

Elfred Enterprises Limited t/a Ray White Invest ABN 89
096 077 575

Ray White Invest Service Centre Trust ARSN 116 239
760

Unit pricing policy

30 April 2007

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1. Date

This Policy was first adopted by Ray White Invest on 30 April 2007.

This version of the Policy is current as at 30 April 2007.

2. What this Policy relates to

This Policy applies to the pricing of Units in the Ray White Invest Service Centre Trust ARSN 116 239 760.

3. Background

Section 601GA of the Act requires the constitution of a registered managed investment scheme to—

- (a) make adequate provision for the consideration that is to be paid to acquire an interest in the scheme, and
- (b) where members have a right to withdraw from the scheme, set out adequate procedures for making and dealing with withdrawal requests.

ASIC considers “adequate provision” has been made if it is possible to objectively test the determination of the issue price and withdrawal price from the terms of the scheme’s constitution. ASIC considers if a provision of a scheme’s constitution allows the responsible entity to influence any aspect of the issue price or the withdrawal price, then the constitution may not comply with section 601GA of the Act.

However, ASIC has issued class order relief (class order 05/1236, which amended an existing class order, class order 05/26), allowing a formula or method in the constitution for a scheme to permit the responsible entity to exercise a discretion which influences an aspect of the issue price or withdrawal price. This relief is conditional on, amongst other things, the responsible entity exercising its discretion in accordance with a documented policy.

4. Purpose and scope

- (a) The purpose of this Policy is to set out how Ray White Invest will exercise the relevant discretions given to it under the Constitution, in a manner which ensures Unit Prices and Withdrawal Prices are calculated and applied consistently and equitably.

- (b) A policy for the exercise of a Discretion set out in this document, must not involve the creation of another Discretion.
- (c) A policy for the exercise of a Discretion, set out in this document, must be the only policy applicable to the exercise of the Discretion at any one time.
- (d) This Policy must be reviewed at appropriate periods, but at least once every six months.

5. Interpretation

Unless otherwise defined in Schedule 1 of this Policy, capitalised terms used in this Policy have the meanings given to them in the Constitution.

6. Good practice principles

In the joint ASIC and APRA guide *Unit pricing—Guide to good practice (November 2005)*, the following good practice principles for unit pricing were identified and have been adopted by Ray White Invest in respect of the Trust:

- (a) In relation to a scheme, the responsible entity's unit pricing policies and practice must be consistent with the scheme's constitution, compliance plan and disclosure document (e.g., product disclosure statement).
- (b) The pricing policies must be implemented consistently and kept up-to-date.
- (c) Adjustments to unit prices and withdrawal prices, if based on sound policy, are not errors.
- (d) Where appropriate, the responsible entity may exercise its own judgement to develop estimates of values, where actual values are not available.
- (e) Information for unitholders must be accessible, timely and useful.

7. Pricing—Unit price

7.1 General

- (a) The Unit Price for the issue of a Unit in the Trust is calculated in accordance with the Constitution. Ray White Invest will not issue a Unit, except at a price calculated in accordance with the provisions of the Constitution. The method for calculating the Unit Price for the issue of a Unit in the Trust is described in clause 7.3.

- (b) The only circumstances in which Ray White Invest is permitted to calculate the Unit Price other than in accordance with the method described in clause 7.3 are those, subject to the Constitution, which are set out in ASIC class order 05/26. These circumstances include unit pricing—
- (i) for a rights issue;
 - (ii) upon dividend reinvestment, and
 - (iii) for wholesale clients.

7.2 Initial \$1.00 Unit Price

For completeness, it is noted that the Units first issued in the Trust were issued at a Unit Price of \$1.00, in accordance with clause 6.1(a) of the Constitution.

7.3 Unit pricing formula

Under clause 6.1(d) of the Constitution, Units in the Trust are issued at a Unit Price which is calculated in accordance with the following formula:

$$\frac{(\text{Net Fund Value} + \text{Transaction Costs})}{(\text{number of Fully Paid Units on Issue} + \text{Partly Paid Proportion})} \times \frac{1}{(1 - \text{Equity Raising Fee})}$$

8. Pricing—Withdrawal Price

8.1 General

- (a) The Trust is considered an "illiquid" scheme; and therefore Unit Holders do not have any right to request withdrawal of their investment in the Trust. However, it is possible that in the future, Ray White Invest may make a withdrawal offer, or withdrawal offers, to Ordinary Unit Holders.
- (b) At present, there is therefore no need for Ray White Invest to calculate the Withdrawal Price for Ordinary Units. However, if Ray White Invest makes a withdrawal offer to Ordinary Unit Holders, then the Withdrawal Price must be calculated in accordance with the Constitution. Ray White Invest will not redeem any Units in response to acceptances received under a withdrawal offer, except at a price calculated in accordance with the provisions of the Constitution.
- (c) Ray White Invest issues Underwriter Units to wholesale investors who are prepared to underwrite amounts required by the Trust. As a separate class of Unit in the Trust, Underwriter Units may, subject to the Act, be

redeemed under a withdrawal offer made only to their holders, rather than to all Unit Holders. The intention of Ray White Invest is that Underwriter Units are redeemed from the proceeds of issue of new Ordinary Units.

- (d) Therefore, whilst Ray White Invest may not be required to calculate the Withdrawal Price for Ordinary Units regularly (if at all), Ray White Invest will need to calculate the Withdrawal Price for Underwriter Units, at times when those Units are to be redeemed as a result of the making of a withdrawal offer to the holders of Underwriter Units.

8.2 Withdrawal Price—Ordinary Units

Under clause 8 of the Constitution, the Withdrawal Price for a Unit will be calculated in accordance with the following formula:

$$\frac{(\text{Net Fund Value} - \text{Transaction Costs})}{(\text{number of Fully Paid Units on Issue} + \text{Partly Paid Proportion})} \times \frac{\text{Amount paid up on that Unit}}{\text{Issue Price of that Unit}}$$

8.3 Withdrawal Price—Underwriter Units

Under their Terms of Issue, Underwriter Units are redeemed at a Withdrawal Price calculated as follows:

$$\text{Issue Price of the Underwriter Unit} + \frac{\text{Accrued Income}}{(\text{number of Fully Paid Units on Issue} + \text{Partly Paid Proportion})}$$

9. Specific Discretions and policies

9.1 Transaction Costs—Issues of Units

- (a) In determining the Unit Price, Ray White Invest may add an allowance for Transaction Costs, to cover the costs associated with acquiring new Assets for the Trust. The Transaction Costs allowance is based on an estimate of all of the costs that would need to be incurred to acquire all of the Assets in the Trust.
- (b) Not every application for Units during the life of the Trust will result in the Trust having to pay these estimated costs, but in order to be fair and equitable to all Unit Holders, a component of the Unit Price for every Unit issued is represented by the Transaction Costs allowance. The amount

allowed for Transaction Costs accumulates in the Trust, so when investments are made, the costs incurred by the Trust on making the investments are fairly applied across all Unit Holders.

- (c) Determination of the Transaction Costs allowance to be applied on the issue of Units involves the exercise of a Discretion, because the allowance is not fixed in the Constitution—Ray White Invest determines and calculates the different estimated costs which make up the allowance.
- (d) The estimated costs comprising the Transaction Costs allowance applied on the issue of Units, and the methods used by Ray White Invest for calculating these costs, are as follows:

(i) Stamp duty on Real Property acquisitions

At present, the Trust only acquires Real Property Assets (that are used predominantly for the storage and distribution of petroleum and petroleum based products). A provision is made by Ray White Invest for stamp duty expected to be incurred on investments by the Trust, based on current stamp duty rates (in the relevant jurisdiction) and current Asset valuations.

(ii) Legal fees and due diligence costs incurred in acquiring Assets

An estimate for legal fees and due diligence costs is made, based on current market rates and current Asset valuations.

(iii) Property acquisition and improvement fee on acquisitions

Under the Constitution, Ray White Invest is entitled to a property acquisition and improvement fee of up to three percent (plus GST) of the aggregate value of each property acquired by the Trust and any costs incurred by Ray White Invest in relation to the acquisition and improvement of the property. Ray White Invest intends to charge the full amount of this fee to the Trust. However, Ray White Invest does have discretion to waive some or all of its acquisition and improvement fee, in relation to any particular transaction. Whether this occurs will depend upon—

- the complexity and nature of the issues associated with the acquisition of the property;
- consideration of the need for improvement of the property and the scope, complexity and expense of any improvement; and

- the financial outcomes for the investors and the Trust if the discretion to waive is not exercised.

The amount of the fee is calculated based on the valuation of the relevant property, and the actual amounts expended in connection with the acquisition and improvement of the property.

(iv) Financing costs

An estimate of these costs is made based upon current market rates and current Asset Valuations.

(v) Accounting fees, taxation advice fees and marketing fees

An estimate is made for accounting fees, taxation advice fees and marketing fees, specifically relating to the acquisition of Assets based on current market rates.

9.2 Transaction Costs—Withdrawals

- (a) As noted earlier in this Policy, the Withdrawal Price will only need to be determined by Ray White Invest if and when a withdrawal offer is made by Ray White Invest. It is probable that due to their nature and purpose, Underwriter Units will be sought to be redeemed by Ray White Invest more frequently than Ordinary Units. As the Trust is an illiquid scheme, Ray White Invest can give no assurance that it will be in a position to make a withdrawal offer or offers to the holders of Ordinary Units.
- (b) However, if a withdrawal offer is to be made to the holders of Ordinary Units, then in accordance with the formula set out in clause 8.2, when calculating the Withdrawal Price, Ray White Invest may make a deduction for Transaction Costs. This is to allow for the costs of selling Assets, in order to meet withdrawals.
- (c) The Transaction Costs allowance applied when determining the Withdrawal Price is calculated based on an estimate of all the costs that would need to be incurred to sell all of the Assets of the Trust. The notional sale price used to determine the estimated costs associated with selling an Asset is the current value of the Asset, at the time of calculation.
- (d) In the event that a particular withdrawal offer is to be funded from the issue of new Units (including those issued under the Trust's distribution plan),

then no Transaction Costs will be incurred, in which case the allowance for Transaction Costs included in the Withdrawal Price calculation will be nil.

- (e) As with the inclusion of a Transaction Costs allowance in the Unit Price, determination of the Transaction Costs allowance to be applied on any redemption of Units involves the exercise of a Discretion, because Ray White Invest calculates the estimated costs which make up the allowance.
- (f) The estimated costs making up the Transaction Costs allowance which will be applied on any redemption of Units, and the methods used by Ray White Invest for calculating these costs, will include the following:
 - A. Agent's commissions
An estimate is made based on current market rates.
 - B. Legal fees incurred on the sale of Assets
An estimate for legal fees is made based on current market rates and current Asset valuations.
 - C. Accounting fees, taxation advice fees and marketing fees
An estimate is made for accounting fees, taxation advice fees and marketing fees, specifically relating to the sale of Assets or the redemption of Units, based on current market rates.

9.3 Determining Net Fund Value

- (a) In calculating the Unit Price or Withdrawal Price for Units, Ray White Invest must determine the "Net Fund Value". The Net Fund Value is the aggregate gross value of the Assets, less all present liabilities of the Trust, including any provisions Ray White Invest decides should be taken into account.
- (b) Under the Constitution (clause 16.3), Ray White Invest may determine the valuation methods for each category of Asset, from time to time.
- (c) Ray White Invest may also calculate the Net Fund Value at any time, in its discretion (clause 16.4).
- (d) Therefore, in calculating the Net Fund Value at any point in time, Ray White Invest is entitled to exercise Discretions, which include—
 - (i) deciding the valuation methodology to be used for a type of Asset

- (ii) deciding when to value a particular Asset
- (iii) deciding any provisions which should be allowed for in determining the present liabilities of the Trust, and
- (iv) deciding exactly when to determine the Net Fund Value.

9.4 Valuation methods—current policy

The RE's current policy on the valuation methods to be adopted for the valuation of Assets is as follows:

- (a) Each Real Property Asset is recorded at its historical cost and adjusted to reflect current valuations.
- (b) Cash and any other similarly liquid assets (if any) are recorded at their current face value.

9.5 Valuation methods—procedures

- (a) Formal valuations of Real Property Assets held by the Trust are performed at least once every three years, or more often, if the directors of Ray White Invest consider there has been a material change in the value of an Asset. The timing of the valuations of individual properties may be staggered, in order to avoid (as much as is possible) undue fluctuations in the Unit Price.
- (b) Valuations of Real Property Assets are performed by suitably qualified and experienced valuers, with no interest in the Trust.
- (c) Ray White Invest must check the accuracy of information affecting a valuation and ensure that the relevant risks have been appropriately considered.
- (d) The directors of Ray White Invest may make directors' re-valuations of the properties (as opposed to formal valuations) from time to time. Such re-valuations will be conducted and agreed to by all directors, not more often than every 24 months. The value of any property re-valued by the directors will be arrived at based on one or more of the following:
 - (i) Assessment of the market at the time;
 - (ii) Sales of comparable properties;
 - (iii) Discussing the assessment with relevant offices within the Ray White Real Estate Group's licensed franchise network;

- (iv) Discussing the assessment with professional property consultants known to the directors; and
 - (v) Indicative valuations obtained from suitably qualified valuers.
- (e) It is considered that the above timing and frequency for valuing Assets are reasonable, because the value of Real Property Assets are relatively stable; and these policies are consistent with ordinary commercial practice.

9.6 Determining the present liabilities of the Trust

- (a) Liabilities of the Trust means all present liabilities of the Trust, including any provision which Ray White Invest decides should be taken into account, but excluding the amount representing Unit Holders' capital, undistributed profits, interest attributable to Unit Holders accruing on Unit Holder capital, capital reserves, or any other amount representing the value of rights attaching to Units.
- (b) The provisions Ray White Invest takes into account in determining the Liabilities of the Trust are calculated in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

9.7 Determining Accrued Income—Withdrawal Price for Underwriter Units

- (a) As can be seen from the formula set out in clause 8.3, when calculating the Withdrawal Price for Underwriter Units, Ray White Invest is required to include an allowance for any net income of the Trust ("Accrued Income") which has accrued to the time the relevant withdrawal offer closes. This involves Ray White Invest determining the Net Accounting Income for the relevant period of time.
- (b) In determining the Net Accounting Income, under the Constitution, Ray White Invest can in its discretion make provisions for expenses and it can make other adjustments.
- (c) Ray White Invest will calculate the Net Accounting Income of the Trust in accordance with AIFRS; and any provisions or adjustments allowed or made must be determined in accordance with AIFRS.

9.8 Rounding

Ray White Invest's policy on rounding is as follows:

- (a) If any calculation performed under the Constitution would result in the issue or redemption of a fraction of one Unit, then the number of Units to be issued or redeemed must be rounded down to the nearest whole Unit.
- (b) Any excess application or other money becomes an Asset of the Trust.

9.9 Timing for pricing of Units

- (a) Applications and withdrawals
 - (i) The date upon which Ray White Invest must calculate the Unit Price or Withdrawal Price is to be determined in accordance with the Constitution.
 - (ii) Any calculation of the Unit Price or Withdrawal Price necessarily involves Ray White Invest determining the "Net Fund Value" (and other variables within the relevant pricing formulae), at the time of calculation.
 - (iii) The Unit Price for the Trust is calculated at least monthly.
 - (iv) The Unit Price which is applied when Units are issued to a successful applicant is the Unit Price determined as at the first of the month following receipt of a correctly completed application form and application money, from the applicant.
 - (v) If a withdrawal offer is made by Ray White Invest to Unit Holders, then the Withdrawal Price at which Units will be redeemed under the offer is calculated as at the day on which the withdrawal offer closes.
 - (vi) Whenever the Unit Price or Withdrawal Price is to be calculated, Ray White Invest determines (and then applies) the current Net Fund Value. However, this does not necessarily mean that the Net Fund Value applied will be higher or lower than the Net Fund Value last calculated by Ray White Invest— this is because the Assets of the Trust may not have been actually re-valued (in accordance with the procedures set out in clauses 9.4 and 9.5) since the Net Fund Value was last determined.
- (b) Unit Price applied under distribution reinvestment plan

In accordance with the Constitution, the Unit Price for Units issued under the distribution reinvestment plan is calculated on the first Business Day after the relevant distribution is payable.

- (c) Acquisitions and revaluations

The Unit Price is also re-calculated when an Asset is acquired or re-valued.

10. Exercise of Discretion

- (a) Ray White Invest must act reasonably in exercising any Discretion.
- (b) Without limiting clause 10(a), where a Discretion relates to working out the value of the Assets, the manner in which the Discretion is exercised must as far as practicable be consistent with ordinary commercial practice for valuing property of the relevant kind.
- (c) Ray White Invest has based this Policy on current ordinary commercial practice for unlisted managed investment schemes which invest in direct property. Therefore, Ray White Invest considers it is reasonable to exercise the various Discretions documented in this Policy, in the manner set out in this Policy.

11. Departures from this Policy

If Ray White Invest exercises a Discretion in either of the following circumstances, then Ray White Invest must complete a notice in the form set out at Schedule 2—Departure report:

- (a) Ray White Invest exercises a Discretion which is not covered by this Policy, or in relation to which there is no documented policy that is current at the time of exercise.
- (b) Ray White Invest exercises a Discretion in a way that involves a departure from this Policy.

12. Record keeping

- (a) Ray White Invest must ensure that the records which it keeps under section 988A of the Act are kept in such a way as will enable any of the following relating to the issue or redemption of a Unit to be identified:
- (i) Any documented policy applied in the exercise of a Discretion.

- (ii) Any exercise of a Discretion covered by clause 11.
- (b) Ray White Invest must do the following:
- (i) Retain any documents concerning the exercise of a Discretion (including this Policy) for seven years after they cease to be current.
 - (ii) Give a copy of the documents referred to in clause 12(b)(i) to the following persons on request at no charge:
 - A. A Unit Holder in the Trust.
 - B. A person who has been or should have been given, or who has obtained, the product disclosure statement for the offer of Units in the Trust.

13. Review

The Financial Controller must review this Policy on an ongoing basis and suggest any modifications to this Policy considered necessary. Ray White Invest may amend or supplement this Policy from time to time.

14. Contact

Any questions may be directed to:

The Financial Controller
Ray White Invest
Level 7, Riverside Centre
123 Eagle Street
Brisbane QLD 4000
Telephone: 07 3231 2211
Fax: 07 3231 2271
Email: reveringham@raywhite.com

Schedule 1—Dictionary

Act	Corporations Act 2001 (Cth) and the Corporations Regulations 2001 (Cth), as amended and in force.
APRA	Australian Prudential Regulation Authority.
ASIC	Australian Securities and Investments Commission.
Cash	Includes cheques, bank deposits, bank cheques, bank transfers, bank drafts and bills of exchange.
Compliance Plan	The compliance plan for the Trust lodged with ASIC, as amended and in force.
Constitution	The constitution for the Trust lodged with ASIC, as amended from time to time.
Discretion	<p>A discretion to do either or both of the following:</p> <p>(a) Decide a matter that affects the value of a factor included in the Unit pricing formulae set out in clauses 7 and 8 of this Policy.</p> <p>(b) Decide a matter that is an aspect of the method for calculating a Unit Price or Withdrawal Price.</p>
Policy	This policy including all of its annexures and schedules.
Real Property	Means land (wheresoever situate) whether improved or unimproved and whether encumbered or unencumbered, including all kinds of improvements standing on the land and proposed improvements to be constructed on or added to the land.
Trust	Ray White Invest Service Centre Trust ARSN 116 239 760.
Unit	A unit in the Trust.
Unit Price	The price at which a Unit is issued, calculated in accordance with the Constitution.
Unit Holder	A person who holds Units in the Trust.
Withdrawal Price	The price at which a Unit is redeemed, calculated in accordance with the Constitution.

Schedule 2—Departure report

DEPARTURE REPORT

Date: #**[insert date of report]**

Trust: Ray White Invest Service Centre Trust

Person responsible: Name: #

Position: #

Company: **Ray White Invest**

Date discretion exercised	How was the discretion exercised?	Why was it reasonable to exercise the discretion the way it was exercised?	If the discretion was not exercised in a way which is consistent with scheme property being valued in accordance with ordinary commercial practice, why was it impracticable to do so?

This form must be completed and handed to the Financial Controller as soon as practicable following the date the discretion was exercised.

Checked by Financial Controller Signed: _____ Date: ___ / ___ / ___

Financial Controller comments

Confirmed by Financial Controller Signed: _____ Date: ___ / ___ / ___