

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Centuria Metropolitan REIT

ABN / ARBN:

Financial year ended:

30 June 2015

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- These pages of our annual report:
- This URL on our website: <http://www.centuria.com.au/listed-property/corporate-governance/>

The Corporate Governance Statement is accurate and up to date as at 23.10.2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date:

Name of Director or Secretary authorising  
lodgement:

James Lonie  
Company Secretary

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> in the Centuria Metropolitan REIT's Annual Report	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> <a href="http://www.centuria.com.au/listed-property/corporate-governance/">http://www.centuria.com.au/listed-property/corporate-governance/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> <a href="http://www.centuria.com.au/listed-property/corporate-governance/">http://www.centuria.com.au/listed-property/corporate-governance/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> in the Centuria Metropolitan REIT Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>... the fact that we follow this recommendation:</p> <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.centuria.com.au/listed-property/corporate-governance/">http://www.centuria.com.au/listed-property/corporate-governance/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at <a href="http://www.centuria.com.au/listed-property/corporate-governance/">http://www.centuria.com.au/listed-property/corporate-governance/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.centuria.com.au/listed-property/corporate-governance/">http://www.centuria.com.au/listed-property/corporate-governance/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> in the Centuria Metropolitan REIT Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):]  ... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]  ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input checked="" type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

## Centuria Property Funds Limited (CPFL) - Corporate Governance Statement for Centuria Metropolitan REIT No. 1 and Centuria Metropolitan REIT No. 2 (together, "the Fund") dated 26th October 2015

In accordance with ASX Listing Rule 4.10.3, set out below are the ASX Corporate Governance Council's eight principles of good corporate governance, and the extent to which CPFL, as the responsible entity of the Fund, has sought to comply with the associated recommendations for each (as modified by the Council when applied to externally managed listed trusts such as the Fund). While the Council has stated a number of recommendations do not apply to externally managed listed trusts, CPFL has put in place procedures in relation to a number of those recommendations as they relate to the Fund and CPFL as described below.

Further details of CPFL's corporate governance framework along with charters and governance document are available at [www.centuria.com.au](http://www.centuria.com.au).

ASX CORPORATE GOVERNANCE RECOMMENDATION	FORM AND MANNER OF COMPLIANCE
<b>PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>	
<p><b>Recommendation 1.1</b></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and</li> <li>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</li> </ul>	<p>The Fund is under the supervision and direction of the CPFL Board, which comprises Mr Peter Done, Mr Matthew Hardy, Mr Darren Collins and Mr Jason Huljich.</p> <p>The primary function of the Board is to ensure that the Fund is managed in the best interests of Investors. This involves monitoring the decisions and actions of the management team who are responsible for the day-to-day management of the Fund. The Board also monitors the governance and performance of the Fund through the committees established by the Board.</p> <p>The Board of CPFL has formalised its roles and responsibilities in the CPFL Board Charter. A copy of the CPFL Board Charter is available at <a href="http://www.centuria.com.au">www.centuria.com.au</a>.</p> <p>All matters not specifically reserved for the Board and necessary for the day-</p>

ASX CORPORATE GOVERNANCE RECOMMENDATION	FORM AND MANNER OF COMPLIANCE
	<p>today management of the Fund are delegated by the Board to the Trust Manager and the Management Team. However, the Board retains overall responsibility for the overall activities and management of the Fund.</p> <p>The Board has formed certain committees and delegated various responsibilities to them. This includes the Audit, Risk Management and Compliance Committee (<b>ARMCC</b>) which is discussed in further detail below.</p>
<p><b>Recommendation 1.2</b></p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</li> <li>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>	<p>Not applicable, as the Fund is externally managed.</p> <p>However, prior to a person's appointment, or recommendation for appointment, as a director of CPFL, appropriate background checks including in relation to the candidate's character, experience, education, criminal record and bankruptcy history are undertaken by CPFL.</p>
<p><b>Recommendation 1.3</b></p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>Not applicable, as the Fund is externally managed. However, a letter of appointment is provided to each director and senior executive of CPFL setting out key terms of the appointment.</p>
<p><b>Recommendation 1.4</b></p> <p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>Not applicable, as the Fund is externally managed.</p> <p>However, the Company Secretary of CPFL is accountable directly to the Board on all matters to do with the proper functioning of the Board.</p>

ASX CORPORATE GOVERNANCE RECOMMENDATION	FORM AND MANNER OF COMPLIANCE
<p><b>Recommendation 1.5</b></p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them;</li> <li>(b) disclose that policy or a summary of it; and</li> <li>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them, and either: <ul style="list-style-type: none"> <li>(i) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or</li> <li>(ii) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.</li> </ul> </li> </ul>	<p>Not applicable, as the Fund is externally managed. However, Centuria Capital Limited, the parent entity of CPFL, has a Diversity Policy that includes diversity targets for senior executives across the Group. Reporting against these diversity targets is available in the Centuria Capital Limited Corporate Governance Statement available on Centuria’s website <a href="http://www.centuria.com.au">www.centuria.com.au</a>.</p>
<p><b>Recommendation 1.6:</b></p> <p>A listed entity should:</p>	<p>Not applicable, as the Fund is externally managed. However, CPFL will institute a process of periodically evaluating its performance and report in future CMA corporate governance statements whether one has been performed.</p>

ASX CORPORATE GOVERNANCE RECOMMENDATION	FORM AND MANNER OF COMPLIANCE
<ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	
<p><b>Recommendation 1.7</b></p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<p>Not applicable, as the Fund is externally managed. However, all executives of CPFL are subject to performance reviews. Performance reviews are conducted each year by comparing performance against agreed measures, evaluating any efficiencies or improvements during the course of the year and deciding upon targets for the next year.</p> <p>A performance evaluation of all Senior Executives of CPFL, including the CEO, was undertaken in the 2014/15 financial year.</p>
<b>PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE</b>	
<p><b>Recommendation 2.1</b></p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a nomination committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> </ul> </li> </ul>	<p>Not applicable, as the Fund is externally managed. However, the parent entity of CPFL, Centuria Capital Limited, has a Nomination and Remuneration Committee that formulates criteria for appointment of directors to the Board of Centuria Capital and subsidiary entities (including CPFL), identifies potential candidates and recommends remuneration of directors and senior management.</p>

ASX CORPORATE GOVERNANCE RECOMMENDATION	FORM AND MANNER OF COMPLIANCE
<p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	
<p><b>Recommendation 2.2</b></p> <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>Not applicable, as the Fund is externally managed.</p> <p>However, the independent directors of CPFL have a wide range of professional skills with particular experience in property and funds management, investment management and governance which are seen as the appropriate mix of skills required for their role as the independent directors of CPFL.</p>
<p><b>Recommendation 2.3</b></p> <p>A listed entity should disclose:</p>	<p>Peter Done, Matthew Hardy and Darren Collins are independent directors.</p> <p>In determining the independence of its directors, CPFL has had regard to the guidelines provided by the ASX Corporate Governance Council in Principle 2 of</p>



ASX CORPORATE GOVERNANCE RECOMMENDATION	FORM AND MANNER OF COMPLIANCE
<p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Corporate Governance Principles and Recommendations but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>the Principles and section 601JA(2) of the Corporations Act.</p> <p>CPFL recognises its responsibilities in relation to conflicts of interest and related party transactions and has a conflicts of interest policy in place that governs the way in which CPFL manages such transactions or conflicts.</p> <p>Through the application of this policy, CPFL is committed to:</p> <ul style="list-style-type: none"> <li>• identifying and monitoring all potential conflicts of interest;</li> <li>• avoiding conflicts of interests wherever this is the only way to properly protect Investors' interests;</li> <li>• taking appropriate steps to ensure the fair treatment of all Investors potentially affected by the conflict; and</li> <li>• dealing in an open manner and disclosing its conflicts of interest wherever this is likely to be relevant to Investors.</li> </ul>
<p><b>Recommendation 2.4</b></p> <p>A majority of the board of a listed entity should be independent directors.</p>	<p>The Board of CPFL comprises a majority of independent directors.</p> <p>The independent directors currently appointed to the Board are Peter Done, Matthew Hardy and Darren Collins.</p>
<p><b>Recommendation 2.5</b></p> <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>The Chair of the Board is Peter Done who is an independent director.</p>
<p><b>Recommendation 2.6</b></p> <p>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>Not applicable, as the Fund is externally managed. However, upon commencement, all independent directors are briefed by the Chairman, have access to Management to develop knowledge of the business. On an ongoing basis independent directors are given presentations on the Fund's assets and developments affecting the Fund.</p>

ASX CORPORATE GOVERNANCE RECOMMENDATION	FORM AND MANNER OF COMPLIANCE
	Ongoing development and training needs of directors are agreed with Chairman of the Board.
<b>PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY</b>	
<p><b>Recommendation 3.1</b></p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a code of conduct for its directors, senior executives and employees; and</li> <li>(b) disclose that code or a summary of it.</li> </ul>	<p>Each director and Centuria employee involved in the management or operation of the Fund has agreed to comply with the Centuria Code of Conduct.</p> <p>To maintain and safeguard the trust and confidence of Investors, regulators, partners, fellow employees, tenants and the public, the Centuria Code of Conduct aims to ensure that the directors and Centuria employees meet the highest ethical and professional standards.</p> <p>The Centuria Code of Conduct sets expectations for the maintenance of standards of honesty, integrity, care, diligence and fair dealing by directors and Centuria employees in the performance of their duties and responsibilities in relation to the Fund.</p> <p>A copy of the Centuria Code of Conduct is available on the Fund’s website accessible at <a href="http://www.centuria.com.au">www.centuria.com.au</a>.</p>
<b>PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>	
<p><b>Recommendation 4.1</b></p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have an audit committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, all of whom are non-</li> </ul> </li> </ul>	<p>The CPFL Board has established an ARMCC to assist the Board in overseeing the integrity of the Fund’s financial reporting, internal financial controls, financial procedures and policies, the risk management framework and the independence of external auditors. The ARMCC will report to the Board on all matters relevant to the ARMCC’s roles and responsibilities and ensures that the Board is aware of matters which may significantly affect the financial condition or affairs of the Fund.</p>

ASX CORPORATE GOVERNANCE RECOMMENDATION	FORM AND MANNER OF COMPLIANCE
<p>executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>The Charter of the ARMCC requires a minimum of three members of the ARMCC all of whom must be non-executive directors, with a majority being independent directors. The chairperson is an independent director appointed by the Board who is not the Chairman of the Board. The ARMCC will meet with external auditors where appropriate from time to time to review the existing external audit arrangements and the scope of the audit.</p> <p>The members of the ARMCC are Matthew Hardy (Chairman), Peter Done and Darren Collins. Detail of each members qualifications and experience can be found at <a href="http://www.centuria.com.au">www.centuria.com.au</a></p> <p>The ARMCC has a formal charter which sets out the ARMCC's responsibilities and functions. A copy of the ARMCC Charter is accessible at <a href="http://www.centuria.com.au">www.centuria.com.au</a>.</p> <p>The ARMCC meets as necessary but at a minimum four times per year. At the end of each reporting period the number of times the committee met throughout the period will be disclosed, including the individual attendance of the members at those meetings.</p>
<p><b>Recommendation 4.2</b></p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate</p>	<p>In connection with the Board approving the financial statements of the Fund, the Trust Manager of CMA and the Chief Financial Officer of Centuria Capital Limited (<b>Centuria</b>) will provide the declarations required by section 295A of the Corporations Act.</p>

ASX CORPORATE GOVERNANCE RECOMMENDATION	FORM AND MANNER OF COMPLIANCE
<p>accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	
<p><b>Recommendation 4.3</b></p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>As the fund is a registered managed investment scheme it is not required to hold an AGM, however, it may hold unitholder meetings in accordance with the constitutions of the stapled funds. If financial statements are an agenda item of any unitholder meeting, the Fund's external auditor, KPMG, will attend and be available at to answer questions from Investors relevant to the audit of the Fund.</p>
<p><b>PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE</b></p>	
<p><b>Recommendation 5.1</b></p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	<p>CPFL is committed to fair and open disclosure and its policy has been adopted to ensure CPFL meets its disclosure obligations under the Corporations Act and the ASX Listing Rules.</p> <p>The overriding principle of CPFL's Continuous Disclosure Policy is to ensure that disclosure is perceived by all to be both even and continuous, by providing timely, equal access to all relevant information.</p> <p>The company secretary has principal responsibility for managing CPFL's Continuous Disclosure Policy and communicating with the ASX. The Board has also established a Continuous Disclosure Committee to assist it and the company secretary with the discharge of CPFL's continuous disclosure obligations.</p> <p>A summary of the CPFL Continuous Disclosure Policy is available on the Fund's website accessible at <a href="http://www.centuria.com.au">www.centuria.com.au</a>.</p>
<p><b>PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS</b></p>	

ASX CORPORATE GOVERNANCE RECOMMENDATION	FORM AND MANNER OF COMPLIANCE
<p><b>Recommendation 6.1</b></p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>CPFL provides information about itself and the governance of the Fund at <a href="http://www.centuria.com.au">www.centuria.com.au</a>.</p>
<p>Recommendation 6.2</p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>CPFL recognises the importance of providing its unitholders and the broader investment community with facilities to provide avenues for two-way communication between CPFL, the Board and unitholders. CPFL has developed a program on investor engagement for engaging with unitholders, the media and the broader investment community. In addition, CMA's unitholders have the ability to elect to receive communications and other shareholding information electronically.</p> <p>The main mechanisms through which CPFL provides avenues for two-way unitholder engagement include:</p> <ul style="list-style-type: none"> <li>• the release of CMA's Annual Report, and half and full-year financial reports;</li> <li>• the release of announcements made to the Australian Stock Exchange;</li> <li>• maintenance of Centuria's website, at <a href="http://www.centuria.com.au">www.centuria.com.au</a>, which contains up-to-date information on the operations of CMA and CMA's Australian Stock Exchange announcements, stapled unit price and other relevant information for CMA investors as well as information on CPFL as the responsible entity of CMA including CPFL's Board, management and corporate governance structure; and</li> <li>• maintenance of various telephone lines that investors can use to contact Centuria or the share registry to ask questions directly.</li> </ul>
<p><b>Recommendation 6.3</b></p> <p>A listed entity should disclose the policies and processes it has in place to</p>	<p>As the fund is a registered managed investment scheme it is not required to hold an AGM, however, it may hold unitholder meetings in accordance with the constitutions of the stapled funds. Where a unitholder meeting is held, in</p>

ASX CORPORATE GOVERNANCE RECOMMENDATION	FORM AND MANNER OF COMPLIANCE
<p>facilitate and encourage participation at meetings of security holders.</p>	<p>addition to formal business, the meeting will provide unitholders with an opportunity to be briefed about the activities of the Fund, and to ask questions of the CPFL Board and management of the Fund.</p> <p>A notice of meeting and explanatory memorandum in respect of the resolutions to be voted on by unitholders will be provided in accordance with the stapled Fund constitutions and the Corporations Act, and will also be available of the Fund's website accessible at <a href="http://www.centuria.com.au">www.centuria.com.au</a>, and lodged with ASX.</p> <p>In accordance with the Stapled Fund constitutions, unitholders who are not able to attend the meeting are able to vote by proxy.</p>
<p><b>Recommendation 6.4</b></p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>CPFL provides Investors with the option of receiving communications from CPFL electronically.</p>
<p><b>PRINCIPLE 7: RECOGNISE AND MANAGE RISK</b></p>	
<p><b>Recommendation 7.1</b></p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> </ul> </li> </ul>	<p>The CPFL Board has established the ARMCC to assist the Board in overseeing and reviewing the effectiveness of CPFL's risk management framework for the Fund.</p> <p>The ARMCC's members are appointed by the Board and must comprise at least three members, the majority of whom are independent. The Chairperson of the ARMCC is required to be an independent director (but must not be the Chairman of the Board).</p> <p>The Board has adopted a formal charter setting out the main responsibilities and</p>

ASX CORPORATE GOVERNANCE RECOMMENDATION	FORM AND MANNER OF COMPLIANCE
<p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>functions of the ARMCC. A copy of the ARMCC Charter is available at <a href="http://www.centuria.com.au">www.centuria.com.au</a>.</p> <p>The ARMCC's key roles and responsibilities relating to risk management include reviewing:</p> <ul style="list-style-type: none"> <li>• the financial reporting processes;</li> <li>• the system of internal financial controls;</li> <li>• the audit process ensuring that systems and procedures are in place for the Fund's compliance with relevant statutory and regulatory requirements; and</li> <li>• assessing risks arising from the Fund's operations and considering the adequacy of measures taken to moderate those risks.</li> </ul> <p>The ARMCC meets as necessary but at a minimum, four times per year. In the Fund's annual report the number of times the Committee has met is disclosed along with individual director attendance.</p>
<p><b>Recommendation 7.2</b></p> <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>The ARMCC's Charter requires members to oversee and review the integrity of the Fund's financial reporting, internal financial controls, financial procedures and policies and the independence of external auditors.</p> <p>The ARMCC is also responsible for overseeing the Fund's compliance and risk management frameworks and assessing risks arising from the Fund's operations and considering the adequacy of measures taken to moderate those risks.</p> <p>A preview of the CPFL Risk Management Framework was undertaken in the 2014/15 financial year.</p>

ASX CORPORATE GOVERNANCE RECOMMENDATION	FORM AND MANNER OF COMPLIANCE
<p><b>Recommendation 7.3</b></p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>CPFL does not have an internal audit function. As a wholly owned subsidiary of Centuria, CPFL and the Fund are incorporated into the annual Centuria audit plan where applicable. The ARMCC receive and review reports regarding material business risk and any relevant assurance activity (including internal audit) undertaken as part of the CPFL risk management framework.</p>
<p><b>Recommendation 7.4</b></p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>The Fund is exposed to certain economic, environmental and social sustainability risks.</p> <p>Key risks include:</p> <ul style="list-style-type: none"> <li>• Rental income risk</li> <li>• Tenant concentration risk</li> <li>• Re-Leasing and vacancy risk</li> <li>• Property Market valuation risk</li> <li>• Property liquidity risk</li> <li>• Capital expenditure risk</li> <li>• Asset risk</li> <li>• Third party risk</li> <li>• Funding risk</li> <li>• Covenant risk</li> <li>• Gearing risk</li> <li>• Environmental risk</li> </ul>



ASX CORPORATE GOVERNANCE RECOMMENDATION	FORM AND MANNER OF COMPLIANCE
	<p>Those risks are managed in accordance with CPFL’s risk management framework.</p> <p>A summary of CPFL’s risk management framework is available at <a href="http://www.centuria.com.au">www.centuria.com.au</a></p>
PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY	
<p><b>Recommendations 8.1, 8.2 and 8.3</b></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>In accordance with the Fund Constitutions, CPFL is entitled to a management fee of an amount equal to 0.55% per annum of the GAV of the Fund, calculated and paid monthly.</p> <p>In addition to the management fee:</p> <ul style="list-style-type: none"> <li>• Under the Management Services Agreement between CPFL, the Fund's custodian and Centuria Property Services Pty Limited (<b>Centuria Property Services</b>): <ul style="list-style-type: none"> <li>(a) Centuria Property Services is entitled to receive a base property management fee and facilities management fee of: <ul style="list-style-type: none"> <li>(i) \$5,874 plus GST per month for 555 Coronation Drive, Toowong;</li> <li>(ii) \$4,480 plus GST per month for 3 Carlingford, Road Epping;</li> <li>(iii) \$4,355 plus GST per month for 14 Mars Road, Lane</li> </ul> </li> </ul> </li> </ul>

ASX CORPORATE GOVERNANCE RECOMMENDATION	FORM AND MANNER OF COMPLIANCE
	<p>Cove;</p> <ul style="list-style-type: none"> <li>(iv) \$7,546 plus GST per month for 9 Help Street, Chatswood;</li> <li>(v) \$1,744 plus GST per month for 13 Ferndell Street, Granville;</li> <li>(vi) \$1,723 plus GST per month for 44 Hampden Road, Artarmon; and</li> <li>(vii) \$1,717 plus GST per month for 149 Kerry Road, Archerfield</li> <li>(viii) \$10,535 plus GST per month for 60 Marcus Clarke Street, Canberra</li> <li>(ix) \$4,110 plus GST per month for 54 Marcus Clarke Street, Canberra</li> <li>(x) \$9,613 plus GST per month for 35 Robina Town Centre, Robina</li> <li>(xi) \$4,881 plus GST per month for Richmond Road, Keswick</li> <li>(xii) \$1,193 plus GST per month for 131-139 Grenfell Street, Adelaide</li> </ul> <p>increased annually by 3% each 1 July.</p>

**ASX CORPORATE GOVERNANCE RECOMMENDATION**

**FORM AND MANNER OF COMPLIANCE**

(b) Centuria Property Services is entitled to charge a Lease Administration Fee, which is based on the duration of lease entered into by the tenant in respect of various leasing activities, which is principally based on a scale which varies according to the duration of lease entered into by the tenant. The Leasing Administration Fee scale is as follows:

<b>Lease term</b>	<b>Maximum fee payable to Centuria Property Services</b>
<b>Lease term of up to 3 years</b>	11.0% of first year Gross Rental Income (plus GST)
<b>Lease term of 3-4 years</b>	12.0% of first year Gross Rental Income (plus GST)
<b>Lease term of 4-5 years</b>	13.0% of first year Gross Rental Income (plus GST)
<b>Lease term of 5 years or more</b>	13.0% + 0.5% for every year over five years (capped at 15.0%) of first year Gross Rental Income (plus GST)

(c) If a new tenant is introduced and a new lease or license is negotiated other than a new lease over an area which is subject to a rental guarantee or a sublease or sub-license, the current market rate would be charged plus reimbursement of out of pocket expenses.

(d) A Surrender Fee calculated as 5% of gross income surrender value.

(e) A Project Management Fee calculated as 5% of the value of the building works (where the value is greater than \$5,000) and engineering/operation services charges as agreed in writing

ASX CORPORATE GOVERNANCE RECOMMENDATION	FORM AND MANNER OF COMPLIANCE
	<p>from time to time.</p> <p>(f) A Market Review Fee of \$500 (plus GST).</p> <ul style="list-style-type: none"> <li>• Under the Development and Project Management Services Agreement, Centuria Property Services is entitled to: <ul style="list-style-type: none"> <li>(a) A Development Planning Fee which is currently an hourly rate of \$267.80 (plus GST) per hour and is increased annually on 1 July by the greater of 3% or the rate of inflation.</li> <li>(b) A Development Services Fee, being 5% of the estimated project costs (as set out in the initial investment proposal), paid monthly in arrears during the term of the project. If the scope of the project is changed so that the revised costs exceed the initial estimated project costs, an additional Development Services Fee is payable which is equal to 5% of that excess.</li> </ul> </li> </ul>