

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

GARDA Property Group (ASX: **GDF**), comprising:
GARDA Holdings Limited (**GHL**) and GARDA Diversified Property Fund ARSN 104 391 273 (**Fund**)

ABN / ARBN:

92 636 329 774 (**GHL**); 17 982 396 608 (**Fund**)

Financial year ended:

30 June 2020

Our corporate governance statement² for the above period above can be found at:³

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These pages of our annual report:

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This URL on our website:

<https://gardaproperty.com.au/who-we-are/corporate-governance/>

The Corporate Governance Statement is accurate and up to date as at 20 August 2020 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date:

20/08/2020

Name of Director or Secretary authorising
lodgement:

Lachlan Davidson, Secretary

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location] ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> at https://gardaproperty.com.au/who-we-are/corporate-governance/	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

⁴ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;</p> <p>(b) <i>[deleted]</i></p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at https://gardaproperty.com.au/who-we-are/corporate-governance/</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at https://gardaproperty.com.au/who-we-are/corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) <i>[deleted]</i></p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at https://gardaproperty.com.au/who-we-are/corporate-governance/</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.3	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at https://gardaproperty.com.au/who-we-are/corporate-governance/	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at https://gardaproperty.com.au/who-we-are/corporate-governance/	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) [deleted].</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at https://gardaproperty.com.au/who-we-are/corporate-governance/</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) [deleted].</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at https://gardaproperty.com.au/who-we-are/corporate-governance/</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>



Corporate Governance Statement for GDF

GARDA Holdings Limited (ACN 636 329 774) ("**GHL**") and GARDA Capital Limited (ACN 095 039 366) ("**GCL**") as responsible entity for the GARDA Diversified Property Fund (ARSN 104 391 273) ("**Fund**") and their respective controlled entities (together "**GARDA Property Group**").

GARDA Property Group is a stapled group comprising GHL and the Fund (and their respective controlled entities). GCL is a wholly-owned subsidiary of GHL and is the responsible entity for the Fund.

Shares in GHL and units in the Fund are stapled together to form a single class of stapled securities which are listed on the Australian Securities Exchange under ASX code: **GDF**.

The Board and management of the GARDA Property Group are committed to promoting and fostering a strong governance culture, for the benefit of all stakeholders.

In accordance with ASX Listing Rule 4.10.3, set out below are the ASX Corporate Governance Council's (**Council**) eight principles of good corporate governance – 3rd edition 2014 (**Principles**), and the extent to which the GARDA Property Group complies with each of the Recommendations. Copies of all relevant policies and procedures of GARDA Property Group (**Policies**) mentioned in this Statement can be found at the 'Corporate Governance' section of the GARDA Property Group's website at <https://gardaproperty.com.au/who-we-are/corporate-governance/>.

The GARDA Property Group was formed on 29 November 2019, when the Fund 'internalised' its manager (which was formerly separately listed under the ASX code 'GCM'), by way of schemes of arrangement. All Recommendations now apply to the GARDA Property Group as a whole, more specifically to both GHL and GCL as responsible entity of the Fund, without the previous distinction for externalised managers.

There is also a glossary at the end of this document to assist.

Reviewed and approved by the Board on 20 August 2020, for the reporting period to 30 June 2020.



PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1

The listed entity should disclose:

- a. *the respective roles and responsibilities of its board and management; and*
- b. *those matters expressly reserved to the board and those delegated to management.*

The Constitution of GHL and the Corporations Act sets out the duties and responsibilities of the Board. It is the responsibility of the Board to ensure those duties and responsibilities are met.

The boards of GHL and each of its subsidiaries (including GCL) are identical, and comprise:

Name	Independent?	Nomination and Remuneration Committee	Audit and Risk Committee	Disclosure Committee
Mr Matthew Madsen (Since Sept 2011)	No – Executive Chairman (since February 2017) and Managing Director	No	No	Yes
Mr Mark Hallett (Since Jan 2011)	No – Executive Director	Not since February 2020 – attended 1 of 1 eligible meetings	Not since February 2020 – attended 1 of 1 eligible meetings	No
Mr Philip Lee (Since May 2015)	No – Non-executive Director	Yes – attended 2 of 2 meetings	Chair – attended 2 of 2 meetings	No
Mr Morgan Parker (Since Dec 2018)	Yes	Yes – attended 2 of 2 meetings	Yes – attended 2 of 2 meetings	No
Mr Paul Leitch (Since Mar 2020)	Yes	Chair – no eligible meetings in reporting period	Yes – no eligible meetings in reporting period	No
Mr Andrew Thornton (Since Mar 2020)	No – Non-executive Director	Yes – no eligible meetings in reporting period	Yes – no eligible meetings in reporting period	No

The Board meets regularly (usually monthly), and considers critical compliance and risk management issues as they arise. The Board ensures that the best interests of Securityholders are taken into account. This involves monitoring the decisions and actions of the Managing Director and his management team, who are responsible for day-to-day management.

The Board retains overall responsibility for management. There is a distinct separation between executive management and the Board. The qualifications and experience of the key members of executive management are set out in the Directors' Report of the GDF Annual Report. The Board monitors governance and performance through various committees established by it (and described further below).

The Board has formalised its roles and responsibilities in a Board Charter. The Board Charter sets out the roles and responsibilities of each of the Board positions, as well as the framework for delegating its authority to management and others. The Board Charter states that the Board should consist of a majority of non-executive directors, and that the chairperson of the Board (Chair) should be an independent non-executive director. The Board was strengthened by two external appointments in March 2020. The Board currently consists of two executive and four non-executive directors (Mr Parker and Mr Leitch also being 'independent'), and has an executive Chairman. The Board periodically reviews and evaluates its own



performance, the performance of individual directors and that of the senior executives against both measurable and qualitative indicators.

The Board has formed certain committees and delegated various responsibilities to them. These committees are discussed in further detail below. The Board also oversees the external compliance officer.

The Board Charter, and charters of the committees, are available at <https://gardaproperty.com.au/who-we-are/corporate-governance/>.

Recommendation 1.2

A listed entity should:

- a. undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and***
- b. provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.***

Before formally appointing a Director to the Board, appropriate background checks as required by law are undertaken, through the external compliance function.

The election or re-election of Directors is made at the annual general meeting, and material information is provided in the notices of meetings for Securityholders to consider.

Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

All Directors and senior executives of the GARDA Property Group have formal agreements setting out the material terms of their appointment, on industry-standard terms and conditions.

Recommendation 1.4

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary is accountable directly to the Board (through the Chair) on all matters to do with the proper functioning of the Board.

Recommendation 1.5

A listed entity should:

- a. have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;***
- b. disclose that policy or a summary of it; and***
- c. disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes).***

While the GARDA Property Group takes account of gender and broader diversity issues in its dealings, it has relatively few employees and its size does not presently warrant a formal diversity policy or targets.



Recommendation 1.6

A listed entity should:

- a. *have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and*
- b. *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

In accordance with the Board Charter, the performance of the Board is evaluated periodically in a manner determined by the Chair, against both measurable and qualitative indicators. Each committee also reviews its performance on an annual basis. The Board undertook an internal review in February 2020 following Internalisation, which led to additional appointments in March 2020, and is undertaking a more extensive strategy and review exercise in August and September 2020.

The Board Charter is available at <https://gardaproperty.com.au/who-we-are/corporate-governance/>.

Recommendation 1.7

A listed entity should:

- a. *have and disclose a process for periodically evaluating the performance of its senior executives; and*
- b. *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

Senior executives of the GARDA Property Group are accountable to the Managing Director, and ultimately the Board. The non-executive Directors have input into the remuneration and performance goals of the key executives of the GARDA Property Group as part of the Nomination and Remuneration Committee, after recommendations are made by the Managing Director.

The Managing Director undertook a review of the performance of the senior executives in December 2019, and this was discussed with the Board in January 2020. The Nomination and Remuneration Committee are currently in the process of reviewing executive roles and key performance indicators.

The Nomination and Remuneration Committee Charter is available at <https://gardaproperty.com.au/who-we-are/corporate-governance/>.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1

The board of a listed entity should:

- a. *have a nomination committee which:*
 - i. *has at least three members, a majority of whom are independent directors; and*
 - ii. *is chaired by an independent director,*
- and disclose:*
- iii. *the charter of the committee;*
- iv. *the members of the committee; and*
- v. *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.*

The GARDA Property Group has a Nomination and Remuneration Committee, which should only comprise of non-executive directors, with at least three members. Mr Leitch chairs the Nomination and Remuneration Committee, with Mr Lee, Mr Parker and Mr Thornton also serving as members. Accordingly, the Nomination and Remuneration Committee is comprised of two non-executive members and two 'independent'



members, with an independent chair (see the discussion at Recommendations 2.3 and 2.4 on independence and judgement).

The chair of the Nomination and Remuneration Committee reports deliberations and findings back to the next meeting of the full Board. It has met twice during the Reporting Period, all eligible members attending, and meets as frequently as required to undertake its role effectively.

The Nomination and Remuneration Committee aims to ensure that remuneration and incentive schemes of the Group are appropriate given both the short- and long-term objectives of GDF. The committee approves the annual remuneration report, and liaises with the Audit and Risk Committee. It may delegate, and has full access to management and advisors as it considers appropriate.

This committee operates under a Nomination and Remuneration Committee Charter, which sets out the authority delegated to the Nomination and Remuneration Committee. This committee assists the Board to fulfil its obligations by dealing with:

- Board succession planning;
- Managing Director or Chief Executive Officer succession planning;
- induction and professional development of Directors;
- evaluation of Board and key management candidates;
- remuneration structures and employee benefits within the GARDA Property Group; and
- recruitment and evaluation generally.

The Nomination and Remuneration Committee Charter is available at <https://gardaproperty.com.au/who-we-are/corporate-governance/>.

The Nomination and Remuneration Committee has met twice during the Reporting Period, and all members eligible to attend were present.

Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Board has an internal board skills matrix, which was reviewed by the Nomination and Remuneration Committee in February 2020, and an updated version was adopted incorporating the skills of the two non-executive appointments made in March 2020. As a Board, the Directors have a wide range of professional skills with particular experience in property and funds management, investment management and governance which are seen as the appropriate mix of skills required for their role as Directors of the GARDA Property Group.

Recommendation 2.3

A listed entity should disclose:

- a. *the names of the directors considered by the board to be independent directors;*
- b. *if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and*
- c. *the length of service of each director.*

See the table at Recommendation 1.1.



It is the GARDA Property Group's policy that the majority of the Board should be non-executive directors. The Directors must act in the best interests of Securityholders generally. In determining the independence of its Directors, the Board has had regard to the guidelines provided by the Council in Principle 2.

Mr Parker and Mr Leitch, who both joined the Board in March 2020, are 'independent' Directors.

Mr Philip Lee is a non-executive Director. Mr Lee holds a non-material stake in GDF through associated entities, as disclosed to the ASX. They are not considered to be 'independent' according to the Principles, but the Board considers that his relationships do not interfere with his ability to give independent judgement to issues before the Board.

Mr Madsen, Mr Hallett and Mr Thornton are not considered 'independent'.

The Board have mechanisms to identify and consider potential conflicts. Directors may take independent professional advice, at the expense of GARDA Property Group.

Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

See the table at Recommendation 1.1.

The Board now comprises four non-executive directors (two of whom are 'independent'), and two executive directors.

The Board considers that the relationship of Mr Philip Lee does not interfere with his ability to give independent judgement to issues before the Board. The Board considers that the composition to be appropriate given the skills and knowledge of the Board, and the current size and business of the GARDA Property Group.

Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Mr Matthew Madsen is the Executive Chairman, and also the Managing Director, with ultimate day-to-day executive responsibility, who reports to the Board separately in that capacity. The Board considers that Mr Madsen's relationships do not interfere with his skills and ability to give impartial consideration and judgement as Chairman.

Recommendation 2.6

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

All Directors appointed receive an induction training program which includes information on the GARDA Property Group's values, Code of Conduct and Trading Policy.

Ongoing training for the Directors includes site visits to familiarise themselves with the Fund's properties, making available professional education programs to enhance skills and knowledge, and presentations on developments impacting the business of the GARDA Property Group.



PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1

A listed entity should:

- a. have a code of conduct for its directors, senior executives and employees; and*
- b. disclose that code or a summary of it.*

Each Director and employee involved in the management or operation of the GARDA Property Group has agreed to comply with the Code of Conduct.

The Code of Conduct is a statement of commitment to honesty and integrity in the dealings of the GARDA Group, including where acting as Responsible Entity. It sets our core values, commitments and moral standards, and applies to the Board, management and employees of the Group, as well as extending to persons who act on behalf of the Responsible Entities.

The Code of Conduct sets guidelines and reinforces our commitment to dealing with many important business aspects and in our dealings, including:

- conflicts of interest;
- anti-bribery and gifts, and political dealings;
- confidentiality and privacy;
- fair dealings;
- discrimination, harassment and bullying;
- health and safety; and
- compliance with laws and regulations.

The Code of Conduct is available at <https://gardaproperty.com.au/who-we-are/corporate-governance/>.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation 4.1

The board of a listed entity should:

- a. have an audit committee which:*
 - i. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and*
 - ii. is chaired by an independent director, who is not the chair of the board and disclose:*
 - iii. the charter of the committee;*
 - iv. the relevant qualifications and experience of the members of the committee; and*
 - v. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.*

The Board has established a combined Audit and Risk Committee to relevantly assist the Board in overseeing the integrity of external financial reporting, the appointment and independence of the auditor, internal financial controls, financial procedures and policies, and the risk management and compliance framework. The Audit and Risk Committee reports to the Board on all matters relevant to the Audit and Risk Committee's roles and responsibilities.

The Audit and Risk Committee should comprise at least three non-executive directors, and include between them sufficient financial expertise. The Chair of the Board cannot (and does not) also chair the Risk and Audit Committee.



As shown in the table at Recommendation 1.1, Mr Lee chairs the Audit and Risk Committee, with Mr Parker, Mr Thornton and Mr Leitch also serving as members. Accordingly, the Audit and Risk Committee is currently comprised of two non-executive Directors and two independent Directors, with a non-executive chair. (See Recommendations 2.3 and 2.4 for a discussion on independence and judgement.) It is anticipated that Mr Parker will assume the chair of the Audit and Risk Committee during FY21, so it will then have an independent chair.

The Audit and Risk Committee has met twice during the Reporting Period, all eligible members attending, and meets as frequently as required to undertake its role effectively. The Managing Director and the COO are expected to attend, and there is a standing invitation to external auditors (and internal auditors, if and when engaged). The committee may require attendance of any member of management, has full access to documents and records, and can engage external advisors or counsel where considered necessary or appropriate.

The Board has approved an Audit and Risk Committee Charter. This document sets out the authority delegated by the Board to the Audit and Risk Committee, whose purpose is generally to ensure that the GARDA Property Group satisfies its statutory and regulatory responsibilities. The Charter covers:

- accounting, auditing and financial reporting responsibilities;
- assessing and recommending the appointment and remuneration of the external auditor;
- reviewing and recommending procedures of the GARDA Property Group;
- assessing the financial position and performance of the GARDA Property Group;
- ensuring compliance with the Corporations Act and Listing Rules;
- reviewing systems to ensure that conflicts do not occur; and
- preparing and reviewing a risk management profile to determine and manage key risks to the GARDA Property Group.

The Audit and Risk Committee Charter is available on the website <https://gardaproperty.com.au/who-we-are/corporate-governance/>.

See also Recommendation 7.1.

Recommendation 4.2

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

To the extent that the financial statements of the GARDA Property Group are approved by the Board each financial year, the Managing Director and the COO provide the declarations required by Section 295A of the Corporations Act.

Recommendation 4.3

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

Each of GHL and the Fund holds a combined annual general meeting (**AGM**), even though the Fund is not strictly required to hold an AGM as it is a managed investment scheme. The external auditor will attend



and be available at the relevant AGM to answer questions from Securityholders relevant to the audited financial statements.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1

A listed entity should:

- a. have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*
- b. disclose that policy or a summary of it.*

The GARDA Property Group is committed to fair and open disclosure, so that investors (or potential investors) can expect to see information which would have a material effect on the price or value of their securities. The GARDA Property Group aims to ensure that announcements are factual, balanced and expressed in a clear and objective manner, and timely in order to assist investors with investment decisions.

The Board has established a Disclosure Committee, comprising Mr Madsen as shown in the table at Recommendation 1.1, and both the General Counsel and COO of the GARDA Property Group. It meets on an ad-hoc basis, as required for significant and continuous disclosure to the ASX.

A Disclosure and Communications Policy has been adopted to ensure that the GARDA Property Group meets its disclosure obligations. This Policy deals generally with continuous disclosure requirements of the ASX, and best practice in communications with Securityholders and stakeholders generally. It applies to the Board, officers, employees and consultants. It sets out the circumstances where it would apply, and puts in place a framework for addressing issues as and when they arise, in a timely and adequate manner. It also sets out where there are exceptions to disclosure of information, and encourages the adoption of electronic communications and other technologies through the website or the Registry.

The Board has also adopted a Securities Trading Policy in relation to GDF securities, which applies to all Directors, executive and staff of the GARDA Property Group. It also applies to 'Designated Individuals', who may come across information in assisting a member of the GARDA Property Group. It makes it clear that dealing or trading on insider information is illegal, and sets out what is insider information as against information which is generally available. It deals with restrictions and prohibited periods, and prohibited transactions such as margin lending, short selling or hedging, with very limited defined exemptions.

The Disclosure and Communications Policy, and the Securities Trading Policy, is available at <https://gardaproperty.com.au/who-we-are/corporate-governance/>.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITYHOLDERS

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

The Board has adopted a Disclosure and Communications Policy (see Recommendation 5.1 above). The GARDA Property Group provides all relevant information about itself, the policies and charters, the Funds and governance at <https://gardaproperty.com.au/who-we-are/corporate-governance/>, as required by the Principles and the Listing Rules.



Recommendation 6.2

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

The GARDA Property Group will provide clear and effective communications with stakeholders on matters affecting GDF and the securities, in accordance with the Disclosure and Communications Policy.

Announcements and presentations in respect of GDF are relevantly:

- released to ASX as required by the Listing Rules;
- posted to the GARDA Property Group's website; and
- distributed to media and investor contacts.

The GARDA Property Group also regularly communicates with Securityholders, including through the publication of:

- audited annual financial reports;
- reviewed half-yearly financial reports;
- half-yearly distribution statements; and
- annual taxation statements.

GARDA Property Group also has accessible information on itself, including policies and charters, the current price of securities, half-yearly and annual reports, and distributions at www.gardaproperty.com.au.

Recommendation 6.3

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The GARDA Property Group holds an AGM for Securityholders. Each meeting covers formal business, but also provides Securityholders with an opportunity to be updated on the activities of the GARDA Property Group, and to ask questions of the Board and management. The auditor also attends to answer questions on the audited financial statements.

Notices of meeting and explanatory memoranda for resolutions are provided to Securityholders in accordance with the Constitutions and the Corporations Act, and are accessible on the GARDA Property Group website, as well as being lodged with ASX.

Securityholders who are not able to attend an AGM are able to vote by proxy.

Recommendation 6.4

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The GARDA Property Group provides the option of receiving communications electronically (through the Registry), as well as a portal for receipt of communications from Securityholders.

General information on the GARDA Property Group, matters relating to the Funds as well as continuous disclosures are accessible on the website at www.gardaproperty.com.au.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1

The board of a listed entity should:



- a. *have a committee or committees to oversee risk, each of which:*
 - i. *has at least three members, a majority of whom are independent directors; and*
 - ii. *is chaired by an independent director,*
- and disclose:*
- iii. *the charter of the committee;*
- iv. *the members of the committee; and*
- v. *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.*

The GARDA Property Group has an Audit and Risk Committee, which should only comprise of non-executive directors, and which should have at least three members. Mr Lee chairs the Audit and Risk Committee, with Mr Leitch, Mr Parker and Mr Thornton also serving as members. Accordingly, the Audit and Risk Committee is currently comprised of two non-executive members and two independent members, with a non-executive chair. (See the discussion at Recommendations 2.3 and 2.4 on independence and judgement). It is anticipated that Mr Parker will assume the chair of the Audit and Risk Committee during FY21, so it will then have an independent chair.

The chair of the Audit and Risk Committee reports deliberations and findings back to the next meeting of the full Board. It has met twice during the Reporting Period, all eligible members attending, and meets as frequently as required to undertake its role effectively.

The Board has adopted a Risk Management Policy, which expresses the commitment of the GARDA Property Group to a sound system of risk oversight and control throughout its business. It is based on the Principles, and the international standard on risk management. It applies to the Board, the executives and all staff. The Policy recognises that risk identification and monitoring is a dynamic process, and is designed to provide information to deal with uncertainty relating to the business of the GARDA Capital Group. The Audit and Risk Management Committee assists the Board in setting and monitoring the risk management framework. The Risk Management Policy is reviewed annually.

The Audit and Risk Committee Charter, and the Risk Management Policy, is available on the website <https://gardaproperty.com.au/who-we-are/corporate-governance/>.

See also Recommendation 4.1.

Recommendation 7.2

The board or a committee of the board should:

- a. *review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*
- b. *disclose, in relation to each reporting period, whether such a review has taken place.*

The Risk Management framework takes into account all members of the GARDA Property Group, and consequently covers a broad range of stakeholders. It was updated during the reporting period by the Audit and Risk Committee and the Board, particularly in light of the recent Internalisation transaction. The Risk Management framework continues to be sound.

Recommendation 7.3

A listed entity should disclose:

- a. *if it has an internal audit function, how the function is structured and what role it performs; or*
- b. *if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.*



The GARDA Property Group does not have an internal audit function. Risk management is a continuous process. The Managing Director and the senior executives of the GARDA Property Group interact with staff and external stakeholders, and are free to raise risks which impact on the business of the GARDA Property Group at any time.

As the Board has a majority of external directors, there is no requirement for a formal compliance committee for the Fund. The Fund (and also separately GCT) does maintain an external Compliance Committee, for good governance. Material risks are elevated to the Board for inclusion in the risk section at their monthly meetings. The external compliance officer also focuses on risk and control processes as a critical part of the compliance function.

The Audit and Risk Committee is responsible for the preparation and maintenance of a risk profile for financial and non-financial matters, and receive and review reports on the GARDA Property Group as required from the auditor, management and external consultants regarding material business risk and any internal control processes and compliance activities.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The GARDA Capital Group is exposed to certain economic risks, which can be summarised as follows:

Risk and description	Affects the Fund	Affects GHL
concentration – investments in real property only.	✓	indirectly
geographic – invests on the eastern seaboard of Australia.	✓	indirectly
leasing – properties may be vacant if tenants do not renew, it may be difficult to find new tenants; defaults, and incentives in the marketplace.	✓	indirectly
valuation – valuations may go up or down depending on external factors and the market generally; a property may not sell at valuation amount.	✓	✓
litigation – may have to sue third parties, and may be sued.	✓	✓
buildings and maintenance – possible latent defects in buildings which are not apparent, and there may be high maintenance costs.	✓	indirectly
construction – projects and improvements may be delayed or varied, affecting cost and leasing outcomes.	✓	indirectly
banking – covenants and interest rates.	✓	✓
competition – there are many other property groups competing for the pool of buildings and tenants, some have greater scale and resources.	✓	✓
personnel – key management may leave, and may be hard to replace.	indirectly	✓
market conditions – the price of securities may generally rise or fall with the ASX, for matters not associated with the property sector.	✓	✓
natural phenomena – storms, floods, fires and other natural disasters.	✓	✓
debt positions – defaults by borrowers will affect returns.	✓ (through GCT)	✓
forecasts – if forecasts not met, returns to investors likely to be reduced.	✓	✓
regulatory and licensing – may impact the GARDA Property Group.	✓	✓



These risks are managed and reviewed regularly by the GARDA Property Group in accordance with its risk management framework and the Risk Management Policy, under the supervision of the Audit and Risk Committee.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1

The board of a listed entity should:

- a. *have a remuneration committee which:*
 - i. *has at least three members, a majority of whom are independent directors; and*
 - ii. *is chaired by an independent director,*
- and disclose:*
 - iii. *the charter of the committee;*
 - iv. *the members of the committee; and*
 - v. *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.*

The GARDA Property Group has a Nomination and Remuneration Committee, which should only comprise of non-executive directors, with at least three members. Mr Leitch chairs the Nomination and Remuneration Committee, with Mr Lee, Mr Parker and Mr Thornton also serving as members. Accordingly, the Nomination and Remuneration Committee is comprised of two non-executive members and two 'independent' members, with an independent chair (see the discussion at Recommendations 2.3 and 2.4 on independence and judgement).

The chair of the Nomination and Remuneration Committee reports deliberations and findings back to the next meeting of the full Board. It has met twice during the Reporting Period, all eligible members attending, and meets as frequently as required to undertake its role effectively.

The Board has adopted a Nomination and Remuneration Committee Charter, which expresses the GARDA Property Group's commitment to selecting the best people at Board and management level, and sound and equitable principles of remuneration throughout its business. Under the Charter, the Nomination and Remuneration Committee assists and advises the Board on:

- Board succession planning, appointment and re-election of Directors, and induction, training and evaluation for the Board; and
- remuneration policies and practices for the Board, senior management and other persons within the GARDA Property Group.

The Charter is designed to ensure that the GARDA Property Group is able to attract and retain people who will create value for Securityholders, and that remuneration is fair and appropriate having regard to the GARDA Property Group's objectives and stakeholders. *It is noted that remuneration is paid by the Group, and not from the Fund.*

The Nomination and Remuneration Committee Charter is available on the website <https://gardaproperty.com.au/who-we-are/corporate-governance/>.

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.



The Board is committed to transparency. The Nomination and Remuneration Committee Charter has been adopted and governs the policies around remuneration of the Board, and also of senior executives and other key persons within the GARDA Property Group.

The Nomination and Remuneration Committee Charter is available on the website <https://gardaproperty.com.au/who-we-are/corporate-governance/>.

The remuneration pool of the non-executive directors, and the remuneration of the key members of executive management are set out in the Remuneration Report of the GDF Annual Report.

Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

- a. have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- b. disclose that policy or a summary of it.*

The GARDA Property Group has an equity-based employee security plan (ESP) for directors and staff, which was approved by Securityholders at the 2019 AGM, which was held in March 2020. Details of the ESP are fully disclosed in the 2019 notice of AGM on the ASX.

Under the approved ESP, Executive Directors and employees may be entitled to GDF stapled securities, on vesting conditions to be determined at issue (and in accordance with the *Corporations Act*) with a corresponding loan from the Fund for the issue price. Participants who meet the vesting conditions will only benefit if the securities are worth more than the loan at that time. Non-Executive Directors are not currently eligible to participate in the ESP.



GLOSSARY

Key terms used in this Corporate Governance Statement:

ASX	Australian Securities Exchange.
Board	The directors of GHL (and for the Fund, GCL) acting as a board. The Board is identical for each member of the Group.
Constitution	The Constitution of GHL, the Fund or GCT, as the context requires.
COO	Chief Operating Officer of the GARDA Property Group, who is David Addis.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	A director of GHL or GCL, as the context requires.
Financial Statements	The audited financial statements of GDF for the Reporting Period, dated 20 August 2020.
Fund	GARDA Diversified Property Fund ARSN 104 391 273, a managed investment scheme which listed on the ASX in July 2015 and part of the stapled security GARDA Property Group–.
GCL or Responsible Entity	GARDA Capital Limited ACN 095 039 366, Australian financial services licence 246714, the responsible entity of the Fund.
GDF or GARDA Property Group	A stapled security with ASX code: GDF, which listed on the ASX on 2 December 2019, comprising: <ul style="list-style-type: none"> • one share in GHL; and • one unit in the Fund.
GCT	GARDA Capital Trust ARSN 150 164 720 – a managed investment scheme whose responsible entity is GARDA Funds Management Limited ACN 140 857 405, Australian financial services licence 398764., which is wholly owned by the Fund.
Internalisation	The combination transaction where the manager of the Fund was 'internalised' by way of schemes of arrangement effected on 29 November 2019, which created the current stapled GARDA Property Group.
Group	The corporate group, comprising GHL and each of its subsidiaries (including GCL).
Listing Rules	The official listing rules of the ASX from time to time.
Principles	ASX Corporate Governance Principles and Recommendations – 3 rd edition March 2014.
Recommendations	The recommendations listed in the Principles
Registry	Link Market Services Limited, the external registry for GDF.
Reporting Period	The reporting period for this Statement, being for the financial year ended 30 June 2020.
Securityholders	A registered holder of stapled securities in GDF.
Statement	This Corporate Governance Statement approved by the Board and updated as at 20 August 2020.