

# CORPORATE GOVERNANCE STATEMENT



The Board of URB Investments Limited (the Company) are committed to achieving and demonstrating the highest standards of corporate governance, and corporate governance arrangements for the Company are set by the Board having regard to the *Corporate Governance Principles and Recommendations 3<sup>rd</sup> Edition* set by the ASX Corporate Governance Council (“the ASX Principles and Recommendations”). Unless otherwise stated, the Company complies with the ASX Principles and Recommendations.

The information in this statement is current as at 28 August 2018 and has been approved by the Board.

## Principle 1 – Lay solid foundations for management and oversight

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

Recommendation		Status
1.1	<b>A listed entity should disclose:</b> (a) the respective roles and responsibilities of its board and management; and	This is disclosed in the Board Charter, which is available at: <a href="http://urbinvest.com.au/corporate-governance/">http://urbinvest.com.au/corporate-governance/</a>
	(b) those matters expressly reserved to the board and those delegated to management.	This is disclosed in the Board Charter, which is available at: <a href="http://urbinvest.com.au/corporate-governance/">http://urbinvest.com.au/corporate-governance/</a>
1.2	<b>A listed entity should:</b> (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and	This is required by the Director Appointment Policy, which is available at: <a href="http://urbinvest.com.au/corporate-governance/">http://urbinvest.com.au/corporate-governance/</a>
	(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.	This is required by the Director Appointment Policy, which is available at: <a href="http://urbinvest.com.au/corporate-governance/">http://urbinvest.com.au/corporate-governance/</a>
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Contracts confirming Appointment are in place for each director.
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 company secretary is accountable directly to the Board.
1.5	<b>A listed entity should:</b> (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;	The company’s Diversity Policy satisfies these requirements.
	(b) disclose that policy or a summary of it; and	The company’s Diversity Policy is available at: <a href="http://urbinvest.com.au/corporate-governance/">http://urbinvest.com.au/corporate-governance/</a>

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Recommendation		Status
	<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.16</p>	<p>The Company has prepared a Report on Diversity which is available at: <a href="http://urbinvest.com.au/corporate-governance/">http://urbinvest.com.au/corporate-governance/</a></p>
1.6	<p><b>A listed entity should:</b></p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p>	<p>The Board Charter contains provisions that govern the annual performance evaluation of the Board</p>
	<p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period</p>	<p>The Company did not perform an evaluation during the year ended 30 June 2018, but has since initiated a review process.</p>
1.7	<p><b>A listed entity should:</b></p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p>	<p>URB does not have any senior executives, and this recommendation is therefore not applicable</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>N/A</p>

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## Principle 2 – Structure the board to add value

A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

Recommendation		Status
2.1	<p>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,</li> </ol> <p>and disclose:</p> <ol style="list-style-type: none"> <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.</li> </ol>	N/A
	<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 Company does not have a nomination committee. The Company has adopted a Director Appointment Policy governing the processes it employs to address board succession issues. This policy is available at:</p> <p><a href="http://urbinvest.com.au/corporate-governance/">http://urbinvest.com.au/corporate-governance/</a></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>The skills matrix is detailed in the Directors' Appointment Policy, which is located at :</p> <p><a href="http://urbinvest.com.au/corporate-governance/">http://urbinvest.com.au/corporate-governance/</a></p>
2.3	<p><b>A listed entity should disclose:</b></p> <p>(a) the names of the directors considered by the board to be independent directors;</p>	<p>Refer to the Directors' Report within the 2018 Annual Report.</p>
	<p>(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</p>	<p>There are no directors with an interest, position, association or relationship of the type described in Box 2.3 who the board considers to be independent.</p>
	<p>(c) the length of service of each director.</p>	<p>Refer to the Directors' Report within the 2018 Annual Report.</p>
2.4	<p>A majority of the board of a listed entity should be independent directors.</p>	<p>Three of the four directors are independent.</p>

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Recommendation		Status
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.	<p>The Chairman is not the CEO of the entity.</p> <p>The Chairman is not defined as an independent director because he is an officer of Washington H. Soul Pattinson and Company Limited, a substantial shareholder of the Company.</p> <p>Recommendation 2.5 has not been followed because the Board believes that Mr Negus' extensive experience in the property industry, investment management and finance industries make him ideally placed to guide the implementation of the Company's strategy. The board is also satisfied that Mr Negus brings to bear an unfettered and independent judgement towards his duties.</p>
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.	<p>The program for induction is outlined in the Director Appointment Policy, which is located at :  <a href="http://urbinvest.com.au/corporate-governance/">http://urbinvest.com.au/corporate-governance/</a></p> <p>The Company does not have a formal professional development program for directors. The Board reviews the Board Skills Matrix at least annually to ensure the board as a whole and individual directors possess skills required by the Company, and the entire Board discusses developments in accounting and compliance requirements on an ongoing basis.</p>

### Principle 3: Act ethically and responsibly

A listed entity should act ethically and responsibly.

Recommendation		Status
3.1	<b>A listed entity should:</b>	The Company has Code of Conduct.
	(a) have a code of conduct for its directors, senior executives and employees; and	
	(b) disclose that code or a summary of it.	The Code of Conduct is available at: <a href="http://urbinvest.com.au/corporate-governance/">http://urbinvest.com.au/corporate-governance/</a>

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## Principle 4: Safeguard integrity in corporate reporting

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

Recommendation		Status
4.1	<b>The board of a listed entity should:</b>	<p>(1) The Company has an Audit and Risk Committee with three members, all of whom are independent non-executive directors.</p> <p>(2) The Committee Chairman is independent</p> <p>(3) The Committee Charter is located at <a href="http://urbinvest.com.au/corporate-governance/">http://urbinvest.com.au/corporate-governance/</a></p> <p>(4) the qualifications and experience of all directors are included in the Directors' Report within the 2018 Annual Report</p> <p>(5) Details of meetings held are included in the Directors' Report within the 2018 Annual Report.</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>	
4.2	<p><b>A listed entity should:</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 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>	The Company has complied with this recommendation.
4.3	<p><b>A listed entity should:</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>	The Company will comply with this recommendation.

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## Principle 5: Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Recommendation		Status
5.1	<b>A listed entity should:</b> (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and	The Company has a Continuous Disclosure Policy.
	(b) disclose that policy or a summary of it.	This policy is available at: <a href="http://urbinvest.com.au/corporate-governance/">http://urbinvest.com.au/corporate-governance/</a>

## Principle 6: Respect the rights of security holders

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

Recommendation		Status
6.1	<b>A listed entity should:</b> provide information about itself and its governance to investors via its website.	The Company complies with this recommendation.
6.2	<b>A listed entity should:</b> design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company has a Shareholder Communication Policy, which is available at: <a href="http://urbinvest.com.au/corporate-governance/">http://urbinvest.com.au/corporate-governance/</a>
6.3	<b>A listed entity should:</b> disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	This information is included in the Shareholder Communication Policy which is available at: <a href="http://urbinvest.com.au/corporate-governance/">http://urbinvest.com.au/corporate-governance/</a>
6.4	<b>A listed entity should:</b> give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	This right of security holders is included in the Shareholder Communication Policy which is available at: <a href="http://urbinvest.com.au/corporate-governance/">http://urbinvest.com.au/corporate-governance/</a>

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## Principle 7: Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

Recommendation		Status
7.1	<p><b>The board of a listed entity should:</b></p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul 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,</li> </ul> <p>and disclose:</p> <ul style="list-style-type: none"> <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> </ul>	<p>(1) The Company has an Audit and Risk Committee with three members, all of whom are independent non-executive directors.</p> <p>(2) The Committee Chairman is independent</p> <p>(3) The Committee Charter is located at <a href="http://urbinvest.com.au/corporate-governance/">http://urbinvest.com.au/corporate-governance/</a></p> <p>(4) the qualifications and experience of all directors are included in the Directors' Report within the 2018 Annual Report</p> <p>(5) Details of meetings held are included in the Directors' Report within the 2018 Annual Report.</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>	
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>The Company did not comply with this requirement during the current financial year.</p>
	<p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>Refer above.</p>
7.3	<p><b>A listed entity should disclose:</b></p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p>	<p>The Company does not have an internal audit function.</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>The Board reviews the implementation of the Risk Management Policy and the entity's risk management framework on an annual basis, and on a quarterly basis receives a report from the Investment manager which includes an overview of risk review process performed by the Investment Manager.</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>The Company has disclosed in the 2018 Annual Report various risks the Company has exposure to. The Company manages those risks in accordance with the Risk Management Framework developed and implemented by the Investment Manager.</p>

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## Principle 8: Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

Recommendation		Status
8.1	<p><b><i>The board of a listed entity should:</i></b></p> <p>(a) have a remuneration committee which:</p> <ul 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,</li> </ul> <p>and disclose:</p> <ul style="list-style-type: none"> <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> </ul>	The Company does not have a remuneration committee.
	<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>	The Company has not established a remuneration committee due to the limited size of the Board and the fact that the Company has no employees. The Board as a whole will review and determine remuneration packages, ensure that the remuneration policies and practices are consistent with the strategic goals of the Board.
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>Non-executive director remuneration is governed by the Board Charter, which is available at:</p> <p><a href="http://urbinvest.com.au/corporate-governance/">http://urbinvest.com.au/corporate-governance/</a></p> <p>URB has no executive directors or other senior executives.</p> <p>Contact Asset Management P/L has been appointed as the Investment Manager – management fees and other contractual arrangements are governed by an Investment Management Agreement.</p>
8.3	<p><b><i>A listed entity which has an equity-based remuneration scheme should:</i></b></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>	The Company does not have an equity-based remuneration scheme.
	<p>(b) disclose that policy or a summary of it.</p>	

## Trading Policy

A copy of the Company's Securities Trading Policy, which has been fully endorsed by the Board and applies to all Directors and employees, is available at <http://urbinvest.com.au/corporate-governance/>