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VALUATIONS AND DEVELOPMENT PIPELINE

GARDA Property Group ("GARDA") today provides a presentation on its recent property revaluation program and industrial development pipeline.

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GARDA

GARDA PROPERTY GROUP (ASX: GDF)

VALUATIONS AND DEVELOPMENT | October 2021

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VALUATIONS

OCTOBER 2021

VALUATION HIGHLIGHTS

KEY OUTCOMES OF PORTFOLIO VALUATION CYCLE – OCTOBER 2021

25 cents increase in NTA per security[1]

$1.70 | ↑ 17%

NTA PER SECURITY

$67.7m increase in Portfolio Value[2]

$558.9m | ↑ 14%

PORTFOLIO VALUE

Reduction in Gearing[3]

35.3% | ↓ 3.1%

GEARING

Cap Rate Compression[4]

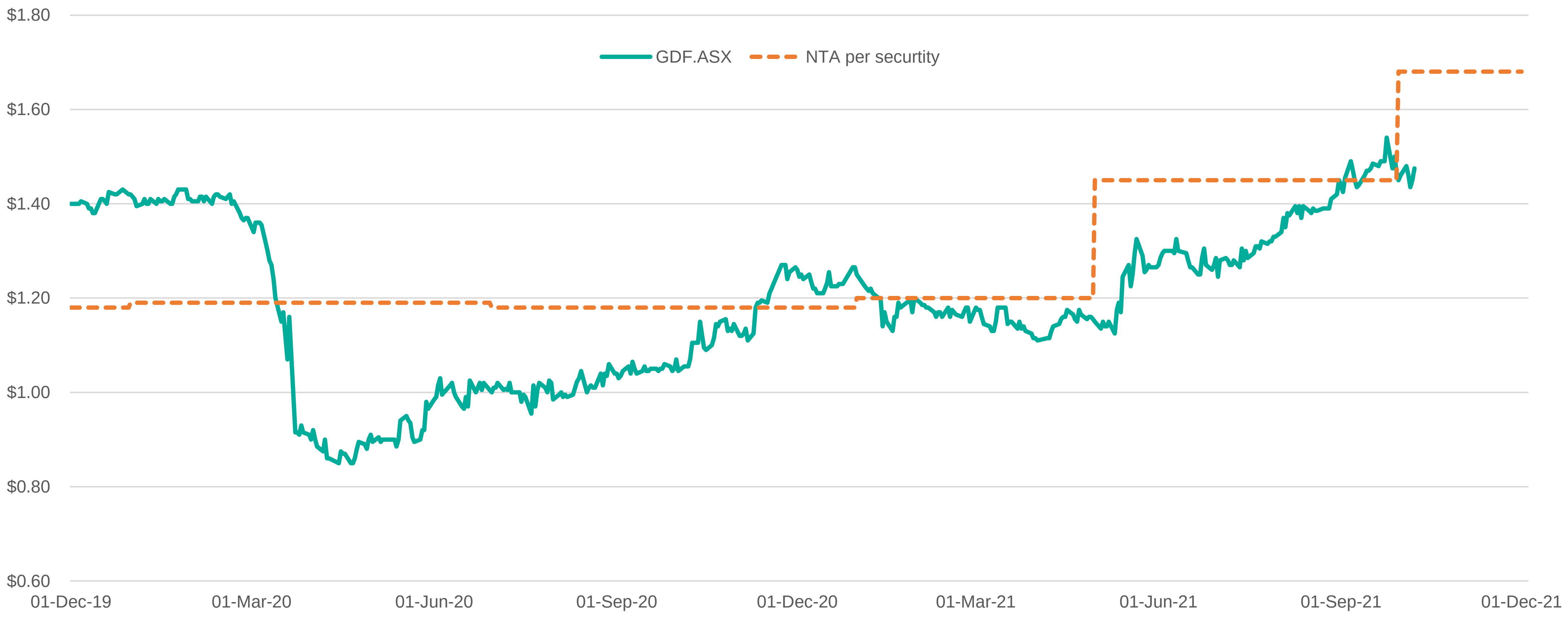
5.27% | ↓ 51bps

PORTFOLIO WACR

1. NTA increase from 30 June 2021.
2. Increase in portfolio value from the previously adopted independent valuations for relevant properties.
3. Gearing reduction from 30 June 2021.
4. Movement in capitalisation rates from the previously adopted independent valuations for relevant properties.

SECURITY PRICE PERFORMANCE

NTA PER SECURITY VERSUS ASX SECURITY PRICE SINCE INTERNALISATION[1]



1. NTA and ASX security price chart from 1 December 2019 through 8 October 2021.

VALUATIONS AND FINANCIAL OUTCOMES

Valuation Program

- GARDA has completed a portfolio valuation program as at 1 October 2021.
- The program included nine established industrial assets, four commercial office assets and the recently acquired industrial development site at Richlands. Three properties, Mackay, North Lakes and Wacol (Pinnacle East), were not assessed.
- The program resulted in a $67.7 million increase in independent valuations, consisting of $44.6 million in industrial, $20 million in office and a $3.1 million increase at Richlands (land).

Financial Impact

- Net Tangible Assets[1] ("NTA") per security has increased $0.25 to $1.70 per security as at 1 October 2021, representing a 17.2% premium to the 30 June 2021 NTA of $1.45 per security.
- NTA of $1.70 also implies a 15.3% premium to the GDF ASX security price of $1.475 per security on 8 October 2021.
- Gearing reduces to 35.3%, from 38.4% as reported at 30 June 2021.

Portfolio Impact

- Property portfolio is now independently valued at $558.9 million.
- Portfolio WACR is now 5.27% - a compression of 51 basis points.
- Sectoral composition (by value) consists of industrial (54%) (including industrial development land (13%)) and office (46%).
- 1 October 2021 WALE (by income) of 5.6 years and occupancy (by income) of 92%.

1. NTA calculated from unaudited management accounts.

VALUATION OVERVIEW

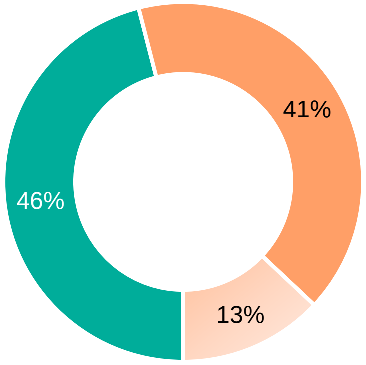
4.90%
INDUSTRIAL CAP RATE

5.64%
OFFICE CAP RATE

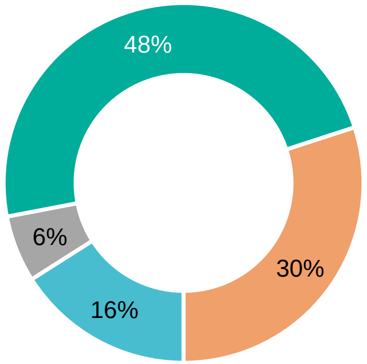
Property	Sector	1 Oct 2021 Valuation ($m)	Cap Rate (%)	Cap Rate Movement (bps)	Movement in Valuation ($m)
Acacia Ridge, 38 Peterkin St	Industrial / Redevelopment	7.0	6.25%	-100	0.8
Acacia Ridge, 56 Peterkin St	Industrial / Redevelopment	7.6	6.25%	-75	0.6
Acacia Ridge, 69 Peterkin St	Industrial	21.7	4.25%	N/A	10.2
Berrinba, 1-9 Kellar St	Industrial	13.3	4.75%	-50	1.3
Heathwood, 67 Noosa St	Industrial	17.8	4.50%	-200	6.0
Mackay, 69-79 Diesel Dr[1]	Industrial	35.0	6.50%	0	0.0
Morningside, 326 & 340 Thynne Rd	Industrial	49.3	4.75%	-50	5.6
Pinkenba, 70-82 Main Beach Rd	Industrial	32.0	4.75%	-25	5.8
Wacol, 41 Bivouac Pl	Industrial	57.5	4.25%	-75	12.1
Wacol, Pinnacle West (Bldg C)	Industrial	13.9	4.50%	-50	1.4
Wacol, Pinnacle West (balance land)	Industrial Land	10.3	N/A	N/A	0.5
North Lakes, 109-135 Boundary Rd[1]	Industrial Land	20.0	N/A	N/A	0.0
Wacol, Pinnacle East[1]	Industrial Land	7.2	N/A	N/A	0.0
Richlands, 56-72 Bandara St[2]	Industrial Land	9.9	N/A	N/A	3.1
Box Hill, 436 Elgar Rd	Office	45.5	4.75%	-75	6.5
Cairns, 7-19 Lake St	Office	90.0	6.625%	-12.5	3.5
Richmond, 572-576 Swan St (Bot 7)	Office	58.5	5.25%	-25	4.5
Richmond, 588A Swan St (Bot 9)	Office	62.5	5.25%	-25	5.5
Total Portfolio		**558.9**	**5.27%**		**67.7**

1. Mackay, North Lakes and Wacol (Pinnacle East) were not independently valued as part of this program and will be valued in line with GARDA's valuation policy.
2. Richlands valuation dated 13 July 2021. $3.1 million increase is from the acquisition price of $6.8 million.

Sector (by Value)



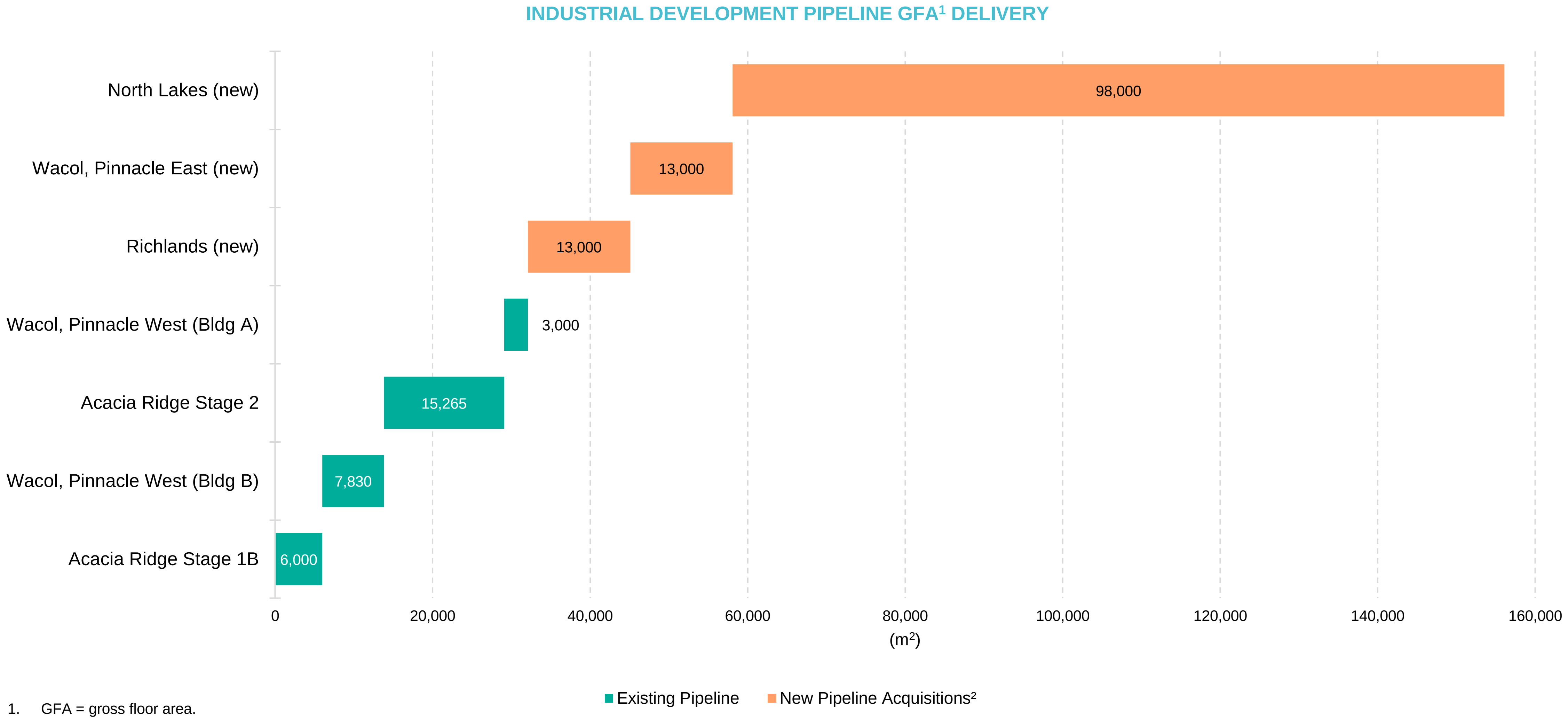
Geography (by value)



INDUSTRIAL
DEVELOPMENT

‘BUILD TO OWN’ INDUSTRIAL DEVELOPMENT PIPELINE

~156,000M² OF INDUSTRIAL DEVELOPMENT TO BE CONSTRUCTED



1. GFA = gross floor area.
2. New pipeline acquisitions acquired during CY2021.

ILLUSTRATIVE PIPELINE VALUATION METRICS

Indicative Valuation Metrics

$125/m²
AVERAGE RENT RATE

4.75%
INDUSTRIAL WACR

$2,632/m²
CAPITAL VALUE

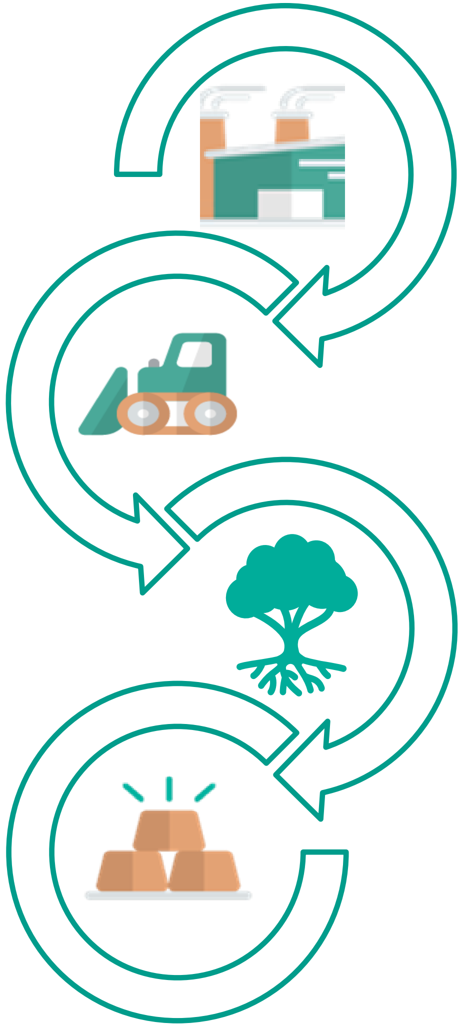
156,000m²
PIPELINE GFA

$410 Million
ON COMPELTION VALUE

- $125/m² p.a. is the assumed average rent rate used for 156,000m² of future pipeline GFA. The average net rent of GARDA's comparable portfolio of established industrial assets is $128/m².
- 4.75% is the assumed weighted average capitalisation rate (WACR) used to estimate the on-completion value of 156,000m² of future pipeline GFA. The WACR of GARDA's comparable portfolio of established industrial assets is 4.61%.
- $2,632/m² capital value of future pipeline on completion value calculated as net rent rate of $125/m² divided by WACR of 4.75%.


Berrinba, 1-9 Kellar St

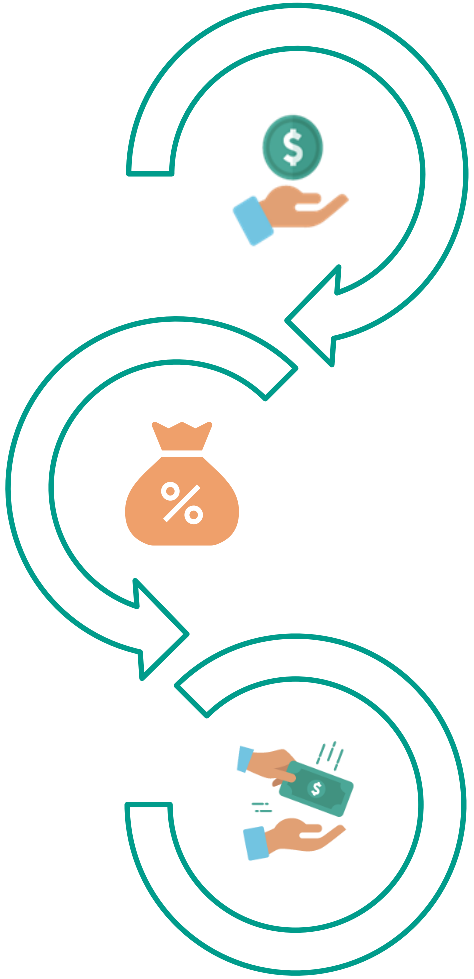
ILLUSTRATIVE ANALYSIS – POTENTIAL NTA UPSIDE



Inputs, estimates and assumptions for illustrative purposes:

	$410 Million ON-COMPLETION INDUSTRIAL VALUE	▪ 156,000m² at $2,632/m² (based on $125/m² net rent capitalised at 4.75%).
–	**$209 Million** PIPELINE COST TO BE FUNDED	▪ As the development of 156,000m² will occur over a multi-year period, it may potentially be debt funded. ▪ Bulk and Civil earthworks - $22m (North Lakes $18m and Wacol $4m) ▪ Development costs - $187m ($1,200/m²)
–	**$66 Million** CARRYING VALUE OF DEVELOPMENT ASSETS	▪ $51.6 million of land at value on balance sheet today. ▪ $14.4 million of redevelopment asset value on balance sheet today.
=	**$135 Million** POTENTIAL NTA ACCRETION	▪ If realised, completing the pipeline should lead to significant NTA accretion.

ILLUSTRATIVE ANALYSIS – PROPERTY INCOME



156,000m²
PIPELINE GFA

×

$125/m²
AVERAGE RENT RATE

=

$19.5 Million
NET PROPERTY INCOME PER ANNUM

~ $5.0 Million
ANNUAL INTEREST EXPENSES TO FUND DELIVERY

- Indicative interest costs associated with debt funding the delivery of 156,000m² of industrial pipeline.
- Assuming 100% debt funded and a weighted average cost of debt[1] of 2.5%

=

~ $14.5 Million
POTENTIAL GROWTH IN FFO PER ANNUM

- FY21 FFO per security guidance of 8.0 – 8.5 cents (or $16.7m – $17.7m) on 208.6 million securities.
- If realised, the pipeline should lead to significant FFO accretion (subject to the dilutive impact of any equity raise).

1. Current weighted average cost of debt is 2.2%.

PIPELINE – THE LOGICAL ORDER

- **Land available for redevelopment** :
  - 15,265m² of available GFA at Acacia Ridge stage 2 (CY 2022).
- **Currently developed land**:
  - 10,830m² of available GFA at Wacol, Pinnacle West (CY 2022).

- **Undeveloped land**
  - 13,000m² of available GFA at Bandara Street, Richlands (CY 2022)
  - 13,000m² of available GFA at Wacol, Pinnacle East (CY 2023)
  - 98,000m² of available GFA at North Lakes (CY 2023-2027).

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