

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Folkestone Education Trust

ABN / ARBN:

58 102 955 939

Financial year ended:

30 June 2015

Our corporate governance statement² for the above period above can be found at:³

These pages of our annual report:

This URL on our website: <http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf>

The Corporate Governance Statement is accurate and up to date as at 25 August 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 25 August 2015

Name of Director or Secretary authorising
lodgement:



Scott Martin

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴ |
|---|---|--|--|
| PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT | | | |
| 1.1 | A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management. | ... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 1) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 1) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 1.2 | A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. | ... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 1) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 1.3 | A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment. | ... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 1) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |

⁴ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

| | Corporate Governance Council recommendation | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴ |
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| 1.4 | The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 1) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 1.5 | <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> | <p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 1.6 | <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p> | <p>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴ |
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| 1.7 | <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p> | <p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 1) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 1) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

| Corporate Governance Council recommendation | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴ | |
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| PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE | | | |
| 2.1 | <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 2) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 2.2 | <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p> | <p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 2) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

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| <p>2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p> | <p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 2) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf</p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 2) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in the Directors Report contained within the 2015 Annual Report</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |
| <p>2.4 A majority of the board of a listed entity should be independent directors.</p> | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 2) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| <p>2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p> | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 2) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| <p>2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p> | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 2) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

| Corporate Governance Council recommendation | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴ | |
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| PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY | | | |
| 3.1 | <p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p> | <p>... our code of conduct or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 3) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf</p> <p><input checked="" type="checkbox"/> and at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/FLK-Code-of-Conduct-Ethical-Business-Behaviour.pdf</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |

| Corporate Governance Council recommendation | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴ | |
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| PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING | | | |
| 4.1 | <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 4) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf ... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/FIML-FREML-Audit-Risk-and-Compliance-Committee-Charter.pdf ... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in the Directors Report contained within the 2015 Annual Report</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |
| 4.2 | <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p> | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 4) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |

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| 4.3 | A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit. | <p>... the fact that we follow this recommendation:</p> <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input checked="" type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable |
| PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE | | | |
| 5.1 | A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it. | <p>... our continuous disclosure compliance policy or a summary of it:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 5) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf <input checked="" type="checkbox"/> and at http://folkestone.com.au/wp-content/uploads/2014/04/FLK-Communications-Policy.pdf | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement |
| PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS | | | |
| 6.1 | A listed entity should provide information about itself and its governance to investors via its website. | <p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at http://educationtrust.folkestone.com.au/ and http://educationtrust.folkestone.com.au/about-us/corporate-governance/ | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement |
| 6.2 | A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors. | <p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 6) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement |
| 6.3 | A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders. | <p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input checked="" type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴ |
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| 6.4 | A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. | ... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 6) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement |
| PRINCIPLE 7 – RECOGNISE AND MANAGE RISK | | | |
| 7.1 | The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. | [If the entity complies with paragraph (a):] ... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and a copy of the charter of the committee: <input type="checkbox"/> at <i>[insert location]</i> ... and the information referred to in paragraphs (4) and (5): <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> [If the entity complies with paragraph (b):] ... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework: <input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 7) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴ |
|---|---|---|---|
| 7.2 | <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p> | <p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 7) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 7) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |
| 7.3 | <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p> | <p>[[If the entity complies with paragraph (a):]</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [<i>insert location</i>]</p> <p>[[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 7) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |
| 7.4 | <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p> | <p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 7) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |

| Corporate Governance Council recommendation | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴ | |
|--|--|--|---|
| PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY | | | |
| 8.1 | <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 8) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf ... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at http://folkestone.com.au/wp-content/uploads/2014/04/FLK-Remuneration-Committee-Charter.pdf ... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> is in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> in the Directors Report contained within the 2015 Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 8.2 | <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p> | <p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 8) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴ |
|---|--|---|---|
| 8.3 | <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p> | <p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</p> <p><input checked="" type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES | | | |
| - | <p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p> | <p>... the information referred to in paragraphs (a) and (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 8) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |
| - | <p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p> | <p>... the terms governing our remuneration as manager of the entity:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Principle 8) at http://educationtrust.folkestone.com.au/wp-content/uploads/sites/2/2014/05/Corporate-Governance-Statement.pdf</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |



Folkestone
EDUCATION TRUST

**CORPORATE
GOVERNANCE
STATEMENT**

CORPORATE GOVERNANCE STATEMENT

The Folkestone Education Trust ("the Trust") is a managed investment scheme that is registered under the *Corporations Act 2001*. Folkestone Investment Management Limited ("FIML" or "the Responsible Entity") was appointed the Responsible Entity of the Trust on 17 December 2004.

This statement outlines the main corporate governance practices of the Responsible Entity, which were in place throughout the year and at the date of this report.

The ASX Principles have been drafted primarily for listed companies, and not all of the recommendations are readily applicable for a registered managed investment scheme and its Responsible Entity. However, the Responsible Entity seeks to comply with the majority of the ASX Principles. Where it does not, it is in respect of obligations to disclose material or matters where the nature of regulation of listed trusts or of the Trust's business is such that the Board of the Responsible Entity considers that there has been no detriment to the unitholders of the Trust from non-compliance. Areas of non-compliance and the reasons for non-compliance are noted in this statement.

In accordance with ASX Listing Rule 4.10.3, set out below are the ASX Corporate Governance Council's eight principles of good corporate governance and the extent to which the Trust has sought to comply with the recommendations for each.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

This Principle requires the Trust to establish and disclose the respective roles and responsibilities of both the Board and Management.

The Responsible Entity is a wholly owned subsidiary of Folkestone Limited ("Folkestone" or "Company"). The Board of the Responsible Entity is responsible for overseeing the management of the business of the Trust. The business of the Trust is managed under the direction of the Board of the Responsible Entity ("the Board") with management of day to day operations delegated to Mr Nick Anagnostou, Chief Executive Officer – Social Infrastructure Funds.

The conduct of the Board is governed by the Constitutions of the Trust and Responsible Entity, the Compliance Plan and the *Corporations Act 2001*. A copy of the Constitution of the Responsible Entity and Trust is available on the Trust's website.

The Board meets on a regular basis and is required to discuss pertinent business developments and issues and review the operations and performance of the Trust.

A Director is invited to join the Board by a formal letter which details the key terms of their appointment including remuneration and requires a written acceptance. Prior to appointment, appropriate checks are undertaken with respect to character, experience, education, criminal record and bankruptcy history. The powers, duties, disclosure of Directors interests and trading policy governing dealing in the Trust's securities are covered with the new Director during their induction.

The Company Secretary reports directly to the Board. Between meetings the Company Secretary is required to keep the Chairman fully informed.

The role of the Board of the Responsible Entity is to ensure that the Trust is managed in a manner that protects and enhances the interests of its unitholders and takes into account the interests of officers of the Responsible Entity, customers, suppliers, lenders and the wider community.

The Trust does not have formal evaluation measures and processes in place for the Board, its committees and individual directors as the nature and size of the business to date has justified an informal process.

The Board has overall responsibility for corporate governance, including setting the strategic direction for the Trust, establishing goals for management and monitoring the achievement of these goals.

The Board's responsibilities and duties include:

- ensuring FIML implements and monitors the strategic and operational plans for the Trust;
- approving the annual financial budgets, including capital expenditure budgets for the Trust;
- monitoring financial performance of the Trust against appropriate performance indicators;
- identifying conflict of interest situations and determining whether the conflict situation is to be avoided or whether it can be appropriately controlled, and determining and implementing the procedures necessary to control the conflicts of interest;

CORPORATE GOVERNANCE STATEMENT

- setting an appropriate risk management strategy so that compliance with the requirements of FIML's Australian Financial Services Licence ("AFSL") can be adequately measured and monitored by the Audit and Compliance Committee;
- approving the issue of disclosure documents in respect of the Trust;
- approving major acquisitions, disposals, developments/refurbishments including the funds arrangements (including where required by the applicable Limits of Authority Policy);
- monitoring corporate governance practices in FIML;
- ensuring that assets of the Trust are valued at regular intervals appropriately to the nature of the individual assets;
- appointing legal, accounting or other advisers as required;
- appointing Committees of the Board as may be appropriate to assist in the discharge of its responsibilities, determining their responsibilities and approving a charter for each Committee; and
- monitoring the adequacy of the Company's resources (including financial, technical and human resources) to provide the financial services required by the AFSL.
- The separation of responsibilities between the Board and Management is clearly understood and respected.

All senior executives of the Responsible Entity are employed by Folkestone Limited. Prior to the commencement of the financial year, a budget/strategy session is held involving the Folkestone Limited Executive Team and a business plan is agreed for the forthcoming year. Performance is regularly reviewed at periodic meetings of the Folkestone Executive Committee. An annual performance appraisal of all Folkestone staff is conducted at the end of the financial year.

Adopting this process, the performance of senior executives was evaluated during the financial year.

The Responsible Entity and broader Folkestone Group does not have a Diversity Policy. This is due to the small, specialist and stable nature of the Responsible Entity's workforce, and therefore it is not considered appropriate or useful to set gender specific, or other diversity specific, performance targets that relate specifically to the Responsible Entity and the Trust operations.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

This Principle requires the Trust to have a Board of effective composition, size and commitment to adequately discharge its responsibilities and duties.

It is the objective that the Board comprise directors with an appropriate mix of skills, experience and personal attributes that allow the directors individually and the Board collectively to supervise the operations of the Trust with excellence.

Nomination Committee

The Board does not have a Nomination Committee due to the Company's size, however the Board has processes in place which raise the issues that would otherwise be considered by the Nomination Committee including review of succession plans, appointment, performance evaluation and re-election of Directors.

Director Independence

The current Board comprises four directors, of whom three – Mr Victor Cottren, Mr Michael Johnstone and Mr Grant Hodgetts - are independent. The other member of the Board is Mr Nick Anagnostou who holds an executive role and is not considered independent. Mr Cottren has been Chairman of the Board since 4 August 2008 and is regarded as independent.

The roles of Chairman and Chief Executive Officer – Social Infrastructure Funds are not held by the same individual.

CORPORATE GOVERNANCE STATEMENT

Details of each Director's relevant skills, experience and expertise, as well as their independence status and period in office are set out in the Directors' Report contained within the Trust's Annual Report each year. The numbers of meetings held and attended during the year are also set out in the Directors' Report.

In determining the independence of directors, the Board has adopted the criteria as set out in the Corporate Governance Principles and Recommendations.

Under the terms of the Trust's Constitution, the directors and non-executive committee members of the Responsible Entity have the right to seek independent professional advice at the Trust's expense.

With the input of Folkestone Limited, the Board seeks to evolve its membership by appointing non-executive directors with diverse and complementary skills, experience and perspectives.

Directors and management are encouraged to participate in continuing education activities to enhance their skills and knowledge.

Directors are invited to join the Board on the basis of their experience and skills in relation to the Trust's activities. The Board is fully appraised on an ongoing basis with the operations of the Trust and all members are fully conversant with both the business of the Trust and the environment in which it operates. The following table summarises the key skills of the Directors as a group:

| Skills and Experience |
|---------------------------------------|
| Real estate and valuation experience |
| Funds management / financial services |
| Financial acumen |
| Strategy |
| Corporate governance |
| Debt and equity markets |
| Legal, risk and compliance |
| ASX listed entity experience |

The Board periodically reviews the composition of the Board in view of the business and strategic needs of the business and provides feedback in relation thereto to Folkestone Limited. If it is deemed necessary to recruit additional directors, Folkestone Limited will assist the Board in determining the skills and experience required by the additional directors. A search process is undertaken, following which the Chairman and directors will interview the selected candidate(s). If a suitable candidate is found an appointment will be made.

Neither the Responsible Entity's Constitution nor the ASX Listing Rules require newly appointed directors to seek election or incumbent directors to seek re-election.

A copy of the Responsible Entity's Board Governance and Charter Manual is available on the Trust's website. The Board Charter provides a summary of the procedure for the selection and appointment of new directors.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

This Principle requires that the Board should actively promote ethical and responsible decision-making.

Directors and employees of the Responsible Entity are subject to a Code of Conduct which has been implemented by Folkestone Limited. The Board is committed to ensuring that all directors and employees act with the utmost integrity and objectivity in their dealings with all people that they come in contact with during their working life.

A copy of the Folkestone Group Code of Conduct is available on the Trust's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

This Principle requires that the Trust have a structure in place to independently verify and safeguard the integrity of its financial reporting.

CORPORATE GOVERNANCE STATEMENT

Audit and Compliance Committee

The Board established an Audit and Compliance Committee ("Committee") in February 2005 whose responsibilities include monitoring the Responsibility Entity and the Trust's compliance with the *Corporations Act 2001*, the Trust's Constitution and Compliance Plan. This is notwithstanding that a separate compliance committee is not required under s.601JA of the *Corporations Act 2001*.

The current members of the Committee are Mr Warner Bastian (Chairman), Mr Michael Johnstone and Mr Grant Hodgetts, all of whom are considered independent. Mr Bastian is not a member of the Board but possesses a level of technical expertise appropriate for audit committee membership.

The qualifications of the Audit and Compliance Committee members and details of meetings held and attended during the year are set out in the Directors' Report contained within the Trust's Annual Report each year.

During the year the Committee had, at all times, 3 members who were independent. However, not all members were non-executive directors. The Board is currently reviewing the composition of the Committee with a view to ensuring that at least 3 members are non-executive directors.

The Audit and Compliance Committee has a formal charter which sets out its responsibilities. A copy of the Audit and Compliance Committee Charter is available on the Trust's website. The Charter provides a summary of the procedure for the selection and appointment of the external auditor and for the rotation of the external audit engagement partners.

The Board is responsible for appointing the external auditor. The Audit and Compliance Committee is directly responsible for making recommendations to the Board on the appointment, termination and oversight of the external auditor. In selecting an auditor, the Committee implements a selection process and makes a recommendation to the Board based on their assessment of the potential external auditor. The assessment takes into account a number of key criteria, including audit approach and methodology, internal quality control procedures, resources, key personnel and cost.

The Audit and Compliance Committee is required to annually review the external Auditors performance and independence.

In line with current professional standards, the external auditor is required to rotate the Trust's audit and review partners at least once every 5 years. The *Corporations Act 2001* (the "Act") allows for an extension of the appointment of the lead audit partner for up to 2 years in certain circumstances. The Trust's auditor, PricewaterhouseCoopers, have provided confirmation that the extension of the term of audit partner would not give rise to a conflict of interest situation as defined in section 324 CD of the Act and appropriate safeguards are in place to ensure that appropriate objectivity and independence of the lead auditor is able to be maintained. Given that the requirements of the Act have been met, the existing audit partner has been reappointed for a further period of up to 2 years. The financial year ended 30 June 2015 is the 6th year in which the existing partner has been the lead auditor for the Trust.

CEO and CFO Declaration

Prior to the approval of the Trust's financial statements for a financial period, the Chief Executive Officer – Social Infrastructure Funds and Chief Financial Officer - Funds have certified to the Board that the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Attendance of Auditor at AGM

As a managed investment scheme, the Trust is not required by the Corporations Act to hold an annual general meeting. In deciding not to hold a unitholders' meeting, the recommendation in relation to attendance by the external auditor at the AGM is not applicable.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

This Principle requires the Trust to promote timely and balanced disclosure of all material aspects concerning the Trust.

CORPORATE GOVERNANCE STATEMENT

The Folkestone Group has a Communications Policy which applies to all entities within the Group including all Trusts managed by the Responsible Entity. The Communications Policy has been adopted by the Board and includes a policy in relation to Continuous Disclosure. This policy reflects the Board's commitment to ensuring that information that is expected to have a material effect on the price or value of the Trust's securities is immediately notified to the ASX for dissemination to the market in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules. A copy of the Policy is available on the Trust's website.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

This Principle requires the Trust to respect the rights of unitholders and facilitate the exercise of those rights.

A Communications Policy has been adopted by the Board, reflecting its policy that unitholders be informed of all significant developments and governance affecting the Trust's affairs.

Information is communicated by:

- dispatching annual reports to unitholders who request to receive it;
- dispatching Distribution Statements to all Unitholders which include details of distributions paid and the components of the distribution;
- maintaining a dedicated investor relations section on the Trust's website to which it posts copies of all ASX announcements, Annual Reports, Half Yearly Reports, details of corporate governance practices, presentations to Unitholders and other information of interest to investors; and
- providing advance notification of teleconferenced investor briefings following results announcements.

Unitholders have the option to receive communication from both the Trust and the unit registry electronically. Unitholders are able to email queries to the Responsible Entity regarding the Trust's activities with prompt responses to be provided by the Responsible Entity.

The Responsible Entity has a pro-active investor relations program which includes meetings with institutional investors, private investors, research analysts and financial media.

As a managed investment scheme, the Trust is not required by the Corporations Act to hold an annual general meeting. From time to time, however, the Trust has held unitholders' meetings at which the auditor (at the request of the Responsible Entity) has been in attendance. In the interests of containing costs and absence of any material benefit to unitholders, a unitholders' meeting was not held during the financial year.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

This Principle requires the Trust to establish a sound system of risk oversight, management and internal control.

The Responsible Entity has a Risk Management Program which complies with the requirements of the Australian Standard on Risk Management (AS/NZ ISO 31000) and has a Compliance Program which meets the Australian Standard for Compliance Programs (AS/NZ 3806).

Day to day responsibility for risk management has been delegated to Management, with a review occurring at both Responsible Entity Board level and Folkestone Limited Board level on an annual basis. Risks, the effectiveness of mitigation strategies and the overall management system are regularly reviewed by Management to ensure changing circumstances do not alter the risk priorities. Management reports to the Board on the effectiveness of the Trust's management of its material business risks.

The Trust does not have an internal audit function due to the small size of the Responsible Entity's workforce. In accordance with the Risk Management Program, Management undertakes an exercise of identifying and prioritising its material business risks. These risks are documented in a Risk Register and, where the level of risk is considered to be above the desired level, an action plan is developed to address and mitigate the risk. The Directors' Report and Financial Statements includes a summary of the material business risks faced by the Trust.

As a registered managed investment scheme, the Responsible Entity has a compliance plan that has been lodged with the Australian Securities and Investments Commission (ASIC) and a copy of the compliance plan can be obtained from ASIC.

CORPORATE GOVERNANCE STATEMENT

The compliance plan is reviewed comprehensively every year to ensure that the way in which the Responsible Entity operates protects the rights and interests of unitholders and that business risks are identified and properly managed.

In particular, the compliance plan establishes a range of processes including:

- identifying and reporting breaches of, or non-compliance with, the Corporations Act, the compliance plan, the constitution of the Trust and the Responsible Entity's Australian Financial Services Licence;
- complying with the ASX Listing Rules;
- protecting Trust property;
- ensuring proper acquisition and disposal practices are followed in regard to Trust property;
- ensuring the timely collection of Trust income;
- completing regular valuations of Trust property;
- the maintenance of financial and other records to facilitate preparation of audited/reviewed financial reports;
- ensuring proper and timely distributions to unitholders;
- complying with the Trust's investment objectives;
- managing investment risk;
- managing potential conflicts of interest with the various related parties of the Trust;
- holding and maintaining adequate insurance cover;
- ensuring that borrowing occurs only within permitted limits and ensuring that borrowing terms are complied with; and
- handling complaints relating to the Trust.

PwC, the external auditor of the compliance plan, has completed its annual audit for the year ended 30 June 2015 and will be issuing an unqualified audit opinion.

PRINCIPLE 8: REMUNERATION FAIRLY AND RESPONSIBLY

This Principle requires that the Trust ensure that the level and composition for remuneration is sufficient and reasonable and that its relationship to performance is clear.

Remuneration of the Responsible Entity is dealt with comprehensively in the Trust's Constitution. The remuneration arrangements are as follows:

| Remuneration Type | Amount |
|----------------------|--|
| Management Fee | 0.50% of the Total Tangible Assets of the Trust |
| Debt arrangement fee | 0.5% of all debt funding arranged by the Responsible Entity for the Trust |
| Due diligence fee | An amount of \$5,000 (indexed by CPI) for conducting due diligence enquiries in connection with any investment of the Trust. Current fee is \$7,142. |

The Responsible Entity is also entitled to reimbursement for all expenses reasonably and properly incurred in relation to the Trust or in performing its obligations under the Constitution, service fees for the provision of property management, development and managing agent services.

The details of the amounts paid for the year ended 30 June 2015 are set out in Note 15 in the Notes to the Financial Statements contained within the Trust's Annual Report each year.

CORPORATE GOVERNANCE STATEMENT

Remuneration of directors and senior executives is a matter for the Board of Folkestone Limited. Directors and senior executives are paid either directly by the Responsible Entity or by entities associated with the Responsible Entity or Folkestone Limited. Directors and employees are not directly provided with any remuneration by the Trust itself.

The Folkestone Board has established a Remuneration Committee comprised of the three non-executive Directors and chaired by the Company Chairman. Further details of the members of the Remuneration Committee and of meetings held are included in Folkestone's Directors' Report contained in the Annual Report. Executive remuneration and other terms of employment are reviewed annually having regard to performance goals set at the start of the year, relevant comparative information and independent advice where appropriate.

The functions and responsibilities of the Folkestone Remuneration Committee include:

- Reviewing the performance of the Chief Executive Officer – Social Infrastructure Funds.
- Reviewing and recommending to the Folkestone Board the remuneration packages of the Chief Executive Officer – Social Infrastructure Funds and senior executives.
- Reviewing and recommending appropriate non-executive Directors fees.

A distinction is made between the structure of non-executive directors' remuneration and that of executive directors and senior executives. Non-executive directors are remunerated by way of fees in the form of cash and superannuation contributions. Senior management of Folkestone Limited are remunerated on the basis of packages which comprise a base salary plus short term and long term performance bonuses. Overall packages are set at levels that are intended to retain and attract executives who are capable of managing the Folkestone Group's operations. Neither directors nor senior executives are entitled to equity interests in the Trust, or any rights to, or options for equity interests in the Trust as a result of remuneration provided by the Responsible Entity.

Neither Folkestone nor the Responsible Entity pays retirement benefits, other than superannuation, for its non-executive directors.

Directors and employees are not remunerated by the Trust and do not receive equity in the Trust as a form of remuneration. Accordingly, it is considered unnecessary to have a policy which prohibits transactions in associated products which limit the economic risk of participating in unvested entitlements under equity based remuneration schemes.

A copy of the Constitution is available on the Trust's website and a copy of the Remuneration Committee Charter is available on Folkestone's website.