



**BrisConnections Investment Trust
and
BrisConnections Holding Trust
Conflicts of Interest and Related
Party Transactions Policy**

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Document Control Sheet

Document Contacts

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1 Introduction

1.1 Purpose

This document sets out the policy of the BrisConnections Group regarding entry into transactions with related parties.

1.2 Scope

This document applies to transactions where a financial benefit is given to a related party

1.3 Distribution

1.3.1 Audience

The following people/organisations have an interest in this document as nominated:

Person / Organisation	Intended Purpose
BrisConnections Directors and employees	Action
Investors	Noting

1.3.2 Restrictions on Distribution

This document is Public.
PUBLIC documents are intended for access by anyone.

1.4 Project Information

BrisConnections Management Company Limited (**BCMC**) is the responsible entity of the BrisConnections Investment Trust (**BCIT**) and the BrisConnections Holding Trust (**BCHT**). Units in BCIT and BCHT are stapled and quoted on ASX as BrisConnections Unit Trusts (ASX code BCS) (**BrisConnections Group**).

BrisConnections has been awarded a 45 year concession to design, construct, operate, maintain and finance the Airport Link tollroad in Brisbane. Airport Link is a 6.7 kilometre multi-lane electronic free-flow tollroad with dual 5.7 kilometre tunnels. Upon completion, Airport Link will operate as a multi-destinational road connecting Brisbane's northern suburbs with Brisbane's CBD and Brisbane Airport, the CLEM7 Tunnel and the Inner City Bypass. It will also serve as a key distribution road, connecting some of Brisbane's major destinations such as Brisbane Airport, the CBD, Royal Brisbane Hospital, Australia TradeCoast and Chermside Shopping Centre.

Airport Link is being constructed using a world class, innovative design solution, with connections avoiding intersection delays and streamlining traffic flows. Lane configuration will provide for separate traffic movements, with early decision points, to minimise traffic weaving and merging.

Airport Link is being built around an electronic free-flow tolling design. Electronic free-flow tolling is mandatory across all Queensland tollroads and Airport Link tags will be fully interoperable with other Queensland and Australian tollroads.

BrisConnections is also designing and constructing a portion of the Northern Busway between Windsor and Kedron and an upgrade of the East-West Arterial / Airport Drive / Gateway Motorway interchange at Brisbane Airport, both of which are funded by the Queensland Government. BrisConnections will not receive any revenue from these projects and they will both be handed over to the Queensland Government upon commissioning.

BrisConnections operates under a Concession Deed with the State of Queensland to finance, design, construct, commission, operate and maintain Airport Link as a toll road until 2053.

BCIT and BCHT were registered as managed investment schemes by ASIC on 29 May 2008. On 30 July 2008, the BrisConnections Group was listed on the ASX and it commenced trading on 31 July 2008.

BCMCL has delegated management of the day-to-day business affairs of BCIT and BCHT to BrisConnections Operations Pty Ltd, which is wholly owned by BCHT.

The respective compositions of the boards of all companies in the BrisConnections Group are identical unless the Board resolves otherwise in a particular case.

1.5 Definitions

Term	Meaning
BCS	BrisConnections

1.6 References

Ref ID	Document No	Document Title
[Ref-01]	BC-GL-POL-CG-0003	BrisConnections' Security Trading Policy
[Ref-02]	BC-GL-CHA-CG-0003	BrisConnections' Board Charter
[Ref-03]	N/A	Corporations Act 2001 (Cth)
[Ref-04]	BC-GL-POL-CG-0001	BrisConnections' Code of Conduct
[Ref-05]		

2 Background

BrisConnections Group's integrity and reputation are not negotiable items. Therefore, in all situations, it is essential that the BrisConnections Group and BCMC:

- acts in the best interests of the scheme/client for which it is the responsible entity/manager; and

- conducts transactions having regard to:
 - fiduciary obligations;
 - legislative requirements;
 - being on commercial arm's length basis at all times.

This Policy applies to BCMC, BrisConnections Group and, for the sake of clarity, covers circumstances where BCMC and BrisConnections Group:

- provide services or otherwise deal with:
 - themselves; and/or
 - registered schemes; and/or
 - trusts;
- act in a responsible entity / trustee capacity.

The BrisConnections Group Board has created this Policy to ensure that its expectations regarding the importance of dealing openly and transparently with conflicts of interest and related party transactions are clearly stated.

The general rule is that all related party transactions with BrisConnections Group entities must be on arm's length terms unless approved by unitholders with the related party interests excluded from voting.

2.1 Relevant legislation

Compliance with this policy addresses a number of requirements:

- (a) **Statutory:** The policy satisfies statutory requirements for Australian registered schemes that prohibit financial benefits being given to responsible entities or their related parties out of scheme property unless on arm's length terms (see Chapter 5C.7, s601L of the Corporations Act) and similar requirements for Australian public companies (see Chapter 2E, s208 of the Corporations Act). In relation to issues of securities, see also ASIC Class Order 05/26.
- (b) **Australian Securities Exchange:** The listing rules of the Australian Securities Exchange (ASX) require BrisConnections Group to obtain unitholder approval for transactions with certain persons of influence, irrespective of whether a particular transaction is at arm's length.
- (c) **Constitutions:** The constitutions of the BrisConnections Investment Trust and the BrisConnections Holding Trust recognise that the Corporations Act and the ASX Listing Rules require a vote by unitholders in connection with certain types of transactions.
- (d) **Corporate governance:** The policy satisfies representations to the market that have been made by the BrisConnections Group in its corporate governance statements regarding the treatment of related party transactions.
- (e) **Accounting:** The policy enables related party transactions to be identified for disclosure in the financial reports of the BrisConnections Group, as required by accounting standards.
- (f) **Compliance:** The BrisConnections Group is required to report quarterly on related party transactions under the Compliance Plans relating to the BrisConnections Investment Trust and the BrisConnections Holding Trust.

In a number of instances, this policy may contain broader rules than those strictly imposed by law because the policy aims to address broader concerns such as the need to address market perceptions.

2.2 When policy applies

Related party transactions

This policy applies to transactions where a financial benefit is given to a related party of BrisConnections Group. For the purposes of this policy, the related parties of the BrisConnections Group are:

- (a) the Directors and officers of the BrisConnections Group;
- (b) the spouses and de facto spouses of the people referred to in paragraph (a);
- (c) the parents and children of the people referred to in paragraphs (a) and (b); and
- (d) any other person who is a related party of the BrisConnections Group for the purposes of Part 5C.7 of the Corporations Act.

Relief has mostly been obtained from the Australian Securities and Investments Commission for BrisConnections Investment Trust and BrisConnections Holding Trust to give financial benefits to each other and Group controlled entities without unitholder approval. No such relief is available where it is proposed that BrisConnections Group may enter into a transaction with any related party as identified above.

Accordingly, the Company Secretary should always be consulted in respect of prospective transactions between BrisConnections Group and those parties so that Corporations Act requirements can be ascertained and observed.

Conflicts of Interest

A conflict of interest arises from the nature of a fiduciary relationship – that is the service of another party's interest ahead of your own. Those in a fiduciary relationship must avoid wherever possible placing themselves in a position in which they may be induced to prefer their own interests or the interests of someone other than the person or entity with whom they have the fiduciary relationship.

A conflict of interest therefore arises when an individual or entity proposes to exploit an opportunity for themselves rather than for the benefit of the person or entity to whom they owe that fiduciary duty.

Examples of fiduciary relationships are (but not limited to):

- Directors to the company;
- employees to their employer; and
- a trustee or responsible entity to their investors.

Certain entities may act in differing legal capacities and therefore have the potential to be a fiduciary in a number of different relationships:

- as the trustee of one or more trusts;
- as the responsible entity for one or more registered managed investment schemes.

Conflicts of interest can be both real and perceived – the key question to consider is “would a properly informed member of the public consider the potential conflict of interest and the way in which it has been handled to be acceptable?”

Real and perceived conflicts of interest are identified and assessed in the following ways:

- from declarations of interest made by Directors, employees and consultants;

- by staff bringing the conflict of interest to the attention of senior management (who then determine or recommend an appropriate course of action);
- via analysis of transactions (as part of the approval process);
- via ongoing management; and
- via due diligence processes.

As required by the Code of Conduct, all Directors, staff (and contractors) are prohibited from engaging in behaviour which could give rise to an actual or perceived conflict of interest.

Transactions with persons of influence

This policy also applies to transactions under which it is proposed that BrisConnections Group will acquire a substantial asset from, or dispose of a substantial asset to, any of the following persons of influence:

- (a) a related party or subsidiary of BrisConnections Group or BCMC;
- (b) a person who, alone or together with associates, has (or, at any time in the 6 months before the transaction, had) a relevant interest in at least 10% of the total votes attached to voting securities in BrisConnections Group;
- (c) an associate of any related party or subsidiary of BrisConnections Group or an associate of a person referred to in paragraph (b); and
- (d) a person whose relationship to BrisConnections Group or to any person referred to in any of paragraphs (a), (b) or (c) is such that, in ASX's opinion, the transaction should be approved by unitholders.

The requirements under this paragraph are based on ASX listing rule 10.1. For the purposes of that listing rule:

- an asset is substantial if its value is, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the BrisConnections Group as set out in the latest accounts given to ASX under the ASX Listing Rules; and
- an associate is defined in the Corporations Act in broad terms, including any person with whom another person acts in concert.

Determining when this policy applies

If there is any doubt about whether a person is a related party of the BrisConnections Group or a person of influence in relation to the BrisConnections Group, the matter should be discussed with the Company Secretary so that the requirements of the Corporations Act, the ASX Listing Rules and this policy can be ascertained and observed. The General Counsel will obtain external legal advice where appropriate.

The "arm's length" test

Subject to below, a related party transaction involving the BrisConnections Group is permitted without unitholder approval only if the transaction is on arm's length terms or on better terms from the perspective of the BrisConnections Group.

If a related party transaction involving the BrisConnections Group or its assets is not on arm's length terms, unitholder approval must be obtained for the transaction.

Independent Directors require factual information to enable them to objectively determine whether related party transactions are on arm's length terms. This factual information can take the form of comparisons with similar arm's length transactions combined with external opinions on the terms and fees of the transaction.

A transaction to which ASX listing rule 10.1 applies is not permitted in any circumstances without unitholder approval.

Board approvals – voting procedure

The Board will follow the procedure set out below when it considers a related party transaction or a transaction with a person of influence:

- (a) any Director with a material personal interest in the transaction may only be present for discussion of the transaction if the other Directors resolve to invite them to be present
- (b) any Director with a material personal interest in the transaction must leave the room during voting on the transaction.

2.3 Engagement of independent experts

Where an independent expert's report is to be obtained in connection with a proposed transaction to which this policy applies (whether or not the report is to be provided to unitholders), the independent expert will be selected and engaged by the Directors who do not have an interest in the transaction (**Independent Directors**).

The independent expert's engagement letter should be signed by an Independent Director or a person appointed by resolution of the Independent Directors.

The external auditor is not to be engaged as an independent expert in any circumstances. Engagement as an expert would endanger the objectivity and independence required for conduct of the external audit of the BrisConnections Group.

The Independent Directors should:

- (a) be provided with a draft mandate and summary of terms;
- (b) be asked to approve the engagement in principle, confirm that they wish to undertake an independent review of the terms of the proposed transaction;
- (c) select a reviewer; and
- (d) approve the form of instruction to the reviewer.

The Company Secretary should be consulted about the form of the instruction as the opinion needs to cover both fees and terms being arm's length to attract the Corporations Act carve out for related party transactions.

The independent directors should be provided with the draft report for comment. This can be done via email and records of correspondence should be filed.

Once the independent directors have approved the form of report, they should ask the reviewer to issue the final report and then arrange a meeting of the independent directors to consider approval of the terms of the proposed transaction.

3 Existing Policies

BCMC has a number of mechanisms in place that support this Policy. The mechanisms are:

Code of Conduct

This Code deals with conflicts of interest of BrisConnections Group Directors, employees and their families, friends or business associates who may have a personal interest in a business decision involving the Group.

Directors and other employees must use all reasonable endeavours to avoid being in a situation in which their personal or external interests conflict or could be perceived to conflict with the best interests of the Group.

Where a Director or other employee has, or becomes aware of, an actual or potential conflict of interest or duty in connection with the Group's affairs, that conflict must be disclosed to the Managing Director, and in the case of the Managing Director and non-Executive Directors, the Chairman, to ensure adequate and appropriate measures are taken to safeguard the interests of the Group and its various stakeholders.

Security Trading Policy

The Board has approved the Security Trading Policy which forms part of the contracts for all Directors, employees and consultants. This policy should be taken into account when dealing with potential conflict of interest issues.

All Directors, employees and consultants must observe the requirements of this Policy at all times. The Compliance Plans of the registered managed investment schemes operated by BCMC require employees to electronically confirm their compliance with the Security Trading Policy at least once a year.

Board Charter

The Board Charter deals with Directors' conflicts of interest and stipulates that Directors must:

- disclose to the Board any actual or potential conflicts of interest which may exist, or be thought to exist, as soon as they become aware of the issue;
- take any necessary and reasonable measures to try to resolve the conflict; and
- comply with the Corporations Act provisions on disclosing interests and restrictions on voting.

If a conflict or potential conflict situation exists, it is expected that the conflicted Director shall be absent from the meeting whilst the Board discusses the matter and not vote on the matter, unless the other Directors who do not have a material personal interest in the matter have passed a resolution that states that they are satisfied that the interest should not disqualify the Director from being present or voting on the matter.

Directors are expected to advise the Chairman of any proposed Board or executive appointment to other organisations as soon as practicable.

4 Contact

The Company Secretary is responsible for reviewing and keeping this Policy up to date. This Policy will be reviewed at least annually.

Queries on this Policy should be directed to:

- the Company Secretary; or
- the Compliance Officer.

5 Evaluation

The Board will evaluate the performance of the Policy, and the governance processes that support the Policy, at least annually.

Attachment 1 – High Level Flowchart

