

UNIT PRICING POLICY

DHA INVESTMENT MANAGEMENT LIMITED



DHA
Investment
Management

CONTENTS

1	Introduction	3
2	Objectives	3
3	Scope	3
4	Policy statement	3
5	Reporting	3
6	Outsourcing arrangement	4
7	Responsibility for this policy	4
8.	Unit pricing	4
8.1	Calculating unit prices.....	4
8.2	Key guidelines of unit pricing policy.....	4
8.3	Determining the net asset value of the Fund and valuation methods	4
8.4	Transaction costs	4
8.5	Frequency of unit pricing	5
8.6	Suspension of unit pricing	5
8.7	Rounding of unit pricing.....	5
8.8	Responsible entity fees (management costs)	5
8.9	Accrued expenses and other liabilities	5
8.10	Provision for distribution	5
9.	Valuation guidelines	5
9.1	Direct property assets.....	5
9.2	Valuation requirements.....	5
9.3	Valuation frequency	6
9.4	Assessment date	6
9.5	Valuation of cash/term deposits	6
10	More information	6

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1 Introduction

DHA Investment Management Limited (DHA IML) is the Responsible Entity (RE) of registered managed investment schemes (Funds). This policy provides guidance on the calculation of unit pricing for each Fund taking into account each Fund's constitution.

2 Objectives

The primary objectives of the DHA IML's Unit Pricing Policy are to ensure that:

- unit prices are calculated fairly and equitably;
- actions are in the best interest of the members, and members interest are given priority over that of the RE;
- the process of calculating unit prices is transparent and consistently applied;
- valuations are performed at regular intervals appropriate to the nature of the property; and
- the methodologies adopted are reviewed at appropriate intervals and revised as necessary to meet commercial and regulatory requirements.

3 Scope

This document seeks to set out the methodologies used to calculate unit prices to meet the requirements of ASIC Regulatory Guide 77 'Property Trusts and Property Syndicates' and ASIC Class Order CO 05/26 'Constitutional provisions about the consideration to acquire interest' as amended (the class order). The class order requires DHA IML to exercise discretions to "decide a matter that affects the value of a factor included in the formula" and "decide a matter that is an aspect of the method" for determining unit prices, under the constitution of the relevant scheme, provided certain requirements are met.

4 Policy statement

The policy sets out the unit pricing requirements of the constitution and the circumstances in which the RE's discretion is exercised in calculating unit prices. The exercise of any discretion is subject to the general duties of a RE under Section 601FC of the Corporations Act, to act in the best interests of unit holders and to exercise a degree of care and diligence that a reasonable person would exercise in that position.

All departures from this Policy will be documented with a full explanation as to why the exercise of the particular discretion or departure from this Policy was reasonable in the particular circumstances.

This policy sets out how DHA IML will fulfil these requirements.

5 Reporting

DHA IML is required to notify unit holders and keep a record of changes made to unit pricing policies. A change in the policy will require the approval of the Board of DHA IML and will be documented in writing and retained for a period of 7 years.

DHA IML will provide notification to unit holders and details of the changes which can include using the Fund website to inform unit holders. Documents (if any) recording the exercise of discretion will be available free of charge on request.

DHA IML considers the discretion to amend the unit pricing policy as reasonable as it safeguards the interest of unit holders where conditions arise that have not been outlined or contemplated.

6 Outsourcing arrangement

DHA IML has outsourced the registry functions to White Outsourcing Pty Limited (ABN: 44 114 914 215). White Outsourcing Pty Limited will prepare the unit pricing calculations in accordance with the unit pricing policy. All unit pricing calculations are reviewed and approved by DHA IML prior to payment.

DHA IML will monitor the performance of the outsourced function, address any deficiencies and ensure compliance with all regulatory requirements.

7 Responsibility for this policy

DHA IML is responsible to ensure that unit prices are determined in accordance with this policy, under the review of the DHA IML Compliance Officer. The Compliance Officer may as they deem necessary recommend amendments to this policy from time to time. Any amendments to the policy must be approved by the DHA IML Board.

8. Unit pricing

8.1 Calculating unit prices

Unit pricing is ascertained in accordance with each Fund's constitution which sets out the method used to calculate the issue price and withdrawal price of the units. Generally this is expressed as follows:

$$\text{Issue price} = \frac{\text{net asset value} + \text{transaction costs}}{\text{units on issue}}$$

$$\text{Withdrawal price} = \frac{\text{net asset value} - \text{transaction costs}}{\text{units on issue}}$$

8.2 Key guidelines of unit pricing policy

DHA IML has developed the following guidelines to assist when calculating the issue and withdrawal price of each Fund:

- determine the net asset value of the Fund and valuation methods;
- consider an allowance for transactions costs;
- determine the frequency of unit pricing;
- round unit prices; and,
- include Responsible Entity fees (Management costs).

8.3 Determining the net asset value of the Fund and valuation methods

DHA IML has established a Valuation Policy which states the use of market value to value the investments in each Fund, unless determined otherwise. Under each Fund's constitution, the net asset value is calculated as the value of the assets less the liabilities. The assets and liabilities of the Funds are determined using Australian Accounting Standards.

8.4 Transaction costs

The Fund is an illiquid Fund and additional capital raising is not expected to be required. It is likely the only transfers outside of initial capital raising and subsequent divesting of the units, will occur in

situations of distress of a unit holder. In this situation, transfers should be calculated using the most recent unit prices. The imposition of transaction costs on unit holders such as registry and payment costs will be at the discretion of DHA IML. Any stamp duty resulting from the transactions must be covered by either the Buyer or Seller of the Units.

8.5 Frequency of unit pricing

The unit price for each fund will be calculated quarterly.

8.6 Suspension of unit pricing

When a major transaction such as the purchase or sale of asset is pending, DHA IML may determine to suspend the calculation of unit prices to assess the likely impact of the transaction on the unit price. The period of a suspension will be 48 hours or as otherwise determined by the DHA IML Board.

8.7 Rounding of unit pricing

The Funds Constitution allows for unit pricing to be rounded up to the nearest whole cent or fraction of a cent, or otherwise as the Responsible Entity determines.

DHA IML has determined that unit pricing will be rounded down to the nearest two decimal places.

8.8 Responsible entity fees (management costs)

The Funds' constitutions allow Responsible Entity fees to be charged up to a maximum percentage of 1%. The PDS of the relevant Fund will detail the actual responsible entity fees to be charged under the respective offering, currently 0.33% (including GST). It is not intended that these amounts will be increased and cannot be increased without prior notice to unit holders.

A change in the management fee affects the value of the Funds' assets and therefore indirectly affects the unit price of the Funds.

8.9 Accrued expenses and other liabilities

Accrued expenses and other liabilities are measured at amortised cost. The liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

8.10 Provision for distribution

The amount to be returned to unit holders as a distribution of the Fund's income during the relevant period is recognised as a provision. The distributable amount is calculated in accordance with the Fund's Distribution Policy.

9. Valuation guidelines

9.1 Direct property assets

The basis of valuation of investment properties is fair value, being the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

9.2 Valuation requirements

- Certified Practising Valuers appointed by and reporting to the relevant fund manager.
- Must be a member of the Australian Property Institute (in the relevant State or Territory in which the Property is located).

- Must have professional indemnity insurance which includes cover for kerbside/restricted valuations.
- Shall provide a valuation in writing, in the form of a valuation certificate and will be substantiated by the valuer by appropriate supporting evidence.
- DHA IML must ensure that the selected valuer should not have any conflict of interest which would preclude them from undertaking the valuation.

9.3 Valuation frequency

- Full internal inspection valuations are undertaken at least once every three years for each property within the fund.
- An external valuation or Desktop valuation is undertaken at least once every other year.

9.4 Assessment date

Market value is to be determined as at the financial year end.

9.5 Valuation of cash/term deposits

The value of cash held by the Fund is equal to the face value of the cash held plus any accrued interest.

10 More information

If you have any questions or would like more information in regards to this unit pricing policy, please contact us:

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