



Conflicts Committee Charter for Wholesale Funds

Vicinity Limited
Vicinity Centres RE Ltd as Responsible Entity for
Vicinity Centres Trust
together Vicinity Centres

18 August 2015

Conflicts Committee Charter for Wholesale Funds

1. Introduction

- 1.1 Vicinity Centres, comprising Vicinity Limited and Vicinity Centres Trust which are stapled and trade together on the Australian Securities Exchange, and their respective controlled entities (together the Group) are committed to high standards of ethical conduct, ensuring that conflicts of interest do not adversely affect Wholesale Members of the Wholesale Funds operated or managed within the Group by Vicinity Funds RE Ltd and avoiding a perception that actual and potential conflicts of interest are not properly addressed by respective Boards.
- 1.2 The ultimate holding company of Vicinity Funds RE Ltd is Vicinity Limited. This has the potential to generate conflicts of interest where the interests of Vicinity Funds RE Ltd as the RE of Vicinity NVN Trust (or any other role in which Vicinity Funds RE or its related bodies corporate ultimately serve the interests of the security holders of Vicinity Centres) diverge from the interests of the Wholesale Funds for which Vicinity Funds RE Ltd is the relevant responsible entity, trustee or manager (Manager). This may generate the perception of conflict even if those interests do not diverge.
- 1.3 As such, the Vicinity Funds RE Ltd Board acknowledges that the Wholesale Funds role within the Group may result in actual or potential or perceived conflicts including involving related party matters.
- 1.4 Vicinity Funds RE Ltd and its directors acknowledge that certain Wholesale Funds have established Investment Committees with defined charters whose Wholesale Members represent the interests of the investors in the Wholesale Funds.
- 1.5 Vicinity Funds RE Ltd and its directors acknowledge that to the extent that any rights, powers and obligations that Vicinity Funds RE Ltd may have that affect the Wholesale Members, Vicinity Funds RE Ltd must exercise those rights and powers, and discharge those obligations, in accordance with any limitations properly determined by the Wholesale Members in the respective Wholesale Funds, or by the terms of other applicable relevant agreements.
- 1.6 A 'conflict of interest' is a circumstance where some or all of a Company's or a Director's interests are inconsistent with or divergent from or in conflict with the interests of Wholesale Members. This includes actual or potential conflicts of interests and circumstances where there may be a perception of actual conflict. Examples of situations that may give rise to a conflict of interest are set out in Schedule 1.
- 1.7 This Charter sets out the basis on which, should a conflict of interest arise with respect to the Wholesale Members, the Vicinity Funds RE Ltd Board is to activate the procedures as set out in this Charter to manage such conflicts of interest.

2. Interpretation

- **Act** means the Corporations Act 2001 (Cth).
- **Board** means the board of Directors of each of Vicinity Limited, Vicinity Centres RE Ltd or, as the context requires, any of their related bodies corporate.
- **Committee** means the conflicts committee established by the Vicinity Funds RE Ltd Board as described in this Charter.
- **Company/Companies** means any of Vicinity Limited, Vicinity Centres RE Ltd or, as the context requires, any of their related bodies corporate.
- **Directors** mean the members of the Board.
- **Vicinity Centres Trust** means Vicinity Centres Trust (ARSN 104 931 928).
- **Vicinity Limited** means Vicinity Limited (ABN 90 114 757 783).
- **Group** means Vicinity Limited, Vicinity Centres Trust and their respective controlled entities.
- **Investment Committees** means VRP and VERF established wholesale fund investment committees.
- **VERF** means the Vicinity Enhanced Retail Fund (ARSN 159 227 639).
- **Vicinity Funds RE Ltd** means Vicinity Funds RE Ltd (ABN 33 084 098 180).
- **Vicinity Funds RE Ltd Board** means the directors of Vicinity Funds RE Ltd duly appointed from time to time.
- **VRP** means the Vicinity Retail Partnership comprised of two registered managed investment schemes that are stapled together, being Direct Property Investment Fund A (ARSN 089 542 156) and Direct Property Investment Fund B (ARSN 091 796 486).

- **Wholesale Funds** mean VRP, VERF, International Real Estate Trust, Australian Investments Trust, International Private Equity Real Estate Fund and any other wholesale fund as designated by the Vicinity Centres RE Ltd Board for the purposes of this Charter.
- **Wholesale Members** mean members of each of the Wholesale Funds.

3. Obligations at Law

- 3.1 By way of summary, the Directors and the Companies owe obligations under general law, the Act and applicable licences held by the Companies to avoid conflicts of interest.
- 3.2 Under the Act and at common law, Vicinity Funds RE Ltd as a Manager of the Wholesale Funds (and without limitation to its other duties and obligations) must relevantly:
- (a) act honestly;
 - (b) act in the best interests of the Wholesale Members and, if there is a conflict between the Wholesale Members' interests and its own interest, give priority to the Wholesale Members' interests; and
 - (c) not make use of information acquired through being the Manager in order to gain an improper advantage for itself or another person or cause detriment to the Wholesale Members.
- 3.3 Under the Act, the Directors, as officers of each Company, must relevantly:
- (a) act honestly;
 - (b) act in the best interests of its members (who are ultimately Federation Centres' security holders) and, if there is a conflict between the members' interests and the interests of the Company, give priority to the members' interests;
 - (c) not make use of information acquired through their position as an officer in order to gain an improper advantage for the officer or another person or cause detriment to its members; and
 - (d) not make improper use of their position as an officer to gain, directly or indirectly, an advantage for themselves or any other persons or to cause detriment to its members.
- 3.4 The related party provisions of the Corporations Act apply to require member approval (subject to limited exceptions) for giving financial benefits from Vicinity Funds RE Ltd (as Manager of the Wholesale Funds) or any related parties of Vicinity Funds RE Ltd (which include any Director and the other Group companies) that come out of the assets of the Wholesale Funds or could endanger the interests of Wholesale Members.
- 3.5 Further, the requirements of the Australian Financial Services Licence held by Vicinity Funds RE Ltd impose an obligation on Vicinity Funds RE Ltd to have adequate arrangements for the management of conflicts of interest that may arise. These include a requirement to:
- (a) identify conflicts of interest;
 - (b) assess and evaluate those conflicts; and
 - (c) decide upon, and implement, an appropriate response to those conflicts.
- 3.6 In addition to the obligations referred to above, the Directors owe obligations to the Companies. These include general law duties, duties to disclose material personal interests, restrictions on participating and voting at Board meetings in matters in which they have a material personal interest and duties of notification of personal interests in matters before the Board.
- 3.7 The principles and objectives of this Charter do not in any way derogate from the legal obligations that are imposed on the Directors personally or on the Companies, including those obligations which are summarised above.

4. Principles

- 4.1 The Vicinity Funds RE Ltd Board has adopted the following principles in relation to conflicts of interest:
- (a) to avoid conflicts of interest situations that may have materially detrimental consequences for a Wholesale Fund where it is the Manager;
 - (b) for conflicts of interest that cannot be avoided or where they can be managed to prevent materially detrimental consequences to Wholesale Members, make appropriate disclosure to members of that conflict where required;

- (c) to act efficiently, fairly and honestly towards the Wholesale Members; and
- (d) encourage and support a culture within each Wholesale Fund of responsible management of conflicts of interest.

5. Objectives of the Committee

- 5.1 The objectives of the Committee are to assist the Vicinity Funds RE Ltd Board to comply with legal obligations that arise in the circumstances of a conflict of interest by:
- (a) Identify - reviewing management's procedures and policies for identifying and where appropriate managing all potential or actual conflicts of interest in relation to the business of each Wholesale Fund and overseeing the implementation of such policies and procedures;
 - (b) Evaluate - evaluating all actual or potential conflicts of interests of which the Committee becomes aware or which management reports to the Committee including assessing whether a particular conflict of interest situation is manageable or whether it must be avoided; and
 - (c) Recommendations - making recommendations to the Vicinity Funds RE Ltd Board in connection with managing conflicts of interest and the resolution of such conflicts.
- 5.2 The Committee must ensure in addressing conflicts that the interests of the applicable Wholesale Fund managed within the Group are clearly identified, advocated and promoted.

6. Committee Membership

- 6.1 The Committee will consist of at least two independent non-executive Directors, each of whom will be appointed or removed by the Vicinity Funds RE Ltd Board.
- 6.2 The Chair of the Committee:
- (a) will be elected by the Vicinity Funds RE Ltd Board; and
 - (b) must be a member of the Committee.
- 6.3 The Committee must ensure that its members understand each Wholesale Fund's structure, controls and typical transactions in order to adequately assess actual or potential conflicts of interest.
- 6.4 The company secretary of Vicinity Funds RE Ltd will act as secretary to the Committee, unless otherwise determined by the Committee.

7. Proceedings

- 7.1 The Committee will meet as frequently as required.
- 7.2 The secretary to the Committee or any member may call a meeting of the Committee.
- 7.3 The dates, times and venues of each meeting of the Committee will be notified by the secretary to all members of the Committee as far in advance as possible.
- 7.4 Supporting papers for each meeting of the Committee will be distributed by the secretary to all members of the Committee as far in advance as possible and where possible by the last working day of the week preceding the meeting.
- 7.5 Only members of the Committee are entitled to be present at a Committee meeting.
- 7.6 The Committee may extend an invitation to any person to attend all or part of any meeting of the Committee which it considers appropriate. In a particular, the Committee may meet with:
- (a) external advisers;
 - (b) any executive or other employee including the chief executive officer; or
 - (c) any non-independent non-executive director, and may do so without executive management being present.
- 7.7 A quorum for a meeting of the Committee is two members. A duly convened meeting of the Committee at which a quorum is present is competent to exercise all or any of the authorities, powers or discretions vested in or exercisable by, the Committee.

- 7.8 Proceedings of the Committee will be governed by the provisions of the constitution of Vicinity Funds RE Ltd, in so far as they may be applicable.
- 7.9 Minutes of meetings of the Committee, signed by the chair, will be distributed to members for confirmation as soon as practicable after each meeting and tabled for discussion at the next Vicinity Funds RE Ltd Board meeting.
- 7.10 Members of the Committee will not participate in discussions and will not vote on any issue in respect of which they have an actual or perceived conflict of interest.

8. Authority of the Committee

- 8.1 The Committee is authorised to determine protocols to manage conflicts of interest and to oversee the implementation of those protocols.
- 8.2 The Committee is authorised to investigate any actual or potential conflict of interest including any breach of the protocols established by the Committee. The Committee is authorised to make recommendations to the Vicinity Funds RE Ltd Board regarding appropriate action resulting from investigations into conflicts of interests.
- 8.3 The Committee has unrestricted access to executive management, all employees and all Group records, tax and other financial advisers, legal advisers, and internal and external auditors.
- 8.4 The Committee or any member of the Committee is authorised (at the cost of the applicable Wholesale Fund) to obtain outside legal or other independent professional advice, and to secure the attendance of such advisers if it is considered necessary for the proper performance of the Committee's functions under this Charter. The member should first contact the chair of the Committee and the company secretary who will, if required by the chair or by the member, assist in procuring that professional advice.

9. Reporting to the Vicinity Funds RE Ltd Board

- 9.1 The Chair of the Committee (or a person nominated by the Chair for that purpose) must report to the Vicinity Funds RE Ltd Board at the Vicinity Funds RE Ltd Board's next meeting on any matters relevant to the Committee's duties and responsibilities.

10. Review

- 10.1 The Vicinity Funds RE Ltd Board proposes to review the Committee's Charter, operation and appropriateness on an annual basis with a view to ensuring they are appropriate to meet the Group's and Wholesale Members' needs and having regard to relevant corporate governance standards and practices.

Schedule 1 – Examples of Potential Conflicts of Interest Situations

The following are examples of situations that may give rise to conflicts of interest. This list is not exhaustive.

- (a) any proposal to acquire property for a Wholesale Fund or dispose of property of a Wholesale Fund, where any counterparty having a direct or indirect interest in the applicable property is either:
 - i) a related body corporate of any Group entity or any director of a Group entity or their associates;
 - ii) any fund or account managed by a related body corporate of a Group entity;

- (b) any agreements entered into after the date of adoption of this Charter between a Wholesale Fund and the Group including:
 - i) property management and development agreements, and any decisions to be made in connection with such agreements including in connection with the redevelopment of any property;
 - ii) any agreement in relation to dealings between a Wholesale Fund and the Group or externally managed vehicles or any joint venture vehicle; and
 - iii) any agreement in relation to dealings between a Wholesale Fund and any Director of the Companies or their associates.