



ASX Release

GARDA Diversified Property Fund (ASX: GDF)

01.11.2019

Chairman's address – EGM GDF 1 November 2019

Good morning ladies and gentlemen, it is 10.00am and as there is a quorum present, I declare this meeting open. I raise at the outset that this meeting cannot be recorded.

Welcome to this extraordinary general meeting of unitholders of GARDA Diversified Property Fund. The meeting has been called so that GDF unitholders can consider a proposal to internalise the management of the Fund. The business of the meeting is limited to the matters contained in the notice of meeting.

My name is Philip Lee and I will be chairing today's meeting. I am chairman of the committee of directors that was formed to independently assess the internalisation proposal on behalf of GDF.

Unfortunately Mr Morgan Parker is an apology today. Morgan is an independent director of GARDA who has also been representing the interests of GARDA Diversified Property Fund throughout this transaction.

The other GARDA directors are here today:

- Mr Matthew Madsen, executive chairman and managing director; and
- Mr Mark Hallett, non-executive director.

I am also joined by members of the senior management team, including company secretary and general counsel, Mr Lachlan Davidson. We also have present representatives from the Fund's lawyers Talbot Sayer, and the Fund's financial adviser, Moelis Australia.

You will all have been given a coloured card when you entered the meeting this morning. Unitholders or proxy holders with a *yellow* card are permitted to vote and ask questions at the appropriate time. Those with a *blue* card are not permitted to vote but are permitted to ask questions. Those with a *red* card are a visitor and are not permitted to ask questions.

1. What is the proposal that you are voting on?

This meeting has been convened for the purpose of considering and voting on a proposal for the Fund to internalise its management function by acquiring a 100% interest in GARDA Capital Group.

The explanatory memorandum sets out in significant detail the nature of the internalisation proposal and its advantages and disadvantages. I do not propose to go to that level of detail in this meeting.

However, at a high level, the internalisation (if approved and implemented) involves two broad steps:

- Firstly, the stapling of GARDA Diversified Property Fund to a new company called GARDA Holdings Limited. This will create a new stapled group, named GARDA Property Group, which will continue to be listed on the ASX.
- Secondly, the acquisition by GARDA Property Group of a 100% interest in the GARDA Capital Group, including the Fund's responsible entity and management companies.

Following these steps, existing GDF unitholders will hold stapled securities in the GARDA Property Group, and the GARDA Property Group will be an internally managed stapled entity.

To effect the internalisation, GARDA Property Group is offering 1.6 of its new stapled securities for each of GARDA Capital Group's stapled securities. Based on the distribution adjusted closing price of GDF units of \$1.46 per security, calculated on 19 September 2019 prior to the announcement of the internalisation, the Fund will acquire GCM for \$61.6 million. Adjusting for GCM's net tangible assets of \$29.3 million as at 30 June 2019, this implies a value for the GCM management platform of \$32.4 million or 7.7 times EBIT which is considerably lower than recent market precedents for management platforms.

At this meeting, you are to consider two ordinary resolutions which will facilitate the internalisation proposal.

Resolution 1 is an ordinary resolution generally approving the internalisation and authorising GARDA Capital Limited to do all things it considers necessary, desirable or reasonably incidental to give effect to the internalisation proposal.

Resolution 2 is an ordinary resolution approving the acquisition by GARDA Property Group of the GARDA Capital Group in accordance with the schemes for the purposes of Listing Rule 10.1.

To assist with your consideration of the resolutions, an independent expert, Lonergan Edwards, was engaged to opine on the fairness and reasonableness of the proposed internalisation. The independent expert has concluded that the internalisation is fair and reasonable to GDF securityholders, other than the excluded securityholders, in the absence of a superior proposal.

As no superior proposal has been presented, Mr Parker and myself as the independent directors unanimously recommend that you vote in favour of the resolutions.

In addition to the approval of the two resolutions at this meeting, there are still some other conditions that will need to be satisfied or waived before the internalisation proposal can proceed. By way of summary, the other key outstanding conditions include:

- creation of the stapled GARDA Property Group and ASX providing approval for admission and quotation;
- GCM securityholders approving resolutions that need to be passed by them on 15 November; and
- GCM obtaining necessary court approvals on 19 November to implement the internalisation proposal.

If GDF securityholders approve both resolutions, and the remaining conditions are satisfied, the internalisation will be implemented. Based on the current timetable, the new stapled securities would commence trading on a deferred settlement basis on 20 November 2019, the



internalisation would be implemented on 29 November 2019, and normal trading would commence on 2 December 2019.

2. Formal business of the meeting

We will now move to the business of the meeting.

[Resolutions and voting as per Notice of Meeting.]

There will be a short adjournment while the votes are counted.

I will just raise that, while the Internalisation is ongoing, we have decided to delay the AGM of GDF past the usual November date. It is the intention to hold an AGM of the combined stapled group in the New Year.

[Declaration of results, and closure.]

-End-

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