

22 May 2018

Jon Son Chow
Adviser, Listings Compliance (Melbourne)
ASX
Australia

Dear Jon

Re Smart Parking Limited: aware query

We refer to your letter to Smart Parking Limited (**SPZ** or the **Company**) dated 18 May 2018 regarding the Company's announcement released 17 May 2018.

Please also refer to a transcript released to the ASX of a call held for shareholders at 9am (AEST) on 18 May.

We respond to each of your queries as follows:

1. When did the Company first become aware of the information referred to in the Announcement? In answering this question, please separately state when the Company first became aware:

a. of the breaches by its UK management team of the Company's corporate governance policies ("Corporate Policy Breaches"); and

The Group CEO suspended the UK CEO and CFO on Tuesday 8th May pending an investigation. Over the course of the next week, the Group CEO and CFO travelled to the UK and conducted an on-site investigation during which it was found that the CEO and CFO of the UK business had breached certain of the Company's corporate governance policies and conditions of their employment.

b. that the factors referred to in the fifth paragraph of the Announcement, namely "poor weather conditions in the UK" and "delays in the roll out and go live process of new sites" would, in combination, result in the Company expecting that "issuance of breach notices is likely to be impacted in Q4 by approximately 25%." ("Trading Impact").

The Company became aware of the likely impact on Q4 during the investigation referred to in 1 a) following interviews with UK Operations Director on 15th May (UK time) immediately prior to the UK CEO and CFO having their employment terminated.

2. Does the Company consider the information referred to in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities? In responding to this question, please separately state whether the information concerning the:

a. Corporate Policy Breaches; or

No.

b. Trading Impact

Yes. While the company does not publish earnings guidance, the Board concluded given the UK's significance to the Group a reasonable person would expect to understand the expected lower issuance of breach notices.

on their own, would be information that a reasonable person would expect to have a material effect on the price or value of its securities?

3. If the answer to question 2 is "no", please advise the basis for that view.

Regarding 2 a) - While the company wouldn't normally announce the departure of subsidiary executives, given the existence of 2 b) above and the significance of the UK operations to the Group it was agreed to release an announcement covering both matters.

Regarding 2 b) – N/A

4. If the answer to question 2 is "yes" and the Company first became aware of the information before the Announcement was made, did the Company make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why the information was not released to the market at an earlier time, (including an explanation as to why the termination of both the UK Managing Director and Finance Director is effective from 15 May 2018 but was not announced until 17 May 2018), commenting specifically on when you believe the Company was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Company took to ensure that the information was released promptly and without delay.

Following discussions with both the SPZ Chairman and Chair of the Risk and Audit Committee the employment for both the UK CEO and CFO was terminated by email/letter on Tuesday 15th May (UK time).

On the morning (AEST) of Wednesday 16th May, the Chairman together with the Chair of the Risk and Audit Committee discussed the significance of the findings of the investigation referred to in 1 a) and the termination of the employment of the UK CEO and CFO, and took advice from counsel. While, on its own, the company wouldn't normally announce the departure of executives within a division of the business, given the significance of the UK operations to the Group, the likely impact of the events referred to above on the Q4 performance of the UK operations and in the interests of transparency the Chairman and the Chair of the Risk and Audit Committee decided on Wednesday 16th May (AEST) it was appropriate to release an announcement. With both the Group CEO and Group CFO on-site in the UK, the announcement was drafted during the course of Wednesday 16th May (UK time) and provided to the full Board for approval on the morning (AEST) of Thursday 17th May. It was approved and lodged before the market opened on Thursday 17th May. It follows from the above that the company made no

announcements on these matters prior to the announcement being released to the ASX Thursday 17th May. This was due to the fact that, whilst the termination of the employment of the UK CEO and CFO took place on Tuesday 15th May (UK time), the significance of the issues relating to the UK operations and referred to in 1 a) was still being assessed during the course of Wednesday 16th May.

5. Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Yes

6. Please confirm that The Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

Yes

Kind regards,



Richard Ludbrook

Company Secretary

Smart Parking Limited



18 May 2018

Mr Richard Ludbrook
Chief Financial Officer & Company Secretary

Smart Parking Limited
854 Lorimer Street
Port Melbourne VIC 3207

By email: richard.ludbrook@smartparking.com

Dear Richard

Smart Parking Limited ("Company"): aware query

ASX Limited ("ASX") refers to the following:

- A. The Company's announcement entitled "UK business update" (the "Announcement") lodged on the ASX Market Announcements Platform and released at 10:27am on 17 May 2018, disclosing the following information:

"[The Company] has, through an internal audit and review process, become aware of breaches by its UK management team of the Board's corporate policies. ...

As a result, the Board has acted swiftly and decisively, terminating the employment of both the UK Managing Director and Finance Director. This is effective from the 15th May 2018.

Additionally, poor weather conditions in the UK have continued to adversely affect the use of Smart Parking UK's car parks and the issuance of parking breach notices in Q3 FY2018. April trading has also seen an impact due to delays in the roll out and go live process of new sites.

Given the combined effect of these factors, the Board expects that issuance of breach notices is likely to be impacted in Q4 by approximately 25%."

- B. The decrease in the price of the Company's securities after the release of the Announcement as follows:

Time and Date	Price
Close – Wednesday, 16 May 2018	\$0.450
Open – Thursday, 17 May 2018	\$0.455
Low- Thursday, 17 May 2018	\$0.200
Close – Thursday, 17 May 2018	\$0.260

- C. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

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“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity”

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

- E. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

- F. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Having regard to the above, ASX asks the Company to respond separately to each of the following questions and requests for information:

1. When did the Company first become aware of the information referred to in the Announcement? In answering this question, please separately state when the Company first became aware:
 - a. of the breaches by its UK management team of the Company’s corporate governance policies (“Corporate Policy Breaches”); and
 - b. that the factors referred to in the fifth paragraph of the Announcement, namely “*poor weather conditions in the UK*” and “*delays in the roll out and go live process of new sites*” would, in combination, result in the Company expecting that “*issuance of breach notices is likely to be impacted in Q4 by approximately 25%.*” (“Trading Impact”).
2. Does the Company consider the information referred to in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities? In responding to this question, please separately state whether the information concerning the:
 - a. Corporate Policy Breaches; or
 - b. Trading Impact

on their own, would be information that a reasonable person would expect to have a material effect on the price or value of its securities?

3. If the answer to question 2 is “no”, please advise the basis for that view.
4. If the answer to question 2 is “yes” and the Company first became aware of the information before the Announcement was made, did the Company make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why the information was not released to the market at an earlier time,(including an explanation as to why the termination of both the UK Managing Director and Finance Director is effective from 15 May 2018 but was not announced until 17 May 2018), commenting specifically on when you believe the Company was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Company took to ensure that the information was released promptly and without delay.
5. Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that The Company’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by not later than 9.30am AEST on Tuesday, 22 May 2018.**

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to the Company’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that the Company’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, providing the information requested in this letter.

Further, if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Company’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in this letter and may require the Company to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We will require the request for the trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you do not respond to this letter by the deadline set out above or if ASX does not consider your response to be satisfactory, ASX is likely to suspend trading in the Company's securities under Listing Rule 17.3.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Jon Son Chow

Adviser, Listings Compliance (Melbourne)