

# Resolution of Conflict of Interest Policy

## Introduction

This policy applies to the Investa Property Group (**Investa**) which comprises ICPF Holdings Pty Limited (**ICPFHL**), Investa Office Management Pty Limited (**IOM**) and their subsidiaries, including Investa Wholesale Funds Management Limited (**IWFML**) and Investa Listed Funds Management Limited (**ILFML**), together the **Responsible Entities**, and Investa Investment Management Pty Limited.

Investa conducts a broad range of activities and actual or perceived conflicts of interest may arise between Investa's various business units. For the purposes of this policy, Investa's business may be divided as follows:

- the Investa Office Platform, which provides portfolio and asset management services (**Corporate Property Services**); and
- Funds business, which comprises Investa Commercial Property Fund, Investa Office Fund and the funds or mandates managed by Investa on behalf of external investors (together the **External Funds**).

## Executive Summary

A conflict of interest exists whenever the interests of two or more "Parties" (as this term is defined below) are involved in a process or transaction and their commercial or legal interests are not the same. For example, one Party's interest may be to sell an asset for the highest price possible, but the other Party's interest may be to buy the asset for the lowest price possible.

The existence of an actual or perceived conflict of interest is not, of itself, a problem provided that the conflict is appropriately managed.

This policy outlines the principles by which Investa will manage and resolve conflicts in a manner which complies with legal obligations and is equitable to all parties.

In respect of the Responsible Entities, the Corporations Act contemplates the existence of, and need to manage, conflicts and provides that if there is a conflict between the unitholders' interests and the Responsible Entity's interests, the Responsible Entity must give priority to the unitholders' interests. Further, entities in the Investa Property Group, other than the Responsible Entities, have contractual obligations to private mandate clients under investment management agreements to act honestly, efficiently and fairly.

An objective of this policy is to enable all Investa Property Group entities to implement and comply with the various obligations they have to relevant stakeholders. Broadly the policy envisages:

- structural arrangements so that ultimate responsibility for decisions made concerning an External Fund rests with the independent board members of the relevant Responsible Entity;
- the appointment of one or more employees of IOM to work exclusively for an External Fund, in which case each such employee shall be responsible to advance and protect the interests and position of the relevant External Fund;
- the appointment of designated "champions" for each Party whose interests may be in conflict and conferring on those "champions" both the right and the responsibility to assess, advance and protect the interests and position of the Party whose cause they are to champion;
- specific guidelines which apply to particular types of potential conflict situations;
- the approval of all related party transactions between an External Fund and an Investa entity by the board of the relevant Responsible Entity;
- the importance of awareness and training in relation to the identification and management of potential conflicts of interest; and
- monitoring and reporting to reinforce awareness of this policy and the culture of compliance.

## When Does a Conflict Exist?

To determine if a conflict of interest may exist, it is essential to first determine whose interests may potentially be affected.

For this purpose, all entities which are wholly owned by Investa and in which no external parties or investors are involved are considered to be part of the **same "Party"**.

Each entity which is not wholly owned (e.g. joint ventures), each External Fund and each third party to which Investa provides Corporate Property Services constitutes a **separate "Party"**.

### Actual Conflict of Interest

An actual conflict of interest exists whenever the interests of two or more Parties are involved and their commercial or legal interests are not the same.

### Perceived Conflict of Interest

The perception of a conflict of interest can arise whenever two or more Parties are involved in a commercial dealing, as these parties will have separate interests which are not always the same or similar.

Conflicts of interest can arise in a variety of circumstances, including for example:

- two or more Parties are considering whether to acquire or bid for a property (e.g. two External Funds);
- negotiations between two or more Parties in relation to the joint acquisition of a property and the terms which will determine their ongoing rights as co-owners of the property;
- the purchase and allocation of an investment property and its ownership across portfolios owned, or managed by Investa;
- the sale of a property from one Party to another Party (e.g. the sale of a property from Investa to an External Fund);
- leasing deals in a market where two or more Parties own lettable space which would suit a prospective tenant's requirements; or
- a decision of Investa which could benefit one Party at the expense of another Party, could confer benefits disproportionately on two or more Parties or could impose burdens disproportionately on two or more Parties.

### Potential for Conflict of Interest

Given the current ownership of IOM, there is potential for conflict given the staff of the Investa Office Platform are employed by entities owned and controlled by one of the funds managed by the Investa Office Platform. This creates a potential for conflict between the interests of Investa and the duties to External Funds, other than Investa Commercial Property Fund, managed by IOM and its subsidiaries.

If you are in doubt as to whether a conflict of interest exists you should consult your manager or the Group General Counsel.

If you are an employee who has been appointed to work exclusively for an External Fund, and you feel that in doing so it may conflict with your obligations as an employee of IOM, you should notify the Group General Counsel.

### Related Party Transactions

A related party transaction includes any transaction where an Investa entity, or an entity which is classified as a related party of Investa, provides a benefit to an Investa entity or its directors or officers.

Under the Corporations Act, a related party transaction which is on arm's length terms will generally not require member approval. Approval may still be required under the ASX Listing Rules for related party transactions on arm's length terms which involve listed entities (eg the acquisition or disposal of "substantial assets" as defined in the ASX Listing Rules).

Legal advice (internal and/or external) should be sought when a potential related party transaction has been identified to ensure that the transaction is appropriately managed.

## General Approach

### Separate Interests Represented by Separate Parties

Investa's organisational structure is designed to assist in managing potential conflicts of interest – while the boards of ICPFHL and IOM are responsible for the conduct of the Investa business, including the Investa Office Platform, the responsibility for an External Fund lies with the board of the relevant Responsible Entity.

The board of each Responsible Entity is comprised of a majority of independent directors and each Responsible Entity has no other role other than as the responsible entity of the relevant External Fund; that is, it has no mandate other than to act in the best interests of unitholders of the relevant External Fund. The independence of the directors shall be considered in light of the requirements of the Corporations Act<sup>1</sup> and if considered appropriate by the relevant boards, the ASX Corporate Governance Principles and Recommendations<sup>2</sup>. The independence of directors will be monitored on an ongoing basis.

The portfolio of each of the External Funds is managed by a separate Fund Manager who has responsibility for the direction and performance of that portfolio. This structure separates the responsibilities for Investa's various business units, including the External Funds and creates a clear allocation of responsibilities and business focus.

The board of each Responsible Entity and the relevant Fund Manager shall have access to the full resources of Investa Office Platform and may seek external advice or support if required in relation to potential conflicts of interest.

In the case of certain external client mandates, it may not be practical to appoint a particular person whose sole responsibility is to assess, advance and protect the interests and position of the client. In such circumstances, the client will be provided with full disclosure of Investa's potential interests and conflicts and any alternate approach in relation to the management of conflicts will be subject to the prior written consent of the client.

### **Property Services and Support Services**

Investa also provides property management services and other support services to various Parties such as:

- Asset Management;
- Finance and Administration; and
- Company Secretariat and Legal.

In these areas, the need for specialist advice may mean that the same individual is involved in providing advice or assistance to more than one Party. In such cases, the individual concerned must:

- behave in a fair, balanced and non-partisan manner to all Parties concerned;
- maintain the confidentiality of a Party's information at all times; and
- immediately advise the relevant Fund Managers that they are providing advice or services to more than one Party. It is for the Fund Manager to then decide whether they wish for that employee to continue to provide services in relation to that particular matter.

### **Related Party Transactions – Responsible Entity Board Approval**

All transactions between two External Funds or an External Fund and Investa entity (**External Funds Related Party Transactions**) give rise to a perceived conflict of interest and potentially to actual conflict. The relevant transaction may involve the transfer of interests in land, the provision of services or the leasing of premises.

All External Funds Related Party Transactions require the approval of the Board of the responsible entity of each External Fund party to that transaction. Executive directors on any Responsible Entity board will abstain from voting on any External Funds Related Party Transactions. Consideration may need to be given in particular circumstances as to whether Executive Directors should not only abstain from voting on External Funds Related Party Transactions, but should also absent themselves from the Board discussion of such matters.

There may be from time to time legal obligations to obtain unitholder approval for External Funds Related Party Transactions depending on their nature and subject to any relevant exemptions.

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<sup>1</sup> Section 601JA(2) of the Corporations Act 2001 (Cth)

<sup>2</sup> Recommendation 2.3 of the ASX Corporate Governance Principles and Recommendations third edition

## Guidelines

### Fund Managers as “Champions”

In the event of a potential conflict of interest between funds, each Fund Manager is to act only for the fund they manage. The Fund Manager is required to:

- assess, advance and protect the interests and position of the Fund whose cause they “champion”; and
- make recommendations in respect of their Fund’s position to the appropriate decision-maker (as determined in accordance with Investa’s delegated authorities) and with reference to the strategic plan for the relevant portfolio).

### Leasing

Each Fund Manager acts independently on leasing activities within the parameters of strategic and asset plans for the relevant portfolio.

Where leases are to be negotiated between a third party client to whom corporate property services are provided and an External Fund, the relevant Client Manager and Fund Managers will review the potential conflict and agree on a process for managing/eliminating the potential conflict.

Where a General Manager is responsible for a number of properties located in a particular geography that might be owned by different External Funds and each of those properties are competing against each other for a certain tenant requirement, the General Manager must provide notice of this conflict to the respective Fund Managers. It may be necessary for the competing proposals to be dealt with solely by the respective Fund Managers. However, ultimately the way in which this potential conflict is managed will depend on all relevant circumstances, including the size of the lease and the likelihood of one asset being the preferred choice of the tenant.

### No Poaching of Tenants

No Fund Manager will persuade, or attempt to persuade, a tenant of another Portfolio to leave its premises unless that tenant is actively pursuing alternative space in the market place. To assist tenants in assessing requirements and alternatives, the Fund Manager responsible for the relevant portfolio may, at its discretion, seek assistance from other areas of Investa (including from service units or other Portfolios).

### Real Estate Transactions – Sales

Each Fund Manager will be responsible for the sale of assets of his or her portfolio. It is likely that external selling agents would be appointed to assist in the sale process.

The Fund Manager of the vendor portfolio is responsible for the recommendation to the board of the Responsible Entity of the final terms of the transaction from the vendor’s perspective.

Any Fund Manager may pursue the acquisition of an asset being sold by another portfolio.

### Related Party Off Market Transactions

Subject to the duty to act in the best interests of its stakeholders, the relevant Fund Manager of an External Fund may decide to offer an asset to another External Fund through an off-market transaction rather than make a general offer to the market. In such circumstances, the following process will be adopted:

- the Fund Manager of the vendor portfolio and the Fund Manager of the purchaser portfolio will agree a price on which they are prepared to deal (**Agreed Price**);
- each External Fund involved in the transaction must obtain an independent valuation of the asset the subject of the sale; and
- if the independent valuation of the External Fund supports the Agreed Price the transaction can proceed (subject to board approval) at the Agreed Price. For the purposes of this paragraph the independent valuation of the External Fund will support a price where the following applies:
  - if the External Fund is the vendor, the independent valuation is less than or equal to the Agreed Price; and
  - if the External Fund is the purchaser, the independent valuation is greater than or equal to the Agreed Price.

### Pursuing Acquisition Opportunities

Subject to normal financial constraints and delegated authorities, each Fund Manager has the right to pursue the acquisition of any asset which meets the investment objectives of the portfolio which they manage. Investa and each

External Fund has equal rights of acquisition of each opportunity obtained by Investa. Naturally, potential acquisitions need to be assessed by reference to the strategic plan for Investa or the relevant External Fund as applicable.

When investment opportunities are identified by Investa a preliminary investment proposal must be prepared by the person identifying or proposing the opportunity. The proposal must include sufficient detail about the asset to enable the relevant Fund Managers to decide whether or not to pursue the purchase. This investment proposal would include information such as:

- Forecast IRR%
- Passing Yield
- Lease expiry profile
- Market commentary
- Year on Year income
- Risks
- Development exposure
- Location
- Type
- Size (\$/m<sup>2</sup>)
- Likely due diligence costs
- Any special issues e.g. unit swap preference.

Preliminary investment proposals for all investment opportunities will be presented for consideration to the Fund Manager for each External Fund.

After receiving the preliminary investment proposal each Fund Manager must promptly advise the CEO (and the Chairman of the Board, in the case of IOF) if they intend to pursue the acquisition of that asset. If more than one Fund Manager wishes to proceed then the asset can be pursued on one of the following bases:

- (1) a joint bid to acquire the asset by the relevant Parties, with the proportionate ownership of each Party and key commercial terms governing their post-acquisition relationship (both as co-owners and as a provider of any relevant services) being agreed prior to the acquisition. The principles outlined in this policy will apply to any negotiations between the Parties regarding either percentage interests or their post-acquisition relationship.
- (2) each Party is entitled to pursue the full acquisition of the relevant asset independently of any other Party. This may involve competition for the asset between Fund Managers, although at all times appropriate confidentiality, commercial discipline, professionalism and courtesy must be maintained.

The Fund Managers will be responsible for the due diligence process. The costs of due diligence shall be borne by the Party which pursues the opportunity, or if two or more Parties pursue the opportunity jointly, in agreed proportions which should generally be the same as the proportions in which they will own the asset if they are successful in acquiring the asset.

Where more than one External Fund is pursuing an investment opportunity, the CEO will oversee the arrangements and procedures in relation to the bidding process to ensure that there is sufficient separation of teams and that all External Funds participating in the process have access to sufficient dedicated resources to participate in the process.

If an IOM employee is providing assistance to more than one External Fund in respect of an investment opportunity, that employee must:

- disclose to the Fund Manager that it is doing so; and
- must ensure that any confidential or commercially sensitive information of one External Fund is not disclosed to any other External Fund.

Fund Managers may request dedicated internal resources or seek external advice (to the extent necessary) where IOM employees are assisting more than one External Fund is bidding on an investment opportunity.

### **Confidentiality**

Non-public information in relation to a portfolio is to be treated as confidential to that portfolio and not disclosed to other Parties without the approval of the relevant Fund Manager and the CEO.

If confidential information relating to one portfolio becomes known to people responsible for another portfolio and that information has not been made openly available, then no use can be made of that information without the approval of the Fund Manager of the portfolio to which the information relates.

Investa acknowledges that it may be appropriate from time to time to establish formal information barriers in order to regulate the supply of and access to information where there is a real possibility of conflict, for example, where there is competitive bidding for an asset opportunity, or competitive leasing opportunities between External Funds. Electronic information barriers may need to be established so that only those that need to have access to the information in order to perform their role do have access. Further, the physical location and separation of IOM employees may also need to

be considered particularly in circumstances where working environments have been designed to facilitate open and collaborative working arrangements between IOM employees and such environments have the potential to adversely impact on confidentiality protocols or information barriers established as between External Funds.

### **Method of Resolution of Conflicts**

It is intended that the representatives of the Parties to a proposed transaction should do their very best to resolve potential conflicts in accordance with this policy. This may include obtaining relevant professional advice, including from the Group General Counsel or other senior corporate executives.

Any matter not so resolved shall be referred to the CEO. The CEO will then either resolve the conflict in accordance with this policy or, if the CEO considers it appropriate to do so, refer the matter to the boards of the relevant parties for resolution.

### **Policy Implementation and Monitoring**

The Group General Counsel is responsible for ensuring that:

- all Senior Managers are aware of, and have access to, this policy; and
- appropriate education sessions are held for Senior Managers and other staff.

It is the responsibility of all staff, including Senior Managers, to familiarise themselves with the requirements of this policy. If any members of staff have any questions or require further information they should contact the Group General Counsel.

The CEO has a key role to play in the operation of this policy and must permit and require compliance with this policy.

As part of the approval procedure of any proposed capital transaction between two or more Parties, the boards of all Parties require the relevant Champions to confirm that this policy has been duly observed in respect of the proposed transaction. The Group General Counsel (or the Company Secretary as their nominee) also reports to the boards of both ICPFHL, IOM and each Responsible Entity in relation to matters, the subject of this policy, at regular intervals. A register of related party transactions and potential conflicts, detailing their management and/or resolution, will be maintained by IOM and will be included in any reporting to boards of ICPFHL, IOM and each Responsible Entity.

### **Periodic Review**

This policy will be reviewed annually or more frequently as may be required and will be adopted by ICPFHL, IOM and the Responsible Entities.

## Questions?

Please contact:

Company Secretary  
Level 30  
420 George Street  
Sydney NSW 2000

Phone: (02) 8226 9300

Fax: (02) 9844 9300

Email: [companysecretary@investa.com.au](mailto:companysecretary@investa.com.au)

## Policy Information

**Responsibility:** Legal & Company Secretariat

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