

## Corporate governance statement

The Responsible Entity ('RE') for the RNY Property Trust ('the Trust') (ASX: RNY) is Huntley Management Limited ('HML') ABN 52 089 240 513. Huntley Management Limited's AFSL number is 229754.

HML was appointed as RE on 2 July 2018 and at that time became responsible for the corporate governance of the Trust. The following sets out HML's Corporate Governance Practices and compliance with the ASX's Corporate Governance Principles and Recommendations for the year ended 31 December 2019 in accordance with ASX Listing Rule 4.10.3.

### Principle 1: Lay Solid Foundations for Management and Oversight

The role of the RE is to manage the Trust in the unitholders' best interests in accordance with the Trust's Constitution and the *Corporations Act 2001*.

#### The Board of the RE

The Board of the RE ('the Board') is appointed and holds office until required to resign under the terms of the RE's Constitution. Reappointment and new appointments will be made in accordance with policies adopted by the Board. Responsibility for corporate governance matters resides with the Board.

#### Board Charter

The Board has adopted a Board Charter that sets out the roles and responsibilities of the Board of Directors.

The Board's Charter details the following requirements:

- Role of the Board;
- Board Responsibilities;
- Values and Code of Conduct;
- Board Composition and Renewal;
- Independence;
- Board Committees;
- Delegations of Board Authority;
- Role of the Chairperson;
- Role of the Managing Director/Chief Executive Officer;
- Board Operation and Processes; and
- Review of Charter.

## **Principle 1: Lay Solid Foundations for Management and Oversight (continued)**

### **Compliance Committee**

The Board has established a Compliance Committee comprising three external members. The duties, responsibilities and reporting requirements of the Compliance Committee are outlined in the Trust's Compliance Plan and the Responsible Entity's Compliance Manual. The Compliance Committee monitors the extent to which the RE complies with the *Corporations Act 2001*, the Trust's Compliance Plan and the Trust's Constitution.

The Compliance Committee meets quarterly, or as necessary, and is provided with comprehensive compliance reports. The Committee minutes its findings and provides copies of the minutes to the Board together with any requisite reports.

The Compliance Committee has access to all information relevant to the RE's compliance with the Compliance Plan and the *Corporations Act 2001* and may commission independent legal, accounting or other professional advice or assistance, at the reasonable expense of the RE.

### **Compliance monitoring and reporting**

A compliance officer has been appointed who is responsible for carrying out compliance obligations of the RE and monitoring the efficiency of compliance and risk management systems on an ongoing basis and ensuring that appropriate compliance and risk mitigation measures are in place.

The compliance officer provides reports at least quarterly to the Compliance Committee.

The compliance officer may report matters directly to the Board without reference to any other party. The compliance officer has authority to report directly to the Compliance Plan auditor, the Compliance Committee and ASIC in relation to any breaches of the *Corporations Act 2001*, the financial services laws or the AFSL Licence Conditions and does not require the authority of anyone within the RE to do so.

The Trust's Investment Manager provides regular reporting to the RE and the Investment Manager's performance shall be reviewed on an annual basis to ensure performance has been in accordance with the standards required under the agreement.

### **Services Agreement**

Where appropriate the RE has entered into services agreements with persons including related parties to provide the resources necessary to enable the RE to undertake operational management of the Trust.

### **Performance Evaluation**

Where service providers are engaged to provide specified activities for the Trust, the engagement is under written agreements and includes performance and service delivery requirements that are subject to monitoring, review and reporting to the RE. The compliance officer conducts an annual review of the performance of all service providers.

## **Principle 2: Structure of the Board to Add Value**

### **Composition**

There are currently four Directors of the RE: one director can be considered an independent and external Director and two other Directors are non-executive directors. An independent director is understood as a non-executive director who is free from any business or other relationship that could materially interfere with, or be perceived materially to interfere with, the independent exercise of their judgment.

### **The Directors**

Details of the Directors' experience, qualifications and committee membership are set out below. The Board comprises a diverse range of skills and understanding gained by directors from their decades of experience in the financial services, asset management, investment and property sectors.

#### **Brian Silvia**

##### **Non Executive Director and Chairperson**

Brian joined the Board of HML in August 2014. Brian is a chartered accountant and principal of BRI Ferrier. He is a registered and official liquidator and a registered trustee in bankruptcy with over 40 years' insolvency experience. As a founding principal of BRI Ferrier, Brian has worked throughout Australia, New Zealand, South East Asia, Europe and the Cayman Islands. He has undertaken engagements in the property, primary industry, financial services, logistics, manufacturing, mining, retail, tourism and hospitality sectors.

Brian's vision and passion is highly regarded in the industry due to his drive to uncover and successfully manage all details and processes involving construction, contractual obligations, accounting, sales and valuation methods in a timely manner. Brian is regularly engaged as an expert witness and is considered the 'industry speaker' on managing distressed or insolvent property construction projects.

#### **Peter Krejci**

##### **Non Executive Director**

Peter joined the Board of HML in June 2015. Peter is a registered and official liquidator and a founding principal of BRI Ferrier with over 20 years' experience in business recovery and turnaround management. Peter has extensive experience advising secured creditors and boards of directors on options available to them in dealing with companies in financial distress. While primarily working with medium-sized companies, Peter's experience extends to organisations of all sizes across a range of industries including agribusiness, financial services, logistics, manufacturing, mining, property and retail. Peter also has specific experience working with managed investment schemes. He provides innovative solutions through strategic problem solving, negotiations and corporate advisory.

**Principle 2: Structure of the Board to Add Value (continued)**  
**The Directors (continued)**

**John Knox**

**Independent Director, formerly Managing Director**

John served as Managing Director of HML from December 2002 to 31 December 2019 and has continued to serve since that date as an independent director. John is a Fellow of the Chartered Accountants Australia & New Zealand. He practised for twenty years, specialising in the areas of business development, management and tax consultancy. Following the sale of his practice, John ventured into commerce establishing and taking equity interests in companies in construction and property development as well as medical and pharmaceutical fields. Additionally, John successfully undertook executive roles in England, Gibraltar and Spain.

In 2002, John established The Huntley Group which holds an Australian Financial Services Licence and acts as responsible entity, custodian, and trustee and/or manager for over twenty managed investment schemes registered by the Australian Securities and Investments Commission and regulated by the *Corporation Act 2001*. John no longer has an ownership interest but continued as managing director of The Huntley Group until 31 December 2019. He also acts as Chairman and director of a number of other businesses.

**Andrew Pointer**

**Managing Director and Chief Executive Officer ('CEO')**

Andrew has served as CEO since 29 October 2018 and joined the Board of HML on 1 March 2019. Andrew replaced John Knox as Managing Director on 31 December 2019. Andrew is a non-practising lawyer. He practised for 8 years in funds management, trust and company law in Australia and Hong Kong. Over the past 22 years, he has held managerial, strategy and Director-level business development roles for law, accounting and consulting firms, business and Government. Most recently, in both Australia and the US, he held these roles for global businesses in property fund and corporate administration compliance. Andrew holds Law and Arts Degrees from the University of Melbourne, graduating in 1988.

**Independent Professional Advice**

With the approval of the Chairperson, Directors may seek independent professional advice, at the expense of the RE, to assist them in carrying out their duties as Directors.

**Board Performance**

Performance of the Board is reviewed by the Chairperson in accordance with the Board Charter. In doing so, the Chairperson reviews the composition and effectiveness of the Board both individually and as a whole and seeks to identify where improvement might be made and to assess the quality and effectiveness of information that is provided to the Directors.

The Board also undertakes an annual self-assessment of the performance of the Board and individual Directors, facilitated by the Company Secretary. The review may include confidential discussions with individual Directors and where appropriate the results of these discussions are reviewed by the Board.

## **Principle 2: Structure of the Board to Add Value (continued)**

### **Compliance Committee Performance**

At least annually, the Board considers the performance of the Compliance Committee, with a view to assess the quality and effectiveness of information it is receiving. The Board will undertake this review both at an individual level and in relation to the Committee as a whole. The compliance officer's annual report will form the basis for the annual review.

## **Principle 3: Promote Ethical and Responsible Decision Making**

### **Access to documents**

The Board has access to all documents and information necessary to discharge its duties and responsibilities.

### **Code of Conduct**

The Directors are required to conduct themselves in accordance with the Board Code of Conduct.

This Code sets out standards of professional behaviour in areas such as conflict of interest, professional conduct and confidentiality.

## **Principle 4: Safeguard Integrity in Financial reporting**

### **Audit Committee**

The RE does not currently have a formal Audit and Risk Management Committee. This function and the duties of an Audit and Risk Management Committee are undertaken by the Board. The Board however may establish a separate Audit and Risk Management Committee. The Committee would comprise two members one of whom would be an independent, non-executive director. The Chairperson of the Board is not permitted to be Chairperson of the Audit and Risk Management Committee.

At least once a year, the Board and/or Audit and Risk Management Committee should meet the external auditor and also meet separately with the external auditor independently of management.

### **Appointment of Auditor**

Weekes Accounting & Advisory is the current Auditor for the RE. Grant Thornton are the current auditors for the Trust, having replaced Ernst & Young in March 2020. Deloitte Touche Tohmatsu are the auditors of the Compliance Plan for the Trust.

The appointment and removal of an external auditor is regulated by the *Corporations Act 2001*.

## **Principle 5: Make Timely and Balanced Disclosure**

### **Continuous Disclosure Policy and Procedures**

The RE has continuous disclosure procedures designed specifically to identify matters requiring disclosure and to allow appropriate announcements to be made in a timely manner consistent with the ASX Listing Rules.

These procedures are in place to ensure that unitholders and the market are provided with full and timely information about the Trust's activities. They form part of the protocols for managing the use and disclosure of information and correlate with the policies described in Principle 5.

The Company Secretary has a duty to inform the Board promptly of any matter that can be reasonably expected to have a material impact on the value of the Trust's operating policies and procedures.

The release of price-sensitive information is made first through the ASX before release to any other party and is the responsibility of the Company Secretary.

Upon confirmation by the ASX of the release of information to the market, the announcement is posted to the website of the Trust to ensure accessibility to the widest audience. Presentations of material to analysts, brokers and the media are all subject to these disclosure practices.

The continuous and periodic disclosure requirements are embedded into the Trust's Compliance Plan, which is subject to ongoing compliance monitoring and forms part of the annual external compliance audit plan.

## **Principle 6: Respect the Rights of Unitholders**

### **Communications Policy**

The Directors of the RE are committed to open and effective communication, ensuring that unitholders are informed of all significant developments concerning the Trust.

The Trust produces two sets of auditor reviewed financial information each year, the audited annual report for the year ended 31 December and the auditor reviewed half year report for the six months ended 30 June. Both of these are made available to unitholders and other interested parties.

Communication with unitholders is conducted through formal letter, email, and the RE website, which directs unitholders to all market announcements, presentations and current financial information material. The Directors of the RE encourage unitholders to receive electronic communications.

The types of communication available via the website include:

- All disclosures made to the ASX.
- Annual and half year financial reports.
- All investor updates and presentations by the Trust's management team.
- All correspondence sent to unitholders.
- Any detailed results information relating to the most recent reporting period.

## **Principle 7: Recognise and Manage Risk**

### **Risk Management and Internal Controls**

The RE is the holder of an Australian Financial Services Licence and accordingly, is required to have in place processes including compliance, risk management and internal controls appropriate to the nature, scale and complexity of its business to enable it to meet its obligations under the financial services laws.

As part of the overall process to manage risk, the Directors of the RE are provided a declaration required to be made in accordance with section 295A of the *Corporations Act 2001*. When receiving the declaration, the RE is provided with assurance by the Managing Director that the declaration is based on a sound system of risk management and internal control, and that the system is operating effectively. Additional information may be found in the Financial Report under the section "Directors' Declaration".

In addition, the RE recognises that effective risk management forms part of its approach to creating unitholder value over the life of the Trust and has implemented policies and internal controls to ensure that the Trust's assets are protected and risks are identified and appropriately managed.

The compliance officer monitors and reports to the Board on the risk management system.

The risk management structure is further supported by the RE's Compliance Manual and the Trust's Compliance Plan, which identifies and manages the statutory risk applicable to the Trust, its control methodologies and the monitoring obligations of the Trust. The Compliance Plan is available to all unitholders of the Trust on request.

Operational risks are monitored and managed on an ongoing basis by the Trust's Investment Manager and supported by a number of other functional areas that include finance, property management services, registry, legal and audit, which provide information, data and reporting.

## **Principle 8: Remunerate Fairly and Responsibly**

No employees, including executive officers or directors, are remunerated by the Trust. Independent non-executive directors are remunerated by HML. HML does not have a formal remuneration committee, these functions are carried out by the Board itself. This is a departure from ASX Recommendation 8.1. However, in consideration of the actual remuneration paid by HML, the Board does not believe that it is necessary to establish a remuneration committee, nor does the Board believe that any marked efficiencies or enhancements would be achieved by the creation of a remuneration committee.

Further information relating to remuneration is disclosed at Note 19. Related Party Disclosures to the Financial Statements for the year ended 31 December 2019 which form part of the Annual Report.

Information relating to transactions with related parties is disclosed in Note 19. Related Party Disclosures to the Financial Statements for the year ended 31 December 2019 which form part of the Annual Report.

The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, and the Trust's compliance or non-compliance with such Recommendations, are listed below. Where applicable, the RE has used the Alternative Recommendations applicable to externally managed listed entities or noted which Recommendations are not applicable to externally managed listed entities.

ASX Principle	HML Compliance
<b>Principle 1: Lay Solid Foundations for Management and Oversight</b>	
1.1 (Alternative Recommendation) Formalise and disclose: <ul style="list-style-type: none"> <li>• the arrangements between the Responsible Entity and the listed entity for managing the affairs of the listed entity; and</li> <li>• the role and responsibility of the Board of the Responsible Entity for overseeing those arrangements.</li> </ul>	Complies
1.2 Companies should undertake appropriate checks before appointing or re-electing the Board members and disclose such information to security holders.	Not applicable
1.3 Provide written agreements with each director and senior executive setting out the terms of their acceptance.	Not applicable
1.4 The Company Secretary to be accountable directly to the Board through the Chair, in all matters to do with the proper functioning of the Board.	Not applicable
1.5 (a) Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them. 1.5 (b) Companies should include in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them. 1.5 (c) Companies should include in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	Not applicable
1.6 Formalise and disclose a process for periodically evaluating the performance of the Board, its Committees and individual Directors and disclose if this has been undertaken in the reporting period.	Not applicable
1.7 Formalise and disclose a process for periodically evaluating the performance of the Senior Executives and disclose if this has been undertaken in the reporting period.	Not applicable
<b>Principle 2: Structure of the Board to Add Value</b>	
2.1 The Board should establish a Nomination Committee.	Not applicable
2.2 Formalise and disclose the Board's skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	Not applicable
2.3 The Responsible Entity should disclose the names of the Directors considered by the Board to be independent directors, and the length of service of each director.	Complies
2.4 A majority of the Board should be independent directors.	Not applicable
2.5 The Chairman should be an independent director, and in particular should not be the same person as the CEO.	Not applicable
2.6 Companies should have in place 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 effectively.	Not applicable



<b>Principle 3: Promote Ethical and Responsible Decision Making</b>	
<p>3.1 Establish a code of conduct to guide the directors, the Chief Executive Officer (or equivalent) and any other key executive as to:</p> <ul style="list-style-type: none"> <li>• The practices necessary to maintain confidence in the company’s integrity;</li> <li>• The practices necessary to take into account their legal obligations and reasonable expectations to their unitholders; and</li> <li>• The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	Complies
<b>Principle 4: Safeguard Integrity in Financial reporting</b>	
<p>4.1 (a) The Board should establish an Audit Committee:</p> <ul style="list-style-type: none"> <li>• With at least three members – all of whom are non-executives directors and a majority of whom are independent directors;</li> <li>• Is chaired by an independent director, who is not the chair of the Board;</li> <li>• Have and disclose a charter of the Committee;</li> <li>• Have the requisite skills and qualifications to be a member of the Committee; and</li> <li>• Note the number of timbers the Committee met within the period and the attendance of its members; or</li> </ul> <p>4.1 (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>	Does not comply
<p>4.2 A formal declaration from the CEO and CFO that the financial statements for the period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the listed entity.</p>	Complies
<p>4.3 If an AGM is undertaken, ensure that the auditor is available to attend the AGM to answer any questions from security holders.</p>	Not applicable
<b>Principle 5: Make timely and balanced disclosure</b>	
<p>5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.</p>	Complies
<b>Principle 6: Respect the rights of security holders</b>	
<p>6.1 Companies should provide information about itself and its governance to investors via its website.</p>	Complies
<p>6.2 Design and disclose a communications strategy to promote effective communication with security holders and encourage participation at general meetings.</p>	Complies
<p>6.3 Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings by security holders.</p>	Complies
<p>6.4 Companies should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Complies

<p><b>Principle 7: Recognise and manage risk</b></p>	
<p>7.1 (a) Companies should establish a Committee to oversee risk:</p> <ul style="list-style-type: none"> <li>• with at least three members, a majority of whom are independent directors;</li> <li>• is chaired by an independent director;</li> <li>• have and disclose a charter of the committee;</li> <li>• disclose the members of the committee; and</li> <li>• 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>7.1 (b) if it does not have a risk committee in place, disclose that fact and the processes it employs for overseeing the entity’s risk management framework.</p>	<p>Does not comply</p>
<p>7.2 The Board or a Committee of the Board should:</p> <ul style="list-style-type: none"> <li>• review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>• disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul>	<p>Complies</p>
<p>7.3 Companies should disclose:</p> <ul style="list-style-type: none"> <li>• if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>• 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.</li> </ul>	<p>Complies</p>
<p>7.4 Companies 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>Complies</p>
<p><b>Principle 8: Remunerate fairly and responsibly</b></p>	
<p>8.1-8.3 (Alternative Recommendation) An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>Complies</p>