8IP Emerging Companies Limited

Corporate Governance Statement

11 DECEMBER 2018

Introduction

8IP Emerging Companies Limited ACN: 608 411 347 (the **Company**) is a listed investment company on the Australian Securities Exchange (**ASX**). The objective of the Company is to seek long-term capital growth through utilising the skills of the Investment Manager, Eight Investment Partners Pty Limited ACN 139 616 783 AFSL 342305 (**Eight Investment Partners**, or the **Manager**).

The Company has no employees. It has no premises, plant and equipment or other physical assets. The Company's investment activities are undertaken by the Manager in accordance with the Investment Management Agreement. The Company's day-to-day affairs are managed by Eight Investment Partners, in accordance with the Services Agreement.

The Company's main corporate governance practices are set out below. The Company has followed the *ASX Corporate Governance Council's Corporate Governance Principles and Recommendations* 3rd edition (**Governance Principles**), except where indicated.

Company policies, charters and codes referred to in this Statement are provided on the Company's website at www.8EC.com.au.

1. **PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

1.1 **RECOMMENDATION 1.1 – A listed entity should disclose:**

(a) the respective roles and responsibilities of its board and management; and

(b) those matters expressly reserved to the board and those delegated to management.

Arrangements between the Manager and the Company

The Company does not have employees. Administration responsibilities are conducted by the Manager under a Services Agreement dated 28 September 2015. Administration include business, investment and general administration, marketing and business development support, accounting and finance administration.

In addition, the Company entered into an Investment Management Agreement with the Manager on 28 September 2015 (**Investment Management Agreement**) with respect to the management of the Portfolio of the Company (**Portfolio**).

Under the Investment Management Agreement, the Manager will manage the Portfolio and manage and supervise all investments in accordance with the terms of the Investment Management Agreement.

The Company invests in emerging companies listed on the ASX which do not comprise the S&P / ASX 100 Index.

Subject to the Corporations Act, the Listing Rules and any written guidelines issued by the Company, the Manager will, on behalf of the Company, invest money available to the Portfolio. Subject to the Manager managing the Portfolio in accordance with the appointed investment objectives, strategy, guidelines, permitted investments and any proper and reasonable directions or instructions given by the Company, the Manager has absolute discretion to manage the Portfolio and do all things and execute all documents necessary for the purpose of managing the Portfolio.

The Manager must not without the prior consent of the Company delegate any of its discretionary management powers under the Investment Management Agreement.

The initial term of the Investment Management Agreement is five years from the date of commencement of the agreement unless terminated earlier in accordance with the terms of the Investment Management Agreement. The Investment Management Agreement will be extended for a further term of five years upon the expiry of the initial term unless terminated earlier.

With the consent of the Board, the Manager entered into a strategic support agreement with Wilson Asset Management (International) Pty Ltd on 15 April 2018. The agreement enables the Manager to engage WAMI at the Manager's cost to assist it to provide services to the Company.

Role of the Board

The role of the board is to promote the long-term health and prosperity of the Company, which includes overseeing the management of the Company.

Responsibilities of the Board

The principal responsibilities of the Board include:

- monitoring the financial position and performance of the Manager;
- ensuring the Manager is performing its duties in a skilful and diligent manner, employs qualified and experienced staff and operates appropriate risk monitoring and compliance procedures;
- overseeing and monitoring the Manager in compliance with the terms of the Investment Management Agreement;
- ensuring the Manager operates in compliance with its regulatory environment and good corporate governance practices are adopted;
- identifying the principal risks faced by the Manager and ensuring that appropriate control and monitoring systems are in place to manage the impact of these risks; and
- overseeing the integrity of the financial accounts and reporting.

1.2 **RECOMMENDATION 1.2 – A listed entity should:**

(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate 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 Board is responsible for ensuring that any candidate put forward for election as director, or re-election as director, is of a high calibre, has appropriate experience and skills and is fit for office.

1.3 **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 Company has executed terms of appointments with non-executive directors that, amongst other things, dictate duties and responsibilities of directors.

1.4 **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 Company entered into an agreement with Boardroom Limited on 28 September 2015 for the provision of corporate secretarial services. The Company Secretary provided by Boardroom is directly accountable to the Board, through the Chair.

1.5 **RECOMMENDATION 1.5 - A listed entity should:**

(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;

(b) disclose that policy or a summary of it; and

(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:

(i) 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

(ii) 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.

The Board is comprised of five directors and the Company has no employees. The Board has determined that a diversity policy is not appropriate at this stage.

1.6 **RECOMMENDATION 1.6 - 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, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board has undertaken a performance evaluation during the full year. Directors discussed the overall board performance and suggested changes to the format and presentation of board papers. The board as also adopted elements of the Australian Institute of Company Directors’ Sample Board Agenda for meeting effectiveness.

1.7 **RECOMMENDATION 1.7 - A listed entity should:**

(a) have and disclose a process for periodically evaluating the performance of its senior executives; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Company presently has no employees and thus this recommendation is not applicable at this stage.

2. **PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

2.1 **RECOMMENDATION 2.1 - 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;

(iii) abides by the charter of the committee; and

(iv) as at the end of each reporting period, records 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 is comprised of five directors and the Company has no employees. The Board has determined that a nominations committee is not appropriate at this stage. Board succession and Board balance is the responsibility of the Board itself.

2.2 **RECOMMENDATION 2.2 - A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.**

The Company has a desired skills matrix against which the Board's current skills and qualities are periodically compared. The skills matrix is reviewed by the Board from time to time.

The Board has determined that the following skills are required for an effective Board and is considered desirable in the selection of directors:

- Experience in serving on boards, particularly for ASX-Listed entities;
- Accounting and governance experience;
- Experience to enable acting as chair of the audit committee;
- Experience in determining remuneration;
- Knowledge of the investment industry;
- Knowledge and experience in managing investment funds for third parties;
- Experience of doing business across a wide variety of Australian industries;
- Network of contacts across a broad range of Australian businesses and industry groups; and
- Broad knowledge of and insight into Australian and international economic conditions and trends.

2.3 **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 the Principles described in the notes to the Governance Principles 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.**

Structure of the Board

The Board currently comprises one executive director, Kerry Series, and four Non-Executive Directors: Jonathan Sweeney (Chair),Tony McDonald, Robin Burns and Geoff Wilson.

Details of the background, experience and professional skills of each Director are set out in the Directors' Report.

Robin Burns, Jonathan Sweeney and Tony McDonald are independent, Non-Executive Directors. An independent Director is a Non-Executive Director that the Board considers to be independent of Management (and the Manager) and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of unfettered and independent judgement.

The Board regularly assesses the independence of each Director by taking into account the factors outlined below:

- the specific disclosures made by each Director as referred to below;
- where applicable, the related party dealings referable to each Director, noting whether those dealings are material under accounting standards;
- whether a Director is, or is associated directly with, a substantial shareholder of the Company or the Manager;
- whether the Director has ever been employed by the Company or the Manager or any of their subsidiaries;
- whether the Director is, or is associated with, a supplier, professional adviser, consultant to or customer of the Company or the Manager, which is material under accounting standards;
- whether the Director personally carries on any role for the Company or Manager other than as a Director of the Company; and
- the length of service of the Director and whether his/her tenure is affecting the Director's ability to continue to perform his/her duties in the best interests of the Company and its shareholders.

The Board also has regard to the matters set out in the Governance Principles.

Directors must disclose any material personal or family contract or relationship in accordance with the *Corporations Act 2001*. Directors also adhere to constraints on their participation and voting in relation to matters in which they may have an interest in accordance with the *Corporations Act 2001* and the Company's policies.

Each Director may from time to time have personal dealings with the Company. Some Directors are involved with other companies or professional firms that may from time to time have dealings with the Company.

Details of offices held by Directors with other organisations are set out in the Directors' Report. Full details of related party dealings are set out in notes to the Company's accounts as required by law.

If a Director's independent status changes, this will be disclosed and explained to the market in a timely manner and in consideration of the Company's Shareholder Communications Policy.

Director	**Length of Service***
Jonathan Sweeney Non-Executive Chairman (Independent)	2 Year and 9 Months
Tony McDonald Non-Executive Director (Independent)	2 Year and 9 Months
Kerry Series Executive Directors (Not Independent)	2 Year and 9 Months
Robin Burns Non-Executive Director (Independent)	3 months
Geoff Wilson Non-Executive Director (Not Independent)	3 months

* as at 30 June 2018

2.4 **RECOMMENDATION 2.4 - A majority of the board of a listed entity should be independent directors.**

The Board of the Company has a majority of independent directors.

2.5 **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 Chair of the Board is an independent director.

2.6 **RECOMMENDATION 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.**

The Board, led by the Chair, is responsible for inducting new directors and ensuring ongoing development.

3. **PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY**

3.1 **RECOMMENDATION 3.1 - A listed entity should:**

(a) have a code of conduct for its directors, senior executives and employees; and

(b) disclose that code or a summary of it.

Directors' Code of Conduct

The Board has adopted a Directors' Code of Conduct, which is based upon the Australian Institute of Company Directors' Code of Conduct. It requires the Directors to act honestly, in good faith, and in the best interests of the Company as a whole, whilst in accordance with the letter (and spirit) of the law. All Directors sign an annual declaration stating that they have adhered to the Directors' Code of Conduct.

Code of Conduct Policy

The Manager has established a code of conduct policy applicable to its Directors and all applicable staff. The policy communicates the appropriate standards of behaviour and informs staff of their responsibilities with respect to legal compliance, confidentiality, conflicts of interest, investment activities and operational processes.

The Chief Executive Officer of the Manager is responsible for ensuring that any new staff members are familiar with the Company's compliance obligations and the terms of engagement of each staff member incorporates the code of conduct policy.

Compliance will be monitored by the Chief Executive Officer of the Manager.

The Directors' Code of Conduct and other corporate governance items are posted on the Company's website at www.8EC.com.au.

4. **PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

4.1 **RECOMMENDATION 4.1 - The board of a listed entity should:**

(a) have an audit committee which:

(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and

(2) is chaired by an independent director, who is not the chair of the board,

and disclose:

(3) the charter of the committee;

(4) the relevant qualifications and experience of the members of the committee; and

(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

(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.

Audit, Risk & Compliance Committee

The Board has established an Audit, Risk & Compliance Committee.

The Audit, Risk & Compliance Committee has three members: Robin Burns, Jonathan Sweeney and Tony McDonald, which is sufficient due to the size of the Board. The Committee is chaired by Tony McDonald.

All members of the Audit, Risk & Compliance Committee are independent Non-Executive Directors.

The Audit, Risk & Compliance Committee operates under an approved charter.

The Audit, Risk & Compliance Committee has authority (within the scope of its responsibilities) to seek any information it requires from any employee of the Manager and Administrator or external party. Members may also meet with auditors (internal and/or external) without Management present and consult independent experts, where the Audit, Risk & Compliance Committee considers it necessary to carry out its duties.

All matters determined by the Audit, Risk & Compliance Committee are submitted to the full Board as recommendations for Board decisions. Minutes of an Audit, Risk & Compliance Committee meeting are tabled at a subsequent Board meeting. Additional requirements for specific reporting by the Audit, Risk & Compliance Committee to the Board are addressed in the Charter.

The purpose of the Audit, Risk & Compliance Committee is to assist the Board in fulfilling its responsibilities relating to the financial reporting and accounting practices of the Company.

Its key responsibilities are to:

- review and recommend to the Board the financial statements (including key financial and accounting principles adopted by the Company);
- review and monitor risks and the implementation of mitigation measures for those risks as appropriate;
- assess and recommend to the Board the appointment of external auditors and monitor the conduct of audits;
- monitor the Company's compliance with its statutory obligations;
- review and monitor the adequacy of management information and internal control systems; and
- ensure that any shareholder queries relating to such matters are dealt with expeditiously.

Attendance record at Audit, Risk & Compliance Committee meetings is provided in the Directors' Report.

Company Auditor

The policy of the Board is to appoint an Auditor that clearly demonstrates competence and independence.

The performance of the Auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

Pitcher Partners was appointed as the Auditor to the Company in 2015.

An analysis of fees paid to the Auditor, including a breakdown of fees for non-audit services, is provided in the Directors' Report. It is the policy of the Auditor to provide an annual declaration of its independence to the Audit, Risk & Compliance Committee.

4.2 **RECOMMENDATION 4.2 - The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on**

the basis of a sound system of risk management and internal control which is operating effectively.

The Board’s representations in relation to financial reports are supported by representations made by the Manager. The Manager relies on representation it receives from the Company’s administrators to make its declaration to the board.

4.3 **RECOMMENDATION 4.3 - A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.**

The Auditor is required to attend the Company's Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

5. **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

5.1 **RECOMMENDATION 5.1 - A listed entity should:**

(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and

(b) disclose that policy or a summary of it.

The Company has a Continuous Disclosure Policy which also applies to the staff of the Manager as the manager of the Company.

The Board is committed to:

- the promotion of investor confidence by ensuring that trading in Company shares takes place in an efficient, competitive and informed market;
- complying with the Company's disclosure obligations under the ASX Listing Rules and the *Corporations Act 2001*; and
- ensuring the Company's stakeholders have the opportunity to access externally available information issued by the Company.

The 8EC Company Secretary is responsible for coordinating the disclosure of information to Regulators and shareholders and ensuring that any notifications/reports to the ASX are promptly posted on the Company's website.

6. **PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS**

6.1 **RECOMMENDATION 6.1 - A listed entity should provide information about itself and its governance to investors via its website.**

Information about the Company and its corporate governance items are posted on the Company's website at www.8EC.com.au.

6.2 **RECOMMENDATION 6.2 - A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.**

The Board has adopted a Shareholder Communications Policy that describes the Board's policy for ensuring shareholders and potential investors of the Company receive or obtain access to information publicly released by the Company.

The Company's primary portals are its website, Annual Report, Annual General Meeting, Half-Yearly Report, Quarterly Investment Report and monthly and weekly notices to the ASX.

The Company Secretary oversees and coordinates the distribution of all information by the Company to the ASX, shareholders, the media and the public.

Under the Shareholder Communications Policy, directors and staff of the Manager will not make unauthorised disclosures of confidential information or use it for purposes other than those for which it was disclosed, except as required by law.

All shareholders have the opportunity to attend the Annual General Meeting and ask questions of the Board.

6.3 **RECOMMENDATION 6.3 - A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.**

The dates and locations of security holder meetings are shown on the Company website at www.8EC.com.au. Security holders will be invited to attend based on contact information held by the Company Registry.

6.4 **RECOMMENDATION 6.4 - A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.**

The Company, and the Manager on behalf of the Company, provide the Company's security holders with an electronic communication option.

7. **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

7.1 **RECOMMENDATION 7.1 – The board of a listed entity should:**

(a) have a committee or committees to oversee risk, each of which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director, and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(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

(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, through the Audit, Risk & Compliance Committee, is responsible for ensuring that:

- there are adequate policies for the oversight and management of material business risks to the Company;
- there are effective systems in place to identify, assess, monitor and manage the risks of the Company and to identify material changes to the Company's risk profile; and
- arrangements are adequate for monitoring compliance with laws and regulations applicable to the Company.

The Board, through the Manager, has implemented risk management and compliance frameworks based on ISO 31000:2009 *Risk Management - Principles and Guidelines* and AS 3806-2006 *Compliance Programs*. These frameworks (together with the Manager's internal audit function) ensure that:

- emphasis is placed on maintaining a strong control environment;
- accountability and delegations of authority are clearly identified;
- risk profiles are in place and regularly reviewed and updated;
- timely and accurate reporting is provided to the Board and respective Committees; and
- compliance with the law, contractual obligations and internal policies (including business rules of conduct) is communicated and demonstrated.

7.2 **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

(b) disclose, in relation to each reporting period, whether such a review has taken place.

The Audit, Risk & Compliance Committee reviews the Company's risk management framework at least annually. The Company's risk profile includes the risk management report of the Manager. The Manager has a risk management strategy, which is based on ISO 31000:2009 *Risk Management - Principles and Guidelines* and AS 3806-2006 *Compliance Programs*. A review of the Company's risk management framework was undertaken during the 2018 financial year.

7.3 **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 Company has no employees and no internal audit function. The Manager provides periodic reports to the Audit, Risk & Compliance Committee on risk management and internal control processes relevant to the Company.

As mentioned above, the Board, through the Manager, has implemented risk management and compliance frameworks based on ISO 31000:2009 *Risk Management - Principles and Guidelines* and AS 3806-2006 *Compliance Programs*.

The Manager's internal audit function is overseen by the Chief Executive Officer who is primarily responsible for ensuring that:

- risks are managed by dedicated investment professionals with skills and knowledge of the markets and associated instruments within which they operate and trade;
- controls are in place to confirm that all products remain within the agreed mandate, while delivering results consistent with the Company's investment objective;
- all trading and portfolio management activities are performed in compliance with approved investment guidelines;

- records and documentation are rigorously maintained to support the orderly execution of transactions and other management obligations;
- computer systems are in place to support the full investment management process including the timely provision of comprehensive management and reporting capabilities; and
- the Company is provided with regular commentaries of the Manager's activities as per the agreed mandate.

7.4 **RECOMMENDATION 7.4 – A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.**

At this time, the Company has not committed to integrate economic, environmental and social sustainability considerations by becoming for example a signatory to the UNPRI or developing a publicly available policy.

The Manager subscribes to the MSCI ESG (Environmental, Social and Governance) research and uses that research as an input to the investment process.

8. **PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

8.1 **RECOMMENDATION 8.1 - The board of a listed entity should:**

(a) have a remuneration committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director, and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(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

(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.

The Board is comprised of five directors and the Company has no employees. The Board has determined that a remunerations committee is not appropriate at this stage. Until such time that a remunerations committee is established, the Board will ensure that it performs the functions recommended in the ASX Corporate Governance Principles to be performed by a remuneration committee (to the extent that these functions are relevant to the Company’s business).

8.2 **RECOMMENDATION 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.**

Director remuneration for the year ended 30 June 2018 is disclosed in its annual report. Remuneration of the Directors has been set following a benchmarking process for comparable roles in comparable listed investment companies.

In the absence of a remuneration committee for the Company, the Board will also be responsible for evaluating the performance of any senior executives or employees that may be hired by the Company in the future. In the event that the Company hires a number of employees in the future, it will look to establish a remuneration committee to perform the functions recommended in the ASX Corporate Governance Principles.

8.3 **RECOMMENDATION 8.3 - A listed entity which has an equity-based remuneration scheme should:**

(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

(b) disclose that policy or a summary of it.

This recommendation is not applicable to the Company.

8.4 **ADDITIONAL RECOMMENDATIONS TO 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.**

Remuneration of the Manager is outlined in the Investment Management Agreement with the Manager dated 28 September 2015.

In return for the performance of its duties as Manager of the Company, the Manager is entitled to be paid a management fee equal to 1.25 % per annum (exclusive of GST) of the Portfolio value calculated in 12 equal instalments, as at the close of business on the last Business Day of each calendar month and adjusted pro rata in respect of periods of less than one calendar month. The management fee will be formally calculated and paid monthly in arrears.

The Manager is entitled to be paid by the Company a performance fee of 20% (exclusive of GST) of the Portfolio's outperformance of the benchmark (Reserve Bank of Australia cash rate plus 2% per annum) calculated using the following formula and subject to a high water mark.

Performance Fee = ((CV - PV) - (BI x PV)) x 0.2

where:

CV is the NTA before all taxes and current performance fee accrual of the Company calculated on the last Business Day of the relevant performance fee period;

PV is the NTA before all taxes and current performance fee accrual of the Company calculated on the last Business Day of the immediately preceding performance fee period or, in the case of the first performance fee period, the NTA before all taxes at listing; and

BI is the Reserve Bank of Australia cash rate + 2.0% p.a., over the performance fee period expressed as a percentage.

Investors may refer to section 9.1 of the Prospectus for further details.