

Policy 6 – Continuous disclosure

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1 Introduction

KM Property Funds Limited (KMPF) holds an Australian Financial Services License (No. 442806).

KMPF provides compliance services to the entities and stand alone trustee companies controlled by the directors of KMPF.

This document sets out the policy adopted by KMPF in order that it complies with the continuous disclosure obligations under the Corporations Act 2001 (Cth) (the Act).

Australian Securities and Investment Commission (ASIC) Regulatory Guide 198 ('Unlisted disclosing entities: Continuous disclosure obligations') provides guidance on how unlisted disclosing entities should comply with their continuous disclosure obligations under the Act.

KMPF's policy is to comply with these requirements and the ASIC Regulatory Guide 198.

KMPF discharges these obligations by way of disclosure of material information on KMPF's Web site or by disclosure in other relevant documents such as annual and quarterly reports.

2 Statutory requirements

An unlisted fund with 100 or more investors who invested under a product disclosure statement (PDS) is a disclosing entity for the purposes of the continuous disclosure rules (Section RG198.6). If the fund is a disclosing entity, then the responsible entity must lodge a continuous disclosure notice with ASIC, as soon as practicable after it becomes aware of information that:

- Is not generally available.
- A reasonable person would expect, if it were generally available, to have a material effect on the price or value of the fund's securities, and
- Has not been included in a PDS which has been lodged with ASIC.

3 Website disclosure

One of KMPF's main methods of communication is via its web site www.kmpropertyfunds.com. ASIC Regulatory Guide 198 allows for web-based disclosure to investors (rather than notice being given to ASIC) provided KMPF complies with the best practice guidelines.

KMPF will inform all investors that any important information will be placed on the website in a timely fashion and that KMPF website will be used for disclosure purposes. All Product Disclosure Statements issued by KMPF will contain a section on how KMPF will satisfy its continuous disclosure obligations.

KMPF will also provide investors with the option of receiving email alerts when material information is updated.

All information communicated to the media either written or oral and any updates to the KMPF's web site must first be approved by an Executive Director.

4 What is material information?

ASIC Regulatory Guide 198 provides a non-exhaustive list of the types of information it considers would need to be disclosed, as follows:

- a. A material change to financial forecasts.
- b. A material change in asset values.
- c. A material change in a rating.
- d. A material change in relation to debt funding or a breach of a loan covenant.
- e. Appointment of an external administrator.
- f. A change in control of the responsible entity.
- g. Suspension of withdrawals or change to treatment of a fund as liquid (and reasons).
- h. Information about a further issue of securities.

- i. Disclosure against the eight disclosure principles set out in Regulatory guide 46: Unlisted property schemes – improving disclosure for retail investors.

The following Materiality Thresholds are provided:

- Financial – A negative variation of 10% or more from previously released full year financial forecasts.
- Qualitative – What would a reasonable person expect.

5 Monitoring disclosures

A register of written disclosures of all information releases shall be maintained and approved by the Board each meeting. Copies of information releases are to be provided to the Compliance Manager for recording on the register, and for immediate release if necessary.

6 References

Policy 4 – Communications

Policy 25 – Delegated authority