The Board of the Company determines the composition of its Board, subject to the terms of the Company’s Constitution.
- The Board of Centro MCS Manager Limited is appointed by the Board of Centro Properties Limited, its ultimate holding company.

- The Board should comprise at least 5 Directors.
- It is intended that the Board should comprise a majority of independent non-executive Directors and comprise Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds.
- The Board, together with the Nomination Committee, will review the skills represented by Directors on the Board and determine whether the composition and mix of those skills remain appropriate for the Company's strategy, subject to limits imposed by the Constitution and the terms served by existing non-executive Directors.

2.2 Director independence

- The Board regularly reviews the independence of each non-executive Director in light of information relevant to this assessment as disclosed by each non-executive Director to the Board.
- The Board only considers Directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment. The Board has adopted a definition of independence (see Attachment 1).

3 Board role and responsibilities

3.1 Board role

The Boards' role is to:

- represent and serve the interests of stapled security holders of the Group by overseeing and appraising the Group's strategies, policies and performance. This includes overseeing the financial and human resources the Group has in place to meet its objectives and reviewing management performance;
- set, review and monitor compliance with the Group's values and governance framework (including establishing and observing high ethical standards); and
- oversee communications with stapled security holders, in accordance with the Group's disclosure policy, with the aim of keeping them informed of the Group's performance and major developments affecting its state of affairs.

3.2 Board key responsibilities

The responsibilities/functions of the Boards include:

- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of, the Chief Executive Officer (**CEO**) and the CEO's direct reports;
- contributing to and approving management development of corporate strategy, including setting performance objectives and approving operating budgets;
- reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance. This includes reviewing procedures to identify the main risks associated with the Group's businesses and the implementation of appropriate systems to manage these risks;
- monitoring corporate performance and implementation of strategy and policy;

- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- reviewing management processes aimed at monitoring the integrity of financial and other reporting;
- developing and reviewing corporate governance principles and policies; and
- performing such other functions as are prescribed by law or are assigned to the Board.

4 Delegation of duties and powers

4.1 Relationship with management

- Directors may delegate their powers as they consider it appropriate. However, ultimate responsibility for strategy and control rests with the Directors.
- Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.
- Directors are entitled to request additional information at any time when they consider it appropriate.

4.2 Delegation to Committees

- The Board from time to time establishes Committees to streamline the discharge of its responsibilities.
- The Board adopts a formal charter for each standing Committee setting out the matters relevant to the composition, responsibilities and administration of the Committee.
- The Board may also delegate specific functions to ad hoc Committees on an 'as needs' basis.
- The powers delegated to these Committees are set out in Board resolutions and associated Committee Charters.

4.3 Role of the CEO

- The management function is conducted by, or under the supervision of, the CEO, and by other officers to whom the management function is properly delegated by the CEO, as directed by the Board.
- The Board approves corporate objectives for the CEO to satisfy and, jointly with the CEO, develops the duties and responsibilities of the CEO.
- The CEO is responsible for implementing strategic objectives, plans and budgets approved by the Board.

5 Board process

5.1 Meetings

- The Board will meet regularly.

- Periodically, non-executive Directors will meet without executive Directors or management present.
- Directors will use all reasonable endeavours to attend Board meetings in person. Where a Director cannot attend a Board meeting, after using all such reasonable endeavours, that Director may attend the Board meeting by telephone.
- The Company's Constitution governs the regulation of Board meetings and proceedings.

5.2 Notice of meeting

Notice of meetings and all relevant material will be provided to all Directors.

5.3 The Chair

- The Board will appoint one of its members to be Chair.
- It is intended that the Chair should be an independent non-executive Director.
- The Chair represents the Board to the stapled security holders and communicates the Board's position.

6 Review

This charter is to be reviewed by the Board as required and at least annually.

Attachment 1

Centro Properties Limited

ACN

Adopted by the Board on [insert date]

Guidelines of the Board of Directors – Independence of Directors

Part 2 of the Company's Board Charter refers to the 'independence' of Directors.

Without limiting the Board's discretion, the Board has adopted the following guidelines to assist in considering the independence of Directors.

In general, Directors will be considered to be 'independent' if they are not members of management (a non-executive Director) and they:

- are not material stapled security holders of the Company, or officers of, or otherwise associated directly or indirectly with, material stapled security holders of the Company;
- have not within the last 3 years been employed in an executive capacity by the Company or another Group member;
- were not appointed as a Director of the Company within 3 years of ceasing to be employed in an executive capacity by the Company;
- have not within the last 3 years been a principal or employee of a material professional adviser or a material consultant to the Company or another Group member;
- are not a material supplier to or customer of the Company or other Group member or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- have no material contractual relationship with the Company or another Group member, other than as a Director of the Company; and
- are free from any interest, business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.