

# Folkestone Staff Trading Policy

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Folkestone Limited

Adopted by the Board of Folkestone Limited on 31 May 2018



**Folkestone**

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## FOLKESTONE TRADING POLICY

### 1. BACKGROUND AND OVERVIEW

1.1 This Folkestone Trading Policy has been prepared by Folkestone Limited and applies to each of Folkestone Limited and its related bodies corporate including Folkestone Funds Management Limited AFSL 340990, Folkestone Investment Management Limited AFSL 281544, Folkestone Seniors Living Management Limited AFSL 238506 and Folkestone Maxim Asset Management Limited AFSL 238349.

Folkestone is an ASX listed company which also manages an ASX listed A-REIT and funds that invest in listed real estate management and development companies.

The purpose of this Policy is to regulate the Trading in Securities of Folkestone Group entities, managed investment schemes managed by Folkestone Group entities and all ASX listed securities relating to real estate investment trusts (A-REITs) and real estate management and development companies by Directors and Employees and to provide guidance on how to avoid insider trading.

The Board of Folkestone Limited takes seriously the matter of the purchase and sale of Securities in Folkestone Group, its Managed Funds and all ASX listed securities relating to real estate investment trusts (A-REITs) and real estate management and development companies and expects full compliance with this Policy. Insider trading in any Securities is both illegal and unethical.

This Policy applies to all Directors and Employees of Folkestone Group and also may impact the family members, friends, associates, family companies and family trusts of these persons. This Policy may also extend to such other persons as specified from time to time by the Chairman.

In addition to setting out general principles in relation to Trading in Securities applicable to all Directors and Employees, this Policy recognises that there are specific periods when Directors and Employees should not Trade in the Securities of Folkestone Group or any Managed Fund or ASX listed securities relating to real estate investment trusts (A-REITs) and real estate management and development companies. This Policy also sets out procedures which apply to Trading in Folkestone Securities and Restricted Non-Folkestone Securities by Directors and Employees.

Any non-compliance with this Policy will be regarded as serious misconduct for which a Director may be removed or an Employee summarily dismissed.

## 2. DEFINED TERMS

2.1 For the purposes of this Policy:

- a) "Approving Officer" means:
  - i. In relation to Folkestone Securities
    - a) for any Employee or Director (except the Chairman of the applicable Board), the Chairman of the Board of the Folkestone Group entity or Managed Fund in which the Trade is to occur; and
    - b) for the Chairman of the applicable Board, the Chairman of the Audit and Risk Management Committee of the Folkestone Group entity or Managed Fund in which the Trade is to occur.
  - ii. In the instance of Restricted Non-Folkestone Securities
    - a) For any Employee or Director, the Managing Director of Maxim.
    - b) For the Managing Director of Maxim, the Chairman of Maxim or in his absence, a non-executive director of Maxim.
- b) "**ASX**" means ASX Limited or, depending on context, the financial market that it operates.
- c) "**Board**" means the board of directors of the applicable Folkestone Group entity.
- d) "**Chairman**" means the Chairman of the Board of the applicable Folkestone Group entity.
- e) "**Cleansing Statement**" means a statement issued by the applicable Folkestone Group entity to the ASX in relation to an offer for issue, or the issue, by a Folkestone Group entity or Managed Fund of Securities.
- f) "**Company Secretary**" means the Company Secretary of the applicable Folkestone Group entity.
- g) "**Compliance Officer**" means the Compliance Officer of the applicable Folkestone Group entity.
- h) "**Corporations Act**" means the Corporations Act 2001 (Cth).
- i) "**Deal**" in Securities means to apply for, acquire or dispose of Securities, or enter into an agreement to do any of those things, and "**Dealing**" has a corresponding meaning.
- j) "**Derivative**" has the meaning in section 761D of the Corporations Act and includes options, forward contracts, futures, warrants, swaps, caps and collars.

- k) "**Directors**" means directors (executive and non-executive) of any Folkestone Group company.
- l) "**Employees**" means employees of any Folkestone Group member.
- m) "**Exceptional Circumstances**" means, in relation to a Director or Employee:
  - i. (**Severe financial hardship**): a pressing financial commitment that can only be satisfied by selling the relevant Folkestone Securities, except that;
    - a) a tax liability of such a person would not normally constitute severe financial hardship unless the person has no other means of satisfying the liability. A tax liability relating to Securities received under an employee incentive scheme would also not normally constitute severe financial hardship or otherwise be considered an exceptional circumstance for the purpose of obtaining proper written clearance to sell or otherwise dispose of Securities during a Prohibited Period;
  - ii. (**Court order**): a requirement to Trade in Folkestone Securities as a result of:
    - a) a court order;
    - b) court enforceable undertakings (e.g. as part of a bona fide family settlement); or
    - c) some other overriding legal or regulatory requirement; or
  - iii. (**Other circumstances**): any other circumstances considered exceptional by the Approving Officer.
- n) "**FLK**" means Folkestone Limited ABN 21 004 715 226.
- o) "**Folkestone Securities**" means Securities issued by a Folkestone Group entity or a Managed Fund.
- p) "**Folkestone Group**" means FLK and each of its related bodies corporate as defined in the Corporations Act including FFML, FIML and FSLML and Maxim.
- q) "**FFML**" means Folkestone Funds Management Limited ACN 138 125 881.
- r) "**FIML**" means Folkestone Investment Management Limited ACN 111 338 937.
- s) "**FSLML**" means Folkestone Seniors Living Management Limited ACN 094 185 092.
- t) "**Managed Fund**" means any managed investment scheme managed by a Folkestone Group entity including FFML, FIML, FSLML or Maxim, whether or not the managed investment scheme is listed on an authorised exchange.

- u) "**Maxim**" means Folkestone Maxim Asset Management Limited ACN 104 512 978.
- v) To "**Procure**" another person to Deal in Securities includes inciting, inducing or encouraging a person to Deal or not Deal in Securities.
- w) "**Prohibited Period**" means those periods as set out in section 3.5 of this Policy.
- x) "**Restricted Non-Folkestone Securities**" means Securities and entities included in the following S+P/ASX industry classifications – Real Estate Investment Trusts and Real Estate Management and Development.
- y) "**Securities**" includes shares, units, options, rights, debentures (including convertible notes), interests in a managed investment scheme, derivatives and other financial products covered by s1042A of the Corporations Act.
- z) "**Trade**" means to Deal in Securities or Procure another person to Deal in Securities, and "**Trading**" has a corresponding meaning.

### 3. POLICY

#### General Restrictions on Trading – All Directors and all Employees

##### 3.1 General principles

Directors and Employees must comply with the following general principles in relation to Trading in Securities:

- a) Directors and Employees must comply with the insider trading provisions of the Corporations Act at all times and must not Trade in Securities whilst in possession of inside information in respect of those Securities (see section 9 of this Policy).
- b) Directors and Employees must not derive personal advantage from information which is not generally available and which has been obtained by reason of their connection with Folkestone Group.

##### 3.2 Short term Trading - All Directors and Employees

Directors and Employees must not engage in short term Trading of Folkestone Securities.

In general, the acquisition of Securities with a view to resale within a 12 month period and the sale of Securities with a view to repurchase within a 12 month period would be considered to be transactions of a short term nature. However, the sale of shares in FLK immediately after they have been acquired through the conversion of a Security (e.g. exercise of an option) will not be regarded as short term Trading.

### 3.3 Securities of Other Companies

Directors and Employees must not Trade in Securities of another company or trust whilst in possession of inside information in respect of that company.

Directors and Employees must not Trade in Restricted Non-Folkestone Securities without prior written clearance.

Directors and Employees are prohibited from using information regarding a pending transaction to take a favourable position for their own or someone else's account before that information is public, and Directors and Employees also are prohibited from engaging in personal trades that mirror those that any business unit of Folkestone is in the process of executing or is about to execute.

### 3.4 Restrictions on Trading outside of Prohibited Periods - Directors and Employees

Directors and Employees must seek prior written clearance before undertaking any Trading in Folkestone Securities and Restricted Non- Folkestone Securities.

This requirement applies to all Trading outside of a Prohibited Period and any Trading during a Prohibited Period which is subject to an exception under this Policy. (The procedures for seeking prior written clearance to Trade during a Prohibited Period are set out in sections 3.6 to 3.8).

In order to seek clearance to Trade, Directors and Employees must submit a written request to the Approving Officer in the form set out in Annexure A to this Policy. The Approving Officer may request such information as considered appropriate in the circumstances.

Directors and Employees may only engage in the proposed Trading if prior written clearance is given by the Approving Officer. Any clearance for the Trading will be valid for 3 business days from the date it is given, or such other period of time as may be permitted by the Authorised Officer.

### 3.5 Restrictions on Trading during Prohibited Periods - Directors and Employees

Directors and Employees must not Trade in Folkestone Securities during the following Prohibited Periods (as they relate to each Folkestone Group entity or Managed Fund):

- a) 30 June until the business day following one full business day after the release of the full year results;
- b) 31 December until the business day following one full business day after the release of the half yearly results;
- c) 30 days prior to each Annual General Meeting; and
- d) any additional periods imposed by the Board from time to time.

In respect of Restricted Non-Folkestone Securities, Directors and Employees must not Trade in Restricted Non-Folkestone Securities during any periods imposed by the Board or Managing Director of Folkestone Maxim Asset Management from time to time.

### 3.6 Exceptional Circumstances

Despite section 3.5 above, Trading may be permitted in Exceptional Circumstances.

A Director or Employee who is not in possession of inside information in relation to Folkestone Group (or the applicable Restricted Non-Folkestone Security) may Trade in Folkestone Securities and Restricted Non-Folkestone Securities during a Prohibited Period if:

- a) the Approving Officer determines that an Exceptional Circumstance applies to the Director or Employee; and
- b) prior written clearance is granted by the Approving Officer in accordance with this Policy to permit the Director or Employee to Trade in Folkestone Securities and Restricted Non-Folkestone Securities during the Prohibited Period.

A Director or Employee seeking clearance to Trade during a Prohibited Period must satisfy the Approving Officer that Exceptional Circumstances exist and that the proposal to Trade in Folkestone Securities and Restricted Non-Folkestone Securities during a Prohibited Period is the only reasonable course of action available. Directors and Employees must apply for clearance in accordance with section 3.7 below.

However, even if prior written clearance is given, Directors and Employees must not Trade in Folkestone Securities and Restricted Non-Folkestone Securities if the person is in possession of any inside information.

### 3.7 Process for seeking Exceptional Circumstances trading approval during Prohibited Periods

In order to seek prior written clearance to Trade during a Prohibited Period due to Exceptional Circumstances, Directors and Employees must submit a written request to the Approving Officer. The Approving Officer may request such information as considered appropriate in the circumstances.

The Approving Officer's discretion will be exercised with caution. Directors and Employees should be aware that the Approving Officer may not provide the clearance to Trade, even if Exceptional Circumstances exist.

Directors and Employees may only engage in the proposed Trading if written clearance is given by the Authorised Officer. Any prior written clearance given for Exceptional Circumstances trading will be valid for 7 days from the date it is given.



3.8 Other dealings may occur during a Prohibited Period

Despite section 3.5 above, during a Prohibited Period, Directors and Employees may Trade in Folkestone Securities in the circumstances described below, provided that the Director or Employee is not in possession of any inside information.

Please note that the Policy requirements with respect to prior written clearance and subsequent notification continue to apply to Trading under one of these exceptions. See sections 3.4 and 4.

- a) **(Transfers into a superannuation fund)** Transfers of Folkestone Securities and Restricted Non-Folkestone Securities already held into a superannuation fund or other saving scheme in which the Director or Employee is a beneficiary.
- b) **(Investment in fund etc)** An investment in, or Trading in units of, a fund or other scheme (other than a scheme only investing in Folkestone Securities) where the assets of the fund or other scheme are invested at the discretion of a third party.
- c) **(Director or Employee acting as trustee)** Where the Director or Employee is a trustee or a director of a corporate trustee, Trading in Folkestone Securities and Restricted Non-Folkestone Securities by that trust provided the Director or Employee is not a beneficiary of the trust and any decision to Trade during a Prohibited Period is taken by the other trustees or directors or beneficiaries or by the investment managers independently of the Director or Employee.
- d) **(Accepting a takeover offer)** Undertakings to accept, or the acceptance of, a takeover offer, or participation in a scheme of arrangement.
- e) **(Rights issue, security purchase plan, distribution reinvestment plan etc)** Trading under an offer or invitation made to all or most of the relevant Folkestone Group or Managed Fund security holders or in the case of Restricted Non-Folkestone Securities, under an offer or invitation made to some or all of the shareholders of Restricted Non-Folkestone Securities, such as a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board of the issuing entity. (This extends to decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue).
- f) **(Exercise of options or rights)** The exercise (but not the sale of Folkestone Securities following exercise) of an option or a right under an employee incentive scheme. This exception applies to options and rights granted under an employee incentive scheme before this Policy takes effect.

- g) **(Exercise of options or rights, or conversion of convertible security)** The exercise (but not the sale of Folkestone Securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Prohibited Period and the Folkestone Group entity or Managed Fund has been in an exceptionally long Prohibited Period or the entity has had a number of consecutive Prohibited Periods and the Director or Employee could not reasonably have been expected to exercise it at a time when free to do so. This exception applies to options and rights granted under an employee incentive scheme after this Policy takes effect.
- h) **(Non Discretionary Trading)** Trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy and where:
- i. the Employee did not enter into the plan or amend the plan during a Prohibited Period;
  - ii. the trading plan does not permit the Employee to exercise any influence or discretion over how, when, or whether to trade; and
  - iii. the trading plan may not be cancelled during a Prohibited Period other than in Exceptional Circumstances with the prior written approval of the Approving Officer.

#### **4. NOTIFICATION REQUIREMENTS AFTER TRADE**

- 4.1 Directors and Employees must provide the Company Secretary with subsequent written notification of all Trading in Folkestone Securities and Restricted Non-Folkestone Securities within two business days, regardless of whether prior written clearance has been given for that Trading. It is acknowledged that an e-mail is an acceptable form of written notification.
- 4.2 Directors must provide sufficient details of all Trading to enable the applicable Folkestone Group entity to file a notice in accordance with the ASX Listing Rules within 5 business days of the Trade. The applicable Folkestone Group entity will also be obliged to notify ASX whether the Trading by a Director occurred during a Prohibited Period where prior written clearance was required and, if so, whether prior written clearance was provided.

## **5. HEDGING**

- 5.1 Directors and Employees must not use, or allow to be used, any Derivatives or other products which operate to limit the economic risk of unvested Folkestone Securities.
- 5.2 Directors and Employees must not enter into any schemes of arrangements that protect the value of Folkestone Securities (hedging). Any Directors and Employees found in breach of this prohibition will forfeit the relevant Folkestone Securities.

## **6. MARGIN LOANS**

- 6.1 No Director or Employee may enter into a margin loan or similar funding arrangement to acquire any Folkestone Securities, or grant lenders any rights over their Folkestone Securities.

## **7. BREACH POLICY**

- 7.1 A breach of this Policy by any Director or Employee is serious and may lead to disciplinary action, including dismissal in serious cases. It may also be a breach of the law.

## **8. PENALTIES**

- 8.1 A person who Trades in Securities while they possess inside information or communicates that information in the circumstances described in section 9.1c) below may be liable for both significant civil and criminal penalties.
- 8.2 Maximum penalties under the Corporations Act for a breach of the insider trading provisions found in Division 3 of Part 7.10 of that Act are:
  - a) \$220,000 or imprisonment for 5 years, or both;
  - b) \$1,100,000 in the case of a company, and
  - c) unlimited civil liability.

## **9. WHAT IS INSIDER TRADING AND INSIDER INFORMATION?**

### 9.1 Conduct prohibited by law

Under the Corporations Act, if a person possesses "inside information" in relation to Folkestone Securities or any or any other company, the person must not:

- a) Deal in those Securities; or
- b) Procure another person to Deal in those Securities; or

- c) Directly or indirectly communicate the information, or cause the information to be communicated, to another person if the person knows, or ought reasonably to know, that the other person would, or would be likely to, Deal in those Securities in any way or Procure a third person to Deal in those Securities.

Importantly, given the broad definition of "Procure", a person who Deals in Securities through a trust or company while in possession of inside information may contravene the insider trading prohibitions and this Policy.

## **10. WHEN A PERSON POSSESSES INSIDE INFORMATION**

A person possesses inside information in relation to Folkestone Securities or another company including Restricted Non-Folkestone Securities where:

- a) the person possesses information that is not generally available and, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of the Securities; and
- b) the person knows, or ought reasonably to know, that the information is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the Securities.

Directors and Employees must assume that information is generally available only if it has been announced to ASX.

A reasonable person would be taken to expect information to have a material effect on the price or value of Securities if the information would, or would be likely to, influence persons who commonly acquire Securities in deciding whether or not to acquire or dispose of the Securities.

### **10.1 A person does not need to be an "insider"**

A person can possess inside information in respect of a company, even if they are not associated in any way with that company. It is irrelevant how the inside information was obtained.

## **11. DISTRIBUTION POLICY**

11.1 This policy must be distributed to all Directors and Employees.

## **12. ASSISTANCE AND ADDITIONAL INFORMATION**

12.1 Any Directors or Employees who are unsure about any information they may have in their possession, and whether they can use that information for dealing in Securities, should contact the Company Secretary or Compliance Officer.

**13. REVIEW**

- 13.1 Directors and Employees may be required from time to time to confirm that they have read and abided by this Policy.
- 13.2 A review of this Policy will be undertaken annually by the Compliance Officer for FLK and Company Secretary.



## ANNEXURE A - "NOTICE OF INTENTION TO TRANSACT" FORM

Your Name:

Your Position:

Please provide details of any benefits that you will receive as a result of buying or selling the securities (other than normal investment benefits such as income distributions and increases in market value).

Please Tick:

Approval is given for 3 business days to:

Buy

Sell

Name of Unit or Security to be Traded:

After (date):

Until (date):

This approval ceases if any Inside Information comes to the attention of the person who has been given approval to deal, during the period of the approval. If that occurs, the Company Secretary must be advised immediately.

*If you have any doubt about whether you have Inside Information or not, then you MUST NOT transact.*

Your Signature: \_\_\_\_\_ Date \_\_\_\_\_

Approving Officer\*: \_\_\_\_\_ Date \_\_\_\_\_

\*Approving Officer means:

- a) for any employee or director (except the Chairman of the Board), in the instance of Folkestone Securities, the Chairman of the Board; and
- b) for the Chairman of the Board in the instance of Folkestone Securities, the Chairman of the Audit and Risk Management Committee.
- c) for any employee or director (except the Managing Director of Maxim), in the instance of Restricted Non-Folkestone Securities, the Managing Director of Maxim; and
- d) for the Managing Director of Maxim in the instance of Restricted Non-Folkestone Securities, the Chairman of Maxim or in his absence, a non-executive director of Maxim.

\*Once approved, a copy is to be provided to the Compliance Officer.