



Aventus Capital Limited ACN 606 555 480
as responsible entity of the Aventus
Retail Property Fund
Level 14, 71 Macquarie Street
Sydney NSW 2000

Conflicts of interest & Related Party Transactions Policy

CONTENTS

1. Purpose	1
1.1 Purpose	1
2. Persons responsible	1
2.1 Primary responsibility	1
2.2 If persons responsible are conflicted	1
2.3 Compliance monitoring	1
3. Conflicts of interest?	2
3.1 What is a conflict of interest?	2
3.2 Legal framework	2
4. Identification and notification of conflicts of interest	2
4.1 Identification and notification	2
4.2 Conflicts of Interest Notices and Register	3
4.3 Evaluation of a conflict of interest	3
4.4 Material conflicts of interest	4
5. Process to resolve conflicts of interest	4
5.1 General information	4
5.2 Controlling conflicts of interest	5
5.3 Disclosure of conflicts of interest	5
5.4 Avoiding conflicts of interest	5
6. Related party transactions	5
6.1 Legislative framework	6
6.2 When do the related party provisions apply?	6
6.3 Member approval of related party transactions	6
6.4 When member approval is not required	7
7. Role of the Board	8
7.1 General approach	8
7.2 Transaction Proposal Form	8
7.3 Board approval	9
7.4 Conflict of interest relating to directors	10
8. Reporting and review processes	11
8.1 Conflicts of Interest Register	11
8.2 Conflicts of interest procedures	11

9. Documents and record keeping	11
9.1 Documents to be kept	11
Schedule 1—Dictionary	13
Schedule 2—Conflicts guide	14
Schedule 3—Conflict of Interest Notice	15
Schedule 4—Transaction Proposal Form	16
Schedule 5—Related parties	17

1. Purpose

1.1 Purpose

- (a) As an AFS licensee, public company and operator of a registered managed investment scheme, Aventus Capital Limited (ACL) must adequately manage conflicts of interest and related party transactions in accordance with ASIC policy and the relevant provisions of the Act.
- (b) This policy has been prepared by ACL to address both conflicts of interest and related party issues which arise on an ongoing basis. Both issues are addressed in the one policy because conflicts of interests are intrinsically linked to related party transactions. However, ACL acknowledges that conflicts of interest may also arise in circumstances other than where a related party transaction is occurring.
- (c) The purpose of this policy is to ensure ACL has a framework in place for identifying, managing and resolving situations where conflicts of interest and related party transactions arise, or might be perceived to arise, in accordance with ASIC policy and the relevant provisions of the Act.

2. Persons responsible

2.1 Primary responsibility

The person with primary responsibility for performance of the duties under this policy is the Compliance Officer. Where the Compliance Officer is not able to act, the CEO may carry out the duties under this policy from time to time.

2.2 If persons responsible are conflicted

- (a) If a transaction involves the Compliance Officer, then the CEO must replace the Compliance Officer in relation to the duties under this policy.
- (b) If both the Compliance Officer and the CEO are involved in a conflicted transaction, then the Board must carry out the duties under this policy.

2.3 Compliance monitoring

The Compliance Officer will monitor compliance with this policy, review the conflicts of interest and related party records, and report any breach of this policy in accordance with the breach reporting procedures of ACL.

3. Conflicts of interest?

3.1 *What is a conflict of interest?*

- (a) A conflict of interest will arise in circumstances where some or all of the interests of ACL are inconsistent with, or diverge from, some or all of the interests of members of the Fund. A conflict may also arise where ACL has more than one set of interests to consider and those interests conflict (for example, the interests of members of a Fund and shareholders of ACL or one of its related entities). A conflict of interest may be actual, apparent or potential.

3.2 *Legal framework*

- (a) Directors

The Act requires directors to exercise their powers and discharge their duties in good faith in the best interests of the company and for a proper purpose.

- (b) Managed investment schemes

- (i) As responsible entity, the Act requires ACL to act in the best interests of the Fund's members and, if there is a conflict between the members' interests and its own interests, then ACL must give priority to the members' interests.
- (ii) In addition, the Act and ASIC policy requires AFS licensees to have adequate measures in place to manage conflicts of interest that may arise in relation to the activities undertaken in their capacity as responsible entity. Provided the conflict can be managed by a combination of internal controls and adequate disclosure, ASIC policy provides the business can proceed. It will only be where those internal controls are non-existent or disclosure is not made that the business cannot and should not proceed.

4. Identification and notification of conflicts of interest

4.1 *Identification and notification*

- (a) Anyonewho becomes aware of an actual or potential conflict of interest (including a related party conflict) must immediately notify the Compliance Officer in accordance with paragraph 4.2(a).
- (b) ACL has identified specific conflicts of interest in relation to its activities. The specific conflicts and how ACL will manage them are set out in

Schedule 2—Conflicts guide. As other conflicts could arise any additional conflicts of interest identified will be dealt with in accordance with this policy.

4.2 Conflicts of Interest Notices and Register

- (a) A Conflict of Interest Notice must be completed immediately by a person who becomes aware of an actual or potential conflict in connection with ACL's activities and must be provided to the Compliance Officer. A sample notice is contained in Schedule 3—Conflict of Interest Notice.
- (b) The Compliance Officer must compile the Conflict of Interest Notices to form the Conflicts of Interest Register.
- (c) The Compliance Officer will, at least quarterly, review the Conflicts of Interest Register and provide a report to the Board in accordance with clause 8.1.

4.3 Evaluation of a conflict of interest

All identified conflicts of interest will be evaluated by the Board and assessed as follows:

(a) Minor conflicts

These are conflicts which arise as a result of a conflict involving ACL and a related party, Representative or associate of a Representative, which do not result (or do not have the potential to result) in a material effect on members of the Fund.

Minor conflicts are those which are relatively easy to resolve by controlling/managing or disclosing the conflict.

(b) Material conflicts

These are conflicts which have the potential to have a material effect on the interests of Fund members; whether or not they are capable of being rectified, and whether or not the conflict has occurred. For example, a material conflict may result from a transaction between ACL acting in its own capacity and ACL acting in its capacity as responsible entity of the Fund. ACL must ensure the interests of the members of the Fund are preferred to its own.

Where possible, these conflicts should be resolved in accordance with Chapter 2E of the Act. Alternatively, ACL must use this policy to determine whether these conflicts can be adequately resolved.

4.4 Material conflicts of interest

Whether a conflict of interest is material will depend upon the particular circumstances and will be determined by the Board following submissions by the relevant parties.

For example, a conflict of interest which has a low monetary value but which may have a significant effect on the operation of the Fund may still be material.

The Board of ACL considers the following may indicate there is a material conflict of interest:

- (a) The monetary value of the conflict is expected to be equal to or greater than five percent (5%) of the assets of the Fund.
- (b) ACL would be required to disclose the transaction under its continuous disclosure policy, pursuant to the Act or in accordance with ASIC requirements.
- (c) The conflict relates to provision of legal, accounting, audit or other professional services by a related party, Representative or associate of a Representative.
- (d) As a result of the conflict of interest, a Director, related party, Representative or associate of a Representative will have its interests preferred over those of the members of the Fund.

5. Process to resolve conflicts of interest

5.1 General information

- (a) If a potential or actual conflict of interest has been identified, then the Compliance Officer must attempt to resolve or manage the conflict.
- (b) The Compliance Officer may meet with the affected parties as part of the process taken to resolve the conflict.
- (c) Resolution of the conflict of interest will involve one or a combination of the following actions:
 - (i) Controlling the conflict of interest (see clause 5.2).
 - (ii) Disclosing the conflict of interest (see clause 5.3).
 - (iii) Avoiding the conflict of interest (see clause 5.4).

5.2 Controlling conflicts of interest

Depending on the circumstances and the nature of any given conflict, the following methods may be considered appropriate ways of controlling or managing the conflict:

- (a) Disclose the conflict of interest (in the manner set out in clause 5.3).
- (b) Initiate internal or external disciplinary action where warranted (e.g., refer the matter to a professional body or regulator).
- (c) Any other action the Compliance Officer, CEO, or the Board considers appropriate in the circumstances to manage the conflict, based on the facts and circumstances at the time.
- (d) Obtain member approval for related party transactions or disclose related party transactions, for example in the Product Disclosure Statement. Where the conflict of interest is a related party transaction, then the Board must consider whether disclosure or member approval is required in accordance with clause 6 (see Schedule 5—Related parties for an analysis of which parties are considered a "related party").

5.3 Disclosure of conflicts of interest

- (a) ACL will consider whether disclosure is an adequate mechanism to resolve a conflict of interest and whether it is appropriate in the circumstances.
- (b) In all cases, ACL will determine the appropriate form and level of disclosure according to the facts and circumstances at the time.

5.4 Avoiding conflicts of interest

- (a) Where attempts to resolve a conflict of interest are inadequate, then ACL, and its related parties, will avoid the conflict which may involve 'walking away' from a transaction.
- (b) The decision to avoid a conflict of interest can only be made by the Board.

6. Related party transactions

Where a potential related party transaction is proposed, the Board of ACL will determine whether ACL must deal with it in accordance with paragraph 6.3, or be satisfied that it falls within an exception set out in paragraph 6.4 of this policy and the ASIC Guide to Related Party Transaction Protocols following submissions from the relevant parties.

6.1 *Legislative framework*

- (a) The Act provides that public companies and responsible entities of managed investment schemes must not give a financial benefit to a related party without the approval of members of the company or the relevant scheme (as the case may be), unless the giving of that benefit falls into one of the exceptions given in the legislation. Related parties are set out at Schedule 5.
- (b) The requirements set out in this clause 6 are in addition to any related party requirements set out in the constitution of the Fund.

6.2 *When do the related party provisions apply?*

- (a) ACL must consider the related party provisions of the Act (and the mechanism in this clause 6) before any of the following events occur:
 - (i) ACL, or an entity it controls, gives a financial benefit to a related party of ACL.
 - (ii) A financial benefit is given (by either ACL as responsible entity, ACL's agent, or an entity ACL controls) out of the Fund's assets, or that could endanger any Fund asset, to any of the following:
 - A. ACL.
 - B. A related party of ACL.
 - C. An entity ACL controls.
 - D. A related party of an entity that ACL controls.
 - E. An agent of ACL.
 - F. A related party of an agent of ACL.

6.3 *Member approval of related party transactions*

- (a) The Board may manage any conflict arising from a related party transaction by seeking approval from the members of the Fund, e.g., where the transaction is not on arm's length.
- (b) The circumstances where the Board will consider putting the terms of a related party transaction to members may include the following:
 - (i) Where the overriding aim of the transaction is in the best interests of the members of the Fund.

- (ii) Where the transaction may not be at arm's length but the terms are generally consistent with similar transactions with third parties.
- (iii) Where the transaction is conducted in accordance with the constitution of the Fund, the Act and any other applicable policy.
- (iv) Any other circumstances where the Board sees fit.

6.4 When member approval is not required

- (a) The Act provides a number of statutory exceptions for related party transactions where member approval is not required, as follows:
 - (i) Transactions are on arm's length terms or are on terms that are less favourable to the related party.
 - (ii) If the benefit is a payment of expenses incurred or to be incurred, or reimbursement for expenses incurred, by a related party in performing duties as an officer or employee of ACL (or a related entity) and the benefit is reasonable in the circumstances.
 - (iii) Payment of remuneration to officers or employees of ACL (or a related entity) which is reasonable in the circumstances.
 - (iv) Payment of indemnities, exemptions and insurance premiums and payment for legal costs for officers of ACL in respect of their position as an officer of ACL and the payment is reasonable in the circumstances.
 - (v) Benefits given to related parties in their capacity as members of a public company (e.g., ACL) or a managed investment scheme provided that the benefit does not discriminate unfairly against the other investors of the public company or the managed investment scheme.
 - (vi) Financial benefits given under a court order.
 - (vii) Transactions carried out pursuant to an existing agreement which has been approved in accordance with the Act and this policy.
- (b) The Compliance Officer may make a recommendation that a transaction fits within one of the exemptions above. The Board must then determine whether or not member approval is required.

- (c) Where the Board resolves that member approval is not required because the transaction fits into one of the exemptions above, then the Board will ensure its considerations and resolutions are accurately minuted.

7. Role of the Board

7.1 General approach

- (a) The Board must attempt to manage or resolve any circumstance reported to it as an actual or proposed transaction where a conflict of interest arises, and may take any action to achieve a resolution, including the following:
 - (i) Require a party to implement rectification action to resolve the conflict of interest.
 - (ii) Obtain independent expert advice.
 - (iii) Notify ASIC of the actual or potential conflict of interest, if required.
 - (iv) Terminate or avoid an agreement with a party (subject to and in accordance with the terms of the agreement).
 - (v) Authorise the party to maintain the conflict of interest, subject to appropriate management (e.g., disclosure and ongoing reviews).
- (b) Where possible, the Board will follow the procedure set out in the rest of this clause 7 to consider and approve the transaction before it occurs.

7.2 Transaction Proposal Form

- (a) A responsible person from each of the related parties involved in the transaction must prepare and submit to the Compliance Officer a report summarising the terms of the transaction and make a submission on the transaction from that party's perspective.
- (b) The report referred to in paragraph 7.2(a) will be tailored to the type of transaction, but will generally include the following:
 - (i) Details of the proposed transaction.
 - (ii) What the conflict of interest is, for example, the relationship between the parties.

- (iii) An evaluation of the conflict as actual or potential, and also as minor or significant (in accordance with clause 4.3).
 - (iv) Whether the proposed transaction is at arm's length supported by sufficient evidence to sustain such a claim.
 - (v) Whether and how an exception to the related party provisions of the Act requiring member approval.
 - (vi) If member approval is required, then the details of the necessary approval and the steps to be taken to seek approval.
- (c) The report will be submitted to the Board for approval in accordance with clause 7.3. The form of report can be found at Schedule 4—Transaction Proposal Form.

7.3 Board approval

- (a) Prior to approval of the transaction, approval must be obtained from the Board to enter into the related party transaction or a transaction where a conflict of interest will be present.
- (b) The Board shall approve related party transactions where—
 - (i) the related party transaction will be conducted at arms' length commercial basis or on terms more favourable to the Fund, or
 - (ii) the transaction falls within another statutory exception to the prohibition on related party transactions.
- (c) The circumstances where the Board will consider putting the terms of a related party transaction to members are set out in section 6.3.
- (d) Where a transaction will result in a conflict of interest, then the Board may still consider and approve the transaction if it can be controlled or managed. In considering the transaction, the Board will consider the following to be relevant reasons to permit the transaction:
 - (i) The overriding aim of the transaction is in the best interests of the members of the Fund.
 - (ii) While not considered to be at arm's length, the terms of the transaction are generally consistent within the conduct of similar transactions with third parties.
 - (iii) The transaction is structured to address any actual or perceived conflicts of interest between the transacting parties.

- (iv) The transaction is to be conducted in a manner consistent with the constitution of the relevant entity.
 - (v) The transaction will be conducted in compliance with the Act and any other applicable policy.
 - (vi) If member approval is required, then this will be obtained in compliance with the Act and any other applicable legislation or policy.
- (e) The Board will need to ensure its considerations and resolutions of any actual or perceived conflict are accurately minuted.
 - (f) If the Board is conflicted, then any decision made in relation to the transaction should be made by a special independent sub-committee of the Board which should not include any common member (see clause 7.4).
 - (g) The Board may at any time review any previously acknowledged conflict of interest, and may request further information from the relevant party about the management of that conflict. The Board may, in its discretion, require additional or alternative action by the relevant party or withdraw any prior authorisation.
 - (h) Any resolution of the Board in relation to a conflict of interest or action to be taken to manage a conflict of interest must be recorded by the Compliance Officer in the Conflicts of Interest Register, in addition to a summary of the Board's findings and the action taken (or to be taken).

7.4 Conflict of interest relating to Directors

- (a) An officeholder has a fiduciary obligation to avoid a conflict of interest. If an officer or senior manager of ACL cannot avoid a conflict of interest, then they are required to do the following:
 - (i) Disclose to the Board any relevant interests they have which may result in a conflict.
 - (ii) Immediately disclose any conflict that arises to their fellow Directors and managers as soon as they become aware of the conflict.
- (b) To ensure decisions are made in the best interests of the members of the Fund, Directors should remove themselves from the relevant decision-making processes and not be present during the consideration of or voting on the relevant matter, unless all of the other directors have

passed a resolution to enable that director to do so. Board members who are not personally compromised by the relevant matter should be appointed in their place.

8. Reporting and review processes

8.1 Conflicts of Interest Register

The Compliance Officer must provide a report to the Board each quarter detailing the following:

- (a) Any new conflicts of interest and related party transactions which have arisen during the past quarter.
- (b) Details of the status of unresolved conflicts of interest, including related party transactions.
- (c) How any conflicts of interest and related party transactions have been resolved.

8.2 Conflicts of interest procedures

The Compliance Officer must—

- (a) review the Conflicts of Interest Register at least quarterly.
- (b) carry out an annual review of the conflicts of interest procedures to ensure this policy continues to comply with ASIC policy and the Act.
- (c) provide a report to the Board outlining any recommendations or issues associated with the procedures, and
- (d) provide a report to the Board outlining any non-compliance with this policy.

9. Documents and record keeping

9.1 Documents to be kept

- (a) ACL must keep records documenting what it has done to monitor compliance with this policy. The Conflicts of Interest Register is the primary record of the management of conflicts of interest.
- (b) ACL will keep the following records for at least seven years:

- (i) The Conflicts of Interest Register (which is comprised of all completed Conflicts of Interest Notices).
 - (ii) Board reports and minutes relating to conflicts of interest.
 - (iii) Records of any gifts received which are valued at more than \$500.
- (c) Documents and records may be kept electronically where appropriate.

Schedule 1—Dictionary

Act	Corporations Act 2001 (Commonwealth) for the time being in force together with the regulations.
AFS	Australian financial services.
ACL	Aventus Capital Limited
ASIC	Australian Securities and Investments Commission.
Board	Board of directors of ACL.
Conflict of Interest Notice	The notice for recording conflicts of interests, as set out in Schedule 3—Conflict of Interest Notice.
Conflict of Interest Register	The register which is created from compiling completed Conflict of Interest Notices.
Director	A member of the Board of ACL or another related entity.
Financial Product Advice	Has the meaning set out in section 766B of the Act.
Financial Service	Has the meaning set out in section 766A of the Act.
Fund	Any scheme in respect of which ACL is the responsible entity.
CEO	The Chief Executive Officer as appointed by ACL from time to time.
Representative	Employee, manager or director of ACL and, if applicable, any authorised representative.
Transaction Proposal Form	The notice to be completed before a related party transaction arises as set out in Schedule 4—Transaction Proposal Form.

Schedule 2—Related Party and Conflicts guide

This is an assessment of specific conflicts of interest.

Potential conflict	Assessment	Response
Director shareholdings/ unitholdings	Conflict between personal interest in making profit as shareholder/unitholder and obligations as Director	Remove conflicted Director from any vote involving a matter in which the Director has a conflict, noting not every personal interest will present a conflict. A real possibility of conflict must exist before requiring the Director to be removed. (materiality threshold). Disclosure in disclosure documents.
Related party transactions	Risk members interests will be subverted to those of ACL or a related entity	Disclosure of any actual or potential related party transactions and seek member approval when appropriate under this policy.

Schedule 3—Related Party/Conflict of Interest Notice

This is an example only of the Conflict of Interest Notice referred to in section 4.2(a).

Conflict of Interest Notice

Licensee: Aventus Capital Limited

Details of representative: *[name of Representative who is reporting the conflict]*

Details of conflict

Actual or potential conflict: Actual / Potential conflict

Nature of the conflict: *[details of the conflict]*

Likely duration of the conflict: *[duration]*

Related party transaction details: *[include a summary of the relationship between the parties]*

The nature of any financial arrangements: *[details of any financial arrangements the subject of the conflict including an estimate of the total amount of money received or to be received]*

Terms of transaction: *[confirm whether the transaction the subject of the conflict was made on arm's length terms, or any exceptions set out in section 6.3(b) of the Conflicts of Interest and Related Party Transactions policy]*

Any other relevant information:

Signed:

Date:

Schedule 4—Transaction Proposal Form

This is an example only of the Transaction Proposal Form that must be completed and presented to the Board prior to any ACL Representative entering into a transaction where a conflict of interest is identified. This form must be—

- (a) tailored for each scenario (the following tables are alternatives), and
- (b) where a related party transaction is involved, submitted by a person from each party to the transaction, with a submission on the transaction from that party's perspective.

Proposed terms of transaction : contracts

Actual or potential conflict expected to result: Actual / Potential conflict

Minor or material: Minor / material

Nature of the conflict: *[Overview of the service contract]*

Proposed date of transaction: *[When will the contract commence?]*

Likely duration of the conflict: *[What is the term of the contract?]*

Consideration: *[What amounts are payable under the contract? Is it at a normal commercial rate?]*

Relationship between parties: *[describe the relationship between the parties]*

Terms of transaction: *[confirm whether the contract will be at arm’s length terms, or any exceptions set out in clause 6.4 of the Conflicts of Interest and Related Party Transactions policy.]*

Any other relevant information:

Signed:

Date

Schedule 5—Related parties

1. Related parties

The entities that will be considered related parties of ACL are as follows:

- (a) An entity that controls ACL, including a natural person.
- (b) A Director, directors of an entity that controls ACL, their spouses, de facto spouses, parents and children.
- (c) Entities controlled by a related party referred to in item (a) and (b).
- (d) An unrelated party who acts in concert with one of the related parties mentioned above on the understanding that the related party will receive a financial benefit if ACL gives the unrelated party a financial benefit (i.e., a substitute entity to receive the financial benefit on behalf of a related party).

2. Past or future related parties

Additionally, an entity will be considered to be a related party of ACL if it does not currently fall into one of the categories listed above, but—

- (a) it was a related party of ACL at any time within the previous six months, or
- (b) the entity believes or has reasonable grounds to believe that it is likely to become a related party of ACL at any time in the future.

3. The meaning of control

An entity is controlled by another entity if the first entity has the capacity to determine the outcome of decisions about the second entity's financial and operating procedures. The practical influence is of importance.

There are two exceptions to the control test:

- (a) The first entity will not control a second entity merely because the first entity and a third entity jointly have the capacity to determine the outcome of decisions about the second entity's financial and operating policies.
- (b) Where the first entity has the capacity to influence the second entity's financial and operating policy decisions but is under a legal obligation to exercise that capacity for the benefit of someone other than the first

entity's members then the first entity will not be taken to control the second entity.

4. Financial benefits

What constitutes a financial benefit is extremely broad and the courts will look at the economic and commercial substance of conduct rather than its legal form. A financial benefit can be given "indirectly" (for example, through one or more interposed entities). A financial benefit can also be given by making an informal agreement, oral agreement, or an agreement that has no binding force, or if the benefit confers some form of financial advantage other than the payment of money.

Examples of giving a financial benefit to a related party include—

- (a) giving or providing the related party with finance or assets
- (b) buying an asset from or selling an asset to the related party
- (c) supplying services to or receiving services from the related party
- (d) issuing securities or granting an option to the related party, and
- (e) taking up or releasing an obligation of the related party.

5. Guide to Related Party Transaction Protocols

Prior to entering any related party transaction, reference should be made to the ASIC Guide to Related Party Transaction Protocols (Guide).

The Guide was approved by the ACL board on the same date the ACL board approved this policy.