

# Unit Pricing Policy

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Folkestone Investment Management Limited

Adopted by the Board of Folkestone Investment Management Limited on 22 May 2015



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<b>Document Owner</b>	Scott Martin
<b>Maintained by</b>	Scott Martin
<b>Department</b>	Folkestone Investment Management Limited
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## UNIT PRICING POLICY

### 1. OUTLINE

- a) This unit pricing policy (**Policy**) sets out a description of the Unit pricing processes that are to be followed by Folkestone Investment Management Limited ACN 111 338 937 (**FIML**) as responsible entity for the Folkestone Education Trust ARSN 102 955 939 (**FET**) while the trust is listed and the FET units (**Units**) to be issued are in a class of Units which is quoted on the market operated by ASX Limited (**ASX**).
- b) ASIC Class Order 05/26 (**Class Order**) requires FIML to have a document setting out:
  - i. a description of the method FIML may apply in working out the issue price of Units;
  - ii. the circumstances in which FIML may exercise a discretion in relation to the issue price of Units; and
  - iii. the records FIML will keep about the exercise of each discretion; and
- c) This Policy sets out the processes that are to be followed by FIML in accordance with the Class Order.
- d) The Class Order requires FIML to act reasonably in exercising Unit pricing discretions by according with ordinary commercial practice where practicable.
- e) The information in this document is general information and is a description of the discretions which may be exercised by FIML. Further information relating to the exercise of discretions is contained in the disclosure document and constitution of FET.

### 2. UNIT PRICES

Under FET's constitution, the exercise of discretion is involved in calculating the issue price of Units in certain circumstances.

Specifically, except where provisions relating to specific types of transactions apply, the issue price of Units will be:

- a) unless the rule set out in paragraph (b) applies, while the Trust is Listed and the Units to be issued are in a class of Units which is quoted on ASX, the weighted average of the last sale prices quoted on ASX for the 5 Business Days before the date when the Issue Price is to be ascertained on which such a sale price was recorded or, should there be no sales during that period, the last bid price during the period, provided that if the class of Units includes Partly Paid Units, then the price calculated will be adjusted for any unpaid payment or instalment in respect of the Partly Paid Unit so that the price reflects the price of a fully paid Unit; and

- b) while the Trust is Listed, if the Responsible Entity does not determine that paragraph (a) is to apply to the issue of Units and the Units to be issued are in a class of Units which is quoted on ASX, the VWAP of Units quoted on ASX for the 5 Business Days on which trading in Units occurred prior to (and excluding) the date on which the Issue Price is to be ascertained, provided that if the class of Units includes Partly Paid Units, then the Price calculated will be adjusted for any unpaid amount or instalment in respect of the Partly Paid Unit so that the price reflects the price of a fully paid Unit.

### 3. GENERAL DISCRETIONS

Each of the general discretions described below are subject to the terms of FET's constitution and the disclosure document. Where one or more of the methods outlined below are not complied with, refer to Section 6 for the approach to dealing with a departure from this Policy

#### 3.1 Rounding

The issue price will be rounded up to 3 decimal places.

#### 3.2 Foreign currency

Where applicable, conversion of foreign currency must be carried out for each unit pricing calculation in accordance with the relevant Australian Accounting Standards. This includes international investments or investment with reporting in a foreign currency.

#### 3.3 Discounting

Subject to FET's constitution, FIML has a discretion to issue Units at a discount or on a different basis than set out in this Policy.

Possible scenarios where the Issue Price may be discounted or calculated on a different basis than set out in this Policy include:

- a) a proportionate offer of Units to Members;
- b) an exercise of options which were issued in the manner set out in Part 4 of the FET constitution; or
- c) a reinvestment of distributions to acquire Units.

The value of the discount is determined by FIML on a case by case basis by having regard to the terms of FET's product disclosure statement and FET's constitution. Where the issue price is otherwise calculated on a basis which is different to that set out in this Policy, it will be calculated by FIML having regard to the relevant disclosure document and FET's constitution.

#### **4. MAINTENANCE OF RECORDS**

FIML will maintain all records relating to the exercise of discretions in accordance with its obligations under the Class Order and FIML's document retention policy.

In particular, any unit pricing discretion will be documented and such documents will be retained for 7 years after they cease to be current.

#### **5. ACCESS TO POLICY**

This Policy must be available on the FET website, and a hard copy provided to any FET unitholder who requests it and any person who has obtained a disclosure document to apply for a Unit in FET.

#### **6. DEPARTURE FROM THE POLICY**

6.1 Process In the event that there is a departure from the method of exercising discretion that is referred to in this Policy (see Section 3), the departure will be referred to FET's Compliance Committee.

FET's Compliance Committee will make the final determination regarding the appropriate action to be taken.

6.2 Documentation If there is a departure from the Policy by FIML a document will be prepared which satisfies the following requirements (and such other requirements of the Class Order from time to time)

- a) the date on which the discretion is exercised;
- b) the identity of the FIML nominee exercising the discretion (if applicable);
- c) how the discretion is exercised;
- d) an explanation why it is reasonable to exercise the discretion the way it was exercised; and
- e) an explanation of why it was impracticable to exercise the discretion in accordance with ordinary commercial practice (if applicable).

#### **7. MANAGEMENT OF ERRORS**

##### **7.1 Identification**

Errors may arise as part of the Unit pricing process adopted by FIML, in:

- a) the number of Units allocated; or
- b) the price per Unit.

Where errors are identified as material, they will be referred to FET's Compliance Committee who will make appropriate recommendations.

## 7.2 Error materiality

In relation to the error management, FIML will have regard to applicable industry standards and ASIC policy and guidance notes relevant to determining whether an error is material.

## 8. APPROVAL AND REVIEW

This Policy was approved by FIML's Board on 12 May 2015 and will be reviewed annually to reflect and adapt to changed circumstances and industry best practice for unit pricing. Each review will also take into account changes in market conditions and/or applicable legislation and regulatory requirements. It is intended the Policy will be reviewed annually

## 9. TERMS

Unless the context permits otherwise, the terms below have the following meaning:

**ASIC** means the Australian Securities and Investment Commission.

**ASX** means ASX Limited.

**FIML** means Folkestone Investment Management ACN 111 338 937 as responsible entity of FET.

**Australian Accounting Standards** means the applicable accounting standards under the Corporations Act and other mandatory professional reporting requirements in Australia.

**FET** means the Folkestone Education Trust ARSN 102 995 939.

**Business Days** has the meaning given to that expression in the listing notes of the ASX, as amended from time to time.

**Class Order** means ASIC's Class Order 05/26 as amended or varied by subsequent instruments.

**Compliance Committee** means FET's compliance committee constituted as required under Part 5C.5 of the Corporations Act.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Policy** means this Unit Pricing Policy.

**Unit** means an individual share in FET, and except where the context otherwise requires, includes a fully paid Unit and a partly paid Unit.