



Board Charter and Relationship with Management

Vicinity Limited
Vicinity Centres RE Ltd as Responsible Entity for
Vicinity Centres Trust
together Vicinity Centres

Adopted by the Board on 18 August 2015

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Board Charter and Relationship with Management

1. Introduction

- 1.1 The Boards of Vicinity Limited ACN 114 757 783 (**Company**) and Vicinity Centres RE Ltd ACN 149 781 322 (**Responsible Entity**) (together, the **Board**) have adopted this Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance, best practice and applicable laws.
- 1.2 The Company and Vicinity Centres Trust Re Ltd, ARSN 104 931 928 (**Trust**) comprise a stapled security structure. Shares in the Company and units in the Trust are stapled and listed on the Australian Securities Exchange (ASX:VCX). The Responsible Entity is the responsible entity of the Trust and the responsible entity/trustee of various other trusts.
- 1.3 In this Charter the Group refers collectively to the Company, the Trust and all their respective controlled entities.
- 1.4 This Charter includes an overview of:
 - Board composition and process;
 - the relationship and interaction between the Board and management; and
 - the authority delegated by the Board to management and Board committees.
- 1.5 This Charter replaces any charter previously approved by the Board for the same purpose.

2. Board role and responsibilities

The Board is responsible for developing the strategic direction for the Group, establishing goals for management and monitoring the achievement of these goals. In doing so, the Board aims to deliver superior long-term total returns for the Group's securityholders and investors.

- 2.1 The Board is responsible for and has the following powers reserved to it:
 - 2.1.1 setting the Group's values and standards of conduct having regard to interests of securityholders, employees, customers, suppliers and the communities in which it operates and generally safeguarding the reputation of the Group;
 - 2.1.2 overseeing and appraising the strategic direction and planning of the Group; monitoring corporate performance objectives and implementation of the Group's strategy;
 - 2.1.3 overseeing the processes for making appropriate, timely and balanced disclosure of all relevant material information concerning the Group;
 - 2.1.4 overseeing communications with securityholders in accordance with the Group's Disclosure and external communications policy, with the aim of keeping them informed of the Group's performance and major developments affecting its state of affairs;
 - 2.1.5 approving material strategic and material business matters, recommended by management, in accordance with the Group's delegation framework such as major capital expenditure, operating budgets, acquisitions, divestments, restructuring and funding;
 - 2.1.6 reviewing and monitoring compliance with the Group's values, standards of conduct and governance framework as required under the constitutions of the Company, the Responsible Entity or the Trust, by law or under regulatory guidance;
 - 2.1.7 selecting, appointing and planning succession of the Chief Executive Officer (CEO);
 - 2.1.8 reviewing management processes designed to ensure the integrity of financial and other reporting;
 - 2.1.9 approving strategies for the Group's management of tax and of capital, including debt and associated hedging;
 - 2.1.10 approving the Group's dividend and distribution policy and the amount, nature and timing of dividends and distribution to be paid;

- 2.1.11 monitoring the effectiveness of the systems of risk management, operational risk policies and procedures, and internal controls and supporting management in maintaining a sound risk management culture to ensure that:
- a. the Group's values and standards of conduct are adhered to;
 - b. the Group complies with its legal and regulatory obligations; and
 - c. material risks relevant to the Group are identified and appropriately managed.

This includes receiving reports and recommendations from the Group's Risk and Compliance Committee and setting and periodically reviewing the risk appetite within which the Board expects management to operate;

- 2.1.12 determining the strategy for the Group's insurance program and approving the insurance arrangements for Directors and Officers of the Group;
- 2.1.13 determining the remuneration strategy, framework and policy for employees of the Group;
- 2.1.14 approving the remuneration and employment contract arrangements for the CEO and Executive Committee, including:
- a. quantum of remuneration;
 - b. structure of the "at risk" remuneration package (i.e. short term and long term incentive plan design and participation); and
 - c. other principal employment terms;
- 2.1.15 determining the level of remuneration paid to the Board members within the limits of the Company's constitution and approved from time to time by securityholders;
- 2.1.16 approving the Board's composition, skills matrix and succession plan;
- 2.1.17 approving the appointment or removal of the Company Secretary; and
- 2.1.18 performing such other functions as are prescribed by law or are assigned to the Board.

3. Relationship with management

- 3.1 The Board approves the annual performance objectives for the Group, including financial, strategic, leadership and operational objectives and, jointly with the CEO, develops the duties and responsibilities of the CEO. The CEO is responsible for managing and implementing the strategic and financial objectives, policies, business plans and budgets approved by the Board and for carrying out the day-to-day management and operations of the Group's affairs.
- 3.2 Directors may delegate their powers as they consider appropriate in accordance with applicable laws and the constitutions of the Company, the Responsible Entity and the Trust. The CEO and senior executives must operate in accordance with the Board's approved policies and delegated limits of authority, as described in the Group's delegations policy.
- 3.3 The Board relies on Management to supply the Board with accurate, timely and clear information as is reasonably necessary to enable the Board to perform its responsibilities.
- 3.4 The CEO must consult with the Chairman and with the Board regarding matters which the CEO considers are of such a sensitive, extraordinary or strategic nature as to warrant the attention of the Board regardless of value.

4. Board composition and size

- 4.1 It is intended that all Directors of the Company are also Directors of the Responsible Entity subject to the provisions of the constitutions of the Company and Responsible Entity.
- 4.2 The board of the Responsible Entity is appointed by the board of the Company as its ultimate holding company.
- 4.3 A majority of the Directors will be Independent Non-executive Directors.
- 4.4 Collectively, Board members will have a broad range of financial and other skills, expertise, extensive experience and knowledge from a diverse range of backgrounds to guide and oversee the business of the Group.
- 4.5 The Board will determine and regularly review the composition and diversity of the Board and its committees to determine whether the composition and mix of those skills and that experience remains appropriate, having regard to market conditions, the Board's 'skills and experience matrix' and the Group's strategy.

5. Role of the Chairman

- 5.1 The Board will appoint one of its members as Chairman.
- 5.2 The Chairman should be an Independent Non-executive Director and not be the same person as the CEO of the Group.
- 5.3 The Chairman is responsible for leading the Board by:
- a. ensuring that the Board functions effectively by:
 - i. setting the Board's agenda (including ensuring that adequate time is available for discussion on all agenda items, in particular strategic issues); and
 - ii. leading the Board's consideration of matters coming before it and facilitating open, frank and constructive discussions;
 - b. encouraging effective relations between Board members as well as between the Board and management;
 - c. maintaining an open and regular dialogue with the CEO;
 - d. facilitating the Board's evaluation of the performance of the CEO with input from the Remuneration Committee;
 - e. representing the Board to external stakeholders including securityholders; and
 - f. chairing the annual general meeting and any extraordinary meetings of the Group's securityholders.
- 5.4 The Board will, as appropriate, develop a plan for succession of the Chairman, and will periodically evaluate the plan.

6. Board committees

- 6.1 The Board may, from time to time, establish committees to streamline the discharge of its responsibilities by assisting to carry out the Board's responsibilities.
- 6.2 The Board adopts a formal charter for each standing committee setting out the powers delegated to and matters relevant to the composition, responsibilities and administration of the committee.
- 6.3 The Board appoints the Chairman and the members of each committee. The Chairman of each committee reports on any matter of substance at the next appropriate Board meeting.
- 6.4 All Directors are entitled to attend committee meetings and receive committee papers.
- 6.5 The Board may also delegate specific functions to ad hoc committees on an 'as needs' basis.
- 6.6 The powers delegated to ad hoc committees are set out in Board resolutions and associated committee Charters.

7. Director independence

- 7.1 The Board will regularly review and assess, at least annually, the independence of each Director in light of the Board's criteria for assessing independence and disclosures made by each Director with regard to each Director's particular circumstances.
- 7.2 The Board determines the criteria for assessing the independence of the non-executive Directors, having regard to the relationships affecting independence as described in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, and such materiality thresholds as the Board may adopt from time to time.
- 7.3 If a Director is or becomes aware of any information, facts or circumstances which will or may affect that Director's independence, the Director must immediately disclose all relevant details in writing to the Company Secretary and the Chairman. Following disclosure, the Board will consider whether the Director's independence status should be re-assessed.

8. Appointment of Directors

- 8.1 The constitutions of the Company and the Responsible Entity, the ASX Listing Rules and other applicable laws govern the election and re-election of Directors. The Nominations Committee is responsible for making recommendations to the Board relating to the election and re-election of Directors.
- 8.2 The Board recognises that orderly succession planning is an important part of the Board's governance processes.
- 8.3 The Board will identify and assess suitable candidates for appointment to the Board having regard to the Board's 'skills and experience matrix', among other things.

- 8.4 Candidates identified as suitable will be interviewed by several Directors. Confirmation will be sought from prospective Directors that they will have sufficient time to fulfil their duties as a Director. The Board will procure that appropriate checks are undertaken prior to appointment of a Director.
- 8.5 Non-executive Directors of the Company are appointed by the securityholders and are engaged through Letters of appointment setting out the Company's expectation for Directors and the terms of appointment. The Board will provide securityholders with material information in its possession relevant to a decision in relation to the election or re-election of a Director.
- 8.6 Non-executive Directors who are required to retire by rotation in accordance with the Constitution will take into account the views of the other non-executive Directors when deciding whether to stand for re-election.

9. Meeting and access to information

- 9.1 It is intended that the Board will meet at least six times throughout the year and hold other meetings as required.
- 9.2 Management must supply the Board with information in a form, within a timeframe and of a quality that will enable the Board to discharge its duties effectively.
- 9.3 Directors are entitled to request additional information at any time when they consider it appropriate.
- 9.4 The Board may also invite any senior executive or such other individual as it deems appropriate to attend Board meetings and provide additional information as the Board considers necessary to assist it in discharging its duties.
- 9.5 The Board may meet periodically without the executive Directors or other management present.
- 9.6 Directors will use all reasonable endeavours to attend each Board meeting. Attendance at meetings of the Board may be in person or by an electronic means agreed by the Board. The Company and Responsible Entity's constitutions, as well as applicable laws, govern the regulation of Board meetings and proceedings.
- 9.7 A record of submissions and papers, together with minutes of meetings, is maintained and held by the Company Secretary.
- 9.8 Notice of meetings and all relevant material will be provided to all Directors. Prior notice of meetings will be given in a manner which, so far as possible, facilitates attendance of all Directors.

10. Board evaluation and professional development

- 10.1 The Board will facilitate performance evaluations of the Board as a whole, the Board's committees, the Chairman, individual Directors, and the governance processes which support Board work.
- 10.2 All evaluations will have regard to the collective nature of Board work and the operation of the governance processes established in this document. The evaluations will be conducted periodically as the Board considers appropriate and the Board may use internal or external consultants as appropriate to carry out the evaluations.
- 10.3 The Group expects directors to maintain relevant skills and hold memberships of relevant professional organisations. As approved by the Chairman the Group will cover the directly attributable costs of these qualifications and memberships (such as AICD) for individual Directors.
- 10.4 Periodically the Group will conduct tours and invite expert consultants to present to the directors to enhance and keep relevant industry specific skills and knowledge. These tours and presentations will be conducted at the cost of the Group.

11. Company Secretary

- 11.1 The Company Secretary of the Company and the Responsible Entity will be the same person.
- 11.2 The Company Secretary is accountable to the Board, through the Chairman, for all matters to do with the proper functioning of the Board.
- 11.3 The Company Secretary will retain independent advisory services at the request of the Board or Board committees.
- 11.4 Nothing in this charter restricts the ability of the Board to appoint more than one Company Secretary.

12. Independent advice

- 12.1 The Board collectively may seek independent professional advice on any matter relevant to the Board's performance of its functions and the discharge of its duties, at the Group's cost.
- 12.2 Each Director may seek independent professional advice, on any matter relevant to the performance of his or her functions and the discharge of his or her duties as a Director, with the prior written approval of the Chairman (or, in the case of the Chairman, the Chairman of the Audit Committee). The costs of obtaining that advice are to be met by the Group in accordance with arrangements agreed between each Director and the Group.

13. Conflicts of Interest and Related Party Transactions

- 13.1 If a Director has a material personal interest in a matter that relates to the affairs of the Group, or a situation has arisen where the Director's duty to the Group conflicts (or has the potential to conflict) with a duty to another person, the Director will act in accordance with any applicable Group policy and applicable law (including notifying the other Directors and Company Secretary where required before participating in discussions at a Board meeting or voting on matters).
- 13.2 Where necessary, and in accordance with any applicable Group policy, the Company Secretary will make recommendations to the Board regarding appropriate procedures designed to ensure that the interests of the Group are protected and the Director acts in accordance with his or her legal obligations.
- 13.3 Directors must inform the Company Secretary of any related party transactions and act in accordance with all applicable laws and Group policies and procedures.
- 13.4 The Company Secretary will maintain a register of dealings in the Group's securities, and declarations of interest, and report them to the Board as necessary.

14. Review of charter

- 14.1 The Board and committee charters will be reviewed as required at least annually with a view to ensuring they are appropriate to meet the Group's needs and having regard to relevant corporate governance standards and practices.
- 14.2 Board committees may also review and recommend to the Board the formal adoption of a revised charter for future operation of the respective committee.

15. Confidentiality

- 15.1 All proceedings of the Board, including papers submitted and presentations made to the Board, shall be kept confidential and will not be disclosed or released to any person other than Board members, except as required by law or as agreed by the Board.

Annexure A

Vicinity Limited

ACN 114 757 783

Adopted by the Board on 18 August 2015

Guidelines of the Board of Directors – Independence of Directors

Section 7 of the Board's charter refers to the 'independence' of Directors.

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

In general, a non-executive Director that is not a member of management will be considered to be 'independent' unless that Director:

- is, or has been, employed in an executive capacity by the entity or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the board;
- is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services to the entity or any of its child entities;
- is, or has been within the last three years, in a material business relationship (eg as a supplier or customer) with the entity or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;
- is a substantial securityholder of the entity or an officer of, or otherwise associated with, a substantial securityholder of the entity;
- has a material contractual relationship with the entity or its child entities other than as a Director;
- has close family ties with any person who falls within any of the categories described above; or
- has been a Director of the entity for such a period that his or her independence may have been compromised.

In each case, the materiality of the interest, position, association or relationship needs to be assessed to determine whether it might interfere, or might reasonably be seen to interfere, with the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity and its securityholders generally.