

---

## RESPONSIBLE ENTITY DISCRETIONARY UNIT PRICING AND ASSET VALUATION POLICY

---

### 1. Purpose

The purpose of this policy is to set out how the values of the following are determined in relation to the BWP Trust and its units:

- > unit market price
- > unit issue price
- > current unit value
- > asset values

in circumstances involving an exercise of discretion by BWP Management Limited ("the Responsible Entity"). This policy sets out how and when the Responsible Entity will exercise its discretions.

### 2. Scope

This policy applies to BWP Management Limited ("Responsible Entity") in its capacity as Responsible Entity acting for and on behalf of the ASX listed property trust known as BWP Trust ("the Trust").

The Board of the Responsible Entity ("the Board") is responsible for determining the policy and setting the values. The management of the Responsible Entity is responsible for implementing this policy. This policy is generally reviewed every two years and may be updated from time to time to ensure that it remains relevant, current and compliant with all applicable laws, standards and guidance notes.

References to "units" in this policy are to the units of BWP Trust.

### 3. Background

Under the constitution of the Trust ("Constitution"), the Responsible Entity may issue units in the Trust at a price that is subject to the discretion of the Responsible Entity, subject to some limits and conditions set out in the relevant Class Orders issued by the Australian Securities and Investments Commission ("ASIC") and the listing rules of the ASX Limited ("ASX").

#### While the Trust is listed on ASX

In relation to setting the issue price of units (or the consideration to acquire an interest in the Trust), the Trust has 'opted-in' to ASIC Class Order 13/655 ("CO 13/655") by placing a notice on its website. CO 13/655 provides that the constitution of a registered managed investment scheme does not have to make adequate provision for the amount of the consideration that is to be paid to acquire an interest in the scheme to the extent that it contains provisions that have the effect of enabling the responsible entity to set the acquisition price of interests in any of the circumstances set out in that Class Order. In setting the issue price in accordance with CO 13/655, the Responsible Entity has certain discretions:

- (a) when calculating the market price, to determine which sales should be excluded from the definition of 'VWAP' (see definition below) on the basis that they are not fairly reflective of genuine supply and demand;

- (b) when calculating the market price, to determine the period over which the 'VWAP' should be calculated (the "Calculation Period"); and
- (c) to set the discount to market price (if any).

In addition, under the Constitution (clauses 5.4(d)), options, or units issued on exercise of options, may be issued by the Responsible Entity at the market price of a unit immediately prior to the date upon which the options (or units) are issued.

#### While the Trust is not listed on ASX

If the units are not officially quoted by a market operator, the Responsible Entity can issue units in the Trust at the "current unit value". Determination of the current unit value involves the quantification of a number of amounts. Some of these amounts require the Responsible Entity to exercise a discretion, in that it must use its independent judgement of the value of certain things.

This document explains how the market price and issue price of a unit, the current unit value and asset values are determined in circumstances involving an exercise of discretion by the Responsible Entity and explains the Responsible Entity's policy as to how such discretions will be exercised.

## **4. Market price**

Clause 1.4 of the Constitution provides that the market price for a unit on any Business Day is the average daily 'VWAP' (rounded down to the nearest cent) for the relevant Calculation Period (whether or not a sale was recorded on any particular day).

The 'VWAP' is defined in clause 1.1 of the Constitution as:

*"...the volume weighted average traded price for a Unit for all sales on the ASX and Chi-X automated trading systems (and/or such other trading system as the Responsible Entity may determine from time to time), excluding Units which are sold otherwise than in the ordinary course of trading (which include but are not limited to transactions defined in the ASX Market Rules as special crossings, crossings prior to the commencement of the open session state, portfolio special crossings, equity combinations, crossings during overnight trading, overseas trades or trades pursuant to the exercise of an Option) and any other sales that the Responsible Entity determines should be excluded on the basis that they are not fairly reflective of genuine supply and demand".*

The 'Calculation Period' is defined in clause 1.1 of the Constitution as:

*"...a period of not less than five consecutive Trading Days as determined by the Responsible Entity from time to time in its absolute discretion and announced to the ASX".*

This also applies to the market price for Options.

#### Discretion to exclude certain trades of units

The Responsible Entity has discretion to determine which trades of units should be excluded on the basis that they are not fairly reflective of genuine supply and demand.

The Responsible Entity will exercise this discretion so that the market price of units is a fair reflection of the current value of units which the Responsible Entity believes is consistent with ordinary commercial practice for working out the market price of units of a listed property trust. For example, the Responsible Entity will exclude trades that fall outside the normal parameters of ordinary trading of the Trust's units on any particular day.

### Discretion to set the Calculation Period

The Responsible Entity has the discretion to determine the length of the 'Calculation Period' and the date on which it will start and end.

The Responsible Entity will exercise this discretion in the following way:

- (a) in the case of a unit issued under a rights (or entitlement) issue, the Calculation Period will end at least three trading days prior to the record date for the rights issue;
- (b) in the case of a reinvestment of distributions, the Calculation Period will begin on the second trading day after the last date for lodgement of election notices under the distribution reinvestment plan; and
- (c) in the case of a placement, the Calculation Period will end on the trading day preceding the day on which the placement is made.

As noted above, under the definition in the Constitution, the Calculation Period for determining the market price must be at least five consecutive trading days. To assist with determining the length of the Calculation Period, the Responsible Entity may engage an adviser, such as an investment bank, with knowledge of current market practice for the listed property trust sector (and other comparable large listed entities) to determine an appropriate period that is consistent with current market practice.

## 5. Issue price

### Issuing at a discount to market price

The Responsible Entity can determine the issue price of a unit in certain circumstances, provided that the following provisions of the applicable ASIC Class Orders and Instruments are complied with:

- (a) for a rights (or entitlement) issue, provided the Responsible Entity offers units to unitholders on a date determined by the Responsible Entity, in proportion to the value of each unitholder's interest in the Trust (excluding certain offers to foreign unitholders in certain circumstances in accordance with the relevant Class Orders);
- (b) for units to be issued upon the exercise of an option issued under a rights (or entitlement) issue, provided the Responsible Entity offers options to unitholders on a date determined by the Responsible Entity, in proportion to the value of each unitholder's interest in the Trust (excluding certain offers to foreign unitholders in certain circumstances in accordance with the relevant Class Orders);
- (c) for any reinvestment of income, where the whole or part of any money payable to a unitholder under the Constitution, by way of distribution of capital or income, is applied in payment for the issue of units in the Trust;
- (d) where units are to be issued pursuant to a placement, provided the units are in a class of interests that are quoted on the ASX or an approved foreign market and the quotation of units in that class is not suspended; and
- (e) for a unit purchase plan, provided: the units are in a class of interests that are quoted on the ASX and are not suspended from trading (for more than a total of five days in the previous 12 months); a relevant determination, exemption or order under the *Corporations Act 2001* (Cth) is not in force in relation to the Trust; the Responsible Entity has issued a cleansing statement either 30 days before the offer or 24 hours before the offer in relation to the unit purchase plan; the number of units offered to each unitholder is the same; and

the value of the units offered to each unitholder is not more than \$30,000 in any 12 month period, or such other amount prescribed by the Corporations Act or in an ASIC instrument.

Where the Responsible Entity has discretion to issue units at a discount to market price, it will exercise this discretion so that units are priced at the minimum discount to market price which the Responsible Entity believes will enable sufficient units to be issued to accomplish the objective of the offer having regard to market practice.

## 6. Current unit value

If the units have been suspended, removed from or otherwise ceased to have been officially quoted by a market operator, the Responsible Entity can issue units in the Trust at current unit value on the business day prior to the day the offer to issue the units is made.

Current unit value is calculated in accordance with the following formula:

$$\text{CUV} = \frac{\text{Net Asset Value}}{\text{Number of Units on issue}}$$

Net Asset Value ("NAV") is the sum of the value of all assets and any other amounts which, in the opinion of the Responsible Entity in consultation with the auditor should be included to make a fair and reasonable determination of the value of the Trust, less the following amounts:

- (a) liabilities of the Trust;
- (b) any amount payable but not paid to unitholders on the day on which the NAV is determined; and
- (c) any amount paid in advance of a call on a partly paid unit.

Determining the NAV involves an exercise of discretion by the Responsible Entity, both in order to determine the value of the Trust's property and to assign a value to those liabilities which are of uncertain amount at the time of calculation. The Responsible Entity's policy as to how these discretions will be exercised is set out below.

## 7. Valuation of assets

The assets to be valued will be all the cash, investments and other property of the Trust including but not limited to each instalment in respect of each partly paid unit.

The Responsible Entity can at any time cause the valuation of an asset by a qualified valuer, including an independent securities pricing service, who is independent of the Responsible Entity. The valuer must be appointed by the Responsible Entity.

Each asset is valued at its market value. "Market value" of an asset means:

- (a) if the Responsible Entity decides that it is not necessary for a valuer to determine the value, the value determined by the Responsible Entity applying generally accepted valuation methods; or
- (b) the value determined by a valuer appointed by the Responsible Entity applying generally accepted valuation methods having regard to the particular type of property or asset and to the nature of any security held by the Responsible Entity in relation to that property or asset.

In determining the market value of an asset of the Trust, the Responsible Entity's approach is:

- (a) to take the price at which an asset was last traded in the market on an arm's length basis as the best representation of its market value, unless significant time has elapsed since the relevant trade that it is no longer representative; or
- (b) if a trading price is not available or is not representative of market value, the next best indication of an asset's value is the value at which it was shown on the most recently published accounts of the Trust (or at which it was acquired if it was acquired since the publication of these accounts).

If the Responsible Entity determines that an asset should not be valued at market value the Responsible Entity must certify for an asset:

- (a) that there is no market for the asset; or
- (b) that the market value does not represent the fair value of the asset.

In this case, the Responsible Entity must determine the method of valuation for that asset.

In determining the method of valuation the Responsible Entity will take into account the following factors:

- > the type of asset;
- > location;
- > alternative highest and best use;
- > depreciated replacement cost;
- > net present value of future cash flows;
- > physical characteristics of the asset;
- > demand for and supply of the asset type;
- > restrictions on the use of the asset; and
- > environmental considerations.

## **8. Reasonableness of the above policies**

### **8.1 Market price**

In calculating any trades of units that will be excluded from the definition of 'VWAP' and setting the Calculation Period (which must be at least five consecutive trading days), the Responsible Entity's aim is to determine a market price which is a fair reflection of the value of units in the Trust at the relevant time. This approach will mean that any trades otherwise than in the ordinary course of trading and any other sales that the Responsible Entity determines should be excluded on the basis that they are not fairly reflective of genuine supply and demand, would be excluded.

### **8.2 Issue price of units**

In setting the discount to the market price for an issue of units, the Responsible Entity's aim is to achieve the maximum price which will enable sufficient units to be issued to achieve the objective of the offer. For example, if the objective of the offer is to fund the acquisition of a new asset, the Responsible Entity will aim to achieve the highest price per unit possible while ensuring that sufficient acceptances are obtained to raise the funds needed to acquire the asset.

In the Responsible Entity's view, this approach is consistent with usual commercial practice for listed property trusts and is reasonable in the circumstances of the Trust.

### **8.3 Valuing assets**

The Responsible Entity determines the value of an asset based on independent and verifiable sources unless it reasonably believes that this would not result in the asset being assigned its true market value.

In the Responsible Entity's view this is in accordance with usual commercial practice for valuing assets and demonstrates a reasonable approach in the circumstances of the Trust.

## **9. Documentation of exercises of discretion**

On each occasion on which the Responsible Entity exercises its discretion outside of this policy in relation to issue price, market price and/or Current Unit Value it will prepare and retain a document showing how that price or value was determined, if such determination involved an exercise of discretion by the Responsible Entity, how that discretion was exercised and any other information required to be included within the documentation by the relevant ASIC Class Orders or any other relevant ASIC instrument that may apply from time to time. The Responsible Entity will retain such documents for seven years after they cease to be current and will make these documents available to unitholders by request at no charge.

*Amended by the Board on 9 October 2013*  
*Amended by the Board on 4 December 2018*  
*Amended by the Board on 2 December 2020*