



Continuous Disclosure Policy

**GDI Property Group (“GDI”)
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GDI Funds Management Limited (ACN 107 354 003)**

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1. Purpose and application

As a listed entity GDI Property Group (GDI) is required to comply with the continuous disclosure obligations contained in Listing Rules 3.1, 3.1A and 3.1B of the Australian Securities Exchange, and section 674(2) of the Corporations Act which also imposes statutory liability for its breach.

GDI is committed to complying with both the letter and spirit of these continuous disclosure obligations. This policy is designed to ensure there are procedures in place so that the market is properly informed of matters which may have a material impact on the price or value of GDI securities.

2. Obligation to disclose

Under Listing Rule 3.1, GDI is required to tell the ASX immediately it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of GDI's securities.

This type of information is referred to by the ASX as 'market sensitive information'. Section 674(2) of the Corporations Act reinforces this obligation by imposing statutory liability for its breach.

This disclosure obligation is subject to the exceptions found in Listing Rule 3.1A. This rule comprises three separate limbs, which if satisfied, removes the need for disclosure.

Under ASX Guidance 8 and ASIC pronouncements, the requirement for listed entities to provide immediate disclosure of price-sensitive information does not mean instantaneously, but rather it means 'promptly and without delay'. In other words, making disclosure as quickly as it can be done in the circumstances (acting promptly) and not deferring, postponing or putting it off to a later time (acting without delay).

The disclosure obligation applies not only to market sensitive information of which the Directors or other Officers are actually aware, but also market sensitive information of which they ought reasonably to have been aware. This Rule necessitates that a listed entity takes positive steps to establish and maintain an effective Internal Compliance Program.

GDI must not release market sensitive information to any other person until the information has been provided to the ASX and the ASX has provided an acknowledgement that the it has released the information to the market (Listing Rule 15.7). This Rule specifically prohibits an entity giving market sensitive information to the media even on an embargoed basis, prior to giving the information to the ASX.

3. Guidelines for Materiality

Section 677 of Corporations Act defines what is meant by "material effect" on price or value of GDI securities as follows:

"A reasonable person would be taken to expect information to have a material effect on the price or value of securities of a disclosing entity if the information would or would be likely to influence persons who commonly invest in securities in deciding whether to acquire or dispose of the securities."

Guidance Note 8 to the ASX Listing Rule 3.1 suggests an effective “rule of thumb” by which to assess materiality would be to ask to questions:

- 1) Would this information influence my decision to buy or sell securities in the entity at their current market price?
- 2) Would I feel exposed to an action for insider trading if I were to buy or sell securities in the entity at their current market price, knowing this information had not been disclosed to the market?

GDI has adopted the following guidelines based on the commentary to ASX Listing Rule 3.1 and ASX Guidance Note 8, to assist the Directors and other Officers in identifying information that may need to be disclosed.

Qualitative test

Circumstances that may require GDI to make disclosure include:

- a transaction that will lead to a significant change in the nature or scale of the entity’s activities (see also Listing Rule 11.1 and ASX Guidance Note 12 Significant Changes to Activities);
- a material acquisition or disposal;
- the granting or withdrawal of a material licence;
- the entry into, variation or termination of a material agreement;
- becoming a plaintiff or defendant in a material law suit;
- the fact that the entity’s earnings will be materially different from market expectations;
- the appointment of a liquidator, administrator or receiver;
- the commission of an event of default under, or other event entitling a financier to terminate, a material financing facility;
- under subscriptions or over subscriptions to an issue of securities (a proposed issue of securities is separately notifiable to ASX under Listing Rule 3.10.3);
- giving or receiving a notice of intention to make a takeover; and
- any rating applied by a rating agency to an entity or its securities and any change to such a rating.

Quantitative test

Neither the Listing Rules nor the Corporations Act define quantitative threshold. However, the Australian Accounting Standard on materiality, AASB 1031, provides the following guidance:

- an amount equal to or greater than 10% of the relevant base amount would be material unless there is evidence or a convincing argument to the contrary;
- an amount between 5% and 10% of the relevant base amount may be material unless there is evidence or a convincing argument to the contrary;
- an amount less than 5% of the relevant base amount would not be material unless there is evidence or a convincing argument to the contrary.

In addition, ASX Guidance Note 8 states that generally AASB 1031 will be applied by the ASX when determining whether information is market sensitive and therefore whether to refer a potential breach of Listing Rule 3.1 and section 674 to ASIC. Among other criteria, the ASX will look to the materiality of the actual impact that information had on the price of the entity’s securities when the information was finally announced to the market.

Guided by these pronouncements, GDI has adopted the following quantitative threshold when considering matters for possible disclosure to the market:

- a) Matters which potentially affect our profit (loss) before tax in any one year by more than 5%.
- b) Matters which potentially may affect our assets or liabilities by more than 5%.
- c) Matters involving any claim against us or a company controlled by us exceeding 5% of total assets or total liabilities.

4. Exceptions to disclosure

Under Listing Rule 3.1A, disclosure is not required where each of the following three conditions are satisfied:

- a) One or more of the following applies:
 - i. it would be a breach of a law to disclose the information;
 - ii. the information concerns an incomplete proposal or negotiation;
 - iii. the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - iv. information is generated for GDI's internal management purposes; and
 - v. the information is a trade secret; and
- b) the information is *confidential*, and the ASX has not formed the view that the information has ceased to be confidential; and
- c) a reasonable person would not expect the information to be disclosed.

For example, any information which is not confidential does not qualify for the exceptions from disclosure. It is therefore essential that the information which is to be withheld is and remains subject to strict confidentiality obligations and is not leaked. If the information has been leaked, even in breach of a duty of confidentiality, it is no longer confidential, and disclosure of the information to the ASX will be required.

5. Correcting a false market

If the ASX considers that there is, or is likely to be a false market in GDI's securities and asks GDI to provide it with information to correct or prevent a false market, GDI must immediately give ASX that information. GDI is required to give the ASX this information regardless of whether the exceptions to disclosure apply.

ASX Guidance Note 8 explains that the term "false market" refers to a situation where there is material misinformation or materially incomplete information in the market which is compromising proper price discovery. This may arise, for example, where:

- a listed entity has made a false or misleading announcement;
- there is other false or misleading information, including false rumour, circulating in the market; or
- a segment of the market is trading on the basis of market sensitive information that is not available to the market as a whole.

6. Continuous disclosure committee

GDI has established a Disclosure Committee to assist in meeting with its obligations under the ASX Listing Rules.

While the GDI Board would be primarily responsible for approving ASX announcements in relation to the GDI's results and major acquisitions and disposals that are planned,

GDI recognises that there may be occasions when events not within GDI's control (such as receipt of an unsolicited offer) may amount to information concerning GDI which a reasonable person would expect to have a material effect on the price or value of GDIs' stapled securities, and which would have to be announced "immediately". In such circumstances, the Disclosure Committee would be promptly convened in person or by telephone to decide whether information is market sensitive and whether any of the disclosure exemptions under Listing Rule 3.1A may apply. The Disclosure Committee comprises three members: The Chairman – or a nominated independent director, the Managing Director and either the CFO or the Company Secretary. The Disclosure Committee may also, if the Board requests, provide recommendations on the timing and form of ASX announcements in non-urgent matters.

GDIs' Company Secretary has responsibility for ensuring compliance with the continuous disclosure regulatory requirements and in particular:

- Educating directors and key staff
- Establishing broad guidelines to assist in determining materiality
- Overseeing and coordinating the continuous disclosure process
- Reporting and making recommendations to the Board (or its delegated committee) with respect to continuous disclosure
- Keeping records of all disclosures and all decisions not to disclose information
- Monitoring continuous disclosure
- Maintaining this continuous disclosure program.

7. Delegation to Managing Director and Company Secretary

The Board has delegated authority to the Managing Director and Company Secretary in relation to the content of most ASX releases, with the exception of results and major property acquisitions or disposals, matters relating to any merger or corporate acquisitions or other matters of similar substance.

8. Continuous disclosure process

GDI has established the following specific processes and procedures to assist in ensuring compliance with our continuous disclosure obligations:

Maintaining confidentiality of price sensitive information

To assist in the maintenance of the confidentiality of price sensitive information, GDI has developed the following procedures:

- Any undisclosed price sensitive information is to only be distributed on an "as needs basis" to senior managers, staff and professional advisors
- Under no circumstances is undisclosed price sensitive information to be shared with any individual who is not bound to maintain the confidentiality of this information
- All senior managers and staff who may be exposed to price sensitive information must be trained in this policy and a record of this training maintained
- Non-disclosure agreements must be used during any negotiations involving potentially price sensitive transactions.

Notification of rumours, leaks and inadvertent disclosures

To ensure that the share market is properly informed, GDI requires all senior managers and directors to keep the Managing Director and Company Secretary informed about any matters they consider may be material and that may require disclosure to the ASX.

Briefings, presentations and other disclosures

To reduce the risk of breaching the continuous disclosure rules by inadvertently disclosing price sensitive information before notifying the ASX:

- Any briefings and/or presentations prepared for analysts, brokers or institutional investors, must be approved by the Managing Director and either the Company Secretary or CFO
- At the conclusion of any such meeting, a review should be undertaken of the information provided to ensure that no price sensitive information was disclosed inadvertently.

In the event that market sensitive information may have been released at a briefing or presentation, for example in answer to an analyst's question, then the information should be given to the ASX immediately in the form suitable for release to the market.

The disclosure decision

The decision as to whether or not to disclose a matter to the ASX will be made by the Managing Director in consultation with the other members of the Disclosure Committee taking into account:

- a) Whether the matter would have a material effect on the price or value of GDI's securities
- b) Whether the matter being assessed falls within the exceptions to disclosure outlined in Listing Rule 3.1A.

Following this assessment:

- i. If the matter is material and does NOT fall within the exceptions to disclosure, notice shall be given to all of the directors and then the ASX shall be notified immediately
- ii. If the matter is material and falls within the exceptions to disclosure, a record of the decision will be recorded however, no disclosure will be made
- iii. In the event that the matter is considered to be not material and does not fall within the exceptions to disclosure, the Managing Director will assess whether or not disclosure should, in any case, be made to keep the market informed.

The notification process

If it is decided that a matter is to be disclosed, the Company Secretary is authorised and responsible for issuing the disclosure notice to the ASX.

ASX Guidance Note 8 sets out the following guidance for disclosure notices:

- A disclosure notice must be in the form of a written announcement given to the ASX Market Announcements office for release to the market
- The title header for an announcement (maximum 60 characters) should convey a fair and balanced impression of nature of the announcement.

In addition, both ASX Guidance Note 8 and ASIC pronouncements emphasise that announcements should be clear and complete with enough detail to investors or their professional advisers to understand its ramifications and to assess its likely impact on the price or value of the entity's securities.

On receipt of acknowledgement from the ASX that the information has been released to the market, GDI will immediately publish the disclosure notice on the company website.

Ongoing assessment

Disclosure issues will be a standing item at all meetings of the Board. This Policy will be reviewed periodically by the Board.