

OTAN PROPERTY FUND VALUATION POLICY

This policy has been adopted by Pindan Capital Limited (ABN 78 139 599 652, AFSL No. 342911) (**Pindan Capital**) as responsible entity of the Otan Property Fund (**Fund**) in relation to the Fund and each project of the Fund (**Project**).

This policy is referred to as the **Valuation Policy**.

This Valuation Policy provides guidance and explanation in relation to the valuation of the assets of each Project.

To the extent that there is any inconsistency between this Valuation Policy and as may be prescribed by law, regulation or the constituent documents of Pindan Capital, the Fund and each Project, these prescribed requirements shall prevail.

This version of this Valuation Policy is effective as at 30 March 2017.

1. Valuation Policy

Pindan Capital shall ensure that:

- (a) Property acquired in respect of a Project must be independently valued:
 - (i) before the property is settled on an "as is" and, at the discretion of the board if appropriate, on an "as if complete" basis; and
 - (ii) within two months after the Board forms a view that there is likelihood that there has been a material change in the value of that property.

It is Pindan Capital's intention to obtain a valuation of the property being purchased prior to settlement or as a condition of the purchase contract. The actual formal valuation may not be received prior to entering into the contract for sale, however a valuer will likely have been briefed on the purchase prior to entering into a unconditional contract. The contract that is signed may be subject to a due diligence period so the valuation is only received after the conditional contract has been received.

The undertaking of an "as if complete" basis valuation must be at the discretion of the Pindan Capital board. This is due to the factor that a large percentage of valuers are not able undertake these valuations now due to insurance restrictions and these valuations may be unreliable due to the large number of assumptions that are made by the valuer in undertaking the valuation. In valuing on an "as is complete" basis the valuer may consider hypothetical sub-division.

- (b) Where valuations are conducted on an "as if complete" basis. Pindan Capital will disclose to investors the associated risks, including the risk that assumptions on which such valuations are based may prove to be inaccurate.
- (c) At a minimum, the property must be valued once every three years. The first period begins on the date of the Project's first offer document.
- (d) All valuations will be conducted by an independent and suitably qualified valuer, registered and in the jurisdiction where the property is located and will provide

valuations which comply with all relevant industry standards and codes, including the Practice Standards and Guidance Notes issued by the Australian Property Institute.

Specifically, the independent valuer will be a person holding the status of Certified Practising Valuer conferred by the Australian Property Institute (or an equivalent qualification), who has no pecuniary interest in the Fund, relevant Project or the property, other than the fee received for the valuation, and who has at least five years' experience relevant to the type of property being valued.

- (e) It is anticipated that the independent valuers will be changed every five years and that the valuer will not be asked to provide more than two valuations for each Project.
- (f) Any potential or actual conflict of interest in respect of a valuer will be dealt with in accordance with Pindan Capital's Conflicts of Interest and Related Party Transactions Policy.
- (g) The findings of a valuation are to be reported to the Compliance Officer (or Compliance Committee, if applicable). The Compliance Officer/Compliance Committee will then provide the valuation report, together with any recommendations, to the Pindan Capital Board for consideration and approval.
- (h) Where any Project is an Investment Project (being a Project with the primary purpose of earning rental income), an independent valuation will be obtained for inclusion in the relevant Part B PDS and at intervals of not more than three years after that. It is noted that accounting standards require that all properties in an Investment Project are valued for the annual financial statements and half-yearly financial report. If an independent valuation of a property is not obtained, the accounting standards require that rigorous methods are applied in assessing the fair value of the property.
- (i) Pindan Capital will otherwise comply with the requirements relating to the valuation of assets contained in:
 - (i) the Constitution of the Fund, in particular clauses 28 and 29; and
 - (ii) the Compliance Plan of the Fund, in particular Compliance Procedure 7.

2. Review

This Valuation Policy will be reviewed on an annual basis by management and adopted by the Board. As appropriate, that review may be carried out with the assistance of external compliance advisers and/or the auditor of Pindan Capital.

Date of next Pindan Capital management and board review: March 2018