

15 October 2019

Cordish Dixon Private Equity Fund II (ASX: CD2)

Proposed sale of investments and wind up of CD2

Walsh & Company Investments Limited (ACN 152 367 649), the responsible entity (**Responsible Entity**) of Cordish Dixon Private Equity Fund II (ASX: CD2) (**CD II**), is pleased to announce that the Responsible Entity has entered into a sale agreement to sell, subject to unitholder approval, CD II's interest in US Select Private Opportunities Fund II, L.P (**LP**), the principal asset of CD II (**Sale Agreement**), to an entity controlled by Whitehorse Liquidity Partners, Inc. (**Whitehorse**), a Canadian based private equity firm. The sale price for the interest is US\$63,019,871. Based on an A\$/US\$ exchange rate of \$0.675, CD II cash, and provisions for estimated tax, transaction costs, operating expenses, and wind-up costs, this is estimated to result in net sale proceeds to unitholders in CD II (**Unitholders**) of \$1.97 per unit (**Estimated Net Proceeds**). This compares to the last traded price for CD II of \$2.00 per unit.

The sale of CD II's investment in the LP to Whitehorse (**Sale**) is conditional on the simultaneous sale by the responsible entity of Cordish Dixon Private Equity Fund I's (**CD I**) corresponding limited partnership interest to Whitehorse, which means the sale is conditional on approval from both CD I and CD II's unitholders to proceed.

Rationale for the Sale

Since its establishment in April 2013, CD II, through its investment in the LP, has built a portfolio that today consists of investments in funds managed by 12 small to mid-market private equity managers who, in turn, have invested in a total of 116 underlying companies. This portfolio has generated strong returns to Unitholders, with CD II having distributed 83 cents per unit to date and generated a multiple on invested capital of 1.8x, which equates to a 10.1% annualised return based on the unit price as at 30 September 2019.

With CD II and CD I in their harvest phase and the track record of the portfolios firmly established, there exists an opportunity to bring forward the otherwise gradual realisation process through a sale of both funds' investment portfolios to an institutional buyer. Sixpoint Partners, a leading US based specialist advisory firm focused on the middle-market private equity industry, was engaged to explore this option, and the Whitehorse offer was subsequently received after a competitive sale process.

The Responsible Entity believes the Whitehorse offer provides several advantages to Unitholders. It allows Unitholders to crystallise the strong returns achieved to date and to exit fully their investment at a time when liquidity of units traded on the ASX is relatively limited. Unitholders will accelerate the return of capital when compared to the gradual realisation of the portfolio and subsequent capital returns, providing investors with full flexibility to reallocate the proceeds of the Sale. However, by approving the Sale, Unitholders will forgo any potential future growth of the underlying portfolio.

In these circumstances, the Responsible Entity considers it appropriate to present Unitholders with the opportunity to exit their investment through the Sale to Whitehorse.

Sale of interest in LP

The Sale involves the sale of the main asset of CD II and so requires Unitholder approval in a general meeting under ASX listing rule 11.2. General meetings for each of CD II and CD I will be held on or about 18 November 2019 to seek approval.

Under the Sale Agreement, Whitehorse will pay 96.5% of the purchase price to the Responsible Entity and will pay the remaining 3.5% of the purchase price to an independent escrow agent (**Escrow**) to meet any warranty claims from Whitehorse up to 31 July 2020. Any funds not applied to meet warranty claims will be released to the Responsible Entity and distributed to Unitholders, or applied to meet any remaining liabilities of the Fund.

Distributions and wind up of CD II

If the Sale proceeds, the Responsible Entity will pay an interim capital distribution to Unitholders representing 85% of the Estimated Net Proceeds (**Interim Distribution**). Following release of the Escrow and payment of all tax on the Sale, the Responsible Entity will pay a further capital distribution (**Final Distribution**) which is presently estimated to be the remaining 15% of the Estimated Net Proceeds and will then seek to wind up CD II. These amounts assume no claim is made on the Escrow and that there is no change in the A\$/US\$ exchange rate or the current estimate of tax which is dependent on, among other things, the position of the underlying funds. The Final Distribution may therefore differ from this estimate.

To reduce operating costs, the Responsible Entity will apply for removal of CD II from the Official List of ASX following payment of the Interim Distribution.

Timetable

An indicative timetable is below.

Step	Target date
Despatch of Booklet	24 October 2019
General Meeting	18 November 2019
Completion of Sale	19 November 2019
Payment of Interim Distribution	5 December 2019
Delisting of CD II	December 2019
Completion of wind up and payment of Final Distribution	September 2020

General meeting

The Unitholder Booklet and Notice of Meeting (**Booklet**) is expected to be despatched to all Unitholders on or about 24 October 2019. This Booklet will contain detailed information about the resolution being put to Unitholders in relation to the Sale.

Unitholders should consider the entire contents of the Booklet, including the reasons to vote for and against the resolution, before deciding on how to vote at the general meeting.

For further information, contact:

Investor Relations

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The Cordish Dixon Private Equity Fund series comprise ASX listed and unlisted investment trusts focused on investing with and alongside leading, highly differentiated and specialised private equity funds focused on lower middle-market operating businesses in the US.