



# Conflicts of Interest and Related Party Transactions

## Compliance Policy

### 1. Purpose

Dexus is a listed entity which specialises in the ownership and management of real estate. Dexus and its related bodies corporate:

- act as responsible entity, trustee and/or manager of a number of listed entities, managed investment vehicles (including registered and unregistered managed investment schemes), third party capital partners and wholesale investment vehicles (together called “managed investment vehicles” or “investment vehicles” for the purposes of this policy)
- act as asset manager, property manager and/or investment manager for real estate assets held by its managed investment vehicles

In all situations, Dexus must ensure steps are taken to:

- act in the best interest of its security holders
- act in the best interests of managed investment vehicles and other funds (listed or unlisted) it is the manager of
- conduct any related party transactions having regard to:
  - fiduciary obligations
  - legal requirements and
  - the need for such transactions to be on commercial terms and at arms lengths
- establish and implement appropriate procedures to manage conflicts to protect the interests of its security holders and managed investment vehicles and comply with the requirements of the Corporations Act, ASX Listing Rules and its Australian Financial Services Licences.

The principal objectives of this Policy are to:

- enhance employees’ understanding of how and when conflicts of interest can arise
- assist employees to identify a conflict of interest and / or related party transaction
- identify situations that may result in actual, apparent or potential conflict of interest
- outline procedures to be followed when a related party transaction is identified
- outline procedures to evaluate a conflict of interest in order to determine which of the available mechanisms – controlling, avoiding or disclosing – is appropriate to manage the conflict.

### 2. Who does this policy affect?

This policy affects:

- All entities within the Dexus group
- All employees of Dexus (including contractors, consultants and temporary employees)
- External service providers who are contracted to provide a service on behalf of Dexus.

Specific responsibilities (listed throughout this policy) relate to Fund Managers, Head of Portfolio, the Compliance team and the Legal team.

### 3. What happens if this policy is breached?

A breach of this policy could result in a breach of the Corporations Act, ASX Listing Rules or managed investment vehicle agreements and could have a negative impact on Dexus's brand and reputation. A breach of this policy must be reported to Compliance immediately.

A breach of this policy may result in disciplinary action which could include:

- Termination of employment or
- Negative impact on remuneration

### 4. Conflicts of Interest

Conflicts of interest arise in situations where two or more interests are present which compete.

A conflict of interest may also arise from the nature of a fiduciary relationship — that is, the service of one party's interest ahead of those of another. Entities within the Dexus group may act in differing legal capacities with respect to managed investment vehicles and third party capital partners resulting in the potential to be a fiduciary in a number of different relationships.

Within Dexus, conflicts of interest may occur at various levels, including:

*Personal Conflicts* - where the interests of its employees are opposed to the interests of Dexus or of its managed investment vehicles. Dexus's policy in relation to these conflicts and the circumstances where they must be disclosed are described in the **Employee Code of Conduct** and **Securities Trading (including inside information) Policy**.

*Related parties* - a transaction involving more than one managed investment vehicle (or DXS) and those investment vehicles (or DXS) are on opposite sides of the transaction (see paragraph 7 below - Related Party Dealings)

*Investment opportunities* – where the interests of different managed investment vehicles and the Dexus balance sheet compete when allocating a limited investment opportunity. The Dexus Investment Committee maintains a rotation priority list for the allocation of acquisition opportunities in these circumstances.

*Leasing/Tenant conflicts* - a prospective tenant has two similar properties to choose from, both owned by Dexus or its managed investment vehicles and managed by Dexus (see 8 below - Tenant Conflicts)

*Conflicts relating to the transfer of assets* – where the interests of managed investment vehicles conflict with the interests of different managed investment vehicle and/or the Dexus balance sheet when transferring real estate assets between schemes and/or accounts managed by Dexus. In these circumstances, the Fund Manager must ensure that the transfer is allowable in terms of the investment vehicles' guidelines as set out in relevant agreements and constituent documents. The transfer must be in the best interests of all managed investment vehicles involved in the transaction and otherwise comply with the principles set out at paragraph 6 below – Conflicts of Interest Procedures.

*Third party capital partner conflicts* - where an entity within Dexus acts as a fiduciary for a managed investment vehicle, and this role causes actual or potential conflict with other managed investment vehicles represented by Dexus. Dexus will manage these conflicts in line with the principles set out at paragraph 6 below – Conflicts of Interest Procedures. In these circumstances, as required by the relevant agreements and constituent documents:

- managed investment vehicles must disclose to Dexus and the Co-owners' (or other) Committee members, all conflicts of interest (actual or potential); and
- each managed investment vehicle must ensure that each of its representatives on the Co-owners' (or other) Committee complies with the provisions of this Policy as relevant to them.

*Internal fund or joint venture conflicts* – where Dexus's interests are represented at a Co-owners' (or other) Committee, these interests may conflict with the interests of managed investment vehicles in the same investment vehicle. Dexus will manage these conflicts in line with the principles set out at paragraph 6 below – Conflicts of Interest Procedures.

### 5. Identifying Conflicts of Interest

Conflicts of interest can be actual, apparent or potential and can be identified and assessed in the following ways:

- from notifications or declarations of interest made by Directors, officers or employees and consultants
- from notifications or declarations of interest by managed investment vehicles and/or their representatives
- by employees raising the conflict of interest to the attention of Compliance or senior management (who then determine or recommend an appropriate course of action)
- by analysis of transactions (as part of the approval process)
- by ongoing management of property and investment portfolios and
- by due diligence processes.

All conflicts, whether real or potential, must, on identification, be immediately reported to Compliance to ensure necessary controls are implemented to effectively manage the conflict.

## 6. Conflicts of Interest Procedures

Where a conflict of interest is identified, Compliance will determine the appropriate response by assessing and evaluating the degree of the conflict and disclosing its existence to the relevant Fund Manager. The Fund Manager is responsible for seeking managed investment vehicle consent where appropriate.

All conflicts of interest will be recorded in accordance with this Policy.

Where a conflict of interest is identified, DexUS will be guided by:

- the agreed investment objectives and guidelines for the relevant managed investment vehicle
- legislative requirements and
- principles of good corporate governance.

In managing conflict of interests, when DexUS is appointed as an investment manager or property manager to the investments of the investment vehicle, DexUS will establish a structure where:

- the responsibility for the investment vehicle is separated from the other managed trusts, funds or investment vehicles for which DexUS provides services, including:
  - appointing a Fund Manager dedicated to the investment vehicle who will at all times act in its best interests and
  - where appropriate, establishing a Co-Owners' (or other) Committee responsible for the direction and performance of the investment vehicle
- all property transactions are reviewed by the relevant Fund Manager, the project's due diligence committee (if applicable) and recommended by the Co-owner (or other) Committee to the relevant trustee or board.

Where an actual conflict arises, the relevant DexUS entity shall promptly implement appropriate information barriers or confidentiality protocols to ensure the confidentiality of information is maintained and that investment vehicle's interests are fairly represented.

In situations where a Fund Manager is responsible for more than one client, the Fund Manager must disclose any potential conflict and, in conjunction with Compliance, determine how the matter will be managed.

## 7. Related Party Dealings

Legislation relevant to managed investment schemes and listed entities in Australia imposes strict guidelines on the involvement of related parties, including the need to ensure that such transactions are entered into on an arm's length basis and on commercial terms or, if required, relevant approvals are obtained. Failure to comply with these provisions may lead to prosecution.

In determining whether a transaction is at "arm's length", an assessment is undertaken to determine whether the parties have dealt with each other as unrelated third parties normally do.

ASIC suggests that arm's length terms might be those which would result if:

- the parties were unrelated
- the parties were free from undue influence, control or pressure
- each party had necessary expertise and advice or

- each party was concerned only to achieve the best available commercial outcome for itself.

Consideration of whether a transaction is at arm's length includes but is not limited to:

- how the terms of the overall transaction compare with those of any comparable transactions between parties dealing on an arm's length basis in similar circumstances
- the nature and content of the bargaining process including whether robust protocols were followed to ensure that conflicts of interest were appropriately managed in negotiating and structuring the transaction
- the impact of the transaction on the investment vehicle and
- any other options that may be available.

Related party dealings are permissible, subject to the requirements of managed investment vehicles, investment vehicle constitutions, ASIC Regulatory Guides and the Corporations Act.

The following steps will be undertaken for all related party dealings:

- Review of contractual terms - prior to contracting with a related party, the Fund Manager is responsible for reviewing the mandate or investment vehicle constitution to determine whether a related party transaction is permissible and if so, whether any specific requirements apply. Dexus Legal may be consulted for advice and guidance.

In respect of property acquisitions or divestments between Dexus group entities and managed investment vehicles, the transaction must be supported by an independent, external valuation confirming the reasonableness of the amount of consideration or other monetary payments to be paid.

- Transaction Documentation - it is the responsibility of the Fund Manager to ensure that documentation exists confirming the transaction involving a related party is carried out on an arm's length basis, on commercial terms, and in accordance with any specific capital partner/investment vehicle requirements.
- Disclosure - the Fund Manager should liaise with Compliance to ensure that disclosure is made to all relevant parties in an appropriate and timely manner. Ongoing management of the related party transactions should be disclosed in regular reports to the relevant investment vehicle.

Should a Dexus company or a registered scheme be involved in a transaction with a related party (including, for example, a director, their spouse or other relatives) and the transaction involves the provision of a financial benefit, the matter must also be referred immediately to Legal and Compliance.

#### *Conflicts & external service providers*

External service providers (e.g., law firms) may be appointed to represent the interests of the related parties. In some cases, the same firm may be appointed to represent the interests of the related parties. If this occurs:

- the firm must confirm they have adequate processes (including the implementation of information barriers) in place to manage the conflict; and
- written approval must be obtained in advance from the Fund Manager or Investment Manager of the related party on the appointment of the firm.

## **8. Leasing/Tenant Conflicts**

Dexus is responsible for leasing properties for multiple managed investment vehicles, more than one of which may suit the requirements of a prospective tenant.

Where Dexus is approached by a prospective tenant, whether directly or via a real estate agent or tenant representative, seeking to occupy space and that type of rental space is contained in two or more funds or investment vehicles managed by Dexus, a conflict could occur.

When this occurs separate teams are established to represent the respective owners/managed investment vehicles. Each team will generally consist of Head of Portfolio and Asset Managers, and may also consist of analysts, accountants and lawyers. This structure supports separate and distinct decision making.

Dexus entities and employees must ensure that neither they nor any other related body corporates persuade, or attempt to persuade, a tenant of a property in which a Dexus managed investment vehicle has an interest, to leave its premises unless:

- that tenant approaches Dexus (without solicitation) or

- the fact that the tenant is actively pursuing alternative space in the market becomes generally known or
- Dexus ascertains that the tenant is considering relocating

The Head of Portfolio has overall responsibility for ensuring compliance with Dexus's conflict management policies.

The Head of Portfolio is responsible for ensuring:

- the fair and equitable treatment of each fund or managed investment vehicle and
- the adequacy and fairness of information of available lease space provided to prospective tenants.

The Head of Portfolio establishes and implements the information barriers and the identification of individuals who will represent the respective interests of each investment vehicle.

Leasing/Tenant conflicts must be recorded in the Dexus lease management system (LMS) which automatically notifies Compliance. Compliance then records the conflict in the compliance online tracking system (which will notify Fund Managers).

Compliance is updated throughout the process on the status of the conflict. Teams and information barriers remain in place until the conflict no longer applies. This can include circumstances where one of the available properties is no longer available to the prospective tenant or a lease is signed over alternate premises.

Leasing/Tenant conflicts are monitored by the Compliance team on a monthly basis to ensure they are appropriately managed and relevant information is recorded in the Conflicts of Interest Register.

## 9. Reporting

Dexus will provide relevant reporting to funds and investment vehicles in accordance with agreements entered into by the parties.

Compliance will provide regular reporting to the Corporate Executive Committee, relevant Board Committees and Boards.

## 10. Dispute Resolution

Where a dispute arises in relation to the identification or management of an actual or potential conflict of interest, the matter must initially be referred to Compliance who may refer the matter to the Corporate Executive Committee or relevant Board (or Co-owner Committee where applicable) for deliberation.

## 11. Record Keeping

Compliance will maintain a Conflicts of Interest Register documenting potential and actual conflicts of interest which have been identified. The register is designed to provide a central record of all conflicts of interest, including related party transactions, so that potential or actual conflicts may be appropriately managed.

## 12. Recording a breach

For information on reporting Compliance Incidents, please refer to the **Compliance Incidents Compliance Policy**.

## 13. Additional information

If you have any questions arising from this Policy, please contact:

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Version	Document Owner	Author	Approving Authority	Approved Date
12	Compliance	Delia Saccaro Scott Mahony	Group Risk Committee	28 May 2020
13	Compliance	Alicia Brown	Corporate Executive Committee	27 Jul 2021
14	Compliance	Compliance/KWM	Corporate Executive Committee	27 January 2022