



GARDA

GARDA Capital Limited
ABN 53 095 039 366

and GARDA Funds Management Limited
ACN 140 857 405

as responsible entity of
the **GARDA Capital Trust**
ABN 56 488 615 248
ARSN 150 164 720

GARDA CAPITAL GROUP Scheme Booklet

This scheme booklet relates to the proposed internalisation of GARDA Capital Group.

The Target Board Committee unanimously recommends that you **VOTE IN FAVOUR** of the Internalisation in the absence of a Superior Proposal.

The Independent Expert has concluded that the Internalisation is fair and reasonable and therefore in the best interests of GCM Securityholders.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THE DOCUMENT IN ITS ENTIRETY BEFORE DECIDING HOW TO VOTE.

IF YOU ARE IN ANY DOUBT ABOUT HOW TO DEAL WITH THIS DOCUMENT, YOU SHOULD CONTACT YOUR BROKER OR FINANCIAL, TAXATION, LEGAL OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have any questions in relation to this Scheme booklet or the Internalisation, you should call the Information Line on 1300 889 100 (within Australia) or +61 1300 889 100 (outside Australia) Monday to Friday between 8:30 am and 5:00 pm (AEST).

Disclaimer and important notices

General

This Scheme Booklet provides GCM Securityholders with information about the proposed acquisition by:

- GHL of all ordinary shares in GCL; and
- GDF of all ordinary units in GCT,

held by GCM Securityholders.

This Scheme Booklet is important and requires your immediate attention. You should read this Scheme Booklet in full before making any decision as to how to vote on the Internalisation.

Nature of this document

This Scheme Booklet is the explanatory statement issued by GCL and GFML in connection with the proposed Internalisation of GCM, whereby:

- GCL Shares and GCT Units will be Unstapled in accordance with the Unstapling;
- under the Company Scheme, each GCL Share on issue will be exchanged for 1.6 GHL Shares issued as Company Scheme Consideration;
- under the Trust Scheme, each GCT Unit on issue will be exchanged for 1.6 GDF Units issued as Trust Scheme Consideration; and
- each GHL Share and GDF Unit will be Stapled on a one-for-one basis in accordance with the GDF Stapling to form GDF Stapled Securities.

Purpose of this document

The purpose of this Scheme Booklet is to:

- explain the terms and effect of the Internalisation to GCM Securityholders;
- explain the manner in which the Internalisation will be considered and, if approved by GCM Securityholders, implemented; and
- provide such information as is prescribed by the Corporations Act and Corporations Regulations or is otherwise material to the decision of GCM Securityholders whether to approve the Internalisation.

Not an offer

This Scheme Booklet is not a prospectus lodged under Chapter 6D of the Corporations Act in respect of GHL Shares. Section 708(17) of the Corporations Act provides that an offer of securities does not need disclosure under Chapter 6D if it is made under a compromise or arrangement under Part 5.1, approved at a meeting held as a result of an order made by the Court under section 411(1) or (1A).

This Scheme Booklet is not a PDS lodged under Part 7.9 of the Corporations Act in respect of GDF Units. The ASIC relief described in section 11.5(a) of the Scheme Booklet provides an exemption in respect of the requirement for GCL RE to prepare a PDS in respect of the Trust Scheme.

ASIC and ASX

A copy of this Scheme Booklet has been registered by ASIC for the purposes of section 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with section 411(2) of the Corporations Act. Neither ASIC, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that it has no objection to the Company Scheme. If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing.

A copy of this Scheme Booklet has been provided to ASX. Neither ASX, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

Important notice associated with Court order under section 411(1) of the Corporations Act and First Judicial Advice

The fact that the Court has:

- under section 411(1) of the Corporations Act, ordered that the Company Scheme Meeting be convened and has approved the Scheme Booklet required to accompany the Notice of Company Scheme Meeting; or
- given the First Judicial Advice that GFML would be justified in convening the Trust Scheme Meeting,

does not mean that the Court:

- has approved or will approve the terms of the Internalisation;
- has formed any view as to the merits of the proposed Internalisation or as to how GCM Securityholders should vote (on this matter GCM Securityholders must reach their own decision); or
- has prepared, or is responsible for the content of, this Scheme Booklet.

Any GCM Securityholder who wishes to oppose approval of the Company Scheme or granting of the Second Judicial Advice at the Second Court Hearing may do so by filing with the Court and serving on GCL or GFML a notice of appearance in the prescribed form together with any affidavit that the GCM Securityholder proposes to rely on.

Any GCM Securityholder may appear at the Second Court Hearing to be held at 2:00 pm on 19 November 2019 at Supreme Court of Queensland, Cnr East and Fitzroy Streets, Rockhampton QLD 4700.

Responsible Entity

GFML is the Responsible Entity for GCT. A reference to GFML in this Scheme Booklet is a reference to it in its capacity as Responsible Entity for GCT.

GARDA Capital Limited is a public company incorporated under the Corporations Act in its own right and is the Responsible Entity for GDF. In this Scheme Booklet, GARDA Capital Limited is acting in two roles, as a public company in its own right (referred to as **GCL**) and as Responsible Entity for GDF (referred to as **GCL RE**).

Both GCT and GDF are registered managed investment schemes under Chapter 5C of the Corporations Act.

Defined terms

Capitalised terms used in this Scheme Booklet are defined in section 12.1 of this Scheme Booklet. Section 12.2 also sets out some rules of interpretation which apply to this Scheme Booklet.

No investment advice

This Scheme Booklet has been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any GCM Securityholder or any other person. The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice.

The Target Board Committee encourages you to seek independent financial and taxation advice before making any investment decision and any decision as to whether or not to vote in favour of the Internalisation.

This Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Internalisation. In particular, it is important that you consider the potential risks if the Schemes do not proceed, as set out in section 2.11 of this Scheme Booklet, the risks associated with the Internalisation including, but not limited to, those contained in section 8 of this Scheme Booklet, and the views of the Independent Expert set out in the Independent Expert's Report contained in Annexure A to this Scheme Booklet and summarised in section 2.9.

If you are in any doubt as to the course you should follow, you should consult an independent and appropriately licensed and authorised professional adviser.

Forward-looking statements

This Scheme Booklet contains both historical and forward-looking statements (including in the Independent Expert's Report). Forward-looking statements or statements of intent in relation to future events in this Scheme Booklet (including in the Independent Expert's Report) should not be

taken to be forecasts or predictions that those events will occur. Forward-looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals, intentions or expectations of the Target or the Bidder are or may be forward-looking statements. You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the Target and the Bidder and/or the industries in which they operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement and deviations are both normal and to be expected. None of the Target, the Bidder nor any of their respective officers, directors, employees or advisers or any person named in this Scheme Booklet or involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

The forward-looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the Listing Rules or the Corporations Act, the Target, the Bidder and their respective officers, directors, employees and advisers, disclaim any obligation or undertaking to distribute after the date of this Scheme Booklet any updates or revisions to any forward-looking statements to reflect:

- any change in expectations in relation to such statements; or
- any change in events, conditions or circumstances on which any such statement is based.

Responsibility statement

Except as outlined below, the information contained in this Scheme Booklet has been provided by the Target and is its responsibility alone. Except as outlined below, neither the Bidder, nor any of its respective officers, employees or advisers assume any responsibility for the accuracy or completeness of such information.

The Bidder Information has been prepared by, and is the responsibility of, the Bidder. Neither the Target nor any of its subsidiaries, members of the Target Board Committee, officers, employees or advisers assume any responsibility for the accuracy or completeness of such information.

Both the Target and the Bidder have provided and are jointly liable for, the Joint Information, subject to the fact that:

- the Target has provided, and is responsible for, the financial information concerning GCL and GCT, or upon which that information is based; and
- the Bidder has provided, and is responsible for, the financial information concerning GHL and GDF, or upon which that information is based.

GCM takes full responsibility for the contents of this Scheme Booklet other than the Bidder Information and the Joint Information provided by the Bidder, subject to the limitations set out below.

Grant Thornton Corporate Finance Pty Limited has prepared the Independent Expert's Report (contained in Annexure A of this Scheme Booklet) and takes responsibility for that report. None of GCL, GCL RE nor GFML, nor their respective officers, employees or advisers assume any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report, except to the extent that those parties are responsible for the factual information provided to the Independent Expert in preparation of the Independent Expert's Report.

Pitcher Partners Corporate Finance Limited has prepared the Independent Limited Assurance Report (contained in Annexure B of this Scheme Booklet) and takes responsibility for that report. None of GCL, GCL RE nor GFML, nor their respective officers, employees or advisers assume any responsibility for the accuracy or completeness of the information contained in the Independent Limited Assurance Report, except to the extent that those parties are responsible for the factual information provided to the Investigating Accountant in preparation of the Independent Limited Assurance Report.

PricewaterhouseCoopers has prepared the Taxation Report. PricewaterhouseCoopers takes responsibility for that report. None of GCL, GCL RE nor GFML, nor their respective officers, employees or advisers assumes any responsibility for the accuracy or completeness of the information contained in the Taxation Report, except to the extent that those parties are responsible for the factual information provided to PricewaterhouseCoopers in the preparation of the Taxation Report.

No consenting party has withdrawn their consent to be named before the date of this Scheme Booklet.

Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with the laws of the Commonwealth of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia.

This Scheme Booklet and the Internalisation do not in any way constitute an offer of securities in any place in which, or to any person whom, it would be unlawful to make such an offer.

Scheme Securityholders that are considered to be Designated Foreign Holders will not be able to receive Scheme Consideration and will instead be subject to the Sale Facility. Further information regarding the treatment of Designated Foreign Holders is contained in section 9.12.

For specific details relevant to Scheme Securityholders in New Zealand, refer to section 9.13.

Financial amounts

All financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated.

Any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding.

All financial and operational information set out in this Scheme Booklet is current as at the date of this Scheme Booklet, unless otherwise stated.

Charts and diagrams

Any diagrams, charts, graphs or tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available as at the Last Practicable Date.

Timetable and dates

All times and dates referred to in this Scheme Booklet are references to times and dates in Australian Eastern Standard Time (AEST), unless otherwise indicated. All times and dates relating to the implementation of the Schemes referred to in this Scheme Booklet may change and, among other things, are subject to all necessary approvals from Regulatory Authorities.

Privacy

The Target may collect personal information in the process of implementing the Schemes. The type of information that it may collect about you includes your name, contact details and information on your security holding in GCM and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the GCM Meetings as relevant to you. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist the Target to conduct the

GCM Meetings and implement the Schemes. Without this information, the Target may be hindered in its ability to issue this Scheme Booklet and implement the Schemes. Personal information of the type described above may be disclosed to the Registry, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the GCM Meetings), authorised securities brokers, professional advisers, related bodies corporate of the Target, Regulatory Authorities, and also where disclosure is otherwise required or allowed by law.

GCM Securityholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. If you would like to obtain details of the information about you held by the Registry in connection with GCM Securities, please contact the Registry.

GCM Securityholders who appoint an individual as their proxy, corporate representative or attorney to vote at the GCM Meetings should ensure that they inform such an individual of the matters outlined above.

Information Line

If you have any questions in relation to this Scheme Booklet or the Internalisation, you should call the Information Line on 1300 889 100 (within Australia) or +61 1300 889 100 (outside Australia) Monday to Friday between 8.30 am and 5.00 pm (AEST).

Date of Scheme Booklet

This Scheme Booklet is dated 10 October 2019.

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Important dates

Key dates

Date of this Scheme Booklet	10 October 2019
Time and date of the GDF Unitholder Meeting	10:00 am on 1 November 2019
Latest time and date for receipt of the Proxy Form (including proxies lodged online) or powers of attorney by the Registry for the GCM Meetings	11:00 am on 13 November 2019
Voting Record Date (time and date for determining eligibility to vote at the GCM Meetings)	7.00 pm on 13 November 2019
Time and date of the GCM Meetings (the Company Scheme Meeting will occur immediately after the Extraordinary General Meeting)	11:00 am on 15 November 2019

If the Internalisation is approved by GDF Unitholders at the GDF Unitholder Meeting and by GCM Securityholders at the GCM Meetings, the following key dates will apply:

Second Court Date	19 November 2019
Court order lodged with ASIC and announcement to ASX	
Effective Date	
GCM Securities are suspended from trading at the close of trading on ASX	
Commencement of trading of GDF Stapled Securities on ASX on a deferred settlement basis	20 November 2019
GDF Stapling occurs	21 November 2019
Scheme Record Date (for determining entitlements of the Scheme Securityholders to Scheme Consideration)	7:00 pm on 22 November 2019
Implementation Date (Scheme Consideration will be paid to Scheme Shareholders on the Implementation Date)	29 November 2019
Commencement of trading of GDF Stapled Securities on ASX on a normal settlement basis	2 December 2019

All dates in the above timetable are indicative only and are subject to change. The Target may, in consultation with the Bidder, vary any or all of these dates and times and will provide reasonable notice of any such variation. Certain times and dates are conditional on the approval of the Schemes by GCM Securityholders and the Court and may depend on factors outside of the control of the Target. Any changes will be announced by GCM to ASX and published on GCM's website at www.gardacapital.com.au.

Letter from the Chair of the Target Board Committee

10 October 2019

Dear GCM Securityholder

BACKGROUND

GARDA Capital Group (**GCM**) is a stapled entity comprising GARDA Capital Limited (**GCL**) and GARDA Capital Trust (**GCT**) (individually or together, the **Target**).

GCL is the Responsible Entity of the ASX-listed GARDA Diversified Property Fund (**GDF**). GCT owns approximately 11.8% of the issued units in GDF.

On 20 September 2019, GCM and GDF entered into an Implementation Deed to undertake an **Internalisation** whereby:

- a new stapled entity, **GARDA Property Group**, would be established, comprising GDF and a new public company, GARDA Holdings Limited (**GHL**) (individually or together, the **Bidder**); and
- GARDA Property Group would internalise GCM by:
 - the transfer of all shares in GCL to GHL by way of a scheme of arrangement (**Company Scheme**); and
 - the transfer of all units in GCT to GDF by way of a trust scheme (**Trust Scheme**), (together, the **Schemes**).

The Internalisation is subject to approval by GCM Securityholders. This Scheme Booklet contains information to assist GCM Securityholders to assess and vote on the Internalisation, including information on the Bidder, information on the Merged Group, the recommendations of the Target Board Committee and the Independent Expert's Report.

INTERNALISATION PROCESS

The Internalisation involves GARDA Property Group internalising its current manager, GCM. To achieve this outcome, the following interdependent steps will need to be undertaken:

- the Unstapling of GCL Shares and GCT Units so that they can be transferred under the Schemes;
- through the Company Scheme, exchanging each GCL Share held for 1.6 GHL Shares (the **Company Scheme Consideration**);
- through the Trust Scheme, exchanging each GCT Unit held for 1.6 GDF Units (the **Trust Scheme Consideration**); and
- the Stapling of GHL Shares and GDF Units on a one-for-one basis to form GDF Stapled Securities, the constituent securities of GARDA Property Group.

The approvals required from GCM Securityholders are also interdependent on GDF Unitholders approving the Internalisation. The GDF Unitholder Meeting to consider the Internalisation is expected to be held before the day that GCM Securityholders will meet to consider the Internalisation.

CONSIDERATION AND FUNDING

Subject to the required Court, regulatory, GCM Securityholder and GDF Unitholder approvals, GCM Securityholders will receive GDF Stapled Securities worth approximately \$61.7 million on the basis of 1.6 GHL Shares and GDF Units being offered for each GCL Share and GCT Unit respectively.¹

¹ The consideration is based on a GDF Unit price of \$1.46, being the closing price of GDF Units on 19 September 2019 being the day before the Internalisation was announced to ASX, adjusted for the distribution announced by GDF on 20 September 2019.

GCM Securityholders will own approximately 21% of GARDA Property Group on completion of the Internalisation.²

No external funding is required for the Bidder to provide the Scheme Consideration as the Bidder is providing its own securities as consideration.

ADVANTAGES OF THE INTERNALISATION

- **Independent Expert's conclusion** – the Independent Expert has concluded that the Internalisation is fair and reasonable and therefore in the best interests of GCM Securityholders, in the absence of a Superior Proposal.
- **Compelling profile** – if the Internalisation proceeds, GARDA Property Group will own and manage an integrated real estate platform comprising 17 industrial and commercial properties on the Australian east coast, valued at approximately \$404 million,³ and employ a team of professionals across real estate investment, asset management, development, leasing, finance and corporate services.
- **Scale benefits** – based on pre-Internalisation market capitalisations for GCM and GDF of approximately \$58 million⁴ and \$270 million⁵ respectively, GCM Securityholders would be exchanging their GCM Securities for securities in an entity of significantly greater scale and with an expected improved ability to source equity and debt capital to underpin future growth.

More detail on the advantages of the Internalisation may be found in section 2.5.

DISADVANTAGES OF THE INTERNALISATION

- GCM Securityholders may disagree with the recommendations in this Scheme Booklet and/or the conclusions of the Independent Expert about the benefits of the Internalisation.
- GCM Securityholders will be diluted to approximately 21%² of GARDA Property Group so, notwithstanding the retention of the board and key management, will no longer have control of GCM.
- The Internalisation will result in the elimination on consolidation of much of GCM's revenue from property management and capital works. Those GCM Securityholders who invested in GCM for exposure to these activities may not be attracted to the investment profile of GARDA Property Group.
- GCM Securityholders and GDF Unitholders who were not in favour of the Internalisation may seek to sell their new GDF Stapled Securities. Depending on the supply and demand for GDF Stapled Securities on ASX, post-Internalisation selling may place downward pressure on the security price.

More details on the disadvantages of the Internalisation may be found in section 2.6.

INDEPENDENT EXPERT'S OPINION

A full copy of the Independent Expert's Report is included as Annexure A to this Scheme Booklet and I encourage you to review it carefully.

The Independent Expert has concluded that the terms of the Internalisation are fair and reasonable and therefore in the best interests of GCM Securityholders, in the absence of a Superior Proposal.

The Independent Expert has assessed the underlying value of GCM to be in the range of \$2.12 to \$2.37 per GCM Security on a controlling basis. The Independent Expert has valued the Scheme Consideration in the range of \$2.18 to \$2.33 per GCM Security. Accordingly, the Independent Expert has concluded that the Internalisation is fair and reasonable and therefore in the best interests of GCM Securityholders.

² The 21.9 million GDF Units currently held by GCT will convert to securities in GARDA Property Group and be designated as Treasury Stock upon implementation of the Internalisation. Accordingly, they have been excluded from GARDA Property Group's total issued capital in calculating the ownership interest of GCM Securityholders. It is intended that this Treasury Stock will be sold in the medium term following the Internalisation.

³ Based on external valuations as at 30 June 2019 and an independent valuation of the Morningside property on 4 September 2019.

⁴ Based on the closing price of GCM Securities on 19 September 2019.

⁵ Based on a GDF Unit price of \$1.46, being the closing price of GDF Units on 19 September 2019 adjusted for the distribution announced by GDF on 20 September 2019

TARGET BOARD COMMITTEE'S RECOMMENDATION

GCL acts in two capacities in this Scheme Booklet. GCL (in its own right) is a public company and, together with GCT, is the Target. GCL is also the Responsible Entity of GDF and in that capacity is, together with GHL, the Bidder.⁶ On that basis, GCL has adopted strict governance and information protocols to ensure independent consideration of the Internalisation by both Bidder and Target.

Matthew Madsen (Executive Chairman) and Mark Hallett (non-executive director), both of whom are substantial securityholders of GCM, have formed the Target Board Committee which considered, on behalf of the Target, the Internalisation proposal put forward by the Bidder. Philip Lee⁷ and Morgan Parker (the **Independent Directors**) have put forward, on behalf of the Bidder, the Internalisation proposal to the Target.

For the reasons set out in this Scheme Booklet, the Target Board Committee has formed the view that the Internalisation is in the best interests of GCM Securityholders. Accordingly, the Target Board Committee unanimously recommends that you vote in favour of the Internalisation, and each member of the Target Board Committee intends to vote all GCM Securities held or controlled by them in favour of the Internalisation, in the absence of a Superior Proposal.

The Independent Directors have not made a recommendation to GCM Securityholders as they have a committee to consider the Internalisation on behalf of the Bidder.

YOUR VOTE IS IMPORTANT

Your vote is important regardless of how many GCM Securities you own. If you wish for the Internalisation to proceed, or you wish to vote against the Internalisation, it is important that you vote, either in person or by proxy. The Resolutions and required voting thresholds are detailed in sections 3.2 and 3.3.

FURTHER INFORMATION

This Scheme Booklet sets out important information regarding the Internalisation, and I encourage you to consider it carefully and in its entirety.

If you require any further information, please call the Information Line on 1300 889 100 (within Australia) or +61 1300 889 100 (outside Australia) between 8.30 am and 5.00 pm (AEST).

CONCLUSION

On behalf of the GCM Board, I would like to thank you for your ongoing support.

We look forward to your participation in the GCM Meetings and encourage you to vote in favour of the Internalisation, which the Target Board Committee believes is in the best interests of GCM Securityholders, in the absence of a Superior Proposal.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'M. B.', enclosed within a large, hand-drawn oval. A horizontal line extends from the right side of the oval.

Matthew Madsen

Chair of the Target Board Committee

⁶ Where GCL is acting as Responsible Entity of GDF it is referred to as **GCL RE** in this Scheme Booklet.

⁷ Mr Lee has not historically been described as independent in disclosures to the ASX given his roles within Morgans, which was involved in GCM and GDF's initial public offers and subsequent capital raising activity. Mr Lee remains a senior executive but has not been a director of Morgans since 2011, and Morgans is not providing services to GCM or GDF in connection with the Internalisation. The directors have formed the view that there are no circumstances preventing Mr Lee from bringing an independent judgement to bear on issues relating to the Internalisation.

Overview of this Scheme Booklet

What is this Scheme Booklet for?

This Scheme Booklet provides GCM Securityholders with information regarding the proposed Internalisation of GARDA Capital Group that was announced by GCM to ASX on 20 September 2019.

It is proposed that the Internalisation will be implemented as follows:

- GCL Shares and GCT Units will be Unstapled in accordance with the Unstapling;
- through the Company Scheme, each GCL Share on issue will be exchanged for 1.6 GHL Shares issued as Company Scheme Consideration;
- through the Trust Scheme, each GCT Unit on issue will be exchanged for 1.6 GDF Units issued as Trust Scheme Consideration; and
- each GHL Share and GDF Unit will be Stapled on a one-for-one basis and quoted on ASX as GDF Stapled Securities, the constituent securities of GARDA Property Group.

This Scheme Booklet provides you with information to consider before voting on the:

- Unstapling Resolutions and the Trust Scheme Resolutions at the Extraordinary General Meeting scheduled to be held at 11:00 am (AEST) on 15 November 2019; and
- Company Scheme Resolution at the Company Scheme Meeting scheduled to be held immediately following the conclusion of the Extraordinary General Meeting.

What will I be entitled to receive if the Schemes proceeds?

If the Schemes are implemented, Scheme Securityholders, other than Designated Foreign Holders, will receive 1.6 GDF Stapled Securities for every GCM Security held, comprising:

- 1.6 GHL Shares for every GCL Share they hold as at the Scheme Record Date; and
- 1.6 GDF Units for every GCT Unit they hold as at the Scheme Record Date.

Designated Foreign Holders will not be issued with Scheme Consideration and may instead receive cash proceeds in accordance with the Sale Facility. Refer to section 9.12 for further information.

What should I do next?

Step 1: Read this Scheme Booklet in its entirety

You should read this Scheme Booklet carefully in full, including the reasons to vote in favour of and against the Internalisation (as set out in sections 2.5 and 2.6), before making any decision on how to vote.

Answers to various frequently asked questions about the Internalisation are set out in section 1. If you have any additional queries about this Scheme Booklet or the Internalisation, please call the Information Line on 1300 889 100 (within Australia) or +61 1300 889 100 (outside Australia) between 8.30 am and 5.00 pm (AEST), visit www.gardacapital.com.au or contact your legal, financial, taxation or other professional adviser. Please note that calls to the Information Line may be recorded.

Step 2: Vote at the GCM Meetings

After you have read this Scheme Booklet in its entirety, you should vote at the GCM Meetings. If you are registered as a GCM Securityholder at 7:00 pm (AEST) on 13 November 2019 (**Voting Record Date**) you are entitled to vote on the Internalisation at the GCM Meetings.

Further information on the GCM Meetings and how to vote is contained in section 3.6.

1 Frequently asked questions

This section 1 answers some frequently asked questions about the Internalisation. It is not intended to address all relevant issues for GCM Securityholders. This section 1 should be read together with all other parts of this Scheme Booklet (including the risk factors in section 8).

1.1 Questions about the Internalisation

No.	Question	Answer	More information
1.	What is the Internalisation?	<p>The commercial substance of the Internalisation is that GDF will internalise its Responsible Entity and manager, GCM. The resulting ASX-listed entity will be named GARDA Property Group.</p> <p>The Bidder is offering 1.6 GDF Units and 1.6 GHL Shares for every GCM Security as consideration.</p> <p>Based on the distribution adjusted market prices of GCM and GDF securities immediately prior to announcement of the Internalisation on 20 September 2019, GCM Securityholders are being offered a premium of 5.5% over the price of GCM Securities.</p>	Section 2
2.	What are the steps involved in the Internalisation?	<p>The steps to implement the Internalisation are:</p> <ul style="list-style-type: none">• GCL Shares and GCT Units will be unstapled from each other pursuant to the Unstapling;• each GCL Share will be exchanged for 1.6 GHL Shares issued pursuant to the Company Scheme Consideration;• each GCT Unit will be exchanged for 1.6 GDF Units issued pursuant to the Trust Scheme Consideration; and• each GHL Share and GDF Unit will be stapled together to trade on ASX as stapled securities (GDF Stapled Securities).	Section 9
3.	What are the benefits of the Internalisation?	<p>The Target Board Committee has identified the following benefits from the Internalisation:</p> <ul style="list-style-type: none">• if the Internalisation proceeds, GARDA Property Group will own and manage an integrated real estate platform comprising 17 industrial and commercial properties on the Australian east coast, valued at approximately \$404 million⁸ and	Section 2.5

⁸ Based on external valuations as at 30 June 2019 and an independent valuation of the Morningside property on 4 September 2019.

No.	Question	Answer	More information
		<p>employ a team of professionals across real estate investment, asset management, development, leasing, finance and corporate services;</p> <ul style="list-style-type: none"> • based on pre-Internalisation market capitalisations for GCM and GDF of approximately \$58 million⁹ and \$270 million¹⁰ respectively, GCM Securityholders would be exchanging their GCM Securities for securities in an entity of significantly greater scale and with an expected improved ability to source equity and debt capital to underpin future growth; • the Internalisation will entrench GCM's existing strong alignment with GDF; • the Independent Expert has concluded that the Internalisation is fair and reasonable and therefore in the best interests of GCM Securityholders, in the absence of a Superior Proposal; • the Target Board Committee considers that the Internalisation is in the best interests of GCM Securityholders, in the absence of a Superior Proposal; • no Superior Proposal has been received as at the date of this Scheme Booklet; • if the Schemes do not become Effective, you will continue to be subject to a number of risks associated with GCM's operations. If the Internalisation proceeds, GCM Securityholders will continue to subject to risks associated with an investment in GCM. However those risks will be diluted in GARDA Property Group, which is expected to have more stable returns than GCM; and • if the Schemes do not become Effective, and no Superior Proposal emerges, the price of GCM Securities may fall. 	

⁹ Based on the closing price of GCM Securities on 19 September 2019.

¹⁰ Based on a GDF Unit price of \$1.46, being the closing price of GDF Units on 19 September 2019 adjusted for the distribution announced by GDF on 20 September 2019.

No.	Question	Answer	More information
4.	Why might I wish to vote against the Internalisation?	<p>Reasons why you may consider voting against the Internalisation include:</p> <ul style="list-style-type: none"> • you may disagree with the recommendations in this Scheme Booklet and/or the conclusions of the Independent Expert about the benefits of the Internalisation; • GCM Securityholders will be diluted to approximately 21%¹¹ of GARDA Property Group so, notwithstanding the retention of the board and key management, will no longer have control of GCM; • the Internalisation will result in the elimination on consolidation of much of GCM's revenue from property management and capital works. Those GCM Securityholders who invested in GCM for exposure to these activities may not be attracted to the investment profile of GARDA Property Group; • GDF Unitholders who were not in favour of the Internalisation may seek to sell their new GDF Stapled Securities. Depending on supply and demand for GDF Stapled Securities on the ASX following implementation of the Internalisation, selling may place downward pressure on the price of GDF Stapled Securities; and • you may consider that there is potential for a Superior Proposal to emerge. 	Section 2.6.
5.	Are there any conditions to the Internalisation?	<p>There are a number of Conditions Precedent that will need to be satisfied or waived (where capable of waiver) before the Internalisation can be implemented.</p> <p>As at the Last Practicable Date, the Conditions Precedent which remain outstanding are (in summary):</p> <ul style="list-style-type: none"> • GDF Unitholders approving the Internalisation at the GDF Unitholder Meeting; • the Resolutions being passed by GCM 	Sections 9.1(b) and 11.5

¹¹ The 21.9 million GDF Units currently held by GCT will convert to securities in GARDA Property Group and be designated as Treasury Stock upon implementation of the Internalisation. Accordingly, they have been excluded from GARDA Property Group's total issued capital in calculating the ownership interest of GCM Securityholders. It is intended that this Treasury Stock will be sold in the medium term following the Internalisation.

No.	Question	Answer	More information
		<p>Securityholders at the GCM Meetings;</p> <ul style="list-style-type: none"> • receipt of ASIC relief by the Bidder and Target from various provisions of the Corporations Act (as set out in section 11.5); • Court approval of the Company Scheme; • receipt of the Second Judicial Advice in relation to the Trust Scheme; • the GDF Stapling occurs (which GCL RE and GHIL have agreed to procure under the GDF Deed Poll and the GHIL Deed Poll); • no other orders or restraints being issued by Regulatory Authorities or the Court; • no regulated event or material adverse change occurs in respect of the Bidder or the Target under the Implementation Deed; and • the warranties given by the Bidder and Target under the Implementation Deed remain true and correct. <p>As at the Last Practicable Date, the Target Board Committee is not aware of any reason why these Conditions Precedent would not be satisfied.</p>	
6.	What does the Target Board Committee recommend?	<p>The Target Board Committee unanimously recommends that GCM Securityholders vote in favour of the Internalisation, in the absence of a Superior Proposal.</p> <p>The Target Board Committee believes that the reasons for GCM Securityholders to vote in favour of the Internalisation outweigh the reasons to vote against it.</p> <p>The Target Board Committee encourages you to seek independent legal, financial, taxation or other appropriate professional advice before making an investment decision in relation to your GCM Securities.</p> <p>The Target Board Committee notes that the Independent Directors have not made a recommendation to GCM Securityholders as they have formed a committee to consider the Internalisation on behalf of the Bidder.</p>	Section 2.7

No.	Question	Answer	More information
7.	What are the voting intentions of the Target Board Committee?	Each member of the Target Board Committee intends to vote all GCM Securities held or controlled by them in favour of the Internalisation, in the absence of a Superior Proposal.	Section 2.8
8.	What is the opinion of the Independent Expert?	The Independent Expert has concluded that the Internalisation is fair and reasonable and therefore in the best interests of GCM Securityholders, in the absence of a Superior Proposal.	Section 2.9 The Independent Expert's Report is contained at Annexure A
9.	What if the Independent Expert changes its opinion?	If the Independent Expert changes its opinion, this will be announced to ASX and the Target Board Committee will carefully consider the Independent Expert's revised opinion and advise you of their recommendation.	

1.2 Questions about the Scheme Consideration

No.	Question	Answer	More information
10.	What is the Scheme Consideration?	<p>If the Schemes become Effective, Scheme Securityholders (other than Designated Foreign Holders) will receive 1.6 GDF Stapled Securities for every GCM Security held, comprising:</p> <ul style="list-style-type: none"> • 1.6 GHL Shares for every GCL Share held as at the Scheme Record Date; and • 1.6 GDF Units for every GCT Unit held as at the Scheme Record Date. 	Section 9.9
11.	Am I entitled to receive the Scheme Consideration?	You are entitled to receive the Scheme Consideration if you are a Scheme Securityholder (excluding Designated Foreign Holders) at the Scheme Record Date (currently expected to be 7:00 pm (AEST) on 22 November 2019).	

No.	Question	Answer	More information
12.	What if I am a Designated Foreign Holder?	If the Internalisation is implemented, Scheme Securityholders who are Designated Foreign Holders will receive cash instead of the Scheme Consideration through the Sale Facility.	Section 9.12
13.	When will I receive the Scheme Consideration?	If the Schemes become Effective, Scheme Securityholders (other than Designated Foreign Holders) will receive the Scheme Consideration on the Implementation Date (currently expected to be 7:00 pm (AEST) on 29 November 2019).	
14.	Will I have to pay brokerage or stamp duty?	You will not have to pay brokerage or stamp duty on the transfer of your GCM Securities under the Internalisation or your receipt of Scheme Consideration.	
15.	Do I have to sign anything to transfer my GCM Securities?	<p>No. If the Internalisation is implemented, GCM will automatically have authority to sign a transfer on the behalf of all Scheme Securityholders, and the Scheme Consideration will be paid to Scheme Securityholders.</p> <p>You should be aware that, under the Schemes, Scheme Securityholders are deemed to have warranted to the Bidder that:</p> <ul style="list-style-type: none"> all of their Scheme Securities (including any rights and entitlements attaching to those shares) which are transferred to the Bidder under the Schemes are fully paid and free from all encumbrances on the date of transfer of the Scheme Securities; and each Scheme Securityholder has full power and capacity to sell and transfer the Scheme Securities to the Bidder under the Schemes together with any rights and entitlements attaching to those Scheme Securities. 	

1.3 Questions about the Bidder

No.	Question	Answer	More information
16.	Who is the	The Bidder is, individually or together, GDF and GHL and the new stapled entity, GARDA	Section 5

No.	Question	Answer	More information
	Bidder?	Property Group.	
17.	How will the Bidder fund the Scheme Consideration?	<p>The Scheme Consideration comprises new GHL Shares and new GDF Units issued by the Bidder. If the Internalisation proceeds and the Scheme Consideration is issued to GCM Securityholders, these securities will be Stapled to form GDF Stapled Securities.</p> <p>There is no additional cash consideration and the funding is derived from the current resources and value of GDF.</p>	
18.	What are the Bidder's intentions for GCM?	<p>The Bidder's objective is to gain efficiency in internalising its manager. The Bidder has no intention of changing the assets, operations, strategy or people of GCM.</p> <p>GCT currently holds an approximate 11.8% stake in the Bidder. After the Trust Scheme, GCT will be held by GDF. It is intended that this stake will eventually be sold to a third party, for the benefit of all securityholders in the new GARDA Property Group.</p>	
19.	Why is the Bidder internalising GCM?	<p>GDF listed on the ASX on 2 July 2015 with a net tangible asset (NTA) backing of \$1.02 per GDF Unit. Since that date, GDF's NTA backing has increased to \$1.34 per GDF Unit and unitholders have received \$0.364 per GDF Unit in distributions.</p> <p>The total return of \$0.814 per GDF Unit represents a compound annual return of 16.05% pa. GCM, through GCL RE, has been GDF's manager and Responsible Entity for more than four years.</p> <p>GDF has delivered sustained growth in assets under management, increasing by \$263.2 million or 187% since listing in 2015.</p> <p>The considerable value that has been delivered to GDF to date, coupled with GDF's expected growth profile through acquisition of established income producing assets and 'asset creation' strategies, has led the Independent Directors to conclude that it is an appropriate time to internalise GCM.</p>	Details of GDF's financial performance is contained in section 5.4.

1.4 Questions about the GCM Meetings and the Resolutions

No.	Question	Answer	More information
20.	What are the GCM Meetings?	The GCM Meetings are meetings of GCM Securityholders being held to seek approval of the Internalisation. The GCM Meetings are the Extraordinary General Meeting and, immediately following that, the Company Scheme Meeting.	Section 9.2.
21.	When and where will the GCM Meetings be held?	The GCM Meetings will be on 15 November 2019 at Dexus Place, Level 31 Waterfront Place, 1 Eagle Street, Brisbane QLD 4000 and will begin at 11:00 am (AEST).	
22.	What will GCM Securityholders be asked to vote on at the GCM Meetings?	<p>At the GCM Meetings, GCM Securityholders will be asked to vote on the Resolutions required to implement the Internalisation.</p> <p>At the Extraordinary General Meeting, GCM Securityholders will be asked to vote on the Unstapling Resolutions and the Trust Scheme Resolutions.</p> <p>At the Company Scheme Meeting, GCL Shareholders will be asked to vote on the Company Scheme Resolution.</p>	
23.	Are the Resolutions conditional on each other?	<p>All Resolutions are conditional on all other Resolutions being approved.</p> <p>If any Resolution is not approved, the Internalisation will not be implemented.</p>	The majorities required to pass each Resolution are set out in section 3.3.
24.	What is the Extraordinary General Meeting?	<p>The Extraordinary General Meeting is a general meeting of GCM Securityholders being held to seek approval of the Unstapling Resolutions and the Trust Scheme Resolutions.</p> <p>GCL and GFML have determined that the general meetings of GCL and GCT required to facilitate the Extraordinary General Meeting will be held contemporaneously.</p>	Annexure C
25.	What are the Unstapling Resolutions?	<p>The Unstapling Resolutions are the Company Unstapling Resolution and the Trust Unstapling Resolution.</p> <p>The Company Unstapling Resolution is a Special Resolution of members of GCL to unstaple each GCL Share from each GCT Unit. This resolution must be approved by at least 75% of the votes cast by GCL Shareholders eligible to vote on the resolution.</p> <p>The Trust Unstapling Resolution is a Special Resolution of members of GCT to unstaple</p>	

No.	Question	Answer	More information
		each GCT Unit from each GCL Share. This resolution must be approved by at least 75% of the votes cast by GCT Unitholders eligible to vote on the resolution.	
26.	What is the Trust Scheme?	<p>The Trust Scheme is an arrangement whereby all issued GCT Units will be transferred to GDF.</p> <p>The Trust Scheme is facilitated by an amendment to the GCT Constitution, as set out in the Supplemental Deed Poll in Annexure F and summarised in section 9.4.</p>	Section 2.
27.	What are the Trust Scheme Resolutions?	<p>The Trust Scheme Resolutions are the Trust Constitution Amendment Resolution and the Trust Acquisition Resolution.</p> <p>The Trust Constitution Amendment Resolution is a Special Resolution of members of GCT under section 601GC(1) of the Corporations Act to make the amendments to the GCT Constitution required to implement the Trust Scheme. This resolution must be approved by at least 75% of the votes by GCT Unitholders eligible to vote on the resolution.</p> <p>The Trust Acquisition Resolution is an ordinary resolution of members of GCT under item 7 of section 611 of the Corporations Act to approve the transfer of GCT Units to GDF. This resolution must be approved by more than 50% of GCT Unitholders eligible to vote on the resolution.</p>	Section 3.2
28.	What is the Company Scheme?	<p>The Company Scheme is a scheme of arrangement under Part 5.1 of the Corporations Act between GCL and GCL Shareholders.</p> <p>Under the Company Scheme, it is proposed that all issued GCL Shares will be transferred to GHL.</p>	Section 2
29.	What is the Company Scheme Meeting?	<p>The Company Scheme Meeting is a meeting of GCL Shareholders to approve the Company Scheme.</p> <p>The Company Scheme Meeting will occur immediately after the Extraordinary General Meeting.</p>	Annexure D
30.	What is the Company Scheme Resolution?	The Company Scheme Resolution is a resolution under section 411(4)(a)(ii) of the Corporations Act to approve the Company Scheme.	

No.	Question	Answer	More information
31.	What is the approval threshold for the Company Scheme Resolution?	<p>In order to become Effective, the Company Scheme must be approved by:</p> <ul style="list-style-type: none"> • a majority in number (more than 50%) of GCL Shareholders present and voting at the Company Scheme Meeting; and • at least 75% of the total number of votes cast on the Company Scheme Resolution by GCL Shareholders present and voting at the Company Scheme Meeting. <p>Even if the Company Scheme is approved by GCL Shareholders at the Company Scheme Meeting, the Company Scheme is still subject to the approval of the Court (as well as other Conditions Precedent outlined in section 9.1(b)).</p>	

1.5 Questions about your options

No.	Question	Answer	More information
32.	What are my alternatives as a GCM Securityholder?	<p>As a GCM Securityholder, you have the following choices available:</p> <ul style="list-style-type: none"> • vote in favour of the Internalisation – this is the course of action unanimously recommended by the Target Board Committee, in the absence of a Superior Proposal; • vote against the Internalisation; • sell your GCM Securities; or • do nothing. 	Section 3
33.	What are the risks associated with my investment in GCM if the Internalisation is not implemented?	<p>If the Internalisation is not implemented, and no Superior Proposal emerges, the price of GCM Securities may fall.</p> <p>In addition, GCM Securityholders will continue to be subject to general risks as well as risks specific to GCM and/or the industries in which it operates.</p>	
34.	What happens if GCM is	If GCM is approached in relation to a Competing Proposal, the Target Board	Section 9.1(c)

No.	Question	Answer	More information
	approached in relation to a Competing Proposal?	<p>Committee will carefully consider the proposal.</p> <p>GCM must notify the Bidder of that approach in relation to the Competing Proposal in accordance with the Implementation Deed and the Bidder has a five Business Day period in which to make a counterproposal.</p>	

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- 35. Can I sell my GCM Securities now?**
- The proposal for the Internalisation does not preclude you from selling some or all of your GCM Securities on-market for cash, if you wish, provided you do so before close of trading on ASX on the Effective Date (currently proposed to be 19 November 2019).
- GCM intends to apply to ASX for GCM Securities to be suspended from official quotation on ASX from the close of trading on the Effective Date. You will not be able to sell your GCM Securities on-market after this time.
- GCM Securityholders who sell some or all of their GCM Securities on ASX:
- may receive a cash payment for the sale of their GCM Securities rather than the scrip consideration of the Scheme Consideration;
 - may incur a brokerage charge;
 - will not be able to participate in the Internalisation, receive the Scheme Consideration and subsequent interest in GARDA Property Group, or, if one emerges, be able to participate in a Superior Proposal, in respect of those GCM Securities they have sold; and
 - may be liable for income tax or CGT on the disposal of their GCM Securities.
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1.6 Questions about voting

No.	Question	Answer	More information
36.	What is required to implement the Internalisation?	<p>The Internalisation will be implemented if:</p> <ul style="list-style-type: none"> • GDF Unitholders approve the Internalisation at the GDF Unitholder Meeting; • the Unstapling Resolutions are 	

No.	Question	Answer	More information
		<p>approved by GCM Securityholders voting at the Extraordinary General Meeting;</p> <ul style="list-style-type: none"> the Trust Scheme Resolutions are approved by GCT Unitholders voting at the Extraordinary General Meeting; the Company Scheme Resolution is approved by GCL Shareholders voting at the Company Scheme Meeting; the Court approves the Company Scheme and gives the Second Judicial Advice at the Second Court Hearing; and all of the other Conditions Precedent are satisfied or waived (if applicable). 	
37.	Am I entitled to vote at the GCM Meetings?	If you are registered as a GCM Securityholder on the GCM Register at 7:00 pm (AEST) on 13 November, you will be entitled to attend and vote at the GCM Meetings.	
38.	Should I vote?	Voting is not compulsory. However, the Target Board Committee encourages all GCM Securityholders to vote at the GCM Meetings.	
39.	What happens to my GCM Securities if I do not vote, or if I vote against the Internalisation, and the Internalisation is implemented?	If you do not vote, or vote against the Internalisation and the Internalisation is implemented, any Scheme Securities held by you on the Scheme Record Date (currently expected to be 7:00 pm (AEST) on 22 November) will be transferred to the Bidder and you will be provided with the Scheme Consideration, despite not having voted or having voted against the Internalisation.	
40.	How can I vote if I cannot attend the GCM Meetings?	<p>If you would like to vote but cannot attend the GCM Meetings in person, you can vote by:</p> <ul style="list-style-type: none"> submitting a proxy (including by lodging your proxy online at www.linkmarketservices.com.au using the directions on the back of the Proxy Form); by mailing a completed Proxy Form to the Registry at: <p>GARDA Capital Group C/- Link Market Services Locked Bag A14</p>	Section 3.6

No.	Question	Answer	More information
		<p>Sydney South NSW 1235</p> <ul style="list-style-type: none"> • in person at: <p>Link Market Services Level 12 680 George Street Sydney NSW 2000</p> <ul style="list-style-type: none"> • faxing a completed Proxy Form to +61 2 9287 0309; • appointing an attorney to attend and vote on your behalf; or • appointing a corporate representative if that option is applicable to you. 	
41.	Will the Bidder vote any GCM Securities that it holds at the GCM Meetings?	The Bidder does not own any GCM Securities so will not vote on any of the Resolutions.	
42.	When will the results of the GCM Meetings be known?	<p>The results of the GCM Meetings are expected to be available shortly after the conclusion of the meetings and will be announced to ASX once available.</p> <p>Even if the Schemes are approved by GCM Securityholders at the GCM Meetings, the Schemes will still be subject to the approval of the Court and the Second Judicial Advice (as well as other Conditions Precedent outlined in section 9.1).</p>	
1.7 Other questions			
No.	Question	Answer	More information
43.	How are GCM and GDF dealing with conflicts and related party issues?	GCL acts in two capacities in this Scheme Booklet. GCL (in its own right) is a public company and, together with GCT, is the Target. GCL is also the Responsible Entity of GDF and in that capacity is, together with GHL, the Bidder. ¹² On that basis, GCL has adopted strict governance and information protocols to ensure independent consideration of the Internalisation by both Bidder and Target.	

¹² Where GCL is acting as Responsible Entity of GDF it is referred to as **GCL RE** in this Scheme Booklet.

No.	Question	Answer	More information
		<p>Matthew Madsen (Executive Chairman) and Mark Hallett (non-executive director), both of whom are substantial securityholders of GCM, have formed the Target Board Committee which considered, on behalf of the Target, the Internalisation proposal put forward by the Bidder.</p> <p>Philip Lee¹³ and Morgan Parker (the Independent Directors) have formed a committee which put forward, on behalf of the Bidder, the Internalisation proposal to the Target.</p>	
44.	What happens if the Court does not approve the Company Scheme, provide the Second Judicial Advice, or the Internalisation does not otherwise proceed?	<p>If any of the Resolutions are not approved, or if the Resolutions are approved by GCM Securityholders but the Company Scheme is not approved by the Court, the Court does not give the Second Judicial Advice or a Condition Precedent is not fulfilled or otherwise waived (if applicable), then the Internalisation will not be implemented.</p> <p>In such a scenario, Scheme Securityholders will not receive the Scheme Consideration but will retain their GCM Securities and continue to be subject to general risks as well as risks specific to GCM and/or the industries in which it operates.</p> <p>In these circumstances, GCM will, in the absence of a Competing Proposal, continue to operate as a stapled structure listed on ASX.</p>	
45.	What are the taxation implications of the Internalisation?	<p>PricewaterhouseCoopers has provided a summary of the taxation implications for GCM Securityholders in section 10.</p> <p>The taxation implications of the Internalisation will depend on each GCM Securityholder's personal circumstances. Accordingly, you should seek professional advice in relation to your particular circumstances.</p>	Section 10
46.	When will the Internalisation be implemented?	<p>Subject to satisfaction or waiver (if applicable) of the Conditions Precedent, including the Resolutions being approved by GCM Securityholders at the GCM Meetings, and the Court approving the Company Scheme and providing the Second Judicial Advice, the Schemes will become effective on the Effective Date (currently expected to be 19 November</p>	

¹³ Mr Lee has not historically been described as independent in disclosures to the ASX given his roles within Morgans, which was involved in GCM and GDF's initial public offers and subsequent capital raising activity. Mr Lee remains a senior executive but has not been a director of Morgans since 2011, and Morgans is not providing services to GCM or GDF in connection with the Internalisation. The directors have formed the view that there are no circumstances preventing Mr Lee from bringing an independent judgement to bear on issues relating to the Internalisation.

No.	Question	Answer	More information
		2019) and the Internalisation will be implemented on the Implementation Date (currently expected to be 29 November 2019).	
47.	Can GDF and GCM make distributions before Implementation?	<p>The Implementation Deed permits GDF and GCM to make certain distributions without triggering a termination right under the Implementation Deed.</p> <p>GDF is entitled to make a quarterly distribution of up to \$0.0225 per GDF Unit in respect of the quarter ending 30 September 2019 and a distribution of up to \$0.0225 per GDF Unit in respect of any subsequent quarter, approved by the Independent Directors, provided that in the quarter that the Implementation Date occurs, the amount of the distribution for the quarter will be pro rata for the period from the first day of the quarter until the Implementation Date.</p> <p>GCM is entitled to make a distribution of any amount GFML receives or is to receive on distributions on GDF Units and is also permitted to pay a dividend on GCL Shares not exceeding the net profit after tax earned (or reasonably estimated by the Target Board Committee to be earned) by GCM in respect of the period between 1 July 2019 and the Implementation Date as approved by the Target Board Committee, and subject to GCL being able to pay its debts as and when they fall due in the ordinary course of its business after the dividend is paid.</p> <p>There is no guarantee that any distributions or dividends will be made prior to Implementation or the quantum of such dividend or distributions.</p> <p>It is the current intention of GDF and GCM that, if the Internalisation proceeds, GARDA Property Group will make a distribution for the period between Implementation and 31 December 2019 on GDF Stapled Securities.</p>	Section 9.1(f)
48.	Who will be the directors and management of the GARDA Property Group if the Internalisation proceeds?	The current directors and management of GCM will continue in their existing roles in the GARDA Property Group.	
49.	Where can I get further information?	For further information, you can call the Information Line on 1300 889 100 (within Australia) or +61 1300 889 100 (outside	

No.	Question	Answer	More information
		<p>Australia) between 8:30 am and 5:00 pm (AEST).</p> <p>If you are in doubt about anything in this Scheme Booklet, please contact your financial, legal, taxation or other professional adviser.</p>	

2 The Internalisation explained

2.1 The parties

The Internalisation involves two ASX-listed entities: GCM and GDF.

(a) GCM – the Target

The Target, GCM, is an ASX-listed real estate investment and funds management group. GCM invests in real estate through both equity and debt. GCM is a stapled structure comprising a company, GCL, and a registered managed investment scheme, GCT.

GCL is the Responsible Entity of GDF. A subsidiary of GCL, GFML, is the Responsible Entity of GCT which is the primary investment vehicle for GCM.

GCT currently holds an investment in GDF of approximately 21.9 million GDF Units (approximately 11.8% of GDF).

A detailed overview of the Target is provided in section 4 of this Scheme Booklet.

(b) GDF – the Bidder

The Bidder, GDF, is an ASX-listed Real Estate Investment Trust (REIT) which invests in commercial offices in city and suburban markets and industrial facilities along the eastern seaboard of Australia. GDF currently owns 17 property assets valued at \$404 million and has a market capitalisation of approximately \$270 million.¹⁴

To facilitate the Internalisation, GDF has established a new company, GHL, which will have the same number of issued GHL Shares as there are GDF Units on the Effective Date.

After implementation of the Internalisation, each GHL Share will be stapled to a GDF Unit and trade as a stapled security (called GDF Stapled Securities) on ASX.

A detailed overview of the Bidder is provided in section 5 of this Scheme Booklet.

2.2 Substance of the Internalisation

The commercial substance of the Internalisation is that GDF will internalise its Responsible Entity and manager, GCM. The resulting ASX-listed entity will be re-named GARDA Property Group and its securities will be referred to as GDF Stapled Securities.

GDF is offering 1.6 GDF Units and 1.6 GHL Shares for every GCM Security as consideration.

Based on the distribution adjusted market prices of GCM and GDF securities immediately prior to announcement of the Internalisation on 20 September 2019, GCM Securityholders are being offered a premium of 5.5% over the price of GCM Securities.

2.3 Process and approvals

The Internalisation requires the approvals of the Court, GDF Unitholders and GCM Securityholders, and is subject to the Conditions Precedent.

GCM Securityholders will be asked to approve five inter-conditional Resolutions, as detailed in section 3 of this Scheme Booklet. The Resolutions seek approval to do the four following things:

- Unstaple GCL Shares and GCT Units;
- amend the GCT Trust Constitution to allow the Trust Scheme to proceed if approved;
- approve the exchange of each GCL Share for 1.6 GHL Shares under the Company Scheme; and

¹⁴ Based on a GDF Unit price of \$1.46, being the closing price of GDF Units on 19 September 2019 adjusted for the distribution announced by GDF on 20 September 2019.

- approve the exchange of each GCT Unit for 1.6 GDF Units under the Trust Scheme.

If GDF Unitholders approve the Internalisation and GCM Securityholders approve the Resolutions listed above, the final step of the Internalisation will be to re-Staple GHL Shares and GDF Units on a one-for-one basis to form GDF Stapled Securities.

2.4 The Bidder's strategic rationale

The Bidder has offered the following reasons for the Internalisation.

GDF Unitholders who acquired their GDF Units in the Initial Public Offering on 2 July 2015 have benefitted from:

- a total of \$0.364 per GDF Unit in distributions;
- an increase in NTA of \$0.32 per GDF Unit; and
- an increase in ASX trading price of \$0.48 per GDF Unit.

The total return of \$0.814 per GDF Unit represents a compound annual return of 16.05% pa. GCM, through GCL, has been GDF's manager and Responsible Entity for more than four years.

The considerable value that has been delivered to GDF to date, coupled with GDF's expected growth profile, has led the Independent Directors to conclude that it would be in the best interests of GDF Unitholders for GDF to internalise GCM.

Key features and advantages of the Internalisation identified by the Independent Directors include:

- elimination of funds management, asset management, leasing and capital expenditure fees between GDF and GCM;
- reduced risk of GDF losing access to GCM's proven real estate enhancement and asset creation strategies;
- 12.6% 'Value' accretion¹⁵ for GDF unitholders;
- increased scale, liquidity and market capitalisation of the merged entity;
- alignment of GDF's business model with the largest REITs in the Australian market in terms of structure and management, which may increase the pool of investors willing to invest in the Bidder; and
- an expected improved ability to source equity and debt capital to underpin the future growth of GARDA Property Group.

2.5 Reasons to vote for the Internalisation

Reasons why GCM Securityholders may wish to vote in favour of the Internalisation include:

- if the Internalisation proceeds, GARDA Property Group will own and manage an integrated real estate platform comprising 17 industrial and commercial properties on the Australian east coast, valued at approximately \$404 million¹⁶ and employ a team of professionals across real estate investment, asset management, development, leasing, finance and corporate services;

¹⁵ 'Value' is the term used to describe GARDA Property Group's FFO after adjusting for capital expenditure fees, lease and other payments capitalised by GDF but recognised as revenue by GCM. This GCM revenue is eliminated in the forecast consolidated income statement for GARDA Property Group but without a corresponding offset for the amounts capitalised by GDF, resulting in a net negative impact on FFO. Accordingly, to recognise the value associated with GDF's capitalised expenditure, the capitalised expenditure has been added back to FFO to arrive at 'Value'. The relevant amount of capitalised GDF expenditure in FY20 is approximately \$2.8 million.

¹⁶ Based on external valuations as at 30 June 2019 and an independent valuation of the Morningside property on 4 September 2019.

- based on pre-Internalisation market capitalisations for GCM and GDF of \$58 million¹⁷ and \$270 million¹⁸ respectively, GCM Securityholders would be exchanging their GCM Securities for securities in an entity of significantly greater scale and with an expected improved ability to source equity and debt capital to underpin future growth;
- the Independent Expert has concluded that the Internalisation is fair and reasonable and therefore in the best interests of GCM Securityholders, in the absence of a Superior Proposal;
- the Target Board Committee considers that the Internalisation is in the best interests of GCM Securityholders, in the absence of a Superior Proposal;
- no Superior Proposal has been received as at the date of this Scheme Booklet;
- if the Schemes do not become Effective, you will continue to be subject to a number of risks associated with GCM's operations (including those set out in section 8). If the Internalisation proceeds, GCM Securityholders will continue to be subject to risks associated with an investment in GCM. However those risks will be diluted in GARDA Property Group, which is expected to have more stable returns than GCM; and
- if the Schemes do not become Effective, and no Superior Proposal emerges, the price of GCM Securities may fall.

2.6 Reasons to vote against the Internalisation

Reasons why you may consider voting against the Internalisation include:

- you may disagree with the recommendations in this Scheme Booklet and/or the conclusions of the Independent Expert about the benefits of the Internalisation;
- GCM Securityholders will be diluted to approximately 21%¹⁹ of GARDA Property Group so, notwithstanding the retention of the board and key management, will no longer have control of GCM;
- the Internalisation will result in the elimination on consolidation of much of GCM's revenue from property management and capital works. Those GCM Securityholders who invested in GCM for exposure to these activities may not be attracted to the investment profile of GARDA Property Group;
- GDF Unitholders who were not in favour of the Internalisation may seek to sell their GDF Stapled Securities. Depending on the supply and demand for GDF Stapled Securities on the ASX, post-Internalisation selling may place downward pressure on the security price; and
- you may consider that there is potential for a Superior Proposal to emerge.

2.7 Target Board Committee's recommendation

The Target Board Committee unanimously recommends that GCM Securityholders vote in favour of the Internalisation, in the absence of a Superior Proposal.

The Target Board Committee believes that the reasons for GCM Securityholders to vote in favour of the Internalisation outweigh the reasons to vote against the Internalisation. Sections 2.5 and 2.6 contain the key factors relevant to voting for or against the Internalisation respectively.

¹⁷ Based on the closing price of GCM Securities on ASX on 19 September 2019, being the day before the Internalisation was announced to ASX.

¹⁸ Based on a GDF Unit price of \$1.46, being the closing price of GDF Units on 19 September 2019 adjusted for the distribution announced by GDF on 20 September 2019.

¹⁹ The 21.9 million GDF Units currently held by GCT will convert to securities in GARDA Property Group and be designated as Treasury Stock upon implementation of the Internalisation. Accordingly, they have been excluded from GARDA Property Group's total issued capital in calculating the ownership interest of GCM Securityholders. It is intended that this Treasury Stock will be sold in the medium term following the Internalisation.

In considering whether to vote in favour of the Internalisation, the Target Board Committee encourages you to:

- carefully read all of this Scheme Booklet (including the Independent Expert's Report);
- consider the choices available to you as outlined in section 3.4;
- have regard to your individual risk profile, portfolio strategy, taxation position and financial circumstances; and
- obtain financial advice from your broker or financial adviser, and obtain taxation advice, on the effect of the Internalisation.

2.8 Voting intentions of the Target Board Committee

Each member of the Target Board Committee intends to vote all GCM Securities held by them or controlled by them in favour of the Internalisation, in the absence of a Superior Proposal.

2.9 Independent Expert's conclusions

GCM commissioned the Independent Expert to prepare a report on whether the Internalisation is, in the Independent Expert's opinion, fair and reasonable and therefore in the best interests of GCM Securityholders.

The Independent Expert has assessed the underlying value of GCM to be in the range of \$2.12 to \$2.37 per GCM Security on a controlling basis. The Independent Expert has valued the Scheme Consideration in the range of \$2.18 to \$2.33 per GCM Security. Accordingly, the Independent Expert has concluded that the Internalisation is fair and reasonable and therefore in the best interests of GCM Securityholders.

The Independent Expert's Report is contained in Annexure A. The Target Board Committee encourages you to read the Independent Expert's Report in full before deciding whether to vote in favour of the Internalisation.

2.10 Conditions to the Internalisation

The implementation of the Internalisation is subject to a number of Conditions Precedent. The Conditions Precedent are set out in full in clause 3.1 of the Implementation Deed, a copy of which is attached to GCM's ASX announcement of 20 September 2019 (available on the ASX website at www.asx.com.au).

The Internalisation will not proceed unless all the Conditions Precedent are satisfied or waived (if applicable) in accordance with the Implementation Deed. As at the Last Practicable Date, the Target Board Committee is not aware of any reason why these Conditions Precedent would not be satisfied or waived with the agreement of the Bidder.

A summary of the Conditions Precedent is included in section 9.1. See also section 11.7 for more information about the status of the Conditions Precedent as at the Last Practicable Date.

2.11 Implications if Internalisation does not proceed

If the Internalisation does not proceed:

- Scheme Securityholders will continue to hold their GCM Securities and will be exposed to general risks as well as risks specific to GCM and/or the industries in which it operates; and
- Scheme Securityholders will not receive the Scheme Consideration.

Prior to the GCM Meetings, transaction costs will have been incurred, or will be committed, by GCM in relation to the Internalisation. Those transaction costs will be payable by GCM regardless of whether or not the Internalisation is implemented. GCM has incurred approximately \$230,000 in transaction costs prior to the date of this scheme booklet and expects to incur approximately \$405,000 in transaction costs in total as follows:

- fees payable to the Independent Expert of approximately \$160,000; and
- legal fees of approximately \$240,000; and
- other miscellaneous expenses of \$5,000.

The Target Board Committee is of the opinion that if the Internalisation is not implemented, the price of GCM Securities on ASX is likely to fall, in the absence of a Superior Proposal.

3 The GCM Meetings, the Resolutions and voting

3.1 Meeting

The GCM Meetings of GCM Securityholders will take place at Dexus Place, Level 31 Waterfront Place, 1 Eagle Street, Brisbane QLD 4000 at 11:00 am (AEST) on 15 November 2019.

The GCM Meetings comprise the:

- Extraordinary General Meeting; and
- Company Scheme Meeting.

The Extraordinary General Meeting will be conducted first. GCL and GFML have determined that the general meetings of GCL and GCT necessary to conduct the Extraordinary General Meeting will be conducted concurrently in all respects.

If the resolutions at the Extraordinary General Meeting are approved by the requisite majorities, the Company Scheme Meeting will occur immediately after the conclusion of the Extraordinary General Meeting.

3.2 Resolutions

At the Extraordinary General Meeting, GCM Securityholders are being asked to vote on five inter-conditional Resolutions relating to the Internalisation.

(a) Unstapling Resolutions – Resolutions 1 and 2

Resolutions 1 and 2 are the Unstapling Resolutions, comprising the Company Unstapling Resolution and the Trust Unstapling Resolution. The Unstapling Resolutions seek the approval of GCM Securityholders of the Unstapling (being the unstapling of GCL Shares from GCT Units, and vice versa).

The Unstapling is required to give effect to the Company Scheme and the Trust Scheme. The Unstapling Resolutions are conditional upon the Trust Scheme Resolutions and the Company Scheme Resolution being approved. The Company Unstapling Resolution and the Trust Unstapling Resolution must be passed by a Special Resolution of the members of GCL and GCT respectively.

(b) Trust Scheme Resolutions – Resolutions 3 and 4

Resolutions 3 and 4 are the Trust Scheme Resolutions. The Trust Scheme Resolutions are conditional upon the Unstapling Resolutions and Resolution 5, the Company Scheme Resolution, being approved.

The Trust Scheme Resolutions are required to give effect to the Trust Scheme.

The Trust Scheme Resolutions are:

- the Trust Constitution Amendment Resolution, which seeks approval of the amendments to the GCT Constitution pursuant to section 601GC(1) of the Corporations Act. The amendments for which approval is sought are set out in the Supplemental Deed Poll in Annexure F and are summarised in section 9.4. The Trust Constitution Amendment Resolution must be passed by a Special Resolution of the members of GCT; and
- the Trust Acquisition Resolution, which authorises the transfer of all GCT Units to GDF pursuant to item 7 of section 611 of the Corporations Act. The Trust Acquisition Resolution must be passed by an ordinary resolution of the members of GCT.

The Notice of Extraordinary General Meeting containing the full text of the Unstapling Resolutions and the Trust Scheme Resolutions is contained in Annexure C.

(c) Company Scheme Resolution – Resolution 5

If the Unstapling Resolutions and the Trust Scheme Resolutions are approved by their requisite majorities, the Company Scheme Meeting will occur immediately after the Extraordinary General Meeting.

At the Company Scheme Meeting, GCL Shareholders will be asked to consider the Company Scheme Resolution which seeks approval for the transfer of all GCL Shares to GHL pursuant to the Company Scheme.

The Company Scheme Resolution is conditional on the Unstapling Resolutions and the Trust Scheme Resolutions being passed by their requisite majorities.

The Notice of Company Scheme Meeting containing the full text of the Company Scheme Meeting is contained in Annexure D.

(d) What happens if all the Resolutions are passed?

If all the Resolutions at the GCM Meetings are passed by their requisite majorities, and if GDF Unitholders pass all resolutions at the GDF Unitholder Meeting, GCL and GFML will make an application to the Court to approve the Company Scheme and give the Second Judicial Advice at the Second Court Hearing.

(e) What happens if some, or all, of the Resolutions are not passed?

If some, or all, of the Resolutions are not passed, GCL and GFML will inform the Court that the Schemes will not proceed.

Similarly, if GDF Unitholders fail to approve the Internalisation at the GDF Unitholder Meeting, the Schemes and the Internalisation will not proceed.

If the Internalisation does not proceed, GCM Securityholders will continue to hold their GCM Securities going forward, in the same way that they do today.

3.3 Required voting majorities

For the Internalisation to proceed, each Resolution must be passed by the following GCM Securityholder voting majorities.

Resolution	Required Majority
Resolution 1 – Company Unstapling	at least 75% of valid votes cast
Resolution 2 – Trust Unstapling	at least 75% of valid votes cast
Resolution 3 – Trust Constitution Amendment	at least 75% of valid votes cast
Resolution 4 – Trust Acquisition	more than 50% of valid votes cast
Resolution 5 – Company Scheme	more than 50% of GCM Securityholders who vote plus 75% of valid votes cast

3.4 Your choices as a GCM Securityholder

As a GCM Securityholder, you have the following choices available:

Vote in favour of the Internalisation	<p>This is the course of action unanimously recommended by the Target Board Committee, in the absence of a Superior Proposal</p> <p>To follow the unanimous recommendation of the Target Board Committee, you should vote in favour of the Resolutions at the GCM Meetings, in the absence of a Superior Proposal.</p> <p>For a summary of how to vote on the Resolutions, refer to section 3.6.</p> <p>The Internalisation will not occur unless all Resolutions are passed.</p>
Vote against the Scheme	<p>If, despite the unanimous recommendation of the Target Board Committee, you do not support the Internalisation, you may vote against the Resolutions at the GCM Meetings.</p> <p>However, if all the Conditions Precedent for the Internalisation are satisfied or waived (if applicable) and the Schemes become Effective, the Schemes will bind all Scheme Securityholders, including those who vote against the Resolutions and those who do not vote at all.</p>
Sell your GCM Securities	<p>The Internalisation proposal does not preclude you from selling some or all of your GCM Securities on market for cash, if you wish, provided you do so before close of trading on ASX on the Effective Date (currently proposed to be 19 November 2019).</p> <p>GCM intends to apply to ASX for GCM Securities to be suspended from official quotation on ASX from the close of trading on the Effective Date. You will not be able to sell your GCM Securities on-market after this time.</p> <p>If you are considering selling some or all of your GCM Securities:</p> <ul style="list-style-type: none"> • you should have regard to the prevailing trading prices of GCM Securities and compare those to the Scheme Consideration. You may ascertain the current trading price of GCM Securities through the ASX website (www.asx.com.au); and • you should contact your stockbroker for information on how to effect that sale. <p>GCM Securityholders who sell some or all of their GCM Securities on ASX:</p> <ul style="list-style-type: none"> • may receive a cash payment for the sale of their GCM Securities rather than the scrip consideration of the Scheme Consideration; • may incur a brokerage charge; • will not be able to participate in the Internalisation, receive the Scheme Consideration and subsequent interest in GARDA Property Group, or, if one emerges, be able to participate in a Superior Proposal, in respect of those GCM Securities they have sold; and • may be liable for income tax or CGT on the disposal of their GCM Securities.
Do nothing	<p>Scheme Securityholders who elect to not vote at Meeting or do not sell their GCM Securities on-market will:</p> <ul style="list-style-type: none"> • if the Schemes become Effective – have their Scheme Securities transferred to the Bidder by operation of the Schemes and receive the Scheme Consideration; or • if the Schemes do not become Effective – retain their Scheme Securities.

3.5 Entitlement to vote

If you are registered as a GCM Securityholder at 7:00 pm (AEST) on 13 November 2019 (**Voting Record Date**) you are entitled to vote on the Internalisation at the GCM Meetings.

3.6 How to vote

(a) In person

To vote in person, you must attend the GCM Meetings. Eligible GCM Securityholders who wish to attend and vote at the GCM Meetings in person will be admitted and given a voting card at the point of entry to the meeting, once they have disclosed their name and address.

(b) By proxy

You may appoint one or two proxies by using the Proxy Form. Your proxy need not be another GCM Securityholder. Each proxy will have the right to vote on the poll and also to speak at the GCM Meetings.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Registry by 11:00 am (AEST) on 13 November 2019 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting).

A proxy is not revoked by the principal attending and taking part in the meeting, unless the principal actually votes at the meeting on the resolution for which the proxy was proposed to be used. If you wish to appoint a second proxy, a second proxy form should be used and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. You can obtain a second proxy form from the Registry.

If you appoint two proxies, each proxy should be appointed to represent a specified proportion of your voting rights. If you do not specify the proportions in the proxy forms, each proxy may exercise half of your votes with any fractions of votes disregarded.

If you return your Proxy Form:

- without identifying a proxy on it, you will be taken to have appointed the chair of the GCM Meetings as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not attend the Meeting, the chair of the GCM Meetings will act in place of your nominated proxy and vote in accordance with any directions on your Proxy Form.

The chair of the GCM Meetings intends to vote all valid undirected proxies in favour of the Internalisation, in the absence of a Superior Proposal.

Proxies of eligible GCM Securityholders will be admitted to the GCM Meetings and given a voting card on providing at the point of entry to the meeting, written evidence of their name and address.

Your appointment of a proxy does not preclude you from attending in person, revoking the proxy and voting at the meeting.

You must deliver the signed and completed Proxy Form to the Registry by 11:00 am (AEST) on 13 November 2019 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- **Online:** www.linkmarketservices.com.au using the directions on the back of the Proxy Form
- **by post in the provided envelope to the Registry:**

GARDA Capital Group
C/- Link Market Services
Locked Bag A14
Sydney South NSW 1235

- **in person:**

Link Market Services
Level 12
680 George Street
Sydney NSW 2000

- **by fax to the Registry:** on +61 2 9287 0309

If a voting form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed voting form unless the power of attorney or other authority has previously been noted by the Registry.

If you hold GCM Securities jointly with one or more other persons, in order for your direct vote or proxy appointment to be valid, each of you must sign the voting form.

(c) By attorney

You may appoint an attorney to attend and vote at the GCM Meetings on your behalf. Your attorney need not be another GCM Securityholder. Each attorney will have the right to vote on the poll and also to speak at the meeting.

The power of attorney appointing your attorney to attend and vote at the GCM Meetings must be duly executed by you and specify your name, the entity (that is, GCM), and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be lodged at the registration desk on the day of the meeting or with the Registry before 11:00 am (AEST) on 13 November 2019 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in by post or by facsimile to the Registry.

Attorneys of eligible GCM Securityholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointors.

Your appointment of an attorney does not preclude you from attending in person and voting at the meeting.

(d) By corporate representative

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that GCM will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of certificate may be obtained from the Registry from www.linkmarketservices.com.au. The certificate of appointment may set out restrictions on the representative's powers.

If a certificate is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been noted by the Registry.

Body corporate representatives of eligible GCM Securityholders will be admitted to the GCM Meetings and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address and the name of their appointors.

3.7 Questions?

Further information on the GCM Meetings can be found in the notices of meetings in Annexure C and Annexure D of this Scheme Booklet.

If you have any questions after reading this Scheme Booklet, please call the Information Line on 1300 889 100 (within Australia) or +61 1300 889 100 (outside Australia) between 8.30 am and 5.00 pm (AEST), or contact your legal, financial, taxation or other professional adviser.

4 Profile of GCM – the Target

4.1 Overview

GCM is an ASX-listed real estate investment and funds management group that invests in Australian real estate through both equity and debt. GCM is a stapled structure comprising a company, GCL, and a registered managed investment scheme, GCT.

GCL is the Responsible Entity of GDF, an ASX-listed REIT which focuses on investing and managing a diversified portfolio of commercial office and industrial assets located in both suburban and city locations along the eastern seaboard of Australia.

A GCL subsidiary, GFML, is the responsible entity of GCT which is the primary investment vehicle for GCM. GCT currently holds an investment in GDF of approximately 21.9 million GDF Units (approximately 11.8%).

GCM generates revenues from capital deployed by GCT and from the corporate activities of GCL and its subsidiaries.

The Board and management of GCM have extensive experience in real estate funds management.

4.2 Board

The board of GCM comprises four directors, three of whom are non-executive Directors.

Matthew Madsen – Executive Chairman

Matthew has more than 20 years' experience in the funds management industry, predominantly in director and management roles.

Matthew has been a member of the Board since September 2011. Matthew is Chair of the Advisory Board for residential land developer, Trask Development Corporation.

Matthew holds a Diploma in Financial Services and a Diploma in Financial Markets.

Matthew is a member of the Target Board Committee.

Morgan Parker – Independent Director

Morgan has over 25 years' experience as a real estate investor, developer and banker.

Mr Parker is currently a non-executive director at SunCentral, the government-owned corporation responsible for development of Maroochydore City Centre on Queensland's Sunshine Coast, and Newcastle Airport. He has previously worked for Morgan Stanley, Lendlease and Macquarie Group, and his most recent executive role was as Chief Operating Officer at Dubai Holding.

Morgan was appointed to the Board in December 2018.

Morgan is an Independent Director.

Mark Hallett – Non-executive Director

Mark has in excess of 30 years' industry and legal experience. A qualified solicitor, Mark has a range of diverse industry experiences across all aspects of corporate litigation, restructuring, and commercial property.

Mark was legal practice director of Hallett Legal and is now a consultant at Macpherson Kelley.

Mark has managed successful property syndicates for business associates and continues to advise participants in the industry on property investment, legal and corporate restructuring.

Mark was appointed to the Board in January 2011.

Mark is a member of the Target Board Committee.

Philip Lee – Independent Director

Philip has over 32 years' experience in stockbroking, equities research and corporate finance. He joined Morgans in 1986 and has served as a Director of Morgans and Joint Head of Corporate Finance. He currently holds the position of Executive Director Corporate Advisory, primarily focussed on raising capital for growing companies.

Philip holds a Bachelor of Commerce from the University of Canterbury, is a Member of the Australian Institute of Company Directors, is a Senior Fellow of Finsia and is a Master Practitioner Member of the Stockbrokers and Financial Advisers Association.

Philip was appointed to the Board in May 2015.

Philip is an Independent Director. Philip has not historically been described as independent in disclosures to the ASX given his roles within Morgans, which was involved in GCM and GDF's initial public offers and subsequent capital raising activity. Mr Lee remains a senior executive but has not been a director of Morgans since 2011, and Morgans is not providing services to GCM or GDF in connection with the Internalisation. The directors have formed the view that there are no circumstances preventing Philip from bringing an independent judgement to bear on issues relating to the Internalisation.

4.3 Senior management team

David Addis – Chief Operating Officer

As Chief Operating Officer of GARDA Capital Group, David is a member of the senior leadership team responsible for setting and executing Group strategy. In addition, he has responsibility for the various commercial operations supporting GCM's activities including risk, finance, governance & compliance, investor relations and marketing & communications.

David has approximately 30 years' experience in corporate finance, funds management and corporate strategy with investment banks, fund managers and professional services firms.

He holds degrees in Commerce and Law, is a Chartered Accountant and is a member of the Australian Institute of Company Directors.

Paul Brown – Manager, Investor Relations

Paul is a key member of the funds management team at GARDA Capital Group. Paul is responsible for all marketing and communications with key stakeholders for GARDA Capital Group and developing investor relations with both existing and new investors. Paul executes fund analysis and forecasting while providing research on structure and performance in the listed property trust sector.

Paul has previously worked with global organisations Allianz and Vodafone.

Paul holds a Bachelor of Business (Finance and Funds Management) and has 8 years' equities experience in research, analysis and modelling of resource equity transactions of a private fund.

Lachlan Davidson – General Counsel and Company Secretary

Lachlan is responsible for the legal and compliance activities of GARDA Capital Group, including risk and corporate governance monitoring.

Lachlan is a qualified lawyer with 20 years' experience in corporate fundraising and managed investments.

He has worked for international firms in London and was formerly the General Counsel at Golding Contractors and an investment bank in the Middle East. Lachlan joined GARDA Capital Group in January 2014 and assisted on GCM and GDF's initial public offers and subsequent capital raising activity.

Lachlan holds a Law degree, a Bachelor of Science in Genetics and Biochemistry, and a Master of Business of Administration. He is a Justice of the Peace (Qualified), and a Graduate of the AICD Directors Course.

Paul Lohr – Asset Manager

Paul is responsible for the property portfolio management activities of GARDA Capital Group.

Paul has 20 years' experience in the property industry, predominantly in investment management and finance. He was most recently the Head of Investment and Trading at Eris Property Group, a South African property development and services company.

Paul holds a Bachelor of Commerce (Accounting) from the University of Johannesburg.

Ikram Patel – Financial Controller

Ikram is responsible for the accounting, financial reporting and financial administration functions of GCM. He has been employed with GCM since 2016 and played a key role in GCM's initial public offering and various capital raisings for GARDA Diversified Property Fund.

Ikram is a Chartered Accountant with more than 10 years' experience. He commenced his career with PricewaterhouseCoopers in Brisbane and London and, more recently, has been Financial Controller in ASX-listed companies. Immediately prior to joining GARDA Capital Group, Ikram was the Group Financial Controller for Seymour Whyte Limited, an ASX-listed civil construction company.

Ikram holds degrees in Accounting and Economics and is a Member of the Institute of Chartered Accountants in Australia.

Mark Scammells – Director, Projects and Acquisitions

Mark Scammells recently joined GCM and is responsible for real estate acquisitions and developments. Previously he was Group Property Director with the King & Co Group.

Mark has 29 years of experience in the Brisbane industrial real estate market and has been responsible for the initiation, management and delivery some of the largest industrial developments in South East Queensland, including Brisbane South Industrial Park, Proximity Industrial Estate, Southlink Estate and Metroplex Westgate.

Mark has a degree in Law and is a Licensed RE Agent (Principal).

4.4 Strategic objective

GCM's objective is to create value and distributable investment returns from capital invested into real estate (equity and debt) and generate operational profits and associated corporate enterprise value from real estate funds management (equity and debt).

4.5 Business model and revenue streams

GCM seeks to generate revenue from operational activities and investment activities.

(a) Operational Activities

- Funds management

GCL RE receives management fees from GDF of:

- 0.65% per annum of gross asset value (GAV) (while GDF has assets under \$750 million);
- the aggregate of 0.65% per annum of \$750 million and 0.60% per annum by which GAV exceeds \$750 million (when assets of GDF exceed \$750 million); and
- 5% of capital works undertaken by GDF in relation to GDF properties.

GCL RE also has a right of indemnification for all other costs and expenditure properly incurred in connection with its management and recovers all associated costs from GDF.

See section 5 for more information regarding GDF.

- Real estate and property management services

A wholly owned subsidiary of GCL, GARDA Real Estate Services Pty Ltd (**GRES**), is a licenced real estate agent in Queensland and provides property management services to GDF.

GRES is entitled to fees for the services it provides, including:

- a property management fee of 3% per annum of gross property income for tenants of the properties managed by it;
- a leasing fee for new tenants and renewals of leases by existing tenants, and market rent reviews; and
- sales fees for property divestments.

- Commercial real estate debt advisory business

A wholly owned subsidiary of GCL, GARDA Finance Pty Ltd (**GARDA Finance**), arranges commercial real estate debt for a range of property investors and developers. GARDA Finance generates revenue through:

- structuring and arrangement fees, which are typically triggered upon settlement of loans;
- trailing commissions from certain lenders with whom GARDA Finance holds origination or brokerage agreements; and
- ongoing management fees, calculated by reference to the size of the facility from some clients providing similarly recurring revenue to trailing commission.

(b) Investment Activities

GCM also generates investment returns from capital deployed into:

- GDF; and
- real estate debt positions.

4.6 Financial performance

In section 7 of this Scheme Booklet, the following financial information has been provided in relation to GCM:

- historical income and cash flow statements for the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019;
- forecast income statement for the financial year ending 30 June 2020; and
- historical balance sheet as at 30 June 2019.

4.7 Substantial securityholders

GCM's substantial securityholders as at the date of this Scheme Booklet are:

Estimated beneficial holding	Number	%
Mark Hallett ²⁰	9,166,213	34.68
Matthew Madsen ²¹	5,526,879	20.91
HGT Investments Pty Ltd	2,867,644	10.85
Total	17,560,736	66.44

4.8 Capital structure

As at the date of this Scheme Booklet, GCM has the following securities on issue which are quoted on ASX together as stapled securities under the ticker code 'GCM':

- 26,430,000 GCL Shares; and
- 26,430,000 GCT Units.

4.9 Relevant interests of GCM Directors

(a) Relevant Interests in GCM Securities

The following table lists the Relevant Interests of the directors of GCM in GCM Securities as at the date of this Scheme Booklet:

Director	Relevant Interest in GCM Securities	Holding details
Matthew Madsen	5,526,879	<p>5,196,849 GCM Securities held by Madsen Nominees Pty Ltd as trustee for the Madsen Family Trust</p> <p>330,030 GCM Securities held by MB & PM Madsen as trustees for the MB & PM Madsen Super Fund</p>
Mark Hallett	9,166,213	<p>8,462,552 GCM Securities held by M3SIT Pty Ltd as trustee for the M3 Solutions Investment Trust</p> <p>50,000 GCM Securities held by M3SIT Pty Ltd</p> <p>101,111 GCM Securities held by Tspan Pty Ltd</p> <p>552,550 GCM Securities held by Hallett SF Pty Ltd as trustee for MHTH Superfund</p>
Philip Lee	97,000	<p>87,000 GCM Securities held by JTR Corporation No 2 Pty Ltd as trustee for the Lee Family Super Fund</p>

²⁰ Details of Mr Hallett's holdings in GCM are provided in section 4.9(a).

²¹ Details of Mr Madsen's holdings in GCM are provided in section 4.9(a).

		2,000 GCM Securities held by JTR Corporation Pty Ltd 2,000 GCM Securities held by Mr James Ronald Parker Lee 2,000 GCM Securities held by Mrs Jeanette Louise Lee 2,000 GCM Securities held by Mr Philip John Lee and Mrs Jeanette Louise Lee as trustees for the Philip Lee Family Trust 2,000 GCM Securities held by Mr Philip John Lee for account Ruby Lee
Morgan Parker	Nil	N/A

No Director has acquired or disposed of a Relevant Interest in any GCM Securities in the four month period ending on the date immediately before the date of this Scheme Booklet.

(b) Relevant Interests in GDF Units

The following table lists the Relevant Interests of the directors of GCM in GDF Units as at the date of this Scheme Booklet:

Director	Relevant Interest in GDF Units	Holding details
Matthew Madsen ²²	146,401	146,401 GDF Units held by MB & PM Madsen as trustees for the MB & PM Madsen Super Fund
Mark Hallett ²³	48,698	45,000 GDF Units held by Tspan Pty Ltd 3,698 GDF Units held by Hallett SF Pty Ltd as trustee for MHTH Superfund
Philip Lee	61,628	61,628 GDF Units held by JTR Corporation No 2 Pty Ltd as trustee for the Lee Family Super Fund
Morgan Parker	Nil	N/A

No Director has acquired or disposed of a Relevant Interest in any GDF Units in the four month period ending on the date immediately before the date of this Scheme Booklet.

²² Madsen Nominees Pty Ltd as trustee for the Madsen Family Trust also holds a Relevant Interest in the GDF Units held by GCT under section 608(3) of the Corporations Act, being a Relevant Interest arising from having voting power above 20% in GCT.

²³ M3SIT Pty Ltd as trustee for the M3 Solutions Investment Trust also holds a Relevant Interest in the GDF Units held by GCT under section 608(3) of the Corporations Act, being a Relevant Interest arising from having voting power above 20% in GCT. Mr Hallett is a joint trustee of a shareholder of M3SIT Pty Ltd.

4.10 No pre-transaction benefits

During the period of four months before the date of this Scheme Booklet, neither GCM nor any associate of GCM gave, or offered to give, or agreed to give, a benefit to another person which was likely to induce the other person, or an associate of the other person to:

- vote in favour of the Internalisation; or
- dispose of GCM Securities,

and which will not be provided to all Scheme Securityholders under the Schemes.

(a) Benefits in connection with retirement from office

No Directors, company secretary or executive officer of GCM has been offered, or been given, a payment or other benefit as compensation for the loss of, or as consideration for the loss of, or as consideration for or in connection with their retirement from, office in GCM or in a Related Body Corporate of GCM, in connection with the Schemes, other than in their capacity as a GCM Securityholder.

(b) Directors' interest in agreements or arrangements relating to the Internalisation

Mr Madsen holds 600,000 GCM Securities issued on 13 November 2017 under GCM's employee security plan (**GCM ESS**) which were loan funded under the terms of the plan. If the Schemes are implemented, Mr Madsen will receive New GDF Stapled Securities for these GCM Securities. These New GDF Stapled Securities will be subject to equivalent loan terms, vesting conditions, transfer restrictions and other terms that existed under the GCM ESS, to ensure there is no additional benefit received by Mr Madsen as a result of the Schemes.

Otherwise:

- None of the Directors have entered into any agreements or arrangements with any person in connection with, or conditional on, the outcome of the Schemes, other than in their capacity as a GCM Securityholder.
- None of the Directors have agreed to receive, or is entitled to receive, any benefit from the Bidder or any Related Body Corporate of the Bidder, which is conditional on, or is related to, the Schemes, other than in their capacity as a GCM Securityholder.
- None of the Directors have any interest in any contract or arrangement entered into by the Bidder, or any Related Body Corporate the Bidder, other than in their capacity as a GCM Securityholder.

4.11 Material changes in GCM's financial position since last accounts published

Other than as disclosed in this Scheme Booklet, within the knowledge of the GCM Board, the financial position of GCM has not materially changed since 30 June 2019, being the date of the balance sheet for GCM for the financial year ending 30 June 2019.

4.12 Continuous disclosure

GCM (comprising GCL and GCT) is a disclosing entity for the purposes of the Corporations Act and is subject to periodic reporting and disclosure obligations under the Corporations Act and the Listing Rules.

These obligations require GCM to notify ASX of information about specified matters and events as they arise for the purpose of ASX making that information available to participants in the market.

Once GCM becomes aware of any information concerning it which a reasonable person would expect to have a material effect on the price or value of a GCM Security, GCM must (subject to certain limited exceptions prescribed in the Listing Rules) immediately tell ASX that information.

Publicly disclosed information about all ASX-listed entities, including GCM, is available on the ASX website at www.asx.com.au.

5 Profile of GDF – the Bidder

The information in this section 5 was provided by the Bidder.

5.1 Overview

GDF is an Australian real estate investment trust (AREIT) that has been listed on the ASX since July 2015. GDF invests in commercial office and industrial assets along the eastern seaboard of Australia and currently holds property assets in Brisbane, Cairns, Gold Coast, Mackay and Melbourne.

GDF focuses on investing in and managing a diversified portfolio of established assets and creating new assets. GDF has a market capitalisation of approximately \$270 million²⁴ reflecting a current income yield of 6.1% p.a.

GDF offers investors:

- regular income streams through quarterly tax advantaged distributions;
- exposure to a diversified portfolio of both office and industrial assets;
- income returns supported by leases to reputable tenants with structured rental growth and the potential for capital growth through increase property valuations;
- capital growth through GDF's proven 'asset creation' strategy whereby capital growth is delivered through the development of an asset to be held and leased by GDF; and
- a conservative capital structure with targeted gearing levels between 30%-35%.

5.2 Portfolio

GDF's portfolio consists of 17 property assets independently valued at \$404 million, reflecting a weighted average capitalisation rate of 6.68%.

The portfolio comprises:

- five commercial office assets (including a 1,518m² vacant blocking adjoining 7-19 Lake Street, Cairns) independently valued at \$217.05 million;
- ten established industrial assets independently valued at \$177.25 million; and
- two industrial land development sites independently valued at \$9.5 million.

The GDF portfolio structure has a number of features including:

- significant geographic diversification along the eastern seaboard of Australia;
- balance between commercial office (54% by value) and industrial (46% by value) property;
- weighted average lease expiry (WALE) of 5.1 years;
- occupancy (by income) of 84%;
- weighted average structured rental reviews of approximately 3.1%;
- exposure to secured income associated with contracted lease and potential capital growth through office and industrial development; and
- top five tenants account for approximately 42% of gross income and top 10 account for approximately 63% of gross income.

²⁴ Based on a GDF Unit price of \$1.46, being the closing price of GDF Units on 19 September 2019 adjusted for the distribution announced by GDF on 20 September 2019.

7-19 Lake Street, Cairns



The property is the premier commercial office building in Cairns comprising a total NLA of 14,683m². The 15 level, semi-modern, 5 star NABERS rated building was completed in circa 1989 and has undergone a complete capital works program over the last number of years. The property comprises ground floor building entry foyer with retail accommodation, ground floor office arcade, mezzanine office accommodation, secure podium parking for 264 vehicles on levels two, three and parts of level four, and twelve upper levels of commercial office accommodation. The property also has a 1,500m² parcel of land adjoining the property, providing potential development opportunities.

Cap. Rate	8.25%
Valuation	\$57,000,000
NLA	14,683m ²
Car spaces	264
Occupancy	97%
WALE	3.6 years
NABERS	5

154 Varsity Parade, Varsity Lakes



154 Varsity Parade is a modern three level commercial office building offering 3,994m² constructed circa 2009, comprising basement parking for 139 vehicles and three upper levels of office accommodation. The architecturally designed 6.0 star NABERS commercial office property is located within the suburb of Varsity Lakes on the Gold Coast, which is situated approximately 85km south-east of the Brisbane General Post Office. The master plan precinct is a mixed use centre comprising commercial, residential and retail with amenities such as Bond University, Robina Town Shopping Centre and Varsity Lakes Railway station.

Cap. Rate	8.25%
Valuation	\$12,750,000
NLA	3,994m ²
Car spaces	139
Occupancy	83%
WALE	2.6 years
NABERS	6.0

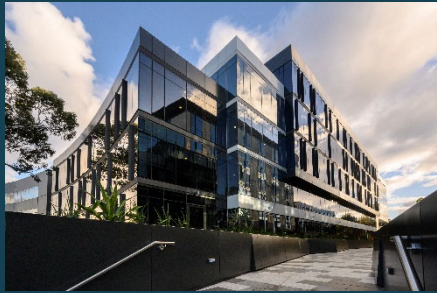
Botanicca 7 - 572-578 Swan Street, Burnley



The six level A-Grade commercial office building is located on the banks of the Yarra River approximately 6km from the Melbourne CBD. Botanicca Corporate Park integrates retail, commercial and local amenity with views over inner city parklands and the Burnley Golf Club. 572-576 Swan Street, Richmond is a modern, architecturally designed commercial building supporting a 4 Star Green Star - Office Design v2 Rating and 5 star NABERS rating. The building has an NLA of 6,587m² and is anchored by two major tenants.

Cap. Rate	5.75%
Valuation	\$53,000,000
NLA	6,587m ²
Car spaces	177
Occupancy	100%
WALE	4.4 years
NABERS	5.0

Botanicca 9 - 588A Swan Street, Burnley



Located at 588 Swan Street, Richmond, the site comprises a 3,621m² Commercial 1 Zoned site in the Botanicca Business park within the 'City Fringe' office market. The property comprises a high quality 5 storey office building with a NLA of 7,071m² plus three levels of car park (lower ground and two basement levels) providing a total of 232 bays, and targeting high environmental credentials. Botanicca 9 was completed in June 2019.

Cap. Rate	N/A
Valuation	\$62,800,000
NLA	7,109m ²
Car spaces	232
Occupancy	0%
WALE	N/A
NABERS	N/A

436 Elgar Road, Box Hill



The property is located within the outer east commercial precinct, Melbourne's largest suburban precinct, and is approximately 15km from the CBD. This precinct has excellent access to major roads linking the CBD to the eastern suburbs, complemented by rail, bus and tram links. The building comprises three levels of quality commercial office space, with ancillary ground floor retail and two levels of basement parking. Box Hill remains an established office location and the property is positioned to maintain its strong tenant profile.

Cap. Rate	6.25%
Valuation	\$31,500,000
NLA	5,729m ²
Car spaces	197
Occupancy	100%
WALE	3.4 years
NABERS	3.5

69-79 Diesel Drive, Mackay



The state-of-the-art warehouse and distribution facility is located in Paget, approximately 8km from the Mackay CBD. Paget is the main industrial and distribution centre for Mackay with outstanding transport connections including the Mackay Airport, Mackay freight terminal and the Bruce Highway. Located on a 3.01ha site, the property is improved with two new buildings (completed in 2013) for a total NLA of 13,843m² including a combination of warehouse, office and showroom spaces. The property is wholly leased to Blackwoods, a major subsidiary of ASX listed Wesfarmers Limited, and has a dominant market position in business to business supply of industrial, engineering and workplace safety needs.

Cap. Rate	7.50%
Valuation	\$30,000,000
NLA	13,843m ²
Car spaces	N/A
Occupancy	100%
WALE	9.5 years
NABERS	N/A

41 Bivouac Place, Wacol (Metroplex Westgate)



The new facility sits on a 3.274 hectare site and provides Volvo Group Australia with 6,012m² service warehouse and dealership delivery centre and 3,973m² of A-grade office space and showroom. Volvo commenced a 10 year lease in July 2018. The facility is located within the Metroplex Westgate Wacol precinct located approximately 15km from the Brisbane CBD. The precinct is being developed by the GPT Group and Metroplex into a premium industrial business park across 90 hectares of land and is adjacent to the Ipswich Motorway.

Cap. Rate	6.25%
Valuation	\$35,250,000
NLA	9,994m ²
Car spaces	N/A
Occupancy	100%
WALE	9.0 years
NABERS	N/A

70-82 Main Beach Road, Pinkenba



The freehold property is located within the Pinkenba industrial precinct, adjoining the Brisbane Airport on the northern side of the Brisbane River. The site has immediate access to major arterial road networks including the Bruce Highway and is only minutes from the Gateway Bridge. The property operates as a resource recovery facility for soil, rock, gravel and construction materials. The four hectare has low site coverage and improvements, consisting predominantly of hardstand, a 2,592m² facility and various site offices.

Cap. Rate	7.00%
Valuation	\$20,000,000
NLA	40,490m ²
Car spaces	N/A
Occupancy	100%
WALE	14.1 years
NABERS	N/A

67 Noosa Street, Heathwood



Heathwood is one of Brisbane's most successful industrial estates, having prime location along the Logan Motorway, where immediate access can be gained to the major transport routes including Centenary Highway (West), Mt Lindsay Highway (East), Gateway Motorway (East) and the Ipswich Motorway (North). Located on a 15,090m² site, the property is improved with a number of buildings totalling approximately 5,451m² and a low 40% site coverage, providing considerable hardstand. The property is wholly leased to James Engineering on a long term lease, a company that has operated since 1964 and produces pre-fabricated and transportable electrical and data switch rooms.

Cap. Rate	7.25%
Valuation	\$10,500,000
NLA	5,451m ²
Car spaces	N/A
Occupancy	100%
WALE	8.8 years
NABERS	N/A

142 Benjamin Place, Lytton



This industrial warehouse is located within the nationally recognised trade and industry precinct of Australia TradeCoast and is strategically positioned between the Port of Brisbane and Gateway Motorway. The property has a total NLA of 5,677m² and houses global automotive logistics company, Kuehne & Nagel (2,200m²) and well known Australian packaging company Visy Boxes (3,477m²).

Cap. Rate	7.00%
Valuation	\$9,500,000
NLA	5,677m ²
Car spaces	N/A
Occupancy	100%
WALE	1.9 years
NABERS	N/A

1-9 Huntress Drive, Berrinba



The facility will provide approximately 5,000m² of warehouse and 500m² of office accommodation. The 11,940m² land parcel was acquired in November 2018 for \$3.0 million and construction cost is estimated to be approximately \$6.35 million. GARDA will complete the development, lease the facility and retain it as an investment asset for GDF.

Cap. Rate	Development site
Valuation	\$3,000,000
Land	11,940m ²
Proposed Built Form NLA	Approximately 5,500m ²

498 Progress Road, Wacol



The 4.1 hectare site is located on Progress Road, a major dual lane arterial road that connects with three major freeways in south-west Brisbane. GARDA intends to develop a total of approximately 17,000m² of industrial space across three separate building with flexibility to combine and split space depending on tenant requirements. The facility will target tenants in the 4,000m² to 8,000m² range. The Development approval is anticipated to be received in Q4, 2019 at which time earth works are likely to commence.

Cap. Rate	Development site
Valuation	\$6,500,000
Land	41,980m ²
Proposed Built Form NLA	Approximately 17,000m ²

38 Peterkin Street, Acacia Ridge



The industrial warehouse is located within the western corridor suburb Acacia Ridge, 15 kilometres from the Brisbane CBD. The property is situated on the boundary to the Acacia Ridge intermodal facility, and may benefit from the inland rail development which is due for completion 2024/25. The property is fully leased by a single tenant. The site consists of two standalone warehouses with an office and connecting awnings. The 17,890m² site has a coverage of 37.12%.

Cap. Rate	7.50%
Valuation	\$6,000,000
NLA	4,465m ²
Car spaces	N/A
Occupancy	100%
WALE	1.3 years
NABERS	N/A

56 Peterkin Street, Acacia Ridge



Located within Acacia Ridge in the western corridor of Brisbane, the property adjoins the Acacia Ridge intermodal facility. The warehouse sits on a 16,385m² site with 36% site coverage, majority of the remaining area is made up of useable hardstand. The building comprises 4,794m² of lettable area, with an ancillary office and awning. It is currently vacant and presents as a near term re-development opportunity.

Cap. Rate	7.25%
Valuation	\$7,150,000
NLA	4,794m ²
Car spaces	N/A
Occupancy	0%
WALE	1.5 years
NABERS	N/A

69 Peterkin Street, Acacia Ridge



The warehouse is located within the Brisbane western industrial corridor, on the boundary of the Acacia Ridge rail yards and intermodal terminal. The site is situated 15 kilometres from the Brisbane CBD. The site comprises a 7,412m² warehouse-office complex and 27,130m² of improved area. The property has a low site coverage of 27% providing significant hardstand and balanced land. It is currently vacant and presents as a near term re-development opportunity.

Cap. Rate	7.25%
Valuation	\$11,900,000
NLA	7,412m ²
Car spaces	N/A
Occupancy	0%
WALE	1.5 years
NABERS	N/A

839 Beaudesert Road, Archerfield

The warehouse is situated in the western corridor, with two street frontage on to Beaudesert Road and Boniface Street. The property is in close proximity to existing transport infrastructure including the Archerfield Airport and Acacia Ridge Intermodal Facility. The property comprises 4,524m² of lettable area, leased to five tenants. The 15,000m² site is improved with a freestanding warehouse and transport depot that includes large office-showroom component with warehouse behind.

Cap. Rate	8.00%
Valuation	\$5,950,000
NLA	4,524m ²
Car spaces	N/A
Occupancy	92%
WALE	1.9 years
NABERS	N/A

326 & 340 Thynne Road, Morningside

The asset comprises two A-grade warehousing and distribution facilities on a 4 hectare site, located 4.5 kilometres east of the Brisbane CBD. Both industrial facilities were refurbished in 2017. The site has a large unused parcel of land that has development approval for a 5,872m² extension to the existing warehouse, providing development upside to both capital value and net property income.

Cap. Rate	5.75%
Valuation	\$41,000,000
NLA	16,979m ²
Car spaces	N/A
Occupancy	100%
WALE	3.4 years
NABERS	N/A

5.3 Investment Strategy

GDF's objective is to provide sustainable and growing distributable income derived from investments in commercial office and industrial real estate along the eastern seaboard of Australia.

GDF's investment and growth strategy is delivered through:

- investing in commercial offices located both in city and suburban office markets as well as industrial facilities along the eastern seaboard of Australia;
- investing in assets comprising a balance of:
 - newer assets demonstrating a potential for stable long term cash flows;
 - a proportion of higher yielding and active management assets where the intention is to improve both the income profile and capital value of those assets;
 - a proportion of greenfield office and industrial sites, where new assets are to be created;
- investing in a portfolio diversified by building type, location and tenant;
- investing in properties with strong tenant quality and structured rental growth; and
- maintaining a conservative capital structure and long term target gearing of 30% to 35% with a maximum gearing of 45%.

Subject to maintaining appropriate levels of gearing, GDF will continue to acquire properties consistent with its strategies of scale and diversification. Since listing on the ASX in July 2015, GDF has grown assets under management (AUM) from \$140.6 million to \$404 million, a 187% increase.

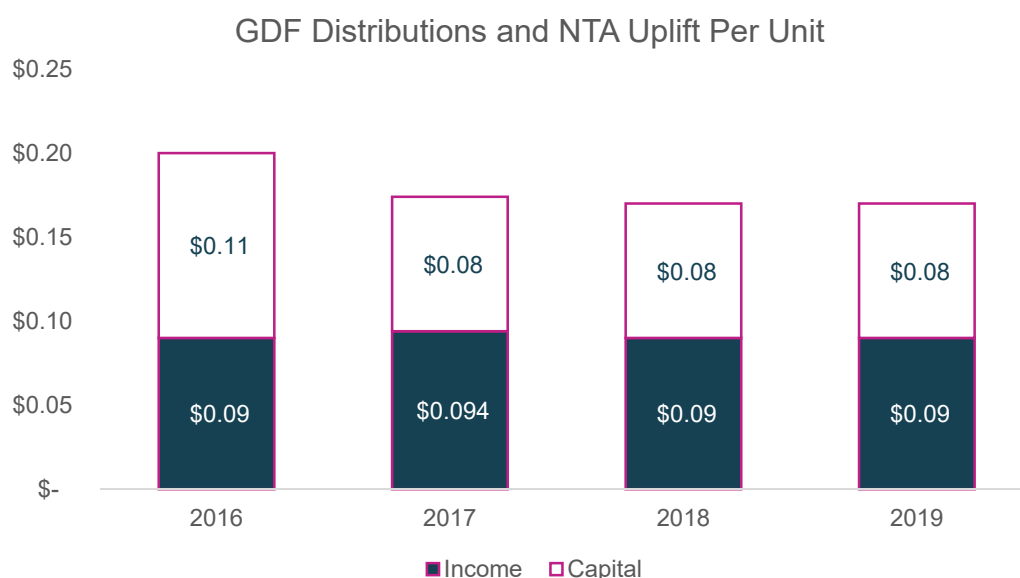
Any acquisition of property may be funded through debt, equity or a combination of both.

The extent to which GDF acquires properties in the future will depend on the particular circumstances at the relevant time including the proposed terms of the purchase, gearing levels and the availability of debt or equity or a combination of both.

5.4 Performance

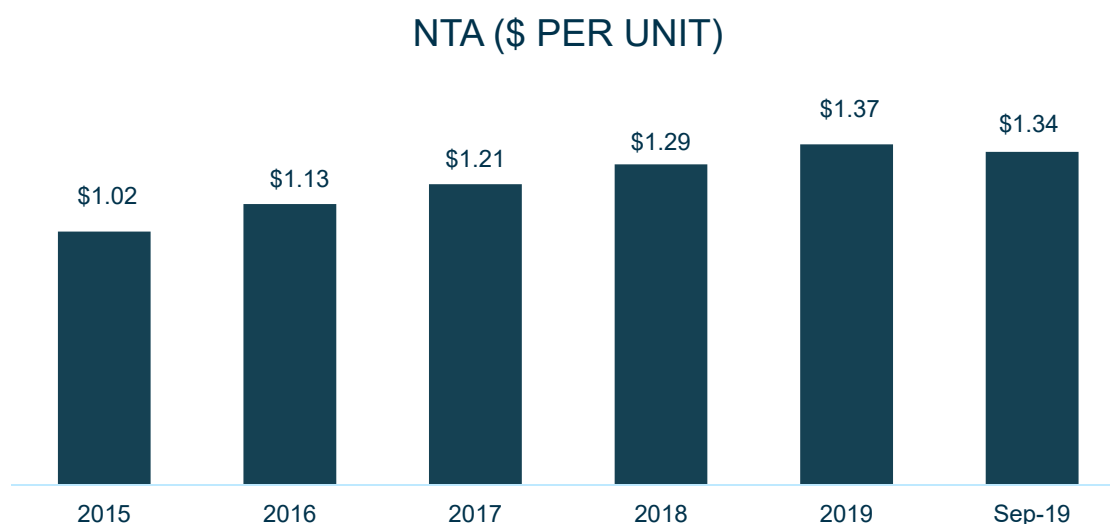
(a) Investment returns – distributions and capital appreciation

GDF has delivered consistent returns since listing on the ASX in July 2015, comprising tax advantaged income through quarterly distributions and capital appreciation through net tangible asset increases.



(b) Investment returns – increase in NTA

GDF's NTA has increased by 31.4% since listing on the ASX, from \$1.02 per unit in July 2015 to \$1.34 per unit in September 2019. This increase has been largely driven by re-valuations of the portfolio properties, offset by costs of acquisitions, capital expenditure programs and mark-to-market movement of GDF's interest rate swaps.



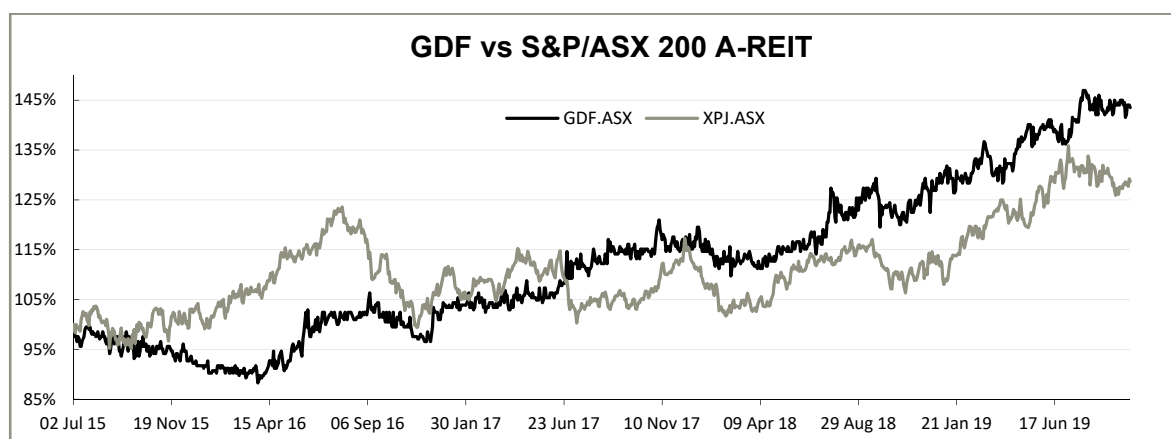
(c) Investment returns – increase in unit price

GDF has performed strongly on the ASX since listing in July 2015, outperforming the S&P/ASX 200 A-REIT index by 14.81%.²⁵ GDF's most recent ASX closing price of \$1.48 per unit is a 10.4% premium to NTA per unit and represents an income yield of 6.1% per annum.

As at 9 October 2019, being the last trading day before the date of this Scheme Booklet:

- the last recorded trading price of GDF Units was \$1.48; and
- the lowest and highest close prices of GDF Units during the previous three months were \$1.41 and \$1.545 respectively.

As at 19 September 2019, being the trading day before the Internalisation was announced, the last recorded trading price of GDF Units was \$1.48.

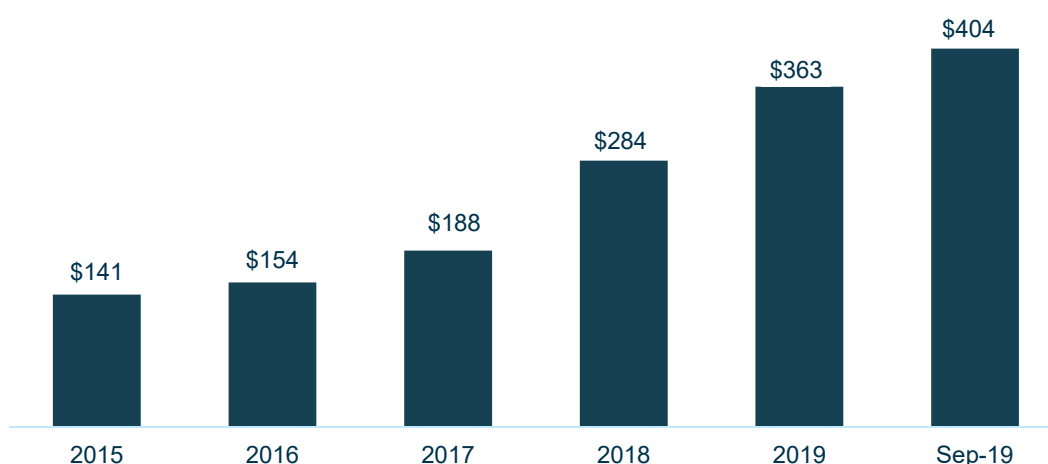


Source: ASX and Miraqle

(d) Assets Under Management (AUM)

GDF has delivered sustained growth in AUM, increasing by \$263.2 million or 187% since listing in 2015. In the last twelve months, AUM has grown by 42% with GDF expected to grow through both acquisition of established income producing assets and through 'asset creation' strategies.

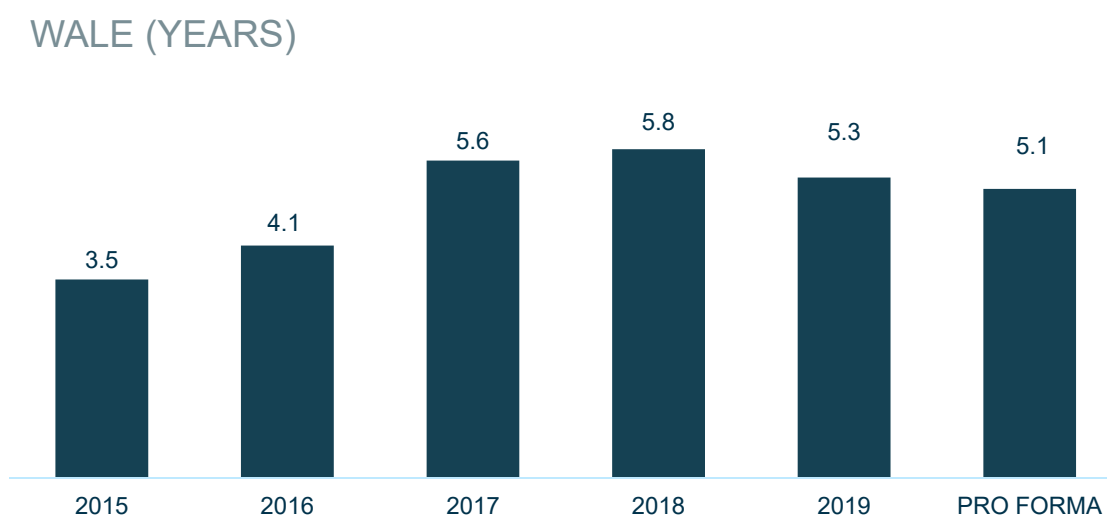
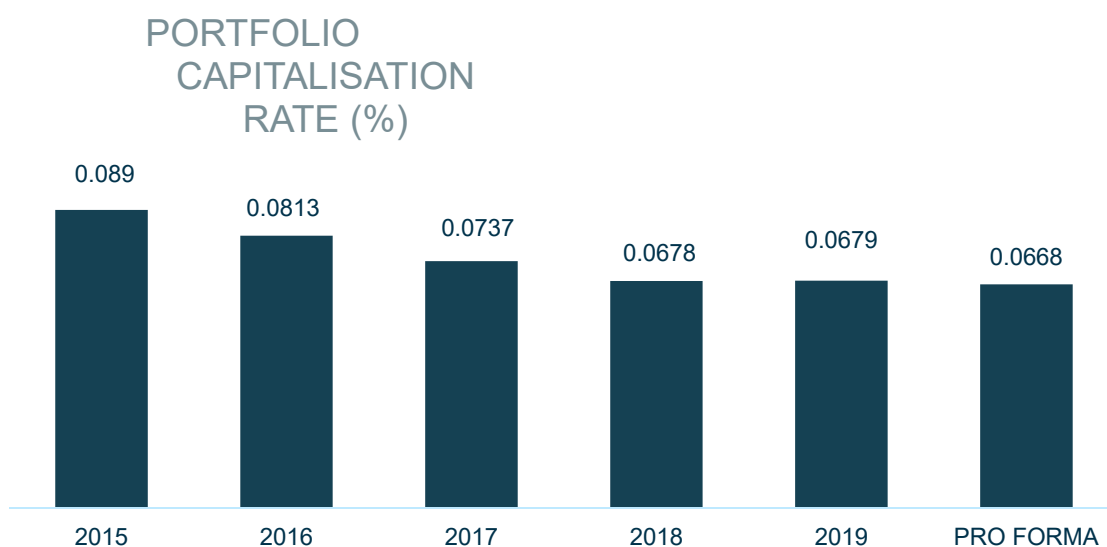
Asset Under Management (\$m)



The diversification and growth of GDF's portfolio has resulted in an improved tenant profile with no single tenant representing greater than 10% of income.

²⁵ Based on the closing price of GDF Units on 2 October 2019 of \$1.465.

Growth in AUM and improvement in portfolio quality is reflected in the compression in GDF's weighted average capitalisation rate and WALE.



5.5 Capital Structure

As at the date of this Scheme Booklet, GDF has 185,356,359 GDF Units on issue which are quoted on ASX under the ticker code 'GDF'. The distribution schedule for the GDF Units currently on issue is set out in the table below.

Range	Units	%	No. of holders	%
100,001 and over	126,288,983	68.13	128	3.40
50,001 to 100,000	18,055,654	9.74	251	6.66
10,001 to 50,000	32,518,904	17.54	1,336	35.45
5,001 to 10,000	4,963,267	2.68	667	17.70
1,001 to 5,000	3,404,140	1.84	1,196	31.73
1 to 1,000	125,411	0.07	191	5.07
Total	185,356,359	100.00	3,769	100.00

5.6 Substantial Unitholders

GDF's substantial unitholders as at the date of this Scheme Booklet are:

Estimated beneficial holding	Number	%
HGT Investments Pty Ltd	27,356,551	14.76
The Trust Company (Australia) Limited ²⁶	21,900,363	11.82
Longhurst Management Services Pty Ltd	11,742,833	6.34
Total	60,999,747	32.91

²⁶ This represents the units held by GCT.

6 Profile of GARDA Property Group – the Merged Group

6.1 Overview

The Internalisation will result in the strategies, people, capital, assets, operations and intentions of GCM and GDF being brought together in one ASX-listed, stapled entity, GARDA Property Group.

The board of directors and management are not intended to change as a result of the Internalisation. In addition, other than nomenclature and some administrative matters, service providers and property tenants are unlikely to be materially affected by the Internalisation.

Existing GCM Securityholders are expected to benefit from:

- increased scale, liquidity and market capitalisation of the merged entity;
- alignment of GARDA Property Group's business model with the largest REITs in the Australian market in terms of structure and management, which may increase investor acceptance and interest;
- an investment in a real estate investment trust, which is expected to yield more stable returns than GCM;
- an expected ability to directly participate in returns from GCM's management of GDF, which prior to the Internalisation would only have been in the form of management fees; and
- an expected improved ability to source equity and debt capital to underpin the future growth of GARDA Property Group.

GDF Unitholders are expected to benefit from:

- elimination through consolidation of funds management, asset management, leasing and capital expenditure fees between GDF and GCM;
- reduced risk of GDF losing access to GCM's proven real estate enhancement and asset creation strategies;
- 12.6% 'Value' accretion²⁷ for GDF unitholders;
- increased scale, liquidity and market capitalisation of the merged entity;
- alignment of GARDA Property Group's business model with the largest REITs in the Australian market in terms of structure and management, which may increase investor acceptance and interest; and
- an expected improved ability to source equity and debt capital to underpin the future growth of GARDA Property Group.

Further, following implementation of the Internalisation, GARDA Property Group will own and manage an integrated platform comprising 17 industrial and commercial properties on the Australian east coast, valued at approximately \$404 million²⁸ and employ a team of professionals across real estate investment, asset management, development, leasing, finance and corporate services.

²⁷ 'Value' is the term used to describe GARDA Property Group's FFO after adjusting for capital expenditure fees, lease and other payments capitalised by GDF but recognised as revenue by GCM. This GCM revenue is eliminated in the forecast consolidated income statement for GARDA Property Group but without a corresponding offset for the amounts capitalised by GDF, resulting in a net negative impact on FFO. Accordingly, to recognise the value associated with GDF's capitalised expenditure, the capitalised expenditure has been added back to FFO to arrive at 'Value'. The relevant amount of capitalised GDF expenditure in FY20 is approximately \$2.8 million.

²⁸ Based on external valuations as at 30 June 2019 and an independent valuation of the Morningside property on 4 September 2019.

6.2 Corporate and capital structure

The Internalisation will result in GCM and GDF being combined into a single ASX-listed entity, GARDA Property Group which will be quoted on ASX under the ticker code 'GDF'. GARDA Property Group will be a stapled entity comprising a company, GHL, and a REIT, GDF.

GARDA Property Group is expected to have 227,644,359²⁹ GDF Stapled Securities on issue, as follows:

	GDF Units	GHL Shares	GDF Stapled Securities
Pre-Internalisation	185,356,359	185,356,359	
Consideration issued to GCM	42,288,000	42,288,000	
GARDA Property Group	227,644,359	227,644,359	227,644,359

6.3 Board and management

The board and management of GARDA Property Group will comprise the board and management of GCM.

Profiles of the board and management are contained in sections 4.2 and 4.3 of this Scheme Booklet.

6.4 Strategy and intentions

It is not the intention of the Independent Directors or the Target Board Committee that the strategies of GCM and GDF will change following the Internalisation.

GCM's strategy is contained in section 4.4 and GDF's strategy is contained in section 5.3.

²⁹ Including 21.9 million GDF Stapled Securities held as Treasury Stock.

7 Financial information

The Target has provided, and is responsible for, the financial information in this section 7 concerning GCL and GCT, or upon which that information is based.

The Bidder has provided, and is responsible for, the financial information in this section 7 concerning GHL and GDF, or upon which that information is based.

7.1 Introduction

The financial information contained in this section comprises:

- GDF Standalone Financial Information;
- GCM Standalone Financial Information; and
- GARDA Property Group Consolidated Financial Information

(together, the **Financial Information**).

All amounts disclosed in this section are presented in Australian dollars and are rounded to the nearest \$m. Rounding may result in some discrepancies between the sum of components and the totals outlined within the tables and the percentage calculations.

Information in this section should be read in conjunction with the risk factors outlined in section 8 and the other information provided in this Scheme Booklet.

7.2 Basis of preparation

(a) Overview

The financial information in this Scheme Booklet is intended to present GCM Securityholders with information to assist them in understanding the historical, pro forma and forecast financial position, financial performance and cash flows for GDF, GCM and (assuming implementation of the Internalisation) GARDA Property Group.

Historical financial information and forecast consolidated income statements for each of GDF and GCM have been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards (**AAS**).

Pro forma historical balance sheet information for GARDA Property Group has been prepared in accordance with the recognition and measurement principles contained in AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impact of certain transactions as if they occurred as at 30 June 2019.

The forecast consolidated operating income statement for GARDA Property Group has been prepared in accordance with the recognition and measurement principles contained in AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impact of the Internalisation as at 1 December 2019.

Certain significant accounting policies relevant to the Financial Information are disclosed in section 7.7. The Financial Information is presented in an abbreviated form and does not contain all of the presentation, disclosures, statements or comparative information as required by AAS applicable to annual general purpose financial reports prepared in accordance with the Corporations Act.

(b) Historical financial information

The historical financial information for GDF has been derived from its financial statements for the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019, which were audited by BDO Audit Pty Ltd. BDO Audit Pty Ltd issued unmodified audit opinions on these financial statements.

The historical financial information for GCM has been derived from its financial statements for the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019, which were audited by BDO Audit Pty Ltd. BDO Audit Pty Ltd issued unmodified audit opinions on these financial statements.

(c) Pro forma historical balance sheet information

The pro forma historical balance sheet information has been derived from the historical consolidated balance sheets of GDF and GCM as at 30 June 2019 and adjusted for the effects of pro forma adjustments described in sections 7.3 and 7.4.

Due to its nature, the pro forma historical balance sheet information does not represent GARDA Property Group's actual or prospective financial position.

The pro forma historical balance sheet information has been reviewed by Pitcher Partners Corporate Finance Limited, whose Independent Limited Assurance Report is provided in Annexure B of this Scheme Booklet. GCM Securityholders should note the scope and limitations of that report.

(d) Forecast Financial Information

The forecast financial information has been prepared based on an assessment of current economic and operating conditions, and assumptions regarding future events and actions as set out in section 7.6. The Independent Directors and the Target Board Committee believe that the forecast financial information has been prepared with due care and attention and consider the assumptions to be reasonable at the time of preparing this Scheme Booklet.

GCM Securityholders should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the forecast financial information and that any deviation in assumptions on which the forecast financial information is based may have a material positive or negative effect on actual financial performance, cash flows and distributions. GCM Securityholders are advised to review the assumptions in conjunction with the risk factors outlined in section 8 and the other information provided in this Scheme Booklet.

The forecast operating income statement for GCM for FY20 is comprised of the following:

- unaudited management accounts for the one month to 31 July 2019; and
- forecast financial information for the 11 months to 30 June 2020.

The forecast operating income statement for GDF for FY20 is comprised of the following:

- unaudited management accounts for the one month to 31 July 2019; and
- forecast financial information for the 11 months to 30 June 2020.

The forecast consolidated operating income statement for GARDA Property Group has been derived from the forecast consolidated income statements for GDF and GCM, after adjusting for the matters described below in section 7.5(b).

Due to its nature, the forecast financial information does not represent GARDA Property Group's actual or prospective financial position or performance.

The forecast financial information has been reviewed by Pitcher Partners Corporate Finance Limited, whose Independent Limited Assurance Report is provided in Annexure B of this Scheme Booklet. GCM Securityholders should note the scope and limitations of that report.

The forecast consolidated distribution statements for the financial year ending 30 June 2020 have been derived by adjusting GCM and GDF's forecast consolidated income statements post-Internalisation as detailed in section 7.5(b) for:

- GCM operating pre-Internalisation trading from the period 1 July 2019 to 30 November 2019;
- eliminations on consolidation necessary to effect the Internalisation;

- elimination of taxation from within GCM; and
- estimated synergies arising from the Internalisation.

GCM Securityholders are advised to review the assumptions in conjunction with the risk factors outlined in section 8 and the other information provided in this Scheme Booklet.

(e) Treasury Stock

The Internalisation will result in GDF owning 100% of GCT which, in turn, will own 9.6% of GDF Stapled Securities. Pursuant to AAS, this Treasury Stock must be deducted against equity. Further, distributions receivable by GCT from the Treasury Stock have also been eliminated from the income statement for GARDA Property Group.

It is the current intention of both the Target Board Committee and the Independent Directors that the Treasury Stock will be sold in the medium term following the Internalisation.

(f) Non-IFRS Financial Measures

Certain financial measures included in this Scheme Booklet are not recognised under AAS. These measures are collectively referred to as "non-IFRS financial measures". The principal non-IFRS financial measures that are referred to in this Scheme Booklet are discussed below.

GARDA Property Group's forecast consolidated distribution statements set out in section 7.5(c) contain a non-IFRS financial measure, being FFO which has been determined in accordance with best practice guidelines published by the Property Council of Australia .

Although the Independent Directors and the Target Board Committee believe this measure provides useful information about the financial performance of GDF, GCM and GARDA Property Group, it should be considered as a supplementary measure of operating performance to that included in GDF's and GCM's forecast consolidated income statements and GARDA Property Group's forecast consolidated operating income statement that have been presented in section 7.5(b) and not as a replacement for it. Because these non-IFRS financial measures are not based on AAS, and the way that GDF calculates these measures may differ from similarly titled measures by other entities, GCM Securityholders should not place undue reliance on them.

7.3 GDF Standalone Financial Information

(a) GDF historical income statements

The table below outlines GDF's historical income statements for the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019.

	2017 \$m	2018 \$m	2019 \$m
Revenue	19.9	19.2	25.5
Property expenses	(5.2)	(4.9)	(5.9)
Trust level expenses	(1.8)	(2.1)	(3.2)
Interest expense	(2.5)	(1.6)	(2.9)
Operating profit (before fair value adjustments and one-off items)	10.4	10.6	13.5
Litigation proceeds	-	-	8.0
Litigation expenses	(0.2)	(0.6)	(0.7)
Non-operating interest income	0.1	0.1	0.1
Net gain/(loss) on financial instrument held at fair value through profit	0.5	(0.2)	(2.0)
Fair value movement in investment properties	9.5	14.3	9.0
Net gain (loss) on sale of investment properties	(0.2)	-	1.6
Transaction costs	-	-	(0.7)
Statutory profit before tax	20.1	24.2	28.8

(b) GDF forecast operating income statement

The table below outlines GDF's forecast operating income statement for the financial year ending 30 June 2020. The forecast operating income statement has been reviewed by Pitcher Partners Corporate Finance Limited, whose Independent Limited Assurance Report is provided in Annexure B of this Scheme Booklet. GCM Securityholders should note the scope and limitations of this report.

	2020F \$m
Revenue	29.1
Property expenses	(6.6)
Trust level expenses	(3.5)
Interest expense	(4.1)
Operating profit (before fair value adjustments and one-off items)	14.9

Notes

- Property acquisition costs were incurred on Acacia Ridge of \$2.2 million, and Morningside of \$2.5 million. These costs will be included within the calculation of the fair value of investment properties (no amounts for which are being forecast), and it is noted any fair value gains or losses of investment properties are not included within Operating Profit.
- Transaction costs in relation to the Proposal (expected to be an additional \$0.7 million) are forecast to be incurred by GDF, however these are not included within Operating Profit.

(c) GDF historical statements of cash flows

The table below outlines GDF's historical statements of cash flows for the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019.

	2017 \$m	2018 \$m	2019 \$m
Cash flows from operating activities			
Rent and outgoings received (includes GST)	20.9	21.5	28.0
Litigation proceeds	-	-	8.0
Cash payments in the course of operations (includes GST)	(8.2)	(14.4)	(15.3)
Interest received	0.1	0.1	0.1
Finance costs	(2.4)	(1.3)	(4.1)
GST refund/(paid)	(0.8)	5.3	3.9
Net cash provided by operating activities	9.6	11.2	20.6
Cash flows from investing activities			
Payments for investment property improvements	(6.1)	(5.1)	(8.6)
Payments for leasing fees and lease incentives	(0.5)	(0.8)	(0.5)
Payments for acquisitions and capital expenditure on investment	(41.1)	(65.5)	(33.7)
Proceeds from the sale of investment properties	22.4	-	-
Deposit for investment properties for future construction	-	-	(1.9)
Payments for acquisition of investment properties	-	(10.5)	(10.3)
Proceeds on disposal of investment properties	-	-	16.4
Net cash used in investing activities	(25.3)	(81.9)	(38.6)
Cash flows from financing activities			
Proceeds of borrowings	39.0	71.1	57.6
Repayment of borrowings	(24.8)	(25.3)	(34.7)
Distribution paid	(9.6)	(10.8)	(13.4)
Payments for borrowing establishment costs	-	(0.3)	-
Capital raised	20.0	30.0	25.0
Equity transaction costs	(0.1)	(0.9)	(0.8)
Net cash provided by (used in) financing activities	24.5	63.8	33.7
Net increase / (decrease) in cash held	8.9	(6.9)	15.7
Cash at the beginning of the financial year	2.5	11.4	4.5
Cash at the end of the financial year	11.4	4.5	20.2

(d) GDF pro forma historical balance sheet

The table below shows the audited GDF balance sheet as at 30 June 2019 and the pro forma balance sheet which has been adjusted in accordance with the notes to the table. The pro forma balance sheet has been reviewed by Pitcher Partners Corporate Finance Limited, whose Independent Limited Assurance Report is provided in Annexure B of this Scheme Booklet.

GDF	GDF	Pro forma	Pro forma
Statement of Financial Position	30-Jun-19	Adjustments	Historical
	\$m	\$m	\$m
ASSETS			
Current assets			
Cash and cash equivalents	20.2	(15.4) ¹	4.8
Trade and other receivables	1.4	-	1.4
Total current assets	21.6	(15.4)	6.2
Non-current assets			
Other assets	1.9	(1.9) ²	-
Investment properties	332.8	72.0 ³	404.8
Total non-current assets	334.7	70.1	404.8
Total assets	356.3	54.7	411.0
LIABILITIES			
Current liabilities			
Trade and other payables	4.2	-	4.2
Distribution/dividend payable	3.6	-	3.6
Borrowings	15.4	(15.4) ¹	-
Total current liabilities	23.2	(15.4)	7.8
Non-current liabilities			
Tenant security deposits	0.3	-	0.3
Borrowings	112.9	38.0 ⁴	150.9
Derivative financial instrument	2.8	-	2.8
Total non-current liabilities	116.0	38.0	154.1
Total liabilities	139.2	22.6	161.9
NET ASSETS	217.1	32.1	249.2

Notes:

1. Adjustment reflects repayment of debt by \$15.4 million primarily from the sale proceeds of Murarrie property.
2. Reclassification of deposits on Acacia Ridge properties to investment properties on settlement.
3. Acquisition of Acacia Ridge properties for \$31.0 million and Morningside property for \$41.0 million.
4. Borrowings reflect the debt funding component of acquisitions of Acacia Ridge properties for \$31 million plus stamp duty and other transaction costs, and the Morningside property for \$41.0 million plus million stamp duty and other transaction costs. It is noted \$6.0 million in GDF Units were issued to the vendor of Acacia Ridge, and \$31.5 million capital (less transaction costs) raised in respect of the Morningside property acquisition.

7.4 GCM Standalone Financial Information

(a) GCM historical income statements

The table below outlines GCM's historical income statements for the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019.

	2017	2018	2019
	\$m	\$m	\$m
Revenue	3.9	4.9	7.1
Other income	0.1	0.4	0.4
GDF distribution income	0.9	1.3	1.9
Fair value gains	1.0	0.6	4.9
Employee benefits expense	(1.5)	(1.5)	(2.1)
Professional costs	(0.9)	(1.0)	(1.0)
Interest expenses	(0.3)	(0.6)	(0.9)
Other expenses	(0.9)	(0.8)	(0.8)
Operating profit before tax	2.3	3.3	9.5
Impairment of intangible assets	(0.2)	-	-
Transaction costs	-	-	(0.2)
Profit before tax	2.1	3.3	9.3
Income tax	0.4	(0.5)	(0.9)
Profit after tax	2.5	2.8	8.4

(b) GCM forecast operating income statement

The table below outlines GCM's forecast operating income statement for the financial year ending 30 June 2020. The forecast operating income statement has been reviewed by Pitcher Partners Corporate Finance Limited, whose Independent Limited Assurance Report is provided in Annexure B of this Scheme Booklet. GCM Securityholders should note the scope and limitations of this report.

	2020F
	\$m
Revenue	8.2
Other income	0.4
GDF distribution income	2.0
Employee benefits expense	(2.3)
Professional costs	(0.8)
Interest expense	(0.9)
Other expenses	(1.1)
Operating profit before tax	5.5
Income tax	(1.2)
Operating profit after tax	4.3

Notes:

- GDF distribution income represents GCM's expected distribution based GDF's forecast Operating Profit. It is noted fair value gains on GCM's investment in GDF are not forecast.
- Transaction costs in relation to the Internalisation (expected to be an additional \$0.2 million) are forecast to be incurred by GCM, however these are not included within Operating Profit.

(c) GCM historical statements of cash flows

The table below outlines GCM's historical statements of cash flows for the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019.

	2017	2018	2019
	\$m	\$m	\$m
Cash flows from operating activities			
Receipts from customers	4.1	5.1	7.5
Cash payments in the course of operations	(3.4)	(3.5)	(4.5)
Interest received	0.1	0.1	0.1
Distributions received	0.9	1.1	1.8
Interest paid	(0.5)	(0.4)	(0.9)
Income tax paid	(0.3)	0.0	(0.1)

GST paid	(0.1)	(0.3)	(0.5)
Net cash provided by (used in) operating activities	0.8	2.1	3.4
Cash flows from investing activities			
Payments for property, plant and equipment	(0.1)	-	-
Wind up expenses paid	(0.1)	-	-
Payments for acquisition of financial assets	-	(10.0)	(4.0)
Repayment of loan receivable from external parties	2.0	1.9	0.8
Loan advances to external parties	(1.0)	(0.4)	(2.5)
Net cash provided by (used in) investing activities	0.8	(8.5)	(5.7)
Cash flows from financing activities			
Proceeds from secured syndicate borrowings	-	10.0	-
Repayment of securityholder loan (capitalised interest)	-	(0.1)	-
Repayment of unsecured loans	(0.5)	-	-
Repayment of securityholder loans	(2.4)	-	-
Proceeds from security issue	6.7	-	-
Payment of security issue costs	(0.4)	-	-
Dividend paid	-	-	(1.2)
Distributions paid	(0.7)	(0.9)	(1.1)
Net cash provided by (used in) financing activities	2.7	9.0	(2.3)
Net increase (decrease) in cash held	4.3	2.6	(4.6)
Cash at the beginning of the financial year	1.6	5.9	8.5
Cash at the end of the financial year	5.9	8.5	3.9

(d) GCM pro forma historical balance sheet

The table below shows the audited GCM balance sheet as at 30 June 2019 and the pro forma balance sheet which has been adjusted in accordance with the notes to the table. The pro forma balance sheet has been reviewed by Pitcher Partners Corporate Finance Limited, whose Independent Limited Assurance Report is provided in Annexure B of this Scheme Booklet.

Statement of Financial Position	GCM	Pro forma	Pro forma
	30-Jun-19 \$m	Adjustments \$m	Historical \$m
ASSETS			
Current assets			
Cash and cash equivalents	3.9		3.9
Trade and other receivables	3.7		3.7
Total current assets	7.6		7.6
Non-current assets			
Investment properties	1.3		1.3
Property, plant and equipment	0.1	0.2 ¹	0.3
Financial assets	30.7		30.7
Intangible assets	0.3		0.3
Total non-current assets	32.3	0.2	32.5
Total assets	39.9	0.2	40.1
LIABILITIES			
Current liabilities			
Trade and other payables	1.2		1.2
Borrowings	-	0.2 ¹	0.2
Current tax liability	0.9		0.9
Total current liabilities	2.1	0.2	2.3
Non-current liabilities			
Borrowings	12.0		12.0
Deferred tax liability	-		-
Total non-current liabilities	12.0		12.0
Total liabilities	14.1	0.2	14.3
NET ASSETS	25.8	-	25.8

Notes:

1. Adjustment reflects adoption of AASB 16 Leases as at 1 Jul 2019 for right of use assets reflecting the unamortised portion of the useful life of building leases, and lease liabilities.

7.5 GARDA Property Group Consolidated Financial Information

(a) GARDA Property Group pro forma consolidated balance sheet

The table below outlines GARDA Property Group's pro forma consolidated balance sheet as at 30 June 2019 as if the Internalisation was implemented as at 1 December 2019 and has been derived from:

- GDF's historical pro forma balance sheet as at 30 June 2019 as set out in section 7.3(d);
- GCM's historical pro forma balance sheet as at 30 June 2019 as set out in section 7.4(d); and
- the pro forma adjustments to effect the Internalisation.

The pro forma balance sheet is provided for illustrative purposes only and may not represent GARDA Property Group's actual or future financial position.

GARDA Property Group	GDF	GCM	Pro forma	GPG
Statement of Financial Position	Pro forma	Pro forma	adjustments	
	Historical	Historical		30-Jun-19
	30-Jun-19	30-Jun-19		30-Jun-19
	\$m	\$m	\$m	\$m
ASSETS				
Current assets				
Cash and cash equivalents	4.8	3.9	(0.9) ¹	7.8
Trade and other receivables	1.4	3.7	(1.4) ²	3.7
Total current assets	6.2	7.6	(2.3)	11.5
Non-current assets				
Investment properties	404.8 ⁶	1.3	-	406.1
Property, plant and equipment	-	0.3	-	0.3
Financial assets	-	30.7	(30.7) ³	-
Intangible assets	-	0.3	34.1 ⁴	34.4
Total non-current assets	404.8	32.5	3.4	440.8
Total assets	411.0	40.1	1.1	452.3
LIABILITIES				
Current liabilities				
Trade and other payables	4.2	1.2	(0.9) ²	4.5
Borrowings	-	0.2	-	0.2
Distribution/dividend payable	3.6	-	(0.5) ²	3.1
Current tax liability	-	0.9	-	0.9
Total current liabilities	7.8	2.3	(1.4)	8.7
Non-current liabilities				
Tenant security deposits	0.3	-	-	0.3
Borrowings	150.9	12.0	-	162.9
Derivative financial instrument	2.8	-	-	2.8
Total non-current liabilities	154.1	12.0	-	166.1
Total liabilities	161.9	14.3	(1.4)	174.8
NET ASSETS	249.2	25.8	2.5	277.5
Securities on issue (000's)	185,356			205,744
NTA per security	1.34			1.18
NAV per security	1.34			1.35
LVR	37.3%			37.3% ⁵
GEARING	36.7%			36.0% ⁷

Notes

1. Estimated remaining transactions costs of \$0.9 million from the total estimated costs of \$1.8 million.
2. Elimination of distribution receivable on Treasury Stock of \$0.49 million and inter-entity elimination of debtors and creditors for \$0.43 million.
3. Elimination of Treasury Stock which has been marked to market as at 30 June 2019. It is expected that this stock will be sold in the medium term.
4. Goodwill on acquisition relating to the Internalisation may change subject to GDF trading price at the Implementation

Date and once the fair value of all assets and liabilities are determined at the Implementation Date.

5. LVR calculation excludes GCM investment property and GCM borrowings as the borrowings are not secured by the investment property.
6. A separate rental guarantee contract asset for Acacia Ridge properties for \$2.0m has not been recognised in the balance sheet. The rental guarantee contract is implicit in the investment property valuation of \$404.8 million.
7. Gearing is calculated as total borrowings divided by total assets.

(b) GARDA Property Group forecast consolidated operating income statement

The table below outlines the GDF standalone forecast operating income statement and GARDA Property Group's consolidated forecast income statement for the financial year ending 30 June 2020 and is based on an expected Implementation Date of 1 December 2019.

The column entitled 'GPG' has been calculated as follows:

- forecast consolidated operating income statement for GDF for the year ending 30 June 2020 based on an assessment of current economic and operating conditions, assumptions regarding future events and actions and on a standalone basis (see column entitled 'GDF');
- forecast consolidated operating income statement for GCM for the period 1 December 2019 to 30 June 2020 prepared on a standalone basis (see column entitled 'GCM'); and
- the transaction impact arising from the Internalisation and elimination adjustments with respect to the Internalisation (see column entitled 'Adjustments'). The aggregate of the forecast consolidated operating statement of comprehensive income for GCM and the Adjustments are presented in the column entitled 'Total transaction impact' to inform the reader of the total forecast impact of the Internalisation.

GARDA PROPERTY GROUP	GDF Forecast Year ending 30 June 2020 \$m	GCM Forecast Period 1 Dec to 30 June 2020 \$m	Pro forma Adjustment s \$m		Total transactio n impact \$m	GPG FY20F \$m
Operating Income Statement	A	B	C		B+C=D	A+D=E
REVENUE						
Property income	29.1	-	-		-	29.1
Other revenue	-	6.2	(5.5)	^{1 2 3 4}	0.7	0.7
GDF distribution income	-	1.1	(1.1)	⁵	-	-
	29.1	7.3	(6.6)		0.7	29.8
EXPENSES						
Property expenses	(6.6)	-	0.9	^{2 3}	0.9	(5.7)
Trust level expenses	(3.5)	-	1.7	⁴	1.7	(1.8)
Other expenses	-	(2.5)	-	⁶	(2.5)	(2.5)
Interest expense	(4.1)	(0.6)	0.1		(0.5)	(4.6)
	(14.2)	(3.1)	2.7		(0.4)	(14.6)
OPERATING PROFIT BEFORE TAX	14.9	4.2	(3.9)		0.3	15.2
Income tax expense	-	(1.0)	1.0	⁷	-	-
OPERATING PROFIT AFTER TAX	14.9	3.2	(2.9)		0.3	15.2

Notes:

1. Elimination of fund management fees and other revenue on consolidation.
2. Represents elimination of property management fees, facility management fees and recovery of expenses on consolidation.
3. Represents adjustment for capex fees, leasing fees and project management fees eliminated on consolidation.
4. Represents elimination of management fees on consolidation.
5. Represents elimination of distribution income on accounting for Treasury Stock.
6. Represents cost savings and synergies associated with the Internalisation, offset by the increase in share-base payments expense.
7. Represents elimination of income tax expense.

(c) GARDA Property Group forecast consolidated forecast value¹ per security

The table below outlines GARDA Property Group's consolidated forecast distribution statement for the year ending 30 June 2020, which includes pro forma adjustments to reflect an Implementation Date of the Internalisation on 1 December 2019.

GARDA PROPERTY GROUP			Adjustment s	Total transaction impact	GPG
	GDF \$m	GCM \$m	\$m	\$m	\$m
Adjustments for Funds for Operations	A	B	C	B+C=D	A+D=E
OPERATING PROFIT AFTER TAX	14.9	3.2	(2.9)	0.3	15.2
Cashflows from rental guarantees	1.6	-	-	-	1.6
Non-cash expenses	-	-	0.2	0.2	0.2
Incentives amortisation and rent-straight line	(0.5)	-	-	-	(0.5)
FUNDS FROM OPERATIONS	16.0	3.2	(2.7)	0.5	16.5
Expense savings capitalised into assets	-	-	2.8	2.8	2.8
ADJUSTED FUNDS FROM OPERATIONS (VALUE¹)	16.0	3.2	0.1	3.3	19.3
Number of units (000's)	179,637			191,479	2
FFO per security (cents)	8.9			8.6	
Value ¹ per security – Adjusted FFO (cents)				10.1	
Value accretion				12.6%	3

Note

1. 'Value' is the term used to describe GARDA Property Group's FFO after adjusting for capital expenditure fees, lease and other payments capitalised by GDF but recognised as revenue by GCM. This GCM revenue is eliminated in the forecast consolidated income statement for GARDA Property Group but without a corresponding offset for the amounts capitalised by GDF, resulting in a net negative impact on FFO. Accordingly, to recognise the value associated with GDF's capitalised expenditure, the capitalised expenditure has been added back to FFO to arrive at 'Value'. The relevant amount of capitalised GDF expenditure in FY20 is approximately \$2.8 million.
2. Weighted number of securities on issue based on a notional Implementation Date of 1 December 2019, net of Treasury Stock eliminated on consolidation.
3. Value accretion has been correctly calculated at 12.6%. Any discrepancy in calculation using the data in the table is due to rounding of the underlying data.

7.6 Assumptions underpinning forecasts

The key assumptions relating to the forecast financial information are set out below.

(a) General assumptions

In preparing the forecast financial information for the financial year ending 30 June 2020 the following general assumptions have been adopted:

- no significant change in economic conditions (including industrial and commercial property markets and financial market stability);
- no significant change in the competitive operating environment;
- no unexpected changes to the statutory, legal or regulatory environment which would be detrimental to GDF or GCM in any of the jurisdictions in which they operate;
- no changes in current Australian tax legislation;
- no material changes in AAS and interpretations, other mandatory professional reporting requirements or the Corporations Act that would have a material impact on the consolidated financial performance, cashflows, financial position, distributions, accounting policies, financial reporting or disclosures;
- key personnel, particularly the senior management team, are retained;
- no material litigation or contract disputes;

- no acquisitions or disposals of investment properties, except for the acquisition of Acacia Ridge and Morningside properties;
- no material change in capital expenditure requirements from those included in the forecast financial information caused by factors outside GDF's or GCM's control;
- no significant amendment to any material contracts relating to the business;
- no movement in fair value of derivatives;
- no movement in fair value of investment properties;
- all existing leases are enforceable and performed in accordance with their terms; and
- the Internalisation proceeds in accordance with the timetable set out in this Scheme Booklet.

(b) Specific Assumptions for GDF

The forecast financial information for GDF has been prepared by GDF based on an assessment of each individual property of GDF. In preparing the forecast financial information, GDF has taken into account the tenancy schedule, historical performance metrics and future outlook for each individual property, and the current market conditions as applicable to GDF.

The specific, best-estimate assumptions applied in preparing the forecast financial information for the financial year ending 30 June 2020 are described below.

Property income

Property income comprises gross rental income including outgoings recoveries and has been forecast on a property-by-property basis based on existing leases and assumptions for future occupancy rates, tenant retention and market rentals. It is noted outgoings recoveries have a corresponding amount recorded within property expenses.

As at the date of this Scheme Booklet, the Independent Directors do not believe there is any information to indicate any tenancy issues that would materially impact the forecasts.

The Botanicca 9 commercial project located in the Melbourne City-fringe suburb of Richmond was completed in June 2019. Based on discussions with prospective tenants, GDF has assumed that net income of \$1.05 million will be generated from the property in the financial year ending 30 June 2020. If this income is not realised, the forecast FFO per unit for GARDA Property Group for the year ending 30 June 2020 would decrease from 8.6 cents per unit to 8.1 cents per unit.

The projections in relation to property income are based on a number of assumptions and subject to a number of risks in relation to the operations of the properties. Investors are already exposed to these risks, as investors in GDF.

Property income assumes the impact of a number of capital expenditure projects and leasing programs. This includes assumed or future lease income, incentives, and expected lease commencements.

Expiries, reletting and tenant incentives

Specific assumptions have been made in respect of each lease expiry over the forecast period for each individual property.

Reletting and lease incentives for expiring leases during the forecast period have been assumed on a property by property basis, taking into consideration agreements for lease, draft terms being negotiated with potential tenants (including existing tenants), and also taking into consideration available information for the relevant tenancy, such as current passing rent, market rent, property, locality, and discussions with tenants and potential tenants.

Letting up periods have been forecast on a property by property basis based on individual tenancies and management's historical experience and plans for the property.

Lease incentives comprising of rent free, fit out periods and tenancy fitouts are included in the forecast period.

Rental guarantees

GDF has received rental guarantees for two of its properties to cover vacancies, lease incentives and rent abatements incurred to secure a new tenant.

The level of rental guarantees assumed to be received has regard to the assumptions in respect of tenant retention rates, let ups and lease incentives.

The value of the cash flows expected to be received under the rental guarantee has been capitalised to GDF's balance sheet. The amortisation of this amount is offset against the cash forecast to be recovered of the guarantee period.

Property expenses

Property expenses have been forecast on a property by property basis based on current outgoings expectations and best estimate assumptions relating to operational requirements of each property. It is noted to the extent these are considered recoverable a corresponding amount is recorded within property income.

Finance costs

Finance costs include interest, amortisation of discounts, or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with arrangements of borrowings. Finance costs are expensed as incurred unless they relate to qualifying assets.

A qualifying asset is an asset under development or construction which takes a substantial period of time. Finance costs incurred for the acquisition and construction of a qualifying asset are capitalised to the cost of the asset for the period of time that is required to complete the asset. To the extent that funds are borrowed generally to fund development, the amount of borrowing costs to be capitalised to qualifying assets must be determined by using an appropriate interest rate.

Interest payments in respect of financial instruments classified as liabilities are included in finance costs.

Loan establishment costs are offset against financial liabilities under the effective interest method and amortised over the term of the facility to which they relate.

Management fees

Management fees comprise investment management fees and capital expenditure fees. Management fees have been forecast based on 0.65% per annum of GDF's estimated gross asset value while a capital expenditure fee of 5.0% is payable on the value of all capital works undertaken by GDF related to the properties.

Maintenance capex

Management has forecast capital expenditure for maintenance capex on a property by property basis in accordance with its assessment of infrastructure requirements, along with improvements to amenities, car parks and landscaping. Management has based its estimates on historical property expenditure, future capital expenditure requirements and quotes for work to be performed.

Leasing costs

Leasing costs comprise lease incentives and leasing fees. Leasing costs are forecast on the assumptions for new leases, existing tenant renewals and exercise of options over the forecast period.

Fees for leasing services are based on a percentage of net income received, and at market rates.

Distributions

GDF has paid distributions of 9.0 cents per GDF Unit in FY18 and FY19, and is forecasting 9.0 cents per GDF Unit for FY20. For the purposes of the forecast consolidated distribution statement a payout ratio of 100-105% of FFO is implied.

(c) Specific Assumptions for GCM

The forecast financial information for GCM has been prepared by GCM based on an assessment of current economic and operating conditions and assumptions regarding future events.

The specific, best-estimate assumptions applied in preparing the forecast financial information are described below.

Property revenue

Revenue includes management fees, property management, leasing and capex fees derived for services provided to GDF. Fees have been forecast in accordance with relevant assumptions and underlying management agreements.

Management fee revenue has been forecast on the same basis as forecast management fee expenses to be incurred by GDF.

Leasing fees are forecast based on the assumptions for new leases, existing tenant renewals and exercise of options for GDF over the forecast period.

Capex fees have been forecast based on the forecast cost of GDF's development projects.

Expenses

Expenses include employee benefits expenses and corporate and administration costs.

(d) Specific assumptions for GARDA Property Group

The forecast financial information for GARDA Property Group has been prepared by GDF and GCM to reflect a consolidation of GDF and GCM on the basis that reflects the impact of certain transactions as if they occurred on or after 1 December 2019 including:

- elimination of income from GARDA Property Group's intra-group cross ownership of GDF (i.e. Treasury Stock) being distribution income. It is noted fair value gains on the investment were not forecast by GCM; and
- elimination of GARDA Property Group's intra-group revenue and expense recoveries, including:
 - reductions in GCM income and corresponding GDF expenses; and
 - removal of revenues within GCM for costs capitalised by GDF (it is noted these amounts will be reflected through adjustments to the net gain/(loss) on sale / fair value movements of investment properties which are not included within the forecast operating income statement.

7.7 Summary of significant accounting policies

The significant accounting policies used to prepare the Financial Information are consistent with those disclosed in the GDF's and GCM's financial statements for the financial year ended 30 June 2019.

The preparation of the Financial Information requires estimates, judgments and assumptions that affect the reported amounts. Actual results may differ from these estimates under different assumptions or conditions. Revisions to estimates are recognised in the period in which the estimate is revised and in any future period affected.

The significant accounting policies below apply estimates, judgments and assumptions which could materially affect the financial performance and/or financial position reported in future periods.

Principles of consolidation

Subsidiaries are all entities over which the GARDA Property Group has control. GARDA Property Group controls an entity when the stapled group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to GARDA Property Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by GARDA Property Group.

Inter-entity transactions, balances and unrealised gains on transactions between stapled group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by GARDA Property Group.

When GARDA Property Group ceases to consolidate for an investment because of a loss of control any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if GARDA Property Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by GARDA Property Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. GARDA Property Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

Property income

Rental income derived from investment properties is recognised on a straight-line basis over the term of the lease.

The portion of rental income relating to fixed increases in rent in future years is recognised as a separate component of investment properties and amortised on a straight-line basis over the term of the lease.

Other Income

Contracts with customers in relation to debt advisory services are specialised in nature and the customer does not benefit from the process undertaken, but rather the outcome. GARDA Property Group is only entitled to payment for services upon the successful completion of the contract. Hence, revenue is recognised upon completion of the service at a point in time.

Revenue from trailing commissions are recognised at gain value being the net present value of the expected future trailing commissions to be received.

Finance costs

Finance costs include interest, fair value movements in derivative financial instruments, payments in respect of derivative financial instruments and the amortisation of other costs incurred in respect of obtaining finance.

Finance costs associated with the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset during the period that is required to complete and prepare the asset for its intended use.

Borrowing costs not associated with qualifying assets are recognised as an expense when incurred.

Other costs incurred in respect of obtaining finance, including loan establishment fees, are deferred and expensed over the term of the respective loan facility.

Income tax – GDF

Under current income tax legislation, GDF is not liable to pay income tax as the net income of GDF is assessable in the hands of the beneficiaries (i.e. GDF Unitholders) who are 'presently entitled' to the income of GDF. There is no income of GDF to which the GDF Unitholders are not presently entitled.

As a result, deferred taxes have not been recognised in the Financial Information in relation to differences between the carrying amounts of assets and liabilities and their respective tax bases, including taxes on capital gains which could arise in the event of a sale of investments for the amount at which they are stated in the Financial Information. In the event that taxable gains are realised by GDF, these gains would be included in the taxable income that is assessable in the hands of the unitholders as noted above.

Realised capital losses are not distributed to unitholders but are retained within GDF to be offset against any realised capital gains. The benefit of any carried forward capital losses are generally not recognised in the Financial Information, on the basis that GDF is a flow through trust for Australian tax purposes. If in any period realised capital gains exceed realised capital losses, including those carried forward from earlier periods and eligible for offset, the excess is included in taxable income that is assessable in the hands of unitholders in that period and is distributed to unitholders in accordance with the requirements of GDF constitution.

Income tax – GCM and its subsidiaries

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end

of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Investment Properties

Investment properties comprise of commercial and industrial properties which are held for long-term rental yields and/or capital appreciation and are not occupied GARDA Property Group.

With the exception of investment properties acquired as part of a business combination investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value.

Fair value is the amount at which the investment property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A willing seller is neither a forced seller nor one prepared to sell at a price not considered reasonable in the market.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
- discounted cash flow projections based on reliable estimates of future cash flows; and
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

Gains and losses arising from changes in fair value of investment properties are recognised in profit or loss in the period in which they arise.

GARDA Property Group obtains independent valuations for its investment properties at least every two years.

At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates. Fair value is determined using a long term investment period. Specific circumstances of the owner are not taken into account.

The carrying amount of investment properties recorded in the balance sheet may include the cost of acquisition, additions, refurbishments, improvements, lease incentives, leasing costs and assets relating to fixed increases in operating lease rentals in future years. This includes any internal cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Existing investment properties being developed for continued future use are also carried at fair value.

Where GARDA Property Group disposes of an investment property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, with a corresponding adjustment recorded in profit or loss.

Intangible Assets

Intangible assets are identifiable, non-monetary assets without physical substance. They are recognised only if it is probable the asset will generate future benefits for GARDA Property Group.

Goodwill

Goodwill is measured as described in sections above. Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets acquired as at the date of acquisition.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Management rights

Management rights acquired as part of a business combination are recognised at fair value at the acquisition date. Management rights have an indefinite useful life.

Impairment of intangibles

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impairment of Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets (other than goodwill) that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as non-current liabilities unless GARDA Property Group has no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave in the period the related service is rendered.

Liabilities recognised in respect of short term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured at the present value of the estimate future cash outflows to be made by GARDA Property Group in respect of services provided by employees up to the reporting date.

The obligations are presented as current liabilities in the balance sheet if GARDA Property Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Impact of New and Amended Accounting Standards

The AASB has issued AASB 16 Leases which supersedes AASB 117 Leases. As AASB 16 retains the distinction between operating leases and finance leases for lessors there is no fundamental change in accounting for leases between GARDA Property Group and its tenants.

As disclosed in the GCM 30 June 2019 audited financial report, the implication of the adoption of AASB 16 is an increase to right of use assets (included within Property, Plant and Equipment) by \$0.2 million, and corresponding increase to liabilities split between \$0.1 million current Borrowings and \$0.1 million to non-current Borrowings. These adjustments have been recorded in the GCM pro forma balance sheet as at 30 June 2019.

7.8 Debt facilities and cash

As at the date of this Scheme Booklet, GCM had loans totalling \$11.97 million and GDF had debt facilities of \$180.8 million drawn to \$160.1 million. The GCM and GDF facilities will remain in place and are expected to be unaffected by the Internalisation.

7.9 Commitments

GDF has not entered into any significant contracts at the date of this Scheme Booklet other than those disclosed as adjustments in the pro forma historical balance sheet for GDF in section 7.3(d).

GCM Operating Lease commitments have been recorded within the pro forma balance sheet under AASB 16 Leases.

7.10 Contingent Assets

GCL RE is continuing claims against two former tenants for arrears of rent. One of those is listed for trial in November 2019. GCL RE has filed a claim under warranties and indemnities given by various parties involved in the construction of the building Botanicca 7, at 572-576 Swan St, Richmond with respect to defects in the building. The builder is defending and has joined additional third parties as defendants. The matter has a mediation currently scheduled for December 2019 and is expected to be listed for trial during the second half of 2020. As at the date of this Scheme Booklet, it is not practicable to estimate the financial effect of the matter therefore no amount has been disclosed.

8 Risk Factors

8.1 Introduction

In considering the Internalisation, GCM Securityholders should be aware that there are a number of risk factors, both general and specific, associated with the Internalisation and exposure to GDF.

There are also risks specific to GCM and/or the industries in which it operates, which could materially adversely affect the future operating and financial performance of GCM, the value of GCM Securities and future dividends.

General and specific risks of an investment in GCM were set out in section 7 of the product disclosure statement and prospectus for GCM's initial public offering, which may be found at www.gardacapital.com.au. GCM Securityholders are already subject to the risks relevant to their investment in GCM and will remain subject to those risks if the Internalisation proceeds. Accordingly, this section does not seek to further address those risks.

This section outlines only the specific and general risks which the Target Board Committee believes are relevant to GCM Securityholders' assessment of the Internalisation and a direct equity exposure to GDF through GDF Stapled Securities. There may be other risks and this section does not seek to be exhaustive of all risks which may potentially arise from the Internalisation. This section is a summary only.

This section sets out:

- risks relating to the Internalisation (section 8.2);
- risks relating to an investment in GARDA Property Group (section 8.3);
- risks relating to an investment in commercial and industrial property (section 8.4); and
- general and market risks (section 8.5).

The occurrence or consequences of some of the risks described in this section may be partially or completely outside the control of GARDA Property Group, its directors and senior management team.

These risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of GCM Securityholders. Before deciding how to vote in relation to the Internalisation, you should have a sufficient understanding of these matters, having regard to your own individual risk profile, portfolio strategy, investment objectives, financial circumstances and taxation position. If you do not understand any part of this Scheme Booklet or are in any doubt as to how to vote in relation to the Internalisation, it is recommended that you seek professional guidance from your financial, legal, taxation or other independent and qualified professional adviser before deciding how to vote.

You should carefully consider the risk factors discussed in this section, as well as the other information contained in this Scheme Booklet before voting on the Internalisation.

8.2 Risks relating to the Internalisation

The risks set out in this section 8.2 relate specifically to the Internalisation.

(a) Investment, risk and return profile

The Internalisation will change the underlying investment risk and return profile of GCM from that of an active real estate fund manager and financier to an investment risk and return profile that more closely resembles that of a REIT. Conversely, the investment risk and return profile for GDF will include new active management and financing fees from the internalisation of GCM.

It is possible that GCM Securityholders and GDF Unitholders who do not wish to have changes to the investment and return profile of their securities will seek to sell their securities on the ASX, potentially creating an overhang in the prices of securities of GCM, GDF and/or GARDA Property Group.

(b) Financial information

There is a risk that the assumptions in the financial information in section 7 may not be achieved. One-off transaction and ongoing operating costs may be higher than forecast and additional revenues from the Internalisation may be lower than forecast. Forecasts by their nature are subject to uncertainties and contingencies, many of which are outside GCM's control. Therefore, there is a risk that the financial benefits targeted to arise from the Internalisation are not achieved to the extent anticipated, or at all.

(c) Interloper risk

The Internalisation may prompt third party interest in the management rights of GDF and may result in GDF receiving an unsolicited approach to replace GCL RE as Responsible Entity. This may cause GDF Unitholders to not approve the Internalisation at the GDF Unitholder Meeting.

(d) Conditions Precedent

The Schemes are subject to a number of Conditions Precedent, including Court approval of the Company Scheme, receipt of the Second Judicial Advice, approvals from ASX and ASIC and the approval of GCM Securityholders and GDF Unitholders.

There is a risk that the applicable regulatory or Court approvals may not be obtained, or may be obtained subject to conditions which the Target and/or the Bidder (as applicable) are not prepared to accept (acting reasonably), or may be delayed, or that GCM Securityholders or GDF Unitholders may not approve the Schemes.

8.3 GARDA Property Group specific risks

The risks set out in this section 8.3 relate specifically to ownership of GDF Stapled Securities.

(a) Material or key tenancies

A number of GDF's properties have significant or key tenants. If the tenant defaults or leaves, particularly if that tenancy cannot be re-let on equivalent terms or at all, then the income and WALE of GARDA Property Group may be negatively affected. Further, if a property, such as the recently completed Botanicca 9 property, remains wholly or materially vacant for any significant period of time, this may impact on adjoining tenancies and may cause additional losses, reducing rents which could be achievable for the property generally. It may also impact on the valuation of the property, the NTA of GARDA Property Group or the GDF Stapled Security price.

(b) Asset creation strategy

GDF has acquired land and/or properties for the purposes of developing new property assets for its portfolio. Following the Internalisation, GARDA Property Group intends to continue with this asset creation strategy. Notwithstanding attractive returns in the current market, asset creation carries with it the various risks associated with property development including development approval risk, builder and subcontractor risk, tenancy risk, etc.

(c) Funding and refinancing risk

In order to fund new acquisitions, capital expenditure and other material capital events, GARDA Property Group intends to rely on a combination of funding options including equity, debt or hybrid funding. An inability to attract funding or to refinance debt facilities, or any increase in the cost of such funding, may adversely impact GARDA Property Group's performance and financial position.

(d) Breach of debt covenants

GDF's debt facilities contain financial covenants based on asset valuations and net income tests. A breach of these covenants may be caused by many factors including a material event relating to a property, loss of a key tenant, valuations or by market conditions including interest rate increases. A covenant breach may result in GARDA Property Group paying higher interest rates, or the lender choosing to enforce its security over properties, requiring GARDA Property Group to pay down the debt facility immediately or on short notice. Alternative financing may not be available or may only be available on less favourable terms. GARDA Property Group may be required to sell properties or reduce or suspend distributions in order to repay debt. This risk increases as the maturity of debt

facilities approach expiry and may require sales of properties to reduce debt. If a forced sale occurs, it could result in a less than optimal price or a capital loss, dilution through further equity raising, or suspension of distributions to repay the debt facilities.

(e) Interest rates

Fluctuations in interest rates will affect the performance of GARDA Property Group. To the extent that interest rates are not hedged, the financial position including the cost of debt will be affected and could result in decreased distributions to GDF Stapled Securityholders. If hedged through fixed rates or interest rate swaps, and interest rates increase from current levels, similar terms may not be available upon extension/refinancing of that debt or the implementation of new hedging strategies. At the date of this Scheme Booklet, interest rates are generally at an historic low, and therefore upward movements in interest rates may have a comparatively high impact on net income.

(f) Competition

GARDA Property Group faces competition from new and existing property groups. Some of these competitors have significantly greater scale and may be advantaged through more readily available sources of capital required to acquire assets relative to GARDA Property Group. Competition for new acquisitions in the sector in which GARDA Property Group operates may make it difficult for GARDA Property Group to acquire assets and to increase its scale or diversification. Additionally, the existence of competition for tenants may have a materially adverse impact on the ability of GARDA Property Group to secure new tenants or retain existing tenants on satisfactory rates over an acceptable period and may lead to impacts on GARDA Property Group's rental revenue and possibly to capital values.

(g) Health and safety

GARDA Property Group may attract liability for health and safety matters which occur on or around the properties as the landlord, whether or not a tenant is also involved. In extreme circumstances, penalties may be levied against GARDA Property Group. These may not be covered by insurance, or there may be a dispute between insurers as to liability. Any material health and safety incident may generate adverse publicity and is likely to impact upon the performance of GARDA Property Group and the return on GDF Stapled Securities.

(h) Insurance

GDF insures its properties in line with industry practice. However, no assurance can be given that a particular risk or combination of risks is insurable or that, even if insured, the insurance policy will respond in full or at all. Insurance may only cover direct causation events and not other indirect effects such as loss of rent while a property is being repaired. Any losses due to uninsured risks may adversely affect the performance of GARDA Property Group and may lead to unforeseen expenditures which must be covered from capital or through debt facilities. Increases in insurance premiums (particularly after a significant claim is made) may also adversely affect GARDA Property Group's performance.

(i) Forward-looking statements

There can be no guarantee that the assumptions and contingencies on which forward-looking statements, opinions and estimates are based will ultimately prove to be valid or accurate. The forward-looking statements, opinions and estimates depend on various factors, many of which are outside the control of GARDA Property Group.

(j) Distributions

GARDA Property Group expects to make distributions using cash flow from operations (if available). If the income of GARDA Property Group decreases and servicing debt becomes difficult, or if a material event happens to GARDA Property Group, there is a risk that GARDA Property Group would be unable to generate sufficient free cash flow from operations in order to have the cash flow to meet the targeted and forecast distribution payments.

8.4 Risks associated with commercial and industrial property investment

All property investments carry their own unique set of risk characteristics, and an investment into a direct property fund also carries these inherent underlying risks. The risks set out in this section 8.4 relate to risks generally experienced by investments into the commercial and industrial property sector:

(a) Property valuations

While GDF bases its valuation calculations on independent valuations, the ongoing valuation and revaluation of a property is largely influenced by changes in greater market property drivers including supply, demand, capitalisation rates, occupancy levels, lease expiries, incentives and capital expenditure, and nearby amenities.

There is no guarantee that a property will achieve a market or sale price approaching the valuation, or that the valuation upon which GARDA Property Group purchases a property can be achieved in a subsequent sale. There is no guarantee that a property's valuation will increase, or that it will not decrease as a result of the assumptions in the valuation proving to be incorrect.

Different valuers may value the same property differently, depending on their own internal criteria, research and experience. The same property may have a different valuation when a new valuer is appointed for the portfolio. The same property will have different valuations in different conditions, for example 'going concern' or 'fully leased' will usually have a higher value than 'liquidation' or 'vacant', even for the same property. The properties will generally have different valuations depending on the stage of the broader economic cycle, and valuations may change depending on the risks outlined in this section.

(b) Revenue, lease default, non-renewal and vacancy

Distributions, interest payments and debt reductions to GDF Unitholders are largely dependent on the amounts of rent received from tenants of GDF's properties, and those tenants paying rent in accordance with their lease terms.

Tenants may default on their lease obligations, resulting in potential capital losses and/or a reduction in income to GARDA Property Group. The amount of any capital loss or loss of income may not be covered in full or at all by bank or personal guarantees. There is a risk that if GARDA Property Group is unable to negotiate a lease extension with an existing tenant at the end of their lease, or replace a lease on expiry with leases to new tenants on equivalent rates, there may be a significant impact on the distributable income of GARDA Property Group and a negative impact of the valuations for that property. It will also reduce WALE, which may affect marketability of the property and the GDF Stapled Securities.

(c) Incentives

The ability of GARDA Property Group to secure lease renewals or to obtain replacement tenants may be influenced by any leasing incentives granted. GARDA Property Group may not be able to secure actual rentals at or near the 'market' rental rates, which are usually expressed without incentives. Incentives may result in a material outlay or reduced actual income initially or over the term of the lease, which may have significant impacts on both the cash flow generated from that property and the valuation of that property. The availability and extent of incentives are a market-driven issue and arise due to intense competition for the same tenants within a local market. They are inherent in the sector and largely outside the control of GARDA Property Group.

Furthermore, any non-willingness of GARDA Property Group to provide incentives required due to market competition to secure lease renewals or replacement tenants, or to some tenants on a different basis to others, may result in extended periods of vacancy for a property. Such vacancies may have an adverse impact on existing tenant sentiment, distributions, property valuations, WALE and NTA per GDF Stapled Security and therefore the resulting market trading price.

(d) Property liquidity

Real property is by its nature illiquid, and the properties may take a long time to sell. In the event that GARDA Property Group needs to divest properties (for example to achieve a debt reduction to lower gearing), it may not be able to realise sufficient properties in a timely manner or at an optimal sale price given time constraints. There is no guarantee that at the time a property is put onto the

market coincides with an optimal time to sell, particularly when the sale is driven by a factor other than receipt of a favourable third-party offer. This may adversely affect NTA per GDF Stapled Security and therefore the resulting market trading price.

(e) Acquisitions and divestments

GDF has a strategy to grow its assets under management through new acquisitions. This strategy would be undertaken to increase and preserve forecast returns and, as a result, new acquisitions may affect forecast distributions and any tax deferred portion of income distributions. For new acquisitions, GARDA Property Group will rely upon, among other things, the advice of independent property valuation experts. In relying on this advice, there is the risk that the fair value for a property is less than the purchase price which may cause write-downs and capital losses in the future. Conversely, GARDA Property Group may undertake to dispose of a property to preserve forecast return or to satisfy covenants in debt facilities, which carries the risk that the realised value of a property might be less than the purchase price or the current valuation.

It is possible that suitable new acquisitions cannot be identified, or that GARDA Property Group may not be able to secure their purchase or otherwise complete. It is also possible that due diligence undertaken in connection with new acquisitions does not reveal issues that will later have a materially adverse impact on the expected benefits to GARDA Property Group. For example, if due diligence has failed to reveal latent defects in the construction of a building or necessary capital expenditure, the additional requirements could reduce the value of, or future returns, on that property.

GARDA Property Group may be unable to identify suitable investment opportunities, thereby restricting its ability to add properties to its existing portfolio and this may adversely impact the ability to secure additional investment or funding, and also the returns to GDF Stapled Securityholders.

(f) Property contamination

Property income, distributions or property valuations could be adversely affected by discovery of an environmental contaminant, or the costs of property preservation associated with environmental contamination. This risk may occur whether or not the contamination was accidental, caused by GARDA Property Group, or by prior owners or third parties. It may not be possible to ascertain in due diligence on a new acquisition. Remediation costs may be significant, and there may be consequential effects such as property closure and loss of rent (including potential costs of relocation of tenants in some circumstances) which would adversely affect distributions, WALE, property valuation and potentially the ability of GARDA Property Group to dispose of the property.

(g) Capital expenditure and development

GDF is responsible for capital repairs and reinvestment. GARDA Property Group may incur capital expenditure costs for unforeseen structural problems arising from a defect in a building or alterations required due to changes in statutory and compliance requirements. Over time, capital expenditure will be required to maintain the properties, and also to improve the properties or to install market-standard equipment, technologies and systems to retain and attract tenants. The risk that capital expenditure could exceed forecasted spend may result in increased funding costs, decreased distributable income and property valuation write-downs due to valuation methodology.

GDF has undertaken, and GARDA Property Group may continue to undertake, speculative developments including by acquiring assets subject to development activities and undertaking developments without receiving pre-commitments from tenants. Additionally, GARDA Property Group might in the future undertake material refurbishments, building works or extensions and additions. These acquisitions and developments may involve tenant pre-commitments or other risk mitigation strategies before any commencement of development activities. Committed tenants may not ultimately take up a lease, on the terms contemplated or at all. Development may expose GARDA Property Group to risks associated with development including counterparty risk, contract and sub-contract risk, default risk and market risk. Standards applied to buildings when an issue becomes apparent may not be standards which applied when the building was constructed. GARDA Property Group may need to make claims under warranties, and defective construction may not be covered under statutory or contractual warranties, and may not be insured.

(h) Concentration by sector

GDF's portfolio currently comprises commercial and industrial real estate, primarily on the eastern seaboard of Australia. The performance of GARDA Property Group will largely depend on the performance of this specific sector, in the specific areas where its portfolio is located.

8.5 General and market risks

These risks are beyond the control of GARDA Property Group, but may have a material effect on GARDA Property Group and the return on, or value of, GDF Stapled Securities:

(a) Natural phenomena (force majeure)

Some natural events are unable to be foreseen and are beyond the control of GARDA Property Group. Acts of God such as cyclones and storms, flooding and water ingress, fires, earthquakes, wars, strikes and acts of terrorism may affect one or more properties. Some force majeure events are effectively non-insurable or are commercially too expensive to insure, and some events may not be covered by a relevant GARDA Property Group insurance policy. If a property was to be affected by an event that has no insurance coverage for a significant event, this would affect the value of the property and have a materially adverse impact on GARDA Property Group resulting in capital losses, a reduction in the NTA, and reduce GDF Stapled Securityholder returns. It is also likely that there would be indirect consequences, such as damage to services and potential loss of rent. Such events would likely lead to increased premiums.

(b) Economy and market conditions

There is the risk that changes in economic and market conditions may affect asset returns and values and may decrease the GDF Stapled Security price. The overall performance of GDF Stapled Securities may be affected by changing economic or property market conditions. These may include movements in interest rates, exchange rates, securities markets, inflation, consumer spending, employment and the performance of individual local, state, national and international economies. A general economic downturn may have a significant negative impact on your investment in the GDF Stapled Securities.

(c) Legal and regulatory matters

There is the risk that changes in any law, regulation or government policy affecting the properties or operations (which may or may not have a retrospective effect) will have an effect on the portfolio and/or GARDA Property Group's performance. This may include (but is not limited to) changes to local state or federal zoning or planning schemes, environmental controls, health and safety requirements, foreign investment controls, discrimination and equal opportunity initiatives, and taxation regimes and accounting standards. Legal or regulatory changes may mean that certain categories of investors may be excluded from holding GDF Stapled Securities in the future.

9 Implementing the Schemes

9.1 Implementation Deed

(a) Overview

The Target and the Bidder entered into an Implementation Deed on 20 September 2019. A full copy of the Implementation Deed is attached to GCM's ASX announcement of 20 September 2019, available at www.asx.com.au.

The key terms of the Implementation Deed are summarised below. This is a summary only and you should refer to the full copy of the Implementation Deed for full details.

(b) Conditions Precedent

The following is a summary of the conditions precedent for the Internalisation as set out in full in clause 3.1 of the Implementation Deed.

Conditions precedent for the benefit of the Target and the Bidder:

- before 8:00 am on the Second Court Date:
 - all regulatory approvals are received and not withdrawn, including all ASIC and ASX approvals;
 - ASX has given its approval for official quotation of the GDF Stapled Securities;
 - GDF Unitholders approve the resolutions put forward at the GDF Unitholder Meeting;
 - the Resolutions are approved at the GCM Meetings; and
 - all other approvals of third parties which the Target and the Bidder agree are necessary or desirable to implement the Internalisation are received;
- the GDF Stapling occurs before the Implementation Date;
- the Court approves the Company Scheme in accordance with section 411(1)(b) of the Corporations Act;
- the Court gives the Second Judicial Advice in relation to the Trust Scheme; and
- no judgment, order, decree, statute, law, ordinance, rule or regulation, or permanent injunction, permanent restraint or prohibition, entered, enacted, promulgated, enforced or issued by any court or other government agency of competent jurisdiction, remains in effect as at 8:00 am on the Second Court Date that prohibits, materially restricts, makes illegal or restrains the implementation of the Internalisation.

Conditions precedent for the benefit of the Bidder

- the GDF Independent Expert provides a report to GDF stating that in its opinion the Schemes are fair and reasonable to, and in the best interests of, GDF Unitholders who are not associated with GCM Securityholders;
- no 'GCM Regulated Event' (as that term is defined in the Implementation Deed) occurs between the date of the Implementation Deed and 8:00 am on the Second Court Date;
- no 'GCM Material Adverse Change' (as that term is defined in the Implementation Deed) occurs between the date of the Implementation Deed and 8:00 am on the Second Court Date; and
- the warranties given by the Target under the Implementation Deed are true and correct as at the date of the Implementation Deed and as at 8:00 am on the Second Court Date.

Conditions precedent for the benefit of the Target

- the Independent Expert provides a report to GCM stating that in its opinion the Internalisation is fair and reasonable to, and in the best interests of, GCM Securityholders;
- no 'GPG Regulated Event' (as that term is defined in the Implementation Deed) occurs between the date of the Implementation Deed and 8:00 am on the Second Court Date;
- no 'GPG Material Adverse Change' (as that term is defined in the Implementation Deed) occurs between the date of the Implementation Deed and 8:00 am on the Second Court Date; and
- the warranties given by the Bidder under the Implementation Deed are true and correct as at the date of the Implementation Deed and as at 8:00 am on the Second Court Date.

The conditions precedent relating to the Court approvals, GCM Securityholder approval and the GDF Stapling cannot be waived.

Otherwise, the conditions precedent for the benefit of the Target may only be waived by the Bidder and vice versa. The conditions precedent for the benefit of both the Target and the Bidder may only be waived with the written consent of both the Target and the Bidder.

(c) Exclusivity arrangements

- **No existing discussions:** Bidder and Target each represent and warrant to the other that, other than the discussions with each other in respect of the Schemes and the Internalisation, it is not currently in negotiations or discussions in respect of any Competing Proposal with any person.
- **No talk:** Subject to the exceptions set out below, during the Exclusivity Period, Bidder and Target must not, and must ensure that their Representatives or persons authorised by them, do not, enter into, permit, continue or participate in negotiations or discussions with, or enter into any agreement, arrangement or understanding with, any third party regarding a Competing Proposal, or take any of the foregoing actions if doing so would reasonably be likely to encourage or lead to a Competing Proposal, even if the Competing Proposal was not directly or indirectly solicited, invited, initiated, or encouraged by Bidder or Target (as relevant) or any of their Representatives, or the Competing Proposal has been publicly announced.
- **No shop:** During the Exclusivity Period, Bidder and Target must not, and must ensure that neither their Representatives or persons authorised by them, directly or indirectly solicit, invite, encourage or initiate any Competing Proposal or any enquiries, expressions of interests, proposals, negotiations or discussions with any third party in relation to, or that may reasonably be expected to encourage or lead to, a Competing Proposal, or communicate any intention to do any of these things.
- **Fiduciary exception to no talk:** The no talk obligations do not apply to the extent they restrict Bidder or Independent Directors, or Target and Target Board Committee, from taking or refusing to take any action with respect to a bona fide Competing Proposal (which was not solicited, invited, encouraged or initiated in contravention of the no-shop prohibition) provided the Independent Directors or Target Board Committee (as relevant) has determined, in good faith, in accordance with written advice from its external legal and, if appropriate, its financial advisers, that failing to respond to such bona fide Competing Proposal may constitute a breach of the fiduciary or statutory duties of the Bidder's or Target's directors (as relevant).
- **Notification and matching right in favour of Bidder:**

If Target receives a Competing Proposal, and as a result the Target Board Committee proposes to publicly change or withdraw its statement that it considers the Schemes to be in the best interests of GCM Securityholders and/or its recommendation that GCM Securityholders vote in favour of the Resolutions, Target must:

- give Bidder five clear Business Days' notice in writing of such proposed change or withdrawal; and
- provide to Bidder with that notice all material terms of the Competing Proposal, including details of the proposed price or implied value (including details of the consideration if not simply cash), conditions, timing and break fee (if any).

During that period of five clear Business Days referred, Bidder has the right to offer to amend the terms of the Schemes or the Internalisation (a **Bidder Counterproposal**) so that the terms of the Schemes or the Internalisation (as amended) would provide a superior outcome for the GCM Securityholders than the applicable Competing Proposal.

GCM must procure that the Target Board Committee considers any such Bidder Counterproposal and if the Target Board Committee, acting in good faith, determines that:

- the Bidder Counterproposal would provide a superior outcome for the GCM Securityholders than the applicable Competing Proposal (it being acknowledged that the price or value implied by the Bidder Counterproposal does have to be above, but does not have to be materially above, the price or value implied by the applicable Competing Proposal for the Target Board Committee to consider the Bidder Counterproposal in relation to price to be superior); and
- the other terms and conditions of the Bidder Counterproposal taken as a whole are not less favourable than those in the applicable Competing Proposal,

then:

- Target and Bidder must use their best endeavours to agree amendments to the Scheme Implementation Deed, the Company Scheme, the Supplemental Deed Poll, the GDF Deed Poll and the GHL Deed Poll that are reasonably necessary to reflect the Bidder Counterproposal (including amendments to the Scheme Consideration that are reasonably necessary to reflect the Bidder Counterproposal), and to enter into one or more appropriate amended agreements to give effect to those amendments and to implement the Bidder Counterproposal, in each case as soon as reasonably practicable; and
- the Target Board Committee must recommend the Bidder Counterproposal to GCM Securityholders and not the applicable Competing Proposal.

- **Notification and matching right in favour of Target:**

If Bidder receives a Competing Proposal, and as a result the Independent Directors propose to publicly change or withdraw their statement that they consider the Schemes to be in the best interests of GDF Unitholders and/or their recommendation that GDF Unitholders vote in favour of the resolutions proposed at the GDF Unitholder Meeting, Bidder must:

- give Target two clear Business Days' notice in writing of such proposed change or withdrawal; and
- provide to Target with that notice all material terms of the Competing Proposal, including details of the proposed price or implied value (including details of the consideration if not simply cash), conditions, timing and break fee (if any).

During that period of two clear Business Days referred, Target has the right to offer to amend the terms of the Schemes or the Internalisation (a **Target Counterproposal**) so that the terms of the Schemes or the Internalisation (as amended) would provide a superior outcome for the GDF Unitholders than the applicable Competing Proposal.

Bidder must procure that the Independent Directors consider any such Target Counterproposal and if the Independent Directors, acting in good faith, determine that:

- the Target Counterproposal would provide a superior outcome for the GDF Unitholders than the applicable Competing Proposal; and

- the other terms and conditions of the Target Counterproposal taken as a whole are not less favourable than those in the applicable Competing Proposal,

then:

- Target and Bidder must use their best endeavours to agree amendments to the Scheme Implementation Deed, the Company Scheme, the Supplemental Deed Poll, the GDF Deed Poll and the GHL Deed Poll that are reasonably necessary to reflect the Target Counterproposal (including amendments to the Scheme Consideration that are reasonably necessary to reflect the Target Counterproposal), and to enter into one or more appropriate amended agreements to give effect to those amendments and to implement the Target Counterproposal, in each case as soon as reasonably practicable; and
- the Independent Directors must recommend the Target Counterproposal to GDF Unitholders and not the applicable Competing Proposal provided that the GDF Independent Expert concludes the Target Counterproposal is fair and reasonable to GDF Unitholders and the GDF Independent Expert does not change its conclusion or withdraw its report.

(d) Target Board Committee recommendation

In accordance with the Implementation Deed, the Target must include a statement in the Scheme Booklet that the Target Board Committee unanimously considers each of the Schemes to be in the best interests of GCM Securityholders and recommends that GCM Securityholders approve the Resolutions, in the absence of a Superior Proposal.

The Target must use its best endeavours to ensure that the Target Board Committee does not change or withdraw the statements and recommendations once made unless there is a Superior Proposal, and the Target Board Committee, after considering the matter in good faith and after consulting in good faith with the Bidder in relation to its proposed change of statement and recommendation, no longer considers the Schemes to be in the best interests of GCM Securityholders, or the Independent Expert has withdrawn or changed its conclusion that the Internalisation is fair and reasonable to and in the best interests of GCM Securityholders.

(e) Break fee

A reciprocal break fee of \$600,000 has been agreed between GCM and GDF.

The Target must pay the Bidder a break fee if a Competing Proposal in respect of GCM is announced or made prior to the earlier of the date the Implementation Deed is terminated and the End Date and is publicly recommended by the Target Board Committee.

The Bidder must pay the Target a break fee if a Competing Proposal in respect of GARDA Property Group is announced or made prior to the earlier of the date the Implementation Deed is terminated and the End Date and is publicly recommended by the Independent Directors.

Notwithstanding, neither the Target nor the Bidder will be liable to pay a break fee if the Schemes become Effective or, as at the earlier of the termination of the Implementation Deed and the End Date, either the Target or the Bidder (as applicable) are entitled to terminate the Implementation Deed as a result of a material breach of the Implementation Deed, a material adverse change in respect of the Target or the Bidder (as applicable) or a regulated event occurring in respect of the Target or the Bidder (as applicable). The Bidder will not be liable to pay the break fee if the Schemes are approved by GDF Unitholders at the GDF Unitholder Meeting but are not approved by GCM Securityholders at the GCM Meetings.

The break fee will not be payable merely by reason of the Schemes not being approved by GCM Securityholders at the GCM Meetings or by GDF Unitholders at the GDF Unitholder Meeting.

(f) Permitted distributions

The Implementation Deed permits the following distributions to be made in the period until Implementation without triggering a termination right under the Implementation Deed :

- GDF may make a distribution to GDF Unitholders:

- of up to \$0.0225 per GDF Unit in respect of the quarter ending 30 September 2019; and
- of up to \$0.0225 per GDF Unit in respect of any subsequent quarter, approved by the Independent Directors, provided that in the quarter that the Implementation Date occurs, the amount of the distribution for the quarter will be pro rata for the period from the first day of the quarter until the Implementation Date; and
- GCM may make a distribution to GCM Securityholders:
 - on any distribution received or to be received by GFML on GDF Units; and
 - by way of a dividend on GCL Shares, not exceeding the net profit after tax earned (or reasonably estimated by the Target Board Committee to be earned) by GCM in respect of the period between 1 July 2019 and the Implementation Date approved by the Target Board Committee, and subject to GCL being able to pay its debts as and when they fall due in the ordinary course of its business after the dividend is paid.

It is the current intention of GDF and GCM that, if the Internalisation proceeds, GARDA Property Group will make a further distribution for the period between Implementation and 31 December 2019 on GDF Stapled Securities.

(g) Termination rights

The Implementation Deed may be terminated:

- by either Bidder or Target if:
 - **(material breach)** at any time prior to 8:00 am on the Second Court Date, if the other party is in material breach of the Implementation Deed in certain circumstances;
 - **(Condition Precedent)** a Condition Precedent has failed and Bidder and Target cannot agree on a suitable solution in certain circumstances (noting that a party cannot terminate the Implementation Deed if the relevant Condition Precedent has not been satisfied, or agreement cannot be reached, as a result of a breach of the Implementation Deed by that party or a deliberate act or omission of that party); or
 - **(End Date)** the Second Court Date does not occur on or before the End Date;
- by the Bidder if, at any time before 8:00 am on the Second Court Date:
 - **(regulated event or material adverse change)** a 'GCM Regulated Event' or a 'GCM Material Adverse Change' occurs (each as defined in the Implementation Deed);
 - **(lack of support)** the Target Board Committee publicly changes (including by attaching qualifications to) or withdraws its statement that it considers the Schemes to be in the best interests of GCM Securityholders or their recommendation that GCM Securityholders approve the Resolutions, or publicly recommend, promote or otherwise endorse a Competing Proposal;
 - **(breach of Target exclusivity)** Target breaches its exclusivity obligations under the Implementation Deed;
- by the Target if, at any time before 8:00 am on the Second Court Date:
 - **(regulated event or material adverse change)** a 'GPG Regulated Event' or a 'GPG Material Adverse Change' occurs (each as defined in the Implementation Deed);
 - **(lack of support)** the Independent Directors publicly change (including by attaching qualifications to) or withdraw their statement that they consider the Schemes to be in the best interests of GDF Unitholders or their recommendation

that GDF Unitholders approve the resolutions proposed at the GDF Unitholder Meeting, or publicly recommend, promote or otherwise endorse a Competing Proposal; or

- **(Superior Proposal)** a Superior Proposal is made which the Target Board Committee publicly recommends, promotes or otherwise endorses as a result of Target and the Target Board Committee complying with the fiduciary exception to the exclusivity arrangements; or
- if agreed to in writing by Bidder and Target.

The termination rights are set out in full in clause 13 of the Implementation Deed.

9.2 The GCM Meetings

(a) Extraordinary General Meeting

GCM has convened the Extraordinary General Meeting to be held at Dexus Place, Level 31 Waterfront Place, 1 Eagle Street, Brisbane QLD 4000 on 15 November 2019 at 11:00 am. The Notice of the Extraordinary General Meeting is in Annexure C.

The purpose of the Extraordinary General Meeting is for GCM Securityholders to approve the Unstapling Resolutions and the Trust Scheme Resolutions.

(b) Company Scheme Meeting

The Company Scheme Meeting will occur immediately after the Extraordinary General Meeting. The Notice of Company Scheme Meeting is in Annexure D.

The purpose of the Company Scheme Meeting is for GCL Shareholders to approve the Company Scheme.

9.3 Application to Court

In the event that:

- the Company Scheme is approved by GCL Shareholders at the Company Scheme Meeting;
- the Trust Scheme is approved by GCT Unitholders at the Extraordinary General Meeting;
- GDF Unitholders approve the Internalisation at the GDF Unitholder Meeting; and
- all Conditions Precedent (except Court approval of the Company Scheme and receipt of the Second Judicial Advice) have been satisfied or waived (if they are capable of being waived),

then GCM will apply to the Court for orders approving the Company Scheme and for the Second Judicial Advice for the Trust Scheme.

Each GCM Securityholder has the right to appear at the Second Court Hearing.

9.4 Supplemental Deed Poll

The Supplemental Deed Poll contains the amendments to the GCT Constitution required to give effect to the Trust Scheme. The Trust Constitution Amendment Resolution seeks GCT Unitholder approval of the amendments to the GCT Constitution contained in the Supplemental Deed Poll.

The effect of the Supplemental Deed Poll is to authorise GFML to transfer all GCT Units held by Scheme Unitholders to GDF in exchange for the Trust Scheme Consideration.

A copy of the Supplemental Deed Poll is contained in Annexure F.

9.5 GDF Deed Poll

On 9 October 2019, GCL RE executed the GDF Deed Poll, pursuant to which GCL RE has agreed to perform the obligations required of it under the Trust Scheme and the Supplemental Deed Poll, including payment of the Trust Scheme Consideration to Scheme Securityholders, subject to the Schemes becoming Effective.

A copy of the GDF Deed Poll is contained in Annexure G.

9.6 GHF Deed Poll

On 9 October 2019, GHF executed the GHF Deed Poll, pursuant to which GHF has agreed to perform the obligations required of it under the Company Scheme, including the payment of the Company Scheme Consideration to Scheme Securityholders, subject to the Schemes becoming Effective.

A copy of the GHF Deed Poll is contained in Annexure H.

9.7 Effective Date

If the Court approves the Company Scheme and gives the Second Judicial Advice, the Schemes will become Effective on the Effective Date (currently expected to be 19 November 2019), being the date that:

- an office copy of the Court order from the Second Court Hearing approving the Company Scheme is lodged with ASIC; and
- the amendments to the GCT Constitution contained in the Supplemental Deed Poll have been lodged with ASIC.

GCM will, on the Schemes becoming Effective, give notice of that event to ASX.

9.8 Scheme Record Date and entitlement to Scheme Consideration

If the Schemes become Effective, those GCM Securityholders on the GCM Register on the Scheme Record Date (currently expected to be 7:00 pm (AEST) on 22 November 2019), other than Designated Foreign Holders, will be entitled to receive the Scheme Consideration in respect of the GCM Securities they hold at that time.

9.9 Payment of the Scheme Consideration

If the Schemes become Effective, those GCM Securityholders on the GCM Register as at the Scheme Record Date (**Scheme Securityholders**) are entitled to receive the Scheme Consideration:

- for each GCL Share held on the Scheme Record Date, a Scheme Securityholder will receive 1.6 GHF Shares; and
- for each GCT Unit held on the Scheme Record Date, a Scheme Securityholder will receive 1.6 GDF Units.

Scheme Securityholders who are entitled to receive the Scheme Consideration will be issued with 1.6 GDF Stapled Securities on the Implementation Date.

The entitlement of Scheme Securityholders who are Designated Foreign Holders will be dealt with under the Sale Facility. Refer to section 9.12 for more information.

9.10 Fractional entitlements

(a) Rounding of fractional entitlements

If the number of Scheme Securities held by a Scheme Securityholder as at the Scheme Record Date is such that the aggregate entitlement of the Scheme Securityholder to the Scheme Consideration includes a fractional entitlement to a GDF Unit or GHF Share (as applicable), then

the entitlement of that Scheme Securityholder must be rounded up or down, with any such fractional entitlement of:

- less than 0.5 being rounded down to the nearest whole number of GDF Units or GHL Shares (as applicable); and
- 0.5 or more being rounded up to the nearest whole number of GDF Units or GHL Shares (as applicable).

(b) Security splitting

If the Bidder is of the opinion (acting reasonably and after consultation with the Target and taking into account the views of the Target) that two or more Scheme Securityholders (each of whom holds a number of Scheme Securities that results in rounding) have, before the Scheme Record Date, been party to securityholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, the Bidder may give notice to those Scheme Securityholders:

- setting out their names and registered addresses as shown in the GCM Register;
- stating that opinion; and
- attributing to one of them specifically identified in the notice the Scheme Securities held by all of them,

and, after such notice has been given, the Scheme Securityholders specifically identified in the notice as the deemed holder of all the specified Scheme Securities will, for the purposes of the Schemes, be taken to hold all of those Scheme Securities and each of the other Scheme Securityholders whose names and registered addresses are set out in the notice will, for the purposes of the Schemes, be taken to hold no Scheme Securities. The Bidder, in complying with the other provisions of the Schemes relating to it in respect of the Scheme Securityholder specifically identified in the notice as the deemed holder of all the specified Scheme Securities, will be taken to have satisfied and discharged its obligations to the other Scheme Securityholders named in the notice under the terms of the Schemes.

9.11 Implementation Date

If the Schemes become Effective, Scheme Securityholders will be provided with the Scheme Consideration on the Implementation Date (currently expected to be 29 November 2019). Immediately after the Scheme Consideration is provided to Scheme Securityholders, the Scheme Securities will be transferred to the Bidder.

9.12 Designated Foreign Holders and Sale Facility

(a) Permitted Scheme Securityholders

As at the date of this Scheme Booklet, Scheme Securityholders whose addresses are shown in the GCM Register on the Scheme Record Date as being in Australia and New Zealand will be entitled to have the Scheme Consideration issued to them.

Scheme Consideration may also be issued to any other person or jurisdiction in respect of which the Bidder reasonably believes that it is not prohibited and not unduly onerous or impractical to implement the Schemes and for GDF Stapled Securities to be issued to a Scheme Securityholder with a registered address in such jurisdiction.

Nominees and custodians must not forward or distribute this Scheme Booklet to any person in any country outside Australia or New Zealand without the consent of the Target.

(b) Designated Foreign Holders

Restrictions in certain foreign countries may make it unlawful or impractical to offer or receive securities in those jurisdictions. For this reason, the entitlement to Scheme Consideration of Designated Foreign Holders will be dealt with under the Sale Facility.

A Scheme Securityholder will be considered a Designated Foreign Holder if that Scheme Securityholder's registered address on the GCM Register as at the Scheme Record is in a jurisdiction other than those referred to in section 9.12(a) unless the Bidder is satisfied, acting reasonably, that the laws of that place permit the allotment and issue of GDF Stapled Securities to Scheme Securityholders in that place either unconditionally or after compliance with conditions that the Bidder, in its sole discretion, regards as acceptable and not unduly onerous or impracticable.

(c) Sale Facility

On the Implementation Date, the Bidder will issue the GDF Stapled Securities to which a Designated Foreign Holder would otherwise have been entitled if they were not a Designated Foreign Holder to a nominee appointed by the Bidder to be dealt with in accordance with the Sale Facility.

Under the Sale Facility:

- the nominee must sell those GDF Stapled Securities on-market as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date in such manner, at such price and on such other terms as the nominee determines in good faith and at the risk of the Designated Foreign Holder;
- the nominee will remit the proceeds of sale to the Bidder; and
- after all sale proceeds have been remitted to the Bidder, the Bidder will pay to each Designated Foreign Holder the proportion of the net proceeds of sale received to which that Designated Foreign Holder is entitled.

9.13 Foreign Selling Restrictions

Neither this Scheme Booklet nor any copy of it may be taken or transmitted into any jurisdiction where the distribution or dissemination of it is prohibited. The Scheme Booklet and the Schemes do not constitute an offer of securities in any jurisdiction in which it would be unlawful.

New Zealand Scheme Securityholders

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under the Corporations Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under the Corporations Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

9.14 Commencement of trading of GDF Stapled Securities

The GDF Stapled Securities issued as the Scheme Consideration are expected to commence trading on ASX on a deferred settlement basis on 20 November 2019.

The exact number of GDF Stapled Securities to be issued to Scheme Securityholders will not be known until after the Scheme Record Date and will not be confirmed until Scheme Securityholders receive their holding statements following the Implementation Date.

It is the responsibility of each Scheme Securityholder to confirm their holdings of GDF Stapled Securities. Scheme Securityholders who trade their GDF Stapled Securities do so at their own risk.



The Directors
GARDA Capital Limited
Level 21, 12 Creek Street
Brisbane QLD 4000

The Directors
GARDA Funds Management Limited
as responsible entity for GARDA Capital Trust
Level 21, 12 Creek Street
Brisbane QLD 4000

19 September 2019

Dear Directors

**GARDA Capital Group
Australian Taxation Report**

We have been requested by GARDA Capital Limited and GARDA Funds Management Limited as responsible entity for GARDA Capital Trust to prepare a Taxation Report (the **Report**) to be included in the Scheme Booklet comprising Notices of Meeting and Explanatory Memorandum dated on or around 27 September 2019 (**Scheme Booklet**). GARDA Capital Limited and its subsidiaries, and GARDA Funds Management Limited as responsible entity for GARDA Capital Trust, which form the GARDA Capital Group, will be collectively referred to as GCM. A reference to GCM in this Report includes a reference to GARDA Capital Limited and its subsidiaries, together with GARDA Capital Trust.

The taxation information provided below is intended only as a brief guide. It does not constitute tax advice and should not be relied upon as such. This Report outlines the general Australian taxation implications for GCM Securityholders and GCM Foreign Securityholders in respect of the proposed internalisation of GCM by GARDA Diversified Property Fund (**GDF**) (the **Internalisation**).

GCM Securityholders are those with a registered address in Australia or New Zealand on the Stapling Record Date. GCM Securityholders with a registered address outside of Australia or New Zealand (**GCM Foreign Securityholders**) are ineligible to participate in the Internalisation, and will not be issued GDF Stapled Securities under the Internalisation. GCM Foreign Securityholders will be required to dispose of their GCM Securities through a Sale Facility and the net proceeds will be remitted to the GCM Foreign Securityholders. GCM Foreign Securityholders who choose not to participate in the Sale Facility may sell their GCM Securities until the last day of ASX trading in the GCM Securities.

The information provided in this Report considers the Australian tax implications for GCM Securityholders and GCM Foreign Securityholders who are individuals, complying superannuation entities and companies who hold their investments on capital account. This Report does not address

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the Australian tax consequences for GCM Securityholders and GCM Foreign Securityholders in the following circumstances:

- GCM Securityholders and GCM Foreign Securityholders who hold their investments on revenue account or as trading stock; or
- who are exempt from Australian income tax; or
- are subject to the Taxation of Financial Arrangements (TOFA) rules in Division 230 of the Australian Tax Act.

The information contained in this letter does not constitute "financial product advice" within the meaning of the *Corporations Act 2001 (Cth)* (**Corporations Act**). The PricewaterhouseCoopers Partnership, which is providing this Report, is not licensed to provide financial product advice under the Corporations Act. To the extent that this Report contains any information about a "financial product", within the meaning of the Corporations Act, taxation is only one of the matters that must be considered when making a decision about the relevant financial product.

This summary has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient of the Scheme Booklet. Accordingly, any recipient should, before acting on this material, consider taking independent financial advice from a person who is licensed to provide financial product advice under the Corporations Act.

Terms used in this Report, unless stated otherwise, are defined in the same way as they are in section 12 of the Scheme Booklet.

The comments in this letter are based on the relevant taxation laws in the *Income Tax Assessment Act 1936 (ITAA 1936)*, the *Income Tax Assessment Act 1997 (ITAA 1997)*, the *Income Tax Rates Act 1986*, *A New Tax System (Goods & Services Tax) Act 1999*, the *Taxation Administration Act 1953* and relevant stamp duty legislation (referred to collectively herein as "**the Australian Tax Act**") as at the date of this Scheme Booklet and the associated administrative instruments, except where otherwise indicated.

The information below is based on existing tax law and established interpretations as at the date of this letter. The taxation of attribution managed investment trusts (**AMIT**) can be complex and may change over time. Accordingly, GCM Securityholders are recommended to seek professional taxation advice in relation to their own position.

1 Proposal

The proposed Internalisation steps are detailed in section 9 of the Scheme Booklet.

2 Summary of the key tax consequences of the Internalisation for GCM Securityholders and GCM Foreign Securityholders

2.1 GCM Securityholders

No adverse income tax consequences are expected to arise for GCM Securityholders in respect of the

Internalisation.

Under the Internalisation, GCM Securityholders will dispose of their GCT Units for GDF Units, and will also dispose of their GCL Shares for GHL Shares. To the extent that resident GCM Securityholders realise a capital gain in respect of either or both of these disposals, resident GCM Securityholders should be able to elect for rollover relief to apply, so that any capital gain is disregarded.

Where the GCT Units or GCL Shares are treated as 'taxable Australian property', non-resident GCM Securityholders should be able to elect for rollover relief to apply (in the same manner as resident GCM Securityholders), such that any capital gain is disregarded. Where the GCT Units or GCL Shares are not treated as 'taxable Australian property', any capital gain or capital loss should be disregarded.

Where rollover relief is chosen, the cost base and reduced cost base of the replacement GDF Units and replacement GHL Shares will be equal to the amount which is reasonably attributable to the cost base of the exchanged GCT Units and GCL Shares. For those GCM Securityholders who choose rollover relief, the CGT acquisition date for their GDF Units and GHL Shares will be taken to be the date of acquisition of their GCM Securities.

2.2 GCM Foreign Securityholders

GCM Foreign Securityholders will be required to dispose of their GCT Units and GCL Shares through the Sale Facility. Provided that the GCT Units and GCL Shares are not treated as 'taxable Australian property,' any capital gain or capital loss should be disregarded.

3 Outline of the tax consequences of the Proposal for GCM Securityholders

An outline of the Australian taxation implications of the Internalisation for GCM Securityholders covered by this Report is provided below.

3.1 Unstapling of GCM Securities

No tax consequences should arise from the Unstapling of GCM Securities for resident and non-resident GCM Securityholders.

3.2 Capital Gains Tax (CGT) Event

Resident GCM Securityholders

The Internalisation should give rise to two separate CGT events for GCM Securityholders:

- CGT Event A1 will occur for GCM Securityholders upon exchange of their units in GARDA Capital Trust for units in GDF; and
- CGT Event A1 will also occur for GCM Securityholders upon exchange of their shares in GARDA Capital Limited for shares in GHL.

On the basis that both CGT events will arise as a consequence of the Schemes, the time of the CGT event should be the Implementation Date for the Internalisation. The capital proceeds received in

relation to the CGT events will be the market value of the GDF Units and GHL Shares received.

To the extent that the market value of the GDF Units received by a GCM Securityholder is greater than their cost base in their GCT Units, the GCM Securityholder will realise a capital gain. To the extent that the market value of the GDF Units received by a GCM Securityholder is less than their cost base in their GCT Units, the GCM Securityholder will realise a capital loss.

Similarly, to the extent that the market value of the GHL Shares received by a GCM Securityholder is greater than their cost base in their GCL Shares, the GCM Securityholder will realise a capital gain. To the extent that the market value of the GHL Shares received by a GCM Securityholder is less than their cost base in their GCL Shares, the GCM Securityholder will realise a capital loss.

However, any capital gain arising for GCM Securityholders in respect of either or both of the CGT Events as a result of the Internalisation, may be disregarded if scrip for scrip rollover relief is available and chosen by GCM Securityholders in respect of their shares and units. The availability of scrip for scrip rollover is discussed below.

Where a GCM Securityholder realises a capital gain in respect of one of the CGT Events but realises a capital loss in respect of the other CGT Event, the GCM Securityholder could offset the capital loss against the capital gain instead of choosing scrip for scrip rollover in respect of the capital gain. We recommend that GCM Securityholders seek independent financial advice before making any decision about choosing scrip for scrip rollover relief.

Non-resident GCM Securityholders

Similar to the position for resident GCM Securityholders, the Internalisation should give rise to two separate CGT events for non-resident GCM Securityholders, with any capital gain or loss to be calculated in the same manner.

However, to the extent that the shares or units held by the non-resident GCM Securityholders are not “taxable Australian property”, any capital gain or loss should be disregarded.

A GCT Unit or GCL Share will be “taxable Australian property” only if:

- more than 50% of the value of the GCT Unit or GCL Share is attributable to Australian real property (which is expected to be the case in respect of the GCT Unit) and the GCT Unit or GCL Share passes the non-portfolio test just before the Implementation Date or throughout a 12 month period that began no earlier than 24 months before the Implementation Date. Broadly, a GCT Unit or GCL Share will pass the non-portfolio interest test if a GCM Securityholder (on an associate inclusive basis) has an interest of 10% or more in GARDA Capital Trust or GARDA Capital Limited; or
- the GCM Security is used by the GCM Securityholder in carrying on a business through a permanent establishment in Australia; or
- the GCM Securityholder made an election to treat the GCT Units or GCL Shares as taxable Australian property at the time they ceased to be an Australian resident (if the GCM Securityholder was ever an Australian resident).

3.3 Scrip for scrip rollover

Resident GCM Securityholders

GCM Securityholders should be eligible for scrip for scrip rollover, such that they may be entitled to disregard all or part of any capital gain arising from the Internalisation.

If scrip for scrip rollover is chosen by the GCM Securityholders, the cost base and reduced cost base of each GDF Unit acquired by a GCM Securityholder will be equal to the amount which is reasonably attributable to the cost base of each GCT Unit for which it was exchanged and for which scrip for scrip rollover relief is obtained. The cost base and reduced cost base of each GHL Share acquired by a GCM Securityholder will be equal to the amount which is reasonably attributable to the cost base of each GCL Share for which it was exchanged and for which scrip for scrip rollover relief is obtained.

For CGT discount purposes, the new GDF Units and GHL Shares will be taken to have been acquired at the time the original GCT Units and GCL Shares for which they were exchanged were acquired.

GCM has applied to the ATO for a binding Class Ruling for the benefit of GCM Securityholders which seeks to provide confirmation in relation to the availability of scrip for scrip rollover. The ATO has provided GCM with a draft Class Ruling, which is consistent with the comments contained in this Report. The draft Class Ruling is not legally binding on the ATO and only a final Class Ruling (which will be issued shortly after the Internalisation has been implemented) can be relied upon by GCM. Although it is not expected to be the case, when the final Class Ruling is issued by the ATO, it is possible that it may express a view contrary to that set out in the draft Class Ruling. When the final Class Ruling is released, it is expected to be available on the ATO website at www.ato.gov.au, and will also be made available on the GARDA website.

Non-resident GCM Securityholders

To the extent that a non-resident GCM Securityholder makes a gain from the Internalisation and that gain is from “taxable Australian property” (see section 2.2 of this Taxation Report above), they should be entitled to choose scrip for scrip rollover in the same manner as a resident GCM Securityholder.

4 Tax consequences of the Proposal for GCM Foreign Securityholders

GCM Foreign Securityholders will not be issued GDF Stapled Securities under the Internalisation. Rather, the GDF Stapled Securities to which they would otherwise have been entitled in exchange for their GCM Securities will be issued to the Sale Nominee. The Sale Nominee will sell the GDF Stapled Securities via the Sale Facility as soon as reasonably practicable and no later than 15 business days after the implementation of the Internalisation. The Sale Nominee will then transfer the sale proceeds to the account of each GCM Foreign Securityholder.

The sale proceeds from the sale of the GDF Stapled Securities will represent the consideration received by the GCM Foreign Securityholders for the disposal of their GCM Securities (consisting of GCT Units and GCL Shares). As such, the sale proceeds from the sale of the GDF Stapled Securities will need to be apportioned between the GCT Units and GCL Shares on a reasonable basis.

Where more than 50% of the value of the GCT Unit or GCL Share is attributable to Australian real property, any capital gain realised on the disposal of GCT Units or GCL Shares by GCM Foreign Securityholders should be disregarded for Australian tax purposes where their holding of GCT Units or GCL Shares (together with associates) is less than 10% of GCT or GCL (both at the time of disposal through the Sale Facility and in any 12 month period in the 24 months prior to the time of disposal).

GCM Foreign Securityholders will not be entitled to scrip for scrip rollover relief

Under the foreign resident capital gains tax withholding rules, a purchaser of certain taxable Australian property from foreign residents must withhold 12.5% of the gross sale proceeds (as a non-final withholding tax) and remit this to the ATO. The obligation applies to a transaction involving, for example, the acquisition of an indirect Australian real property interest, such as a membership interest in a 'land-rich' company or trust. On-market transactions however are excluded from the withholding regime and therefore the regime should not apply to the disposal of GDF Stapled Securities by the Sale Nominee through the Sale Facility.

5 Holding of GDF Stapled Securities

Following implementation of the Internalisation, GCM Securityholders will cease to hold GCM Securities and will instead hold stapled securities which will consist of a unit in GDF and a share in GHL (the **GDF Stapled Securities**). The holders of GDF Stapled Securities are referred to in this Report as the **GDF Securityholders**. The stapling of a unit in GDF and a share in GHL should have no tax implications for GDF Securityholders.

Although the GDF Stapled Securities will be stapled, GDF Securityholders will need to treat each component making up the GDF Stapled Security separately for tax purposes. That is:

- GDF Securityholders will receive, and separately deal with, the tax consequences of distributions from GDF and dividends from GHL; and
- when the GDF Stapled Securities are disposed of, the GDF Securityholders will have to separately consider the tax issues associated with the disposal of the GHL Shares and the GDF Units.

5.1 Taxation of GARDA Diversified Fund

Tax treatment of GARDA Diversified Fund

A trust may be liable for income tax in any year where the requirements to be classed as a public trading trust under Division 6C of the ITAA 1936 are satisfied for that year. Based on the information in this Scheme Booklet regarding the proposed activities of GDF, and the intentions of the responsible entity of GDF as expressed to us, GDF should not be regarded as a public trading trust. We note that the requirements for a public trading trust are ongoing so that the tax position of GDF in any year will depend on the actual operations of the trust in that year.

On the basis that Division 6C does not apply, GDF should be a "flow through" entity for tax purposes such that the net income of GDF will be taxable in the hands of the GDF Securityholders.



If GDF has taxable income, GDF Securityholders will generally be liable for tax on their share of the taxable income at their own applicable tax rates.

Provided GDF continues to fall outside the public trading trust rules in Division 6C, the trust should not be liable to tax in its own right.

Attribution MIT (AMIT)

GDF has elected to be treated as an AMIT for the financial year ended 30 June 2018 and for future financial years. GDF Securityholders will therefore be subject to tax on the income of GDF that is attributed to them under the AMIT rules for each financial year ending 30 June.

Where there are any variances in components of distributions of GDF (referred to as unders and overs) which are discovered in respect of prior income years (limited to a four year review period), the unders and overs are included in the taxable income of the investors of GDF under the AMIT rules for the year of discovery.

GDF has elected to treat eligible investments (such as units and real property) as being held on capital account which provides certainty on the tax treatment of disposals of these assets in that they will always be dealt with under the capital gains tax rules, rather than the ordinary income rules.

A withholding AMIT may also apply a concessional rate of withholding tax to fund payments made to non-resident GDF Securityholders located in an Exchange of Information country. An Exchange of Information country is a country specified as such in regulations issued under the Australian Tax Act.

Tax losses

Where a revenue loss or net capital loss is incurred by GDF, the loss must be quarantined within the trust and cannot be passed to GDF Securityholders for tax purposes. Instead, revenue tax losses will be carried forward and offset against assessable income derived by GDF in future years subject to satisfying the relevant trust loss recoupment tests.

Any net capital losses will be carried forward and offset against future capital gains derived by GDF. There are no restrictions on utilising carried forward net capital losses incurred by a trust.

Tax Treatment of GHL

Tax consolidated group

GHL will form a tax consolidated group with its wholly owned subsidiary GHL SubCo before acquiring GCL. As a result of the Internalisation, GCL and its subsidiaries will become members of the tax consolidated group formed by GHL. Post-Internalisation, GCL will continue its existing lines of business.

GHL will be liable to Australian income tax at the corporate rate (currently 30%, or at the rate of 27.5% where it qualifies as a 'base rate entity' on its taxable income. Under the single entity rule, members of the tax consolidated group will be treated as divisions or branches of GHL for tax purposes, and not as separate income tax entities. Intra-group transactions will therefore be ignored for income tax

purposes, and the group will lodge a single income tax return.

5.2 Income Distributions from GDF

Resident GDF Securityholders

Under the AMIT regime, GDF Securityholders are taxed on their share of the taxable income of GDF which is attributed to them for the relevant income year. This is regardless of whether the distributions are paid to GDF Securityholders, withheld or re-invested in additional GDF Units.

The amounts attributed to GDF Securityholders will be advised in an AMIT Member Annual Statement (**AMMA Statement**). The AMMA Statement will be issued to GDF Securityholders by 30 September following the end of the relevant financial year. It will contain details of the components of attributed amounts and tax information relating to the cost base of the GDF Units held by the GDF Securityholder.

The components of attributed amounts will include assessable income (such as net rental income, interest and net capital gains), and non-assessable amounts such as the AMIT CGT gross up amount.

Under proposals announced in the 2018-19 Budget on 8 May 2019 (and as revised at the 2018-19 MYEFO in respect of the commencement date), the Government intends to prevent MITs and AMITs from applying the 50% capital gains discount at the trust level. This measure is intended to apply from 1 July 2020 although draft legislation to enact this measure has yet to be released. If this measure is enacted, GDF will distribute gross capital gains as assessable amounts, such that the 50% capital gains discount is not applied, and non-assessable amounts will not include the AMIT CGT gross up amount. Although non-corporate GDF Securityholders may be entitled to claim a CGT discount on the gross capital gain, if this measure is enacted, it potentially may increase the income tax liability of non-corporate GDF Securityholders in respect of their investment in GDF Stapled Securities.

The cost base of GDF Units held by a GDF Securityholder will be increased by any assessable income (including capital gains) and any non-assessable non-exempt income which is attributed to them for the income year (**the AMIT cost base increase amount**), and reduced by any actual payments and any tax offsets for amounts attributed to the GDF Securityholder for the income year (**the AMIT cost base reduction amount**). Where the AMIT cost base reduction amount exceeds the AMIT cost base increase amount, the excess reduces the cost base of the GDF Units held by the GDF Securityholder (**AMIT cost base net amount – excess**). Where the AMIT cost base reduction amount is less than the AMIT cost base increase amount, the shortfall increases the cost base of GDF Units held by the GDF Securityholder (**AMIT cost base net amount – shortfall**).

If the cost base of GDF Units held by a GDF Securityholder is reduced to nil, any further reduction will result in a capital gain arising.

Cash distributions represented by tax deferred amounts attributable to returns of capital, building allowances, tax depreciation and other tax timing differences will be included in the AMIT cost base reduction amount. For CGT purposes, amounts of tax deferred distributions received will therefore reduce the cost base of units held by the GDF Securityholder and therefore affect the GDF Securityholder's capital gain/loss on disposal of the GDF Units. A GDF Securityholder will make an immediate capital gain to the extent a tax deferred distribution is more than the GDF Securityholder's

cost base of the GDF Units.

Tax deferred distributions paid by an AMIT should result only in a reduction of the cost base of the GDF Units, even if the GDF Units are held by a GDF Securityholder on revenue account.

The AMIT CGT gross up amount is included in the AMIT cost base increase amount, and therefore does not reduce the cost base of GDF Units held by a GDF Securityholder for that component. If the 2018-19 Budget measure (see above) is enacted, the AMIT CGT gross up amount will no longer be applicable.

Disposal of assets by GDF

Where an asset that is owned by GDF for at least 12 months is disposed of, GDF will receive a 50% discount on the capital gain realised. A GDF Securityholder will be required to gross up the discounted capital gain by doubling the amount, but may be entitled to claim the CGT discount in full if they are an Australian resident individual.

If, however, the 2018-19 Budget measure (see above) is enacted, GDF will no longer be entitled to claim a 50% CGT discount.

Non-resident GDF Securityholders

On the basis that the GDF is an AMIT (and also qualifies as a withholding AMIT), distributions that it makes that qualify as fund payments (a defined term) will be subject to specific withholding tax rules. A fund payment is any payment by the trustee from the net taxable income of GDF to GDF Securityholders reduced by the amount of any dividend, interest or royalties included in the amount. In practice a fund payment will represent the net rental income from properties held by GDF (directly or indirectly) and capital gains (ignoring the AMIT CGT gross up amount) on disposal of those properties.

The trustee will generally be required to withhold from distributions to non-resident GDF Securityholders in respect of Australian sourced income (other than dividends, royalties and interest) as follows:

- For GDF Securityholders that provide an address or place of payment for the distribution in an Exchange of Information country, the trustee will withhold tax at 15% from fund payments.
- For GDF Securityholders that provide addresses in non-Exchange of Information countries, the rate of withholding applied will be 30%.

Where GDF Securityholders are tax residents in a country other than the information exchange country address provided to the trustee, further Australian tax obligations may arise for that GDF Securityholder.

Non-Australian tax resident GDF Securityholders should not be required to lodge an Australian tax return in respect of a trust distribution from a withholding AMIT that is subject to withholding tax. This is due to the withholding tax being a final tax for Australian taxation purposes.

Distribution components that are comprised of interest will generally be subject to a 10% final withholding tax.

5.3 Taxation of dividends from GHL

Resident GDF Securityholders

GDF Securityholders will include in their assessable income dividends paid by GHL.

Where dividends distributed by GHL to GDF Securityholders are franked, then (subject to a number of measures that may affect the ability of a GDF Securityholder to use franking credits distributed, including the 45 day holding period rule), the grossed up amount (i.e. the dividend plus the attached franking credit) is included in the GDF Securityholder's assessable income. The GDF Securityholder is then generally allowed a franking offset equal to the franking credit. Where the GDF Securityholder is an individual or a complying superannuation fund, the GDF Securityholder may be entitled to a refund to the extent that the franking credits attached to the GDF Securityholder's dividends exceeds the GDF Securityholder's tax liability for the income year.

Where the GDF Securityholder is a corporate shareholder, any franked dividends which the GDF Securityholder received will generally give rise to a franking credit in the GDF Securityholder's franking account.

Non-resident GDF Securityholders

Franked dividends distributed by GHL to non-resident GDF Securityholders should not be subject to dividend withholding tax.

Unfranked dividends should however be subject to dividend withholding tax at 30% unless a lower rate applies under a tax treaty.

6 Taxation on disposal of GDF Stapled Securities

Resident GDF Securityholders

For CGT purposes, the disposal of a GDF Stapled Security involves the disposal of two separate assets, being a GDF Unit in GDF and a GHL Share. Broadly, the GDF Securityholder must include any realised capital gain or loss on the disposal of their GDF Stapled Security in the calculation of their net capital gain or loss for the year. The tax consequences must be worked out separately for each component unit and share.

A GDF Securityholder will derive a capital gain on the disposal of the component units and shares to the extent that the capital proceeds on disposal exceed the CGT cost base of the component units and shares. A GDF Securityholder will incur a capital loss on the disposal of the component units and shares to the extent that the capital proceeds on disposal are less than the CGT reduced cost base of the component units and shares.

The capital proceeds received on the disposal of a GDF Stapled Security must be apportioned between the component units and shares on a reasonable basis. The CGT cost base of each component unit and

share will include the amount paid to acquire the GDF Stapled Securities, together with any capital costs of acquisition or disposal, allocated to each component unit or share on a reasonable basis. The cost base of each component unit will be reduced by any AMIT cost base net amount which are excess amounts.

For the purposes of allocating capital proceeds to each component unit or share, one basis of apportionment is to use the relative net asset value (**NAV**) of each entity.

All capital gains and capital losses arising in a year, including distributions of capital gains, are added together to determine whether a GDF Securityholder has derived a net capital gain or incurred a net capital loss in that year. If a GDF Securityholder derives a net capital gain in a year, this amount is, subject to the comments below, included in the GDF Securityholder's assessable income. If a GDF Securityholder incurs a net capital loss in a year, this amount is carried forward and is available to offset capital gains derived in subsequent years.

If the GDF Securityholder has held the GDF Stapled Securities for 12 months or more at the time of disposal (ignoring the day of acquisition and the day of disposal) and there is a net capital gain, the GDF Securityholder may be eligible to apply the CGT discount, which is 50% for individuals and trusts, and 33.33% for complying superannuation funds.

Non-resident GDF Securityholders

Non-resident GDF Securityholders would generally be subject to the CGT rules on disposal of the GDF Stapled Securities (other than in respect of the GHL Shares, which should not be a land rich entity). A discounting factor is not available for non-resident investors. However, no Australian tax should be payable on capital gains made by non-resident GDF Securityholders from the disposal of their GDF Stapled Securities where their GDF Stapled Securities holding (together with associates) is less than 10% of GDF (both at the time of the CGT event and in any 12 month period in the 24 months prior to the CGT event).

As noted above in section 3, the foreign resident capital gains tax withholding rules should not apply to on market transactions. The disposal of GDF Stapled Securities by GDF Securityholders via the Australian Securities Exchange should therefore be excluded from the withholding regime

7 Goods and Services Tax (GST)

No GST will be charged to GCM Securityholders nor will any GST liability arise for GCM Securityholders (whether resident or non-resident) on any of the steps in the proposed transaction:

- the issue of GHL Shares and GDF Units will not be subject to GST as they will be either input taxed supplies (to resident GDF Securityholders) or GST-free supplies (to non-resident GDF Securityholders);
- the current and future distributions on GDF Stapled Securities will not be consideration for supplies for GST purposes; and
- the Unstapling and re-Stapling steps will not amount to supplies for GST purposes.



8 Stamp Duty

No stamp duty should be payable by GCM Securityholders on the issue of GDF Units and GHL Shares.

Under the current stamp duty legislation, in the ordinary course no stamp duty should be payable on any subsequent trading of GDF Stapled Securities on the Australian Securities Exchange, provided the GDF Securityholder does not acquire (whether alone or together with associates) 90% or more of the GDF Stapled Securities.

9 Other issues

GCM Securityholders will be invited to quote their Tax File Number (TFN) or Australian Business Number (ABN) in respect of their acquisition of GDF Stapled Securities. GCM Securityholders are not obliged to provide their TFN or ABN. However, if a GCM Securityholder does not provide their TFN, ABN or an exemption, tax may be withheld at a rate of 47% on any gross distributions made to them on their GDF Stapled Securities (with entitlement to claim an income tax credit in respect of the tax withheld).

Yours faithfully,

A handwritten signature in dark ink, appearing to read "Joshua Cardwell".

Joshua Cardwell
Partner
PricewaterhouseCoopers

11 Additional Information

11.1 Copy of GCM Register

Under sections 169 and 173 of the Corporations Act, any GCM Securityholder has a right to inspect, and to ask for a copy of, the GCM Register which contains details of the names and addresses of each GCM Securityholder.

GCM may require a GCM Securityholder to provide reasons for their request prior to providing a copy of the GCM Register, and a GCM Securityholder must not use any information obtained for an improper purpose. A copy of the GCM Register will be given to any GCM Securityholder upon request and payment of the prescribed fee under the Corporations Act where GCM is satisfied that the details provided are not likely to be used for an improper purpose.

11.2 Warranty and power of attorney by Scheme Securityholders

The terms of the Schemes provide that each Scheme Securityholder (other than Designated Foreign Holders) is deemed to have warranted to the Bidder that:

- all their Scheme Securities (including any rights and entitlements attaching to those Scheme Securities) transferred to the Bidder under the Schemes will, as at the date of the transfer, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- they have full power and capacity to sell and to transfer their Scheme Securities (including any rights and entitlements attaching to those Scheme Securities) to the Bidder under the Schemes.

Subject to the Schemes becoming Effective, each Scheme Securityholder irrevocably appoints GCM and each of its Directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of:

- executing any document necessary or expedient to give effect to the Schemes; and
- enforcing the GDF Deed Poll and the GHL Deed Poll against the Bidder.

11.3 No brokerage or stamp duty

No brokerage or stamp duty will be payable by Scheme Securityholders on the transfer of their Scheme Securities to the Bidder, or on receipt of Scheme Consideration, under the Schemes.

11.4 Delisting of GCM

On a date after the Implementation Date, the Bidder will apply for the termination of the official quotation of GCM Securities on ASX and for GCL and GCT to be removed from the official list of ASX.

11.5 Regulatory consents

(a) ASIC relief

The Target has requested relief from ASIC from the operation of the following provisions of the Corporations Act. ASIC has provided an in-principle decision that it will grant the relief sought.

Relief sought	Corporations Act provision	Relief granted
Relief from the equal treatment obligation	Section 601FC(1)(d)	GFML is permitted to exclude foreign members of GCT from receiving scrip consideration offered under the Trust Scheme.

Financial services guide relief	Section 941A	GFML is not required to provide a financial services guide accompanying this Scheme Booklet in relation to the Trust Scheme.
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The Bidder has requested relief from ASIC from the operation of the following provisions of the Corporations Act. ASIC has provided an in-principle decision that it will grant the relief sought.

Relief sought	Corporations Act provision	Relief granted
Stapling relief	Sections 601FC(1)(c), 601FD(1)(c), 601FC(1)(e), 601FD(1)(d), 601FD(1)(e) and 601FE(1)	GCL RE is permitted to consider the interests of holders of GDF Stapled Securities as a whole rather than their interests solely as members of GARDA Property Group and not solely as members of GDF.
Related party relief	Part 5C.7	GCL RE is permitted to provide financial benefits out of scheme property to GHJ and their wholly owned entities while the Stapling arrangements are in place.
DRP relief	Sections 708(13) and 1012D(3)(b)	GARDA Property Group may apply dividends and distributions payable in respect of each component of a GDF Stapled Security to the acquisition of additional GDF Stapled Securities without a further disclosure document being issued.
Joint bank account relief	Section 1017E(2)	GCM may use a single bank account in relation to application money received in respect of issues of GDF Stapled Securities.
PDS relief	Part 7.9	GCL RE may issue GDF Units under the Trust Scheme without preparing a PDS and on-sale of such GDF Units (as components of GDF Stapled Securities) does not require a disclosure document.
Financial services guide relief	Part 7.7 Division 2	GCL RE is not required to issue a financial services guide in connection with the issue of the explanatory memorandum to the GDF Unitholder Meeting.
Unsolicited off-market offer relief	Part 7.9 Division 5A	GCL RE may make an offer that may be characterised as an unsolicited off-market offer to purchase GCT Units.
Takeovers relief	Item 7 of section 611	GCT Unitholders not associated with GDF may vote on the resolution under item 7 of section 611 for the Trust Scheme at the GDF Unitholder Meeting.
Prospectus relief	Sections 711(6) and 723(1)	GHJ may issue the prospectus for GHJ Shares without stating an expiry date and without an application form accompanying it.

(b) ASX waivers and confirmations

The Target has received confirmations from ASX under the Listing Rules:

Listing Rule reference	Confirmation
Listing Rule 15.1.1	ASX does not object to the proposed amendments to the Trust Constitution as contained in the Supplemental Deed Poll.
N/A	ASX does not object to the Unstapling.

The Bidder has received the following waivers and confirmations from the Listing Rules as they apply to the Bidder:

Listing Rule reference	Waiver/confirmation
Listing Rule 1.1, Condition 1	Confirmation that based on the information provided, ASX is not aware of any reason why GHL would not be suitable for admission to the official list of ASX.
Listing Rule 1.1, Condition 8	Waiver that GHL does not need to comply with the spread requirements in that rule, on the condition that GDF Stapling occurs, such that the parcel of GDF Stapled Securities has a value of at least \$2,000.
Listing Rule 1.1, Condition 9	Waiver that GHL does not need to satisfy the profit or assets test, on the condition that GHL and GDF together satisfy one of the tests and GDF Stapling occurs.
Listing Rule 2.1, Condition 2	Waiver that it is not necessary for each GHL Share to have an issue price or value of at least 20 cents, on the condition that the GDF Stapling occurs and the GDF Stapled Securities satisfy this requirement.
Listing Rule 2.1, Condition 1 Listing Rule 6.1	Confirmation that the terms of the GDF Stapled Securities are appropriate for the purposes of Listing Rules 2.1 Condition 1 and 6.1.
Listing Rule 6.24	Waiver of the requirement in clause 1 of Appendix 6A to allow GARDA Property Group to provide ASX with an estimated dividend and distribution rate at the time of announcement on the condition that the actual rate is advised to ASX as soon as it becomes known.
Listing Rules 7.1 and 10.11	Waiver to allow GCL RE to issue new GDF Units pursuant to the Trust Scheme (including to related parties) without GDF Unitholder approval, on condition that GDF Securityholders provide all necessary approvals to implement the Internalisation and are provided with details of the Internalisation, including the issue of GDF Stapled Securities, in the explanatory memorandum for the GDF Unitholder Meeting.
Listing Rule 8.10	Waiver to permit GHL and GCL RE to refuse to register a transfer of a GHL Share or a GDF Unit (as applicable) if it is not accompanied by a transfer of the other component of the GDF Stapled Security.
Listing Rule 10.1	Waiver to permit the transfer of 'substantial assets' between GHL and GDF (and their respective wholly-owned subsidiaries) without the need for GDF Stapled Securityholder approval, on condition that the GDF Stapling occurs, and neither GHL nor GCL RE will issue any other equity securities that are not stapled to corresponding securities of the other component of GARDA Property Group.
Listing Rule 10.1	Waiver to permit GHL to acquire GCL Shares without GHL shareholder approval, on the condition that the explanatory memorandum for the GDF Unitholder Meeting and the prospectus for the issue of GHL Shares in the opinion of ASX satisfactorily discloses the terms of the Company Scheme and the Schemes are approved by GDF Stapled Securityholders for the purposes of Listing Rule 10.1.
Listing Rule 1.1, Condition 1 and Listing Rule 1.19	Confirmation that GHL is suitable for admission to the official list of ASX.
Listing Rule 11.1.1	Confirmation that ASX will not exercise its discretion to require GDF Unitholder approval under Listing Rule 11.1.2 in relation to the changes resulting from the Internalisation, nor require GDF to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules.
Listing Rule 14.11.1	Waiver to permit the voting exclusion statement for resolution 2 of the GDF Unitholder Meeting to omit the statement that GDF must disregard votes cast by a party to the transaction, on condition that

	the voting exclusion statement contains a statement that GDF will disregard votes cast by GCL, unless the votes cast on behalf of a person who is not GCL, or a related party or an associate of GCL, and who directs the holder of the units to vote for or against the resolution.
N/A	Confirmation that ASX has no objection to the timetable for the Internalisation.
N/A	Confirmation that ASX will permit the GDF Stapling and joint quotation of the GDF Stapled Securities, temporary un-stapling while the Schemes are implemented and, immediately following implementation of the Schemes, re-stapling of GHL Shares and GDF Units and continued quotation of the GDF Stapled Securities, provided GHL provides to ASX an undertaking (and indemnity) confirming that the re-stapling will occur.
N/A	Confirmation that no additional information is required to satisfy the ASX that each director of GHL is of good fame and character.

11.6 Disputes and litigation

As at the date of this Scheme Booklet, GCM is not involved in any ongoing litigation or dispute which is material in the context of GCM and its operations.

11.7 Status of Conditions Precedent

As at the Last Practicable Date, the Conditions Precedent which remain outstanding are (in summary):

- GDF Unitholders approving the Internalisation at the GDF Unitholder Meeting;
- the Bidder and Target receiving relief from ASIC from various provisions of the Corporations Act as noted in section 11.5;
- the Resolutions being passed by GCM Securityholders at the GCM Meetings;
- Court approval of the Company Scheme;
- receipt of the Second Judicial Advice in relation to the Trust Scheme;
- the GDF Stapling occurring (which GCL RE and GHL have agreed to procure under the GDF Deed Poll and the GHL Deed Poll);
- no other orders or restraints being issued by Regulatory Authorities or the Court;
- no regulated event or material adverse change occurring in respect of the Bidder or the Target under the Implementation Deed; and
- the warranties given by the Bidder and Target under the Implementation Deed remaining true and correct.

As at the Last Practicable Date, the Target Board Committee is not aware of any reason why these Conditions Precedent would not be satisfied.

11.8 Consents to be named

(a) Consents

This Scheme Booklet contains statements made by, or statements said to be based on statements made by:

- the Bidder, in respect of the Bidder Information and the Joint Information (to the extent that it concerns GHL and GDF) only;
- the Independent Expert, in respect of the Independent Expert's Report only;
- the Investigating Accountant, in respect of the Independent Limited Assurance Report only; and
- PricewaterhouseCoopers, in respect of the Taxation Report only.

Each of those persons named above has consented to the inclusion of each statement it has made in the form and context in which the statements appear and has not withdrawn that consent at the date of this Scheme Booklet.

The following parties have given and have not, before the time of registration of this Scheme Booklet with ASIC, withdrawn their consent to be named in this Scheme Booklet in the form and context in which they are named:

- Jones Day, as legal adviser to the Target;
- Grant Thornton Corporate Finance Pty Limited, as the Independent Expert;
- Pitcher Partners Corporate Finance Limited, as the Investigating Accountant;
- BDO Audit Pty Ltd, as the auditor of GCM and GDF's financial statements for the financial years ending 30 June 2017, 30 June 2018 and 30 June 2019;
- PricewaterhouseCoopers, as tax adviser to the Target; and
- Link Market Services Limited, as the Registry of the Target.

(b) Disclosures and responsibility

Each person named in section 11.8(a):

- has not authorised or caused the issue of this Scheme Booklet; and
- does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than the statements referred to in section 11.8(a); and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this section 11.8(b).

11.9 No unacceptable circumstances

The Target Board Committee believes that the Schemes do not involve any circumstances in relation to the affairs of GCM that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

11.10 Foreign jurisdictions

The distribution of this Scheme Booklet outside Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. GCM disclaims all liabilities to such persons.

GCM Securityholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

No action has been taken to register or qualify this Scheme Booklet or any aspect of the Internalisation in any jurisdiction outside of Australia.

11.11 No other material information

Except as disclosed elsewhere in this Scheme Booklet, so far as the GCM Board is aware, there is no other information that is:

- material to the making of a decision by a GCM Securityholder whether or not to vote in favour of the Internalisation; and
- known to any member of the GCM Board at the date of lodging this Scheme Booklet with ASIC for registration,

which has not previously been disclosed to GCM Securityholders.

11.12 Supplementary disclosure statement

GCM will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the Effective Date:

- a material statement in this Scheme Booklet that is false or misleading in a material respect;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet; or
- a significant new matter that has arisen and would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, GCM may circulate and publish any supplementary document by:

- making an announcement to ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to GCM Securityholders at their address shown on the GCM Register; and/or
- posting a statement on GCM's website at <https://www.gardacapital.com.au/>,

as GCM, in its absolute discretion, considers appropriate.

11.13 Directors' statement

The issue of this Scheme Booklet has been authorised by the GCM Board.

The GCM Board has given (and not withdrawn) its consent to lodgement of this Scheme Booklet with ASIC.

12 Definitions and interpretation

12.1 Definitions

In this Scheme Booklet unless the context otherwise appears, the following terms have the meanings shown below:

Term	Meaning
AAS	Australian Accounting Standards.
AASB	Australian Accounting Standards Board.
AEST	Australian Eastern Standard Time.
AFSL	Australian Financial Services Licence.
AREIT	Australian real estate investment trust.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
ATO	the Australian Taxation Office.
AUM	assets under management.
Bidder	GDF and GHL.
Bidder Information	the information concerning the Bidder contained in section 5 and the GDF Standalone Financial Information.
Business Day	a business day as defined in the Listing Rules.
CGT	Australian capital gains tax.
Company Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between GCL and the Scheme Shareholders, the form of which is attached as Annexure E, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by GCL and the Bidder.
Company Scheme Consideration	1.6 GHL Shares for every GCL Share held as at the Scheme Record Date.

Term	Meaning
Company Scheme Meeting	the meeting of GCL Shareholders to be convened pursuant to an order of the Court in relation to the Company Scheme pursuant to section 411(1) of the Corporations Act, and any adjournment of such meeting.
Company Scheme Resolution	the resolution to be put to GCL Shareholders at the Company Scheme Meeting to approve the Company Scheme.
Company Unstapling Resolution	the resolution to be put to GCL Shareholders at the Extraordinary General Meeting to approve the Unstapling of GCL Shares from GCT Units.
Competing Proposal	<p>in relation to either the Bidder and its subsidiaries or the Target and its subsidiaries (as applicable), any proposed transaction or arrangement which, if completed, would mean a third party would:</p> <ul style="list-style-type: none"> • directly or indirectly acquire or have a right to acquire an interest, a Relevant Interest in, or become the holder of: <ul style="list-style-type: none"> ○ 20% or more of the securities of any of the Bidder and its subsidiaries or the Target and its subsidiaries (as applicable); or ○ the whole or a material part of the business or property of the Bidder and its subsidiaries or the Target and its subsidiaries (as applicable); • acquire Control of the Bidder and its subsidiaries or the Target and its subsidiaries (as applicable); or • otherwise acquire, merge or amalgamate with the Bidder and its subsidiaries or the Target and its subsidiaries (as applicable) whether by way of takeover bid, a reverse takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of securities, strategic alliance, dual listed company structure, other economic or synthetic merger or combination, joint venture, partnership or any other transaction or arrangement. <p>For the purposes of acquiring an interest in the business or property of the Bidder and its subsidiaries or the Target and its subsidiaries (as applicable), it will be material if:</p> <ul style="list-style-type: none"> • the relevant business or property contributes 20% or more of the consolidated net profit after tax of the Bidder and its subsidiaries or the Target and its subsidiaries (as applicable); or • the business or property represents 20% or more of the total consolidated assets of the Bidder and its subsidiaries or the Target and its subsidiaries (as applicable).
Conditions Precedent	each of the conditions set out in clause 3.1 of the Implementation Deed and which are summarised in section 9.1(b).
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Court	the Supreme Court of Queensland or such other court of competent jurisdiction determined by GCM (after consultation, in good faith, with the Bidder).

Term	Meaning
Designated Foreign Holder	a Scheme Securityholder whose registered address on the GCM Register as at the Scheme Record Date is outside of Australia and New Zealand unless the Bidder is satisfied, acting reasonably, that the laws of the place permit the allotment and issue of GDF Stapled Securities to that person pursuant to the Schemes, either unconditionally or after compliance with conditions that the Bidder in its sole discretion regards as acceptable and not unduly onerous or impracticable.
Director	each member of the GCM Board.
Effective	all of the following events taking place: <ul style="list-style-type: none"> in relation to the Company Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) (and if applicable, section 411(6) of the Corporations Act); and in relation to the Trust Scheme, the Supplemental Deed Poll taking effect pursuant to section 601GC(2) of the Corporations Act.
Effective Date	the date on which the Schemes become Effective.
End Date	20 March 2020 or such other date as is agreed by the Target and the Bidder.
Exclusivity Period	means the period commencing on 20 September 2019 and ending on the earlier of: <ul style="list-style-type: none"> the termination of the Implementation Deed in accordance with its terms; the Implementation Date; and the End Date.
Extraordinary General Meeting	the general meeting of GCL Shareholders and the Trust Scheme Meeting, held concurrently in all respects, to consider the Unstapling Resolutions and the Trust Scheme Resolutions, and includes any adjournment of that meeting.
FFO	funds from operations
Financial Information	the GDF Standalone Financial Information, the GCM Standalone Financial Information and the GARDA Property Group Consolidated Financial Information.
First Judicial Advice	confirmation of the Court under section 96 of the <i>Trusts Act 1973</i> (Qld) that: <ul style="list-style-type: none"> GFML would be justified in convening the Trust Scheme Meeting for the purposes of considering the Trust Scheme Resolutions and the Extraordinary General Meeting for the purposes of considering the Trust Unstapling Resolution; and subject to GCT Unitholders passing the Trust Scheme Resolutions and the Trust Unstapling Resolution, GFML would be justified in proceeding on the basis that amending the GCT Constitution as set out in the Supplemental Deed Poll would be within the powers of alteration conferred by the GCT Constitution and section 601GC of the Corporations Act.
GARDA Finance	GARDA Finance Pty Ltd ACN 104 184 367.

Term	Meaning
GARDA Property Group	the stapled group to be formed on implementation of the Internalisation, comprising GDF and GHL. Its constituent securities are GDF Stapled Securities.
GARDA Property Group Consolidated Financial Information	the consolidated financial information relating to GARDA Property Group which is contained in section 7.5.
GCL	GARDA Capital Limited ACN 095 039 366, AFSL No 246714.
GCL RE	GCL in its capacity as Responsible Entity for GDF.
GCL Shares	ordinary fully paid shares in GCL.
GCM or GARDA Capital Group	the stapled group comprising GCL and GCT.
GCM Meetings	the Extraordinary General Meeting and the Company Scheme Meeting.
GCM Register	the stapled security register of GCM maintained by or on behalf of GCM in accordance with section 168(1) of the Corporations Act.
GCM Securities	GCL Shares and GCT Units which are stapled and trade together on ASX under the ticker code 'GCM'.
GCM Securityholders	persons who are the registered holders of GCM Securities.
GCM Standalone Financial Information	the financial information relating to GCM which is contained in section 7.4.
GCT	GARDA Capital Trust ARSN 150 164 720.
GCT Constitution	the constitution of GCT as declared by GFML under a trust deed dated 25 March 2011 (as amended).
GCT Units	ordinary fully paid units in GCT.
GCT Unitholder	persons who are registered holders of GCT Units.
GDF	GARDA Diversified Property Fund ARSN 104 391 273.

Term	Meaning
GDF Standalone Financial Information	the financial information relating to GDF contained in section 7.3.
GDF Stapled Securities	GHL Shares and GDF Units which are stapled and trade together on ASX under the ticker code 'GDF' and which are the constituent securities of GARDA Property Group.
GDF Stapled Securityholders	persons who are registered holders of GDF Stapled Securities and therefore members of GARDA Property Group.
GDF Stapling	the Stapling of GDF Units and GHL Shares on a one-for-one basis to form GDF Stapled Securities.
GDF Units	ordinary fully paid units in GDF.
GDF Unitholder	persons who are registered holders of GDF Units.
GDF Unitholder Meeting	the general meeting of GDF Unitholders to consider the resolutions required to approve the Internalisation.
GFML	GARDA Funds Management Limited ACN 140 857 405 in its capacity as Responsible Entity for GDF.
GHL	GARDA Holdings Limited ACN 636 329 774.
GHL Shares	ordinary fully paid shares in GHL.
GRES	GARDA Real Estate Services Pty Ltd ACN 102 792 709.
Implementation Date	the fifth Business Day after the Scheme Record Date, currently anticipated to be 29 November 2019, or such other date as is agreed to in writing between GCM and the Bidder or as may be required by ASX.
Implementation Deed	the implementation deed between the Target and the Bidder dated 20 September 2019, a copy of which is attached to GCM's ASX announcement of 20 September 2019 available at www.asx.com.au .
Independent Directors	Mr Morgan Parker and Mr Philip Lee, ³⁰ who have formed a committee on behalf of the boards of GCL RE and GHL to represent the Bidder in considering and negotiating the Internalisation.

³⁰ Mr Lee has not historically been described as independent in disclosures to the ASX given his roles within Morgans, which was involved in GCM and GDF's initial public offers and subsequent capital raising activity. Mr Lee remains a senior executive but has not been a director of Morgans since 2011, and Morgans is not providing services to GCM or GDF in connection with the Internalisation. The directors have formed the view that there are no circumstances preventing Mr Lee from bringing an independent judgement to bear on issues relating to the Internalisation.

Term	Meaning
Independent Expert	Grant Thornton Corporate Finance Pty Limited ACN 003 265 987.
Independent Expert's Report	the report in respect of the Internalisation prepared and issued by the Independent Expert for inclusion in the Scheme Booklet (or any update or variation to that report) and which is contained in Annexure A.
Independent Limited Assurance Report	the report prepared by the Investigating Accountant dated 27 September 2019 set out in Annexure B.
Information Line	the information line regarding the Internalisation, being: <ul style="list-style-type: none"> • within Australia: 1300 889 100 • outside Australia: +61 1300 889 100
Internalisation	the proposal for which this Scheme Booklet relates whereby GDF will internalise GCM.
Investigating Accountant	Pitcher Partners Corporate Finance Limited ACN 054 784 619.
Joint Information	the information concerning GARDA Property Group contained in section 6 and the GARDA Property Group Consolidated Financial Information.
Last Practicable Date	7 October 2019, being three clear Business Days prior to the First Court Date.
Listing Rules	the official listing rules of ASX.
Notice of Company Scheme Meeting	the notice relating to the Company Scheme Meeting which is contained in Annexure D.
Notice of Extraordinary General Meeting	the notice relating to the Extraordinary General Meeting which is contained in Annexure C.
NTA	net tangible assets.
PDS	product disclosure statement.
Proxy Form	a proxy form for the Meeting which accompanies this Scheme Booklet or which is available from the Registry allowing eligible GCM Securityholders to vote directly or to appoint up to two proxies.

Term	Meaning
Registry	Link Market Services Limited ACN 083 214 537.
Regulatory Authority	<p>includes, in any jurisdiction:</p> <ul style="list-style-type: none"> (a) a government or governmental, semi-governmental or judicial entity or authority; (b) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and (c) any regulatory organisation established under statute, <p>and includes ASX, the Australian Competition and Consumer Commission, ASIC, the Takeovers Panel, the ATO and the Australian Prudential Regulation Authority.</p>
REIT	real estate investment trust.
Related Body Corporate	has the meaning given in section 50 of the Corporations Act.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Representative	<p>in relation to a party means:</p> <ul style="list-style-type: none"> • each of the party's Related Bodies Corporate; and • the party's or any of its Related Bodies Corporate: <ul style="list-style-type: none"> ○ directors, officers, employees; and ○ agents (including financiers, financial advisers, corporate advisers, legal advisers, accountants and other expert advisers and consultants).
Responsible Entity	<p>has the meaning given in section 9 of the Corporations Act.</p> <p>GCL RE is the Responsible Entity for GDF and GFML is the Responsible Entity for GCT.</p>
Resolutions	the Unstapling Resolutions, the Trust Scheme Resolutions and the Company Scheme Resolution.
Schemes	the Company Scheme and the Trust Scheme.
Scheme Booklet	this booklet, including the annexures to it.
Scheme Consideration	the Company Scheme Consideration and the Trust Scheme Consideration.
Scheme Record Date	means 7:00 pm on the third Business Day following the Effective Date, currently anticipated to be 22 November, or such other date as the Target and Bidder agree, or as may be required by ASX.

Term	Meaning
Scheme Securities	Scheme Shares and Scheme Units held by a Scheme Securityholder.
Scheme Securityholder	a person who is a Scheme Shareholder and a Scheme Unitholder.
Scheme Shareholder	a person registered as a GCL Shareholder at the Scheme Record Date.
Scheme Shares	all GCL Shares held by the Scheme Shareholders as at the Scheme Record Date.
Scheme Unitholder	a person registered as a GCT Unitholder at the Scheme Record Date.
Scheme Units	all GCT Units held by the Scheme Unitholders as at the Scheme Record Date.
Second Court Date	<p>the day on which the Court:</p> <ul style="list-style-type: none"> • makes an order pursuant to section 411(b) of the Corporations Act approving the Company Scheme; and • provides the Second Judicial Advice, <p>with such hearing being the Second Court Hearing.</p>
Second Judicial Advice	confirmation of the Court under section 96 of the <i>Trusts Act 1973</i> (Qld) that, GCT Unitholders having approved the Trust Unstapling Resolution and the Trust Scheme Resolutions by the requisite majorities, GFML would be justified in implementing the Trust Unstapling Resolution and the Trust Scheme Resolutions, giving effect to the provisions of the GCT Constitution (as amended by the Supplemental Deed Poll) and in doing all things necessary and taking all steps to put the Trust Scheme into effect.
Special Resolution	has the meaning given in section 9 of the Corporations Act
Stapled	the linking together of GHL Shares and GDF Units on a one-for-one basis so that one may not be transferred, or otherwise dealt with, without the other and which are on ASX jointly as a 'stapled security' or such other term as ASX permits, and Stapling has a corresponding meaning.

Term	Meaning
Superior Proposal	<p>a bona fide Competing Proposal received by the Bidder and its subsidiaries or the Target its subsidiaries (as applicable) that the Target Board Committee or Independent Directors (as applicable) determine, acting in good faith and in order to satisfy what the Target Board Committee or Independent Directors (as applicable) considers to be its fiduciary or statutory duties (and after having obtained written advice from external legal and, if appropriate, financial advisers):</p> <ul style="list-style-type: none"> • is capable of being valued and completed, taking into account all aspects of the Competing Proposal, including its conditions; and • would, if completed substantially in accordance with its terms, be more favourable to the securityholders of the Bidder and its subsidiaries or the securityholders of the Target and its subsidiaries (as applicable) than the Internalisation viewed in aggregate, taking into account all the terms and conditions of the Competing Proposal.
Supplemental Deed Poll	the deed poll to be entered by GFML amending the GCT Constitution pursuant to section 601GC(1) of the Corporations Act as set out in Annexure F.
Target	GCL and GCT.
Target Board Committee	the committee formed by the boards of GCL and GFML to represent the Target in considering and negotiating the Internalisation, comprised of Mr Matthew Madsen and Mr Mark Hallett.
Taxation Report	the report prepared by PricewaterhouseCoopers ABN 52 780 433 757 set out in section 10 of this Scheme Booklet.
Trust Acquisition Resolution	an ordinary resolution of GCT Unitholders under item 7 of section 611 of the Corporations Act authorising the transfer of all GCT Units to GDF.
Trust Constitution Amendment Resolution	a special resolution of GCT Unitholders for the purposes of section 601GC(1) of the Corporations Act to approve amendments to the GCT Constitution as set out in Supplemental Deed Poll.
Trust Scheme	the arrangement under which GCT Unitholders will transfer each of their GCT Units to GDF in exchange for 1.6 GDF Units as set out in the Supplemental Deed Poll.
Trust Scheme Consideration	1.6 GDF Units for every GCT Unit held as at the Scheme Record Date.
Trust Scheme Meeting	the meeting of GCT Unitholders convened by GFML to consider the Trust Scheme Resolutions, to be held as part of the Extraordinary General Meeting.
Trust Scheme Resolutions	the Trust Constitution Amendment Resolution and the Trust Acquisition Resolution.
Trust Unstapling Resolution	the resolution to be put to GCT Unitholders at the Extraordinary General Meeting to approve the Unstapling of GCT Units from GCL Shares.

Term	Meaning
Unstapling	the proposed unstapling of each GCL Share from each GCT Unit (and vice versa).
Unstapling Resolutions	the Company Unstapling Resolution and the Trust Unstapling Resolution.
Voting Record Date	7:00 pm (AEST) on 13 November 2019.
WALE	weighted average lease expiry.

12.2 Interpretation

In this Scheme Booklet, unless the context otherwise appears:

- words and phrases have the same meaning (if any) given to them in the Corporations Act, unless the context requires otherwise;
- words importing a gender include any gender;
- words importing the singular include the plural and vice versa;
- an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- a reference to a section or annexure is a reference to a section of and an annexure to this Scheme Booklet as relevant;
- a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
- a reference to time is a reference to Australian Eastern Standard Time (AEST);
- a reference to writing includes facsimile transmissions; and
- a reference to dollars, \$, A\$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

Annexure A

Independent Expert's Report



Grant Thornton
An instinct for growth™

GARDA Capital Group

Independent Expert's Report and Financial Services Guide

8 October 2019



The Independent Directors
GARDA Capital Group
Level 21, 12 Creek Street
Brisbane QLD 4000

8 October 2019

Dear Directors

Independent Expert's Report and Financial Services Guide

Introduction

GARDA Capital Group ("GCM") is an Australian Securities Exchange ("ASX") real estate investment and funds management business with a market capitalisation of circa A\$59 million¹. GCM is a stapled² company comprising the following:

- GARDA Capital Limited ("GCL") – the responsible entity of GARDA Diversified Property Fund (GDF). GDF is a REIT³ listed on the ASX with a market capitalisation of circa A\$241 million⁴. As at the date of this Independent Expert's Report ("IER"), GCL has funds under management of c. A\$404 million⁵.
- GARDA Capital Trust ("GCT") – is a registered managed investment scheme and the primary investment vehicle for the GCM. GCT currently owns approximately 11.86% of the issued units in GDF. GARDA Funds Management Limited ("GFM") is the responsible entity of GCT.

(GCM, GCT, GFM and GCL are individually or collectively referred to as the "GCM Group" or "GCM").

GARDA Diversified Property Fund ("GDF") is an ASX-listed REIT, with a diversified portfolio of commercial and industrial assets both in suburban and city locations along the eastern seaboard of Australia. GDF has an existing property portfolio ("Portfolio") valued A\$404 million⁷ comprising both completed and under construction projects for a total of 17 investment properties. The current pro-forma unaudited NTA of GDF is A\$1.34⁸ per GDF unit ("GDF Unit").

¹ Based on the closing unit price of A\$2.21 / GCM Security on 19 September 2019.

² Stapled securities are securities of two or more businesses that are attached together such that the securities of these businesses can only be traded collectively on the Australian Stock Exchange.

³ Real Estate Investment Trust ("REIT").

⁴ Based on the closing unit price of A\$1.48 / GCM Security on 19 September 2019.

⁵ Calculated as the pro-forma assets under management of A\$362.8 million as at 30 June 2019 plus A\$41 million in relation to the Morningside Property announced on 20 September 2019.

⁶ Following the Capital Raising completed by GDF for the acquisition of Morningside announced on 20 September 2019 as described below.

⁷ Including the Morningside acquisition announced on 20 September 2019.

⁸ As reported in the Scheme Booklet and after the Capital Raising.

On 20 September 2019, GCM and GDF entered into a Scheme Implementation Deed (“SID”) to implement a merger between the GCM Group and GDF in order to internalise the responsible entity of GDF (“Internalisation”).

The Internalisation will be implemented via the following steps:

- A new entity, the GARDA Property Group (“GPG”), is established, comprising GDF and a newly incorporated public company, GARDA Holdings Limited (“GHL”);
- GPG will internalise GCM by:
 - The transfer of all shares in GCL to GHL by way of a scheme of arrangement (“Company Scheme” or “GCL Scheme”) based on an exchange ratio of 1 GCL Share for 1.6 GHL Shares (“Exchange Ratio”).
 - The transfer of all units in GCT to GDF by way of a trust scheme based on the Exchange Ratio (“Trust Scheme” or “GCT Scheme” and together with the Company Scheme referred to as “the Schemes”).
- Following the Internalisation, the shares of GHL (“GHL Shares”) and GDF Units will be stapled together and continue to trade on the ASX as GPG (“GPG Securities⁹”).

Upon completion of the Internalisation, existing securityholders of GCM (“GCM Securityholders”) will hold 42,288,000 GDF Securities¹⁰ equivalent to approximately 21% of all GDF Securities on issue¹¹. Existing directors and key management will continue in their roles.

The Internalisation is subject to separate approval by GCM Securityholders and GDF Unitholders. The GDF Unitholder Meeting to consider the Internalisation is expected to be held before the day that GCM Securityholders will meet to consider the Internalisation.

The Schemes are subject to customary conditions precedent as set out in Section 1 of this IER including approvals of the Court and GCM Securityholders and GDF Unitholders.

The SID contains customary exclusivity provisions including “no shop”, “no talk” and no due diligence restrictions and a notification obligation, as well as a matching right for GPG in case GCM receives a competing proposal that is a superior proposal to the Internalisation proposal. The “no talk” and no due diligence restrictions are subject to the customary fiduciary carve-outs. The SID also details circumstances under which GPG and GCM may be required to pay each other a break fee of approximately A\$0.6 million.

GCL is a public company and it is part of the GCM Group, however GCL is also the responsible entity for GDF and as such GCL has put the internalisation proposal forward to the GCM Group on behalf of GDF. Accordingly, the GCM Group has put in place independence protocols to consider the Internalisation as set out below:

- Mr Matthew Madsen (Executive Chairman) and Mr Mark Hallett (Non-Executive Director), both of whom are substantial securityholders of the GCM Group, have formed the GCM Sub-Board Committee (“Sub-Board Committee”) to assess the merits of the Internalisation on behalf of the GCM Group.

⁹ Referred to GDF Stapled Securities in the Scheme Booklet.

¹⁰ Subject to rounding.

¹¹ Excluding the shares to be issued to GCT which currently owns an 11.82% interest in GDF. The GDF Units issued to GCT will be cancelled or sold after the approval of the Schemes (“Treasury Shares”). If the Treasury Shares are included in the calculation of the securities on issue, GCM Securityholders will hold 18.58% of the GPG Securities.

- Mr Philip Lee and Mr Morgan Parker, Independent Directors of GCL, have put forward, on behalf of GDF, the Internalisation proposal.

The Sub-Board Committee unanimously recommends that GCM Securityholders vote in favour of the Internalisation, and each member of the Sub-Board Committee intends to vote all securities of GCM ("GCM Securities") held or controlled by them in favour of the Internalisation, in the absence of a superior proposal.

In conjunction with the Internalisation, GCM Group and GDF have announced the following acquisition and capital raising:

- GCL has entered into an unconditional contract for GDF to purchase two existing industrial warehousing and distribution assets located at 326 and 340 Thynne Road, Morningside ("Morningside") for a total consideration of A\$41 million plus transaction costs¹².
- The Morningside acquisition will be funded by both debt and equity. Specifically, GDF completed a placement to institutional and sophisticated investors of 22.5 million GDF Units at an issue price of A\$1.40 per GDF Unit to raise A\$31.5 million ("Capital Raising"). The balance of the acquisition will be funded via external debt.

We note that the Capital Raising and the Morningside acquisition are not interdependent with the Internalisation.

Purpose of the report

The IER is required for the Company Scheme by Corporation Regulations Schedule 8 cl 8303 as there will be common directors between GCL and GHL. Given that the Company Scheme and the Trust Scheme are part of the same Internalisation and they can only occur concurrently, in forming our opinion on the Company Scheme, we have had regard to both Schemes.

When preparing this IER, Grant Thornton Corporate Finance has had regard to the Australian Securities Investment Commission ("ASIC") Regulatory Guide 111 Contents of expert reports ("RG 111"), Regulatory Guide 112 Independence of experts ("RG 112") and Guidance Note 15 ("GN 15") issued by the Takeovers Panel. The IER also includes other information and disclosures as required by ASIC.

Summary of opinion

Grant Thornton Corporate Finance has concluded that the Schemes are FAIR AND REASONABLE and therefore in the BEST INTERESTS of the Non-Associated Securityholders¹³.

In forming our opinion, Grant Thornton Corporate Finance has considered whether the Schemes are fair and reasonable to the Non-Associated Securityholders and other quantitative and qualitative considerations.

¹² Transaction costs estimated at A\$2.5 million including stamp-duty and title fees.

¹³ GCM Securityholders not associated with GDF.

Fairness Assessment

In forming our opinion in relation to the fairness of the Internalisation to the Non-Associated Securityholder, Grant Thornton Corporate Finance has compared the value per GCM Security before the Internalisation on a control basis to the assessed value per GPG Securities received as consideration under the Schemes.

The following table summarises our valuation assessment:

Fairness assessment - GCM Securityholders	Section	Low	High
A\$ per share	Reference		
Fair market value of GCM Securities before the Internalisation	Section 8	2.12	2.37
Fair market value of GPG Securities received as consideration	Section 10	2.18	2.33
Premium/(discount)		0.05	(0.04)
Premium/(discount) (%)		2.5%	(1.7%)
FAIRNESS ASSESSMENT		FAIR	

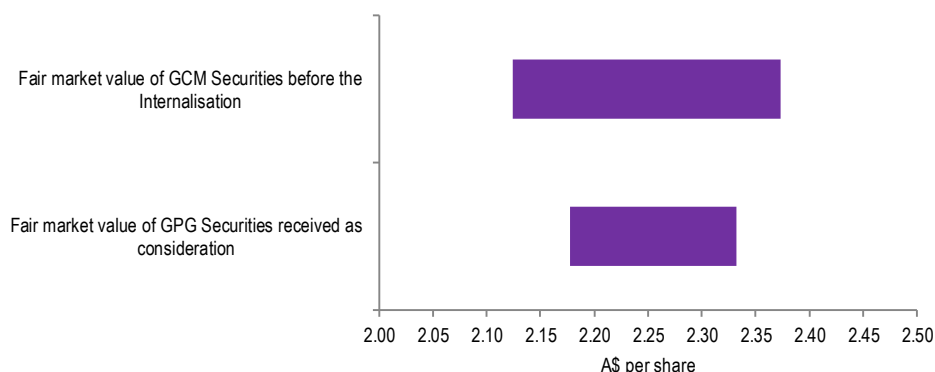
Source: GTCF Calculations

Our assessment of the fair market value range of GCM Securities before the Internalisation mostly overlaps with the value of GPG Securities received as consideration. Accordingly, we have concluded that the Internalisation is **FAIR** to the Non-Associated Securityholders.

Non-Associated Shareholders should be aware that the valuation of GCM Securities and GPG Securities represent the range of possible outcomes for which there are numerous different value comparisons that can be made. There is a small portion of the assessed value of the GPG Securities received as consideration that does not overlap with our valuation assessment of GMC before the Internalisation. If the Non-Associated Securityholders form the view that the value of GCM is greater than A\$2.33 per security, then they may not consider the Internalisation to be fair. Under these circumstances, we would still conclude that the Internalisation is reasonable based on the advantages and disadvantages outlined below.

We have set out below a graphical representation of the fairness assessment.

Fairness assessment (A\$ per share)



Non-Associated Securityholders should be aware that our assessment of the value per GPG Security after the Internalisation does not reflect the price at which GPG Securities will trade if the Internalisation is completed. The price at which GPG Securities will ultimately trade depends on a range of factors including the liquidity of

GPG Securities, macro-economic conditions, the underlying performance of the GPG business and the supply and demand for GPG Securities.

We have assessed the fair market value of GCM Group and GPG Securities adopting the sum-of-the-parts ("SOP") approach as outlined below.

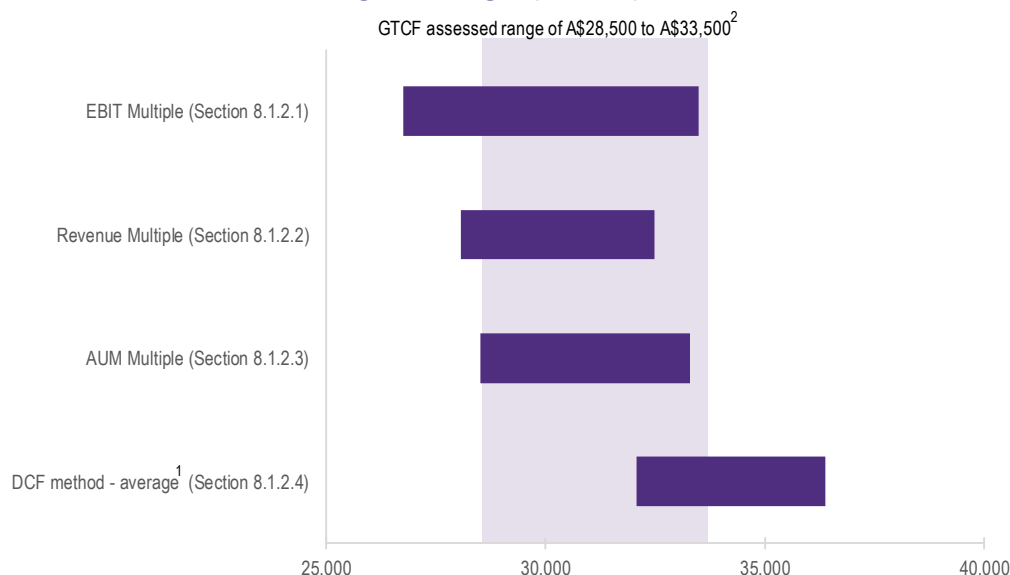
Valuation assessment of GCM Group

In our valuation assessment, we have aggregated:

- **Fund Management Business** – The value of the funds management business which comprises the real estate and property funds managed by GCM on behalf of GDF under the Investment Management Agreement ("IMA") ("Management Right") and the debt-advisory business of GCM ("Debt-advisory Business" together with Management Right referred to as "Funds Management Business").
- **Market value of net assets** – We have aggregated the value of GCM's interest in GDF and other assets and liabilities of GCM as at 30 June 2019 not related to the Funds Management Business.

In the valuation of the Funds Management Business, we have relied on a combination of market based¹⁴ and income based¹⁵ methodologies. We have summarised in the table below our valuation assessment of the Management Right and of GCM based on the SOP Method.

Fair market value of the Management Right (A\$000's)



Source: GTCF Calculations

Note 1: Based on the average of two DCF Scenarios. Refer to section 8.1.2.4 for details

Note 2: Based on the median of all methodologies

¹⁴ Market-based approach includes the Earnings Before Interest and Tax multiple ("EBIT Multiple"), revenue multiple ("Revenue Multiple") and Asset under Management ("AUM") multiple ("AUM Multiple").

¹⁵ Discounted cash flows method ("DCF").



Valuation summary - SOP method	Section		
A\$000 unless otherwise stated	Reference	Low	High
Value of the Management Right ¹	Section 8.1.1	28,500	33,500
Value of the Debt Advisory Business	Section 8.1.1	1,182	1,229
Assessed net tangible assets of GCM	Section 8.1.4 & 8.1.5	26,461	28,001
Equity value of GCM before the Internalisation		56,143	62,730
Number of securities outstanding (in 000s)	Section 4	26,430	26,430
Value per GCM Security before the Internalisation (A\$/GCM Security)		2.12	2.37

Source: GTCF calculations

Note 1: Based on the median of all the methodologies

Valuation assessment of GPG Group

The consideration to be received by GCM Securityholders is in the form of GPG Securities. In our assessment of the market value of the consideration received by GCM Securityholders if the Internalisation is implemented, we have aggregated the following:

- The value of the Funds Management Business.
- The adjusted net tangible assets of GCM based on the pro-forma financial position as at 30 June 2019 post the Capital Raising and post Internalisation.
- Remove the cross shareholding of GCM in GDF.
- Valuation assessment of GDF.

Our valuation assessment is summarised below.

Valuation summary - Value of GCM Securities in GPG after the Internalisation	Section		
A\$000 unless stated otherwise	Reference	Low	High
Fair market value of the Funds Management Business	Section 8.1.1	29,682	34,729
Minority discount ⁽¹⁾	Section 10	20.0%	10.0%
Adjusted Fair market value of the Funds Management business		24,735	31,572
Other net assets/(liabilities) of GCM excluding the interest in GDF	Section 8.1.5	(4,199)	(4,199)
Fair market value of GDF before the Internalisation	Section 10	259,499	272,527
Fair market value of GARDA Property Group after the Internalisation		280,035	299,901
Number of GPG Units outstanding after the Internalisation	Section 10	205,744	205,744
Value per share of the GARDA Property Group (A\$/GPG Unit)		1.36	1.46
Exchange ratio (times)		1.60	1.60
Value per share of GCL Securityholders in GPG (A\$/GPG Unit)		2.18	2.33

Source: GTCF calculations

Note 1 – Calculated as the inverse of the control premium

In our valuation assessment of the Funds Management Business after the Internalisation, we have applied a low minority discount due to the following:

- The gross benefits that will accrue to all GPG Securityholders after the Internalisation are substantially represented by the cost savings of all the fees currently paid to GCM in accordance with the IMA. These cost savings will be reduced (net benefits) by the cost structure of GCM which will remain substantially

unchanged in GPG, apart for some minor synergies being realised. Accordingly, the value of the net benefits which will accrue to all GPG Shareholders following completion of the Internalisation are substantially equivalent to the cash flows adopted in the valuation assessment of the Management Right of GCM before the Internalisation. As set out in section 8.1.2, the value of the Management Right under the DCF Method is higher than the value range selected for the Management Rights having regard to the various valuation methodologies.

- After completion of the Internalisation, the risk, which we consider remote, that GCM may be removed as the manager of GDF under the IMA will disappear which should accordingly reduce the risk attached to the future net benefits.
- The discount rate applicable to the net present value of the net benefits realised by GDF as a result of the Internalisation is lower than the discount rate applied to GCM given the lower risk profile of the A-REIT.

We note that in the calculation of the number of GPG Securities following Internalisation, we have excluded the 21.9 million Treasury Shares. The Internalisation will result in GDF owning 100% of GCT which, in turn, will own 9.6% of GPG Securities. We understand that the current intention of the Directors is to sell the Treasury Shares in the medium term following the Internalisation. For the purpose of our valuation assessment, we have removed the Treasury Shares from the securities on issue and we have accordingly not considered the value to be received by GPG when they will be sold.

In our valuation assessment of GDF, we have relied on a number of valuation methodologies and we have summarised our assessment below.

Summary of GDF valuation A\$/GDF Unit	Section Reference	Low	High
Adjusted Net Assets Price	Section 9.1	1.41	1.41
Adjusted Share Price	Section 9.2	1.44	1.47
Capital Raising Price		1.40	1.40
Grant Thornton assessed valuation range¹		1.40	1.47

Source: GTCF Calculations

Note (1): Grant Thornton's assessed valuation range is determined having regard to the minimum and maximum between the various methodologies

Reasonableness Assessment

RG111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite being not fair, there are sufficient reasons for the security holders to accept the offer in the absence of any superior proposal. In assessing the reasonableness of approving the Internalisation, we have considered the following advantages, disadvantages and other factors.

Advantages

The Offer is fair

If the Internalisation is approved, the value of GPG Securities to be received by the Non-Associated Securityholders is substantially equivalent to our assessed value of GCM before the Internalisation.

Stronger and more integrated business than GCM Group on a stand-alone

If the Internalisation is implemented, it will create an enlarged and fully integrated real estate business which should be better positioned to compete in the marketplace, grow its AUM and withstand increasingly volatile market conditions due to the following:

- *Internalised Manager* – GCM will align with a trend towards internalised management, which is now regarded as the ‘industry standard’. Since 2004, there has been a trend towards internalising the management of A-REITs and eliminating external management fees, to remove perceived conflicts and enhance the alignment of interests between the property trust and the manager. Under the current structure, there could always be the possibility, even if we consider it remote, of the IMA being terminated, which would have a material adverse effect for GCM Securityholders.
- *Improved market position* – Following implementation of the Internalisation, all GPG Securityholders, including GCM Securityholders, may benefit from an enhanced interest from investors to participate in a fast-growing integrated real estate player and accordingly it may enhance the breath of investors participation given the market’s apparent preference for internally managed real estate trust.
- *Enhanced alignment and corporate governance benefits* – The management of the RE will, following implementation of the Internalisation, be employed and incentivised directly by GPG and the board of GPG will be solely accountable to investors in the GPG Securities.

Liquidity of the Merged Entity

Following the Internalisation, GCM Securityholders will collectively own 21% of GPG (excluding Treasury Shares¹⁶). The higher level of liquidity and free float of GPG Securities should benefit GCM Securityholders.

Enhance takeover contestability

Before the implementation of the Internalisation, the takeover contestability of GCM is limited given the ownership level of Mr Hallett (circa 35% beneficial interest), Mr Madsen (circa 19.13%). In addition, HGT Investments Pty Ltd which holds c. 14.6%¹⁷ interest in GDF and circa 11.6%¹⁸ interest in GCM. Following implementation of the Internalisation, the largest securityholders of GPG will be HGT with a 15.6% interest. The enhanced takeover contestability of GPG may benefit GCM Securityholders.

Continuity of Management and protection of the intellectual property

Existing directors and key management are expected to continue in their current roles once the Internalisation is approved. This will ensure that GCM Securityholders continue to benefit from the expertise of the current management after the Internalisation.

Additional sources of capital

GCM intends to grow its debt advisory business but the growth of this business is currently constrained due to limited availability of free capital¹⁹. As part of a larger and fully integrated A-REIT, GCM is likely to be able to access a larger pool of capital which may assist in accelerating the growth of the debt advisory business.

¹⁶ Or 18.58% including Treasury Shares.

¹⁷ Based on the FY19 GDF Annual Report.

¹⁸ Based on the FY19 GCM Annual Report.

¹⁹ GCM FY19 Investor Presentation

Disadvantages*Loss of control of GCM*

GCM Securityholders will be diluted to approximately 21%²⁰ of GPG excluding Treasury Shares. However we note that Management Team of GCM will become the management team of GPG following implementation of the Internalisation which should ensure a continuation of the strategy of GPG in line with the current operation of GCM.

Current fee structure

Over the recent years, GCM has substantially grown its revenue and profitability in conjunction with the growth in AUM of GDF and historically, GCM Securityholders have benefited 100% from this growth. Our valuation assessment of GCM is based on a normalised level of growth and based on a steady-state AUM of A\$475.5 million. Following completion of the Internalisation, the growth in AUM over and above the level considered in our valuation assessment will be shared with the current GDF Securityholders.

Change in the income profile of GCM

Following the Internalisation, GCM will no longer receive property management and capital works fee. GCM Securityholders who invested in GCM for exposure to these activities may not be attracted to the investment profile of GPG.

Other factors*Impact on the GCM's trading price if the Internalisation is not approved*

It is difficult to predict the performance of GCM's trading price if the Internalisation is not approved, however they are not expected to fall from the level before the Internalisation, all other things being the same.

Directors' recommendations and intentions

In the absence of a superior proposal and subject to the Independent Expert opinion that the Internalisation is fair and reasonable to Non-Associated Securityholders, members of the Sub-Board Committee (being Mr Hallett and Mr Madsen) unanimously recommend that all Non-Associated Securityholders vote in favour of the Internalisation.

All members of the Sub-Board Committee intend to vote or procure to vote in favour of the Internalisation in respect of the GCM Securities that they own or control in the absence of a superior proposal.

²⁰ Excluding Treasury Shares.



Reasonableness conclusion

In our opinion, the advantages outweigh the disadvantages as set out above and on this basis, it is our opinion that the Internalisation is **REASONABLE** to the Non-Associated Securityholders.

Overall conclusion

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Schemes are **FAIR AND REASONABLE and therefore in the BEST INTERESTS of** the Non-Associated Securityholders.

Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to vote in favour of the Schemes is a matter for each GCM Securityholder to decide based on their own views of the value of GCM and expectations about future market conditions, GCM's performance, risk profile and investment strategy. If GCM Securityholders are in doubt about the action they should take in relation to the Schemes, they should seek their own professional advice.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD

A handwritten signature in black ink, appearing to read 'Andrea'.

ANDREA DE CIAN
Director

A handwritten signature in black ink, appearing to read 'Jannaya James'.

JANNAYA JAMES
Authorised Representative

8 October 2019

Financial Services Guide

1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by GCM to provide general financial product advice in the form of an independent expert's report in relation to the Schemes. This report is included in GCM's Scheme Booklet.

2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our report we provide general financial product advice. The advice in our report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the IER, Grant Thornton Corporate Finance's client is GCM. Grant Thornton Corporate Finance receives its remuneration from GCM. In respect of the IER, Grant Thornton Corporate Finance will receive from GCM a fee of A\$160,000 (plus GST), which is based on commercial rates plus reimbursement of out-of-pocket expenses for the preparation of the IER. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

5 Independence

Grant Thornton Corporate Finance is required to be independent of GCM and GDF in order to provide this report. The guidelines for independence in the preparation of independent expert's reports are set out in Regulatory Guide 112 *Independence of expert* issued by the Australian Securities and Investments Commission ("ASIC"). The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with GCM and GDF (and associated



entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Internalisation.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the transaction, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Internalisation. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

Grant Thornton Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 "Independence of expert" issued by the ASIC."

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

Financial Ombudsman Service Limited
GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 367 287

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

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1 Overview of the Internalisation

1.1 Steps to implement the Internalisation

To effect the Internalisation, the following interdependent steps will be undertaken:

- The unstapling of GCL Shares and GCT Units so that they can be subject to schemes of arrangement which have been discussed below.
- Implementation of the Company Scheme whereby each outstanding GCL Share will be exchanged for 1.6 GHL Shares.
- Implementation of the Trust Scheme whereby each outstanding GCT unit will be exchanged for 1.6 GDF units.
- The stapling of GHL Shares and GDF Units on a one-for-one basis. These stapled securities will trade on the ASX as the GARDA Property Group.

If the Internalisation is approved.

- GCM Securityholders will hold 20.55% of GPG excluding Treasury Shares.
- Existing directors and key management are expected to continue in their roles, albeit as part of GPG.
- GPG will be an internally-managed A-REIT, in line with major listed A-REITs.

1.2 Conditions precedent

There are a number of Conditions Precedent that will need to be satisfied or waived (where capable of waiver) before the Internalisation can be implemented. A non-exhaustive summary is outlined below (refer to section 3.1 of the SID for further details).

- GDF Unitholders approving the Internalisation at the GDF Unitholder Meeting.
- the Resolutions to implement the Internalisation being passed by GCM Securityholders at the GCM Meetings.
- Court approval and other regulatory approvals of the Company Scheme.
- Receipt of the Second Judicial Advice in relation to the Trust Scheme.
- The GDF Stapling occurs (which GCL RE and GHL have agreed to procure under the GDF Deed Poll and the GHL Deed Poll).
- No other orders or restraints being issued by Regulatory Authorities or the Court.
- the GCM Independent Expert provides the GCM Independent Expert's Report to GCM, stating that in its opinion the Internalisation is fair and reasonable and hence in the best interests of GCM



Securityholders, and the GCM Independent Expert does not change its conclusion or withdraw the GCM Independent Expert's Report by notice in writing to GCM prior to 8am on the Second Court Date.

- The GDF Independent Expert provides the GDF Independent Expert's Report to GDF, stating that in its opinion the Schemes are fair and reasonable to GDF Unitholders who are not associated with GCM Securityholders.
- No regulated event or material adverse change occurs in respect of GDF or GCM Group under the Implementation Deed.
- The warranties given by GDF and GCM under the Implementation Deed remain true and correct.
- Other conditions precedent as set out in section 3 of the SID.

2 Purpose and scope of the report

2.1 Purpose

As a result of entering into the SID, GCM requires the approval of GCL Shareholders in relation to the Company Scheme and unitholders of GCT in relation to the Trust Scheme. The Company Scheme and the Trust Scheme need to be accompanied by an Independent Expert's Report opining:

- Whether the GCL Scheme is fair and reasonable and therefore in the best interests of the shareholders of GCL to comply with the requirements of Part 5 and section 411 of the Corporations Act.
- Whether the GCT Scheme is fair and reasonable to the unitholders of GCT for the purpose of item 7 of section 611 of the Corporations Act, 2001 ("Corporations Act") and having regard to Guidance Note 15 ("GN 15") issued by the Takeovers Panel.

Section 411 and Part 5 of Corporations Act

Section 411 of the Corporations Act 2001 (Cth) regulates schemes of arrangement between companies and their members. Part 3 of Schedule 8 of the Corporations Regulations 2001 (Cth) prescribes information to be sent to shareholders and creditors in relation to members' and creditors' schemes of arrangement pursuant to Section 411 of the Corporations Act.

Part 3 of Schedule 8 (s640) of the Corporations Regulations requires an independent expert's report in relation to a scheme to be prepared when a party to that scheme has a shareholding greater than 30% in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert's report must state whether a scheme is in the best interests of shareholders and state reasons for that opinion. Even where there is no requirement for an independent expert's report, documentation for a scheme of arrangement typically includes an independent expert's report.

IER is required for Company Scheme by Corporations Regulations Schedule 8, cl 8303 as there will be common directors between GCL and GHL.

Item 7 of section 611 of the Corporations Act and Guidance Note 15 issued by the Takeovers Panel

Guidance Note 15 ("GN 15") *Trust Scheme Mergers* issued by the Takeovers Panel regulates the requirements of the Trust Scheme. Managed Investment Schemes (such as GCT) may be merged using a transfer scheme whereby the transfer of the target's interest is made to the acquirer (being GDF). Transfer schemes cannot be implemented without a vote under s 611 of Item 7 of the Corporations Act where votes cannot be cast in favour of the persons proposing to acquire or dispose of interests and hence an ASIC modification or exemption will be required to enable the unitholders of GCT to vote on the resolution.

Section 606 of the Corporations Act prohibits the acquisition of a relevant interest in the issued voting shares of a company if the acquisition results in the person's voting power in the company increasing from either below 20% to more than 20%, or from a starting point between 20% and 90%, without making an offer to all shareholders of the company.



Item 7 of Section 611 of the Corporations Act allows the shareholders not associated with the acquiring company (i.e. the Non-Associated Shareholders) to waive this prohibition by passing a resolution at a general meeting. Regulatory Guide 74 “Acquisitions agreed to by shareholders” (“RG 74”) and RG 111 issued by ASIC set out the view of ASIC on the operation of Item 7 of Section 611 of the Corporations Act.

RG 74 requires that shareholders approving a resolution pursuant to Item 7 of Section 611 of the Corporations Act be provided with a comprehensive analysis of the proposal, including whether or not the proposal is fair and reasonable to the Non-Associated Shareholders. The Directors may satisfy their obligations to provide such an analysis by either:

- Commissioning an independent expert’s report; or
- Undertaking a detailed examination of the proposal themselves and preparing a report for the Non-Associated Securityholders.

Having regard to the above, the Directors of the Sub-Board Committee have engaged Grant Thornton Corporate Finance to prepare an independent expert’s report stating whether, in its opinion, the Trust Scheme is fair and reasonable to the Non-Associated Securityholders for the purposes of Item 7 of Section 611 of the Corporations Act.

2.2 Basis of assessment

Given that the Company Scheme and the Trust Scheme are interdependent on each other, in forming our opinion, we have had regard to the Internalisation proposal as whole.

Grant Thornton Corporate Finance has had regard to relevant Regulatory Guides issued by the ASIC, including RG 111, Regulatory Guide 60 Scheme of arrangement (“RG 60”), RG 112 and GN15. Specifically, we note the following:

- Neither the Corporations Act nor the Corporations Regulations define the term “in the best interests of members”. RG 111 establishes certain guidelines in respect of independent expert’s reports prepared for the purposes of the Corporations Act. RG 111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of “fair and reasonable” in the context of a takeover offer. RG 111 requires an independent expert report prepared for a change of control transaction implemented by way of scheme of arrangement to undertake an analysis substantially the same as for a takeover bid. However, the opinion of the expert should be whether or not the proposed scheme is “in the best interests of the members of the company”. If an expert were to conclude that a proposal was “fair and reasonable” if it was in the form of a takeover bid, it will also conclude that the proposed scheme is “in the best interests of the members of the company”.
- RG 111 also states that an issue of shares requiring approval under Item 7 of Section 611 of the Corporations Act should also be analysed as if it were a takeover bid.

Accordingly, we have assessed the Internalisation with reference to Section 640 of the Corporations Act. RG 111 states that:



- An offer is considered fair if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. The comparison should be made assuming 100% ownership of the target company.
- An offer is considered reasonable if it is fair. If the offer is not fair it may still be reasonable after considering other significant factors which justify the acceptance of the offer in the absence of a higher bid. ASIC has identified the following factors which an expert might consider when determining whether an offer is reasonable:
 - The offeror's pre-existing entitlement, if any, in the shares of the target company.
 - Other significant shareholding blocks in the target company.
 - The liquidity of the market in the target company's securities.
 - Taxation losses, cash flow or other benefits through achieving 100% ownership of the target company.
 - Any special value of the target company to the offeror.
 - The likely market price if the offer is unsuccessful.
 - The value to an alternative offeror and likelihood of an alternative offer being made.

Grant Thornton Corporate Finance has determined whether the Internalisation is fair to the Non-Associated Securityholders by comparing the fair market value of GCM Securities before the Internalisation on a 100% control basis with the consideration offered being GPG Securities based on the Exchange Ratio.

In considering whether the Internalisation is reasonable to the Non-Associated Securityholders, we have considered a number of factors, including:

- Whether the Internalisation is fair.
- The implications to GCM and the Non-Associated Securityholders if the Internalisation is not approved.
- Other likely advantages and disadvantages associated with the Internalisation as required by RG 111.
- Other costs and risks associated with the Internalisation that could potentially affect the Non-Associated Securityholders.



2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance (a 100% subsidiary of Grant Thornton Australia Limited) considered its independence with respect to the Internalisation with reference to the ASIC Regulatory Guide 112 “Independence of Expert’s Reports” (“RG 112”).

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the Internalisation other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Internalisation.

2.4 Consent and other matters

Our report is to be read in conjunction with the Scheme Booklet and the Notice of Annual General Meeting and Explanatory Memorandum dated on or around 15 October 2019 in which this report is included, and is prepared for the exclusive purpose of assisting the Non-Associated Securityholders in their consideration of the Internalisation. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Scheme Booklet and Notice of Extraordinary General Meeting and Explanatory Memorandum.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Internalisation to the Non-Associated Securityholders as a whole. We have not considered the potential impact of the Internalisation on individual Non-Associated Securityholders. Individual securityholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Internalisation on individual shareholders.

The decision of whether or not to approve the Internalisation is a matter for each Non-Associated Securityholder based on their own views of value of GCM and expectations about future market conditions, GCM’s performance, risk profile and investment strategy. If the Non-Associated Securityholders are in doubt about the action they should take in relation to the Internalisation, they should seek their own professional advice.

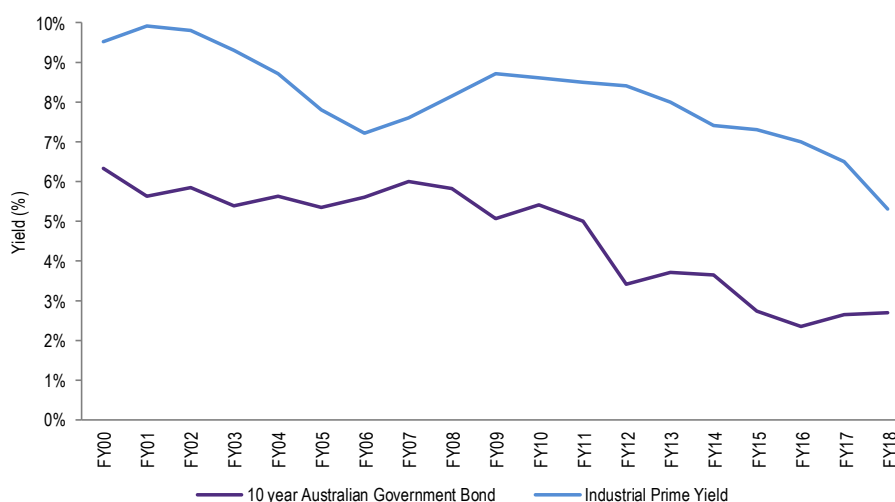
3 Industry overview

GCM is a real estate investment and funds management group focussed on the commercial and industrial sector. GCM is the responsible entity of GDF, which owns 17²¹ properties (commercial offices and industrial facilities) along the eastern seaboard of Australia. In addition, GCM currently holds a substantial investment of 21.9 million units (equivalent to 11.8%²²) of the issued capital of GDF.

Set out below are some macroeconomic factors which affect both the industrial and commercial sector.

- Since the Global Financial Crisis (“GFC”), the RBA has supported low interest rates in the belief that the increased liquidity will help the economy to recover and increase the real GDP growth rate. While Australia did witness growth in real GDP, the high level of liquidity in the system benefitted the real estate industry since the total value of properties transacted increased between 2014 and 2017 before declining by c. 9% to \$32.8 billion in 2018. In June and July 2019, the RBA further reduced the cash rates from 1.5% to 1% due to continued low inflation and GDP growth rate. The low interest rate environment is expected to continue to support the commercial and industrial sector.
- As outlined in the graph below, the yield on industrial properties has closely followed the 10-year bond which in turn is linked to the cash rate. Due to increase in the level of real estate activity since the GFC, property prices have increased which has resulted in a reduction in yields. However the lower returns provided by other asset classes such as government bonds, have helped maintain the demand for industrial and commercial properties.

Correlation between yield on 10-year Government Bond and yield on industrial properties



Source: Jones Lang LaSalle

- The NAB Business Confidence Index surged from 0 in April 2019 to 7 in May 2019 due to the Federal election results and expectations of the RBA rate cuts, which occurred in June and July 2019,

²¹ Calculated as 16 properties as at 30 June 2019 plus the acquisition of Morningside.

²² As indicated in FY19 Annual report, the Trust's interest in GDF was diluted to 13.5% after 30 June 2019 following the issue of scrip as partial consideration to acquire properties at Acacia Ridge and Archerfield.

however the figure dropped to 4 in July 2019 as a result of a sharp deterioration in retail conditions. Weak trading conditions persist in the retail and manufacturing sectors.

- Another important factor influencing the demand for industrial and commercial properties is the availability of capital, both debt and equity. The Australian Prudential Regulatory Authority ("APRA") recently introduced measures to contain the increasing level of household debt which impacted the lending ability of Authorised deposit-taking institutions²³ ("ADIs") and consequently, the overall lending to the commercial and industrial property market. These measures included additional capital requirements in the form of increased ratios for regulatory capital, emphasis on increased oversight by the Board of Directors, setting internal limits on high-risk lending and others.

This represents a growth opportunity for GCM as it provides loans to developers of property in the residential, industrial and commercial sectors. We note that the share of non-ADI lending in Australia accounts for c. 6% of total financial system assets, which is a relatively small proportion of the 40% to 50% share held by similar institutions in Europe and the United States respectively.

- The fundamental drivers that impact commercial and industrial properties remain supportive of further demand. Long-term growth in industrial property values (land, capital and rent) in Queensland, Victoria and New South Wales is expected to continue due to major infrastructure projects, demand for long-term leases from multinational corporations and multiple sources of capital inflow (domestic and foreign institutional investors, private individuals and others).

3.1 Industrial property sector

Industrial properties comprise a range of properties for various uses including transport and logistics warehouses and distributions centres, production buildings, factories and buildings used for agriculture. Revenue for industrial and other property operators is expected to increase to \$17.2 billion at the end of FY19 which represents a compound annual growth rate of circa 11%²⁴ over the last five years. Industry revenue is projected to increase to A\$19.1 billion in FY24 however at a significantly reduced annualised growth rate of 2.2%²⁵.

Revenue breakdown by segment is outlined in the graph below.

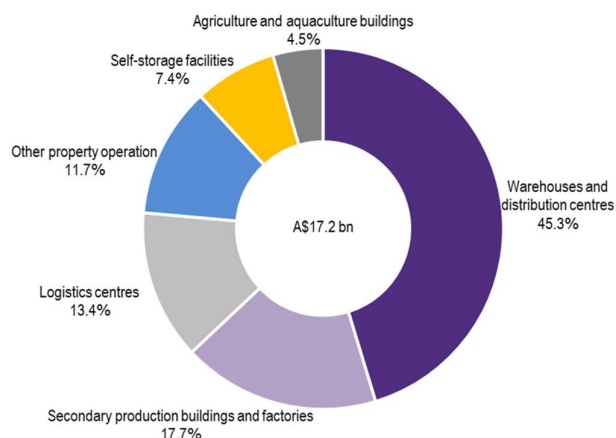
²³ These are financial institutions that have the necessary approvals to collect deposits from the people and lend it to businesses. Since these financial institutions operate using public funds, they are subject to higher levels of scrutiny and accountability by regulatory bodies such as APRA compared with financial institutions that do not accept deposits from the public ("Non-ADIs")

²⁴ IBISWorld Industrial and Other Property Operators in Australia May 2019.

²⁵ Ibid.



Total revenue expected to be generated by the Industrial and other property operators in Australia during FY19



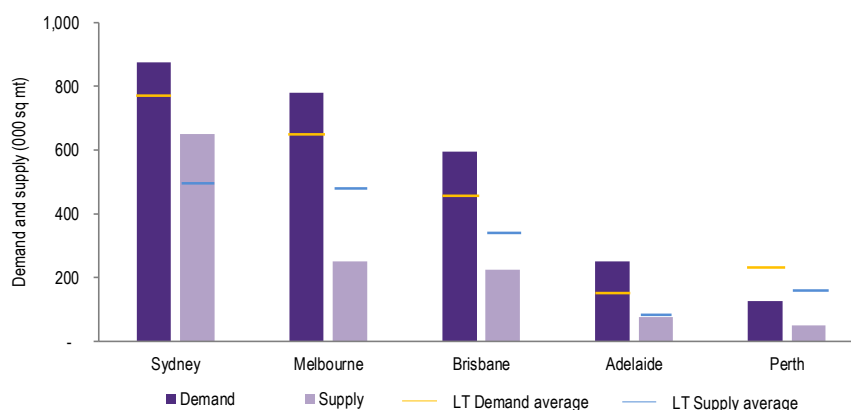
Source: IBISWorld Industry and Other Property Operators Report May 2019

Globally, consumers continue to demand close proximity to urban locations driven by a secular trend towards urbanisation, rapidly changing consumer behaviours and the continued rise of e-commerce. E-commerce, in particular has increased demand for warehouses and distributions centres from new e-commerce entrants and traditional retailers looking to increase their proportion of online sales. The industry has benefited from structural changes in the retail sector with large players moving away from the brick and mortar model more towards the brick and click model which integrates online marketplaces, physical stores and distribution strategies. This has increased demand for warehouses and distribution centres.

Conversely, demand for manufacturing sites has fallen as the Australian manufacturing industry is challenged by strong competition from overseas which tends to have lower labour costs.

As outlined in the graph below, the demand for industrial/commercial facilities is currently significantly outstripping supply and the supply side is well below long term averages in most Australian cities with the exception of Sydney.

Demand and supply for industrial properties across major Australian cities and long-term averages



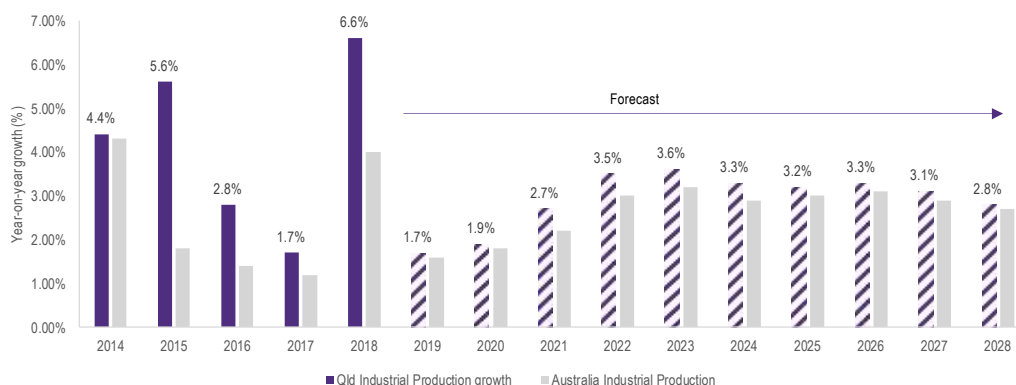
Source: Goodman Group FY18 Investor Presentation

Industrial property in Brisbane

According to the GDF FY19 Investor Presentation, GDF is specifically seeking industrial assets in Brisbane.

One of the methods to gauge the level of interest for industrial properties in a region is by considering the outlook for growth in industrial production. The historical and forecast industrial production growth in Queensland vs. the forecast industrial production growth nationally is set out in the graph below:

Year-on-year industrial production growth



Source: Colliers International and Deloitte Access Economics

The industrial production growth in Queensland is forecast to be higher than the national average, supported by investment in road infrastructure, connectivity in other modes of transport along and continued growth in population. Industrial land is expected to be used mainly for transport, logistics, warehousing and mixed industrial purposes. The demand for warehousing is expected to be driven by the growth in e-commerce.

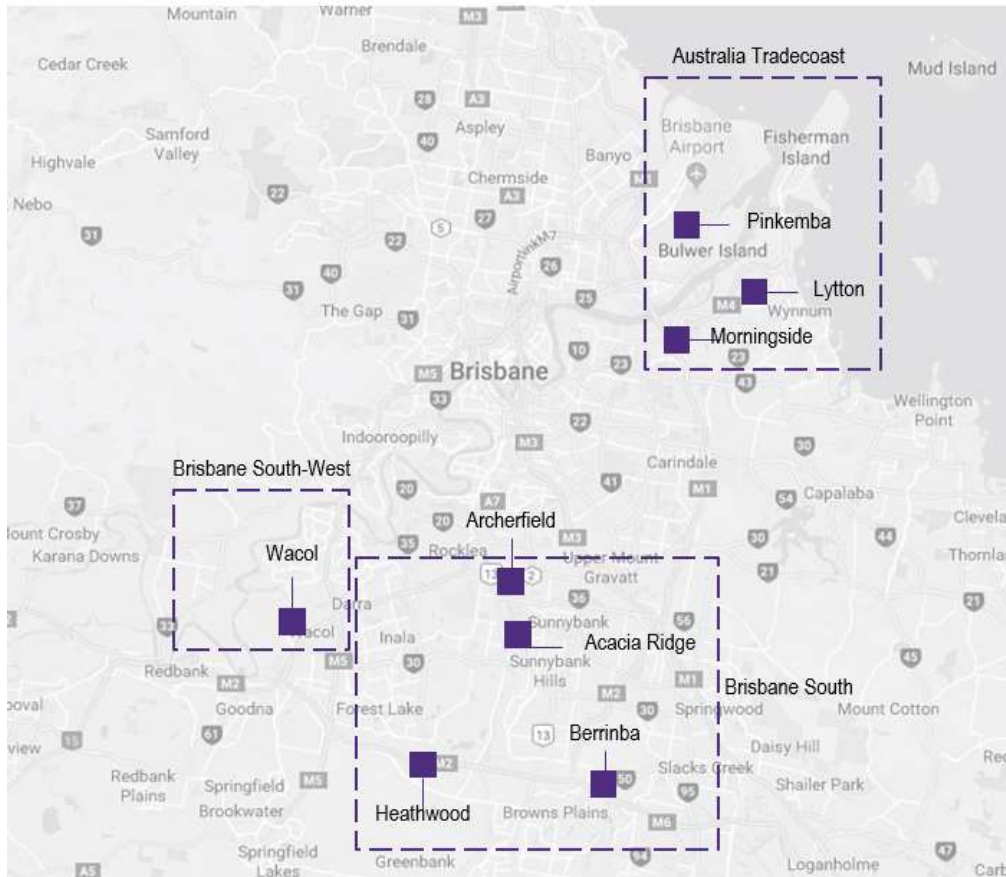
The transport, logistics and warehousing industries on the eastern seaboard are likely to receive a significant boost from the Inland Rail project which is a freight rail network comprising 13 separate projects along the eastern seaboard of Australia with a total distance of 1,700 km. The project is expected to reduce freight rail costs and improve access to regional markets. The construction for the Inland Rail project commenced in 2018 and all the 13 projects are expected to be completed over a period of 7 years by 2025.

Most of GDF's industrial properties are located in the Australia TradeCoast²⁶ ("ATC") and southern and south-western parts of Brisbane. The general land economy in these regions has been discussed below:

²⁶ Australia TradeCoast ("ATC") is a unique 8,000 hectare trade and industry region only six kilometres from the Brisbane CBD. It is located at the mouth of the Brisbane River and has direct links to air (via the Brisbane Airport), sea (via the Port of Brisbane), road and rail networks.



Location of industrial properties owned by GDF



Source: GDF Investor presentation, Google maps, GTCF analysis and other publicly available information

According to Colliers International Research and Forecast Report Industrial First Half 2019 (“Colliers Industrial Report”) the land values in the ATC region increased 9.9% over the 12-month period ended March 2019. Given the existing infrastructure of airports (Brisbane Airport) and railways in the region, investors continue to hold assets and expect sustained returns, which is expected to contribute to upward pressure on rents over the next few years.

The land value in the southern parts of Brisbane have increased marginally by c. 1.6% from A\$305/sq mt to A\$310/sq mt over the 12-month period ended March 2019. Average prime grade net face rents increased by c. 3.5% whilst secondary grade net face rents increased c. 3% during the same period. The southern parts of Brisbane also includes the suburb of Acacia Ridge, where GDF has recently acquired three new properties. These properties are adjacent to the Acacia Ridge Intermodal which will be a constituent part of the Inland Rail Network.

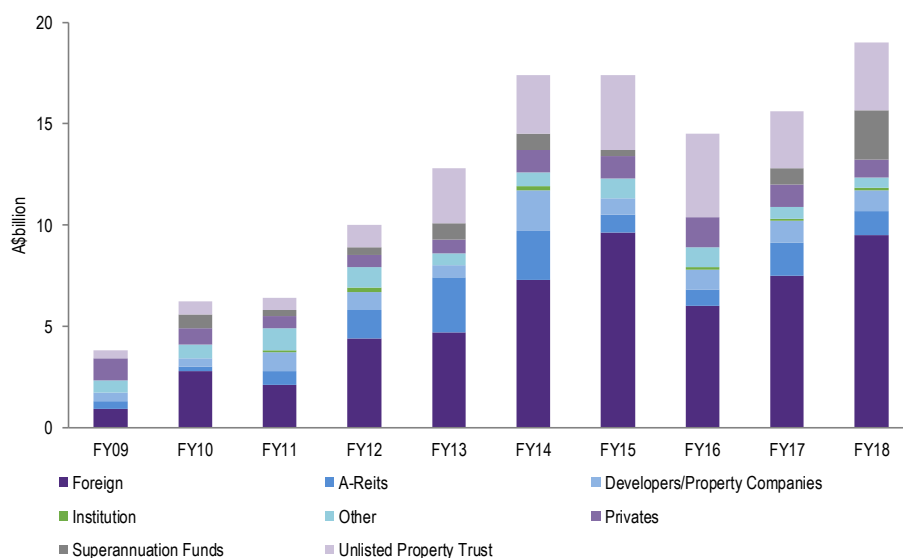
The south-western parts of Brisbane have witnessed large investment in warehouse automation supported by long-term leases, primarily in Redbank. The largest warehouse in the southern hemisphere is currently under construction at Goodman Group’s Redbank Motorway Estate. Further, Coles Group has committed c. \$950 million over the next six years fitting out two automated warehouses (one of which is located at the Goodman Group’s Redbank Motorway Estate). The suburb of Wacol, where GDF has properties is 10 km from Redbank and can be accessed via the M7 motorway.

Based on the above, it is reasonable to conclude that whilst historical growth in the values of industrial land have been strong, long-term drivers (such as growth in industrial production in Queensland together with macro-economic factors discussed above) are likely to continue supporting demand for industrial properties in the respective regions.

3.2 Commercial property sector

The commercial property sector has grown strongly over the past five years mainly due to demand for office space and investor appetite for higher yields. In particular, over the past five years, office property transaction volumes have been dominated by overseas investors mainly from North America as outlined in the graph below.

Transaction activity for office properties over the last 10 years in the Asia-Pacific region



Source: Dexis FY18 Investor Presentation

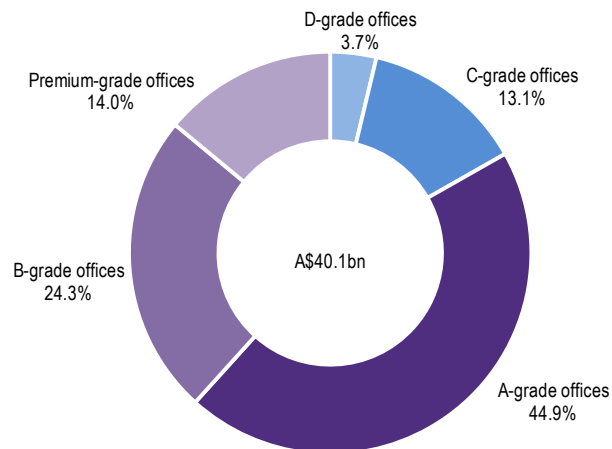
Industry revenue has grown at a compound annual growth rate of 10.2%²⁷ for the five year period to 30 June 2019 reaching A\$38.7 billion. However, revenue growth over the next five years is expected to be slower at a compound annual growth rate of 2.1%²⁸. As set out in the graph below, premium and A-grade buildings represent the largest share of the office market.

²⁷ IBISWorld Office Property Operators in Australia April 2019

²⁸ Ibid.



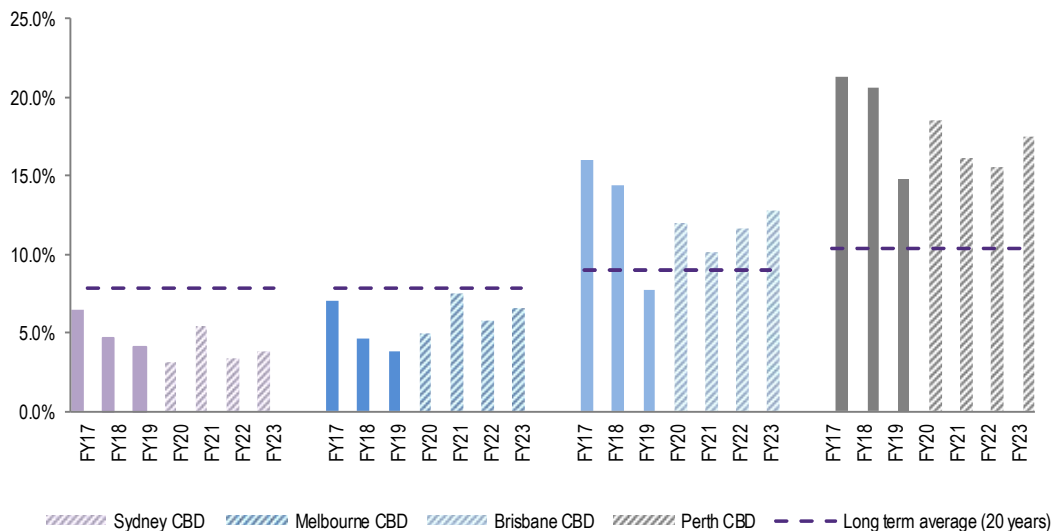
Revenue by office property type expected to be earned during FY20



Source: IBISWorld Office property operators Industry Report August 2019

There are also some thematics which may have an adverse impact on the demand for office and commercial properties in the medium term such as the rise of office sharing practices, working from home and the effect of technology on labour and productivity. Notwithstanding these changing thematics, tenant demand is expected to remain strong due to rising business confidence over the medium-term and an economy which is expected to continue trending towards a more service oriented economy. These trends are expected to put further downward pressure on yields. As set out in the graph below, vacancy rates in Sydney and Melbourne are low and they are expected to continue to support strong pricing, whereas market conditions are expected to continue to improve in Brisbane and Perth, with reducing vacancy levels.

Long-term vacancy average vs. historical and forecast vacancy levels in major CBDs



Source: Dexis Property Group Investor Presentation FY19

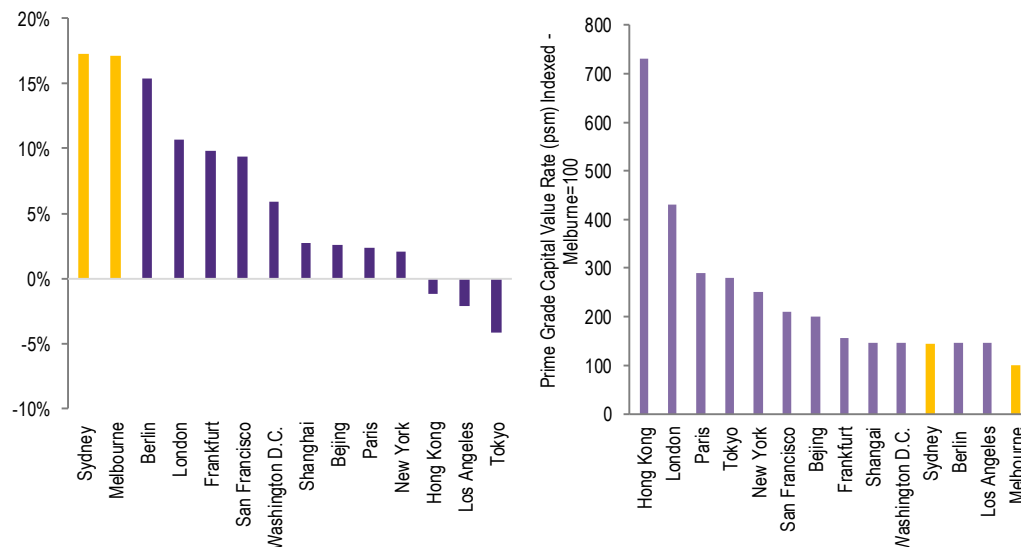
*Commercial property in Melbourne*

Generally, the metro office markets continues to experience strong demand and conditions along the east coast of Australia, primarily supported by demand from a specific pool of customers which comprises creative industries such as advertising and media, technology companies, healthcare and education providers.

The Melbourne market is expected to experience strong demand going forward supported by the following trends:

- Population in the City of Melbourne²⁹ is expected to grow by 3.5% per annum³⁰.
- FY20 new commercial supply is circa 80% pre-committed and supply to the end of FY22 is circa 75% pre-committed³¹.
- Average office capital values in Melbourne are significantly lower than other global metro cities as shown in the graph below.
- Expectations for significant rental growth as shown in the graph below.

Forecast office rental growth – three years to FY21 Office capital value rate of global cities



Source: Knight Frank Global Outlook, JLL Research, Dexis Property Group Investor Presentation

Two of GDF's properties, Botanicca 7 and Botanicca 9 are located in the suburb of Richmond, which is part of the Melbourne City Fringe area. The Melbourne City Fringe has become a preferred destination for younger, educated professionals, who aspire to live in the proximity to their workplace, thus supporting

²⁹ The areas that are within the boundaries of City of Melbourne Community: CBD, Carlton, East Melbourne, North Melbourne, West Melbourne, Docklands, Kensington, Parkville, Port Melbourne, Southbank and South Yarra

³⁰ City of Melbourne Council Website

³¹ Colliers Research Report



demand for metro offices. Following are some instances of increasing interest in the Melbourne City Fringe precinct and in particular in the Botanicca Business Park

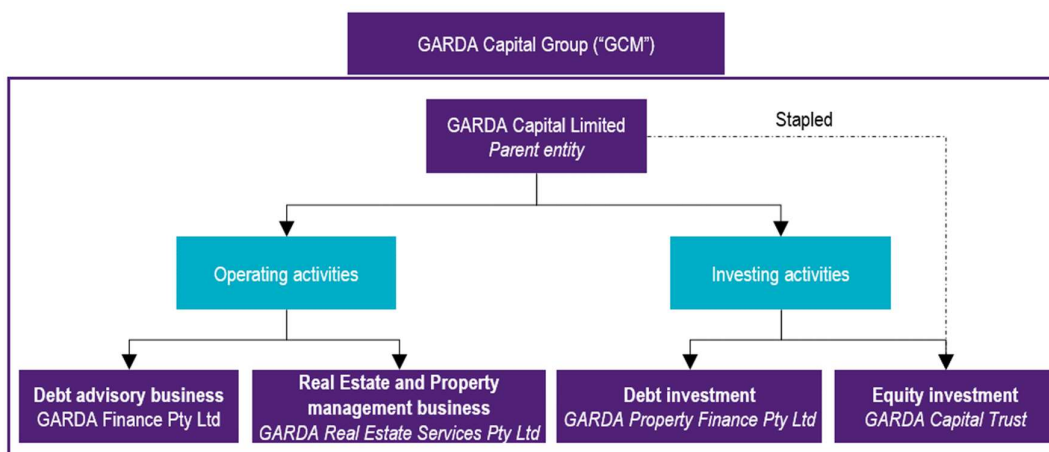
- Australian retailer Country Road relocated to the Botanicca Business Park. Further, another Australian retailer, David Jones, completed its move of c. 600 staff from Sydney's CBD to Botanicca Business Park.
- Other interested tenants that are considering the Botanicca Business Park include Flybuys (c. 2,000 sq mt), Goodyear (c. 2,500 sq mt), British Petroleum (c. 4,000 sq mt) and Jacobs (c. 10,000 sq mt). These interested parties are particularly relevant for GDF given that GDF's target market is for tenants looking at properties with areas below 10,000 sq mt.

The long-term fundamentals for office space together with the growing demand for property in the Melbourne City Fringe region should positively impact the rental demand and capital values for the properties held by GDF.

4 Profile of GARDA Capital Group

4.1 Introduction and corporate overview

GCM is an integrated real estate business comprising funds management and property investment. GCM operations comprise two broad streams – funds management activities (also known as operating activities) which is carried on by GCL and its various subsidiaries³² and investing activities which are carried out by the parent entity GCL and the managed investment scheme, GCT. GCM is a stapled security comprising GARDA Capital Limited and GARDA Capital Trust. The graph below summarises the GCM structure and its operations.



Sources: GCM IPO prospectus, GCM annual reports

Note: Certain subsidiaries of Garda Capital Limited have been excluded from the above graph. These subsidiaries include GARDA Facilities Management Pty Ltd, GARDA Funds Management Pty Ltd and others.

Depending on market condition and the cost to acquire versus the cost to build, GCM adopts an 'asset creation' approach to the funds management business wherein it acquires commercial and industrial sites and proceeds to construct or redevelop assets to hold as investments over the long-term. GCM manages a number of existing assets that provide future (not immediate) development opportunities. For instance the properties at Wacol, Berrinba, Acacia Ridge and Morningside.

4.2 Overview of operations

4.2.1 Funds Management

GCM's Funds Management business comprises the funds and property management business and a debt-advisory business. These have been discussed below.

Funds and Property Management business

The funds management business of GCM is primarily governed by two agreements:

³² The various subsidiaries of GCL include but are not limited to GARDA Real Estate Services Pty Ltd, GARDA Funds Management Limited, GARDA Facilities Management Limited and others. Given these subsidiaries are wholly-owned, they have been briefly discussed in the company overview for completeness purpose only.

- **Investment Management Agreement (“IMA”)** – Pursuant to this agreement, GCL is appointed as the responsible entity (“RE”) of GDF and manages approximately A\$404 million³³ of assets under management (“AUM”). Further, GFML also acts as the RE for GCT. The RE fees are charged at 0.65%³⁴ based on the gross asset value³⁵ (“GAV”) of GDF and is payable 30 days in arrears. Neither the IMA nor the Constitution of GDF provide for an expiry date of the IMA which will accordingly continue indefinitely unless it is terminated by unitholders of GDF by passing an ordinary resolution.
- **Management Services Agreement (“MSA”)** – GCM, through its wholly-owned subsidiary GARDA Real Estate Services Pty Ltd (“GRES”), provides GDF with property and facilities management along with project management services for asset maintenance and improvement. The fee structure related to GRES’ services is regulated by the MSA between GRES and GDF, which has been summarised in the table below:

MSA Summary	
Key terms	Extract
Property Management fees	Fees equal to 3% of gross income received from the underlying properties
Facilities Management fees	Facilities management fees will be paid as follows: - Full cost reimbursement (plus a mark-up) of any part time or full-time resource employed as facility manager by GRES - Cost reimbursement of local facilities management services contracted with third
Leasing fees	The leasing fees are based on the length of the lease to be signed by a new tenant and computed as a percentage of the average annual rent: - 13% if length equal or less than 3 years - 14% if length greater than 3 years and up to 4 years - 15% if length greater than 4 years and up to 5 years - 17.5% if length greater than 4 years and up to 7 years - 20% if length greater than 7 years The above schedule is implemented accordingly to the following additional points: - The fees will be equal to 60% of the schedule reported above if the new lease is a result of a renewal (whether or not subject to the exercise of an option to renew). - Where more than one external agent is appointed the above schedule can be
Capital expenditure fees	Fees equal to 5% of the amount of capital expenditure incurred by GDF
Property sale fees	The property sale fees are receivable at 2.5% of the total sale price
Agreement length	3 years and expires on 1 July 2020, unless extended.
Frequency of review fees	Annually

Source: GDF PDS, Management Services Agreement

A key component of the fee revenue of GCM is the capital expenditure fee which is 5% of the amount of capital expenditure incurred by GDF both in relation to capital re-investment in existing projects and new building works. GCM expects large capital expenditure fees to accrue to the business over the next couple of years due to the capital works for the Berrinba, Progress Road, Acacia Ridge and Morningside projects.

³³ After including A\$41 million of Morningside Acquisition.

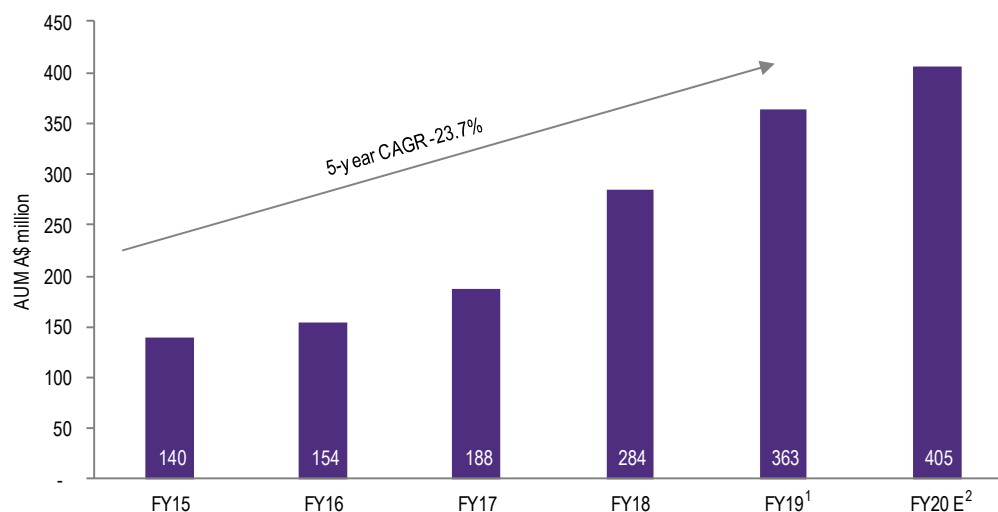
³⁴ This level of RE fees is for the gross value of assets under \$750 million. For asset values in excess of \$750 million, a reduced RE fees of 0.6% per annum of the GAV will be charged.

³⁵ Due to limited number of other assets and liabilities, there is limited difference between the gross asset value of the Fund and the gross asset value of the underlying properties. GCM calculates and invoices the RE fees based on the gross asset value of the underlying properties.



The funds management business manages a portfolio of 17³⁶ properties which are primarily located on the Eastern seaboard of Australia and comprise industrial and commercial properties. As set out in the graph below, the business has experienced substantial growth in AUM since FY15.

Growth in AUM of GDF



Source: GCM FY19 Investor Presentation

Note: (1) FY19 closing AUM includes the net movements of Acacia Ridge and Archerfield acquisitions and the sale of Murarrie Property, indicated in Investor Presentation dated 22 August 2019; (2) FY20 forecast is announced by GCM in Investor Presentation

On 24 June 2019, GCM announced the acquisition of three established industrial assets in Acacia Ridge and one at Archerfield for c. A\$31 million which offer significant re-development opportunities as well as the sale of 747 Lytton Road, Murarrie for A\$17.3 million which is at a 17% premium to the independent valuations that have been undertaken between April 2019 and June 2019. In addition to the Acacia Ridge and Archerfield acquisitions, GCM also announced on 20 September 2019 the acquisition of two properties both offering A-grade warehousing and distribution facilities in Morningside, Queensland.

The relevant metrics of the property portfolio that GCM manages are set out in the graph below:

³⁶ Assessed as 12 properties as at the date of the announcement of the full-year results plus 4 properties (including the property at Archerfield) that are part of the Acacia Ridge Acquisitions and the property acquired at Morningside



Breakdown of the properties managed by GCM by location, by type and other key metrics³⁷



WALE = Weighted average lease expiry; WACR = Weighted average capitalisation rate; LVR = Loan-to-value ratio
Source: GDF and GCM Internalisation Presentation.

We make the following observations:

- **WACR** – Presently the WACR for the portfolio is 6.78% and is based on the as-if completed value of Botanicca 9. The WACR has experienced a significant compression from 8.9% in FY15 to 6.79% in line with the market growth as discussed in the industry overview. As properties continue getting leased and demand for properties in the respective regions increases, capitalisation rates could potentially compress further.
- **Occupancy** – Presently at 98% across all the assets but excluding Botanicca 9 which does not have a pre-commitment³⁸. The Company has recently completed the construction of Botanicca 9 and based on information made available to us, the Company is currently in negotiation with a number of tenants for occupying areas between 2,000 sq mt and 5,000 sq mt.
- **Weighted average rent review**³⁹ – Based on existing rental escalations included in the tenancy agreements, the most recent weighted average rent review is reported as 3.14% according to FY19 GDF Investor Presentation. The rent reviews in recently signed leases have ranged between 3.5% and 4%⁴⁰. All else equal, a high level of rent reviews will result in higher level of property management fees.

The property portfolio that GCM manages is characterised by high levels of occupancy, a WALE and WACR which are not dissimilar to other listed peers⁴¹ and rent reviews that are significantly higher than the present inflation. All these factors together with the active management strategy have delivered a growing level of total equity shareholder returns, which are set out in the graph below:

³⁷ All reported metrics do not include the impact of the Morningside Acquisition.

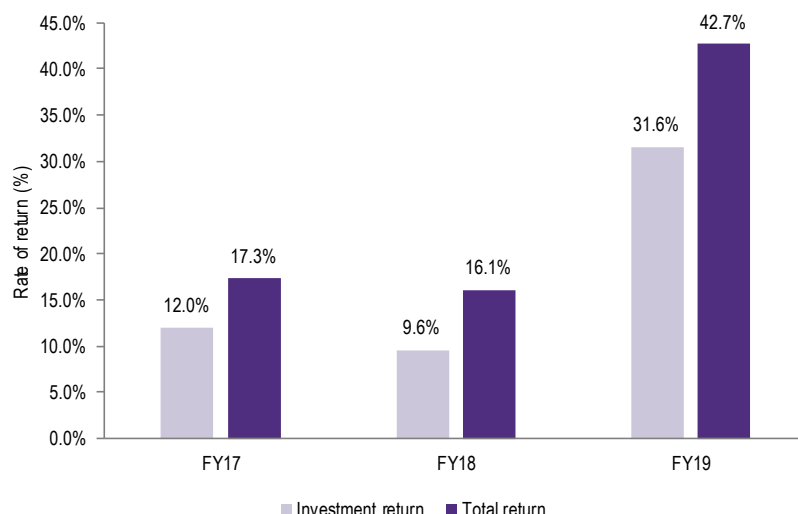
³⁸ The occupancy rate is disclosed to be 84% if Project Botanicca 9 and Morningside is included, as indicated in FY19 Investor presentation.

³⁹ Weighted average rent review refer to the increases in rent realised on renegotiation of the leases.

⁴⁰ Based on GDF FY19 Investor Presentation.

⁴¹ For this purpose, we have considered Centuria Industrial Property ("CIP") and Centuria Metropolitan Property Fund ("CMA").

Total return⁴² and investment return⁴³ realised by GCM over the last three years



Source: GCM FY19 Investor Presentation

Debt-advisory business

GARDA Finance Pty Limited (“GARDA Finance”), a wholly-owned subsidiary of GCM, acquired in 2014, operates as real estate debt advisory business by arranging debt for third parties and also on behalf of GDF. The revenue earned by this business can be broadly categorised as related to lending (which would yield a return on the value of the loan advanced by way of interest) and other fees (which represents fees earned for arranging the debt) including but not limited to procurement fees, line fees, establishment fees and others. Its sources of income are discussed below:

- **Trail fees** – GARDA Finance is entitled to receive trailing commissions determined as a percentage of the residual loan book value. Since acquiring the business in 2014, Management have generated two new loans which have resulted in trail commissions. These trail commissions which were originated after the acquisition, contributed only c. 10% of the trail commission income for FY19, whilst the balance of 90% relates to the loans originated prior to the acquisition. All trail commissions are expected to be fully amortised by FY21. The trailing commissions would be categorised as debt-advisory fees.
- **Procurement fees** – The procurement fees are paid upon the brokering of a property loan facility wherein GCM may be a co-lender. The fees are calculated as a percentage of the size of the facility arrangement. Historically, the fee percentage has been between 2% and 3%. Where GCM acts as a co-lender, it earns multiple sources of income on its investment – interest income (which is reported as investment income and which is not part of the funds management business), procurement fee and facility fee (which is reported as operating income and is considered part of the debt advisory business).

⁴² Total return on security holders' equity is measured as the sum of the underlying operating activities earnings after tax and the underlying investing activities earnings after tax, over GCM's equity at the beginning of the financial period.

⁴³ Investment return comprises the return generated from dividends received by GCM and interest income generated by the debt advisory business

- **Other income** – The other income comprises establishment fees and line fees which range between 2% and 3% of the outstanding value of the loan.

These loans are short-term in nature (typically up to one year) and are of a low denomination (of c. up to \$5 million). Presently, \$2.1 million⁴⁴ is outstanding which is comprised of only two loans.

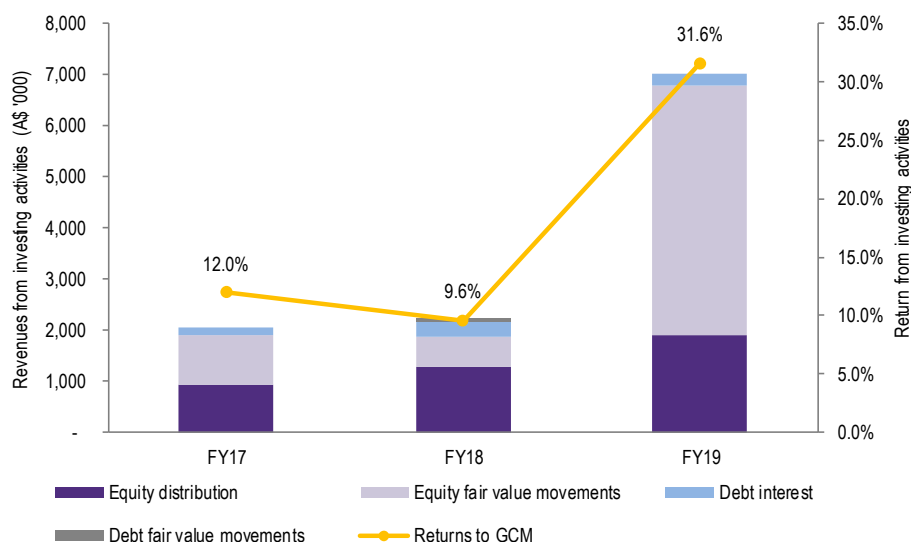
4.2.2 Investments

GCM's primary equity investment is the 21.9 million units in GDF representing 11.8% of the issued capital of GDF. GCM's investment in GDF totals c. A\$30.7 million based on the reported figure in FY19 annual report and ASX closing price of \$1.40 per unit on 30 June 2019. In addition to the distributions, GCM recognises the fair value movements of its investment in GDF through the profit and loss account, generating a non-cash revenue.

As mentioned above, GCM also makes investments in debt positions with the advancement of two loans totalling \$2.1 million. The interest income earned from these debt positions is recorded as investment income. The other fees earned from facilitating or arranging these loans are considered as part of the debt advisory business and have been discussed in the previous section.

The graph below illustrates the historical revenues and yearly return generated by the investing activities of GCM. The return is measured by reference to the underlying earnings of investment activities after tax⁴⁵ over the net assets at the beginning of the period.

GCM investment activity performance FY17 – FY19



Sources: GCM annual investor presentations.

The returns largely comprise of distributions received from GCM's investment in GDF and the fair value movement of the investment in GDF.

⁴⁴ As reported in the Scheme Booklet.

⁴⁵ Being the addition of net interest and distribution received and fair value movements.



4.3 Financial information

4.3.1 Financial performance

Consolidated statements of financial performance	Audited	Audited	Audited
A\$000 unless otherwise stated	FY17	FY18	FY19
Fund Management revenues			
Management fees - responsible entity	1,238	1,489	2,067
Management fees - property management	589	522	713
Management fees - facilities management	157	161	195
Project income	155	136	158
Sales Commission	-	-	277
Leasing fees	275	437	360
Recovery of expenses	271	601	515
Capital work fees	282	540	1,916
Sub underwriting fees	-	200	80
Procurement fees	150	506	558
Lending business income	128	290	243
Trail Fees	326	291	274
Total revenue	3,929	5,173	7,356
Other income			
Distribution	940	1,292	1,899
Sundry income	24	14	37
Non-operating interest	78	106	83
Total Investment revenues	1,042	1,412	2,019
Total revenues	4,971	6,585	9,375
Expenses			
Employee benefits expenses	(1,530)	(1,460)	(2,110)
Professional costs	(900)	(975)	(1,117)
Insurance	(112)	(128)	(118)
Occupancy costs	(266)	(269)	(280)
Facilities management costs	(109)	(77)	(64)
Other expenses	(296)	(332)	(376)
EBITDA	1,758	3,344	5,289
Depreciation	(19)	(21)	(35)
Amortisation of intangible assets	(103)	(89)	(36)
Impairment of intangible asset	(220)	-	-
EBIT	1,416	3,234	5,218
Finance costs	(296)	(546)	(858)
Total Fair value movements	950	630	4,894
Profit before tax	2,070	3,289	9,256
Income tax expense	439	(502)	(900)
Profit after tax	2,509	2,787	8,356
Closing AUM	188,000	284,000	335,000
Average AUM	184,000	219,000	310,000
KPIs:			
EBIT margin	28.5%	49.1%	55.7%
EBIT as a % of Closing AUM	0.8%	1.1%	1.6%
EBIT as a % of Average AUM	0.8%	1.5%	1.7%
EBIT as a % of Fund Management revenue	36.0%	62.5%	70.9%

Sources: GCM annual reports FY17 to FY19, Scheme Booklet



With regard to financial performance, we note the following:

- *AUM growth:* The AUM has increased to c. A\$363 million as at 30 June 2019 primarily due to acquisition of properties (such as Progress Road, Wacol, Acacia Ridge, Archerfield and others) and construction activity at existing sites (such as Pinkenba, Berrinba, Botanicca 9 and others).
- *Management fees:* The management fee comprises the RE fees, the property management fees and the facilities management fees. All else equal these fees are expected to increase with the increase in AUM.
- *Leasing fees:* The leasing fees is earned when new leases are entered into or existing leases are renewed. Based on the GDF FY19 Investor Presentation, c. 20%⁴⁶ of lease income is to be renewed in FY20 and FY21.
- *Capital works fees:* The capital works fee has been high historically due to the large levels of capital expenditure being incurred. This is demonstrated by the growth in AUM which has grown by c. 100% over the last two years. GCM has announced to the market that capital works for Berrinba and Progress Road, Wacol will be c. \$6.5 million⁴⁷ and c. \$22 million⁴⁸ respectively. In addition, the capital work fees for Acacia and Morningside properties are expected at A\$27 million and A\$4.2 million respectively.
- *Fair value movement:* The A\$4.8 million increase in Fair Value Movement was as a result of mark-to-market increase in the GCM's 21.9 million unit co-investment in GDF following an increase in the GDF unit price during FY19 from A\$1.165 per unit to A\$1.40 per unit.

⁴⁶ 15% - FY20 and FY21 – 5%

⁴⁷ GDF 1FY19 Investor Presentation

⁴⁸ Ibid.



4.3.2 Financial position

The consolidated statement of financial position of GCM as at 30 June 2018 and 30 June 2019 is summarised in the table below.

Consolidated statement of financial position	30-Jun-18	30-Jun-19
A\$000 unless stated otherwise	Audited	Audited
Current assets		
Cash and cash equivalents	8,547	3,878
Trade and other receivables	1,133	3,782
Total current assets	9,680	7,660
Non-current assets		
Property, plant and equipment	84	64
Financial assets	21,786	30,660
Investment properties	1,250	1,250
Intangible assets	326	290
Deferred tax assets	-	-
Total non-current asset	23,446	32,264
Total assets	33,126	39,924
Current liabilities		
Trade and other payables	1,153	1,167
Provision	20	-
Current tax liability	102	938
Total current liabilities	1,275	2,105
Non current liabilities		
Deferred tax liabilities	57	19
Borrowings	11,970	11,970
Provisions	22	25
Total non current liabilities	12,049	12,014
Total liabilities	13,324	14,119
Net assets	19,802	25,805

Sources: GCM Annual report

We note the following in relation to GCM's financial position:

- *Cash and cash equivalents*: the cash balance decreased from A\$8.5 million to A\$3.9 million due to deployment in debt and equity investments, as well as the result of GCM acquiring additional units for c. A\$4 million⁴⁹ in GDF, increasing its stake from 13.5% to 13.8% and the lending of c. A\$2 million loan advances to external parties.
- *Trade and other receivables*: The Trade and Other Receivables increased from A\$1.1 million to A\$3.8 million, primarily due to debt advances.

⁴⁹ As reported in the 1H FY19 investor presentation

- *Investment in financial assets:* The investment in financial assets comprise the 13.5% interest in GDF. This balance has increased due to growth in the underlying AUM of GDF and the increase in the stake during the half-year ended 31 December 2018⁵⁰.
- *Investment properties* – It represents the value of the land at Palmer St in Townville which is based on the independent valuation prepared in May 2019.
- *Non-current borrowings:* The non-current borrowings comprise a A\$10 million 3-year term loan at the cost of 7% interest p.a. to finance the increase of GCM's stake in GDF from 10.9% to 13.5%. In addition, GCM has a loan facility advanced by a major shareholder for circa A\$2 million with interest payable at 8% per annum and repayable by 31 December 2019.

4.4 Share capital structure

As at the date of this report, the Company has 26.4 million, GCM Shares held publically which include 2.4 million shares issued under the employee security plan ("ESP Shares") approved by GCM Shareholders at the annual general meeting in November 2017. The ESP Shares are of the same class and rank equally in all respects with all existing GCM Shares from the grant date, including in relation to voting rights and entitlements/participation in distribution and dividends. However, the ESP Shares are subject to certain restrictions in relation to disposal up to a certain date ("Vesting Date") stated in the employee security plan and also the following conditions⁵¹:

- A holder of ESP Shares must not, without the prior consent of the Board, sell, transfer, assign or dispose of any ESP Share until the Vesting Date.
- In the event of any Takeover Bid⁵², subject to any agreement between the participant of the plan and the Board, the Board, in its absolute discretion, determine that unvested ESP Shares vest.
- The table below illustrates the ESP Shares currently issued and their respective details:

ESP Share summary			
Grant date	Exercise price (A\$)	Vesting date	Number ESP Shares
13-Nov-17	1.00	13-Nov-19	150,000
13-Nov-17	1.00	13-Nov-20	750,000
3-Jun-19	1.72	3-Jun-21	300,000
22-Aug-19	1.95	23-Aug-21	800,000
22-Aug-19	1.95	23-Aug-22	400,000
Total			2,400,000

Sources: GCM FY19 financial report; ASX Appendix 3B, issued on 23 Aug 2019.

Based on discussions with Management, 300,000⁵³ ESP Shares are expected to vest as a result of the Internalisation. All ESP shares will be cancelled and new GPG Shares with similar restrictions are

⁵⁰ As disclosed in 1H FY19 report

⁵¹ Refer to GCM ASX announcement released on 13 November 2017 for more details regarding the employee security plan.

⁵² Takeover Bid has the meaning given in section 9 of the Corporations Act.

⁵³ Granted 13 November 2017

expected to be issued to the plan participants. We have not applied a discount to the value of the shares issued under the ESP given that:

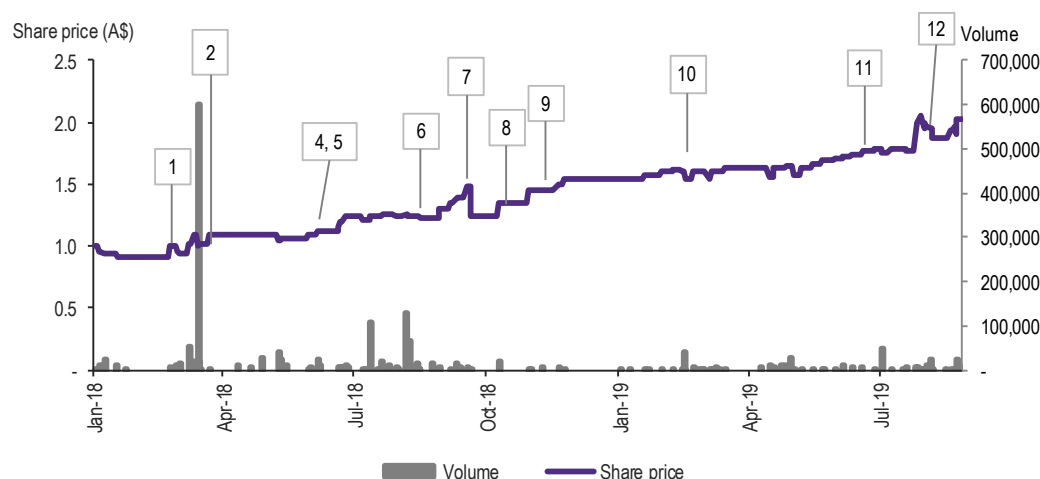
- These shares are already quoted on the ASX and rank at par with other ordinary shares.
- As per the rules of the employee security plan, in the event of a takeover bid, subject to any agreement between the Board and the relevant Participant, the Board must consider, and may in its absolute discretion determine that, all or a specified number of a Participant's unvested ESP shares may vest. This suggests that an employee who is a holder of shares under the ESP, may not agree to exchange GCM Securities for GPG Securities if the value of GPG Securities received is lower than the existing value of GCM Securities the plan participants are entitled to and will allow the shares to vest and monetise the value of the unvested shares.

We have therefore considered the unvested ESP Shares as part of the total number of shares outstanding in the valuation assessment.

4.4.1 Share price and market analysis

Our analysis of the daily movements in GCM's trading share prices for the period from 1 January 2018 to 26 August 2019 is set out below.

Historical share trading price and volume for GCM



Source: S&P Global, GTCF analysis

The following table describes the key events which may have impacted the share price and volume movements shown above.

Event	Date	Comments
1	23 February 2018	<p>GCM released 1HFY18 accounts announcing:</p> <ul style="list-style-type: none"> - AUM increased 12% from A\$188 million to A\$211.5 million over the half year. - GCM increase its investment in GDF to 13.5% through its A\$10 million participation in GDF entitlement offer. - In comparison to 1HFY17, GCM revenues grew by 58% to A\$3.1 million. - The Company achieved an 8.2% increase in group net asset position over the half year. - The earnings per stapled security of 8.2 cents represented a 34% growth from the prior half year - The Company was considering a FY18 corporate dividend.

Event	Date	Comments
2	16 March 2018	GCM announced the quarterly distribution payment of A\$0.01 per share with 28 March 2018 as the ex-dividend date.
3	30 May 2018	GCM provided the earnings guidance for FY18: - AUM expected to increase by 43.5% to A\$270 million with a further 13% expected in FY19. - 39% increase in underlying operating activity profit after tax of A\$1.2 million compared to A\$0.9 million in FY17. - A total shareholder return for FY18 at 17% over FY17 net assets of A\$18.2 million. - FY19 AUM forecast at A\$305 million. - FY19 GDF capital expenditure forecast at approximately A\$34 million.
4	22 June 2018	The Company announced a FY18 final fully franked dividend of 1.128 cents per stapled security together with the regular quarterly distribution of 1 cent for a total payment to shareholders of 2.128 cents.
5	28 June 2018	GCM reported an additional uplift in AUM following the completion of an independent valuation of GDF property assets. Overall, GCM's AUM has increased by 51%, from A\$188.1 million to A\$283.8 million during the 2018 financial year. This was higher than the previous guidance of A\$270 million.
6	23 August 2018	GCM announced the financial results for FY18: - Average AUM increased 19% from A\$184 million in FY17 to A\$219 million in FY18. - Increased capital expenditure fee revenue as a result of the capital expenditure incurred at Botanicca 9. - GCM net profit after tax of A\$2.8 million, an 11% increase on prior year FY17. - A 36% increase in underlying operating activity earnings after tax of A\$1.2 million, compared to FY17 A\$0.9 million. - Over FY18, a 32% increase in revenue comprised of 28% increase in funds management revenues and 48% increase in investment revenue. - Net assets for the year increased by A\$1.6 million from A\$18.2 million to A\$19.8 million at the end of FY18.
7	19 September 2018	GCM announced a quarterly dividend payment of 1 cent per share with 27 September 2018 as ex-dividend date.
8	8 October 2018	GCM had subscribed to 3.2 million shares of GDF placement of 20 million new shares at A\$1.25 per unit to raise A\$25 million. Accordingly, the Company will increase its stake in GDF and the distribution received. GCM expects to increase quarterly distribution from 1 cent per security to approximately 1.25 cents per security.
9	23 November 2018	At the FY18 annual general meeting, the Company announced the following objectives for FY19: - the successful delivery of the Botanicca 9 Project. - Begin the construction of a small industrial facility on the Berrinba site - The resulting AUM would be approximately A\$337 million for FY19 - The Company will pay a half year corporate dividend of 1.125 cents per security
10	20 February 2019	GCM released the financial results for 1HFY19: - 8% increase in AUM from A\$284 million in June 2018 to A\$307 million December 2018. - Increased capital expenditure fee revenue as a result of the Botanicca 9 Project which is expected to complete in May 2019. - A total return on equity for 1HFY19 of A\$4.8 million was achieved on FY18 net assets of A\$19.8 million. - Over 1HFY19, GCM advanced two new loans to third parties totalling A\$2.1 million.
11	3 June 2019	GCM provided FY19 guidance: - 84% increase in underlying operating activity earning after tax to A\$2.17 million. - 22% increase in AUM to A\$347 million over FY19. - Fully franked dividend of 4 cents per security, payable on 19 June 2019.
12	22 August 2019	GCM announced the financial results for FY19: - AUM increased to A\$363 million with potential growth through future projects to A\$405 million - An increase of A\$2.2 million in funds management revenue, largely attributable to increased AUM and capital expenditure fees associated with Botanicca - GCM net profit after tax of A\$8.4 million, a 200% increase on prior year FY17. - A 83% increase in underlying operating activity earnings after tax of A\$2.2 million, compared to FY17 A\$1.2 million - Over FY19, a 42% increase in revenue comprised of 45% increase in funds management revenues and 35% increase in investment revenue. - Net assets increased A\$6.0 million to A\$25.8 million, equivalent to 30% increase

Sources: ASX announcement, GTCF analysis

The monthly share price performance of GCM since July 2018 and the weekly security price performance of GCM over the last 16 weeks is summarised below.



GARDA Capital Group	Share Price			Average
	High	Low	Close	weekly volume
	\$	\$	\$	000'
Month ended				
Jul 2018	1.255	1.210	1.250	34
Aug 2018	1.300	1.230	1.300	59
Sep 2018	1.480	1.250	1.250	9
Oct 2018	1.450	1.345	1.450	5
Nov 2018	1.550	1.450	1.550	3
Dec 2018	-	-	-	-
Jan 2019	1.600	1.550	1.550	2
Feb 2019	1.620	1.550	1.600	15
Mar 2019	1.630	1.550	1.630	5
Apr 2019	1.650	1.545	1.650	18
May 2019	1.710	1.580	1.710	3
Jun 2019	1.790	1.730	1.790	6
Jul 2019	2.050	1.755	1.950	17
Week ended				
10 May 2019	1.630	1.630	1.630	1
17 May 2019	1.670	1.660	1.670	3
24 May 2019	1.690	1.690	1.690	3
31 May 2019	1.710	1.710	1.710	2
7 Jun 2019	1.730	1.730	1.730	10
14 Jun 2019	1.740	1.740	1.740	6
21 Jun 2019	1.770	1.770	1.770	7
28 Jun 2019	1.790	1.790	1.790	2
5 Jul 2019	1.755	1.755	1.755	50
12 Jul 2019	1.790	1.790	1.790	1
19 Jul 2019	1.790	1.770	1.770	6
26 Jul 2019	2.000	1.865	2.000	11
2 Aug 2019	2.050	1.950	1.970	19
9 Aug 2019	1.950	1.880	1.880	29
16 Aug 2019	1.870	1.870	1.870	1
23 Aug 2019	2.030	1.900	2.030	37

Sources: S&P Global, GTCF analysis

Note 1: During the periods where no trading has taken place, the low and high price are nil

4.4.2 Top 5 shareholders

We have provided in the table below the top 5 shareholders of GCM as recorded as at 31 August 2019:

Top 5 shareholders of ordinary shares		
	Number of shares	Interest (%)
MS 3SIT Pty Ltd	6,985,341	26.4%
Madsen Matthew	4,596,849	17.4%
HGT Investment Pty Ltd	2,919,642	11.0%
MS 3SIT Pty Ltd	1,477,211	5.6%
Jig Equities Pty Ltd	1,000,000	3.8%
Total top 5 shareholders	16,979,043	64.2%
Remaining shareholders	9,450,957	35.8%
Total ordinary shares outstanding¹	26,430,000	100.0%

Sources: S&P Global, GTCF analysis & GCM management.

Note 1: The total number of shares are based on the information received from GARDA Capital Group.

4.4.3 GCM Dividend and Distributions

GCM Shareholders are entitled to receive two different types of returns from GCM:

- Quarterly distributions received from GDF.
- The corporate dividends declared by the Company.

The table below summarises the distributions as well as the dividends declared and paid by GCM:

Summary GCM Dividends and Distributions per share			
Cents	FY17	FY18	FY19
Distribution 1 st Quarter	0.978	0.936	1.000
Distribution 2 nd Quarter	0.978	0.936	1.250
Distribution 3 rd Quarter	0.978	1.000	1.250
Distribution 4 th Quarter	0.978	1.000	1.250
Total distributions	3.912	3.872	4.750
Corporate dividends	-	1.128	5.125
Total	3.912	5.000	9.875

Sources: GCM annual and semi-annual financial reports

On 3 June 2019, the Company announced to the market a fully franked dividend of 4 cents per share payable on 19 June 2019 and a 1.25 distribution forecast for the 4th quarter FY19. As a result, the total dividends for FY19 reflect approximately a 60% payout ratio and together with the FY19 distributions payments would total to 9.875 cents earnings per share. SID will allow for another GCL dividend for 5 months to Implementation Date.

5 Overview of GARDA Diversified Property Fund

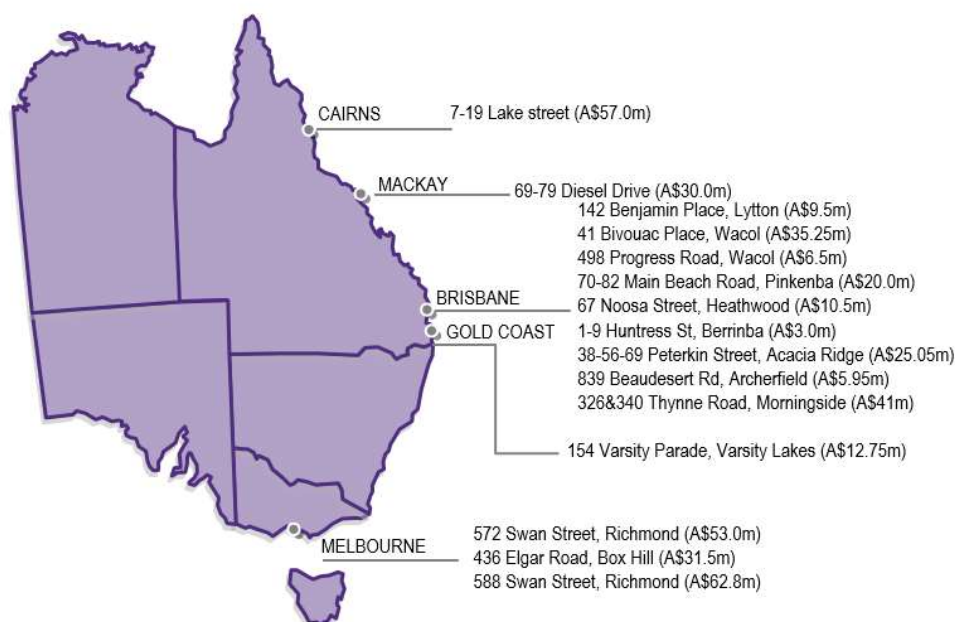
GARDA Diversified Property Fund, ("GDF or the "Fund"), is an ASX-listed REIT, with a diversified portfolio of commercial and industrial assets both in suburban and city locations along the eastern seaboard of Australia.

5.1 GDF Portfolio

As at 30 June 2019, GDF had an existing property portfolio ("Portfolio") valued A\$362.8 million resulting in an NTA of A\$1.37⁵⁴ per unit and comprising both completed and under construction projects for a total of 16 investment properties, including three recently acquired properties at Acacia Ridge ("Acacia Ridge Properties") and one property at Archerfield ("Archerfield Property") and the sale of 747 Lytton Road, Murarrie ("Murarrie Property"). On 20 September 2019, GDF announced that it had entered into a contract for the acquisition of a property at Morningside ("Morningside Property") which is expected to increase the value of the Portfolio to A\$41 million.

The following is a map setting out the locations of each of the properties of the Fund:

Location of GDF properties as at 31 August 2019



Sources: GDF Investor Presentation & Management disclosure
Note (1): The Acacia Ridge site includes 3 properties

Since FY15, GDF has experienced strong growth in NTA from \$1.02/unit in FY15 to \$1.37/unit in FY19. Over FY18 and FY19, GDF has grown its portfolio through acquisitions and capital expenditure on major projects, some of which have been discussed below:

- **70-82 Main Beach Road, (Pinkenba Property, QLD)** – In June 2017, GDF settled the acquisition of this property and the construction of the facility was completed in August 2018 requiring capital

⁵⁴ NTA per unit as reported in FY19 GDF annual report.

expenditure of A\$9.9 million. The property covers an area of 40,490 sq mt, operating as a resource recovery facility for soil rock, gravel and construction materials.

- *41 Bivouac Place, Wacol (Metroplex Westgate, QLD)* – GDF acquired the facility in June 2017 and completed the construction in June 2018. The property consists of a 6,057 sq mt service warehouse and a dealership delivery centre and 3,937 sq mt of A-grade office space and a showroom. According to the latest valuations, the Metroplex Westgate property is valued at A\$35.25 million.
- *588 Swan Street (Botanicca 9 Project, VIC)* – On 14 November 2017, GDF settled the acquisition of a 3,621 sq mt land parcel located within Botanicca Corporate Park in Richmond, approximately 5 km from the Melbourne business district. Over this site, GDF developed a 5-level office building providing accommodation with floor spaces ranging from 1,200 sq mt to 1,600 sq mt and 232 bays of car parking across three basements levels. The asset development commenced during FY18 and was completed in May 2019 requiring an investment of c. A\$34 million⁵⁵. According to the latest valuations disclosed in FY19 annual report, the Botanicca 9 Project is valued at A\$62.8 million on a vacant possession basis. Further, there has been no pre-leasing at the property and the company is currently in the process of looking for tenants for this property.
- *1-9 Huntress Street, Berrinba, QLD* – In November 2018, GDF acquired a 11,940 sq mt industrial site located approximately 23 km south of the Brisbane business district for A\$3 million. GDF intends to build a modern industrial facility to lease, comprising c. 5,000 sq mt of warehouse and 500 sq mt of office accommodation. The construction is anticipated to start and be completed in the second half of 2019 with an estimated construction cost of c. A\$6.5⁵⁶ million.
- *Progress Road, Wacol, QLD* – In May 2019, GDF settled a 41,000 sq mt industrial site in Wacol for A\$5.9 million. GDF intends to develop a total of approximately 17,000 sq mt of industrial spaces across three separate buildings with flexibility to combine and split space according to tenant requirement. The facility will target tenants in the 4,000 sq mt to 8,000 sq mt range. The development approval is anticipated to be received over the fourth quarter of 2019 at which time earthworks are likely to commence. The estimated construction cost for this project is c. A\$21 million.
- *436 Elgar Road, Box Hill, VIC* – GDF currently owns a 31 year old, 3-level office building with a total net lettable area of 7,109 sq mt. The building is currently 100% occupied and has a 3.4 year WALE. The area where the property is located has traditionally been characterised by a mix of low-density residential and commercial uses, however, this appears to be changing. The property is also in close proximity to a shopping centre, train station and some open spaces and therefore has potential for higher and better use possibly a mixed-use of commercial and residential.
- *38-56-59 Peterkin Street, Acacia Ridge, QLD & 839 Beaudesert Road, Archerfield, QLD* – The Acacia Ridge Acquisition comprises three established industrial assets in Acacia Ridge and one property at Archerfield that are located 12 km south of the Brisbane CBD. As part of the Inland Rail Network project which has been discussed in the industry section, Acacia Ridge will be the largest freight handling terminal of the three intermodal rail terminals in Brisbane and is currently accessible by rail and road. All the assets are considered to be near-term, brownfield redevelopment assets. Further, two out of the three properties at Acacia Ridge (56 and 69 Peterkin Street, Acacia Ridge) are vacant

⁵⁵ Disclosed in FY19 GDF annual report

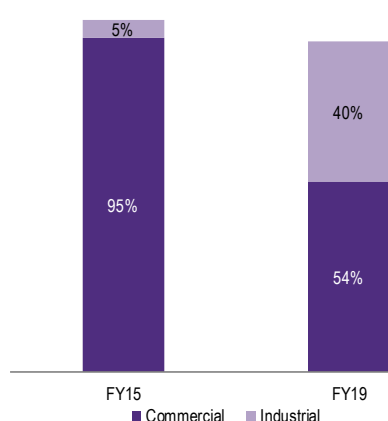
⁵⁶ Disclosed in FY19 GDF investor presentation, published on ASX on 22 August 2019

but with rent guarantees⁵⁷ enabling immediate refurbishment or full redevelopment. The other assets (38 Peterkin Street, Acacia Ridge and 839 Beaudesert Road, Archerfield) are presently on short-term leases potentially allowing for asset improvement strategies.

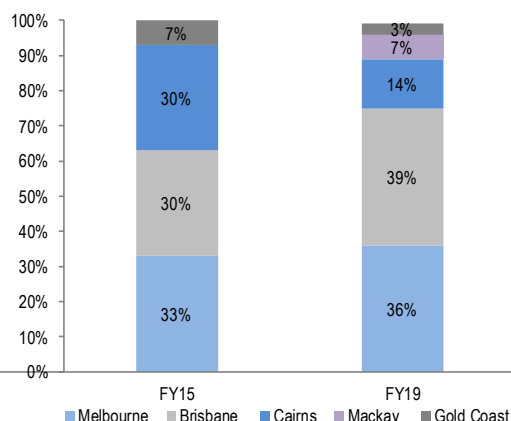
- **326 & 340 Thynne Road, Morningside** – On 20 September 2019, GDF settled the acquisition of the property at 326 & 340 Thynne Road, Morningside. The asset comprises two A-grade warehousing and distribution facilities on a 4 hectare site, located 4.5 kilometres east of the Brisbane CBD. Both industrial facilities were refurbished in 2017. The site has a large unused parcel of land that has development approval for a 5,872 sq mt extension to the existing warehouse, providing development upside to both capital value and net property income.

The portfolio composition by sector and by location is outlined below.

Portfolio composition by sector^{1 2 4}



Portfolio composition by location^{1 3 4}



Source: GDF FY19 presentation and ASX announcements

Notes: (1) Percentage computed over the Portfolio value; (2) The values are after including the impact of the Acacia Ridge Acquisitions and the Murarrie Property Sale; (3) the values are before including the impact of the Acacia Ridge Acquisition and the Murarrie Property Sale; (4) the values are before the consideration of Morningside Property

In addition to the diversification on a sector and location basis outlined above, the Fund has also achieved a diversified tenant base consisting of federal and state governments and international and domestic organisations across various industries including but not limited to construction, engineering and professional services sectors.

⁵⁷ The rent guarantees are a fixed amount which have been included in the executed contract. In case of 56 Peterkin Street, Acacia Ridge, the rent guarantee is c. 13% of the purchase price of the site. In case of 69 Peterkin Street, the rent guarantee is c. 8.4% of the purchase price of the site.

The table below summarises certain relevant metrics of GDF Portfolio up to FY19⁵⁸:

GDF Portfolio key metrics					
	FY15	FY16	FY17	FY18	FY19
Number of investment properties	7	7	9	11	17
WALE (years)	3.5	4.1	5.6	5.9	5.1
Occupancy rate	95%	93%	94%	95%	99% ²
WACR	8.90%	8.13%	7.37%	6.78%	6.68%
LVR	30.0%	29.8%	31.7%	37.5%	36.7%

Sources: GDF Investor Presentation and ASX announcements

Note: (1) WALE = Weighted average lease expiry; WACR = Weighted average capitalisation rate; LVR = Loan-to-value ratio ("LVR") calculated as the total outstanding debt to the value of the total assets; (2) The occupancy rate in FY19 is excluding Botanicca 9. The overall occupancy rate in FY19 after consideration of Botanicca 9 and Morningside is 84%

- **LVR:** GDF's target LVR range is from 30% to 35%. Presently, the LVR is 38.5% as a result of the acquisition of the Acacia Ridge and Archerfield properties and the disposal of the Murarrie Property.
- **WACR:** GDF's WACR has been steadily declining due to increasing occupancy and conducive market conditions. As per the ASX announcement dated 24 June 2019, 89% of the acquisitions at Acacia Ridge and Archerfield are income producing, 8% income producing redevelopment assets and only 3% being Greenfield development assets.
- **WALE:** The WALE has declined marginally from 5.7 years as at 31 December 2018 to 5.1⁵⁹ years as at 30 June 2019 due to ordinary rundown of lease term over the period.

5.2 Financial Information

5.2.1 Financial performance

The table below illustrates the Fund's audited consolidated statements of comprehensive income for the three-year period FY17 to FY19.

⁵⁸ The information is based on the latest ASX announcement.

⁵⁹ Based on the latest GDF Investor Presentation.



Consolidated statements of financial performance	FY17	FY18	FY19
A\$000	Audited	Audited	Audited
Rental income and other revenue	21,263	20,149	26,342
Litigation proceeds	-	-	8,000
Interest revenue	61	95	101
Leasing fees amortised	(322)	(386)	(465)
Leasing incentives amortised	(1,067)	(591)	(516)
Total revenues	19,935	19,267	33,462
Property expenses	(5,219)	(4,898)	(5,940)
Trust level expenses	(2,004)	(2,737)	(4,401)
Finance costs	(2,453)	(1,555)	(2,934)
Net loss on financial instruments held at fair value through the profit and loss	499	(246)	(1,951)
Fair value movements in investment properties	9,517	14,330	8,994
Net loss/gain on sale of investment properties	(154)	-	1,550
Net profit for the year	20,121	24,161	28,780
Key metrics			
<i>Funds from operations ("FFO")</i>	10,728	11,210	13,192
<i>Distributions</i>	10,124	11,284	13,810
<i>Distribution payout ratio</i>	94%	101%	105%

Sources: GDF annual reports

In relation to the above, we note that:

- **Legal dispute:** During 2018, GDF was involved in a legal dispute against the valuer of a building in Canberra⁶⁰. The dispute caused the trust level expense to increase in FY18 and FY19 due to the legal costs. In December 2018, the settlement claim in favour of GDF led to non-recurring revenue of A\$8 million in FY19.
- **Net profit and fair value movement of investment properties:** In FY19, net profit increased from FY18 by 19% to A\$28.8 million including A\$8.0 million receipt from successful settlement of litigation and a number of non-cash items relating to fair value movements in asset and liability values of A\$9.0 million uplift.
- **Net gain or loss on sale of investment properties:** During FY19, the Fund disposed of commercial property at 747 Lytton Road in Murarrie for gross proceeds of A\$17.3 less costs. The proceeds were received on 27 June 2019, and a net gain on this sale of A\$1.6 million was recorded.

5.2.2 Financial position

The consolidated statement of financial position of GDF is summarised in the table below.

⁶⁰ The dispute was related to the difference between the historical acquisition and sale prices of a warehouse in Canberra and a loss opportunity arising from the valuation.



Consolidated statement of financial positions	30-Jun-17	30-Jun-18	30-Jun-19
A\$000 unless stated otherwise	Audited	Audited	Audited
Current assets			
Cash and cash equivalents	11,389	4,523	20,213
Trade and other receivables	1,155	2,154	1,441
Total current assets	12,544	6,677	21,654
Non-current assets			
Investment properties	188,100	283,932	332,806
Other assets ¹	-	-	1,874
Total non current assets	188,100	283,932	334,680
Total assets	200,644	290,609	356,334
Current liabilities			
Trades and other payables	1,475	2,767	4,236
Distribution payable	2,640	3,115	3,565
Borrowings	42,600	18,307	15,417
Total current liabilities	46,715	24,189	23,218
Non-current liabilities			
Tenant security deposit	295	520	323
Borrowings	17,103	87,142	112,872
Derivative financial instrument	628	874	2,825
Total non-current liabilities	18,026	88,536	116,020
Total liabilities	64,741	112,725	139,238
Net assets	135,903	177,884	217,096
NTA per GDF Unit (\$/unit)	1.21	1.29	1.37

Sources: GDF annual reports

Note: (1) Other assets in FY19 includes deposits on investment properties of 1.874 million

In relation to GDF financial position, we note the following:

- Investment Properties:** The growth in investment properties is due to acquisition of new properties as the number of properties under management has increased from 7 in FY15 to 16 in FY19⁶¹ and accretive capital expenditure. The significant increase in investment properties in FY18, is due to the net effect of:
 - A\$21.5 million increase in independent valuation of the portfolio.
 - A\$34.4 million deployed to finalise the settlement of Metroplex Westgate Project.
 - A\$20.5 million deployed to the construction of Botanicca 9 Project.
 - A\$9.7 million further deployment to the construction of the Pinkenba Project and A\$9.8 million acquisition of a property in Heathwood.

⁶¹ Acacia Ridge completed in July 2019

Subsequently, investment properties increased by approximately A\$49 million in FY19 mainly due to capital expenditure at the Botanicca 9 Project and the acquisitions of Acacia Ridge properties.

- **Borrowings:** Between FY17 and FY19 increased to support the growth investments discussed above. We note that A\$15.4 million of borrowings were repaid with cash received from the sale of Murarrie property.

5.2.3 Adjusted financial position

In the following section, the financial position of GDF as at 30 June 2019 has been adjusted for the impact of the Capital Raising, the settlement of the Acacia Ridge and Archerfield properties and the Morningside acquisition.

Statement of pro-forma financial position - GDF			
A\$000	GDF 30-Jun-19	Adjusted impact	Pro-forma historical 30-Jun-19
Assets			
Current assets			
Cash and cash equivalents	20,213	(15,417)	4,796
Trade and other receivables	1,441	-	1,441
Total current assets	21,654	(15,417)	6,237
Non-current assets			
Other assets	1,874	(1,874)	-
Investment properties	332,806	72,000	404,806
Total non-current assets	334,680	70,126	404,806
Total assets	356,334	54,709	411,043
Liabilities			
Current liabilities			
Trade and other payables	4,236	-	4,236
Distribution/dividend payable	3,565	-	3,565
Borrowings	15,417	(15,417)	-
Total current liabilities	23,218	(15,417)	7,801
Non-current liabilities			
Tenant security deposits	323	-	323
Borrowings	112,872	38,070	150,942
Derivative financial instrument	2,825	-	2,825
Total non-current liabilities	116,020	38,070	154,090
Total liabilities	139,238	22,653	161,891
Net assets	217,096	32,057	249,153

Source: Scheme Booklet

In relation to the adjustments in the table above, we note that:

- Cash and cash equivalents reduced by A\$15.4 million as the cash on hand which had been received following the settlement of the Murarrie property and the surplus cash from the Capital Raising have been applied towards reducing the borrowings.

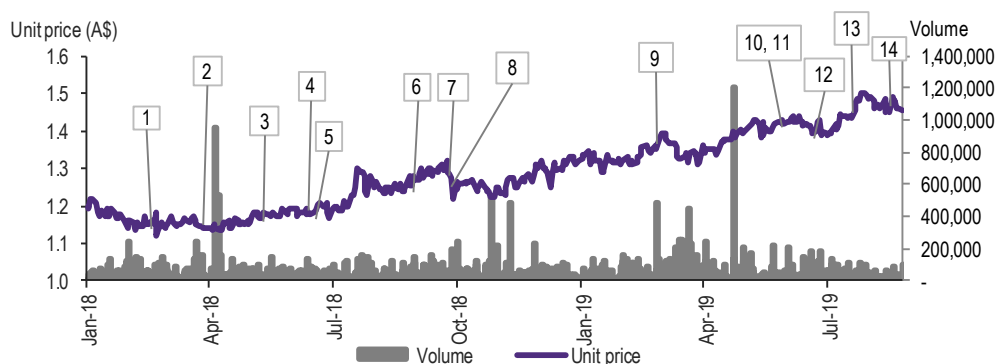
- Investment properties increased by A\$72 million comprising Acacia Ridge and Archerfield (A\$31 million) and Morningside (A\$41 million).
- Borrowings have increased by A\$38.1 million on account of the acquisition of Acacia Ridge (A\$25.6 million) and Morningside (A\$12.5 million).

5.3 Capital structure

5.3.1 Unit price analysis

Our analysis of the daily movements in GDF's trading unit prices for the period from January 2018 to 26 August 2019 is set out below.

Historical unit trading price and volume for GDF



Sources: S&P Global, GTCF analysis

The following table describes the key events which may have impacted the unit price and volume movements shown above.

Event	Date	Comments
1	23 February 2018	GDF announced its 1HFY18 results which included: - Net profit of A\$4.7 million, a 32% increase on the prior period - A conservative payout ratio of 91.6% which is expected to increase in the second half of FY18 to a forecast 100% - 105% as a result of the increased deployment of funds to the construction of Botanicca 9 Project. - NTA per GDF Unit decreased to A\$1.19 largely as a result of transaction costs associated with the entitlement offer.
2	29 March 2018	GDF announced the purchase for A\$9.8 million of an industrial facility, located at Heathwood. The property consists of approximately 6,022 sq mt of building with a low 40% site coverage providing a generous portion of hardstand across the 15,094 sq mt. The acquisition had improved the WALE from 5.3 years to 5.5 years.
3	11 May 2018	GDF has announced the settlement of the acquisition of the Metroplex Westgate Industrial Facility. The transaction value was A\$35.25 million representing an initial yield of 6.25%.
4	22 June 2018	GDF announced the distribution of 2.25 cents per GDF Unit per the quarter ending on June 2018
5	28 June 2018	Following the completion of the properties independent valuation for FY18, GDF announced an uplift in NTA of 10 cents per GDF Unit. In addition, the loan-to-value ratio reduced to 37.0% at 30 June 2018.

Event	Date	Comments
6	23 August 2018	GDF released the financial results for FY18: - A\$20.2 million deployed to the acquisition of and construction of the Botanicca 9 Project for the full financial year to 30 June 2018. - FY19 distribution guidance at 9 cents per GDF Units paid in equally quarterly distribution - Net profit of A\$24.2 million, up 20.1% on the prior year. - FY18 total assets increased to A\$390.6 million, representing a 44.8% increase on the FY17 balance of A\$200.6 million. - Borrowings increased by A\$46 million due to the net effect of acquisitions, construction funding at newly acquired properties, and the ongoing capital improvements program at some of the existing properties.
7	21 September 2018	GDF announced the acquisition for A\$5.9 million of the Progress Road Wacol project, a c. 40,000 sq mt industrial site in Queensland. GDF intends to build a modern industrial multi-tenanted complex.
8	8 October 2018	GDF successfully completed an institutional placement of 20 million new GDF Units at A\$1.25 per unit raising A\$25 million before transaction costs. The proceeds will be principally used to repay the Fund's current debt facilities.
9	12 November 2018	The Fund announced the acquisition of 11,940 sq mt in Berrinba, Queensland. GDF planned to build a modern industrial facility to keep increasing the exposure to the Brisbane industrial market.
10	20 February 2019	GDF released the financial results for 1H FY19: - NTA increased by 5 cents to A\$1.31, mainly driven by the successful settlement of a litigation which resulted in a one-off A\$8.0 million payment received by the Fund. - 1H FY19 total assets increased to A\$319.5 million, a 9.9% growth from FY18 balance of A\$290.6 million. - Occupancy rate increased to 99% while weighted average capitalisation rate reduced by 59bps to 6.78%. - Re-affirmed distribution guidance for FY19 at 9 cents per GDF Unit to be paid in equal quarterly distributions.
11	29 May 2019	GDF provided the following update: - A\$17.1 million increase in property portfolio valuation to A\$346.5 million - NTA growth of 6 cents per units to A\$1.37 per GDF Unit - FY19 distribution confirmed at 9 cents per unit. - Botanicca 9 Project construction due for completion by 31 May 2019. - A\$28.26 million increase in debt facilities, providing headroom for acquisitions and further asset creation.
12	24 June 2019	GDF announced to the market the Acacia Ridge Acquisition and the Murarrie Property Sale. These transactions are not expected to impact FY19 FFO or the dividend per unit and the resulting loan-to-value ratio is expected to be c. 37.8% post-acquisition. These acquisitions were subsequently settled on 5 July 2019.
13	23 July 2019	The unit price movement in GDF is largely related to release of new information by brokers for DF.
14	22 August 2019	GDF released the financial results for FY19: - NTA increased by 5 cents to A\$1.31, mainly driven by the successful settlement of a litigation which resulted in a one-off A\$8.0 million payment received by the Fund. - 1H FY19 total assets increased to A\$319.5 million, a 9.9% growth from FY18 balance of A\$290.6 million. - Occupancy rate increased to 99% while weighted average capitalisation rate reduced by 59bps to 6.78%. - Re-affirmed distribution guidance for FY19 at 9 cents per GDF Unit to be paid in equal quarterly distributions.

Sources: ASX announcements, GTCF analysis

5.3.2 Top 5 Unitholders

We have provided in the table below the top 5 unitholders of GDF as recorded as at 31 August 2019:

Top 5 unitholders of ordinary units		
	Number of units	Interest (%)
HGT Investment Pty Ltd	23,785,122	14.6%
The Trust Company (Australia) Limited	21,900,363	13.4%
Longhurst Management Services Pty Ltd	8,171,404	5.0%
JP Morgan Nominees Australia Pty Limited	4,415,012	2.7%
Citicorp Nominees Pty Limited	4,323,392	2.7%
Total top 5 unitholders	62,595,293	38.4%
Remaining unitholders	100,261,066	61.6%
Total ordinary units outstanding	162,856,359	100.0%

Sources: S&P Global, GTCF analysis



5.3.3 GDF Distribution

Historically GDF has been paying its distribution quarterly, as shown in the table below:

Summary GDF distributions per unit			
Cents per unit	FY17	FY18	FY19
Distribution 1st Quarter	2.350	2.250	2.250
Distribution 2nd Quarter	2.350	2.250	2.250
Distribution 3rd Quarter	2.350	2.250	2.250
Distribution 4th Quarter	2.350	2.250	2.250
Total distributions	9.400	9.000	9.000
FFO Payout	94.40%	63.60%	104.70%

Sources: S&P Global, GTCF analysis

6 Profile of the GARDA Property Group

6.1 Introduction

GARDA Property Group will be an internally managed A-REIT following the implementation of the Internalisation.

6.2 Corporate and capital structure

The Internalisation will result in GCM and GDF being combined into a single ASX-listed entity, GARDA Property Group which will be quoted on the ASX. GPG will be a stapled entity comprising GHL and GDF.

GARDA Property Group is expected to have 223.01 million⁶² GDF Stapled Securities on issue comprising 180.7 million GDF Units and 42.3 million consideration units issued to GCM Shareholders. In our valuation assessment, we have not considered the Treasury Shares and accordingly the GPG Securities on issue reduced to 205.7 million.

6.3 Board and management

The Board and management of GARDA Property Group will comprise the board and management of GCM.

Refer to sections 4.2 and 4.3 of the Scheme Booklet for information on the Management team.

6.4 Strategy and intentions

The Sub-Board Committee of GCM does not intend to change its strategy following the internalisation. Refer to section 4.4 of the Scheme Booklet for details.

⁶² Including the 21.9 million GDF Stapled Securities held as Treasury Stock.



6.5 Pro-forma balance sheet

6.5.1 Pro-forma financial position

Statement of pro-forma financial position - GPG				
A\$000	GDF 30-Jun-19	GCM 30-Jun-19	Internalisation	GPG 30-Jun-19
Assets				
Current assets				
Cash and cash equivalents	4,796	3,878	(900)	7,774
Trade and other receivables	1,441	3,782	(1,411)	3,812
Total current assets	6,237	7,660	(2,311)	11,586
Non-current assets				
Other assets	-	-	-	-
Investment properties	404,806	1,250	-	406,056
Property, plant and equipment	-	64	-	64
Financial assets	-	30,660	(30,660)	-
Right to use assets	-	200	-	200
Intangible assets	-	290	34,084	34,374
Total non-current assets	404,806	32,464	3,424	440,694
Total assets	411,043	40,124	1,113	452,280
Liabilities				
Current liabilities				
Trade and other payables	4,236	1,167	(918)	4,485
Distribution/dividend payable	3,565	-	(493)	3,072
Lease liability	-	200	-	200
Borrowings	-	-	-	-
Current tax liability	-	938	-	938
Total current liabilities	7,801	2,305	(1,411)	8,695
Non-current liabilities				
Tenant security deposits	323	-	-	323
Borrowings	150,942	11,970	-	162,912
Derivative financial instrument	2,825	-	-	2,825
Provisions	-	25	-	25
Deferred tax liability	-	19	-	19
Total non-current liabilities	154,090	12,014	-	166,104
Total liabilities	161,891	14,319	(1,411)	174,799
Net assets	249,153	25,805	2,524	277,482

Source: Scheme Booklet

7 Valuation methodologies

7.1 Introduction

As part of assessing whether or not the Internalisation is fair to the Non-Associated Securityholders, Grant Thornton Corporate Finance has compared the fair market value of GCM Securities before the Internalisation on a control basis to the fair market value of GCM Securities in the Merged Entity after the Internalisation.

In each case, Grant Thornton Corporate Finance has assessed value using the concept of fair market value. Fair market value is commonly defined as:

“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

We note, RG111 requires the fairness assessment to be made assuming 100% ownership of the target company and irrespective of whether the consideration offered is scrip or cash and without consideration of the percentage holding of the offeror or its associates in the target company.

7.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, approval of an issue of shares using item 7 of s611 of the Corporations Act, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow (“DCF”) method and the estimated realisable value of any surplus assets.
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets.
- Amount available for distribution to security holders on an orderly realisation of assets.
- Quoted price for listed securities, when there is a liquid and active market.
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG111 does not prescribe the above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being

valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

7.3 Selected valuation methods

7.3.1 Valuation of GCM Shares before the Internalisation

The fair market value of GCM Shares before the Internalisation has been assessed based on a sum-of-the-parts (“SOP”) method, which comprises the market value of net assets of GCM, the value of the management right (“Management Right”) and the value of the debt advisory business. The Management Right and the debt-advisory business are collectively referred to as the funds management business (“Funds Management Business”).

In our valuation assessment based on the SOP, we have aggregated the following:

1. *Funds Management Business* - The fair market value of the Funds Management Business has been assessed using the following methodologies:
 - Market-based approach such as the EBIT⁶³ multiple (“EBIT Multiple”), revenue multiple (“Revenue Multiple”) and AUM multiple (“AUM Multiple”) for the valuation of the Management Right.
 - Income-based approach by adopting the DCF method. The forecasts have been prepared by Management and have been adjusted by Grant Thornton Corporate Finance.
2. *Market value of net assets* – This comprises two components
 - The value of the GCM’s interest in GDF.
 - Other assets and liabilities included in the net assets of GCM not captured in the above.

We have further considered the quoted security price method which is based on the efficient market hypothesis which assumes that the share price at any point in time reflects all publicly available information and will change when new information becomes publicly available. We note that in the absence of a takeover offer, the trading share price represents the value at which minority shareholders could realise their portfolio investment. In accordance with the requirements of ASIC RG 111, we have considered the liquidity of GCM Shares before relying on them for the purpose of our valuation assessment.

⁶³ Earnings before interest and tax



7.3.2 Valuation of GPG

In the valuation assessment of GPG, we have aggregated the value of GCM before the Internalisation and GDF after adjusting for synergies and net benefits expected to be realised upon implementation of the Internalisation and the cross shareholding.

In the valuation of GDF, we have adopted the following valuation methodologies:

- *NTA approach* – A-REITs are typically valued with reference to their reported net tangible assets as this reflects the marked-to-market value of the investment properties. We have relied on the pro-forma financial position as at 30 June 2019 which reflects the impact of new properties acquired at Acacia Ridge, Archerfield and Morningside and the settlement of the property at Murarrie.
- *Quoted securities price method* – As described above.
- *Capital Raising* – The price of the recent Capital Raising.

We have considered as a further cross check to the share price the distribution yields implied in our valuation assessment and compared it with those of listed comparable companies.

8 Valuation assessment of GCM before the Internalisation

8.1 SOP method

We have set out in the following table our valuation assessment of GCM before the Internalisation on a control basis having regard to the SOP method.

Valuation summary - SOP method		Section	
A\$000 unless otherwise stated	Reference	Low	High
Value of the Funds Management Business ¹	Section 8.1.1	29,682	34,729
Assessed net tangible assets of GCM	Section 8.1.4 & 8.1.5	26,461	28,001
Equity value of GCM before the Internalisation		56,143	62,730
Number of securities outstanding (in 000s)	Section 4	26,430	26,430
Value per GCM Security before the Internalisation (A\$/GCM Security)		2.12	2.37

Source: GTCF calculations

Note (1): Based on the median of all methodologies

8.1.1 Funds Management Business

We have set out below the value of the Funds Management Business which comprises the value of the Management Right and the value of the debt-advisory business operated by GCM.

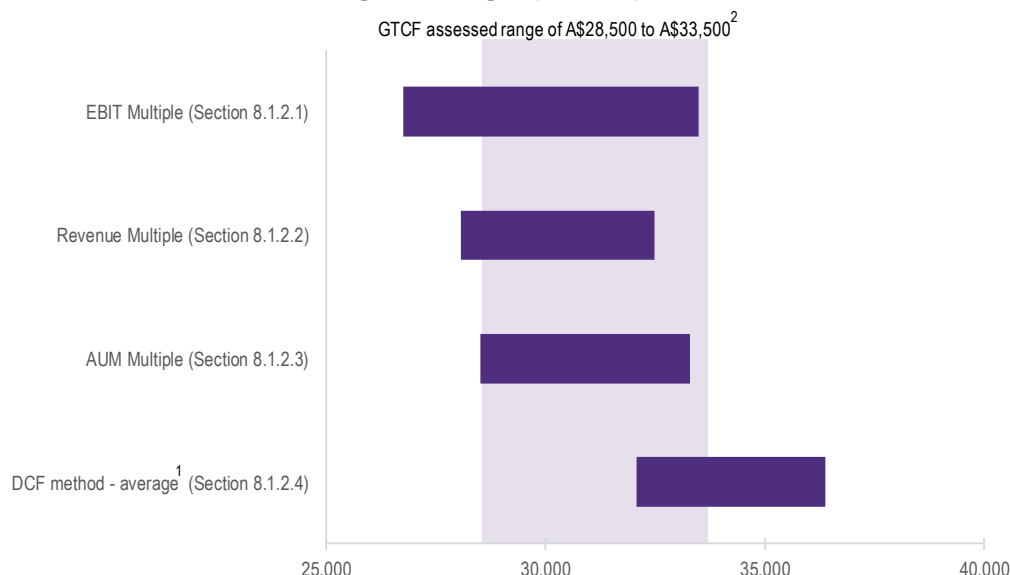
Valuation summary - Funds Management Business		Reference	
A\$000 unless stated otherwise	Reference	Low	High
Assessed enterprise value of the Management Right	Section 8.1.2	28,500	33,500
Assessed enterprise value of the debt-advisory business	Section 8.1.3	1,182	1,229
Value of the Funds Management Business		29,682	34,729

Source: GTCF Calculations

8.1.2 Management Right

In our valuation assessment of the Management Right, we have adopted a number of methodologies and we have summarised our assessment in the graph below.

Fair market value of the Management Right (A\$000's)



Note 1: The average is the simple average of two scenarios – As-is scenario and Moderate Growth scenario. Refer to section 8.1.2.4 for details.

Note 2: Based on the median of all methodologies

8.1.2.1 Valuation of the Management Rights – EBIT Multiple

The following table summarises the valuation of the Management Right using the EBIT Multiple method.

Valuation summary of Management Right - EBIT Multiple			
A\$000 unless stated otherwise	Reference	Low	High
Assessed maintainable EBIT	Note 1	3,100	3,500
Assessed EBIT multiple (times)	Note 2	8.0x	9.0x
Value of the Management Right		24,800	31,500
Capital works fee - Berrinba, Progress Road, Archerfield, Acacia and Morningside ^(#)		1,966	1,983
Enterprise value of the Management Right		26,766	33,483

Source: GTCF Calculations

Note # – Based on the post-tax net present value of the capital works fees on committed projects not included in the maintainable EBIT.

Note 1 - Maintainable EBIT

In applying this method, we have estimated the EBIT that GCM will be able to generate under a steady state of operations. Based on discussions with Management and a review of the available information, a significant component of the cost structure is in place to pursue future growth opportunities and to continue to increase the AUM. In addition, the revenue generated by the management of GDF's assets includes some non-recurring revenue that would not be generated under a steady state scenario.

To determine a maintainable EBIT, we have considered the following:

- **Steady-state AUM** – We have calculated a steady state AUM on a pro-forma basis at A\$475.5 million to capture in our calculation the recent asset acquisitions/disposals and the market value of the assets expected to be completed in FY20 and FY21 as set out in the table below:

Adjusted assets under management	Section	
A\$000 unless stated otherwise	Reference	
Reported AUM as at 30 June 2019	Section 5.1	362,800
Morningside Property	Section 5.1	41,000
Capital expenditure - Berrinba	Section 8.1.2	6,500
Capital expenditure - Progress Road	Section 8.1.2	22,000
Capital expenditure - Acacia Ridge	Section 8.1.2	27,000
Morningside Property Capex	Section 8.1.2	4,200
Portfolio re-investment capital expenditure - FY20 and FY21	Section 8.1.2.4	12,000
Adjusted Assets under Management		475,500

Source: GTCF Calculations, GCM Investor Presentation, Scheme Booklet

- **Responsible Entity fees** – We have calculated the responsible entity fees as 0.65% of the pro-forma AUM of A\$475.5 million.
- **Property management fees** – The property management fee is calculated as 3% of the gross rental income expected to be derived by the current portfolio after leasing the properties at Progress Road, Berrinba, Acacia Ridge, Archerfield and Morningside.
- **Facility management fees** – estimated based on the historical percentage of AUM (circa 0.1%) and applied to the steady-state AUM of A\$475.5 million.
- **Recovery of expenses** – These have been estimated based on the historical average over FY18 and FY19, since the recovery of expenses are a cost recharge and unlikely to change significantly for marginal changes in the AUM.
- **Lease management fees and capital works fees** – Under a steady state scenario, GCM will still be required to renegotiate lease agreements from time to time and incur maintenance capital works on the existing properties. Ongoing maintenance capital works have been assumed to be between c. A\$7 million and c. A\$9.5 million per annum based on the historical average capital expenditure as a proportion of the average AUM and after taking into account that several of the properties have been either recently refurbished or redeveloped. Based on the FY19 GCM investor presentation, the capital expenditure for FY20 is expected to be c. A\$7 million.

Similarly, even under a steady state scenario, lease management fees will be received on renegotiation of existing leases in the future. Ongoing lease management fees have been assumed to be c. A\$0.45 million which is based on the historical average leasing fees as a proportion of the average AUM and also takes into account the potential lease management fees that could be generated from the leasing of newly acquired or redeveloped properties at Progress Road, Berrinba, Acacia Ridge, Archerfield and Morningside.

- **Non-recurring revenue** – We have assumed that sub-underwriting fees, property sale commissions and sundry income will not be generated under a steady-state scenario and accordingly, we have excluded them from the calculations.
- **Finance trail fee and procurement fees** – We have excluded the trail fees and procurement fees which are part of the debt advisory business as well as the related staff costs and overheads given that we have valued the debt advisory business separately. Refer to section 8.1.3 for details.

Based on discussions with Management, a review of the detailed breakdown of the existing cost structure and our experience, we have assessed the cost structure for the steady-state business which implies cost savings of circa \$0.8 million compared with the cost structure in FY19. These cost savings mainly refer to costs that are unlikely to be incurred if the entity operated as a private enterprise and after adjusting staff costs for growing the business. In addition to the above, we have also excluded the costs associated with operating the debt advisory business of circa \$0.6 million given we have valued it separately.

After considering the above adjustments, we have assessed the maintainable EBIT between A\$3.1 million and A\$3.5 million as set out below.

Assessment of maintainable EBIT		
A\$000 unless otherwise stated	Low	High
Total maintainable revenue	5,818	6,148
FY19 staff costs	(3,227)	(3,227)
FY19 other overheads	(859)	(859)
FY19 depreciation and amortisation	(33)	(33)
Savings in staff costs		
Debt funds business staff costs and overheads - assessed separately	617	617
Savings in operating costs under the steady-state assumption	829	829
Maintainable operating expenses	(2,673)	(2,673)
Maintainable EBIT - GCM	3,145	3,475
Rounded Maintainable EBIT	3,100	3,500

Source: GTCF Calculations

Note 2 - EBIT multiple

The selection of an appropriate EBIT multiple to apply is a matter of professional judgement and involves consideration of a number of factors including the stability and quality of earnings, the nature of the business, the financial structure of the company and gearing levels, future prospects of the business, and the cyclical nature of the industry.

The following are the EBIT multiples in recent transactions involving the acquisition of funds management platforms including EBIT multiples adopted by independent experts for those transactions where the value of the management rights was captured as part of a broader transaction also involving A-REITs.



Summary of recent transactions and Internalisation Transactions							
Date	Target	Acquirer	EV (\$m)	AUM (\$m)	EV/AUM (%)	EBIT multiple	EBIT / AUM
Tier 1: Internalisation Transactions							
Aug-18	Aventus Capital Limited	Aventus Retail Property Fund	143	2,000	7.2%	8.6x	0.8%
Nov-14	Arena Investment Management	Arena REIT	12	411	2.8%	10.5x	0.3%
Dec-13	Commwealth Investment Management	CFS Retail Property Trust	460	13,900	3.3%	9.5x	0.3%
Oct-13	GDI	GDI Property Group	32	742	4.3%	5.7x	0.8%
Jul-13	Kiwi Income Property Pty Ltd	Kiwi Income Property Trust	62	1,809	3.5%	6.6x	0.5%
Aug-11	Centro Services Business	Centro Retail Group	251	6,975	3.6%	6.2x	0.6%
Aug-11	Centro Services Business	Centro Retail Group	251	6,975	3.6%	3.6x	1.0%
Average					4.0%	7.2x	0.6%
Median					3.6%	6.6x	0.6%
Tier 2: Other management platform transactions							
May-19	Heathley Limited	Centuria Capital Group	32	620	5.1%	10.0x	0.5%
Nov-18	Heathley Limited	Dexus Property Group	40	528	7.5%	NA	NA
Nov-18	Propertylink Limited	ESR Real Estate	39	1,028	4.7%	NM	NM
Aug-18	Folkestone Management Platform	Charter Hall Group	57	1,555	3.7%	8.2x	0.5%
May-17	Armada Funds Management	Moelis Australia	31	800	3.8%	6.5x	0.6%
Nov-16	360 Capital Management Platform	Centuria Capital Group	92	1,396	6.6%	10.1x	0.7%
Average					5.2%	8.7x	0.6%
Median					4.9%	9.1x	0.6%

Source: Company annual reports and other publicly available information

NA = Not available; NM = Not meaningful

Note 1: The EBIT multiple for the GDI internalisation transaction has been calculated based on the average EBIT for the past three years

Refer to the Appendices for additional transaction evidence and multiples of listed comparable companies, which we have considered but not relied upon for the purpose of our analysis.

The large basket of transactions included in the table above is due to consolidation trends in the market wherein asset managers are internalised owing to perceived conflicts of interest and large variable expenses such as performance fees. Further, some of the institutional investors are unable to invest in stand-alone fund management entities and therefore tend to prefer internalised fund management functions in order to gain exposure to these businesses.

In our opinion, the transactions involving internalisation of the asset managers (with the exception of Centro Business Services Limited⁶⁴) are considered more comparable (collectively, "Internalisation Transactions") and accordingly, we have placed greater reliance on them. However some of them occurred several years ago and generally the multiples realised in recent transactions have been greater than the multiples observed historically given the compression yield that has occurred in the market in recent years. We have therefore also considered transactions that are not internalisations ("Other Management Platform Transactions") that occurred over the past 6 to 12 months to take into account more recent market conditions.

The transaction multiples are impacted by several factors which can be broadly classified into three categories:

⁶⁴ Centro Business Services Limited was in a state of financial distress at the time of its internalisation and we have therefore placed limited reliance on this transaction.



- Level of entrenchment such as tenure of the management agreement, the mechanism of appointing an alternative responsible entity and the ability of the responsible entity and its associates to control resolutions of unit holders. Higher levels of entrenchment tend to make the removal of the fund manager more difficult, which may result in larger multiples being realised.
- Transaction metrics such as size of AUM, EBIT as a % of the AUM. All else equal, a larger AUM and larger EBIT as a % of AUM will result in higher transaction multiples. The EBIT as a % of AUM is the operating profit per dollar embedded in the existing assets under management and it is largely dependent on the fee structure under the IMA and the efficient operations of the manager.
- Other qualitative factors such as the reputation of management team, historical returns generated and depth of services.

In relation to GCM's IMA, whilst unitholders may seek to remove GCM as manager by passing an ordinary resolution, we consider the level of entrenchment of GCM as manager of GDF to be high due to the following:

- GCM holds a 11.8% interest in GDF after the Capital Raising and HGT Investments Pty Ltd holds c. 14.8%⁶⁵ interest in GDF and circa 11.7%⁶⁶ in GCM and accordingly the latter is unlikely to support a resolution of the unitholders of GDF to remove the manager as this would materially adversely affect the value of its shareholding in GCM.
- The IMA between GCM and GDF does not have an expiry date.
- The manager could be removed for performance related issues, however, based on the quality and experience of the management team and the current performance to date, a removal of the manager for underperformance seems unlikely and speculative at this point in time.
- If the current manager is removed, the unitholders may face significant risks in relation to losing the critical knowledge of the assets and IP embedded in the existing management team.
- In the case of a takeover or merger of GDF, the existing cross shareholdings may be able to ensure that the change of control of GDF will occur without material adverse effect for GCM. However, we note that there could still be circumstances that a potential purchaser acquires 50% or more of the issued capital of GCM and it is able to remove the manager.

We have briefly discussed the Internalisation Transactions and the level of entrenchment in these transactions below.

- *Aventus Internalisation* - Aventus Capital Limited ("Aventus") managed 20 Large Format Retail Centres ("LFR") with AUM of c. A\$2 billion on behalf of the Aventus Retail Property Fund ("AVN"). A proposal to internalise Aventus was effected in August 2018 ("Aventus Internalisation") and the

⁶⁵ Based on the FY19 GDF Annual Report.

⁶⁶ Based on the FY19 GCM Annual Report.

transaction was completed at an EBIT multiple of c. 8.6 times⁶⁷. In respect of the level of entrenchment, we note the following:

- Avenutus' IMA was for an initial period of 10 years and automatically renewed for subsequent five years. However, we note that the change of control of Aventus represented a termination trigger under the IMA which accordingly made the management right less marketable. In order words, without AVN agreeing to a change of control of Aventus, the value of the manager for a pool of potential purchasers would have been limited to the skill-set of the management team, the existing relationships with investors and policies and procedures in place. The IMA also included a termination payment such that upon termination of the IMA, Aventus was entitled to receive an amount equivalent to the total fees billed in the 12 months leading up to termination. Per the actual FY18 and forecast FY19 financial performance, Aventus generated total fees of circa A\$30 million.
- The replacement of the manager was subject to the approval of AVN securityholders, however we note that Aventus and its shareholders collectively held a combined 29.4% interest in AVN which would make the replacement of the manager difficult to implement.
- *Arena Internalisation* – Arena REIT held a property portfolio of childcare centres with an aggregated carrying value of A\$411 million and was externally managed by Arena Investment Management Limited ("AIML") before its internalisation in November 2014 ("Arena Internalisation"). The total consideration for the transaction was c. A\$11.5 million comprising the value of the management rights (c. A\$10.7 million) and working capital adjustments (\$0.8 million). In respect of the level of entrenchment, we note the following:
 - Prior to the Arena Internalisation, AIML was a subsidiary that was owned and controlled by the investment platform sponsored and managed by Morgan Stanley Real Estate Investing ("MSREI"). It was solely responsible for appointing the board members of AIML and existing unitholders of Arena REIT had no ability to nominate, appoint or remove board members. AIML's role as responsible entity of the Arena REIT was governed by the provisions of the Corporations Act 2001 (Cth) relating to the retirement and removal of responsible entities for listed managed investment schemes, implying that AIML effectively had an indefinite tenure unless it retired or was removed. Further, disposal and performance fees of c. up to \$7.5 million⁶⁸ would have been payable to AIML had the Arena REIT been merged or dissolved.
 - The responsible entity's removal or retirement could be effected by an ordinary resolution of security holders of the Arena REIT trust. MSREI, through various other related funds, was the largest shareholder holding 12.74% interest in the Arena REIT and the balance were held by various other shareholders. In our opinion, this level of entrenchment is not dissimilar to the observed level of entrenchment in the Internalisation.
- *CFS Internalisation* – In December 2013, CFS Retail Property Trust ("CFS Trust") undertook an internalisation ("CFS Internalisation") through the acquisition of Commonwealth Managed Investment

⁶⁷ Calculated as the transaction value of \$143.1 million divided by the FY19 forecast EBIT of c. \$16.6 million (after normalisation). The transaction value excludes the net tangible assets of Aventus Property Group. Using an EBIT (before normalisation) of \$15.3 million, the implied multiple is c. 9.3 times.

⁶⁸ Based on the Independent Expert's Report published in relation to the Arena Internalisation.



Limited ("CIML"), a wholly-owned subsidiary of Commonwealth Bank of Australia ("CBA"), which was the responsible entity of CFS Trust. In relation to the level of entrenchment, we note the following:

- The IMA between CFS Trust and CIML had an indefinite tenure until CIML chose to retire or is removed through an ordinary resolution of security holders. Similarly, there was a separate property management and development agreement that also had an indefinite tenure and this agreement would have continued independently of the status of the investment management agreement.
- The substantial unitholders of the CFS Trust included the Gandel Group (26.74%), CBA (14.6%) and UniSuper Ltd (8.81%). The Gandel Group had stated its intention of voting in favour of the CFS Internalisation.

Therefore, whilst the removal of the responsible entity was possible through an ordinary resolution, it had other implications for the continuity of the CFS Trust. This, together with the fact that the largest shareholder would vote in favour of the CFS Internalisation, suggests that the level of entrenchment was high, making the removal of the manager difficult. Further, the level of entrenchment in the Internalisation can therefore be considered comparable to the level of entrenchment observed in the CFS Internalisation.

- *GDI Internalisation* – In October 2013, GDI Property Group ("GDI") undertook an internalisation ("GDI Internalisation") through the acquisition of the responsible entity controlled by Mr. Gillard Vale. In relation to the GDI Internalisation, we note that GDI operated multiple trusts which were close-ended trusts with a life-span of 5 to 7 years. The IMA's were therefore in force until termination. If the responsible entity was removed, it would have triggered the payment of a termination fee equal to the net present value of all future fees payable to GDI under the IMA. The payment of termination fee was likely to act as a deterrent in removing the responsible entity.
- *KIPT Internalisation* – In July 2013, Kiwi Income Property Trust ("Kiwi Trust") undertook an internalisation ("KIPT Internalisation") through the acquisition of the responsible entity for the Kiwi Trust, Kiwi Income Property Limited ("KIPL"). KIPL was a wholly-owned subsidiary of Commonwealth Bank of Australia ("CBA") and its associated entities. In relation to the level of entrenchment, we note the following:
 - The IMA did not have a defined tenure. However, a removal of the Manager effected through the provisions stated above would result in an additional fee of c. 0.85% of the Gross Value of the Kiwi Trust (in addition to all fees accrued prior to the date of termination and 10% of the aggregate amount of any performance fee excesses available). The termination fee was likely to act as a deterrent in the removal of the responsible entity.
 - The Property Management deeds had defined terms of 5 years and were expected to expire in 2016 and 2017 but were automatically renewed unless the property manager is in material breach of its obligations.
 - The substantial unitholders of the Kiwi Trust included CBA and its associates (9.1%) and three other unitholders that collectively owned 22.7% of the Kiwi Trust.

Having regard to the above, we are of the opinion that the level of entrenchment in all the Internalisation Transactions is high and similar to the Internalisation.

We have also considered the transaction metrics such as size of AUM and EBIT as a % of AUM, which are set out in the table below:

Transaction metrics in the Internalisation Transactions					
A\$million unless stated otherwise	Aventus	Arena	CFS	GDI	KIPT
Transaction value	143.1	11.5	460	32.2	62.4
Transaction year	2018	2014	2013	2013	2013
EBIT	16.6	1.1	48.5	5.7	9.5
EBIT multiple (F = Forward; H = Historical) (times)	8.6x (F)	10.5x (F)	9.5x (F)	5.7x (H)	6.6x (H)
Assets under management	2,000	411	13,900	742	1,809
EBIT as a % of AUM (%)	0.83%	0.27%	0.35%	0.77%	0.52%

Source: GTCF Calculations

In relation to the above, metrics we note that

- GCM's FY19 EBIT as a % of AUM (0.9%⁶⁹) is greater than all the Internalisation Transactions, suggesting that the fees which it is able to extract from the same level of AUM is materially higher and therefore relatively more valuable. In our opinion, this is driven by the more active style of management of GCM and the fact that it is still building scale on its management platform and accordingly the frequency of the transactions is higher which triggers capital works fees and other non-recurring incomes.

However, GCM has a lower adjusted AUM (c. A\$456.3 million) relative to the transactions noted above, with the exception of the Arena Internalisation. Further the FY19 EBIT of A\$3.3 million⁷⁰ is also lower than most of the Internalisation Transactions, with the exception of the Arena Internalisation.

- The GDI Internalisation occurred at an EBIT multiple materially lower than the other internalisation. The GDI business model was premised on receiving large one-off transactions fees (capital raising and due diligence fees) in conjunction with the set-up of new trusts which accordingly is considered materially different from the GCM business model. The higher risk transactional income of GDI is reflected in the lower EBIT multiple.
- In respect of the KIPT Internalisation, the assessed EBIT multiple of the KIPT Internalisation includes a performance fee payment of c. A\$2.6⁷¹ million which was paid for the 12-month period ended 31 March 2013. Excluding the performance fee payment, the transaction multiple would be c. 9 times. The performance fee paid for the year-ended 31 March 2013 represented the first performance fee payment and prior to this no performance fee had been paid since 2007.
- Similar to the KIPT Internalisation, the CFS Internalisation included a performance fee payment of c. A\$10.2 million which has been included in the EBIT assessment above. However, we are of the

⁶⁹ Calculated as EBIT of A\$5.3 million less distribution income of c. A\$2 million divided by closing AUM of A\$362.8 million.

⁷⁰ Ibid.

⁷¹ Calculated as NZ\$3 million divided by the A\$: NZ\$ exchange rate of 1.1611 at the date of announcement of the transaction.

opinion that this is reasonable since CMIL had generated performance fees of c. A\$10 million in each of the previous four⁷² years.

Whilst we have not relied on the Other Management Platform transactions for determining the appropriate EBIT multiple, we have considered the transaction multiples or multiples adopted by independent experts as part of their valuation assessments and note that they are closely aligned with the multiples realised in the Internalisation Transactions.

Based on the above, we have selected an EBIT multiple between 8 times and 9 times. In relation to our selected multiple range, we note that:

- We have specifically had regard to the Aventus Internalisation (8.6 times), Arena Internalisation (10.5 times) and CFS Internalisation (9.5 times) and the KIPT Internalisation (6.6 times).
- Whilst the AUM of GCM are at the low-end of the Internalisation Transactions, the EBIT as % of AUM is at the top-end of the peers group.
- In spite of its small size, GCM has generated historical total equity returns between 17% and 43%. This is not inconsistent with some of the larger fund managers.

8.1.2.2 Valuation of the Management Rights – Revenue Multiple

The following is the value of the Management Right using the Revenue Multiple

Valuation summary of Management Right - Revenue Multiple A\$000 unless stated otherwise	Section Reference	Low	High
Assessed maintainable Revenue	Note 1	5,800	6,100
Assessed Revenue multiple (times)	Note 2	4.5x	5.0x
Value of the Management Right		26,100	30,500
Capital works fee - Berrinba, Progress Road, Archerfield, Acacia and Morningside ^(#)	Note 3	1,966	1,983
Enterprise value of the Management Right		28,066	32,483

Source: GTCF Calculations

Note # – Based on the post-tax net present value of the capital works fees on committed projects not included in the maintainable revenue.

Note 1 - Maintainable Revenue

Based on our discussions in section 8.1.2.1, we have assessed the maintainable revenue under a steady state scenario between circa \$5.8 million and \$6.1 million.

Note 2 – Revenue multiple

The following table sets out the revenue multiples implied in recent transactions.

⁷² Based on information included in the scheme booklet as part of the transaction documents.



Summary of recent transactions and Internalisation Transactions						
Date	Target	Acquirer	EV (\$m)	AUM (\$m)	Revenue	EV/Revenue
Tier 1: Internalisation Transactions						
Aug-18	Aventus Capital Limited	Aventus Retail Property Fund	143	2,000	32	4.5x
Nov-14	Arena Investment Management	Arena REIT	12	411	3	3.4x
Dec-13	Commwealth Investment Management	CFS Retail Property Trust	460	13,900	137	3.4x
Oct-13	GDI ¹	GDI Property Group	32	742	10	3.3x
Jul-13	Kiwi Income Property Pty Ltd	Kiwi Income Property Trust	62	1,809	22	2.8x
Aug-11	Centro Services Business	Centro Retail Group	251	6,975	35	7.1x
Aug-11	Centro Services Business	Centro Retail Group	251	6,975	27	9.3x
Average						4.8x
Median						3.4x
Tier 2: Other management platform transactions						
May-19	Heathley Limited	Centuria Capital Group	32	620	NA	NA
Nov-18	Heathley Limited	Dexus Property Group	40	528	NA	NA
Nov-18	Propertylink Limited	ESR Real Estate	39	1,028	9	4.3x
Aug-18	Folkestone Management Platform	Charter Hall Group	57	1,555	14	4.2x
May-17	Armada Funds Management	Moelis Australia	31	800	NA	NA
Nov-16	360 Capital Management Platform	Centuria Capital Group	92	1,396	10	9.1x
Average						5.8x
Median						4.3x

Source: Company annual report and other publicly available information, GTCF analysis

Note 1: The revenue for GDI is calculated as the simple average of the revenue over the last three years (FY11 to FY13)

We have adopted a revenue multiple of 4.5 times to 5 times having regard to the factors considered in the previous section and in particular the following:

- Aventus Internalisation which occurred at 4.5 times.
- Whilst the AUM of GCM is at the low-end of the Internalisation Transactions, the EBIT as % of AUM is at the top-end of the peers group which indicates an ability of GCM to realise greater returns from the same \$AUM managed than the peers.
- In spite of its small size, GCM has generated historical total equity returns between 17% and 43%. This is not inconsistent with some of the larger fund managers.

Note 3 - Capital expenditure on Berrinba, Progress Road, Acacia Ridge and Morningside

As set out in section 8.1.2.1, we have assessed the capital works fee in respect of these properties in the valuation assessment.

8.1.2.3 Valuation of the Management Rights – AUM Multiple

The following table sets out our valuation assessment using the AUM Multiple.



Valuation summary - AUM Multiple	Section		
A\$000 unless stated otherwise	Reference	Low	High
Steady state AUM	Note 1	475,500	475,500
AUM multiple (%)	Note 2	6.0%	7.0%
Enterprise value of the Management Right		28,530	33,285

Source: GTCF Calculations

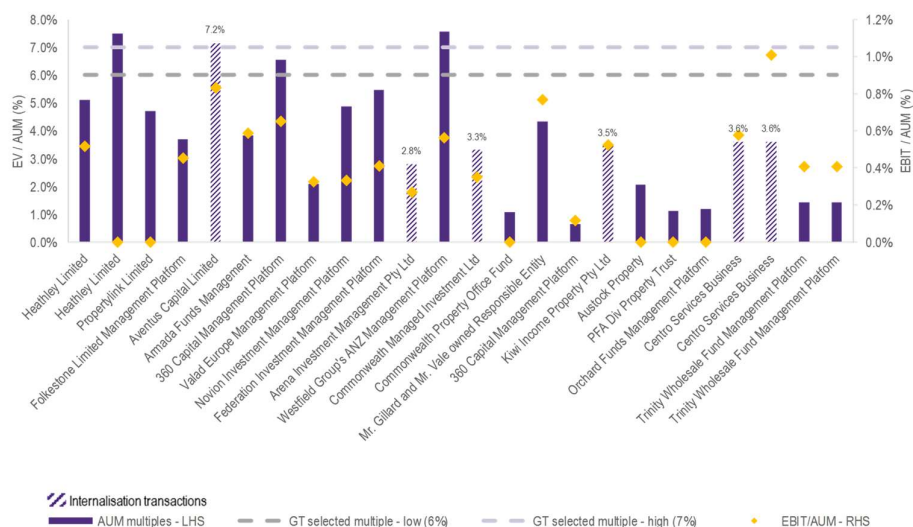
Note 1 - Adjusted assets under management

The steady state AUM is based on the discussions included earlier in section 8.1.2.1.

Note 2 - AUM multiple

We have set out below the AUM multiples observed in recent transaction.

AUM multiples and EBIT / AUM (%) in recent transactions



Source: GTCF Calculations

We have selected an AUM multiple between 6% and 7% given that:

- The FY19 EBIT as a % of AUM of 0.9% is significantly higher than the multiples observed in recent transactions. The EBIT as a % of AUM in the Aventus Internalisation (0.8%), Arena Internalisation (0.3%), CFS Internalisation (0.5%) and KIPT Internalisation (0.6%) are lower than FY19 EBIT as a % of AUM of GCM (0.9%). All else equal, the AUM multiple that would be expected to be realised in the Internalisation will therefore be higher.
- The AUM multiple selected in our assessment is broadly comparable to the Aventus Internalisation (7.16%) albeit at the high end.
- Despite its small assets under management relative to the comparable transactions, GCM's active asset creation strategy together with strong level of fee income is likely to result in a relatively higher multiple.



- The level of entrenchment between GCM and GDF can be considered similar to the comparable transactions.
- As stated earlier, the returns generated by GCM are comparable to the returns being generated by the companies subject to the comparable transactions.

8.1.2.4 Discounted cash flow for the valuation of the Management Right

For the purpose of our valuation assessment of the Management Right utilising the DCF method, Grant Thornton Corporate Finance developed the GT Model based on a critical review and consideration of the following:

- Historical financial performance of the Funds Management Business.
- Management projections for FY20 to FY21 included in the financial model provided by Management ("Internal Model") which is based on a bottom up approach based on the existing properties under management or being developed. We note that Grant Thornton has extended the Internal Model in order to normalise the financial performance of GCM under a steady state assumption.
- Market updates from various investment analysts who cover the property funds management industry and key comparable companies.
- Key industry risks, growth prospects and general economic outlook.

Whilst Grant Thornton Corporate Finance believes that the assumptions underlying the GT Model are reasonable and appropriate to be adopted for the purpose of our valuation, we have not disclosed them in our IER as they contain commercially sensitive information and they do not meet the requirements for presentation of prospective financial information as set out in ASIC Regulatory Guide 170 "*Prospective Financial Information*".

In accordance with the requirement of RG 111, we have undertaken a critical analysis of the Internal Model before integrating it into the GT Model and relying on it for the purpose of our valuation assessment. Specifically, we have performed the following analysis:

- Conducted high level checks, including limited procedures in relation to the mathematical accuracy of the Internal Model.
- Performed a broad review, critical analysis and benchmarking with the historical performance of GCM and current trends in the industry.
- Held discussions and interviews with Management of the Company to discuss the Internal Model and the key underlying assumptions.

The assumptions adopted by Grant Thornton Corporate Finance do not represent projections by Grant Thornton Corporate Finance but are intended to reflect the assumptions that could reasonably be adopted by industry participants in their pricing of similar businesses. We note that the assumptions are inherently subject to considerable uncertainty and there is significant scope for differences of opinion. It should be noted that the value of GCM could vary materially based on changes to certain key assumptions.

In our assessment of GCM based on the DCF, we have considered two scenarios which could reasonably be adopted by market participants in their pricing of the Company:

- *As-is Scenario* – where we have assumed that the existing AUM will grow in line with the market and completion of already committed development projects.
- *Moderate Growth Scenario* – where we have assumed that in FY21 the Company will further expand the AUM by A\$100 million.

We have set out below the key assumptions adopted under the As-Is Scenario:

- AUM increases from A\$362.8 million as at 30 June 2019 to A\$455 million⁷³ as at 30 June 2020 after taking into account the recent acquisition of Morningside, planned capital expenditure and growth in existing AUM.
- Normalised on-going level of capital works on the existing properties.
- We have excluded the revenue and costs attached to the debt management business as we have valued it separately.
- Given this is an As-is scenario with minimal/no growth, we have revised the current cost structure to more closely align it to the steady state nature of the operations.
- The average EBIT margins during the five-year forecast period is c. 54%, which is higher than the reported FY19 EBIT margin of c. 46%⁷⁴. The FY19 EBIT margins are impacted by non-recurring costs in relation to the Internalisation and certain staff costs which have been incurred for growing the business. These staff costs are not expected to be incurred going forward under an As-is scenario.
- We have assessed our discount rate to be in the range of 9.5% to 10.5%. Refer to the Appendices for a detailed assessment of the discount rate.
- Terminal value - We have calculated the terminal value into perpetuity based on the Gordon growth formula by adopting a terminal growth rate of 2.5%. Refer to our discussion in section 8.1.2.1 for the level of entrenchment of the manager.

Under the Moderate Growth Scenario, we have adopted all the assumptions under the As-Is Scenario with the only difference being that we have assumed additional AUM of c. A\$100 million in FY21 to take into account some of the growth potential of the business and the historical growth achieved by the current management team. We note that this assumption is not unreasonable given the historical growth in AUM over the last three years (albeit from a lower base) and the FY20 forecast AUM growth. We are also of the opinion that it is not unreasonable to include this additional A\$100 million of AUM from properties yet to be identified given that GDF has a number of potential development opportunities in its portfolio as outlined below:

⁷³ We note that the AUM is different from the AUM in section 8.1.2.3 due to FY21 capital expenditure on the project portfolio and other valuation uplift at completion of the capital expenditure.

⁷⁴ Calculated as c. A\$3.3 million of EBIT divided by revenue from Funds Management activities of c. A\$7.1 million.

- 436 Elgar Road, Box Hill has both commercial and residential redevelopment potential.
- 26-30 Grafton Street Cairns, which is a block of land attached to a 12 level office building (9-19 Lake Street) which provides an opportunity for either a residential or more likely future commercial development.

We have set out below a summary of our DCF approach under the two scenarios.

Value of the Management Right using Income-based methodology		
A\$000 unless stated otherwise	Low	High
Value of the Management Right - As-is	29,591	33,595
Value of the Management Right - Moderate Growth	34,574	39,160
Value of the Management Right under the DCF - Average	32,083	36,377

Source: GTCF Calculations

The enterprise value under the DCF Method has been estimated as the average under of the two scenarios. We are of the opinion that this is a reasonable approach due to the following:

- We are of the opinion that it strikes the right balance of the value that could be attributed to the ability of GCM to create new opportunities by a pool of potential purchasers. We are of the opinion that a pool of potential purchasers will attribute some value to the Company over and above the net present value of the future cash flows from the existing projects, however if the value expectations of the shareholders are too high, it may be easier and more cost effective for a purchaser to replicate the development platform.
- The ability of GCM to create new investment opportunities for GDF is subject to the supply and demand dynamic of the property market and availability of funding.
- The outcome of the DCF Method is supported by the various other valuation methodologies adopted.

8.1.3 Debt advisory business

The debt advisory business comprises two revenue streams:

- **Trail fees** – The trail fees comprises commissions received when GCM acts as intermediary to arrange loans on behalf of other developers. The trail fees were acquired as part of the acquisition of GARDA Finance in September 2014. Since then, only two additional loans comprising c. 10% of the trail fees received during FY19 have been generated. All the trail fees are expected to expire by FY21.
- **Procurement fee** – These fees comprise line fees, facility fees and establishment fees that are received upfront in relation to debt advanced or arranged by GCM.

We have set out below the key assumptions adopted in the valuation assessment of the Debt advisory business:

- **Revenue** – Estimated in line with the revenue achieved in FY19 which we consider reasonable based on the historical financial performance of the business and the historical low growth rate.

- **Cost base** – Estimated in the forecast in line with the actual costs achieved in FY19 but normalised to eliminate cost incurred in the relation to the expanding the business given the steady-state assumption adopted for the revenue.
- **Tax** – Assumed at the corporate tax rate of 30%.
- **Terminal value** – In the valuation assessment of the debt advisory business, we have not considered a terminal value given the early stage nature of this business, the revenue concentration with a limited number of clients, the key man risk⁷⁵ and the short term nature of the loans.
- **Discount rate** – We have adopted a higher discount rate of 13% to 15% to take into account the small size and the early stage status of the business.

For the avoidance of doubt, we note that the carrying value of the loans on the balance sheet as at 30 June 2019 has been separately considered as part of the NTA assessment in section 8.1.5.

Based on the above, we have assessed the value of the debt advisory business to be in the range of A\$1.1 million to A\$1.2 million.

8.1.4 Investment in GDF

As at the date of this Report, GCM owns 21.9 million securities in GDF equivalent to 11.8%⁷⁶ of the issued capital. We have assessed the value per unit of GDF between A\$1.40 and A\$1.47. A summary of our calculations is outlined below.

Valuation of GCM's interest in GDF A\$000 unless otherwise stated	Section Reference	Low	High
Assessed value per GDF Units (A\$/GDF Unit)	Section 9	1.40	1.47
Number of GDF units held by GCM	Section 4.2.2	21,900	21,900
Fair market value of GCM's investment in GDF		30,661	32,200

Source: GTCF Calculations

8.1.5 Other assets and liabilities

The other assets and liabilities not captured in the value of the Funds Management Business or the investment in GDF are summarised below.

⁷⁵ Given the future growth is mainly based on the relationships and skillset of Mr Matthew Madsen which is primarily in property and property finance which included acting as a finance intermediary focused on larger construction and property investment funding.

⁷⁶ After the Capital Raising.



Pro-forma other assets and liabilities	Section	
A\$000 unless otherwise stated	Reference	
Adjusted cash and cash equivalents as at 31 August 2019	Note 1	4,483
Borrowings	Note 2	(11,970)
Other assets and liabilities	Note 3	3,288
Assessed net tangible asset / (liability) of GCM		(4,199)

Sources: Company filings, GTCF analysis

Note 1 – Cash and cash equivalents and restricted cash

In our valuation assessment, we have adopted the cash balance of c. \$3.3 million as at 31 August 2019 which we have adjusted for the following:

- Reduced for the minimum cash to maintain compliance⁷⁷ with the requirements of the AFSL licence of c. \$2.5 million. We note that whilst the adoption of the net assets method implicitly assumes an orderly realisation (as opposed to a going-concern assumption), the Funds Management Business has been valued using an income-based and a market-based methodology and therefore we consider it appropriate to reduce the operating/restricted cash from the reported net tangible assets as at 30 June 2019.
- Increased for the current value of the limited recourse loan of A\$3.7 million provided to Senior Management for the acquisition of unvested shares under the Employee Security Plan. The limited recourse loan is equivalent to the market price of the security granted at grant date.

Note 2 – Borrowings

The borrowings on the balance sheet comprise the following:

- A\$10 million – Loan advanced by a syndicate of lenders, some of which are related parties or substantial security holders. Interest is payable at 7% per annum and the current expiry date is 15 December 2020. This loan is fully drawn and secured by a registered fixed and floating charge over all the assets of GCM. No financial covenants are imposed.
- A\$2 million – Loan from M3SIT Pty Ltd, as trustee for the M3 Solutions Investment Trust, which is a related party to GCM. The interest is payable at 8 per cent per annum and the current expiry date of the loan is 31 December 2020. This loan is fully drawn and secured by a registered fixed and floating charge over all the assets of GCM. No financial covenants are imposed.

We note that GCM uses the distributions from GDF to service the interest payments.

Note 3 – Other assets and liabilities

The trade and other receivables includes the following:

⁷⁷ The requirements to maintain compliance as a responsible entity are set out in Regulatory Guide 166 and include the requirement to have sufficient cash over the next 12 months, a minimum net tangible asset requirement and other compliance-related requirements.

- Loan to two external parties of c. A\$2.1 million which we have valued in line with the carrying value. These loans are each secured by a first registered mortgage and a general security agreement. Details are provided below:
 - Loan 1⁷⁸ was structured to assist with the acquisition and construction of a 32 lot residential subdivision to the south of Brisbane. The minimum realisable value is c. A\$7.2 million based on a recent independent valuation commissioned by the developer. GCM made available to the borrower A\$5.6 million⁷⁹ loan facility, however only A\$1.8 million were drawn down as at 30 June 2019. The sales of the lots recently realised have been c. A\$15k to A\$30k higher than the independent valuations for each of the lots. GCM obtained performance reports from the borrower and the funds were advanced on a cost-to-complete basis which was based on the certificates provided by consultants and contractors.
 - Loan 2 of c. A\$1.7⁸⁰ million has been advanced to a property trust ("Borrower"). As part of this transaction, GCM (total exposure of c. A\$0.3 million) and another property developer (c. total exposure of A\$1.4 million) ("Co-lender") have collectively advanced the loan to the Borrower. The Co-lender's exposure (principal and interest) ranks ahead of GCM's exposure. However, under the terms of the loan, the Co-lender has a measure of control over the Borrower's operations such as the right to remove and appoint a new trustee.
- Market value of GCM's direct investment in a parcel of residential land in Townsville, Queensland which has been fair valued at A\$1.2 million. The valuation was undertaken using the direct comparison approach by an independent real estate valuer.

8.2 Quoted price of securities

In our assessment of the fair market value of GCM Securities, we have also had regard to the trading price of the listed securities on the ASX.

The adopted value of GCM based on the trading prices is an exercise of professional judgement that takes into consideration the depth of the market for the listed securities, volatility of the market price, and whether or not the trading price are likely to represent the underlying value of GCM.

8.2.1 Liquidity analysis

In accordance with the requirements of RG 111, we have analysed the liquidity of GCM Securities before relying on them for the purpose of our valuation assessment. In particular, we have considered the following:

- The monthly trading volume of GCM Securities over the last one year as a % of shares outstanding and a % of free float and the results of this analysis compared to comparable companies.
- The bid-ask spread between GCM Securities over the last one year.

⁷⁸ We have reviewed the underlying documentation but have not disclosed the information since it is non-public information.

⁷⁹ Out of the loan facility of A\$5.6 million, only A\$1.8 million has been drawn down and is therefore recorded as a debt investment on the balance sheet.

⁸⁰ Given GCM has only advanced A\$0.3 million, the outstanding balance recorded on the balance sheet is c. A\$0.3 million.



We have set out below the monthly trading volume of GCM Securities since April 2018 as a percentage of the total shares outstanding as well as free float securities outstanding⁸¹.

Month end	Volume traded ('000)	Monthly VWAP (\$)	Total value of securities traded (\$'000)	Volume traded as % of free float securities	Cumulative Volume traded as % of free float securities	Volume traded as % of total securities	Cumulative Volume traded as % of total securities
Apr 2018	45	1.1000	50	1.0%	1.0%	0.2%	0.2%
May 2018	107	1.0633	114	2.4%	3.4%	0.4%	0.6%
Jun 2018	76	1.1618	88	1.7%	5.1%	0.3%	0.9%
Jul 2018	151	1.2502	189	3.4%	8.5%	0.6%	1.6%
Aug 2018	272	1.2549	342	6.1%	14.6%	1.1%	2.7%
Sep 2018	35	1.3740	48	0.8%	15.3%	0.1%	2.9%
Oct 2018	22	1.3564	30	0.5%	15.8%	0.1%	2.9%
Nov 2018	12	1.4891	18	0.3%	16.1%	0.1%	3.0%
Dec 2018	-	NA	NA	0.0%	16.1%	0.0%	3.0%
Jan 2019	7	1.5736	12	0.2%	16.3%	0.0%	3.0%
Feb 2019	59	1.5909	93	1.3%	17.6%	0.2%	3.3%
Mar 2019	20	1.6080	33	0.5%	18.0%	0.1%	3.4%
Apr 2019	79	1.6395	130	1.8%	19.8%	0.3%	3.7%
May 2019	12	1.6629	20	0.3%	20.1%	0.0%	3.7%
Jun 2019	25	1.7477	43	0.6%	20.6%	0.1%	3.8%
Jul 2019	76	1.8083	138	1.6%	22.3%	0.3%	4.1%
Aug 2019	85	1.9596	167	1.8%	24.1%	0.3%	4.5%
Min				0.0%		0.0%	
Average				1.4%		0.3%	
Median				1.0%		0.2%	
Max				6.1%		1.1%	

Source: S&P Global

With regard to the above analysis, we note that:

- The level of the free float of GCM Securities is low at circa 18.6%. From April 2018 to August 2019, while approximately 24% of the free float shares were traded with an average monthly volume of 1.4% of the total free float shares, only 4.5% of the total shares were traded at an average monthly volume of 0.3%.
- Generally, GCM Securities have experienced frequent periods with limited trading.
- In the absence of a takeover or alternative transactions, the trading prices represent the value at which minority shareholders could realise their portfolio investment.
- GCM complies with the continuous disclosure regime required by the ASX. As a result, the market is fully informed about the performance of GCM.
- GCM is only covered by one investment analyst.

⁸¹ Free float Shares excludes those owned by Company employees, individual insiders, related parties and other strategic investors.



We have summarised GCM's liquidity level and compared to other listed property fund managers as set out in the table below.

Liquidity analysis			Median volume traded as a % of total shares	Median volume traded as a % of free float shares	Cumulative ² volume traded as a % of total shares	Cumulative ² volume traded as a % of free float shares
Company	Country	Free float (%)				
Garda Capital Group ¹	Australia	18.6%	0.2%	1.0%	4.5%	24.1%
Centuria Capital Group	Australia	69.6%	2.0%	2.9%	44.8%	64.3%
APN Property Group Limited	Australia	44.8%	0.7%	1.5%	20.9%	46.7%
Cromwell Property Group	Australia	88.4%	4.2%	4.7%	72.8%	82.4%
Low		18.6%	0.2%	1.0%	4.5%	24.1%
Average		55.4%	1.8%	2.5%	35.7%	54.4%
Median		57.2%	1.3%	2.2%	32.8%	55.5%
High		88.4%	4.2%	4.7%	72.8%	82.4%

Source: S&P Global

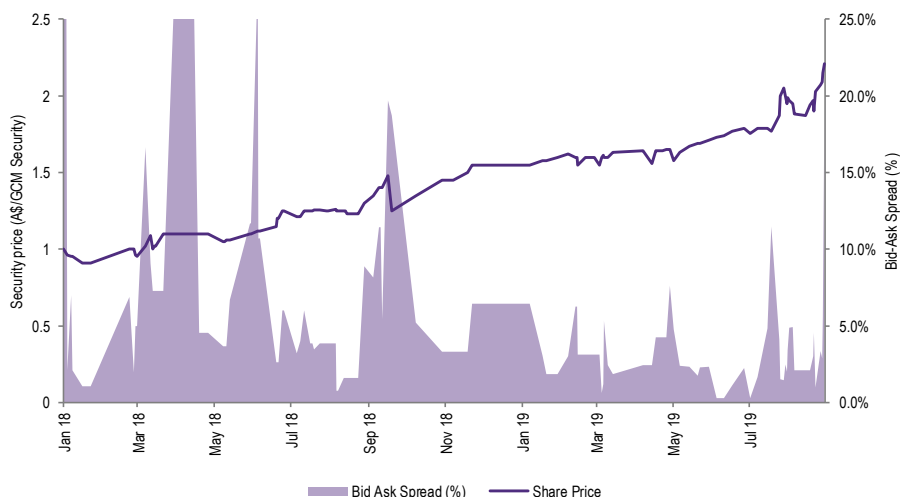
Note: (1) If the unusual traded volume in March 2018 is not included, the cumulative volume traded as a percentage of free float share would reduce to 39.9%.

Note (2): The cumulative volume traded as a % of total shares and free float shares has been calculated for the period between April 2018 and August 2019

As set out in the table above, the free float of GCM Securities is lower than the free float of the comparable companies and the other liquidity metrics of GCM are at the low end of the comparable companies group.

In addition to the above analysis, we have also considered the bid-ask spread implied in GCM Securities trading activity. Typically, if a company's stock is not actively traded, the market observes a difference between the 'bid' and 'ask' price for the stock as there may be a difference in opinion between the buyer and seller on the value of the stock. The analysis of the bid-ask spread related to GCM Securities price is set out below.

GCM: Spread between Bid and Ask Price



Source: S&P Global, GTCF analysis

In relation to the above, the bid-ask spread has been substantial over the past 20 months averaging at 5.2% and in instances greater than 20%. More recently, since February 2019, the bid ask spread has remained below 10%.

Based on the analysis above, we conclude that the level of liquidity in GCM trading price is limited and accordingly, we have placed limited reliance on this valuation methodology. For completeness, we have set out below our valuation assessment based on the VWAP.

8.2.2 Valuation assessment of GCM based on the trading prices

We have set out the volume-weighted average price ("VWAP") as at 18 September 2019

VWAP	Low	High	VWAP
Prior to 18 Sep 2019			
1 day	2.190	2.210	2.197
5 day	2.190	2.210	2.197
10 day	2.190	2.210	2.197
1 month	1.900	2.210	2.001
2 month	1.770	2.210	1.962
3 month	1.755	2.210	1.893
4 month	1.690	2.210	1.874
5 month	1.580	2.210	1.816
6 month	1.545	2.210	1.803
9 month	1.545	2.210	1.754

Source: S&P Global, GTCF analysis

Based on the analysis undertaken above, we have assessed the fair market value of GCM Securities to be in the range of A\$2.0 and A\$2.2 having regard to the various VWAPs in last month before 18 September 2019 which broadly support our valuation assessment.



9 Valuation of GDF

As discussed in section 7, in our valuation assessment of GDF, we have considered the Quoted Security Price Method, the net assets and the recent Capital Raising. The following table sets out the valuation assessment using the two selected methodologies.

Summary of GDF valuation	Section		
A\$/GDF Unit	Reference	Low	High
Adjusted Net Assets Price	Section 9.1	1.41	1.41
Adjusted Share Price	Section 9.2	1.44	1.47
Capital Raising Price	Section 1	1.40	1.40
Grant Thornton assessed valuation range¹		1.40	1.47

Source: GTCF Calculations

Note (1): Grant Thornton's assessed valuation range is determined having regard to the minimum and maximum between the various methodologies

9.1 Adjusted net asset

The following table sets out the financial position as at 30 June 2019 along with the pro-forma adjustments for Acacia Ridge and Archerfield Acquisition⁸², the Morningside Acquisition and the Capital Raising.

Consolidated statement of financial position	Section	30-Jun-19	Pro-forma adj.	30-Jun-19
A\$000 unless stated otherwise	Reference	Audited	Unaudited	Unaudited
Current assets				
Cash and cash equivalents		20,213	(15,417)	4,796
Trade and other receivables		1,441	-	1,441
Total current assets		21,654	(15,417)	6,237
Non-current assets				
Investment properties	Note 1	332,806	72,000	404,806
Other assets		1,874	(1,874)	-
Total non-current assets		334,680	70,126	404,806
Total assets		356,334	54,709	411,043
Current liabilities				
Trades and other payables		4,236	-	4,236
Distribution payable	Note 2	3,565	-	3,565
Borrowings		15,417	(15,417)	-
Total current liabilities		23,218	(15,417)	7,801
Non-current liabilities				
Tenant security deposit		323	-	323
Borrowings	Note 3	112,872	38,070	150,942
Derivative financial instrument	Note 4	2,825	-	2,825
Total non-current liabilities		116,020	38,070	154,090
Total liabilities		139,238	22,653	161,891
Net assets		217,096	32,057	249,153
NTA per GDF Unit		1.37	NA	1.34

Source: Scheme Booklet

⁸² The Acacia Ridge and Archerfield Acquisition have been shown under proforma adjustments since the settlement of these properties was completed after 30 June 2019, which were settled on 5 July 2019.



Note 1 – Investment properties

The value of investment properties is primarily driven by the independent property valuations (“Independent Valuations”) of the underlying properties. We have been provided with copies of the valuation reports and make the following observations:

- The Independent Valuations have been undertaken during the period between 30 April 2019 and 15 June 2019⁸³. All the Independent Valuations have been completed in accordance with the guidelines issued by the Australian Property Institute (“API”).
- The valuations have been completed using multiple methodologies such as a capitalisation method, a discounted cash flow method or a direct sale comparison method.
- The valuations of Botanicca 9 and Berrinba has been completed on an ‘as-if’ complete basis. Botanicca 9 was completed substantially during FY19 and Berrinba is expected to be completed during FY20.
- Morningside is based on a valuation as at 4 September 2019.

Note 2 – Distribution payable

The distribution payable comprises the 2.25 cents of quarterly distribution payable in respect of the September 2019 quarter, which is consistent with the dividends issued in prior quarters. The record date for the distribution has not yet been set and is expected to be paid in October 2019.

Note 3 – Borrowings

The Borrowings comprise the debt which is used to finance the acquisition of the properties by GDF, including Acacia Ridge and Morningside

In relation to the borrowings, we note that:

- The overall level of debt is monitored with respect to the target gearing of 30%-35%. The level of gearing after the Morningside and Acacia Ridge acquisitions and the Capital Raising is c. 36.7%. Management have successfully negotiated the extension of the St George debt facility from 30 June 2019 to 30 September 2020.
- The interest on the debt is serviced through the rental income received from the properties. Whilst there is no pre-leasing at Botanicca 9, as discussed earlier in this report, there is strong tenant interest in the area for office properties. The properties at Progress Road, Wacol and Berrinba remain under construction and are expected to be tenanted following their completion. In relation to the Acacia Ridge and Archerfield acquisition, whilst 89% of the properties are investment assets, two out of the four assets are supported by a rent guarantee whilst the remaining two assets are based on short-term leases, allowing for access to asset improvement strategies.

⁸³ Excludes the valuations of Acacia Ridge, Archerfield and Morningside which have been recorded at the price that was paid to acquire these properties.

Note 4 – Derivative financial instrument

GDF has entered into an interest-rate swap arrangement of c. \$60 million under which it receives variable interest rates and pays fixed interest rates. The contract requires settlement of net receivable or payable each quarter. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Conclusion on the Net assets value

In our opinion, the reported net assets value is conservative and it may not fully reflect the value of GDF due to the following:

- The valuations are between 3 and 6 months old as they were conducted between 30 April 2019 and 15 June 2019. We note that the RBA decreased the cash rate twice in June and July 2019 which, as discussed in the industry overview, has further compressed the yield on real estate valuation and hence increased the value of the real estate assets.
- The outcome of the Federal Election has been beneficial for the property sector.
- The S&P/ASX 200 A-REIT Index has increased by circa 6.7% between the beginning of May 2019 and 19 September 2019.
- In spite of undertaking the valuations recently, the Murarrie Property was sold at 17% above its fair value. All else equal, this suggests that further compression of the capitalisation rate has occurred since the valuations were completed.
- The completion date of the Internalisation is likely to be towards the end of the financial year.

Accordingly, in our valuation assessment based on the net assets, we have increased the net assets per share of A\$1.34/GDF Unit as reported in the 30 June 2019 pro-forma by circa 5% to align to the date of the Internalisation. The adjustment premium of circa 5% is based on the performance of the S&P/ASX 200 A-REIT Index between the beginning of May 2019 and 19 September 2019. The adjusted net assets per share is A\$1.41

9.2 Quoted security price method

In our assessment of the fair market value of GDF Units, we have also had regard to the trading price of the listed securities on the ASX.

9.2.1 Liquidity analysis

In accordance with the requirements of RG 111, we have analysed the liquidity of GDF Units before relying on them for the purpose of our valuation assessment. In particular, we have considered the following:

We have set out below the monthly trading volume of GDF Units since April 2018 as a percentage of the total shares outstanding as well as free float shares outstanding⁸⁴.

⁸⁴ Free float units excludes those owned by Company employees, individual insiders, related parties and other strategic investors.



Month end	Volume traded ('000)	Monthly VWAP (\$)	Total value of units traded (\$'000)	Volume traded as % of free float units	Cumulative Volume traded as % of free float units	Volume traded as % of total units	Cumulative Volume traded as % of total units
Apr 2018	2,570	1.1410	2,932	2.4%	2.4%	1.9%	1.9%
May 2018	1,231	1.1731	1,444	1.1%	3.5%	0.9%	2.7%
Jun 2018	1,035	1.1857	1,228	1.0%	4.5%	0.7%	3.5%
Jul 2018	1,453	1.2356	1,795	1.3%	5.8%	1.0%	4.5%
Aug 2018	1,390	1.2527	1,742	1.3%	7.1%	1.0%	5.5%
Sep 2018	1,465	1.2845	1,881	1.4%	8.4%	1.1%	6.6%
Oct 2018	2,125	1.2490	2,654	2.0%	10.4%	1.5%	8.1%
Nov 2018	1,598	1.2677	2,025	1.3%	11.7%	1.0%	9.2%
Dec 2018	1,135	1.3020	1,477	0.9%	12.6%	0.7%	9.9%
Jan 2019	1,322	1.3184	1,743	1.1%	13.7%	0.8%	10.7%
Feb 2019	1,906	1.3376	2,549	1.5%	15.2%	1.2%	11.9%
Mar 2019	2,709	1.3392	3,628	2.2%	17.4%	1.7%	13.6%
Apr 2019	2,741	1.3805	3,784	2.2%	19.6%	1.7%	15.4%
May 2019	1,268	1.4108	1,789	1.0%	20.6%	0.8%	16.2%
Jun 2019	1,669	1.4137	2,360	1.3%	22.0%	1.1%	17.2%
Jul 2019	1,415	1.4393	2,036	1.1%	23.1%	0.9%	18.1%
Aug 2019	1,060	1.4677	1,556	0.8%	24.0%	0.7%	18.8%
Min				0.83%		0.65%	
Average				1.41%		1.10%	
Median				1.31%		1.03%	
Max				2.37%		1.86%	

Source: S&P Global

With regard to the above analysis, we note that:

- The level of the free float of GDF Units is high at circa 78.32%⁸⁵. From April 2018 to August 2019, approximately 24% of the free float shares were traded with an average monthly volume of 1.41% of the total free float shares, 18.8% of the total shares were traded at an average monthly volume of 1.1%.
- A relatively higher proportion of shares are traded around the reporting season (being March/April and September/October) following the announcement of the half-year and full-year results.
- In the absence of a takeover or alternative transactions, the trading prices represent the value at which minority shareholders could realise their investment.
- GDF complies with the continuous disclosure regime required by the ASX. As a result, the market is fully informed about the performance of GDF.
- GDF is covered by only one investment analyst.

⁸⁵ Sourced from S&P Global



We have summarised GDF's liquidity level and compared to other listed A-REITs as set out in the table below.

Liquidity analysis				Cumulative ² volume traded as a % of total units	Cumulative ² volume traded as a % of free float units
Company	Country	Market cap (A\$)	Free float (%)		
Garda Diversified Property Fund	Australia	239	78.3%	18.8%	24.0%
Industrial A-REITs					
Goodman Group	Australia	25,232	86.1%	88.3%	102.6%
Centuria Industrial REIT	Australia	978	93.0%	42.1%	45.3%
APN Industria REIT	Australia	527	98.3%	30.1%	30.6%
Charter Hall Long WALE REIT	Australia	2,147	98.7%	84.4%	85.6%
Office A-REITs					
Cromwell Property Group	Australia	3,258	88.4%	72.8%	82.4%
Centuria Metropolitan REIT	Australia	1,069	91.3%	46.6%	51.0%
GDI Property Group	Australia	832	87.7%	48.3%	55.0%
Australian Unity Office Fund	Australia	456	83.0%	19.3%	23.3%
Growthpoint Properties Australia	Australia	3,379	98.5%	31.7%	32.2%
DEXUS Property Group	Australia	13,623	99.5%	103.2%	103.7%
Other A-REITs					
Charter Hall Group	Australia	5,380	99.6%	113.7%	114.1%
Charter Hall Education Trust	Australia	1,091	93.3%	46.7%	50.1%
Arena REIT	Australia	842	98.4%	34.3%	34.9%
Low			83.0%	19.3%	23.3%
Average			93.5%	58.6%	62.4%
Median			93.3%	46.7%	51.0%
High			99.6%	113.7%	114.1%

Source: S&P Global

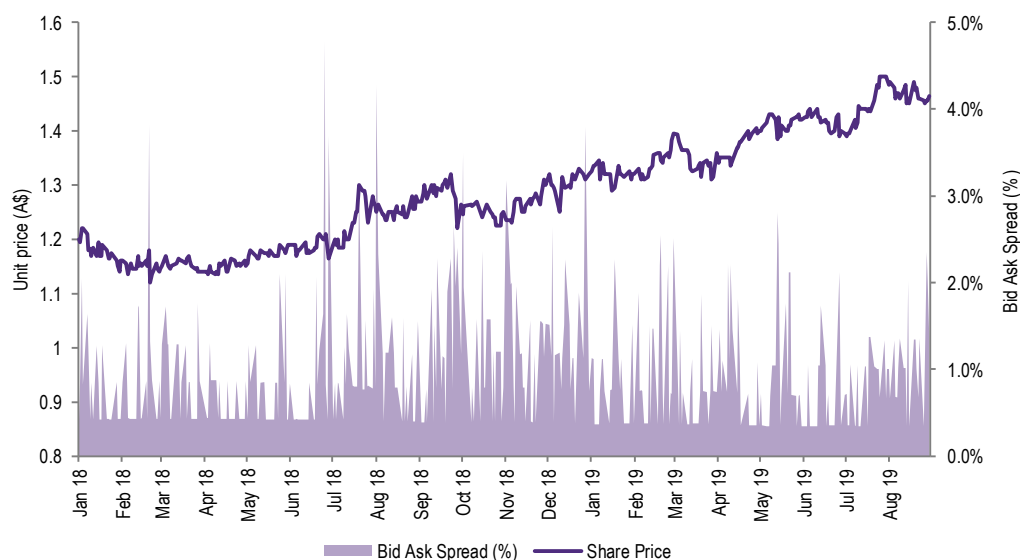
Note (1): The average, low, median and high values do not include the corresponding values of GDF

Note (2): The cumulative traded as a % of total shares and as a % of free float shares has been calculated for the period from April 2018 to August 2019

The metrics reported in respect of GDF are at the lower end of the corresponding metrics relative to the comparable companies.

In addition to the above analysis, we have also considered the bid-ask spread implied in GDF Unit trading activity. Typically, if a company's stock is not actively traded, the market observes a difference between the 'bid' and 'ask' price for the stock as there may be a difference in opinion between the buyer and seller on the value of the stock. The analysis of the bid-ask spread related to GDF Unit price is set out below.

GDF: Spread between Bid and Ask Price



Source: S&P Global, GTCF analysis

Based on the analysis above, we conclude that the level of liquidity in GDF is at the low-end of comparable companies, but it is not unreasonable to rely on the trading prices as valuation methodology.

9.2.2 Valuation assessment of GDF based on the trading prices

We have set out the volume-weighted average price ("VWAP") before 18 September 2019

VWAP - GDF	Low	High	VWAP
Prior to 18 Sep 2019			
1 day	1.470	1.470	1.470
5 day	1.460	1.480	1.471
10 day	1.450	1.485	1.468
1 month	1.440	1.545	1.468
2 month	1.430	1.545	1.471
3 month	1.385	1.545	1.442
4 month	1.385	1.545	1.435
5 month	1.375	1.545	1.424
6 month	1.300	1.545	1.403
9 month	1.285	1.545	1.380

Source: S&P Global, GTCF analysis

Based on the analysis undertaken above, we have assessed the fair market value of GDF Units to be in the range of A\$1.45 and A\$1.48 based on the various VWAPs over the last three months, implying a premium on the 30 June 2019 pro-forma net assets after the Capital Raising between 8% and 10%.

We note that we have adjusted the actual trading prices to be used in our valuation for the dilution arising from the Capital Raising which is being completed at A\$1.40 per share as outlined below.



Theoretical price post Capital Raising A\$000 unless otherwise stated	Section Reference	Low	High
VWAP before Capital Raising		1.45	1.48
Total units on issue before the Capital Raising	Section 4.4.1	162,856	162,856
Market capitalisation before the Capital Raising		236,142	241,027
Capital Raising	Section 1	31,500	31,500
Adjusted Market Capitalisation		267,642	272,527
Total units on issue after the Capital Raising	Section 4.4.1	185,356	185,356
Theoretical price post Capital Raising		1.44	1.47

Source: S&P Global, GTCF analysis

We do not consider the implied premium on NTA unreasonable given that as set out in the table and graph below, it is not inconsistent with the listed peers.

Summary of premium / (discount) to NTA for the comparable companies				18-Sep-19		
A\$/share	Property management	Market capitalisation	Gearing ¹ (%)	Closing price Premium / (Discount) to NTA	3-month VWAP Premium / (Discount) to NTA	6-month VWAP Premium / (Discount) to NTA
Industrial A-REITs						
Goodman Group	Internal	25,232	5.14%	NM	NM	NM
Centuria Industrial REIT	External	978	32.5%	22.0%	17.5%	16.0%
APN Industria REIT	External	527	25.0%	7.4%	7.4%	6.4%
Charter Hall Long WALE REIT	External	2,147	19.5%	39.4%	33.9%	27.3%
Office A-REITs						
Cromwell Property Group	Internal	3,258	13.6%	23.0%	18.4%	16.5%
Centuria Metropolitan REIT	External	1,069	31.0%	20.5%	16.4%	10.1%
GDI Property Group	Internal	832	4.5%	21.8%	14.9%	12.6%
Australian Unity Office Fund ²	External	492	28.5%	0.4%	-3.1%	-3.3%
Growthpoint Properties Australia	Internal	3,379	26.7%	24.4%	23.7%	22.2%
DEXUS Property Group	Internal	13,623	22.9%	18.5%	25.0%	23.5%
Other A-REITs						
Charter Hall Group	Internal	5,380	2.8%	NM	NM	NM
Charther Hall Education Trust	External	1,091	19.3%	22.3%	24.6%	22.6%
Arena REIT	Internal	842	16.0%	34.3%	33.4%	31.3%

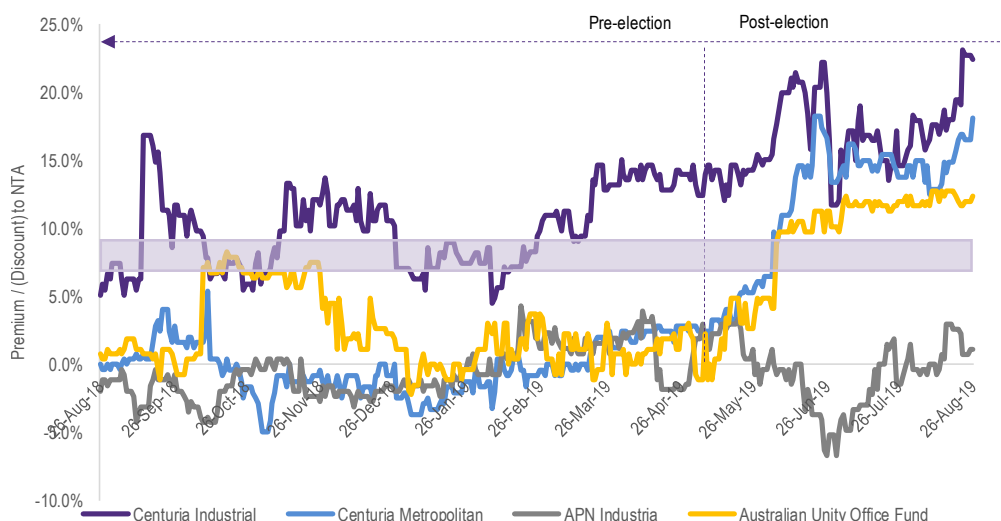
Source: S&P Global, Company annual reports and other publicly available information

Note 1: The gearing has been calculated as the net debt divided by the enterprise value as at 18 September 2019.

Note 2: The premium to NTA for Australian Unity Office Fund has been calculated based with reference to 31 May 2019 unit prices, which represents the undisturbed share price since the announcement of the offer by Charter Hall Group and Abacus Property Group.



Rolling Premium to NTA of comparable companies



Source: GTCF Calculations

Note 1: The premium / (discount to NTA) for GDF is calculated with reference to the NTA as at 31 July 2019 of A\$1.356.

To further support our valuation assessment based on the share price, we have further considered the distribution yields implied in our valuation assessment based on the unit price adjusted for the Capital Raising dilution and compared it with those of listed comparable companies. We have set out in the table below the distribution yield implied in our valuation assessment.

Dividend yield based on Grant Thornton's assessed GDF unit price	Section		
A\$/unit	Reference	Low	High
FY20 expected dividend	Note 1	0.09	0.09
Grant Thornton adjusted units price (post Capital Raising)		1.44	1.47
Dividend yield (%)		6.3%	6.1%

Source: GTCF Calculation, Broker Reports

Note (1): Based on broker consensus estimates, the FY20 GDF dividend is expected to be c. 9 cents/unit, which is the same as the historical dividend distributions made by GDF and the most recent distribution of 9 cents/unit made by GDF.

The dividend yield of the comparable companies is set out in the table below:

Summary of premium / (discount) to NTA for the comparable companies				Distribution yield 18-Sep-19 Closing price	
A\$/share	Property management	Market capitalisation	Gearing ¹ (%)	FY20	FY21
Industrial A-REITs					
Goodman Group	Internal	25,232	5.14%	2.2%	2.3%
Centuria Industrial REIT	External	978	32.5%	5.6%	5.8%
APN Industria REIT	External	527	25.0%	6.0%	6.2%
Charter Hall Long WALE REIT	External	2,147	19.5%	4.9%	5.1%
Office A-REITs					
Cromwell Property Group	Internal	3,258	13.6%	6.0%	6.1%
Centuria Metropolitan REIT	External	1,069	31.0%	6.0%	6.1%
GDI Property Group	Internal	832	4.5%	5.1%	5.1%
Australian Unity Office Fund ²	External	492	28.5%	NA	NA
Growthpoint Properties Australia	Internal	3,379	26.7%	5.5%	5.5%
DEXUS Property Group	Internal	13,623	22.9%	4.3%	4.4%
Other A-REITs					
Charter Hall Group	Internal	5,380	2.8%	3.1%	3.1%
Charter Hall Education Trust	External	1,091	19.3%	4.6%	4.7%
Arena REIT	Internal	842	16.0%	5.0%	5.3%

Source: S&P Global, GTCF Calculations,

Note 1: Gearing has been calculated as Net debt divided by the Enterprise value as at 18 September 2019

Note 2: The Dividend yield for Australian Unity Office Fund has been calculated based on the undistributed share price as at 31 May 2019, being the date prior to which it received an offer from Charter Hall Group and Abacus Property Group.

In relation to the above, we make the following observations:

- We have considered various listed office and industrial REITs which we consider more comparable to GDF.
- Goodman Group, Charter Hall Group and DEXUS Property Group are diversified property groups with significantly larger scales of operation. We have therefore placed limited reliance on these companies for the purpose of this analysis. Further, we have not placed reliance on other REITs such as GDI Property Group, Growthpoint Properties and Arena REIT since they are large and/or internally managed A-REITs relative to GDF. We have not considered Charter Hall Long WALE REIT to be comparable since whilst it is externally managed, it has relatively longer WALE of 12.5 years.
- We have placed greater reliance on externally managed REITs such as:
 - *Centuria Industrial REIT* – Centuria Industrial REIT comprises 43 properties with a combined value of c. A\$1.2 billion. The portfolio occupancy is 95.9%, the portfolio WALE is 4.3 years, the 12 month total shareholders return is 27% and the portfolio gearing is circa 37%. Although the portfolio is highly concentrated in Victoria and New South Wales, a significant proportion (c. 21%) is based in Queensland. Similar to GDF, 15.4% of leases are expiring in FY20 and FY21.

Centuria Industrial REIT's primary leasing market (5,000 sqm to 20,000 sqm) has a significant overlap with GDF's target leasing market (<10,000 sqm) and 74% of total leasing nationally has occurred in the 5,000 to 15,000 sqm region. The forecast FY20 and FY21 dividend yield for Centuria Industrial REIT is 5.6% and 5.8% respectively.

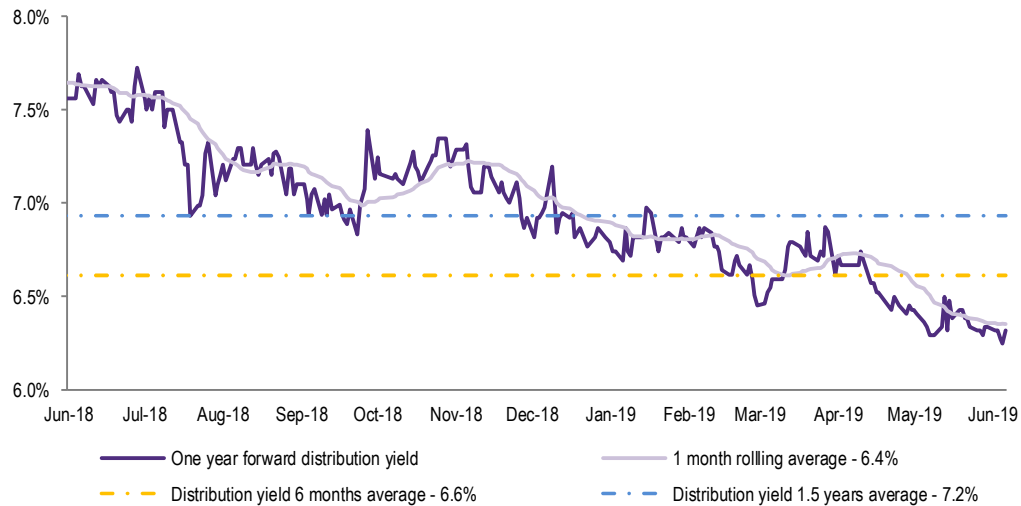
- *Centuria Metropolitan REIT ("CMA")* – Centuria Metropolitan REIT comprises 20 properties with a combined value of c. A\$1.4 billion. The portfolio occupancy is 98.4%, portfolio WALE is 3.9 years, annual total return since the IPO in December 2018 is 15.8% and portfolio gearing is 34.2%. Whilst a large proportion of the properties are located in New South Wales and Victoria (collectively 49%), Queensland also has a significant number of properties (c. 35%). The properties that Centuria has invested in are not core CBD-based properties and some of the properties are located in adjacent suburbs to those where GDF has properties. For instance, CMA has an office property in Robina, QLD, which is adjacent to Varsity Lakes, QLD where GDF has an office property. The forecast FY20 and FY21 dividend yield for Centuria Metropolitan REIT is 6% and 6.1% respectively. On 18 September 2019, CMA announced the acquisition of 2 new office properties.
- *Australian Unity Office Fund ("AOF")* – Australian Unity Office comprises 9 single and multi-tenant office properties with a combined value of c. \$668 million. The portfolio occupancy is c. 95.3%, portfolio WALE is 3.5 years and portfolio gearing of circa 30%. AOF only has one property in Melbourne which is located in close proximity of the CBD, whilst majority of the properties are located in New South Wales. Further, 5 out of 9 properties are classified as having a single or dominant tenant, which increases the tenancy risk. 26% of the leases expiry in FY20 and FY21. AOF has recently entered into a transaction to be acquired by entities associated with Abacus Property Group and Charter Hall Group and accordingly, we have not relied on it.
- *APN Industria REIT ("Industria REIT")* – Industria REIT comprises 20 properties with a combined value of c. \$739 million, the portfolio occupancy is c. 97%, portfolio WALE of 6.1 years, portfolio gearing of 30%. The forecast FY20 and FY21 dividend yield for Industria REIT is 6% and 6.2% respectively.

The distribution yield implied in our valuation assessment is in line but towards the high-end of the comparable companies, however we believe this is not unreasonable due to the following:

- As set out in the graph below, the historical dividend yield of GDF has been greater than c. 7% due to on-going growth in AUM and under construction properties. As the AUM grows and the properties are completed, the dividend yield is likely to align more closely with the comparable companies.



GDF one year forward distribution yield¹ and historical dividend yield



Source: S&P Global, GTCF analysis

Note: (1) The distribution yield is computed using broker consensus forecast for one year forward distribution and the daily closing GDF Unit price.

- In spite of undertaking valuations at 30 June 2019, the Murarrie Property was sold at 17% above its fair value. All else equal, this suggests that further compression of the capitalisation rate is likely, which is expected to reduce the dividend yield and align it closely with the comparable companies.
- GDF's active asset management strategy suggests that the yields expected to be realised are likely to be higher than those for the comparable companies as they bear greater risks. All else equal, GDF unitholders will expect a higher yield than unitholders of passive or less volatile REITs such as Industrial REITs or mature active asset managers such as Centuria.

10 Valuation assessment of the consideration received

The consideration to be received by GCM Shareholders is in the form of GPG Units. In our assessment of the market value of the consideration received by GCM security holders if the Internalisation is implemented, we have aggregated the following:

- The value of the Funds Management Business.
- The adjusted net tangible assets of GCM based on the pro-forma financial position as at 30 June 2019 post the Capital Raising and post Internalisation.
- Remove the cross shareholding of GCM in GDF.
- Valuation assessment of GDF.

The following table summarises the valuation assessment of the GPG.

Valuation summary - Value of GCM Securities in GPG after the Internalisation A\$000 unless stated otherwise	Section Reference	Low	High
Fair market value of the Funds Management Business	Section 8.1.1	29,682	34,729
Minority discount ^(#)		20.0%	10.0%
Adjusted Fair market value of the Funds Management business	Note 1	24,735	31,572
Other net assets/(liabilities) of GCM excluding the interest in GDF	Section 8.1.5	(4,199)	(4,199)
Fair market value of GDF before the Internalisation	Note 2	259,499	272,527
Fair market value of GARDA Property Group after the Internalisation		280,035	299,901
Number of GPG Units outstanding after the Internalisation	Note 3	205,744	205,744
Value per share of the GARDA Property Group (A\$/GPG Unit)		1.36	1.46
Exchange ratio (times)		1.60	1.60
Value per share of GCL Securityholders in GPG (A\$/GPG Unit)		2.18	2.33

Source: GTCF Calculation

Note # - Calculated as the inverse of the premium for control.

Note 1 – Value of the Funds Management Business

Refer to section 8.1.1 for our valuation assessment of the Funds Management Business. In our valuation assessment of the Funds Management Business, we have applied a low minority discount due to the following:

- The gross benefits that will accrue to all GPG Securityholders after the Internalisation are substantially represented by the cost savings in all the fees currently paid to GCM in accordance with the IMA. This will be reduced (net benefits) by the cost structure of GCM which will remain substantially unchanged in GPG, apart for some minor synergies. Accordingly, the value of the net benefits which will accrue to all GPG Shareholders following completion of the Internalisation are substantially equivalent to the cash flows adopted in the valuation assessment of the Management Right of GCM before the Internalisation. As set out in section 8.1.2, the value of the Management Right under the DCF Method is higher than the value range selected for the Management Rights having regard to the various valuation methodologies.

- Even if we have undertaken the valuation assessment of the Funds Management Business assuming that the IMA with GDF will continue in perpetuity, the valuation assessment reflects a risk, even if remote, that the IMA could be terminated. This issue does not persist once the Internalisation is completed.
- The discount rate applicable to GDF cash flows, including the net benefits of the Internalisation, is lower than the discount rate applicable to the same cash flows of the GCM as a property manager. We have not included this re-rating in our valuation assessment of GPG after the Internalisation.

Note 2 – Fair market value of GDF before the Internalisation

The value of the investment in GDF is based on 100% of the units outstanding in GDF and is based on the valuation assessment completed in section 9 after the Capital Raising.

Valuation of GDF on a 100% basis A\$000 unless otherwise stated	Section Reference	Low	High
Assessed market value of GDF Units (A\$/unit)	Section 9	1.40	1.47
Number of GDF units on issue (in 000s) after Acacia Ridge settlement	Section 5	162,856	162,856
Number of GDF units issued in the Capital Raising	Section 1	22,500	22,500
Number of GDF units after Acacia Ridge and the Capital Raising		185,356	185,356
Equity value of GDF on a 100% basis before the Internalisation		259,499	272,527

Source: GTCF Calculations

Note 3 – Total number of shares outstanding

The total number of shares outstanding after the Internalisation is outlined below:

Calculation of the number of units outstanding in GPG In 000s unless stated otherwise	Section Reference	
Number of units outstanding in GDF before the Internalisation	Section 4.4	162,856
Number of shares issued to GCM Securityholders as part of Internalisation	Section 6	42,288
Treasury shares	Note 1	(21,900)
Shares issued for the Capital Raising	Section 1	22,500
Total number of units outstanding in GPG		205,744

Source: GTCF Calculation, Management information

Note 1 – The Internalisation will result in GDF owning 100% of GCT which, in turn, will own 9.6% of GDF Stapled Securities. Distributions receivable by GCT from the Treasury Stock have also been eliminated from the income statement for GARDA Property Group. We understand that the current intention of the Directors is to sell the Treasury Shares in the medium term following the Internalisation. For the purpose of our valuation assessment, we have removed the Treasury Shares from the securities on issue and we have accordingly not considered the value to be received by GPG when they will be sold.



11 Sources of information, disclaimer and consents

11.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Scheme Implementation Deed
- ASX announcement regarding the Internalisation
- Releases and announcements by GCM to ASX
- GCM share register
- GCM website
- Various broker reports
- Other publicly available information;
- IBISWorld Report
- Capital IQ
- Discussions with Management

11.2 Qualifications and independence

Grant Thornton Corporate Finance Pty Ltd holds Australian Financial Service Licence number 247140 under the Corporations Act and its authorised representatives are qualified to provide this report.

Grant Thornton Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to GCM and all other parties involved in the Proposed Schemes with reference to the ASIC Regulatory Guide 112 “Independence of expert” and APES 110 “Code of Ethics for Professional Accountants” issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to GCM, its shareholders and all other parties involved in the Proposed Schemes.

Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with GCM or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Internalisation.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Internalisation, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Internalisation. Grant Thornton Corporate



Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

11.3 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by GCM and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by GCM and other experts through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of GCM.

Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, disclaim all responsibility for GCM's failure to inform us of any changes to any information and/or material which impacts upon the services we have agreed to provide. GCM must take all necessary steps to immediately correct any announcement, communication or document issued which contains, refers to, or is based upon such information.

This report has been prepared to assist the Independent Directors in advising GCM Securityholders in relation to the Internalisation. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Internalisation is in the best interests of the Non-Associated Securityholders.

11.4 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Scheme Booklet to be sent to GCM Securityholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.



Appendix A - Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future.

Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

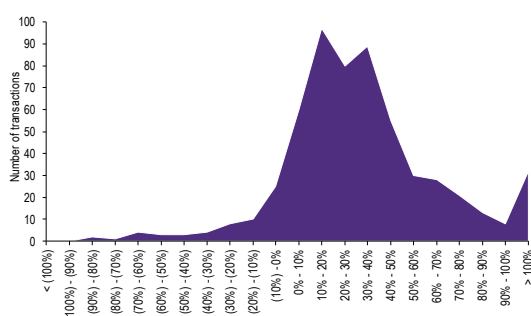
Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.



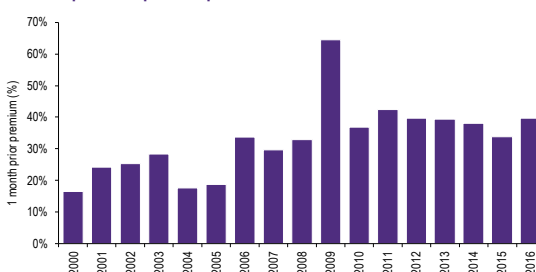
Appendix B - Control premium study

Evidence from studies indicates that premium for control on successful takeovers has frequently been in the range of 20% to 40% in Australia, and that the premium vary significantly for each transaction.

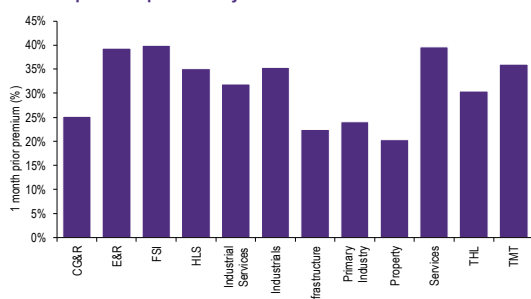
1 Month Prior Control Premium



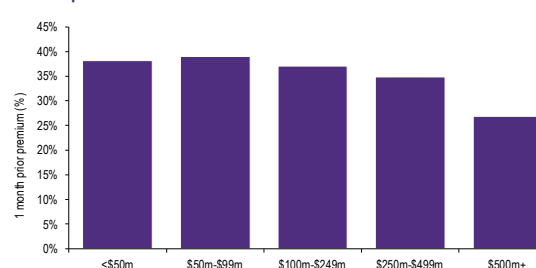
Control premium per completion date



Control premium per industry



Control premium and size



Control premium	
Average	34.33%
Median	29.34%

Source: GTCF Analysis.



Appendix C - Discount Rate

Discount Rate Inputs

Introduction

The cash flow assumptions underlying the DCF approach are on a nominal, ungeared and post-tax basis. Accordingly, we have assessed a range of nominal post-tax discount rates for the purpose of calculating the net present value of the cash flows.

The discount rates were determined using the WACC formula. The WACC represents the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt and equity capital provided. However, we note that the selection of an appropriate discount rate is ultimately a matter of professional judgment.

Under a classical tax system, the nominal WACC is calculated as follows:

$$WACC = R_d \times \frac{D}{D + E} \times (1 - t) + R_e \times \frac{E}{D + E}$$

Where:

- R_e = the required rate of return on equity capital;
- E = the market value of equity capital;
- D = the market value of debt capital;
- R_d = the required rate of return on debt capital; and
- t = the statutory corporate tax rate.

Required rate of return on equity capital

We have used the CAPM, which is commonly used by practitioners, to calculate the required return on equity capital.

The CAPM assumes that an investor holds a large portfolio comprising risk-free and risky investments. The total risk of an investment comprises systematic risk and unsystematic risk. Systematic risk is the variability in an investment's expected return that relates to general movements in capital markets (such as the share market) while unsystematic risk is the variability that relates to matters that are unsystematic to the investment being valued.

The CAPM assumes that unsystematic risk can be avoided by holding investments as part of a large and well-diversified portfolio and that the investor will only require a rate of return sufficient to compensate for the additional, non-diversifiable systematic risk that the investment brings to the portfolio. Diversification cannot eliminate the systematic risk due to economy-wide factors that are assumed to affect all securities in a similar fashion.

Accordingly, whilst investors can eliminate unsystematic risk by diversifying their portfolio, they will seek to be compensated for the non-diversifiable systematic risk by way of a risk premium on the expected return. The extent of this compensation depends on the extent to which the company's returns are correlated with

the market as a whole. The greater the systematic risk faced by investors, the larger the required return on capital will be demanded by investors.

The systematic risk is measured by the investment's beta. The beta is a measure of the co-variance of the expected returns of the investment with the expected returns on a hypothetical portfolio comprising all investments in the market - it is a measure of the investment's relative risk.

A risk-free investment has a beta of zero and the market portfolio has a beta of one. The greater the systematic risk of an investment the higher the beta of the investment.

The CAPM assumes that the return required by an investor in respect of an investment will be a combination of the risk-free rate of return and a premium for systematic risk, which is measured by multiplying the beta of the investment by the return earned on the market portfolio in excess of the risk-free rate.

Under the CAPM, the required nominal rate of return on equity (R_e) is estimated as follows:

$$R_e = R_f + \beta_e (R_m - R_f)$$

Where:

- R_f = risk free rate
- β_e = expected equity beta of the investment
- $(R_m - R_f)$ = market risk premium

Risk-free rate – 3.5%

In the absence of an official risk free rate, the yield on government bonds (in an appropriate jurisdiction) is commonly used as a proxy. Accordingly, we have observed the yield on the 10-year Australian Government bond over several intervals from a period of 5 trading days to 10 trading years. The following table sets out the average yield on 10-year Australian Government Bond over the last 10 years.

Australia Government Debt - 10 Year			Daily average	
as at 18 September 2019	Range		Nominal	
Previous 5 trading days	1.14%	-	1.20%	1.16%
Previous 10 trading days	0.98%	-	1.20%	1.12%
Previous 20 trading days	0.89%	-	1.20%	1.02%
Previous 30 trading days	0.89%	-	1.20%	0.99%
Previous 60 trading days	0.89%	-	1.46%	1.14%
Previous 1 year trading	0.89%	-	2.79%	1.93%
Previous 2 years trading	0.89%	-	2.93%	2.32%
Previous 3 years trading	0.89%	-	2.99%	2.40%
Previous 5 years trading	0.89%	-	3.66%	2.50%
Previous 10 years trading	0.89%	-	5.88%	3.42%

Source: S&P Global



Our adopted risk-free rate of 3.5% is based on the long-term real yield on Australian 10-year government bonds adjusted for the target inflation. In calculating the real yield, we have observed the nominal yield on the 10-year Australian Commonwealth Government Bond over several intervals from a period of 5 trading days to 10 trading years which we have adjusted for historical inflation.

Market risk premium – 6.0%

The market risk premium represents the additional return an investor expects to receive to compensate for additional risk associated with investing in equities as opposed to assets on which a risk free rate of return is earned. However, given the inherent high volatility of realised rates of return, especially for equities, the market risk premium can only be meaningfully estimated over long periods of time. In this regard, Grant Thornton studies of the historical risk premium over periods of 20 to 80 years suggest a risk premium of 6.0% for the Australia markets.

For the purpose of the WACC assessment, Grant Thornton Corporate Finance has adopted a market risk premium of 6.0%.

Equity beta – 1.0 to 1.1

The beta measures the expected relative risk of the equity in a company. The choice of the beta requires judgement and necessarily involves subjective assessment as it is subject to measurement issues and a high degree of variation.

An equity beta includes the effect of gearing on equity returns and reflects the riskiness of returns to equity holders. However, an asset beta excludes the impact of gearing and reflects the riskiness of returns on the asset, rather than returns to equity holders. Asset betas can be compared across asset classes independent of the impact of the financial structure adopted by the owners of the business.

Equity betas are typically calculated from historical data. These are then used as a proxy for the future which assumes that the relative risk of the past will continue into the future. Therefore, there is no right equity beta and it is important not to simply apply historical equity betas when calculating the cost of equity.

For the purpose of the report, we have had regard to the observed betas (equity betas) of comparable listed companies operating in the Australian residential property development industry. Below tables show both the 2-year weekly and 5-year monthly beta's of the broadly comparable companies. We note that many observations are not statistically relevant, so we have not been able to rely upon these beta's.



5-year monthly betas Company	Country	Market Cap Millions	Equity Beta ¹	Gearing Ratio ¹	Ungeared Beta	Regeared Beta
Garda Capital Group	Australia	58	(0.50)	14.3%	NM	NM
Centuria Capital Group	Australia	836	0.54	1.9%	0.53	0.55
APN Property Group Limited	Australia	158	0.53	(11.6%)	0.58	0.60
Cromwell Property Group	Australia	3,296	0.87	61.7%	0.61	0.63
Average (excluding GARDA Capital Group)						0.59
Median (excluding GARDA Capital Group)						0.60

Source: S&P Global, SIRCA Limited, GTCF calculations.

Notes: (1) Equity betas are calculated using data provided by S&P Global. The betas are based on a 2 year period with weekly observations based on the local index. (2) Betas have been unlevered based on the average gearing ratio (i.e. net debt divided by shareholders' equity based on market values). (3) Betas have been regeared based on the assumed regearing ratio of 29% based on Villa World's median target gearing ratio (between 15% and 30%). (4) SIRCA's beta is based on the most recent publication as of March 2019.

2-year weekly betas Company	Country	Market Cap Millions	Equity Beta ¹	Gearing Ratio ¹	Ungeared Beta	Regeared Beta
Garda Capital Group	Australia	58	0.27	14.3%	0.24	0.25
Centuria Capital Group	Australia	836	0.45	1.9%	0.44	0.46
APN Property Group Limited	Australia	158	0.39	(11.6%)	0.43	0.44
Cromwell Property Group	Australia	3,296	0.47	61.7%	0.33	0.34
Average (excluding GARDA Capital Group)						0.41
Median (excluding GARDA Capital Group)						0.44

Source: S&P Global, SIRCA Limited, GTCF calculations.

Notes: (1) Equity betas are calculated using data provided by S&P Global. The betas are based on a 5 year period with monthly observations based on the local index. (2) Betas have been unlevered based on the average gearing ratio (i.e. net debt divided by shareholders' equity based on market values). (3) Betas have been regeared based on the assumed regearing ratio of 5% based on GCM target gearing ratio; (4) SIRCA's beta is based on the most recent publication as of March 2019.

In addition to the above, SIRCA also reports⁸⁶ overall beta for the real estate industry⁸⁷ between 0.85 and 1.26, with a midpoint of 1.05.

It should be noted that the above betas are drawn from the actual and observed historical relationship between risk and returns. From these actual results, the expected relationship is estimated generally on the basis of extrapolating past results. Despite the arbitrary nature of the calculations it is important to assess their commercial reasonableness. That is, to assess how closely the observed relationship is likely to deviate from the expected relationship.

Consequently, while measured equity betas of the listed comparable companies provide useful benchmarks against which the equity beta used in estimating the cost of equity for the predevelopment assets, the selection of an unsystematic equity beta requires a level of judgement.

The asset betas of the selected companies are calculated by adjusting the equity betas for the effect of gearing to obtain an estimate of the business risk of the comparable companies, a process commonly referred as de-gearing. We have then recalculated the equity beta based on an assumed 'optimal' capital

⁸⁶ As of March 2019.

⁸⁷ Excluding investment trusts.



structure deemed appropriate for the business (regearing). This is a subjective exercise, which carries a significant possibility of estimation error.

We used the following formula to undertake the de-gearing and regearing exercise:

$$\beta_e = \beta_a \left[1 + \frac{D}{E} \times (1 - t) \right]$$

Where:

- β_e = Equity beta
- β_a = Asset beta
- t = corporate tax rate

The betas are de-gearred using the average historical gearing levels of those respective companies over several years. We note that most comparable companies had net cash positions. We then re-gearred based on a gearing ratio⁸⁸ of 5% debt (see Capital Structure Section below for further discussions).

For the purposes of our valuation, we have selected a beta range of between 1.0 and 1.1 to calculate the required rate of return on equity capital. In our beta assessment we had regard to the industry betas assessed by SIRCA Limited as of March 2019.

Specific risk premium – 0.5%

Specific risk premium (“SRP”) represents the additional return an investor expects to receive to compensate for size and project related risks not reflected in the beta of the observed comparable companies. We have assumed a SRP given the lack of diversification in IMAs.

Cost of debt – 6.0% - 7.0%

For the purpose of estimating the cost of debt applicable to GCM, Grant Thornton Corporate Finance has considered the following:

- The weighted average interest rate on credit outstanding for large businesses over the last one to five years as published by the Reserve Bank of Australia.
- The historical and current cost of debt for the comparable companies.
- Expectations of the yield curve.
- The spread on the recent debt refinancing applied to our long term assessment of base rates.

Based on the above, Grant Thornton Corporate Finance has adopted a cost of debt of 6.0% to 7.0% on a pre-tax basis.

⁸⁸ Debt to equity ratio.

**Capital Structure – 5% gearing**

The appropriate level of gearing that is utilised in determining WACC for a particular company should be the “target” gearing ratio, rather than the actual level of gearing, which may fluctuate over the life of a company. The target or optimal gearing level can therefore be derived based on the trade-off theory which stipulates that the target level of gearing for a project is one at which the present value of the tax benefits from the deductibility of interest are offset by present value of costs of financial distress. In practice, the target level of gearing is evaluated based on the quality and variability of cash flows. These are determined by:

- the quality and life cycle of a company;
- the quality and variability of earnings and cash flows;
- working capital;
- level of capital expenditure; and
- the risk profile of the assets.

For the purpose of the valuation on GCM, Grant Thornton Corporate Finance has adopted a capital structure based on 95% equity.

Tax rate – 27.5%

For the purpose of our valuation assessment we have assumed the Australian small business corporate tax rate of 27.5%.

Discount rate summary

The discount rate determined is set out below.

WACC calculation	Low	High
Cost of equity		
Risk free rate	3.5%	3.5%
Beta	1.00	1.10
Market risk premium	6.0%	6.0%
Specific risk premium	0.5%	0.5%
Cost of equity	10.0%	10.6%
Cost of debt		
Cost of debt (pre tax)	6.0%	7.0%
Tax	27.5%	27.5%
Cost of debt (post tax)	4.4%	5.1%
Capital structure		
Proportion of debt	5%	5%
Proportion of equity	95%	95%
WACC (post tax)	9.7%	10.3%
WACC (post tax) - Rounded	9.5%	10.5%

Source: GTCF Analysis

**Appendix D – Glossary**

Abbreviation	Description
A\$, \$	Australian dollars
ABS	Australian Bureau of Statistics
ACL	Aventus Capital Limited
AIML	Arena Investment Management Limited
APRA	Australian Prudential Regulation Authority
Arena Internalisation	The internalisation of the fund management activities of Arena
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
AUM	Assets under management
AUM Multiple	Enterprise value divided by AUM
Aventus Internalisation	The internalisation of the fund management activities of AVN
AVN	Aventus Retail Fund Limited
CAGR	Compounded annual growth rate
CAPM	Capital Asset Pricing Model
CFS Trust	CFS Retail Trust
CMIL	Commonwealth Managed Investments Limited
Corporations Act	Corporations Act 2001 (Cth)
DCF	Discounted cash flow
EBIT	Earnings before interest and taxes
EBITDA Multiple	Enterprise value divided by EBIT
FSG	Financial Services Guide
FYXX	Financial year ending 30 June 20XX
GARDA Finance	GARDA Finance Pty Ltd
GCL	GARDA Capital Limited
GCL Shares	Shares in GARDA Capital Limited
GCM	GARDA Capital Group
GCM Security	Quoted stapled securities comprising GCL Shares and GCT Units
GCT Units	Units in GARDA Capital Trust
GDF	GARDA Diversified Property Fund
GDF Unit	Units in GARDA Diversified Property Fund
GDI	GDI Property Group
GFML	GARDA Funds Management Limited
GHL	GARDA Holdings Limited
GPG	GARDA Property Group
GPG Securities	GDF Units and GHL Shares
Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd
IER	Independent Expert Report
KIPL	Kiwi Income Property Limited
KIPT	Kiwi Income Property Trust
LFR	Large format retail store
Management	Management of GARDA Capital Group
Morningside Property / Morningside Acquisition	The acquisition of a property at Morningside
NSW	New South Wales



Abbreviation	Description
NZ\$	New Zealand dollars
RBA	Reserve Bank of Australia
Revenue Multiple	Enterprise value divided by Revenue
RG 111	Regulatory Guide 111 Contents of expert reports
RG 112	Regulatory Guide 112 Independence of experts
RG 142	Regulatory Guide 142 Scheme of arrangement
RG 170	Regulatory Guide 170 Prospective financial information
The Directors	The Directors of GARDA Capital Group

Annexure B

Independent Limited Assurance Report

27 September 2019

Board of Directors
GARDA Capital Group
Level 21
12 Creek Street
Brisbane Qld 4000

Board of Directors
GARDA Capital Limited
As Responsible Entity for GARDA Diversified Property Fund
Level 21
12 Creek Street
Brisbane Qld 4000

**Pitcher Partners Corporate Finance
Limited**

ABN 99 054 784 619

AFS LICENCE NO.255516

Real Estate
Licence (QLD) No. 3668087

Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

Dear Sirs,

INDEPENDENT LIMITED ASSURANCE REPORT ON HISTORICAL BALANCE SHEET INFORMATION, PRO FORMA HISTORICAL BALANCE SHEET INFORMATION AND FORECAST FINANCIAL INFORMATION AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the directors of GARDA Capital Group ('GCM') and GARDA Capital Limited ('GCLRE') as Responsible Entity for GARDA Diversified Property Fund ('GDF') to report on certain financial information to be included in the GDF Meeting Booklet and the GCM Scheme Booklet (the 'Booklets') to undertake an internalisation between GCM, which comprises the stapled entity of GARDA Capital Limited ('GCL') and GARDA Capital Trust ('GCT') and GCLRE (the 'Internalisation'). These entities post Internalisation together will comprise the GARDA Property Group ('GPG').

Expressions and terms defined in the Booklets have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence under the *Corporations Act 2001*. Pitcher Partners Corporate Finance Limited holds an appropriate Australian Financial Services Licence (AFS Licence Number 255516). Warwick Face is a Director and Authorised Representative of Pitcher Partners Corporate Finance Limited. We have included our Financial Services Guide as Part 2 of this report.

Scope

Historical Balance Sheet Information

Pitcher Partners Corporate Finance Limited has been engaged by the Directors to review:

- the GDF historical balance sheet as at 30 June 2019 as set out in Section 7.3.4 of the GDF Meeting Booklet and Section 7.3(d) of the GCM Scheme Booklet; and
- the GCM consolidated historical balance sheet as at 30 June 2019 as set out in Section 7.4.4 of the GDF Meeting Booklet and Section 7.4(d) of the GCM Scheme Booklet;

(together, the 'Historical Balance Sheet Information').

The Historical Balance Sheet Information has been extracted from the audited information of GDF and GCM as at 30 June 2019, which was audited by BDO Audit Pty Ltd in accordance with Australian Auditing Standards. BDO Audit Pty Ltd issued unmodified opinions on the respective financial reports.

The Historical Balance Sheet Information is presented in the Booklets in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards ('AAS') and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro forma Historical Balance Sheet Information

Pitcher Partners Corporate Finance Limited has been engaged by the Directors to review:

- the pro forma GDF historical balance sheet as at 30 June 2019 as set out in Section 7.3.4 of the GDF Meeting Booklet and Section 7.3(d) of the GCM Scheme Booklet;
- the pro forma GCM historical balance sheet as at 30 June 2019 as set out in Section 7.4.4 of the GDF Meeting Booklet and Section 7.4(d) of the GCM Scheme Booklet; and
- the pro forma historical balance sheet of GPG post implementation of the Internalisation as at 30 June 2019 (see column entitled 'GPG' as set out in Section 7.5.1 of the GDF Meeting Booklet and Section 7.5(a) of the GCM Scheme Booklet);

(together, the 'Pro forma Historical Balance Sheet Information').

The Pro forma Historical Balance Sheet Information has been derived from the Historical Balance Sheet Information, after adjusting for the effects of Pro forma adjustments described in Sections 7.3.4, 7.4.4, and 7.5.1 of the of the GDF Meeting Booklet and Sections 7.3(d), 7.4(d) and 7.5(a) of the GCM Scheme Booklet (the 'Pro forma Adjustments').

The Pro forma Historical Balance Sheet Information has been prepared in accordance with the recognition and measurement principles contained in AAS, which are consistent to International Financial Reporting Standards, other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect the impact of certain transactions as if they occurred as at 30 June 2019.

Due to its nature, the Pro forma Historical Balance Sheet Information does not represent GDF's, GCM's or GPG's actual or prospective financial position. The Pro forma Historical Balance Sheet Information is presented in the Booklets in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Forecast Financial Information

Forecast Standalone Operating Income Statements

Pitcher Partners Corporate Finance Limited has been engaged by the Directors to review:

- the forecast operating income statement for GDF for the year ending 30 June 2020 as set out in Section 7.3.2 of the GDF Meeting Booklet and Section 7.3(b) of the GCM Scheme Booklet; and
- the forecast operating income statement for GCM for the year ending 30 June 2020 as set out in Section 7.4.2 of the GDF Meeting Booklet and Section 7.4(b) of the GCM Scheme Booklet;

(together, the 'Forecast Standalone Operating Income Statements').

The Directors' best-estimate assumptions underlying the Forecast Standalone Operating Income Statements are described in Section 7.6 of the GDF Meeting Booklet and Section 7.6 of the GCM Scheme Booklet. The stated basis of preparation used in the preparation of the Forecast Standalone Operating Income Statements are the recognition and measurement principles contained in AAS, and GDF's and GCM's adopted accounting policies.

Forecast Consolidated Operating Income Statement Post Internalisation

Pitcher Partners Corporate Finance Limited has been engaged by the Directors to review:

- the forecast consolidated operating income statement of GPG for the year ending 30 June 2020 as set out in Section 7.5.2 of the GDF Meeting Booklet and Section 7.5(b) of the GCM Scheme Booklet;
- (hereafter the 'Forecast Consolidated Operating Income Statement Post Internalisation').

The stated basis of preparation used in the preparation of the Forecast Consolidated Operating Income Statement Post Internalisation is the recognition and measurement principles contained in AAS and the GPG's adopted accounting policies. The Forecast Consolidated Operating Income Statement Post Internalisation has been derived from GDF's Forecast Standalone Operating Income Statement, the consolidation of the seven month period from 1 December 2019 to 30 June 2020 of GCM's Forecast Standalone Operating Income Statement, together with adjusting for the effects of the pro forma adjustments described in Section 7.5.2 of the GDF Meeting Booklet and Section 7.5(b) of the GCM Scheme Booklet.

Due to its nature, the Forecast Consolidated Operating Income Statement Post Internalisation does not represent GPG's actual prospective statutory financial performance for the year ending 30 June 2020.

Collectively, the Forecast Standalone Operating Income Statements, and the Forecast Consolidated Operating Income Statement Post Internalisation, are the 'Forecast Financial Information'.

The Forecast Financial Information is presented in the Booklets in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Directors' Responsibility

The Directors are responsible for:

- the preparation and presentation of the Historical Balance Sheet Information and Pro forma Historical Balance Sheet Information, including the selection and determination of Pro forma Adjustments made to the Historical Balance Sheet Information and included in the Pro forma Historical Balance Sheet Information;
- the preparation of the Forecast Financial Information, including the best estimate assumptions underlying the Forecast Financial Information and the selection and determination of the Pro forma Adjustments made to the Forecast Standalone Operating Income Statements and included in the Forecast Consolidated Operating Income Statement Post Internalisation; and
- the information contained within the Booklets.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Historical Balance Sheet Information, the Pro forma Historical Balance Sheet Information and the Forecast Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Historical Balance Sheet and Pro forma Historical Balance Sheet Information

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and Pro forma Historical Balance Sheet Information based on the procedures performed and the evidence we have obtained.

Forecast Financial Information

Our responsibility is to express a limited assurance conclusion on the Forecast Financial Information, the best-estimate assumptions underlying the Forecast Financial Information, and the reasonableness of the Forecast Financial Information themselves, based on our limited assurance engagement.

We have conducted our engagement in accordance with Australian Standard on Assurance Engagement (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*. Our review consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that

might be identified in a reasonable assurance engagement. Accordingly we do not express an audit opinion.

Our procedures did not involve updating or re-issuing any previously issued audit report, nor issuing standalone review opinions on un-audited information, used as a source of the financial information.

Conclusions

Historical Balance Sheet Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Balance Sheet Information comprising:

- the GDF historical balance sheet as at 30 June 2019; and
- the GCM historical balance sheet as at 30 June 2019;

is not prepared and presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 7.2 of the GDF Meeting Booklet and Section 7.2 of the GCM Scheme Booklet.

Pro forma Historical Balance Sheet Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro forma Historical Balance Sheet Information comprising:

- the pro forma GDF historical balance sheet as at 30 June 2019;
- the pro forma GCM historical balance sheet as at 30 June 2019; and
- the pro forma historical balance sheet of GPG post implementation of the Internalisation as at 30 June 2019;

is not prepared and presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 7.2 of the GDF Meeting Booklet and Section 7.2 of the GCM Scheme Booklet.

Forecast Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that:

- i. the Directors' best estimate assumptions used in the preparation of the Forecast Financial Information do not provide reasonable grounds for the Forecast Financial Information;
- ii. in all material respects, the Forecast Financial Information:
 - a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 7.6 of the GDF Meeting Booklet and Section 7.6 of the GCM Scheme Booklet;
 - b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by GDF, GCM and GPG and the recognition and measurement principles contained in Australian Accounting Standards; or
- iii. the Forecast Financial Information itself is unreasonable.

The Forecast Financial Information has been prepared by the management of GCLRE and GCM and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance of GDF, GCM and GPG for the year ending 30 June 2020. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variations may be material. The Directors' best estimate assumptions on which the Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and

contingencies, which are often outside the control of the management and the Directors. Evidence may be available to support the assumptions on which the forecasts are based, however, such evidence is generally future orientated and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best estimate assumptions. We do not express any opinion on the achievability of the results. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties relating to an investment in in GPG, which are detailed in Section 8 of the GDF Meeting Booklet and Section 8 of the GCM Scheme Booklet, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks set out in Section 8 of the GDF Meeting Booklet and Section 8 of the GCM Scheme Booklet. The Forecast Financial Information are therefore only indicative of the financial performance which may be achievable. We express no opinion as to whether the Forecast Financial Information will be achieved.

We disclaim any assumption of responsibility for any reliance on this report, or on the Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of GCLRE and GCM, that all material information concerning the prospects and proposed operations of GDF, GCM and GPG has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Restrictions on Use

Without modifying our conclusions, we draw attention to the Important Notices of the Booklets, which describes the purpose of the Historical Balance Sheets, the Pro forma Historical Balance Sheets and the Forecast Financial Information, being for inclusion in the Booklets. As a result, the Limited Assurance Report may not be suitable for use for another purpose.

Consent

Pitcher Partners Corporate Finance Limited has consented to the inclusion of this limited assurance report in the Booklets in the form and context in which it is included.

Liability

The liability of Pitcher Partners Corporate Finance Limited is limited to the inclusion of this report in the Booklets. Pitcher Partners Corporate Finance Limited makes no representation regarding, and has no liability for any other statement or other material in, or any omissions from the Booklets.

Disclosure of Interest

Pitcher Partners Corporate Finance Limited does not have any interest in the outcome of this Internalisation other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Yours faithfully

PITCHER PARTNERS CORPORATE FINANCE LIMITED



Warwick Face

Executive Director

Authorised Representative of

Pitcher Partners Corporate Finance Limited

Part 2: Financial Services Guide

Version dated: 27 September 2019

What is a Financial Services Guide?

This Financial Services Guide ("FSG") is an important document that is designed to assist you in deciding whether to use any of the general financial product advice provided by Pitcher Partners Corporate Finance Limited. The use of "we", "us" or "our" is a reference to Pitcher Partners Corporate Finance Limited as the holder of Australian Financial Services Licence ("AFSL") No.255516. The contents of this FSG include:

- who we are and how we can be contacted
- what services we are authorised to provide under our AFSL
- how we (and any other relevant parties) are remunerated in relation
- to any general financial product advice we may provide.
- details of any potential conflicts of interest
- details of our internal and external dispute resolution procedures and
- how you can access them

Information about us

Pitcher Partners Corporate Finance Limited has been engaged by GARDA Capital Group and GARDA Capital Limited As Responsible Entity for GARDA Diversified Property Fund to provide general financial product advice in the form of a report to be given to you in connection with a financial product to be issued by another party. You are not the party or parties who engaged us to prepare this report. We are not acting for any person other than the party or parties who engaged us. We are only responsible for the financial product advice provided in our report and for the contents of this FSG.

You may contact us by writing to GPO Box 1144, Brisbane Qld 4001, or by telephone on +61 7 3222 8444.

Pitcher Partners Corporate Finance Limited is ultimately owned by the Partners of the Queensland partnership of Pitcher Partners, a provider of audit and assurance, accounting, tax, corporate advisory, superannuation, investment advisory and consulting services. The majority of the Directors of Pitcher Partners Corporate Finance Limited are partners of Pitcher Partners.

The Queensland partnership of Pitcher Partners is an independent partnership of Pitcher Partners. As such, neither it nor any of the other independent partnerships has any liability for each other's acts or omissions. Each of the member firms is a separate and independent legal entity operating under the name "Pitcher Partners", or other related names.

The financial product advice in our report is provided by Pitcher Partners Corporate Finance Limited and not by the Queensland partnership of Pitcher Partners or its related entities.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, we and the Queensland partnership of Pitcher Partners (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

We hold professional indemnity insurance as required by the *Corporations Act 2001* (Cth).

What financial services are we licensed to provide?

Our AFSL authorises us to provide general financial product advice and deal in the following classes of financial products to both retail and wholesale clients:

- Deposit products (including basic deposit products and deposit products other than basic deposit products)
- Derivatives
- Government debentures, stocks or bonds
- Interests in managed investment schemes including investor directed
- portfolio services
- Securities

Information about the general financial product advice we provide

The financial product advice provided in our report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant Product Disclosure Statement ("PDS") or offer document provided by the issuer of the financial product. The purpose of the PDS or offer document is to help you make an informed decision about the acquisition of a financial product. The contents of the PDS or offer document will include details such as the risks, benefits and costs of acquiring the particular financial product.

How are we and our employees remunerated?

The fees we charge for preparing reports are usually determined on an hourly basis; however they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of pocket expenses incurred in providing the services.

Fee arrangements are agreed and confirmed in a letter of engagement with the party or parties who engage us.

Neither Pitcher Partners Corporate Finance Limited nor its directors and officers, nor any related bodies corporate or associates and their directors and officers, receives any other fees, commissions or other benefits in connection with preparing and providing this report.

All of our employees receive a salary with partners also having an equity interest in the partnership. We do not receive any commissions or other benefits arising directly from services provided to you. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

What should you do if you have a complaint?

If you have any concerns regarding our report, you may wish to advise us. We are committed to responding to any complaints promptly, fairly and effectively. We have developed an internal complaint resolution policy and complaint handling procedures that are designed to respond to your concerns promptly and equitably. Please address your complaint in writing to:

Pitcher Partners Corporate Finance Limited
GPO Box 1144
Brisbane Qld 4001

If we are not able to resolve your complaint to your satisfaction within 45 days of the first notification of your complaint to us, you may contact the Australian Financial Complaints Authority ('AFCA'). AFCA provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to AFCA at:

Australian Financial Complaints Authority Limited
GPO Box 3
MELBOURNE VIC 3001
Telephone: 1300 780 808
Fax: +61 3 9613 6399
Internet: <http://www.afca.org.au>

The Australian Securities and Investments Commission ("ASIC") website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:

Info line: 1 300 300 630
Email: info@asic.gov.au
Internet: <http://www.asic.gov.au/asic/asic.nsf>

If your complaint relates to a breach of our Privacy Policy or the Australian Privacy Principles, the matter should be referred to The Privacy Officer, GPO Box 1144, Brisbane Qld 4001.

Annexure C

Notice of Extraordinary General Meeting

Notice is hereby given by GARDA Capital Limited ACN 095 039 366 (**GCL**) and GARDA Funds Management Limited ACN 140 857 405 (**GFML**) in its capacity as responsible entity for GARDA Capital Trust ARSN 150 164 720 (**GCT**) that a general meeting of the members of GCL and a meeting of the members of GCT will be held concurrently at Dexus Place, Level 31 Waterfront Place, 1 Eagle Street, Brisbane QLD 4000 on 15 November 2019 at 11:00 am (AEST) (**Extraordinary General Meeting**).

The Scheme Booklet forms part of this notice of meeting (**Notice of Meeting**) and should be read in conjunction with it. Unless otherwise defined in this Notice of Meeting, capitalised terms used in this Notice of Meeting have the same meaning given to them in section 12 of the Scheme Booklet.

In accordance with clause 12.1 of Schedule 1 of the constitution of GCT, and clause 10.1 of Schedule 1 of the constitution of GCL, GCL and GFML have determined that the meetings of unitholders of GCT and shareholders of GCL will be held in conjunction.

The Target Board Committee recommends that GCM Securityholders vote in favour of all Resolutions in the absence of a Superior Proposal and provided the Independent Expert does not change or withdraw its conclusion.

BUSINESS OF THE MEETING

Resolution 1 – Company Unstapling Resolution

To consider, and if thought fit, pass the following resolution as a special resolution of the members of GCL:

“That, subject to and conditional on all other Resolutions set out in this Notice of Meeting and the Company Scheme Resolution being passed, for the purposes of clause 7.4 of Schedule 1 of the constitution of GARDA Capital Limited ACN 095 039 366:

- (a) the ordinary fully paid shares in GARDA Capital Limited cease to be stapled to ordinary fully paid units in GARDA Capital Trust ARSN 150 164 720; and*
- (b) GARDA Capital Limited be authorised to determine that the stapling provisions of the constitution of GARDA Capital Limited will cease to apply and that a particular date is to be the unstapling date for the purposes of the constitution of GARDA Capital Limited.”*

Resolution 2 – Trust Unstapling Resolution

To consider, and if thought fit, pass the following resolution as a special resolution of the members of GCT:

“That, subject to and conditional on all other Resolutions set out in this Notice of Meeting and the Company Scheme Resolution being passed, for the purposes of clause 9.4 of Schedule 1 of the constitution of GARDA Capital Trust ARSN 150 164 720:

- (a) the ordinary fully paid units in GARDA Capital Trust cease to be stapled to ordinary fully paid shares in GARDA Capital Limited ACN 095 039 366; and*
- (b) GARDA Funds Management Limited ACN 140 857 405 in its capacity as responsible entity for GARDA Capital Trust be authorised to determine that the stapling provisions of the constitution of GARDA Capital Trust will cease to apply and that a particular date is to be the unstapling date for the purposes of the constitution of GARDA Capital Trust.”*

Resolution 3 – Trust Constitution Amendment Resolution

To consider, and if thought fit, pass the following resolution as a special resolution of the members of GCT:

“That, subject to and conditional on all other Resolutions set out in this Notice of Meeting and the Company Scheme Resolution being passed, for the purposes of section 601GC(1)(a) of the Corporations Act:

- (a) the constitution of GARDA Capital Trust ARSN 150 164 720 be amended as set out in the Supplemental Deed Poll in the form tabled at the Extraordinary General Meeting, annexed*

*to the Scheme Booklet and initialled by the Chairman for the purposes of identification;
and*

- (b) *that GARDA Funds Management Limited ACN 140 857 405 in its capacity as responsible entity for GARDA Capital Trust be authorised to execute and lodge with the Australian Securities and Investments Commission, the Supplemental Deed Poll to give effect to the amendments to the constitution of GARDA Capital Trust."*

Resolution 4 – Trust Acquisition Resolution

To consider, and if thought fit, pass the following resolution as an ordinary resolution of the members of GCT:

"That, subject to and conditional on all other Resolutions set out in this Notice of Meeting and the Company Scheme Resolution being passed, for the purposes of item 7 of section 611 of the Corporations Act:

- (a) *the transfer of all ordinary fully paid units on issue in GARDA Capital Trust ARSN 150 164 720 to GARDA Capital Limited ACN 095 039 366 in its capacity as responsible entity for GARDA Diversified Property Fund ARSN 104 391 273 (**Trust Acquisition**), as described in the Scheme Booklet, be approved; and*
- (b) *that GARDA Funds Management Limited ACN 140 857 405 in its capacity as responsible entity for GARDA Capital Trust be authorised to do all things which it considers necessary, desirable or reasonable to give effect to the Trust Acquisition."*

By order of the Board



Lachlan Davidson
Company Secretary
GARDA Capital Group
10 October 2019

Explanatory Notes to the Notice of Extraordinary General Meeting

CONDITIONAL RESOLUTIONS

Resolutions 1 to 4 are inter-conditional and are conditional on the Company Scheme Resolution being passed. This means that a Resolution will not proceed and votes will not be considered unless all Resolutions at the Extraordinary General Meeting and the Company Scheme Meeting have been passed.

If all Resolutions are approved at the Extraordinary General Meeting and the Company Scheme Meeting, the implementation of the Schemes will be subject to:

- (a) the subsequent approval of the Schemes by the Court at the Second Court Hearing; and
- (b) the satisfaction or waiver (if applicable) of all other Conditions Precedent to the Internalisation.

VOTING AT THE MEETING

A GCM Securityholder who is entitled to vote may vote on the items of business to be considered at the Extraordinary General Meeting either in person or by completing and returning the Proxy Form enclosed with this Notice of Meeting.

If you attend the Extraordinary General Meeting, you will need to register at the registration desk upon arrival on the day of the Extraordinary General Meeting. The registration desk will be open from 10:30 am (AEST).

VOTING ON A SHOW OF HANDS

On a show of hands, each GCM Securityholder present in person or by attorney or by proxy or by an authorised representative at the Extraordinary General Meeting shall have one vote unless more than one attorney, proxy or authorised representative is entitled to exercise votes of the GCM Securityholder at the Extraordinary General Meeting in which case, on a show of hands, only one vote will count for that GCM Securityholder (notwithstanding the number appointed).

VOTING ON A POLL

On a poll, every GCM Securityholder present in person or by attorney, proxy or authorised representative shall have:

- (a) in the case of a resolution of GCL, one vote for each GCL Share; and
- (b) in the case of a resolution of GCT, one vote for each \$1.00 of the value of the GCT Units held. The value of a GCT Unitholders' total interest in GCT will be calculated by reference to the last sale price of GCM Securities on ASX on 14 November 2019.

VOTING BY PROXY

A GCM Securityholder who is entitled to vote at the Extraordinary General Meeting has the right to appoint:

- (a) one proxy if the GCM Securityholder is only entitled to one vote; or
- (b) one or two proxies if the GCM Securityholder is entitled to more than one vote.

Where the GCM Securityholder appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes. Any fraction of votes will be disregarded.

A Proxy may be an individual or a body corporate and does not need to be a GCM Securityholder. A body corporate appointed as a proxy may then nominate an individual to exercise its powers at the Extraordinary General Meeting (see below).

Where a GCM Securityholder nominates the Chair of the Extraordinary General Meeting as their proxy but does not indicate their voting intention, the Chair will (subject to law) vote the proxy **in favour** of the Resolution.

The Proxy Form and the original power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by Link Market Services (the Registry), by no later than 11:00 am AEST on 13 November 2019. The completed Proxy Form may be lodged:

By mail: GARDA Capital Group C/- Link Market Services Locked Bag A14 Sydney South NSW 1235	In person: Link Market Services Level 12 680 George Street Sydney NSW 2000	By Facsimile: +61 2 9287 0309
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Or **online** at www.linkmarketservices.com.au using the directions on the back of the Proxy Form.

CORPORATE REPRESENTATIVES

A body corporate which is a GCM Securityholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the Extraordinary General Meeting. The appointment of the representative must comply with the requirements of sections 250D and 253B of the Corporations Act. The representative must bring to the Extraordinary General Meeting a properly executed 'Certificate of Appointment of Corporate Representative' or other document confirming its authority to act as the company's representative. Details on how to obtain one are on the reverse of the Proxy Form.

RESOLUTION REQUIREMENTS

Resolution 1 is a special resolution of GCL. Resolutions 2 and 3 are special resolutions of GCT. These Resolutions will be passed if at least 75% of the votes cast by GCM Securityholders (in person or by proxy) entitled to vote on the Resolutions are in favour of the Resolutions.

Resolution 4 is an ordinary resolution of GCT, and will be passed if more than 50% of the votes cast by GCT Unitholders (in person or by proxy) entitled to vote on the Resolution are in favour of the Resolution.

VOTING EXCLUSION STATEMENTS

Resolutions 2 and 3

In accordance with section 253E of the Corporations Act, GFML and its associates are not entitled to vote their interests on Resolutions 2 and 3 if they have an interest in the resolutions other than as a member of GCT.

Resolution 4

In accordance with section 253E of the Corporations Act, GFML and its associates are not entitled to vote their interests on Resolution 4 if they have an interest in the resolution other than as a member of GCT.

In accordance with item 7 of section 611 of the Corporations Act, the Bidder and its associates must not cast any votes in favour of the resolution.

CHAIR

In accordance with section 252S(1) of the Corporations Act and the constitutions of GCL and GCT, GFML and the Directors have appointed Matthew Madsen as Chair of the Extraordinary General Meeting.

VOTING ENTITLEMENTS

In accordance with the Corporations Act, the boards of GCL and GFML have determined that a person's entitlement to vote at the Extraordinary General Meeting will be the entitlement of that person set out in the register of GCM Securityholders as at 7:00 pm (AEST) on 13 November 2019. Transfers of GCM Securities registered after that time will be disregarded in determining entitlements to vote at the Extraordinary General Meeting.

If more than one joint holder of GCM Securities is present at the Extraordinary General Meeting (whether personally, by proxy, attorney or authorised representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

Annexure D

Notice of Company Scheme Meeting

Notice is hereby given that, by an order of the Supreme Court of Queensland made on 10 October 2019, pursuant to section 411(1) of the Corporations Act, a meeting of members of GARDA Capital Limited ACN 095 039 366 will be held at Dexus Place, Level 31 Waterfront Place, 1 Eagle Street, Brisbane QLD 4000 on 15 November 2019, immediately following the conclusion of the Extraordinary General Meeting being held at 11:00 am (AEST).

The Scheme Booklet forms part of this notice of meeting (**Notice of Scheme Meeting**) and should be read in conjunction with it. Unless otherwise defined in this Notice of Scheme Meeting, capitalised terms used in this Notice of Scheme Meeting have the same meaning given to them in section 12 of the Scheme Booklet.

The Target Board Committee recommends that GCL Shareholders vote in favour of the Company Scheme Resolution in the absence of a Superior Proposal and provided the Independent Expert does not change or withdraw its conclusion.

BUSINESS OF THE MEETING

The purpose of the meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without amendment or any alterations or conditions required by the Court to which GARDA Capital Limited and the Bidder agree) proposed to be made between GARDA Capital Limited and the holders of its fully paid ordinary shares.

Company Scheme Resolution

To consider and, if thought fit, pass the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

“That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act, and subject to and conditional on the Unstapling Resolutions and the Trust Scheme Resolutions being passed, the scheme of arrangement proposed between GARDA Capital Limited and the holders of its fully paid ordinary shares, as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Supreme Court of Queensland to which GARDA Capital Limited and the Bidder agree.”

By order of the Court



Lachlan Davidson
Company Secretary
GARDA Capital Group
10 October 2019

Explanatory Notes to the Notice of Company Scheme Meeting

CONDITIONAL RESOLUTIONS

The Company Scheme Resolutions is conditional on the Unstapling Resolutions and the Trust Scheme Resolutions being passed at the Extraordinary General Meeting. This means that the Company Scheme Meeting will not proceed and votes will not be considered unless all Resolutions at the Extraordinary General Meeting have been passed.

If all Resolutions are approved at the Extraordinary General Meeting and the Company Scheme Meeting, the implementation of the Schemes will be subject to:

- (a) the subsequent approval of the Schemes by the Court at the Second Court Hearing; and
- (b) the satisfaction or waiver (if applicable) of all other Conditions Precedent to the Internalisation.

VOTING AT THE MEETING

A GCL Shareholder who is entitled to vote may vote on the items of business to be considered at the Company Scheme Meeting either in person or by completing and returning the Proxy Form enclosed with this Notice of Scheme Meeting.

If you attend the Company Scheme Meeting, you will need to register at the registration desk upon arrival on the day of the Company Scheme Meeting. The registration desk will be open from 11:00 am (AEST).

VOTING ON A SHOW OF HANDS

On a show of hands, each GCL Shareholder present in person or by attorney or by proxy or by an authorised representative at the Company Scheme Meeting shall have one vote unless more than one attorney, proxy or authorised representative is entitled to exercise votes of the GCL Shareholder at the Company Scheme Meeting in which case, on a show of hands, only one vote will count for that GCL Shareholder (notwithstanding the number appointed).

VOTING ON A POLL

On a poll, every GCL Shareholder present in person or by attorney, proxy or authorised representative shall have one vote for each GCL Share.

VOTING BY PROXY

A GCL Shareholder who is entitled to vote at the Company Scheme Meeting has the right to appoint:

- (a) one proxy if the GCL Shareholder is only entitled to one vote; or
- (b) one or two proxies if the GCL Shareholder is entitled to more than one vote.

Where the GCL Shareholder appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes. Any fraction of votes will be disregarded.

A proxy may be an individual or a body corporate and does not need to be a GCL Shareholder. A body corporate appointed as a proxy may then nominate an individual to exercise its powers at the Company Scheme Meeting (see below).

Where a GCL Shareholder nominates the Chair of the Company Scheme Meeting as their proxy but does not indicate their voting intention, the Chair will (subject to law) vote the proxy in favour of the Company Scheme Resolution.

The Proxy Form and the original power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by Link Market Services (the Registry), by no later than 11:00 am AEST on 13 November 2019. The completed Proxy Form may be lodged:

By mail: GARDA Capital Group C/- Link Market Services Locked Bag A14 Sydney South NSW 1235	In person: Link Market Services Level 12 680 George Street Sydney NSW 2000	By Facsimile: +61 2 9287 0309
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Or **online** at www.linkmarketservices.com.au using the directions on the back of the Proxy Form.

CORPORATE REPRESENTATIVES

A body corporate which is a GCL Shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the Company Scheme Meeting. The appointment of the representative must comply with the requirements of section 250D of the Corporations Act. The representative must bring to the Company Scheme Meeting a properly executed 'Certificate of Appointment of Corporate Representative' or other document confirming its authority to act as the company's representative. Details on how to obtain one are on the reverse of the Proxy Form.

RESOLUTION REQUIREMENTS

In accordance with section 411(4)(a)(ii) of the Corporations Act, the Company Scheme Resolution must be passed by:

- (a) more than 50% in number of GCL Shareholders present and voting at the Company Scheme Meeting (in person or by proxy); and
- (b) at least 75% of the votes cast on the Company Scheme Resolution.

CHAIR

The Court has directed that Mr Matthew Madsen is to act as Chair of the Company Scheme Meeting (and that, if Mr Madsen is unable or unwilling to attend, Mr Mark Hallett is to act as chair of the Company Scheme Meeting) and has directed the Chair to report the results of the Company Scheme Resolution to the Court.

VOTING ENTITLEMENTS

In accordance with the Corporations Act, the board of GCL has determined that a person's entitlement to vote at the Company Scheme Meeting will be the entitlement of that person set out in the register of GCM Securityholders as at 7:00 pm (AEST) on 13 November 2019. Transfers of GCM Securities registered after that time will be disregarded in determining entitlements to vote at the Extraordinary General Meeting.

If more than one joint holder of GCM Securities is present at the Extraordinary General Meeting (whether personally, by proxy, attorney or authorised representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

Annexure E

Company Scheme



Scheme of Arrangement

GARDA Capital Limited ACN 095 039 366

The holders of ordinary fully paid shares in GARDA Capital Limited

Jones Day
Riverside Centre, Level 31
123 Eagle Street
Brisbane QLD 4000, Australia
Tel: 61 7 3085 7000
Fax: 61 7 3085 7099
www.jonesday.com

AUI-930727976v2

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Scheme of Arrangement

Parties

GCL	GARDA Capital Limited ACN 095 039 366 of Level 21, 12 Creek Street, Brisbane QLD 4000
Scheme Participants	Each person registered as a holder of fully paid ordinary shares in GCL as at the Record Date.

It is **agreed** as follows.

1. Definitions and interpretation

1.1 Definitions

The following definitions apply unless the context requires otherwise.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited or the market operated by it, as the context requires.

Business Day means a means a day that is not a Saturday, Sunday or public holiday in Brisbane, Australia or the place where an act is to be performed, notice received or a payment is to be made.

CHESS means the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Limited ABN 49 008 504 532.

Company Scheme means this scheme of arrangement, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by GCL and GHL.

Company Scheme Order means the order of the Court made for the purposes of section 411(4)(b) of the Corporations Act in relation to the Company Scheme.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Supreme Court of Queensland or such other court of competent jurisdiction agreed in writing by GPG and GCM.

Effective means:

- (a) in respect of the Company Scheme, the time at which the Company Scheme Order takes effect pursuant to section 411(10) of the Corporations Act; and
- (b) in respect of the Trust Scheme, when the Supplemental Deed Poll takes effect pursuant to section 601FC(2) of the Corporations Act.

Effective Date means the date on which each of the Company Scheme and the Trust Scheme become Effective.

Encumbrances means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention and any "security interest" as defined in sections 12(1) or (2) of the *Personal Property Securities Act 2009* (Cth)), or any agreement to create any of them or allow them to exist.

End Date means the date which is six months after the date of the Scheme Implementation Deed or such later date as GPG and GCM agree in writing.

GCL Share means a fully paid ordinary share in the capital of GCL.

GCT means GARDA Capital Trust ARSN 150 164 720.

GCT Constitution means the constitution establishing GCT dated 25 March 2011 (as repealed and replaced on 3 February 2016 and amended from time to time).

GCT Unit means a fully paid ordinary unit in GCT.

GCT RE means GARDA Funds Management Limited ACN 140 857 405 in its capacity as responsible entity of GCT.

GCM means GCL and GCT RE, or one of them as the context requires.

GCM Register means the stapled security register of GCM maintained by or on behalf of GCM in accordance with section 168(1) of the Corporations Act.

GCM Stapled Security means a stapled security comprising one GCL Share and one GCT Unit.

GDF means GARDA Diversified Property Fund ARSN 104 391 273.

GDF Deed Poll means the deed poll executed by GDF in favour of GCM Securityholders on the Record Date, dated 9 October 2019 with such amendments as agreed by GCM and GPG and, if necessary, approved by the Court.

GDF Unit means a fully paid ordinary unit in GDF.

GDF RE means GCL in its capacity as responsible entity for GDF.

GDF Stapled Security means a stapled security comprising a GHL Share and a GDF Unit.

GHL means GARDA Holdings Limited ACN 636 329 774.

GHL Deed Poll means the deed poll executed by GHL in favour of GCM Securityholders on the Record Date, dated 9 October 2019 with such amendments as agreed by GCM and GPG and, if necessary, approved by the Court.

GHL Share means a fully paid ordinary share in GHL.

GPG means GDF RE and GHL, or one of them as the context requires.

GST has the meaning given to that term in the *A New Tax System (Goods & Services Tax) Act 1999* (Cth).

Implementation means the implementation of the Company Scheme, on it becoming Effective.

Implementation Date means the third Business Day following the Record Date, or such other date as GCM and GPG agree in writing or as may be required by ASX.

Independent Bidder Committee means the committee of the boards of the GDF RE and GHL, established in connection with the Schemes, comprising (at the date of this document) independent, non-executive director Morgan Parker and non-executive director Philip Lee.

Ineligible Foreign Securityholder means a person who, as at the Record Date, holds GCM Stapled Securities and whose registered address on the GCM Register is outside of Australia and New Zealand, unless GPG is satisfied, acting reasonably, that the laws of the place permit the allotment and issues of GHL Shares and GDF Units to that person pursuant to the Schemes, either unconditionally or after compliance with conditions that GPG in its sole discretion regards as acceptable and not unduly onerous or impracticable.

Permitted GCM Distribution means:

- (a) a dividend made by GCL on GCL Shares not exceeding the net profit after tax earned (or reasonably estimated by the Target Board Committee to be earned) by GCL in respect of the period between 1 July 2019 and the Implementation Date, approved by the Target Board Committee and subject to GCL being able to pay its debts as and when they fall due in the ordinary course of its business after the dividend is paid; plus
- (b) a distribution of the amount of any distribution on GDF Units received or to be received by GCT RE.

Permitted GDF Distribution means:

- (a) a distribution of up to \$0.0225 per GDF Unit in respect of the quarter ending 30 September 2019; plus
- (b) a distribution of up to \$0.0225 per GDF Unit in respect of any subsequent quarter, approved by the Independent Bidder Committee, provided that in the quarter that the Implementation Date occurs, the amount of the distribution for the quarter will be pro rata for the period from the first day of the quarter until the Implementation Date.

Record Date means 7:00 pm on the fifth Business Day after the Effective Date, or such other date agreed in writing between GPG and GCM or as may be required by ASX.

Sale Facility means the facility to be established and implemented by GPG, in agreement with GCM, under which Sale Securities are sold by the Sale Nominee on ASX in accordance with clause 7.

Sale Facility Account means the account established by the Sale Nominee in its own name, to which the Sale Nominee must deposit all funds received in respect of the Sale Securities.

Sale Facility Consideration means, in respect of each Ineligible Foreign Securityholder, an amount equal to the average price at which the GDF Stapled Securities are sold by the Sale Nominee under the Sale Facility (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges), multiplied by the number of GDF Stapled Securities that the Ineligible Foreign Securityholder would otherwise have been entitled to receive had they not been a Ineligible Foreign Securityholder (subject to rounding to the nearest whole cent or, if the amount calculated is exactly half a cent, subject to rounding down to the nearest whole cent).

Sale Nominee means a person appointed by GCM, in agreement with GPG, to act as the sale nominee for the purposes of the Sale Facility (and/or a nominee of that person that is a subsidiary of that person).

Sale Period means the 15 Business Day period commencing on the Business Day after the Implementation Date.

Sale Security means a GDF Stapled Security transferred to the Sale Nominee under the Sale Facility.

Schemes means the Company Scheme and the Trust Scheme.

Scheme Consideration means, for each Scheme Share held at the Record Date, 1.6 GHIL Shares subject to:

- (c) fractional entitlements to GHIL Shares arising under this Company Scheme being dealt with in accordance with clause 6.3; and
- (d) each such GHIL Share being stapled to a GDF Unit immediately after such share is issued and allotted to form one GDF Stapled Security.

Scheme Implementation Deed means the scheme implementation deed between GCL, GCT RE, GDF RE and GHIL dated 20 September 2019.

Scheme Meeting means the meeting to be ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in respect of the Company Scheme.

Scheme Participant means each holder GCL Shareholder at the Record Date, taking into account registration of all registerable transfers and transmission application in accordance with clause 8.1.

Scheme Shares means all the GCL Shares held by Scheme Participants as at the Record Date.

Second Court Date means the first day of hearing of an application made to the Court by GCM for the Second Court Orders and the Second Judicial Advice or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing and **Second Court Hearing** means the hearing of that application.

Second Judicial Advice means confirmation from the Court under section 96 of the *Trusts Act 1973* (Qld) that, GCT Unitholders having approved the Trust Scheme by the requisite majorities, GCT RE would be justified in implementing the Trust Scheme by giving effect to the provisions of the GCT Constitution (as amended by the Supplemental Deed Poll) and in doing all things and taking all necessary steps to put the Trust Scheme into effect.

Supplemental Deed Poll means a deed poll under which GCT RE will amend the GCT Constitution to facilitate and effect the Trust Scheme.

SID Condition means each condition set out in clause 3.1 of the Scheme Implementation Deed other than the condition set out in clause 3.1(h) (Court Approval of Schemes) of that document.

Target Board Committee means the committee of the boards of GCL and GCT RE established in connection with the Schemes to represent GCM, comprising (at the date of this document) Matthew Madsen and Mark Hallett.

Trust Scheme means the arrangement under which GDF RE acquires all of the GCT Units facilitated by the amendments to the GCT Constitution as set out in the Supplemental Deed Poll, subject to the requisite approvals of GCT Unitholders.

Trust Scheme Units means GCT Units held by Scheme Participants as at the Record Date.

1.2 Interpretation

In this document, the following rules of interpretation apply unless the context requires otherwise:

- (a) headings are for convenience only and do not affect interpretation;
- (b) the singular includes the plural and vice versa;
- (c) a gender includes other genders;
- (d) another grammatical form of a defined word or expression has a corresponding meaning;
- (e) a reference to a person includes a natural person, a body corporate, a corporation, a trust, a partnership, an unincorporated association or any other entity;
- (f) a reference to a person includes a reference to the person's successors, administrators, executors, and permitted assigns and substitutes;
- (g) a reference to legislation includes regulations and other instruments issued under it and consolidations, amendments, modifications, re-enactments or replacements of any of them;
- (h) a reference to a clause, schedule or annexure is to a clause of, or schedule or annexure to, this document;
- (i) a reference to a document (including this document) includes any amendment, variation, replacement or novation of it;
- (j) the meaning of general words is not limited by using the words "including", "for example" or similar expressions;
- (k) a reference to dollars, AUD, \$ or A\$ is a reference to the lawful currency of Australia;
- (l) a reference to time is a reference to time in Brisbane, Australia;
- (m) nothing in this document is to be construed to the disadvantage of a party because that party prepared it or any part of it;
- (n) a reference to a day (including a Business Day) means a period of time commencing at midnight and ending 24 hours later;
- (o) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day; and
- (p) a term not specifically defined in this document has the meaning given to it (if any) defined in the Corporations Act.

2. Background to Schemes

2.1 GCM

- (a) GCL is a public company limited by shares incorporated in Australia and registered in Queensland.
- (b) GCT is a registered managed investment scheme and GCT RE is the responsible entity of GCT.

- (c) GCM is admitted to the official list of the ASX and GCM Stapled Securities are officially quoted on ASX.
- (d) As at the date of the Scheme Implementation Deed, 26,430,000 GCM Stapled Securities were on issue.

2.2 GPG

- (a) GHL is a public company limited by shares incorporated in Australia and registered in Queensland.
- (b) GDF is a registered managed investment scheme and GDF RE is the responsible entity of GDF.
- (c) GDF is admitted to the official list of the ASX and GDF Units are officially quoted on ASX.
- (d) As at the date of the Scheme Implementation Deed, 185,356,359 GDF Units were on issue.

2.3 If Company Scheme becomes Effective

If this Company Scheme becomes Effective:

- (a) on the Implementation Date, the Scheme Shares will be de-stapled from the Trust Scheme Units;
- (b) in consideration of the transfer of each Scheme Share to GHL, GHL will provide or procure the provision of the Scheme Consideration to each Scheme Participant in accordance with the terms of this Company Scheme, the Scheme Implementation Deed and the GHL Deed Poll;
- (c) each GHL Share that comprises the Scheme Consideration will immediately upon issue be stapled to a GDF Unit (such units to be issued in accordance with the Trust Scheme, the Scheme Implementation Deed and the GDF Deed Poll);
- (d) all Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, will be transferred to GHL on the Implementation Date; and
- (e) GCL will enter the name of GHL in the GCM Register in respect of all Scheme Shares transferred to GHL in accordance with the terms of this Scheme.

2.4 Scheme Implementation Deed

GCL, GCT RE, GDF RE and GHL have agreed by executing the Scheme Implementation Deed to implement the terms of this Company Scheme and the Trust Scheme.

2.5 Deed Polls

- (a) GHL has executed the GHL Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform (or procure the performance of) obligations attributed to it under this Company Scheme, including to provide the Scheme Consideration.
- (b) GDF has executed the GDF Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform (or procure the performance of) obligations attributed to it under the Trust Scheme.

3. Conditions precedent

3.1 Conditions precedent to the Company Scheme

This Company Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all of the SID Conditions having been satisfied or waived in accordance with the terms of the Scheme Implementation Deed;
- (b) as at 8:00 am on the Second Court Date, the Scheme Implementation Deed having not been terminated in accordance with its terms;
- (c) the Court having approved this Company Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, GCL and GHL having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act;
- (d) the granting of the Second Judicial Advice by the Court in relation to the Trust Scheme;
- (e) the coming into effect of the Company Scheme Order pursuant to section 411(10) of the Corporations Act in relation to this Company Scheme; and
- (f) the Supplemental Deed Poll taking effect pursuant to section 601GC(2) of the Corporations Act.

3.2 Satisfaction of conditions

The satisfaction of each condition of clause 3.1 is a condition precedent to the operation of this Company Scheme.

3.3 Certificate in relation to conditions precedent

GCM and GPG will provide to the Court before or at the Second Court Hearing, a certificate or such other evidence as the Court request, confirming whether or not all the SID Conditions (in accordance with the allocations of responsibility set out in clause 3.6 of the Scheme Implementation Deed) and clause 3.1(b) of this Company Scheme have been satisfied or waived as at 8:00 am on the Second Court Date.

4. Scheme

4.1 Effective Date

Subject to clause 4.2, this Company Scheme will come into effect on and from the Effective Date.

4.2 End Date

This Company Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) the Scheme Implementation Deed is terminated in accordance with its terms.

5. Implementation of Scheme

5.1 Lodgement of Court orders and Supplemental Deed Poll with ASIC

As soon as practicable after the Court makes the Company Scheme Order:

- (a) GCL will lodge with ASIC office copies of that order;
- (b) GCT RE will lodge with ASIC a copy of the Supplemental Deed Poll pursuant to section 601GC(2) of the Corporations Act; and
- (c) if requested by ASIC, GCT RE will lodge with ASIC a consolidated copy of the GCT Constitution (as amended pursuant to the Supplemental Deed Poll) in accordance with section 601GC(3) of the Corporations Act.

5.2 Implementation steps

On the Implementation Date:

- (a) GCL will de-staple GCL Shares from GCT Units;
- (b) GCT RE will de-staple GCT Units from GCL Shares;
- (c) immediately following de-stapling of the GCL Shares from the GCT Units and GCM being reasonably satisfied that GHL has complied with all of its obligations in accordance with clauses 6.1(a)(i) and 6.1(a)(ii) of this Company Scheme, GCL must transfer all of the Scheme Shares, together with all rights and entitlements attaching to those shares as at the Implementation Date, to GHL without the need for any further act by any Scheme Participant (other than acts performed by GCL or its directors and officers as attorney and agent for the Scheme Participants under clause 10.3) by:
 - (i) GCL effecting a valid transfer or transfers of the Scheme Shares to GHL through CHESS and in accordance with section 1074D of the Corporations Act; or
 - (ii) if the procedure referred to in clause 5.2(c)(i) is, for whatever reason, not available, GCL delivering to GHL a duly completed share transfer form or forms to transfer all of the Scheme Shares to GHL, duly executed by GCL (or any of its directors and officers) as the attorney and agent of each Scheme Participant as transferor.

5.3 Execution of transfer forms

If applicable, GHL will immediately execute (as transferee) the share transfer forms referred to in clause 5.2(c)(ii), arrange for the stamping of any such share transfer forms (if applicable) and deliver the share transfer forms to GCL for registration.

5.4 Entry of details in GCM Register

GCL will, immediately following receipt of the transfer forms in respect of the Scheme Shares, subject to GHL complying with its obligations under clauses 5.3 and 6, enter the name and address of GHL in the GCM Register as the holder of all the Scheme Shares.

5.5 GHL to provide Scheme Consideration

On or before 12:00 pm on the Implementation Date, in consideration for the transfer of the Scheme Shares to GHL, GHL will provide the Scheme Consideration in accordance with

clause 6.1 to each Scheme Participant in respect of each Scheme Share registered in the name of that Scheme Participant in the GCM Register at the Record Date.

6. Scheme Consideration

6.1 Provision of Scheme Consideration

- (a) Subject to clause 7:
- (i) immediately before the transfer of the Scheme Shares to GHL under clause 5.3, GHL will issue and allot to each Scheme Participant the Scheme Consideration to which that Scheme Participant is entitled as consideration for the transfer of that Scheme Participant's respective Scheme Shares to GHL in accordance with this Company Scheme;
 - (ii) at the same time, GDF RE will issue to each Scheme Participant an equivalent number of GDF Units to which that Scheme Participant is entitled as consideration for the transfer of that Scheme Participant's respective GCT Units to GDF RE in accordance with the Trust Scheme, the Scheme Implementation Deed and the GDF Deed Poll;
 - (iii) GHL and GDF RE must ensure, immediately following the issue of the Scheme Consideration in accordance with clause 6.1(a)(i) and the GDF Units in accordance with clause 6.1(a)(ii) and the Trust Scheme, that each of the GHL Shares is stapled to a GDF Unit to comprise a GDF Stapled Security;
 - (iv) GHL and GDF RE must register, or cause to be registered, the Scheme Participants as the holders of the GDF Stapled Securities to which they become entitled under this Company Scheme and Trust Scheme:
 - (A) if the GCM Stapled Securities were held by the Scheme Participant on the Record Date on an uncertificated issuer sponsored sub-register, on uncertificated issuer sponsored sub-registers of GDF Stapled Securities; or
 - (B) if the GCM Stapled Securities were held by the Scheme Participant on the Record Date on an uncertificated CHESS sub-register, on uncertificated CHESS sub-registers of GDF Stapled Securities,

in either case, such registration to occur on the Implementation Date immediately after the GHL Shares are stapled to the GDF Units in accordance with clause 6.1(a)(iii); and
 - (v) by no later than 5 Business Days after the Implementation Date, GHL and GDF RE must send holding statements confirming the issue and allotment of GDF Stapled Securities to the Scheme Participants who become entitled to those securities under this Company Scheme and the Trust Scheme, by pre-paid ordinary post (or, if the address of the Scheme Participant in the GCM Register is outside Australia, by pre-paid airmail post) to their address recorded in the GCM Register on the Record Date.

6.2 Joint holders

In the case of Scheme Shares held in joint names, holding statements for Scheme Consideration required to be issued to Scheme Participants will be issued in the names of the joint holders and sent to the holder whose name appears first in the GCM Register on the Record Date.

6.3 Fractional entitlements

Where the calculation of the number of GHL Shares to be issued to a particular Scheme Participant would result in the issue of a fraction of a GHL Share, the fractional entitlement will:

- (a) where the entitlement is to half a GHL Share or more, be rounded up to the nearest whole number of GHL Shares; and
- (b) where the entitlement is to less than half of a GHL Share, be rounded down to the nearest whole number of GHL Shares.

6.4 Splitting

- (a) If GCL and GHL are of the opinion that two or more Scheme Participants, each of which holds a holding of Scheme Shares which results in rounding in accordance with clause 6.3, have, before the Record Date, been party to a shareholding splitting or division in an attempt to obtain an advantage by reference to the rounding, GCL and GHL may give notice to those Scheme Participants prior to the Implementation Date:

- (i) setting out the names and registered addresses for all of those Scheme Participants;
 - (ii) stating that opinion; and
 - (iii) attributing to one of them specifically identified in the notice (**Identified Scheme Participant**) the Scheme Shares held by all of them,

and, after the notice has been so given, the Scheme Participant specifically identified in the notice as the deemed holder of all the specified Scheme Shares shall, for the purposes of the Company Scheme, be taken to hold all those Scheme Shares and each of the other Scheme Participants whose names are set out in the notice shall, for the purposes of the Company Scheme, be taken to hold no Scheme Shares.

- (b) GHL, in complying with the provisions of the Company Scheme relating to it in respect of the Identified Scheme Participant in a notice give in accordance with clause 6.4(a) will be taken to have satisfied and discharged its obligations under the Scheme to the other Scheme Participants named that notice,

6.5 Status of GHL Shares

Upon issue:

- (a) the GHL Shares issued to Scheme Participants will rank equally with all existing GHL Shares, except that they will not carry a right to participate in any Permitted GDF Distributions; and
- (b) each GHL Share will be fully paid and free from any Encumbrance.

6.6 Instructions to GCM

All binding instructions or notifications between a Scheme Participant and GCM regarding Scheme Shares or a Scheme Participant's status as a holder of GCM Stapled Securities (including without limitation, any instructions relating to communications from GCL or GCT RE and whether distributions are to be paid by cheque or into a specified bank account) will, the extent permitted, from the Record Date, be deemed (except to the extent determined otherwise by GPG in its sole discretion) to be similarly binding instructions or notifications to, and accepted by, GHL and GDF RE in respect of the GDF Stapled Securities issued to the Scheme Participants under this Company Scheme and the Trust Scheme until those

instructions or notifications are, in each case, revoked or amended in writing addressed to GPG (at its registered address from time to time), provided that any such instructions or notifications accepted by GPG will apply to and in respect of the issue of GDF Stapled Securities as part of the Scheme Consideration only to the extent that they are not inconsistent with the other provisions of the Company Scheme.

7. Sale Facility

7.1 Ineligible Foreign Securityholders

- (a) GPG will be under no obligation under the Company Scheme to issue, and will not issue, any GHL Shares to any Ineligible Foreign Securityholders, and instead GHL and GDF RE will issue on the Implementation Date the GDF Stapled Securities to which that Ineligible Foreign Securityholder would otherwise have been entitled (were they not an Ineligible Foreign Securityholder) to the Sale Nominee.
- (b) On the Implementation Date, GHL and GDF RE will procure the entry in the GDF Register of the name and address of the Sale Nominee in respect of the GDF Stapled Securities that are attributable to each Ineligible Foreign Securityholder.

7.2 Sale of Sale Securities by Sale Nominee

- (a) GCL will procure that, as soon as is reasonably practicable, and in any event not more than 15 Business Days after the Implementation Date, the Sale Nominee sells the Sale Securities in such manner, at such prices and at such times as it sees fit, on such other terms as the Sale Nominee determines in good faith, and at the risk of the Ineligible Foreign Securityholders, with the objectives of:
 - (i) achieving the best price for the Sale Securities that is reasonably obtainable at the time of the relevant sale; and
 - (ii) ensuring all sales of the Sale Securities are effected in the ordinary course of trading on ASX during the Sale Period.
- (b) GCL will procure that the Sale Nominee:
 - (i) on each date on which a sale of Sale Securities is settled, deposits all funds received in respect of that sale into the Sale Facility Account; and
 - (ii) once settlement of the sale of all the Sale Securities has occurred, and in no case later than 5 Business Days thereafter, transfers the funds (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges) in the Sale Facility Account to the GCM Registry.
- (c) GCL must procure that the GCM Registry, no later than 5 Business Days after the Sale Nominee has transferred the funds in the Sale Facility Account in accordance with clause 7.2(b), arranges in respect of each Ineligible Foreign Securityholder for payment of the Sale Facility Consideration by either:
 - (i) dispatching by email to the registered address of that Ineligible Foreign Securityholder a cheque or bank draft which includes the Sale Facility Consideration for that Ineligible Foreign Securityholder payable in Australian dollars (provided that, in the case of Ineligible Foreign Securityholders who are joint holders of GCM Stapled Securities, the cheque will be made payable to the joint holders and sent to the holder whose name appears first in the GCM Register as at the Record Date); or

- (ii) making an electronic funds transfer in Australian dollars to an account nominated by that Ineligible Foreign Securityholder for the purposes of the Sale Facility or the payment of distributions on GCM Stapled Securities,

in full satisfaction of GHL's obligations to that Ineligible Foreign Securityholder under the terms of the Company Scheme in respect of the Scheme Consideration.

- (d) Each Ineligible Foreign Securityholder appoints GCL as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Sale Nominee is required to provide to Ineligible Foreign Securityholders under the Corporations Act.

8. Dealings in GCM Securities

8.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in GCM Stapled Securities will only be recognised by if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the GCM Register as the holder of the GCM Stapled Securities on or before the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Record Date at the place where the Register is kept.

8.2 Register

GCM must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 8.1(b) on or before the Record Date.

8.3 No disposals after Record Date

Except to the extent set out above, GCL will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after the Record Date (except a transfer to GHL pursuant to this Company Scheme and any subsequent transfer by GHL or its successors in title) and any attempt to do so will have no effect and GCL will be entitled to disregard any such disposal.

8.4 Maintenance of Register

For the purpose of determining entitlements to the Scheme Consideration, GCL will maintain the GCM Register in accordance with the provisions of this clause 8 until the Scheme Consideration has been paid to the Scheme Participants and GHL has been entered in the GCM Register as the holder of all the Scheme Shares. The GCM Register in this form will solely determine entitlements to the Scheme Consideration.

8.5 Effect of certificates and holding statements

As from the Record Date but subject to the provision of the Scheme Consideration in accordance with the Company Scheme (and other than for GHL following the Implementation Date), all share certificates, holding statements and entries in the GCM Register for Scheme Shares will cease to have effect as documents of title in respect of those shares other than as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

8.6 Details of Scheme Participants

Within three Business Days after the Record Date, GCL will ensure that details of the names, registered addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the GCM Register at the Record Date are available to GHL in such form as GHL reasonably requires.

8.7 Each Scheme Participant warrants GCL Shares free from Encumbrance

Each Scheme Participant is deemed to have warranted to GHL and appointed and authorised GCL as their agent and attorney to warrant to GHL that all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, as at the time of the transfer of them to GHL, be fully paid and free from all Encumbrances, and that they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements to those shares) to GHL under the Company Scheme. GCL undertakes in favour of each Scheme Participant that it will provide such warrant to GHL on behalf of that Scheme Participant.

8.8 GHL beneficially entitled to Scheme Shares

GHL will be beneficially entitled to the Scheme Shares transferred to it under the Company Scheme pending registration by GCL of the name and address of GHL in the GCM Register as the holder of the Scheme Shares.

8.9 Suspension and termination of quotation of GCM Stapled Securities

- (a) GCM must apply to ASX for suspension of trading of the GCM Stapled Securities on ASX with effect from the close of business on the Effective Date.
- (b) GCM must apply to ASX for termination of official quotation of the GCM Stapled Securities on ASX and the removal of GCM from the official list of ASX with effect from the Business Day immediately following the Implementation Date.

9. Notices

9.1 No deemed receipt

If a notice, transfer, transmission application, direction or other communication referred to in this Company Scheme is sent by post to GCL, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at GCL's registered office or at the office of the GCM Registry.

9.2 Accidental omission

The accidental omission to give notice of a Scheme Meeting or the non-receipt of such a notice by any GCL Shareholder will not, unless so ordered by the Court, invalidate a Scheme Meeting or the proceedings of a Scheme Meeting.

10. General

10.1 Giving effect to the Company Scheme

Each Scheme Participant and GCL must do anything (include executing any document) that is necessary, expedient or incidental to give full effect to the Company Scheme and the transaction contemplated by it. Without limiting GCL's other powers under this Company Scheme, GCL has power to do all things that it considers necessary or desirable to give effect to the Company Scheme or the Scheme Implementation Deed.

10.2 Variations, alterations and conditions

GCL may, with the consent of GHL (which cannot be unreasonably withheld), by its counsel or solicitor consent on behalf of all persons concerned (including, for the avoidance of doubt, all Scheme Participants) to any variations, alterations or conditions to this Scheme which the Court thinks fit to impose.

10.3 Scheme Participants' agreements and consents

Without the need for any further act by any Scheme Participant, each Scheme Participant:

- (a) to whom GHL Shares are to be issued pursuant to the Scheme:
 - (i) irrevocably agrees to become a member of GHL for the purposes of clauses 4 and 6 and to have their name and address entered in the GDF Register; and
 - (ii) irrevocably accepts the GHL Shares issued pursuant to the Scheme on the terms and conditions of the constitution of GHL and agrees to be bound by the constitution of GHL as in force from time to time in respect of the GHL Shares;
- (b) agrees to the transfer of their GCL Shares, together with all rights and entitlements attaching to those shares (except for the right to participate in any Permitted GCM Distributions), to GHL, in accordance with the Company Scheme;
- (c) acknowledges that the Company Scheme binds GCL and all GCL Shareholders from time to time, including those who do not attend the Scheme Meeting, do not vote at the Scheme Meeting or vote against the Company Scheme;
- (d) consents to GCL doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, expedient or incidental to Implementation and to give full effect to the Company Scheme and the transactions contemplated by it; and
- (e) irrevocably appoints GCL and each of its directors and secretaries (jointly and each of them individually), on and from the Effective Date, as its attorney and agent for the purpose of:
 - (i) doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, expedient or incidental to Implementation and to give full effect to the Company Scheme and the transactions contemplated by it, including the effecting of a proper and valid instrument of transfer (or transfers) of that Scheme Participant's Scheme Shares for the purpose of section 1017B of the Corporations Act (which may be a master transfer of all or part of the Scheme Shares); and
 - (ii) enforcing the GHL Deed Poll against GHL,and GCL accepts such appointment.

10.4 Appointment of parent as attorney for Scheme Shares

- (a) From the Effective Date until GHL is registered in the GCM Register as the holder of all Scheme Shares, each Scheme Participant:
 - (i) without the need for any further act by that Scheme Participant, irrevocably appoints GHL as its proxy to (and irrevocably appoints GHL as its agent and attorney for the purpose of appointing any director or officer of GHL as that

Scheme Participant's proxy and, where appropriate, its corporate representative to):

- (A) attend shareholders' meetings of GCL;
 - (B) exercise the votes attaching to the Scheme Shares registered in the name of the Scheme Participant; and
 - (C) sign any GCM Securityholders' resolution; and
- (ii) must take all other action in the capacity of a Scheme Participant as GHL reasonably directs.
- (b) From the Effective Date until GHL is registered in the GCM Register as the holder of all Scheme Shares, no Scheme Participant may attend or vote at any meetings of GCM Securityholders or sign any GCM Securityholders' resolution (whether in person, by proxy or by corporate representative) other than under this clause 10.4.

10.5 No liability when acting in good faith

Neither GCL, nor any of its directors, officers or employees, will be liable for anything done or omitted to be done in the performance of this Company Scheme in good faith.

10.6 Stamp duty

GHL will:

- (a) pay all stamp duty (including any fines, penalties and interest) payable in connection with this Scheme or the Deed Poll; and
- (b) indemnify each Scheme Participant against any liability incurred by the Scheme Participant arising from failure to comply with clause 10.6(a).

10.7 Governing law and jurisdiction

This document and any dispute arising out of or in connection with this document is governed by the laws of Queensland, Australia. The parties submit to the non-exclusive jurisdiction of the courts of that place.

Annexure F

Supplemental Deed Poll



Supplemental Deed Poll

GARDA Funds Management Limited ACN 140 857 405

A deed poll amending the constitution of
GARDA Capital Trust ARSN 150 164 720

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THIS DEED is made on

2019

BY:

- (1) GARDA Funds Management Limited ACN 140 857 405 (**Responsible Entity**)

RECITALS:

- (A) The Responsible Entity is a public company limited by shares, incorporated in Australia on 1 December 2009.
- (B) The Responsible Entity is the responsible entity of GARDA Capital Trust ARSN 150 164 720 (**Trust**) established under a trust deed dated 25 March 2011 (as repealed and replaced on 3 February 2016 and amended from time to time) (**Constitution**).
- (C) The Trust was registered as a managed investment scheme under Chapter 5C of the *Corporations Act 2001* (Cth) (**Corporations Act**) by the Australian Securities and Investments Commission (**ASIC**) on 11 April 2011.
- (D) There are 26,430,000 units in the Trust (**Units**) on issue as at the date of this deed.
- (E) Units are stapled to shares in GARDA Capital Limited ACN 095 039 366 (**Company**) and the stapled securities are listed on ASX under the ticker code 'GCM'.
- (F) The Responsible Entity, the Company (both in its own capacity and as responsible entity for the GARDA Diversified Property Fund ARSN 104 391 273 (**GDF**)), and GARDA Holdings Limited ACN 636 329 774 (**GHL**) have executed a Scheme Implementation Deed dated 20 September 2019 (**SIA**) to propose and implement the Schemes (comprised of a Trust Scheme and a Company Scheme) (as defined in the SIA).
- (G) Section 601GC(1)(a) of the Corporations Act states that the constitution of a registered scheme may be modified, or repealed and replaced with a new constitution, by special resolution of the members of the scheme.
- (H) The Constitution must be modified to facilitate the Trust Scheme.
- (I) At a meeting of members of the Trust on [14 November] 2019, it was resolved by special resolution that the Constitution be modified as set out in this deed.

THE RESPONSIBLE ENTITY DECLARES AS FOLLOWS

1. INTERPRETATION

A term defined in the Constitution has the same meaning in this deed, unless otherwise defined in this deed.

2. MODIFICATION OF CONSTITUTION

The Constitution is modified in the manner set out in the Annexure.

3. NO RESETTLEMENT

This deed does not:

- (a) constitute a resettlement or re-declaration of the Trust constituted under the Constitution; or
- (b) cause the transfer, vesting or accruing of any property comprising the assets of the Trust in any person.

4. BINDING PROVISIONS

The provisions of this deed are binding on and are made for the benefit of the Responsible Entity, each member of the Trust and all persons claiming through them.

5. EFFECTIVE DATE

In accordance with section 601GC(2) of the Corporations Act, the changes to the Constitution contemplated by this deed takes effect upon a copy of this deed being lodged with ASIC.

6. GOVERNING LAW

- (a) This deed is governed by the laws of the State of Queensland.
- (b) Any dispute arising in relation to this deed, including any dispute in relation to the performance of obligations under this deed, will be subject to the non-exclusive jurisdiction of the courts of that State, and any court that may hear appeals from any of those courts, for any proceedings in connections with this deed.

EXECUTED as a deed poll

**Executed by GARDA Funds Management
Limited ACN 140 857 405 in its capacity
as responsible entity for the GARDA
Capital Trust ARSN 150 164 720 in
accordance with section 127 of the
Corporations Act 2001 (Cth):**

Signature of Director

Signature of Director/Secretary

Name of Director

Name of Director/Secretary

Annexure

Amendments to the Constitution

With effect on and from the Effective Date, the Constitution is amended by inserting new clause 38 as follows:

38. Trust Scheme

38.1 Definitions

In this clause 38:

CHES means the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Limited ABN 49 008 504 532.

Company Scheme means a scheme of arrangement under Part 5.1 of the Corporations Act between GCL and its shareholders under which GHL acquires all of the shares in GCL.

Company Scheme Consideration means, for each share in GCL, 1.6 GHL Shares.

Court means the Supreme Court of Queensland or such other court of competent jurisdiction as the Manager, GCL (in its own capacity and as responsible entity for GDF) and GHL may agree in writing.

Effective means, when used in relation to the Schemes, all of the following events taking place:

- (a) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the Company Scheme; and
- (b) the Supplemental Deed Poll, which inserts this clause 38 into the Constitution, taking effect pursuant to section 601GC(2) of the Corporations Act.

Effective Date means the date on which each of the Schemes becomes Effective.

GCL means GARDA Capital Limited ACN 095 039 366.

GCL Shares means fully paid ordinary shares in GCL.

GCL RE means GCL in its capacity as responsible entity for GDF.

GCL RE Deed Poll means the deed poll executed by GCL RE in favour of the Trust Scheme Participants dated 9 October 2019 with such amendments as agreed by GCL RE and the Manager and, if necessary, approved by the Court.

GCT Registry means the share registry of the Trust.

GDF means GARDA Diversified Property Fund ARSN 104 391 273.

GDF Register means the register of members of GDF kept in accordance with the constitution of GDF which, after implementation of GDF Stapling, will be a combined register of members of GDF and GHL.

GDF Stapling means all of the following events taking place:

- (a) the distribution of all GHL Shares to the holders of GDF Units so that each such holder holds an equal number of GDF Units and GHL Shares; and
- (b) the stapling of the GHL Shares to GDF Units on a one-for-one basis to form a class of stapled securities, which will be deemed to have taken place notwithstanding any temporary un-stapling of the stapled securities at the time the Schemes are implemented.

GDF Units means ordinary fully paid units in GDF.

GHL means GARDA Holdings Limited ACN 636 329 774.

GHL Deed Poll means the deed poll executed by GHL in favour of GCL shareholders dated 9 October 2019 with such amendments as agreed between GHL and GCL and if necessary, approved by the Court.

GHL Shares means ordinary fully paid shares in GHL.

Ineligible Foreign Holder means a person who, as at the Record Date, holds an interest in GCT and whose Registered Address is outside of Australia and New Zealand, unless GCL RE is satisfied, acting reasonably, that the laws of the place permit the allotment and issues of GDF Units to that person pursuant to the Trust Scheme, either unconditionally or after compliance with conditions that GCL RE in its sole discretion regards as acceptable and not unduly onerous or impracticable.

Implementation means the implementation of the Schemes, on them becoming Effective.

Implementation Date means the date that is three Business Days after the Record Date, or such other date as the Manager, GCL (in its own capacity and as responsible entity for GDF) and GHL may agree in writing or as may be required by ASX.

Independent Bidder Committee means the committee of the boards of the GDF RE and GHL, established in connection with the Schemes, comprising (at the date of this document) independent, non-executive director Morgan Parker and non-executive director Philip Lee.

Permitted GCM Distribution means:

- (a) a dividend paid by GCL on GCL Shares not exceeding the net profit after tax earned (or reasonably estimated by the Target Board Committee to be earned) by GCL in respect of the period between 1 July 2019 and the Implementation Date, approved by the Target Board Committee and subject to GCL being able to pay its debts as and when they fall due in the ordinary course of its business after the dividend is paid; plus
- (b) a distribution of the amount of any distribution on GDF Units received or to be received by the Manager.

Permitted GDF Distribution means:

- (a) a distribution of up to \$0.0225 per GDF Unit in respect of the quarter ending 30 September 2019; plus
- (b) a distribution of up to \$0.0225 per GDF Unit in respect of any subsequent quarter, approved by the Independent Bidder Committee, provided that in the quarter that the Implementation Date occurs, the amount of the distribution for the quarter will be pro rata for the period from the first day of the quarter until the Implementation Date.

Record Date means the day which is five Business Days after the Effective Date or any other date agreed in writing between the Manager, GCL (in its own capacity and as responsible entity for GDF) and GHL or as may be required by the ASX.

Registered Address means, in relation to a Trust Scheme Participant, the address of that Trust Scheme Participant shown in the Register.

Resolutions means the resolutions to approve the Trust Scheme.

Sale Facility means the facility to be established and implemented by GCL RE, in agreement with the Manager, under which the Sale Securities are sold by the Trust Scheme Sale Nominee on ASX.

Sale Facility Account means the account established by the Trust Scheme Sale Nominee in its own name, to which the Trust Scheme Sale Nominee must deposit all funds received in respect of the Sale Securities.

Sale Facility Consideration means, in respect of each Ineligible Foreign Holder, an amount equal to the average price at which GDF Units are sold by the Trust Scheme Sale Nominee under the Sale Facility (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges), multiplied by the number of GDF Units that the Ineligible Foreign Holder would otherwise have been entitled to receive had they not been Ineligible Foreign Holders (subject to the rounding to the nearest whole cent or, if the amount calculated is exactly down to the nearest whole cent).

Sale Period means the 15 Business Day period commencing on the Business Day after the Implementation Date.

Sale Securities has the meaning given in clause 38.5(a).

Scheme Implementation Deed means the scheme implementation deed between the Manager, GCL (in its own capacity and as responsible entity for GDF) and GHL dated 20 September 2019 relating to the implementation of the Schemes.

Schemes means the Trust Scheme and the Company Scheme.

Scheme Meeting means the meeting of Members convened by the Manager to consider the Resolutions and any relevant additional resolutions, and includes an adjournment of that meeting.

Scheme Register means the copy of the Register as at 7:00 pm on the Record Date which contains the names, addresses, bank accounts, number of Scheme Units held and other relevant details of Trust Scheme Participants which is maintained by the Manager to determine entitlements to Trust Scheme Consideration as contemplated by clause 38.3(d).

Scheme Unit means the Units on issue as at the Record Date.

Target Board Committee means the committee of the boards of GCL and GCT RE established in connection with the Schemes to represent GCM, comprising (at the date of this document) Matthew Madsen and Mark Hallett.

Trust Scheme Participant means each Member at the Record Date, taking into account registration of all registrable transfers and transmission applications in accordance with clause 38.3.

Trust Scheme means the arrangement under which GCL RE acquires all of the Scheme Units from Trust Scheme Participants.

Trust Scheme Consideration means, for each Scheme Unit, 1.6 GDF Units, subject to fractional entitlements to GDF Units arising under the Trust Scheme being dealt with in accordance with clauses 38.7(h) and 38.7(i) and on the basis that each GDF Unit being stapled to a GHL Share immediately after the GDF Unit is issued and allotted, or at such time as may be required by the ASX.

Trust Scheme Sale Nominee means a person appointed by GCL RE, in agreement with the Manager, to act as the sale nominee for the purposes of the Sale Facility (and/or a nominee of that person that is a subsidiary of that person).

38.2 Effect of clause 38

This clause 38:

- (a) binds the Manager and all Members, including those who do not attend the Scheme Meeting, do not vote at that meeting or vote against the Resolutions at the Scheme Meeting; and
- (b) overrides any other provisions of this constitution to the extent of any inconsistency.

38.3 Dealings in Units

- (a) To establish the persons who are Trust Scheme Participants, prior to the completion of the Implementation, dealings in Units will only be recognised if :
 - (i) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Units before 7:00 pm on the Record Date; and
 - (ii) in all other cases, registrable transmission applications or transfers in registrable form of those dealings are received before 7:00 pm on the Record Date at the place where the Register is kept.
- (b) The Manager must register any registrable transmission applications or transfers of the kind referred to in clause 38.3(a)(ii) by no later than 7:00 pm on the Record Date.
- (c) The Manager must not accept for registration, nor recognise for any purpose, any transmission, application or transfer in respect of Units received after the times specified in clauses 38.3(a) and 38.3(b), or received prior to such times but not in registrable form.
- (d) In order to determine entitlements to the Trust Scheme Consideration, the Manager must, until the Trust Scheme Consideration has been paid to Trust Scheme Participants and the name and address of GCL RE has been entered in the Register as the holder of the Scheme Units, maintain, or procure the maintenance of, the Scheme Register in accordance with this clause 38.3(d). The Scheme Register shall consist of the names, addresses, bank accounts and other relevant details of persons who are Trust Scheme Participants and the number of Units held by such persons as shown in each case on the Scheme Register as at 7:00 pm on the Record Date (immediately after registration of registrable transferors or transmission applications of the kind referred to in clause 38.3(a)). The Scheme Register and the terms of the Trust Scheme will solely determine entitlements to the Trust Scheme Consideration.
- (e) From the Record Date, each Trust Scheme Participant (and any person claiming through or on behalf of that Trust Scheme Participant) must not dispose of, agree to, or purport to dispose of any Scheme Units or any interest in them other than in accordance with this clause 38.
- (f) From the Record Date and subject to the provision of the Trust Scheme Consideration in accordance with the Trust Scheme:
 - (i) all certificates and statements of holding in respect of the Units will cease to have any effect (whether as documents of title or otherwise); and
 - (ii) each entry in the Register as at 7:00 pm on the Record Date in respect of Trust Scheme Participants and Units will cease to have any effect,

in each case, other than as evidence of the entitlements of Trust Scheme Participants to the Trust Scheme Consideration in respect of the Units held by that Trust Scheme Participant.

- (g) As soon as practicable after the Record Date and in any event at least two Business Days before the Implementation Date, the Manager must give to GCL RE (or procure that GCL RE is given) the name and Registered Address of, and number of Scheme Units held by, each Trust Scheme Participant in whatever form GCL RE reasonably requires.

38.4 Trust Scheme Consideration

Each Trust Scheme Participant who is not an Ineligible Foreign Holder will, on Implementation:

- (a) receive and accept the Trust Scheme Consideration as consideration for the transfer of its Scheme Units to GCL RE in accordance with this clause 38; and
- (b) agree to become a member of GDF and to be bound by the constitution of GDF (as amended from time to time).

38.5 Ineligible Foreign Holders

- (a) GCL RE will be under no obligation under the Trust Scheme to issue, and will not issue, any GDF Units to Ineligible Foreign Holders and instead, GCL RE will issue on the Implementation Date the GDF Units to which an Ineligible Foreign Holder would otherwise have been entitled were they not an Ineligible Foreign Holder (**Sale Securities**) to the Trust Scheme Sale Nominee.
- (b) On the Implementation Date, GCL RE will procure the entry in the GDF Register of the name and address of the Trust Scheme Sale Nominee in respect of the Sale Securities.

38.6 Sale of Sale Securities by the Trust Scheme Sale Nominee

- (a) The Manager will procure that, as soon as reasonably practicable and in any event no more than 15 Business Days after the Implementation Date, the Trust Scheme Sale Nominee sells the Sale Securities in such manner, at such prices and at such times as it sees fit, on such other terms as the Trust Scheme Sale Nominee determines in good faith and at the risk of the Ineligible Foreign Holder, with the objectives of:
 - (i) achieving the best price for the Sale Securities that is reasonably obtained at the time of the relevant sale; and
 - (ii) ensuring all sales of the Sale Securities are effected in the ordinary course of trading on ASX during the Sale Period.
- (b) The Manager will procure that the Trust Scheme Sale Nominee:
 - (i) on each date on which a sale of Sale Securities is settled, deposit all funds receiving into the Sale Facility Account; and
 - (ii) once settlement of the sale of all Sale Securities has occurred, and in any case no later than 5 Business Days thereafter, transfer the funds in the Sale Facility Account to the GCT Registry.
- (c) The Manager must procure that the GCT Registry, no later than 5 Business Days after the Trust Scheme Sale Nominee has transferred the funds in the Sale Facility Account in accordance with clause 38.6(b), arranges in respect of each Ineligible Foreign Holder for payment of the Sale Facility Consideration by either:

- (i) despatching by mail to the registered address of that Designed Foreign Investor a cheque or bank draft which includes the Sale Facility Consideration for that Ineligible Foreign Holder payable in Australian dollars (provided that, in the case of Ineligible Foreign Holders who are joint holders of Scheme Units, the cheque will be made payable to the joint holders and sent to the holder whose name appears first in the Scheme Register as at the Record Date); or
- (ii) making an electronic funds transfer in Australian dollars to an account nominated by that Designed Foreign Investor for the purposes of the Sale Facility or the payment of distributions on Scheme Units,

in full satisfaction of GCL RE's obligations to that Ineligible Foreign Holder under the terms of the Trust Scheme in respect of the Trust Scheme Consideration.

- (d) Each Ineligible Foreign Holder appoints the Manager as its agent to receive on its behalf any financial service guide or other notices (including any updates of those documents) that the Trust Scheme Sale Nominee is required to provide to Ineligible Foreign Holders under the Corporations Act.

38.7 Implementation steps

- (a) Implementation is subject to the GDF Stapling occurring on or before the Implementation Date.
- (b) On the Implementation Date, the Manager and GCL will determine in accordance with clause 9.4(a) of Schedule 1 of this constitution that:

- (i) the Stapling Provisions of this constitution will cease to apply; and
- (ii) that on and from the Implementation Date, the Scheme Units will cease to be Stapled to the Attached Securities,

with effect from the time that the determination is made.

- (c) On the Implementation Date, subject to and immediately after the Unstapling, and subject to the issue of the Trust Scheme Consideration to Trust Scheme Participants and the issue of the Company Scheme Consideration in accordance with the Company Scheme, all the Scheme Units (together with all rights and entitlements attaching to those Scheme Units as at the Implementation Date) will be transferred to GCL RE without the need for any further act of any Trust Scheme Participant (other than acts performed by the Manager or its directors and officers as attorney and agent for each of the Trust Scheme Participants under clause 38.9(g)) by:

- (i) the Manager effecting a valid transfer or transfers of the Scheme Units to GCL RE through CHESS and in accordance with section 1074D of the Corporations Act; or
- (ii) if the procedure referred to in clause 38.7(c)(i) is, for whatever reason, not available:

- (A) the Manager delivering to GCL RE a duly completed unit transfer form or forms to transfer all of the Scheme Units to GCL RE, duly executed by the Manager (or any of its directors and officers) as the attorney of each Trust Scheme Participant as transferor;
- (B) GCL RE immediately executing (as transferee) the unit transfer forms referred to in clause 38.7(c)(ii)(A) as transferred, arranging for the stamping of any such unit transfer forms (if applicable) and delivering the unit transfer forms to the Manager for registration; and

- (C) the Manager, immediately following receipt of the transfer forms in respect of the Scheme Units, entering the name and address of GCL RE in the Register as the holder of all the Scheme Units.
- (d) GCL RE will ensure that all GDF Units issued and allotted as part of the Trust Scheme Consideration rank equally with all other existing interests of that class (except that they will not carry a right to participate in any Permitted GDF Distributions) and are issued and allotted fully paid and free from any security interest.
- (e) Each Trust Scheme Participant who is not an Ineligible Foreign Holder acknowledges that the receipt GDF Units will constitute full discharge of GCL RE's and the Manager's obligations in respect of the transfer of the Trust Scheme Participant's Scheme Units.
- (f) Each Ineligible Foreign Holder acknowledges that the receipt by each Ineligible Foreign Holder of the Sale Facility Consideration from the Trust Scheme Sale Nominee will constitute full discharge of GCL RE's and the Manager's obligations in respect of the transfer of the Ineligible Foreign Holder's Scheme Units.
- (g) In the case of joint holders of Scheme Units:
 - (i) any uncertificated holding statements, certificates or equivalent document for GDF Units comprising Trust Scheme Consideration will be issued in the names of the joint holders and forwarded to that Trust Scheme Participant's registered address and marked for the attention of the holder whose name appears first in the Scheme Register as at the Record Date; and
 - (ii) any cheque required to be paid to an Ineligible Foreign Holder will be payable to the joint holders and will be forwarded to that Ineligible Foreign Holder's registered address and marked for the attention of the holder whose name appears first in the Scheme Register as at the Record Date.
- (h) Where the calculation of the number of GDF Units to be issued to a particular Trust Scheme Participant would result in the issue of a fraction of a GDF Unit, the fractional entitlement will:
 - (i) where the entitlement is to half a GDF Unit or more, be rounded up to the nearest whole number of GDF Units; and
 - (ii) where the entitlement is to less than half a GDF Unit, be rounded down to the nearest whole number of GDF Units.
- (i) If the Manager and GCL RE are of the opinion that two or more Trust Scheme Participants, each of which holds a holding of Scheme Units which results in rounding in accordance with clause 38.7(h), have, before the Record Date, been party to a unitholding splitting or division in an attempt to obtain an advantage by reference to the rounding, the Manager and GCL RE may give notice to those Trust Scheme Participants prior to the Implementation Date:
 - (i) setting out the names and registered addresses for all of those Trust Scheme Participants;
 - (ii) stating that opinion; and
 - (iii) attributing to one of them specifically identified in the notice the Scheme Units held by all of them,

and, after the notice has been so given, the Trust Scheme Participant specifically identified in the notice as the deemed holder of all the specified Scheme Units shall, for the purposes of the Trust Scheme, be taken to hold all those Scheme Units and each of the other Trust Scheme Participants whose names are set out in the notice

shall, for the purposes of the Trust Scheme, be taken to hold no Scheme Units. A corresponding decision will be made by GHL in relation to the Company Scheme Consideration for the purposes of the Company Scheme.

38.8 GCL RE to provide the Trust Scheme Consideration

- (a) In accordance with the covenants under the GCL RE Deed Poll and the provisions of this clause 38, GCL RE will provide the Trust Scheme Consideration to which each Trust Scheme Participant is entitled under the GDF constitution and in accordance with this clause 38 by GCL RE issuing GDF Units in the number and manner and on the terms provided in this clause 38, on or before 12:00 pm on the Implementation Date, to each Trust Scheme Participant who is not an Ineligible Foreign Holder and to the Trust Scheme Sale Nominee (as applicable).
- (b) In accordance with the Company Scheme, the GHL Deed Poll and the Scheme Implementation Deed, GHL will
 - (i) issue the Company Scheme Consideration; and
 - (ii) ensure the GDF Stapling occurs.
- (c) In accordance with the GCL RE Deed Poll and the Scheme Implementation Deed, as part of the Implementation of the Schemes, GCL RE will ensure that each GDF Unit issued and allotted as part of the Trust Scheme Consideration will immediately following issue be stapled to a GHL Share (such shares to be issued in accordance with the Company Scheme, the Scheme Implementation Deed and the GHL Deed Poll).

38.9 Covenants

- (a) The Manager must (and must ensure that its officers, employees and agents) do all things (including executing any document) that is necessary, expedient or incidental to give full effect to the Trust Scheme (including this clause 38) and the transactions contemplated by it.
- (b) Each Trust Scheme Participant:
 - (i) must transfer all of their Scheme Units, together with all rights and entitlements attaching to those Scheme Units (except for the right to participate in any Permitted GCM Distributions), to GCL RE in accordance with this clause 38;
 - (ii) is bound by the modification or variation (if any) of the rights attaching to their Scheme Units arising from this clause 38; and
 - (iii) is bound by all things and all deeds, instruments, transfers or other documents that the Manager and GCL RE or either of them do or enter into which are as may be necessary or desirable to give full effect to the Trust Scheme (including this clause 38) and the transaction contemplated by it.
- (c) The Manager each of its directors and officers, jointly and severally, are (without the need for any further act) irrevocably appointed as each Trust Scheme Participant's attorney and agent for the purpose of doing anything (including executing any document) necessary, expedient or incidental to give full effect to the Trust Scheme (including this clause 38) and the transactions contemplated by it, including the provision of a proper instrument of transfer of that Trust Scheme Participant's Scheme Units for the purposes of section 1071B of the Corporations Act (which may be a master transfer of all or part of the Scheme Units).

- (d) The Manager is irrevocably appointed by each Trust Scheme Participant to enforce the GCL RE Deed Poll against GCL RE on behalf of and as agent and attorney for the Schemes Participant.
- (e) From the Effective Date until GCL RE is registered as the holder of all Scheme Units in the Register:
 - (i) the Manager and each of its directors and officers, jointly and severally, is irrevocably appointed as each Trust Scheme Participant's attorney and agent (and with direction in such capacity) to:
 - (A) appoint the chairman of GCL RE as its sole proxy and, where applicable, sole corporate representative to attend any meetings of members;
 - (B) exercise the votes attaching to the Scheme Units registered in the name of the Trust Scheme Participant; and
 - (C) sign any member's resolution; and
 - (ii) each Trust Scheme Participant must:
 - (A) take all other action in the capacity of a registered holder of Scheme Units as GCL RE reasonably directs; and
 - (B) not attend or vote any of those meetings or sign any member's resolution (whether in person, by proxy, or by corporate representative) other than under this clause 38.9(e); and
 - (iii) GCL RE and its chairman may act in the best interests of GCL RE as the intended registered holder of the Scheme Units in exercising the powers referred to in this clause 38.9(e).
- (f) The Manager undertakes in favour of each Trust Scheme Participant that it will appoint the chairman of GCL RE as the Trust Scheme Participant's sole proxy or, where applicable, sole corporate representative in accordance with clause 38.9(e).
- (g) The Manager, as agent and attorney for each Trust Scheme Participant, may sub-delegate its functions, authorities or powers under this clause 38 to all or any of its directors or officers (jointly, severally or jointly and severally).

38.10 Status of Scheme Units

- (a) Each Trust Scheme Participant is deemed to have warranted to GCL RE that each of their Scheme Units (including any rights and entitlements attaching to those Scheme Units) will, as at the time of the transfer of them to GCL RE pursuant to the Trust Scheme, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to sell and transfer their Scheme Units (including any rights and entitlements attaching to those Units) to GCL RE pursuant to the Trust Scheme.
- (b) From the Implementation Date, GCL RE will be beneficially entitled to the Scheme Units, pending registration by the Manager of the name and address of GCL RE in the Register as the holder of the Scheme Units.

38.11 Limitation of liability and indemnity in favour of the Manager in respect of the Trust Scheme

The indemnity in clauses 25.5 to 25.8 applies in respect of any liability incurred in connection with the Trust Scheme (including its implementation).

38.12 Expenses of Trust Scheme

In addition to any fees to which the Manager may be entitled, and to any expenses in respect of which the Manager is entitled to be reimbursed under clause 27.3, the Manager is entitled to pay (or be reimbursed) out of the Assets all expenses which may be properly incurred by the Manager in formulating, documenting, executing or implementing the Trust Scheme.

Annexure G

GDF Deed Poll

GDF RE deed poll

Trust Scheme

GARDA Capital Limited as responsible entity of the GARDA
Diversified Property Fund



TALBOT SAYER

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Liability limited by a scheme approved under
professional standards legislation

This deed poll is made on 9 October 2019

Made by

Name GARDA Capital Limited in its capacity as responsible entity for GARDA Diversified Property Fund ARSN 104 391 273
ACN 095 039 366
Short form name GDF RE

Notice details Attention Independent Bidder Committee
Address Level 21, 12 Creek Street, Brisbane QLD 4000

In favour of

Each person who is registered in the GCM Register as at the Schemes Record Date as a holder of Trust Scheme Units (**Trust Scheme Participants**)

Background

- A GDF RE, GARDA Holdings Limited ACN 636 329 774, GARDA Capital Limited ACN 095 039 366 (**GCL**) and GARDA Funds Management Limited in its capacity as responsible entity of GARDA Capital Trust ARSN 150 164 720 (**GCT RE**) have executed an implementation deed dated 20 September 2019 (**Implementation Deed**) to propose and implement the Schemes (comprised of a Trust Scheme and a Company Scheme) (as defined in the Implementation Deed).
- B GCT RE has agreed to propose the Trust Scheme pursuant to which, subject to the satisfaction or waiver of certain conditions precedent, GDF RE will acquire all of the Trust Scheme Units from Trust Scheme Participants for the Trust Scheme Consideration (as defined in the Implementation Deed).
- C In accordance with the Implementation Deed, GDF RE enters into this deed poll for the purpose of covenanting in favour of the Trust Scheme Participants that it will observe and perform the obligations contemplated of it under the Trust Scheme.

Agreed terms

1. Defined terms and interpretation

1.1 Defined terms

Terms defined in the Scheme have the same meaning in this deed poll, unless the context requires otherwise. For the avoidance of doubt, the following definitions apply in this deed poll:

Term	Definition
Trust Scheme	means the arrangement under which GDF RE acquires all of the GCT Units from Trust Scheme Participants facilitated by the GCT Constitution Modifications as set out in the GCT Supplemental Deed, subject to the requisite approvals of GCT Unitholders.



Term	Definition
Trust Scheme Consideration	means the consideration to be provided to Trust Scheme Participants under the terms of the Trust Scheme for the transfer to GDF RE of their Trust Scheme Units.
Trust Scheme Unit	means the GCT Units on issue as at the Schemes Record Date.

1.2 Interpretation

The provisions of clause 1.2 of the Scheme form part of this deed poll as if set out in full in this deed poll, and on the basis that references to 'this document' in that clause are references to 'this deed poll'.

2. Nature of deed poll

GDF RE acknowledges that:

- (a) this deed poll may be relied on and enforced by any Trust Scheme Participant in accordance with its terms, even though the Trust Scheme Participant is not party to it; and
- (b) under the Trust Scheme, each Trust Scheme Participant appoints GCT RE as its agent and attorney to enforce this deed poll against GDF RE on behalf of that Trust Scheme Participant.

3. Conditions Precedent and Termination

3.1 Conditions precedent

GDF RE's obligations under this deed poll are subject to the Company Scheme and the Trust Scheme becoming Effective.

3.2 Termination

If:

- (a) the Implementation Deed is terminated before the Effective Date; or
- (b) the Company Scheme or the Trust Scheme does not become Effective on or before the End Date,

the obligations of GDF RE under this deed poll will automatically terminate and the terms of this deed poll will be of no further force or effect, unless GDF RE and GCT RE otherwise agree in accordance with the Implementation Deed.

3.3 Consequences of termination

If this deed poll is terminated under clause 3.2, then in addition and without prejudice to any other rights, powers or remedies available to it:



- (a) GDF RE is released from its obligations under this deed poll, except those obligations under clause 9.6; and
- (b) each Trust Scheme Participant retains any rights, powers or remedies that the Trust Scheme Participant has against GDF RE in respect of any breach of its obligations under this deed poll that occurred before termination of this deed poll.

4. Compliance with Trust Scheme Obligations

4.1 Obligations of GDF RE

- (a) Subject to clause 3, in consideration for the transfer to GDF RE of the Trust Scheme Units in accordance with the Trust Scheme, GDF RE covenants in favour of each Trust Scheme Participant that it will observe, perform and carry out all obligations contemplated of it under the Trust Scheme, including the relevant obligations relating to the provision to the Trust Scheme Participant of the Trust Scheme Consideration in accordance with the terms of the Trust Scheme.
- (b) Subject to clause 3, GDF RE covenants in favour of each Trust Scheme Participant that immediately upon the issue of the Trust Scheme Consideration, each GDF Unit issued as Trust Scheme Consideration will be stapled to a GHL Share issued as Company Scheme Consideration to comprise a GDF Stapled Security.

4.2 Official quotation of GDF Stapled Securities

Subject to clause 3, GDF RE will use its best endeavours to procure that the GDF Stapled Securities to be issued pursuant to the Schemes will be quoted on the ASX as from the first Business Day after the Effective Date, initially on a deferred settlement basis and thereafter on a normal T+2 settlement basis.

5. Representations and warranties

5.1 GDF RE representations and warranties

By executing this deed poll, GDF RE represents and warrants to the Trust Scheme Participants that:

- (a) GDF is duly established and validly subsisting;
- (b) GCL is the responsible entity of GDF, has been validly appointed and remains as responsible entity of GDF, and no action has been taken or proposed to be taken to remove it as responsible entity;
- (c) GDF RE is empowered by the constitution of GDF to enter into and perform its obligations under this deed poll and to carry out the Trust Scheme, in its capacity as responsible entity of GDF. There is no, and will be no, restriction on, or condition of, its doing so, prior to the earlier of the End Date and the date when this deed poll is terminated;
- (d) all necessary resolutions have been duly passed and all consents, approvals and other procedural matters have been obtained or attended to as required or as may be required, including under the constitution of GDF, for GDF RE to enter into and perform this deed poll, including without limitation, for the issue of the Trust Scheme Consideration;

- (e) this deed poll is GDF RE's valid and binding obligation enforceable in accordance with its terms;
- (f) the execution and performance by GDF RE of this deed poll and each transaction contemplated by this deed poll did not and will not violate in any respect a provision of:
 - (i) a law, judgment, ruling, order or decree binding on it;
 - (ii) the constitution of GDF; or
 - (iii) any other document or agreement that is binding on it; and
- (g) GDF RE's right of indemnity out of, and lien over, the assets of the GDF have not been limited in any way. GDF RE has no liability which may be set off against that right of indemnity.

6. Responsible entity limitation of liability

- (a) Despite any other provision of this deed poll, GCL (**Responsible Entity**) enters into and performs this document as responsible entity of GDF and in no other capacity. This applies in respect of any past and future conduct (including omissions) relating to this deed poll or those transactions.
- (b) Any liability or obligation of the Responsible Entity arising under or in connection with this deed poll:
 - (i) is limited; and
 - (ii) can be enforced against the Responsible Entity only,to the extent to which it can be satisfied out of GDF's assets out of which the Responsible Entity is actually indemnified for the liability under GDF's constitution.
- (c) The limitation of the Responsible Entity's liability under this clause applies despite any other provision of this deed poll and extends to all liabilities and obligations of the Responsible Entity in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this deed poll.
- (d) Despite any other provision of this deed poll, the Responsible Entity is not obliged to do or refrain from doing anything under this deed poll unless the Responsible Entity's liability is limited in the manner set out in this clause.
- (e) No party nor its affiliates can take any action of any kind against the Responsible Entity in any capacity other than as the responsible entity of GDF.
- (f) Despite any other provision of this deed poll:
 - (i) the limitation of the Responsible Entity's liability under this clause must not apply to any obligation or liability of the Responsible Entity to the extent that it is not satisfied because there is a reduction in the extent of the Responsible Entity's indemnification out of the assets of GDF as a result of the Responsible Entity's fraud, gross negligence or breach of trust; and

- (ii) nothing in this clause will make the Responsible Entity liable to any claim for an amount greater than the amount which any party would have been able to claim and recover from the assets of GDF in relation to the relevant liability if the Responsible Entity's right of indemnification out of the assets of GDF had not been prejudiced by fraud, gross negligence or breach of trust.
- (g) This clause survives completion, termination or repudiation of this deed poll.
- (h) The Responsible Entity must procure that The Trust Company (Australia) Limited (or its custodian from time to time) complies with its obligations under this deed poll.

7. Continuing obligations

This deed poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) GDF RE having fully performed its respective obligations under this deed poll; and
- (b) termination of this deed poll under clause 3.

8. Further assurances

GDF RE will, on its own behalf and, to the extent authorised by the Trust Scheme, on behalf of each Trust Scheme Participant, do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this deed poll and the transactions contemplated by it.

9. General

9.1 Remedies cumulative

The rights, powers and remedies of each of GDF RE and of each Trust Scheme Participant under this deed poll are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity or by any agreement.

9.2 No waiver

- (a) The failure of GDF RE or any Trust Scheme Participant to require full or partial performance of a provision of this deed poll does not affect the right of that party to require performance subsequently.
- (b) A single or partial exercise of or waiver of the exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy.
- (c) A right under this deed poll may only be waived in writing signed by the party granting the waiver, and is effective only to the extent specifically set out in that waiver.

9.3 Amendments

No amendment or variation of this deed poll is valid or binding unless:



- (a) either:
 - (i) before the Second Court Date, the amendment or variation is agreed to in writing by GDF RE and GCT RE (which such agreement may be given or withheld without reference to or approval by any Trust Scheme Participant); or
 - (ii) on or after the Second Court Date, the amendment or variation is agreed to in writing by GDF RE and GCT RE (which such agreement may be given or withheld without reference to or approval by any Trust Scheme Participant), and is approved by the Court; and
- (b) GDF RE enters into a further deed poll in favour of the Trust Scheme Participant giving effect to that amendment or variation.

9.4 Assignment

The rights and obligations of GDF RE and of each Trust Scheme Participant under this deed poll are personal. They cannot be assigned, encumbered or otherwise dealt with and no person may attempt, or purport, to do so without the prior consent of GDF RE and GCT RE.

9.5 Severability

- (a) A clause or part of a clause of this deed poll that is illegal or unenforceable may be severed from this deed poll and the remaining clauses or parts of the clause of this deed poll continue in force.
- (b) If any provision is or becomes illegal, unenforceable or invalid in any jurisdiction, it is to be treated as being severed from this deed poll in the relevant jurisdiction, but the rest of this deed poll will not be affected.

9.6 Costs and duty

All duty (including stamp duty and any fines, penalties and interest) payable on or in connection with this deed poll and any instrument executed under or any transaction evidenced by this deed poll must be borne by GDF RE.

9.7 Governing law and jurisdiction

This deed poll is governed by the laws of Queensland. GDF RE submits to the non-exclusive jurisdiction of the Queensland courts and courts competent to hear appeals from those courts.

10. Notice

10.1 Method of giving notice

A notice, consent or communication given or made to GDF RE under this deed poll is only effective if it is:

- (a) in writing in English, signed by or on behalf of the person giving it;
- (b) addressed to the person to whom it is to be given; and
- (c) given as follows:



- (i) delivered by hand to that person's address; or
- (ii) sent to that person's address by prepaid mail.

10.2 When is notice given

A notice, consent or communication given under clause 10.1 is given and received on the corresponding day set out in the table below. The time expressed in the table is the local time in the place of receipt.

If a notice is	It is given and received on
Delivered by hand	(a) That day, if delivered by 5.00pm on a Business Day; or (b) The next Business Day, in any other case.
Sent by post	(a) Three Business Days after posting, if sent within Australia; or (b) Seven Business Days after posting, if sent to or from a place outside Australia.

10.3 Address for notices

GDF RE's address is that set out in this deed poll, or as GDF RE otherwise notifies the sender.

Signing page

Executed as a deed poll.

**Signed, sealed and delivered by GARDA
Capital Limited ACN 095 039 366 as
responsible entity of the GARDA Diversified
Property Fund ARSN 104 391 273:**



Signature of director

PHILIP LEE

Name of director (print)



Signature of director/company secretary
(Please delete as applicable)

NATHAN DAVIDSON

Name of director/company secretary (print)

Annexure H

GHIL Deed Poll

GHL deed poll

Company Scheme

GARDA Holdings Limited



TALBOT SAYER

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Level 27, Riverside Centre

123 Eagle Street, Brisbane QLD 4000 Australia

GPO Box 799, Brisbane QLD 4001 Australia

Ph: +61 7 3160 2900

www.talbotsayer.com.au

This deed poll is made on 9 October 2019

Made by

Name GARDA Holdings Limited
ACN 636 329 774
Short form name **GHL**

Notice details Attention Independent Bidder Committee
Address Level 21, 12 Creek Street, Brisbane QLD 4000

In favour of

Each person who is registered in the GCM Register as at the Schemes Record Date as a holder of Company Scheme Shares (**Company Scheme Participants**)

Background

- A GHL, GARDA Capital Limited ACN 095 039 366 (**GCL**) in its capacity as responsible entity of GARDA Diversified Property Fund ARSN 104 391 273 (**GDF**), GCL and GARDA Funds Management Limited in its capacity as responsible entity of GARDA Capital Trust ARSN 150 164 720 (**GCT RE**) have executed an implementation deed dated 20 September 2019 (**Implementation Deed**) to propose and implement the Schemes (comprised of a Trust Scheme and a Company Scheme) (as defined in the Implementation Deed).
- B GCL has agreed to propose the Company Scheme pursuant to which, subject to the satisfaction or waiver of certain conditions precedent, GHL will acquire all of the Company Scheme Shares from Company Scheme Participants for the Company Scheme Consideration (as defined in the Implementation Deed).
- C In accordance with the Implementation Deed, GHL enters into this deed poll for the purpose of covenanting in favour of the Company Scheme Participants that it will observe and perform the obligations contemplated of it under the Company Scheme.

Agreed terms

1. Defined terms and interpretation

1.1 Defined terms

Terms defined in the Scheme have the same meaning in this deed poll, unless the context requires otherwise. For the avoidance of doubt, the following definitions apply in this deed poll:

Term	Definition
Company Scheme	means a scheme of arrangement under Part 5.1 of the Corporations Act between GCL and GCL Shareholders substantially in the form agreed on behalf of GPG and GCM on the date of this document, or in such other form as GPG and GCM may agree in writing (such agreement not to be unreasonably withheld).

Term	Definition
Company Scheme Consideration	means the consideration to be provided to Company Scheme Participants under the terms of the Company Scheme for the transfer to GHL of their Company Scheme Shares.
Company Scheme Shares	means the GCL Shares on issue as at the Schemes Record Date.

1.2 Interpretation

The provisions of clause 1.2 of the Scheme form part of this deed poll as if set out in full in this deed poll, and on the basis that references to 'this document' in that clause are references to 'this deed poll'.

2. Nature of deed poll

GHL acknowledges that:

- (a) this deed poll may be relied on and enforced by any Company Scheme Participant in accordance with its terms, even though the Company Scheme Participant is not party to it; and
- (b) under the Company Scheme, each Company Scheme Participant appoints GCL as its agent and attorney to enforce this deed poll against GHL on behalf of that Company Scheme Participant.

3. Conditions Precedent and Termination

3.1 Conditions precedent

GHL's obligations under this deed poll are subject to the Company Scheme and the Trust Scheme becoming Effective.

3.2 Termination

If:

- (a) the Implementation Deed is terminated before the Effective Date; or
- (b) the Company Scheme or the Trust Scheme does not become Effective on or before the End Date,

the obligations of GHL under this deed poll will automatically terminate and the terms of this deed poll will be of no further force or effect, unless GHL and GCL otherwise agree in accordance with the Implementation Deed.

3.3 Consequences of termination

If this deed poll is terminated under clause 3.2, then in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) GHL is released from its obligations under this deed poll, except those obligations under clause 8.6; and
- (b) each Company Scheme Participant retains any rights, powers or remedies that the Company Scheme Participant has against GHL in respect of any breach of its obligations under this deed poll that occurred before termination of this deed poll.

4. Compliance with Company Scheme Obligations

4.1 Obligations of GHL

- (a) Subject to clause 3, in consideration for the transfer to GHL of the Company Scheme Shares in accordance with the Company Scheme, GHL covenants in favour of each Company Scheme Participant that it will observe, perform and carry out all obligations contemplated of it under the Company Scheme, including the relevant obligations relating to the provision to the Company Scheme Participant of the Company Scheme Consideration in accordance with the terms of the Company Scheme.
- (b) Subject to clause 3, GHL covenants in favour of each Company Scheme Participant that immediately upon the issue of the Company Scheme Consideration, each GHL Share issued as Company Scheme Consideration will be stapled to a GDF Unit issued as Trust Scheme Consideration to comprise a GDF Stapled Security.

4.2 Official quotation of GDF Stapled Securities

Subject to clause 3, GHL will use its best endeavours to procure that the GDF Stapled Securities to be issued pursuant to the Schemes will be quoted on the ASX as from the first Business Day after the Effective Date, initially on a deferred settlement basis and thereafter on a normal T+2 settlement basis.

5. Representations and warranties

5.1 GHL representations and warranties

By executing this deed poll, GHL represents and warrants to the Company Scheme Participants that:

- (a) GHL is a corporation validly existing under the laws of its place of incorporation;
- (b) GHL has the power to enter into and perform its obligations under this deed poll and to carry out the Internalisation Proposal;
- (c) GHL has taken all necessary corporate action to authorise the entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll;
- (d) this deed poll is GHL's valid and binding obligation enforceable in accordance with its terms; and
- (e) the execution and performance by GHL of this deed poll and each transaction contemplated by this deed poll did not and will not violate in any respect a provision of:
 - (i) a law, judgment, ruling, order or decree binding on it;

- (ii) its constitution; or
- (iii) any other document or agreement that is binding on it.

6. Continuing obligations

This deed poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) GHL having fully performed its respective obligations under this deed poll; and
- (b) termination of this deed poll under clause 3.

7. Further assurances

GHL will, on its own behalf and, to the extent authorised by the Company Scheme, on behalf of each Company Scheme Participant, do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this deed poll and the transactions contemplated by it.

8. General

8.1 Remedies cumulative

The rights, powers and remedies of each of GHL and of each Company Scheme Participant under this deed poll are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity or by any agreement.

8.2 No waiver

- (a) The failure of GHL or any Company Scheme Participant to require full or partial performance of a provision of this deed poll does not affect the right of that party to require performance subsequently.
- (b) A single or partial exercise of or waiver of the exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy.
- (c) A right under this deed poll may only be waived in writing signed by the party granting the waiver, and is effective only to the extent specifically set out in that waiver.

8.3 Amendments

No amendment or variation of this deed poll is valid or binding unless:

- (a) either:
 - (i) before the Second Court Date, the amendment or variation is agreed to in writing by GHL and GCL (which such agreement may be given or withheld without reference to or approval by any Company Scheme Participant); or

- (ii) on or after the Second Court Date, the amendment or variation is agreed to in writing by GHL and GCL (which such agreement may be given or withheld without reference to or approval by any Company Scheme Participant), and is approved by the Court; and
- (b) GHL enters into a further deed poll in favour of the Company Scheme Participant giving effect to that amendment or variation.

8.4 Assignment

The rights and obligations of GHL and of each Company Scheme Participant under this deed poll are personal. They cannot be assigned, encumbered or otherwise dealt with and no person may attempt, or purport, to do so without the prior consent of GHL and GCL.

8.5 Severability

- (a) A clause or part of a clause of this deed poll that is illegal or unenforceable may be severed from this deed poll and the remaining clauses or parts of the clause of this deed poll continue in force.
- (b) If any provision is or becomes illegal, unenforceable or invalid in any jurisdiction, it is to be treated as being severed from this deed poll in the relevant jurisdiction, but the rest of this deed poll will not be affected.

8.6 Costs and duty

All duty (including stamp duty and any fines, penalties and interest) payable on or in connection with this deed poll and any instrument executed under or any transaction evidenced by this deed poll must be borne by GHL.

8.7 Governing law and jurisdiction

This deed poll is governed by the laws of Queensland. GHL submits to the non-exclusive jurisdiction of the Queensland courts and courts competent to hear appeals from those courts.

9. Notice

9.1 Method of giving notice

A notice, consent or communication given or made to GHL under this deed poll is only effective if it is:

- (a) in writing in English, signed by or on behalf of the person giving it;
- (b) addressed to the person to whom it is to be given; and
- (c) given as follows:
 - (i) delivered by hand to that person's address; or
 - (ii) sent to that person's address by prepaid mail.

**9.2 When is notice given**

A notice, consent or communication given under clause 9.1 is given and received on the corresponding day set out in the table below. The time expressed in the table is the local time in the place of receipt.

If a notice is	It is given and received on
Delivered by hand	(a) That day, if delivered by 5.00pm on a Business Day; or (b) The next Business Day, in any other case.
Sent by post	(a) Three Business Days after posting, if sent within Australia; or (b) Seven Business Days after posting, if sent to or from a place outside Australia.

9.3 Address for notices

GHL's address is that set out in this deed poll, or as GHL otherwise notifies the sender.

Signing page

Executed as a deed poll.

**Signed, sealed and delivered by GARDA
Holdings Limited ACN 636 329 774:**



Signature of director

PHILIP LEE

Name of director (print)



Signature of ~~director~~/company secretary
(Please delete as applicable)



Name of ~~director~~/company secretary (print)

Corporate directory

GARDA Capital Group

Directors

Matthew Madsen (Executive Chairman)

Mark Hallett (Non-executive Director)

Philip Lee (Independent Director)

Morgan Parker (Independent Director)

Management

David Addis (Chief Operating Officer)

Lachlan Davidson (Company Secretary and General Counsel)

Website

www.gardacapital.com.au

Registry

Link Market Services Limited

Level 15, 324 Queen Street

Brisbane QLD 4000

Legal advisers to the Target

Jones Day

Level 31, 123 Eagle Street

Brisbane, QLD 4000

Independent Expert

Grant Thornton Corporate Finance Pty Limited

Level 18, 145 Ann Street

Brisbane, QLD 4000

Investigating Accountant

Pitcher Partners Corporate Finance Limited

Level 38, 345 Queen Street

Brisbane, QLD 4000

Taxation Adviser

PricewaterhouseCoopers

One International Towers Sydney

Watermans Quay

Barangaroo, NSW 2000
