

# Conflicts Management Policy

## 1. Purpose

- 1.1 The purpose of this policy is to provide guidance, in the event of a conflict of interest arising, to the members (**Directors**) of the Boards of Directors of GPT Management Holdings Limited (**GPTMHL**) and GPT RE Limited (**GPTRE**), as the responsible entity of the General Property Trust (**GPT**). In accordance with the Stapling Deed entered into between GPT and GPTMHL, the members of each Board are the same and are referred to as the **GPT Board**.
- 1.2 The policy is designed to apply to GPTMHL, GPTRE and the subsidiaries of these companies (together, the **GPT Group**).
- 1.3 The policy provides guidance principally in respect of conflicts arising from the existence of obligations owed by certain Directors to other corporate entities, but also in respect of conflicts arising from any material personal interests held by the Directors. The policy provides for the establishment of procedures to facilitate good corporate governance and legal compliance with duties arising under statute.
- 1.4 This policy has been drafted to be consistent with the issues that are raised in ASIC Policy Statement 181.

## 2. Background

- 2.1 The management and direction of GPTMHL and GPTRE, as public companies limited by shares, are regulated for these purposes by their Constitutions and the *Corporations Act 2001* (Cth) (the **Corporations Act**). The law surrounding directors' duties, the disclosure of interests and the impact of directors' interests upon voting rights is contained in Part 2D.1 of Chapter 2D of the Corporations Act.
- 2.2 Under section 601FD of the Corporations Act, the Directors of GPTRE, when acting as responsible entity of GPT, must act in the best interests of the unitholders of GPT and, if there is a conflict between the unitholders' interests and the interests of GPTRE, the directors must give priority to the unitholders' interests.

## 3. Corporations Act Requirements

- 3.1 Under the Corporations Act, the Directors have the following duties with respect to conflicts of interest:
  - (a) an overriding duty to avoid a conflict of interest and to act in the best interests of the GPT Group, and for a proper purpose;
  - (b) a duty not to improperly use their position as Directors of a member of the GPT Group to gain an advantage for themselves or another person, or in a way which may cause detriment to the GPT Group;

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- (c) a duty not to improperly use information obtained in their role as Directors of a member of the GPT Group to gain an advantage for themselves or another person, or in a way which may cause detriment to the GPT Group;
- (d) a duty to disclose to the GPT Board any conflict of interest, as soon as he or she becomes aware of it, unless one of the exceptions listed in Schedule 1 applies; and
- (e) a duty, where a declaration of a personal interest is required, to give to the GPT Board at a Board meeting formal notice of the interest as soon as practicable after the Director becomes aware of their interest in the matter. The notice must give details of the nature and extent of the interest and the relation of the interest to the affairs of the company, and must be recorded in the minutes of the meeting.

3.2 When they were appointed to office, the Directors had the opportunity to give standing notice of any interests they held, and where given, these were recorded in the minutes of the next Board meeting. Where any new Director is appointed they must give notice to the other Directors of interests that they have and the existing Directors must give notice of their interests to the new Director.

3.3 The Company Secretary must record every disclosure of a conflict by a Director in a register of interests (the **Register**). The Register shall be maintained by the Company Secretary and shall be available at each Board meeting for inspection.

3.4 It is the obligation of each Director to ensure that the particulars in the Register in respect of that Director are current, complete and accurate in all material respects.

## 4. Conflicts

4.1 Each of the following, without limitation, are circumstances which are likely to give rise to a Director having an actual or potential conflict of interest (**Conflict**):

- (a) a Director or an Associate holds an office in an entity with which the GPT Group may have dealings;
- (b) a Director or an Associate holds an office in an entity which competes or is likely to compete with the GPT Group;
- (c) a Director or an Associate owes any material duty to another entity with which the GPT Group may have dealings;
- (d) a Director or an Associate has, or has had in the past 2 years, an interest in the formation or promotion of any proposal under consideration by the GPT Group (the **Proposal**), or in any property acquired or proposed to be acquired under the Proposal;
- (e) a Director or an Associate has a direct or indirect interest in a contract or proposed contract to which GPTMHL or another member of the GPT Group is a party;
- (f) a Director or an Associate is otherwise involved with another entity to the extent that the involvement could be perceived as interfering with the Director's ability to carry out his or her responsibilities to the GPT Group;

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- (g) a Director or an Associate controls or has an investment in an entity with which the GPT Group may have dealings, other than a mere portfolio investment where investment discretion substantially resides with a third party;
- (h) any other circumstance affecting the GPT Group where the Directors may believe that the Directors cannot exercise judgement with impartiality in the best interests of the GPT Group.

4.2 For the purposes of this policy:

- (a) a reference to an 'Associate' refers primarily to a Director's spouse or other 'close' family member (depending upon the circumstances without prescriptive intent) or other corporate, trust or nominee entity or person over whom the Director or other persons as previously noted may substantially exercise control;
- (b) a Conflict excludes a circumstance, event or conflict arising only from the Director's (or Associate's) membership of a company operated by, or office holding in, a member of the GPT Group.

## 5. Effect of Conflicts in Particular Matters

5.1 Each Director must give notice in writing to the Company Secretary of the nature and extent of each Conflict as soon as he or she becomes aware of it (see paragraph 3.1(d) above). If such notice is not given prior to the Board meeting at which a matter will be considered which relates to the Conflict, the Directors must declare the Conflict to the GPT Board meeting prior to the matter being considered.

5.2 Where a Director (the **Affected Director**) is affected by a Conflict in respect of a particular matter (the **Conflicted Matter**), the Affected Director must not:

- (a) receive Board papers in respect of the Conflicted Matter, but must be made aware that he or she has not received those papers;
- (b) be present at a Board meeting during the period in which the Conflicted Matter is discussed by the GPT Board;
- (c) lobby any of the other Directors or take any part in any discussions or decision-making processes of the GPT Board in respect of the Conflicted Matter;
- (d) vote in respect of the Conflicted Matter;
- (e) if necessary, be informed of the GPT Board's decision in respect of the Conflicted Matter;
- (f) receive the Board Minutes reporting on the Conflicted Matter; and
- (g) disclose any information about the Conflicted Matter to another entity or third party.

5.3 The Chairman may decide to waive the restrictions in paragraph 5.2(a) or not inform the Affected Director of withheld Board papers as he or she considers appropriate.

5.4 One or more of the other restrictions set out in paragraph 5.2 may be waived in respect of an Affected Director if approved by a majority of the Directors who are not affected by the Conflict (the **Non-Affected Directors**). For example, the Non-Affected Directors may resolve to:

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- (a) request that the Affected Director address the meeting prior to the Conflicted Matter being considered by the GPT Board and to respond to specific queries from the other Non-Affected Directors as to the extent of the Conflict; or
- (b) allow the Affected Director to vote on the Conflicted Matter.

5.5 The Affected Director must not be present while that resolution is being considered and:

- (a) the minutes of the GPT Board meeting should record the decision taken by the Non-Affected Directors (including details of the nature and extent of the Conflicted Matter and the restrictions waived by the Non-Affected Directors).
- (b) if a resolution is passed by the Non-Affected Directors allowing the Affected Director to vote in relation to a Conflicted Matter, the Affected Director may be included in the determination of a quorum for consideration of the matter.

5.6 An Affected Director shall not be under any obligation to address the Board meeting, respond to questions or vote on a Conflicted Matter if the Affected Director considers it inappropriate to do so.

## 6. Confidential Information/Other Actions by Affected Directors

6.1 An Affected Director must not divulge or make use of confidential information belonging to the GPT Group for the benefit of another entity or third party. Similarly an Affected Director must not divulge or make use of confidential information belonging to any other entity or third party for the benefit of the GPT Group.

6.2 In some circumstances, mere disclosure of a Conflicted Matter and/or abstaining from voting on a Conflicted Matter may not be sufficient and an Affected Director may need to take further steps to ensure that he or she acts in the best interests of the GPT Group.

6.3 It will be a matter for the Affected Director to determine the steps which he or she should take (in addition to disclosure). What an Affected Director determines to be appropriate will vary depending on the gravity of the circumstances. For example, the Affected Director may decide to ask for additional legal, accounting or other professional advice in relation to a transaction or other matter, inform the other members of the GPT Board of the steps which should be taken to reduce any potential harm and/or persuade them not to follow a proposed course of action. In extreme situations, an Affected Director may consider that he or she cannot continue to act in the best interests of the GPT Group and should resign (for example, where he or she has confidential information that a particular matter or transaction is likely to cause harm to the GPT Group or he or she is unable to participate in a significant number of Board meetings because of a particular conflict situation).

## 7. Adoption and Monitoring

7.1 This policy document was adopted and endorsed by the GPT Board on 16 September 2005.

7.2 The GPT Board will annually monitor compliance with this policy document and update, including for changed circumstances, as appropriate.

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## SCHEDULE 1 - Exceptions to Disclosure of Conflicts Under Corporations Act

Under section 191(2) of the Corporations Act, there is no duty to disclose to the GPT Board a material personal interest in a matter that relates to the affairs of the company if:

- (a) the interest:
  - (i) arises because the director is a member of the company and is held in common with the other members of the company;
  - (ii) arises in relation to the director's remuneration as a director of the company; or
  - (iii) relates to a contract the company is proposing to enter into that is subject to approval by the members and will not impose any obligation on the company if it is not approved by the members; or
  - (iv) arises merely because the director is a guarantor or has given an indemnity or security for all or part of a loan (or proposed loan) to the company; or
  - (v) arises merely because the director has a right of subrogation in relation to a guarantee or indemnity referred to in subparagraph (iv); or
  - (vi) relates to a contract that insures, or would insure, the director against liabilities the director incurs as an officer of the company (but only if the contract does not make the company or a related body corporate the insurer); or
  - (vii) relates to any payment by the company or a related body corporate in respect of an indemnity permitted under section 199A or any contract relating to such an indemnity; or
  - (viii) is in a contract, or proposed contract, with, or for the benefit of, or on behalf of, a related body corporate and arises merely because the director is a director of the related body corporate; or
- (b) the company is a proprietary company and the other directors are aware of the nature and extent of the interest and its relation to the affairs of the company; or
- (c) all the following conditions are satisfied:
  - (i) the director has already given notice of the nature and extent of the interest and its relation to the affairs of the company under subsection (1);
  - (ii) if a person who was not a director of the company at the time when the notice under subsection (1) was given is appointed as a director of the company—the notice is given to that person;
  - (iii) the nature or extent of the interest has not materially increased above that disclosed in the notice; or
- (d) the director has given a standing notice of the nature and extent of the interest under section 192 and the notice is still effective in relation to the interest.