

# Unit Pricing Discretions Policy

## Dexus Wholesale Australian Property Fund and Dexus Australian Property Fund

### 1. Purpose

The purpose of this policy is to describe the various discretions that relate to the pricing process for units (“Units”) in the Dexus Wholesale Australian Property Fund (“DWAPF”) and Dexus Australian Property Fund (“DAPF”) (each a “Fund”, together the “Funds”) including the methodology that applies to the pricing of Units for applications and redemptions in the Fund.

Each Fund has a separate constitution (“Constitution”). The Constitution permits Dexus Capital Funds Management Limited, the Responsible Entity (“RE”), to exercise discretions in relation to the Fund, including discretion relating to pricing for Units.

Terms used but not defined in this policy have the meaning given to them in the Constitution.

### 2. Who does this policy affect?

This policy applies to the RE and the Dexus employees who administer valuations, applications, distributions and redemptions for the Funds.

### 3. What happens if this policy is breached?

Any errors in pricing are dealt with in accordance with the Financial Services Council FSC Guidance Note No. 51 – *Errors in Pricing/Crediting Rates when Determining Scheme Interests – Correction and Compensation* (“FSC Guidance”). The tolerance threshold for errors in pricing of Units is +/- 0.3% (30 basis points) of the actual Unit price. Any errors in pricing that are outside the tolerance threshold will be notified to affected unitholders promptly along with the steps the RE will take in respect of that error (whether by way of remediation or otherwise). Errors within the threshold will not be notified or remediated (unless the FSC Guidance requires otherwise).

Notwithstanding the tolerance threshold, the RE will record all errors (irrespective of size), undertake a full review and take all reasonable steps to prevent the error occurring again. All errors should be reported to Compliance immediately.

Some pricing errors, including errors outside the tolerance threshold, may be a breach of the Constitution that may be reportable to ASIC. Please refer to the [Compliance Incident and Breach Management Policy](#) for more information about when and why breaches may be reportable to ASIC.

### 4. Key regulatory considerations

The key requirements applicable to calculating unit prices in a registered managed investment scheme may be found in:

- the Corporations Act section 601FC(1)(k) relating to payments out of scheme property
- clauses 4, 5, 6, 7 and 8 of each Fund Constitution
- ASIC Instrument 2023/693
- ASIC Regulatory Guide 134 *Funds management: Constitutions*
- ASIC Regulatory Guide 94 *Unit pricing: Guide to good practice*
- Compliance Plan section 3.19.

### 5. Pricing - Constitutional Requirements

The calculation of a unit price is performed in accordance the Fund’s constitution and PDS (“Fund’s Governing Documents”) and may also be based on industry practice (Financial Services Council and ASIC/APRA standards) together with this Policy.

## Application Price

New units must, with some exceptions, be issued at an Application Price calculated in respect of each Fund as follows:

$$\text{Application Price} = \frac{\text{Net Asset Value} + \text{Transaction Costs}}{\text{Number of Units on Issue}}$$

The components of the formula are to be determined as at the next Valuation Time after receipt of the application or application money, whichever happens later.

Valuation Time is defined as the time when the RE calculates the Net Asset Value (NAV).

If reinvestment applies, the RE is deemed to have received and accepted an application to reinvest immediately before the first Valuation Time in the next distribution period. Additional units will be issued at the time each quarterly distribution is reinvested.

## Redemption Price

Units may only be redeemed at a Redemption Price calculated in respect of each Fund as follows:

### DWAPF

$$\text{Redemption Price} = \frac{\text{Net Asset Value}}{\text{Number of Units on Issue}}$$

### DAPF

$$\text{Redemption Price} = \frac{\text{Net Asset Value} - \text{Transaction Costs}}{\text{Number of Units on Issue}}$$

The components of the formula are to be determined as at the Valuation Time before the Redemption Price is paid<sup>1</sup>, not when the RE receives the redemption request.

## 6. Unit Pricing Methodology

### Net Asset Value (NAV)

The NAV is determined as the value of the assets of the fund less its liabilities. The RE may determine:

- the valuation processes and methodologies for each category of assets and liabilities;
- the valuation point that assets and liabilities are valued; and
- the NAV at any time (which may be more than once a day).

The RE will normally calculate the NAV of each Fund at least each Business Day and at other times when needed for processing reinvestment of distributions, applications or redemptions, or reporting to investors. The RE may also determine NAV at any time, including more than once on each day, which means that, subject to the PDS, the RE has discretion to decide when the Valuation Time will be.

Where a discretion is exercised that affects the NAV, as far as practicable it must be exercised consistently with ordinary commercial practice and use inputs that are reasonably current at the time of issue or withdrawal. Where the RE values an asset at other than its market value, or where there is no market value, the valuation methods and policies applied by the RE must allow the calculation to be independently verifiable.

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<sup>1</sup> If the Fund was not liquid for the purposes of the Corporations Act, the Redemption Price for a withdrawal offer would be calculated as at the Valuation Time before the Redemption Price is paid.

## Unit Price Calculation

The calculation of a unit price is performed in accordance with the Fund's Governing Documents and is generally the NAV divided by the number of units on issue (adjusted for transaction cost factors except for withdrawals from DWAPF) to cover costs of buying/selling underlying assets (e.g. buy/sell spreads and other entry/exit price mechanisms).

In certain instances, management may use discretion and judgement within the unit pricing process to achieve fair and reasonable outcomes for unitholders. Instances where this may occur include:

- Selecting valuation methodologies for assets and liabilities;
- Determining a time at which assets and liabilities are valued;
- Determining a time at which unit prices are calculated;
- Estimating an allowance for transaction costs;
- Determining entry, exit or switching fees;
- Allocating assets, liabilities, revenue and expenses between classes of units (where authorised under the constitution); and
- Rounding unit prices.

When discretions and judgements are required in the unit pricing process, they need to be well-founded and exercised by appropriate staff. Where relevant, this document sets out guiding principles that should be considered in exercising discretion.

## Transaction Costs

For applications, Transaction Costs are the RE's estimate of the total costs of acquiring the Assets. The RE will estimate the total costs that would be incurred in acquiring the assets of the Fund by reference to actual historic costs of acquisition, including such costs as stamp duty, valuation and due diligence, since the Fund was established, updated for current market conditions.

For redemptions, Transaction Costs are the total costs of selling the Assets. The RE will estimate the cost of disposing of the assets of the Fund on an asset by asset basis, including such estimated costs as selling agent fees, market and legal costs likely to be incurred in selling each asset over a three to six month selling period.

The RE may, for any particular application or withdrawal, determine Transaction Costs to be a lesser amount or nil.

Transaction Costs, where applicable, will be determined and applied each time the Application Price and Redemption Price are determined.

## Valuation

The RE has discretion to determine how the assets and liabilities are valued. Where the RE values an asset at other than its market value, or where there is no market value, the valuation methods and policies applied must result in a calculation of the Application or Redemption Price that is independently verifiable.

Asset valuation principles, processes and methodologies, including frequency of valuations, are set out in [Valuation Policy – DWAPF](#).

## Rounding

The unit price is calculated to 6 decimal places. Only whole cents are paid; any remaining fraction of a cent becomes an asset of the Fund. Any excess money or property resulting from rounding becomes an asset of the Fund.

When an application or withdrawal results in an issue of less than a whole unit, the RE may issue a fractional unit (rounded to 2 decimal places) or round the unit up/down.

## 7. Market Disruption

In accordance with the Fund Constitution, the RE may suspend pricing if it reasonably considers it is in the best interest of unitholders to do so. This may occur if a major critical incident occurs and in circumstances such as if there is restricted or suspended trading in the market for an asset, the withdrawal period may be extended.

## 8. Exercise of Discretions

Any discretion exercised by the RE in relation to pricing must be reasonable and, if it is not exercised strictly as set out in this policy, the exercise of discretion will be recorded and a record will be kept by the Fund Manager.

The record will document all of the following:

- The date on which the discretion is exercised
- How the discretion is exercised
- An explanation of why it was not practicable to exercise the discretion as set out in this policy, and why it was reasonable to exercise the discretion the way it was exercised.

## 9. Monitoring

The effectiveness of controls is assessed through the completion of quarterly compliance attestation by business units with operational responsibility for the different elements of unit pricing.

## 10. Review of Procedure and Methodology

This policy will be reviewed annually, or as required.

## 11. Record keeping

The RE will give a copy of this document to the following persons on request at no charge:

- A member of the Fund
- A person who has been or should have been given, or who has obtained the Product Disclosure Statement for an interest in the Fund.

## 12. Additional Information

If you have any questions arising from this Policy, please contact:

Head of Compliance  
Phone: 02 9017 1144  
Email: [compliance@dexus.com](mailto:compliance@dexus.com)

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