

ASX RELEASE

GARDA Diversified Property Fund (GDF)

29 May 2019

Fund Update

GARDA Capital Limited (**GARDA**) as responsible entity of GARDA Diversified Property Fund (**Fund** or **GDF**) is pleased to provide the following update on Fund activities since 31 December 2018.

Financial highlights

- **\$17.1 million increase in property portfolio valuation to \$346.5 million.**
- **Net tangible asset (NTA) growth of 6 cents per unit to \$1.37¹ per unit.**
- **FY19 distribution confirmed at 9.0 cents per unit, representing a 6.32%² yield.**

Operational performance

- **Botanicca 9 construction due for completion by 31 May 2019.**
- **\$28.26 million increase in debt facilities, providing headroom for acquisitions and asset creation.**

Property re-valuations

Independent valuations of the Fund's investment properties has resulted in a net increase in portfolio value of \$8.6 million. This increase was underpinned by strong leasing outcomes and capital improvement initiatives. The portfolio capitalisation rate compressed marginally to 6.75%.

In addition, the Botanicca 9 project has been independently valued at \$62.8 million 'upon completion' but before letting up, generating a further \$8.5 million value increase resulting in a combined \$17.1 million asset revaluation.

Pro forma NTA¹ has increased 4.7% to \$1.37 per unit from \$1.31 per unit at 31 December 2018.

FY19 distributions

GARDA reiterates the Fund's FY19 distribution guidance of 9 cents per unit, representing a current yield of 6.32%².

Payout ratio for the full year is expected to be at the lower end of guidance at approximately 102%. The final quarterly distribution will be announced by the end of June 2019 for payment in August 2019.

Capital management

St George Bank has provided an additional \$28.26 million loan facility bringing the Fund's total loan facilities to \$154.7 million, currently drawn to \$123.1 million.

The available debt headroom may be used to finance construction of an industrial facility at the Fund's Berrinba property and assist with potential acquisitions.

¹ NTA unaudited.

² Current yield calculated on ASX closing price of \$1.425 per unit on 27 May 2019.

Having regard to the property re-valuations, and upon completion of the construction of Botanicca 9 the Fund loan to value ratio (LVR) will be approximately 36.5%³.

Individual asset updates

i) Botanicca 9 Office Project

Botanicca 9⁴ construction is due for completion by 31 May 2019.

This A-grade, 7,100m² office development is located in the Botanicca Office Park in the Melbourne city-fringe suburb of Richmond, approximately 5 kilometres from the Melbourne CBD. The asset provides five levels of office accommodation with floor plates ranging from 1,200m² to 1,600m² and 232 bays of car parking across three basement levels.

Tenant interest to lease Botanicca 9 has increased as the building approaches completion with a number of leasing proposals currently issued to potential tenants.

The Melbourne city fringe continues to be one of the top performing office markets across Australia with a 4.5% vacancy across the estimated one million square metres of lettable area. Only the Melbourne CBD (3.2%) and the Sydney CBD (4.1%) have lower vacancy rates. When examining contiguous areas available in the city fringe (> 1,000m²) the vacancy rate reduces to 2.8%.

ii) Berrinba Industrial Project

Construction of the Berrinba⁵ industrial facility is anticipated to start and be completed in the second half of 2019.

The facility will provide approximately 5,000m² of warehouse and 500m² of office accommodation. The 11,940m² land parcel was acquired in November 2018⁶ for \$3.0 million and construction cost is estimated to be approximately \$6.25. GARDA will complete the development, lease the facility and retain it as an investment asset for GDF.

iii) Wacol Industrial Project

The Fund settled a 4.1 hectare industrial site in Wacol⁷ on 23 May 2019 for \$5.9 million⁸.

The 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.

³ LVR calculated as investment property assets divided by total interest bearing liabilities.

⁴ 588A Swan Street, Richmond (Victoria)

⁵ 1-3 Huntress Street, Berrinba (Queensland)

⁶ See ASX announcement dated 12 November 2018 "GDF - Acquisition - Huntress Road, Berrinba"

⁷ 498 Progress Road Wacol (Queensland)

⁸ See ASX announcement dated 23 May 2019 "GDF Settlement – Progress Road, Wacol"

Executive Chairman's Comment

GARDA Capital Group Executive Chairman Matthew Madsen commented:

"We are again delighted with the performance of the Fund for the 2019 financial year.

There have been numerous significant milestones achieved this year including the impending completion of our Botanicca 9 office project and the acquisition of two industrial projects in Brisbane to be delivered during the 2020 financial year.

Distributions and pay out ratio are in line with prior guidance and asset revaluations have again delivered strong NTA growth for unitholders. The prudent management of the Funds balance sheet puts GDF in a desirable position coming into the start of the 2020 financial year."

-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 and industrial facilities along the eastern seaboard of Australia. GDF's property portfolio of thirteen assets is independently valued at \$346 million.

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 13.8% 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.
