



## Australian Securities Exchange - Company Announcements Platform

# Centuria Capital Group Corporate Governance Statement 2016

Sydney, 16 May 2017:

Centuria Capital Group (CNI) has become aware that at time of lodgment of the Appendix 4G in October 2016 the Corporate Governance Statement was not included in the attachment and therefore it is now being submitted to the ASX.

The Corporate Governance Statement can also be viewed at:

<http://centuria.com.au/centuria-capital/corporate/corporate-governance/>

**Ends**

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### **About Us**

Centuria Capital "CNI" is an ASX-listed specialist investment manager with \$3.7 billion in funds under management. We offer a range of investment opportunities including listed and unlisted property funds as well as tax-effective investment bonds. Our drive, allied with our indepth knowledge of these sectors and intimate understanding of our clients, allows us to transform opportunities into rewarding investments.

Any forward looking statements included in this announcement involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, CNI and its directors. In particular, they speak only as of the date of this announcement, they assume the success of CNI's business strategies, and they are subject to significant regulatory, business, competitive and economic uncertainties, risks and other factors. Actual future events may vary materially from forward looking statements and assumptions on which those statements are based. Other than as required by law, although they believe there is a reasonable basis for the forward looking statements, neither CNI nor its directors, officers, employees or any related body corporate, gives any representation, assurance or guarantee (express or implied) as to the accuracy or completeness of any forward looking statement or that the occurrence of any event, result, performance or achievement will actually occur. Recipients are cautioned not to place undue reliance on such forward looking statements.

**Corporate Governance Statement of Centuria Capital Group**  
**28 October 2016**

Centuria Capital Group (**Group**) has a stapled structure in which each share in Centuria Capital Limited ACN 095 454 336 (**Company**) is stapled to a unit in Centuria Capital Fund ARSN 613 856 358 (**Fund**). Centuria Funds Management Limited ACN 607 153 588 (**CFML**) is the responsible entity of the Fund.

As both the Company and the Fund are listed separately on the Australian Securities Exchange (**ASX**), each of the Company and CFML in its capacity as responsible entity for the Fund are required to prepare a corporate governance statement.

The board of directors of the Company is identical to the board of directors of CFML.

The various board committees in respect of the Company also exist in respect of the Fund. The membership of these committees is the same for both of the Company and the Fund. Each board committee has adopted a board charter which applies to the committee acting in respect of the Company or the Fund.

For these reasons, the corporate governance arrangements created for the Company are very similar to those which have been instituted for the Fund. This corporate governance statement serves as the corporate governance statement for both the Company and the Fund (i.e. for the Group as a whole) for the period 1 July 2016 – 30 June 2016. Where there is a difference between the corporate governance arrangements that apply to the Fund as opposed to the Company, this has been identified below.

A reference to a Director, Board or Committee within this corporate governance statement is a reference to that body acting or operating with respect to either or both of the Company and Centuria Funds Management Limited in its capacity as responsible entity for the Fund as the context requires.

A reference to a securityholder is a reference to a holder of stapled securities in the Group.

Corporate Governance Council recommendation	Centuria Capital Group's Corporate Governance Statement
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>	
<p>1.1 A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p><b><u>The Role of the Board</u></b></p> <p>The Board of Directors (<b>Board</b>) is responsible for setting the strategic direction and establishing the policies of the Group. It is responsible for overseeing the financial position, and for monitoring the business and affairs of the Group on behalf of the securityholders, by whom the Directors are elected and to whom they are accountable. It also addresses issues relating to internal controls and approaches to risk management. It ensures that there are processes in place to conform to legal requirements and corporate governance standards and that risk exposures are adequately managed.</p> <p>For full details of the role of the Board please refer to our Board Charter, which is accessible via a link on the Corporate Governance page of our website.</p> <p><b><u>Delegation to Senior Executives</u></b></p> <p>The role of the Chief Executive Officer (<b>CEO</b>) and Senior Executives is to manage the Group in accordance with the directions given by the Board. The CEO's responsibilities include:</p> <ul style="list-style-type: none"> <li>• formulating and reviewing, with the Board, the vision and strategy for the Group;</li> <li>• developing actions and plans to achieve the vision and implement the strategy and to report to the Board on the progress against those plans;</li> <li>• appointing a management team and negotiating terms and conditions of their employment; and</li> <li>• approving the remuneration levels of all staff.</li> </ul>
<p>1.2 A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to securityholders a candidate for election, as a director; and</p> <p>(b) provide securityholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>Prior to a person's appointment as a Director, or recommendation for appointment, appropriate background checks are undertaken including in relation to the candidate's character, experience, education, criminal record and bankruptcy history.</p> <p>The explanatory notes provided in the notice of the Group's annual general meeting (<b>AGM</b>) will provide material information relevant to a decision to elect or re-elect a Director.</p>
<p>1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>A letter of appointment is provided to each Director and senior executive setting out the key terms of the appointment.</p>
<p>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.</p>	<p>The company secretary is directly accountable to the Board on all matters to do with the proper functioning of the Board.</p>

Corporate Governance Council recommendation		Centuria Capital Group's Corporate Governance Statement								
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>Amendments to the ASX Corporate Governance Principles and Recommendations have focussed the Board's attention on formalising into policy the Group's belief that a diverse workforce with equality of opportunity will achieve strong business results. Whilst ultimately all new appointments, whether of a Director or an employee, will be made on the basis of merit, meeting the targets below will provide evidence of the effectiveness of the policy.</p> <p>The Board has established the following measurable objectives regarding gender diversity and aims to achieve these objectives over the next few years as Directors and senior executive positions become available and appropriately qualified candidates come forward:</p> <ul style="list-style-type: none"> <li>• 30% of the Group's employees and consultants be women;</li> <li>• 20% of the Group's senior executives be women; and</li> <li>• one member of the Board be a woman.</li> </ul> <p>The table below details the objectives set by the Group during the reporting period for gender diversity and the Group's performance against these objectives:</p> <table border="1"> <thead> <tr> <th>Objective</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td>30% of Employees and consultants be women</td> <td>31%</td> </tr> <tr> <td>20% of Senior Executives<sup>1</sup> be women</td> <td>29%</td> </tr> <tr> <td>One female member of the Board</td> <td>Yes</td> </tr> </tbody> </table>	Objective	2016	30% of Employees and consultants be women	31%	20% of Senior Executives <sup>1</sup> be women	29%	One female member of the Board	Yes
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30% of Employees and consultants be women	31%									
20% of Senior Executives <sup>1</sup> be women	29%									
One female member of the Board	Yes									
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>A performance review of the Board and its Committees was commenced in the 2015/2016 financial year. The Board will review and assess its performance each financial year going forward. Board performance reviews consider the following areas:</p> <ul style="list-style-type: none"> <li>• the Board's composition;</li> <li>• the operations and effectiveness of the Board and its Committees;</li> <li>• decision making processes, including agendas, frequency of meetings and content of papers;</li> <li>• communications between Board and executives;</li> <li>• determination of Group strategy; and</li> <li>• the Board's policies for Board renewal.</li> </ul> <p>Continuing education to update and enhance Director knowledge is seen as an important factor in ensuring optimum performance by each Director.</p> <p>Clause 5 of the Board Charter gives Directors the authority to seek professional advice as considered necessary in the performance of their duties at the Group's expense. The Directors also have full access to the company secretary to assist them to carry out their role.</p>								

<sup>1</sup> For the purpose of this measurement, Senior Executive has been defined as those positions that report directly to the CEO of the Group.

<b>Corporate Governance Council recommendation</b>		<b>Centuria Capital Group's Corporate Governance Statement</b>
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 performance of the CEO is reviewed annually by the Nomination and Remuneration Committee and the Board. This assessment is made against pre-determined criteria including Key Performance Indicators relating to the Group's performance as determined in the Group's Strategic Plan.</p> <p>Performance reviews of senior executives are carried out by the CEO who reports the findings to the Nomination and Remuneration Committee. The CEO conducts the reviews 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, including the CEO, was undertaken in the 2015/16 financial year.</p>

Corporate Governance Council recommendation	Centuria Capital Group's Corporate Governance Statement
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>	
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(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</li> </ol> <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>The Nomination and Remuneration Committee formulates criteria for appointment of Directors to the Board, identifies potential candidates and recommends remuneration of Directors and senior management. A link to the charter of the Nomination and Remuneration Committee can be found on the Corporate Governance page of our website. Specific activities of the Nomination and Remuneration Committee include:</p> <ul style="list-style-type: none"> <li>• annual review of Board composition to ensure that the necessary skills are represented, together with the appropriate continuity and balance;</li> <li>• assessment of the effectiveness and composition of Board committees;</li> <li>• regular evaluation of the performance of the CEO;</li> <li>• recommending remuneration for non-executive Directors;</li> <li>• recommending a competitive remuneration and reward program for the CEO and other senior management; and</li> <li>• ensuring that other human resource management programs, including performance assessment programs, are in place.</li> </ul> <p>The Nomination and Remuneration Committee consists of three independent non-executive directors, namely Garry Charny (Chairperson), Peter Done and John Slater.</p>
<p>2.2 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>The Board regularly reviews the skills, knowledge and experience represented on the Board against the skills and experience needed to deliver the Group's strategy. The Board uses a skills matrix to assist with the review. The experience and skills of Directors in the key areas below are recorded in the matrix to identify any gaps or weaknesses in the Board skills to be addressed when filling any Board vacancies or by recruitment of additional Directors.</p> <p><b>Qualifications</b></p> <p>Finance / Accounting / Legal / Insurance / AICD / Other</p> <p><b>Experience</b></p> <p>Finance and Investment / Accounting / Legal / Investment Management / Product Development / Marketing / Distribution / Securityholder and Public Relations / Funds Administration / Regulatory / Risk Management / Human Resources / Information Technology / Strategic Planning and Leadership / Securityholder Management / Director Experience / Executive Management / Ethical Issues Management.</p> <p>The Board considers that the above skills areas are appropriately represented in the Board.</p> <p>The Directors' Report in the Annual Report contains details of the Directors' skills, experience and qualifications. It also states the date the individual Director was appointed to the Board, their status as non-executive or executive Directors and the Committees on which they sit. The Directors seek to ensure the Board consists of Directors with an appropriate range of experience, skills, knowledge and vision to enable it to operate the Group's business with excellence. The number of Directors is limited by the Company's constitution to a minimum of 5 and a maximum of 13. The Board considers that the ideal size is 5 to 8 Directors.</p>

Corporate Governance Council recommendation		Centuria Capital Group's Corporate Governance Statement
2.3	<p>A listed entity should disclose:</p> <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 Council 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>Currently the Board consists of 7 Directors. 4 of the 7 Directors, namely Garry Charny, Peter Done, John Slater and Susan Wheeldon-Steele are considered to be independent as per independence criteria set out in the Board Charter. The 4 independent Directors do not have relationships with the Group which affect their independent status, such as substantial securityholdings or direct employment. They do not provide material professional consultancy services, they are not a material supplier or customer and they do not have a material contractual relationship with the Group or other subsidiary of the Group except as a Director. The Group's CEO, John McBain, and Jason Hujich and Nicholas Collishaw are all executive Directors. Directors are required to disclose at each Board meeting any interests that may affect their independence. Independent Directors reconfirm their independent status to the Board by way of a written confirmation on an annual basis.</p> <p>The Annual Report provides detail of the length of service of each Director.</p> <p>The Company's constitution stipulates that a number of Directors not exceeding one-third of their number should retire by rotation at each AGM. A Director must offer himself or herself for re-election at the third AGM since their election or re-election. The CEO, if also a Director, is not subject to the retirement by rotation process, and is not included when calculating the number of Directors required to retire by rotation.</p>
2.4	A majority of the board of a listed entity should be independent directors.	The Board currently consists of a majority of independent Directors.
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 Group's Chairperson, Garry Charny, is considered to be an independent Director. There is a clear division of responsibility at the head of the Group as the roles of Chairperson and the CEO are not performed by the same person. The Board Charter also provides that the Chairperson shall be an independent non-executive Director.
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.	Directors are selected and appointed in accordance with documented procedures. For full details on the procedures for the selection and appointment of Directors please see our policy, a link to which is contained under the Corporate Governance page of the Group's website <a href="http://www.centuria.com.au">www.centuria.com.au</a> .
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>		
3.1	<p>A listed entity should:-</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>The Board has established a Directors and Employee Code of Conduct that sets the standard by which all officers and employees of the Group are to conduct themselves in the course of their duties. Potential breaches of the Code of Conduct can be reported to management, the Audit, Risk Management &amp; Compliance Committee or an external auditor in accordance with procedures outlined in a Whistleblower Policy implemented by the Board.</p> <p>A link to the Code of Conduct can be found under the Corporate Governance page of the Group's website.</p>

Corporate Governance Council recommendation	Centuria Capital Group's Corporate Governance Statement
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>	
<p>4.1 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>The Group has established an Audit, Risk Management &amp; Compliance Committee (<b>ARMCC</b>). The ARMCC consists of three independent Directors and is chaired by an independent chair who is not the chair of the Group's Board. All members are financially literate either holding financial or accounting qualifications and/or having professional experience in a financial or accounting related field. The Committee chairman, Peter Done is a chartered accountant with over 40 years of experience. John Slater has 25 years' experience in the financial services and investment management industry. The third member of the committee, Garry Charny, is the managing director and principal of Wolseley Corporate, an Australian corporate advisory and investment house, which specialises in mergers and acquisitions, strategic corporate advice and contentious matters resolution. The ARMCC meets at least six times per year. The external and internal auditors of the Group attend on a regular basis. Detail of the ARMCC member's names, appointment date, status, qualifications and meeting attendance is set out in the Directors' report of the Group's Annual Report.</p> <p>A link to the ARMCC charter is contained under the Corporate Governance page of the Group's website.</p>
<p>4.2 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 CEO and CFO have declared in writing to the Board for both the half-year and full-year financial statements that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>
<p>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 securityholders relevant to the audit.</p>	<p>The Group's external audit partner attends the AGM and is available to answer questions from securityholders.</p> <p>The AGM of shareholders of the Company and a general meeting of unitholders of the Fund are held concurrently each year.</p>
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>	



Corporate Governance Council recommendation		Centuria Capital Group's Corporate Governance Statement
5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>The Company has policies and procedures on information disclosure. The focus of these policies and procedures is to effect the Group's commitment to:</p> <ul style="list-style-type: none"> <li>• comply with the general and continuous disclosure principles contained in the ASX Listing Rules and the Corporations Act;</li> <li>• prevent the selective or inadvertent disclosure of price sensitive information;</li> <li>• ensure that securityholders and the market are provided with full and timely information about its activities; and</li> <li>• ensure that all market participants have equal opportunity to receive externally available information issued by the Group.</li> </ul> <p>A summary of our Continuous Disclosure Policy can be found under the Corporate Governance page of the Group's website.</p> <p>Responsibility for compliance with the Group's continuous disclosure obligations rests with the company secretary. Price sensitive information is publicly released through the ASX before disclosing it to analysts or others outside the Group. Information is posted on the Group's website as soon as reasonably practicable after the ASX confirms an announcement has been made, with the aim of making the information accessible to the widest audience.</p>
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>		
6.1	<p>A listed entity should provide information about itself and its governance to securityholders via its website.</p>	<p>The Group aims to provide prompt, accurate and accessible information to its securityholders. It has established a Communications Policy detailing steps to be taken to achieve this objective, a copy of which can be viewed under the Corporate Governance page of its website.</p> <p>The Group's website forms an important part of the strategy for communicating with securityholders. The Group's website has a securityholders' page which includes security details, company reports, ASX announcements and press releases (including copies of any significant presentations made to analysts), and items relating to AGMs or other general meetings the Group's securityholders.</p>
6.2	<p>A listed entity should design and implement a securityholder relations program to facilitate effective two-way communication with securityholders.</p>	<p>The Group recognises the importance of providing its securityholders and the broader investment community with facilities to provide avenues for two-way communication between the Group, the Board and securityholders. The Group has developed a program on securityholder engagement for engaging with securityholders, the media and the broader investment community. In addition, the Group's securityholders have the ability to elect to receive communications and other securityholding information electronically.</p> <p>The main mechanisms through which the Group provides avenues for two-way securityholder engagement include:</p> <ul style="list-style-type: none"> <li>• the Group's AGM, generally held in November, where securityholders are given the opportunity to ask questions;</li> <li>• the release of the Group's notices and explanatory statements for AGMs and other Securityholder meetings;</li> <li>• the release of the Group's Annual Report, and half and full-year financial reports;</li> <li>• the release of announcements made to the ASX;</li> <li>• maintenance of the Group'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 the Group, its Board, management and corporate governance structure, ASX announcements, security price, debt investment, and other relevant information; and</li> <li>• maintenance of various telephone lines that securityholders can use to contact the Group or the security registry to ask questions directly.</li> </ul>

Corporate Governance Council recommendation		Centuria Capital Group's 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 securityholders.	In designing notices and explanatory statements and memoranda relating to AGMs and other Securityholder meetings, the Group gives consideration to the guidelines given by the ASX Corporate Governance Council in its Corporate Governance Principles and Recommendations.  At the time of providing a notice of meeting and explanatory memoranda for the AGM, a form is provided for securityholders to mail back to the Group if they wish to raise any issues.  At the AGM, the Group will, where appropriate, endeavour to address issues raised by securityholders in these forms. During the course of the AGM the floor is opened for questions.
6.4	A listed entity should give securityholders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Group, through its registry service provider, Computershare, provides securityholders the option to receive communications and send communications to the security registry electronically. Securityholders may communicate with the Group through contact details provided on the Group's website.
<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> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(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</li> </ol> <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>The Group has established an Audit, Risk Management &amp; Compliance Committee (<b>ARMCC</b>). The ARMCC consists of three independent Directors and is chaired by an independent chair who is not the chair of the Group's Board. All members are financially literate either holding financial or accounting qualifications and/or having professional experience in a financial or accounting related field. The Committee chairman, Peter Done is a chartered accountant with over 40 years of experience. John Slater has 25 years' experience in the financial services and investment management industry. The third member of the committee, Garry Charny, is the managing director and principal of Wolseley Corporate, an Australian corporate advisory and investment house, which specialises in mergers and acquisitions, strategic corporate advice and contentious matters resolution. The Committee meets at least six times per year. The external and internal auditors of the Group attend on a regular basis. Detail of the ARMCC member's names, appointment date, status, qualifications and meeting attendance is set out in the Directors' report of the Group's Annual Report.</p> <p>A link to the ARMCC charter is contained under the Corporate Governance page of the Group's website.</p>

Corporate Governance Council recommendation	Centuria Capital Group's Corporate Governance Statement
<p>7.2 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 Group Board has established a Risk Management Framework for the Group, a summary of which can be viewed under the Corporate Governance page of our website. Risk management is an integral part of the governance of the Group and is one of the main responsibilities of the Board and senior management. The Board is ultimately responsible for approving and reviewing the Group's Risk Management Framework. The monitoring and management of risk on an ongoing basis is the responsibility of management as represented by the heads of the respective business units of the Group.</p> <p>At the Group, managing risk is a continuous process for both management and the Board. The Group's comprehensive risk management framework requires a detailed annual business risk review, which seeks to define all the major risks that could prevent or impact the Group from achieving its objectives. This review has been completed for this year in October by the Board and with the objective of identifying material business risks so that they can be managed effectively.</p> <p>The management of risk is continually addressed during the year at the business unit level. Periodically, a review of the effectiveness of the Group's risk management framework is undertaken. Combined with this is an embedded compliance culture to ensure the Group meets the requirements of the Australian Securities and Investments Commission for conducting a financial services business and operating managed investment schemes. A robust compliance framework has been implemented which requires the business to monitor its activities and those of its outsourced service providers. The compliance function at the Group reports directly to the Audit, Risk Management &amp; Compliance Committee and the Board.</p> <p>The Audit, Risk Management &amp; Compliance Committee has the following risk management responsibilities:</p> <ul style="list-style-type: none"> <li>• assessing risks arising from the Group's operations and ensuring the adequacy of measures taken to moderate those risks;</li> <li>• reviewing and assessing the effectiveness of the Group's Risk Management Framework and internal control practices and ensuring there is a continuous process for the management of significant risks throughout the Group; and</li> <li>• monitoring compliance with the Group's Risk Management Framework.</li> </ul> <p>Quarterly risk management reporting is provided to the Audit, Risk Management and Compliance Committee by management.</p>
<p>7.3 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>An internal audit function has been established with a focus on the Group's control environment. The annual internal audit plan is determined having regard to the risk profile of the business arising from the annual business risk review.</p>
<p>7.4 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 Group does not have direct material exposure to sustainability risks. However, subsidiary companies within the Group act as manager of commercial and development properties that can have exposure to environmental sustainability risks, for example, meeting environmental rating standards or remediating sites affected by environmental liabilities. These risks are managed in accordance with the Group's risk management framework and with the assistance of specialist professionals where required.</p>

Corporate Governance Council recommendation	Centuria Capital Group's Corporate Governance Statement
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>	
<p>8.1 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>The Nomination and Remuneration Committee consists of three Directors, all of whom are independent and is chaired by an independent Director. Detail of membership of the Nomination and Remuneration Committee including meeting attendance is set out in the Directors' Report section of the 2016 Annual Report.</p> <p>Remuneration related responsibilities of the Nomination and Remuneration Committee include:</p> <ul style="list-style-type: none"> <li>• recommending fees for Directors;</li> <li>• recommending a competitive remuneration and reward program for the CEO and other senior management; and</li> <li>• ensuring that other human resource management programs, including performance assessment programs and incentive schemes, are in place.</li> </ul> <p>The Group recognises the important role people play in the achievement of its long-term objectives and as a key determinant of competitive advantage. To grow and be successful, the Group must be able to attract, motivate and retain capable individuals.</p>

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<p>8.2 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><b>Senior Executive remuneration structure</b></p> <p>The key principles that underpin the Group's senior executive remuneration policy are:</p> <ul style="list-style-type: none"> <li>• competitive rewards are provided to attract and retain executive talent;</li> <li>• remuneration is linked to performance so that higher levels of performance attract higher rewards;</li> <li>• rewards to all staff but particularly executives are linked to the creation of value to securityholders;</li> <li>• the criteria used to assess and reward staff include financial and non-financial measures of performance;</li> <li>• the overall cost of remuneration is managed and linked to the ability of the Group to pay; and</li> <li>• severance payments due to the CEO on termination are limited to pre-established contractual arrangements which do not commit the Group to making any unjustified payments in the event of non-performance.</li> </ul> <p>The remuneration policy assists the Group to achieve its business strategy and objectives. The Group recognises that, while remuneration is a key factor in recruiting the right people, it is not the only factor. The Group's values and its ability to provide interesting and challenging career opportunities also play an important role.</p> <p><b>Non-Executive Director remuneration structure</b></p> <p>The Board has established a policy relating to the remuneration of non-executive Directors. The Group pays non-executive Directors fees at a level which is sufficient to attract individuals with the appropriate skills, and to fairly reimburse those Directors for services provided.</p> <p>Non-Executive Directors' remuneration does not include incentive schemes or performance related payments.</p> <p><b>Executive Director remuneration structure</b></p> <p>Executive Directors are paid a salary commensurate with their position and responsibilities and at a level which attracts high calibre executives with appropriate skills and experience. Executive Directors also participate in the Group's long-term and short term incentive plans. Further information regarding Director and senior executive remuneration can be found in the Remuneration Report in the Annual Report.</p>
<p>8.3 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>The Group has a remuneration policy that is applicable to Directors, senior executives and employees and that includes both monetary and equity based remuneration as summarised in 8.2 above. The remuneration policy does not place any restrictions on whether participants of equity based-remuneration are permitted to enter into transactions which limit the economic risk of participating in the scheme.</p>

### **Additional information relevant to the Group:**

The Board has established a formal code in order to regulate dealings in stapled securities by the Board, senior executives and employees of the Group and their associates. This policy is designed to ensure fair and transparent trading in accordance with both the law and best practice.

### **Additional information relevant to Centuria Capital Fund:**

#### **Compliance plan**

As the responsible entity of the Fund, CFML must comply with all obligations set out in the Fund constitution and the Corporations Act. CFML is also subject to duties including duties to act in the best interests of the securityholders, act honestly, exercise care and diligence, and treat securityholders of the same class equally. In order to facilitate compliance with the constitution and the Corporations Act, CFML has adopted the compliance plan which sets out the key processes CFML will apply in operating the Fund. You can inspect a copy of the constitution and the compliance plan at the offices of the Group at any time between 9.00am and 5.00pm (AEDT) on a business day in Sydney, New South Wales. Alternatively, a copy of the documents may be requested (to be provided free of charge), by contacting the Securityholder Relations Team by telephone on +61 2 8923 8923 or email to [enquiries@centuria.com.au](mailto:enquiries@centuria.com.au).

#### **Remuneration of CFML as responsible entity**

In accordance with clause 14.3 of the Fund constitution, CFML is entitled to be paid a management fee of \$200,000 per annum which is calculated and accrues on a daily basis and is payable within 5 business days of the end of each month.

The management fee is fixed, regardless of the size of the Fund. Also note that as the units in the Fund are stapled to shares in the Company and that the recipient of the management fee will be CFML, a wholly-owned subsidiary of the Company, the benefit of the management fee will be obtained by Group securityholders.

CFML may not increase the fees payable to it above the amounts set out in the Fund constitution without a special resolution of holders of securities first having varied the Fund constitution. A special resolution requires at least 75% of the votes (by value) cast on the resolution being in favour of it.

CFML is indemnified and is entitled to be reimbursed out of the assets of the Fund for all expenses incurred in relation to the proper performance of its duties or exercise of its powers. Expenses are reimbursable to CFML from the Fund's income and assets as and when incurred. Please refer to clause 14.1 of the Fund constitution for examples of the expenses for which CFML is indemnified and entitled to be reimbursed.

#### **Conflicts**

CFML 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 CFML manages such transactions or conflicts. Through the application of this policy, CFML is committed to:

- identifying and monitoring all potential conflicts of interest;
- avoiding conflicts of interests wherever this is the only way to properly protect securityholders' interests;
- taking appropriate steps to ensure the fair treatment of the Fund and all securityholders potentially impacted by the conflict; and
- dealing in an open manner and disclosing its conflicts of interest wherever this is likely to be relevant to securityholders.