

18 November 2016

GARDA Diversified Property Fund
2016 AGM Chairman's Address and Presentation

Good morning Ladies and Gentlemen, it is 9:30am and as there is a quorum present, I declare this meeting open.

Welcome to the 2016 Annual General Meeting of GARDA Diversified Property Fund. My name is David Usasz and I am the Independent Chairman for GARDA Capital Limited, the responsible entity of GARDA Diversified Property Fund.

May I ask that you please turn your mobile phones off for the duration of the meeting? Thank you.

I would like to start by introducing my fellow GARDA Directors:

- Mr Mathew Madsen, the Managing Director of the GARDA Capital Group;
- Mr Philip Lee, also a Non-Executive Director. Mr Lee chairs the Audit and Risk Committee and is a member of the Nomination and Remuneration Committee;
- Mr Mark Hallett a Non-Executive Director who is a member of the Audit and Risk Committee and the Nomination and Remuneration Committee; and
- Mr Leylan Neep, Executive Director and Chief Financial Officer for the GARDA Capital Group.

Also present today are:

- Mr Lachlan Davidson, Company Secretary and General Counsel for the Group;
- Mr Paul Brown, the Manger for Investor Relations;
- Mr Matt Foster of Link Market Services, our Share Registry. Mr Foster will oversee the conducting of the poll to be taken today.
- Mr Paul Gallagher and Mr Tim Mann from our auditors, BDO Audit Pty Ltd; and
- Some staff of GARDA Capital Group.

I will provide a brief overview of the Fund's business and achievements in FY16. Mr Madsen will then go through GDF's 2016 financial year performance and results and provide an update on the Fund's activities. Following that we will move to the formal business of today's meeting and the Resolution for your approval as detailed in the Notice of Meeting mailed to all unitholders on 25 October 2016.

I will take the Notice of Meeting as read. I will just briefly reiterate the coloured card system.

Unitholders holding a YELLOW card are permitted to vote and ask questions at the appropriate time. Those with a BLUE card are not permitted to vote but are permitted to ask questions. Those with a WHITE card are a visitor and are not permitted to ask questions. We will take questions when we get into the formal part of the meeting, after Mr Madsen's address.

Chairman's Address

The 2016 financial year was a year of significant and positive achievements for the Fund. The year began with the Fund listing on the ASX on the 2nd of July 2015 and since then the Fund has delivered strong distribution returns and a significant increase in the Fund's NTA per unit.

GARDA continued to mitigate lease expiry risk for the Fund, and executed new leases and existing renewals representing approximately 10.5% of the portfolio's net lettable area. The leases executed kept the WALE at a relatively stable 3 years.

Over the year your Directors oversaw diligent capital management programs, which included the continuation of the capital improvements program, with \$2.7 million reinvested into improving the properties, as well as an on market buy back of the Fund's units which saw 3.4 million units bought back at an average price of \$0.97 per unit.

In August of this year, we settled the acquisition of our modern industrial distribution facility in Mackay for \$29.5 million. This was consistent with the Fund's acquisition strategy and provides a material increase in exposure to the industrial sector. The building is leased to a strong tenant (Wesfarmers subsidiary Blackwoods) and provides a benefit to the Fund of a WALE in excess of 12 years.

Your Board and management team are focused on delivering unitholder value through the execution of the Fund's clear strategy.

I would like to take this opportunity to thank the GARDA team for all their hard work throughout the year and to congratulate them on their achievements.

I would also like to thank my fellow Directors for their dedicated service over the period.

Mr Matthew Madsen will now provide an overview of our 2016 financial year performance, and an outline of the Fund's activities, objectives and strategy.

More information on GDF can be found on the ASX's website, www.asx.com.au, using the ASX code 'GDF', on the GARDA website www.gardacapital.com.au, by calling the GDF investor enquiry line on 1300 554 474 or by emailing info@gardacapital.com.au

-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 eight established property assets independently valued at \$183 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 10.7% 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.

GARDA DIVERSIFIED PROPERTY FUND (GDF)

ANNUAL GENERAL MEETING
18 NOVEMBER 2016



IMPORTANT INFORMATION

This presentation (**Presentation**) has been prepared on behalf of GARDA Capital Limited (ACN 095 039 366) (AFSL 246714) (**GARDA**) as responsible entity of the GARDA Diversified Property Fund (**GDF** or the **Fund**). The information and statements in this Presentation were prepared or are made only as of the date of this Presentation, unless otherwise stated.

This Presentation contains general and summary information about the current activities of the GARDA and GDF. It also does not purport to be complete or contain all information which would be relevant to existing or prospective investors of GDF. No member of GARDA or any of their related entities and their respective directors, employees, officers and advisers give any warranties in relation to the statements and information contained in or referred to in this Presentation.

This Presentation has been compiled from sources which GARDA believes to be reliable. However, it is not audited, and is not a product disclosure statement (**PDS**) or other disclosure document as defined in the Corporations Act 2001, and has not been lodged with the Australian Securities and Investments Commission (**ASIC**). It is not, nor does it purport to be, complete or include all the information that a PDS or other disclosure document may contain. Historical financial and other 'continuous disclosure' information required by law can be found at the GARDA website www.gardacapital.com.au and in the audited financial statements (also on the website). All references to dollars or \$ in this document are to Australian currency.

Nothing contained in the Presentation constitutes investment, legal, tax or other advice. It is not an offer of securities, or a recommendation to buy or sell units in GDF. It has been prepared for general information only, and without taking into account the investment objectives, financial situation or needs of individuals. Any existing or prospective investor should not rely on this Presentation, but consider the appropriateness of the information in any PDS or other public sources having regard to their own objectives, financial situation and needs and seek appropriate advice, including financial, legal and taxation advice appropriate to their jurisdiction. GARDA is not licensed to provide financial product advice in respect of any securities, including units in GDF. Neither GARDA nor the Fund guarantee any particular rate of return or the performance of the Fund, nor do they guarantee the repayment of capital or any particular tax treatment.

This Presentation contains certain "forward looking statements" (**Forecasts**) with respect to the financial condition, results of operations and business relating to GARDA Group and the Fund. These Forecasts may involve subjective judgments. The words "forecast", "estimate", "likely", "anticipate", "believe", "expect", "project", "opinion", "predict", "outlook", "guidance", "intend", "should", "could", "may", "strategy", "target", "plan" and other similar expressions are intended to identify forward-looking statements.

The Forecasts are by their nature subject to significant and unknown risks, uncertainties, vagaries and contingencies, many (if not all) of which are outside the control of members of GARDA. Various risk factors may cause the actual results or performance of GARDA or the Fund to be materially different from any future results or performance expressed or implied by such Forecasts. There can be no assurance that any Forecasts are attainable or will be realised. No representation, warranty or guarantee, whether express or implied, is made or given by any member of the GARDA that any Forecast will or is likely to be achieved. Except as required by law, neither GARDA nor the Fund is liable to release updates to the Forecasts to reflect any changes.

To the maximum extent permitted by law, any and all liability in respect of the Presentation (and any Forecast) is expressly excluded, including, without limitation, any liability arising from fault or negligence, for any direct, indirect or consequential loss or damage arising from any loss whatsoever arising from the use of the information in this Presentation or otherwise arising in connection with it. GDF is listed on the ASX and all applicable obligations and restrictions contained in (without limitation) the Listings Rules and Corporations Act apply accordingly. The acknowledgements referred to above may be pleaded as a bar to any claim that any reader may bring.

AGENDA

1

CHAIRMAN'S WELCOME AND INTRODUCTION

2

BOARD OF DIRECTORS

3

MANAGING DIRECTOR'S ADDRESS

4

QUESTIONS

5

BUSINESS OF THE MEETING

BOARD OF DIRECTORS



DAVID USASZ, INDEPENDENT CHAIRMAN



MATTHEW MADSEN, MANAGING DIRECTOR



MARK HALLETT, NON-EXECUTIVE DIRECTOR



PHILIP LEE, NON-EXECUTIVE DIRECTOR



LEYLAN NEEP, EXECUTIVE DIRECTOR

MANAGING DIRECTOR'S ADDRESS

FY 16 - HIGHLIGHTS

STATUTORY NET PROFIT

\$17.86m

19.04 cents per unit

FUNDS FROM OPERATIONS

\$9.1m

9.68 cents per unit

DISTRIBUTIONS

\$8.5m

9.00 cents per unit

93.6%

PAYOUT RATIO

\$12.45m (8.9%)

VALUATION INCREASE

\$0.10 (10%)

INCREASE IN NTA PER UNIT TO \$1.13

Total return since the IPO of 22%

REFLECTIVE OF JUNE 30 NTA (\$1.13) LESS IPO ISSUE PRICE (\$1.00) PLUS DISTRIBUTIONS PAID (\$0.09)

FY16 - PERFORMANCE

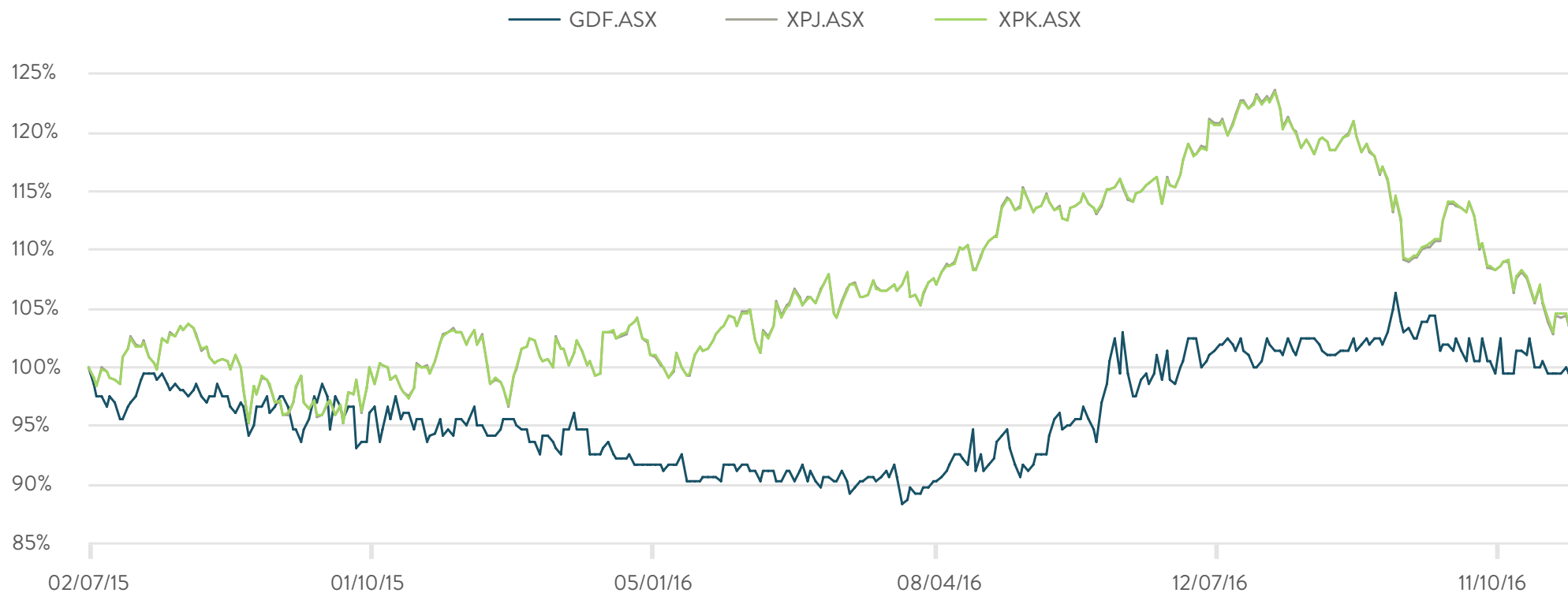
	FY2016 \$	PER UNIT (93,804,456 UNITS ON ISSUE)
Statutory net profit	17,864,000	19.04 cents
Less fair value movement in investment properties	(10,093,000)	
Add Interest rate swaps marked to market	1,127,000	
Add Other	178,000	
Funds from operations (FFO)	9,076,000	9.68 cents
Distributions	8,497,000	9.00 cents
Distribution payout ratio		93.6%
Tax deferred component		44.9%

PROPERTY VALUATIONS INCREASE

INVESTMENT PROPERTIES	2015 \$	2016 CAP RATE	2016 \$	INCREASE %
7-19 Lake Street, Cairns	37,000,000	8.50%	42,200,000	↑ 14.05%
12-14 The Circuit, Brisbane Airport	20,000,000	8.60%	22,400,000	↑ 12.00%
B2, 747 Lytton Road, Murarrie	13,600,000	8.39%	14,100,000	↑ 3.68%
154 Varsity Parade, Varsity Lakes	12,000,000	8.50%	12,900,000	↑ 7.50%
436 Elgar Rd, Box Hill	18,500,000	8.50%	19,400,000	↑ 4.86%
572 – 576 Swan Street, Richmond	31,600,000	7.50%	33,500,000	↑ 6.01%
142-150 Benjamin Place, Lytton	7,950,000	8.25%	8,600,000	↑ 8.18%
Total Investment Properties at independent valuation	140,650,000	8.35%	153,100,000	↑ 8.85%
Value accretive additions post independent valuation	-		427,000	
Total Investment Properties	140,650,000		153,527,000	

ASX PERFORMANCE

- GDF performance since listing against the S&P/ASX 200 A-REIT and S&P/ASX 300 AREIT indices.



DEBT OVERVIEW

SENIOR DEBT FACILITY

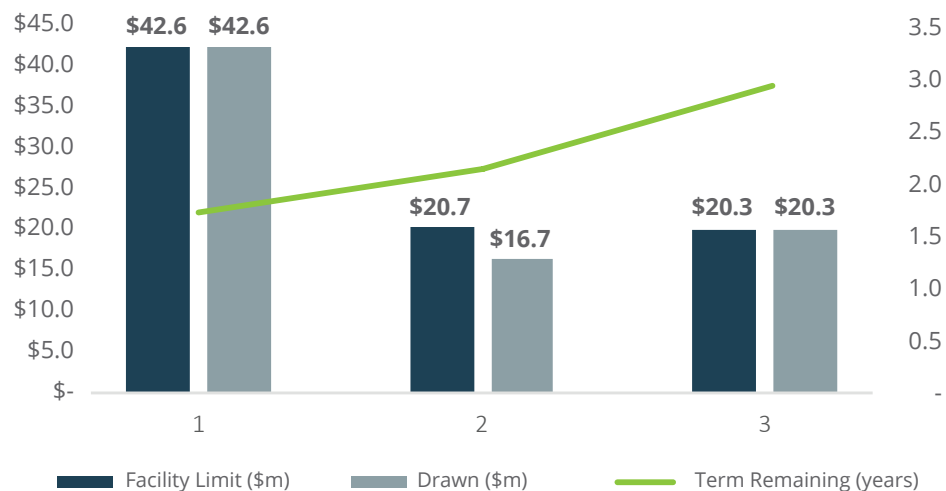
	Drawn	Limit
Senior Debt	\$79.6m	\$83.6m

SENIOR DEBT FACILITY - COVENANTS POST ACQUISITION

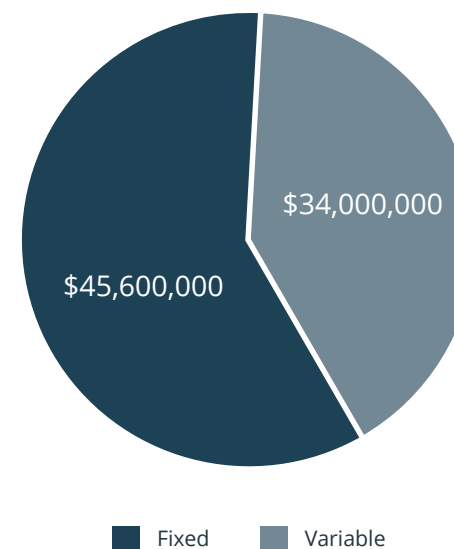
	Actual	Limit	Covenant
LVR	43.6%	46%	50%
Interest cover ratio	4.5x	N/A	2.5x

- The total interest cost of the drawn facilities is 3.55%.
- Balanced between fixed (\$45.6m) and floating (\$34m) facilities.
- Currently LVR of 43.6%.

DEBT MATURITY



DEBT STRUCTURE



¹ Total interest costs include fixed rate and variable rate components at date of release.

ACQUISITION (AUGUST 2016)

- On 26 August 2016, GDF settled the acquisition of a modern industrial distribution facility for \$29.5 million.
- It has been acquired on an initial yield of 7.7%¹
- The property is wholly leased to Wesfarmers subsidiary Blackwoods until 2029, providing GDF with the benefit of a **WALE in excess of 12 years** and minimum annual **rent increases of 3.0%**.
- The two year old state of the art warehouse and distribution facility has a total net lettable area (NLA) of 14,843m² and is located in the primary industrial suburb of Paget in Mackay. The building is approximately 8km's from the Mackay CBD.
- The Fund's property portfolio now totals \$183 million and is 21% weighted to the industrial sector (by value).



¹ Based on GARDA Capital Group analysis on first year income from 1 August 2016 through 31 July 2017.

FUND OBJECTIVES

- The Fund's objective is to provide sustainable and growing distributable income derived from investments in commercial offices in city and suburban markets as well as industrial facilities along the eastern seaboard of Australia.
- The Fund will maintain a conservative capital structure including a long-term target gearing range of 30% to 35% although will operate up to 45% LVR from time to time to enable acquisitions.
- Likewise gearing may fall below this range in the event of capital management initiatives or asset divestments.

FY2017 OBJECTIVES

- The Fund's key objectives for FY2017 include:
 - *Mitigating lease expiry risks in the 2018 and 2019 financial years (FY2017 lease expiries fully mitigated);*
 - *Reducing vacancy in the portfolio and associated lost income on vacant space;*
 - *Continued execution of the Fund's capital improvements program; and*
 - *Review possible capital management initiatives to reduce gearing and provide capacity for further acquisitions and growth in gross assets.*

FY2017 OUTLOOK AND DISTRIBUTION GUIDANCE

DISTRIBUTIONS

- FY2017 distribution guidance of \$0.094 per unit, a 4.4% increase on FY2016 distributions.
- Represents a payout ratio of ~84% at 42% LVR after the recent Blackwood's acquisition.
- At current market price of \$1.00¹, reflects a distribution yield of 9.4%.

OUTLOOK

- The Fund will continue to seek to increase gross assets and to increase its exposure to the industrial sector.
- The markets that the Fund currently holds investments in are anticipated to perform soundly, with the exception of the Brisbane Murarrie office market which may be negatively impacted by the continuing high vacancy and incentive rates emanating from the weak Brisbane CBD, although currently stable.
- The marketplace is reporting anecdotally that both the inner east (Richmond) and outer eastern Melbourne (Box Hill) markets are currently experiencing strong leasing demand, reduced incentives and rent growth.
- The continued execution of the capital improvements program is anticipated to have a material impact on both rent levels and occupancy within the Cairns building (and in turn valuation) and will also assist with tenant renewal at the Box Hill property, where the next expiry is not until December 2017.

¹ Market close as at 15 November 2016.

APPENDIX 1

FINANCIALS

INCOME STATEMENT

INCOME STATEMENT	30 JUNE 2016 \$000'S	30 JUNE 2015 \$000'S
Property rental income	17,106	17,434
Property expenses	(4,823)	(5,131)
Trust level expenses	(1,558)	(1,796)
Finance costs	(1,745)	(12,450)
Net loss of financial liabilities held at fair value through profit and loss	(1,127)	(2,961)
Fair value movement in investment properties	10,093	(711)
Loss on sale of property	0	(686)
Impairment of receivables	(82)	(1)
Profit/(loss)	17,864	(6,302)

- A net profit of \$17.9 million was generated during the year, an increase of \$24.2 million compared to prior year (before recapitalisation and ASX listing) loss of \$6.3 million.
- The net profit increase is primarily as a result of fair value increment in investment properties of \$10.1 million and the reduction of finance costs of \$10.7 million.
- Finance costs reduced significantly as debt reduced from \$122.0 million to \$42.6 million following the listing of the Fund on 2 July 2015.

FUNDS FROM OPERATIONS (FFO)

FUNDS FROM OPERATIONS		
	30 JUNE 2016 \$000'S	30 JUNE 2015 \$000'S
Net profit/(loss)	17,864	(6,302)
Net loss on financial liabilities held at fair value	1,127	2,445
Fair value movement in investment properties	(10,093)	711
Loss on sale of investment properties	0	686
Impairment of receivables	0	1
Incentives amortisation and rent straight-line	178	(621)
One-off item – Recapitalisation and refinance costs	0	3,555
Funds From Operations (FFO)	9,076	475
Distributions Paid	8,497	537
Payout Ratio	93.6%	

- FFO of \$9.1 million was generated during the period representing an increase of \$8.6 million from the prior year (2015: \$0.5 million).
- The increase in FFO is a result of a decrease in finance costs in the current period.
- Distributions payable throughout the 2016 financial year totalled \$8.5 million (2015: \$0.5 million), representing a distribution of 9 cents per unit.
- This represents a distribution payout ratio of 93.6% of FFO, in line with the Fund's target payout ratio range.

BALANCE SHEET

BALANCE SHEET	30 JUNE 2016 \$000'S	30 JUNE 2015 \$000'S
Assets		
Cash and cash equivalents	2,526	3,233
Trade and other receivables	318	353
Investment properties	153,527	140,650
Total Assets	156,371	144,236
Liabilities		
Trade and other payables	1,481	1,696
Borrowings	45,380	42,307
Distribution payable	2,121	0
Tenant security deposits	274	308
Derivative financial instruments	1,127	0
Total Liabilities	50,383	44,311
Net Assets	105,988	99,925

- Net tangible assets for the year ended 30 June 2016 are \$1.130 per unit, an increase of \$0.102 per unit on prior year NTA per unit of \$1.028.
- The portfolio delivered a \$12.45 million increase in value.
- Total unitholders' equity at 30 June 2016 was \$106.0 million, an increase of \$6.1 million on the prior year's balance of \$99.9 million, which was reflective of the Fund's net profit of \$17.9 million less amounts distributed to unitholders of \$8.5 million.
- The total unitholder equity was also reduced during the year by \$3.3 million (2015: \$Nil) from the on-market buy-back of units in the Fund by the responsible entity.

APPENDIX 2

GDF OVERVIEW

GDF AT A GLANCE

\$183 MILLION

COMMERCIAL AND INDUSTRIAL PORTFOLIO

~ \$100 MILLION MARKET CAPITALISATION

3.9 YEARS

WALE

93%

OCCUPANCY

\$1.11¹

NTA PER UNIT

FY17 DISTRIBUTION

GUIDANCE

\$0.094/UNIT

PAID QUARTERLY

8.13%

WEIGHTED AVERAGE
CAP RATE

43.6%

LVR

4.5 TIMES

INTEREST COVER

53%

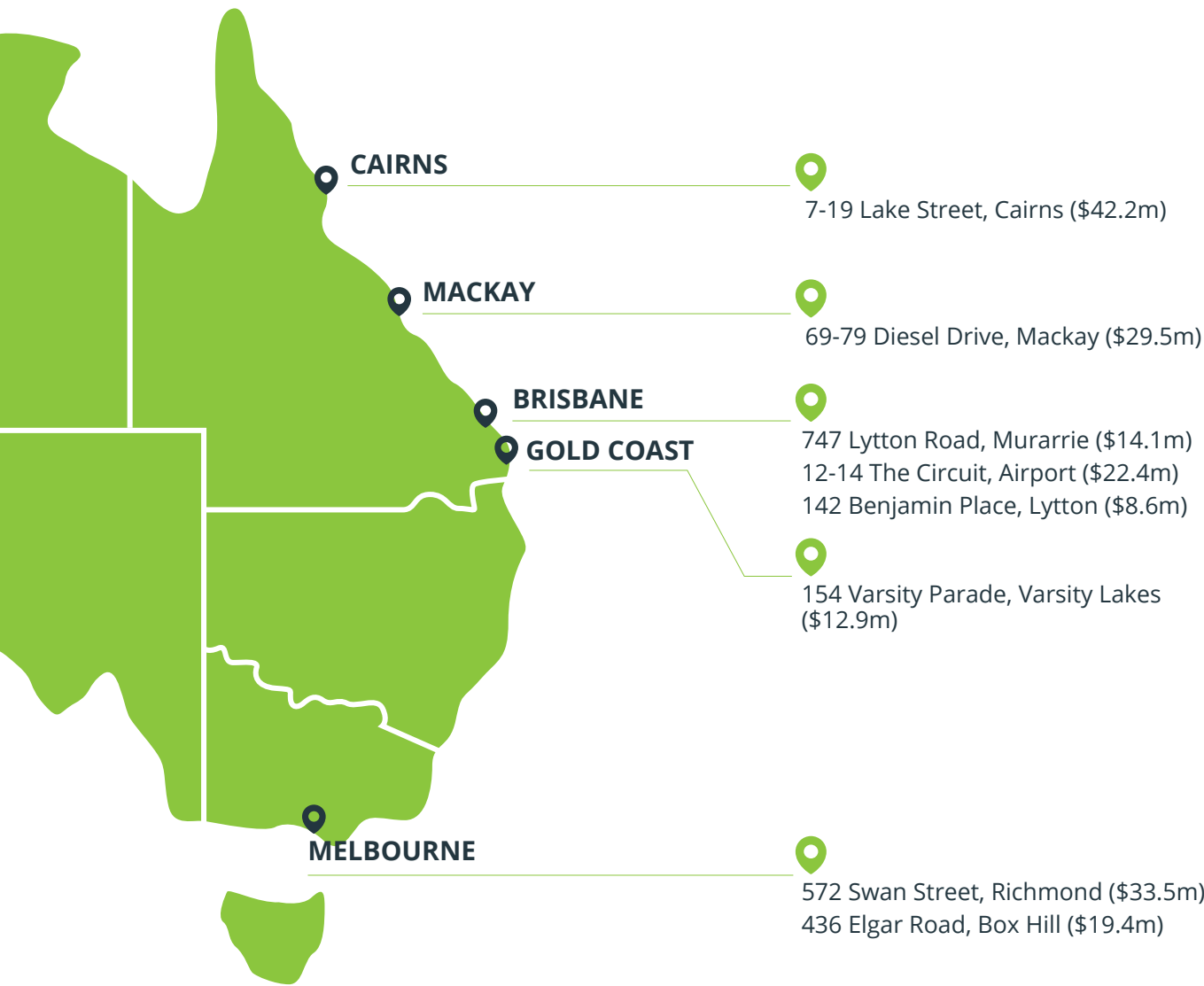
TAX DEFERRED
INCOME

ALIGNED MANAGER

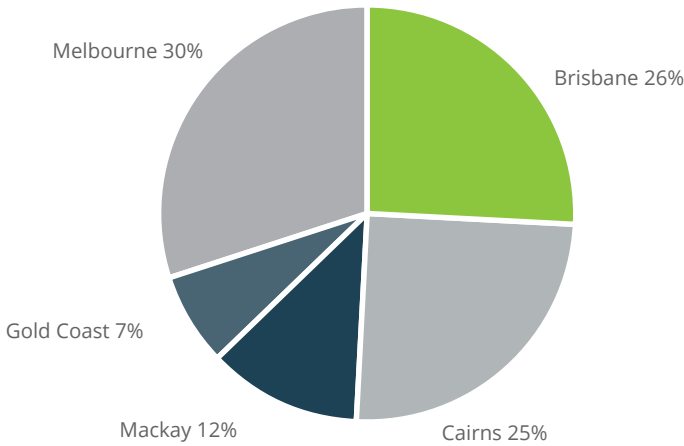
GARDA CAPITAL HOLDS 10.7% OF GDF UNITS

¹ Unaudited pro-forma NTA post Mackay acquisition in August 2016.

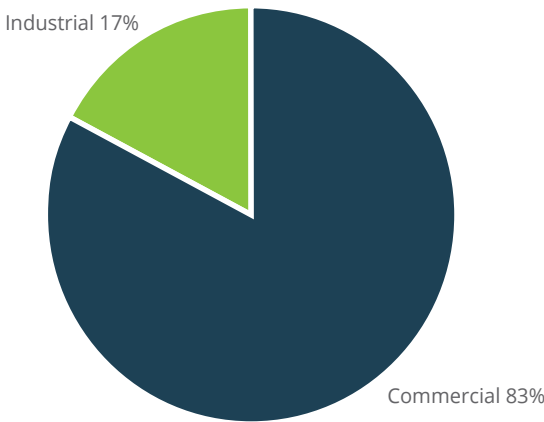
DIVERSIFIED PORTFOLIO



PORTFOLIO INCOME (by location)



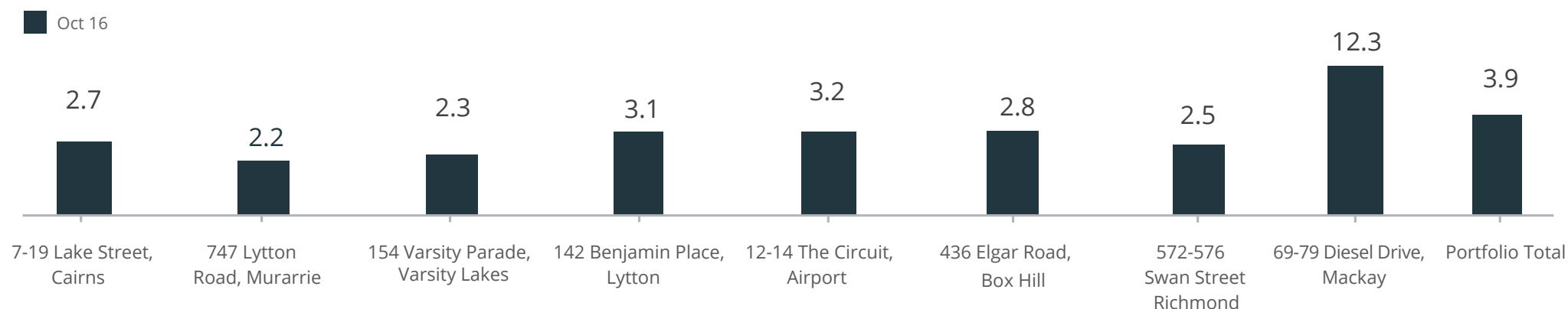
PORTFOLIO INCOME (by sector)



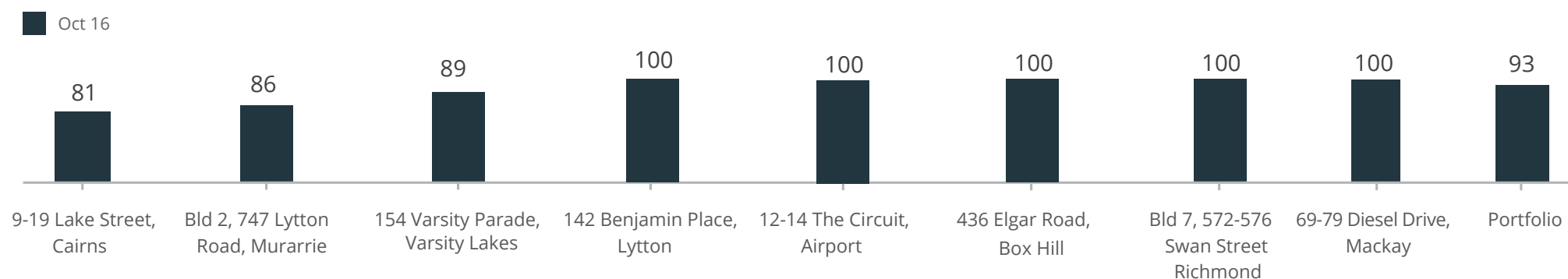
WALE AND OCCUPANCY

- Significant improvement in WALE possible during FY17 as material tenant expiry is managed particularly at the Richmond property (FY18 expiry) and in Cairns (FY19 expiry).

WALE by income (Years)



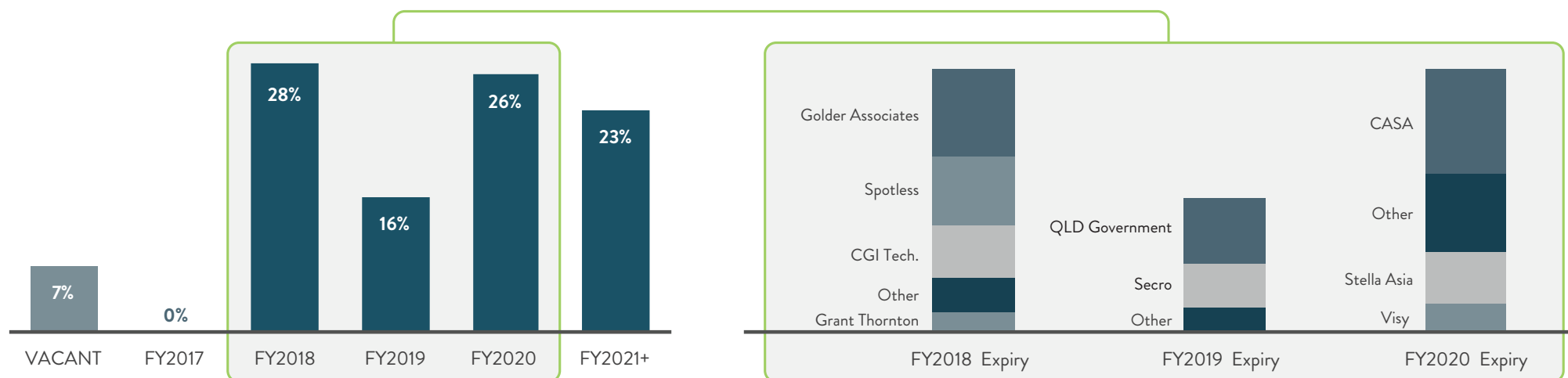
OCCUPANCY by income (%)



AT RISK INCOME

- Leasing risk in FY17 has been mitigated following the commitment of Kuhne Nagel for their existing 2,200m² tenancy at the Lytton industrial property.
- Heads of agreement for this renewal has now been reached.
- The Manager has engaged with a number of key tenants totalling 8,000m² that form the majority of FY18 expiries.

LEASE EXPIRY PROFILE



QUESTIONS?

BUSINESS OF THE MEETING

BUSINESS OF THE MEETING

1

FY16 FINANCIAL STATEMENTS AND REPORT

2

RESOLUTION 1

Approval of Additional 10% Placement Capacity

1. FY16 FINANCIAL STATEMENTS AND REPORT

To receive and consider the Annual Financial Report and Financial Statements, the Directors' Report and Auditor's Report for GARDA Diversified Property Fund for the financial year ended 30 June 2016.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	NOTE	2016 \$000'S	2015 \$000'S
ASSETS			
Current assets			
Cash and cash equivalents	18	2,526	3,233
Trade and other receivables	6	318	353
Total current assets		2,844	3,586
Non-current assets			
Investment properties	7	153,527	140,650
Total non-current assets		153,527	140,650
Total assets		156,371	144,236
LIABILITIES			
Current liabilities			
Trade and other payables	8	1,481	1,696
Distribution payable	11	2,121	-
Total current liabilities		3,602	1,696
Non-current liabilities			
Tenant security deposits		274	308
Borrowings	9	45,380	42,307
Derivative financial instrument	10	1,127	-
Total non-current liabilities		46,781	42,615
Total liabilities		50,383	44,311
Net assets		105,988	99,925
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS			
Issued units	12	207,848	211,152
Retained losses		(101,860)	(111,227)
Total equity		105,988	99,925

The Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 \$000'S	2015 \$000'S
Revenue	4	17,106	17,434
Property expenses	5	(4,823)	(5,131)
Trust level expenses	5	(1,558)	(1,796)
Finance costs	5	(1,745)	(12,450)
Net loss on financial liability held at fair value through profit and loss	5	(1,127)	(2,961)
Fair value movement in investment properties	7	10,093	(711)
Net loss on sale of investment properties		-	(686)
Impairment of receivables		(82)	(1)
Profit/(loss) for the year		17,864	(6,302)
Other comprehensive income	-	-	-
Total comprehensive income attributable to:			
Unitholders of GARDA Diversified Property Fund		17,864	(6,302)
Basic and diluted profit/(loss) per unit (cents per unit)	19	18.8	(21.7)

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

2. RESOLUTION 1 - Approval of Additional 10% Placement Capacity

To consider, and if thought fit, pass the following as a special resolution:

"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of up to an additional 10% of the issued Units in the Fund (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."

There are voting exclusions on this Resolution 1.

Resolution name		Lodged For	Lodged Open	Lodged Against	Abstain
1. APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY	Votes	11,969,024	1,883,507	468,807	22,753
	Percentage	83.58%	13.15%	3.27%	

Voting exclusions

The Responsible Entity will disregard any votes cast on Resolution 1 by any person who may participate in the proposed issue of Units under Resolution 1, and any person who might obtain a benefit, except a benefit solely in the capacity of a Unitholder, if Resolution 1 is passed, and any of their associates.

The Responsible Entity need not disregard a vote if:

- a) it is cast by a person as a Proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- b) it is cast by the person chairing the Meeting as Proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the Proxy decides.



GARDA DIVERSIFIED PROPERTY FUND

ANNUAL GENERAL MEETING | 18 NOVEMBER 2016