

Audit Committee Charter

Centro Retail Limited

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

Adopted by the Board on **30 June 2010**

Committee Charter

Centro Retail Limited and Centro MCS Manager Limited (as Responsible Entity for Centro Retail Trust) Charter of the Audit Committee

The Boards of Centro Retail Limited (**Company**) and Centro MCS Manager Limited (as Responsible Entity for Centro Retail Trust) (together **the Group**) have each established a Committee of the Boards, to be known as the Audit Committee. The membership of the Audit Committee, the responsibilities and functions delegated to it and administrative and reporting matters associated with it are set out in this document. This updated charter is adopted by the Boards on 30 June 2010.

1 Membership of the Committee

The Committee must consist of:

- only non-executive Directors;
- a majority of independent Directors;
- an independent Chair, who is not Chair of the Board; and
- a minimum of 3 members of the Board.

The Board may appoint additional non-executive Directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board.

Non-committee members, including members of management and the external auditor may attend meetings of the Committee at the invitation of the Committee Chair.

It is intended that all members of the Committee should be financially literate (i.e. able to read and understand financial statements) and have familiarity with financial management.

The Company Secretary or Assistant Company Secretary should attend all Committee meetings as minute secretary.

2 Role & function

2.1 Overview

The Committee's key responsibilities and functions are to:

- (a) oversee the Group's relationship with the external auditor and the external audit function generally;
- (b) oversee the Group's relationship with the internal auditor and the internal audit function generally;
- (c) oversee the Group's financial controls and systems and the preparation of financial statements and reports; and

- (d) in conjunction with the Risk and Finance Committees, oversee the process of identification and management of financial control risk and systems.

2.2 Accounts and financial reporting

- (a) Assist the Board in relation to the half year and annual reporting of financial information.
- (b) Monitor the appropriate application and amendment of accounting policies and standards.
- (c) Oversee the implementation of procedures to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management and which effectively safeguard the assets of the Group.
- (d) Engage in the pro-active oversight of the Group's financial reporting and disclosure processes (including overseeing the proper maintenance of accounting records in accordance with statutory requirements) and overseeing and reviewing the outputs of that process (including review of the Group's financial statements for accuracy and to assess whether the financial statements reflect a true and fair view, as a basis for recommendation to and adoption by the Board).
- (e) Assist the Board in determining the reliability and integrity of accounting policies and financial reporting and disclosure practices.
- (f) Review financial statements for adherence to accounting standards and policies and other requirements relating to the preparation and presentation of financial results and oversee the financial reports and the results of external audit of those reports (including assessing whether external reporting is consistent with the Committee members' information and knowledge, and is adequate for shareholder needs).
- (g) Review the appropriateness of the accounting policies adopted by management in the composition and presentation of financial reports (or any changes made or contemplated in relation to the Group's accounting policies) and assess the management processes supporting external reporting.
- (h) Review management processes supporting external reporting.
- (i) Monitor and report to the Board on taxation management and compliance.

2.3 The external auditor

The Committee provides a link between the external auditor and the Board and has the responsibility to review and make recommendations to the Board for the appointment or removal of the external auditors, and their terms of engagement.

The Committee has the responsibility for:

- (a) Recommending the scope of the audit for Board approval.
- (b) Reviewing the effectiveness of the annual audit, placing emphasis on areas where the Committee or the external auditors believe special attention is necessary, including all major financial risks, and reporting to the Board on any issues arising from this on a timely basis.
- (c) Reviewing reports on significant items from the external auditors and reporting to the Board as appropriate.
- (d) Reviewing the performance, independence and objectivity of the external auditors and obtain certification regarding the same to the satisfaction of the Committee.
- (e) Reviewing the working relationship between, and the effectiveness and independence of, the internal and external audit functions.
- (f) Reviewing the procedures for selection and appointment of the external auditors and the rotation of external audit engagement partners.

- (g) Reviewing and recommending to the Board the appointment (including the termination of an engagement), compensation, the terms of engagement and other contractual terms of the external auditors (including audit fees).
- (h) Overseeing adequate coverage for all major financial risks of the business, giving input to the Finance Committee so that it can fulfil its components of risk review and to the Risk Committee so that it can have oversight of all risk matters in their entirety. Reporting to the Board on any issues arising from this coverage on a timely basis.
- (i) Overseeing management's response to the recommendations made by external auditors.
- (j) Reviewing any disagreements and resolutions between management and the external auditors on financial reporting matters and ensuring any outstanding disagreements are settled or raised for the attention of the Board for its determination.

The Committee is responsible for overseeing the Group's external audit policy, a copy of which is attached as Attachment 1.

2.4 The internal auditor

The Committee has the responsibility of:

- (a) Reviewing the internal auditor's charter, plan, objectives, competence and resourcing (including determining whether the internal audit function is to be provided by an internal or external party provider).
- (b) Providing an open communication channel between internal and external auditors and the Board.
- (c) Approving the appointment or termination of the Internal Auditor.
- (d) Reviewing and monitoring the progress of an internal audit and work program and receiving reports from the Group internal auditor (without the presence of management).
- (e) Annually reviewing, with the Group internal audit manager and outsourced firms, the results and effectiveness of the internal audit programs and the performance and objectivity of the internal audit function, including whether the internal auditors are adequately resourced and co-ordinated with the external auditor. Monitoring the independence of the internal audit programs from the external auditors and management.
- (f) Evaluating and critiquing management's responsiveness to internal auditor's findings and recommendations.
- (g) Overseeing reporting procedures regarding significant issues arising from the internal audit program, which are to be reported to the Board on a timely basis.

2.5 Financial risk management and compliance systems

The Committee, in conjunction with the Risk and Finance Committees, has the responsibility of:

- (a) Overseeing, in conjunction with the Risk Committee, the operation of the risk management program in identifying the Group's financial risks.
- (b) Monitoring the Group's financial risks and their mitigation.
- (c) Specifically monitoring compliance with covenants, pledges and other obligations relating to the Group's funding arrangements.
- (d) Overseeing investigations of allegations of fraud or malfeasance.
- (e) Reviewing major areas of non-financial regulatory matters which could impact on the Group's accounts, including:
 - litigation;
 - occupational health and safety; and

- the environment.
- (f) Reviewing the basis of the Chief Executive Officer and Chief Financial Officer's written statements as to the effective operation of financial risk management and internal control systems in relation to financial reporting risks.

3 Administrative matters

3.1 Meetings

The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. However, it is intended that the Committee will normally meet quarterly. The February and August meetings will predominantly focus on the half-yearly and yearly accounts.

The provisions of the Company's Constitution dealing with Directors' meetings apply to meetings of the Committee.

3.2 Quorum

The quorum is at least 2 members.

3.3 Decisions of Committee

A decision is made by the Committee if it is supported by a majority of members who are present at the meeting.

In the event there is a tie, the Chair of the Committee has a casting vote.

3.4 Notice of meeting

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

Notice of meetings will be provided to Directors of the Board who are not members of the Committee and such Directors may attend Committee meetings. Such Directors may request copies of the relevant material, and will be provided with such material upon request.

Notice of meetings will also be provided to the Chief Executive Officer and the Chief Financial Officer, who must attend if requested. Other members of management and advisers may be invited to attend meetings, as the Chair or Committee thinks fit.

3.5 Access to resources and independent advisers

The Committee is to have access to adequate internal and external resources. Upon notifying the Board or the Chair of the Board, the Committee may seek the advice of the Group's auditors, solicitors or such other independent advisers and experts as to any matter pertaining to the powers or duties of the Committee or the responsibilities of the Committee, as the Committee may require.

3.6 Minutes

All minutes of the Committee must be entered into a minute book maintained for that purpose and will be open at all times for inspection by any Director.

4 Reporting

The Committee Chair will provide a verbal report of the actions of the Committee to the Board at the next Board meeting following a meeting of the Committee.

All Directors may, within the Board meeting, request information of members of the Committee.

5 Review

The Board will, at least once in each year, review the Committee's charter and membership and may by resolution alter the membership, the responsibilities and functions of the Committee, or any administrative or reporting matters associated with the Committee.

The Committee may also recommend to the Board the formal adoption of a revised charter for future operations of the Committee.

External Audit Policy

Appointment

The Audit Committee (**Committee**) has the responsibility and authority (subject to *Corporations Act 2001* (Cth) requirements) for recommending to the Board the appointment, reappointment or replacement and remuneration of the external auditor as well as evaluating its effectiveness and independence.

Independence and Rotation of External Audit Engagement Partner

The Group's auditors must be independent pursuant to the *Corporations Act 2001* (Cth) and the ASX Corporate Governance Principles and Recommendations. The Committee will review the auditor's independence in accordance with those requirements and the standards agreed between the Group and the auditor, which include:

- rotation of the senior audit partner every five years;
- annual confirmation by the auditor that it has satisfied all professional regulations relating to auditor independence;
- half-yearly reporting on the level of audit and non-audit fees; and
- any non-audit work performed by the Group's external auditor must be carried out in accordance with the agreed Group protocols.