

# Newmark Property REIT Corporate Governance Statement

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2022



Newmark Property REIT (ASX:NPR) is an externally managed real estate investment trust. Newmark REIT Management Limited (ACN 644 715 380, AFSL 526690) (NRML) is the responsible entity of each of Newmark Hardware Trust and Newmark Capital (Chadstone) Property Trust (each a Trust and together the Trusts). The units of each Trust are stapled together to form NPR, and together with NRML is referred to as the Group.

In accordance with ASX Listing Rule 4.10, this statement discloses the extent to which the Group followed, during the period from its admission to the official list and 30 June 2022 (Reporting Period), the recommendations set by the ASX Corporate Governance Council.

NRML, in providing this Corporate Governance Statement, acknowledges the importance of good corporate governance, and will promote good corporate governance going forward.

The Product Disclosure Statement (PDS) referred to throughout is the PDS dated 16 November 2021 that was lodged with the Australian Securities and Investments Commission (ASIC) on that date.

The Group's corporate governance policies were available at: [www.newmarkcapital.com.au/npr](http://www.newmarkcapital.com.au/npr) (the NPR website) throughout the Reporting Period.

### Newmark Property REIT

Stapled Group comprising:  
Newmark Hardware Trust (ARSN 161 274 111)  
Newmark Capital (Chadstone) Property Trust (ARSN 648 280 219)  
Responsible Entity: Newmark REIT Management Limited  
(ACN 644 715 382) (AFSL 526 690)

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

A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.

### Principle / Recommendations

### How NRML or NPR Complied during FY22

#### Recommendation 1.1 (for externally managed listed entities):

The responsible entity of an externally managed listed entity should disclose:

- a. the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and
- b. the role and responsibility of the board of the responsible entity for overseeing those arrangements.

Newmark Property REIT is managed under the supervision and direction of the board of NRML (the Board).

Under the terms of the Investment Management Agreement and the Property Management Agreement, NRML has appointed Newmark Property Funds Management Pty Ltd (NPFM), to provide investment management services to NPR (Investment Manager) and Newmark Asset Management Pty Ltd (NAM) as the property manager of NPR (together, the Managers). Key terms of these management agreements are summarised in the PDS.

NPFM and NAM are wholly owned subsidiaries of Newmark Property Group Pty Ltd (Newmark or Newmark Property Group), which is also the parent company of NRML.

All matters, unless specifically reserved for the Board, necessary for the day-to-day management of NPR were delegated to the joint managing directors of Newmark, (Joint Managing Directors) during the Reporting Period.

The Board's responsibilities are defined in the Board Charter and there is a clear delineation between the function reserved to the Board and those conferred upon the Joint Managing Directors.

In accordance with the Board Charter, the Board has specific responsibilities, including:

- deciding the strategic direction of the Group;
- monitoring the implementation of the Group's strategic objectives;
- monitoring the performance of the Investment Manager;
- appointing the Group's company secretary;
- monitoring the Group's governance framework and policies, including its Corporate Governance Statement;
- monitoring risk management systems and controls, codes of conduct and legal compliance;
- approving the Group's Code of Conduct for Employees and Code of Conduct for Directors;
- approving and monitoring the operational and financial performance of the Group;
- determining the distribution policies of the Group; and
- overseeing the Group's communications with Securityholders to ensure they are informed of all material developments.

The Board Charter is available on the NPR website: [www.newmarkcapital.com.au/npr](http://www.newmarkcapital.com.au/npr).

### Principle / Recommendations

### How NRML or NPR Complied during FY22

#### Recommendation 1.2

A listed entity should:

- a. undertake appropriate checks before appointing a director or senior executive, or putting someone forward 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 recommendation is not applicable as NPR is externally managed.

However, the Board Charter provides minimum requirements that directors must have an appropriate range of skills, expertise and experience from a diverse range of backgrounds, a proper understanding of, and competence to deal with, current and emerging issues of the business, and be able to effectively review and challenge the performance of management and exercise independent judgment.

The Board will determine and regularly review the composition of the Board having regard to the optimum number and skill mix of the directors.

#### Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The recommendation is not applicable as NPR is externally managed.

However, the Group ensures that all directors and senior executives of NRML have a letter of appointment setting out the remuneration, right to the provision for a deed of access and indemnity, term of appointment, disclosure obligations in relation to personal interests, confidentiality obligations and expectations regarding meetings and committees.

#### Recommendation 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 recommendation is not applicable as NPR is externally managed.

However, the company secretary of NRML is accountable directly to the Board, through the Chair. The Company Secretary co-ordinates all Board business and other matters related to the effective and proper functioning of the Board and all directors will be able to directly access the Company Secretary.

#### Recommendation 1.5

A listed entity should:

- a. have and disclose a diversity policy;
- b. through its board or a committee of the board, set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and
- c. disclose in relation to each reporting period:
  - i. the measurable objectives set for that period to achieve gender diversity;
  - ii. the entity's progress towards achieving those objectives; and
  - iii. either:
    - (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or
    - (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act 2012 (Cth), the entity's most recent "Gender Equality Indicators", as defined in and published under the Act.

The recommendation is not applicable as NPR is externally managed.

NRML does not directly employ the senior management or staff who undertake day to day management of NPR, with these functions having been delegated to the Manager. However, the Board recognises that people are the most important asset to drive value for NPR and is committed to the maintenance and promotion of workplace diversity. NRML will work cooperatively with the Managers to enhance the diversity of staff engaged to work on NPR consistent with Recommendation 1.5, whilst also recognising that other selection criteria, in particular business acumen, appropriate skills and industry experience, are also fundamentally important to the Group.

Principle / Recommendations

How NRML or NPR Complied during FY22

**Recommendation 1.6**

The recommendation is not applicable as NPR is externally managed.

A listed entity should:

- a. have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- b. disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during the year or in respect of that period.

The Board will review the performance of the directors annually. These reviews may be carried out with the assistance of an external party. The performance of each Committee will be reviewed at least annually by the Board. It is intended the first of these annual reviews will be conducted in respect of the year following NPR's listing on the ASX on 6 December 2021.

**Recommendation 1.7**

The recommendation is not applicable as NPR is externally managed.

A listed entity should:

- a. have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and
- b. disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

The Board is responsible for reviewing the performance of the Managers.

Principle 2: Structure the board to be effective and add value

The Board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.

Principle / Recommendations

How NRML or NPR Complied during FY22

**Recommendation 2.1**

The recommendation is not applicable as NPR is externally managed.

The board of a listed entity should:

- a. have a nomination committee which:
  - i. has at least three members, a majority of whom are independent directors; and
  - ii. is chaired by an independent director; and disclose:
    - iii. the charter of the committee;
    - iv. the members of the committee; and
    - 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
- 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.

The board of Newmark, instead of a nomination committee, is responsible for overseeing the appointment of directors to NRML. The Board, and directors, met the following criteria throughout the Reporting Period:

- a majority of Non-Executive Directors satisfied the criteria for independence;
- Directors have an appropriate range of skills, expertise and experience from a diverse range of backgrounds;
- Directors who have a proper understanding of, and competence to deal with, current and emerging issues of the business; and
- Directors who can effectively review and challenge the performance of management and exercise independent judgment.

The Board considers these criteria to be important for the ongoing performance of the Board and intends to conduct an annual review going forward.

**Recommendation 2.2**

The recommendation is not applicable as NPR is externally managed.

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.

However, important criteria for the Board in determining and regularly reviewing its composition, is the optimum number and skill mix of directors.

**Principle / Recommendations**      **How NRML or NPR Complied during FY22**

**Recommendation 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.

Throughout the Reporting Period, three Board members were independent directors being Michael Doble, Melinda Snowden and Andrew Erikson. In determining the independence of its directors, NRML has given consideration to the guidelines provided by Principle 2 of the Recommendations. The Board considers a director not to be independent if the 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;
- receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the entity;
- is, or has been within the last three years, in a material business relationship (eg as a supplier, professional adviser, consultant or customer) with the entity or any of its child entities, or is an officer of, or otherwise associated with, someone with such a relationship;
- is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial holder;
- has close personal 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 their independence from management and substantial holders may have been compromised.

The remaining two members of the Board are not considered to be independent due to their position as key management personnel or connection with a substantial shareholder of Newmark Property Group.

The length of service of each director on the Board is as follows:

- Michael Doble – 1 March 2021 to present**
- Melinda Snowden – 1 March 2021 to present**
- Andrew Erikson – 1 March 2021 to present**
- Mark Allan – 29 September 2020 to present**
- Chris Langford – 29 September 2020 to present**

**Recommendation 2.4**

A majority of the board of a listed entity should be independent directors.

The recommendation is not applicable as NPR is externally managed.

However, the Board had a majority of independent directors throughout the Reporting Period.

**Recommendation 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 recommendation is not applicable as NPR is externally managed.

However, the Chair of the Board, Michael Doble, was a Non-Executive Director and not a Joint Managing Director throughout the Reporting Period.

**Recommendation 2.6**

A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

The recommendation is not applicable as NPR is externally managed.

However, each new director appointed to the Board participated in an induction programme. Directors also may request training and development when appropriate at the expense of the Group.

**Principle 3:**  
**Instil a culture of acting lawfully, ethically and responsibly**

A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

**Principle / Recommendations**      **How NRML or NPR Complied during FY22**

**Recommendation 3.1**

A listed entity should articulate and disclose its values.

NRML's values are outlined in its Code of Conduct, available on the NPR website at: [www.newmarkcapital.com.au/npr](http://www.newmarkcapital.com.au/npr).

**Recommendation 3.2**

A listed entity should:

- a. have and disclose a code of conduct for its directors, senior executives and employees; and
- b. ensure that the board or a committee of the board is informed of any material breaches of that code.

The Code of Conduct of Newmark Property Group Pty Ltd and its subsidiaries (Newmark Group) will apply in relation to NPR. Newmark Property Group Pty Ltd is the parent company of NRML.

The Code of Conduct contains the Newmark Property Group's values, responsibilities and obligations.

The Code of Conduct applies to Newmark Property Group employees, officers, representatives, consultants, contractors, associates, executives and the Newmark Capital Limited board of directors.

The Joint Managing Directors of Newmark deal with reported breaches of the Code, and the Board shall be informed of any material breaches of the Code. No material breaches of the Code were identified or reported during the Reporting Period.

The Code of Conduct is available on the NPR website: [www.newmarkcapital.com.au/npr](http://www.newmarkcapital.com.au/npr)

**Recommendation 3.3**

A listed entity should:

- a. have and disclose a whistleblower policy; and
- b. ensure that the board or a committee of the board is informed of any material incidents reported under the policy.

The Whistleblower Policy of the Newmark Property Group will apply in relation to NPR. The Whistleblower Policy is available on the NPR website: [www.newmarkcapital.com.au/npr](http://www.newmarkcapital.com.au/npr).

The Whistleblowing Contact Person is responsible for reporting material incidents under the policy to the Board and Audit, Risk and Compliance Committee. No material incidents were reported during the Reporting Period.

**Recommendation 3.4**

A listed entity should:

- a. have and disclose an anti-bribery and corruption policy; and
- b. ensure that the board or a committee of the board is informed of any material breaches of that

The Board has adopted an Anti-Bribery and Corruption Policy. The Anti-Bribery and Corruption Policy is available on the NPR website: [www.newmarkcapital.com.au/npr](http://www.newmarkcapital.com.au/npr).

The Anti-Bribery and Corruption Policy applies to all directors, officers and employees of the Newmark Property Group, and to all consultants, contractors, agents and associates that are effectively controlled by the Newmark Property Group or act on its behalf.

The Compliance Officer of Newmark will receive reports under the Anti-Bribery and Corruption Policy and will investigate all reported, actual or suspected breaches of this Policy and report any material breaches to the Board and the Audit, Risk and Compliance Committee.

No material breaches of the policy were reported during the Reporting Period.

## Principle 4: Safeguard the integrity of corporate reports

A listed entity should have appropriate processes to verify the integrity of its corporate reports.

### Principle / Recommendations

### How NRML or NPR Complied during FY22

#### Recommendation 4.1

The board of a listed entity should:

- a. have an audit committee which:
  - i. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
  - ii. is chaired by an independent director, who is not the chair of the board, and disclose:
    - iii. the charter of the committee;
    - iv. the relevant qualifications and experience of the members of the committee; and
    - 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
- 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.

Prior to the ASX listing date, the Board established an Audit, Risk and Compliance Committee to review the integrity of NRML's financial reporting, risk management framework, role of the internal auditors and the independence of external auditors, and monitor compliance with legal, regulatory and policy requirements.

Throughout the Reporting Period the Audit, Risk and Compliance Committee comprised three non-executive directors, a majority of whom are independent directors and the Chair is an independent director, who is not the Chair of the Board. Throughout the Reporting Period the Committee comprised of Melinda Snowden (Chair), Michael Doble and Mark Allan.

The qualifications and experience of the members of the Audit, Risk and Compliance Committee were set out in Section 5.2 of the PDS.

The Audit, Risk and Compliance Committee has a formal charter which sets out the Committee's responsibilities and functions. A copy of the Audit, Risk and Compliance Committee Charter is available on the Newmark website: [www.newmarkcapital.com.au/npr](http://www.newmarkcapital.com.au/npr).

During the Reporting Period (from 6 December 2021 to 30 June 2022) the Committee met as follows:

	Committee Held	Number Attended
Melinda Snowden	3	2
Michael Doble	3	3
Mark Allan	3	3

### Principle / Recommendations

### How NRML or NPR Complied during FY22

#### Recommendation 4.2

The board of a listed entity should, before it approves the entity's financial statements, 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.

The Audit, Risk and Compliance Committee and the board received these declarations from the CFO and the Investment Manager (being the person deemed to perform the function of the CEO) before the approval of the half year and full year financial statements.

#### Recommendation 4.3

A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

Periodic corporate reports that are not audited or reviewed by an external auditor include the half year and full year results presentation and Directors Report and other announcements released to ASX. These reports are subjected to management verification supported by source documentation with management personnel involved in their preparation providing attestation as to accuracy and completeness. All periodic reports released to the ASX are reviewed and approved by the Board. All other ASX announcements are reviewed and approved by the Continuous Disclosure Committee in accordance with NPR's Continuous Disclosure Policy, available on NPR's website.

## 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.

Principle / Recommendations	How NRML or NPR Complied during FY22
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**Recommendation 5.1**

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

NPR's Continuous Disclosure Policy sets out the group's arrangements for complying with its continuous disclosure obligations under the Corporations Act 2001 (Cth) (Act) and the ASX Listing Rules.

The Continuous Disclosure Policy applies to all executive and non-executive directors, officers, employees, consultants, advisers and contractors of the Group.

The Continuous Disclosure Policy is available on the Newmark website: [www.newmarkcapital.com.au/npr](http://www.newmarkcapital.com.au/npr).

**Recommendation 5.2**

A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

Each director receives a copy of all ASX announcements immediately that they are released by ASX.

The Continuous Disclosure Policy is available on the NPR website: [www.newmarkcapital.com.au/npr](http://www.newmarkcapital.com.au/npr).

**Recommendation 5.3**

A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

The Board has adopted a Securityholder Communication Policy which requires that before a new and substantive investor or analyst presentation, the presentation materials will be released to ASX and posted on the NPR website.

The Securityholder Communication Policy is available on the NPR website: [www.newmarkcapital.com.au/npr](http://www.newmarkcapital.com.au/npr).

## Principle 6: Respect the rights of security holders

A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

Principle / Recommendations	How NRML or NPR Complied during FY22
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**Recommendation 6.1**

A listed entity should provide information about itself and its governance to investors via its website.

The Board has adopted a Securityholder Communication Policy.

The Group provides all relevant information about itself and its governance at [www.newmarkcapital.com.au/npr](http://www.newmarkcapital.com.au/npr), including all ASX announcements, security trading history, links to recorded investor updates, current portfolio information, biographies of each director, governance policies, distributions history and tax component information.

**Recommendation 6.2**

A listed entity should have an investor relations program that facilitates effective two-way communication with investors.

The Board has adopted a Securityholder Communication Policy which supports NRML's commitment to effective communication in a timely and readily accessible manner with its security holders and other stakeholders. In addition, NRML communicates with its security holders through:

- a. releases to ASX in accordance with the Group's continuous disclosure obligations; and
- b. half-yearly reports to investors on financial and operational matters.

The Securityholder Communication Policy is available on the NPR website: [www.newmarkcapital.com.au/npr](http://www.newmarkcapital.com.au/npr).

**Recommendation 6.3**

A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

NPR did not hold any security holder meetings during the Reporting Period. The rights of security holders to participate in meetings are set out in the Constitutions of Newmark Hardware Trust and Newmark Capital (Chadstone) Property Trust. Security holders are encouraged to participate in general meetings by attending or appointing a proxy to attend, as set out in The Securityholder Communication Policy available on the NPR website: [www.newmarkcapital.com.au/npr](http://www.newmarkcapital.com.au/npr).

**Recommendation 6.4**

A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

NRML intends for NPR to comply with this recommendation. No security holder resolutions were proposed during the Reporting Period.

The Constitutions of Newmark Hardware Trust and Newmark Capital (Chadstone) Property Trust are available on the NPR website: [www.newmarkcapital.com.au/npr](http://www.newmarkcapital.com.au/npr).

**Recommendation 6.5**

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its securities registry electronically.

The Securityholder Communication Policy encourages security holders to receive Group information electronically by registering their email address online with the Group's share registry. The Group also provides security holders with the option to send communications to the Group electronically.

The Securityholder Communication Policy is available on the NPR website: [www.newmarkcapital.com.au/npr](http://www.newmarkcapital.com.au/npr).

## Principle 7: Recognise and manage risk

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

Principle / Recommendations	How NRML or NPR Complied during FY22
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**Recommendation 7.1**

The board of a listed entity should:

- a. have a committee or committees to oversee risk, each of which:
  - i. has at least three members, a majority of whom are independent directors; and
  - ii. is chaired by an independent director,
 and disclose:
  - iii. the charter of the committee;
  - iv. the members of the committee; and
  - 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
- 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.

The Board has established the Audit, Risk and Compliance Committee to oversee risk management and assist the Board in carrying out its obligations regarding the Group's risk management framework.

During the Reporting Period the Audit, Risk and Compliance Committee was currently comprised of Melinda Snowden, Michael Doble and Mark Allan, a majority of whom are independent directors, and was chaired by Melinda Snowden who is an independent director and not the Chair of the Board pursuant to ASX Recommendations 4.1 and 7.1.

The Audit, Risk and Compliance Committee Charter is available on the NPR website: [www.newmarkcapital.com.au/npr](http://www.newmarkcapital.com.au/npr).

The Audit, Risk and Compliance Committee's responsibilities relating to risk management are as follows:

- a. monitoring management's performance against the entity's risk management framework, including whether it is operating within the risk appetite set by the Board;
- b. evaluating the adequacy and effectiveness of the risk management framework and risk management reporting;
- c. reviewing any material incident involving fraud, a breakdown of the entity's risk controls or other risk exposures, and provide a report to the Board on those incidents and/or breaches on the lessons learned and recommendations on how to deal with such exposures;
- d. following the establishment of an internal audit function, receiving reports from internal audit on its reviews of the adequacy of the entity's processes for managing risk;
- e. receiving reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks;
- f. reviewing the Group's risk management framework at least annually, including making recommendations to the Board in relation to changes that should be made to the entity's risk management framework and risk profile (including evaluating operational, strategic and emerging risks) or to the risk appetite set by the Board; and
- g. overseeing the entity's insurance program, through reviewing and approving the adoption and structure of the Group's insurance program, having regard to the entity's business and the insurable risks associated with its business.

Under the Audit, Risk and Compliance Committee Charter, the committee will meet at least four times per annum or more frequently as required, with some flexibility over the December-January period subject to there being no material issues of concern advised by either the Board or the Compliance Officer.

The committee met three times in the Reporting Period from 6 December 2021 to 30 June 2022. The individual attendances at these meetings is set out on page 10.

Principle / Recommendations	How NRML or NPR Complied during FY22
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**Recommendation 7.2**

The board or a committee of the board should:

- a. review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and
- b. disclose, in relation to each reporting period, whether such a review has taken place.

The Audit, Risk and Compliance Committee will oversee and review the effectiveness of NRML's risk management framework at least annually, including making recommendations to the Board in relation to changes that should be made to the entity's risk management framework and risk profile (including evaluating operational, strategic and emerging risks) or to the risk appetite set by the Board. The Board must review the Audit, Risk and Compliance Committee Charter at least annually.

The risk management framework was reviewed upon the adoption of the Audit, Risk and Compliance Committee Charter in November 2021 and it is intended the first annual review will be conducted in respect of the year from that date.

**Recommendation 7.3**

A listed entity should disclose:

- a. if it has an internal audit function, how the function is structured and what role it performs; or
- 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.

The Group does not yet have an internal audit function in consideration of its size. However, the Audit, Risk and Compliance Committee Charter provides that following the establishment of an internal audit function, the Committee will have responsibility for overseeing its internal audit in the following way:

- a. reviewing the effectiveness, independence, objectivity and performance of internal audit work;
- b. reviewing internal audit reports and the responsiveness of management to internal audit findings; and
- c. reviewing and approving the appointment or removal of the internal auditor.

The Audit, Risk and Compliance Committee also has oversight in respect of risk management and internal control processes through reviewing the Group's risk management framework at least annually, including making recommendations to the Board in relation to changes that should be made to the entity's risk management framework and risk profile (including evaluating operational, strategic and emerging risks) or to the risk appetite set by the Board.

**Recommendation 7.4**

A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

NPR is exposed to economic and environmental risks (as detailed in section 9.3.9 of the PDS). The risks posed by changes in economic and market conditions are managed and reviewed by NRML under its risk management framework, and through the Audit, Risk and Compliance Committee.



## 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 to align their interests with the creation of value for security holders and the entity's values and risk appetite.

### Principle / Recommendations

### How NRML or NPR Complied during FY22

#### **Recommendations 8.1, 8.2 and 8.3 (for externally managed listed entities):**

An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.

The management fees payable to the Managers, responsible for investment management services relating to NPR and its portfolio of assets, are contained in Section 5.8 of the PDS.

In addition, Section 5.8 sets out the fees payable to NRML under the Constitutions of Newmark Hardware Trust and Newmark Capital (Chadstone) Property Trust. A summary of the Constitutions are at Section 13.1 of the PDS.

The PDS is available on the NPR website: [www.newmarkcapital.com.au/npr](http://www.newmarkcapital.com.au/npr).

