

IRONGATE

Related Party Policy

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Irongate Group

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1. ABOUT THIS POLICY

1.1 Policy statement

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

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 (Cth)
ASIC	Australian Securities and 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 the RE
Constitution	The constitution of each of IPF I and IPF II (as amended from time to time)
Director	A director of the RE
Fund	IPF I and IPF II
IPF I	Irongate Property Fund I
IPF II	Irongate Property Fund II
JSE	JSE Limited or the Johannesburg Stock Exchange, as the context requires
JSE LR	JSE Listings Requirements
Main Trading Exchange	Has the meaning given to it in the Constitution
Policy	This policy as amended from time to time
RE	Irongate Funds Management Limited or any other entity acting as responsible entity of the trusts that comprise the Fund from time to time
RG 76	ASIC Regulatory Guide 76 Related Party Transactions
RG 181	ASIC Regulatory Guide 181 Licensing: Managing Conflicts of Interest

1.3 Review

This Policy will be reviewed annually to check that it is operating effectively and whether any changes are required to this Policy.

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;
- RG 76; and
- RG 181.

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 the Fund, along with the requirements in this Policy.

3. WHAT IS A RELATED PARTY TRANSACTION

A related party transaction is 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 the Fund, the financial benefits covered by these rules include benefits given out of scheme property (including the assets of IPF I, IPF II and their controlled sub trusts) or that could endanger scheme property. Note, because of relief that applies to the Fund, benefits given by IPF I to IPF II (and vice versa) are not related party transactions. This also applies to each entities’ wholly owned subsidiaries or sub trusts, but not to any partially owned trusts or other vehicles.

4. RELATED PARTY POLICY

Any related party transaction the RE enters into must be reviewed by the compliance function and approved by a majority of the independent, non-executive Directors.

If the RE 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 s 210 of the Act for transactions on arm’s length terms, or another exception in Chapter 2E or Part 5C.7 of the Act (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

The RE 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 the RE 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 Fund and the RE.

6. STEPS TO FOLLOW IF MEMBER APPROVAL IS REQUIRED

Should member approval be required, refer to RG 76 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

- The RE must notify the compliance function of any potential related party transaction.
- The RE must obtain approval from a majority of the independent, non-executive Directors.
- If the proposed transaction does not fall within an exception as referred to in paragraph 4 above, member approval must be sought.
- If the proposed transaction is approved by the independent, non-executive Directors (and if necessary approved by members), the transaction will be recorded on the Fund's related party register (in Protecht). Details of the transaction will also be included

8. BOARD CONFLICTS

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

In some cases, where a Director has a conflict of interest in relation to a related party 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 the compliance function 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 RG 76 sets out a summary of relevant requirements.