



INVESTEC PROPERTY LIMITED

Related Party Policy

To apply from the date of listing of Investec Australia Property Fund on ASX

1 About this Policy

1.1 Policy statement

This Policy outlines how IPL will approach transactions with related parties where it is acting as RE of IAPF. This Policy sets out key regulatory considerations under Australian law as well as guidance on IPL's process.

IPL is a member of Investec.

The Fund is listed on JSE and ASX. As such, this policy must comply with the requirements of both the JSE and ASX. Where the requirement of one exchange is more stringent than the requirement of another exchange, compliance with the more stringent requirement is required.

If it is not possible to comply with both the JSE LR and the ASX LR, the RE must comply with the rule or requirement of the Main Trading Exchange at the relevant time.

1.2 Defined terms

Act	Corporations Act 2001
ASIC	Australian Securities & Investments Commission
ASX	ASX Limited or Australian Securities Exchange, as the context requires
ASX LR	ASX Listing Rules
Audit and Risk Committee	Audit and Risk Committee of IPL
Constitution	Constitution of IAPF dated 12 December 2012 (as amended from time to time)
Compliance	Compliance function of Investec
Director	Director of IPL
Fund or IAPF	Investec Australia Property Fund
Investec	Investec group of companies including Investec Bank plc in relation to any Australian operations where applicable, Investec Holdings Australia Limited and its subsidiaries, and Investec Property Holdings Australia Pty Limited and its subsidiaries
IPL	Investec Property Limited
JSE	JSE Limited or the Johannesburg Stock Exchange, as the context requires
JSE LR	JSE Listings Requirements
Legal	Legal function of Investec
Main Trading Exchange	Has the meaning given to it in the Constitution
RE	Responsible entity

1.3 Ownership and review

This Policy is owned by Compliance and will be reviewed annually.

2 Key Regulatory Considerations

All related party transactions will be subject to relevant laws and regulatory requirements. In Australia the key regulatory considerations can be found in:

- *The Act: Directors Duties, Div 2 Pt 2D.1 and Ch 2E and Pt 5C.7;*

- *ASIC Regulatory Guide 76: Related Party Transactions; and*
- *ASIC Regulatory Guide 181: Licensing; Managing Conflicts of Interest.*

When considering a related party transaction it is important to consider at least these provisions and compliance procedure 5.20 in the compliance plan of IAPF, along with the requirements in this Policy

3 What is a Related Party Transaction

A related party transaction as defined by ASIC as “any transaction through which a public company or registered managed investment scheme provides a financial benefit to a related party”. In relation to IAPF, the financial benefits covered by these rules include benefits given out of scheme property (including the assets of IAPF’s controlled sub trusts) or that could endanger scheme property.

A related party transaction is likely to involve conflicts of interest because IPL will have a duty to act in the interests of the members of the scheme and an interest to act in the interests of the other Investec entities involved in the transaction, and these duties and interests may not align.

4 Related Party Policy

Any related party transaction IPL enters into must be reviewed by Compliance and approved by a majority of the independent, non-executive and non-Investec associated Directors.

If IPL decides that it is in the best interests of members of the scheme to enter into the related party transaction, it will then need to consider whether to obtain member approval for the purposes of Ch 2E and Pt 5C.7 of the Act. In doing so, it can consider whether the exception in s210 of the Act for transactions on arm’s length terms, or another exception in Chapter 2E or Part 5C.7 (as relevant) applies.

4.1 Arm’s length exception

The following table illustrates some factors and guidelines that need to be taken into account in assessing whether the arm’s length exception applies. This is not an exhaustive list; other factors can be considered and the weighting of each factor needs to be carefully taken into account before a final decision is made.

Factors	Guidelines
How the terms of the overall transaction compare with those of any comparable transactions on arm’s length	Are key terms of the transaction excessively onerous or generous as compared with terms that would be negotiated in the open market in similar circumstances?
The nature and content of the bargaining process	If there is no reliable data about comparable transactions between parties dealing at arm’s length, then other factors may be more important in determining whether or not to seek member approval.
The impact of the transaction on the registered scheme	Was protocol followed to ensure conflicts of interest were appropriately managed in negotiating and structuring the transaction?
Any other options available to the entity	How have the parties conducted themselves in the bargaining process?

5 Obtaining Expert Advice

IPL may require or decide to obtain expert or professional advice in some circumstances. When obtaining advice, the following points should be considered:

- the advice must be fair and equitable and viewed as being at arm's length;
- a separate legal advice may be necessary in some circumstances where a conflict of interest could be perceived or where subject matter expertise varies;
- advice should be obtained from qualified persons such as internal or external lawyers, consultants, Directors or employees; and
- advice should be received as soon as it is determined that there is not enough knowledge or expertise to assess all aspects of the related party transaction in house.

5.1 Internal criteria for selecting experts

External experts selected by IPL to advise on related party transactions must:

- be independent from the parties involved;
- be appropriately qualified;
- understand the nature of the related party transaction; and
- have appropriate understanding of the scheme, Investec and IPL.

6 Steps to follow if Member Approval is Required

Should member approval be required, refer to *ASIC Regulatory Guide 76: Related Party Transactions* for guidance on the process to be followed, and the nature of information which should be provided to members in the notice of meeting which includes:

- information about the circumstances in which the financial benefit is to be given;
- the Directors' recommendations and reasons for them;
- alternative options; and
- the impact of the transaction.

Where possible, members should be able to understand the value of the financial benefit in dollar terms.

All materials to be put to the members must be lodged with ASIC at least 14 days prior to sending the notice of meeting to members.

ASIC also encourages expert reports to be obtained if the financial benefit is difficult to value, the transaction is significant or the non-interested Directors do not have the expertise or resources to provide independent advice to members about the financial benefit.

7 Process for Seeking Approval of Related Party Transaction

- IPL must notify Compliance of any potential related party transaction.
- IPL must obtain approval from a majority of the independent, non-executive, non-Investec associated Directors.
- If the proposed transaction does not fall within an exception as referred to in section 4 above, member approval must be sought.

- If the proposed transaction is approved by the independent, non-executive and non- Investec associated Directors (and if necessary approve by members), the transaction will be recorded on the IAPF related party register (in Protecht). Details of the transaction will also be included in the report prepared by Compliance for the Audit and Risk Committee

8 Board Conflicts

Related party transactions should be considered only by the independent, non-executive and non-Investec associated Directors.

In some cases, where a Director has a conflict of interest in relation to a related party transaction (for example, because they are a member of an Investec committee that will also consider the transaction), the conflict will generally need to be managed by having the relevant Director remove themselves from the decision-making process for that transaction. However, this may vary and it is important to discuss all potential conflicts with Compliance and Legal before decision-making on either side of the transaction proceeds.

9 Disclosure

Disclosure about related party transactions should be made in a manner that ensures members and their professional advisors have adequate information that they would reasonably require to make an informed decision about the transaction.

Section E: Disclosure Documents of ASIC's *Regulatory Guide 76: Related Party Transactions* sets out a summary of relevant requirements.