GARDA

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25 May 2023

FY23 FFO UPDATE AND INDEPENDENT VALUATIONS OUTCOME

GARDA Property Group ("GARDA" or "Group") is pleased to provide the following financial update:

- **13 of 15 properties independently valued.**
- **Portfolio weighted average cap rate (WACR) increased 55 basis points to 5.60%, following an expansion of 100 basis points in office and 68 basis points in industrial.**
- **North Lakes industrial land valuation increased 54%, to $69.5 million, driving an overall portfolio value increase of $8.7 million.**
- **30 April 2023[1] pro-forma NTA per security of $1.96 per security and gearing of 32.7%.**
- **FY23 distribution payout ratio guidance upgraded to between 100% and 105% of FFO.**

Portfolio independent valuations

GARDA has received independent valuations of 13 of its 15 properties, representing approximately 80% of our property portfolio by value. The portfolio WACR has increased 55 basis points to 5.60%.

The cap rates of our two office properties in Richmond increased by an average of 100 basis points and the cap rates of our seven established industrial properties increased by an average of 68 basis points, with those increases ranging from between 0.50% and 1.25%.

Offsetting the negative movement in capitalisation rates was the average 14% growth in market rents across our industrial properties.

The only established properties not to be independently valued in this cycle were Cairns ($87.8 million) and Hawthorn East ($25.0 million) as they were independently valued at 31 October 2022.

A summary of the 1 May 2023 independent valuations is provided below:

		Valuation – 1 May 2023		Capitalisation Rate	
Property	**Sector**	**Value ($m)**	**Movement [2] ($m)**	**Rate**	**Movement**
Acacia Ridge, 69 Peterkin St	Industrial	21.4	(1.6)	4.75%	0.75%
Acacia Ridge, 38-56 Peterkin St	Industrial Land	18.4	(1.7)	-	-
Berrinba, 1-9 Kellar St	Industrial	15.4	1.4	5.25%	0.75%
Heathwood, 67 Noosa St	Industrial	15.5	(2.8)	5.50%	1.25%
Morningside, 326 & 340 Thynne Rd	Industrial	54.5	3.3	5.25%	0.75%
North Lakes, 109-135 Boundary	Industrial Land	69.5	23.6	-	-
Pinkenba, 70-82 Main Beach Rd	Industrial	35.5	1.5	4.50%	0.00%
Richlands, 56-72 Bandara St	Industrial Land	13.7[3]	(0.9)	-	-
Wacol, 41 Bivouac Pl	Industrial	58.5	(3.0)	4.75%	0.75%

[1] 30 April 2023 NTA per security calculated on unaudited management accounts.

[2] Movement from 31 December 2022 carrying values reported in GARDA's 31 December 2022 Interim Report.

[3] Richlands has been independently valued on an 'as is' land basis however construction has commenced. $2.1 million has been deployed into construction and as such, is value accretive in nature. The 30 April 2023 pro-forma carrying value of Richlands is $15.8 million.

Wacol, Pinnacle East	Industrial Land	11.0	(0.6)	-	-
Wacol, Pinnacle West	Industrial	45.9	22.6	4.75%	0.50%
Wacol, Pinnacle West (land)[4]	Industrial Land	-	(10.6)	-	-
Richmond, 572-576 Swan St (Bot 7)	Office	50.5	(13.2)	6.13%	1.13%
Richmond, 588A Swan St (Bot 9)	Office	60.0	(9.4)	5.88%	0.88%
		469.8	**8.7**		

Following the independent valuations, GARDA's gearing is 32.7% (34.6% at 31 December 2022).

North Lakes Industrial Project Update

GARDA has optimised the site design and will now deliver 25 hectares of developable land, up from 22 hectares in May 2022. The project is expected to support 100,000m² of industrial GFA.

Strong tenant demand for approximately 40,000m² of GFA exists.

All significant operational work permits associated with the project have now been submitted. Works are expected to commence on site in August 2023 and will take approximately 12 months to complete. Built form construction may start 1HCY24 once bulk earthworks are completed, subject to individual building development approval.

The following costs have been budgeted having regard to the now completed detailed design and are subject to final negotiation and documentation:

Capital Works Item	Timing	Costs ($m)
Bulk earthworks, ESC and internal retaining walls	H2CY23	11.0
Internal roads and stormwater	H1CY24	6.1
Internal water and sewer	H1CY24	1.4
Intersection, signs, lines, external roadworks and landscaping	Unknown	6.6
Less: land resumption payment from local council for road widening	Unknown	(2.7)[5]
Total costs to deliver construction ready, estate quality land		**22.4**

The increase in total costs from prior estimates has been offset by the additional three hectares of developable land.

The independent valuation of North Lakes has increased by $24.5 million (or 54%) to $69.5 million since its last independent valuation in April 2022 on an 'as is' land basis. The portfolio value has increased by $8.7 million from 31 December 2022 carrying values to $582.5 million.

The market value on completion of the 25 hectares adopted by the valuer in the current valuation is $116.8 million or $467/m² of developable land. The difference between the current independent valuation of $69.5 million and the adopted gross realisation of $116.8 million is accounted for by the $22.4 million in 'cost to complete' and significant profit and risk, and interest allowances to develop the project.

Impact on NTA and FY23 Guidance Upgrade

Unaudited Net Tangible Assets (NTA) is calculated at $1.96 per security.

Notably, GARDA is trading on a 38% discount to the revised unaudited NTA per security based on a closing price of $1.21 per security on 24 May.

[4] The remaining developable land at Pinnacle West has now been built out with Building B completed in March 2023 and Building A practical completion due in June 2023. Pinnacle West has now been valued as one established property including all three buildings.

[5] Amount not yet agreed however both GARDA and Moreton Bay Regional Council have had independent valuations on the land to be resumed.

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Full year distribution payout ratio guidance has been upgraded to between 100% and 105% of funds from operations (FFO), reflecting an FY23 FFO of between $14.3 million to $15.0 million. The Group expects to be in the lower end of the range.

The full year distribution of 7.2 cents per security represents a yield of 6.0%[6].

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[6] Yield calculated as the distribution rate of 7.2 cents per security divided by the 24 May 2023 ASX closing price of $1.21.