

27 June 2017

## Asset revaluations result in \$19 million increase and 9% increase in NTA<sup>1</sup>.

GARDA Capital Limited (**GARDA**) as the responsible entity of GARDA Diversified Property Fund (**Fund** or **GDF**) announces a \$19.0 million or 14.5% increase in the value of its property portfolio compared to the previous independent valuations completed in June 2016<sup>2</sup>.

Property	Jun-16 Independent valuations (\$m)	Dec-16 Book Value (\$m)	Jun-17 Independent valuations (\$m)	Change (\$m)	Change (%)	Jun-17 Cap Rate	Dec-16 Cap Rate
7-19 Lake Street, Cairns, QLD	41.0	43.0	45.0	4.0	9.8%	8.50%	8.50%
Land at 26-30 Grafton Street, Cairns, QLD	1.2	1.2	3.0	1.8	150.0%	N/A	N/A
69-79 Diesel Drive, Mackay, QLD	29.5	29.5	29.5	0.0	0.0%	7.75%	7.75%
142-150 Benjamin Place, Lytton, QLD	8.6	8.6	8.8	0.2	2.3%	7.75%	8.25%
B2 747 Lytton Road, Murarrie, QLD	14.1	14.2	14.1	0.0	0.0%	8.12%	8.39%
154 Varsity Pde, Varsity Lakes, QLD	12.9	12.9	12.8	-0.1	-0.8%	8.25%	8.50%
436 Elgar Road, Box Hill, VIC	19.4	20.1	25.0	5.6	28.9%	7.75%	8.50%
572 Swan Street, Richmond, VIC	33.5	34.7	41.0	7.5	22.4%	6.50%	7.50%
<b>Portfolio</b>	<b>160.2</b>	<b>164.1</b>	<b>179.2</b>			<b>7.59%</b>	<b>8.13%</b>

Adjusting for capital expenditure accounted for in the fair value of the portfolio during the year, these revaluations represent a \$12.6 million increase to the current book values. The weighted average capitalisation rate on the re-valued portfolio is 7.59%.

As a result of the revaluations above and the recent GDF acquisitions detailed below, the Fund's overall weighted average capitalisation rate has compressed to **7.37%**<sup>3</sup>.

Property Acquired	Acquisition Price (\$m)	Initial Yield (%)
Lot 2001 Metroplex Westgate, Wacol, QLD	35.25	6.25%
70-82 Main Beach Road Pinkenba, QLD	19.00	7.37%
<b>Total Contracted Acquisitions</b>	<b>54.25</b>	<b>6.64%</b>

Current Loan to value ratio (**LVR**) reduces to 30.7% and upon completion of construction of the acquisitions, LVR will increase to 40.5% by 30 June 2018.

The revaluations, in combination with mark to market movement on derivatives, allowance for capital expenditure items, and other net balance sheet movements are expected to increase the value of GDF's net tangible assets (**NTA**) by approximately \$0.10 per unit which would result in a pro forma NTA of \$1.21 per unit<sup>1</sup> compared to the Fund's NTA of \$1.11 as at 31 December 2016.

GARDA's Executive Chairman, Matthew Madsen, commented that "the substantial increase in property values has been the result of the continued delivery of portfolio leasing and the capital improvements program. Furthermore, the Fund has also benefitted from a buoyant Melbourne office market where capitalisation rates continue to tighten."

<sup>1</sup> Unaudited.

<sup>2</sup> 30 June 2016 portfolio excluding 69-79 Diesel Drive, Mackay (see ASX announcement dated 22 August 2016) and 12-14 The Circuit, Eagle Farm (see announcement dated 5 June 2017).

<sup>3</sup> Current portfolio plus recently acquired properties located at 70-82 Main Beach Road, Pinkenba and Metroplex Westgate, Wacol.

**-Ends-**

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**About GARDA Diversified Property Fund (ARSN 104 391 273)**

GDF is an ASX listed real estate investment trust (REIT) which invests in commercial offices in city and suburban markets as well as industrial facilities along the eastern seaboard of Australia.

GDF currently holds nine established property assets independently valued at \$215 million, including current unconditional contracted acquisitions.

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**About GARDA Capital Limited**

GARDA Capital Group is an ASX listed (ASX: GCM) real estate investment and funds management group. The GARDA Capital Group is co-invested in GDF holding a 9% stake.

GARDA Capital Limited is the responsible entity of GDF, is a member of the GARDA Capital Group and holds AFSL 246714 which permits it to act as the responsible entity for GDF.

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