



# Related Party Transactions and Conflicts of Interest Policy

November 2021

This policy covers all staff, officers, representatives of the Newmark Property Group of entities. Additionally, this policy covers all contractors providing material services.

Any breach of this policy must be immediately reported to the Compliance Officer.

This policy specifically relates to functions performed for all entities within the Newmark Property Group of companies.

As at the date of this policy, the following entities within the Newmark Property Group hold an Australian Financial Services Licence:

Newmark Capital Limited – AFS Licence No. 319372

Newmark REIT Management Limited – AFS Licence No. 526690

Any reference to “registered managed investment schemes” or “registered schemes” within this policy are references to the schemes registered in accordance with Chapter 5C of the Corporations Act 2001 (as amended) on either of the above AFS licences.

Policy details

<b>Compliance Policies and Procedures</b>	
<b>Chapter</b>	AFSL requirements
<b>Section</b>	Conduct
<b>Document</b>	Related party transactions and conflicts of interest policy
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## 1.0 Objective / Background

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The purpose of this Policy and Procedure is to ensure that the entities of the Newmark Property Group ('Newmark') have arrangements in place to adequately manage and assess actual or potential conflicts of interest and Related Party Transactions which may arise in relation to activities of Newmark and, if applicable, any directors, employees or authorised representatives of Newmark ('Representatives').

A conflict of interest will arise in circumstances where some or all of the interests of investors to whom the Newmark and its Representatives provide financial services are inconsistent with, or diverge from, some or all of the interests of Newmark or its Representatives. A conflict of interest may be actual, apparent or potential. Newmark will manage actual, apparent and potential conflicts of interest as set out in this document.

This policy also relates to all Related Party Transactions which would involve the conferring of a financial benefit on or from a Related Party. In deciding whether a financial benefit is given, the economic and commercial substance of the Related Party Transaction should prevail over its legal form. Newmark adopts processes which aim to ensure that all Related Party Transactions are conducted on a fair, reasonable and consistent basis and in accordance with its common law and statutory obligations.

## 2.0 Compliance Obligations

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### 2.1 Relevant Provisions

- a. Section 912A (1)(aa) of the *Corporations Act 2001* (Cth) (Act) requires a financial services licensee to have in place arrangements for the management of conflicts of interest that may arise wholly, or partially, in relation to activities undertaken by a licensee or a representative of a licensee.
- b. ASIC Regulatory Guide 181 ('Managing Conflicts of Interest') provides guidance on the conflicts management obligation and for controlling, avoiding and disclosing conflicts of interest.
- c. Section 601FC(1)(c) requires the responsible entity of registered managed investment schemes to act in the best interests of members and, if there is a conflict between the members' interests and its own interests, give priority to the members' interests. There is no statutory exemption to these requirements.
- d. The common law imposes fiduciary duties upon trustees including to avoid conflicts of interest and duty, and to act honestly in what the trustee considers to be the best interests of the beneficiaries of the trust. The constitution or trust deed of all Newmark schemes contain provisions which permit certain commercially necessary exceptions to the otherwise strict 'no conflict' rule.
- e. In the context of related party transactions, Chapter 5C.7 (sections 601LA to 601LE) adapts parts of Chapter 2E (sections 207 to 230) of the Act, requiring that unitholder approval be obtained for the provision of a financial benefit given by a registered scheme operated by Newmark to a related party, subject to certain exceptions. Related party transactions may give rise to potential or actual conflicts of interest.
- f. Regulatory Guide 46 ('Unlisted Property Schemes: Improving Disclosure for Retail Investors) requires responsible entities of unlisted property schemes to disclose whether they meet the benchmark of maintaining and complying with a related party transactions policy on an 'if not why not' basis and requires disclosure of Related Party Transactions in offer documents and on an ongoing basis.
- g. Regulatory Guide 76 ('Related Party Transactions') provides guidance on entering into related party transaction and sets out procedures for handling and approving Related Party Transactions.

### 2.2 Risk of non compliance

The interests of members of Newmark's schemes are prejudiced and Newmark breaches its legal obligations.



## 3.0 Related Party Transactions

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The related party provisions are set out in Part 2E of the Act, as adapted by Part 5C.7 of the Act. These provisions only apply to the registered schemes operated by Newmark and not the wholesale schemes. Related Parties are defined by section 228 of the Act.

Examples of Related Parties include:

- a. a parent company and its subsidiaries/associates/affiliates;
- b. subsidiaries/associates/affiliates of a common parent;
- c. a director of Newmark, their spouses, de facto spouses, parents or children;
- d. entities controlled by a director of Newmark, their spouses, de facto spouses, parents or children;
- e. an enterprise or trust for the benefit of employees such as pension and profit-sharing trusts that are managed by or under the trusteeship of the enterprise's management; and
- f. an enterprise and its principal owners, management, or members of their immediate families.

The definition of Related Party is a technical one and the guidance of the Compliance Officer should be sought if it is unclear as to whether two entities are Related Parties.

In the normal course of conducting its business Newmark expects to transact with Related Parties. For example:

- a. Newmark entities may buy assets from, or sell assets to, other Newmark entities.
- b. Newmark entities and Newmark managed funds may purchase and sell interests in Newmark managed funds.
- c. Newmark entities may provide investment management services to a Related Party.
- d. Newmark entities may provide administration services to a Related Party.
- e. Newmark entities may provide credit facilities to Related Parties or receive financial accommodation from Related Parties.

A Newmark entity which enters into a Related Party Transaction would need to seek investor approval, unless an exception under the Act applies.

Investor approval is not required to give a financial benefit on terms that would be reasonable in the circumstances if the Related Parties were dealing at arm's length terms or are less favourable to the Related Party.

Arm's length refers to transactions conducted as if the parties were not related.

### 3.1 Relevant Principles

Both before and during a Related Party Transaction it should be ensured the transaction meets the following criteria:

- a. It is in the best interests of existing investors.

- i. The obligation to act in the best interests of investors means that Newmark is required to ensure that Related Party Transactions are conducted at arm's length and on commercial terms or better.
- ii. For example, investment in a Newmark managed fund by a Related Party should be for bona fide investment purposes. Unless the nature of the investing scheme contemplates short term investment such as underwriting or opportunistic investments, then investment in a Newmark managed fund by a Related Party should be for a period of time similar to that expected by the responsible entity of a non-related party in the scheme receiving the investment.
- iii. A responsible entity must, when acting for a fund, act independently of other affiliations.

b. Fair value and reasonable.

There are two relevant tests here, either of which can be used, and not necessarily both:

- i. For the scheme which is paying out the benefit, the terms it receives must be at least as good as, or better than it would receive if it were dealing at arm's length on a commercial basis.
- ii. For the Related Party which is receiving the benefit, the terms on which a Related Party Transaction is entered into are no more favourable than the terms and conditions that would be available to a party transacting at arm's length.

If neither of these tests can be met, then the approval of investors in the Newmark entity providing the financial benefit may be required.

c. Properly documented.

- i. Documentation surrounding the Related Party Transaction should clearly evidence the due diligence carried out by the responsible entity.
- ii. Documentation may include records to justify the price and also any other terms and conditions upon which the Related Party Transaction was entered into. This should, for example, include the rationale for the Related Party Transaction.
- iii. The records must be at least as detailed as those maintained for transactions with non-related parties.

d. Independent report.

- i. A report by an independent party as to the reasonableness of the price and any other terms and conditions upon which a Related Party Transaction has occurred may be appropriate in certain circumstances.
- ii. Those circumstances will include the following:
  - A. Further evidence and investigation is required to demonstrate that the transaction is of fair value and reasonable to the Newmark entity providing the financial benefit.
  - B. The provision of a benefit from scheme property to a related party is made for a purpose other than one which would be pursued if the party receiving the benefit was not a related party. This is the case even if that purpose was not the dominant purpose, but was one of several purposes. For example, an acceptable purpose will be one scheme investing in another scheme operated by the same responsible entity on the same basis as all other investors, and to pursue the stated investment objectives of the investing fund. This is a Related Party Transaction because the responsible entity receives fees from the investing fund as a result of its participation. However, if another purpose is present, such as the need to inject further money to prevent the collapse of the recipient fund, then this will generally require a report from an independent person.

e. Appropriate disclosure.

Disclosure should include disclosure in a scheme's offer or other documents of prospective and on-going Related Party Transactions. Often the transaction will occur after an offer has closed, in which case, Related Party Transactions should be expressly disclosed to the auditor of the accounts of the scheme giving the benefit. The auditor may then require the disclosure to be made in the scheme's accounts. Disclosure of a related party transaction in the initial offer documents (before investors invest in the fund) must comply with RG 46 (if relevant). RG 46 requires that responsible entities describe related party arrangements relevant to the investment decision to enter into transactions with related parties, including describing:

- i. the value of the financial benefit;
- ii. the nature of the relationship (i.e. the identity of the related party and the nature of the arrangements between the parties, in addition to how the parties are related for the purposes of the Corporations Act or ASX Listing Rules—for group structures, the nature of these relationships should be disclosed for all group entities);
- iii. whether the arrangement is on 'arm's length' terms, is reasonable remuneration, some other exception applies, or we have granted relief;
- iv. whether scheme member approval for the transaction has been sought and, if so, when (e.g. if member approval was obtained before the issue of interests in the scheme);
- v. the risks associated with the related party arrangement; and
- vi. whether the responsible entity is in compliance with its policies and procedures for entering into related party transactions for the particular related party arrangement, and how this is monitored.

### 3.2 Assessment and Approval Procedure

Where a Newmark entity proposes to enter into a Related Party Transaction the following procedure applies:

- a. The proponent of the proposed transaction must seek the consent of the relevant Board.
- b. The relevant Board is to be provided with the following details:
  - i. terms and conditions of the proposed transaction;
  - ii. the proposed parties;
  - iii. whether any exemption to the requirement to seek investor approval might apply;
  - iv. how 'arms length' terms can be evidenced for the transaction, including comparisons between the terms of the transaction to comparable transactions involving unrelated parties, the nature and content of the bargaining process, the impact of the transaction on the entity, any other options available to the entity and whether expert advice was received by the entity on the transaction; and
  - v. what investor approvals may be required and what steps are necessary to obtain that approval.
- c. Provided investor approval is not required under the Act,
  - i. the relevant Board considers and approves the Related Party Transaction only if it is satisfied that the transaction is conducted on arm's length and on commercial terms of better, subject to any voting restrictions which may apply to members of the relevant Board under the Act; and

- ii. the Related Party Transaction is disclosed to investors in accordance with Newmark's common law and statutory obligations.
- d. If a Related Party Transaction is considered not to be on 'arms length' terms and is not subject to any statutory exemption then the transaction should be referred to the Compliance Officer to ensure that, if proceeded with, the transaction is carried out in accordance with this policy, the Act and the Constitution of the relevant entity.

### 3.3 Management of Compliance with Related Party Transactions Policy

Newmark will ensure that it has appropriate systems in place:

- a. for Newmark staff to monitor and assess transactions regarding related party transactions;
- b. to review and update the policy in response to changes in internal structure, legislation and regulations and market developments where necessary;
- c. for the Compliance Officer to monitor and review transactions to ensure compliance with this policy; and
- d. refer transactions to the Compliance Committee of the relevant Newmark managed fund for compliance with this policy.

## 4.0 Responsibility for conflicts management

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- a. All staff will be responsible for identifying and reporting conflicts of interest in the course of providing financial services;
- b. All staff will be provided with training and guidance by the Compliance Officer in relation to identifying and managing conflicts of interest in accordance with Part B of this policy;
- c. The Compliance Officer will be responsible for implementing Part B of this policy and ensure that it is regularly reviewed;
- d. If an identified conflict cannot be adequately managed in accordance with the conflicts management arrangements, the Compliance Officer will report the conflict to the compliance committee or the relevant Board, whichever is appropriate, for consideration. The Compliance Officer will have direct access to the relevant Board and the Compliance Committee where appropriate.

### 4.1 Training

Central to this policy will be the training which is part of the induction of all new staff of Newmark. Once engaged by Newmark, staff will be required to continuously update this compliance training as part of the broader Newmark compliance arrangements.

### 4.2 Conflicts of Interest Procedure Description

#### 4.2.1 Process 1: Raise Conflict Notice

- a. Responsibility: Any Employee

What	A party who becomes aware of an actual or a potential conflict of interest between Newmark or its Representatives and clients, must immediately notify the Compliance Officer by completing a 'Conflict of Interest' notice (See Schedule 1).
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How	<p>When providing notice of an actual or potential conflict of interest, the party must provide the Compliance Officer with the following details in relation to it:</p> <ul style="list-style-type: none"> <li>• whether it is possible to avoid the conflict of interest;</li> <li>• the nature and likely duration of the conflict;</li> <li>• the nature of any financial arrangements, including an estimate of the total amount of money received or paid (or to be received or paid) under the relevant transaction;</li> <li>• whether or not the transaction in question is at arm's length terms and evidence of this; and</li> <li>• any other information known to the party that it is reasonable for Newmark to know in order to resolve or make a determination about the conflict of interest.</li> </ul> <p>Examples of potential conflicts of interest are provided in Appendix A.</p>
When	As soon as an actual or potential conflict of interest is identified.
Why	To ensure that conflicts are promptly reported, recorded and dealt with.

b. Responsibility: Compliance Officer and Compliance Committee

What	Identification of conflicts by regular review and trigger events
How	<p>Review operation of Newmark to identify conflicts of interest in the following areas:</p> <ul style="list-style-type: none"> <li>• services provided by related entities;</li> <li>• relationships with outsourced providers;</li> <li>• fee structures;</li> <li>• remuneration and benefits structures in relation to Newmark ;</li> <li>• roles and responsibilities of staff members including any additional roles; and</li> <li>• internal reporting structures.</li> </ul> <p>Examples of potential conflicts of interest are provided in Appendix A.</p>
When	<p>At a minimum annually or more frequently upon the occurrence of a trigger event. These events would include:</p> <ul style="list-style-type: none"> <li>• a change in the business activity of Newmark;</li> <li>• a change in a material service provider;</li> <li>• the development of a new product or service;</li> <li>• a change in a key management role or directorship within Newmark;</li> <li>• a material breach of conflict of interest arrangements; or</li> <li>• a request by the relevant Board or Compliance Committee.</li> </ul> <p>Newmark will continuously consider the frequency of identification reviews to determine if the current arrangements are appropriate for the activities of the business. Newmark will also consider the appropriateness of the methodology of this process.</p>
Why	To ensure regular review of operations of Newmark to identify conflicts of interest.

#### 4.2.2 Process 2: Register Conflict

Responsibility: Compliance Officer

<b>What</b>	The Compliance Officer must record, maintain and update the Conflicts of Interest Register.
<b>How</b>	The Compliance Officer will determine whether a conflict of interest exists by reference to the following definition: Conflicts of interest are circumstances where some or all of the interests of people (clients) to whom a licensee (or its representative) provides financial services in inconsistent with, or diverge from, some or all of the interests of the licensee or its representatives. Newmark has established a Conflicts of Interest Register to record any actual or potential conflicts of interest that may arise in connection with its financial services business.
<b>When</b>	On receipt of the completed form.
<b>Why</b>	To ensure that all reported conflicts are recorded.

#### 4.2.3 Process 3: Assess conflict

a. Responsibility: Compliance Officer

<b>What</b>	The Compliance Officer will review the Conflicts of Interest Register.
<b>How</b>	The Compliance Officer will review the Conflicts of Interest Register by: <ul style="list-style-type: none"> <li>• consideration of the list of identified conflicts to ensure it is appropriate to the business;</li> <li>• assessment of the identified conflicts to determine whether they are actual, potential or apparent;</li> <li>• evaluate the conflict of interests using the impact and likelihood matrix (see Appendix B); and</li> <li>• consideration of how the conflicts are to be managed.</li> </ul> Assessment of whether the conflict of interest is actual, potential or apparent will be undertaken by applying the following definitions: <ul style="list-style-type: none"> <li>• actual conflicts of interest are conflicts that are currently in existence;</li> <li>• potential conflicts of interest are conflicts which could exist given the right set of circumstances but have not yet arisen; and</li> <li>• apparent conflicts of interest exist where there is a perception that a conflict of interest exists, but for a particular reason it does not actually arise.</li> </ul> The risk assessment process will also take into consideration current controls that have already been introduced to manage these conflict of interest risks, for example, disclosure of the conflict of interest through a disclosure document.
<b>When</b>	Annually
<b>Why</b>	For the relevant Board to consider and if appropriate, ratify the Compliance Officer's evaluation.

b. Responsibility: Board/Compliance Committee

<b>What</b>	The relevant Board/Compliance Committee will review the Conflicts of Interest Register and ratify evaluations made by the Compliance Officer.
<b>How</b>	The Compliance Officer or Board will review the Conflicts of Interest Register by: <ul style="list-style-type: none"> <li>• considering the list of identified conflicts to ensure it is appropriate to the business;</li> <li>• assessing the identified conflicts to determine whether they are actual, potential or apparent;</li> <li>• considering the evaluations made by the Compliance Officer; and</li> </ul>

	<ul style="list-style-type: none"> <li>considering of how the conflicts are to be managed.</li> </ul> <p>If the Compliance Committee or Board of Newmark considers that a different outcome should have been made in relation to any conflict of interest, they will communicate this to the Compliance Officer who will be required to re-evaluate the conflict in light of the factors outlined by the relevant Board of Newmark or the Compliance Committee.</p> <p>Assessment of whether the conflict of interest is actual, potential or apparent will be undertaken by applying the following definitions:</p> <ul style="list-style-type: none"> <li>actual conflicts of interest are conflicts that are currently in existence;</li> <li>potential conflicts of interest are conflicts which could exist given the right set of circumstances but have not yet arisen; and</li> <li>apparent conflicts of interest exist where there is a perception that a conflict of interest exists, but for a particular reason it does not actually arise.</li> </ul> <p>The risk assessment process will also take into consideration current controls that have already been introduced to manage these conflict of interest risks, for example, disclosure of the conflict of interest through a disclosure document.</p>
<b>When</b>	Annually after the Compliance Officer has completed its review of the Conflicts of Interest Register
<b>Why</b>	<p>To determine a risk rating for each conflict of interest that has been identified by applying the following criteria:</p> <ul style="list-style-type: none"> <li>the impact of the conflict of interest (Low, Moderate, High); and</li> <li>the likelihood that the conflict of interest will actually occur (Likely, Possible, Rare).</li> </ul>

#### 4.2.4 Process 4: Manage conflicts of interest

Responsibility: Compliance Officer and the relevant Board

<b>What</b>	Once conflicts of interest have been identified, assessed and evaluated, a decision is to be made by a Board of Newmark and the Compliance Officer as to how to manage the conflict of interest.
<b>How</b>	<p>Management of the conflict of interest will then be determined based on the outcomes of the risk assessment and whether the conflict is actual, apparent or potential.</p> <p>A conflict of interest can be managed by:</p> <ul style="list-style-type: none"> <li>avoiding the conflict of interest;</li> <li>controlling the conflict of interest;</li> <li>controlling the conflict of interest and then disclosing the conflict of interest; or</li> <li>disclosing the conflict of interest.</li> </ul> <p>Newmark may obtain independent expert advice on how best to manage the conflict.</p> <p>The internal controls of the conflicts management arrangements that Newmark Capital can use to manage conflicts of interest include:</p> <ul style="list-style-type: none"> <li>requiring a party to implement rectification action to resolve the conflict of interest;</li> <li>notifying ASIC of the actual or potential conflict of interest, if required;</li> <li>terminating an agreement with a party (subject to and in accordance with the terms of the agreement);</li> <li>authorise the party to maintain the conflict of interest, subject to appropriate management, on the following basis: <ul style="list-style-type: none"> <li>If, and only if, the relevant Board passes a resolution authorising the party to maintain that conflict of interest</li> <li>The conflict of interest is not considered significant and will not influence the party in performing its role or fulfilling its duties.</li> </ul> </li> <li>Registers</li> </ul> <p>Newmark will maintain an activity register for all staff (including directors). Each staff member will be required to register their directorships of companies and any shareholding where the employee holds 5% or greater of a company's shares. This</p>

	<p>activity register will also detail any businesses that Newmark has a business relationship with.</p> <ul style="list-style-type: none"> <li>• Clear definition of roles and responsibilities The roles and responsibilities of staff members of Newmark and each entity that provides a service for Newmark will be clearly defined to ensure the potential for a conflict of interest is minimised.</li> <li>• Compliance Committee and / or relevant Board of Newmark As noted previously, the Compliance Officer will have direct access to the relevant Board and the Compliance Committee. This will make it difficult for management or an individual director to act in their own interests rather than the interests of clients.</li> <li>• Where appropriate, entering into industry standard agreements This will ensure that transactions are entered into at arms-length.</li> <li>• Training for all staff This may include refresher courses on conflicts of interests, risk management and compliance.</li> </ul> <p>Newmark can use reporting arrangements with external parties to manage conflicts of interest</p> <ul style="list-style-type: none"> <li>• External parties, who have the potential for conflicts of interest with clients, will be required to report to Newmark on a regular basis.</li> <li>• This reporting arrangement will take the form of a regular report or a 'watching brief' and a mechanism to monitor the external party.</li> <li>• External parties which may have a potential conflict of interest with the interests of clients include related entities in Newmark, and outsourced service providers.</li> </ul> <p>The relevant Board must assess whether any disclosures can be given which will adequately manage the conflict of interest. Newmark can also implement a disclosure regime for relevant conflicts of interest.</p> <p>Where a conflict cannot be sufficiently managed through controls and disclosure, or where the impact on the client will be of such a material nature it cannot be adequately managed through disclosure, Newmark Capital will avoid the conflict of interest. This may involve:</p> <ul style="list-style-type: none"> <li>• ceasing to provide the relevant service;</li> <li>• terminating the services of a service provider;</li> <li>• taking disciplinary action; or</li> <li>• allocating another staff member to the relevant service.</li> </ul> <p>The relevant 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 relevant Board may, in its discretion, require additional or alternative action by the relevant party or withdraw any prior authorisation.</p> <p>Any resolution of the relevant 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 Register of Conflicts of Interest, in addition to a summary of the relevant Board's findings and the action taken (or to be taken).</p> <p>If necessary, the relevant Board may resolve to avoid the conflict by declining to provide the affected financial service.</p> <p>See Annexure C for further guidance on how to manage conflicts of interest.</p>
<b>When</b>	At the next board meeting.
<b>Why</b>	To manage the conflict.

#### 4.2.5 Process 5: Update & Retain Records

Responsibility: Compliance Officer

<b>What</b>	Newmark must keep the conflict records updated with actions taken.
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<b>How</b>	<p>The Conflicts of Interest Register is the primary record of the management of conflicts of interest. The following records will be kept for at least seven years:</p> <ul style="list-style-type: none"> <li>• copies of all Conflicts of Interest Notices and the Conflicts of Interest Register, showing conflicts identified and action taken;</li> <li>• copies of any reports given to the relevant Board or senior management about matters relating to conflicts of interest;</li> <li>• copies of written conflicts of interest disclosures given to clients or to the public as a whole;</li> <li>• file notes of any oral disclosures made to clients or to the public as a whole;</li> <li>• records of any gifts received; and</li> <li>• client files.</li> </ul> <p>Documents and records may be kept electronically where appropriate.</p>
<b>When</b>	On any action taken over a conflict.
<b>Why</b>	To retain a record of actions taken in order to monitor and demonstrate compliance with its conflicts management arrangements.

#### 4.2.6 Process 6: Report conflicts of interest

Responsibility: Compliance Officer, Compliance Committee and Board

<b>What</b>	Compliance Officer to report all conflicts of interest with actions to the relevant Board and Compliance Committee (where applicable)
<b>How</b>	It will be a standing agenda item at Board meeting and Compliance Committee meetings (where applicable)
<b>When</b>	<p>The frequency of Board meetings and Compliance Committee meetings (where applicable)</p> <p>The relevant Board and Compliance Committee (where applicable) will meet at least 6 monthly as part of the regular compliance reporting arrangements to review the identification, assessment and management of conflict of interests for Newmark.</p> <p>Meetings can be had more regularly depending on the size and number of transactions that are occurring.</p>
<b>Why</b>	To ensure that the relevant Board and Compliance Committee regularly review the conflicts of interest faced by Newmark and the actions taken to manage them to ensure compliance with its obligations under the Corporations Act.

#### 4.2.7 Process 7: Review Procedure

Responsibility: Compliance Officer

<b>What</b>	Newmark will review the conflicts management procedure.
<b>How</b>	The review may be undertaken by the Compliance Officer, another internal party or an independent external party, such as an auditor or legal adviser. The review may be undertaken in conjunction with or separately to the review undertaken by Newmark.
<b>When</b>	The party conducting the review of the conflicts management policy, procedures or assessment of conflicts must provide a report to the relevant Board.
<b>Why</b>	At least annually, or at other times as required; e.g. if the extent of its authorisations under its AFS licence is varied.
	To ensure that Newmark adequately identifies, assesses, evaluates and controls conflicts of interest.

### 4.3 Potential conflicts of interest identified

An evaluation of the potential conflicts of interest that may arise as a result of Newmark's financial services business has been undertaken. Details of such potential conflicts of interest identified are as follows:

<b>Description of identified conflict(s) of interest</b>	<b>Arrangements for managing conflict</b>	<b>Procedures for monitoring conflicts management arrangement</b>
Newmark entities provide services to a fund for which Newmark is a trustee or responsible entity	All related party transactions are approved by the relevant Board and the Compliance Committee and are entered into on arm's length terms and are fully disclosed in the relevant disclosure document to investors	Registers to be maintained and regularly reviewed by the Compliance Officer, Compliance Committee and the relevant Board.
Newmark entities may invest in fund for which Newmark is the trustee or responsible entity	All investors invest on the same terms and disclosure in the relevant disclosure document to investors	Registers to be maintained and regularly reviewed by the Compliance Officer, Compliance Committee and the relevant Board.
Newmark entities or funds may transact with each other	All related party transactions are approved by the board and the compliance committee and are conducted on arm's length terms	Registers to be maintained and regularly reviewed by the Compliance Officer, Compliance Committee and the relevant Board.
Newmark identifies a direct property asset that meets the investment strategy of an existing Trust or a new Newmark trust may be established.	The existing Trust will have priority over any potential direct property assets that meet its investment strategy.	Registers to be maintained and regularly reviewed by the Compliance Officer, Compliance Committee and the relevant Board.

### 4.4 Monitoring program

- a. A monitoring program will be implemented to ensure that internal controls are effective, and disclosures are timely, prominent, specific and meaningful, as required by RG 181. The reporting structure will operate as part of the monitoring program.
- b. The monitoring program will incorporate a self certification process which will be completed by the Responsible Managers on an annual basis. These will include information on all breaches and a statement of compliance with regulatory obligations impacting on their areas. It is anticipated that these certificates will be reviewed from time to time by the Compliance Officer to ensure accuracy.
- c. External service providers will also be required to report to the Compliance Officer on any instances of non compliance.
- d. As part of Newmark's compliance program, all staff are responsible for identifying breaches and should notify their manager and the Compliance Officer of those breaches.
- e. A breach report will be prepared by the area where the breach arose and entered into the centralised Breach register (in accordance with Newmark's Compliance arrangements).
- f. Where an external party is in breach, the Compliance Officer will be responsible for preparing a breach report in consultation with the external service provider.
- g. All breaches will be recorded in the centralised Breach register.

- h. Breaches will be assigned a risk rating, as set out in the risk ranking procedures in Appendix B. High risk conflict of interest breaches will be reported to the relevant Board of Newmark and / or Compliance Committee and if required reported to ASIC.
- i. The Compliance Officer will be responsible for reviewing compliance policies and procedures on a regular basis and updating them at least annually. This review process will encompass conflict of interest management policies and procedures. Any changes to the compliance plan must be approved by the Compliance Committee or relevant Board.
- j. The Compliance Officer will also ensure that Newmark will retain conflict management records for seven years. These records will contain the following information for each conflict of interest:
  - i. a description of the conflict of interest
  - ii. the causes(s) of the conflict of interest
  - iii. the consequence(s) to the business
  - iv. the inherent risk rating
- k. Records will also be kept on all disclosures made to clients about a conflict of interest, and all breaches of conflict of interest, and the actions that have been taken to remedy the breaches.

## 5.0 Appendix A Examples of potential conflicts

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### a. Acceptance of gifts or other benefits

Employees must not accept, directly or indirectly, payments, gifts, entertainment or any other gratuities or benefits from any supplier or company with which any company within Newmark conducts or may conduct business where the receipt of such a benefit is likely to influence (or be perceived to influence) judgement on the choice of goods or services.

Where gifts/benefits are to be or have been received, then the economic value to the recipient will determine the action required, as follows:

- Less than \$250—no reporting required.
- Greater than \$250 but less than \$750—the gift/benefit must be disclosed to the Compliance Officer.
- Greater than \$750—approval from a director must be obtained before the gift/benefit is accepted. Approval will only be given in exceptional circumstances. The gift/benefit must also be disclosed to the Compliance Officer.

Gifts or benefits received in accordance with this clause are not considered conflicts of interest, although they will be recorded in the Conflicts of Interest Register maintained by the Compliance Officer.

### b. Remuneration

The remuneration practices (including non-monetary benefits) are designed to limit any potential conflicts of interest and to ensure it operates efficiently, honestly and fairly.

Due to the remuneration practises used, disclosure to clients of the relevant remuneration of individuals (in particular those Representatives who provide Financial Services to clients) is generally considered an adequate mechanism for controlling conflicts of interest.

Any remuneration practices that place the interests of Newmark or its Representatives in direct and significant conflict with those of a client will be avoided if disclosure is deemed to be inadequate.

c. Other common areas that give rise to conflicts of interest are:

- Conflicts of interest arising from being a director or employee or a connected person of:
  - the invested company;
  - the investor;
  - another fund manager/investment advisory company; or
  - the client.
- Conflicts of interest arising from holding a significant influence by way of:
  - holding share capital in excess of 10% of an invested company or other company concerned with the relevant transaction (in some situations a lower percentage holding may be sufficient to give rise to a conflict of interest);
  - control or exercise of voting rights; or
  - being a director or substantial shareholder of a supplier/customer or business partner of the invested company where such supplier/customer or business partner exercises a significant influence over the invested company.
- Conflicts of interest arising from domestic relationships or connected persons or associates such as:
  - the responsible entity or its agents, which includes any party with whom the responsible entity has a contract;
  - a related body corporate of the responsible entity;
  - a director or secretary of the responsible entity or of its related bodies corporate;
  - a parent, spouse, child or other close relative of a director or secretary of the responsible entity (or of its related bodies corporate);
  - an entity over which any of the person mentioned above exerts significant control or significant influence; and
  - any trust or investment company in which the fund manager and/or any of the above persons has an interest as trustee or beneficiary.

## 6.0 Appendix B Impact and likelihood matrix

### Risk impact rating

	High	Moderate	Low
Impact	Significant financial impact on client Significant likelihood that fiduciary relationship will be breached	Moderate financial impact on client Potential risk of fiduciary relationship not being met	No financial impact on client No significant impact on quality of service

	Conflict cannot be managed through disclosure and/or controls		
Outcome	Avoid	Disclose and/or control	Record

**Risk likelihood rating**

Level	Description
Likely	Will probably occur in most circumstances
Possible	Might occur at some time
Rare	May only occur in exceptional circumstances

**Risk impact and likelihood rating**

		Impact		
		Low	Moderate	High
Likelihood	Likely	Moderate	High	High
	Possible	Low	Moderate	High
	Rare	Low	Low	Moderate

## 7.0 Appendix C Guidelines for managing conflicts

To control any conflicts of interest, the Compliance Officer will do the following:

- a. Identify the conflicts of interest relating to Newmark’s business and record on the Conflicts of Interest Register.
- b. Assess and evaluate those conflicts.
- c. Decide upon and implement an appropriate response to those conflicts.

Depending on the circumstances and the nature of any given conflict, the Compliance Officer may consider it appropriate to do any of the following:

- a. Disclose the conflict of interest to affected parties including members of the relevant scheme.
- b. Decline to provide financial services to the particular client.
- c. Initiate internal or external disciplinary action where warranted (e.g., refer the matter to a professional body or regulator).
- d. Any other action the Compliance Officer or the relevant Board considers appropriate in the circumstances based on the facts and circumstances at the time.



- e. Clear subordination of one interest to the other e.g. client interests are paramount (in other words, the highest impacting conflict takes precedent)

The Compliance Officer will consider the following factors in assessing the disclosure that should be provided to a client depending on their status as a wholesale or retail client:

- a. The level of the client's financial sophistication.
- b. The extent to which third persons are likely to rely, directly or indirectly, on the service.
- c. The extent of the client's knowledge of the specific conflict.
- d. The complexity of the financial service and conflict of interest.

In all cases, the Compliance Officer will determine the appropriate form and level of disclosure according to the facts and circumstances at the time.

Requirements for additional disclosure:

- a. Only significant (as determined by the relevant Board) conflicts of interest need be disclosed to clients. Significance will depend upon the facts and circumstances, including whether the scheme's members are retail or wholesale. This is to ensure clients are not overwhelmed with unnecessary and voluminous disclosure for minor issues.
- b. Disclosure of conflicts of interest by Newmark and its Representatives must satisfy the following requirements:
  - i. Timely:
    - A. The disclosure must occur before or at the time the financial services are provided, but in any case at a time that allows the client a reasonable time to assess its effect.
    - B. Clients must be given a reasonable time to understand the conflict and its impact. Conflicts of interest which have already been identified will be set out in any disclosure documents associated with providing the financial service.
  - ii. Prominent: The disclosure must be drawn to the attention of the client so the client may consider the conflict of interest is not significant to compromise the financial service being provided. The disclosure will take the form of a clear notice setting out the nature of the conflict of interest.
  - iii. Specific:
    - A. The disclosure must be specific and clear enough for the client to understand the nature of the conflict and its potential impact on the financial service they are being offered.
    - B. Where possible, generic disclosures will be avoided to satisfy the conflict management obligation and disclosures must refer to the specific financial service to which the conflict relates.
  - iv. Meaningful to the client - the disclosure notice will be in plain English and include sufficient details to enable the client to be aware of how the conflict of interest could impact them.
- c. Disclosure of conflicts of interest may be given in writing or verbally.

In some situations, disclosure of a conflict of interest will be inappropriate (e.g. a situation in which disclosure of a conflict of interest may amount to infringement of the insider trading provisions of the Act).

If such a situation arises, then the Compliance Officer is required to report the conflict of interest to the relevant Newmark Board.



