GARDA CAPITAL GROUP

GARDA DIVERSIFIED PROPERTY FUND

ARSN 104 391 273

ANNUAL FINANCIAL REPORT YEAR ENDED 30 JUNE 2015

CONTENTS

01
DIRECTORS' REPORT

The directors of GARDA Capital Limited, the responsible entity **(RE)** of GARDA Diversified Property Fund (formerly Opus Income & Capital Fund No. 21) **(Fund)**, provides this report together with the financial report of the Fund, for the year ended 30 June 2015 and the auditor's report thereon.

INFORMATION ON DIRECTORS OF THE RESPONSIBLE ENTITY

The directors of GARDA Capital Limited at any time during or since the end of the financial year and up to the date of this report are:

CURRENT DIRECTORS

MR DAVID USASZ

Independent Chairman
(appointed 21 May 2015)

Experience and Special Responsibilities

David has over 32 years' experience, including a partner for 20 years with PricewaterhouseCoopers in Australia and Hong Kong and has been involved in tax, merger and acquisition advice, corporate advisory consultancy, specialising in corporate reorganisations.

He recently retired as a Non-Executive Director of Cromwell Group having served for over 8 years and is a former Non-Executive Director of Queensland Investment Corporation Ltd.

David has also served as a Non-Executive Director and Chairman of Ambre Energy Limited and Ambre Fuels Limited, a Non-Executive Director of URBIS Pty Ltd and he has acted on advisory boards for private companies including Stanbroke Pastoral Company and Carter & Spencer.

He holds a Bachelor of Commerce from the University of Queensland, is a Fellow of the Institute of Chartered Accountants and is a Fellow of the Australian Institute of Company Directors.

MR MATTHEW MADSEN

Managing Director
(appointed 22 September 2011)

Experience and Special Responsibilities

Matthew has almost 20 years' experience in the funds management industry, predominantly in director roles.

Matthew also has significant property and property finance experience, acting (including in GARDA Capital Group) as a finance intermediary focused on larger construction and property investment funding.

As Managing Director and a substantial shareholder (through an associate) of the GARDA Capital Group, Matthew has been responsible for the repositioning of the group.

Matthew is also Chair of the Advisory Board for residential land developer, Trask Development Corporation.

Matthew holds a Diploma in Financial Services, a Diploma in Financial Markets, is an affiliate member of the Securities Institute of Australia, and a member of the Australian Institute of Company Directors.

CURRENT DIRECTORS CONT'

MR MARK HALLETT

Non-Executive Director (appointed 31 January 2011)

Experience and Special Responsibilities

Mark has in excess of 30 years' industry and legal experience. A qualified solicitor, Mark has an impressive range of diverse industry experiences across all aspects of corporate litigation, restructuring, and commercial property.

Mark holds an LLB, and is the Principal and legal practice director of Hallett Legal. Mark has a great depth of skills and experience in business ownership and strategic management.

Mark is highly active in managing successful property syndicates for business associates and continues to advise the industry on property investment, legal and corporate restructuring.

MR LEYLAN NEEP

Executive Director (appointed 31 July 2014)

CFO/Company Secretary (appointed 30 July 2012)

Experience and Special Responsibilities

Leylan has over 17 years' experience in the financial services industry with a strong track record in accounting, finance, and funds management.

He was most recently the Chief Operating Officer at Blue Sky Alternative Investments Limited, and was responsible for all of the operational activities of the group, including accounting, funds administration, information technology, and compliance.

Leylan has worked for a broad range of fund managers and financial institutions including positions as an Associate Director at UBS Investment Bank and as an analyst with GLG Partners, a London based hedge fund. Leylan also has extensive experience in finance roles with several international investment banks.

Leylan holds a Bachelor of Commerce from Bond University and is a qualified Certified Practising Accountant (CPA). Leylan is a member of both the Australian Institute of Company Directors and the Governance Institute of Australia.

MR PHILIP LEE

Non-Executive Director (appointed 21 May 2015)

Experience and Special Responsibilities

Philip has over 28 years' experience in stockbroking, equities research and corporate finance.

He joined Morgans in 1986 and has served as a Authorised Representative of Morgans and Joint Head of Corporate Finance. He currently holds the position of Executive Director Corporate Advisory primarily focussed on raising capital for growing companies. Philip chairs Morgans Risk and Underwriting Committees.

Philip holds a Bachelor of Commerce from the University of Canterbury, is a Member of the Australian Institute of Company Directors and is a Senior Fellow of Finsia.

Philip has served on the Finsia Regional Council in Queensland for the past 5 years, including 3 years as Chairman.

PREVIOUS DIRECTORS

MR ROWAN WARD

Non-Executive Director (appointed 25 January 2011, resigned 21 October 2014)

Experience and Special Responsibilities

Rowan Ward has a strong track record of corporate and trustee board representation with excellent knowledge of legal, accounting and governance responsibilities which makes him an outstanding addition to the company.

Rowan enjoys an enviable reputation as a passionate advocate for the protection of the interests of all classes of beneficiaries whether unit holders, policy owners or members of superannuation funds created over a 25 year career with Suncorp.

As part of his responsibilities at Suncorp, he was chairman of Suncorp public offer superannuation funds of $2,000m, Chairman of Trustees of the Suncorp Staff Superannuation Fund with net assets in excess of $700m, and advisor to the Suncorp board on prudential matters governing over $2,000m of assets relating to Suncorp Life and Superannuation Limited. In his final role before leaving Suncorp in 2010, Rowan led a team of 120 professional staff with a budget of $14m.

Rowan has attained a Bachelor of Science degree and is a Fellow of the Institute of Actuaries of Australia.

DIRECTORSHIPS OF LISTED ENTITIES HELD WITHIN THE LAST THREE YEARS

DIRECTORS	LISTED ENTITY	TYPE	APPOINTED	RESIGNED
David Usasz	Cromwell Group Limited	Non-Executive Director	26 April 2007	26 November 2014
	Queensland Mining Corporation	Non-Executive Director	15 June 2007	28 February 2013
Matthew Madsen	–	–	–	–
Mark Hallett	–	–	–	–
Philip Lee	–	–	–	–
Leylan Neep	–	–	–	–
Rowan Ward	–	–	–	–

INTERESTS IN THE UNITS AND OPTIONS OF THE FUND AND RELATED BODIES CORPORATE

At the date of this report, the interest of the directors in the units of GARDA Diversified Property Fund are:

2015	UNITS AT 30 JUNE 2015
Directors of GARDA Capital Limited	
Mr David Usasz	100,000
Mr Matthew Madsen	-
Mr Mark Hallett	6
Mr Philip Lee	50,000
Mr Leylan Neep	-
Mr Rowan Ward	-

The directors of the responsible entity hold no options or rights over interests in the Fund.

PRINCIPAL ACTIVITY

The Fund invests in commercial and industrial properties and other assets in accordance with the provisions of the Fund's constitution. There were no significant changes in the nature of the Fund's activities during the year.

REVIEW AND RESULTS OF OPERATIONS

The 2015 financial year has seen a continued and disciplined implementation of the Fund's financial stability strategy particularly with a continued and increased investment into the portfolio assets via the capital improvements program with some $1.7 million invested over the year.

This investment in Fund properties has yielded a positive outcome at balance date with:

1. An increase in the portfolio's occupancy to 94% (prior year 90%); and
2. An increase in the portfolio's weighted average lease expiry (WALE) to 3.3 years (2014: 3.2 years).

During the year, tenants have commenced leases totalling 14,855 m² that the RE has leased or renewed, which is approximately 33% of the portfolio total net lettable area of 45,088m².

The Fund's gross assets reduced to $144.2 million from $156.4 million in the prior year, a reduction of $12.2 million largely due to the divestment of the property located at 700 Springvale Rd, Mulgrave.

Liabilities decreased to $44.3 million from $122.0 million, a net movement of $77.7 million which included a debt reduction following the sale of 700 Springvale Rd, Mulgrave, the repayment of $4.2 million of associates loans and

REVIEW AND RESULTS OF OPERATIONS CONT'

repayment of debt with GE Capital of $104.9 million which was financed through the initial public offer **(IPO)** capital raising and obtaining a new loan from St. George Bank of $42.6 million.

Net tangible assets for the year ended are $1.0280 per unit (2014: $0.1601). A unit consolidation of 9.95:1 occurred on 19 May 2015, in preparation for the recapitalisation of the Fund in June 2015.

Total unitholders' equity at 30 June 2015 was $99.9 million (2014: $34.4 million), an increase to the prior year of $65.5 million. This is reflective of the capital raising of $70.0 million on the 23 June 2015, repayment of the associates loan and subsequent equity issued of $5.6 million, both of which were offset by the capital raising costs of $3.3 million and a $6.3 million loss for the 2015 financial year. Equity was further reduced by the cash distributions (return of capital) paid to unitholders during the year of $0.5 million (2014: $0.6 million).

In accordance with Australian Accounting Standards, net profit includes a number of non-cash adjustments including fair value movements in asset and liability values. Funds from Operations[1] **(FFO)** is a global financial measure of real estate operating performance after finance costs and taxes, and is adjusted for certain non-cash items.

The RE considers FFO to be a measure that reflects the underlying performance of the Fund. The following table reconciles between profit attributable to unitholders and FFO.

	2015 $000'S	2014 $000'S
Net profit/(loss) for the year attributable to unitholders	(6,302)	(10,431)
Net loss on financial liabilities held at fair value through profit and loss*	2,445	-
Fair value movement in investment properties	711	11,210
Loss on sale of investment properties	686	51
Impairment of receivables	1	48
Incentives amortisation and rent straight-line	(621)	447
One-off Item – Recapitalisation and refinance costs	3,555	-
Funds From Operations (FFO)	**475**	1,325
Distribution paid and payable	537	645

*Excludes the value of current year interest accrued prior to repayment.

FFO is a measure which is not calculated in accordance with International Financial Reporting Standards and has not been audited or reviewed by the auditor of GARDA Diversified Property Fund.

A net loss of $6.3 million was incurred this year, a decrease in loss of $4.1 million from the prior year (2014: $10.4 million loss). The net loss is primarily as a result of finance costs of $12.45 million and a net loss on financial liabilities of $2.96 million. The increase in the finance costs resulted from a combination of break costs and early payment fees relating to the restructuring of debt. With the reduction of debt from $122.0 million to $42.6 million following the recapitalisation of the Fund, finance costs are expected to decrease significantly in 2016 from the prior year.

FFO of $0.5 million was generated during the period representing a decrease of $0.8 million from the prior year (2014: $1.3 million). The decrease is largely attributable to a material tenant incentive that has reduced rental income received. Given the one-off nature of the significant costs associated with the recapitalisation of the Fund, these have been adjusted for in the FFO calculation.

The Fund generated negative operational cash flows of $2.459 million for the year (2014: positive $3.410 million). This is due to increased finance costs paid and the material tenant incentive above.

[1] FFO comprises net profit/loss after tax attributable to unitholders calculated in accordance with Australian Accounting Standards and adjusted for: property revaluations, impairments, amortisation of certain tenant incentives, gain/loss on sale of certain assets, straight-line rent adjustments, and one-off items.

PROPERTY VALUATIONS

At 30 June 2015 the Fund held seven (7) investment properties totalling approximately $140.7 million in value as reflected by independent valuations. Full independent valuations were conducted during April 2015 and adopted as at 30 June 2015 for all properties. (See note 8 for further detail).

On a like for like property basis, independent valuations have increased by 1.52% for the properties held at 30 June 2015.

INVESTMENT PROPERTY	2015 $000'S	2014 $000'S
B2, 747 Lytton Road, Murarrie	13,600	13,000
Land at 26-30 Grafton Street, Cairns	1,200	1,150
7-19 Lake Street, Cairns	35,800	39,000
142-150 Benjamin Place, Lytton	7,950	7,500
12-14 The Circuit, Brisbane Airport	20,000	18,500
436 Elgar Rd, Box Hill	18,500	15,500
154 Varsity Parade, Varsity Lakes	12,000	12,200
572-576 Swan Street, Richmond	31,600	31,700
Total Investment Property	**140,650**	**138,550**
Property Held for Sale		
700 Springvale Road, Mulgrave	-	14,550
Total Property Held for Sale	**-**	**14,550**
Total Property	**140,650**	**153,100**

PROPERTY DISPOSALS

During the year, the responsible entity sold 700 Springvale Road, Mulgrave for a total of $14.35 million before sale costs. The total loss on sale of investment properties for the 2015 year was $0.7 million (2014: $0.1 million) which recognises other costs the most material of which is the direct sale costs, marketing, adjustments at settlements and agent's fees.

PROPERTY SOLD	DATE SETTLED	SOLD DURING FY15 $000'S	JUNE 2014 CARRYING VALUE $000'S
700 Springvale Rd, Mulgrave	18 December 2014	14,350	14,550
		14,350	**14,550**

Full net sale proceeds were applied to debt reduction upon the settlement of the property.

CAPITAL MANAGEMENT

During the year, the material debt movements comprised a debt repayment of $14.0 million upon the settlement of the 700 Springvale Road, Mulgrave property. There were also further advances totalling $0.7 million associated with the capital improvements program. The existing debt was refinanced subsequent to the IPO capital raising. Senior debt of $104.9 million was repaid and a new loan facility agreement of $42.6 million was entered into. The Fund extinguished the loan to Associates of $4.2 million through the repayment of units in the Fund.

SENIOR DEBT COMPARISON 2015 & 2014

	JUNE 2015	JUNE 2014
Facility Limit	$63.3M	$128.000M
Drawn Debt	$42.6M	$115.351M
Interest	Fixed	77% Fixed – 23% Variable
Maturity	July 2018	June 2017
LVR Actual	30%[3]	72%[2]
LVR Covenant	45%	73%
ICR Actual	n/a[3]	1.60 times
ICR Covenant	2.50 times	1.35 times

CAPITAL EXPENDITURE

During the 2015 financial year approximately $1.7 million in capital expenditure was completed. This compares to an amount of $2.2 million identified in the prior year's Annual Report where the difference is due to a delay in timing of certain projects. As part of the IPO capital raising and refinancing of the Fund's debt, the directors resolved to continue the capital expenditure program for the portfolio properties.

The RE has identified and budgeted for a further $3.5 million of capital expenditure to be commenced during the 2016 financial year.

The capital improvements program has led to significant tenant retention and new leasing outcomes across the portfolio, reflected in the portfolio's current occupancy rate of 94% and a weighted average lease expiry (by income) of 3.3 years at balance date.

LEGAL PROCEEDINGS

The Fund was a party to three proceedings during the year, but following the Qld Court of Appeal decision of Opus v Kern in May 2014 it is possible that at least one of these will need to be re-pleaded to join the custodian going forward.

The responsible entity is continuing its claim against the valuer of a building in Canberra. It relates to the difference between the historic acquisition and sale prices of a warehouse in Canberra. The valuer is defending. The matter is on the court-managed list, and if not settled during a compulsory mediation process expected to be in September, the matter will be set down for hearing likely to be during 2016. The directors do not have a view on the quantum of any possible recovery, and consequently no provision has been made in the accounts.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The responsible entity continued the comprehensive capital improvement program instigated in the 2013 financial year investing a further $1.7 million for the year inclusive of tenant incentives, part of which secured a new ten (10) year lease commencing 15 November 2014 to international accounting practice BDO for 1,315m² of space in 7-19 Lake Street, Cairns. The capital improvement program addresses material issues such as replacement of ageing or obsolete plant and equipment, the 'make good' of vacant areas to enable them to be presented appropriately for leasing, and the general maintenance and improvement of the properties required of any commercial owner.

The sale of 700 Springvale Road, Mulgrave settled on 18 December 2014 for $14.35 million before sale costs. The net sale proceeds were applied to debt reduction. The total loss on sale for the property was $0.7 million.

[2]Based on the last accepted valuations by the senior lender (for covenant reporting) being 30 June 2013.
[3]Covenants are not assessed until 31 December 2015 per the new loan facility agreement.

REVIEW AND RESULTS OF OPERATIONS CONT'

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS CONT'

In preparation for the recapitalisation of the Fund, the RE determined it appropriate to consolidate the number of units on issue for the Fund, and on 19 May 2015 affected a unit consolidation at a ratio of 9.95:1.

The terms of the senior debt facility were varied during the period with a first deed of variation being executed on 18 December 2014 with GE Capital. The variation was required predominantly for the deferral of the loan to valuation reduction requirement date of 20 December 2014 (revised to 30 June 2015), as well as to facilitate the divestment of the property located at 700 Springvale Rd, Mulgrave.

A recapitalisation of the Fund occurred during the year with $70.0 million raised before costs as part of an IPO in June 2015. As a consequence of this, loans with Associates of the RE (as disclosed in note 11) were repaid with units in the Fund. As per the terms of the Associates loan agreements, a 25% discount was provided on the issue of repayment units resulting in $4.2 million debt being settled and 5.6 million of units issued.

The funds raised from the IPO were used in part to settle the debt facility with GE Capital. The GE facility was repaid in June 2015 and a new agreement was entered into with St. George Bank for a significantly reduced debt level of $42.6 million. The loan with Opus Magnum Fund was also repaid of $2.3 million.

AFTER BALANCE DATE EVENTS

On 30 June 2015, the Fund was admitted on to the official list of the Australian Securities Exchange (ASX) and on 2 July 2015, the Fund began trading on the ASX.

On 2 July 2015, the RE commenced an on-market buy-back of units in the Fund, as approved by members at an extraordinary general meeting held in May 2015. At report date, the RE had bought back (units subsequently cancelled) approximately 1.13 million units in the Fund funded from working capital.

As part of the new debt arrangements with St. George Bank, on 3 July 2015, the responsible entity entered into a four year fixed rate swap agreement at an effective rate of 3.845%.

There are no other significant matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund, in future financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Fund's priorities for the 2015 financial year were to:

1. continue the capital improvements program;
2. improve portfolio occupancy and weighted average lease expiry through new leasing and renewal of existing tenants;
3. reduce gearing to a level of not greater than 60% by way of an undefined capital raising event;
4. provide unitholders with a major liquidity event and/or increase distributions; and
5. procuring a long term senior lender with finance terms reflective of the Fund's improved capital position.

As reported above, the capital improvement program continued, although a number of budgeted projects will be rolled over into the 2016 year as only $1.7 million of the budgeted $2.2 million was spent. This has had a direct and positive impact on portfolio leasing with 16,248m² of new or renewed leases starting during the year resulting in portfolio occupancy increasing to 94% and WALE increasing to 3.3 years (2014: 3.2 years).

As the final stages of the now completed financial stability strategy, the RE engaged various legal, equity markets and corporate finance professionals in order to prepare for a capital raising and listing of the Fund on the ASX. The Fund successfully raised $70.0 million before costs in June 2015 which allowed the Fund to refinance on significantly better financing terms with St. George Bank for a period of three years.

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.

REVIEW AND RESULTS OF OPERATIONS CONT'

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES CONT'

The RE will seek to grow the value of the Fund by acquiring assets that display a balance of:

1. assets demonstrating the potential for stable longer term cash flows; and
2. a proportion of higher yielding and active management assets where the RE is able to improve both the income profile and capital value of those assets.

The RE intends to maintain a conservative capital structure and long-term targeted gearing between 30% to 35% in its endeavour to grow the portfolio so it may also contemplate the recycling of certain properties.

ENVIRONMENTAL ISSUES

The Fund's operations were not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the directors believe that the Fund has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Fund.

OPTIONS

No options over interests in the trust were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

FEES PAID TO AND INTERESTS HELD IN THE FUND BY THE RESPONSIBLE ENTITY OR ITS ASSOCIATES

Fees paid to the responsible entity and its associates or directors out of Fund property during the year are disclosed in note 16 of the financial statements.

The number of interests in the Fund held by the responsible entity or its associates as at the end of the financial year represent a co-investment stake of over 10% of units in the Fund, and details are disclosed in note 16 of the financial statements.

INTERESTS IN THE FUND

GARDA Diversified Property Fund offered an active distribution reinvestment plan (DRP) where members were able to allocate their monthly income distribution entitlement to acquire additional fund units, up until the capital raise that occurred in June 2015. There is currently no DRP plan available to members.

Throughout the 2015 financial year, the DRP facility allocated 238,539 units in the Fund from income distributions of $39k. There was also a consolidation of the units issued at a ratio of 9.95:1 on 19 May 2015, 70 million units issued from a capital raising which closed in June 2015 and 5.6 million units issued in relation to a debt repayment.

At 30 June 2015, the resulting number of units on issue in the GARDA Diversified Property Fund was 97,202,170. The movement in units on issue in the Fund during the year is disclosed in note 13 of the financial statements.

The value of the Fund's assets and liabilities is disclosed in the Statement of financial position and derived using the basis set out in note 2 of the financial statements.

DISTRIBUTIONS PAID OR RECOMMENDED

Distributions payable throughout the 2015 financial year totalled $537k (2014: $645k) which also includes an amount of $39k reinvested in the Fund through the distribution reinvestment plan (2014: $51k).

ROUNDING

The Fund is of a kind referred to in Class order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITOR

Since commencement, the Fund has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer of the responsible entity or an auditor of the Fund.

The responsible entity has paid insurance premiums in respect of their officers for liability and legal expenses for the year ended 30 June 2015. Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been directors or executive officers of the responsible entity.

Details of the nature of the liabilities covered or the amount of the premium paid has not been included as such disclosure is prohibited under the terms of the contract.

The Fund has not indemnified its auditor.

PROCEEDINGS ON BEHALF OF THE FUND

No person has applied for leave of Court to bring proceedings on behalf of the Fund or intervene in any proceedings to which the Fund is a party for the purposes of taking responsibility on behalf of the Fund for all or any part of those proceedings.

NON-AUDIT SERVICES

The Fund may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the group are important.

Details of the amounts paid or payable to the auditor (BDO Audit Pty Ltd) for audit and non-audit services provided during the year are set out below.

The board of directors of GARDA Capital Limited as the responsible entity have considered the position and are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the board of GARDA Capital Limited to ensure they do not impact the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the Fund, its related practices and non-related audit firms:

OTHER ASSURANCE SERVICES	2015 $	2014 $
Review and audit of compliance plan	11,500	7,550

OTHER SERVICES	2015 $	2014 $
Tax services	7,000	4,300
Independent Assurance report in respect of financial information to be included in the PDS of GDF in regards to listing on ASX	64,548	-
Total remuneration for non-audit services	**83,048**	**11,850**

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration forms part of the Director's Report and can be found on page 14.

This report is signed in accordance with a resolution of the board of directors of GARDA Capital Limited, the responsible entity of GARDA Diversified Property Fund.

Mr David Usasz
Chairman

David Usasz

28 August 2015

Mr Matthew Madsen
Managing Director

28 August 2015

02
AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY P A GALLAGHER TO THE DIRECTORS OF GARDA CAPITAL LIMITED AS RESPONSIBLE ENTITY OF GARDA DIVERSIFIED PROPERTY FUND

As lead auditor of GARDA Diversified Property Fund for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

P A Gallagher
Director

BDO Audit Pty Ltd

Brisbane, 28 August 2015

03

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2015 $000'S	2014 $000'S
Revenue	4	17,434	18,756
Property expenses	5	(5,131)	(5,524)
Trust level expenses	5	(1,796)	(1,858)
Finance costs	5	(12,450)	(9,971)
Net loss on financial liability held at fair value through profit and loss	5	(2,961)	(525)
Fair value movement in investment property	8	(711)	(11,210)
Net loss on sale of investment properties		(686)	(51)
Impairment of receivables		(1)	(48)
Profit/(loss) for the year		**(6,302)**	**(10,431)**
Other comprehensive income		-	-
Other comprehensive income for the year		**-**	**-**
Total comprehensive income attributable to:			
Unitholders of GARDA Diversified Property Fund		**(6,302)**	**(10,431)**
Basic and diluted loss per unit attributable to the unitholders of GARDA Diversified Property Fund			
Basic and diluted loss per unit (cents per unit)	20	(27.1)	(48.3)

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

04

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	NOTE	2015 $000'S	2014 $000'S
Current assets			
Cash and cash equivalents	20	3,233	3,026
Trade and other receivables	6	353	287
Assets classified as held for sale	7	-	14,550
Total current assets		3,586	17,863
Non-current assets			
Investment properties	8	140,650	138,550
Total non-current assets		140,650	138,550
Total assets		**144,236**	**156,413**
Current liabilities			
Trade and other payables	9	1,696	2,058
Borrowings	10	-	706
Provision for distributions	12	-	48
Total current liabilities		1,696	2,812
Non-current liabilities			
Tenant security deposits		308	305
Borrowings	10	42,307	116,281
Financial liability held at fair value through profit and loss	11	-	2,639
Total non-current liabilities		42,615	119,225
Total liabilities		**44,311**	**122,037**
Net assets		**99,925**	**34,376**
Net assets attributable to unitholders			
Issued units	13	211,152	138,764
Retained losses		(111,227)	(104,388)
Total equity		**99,925**	**34,376**

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

05

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	ISSUED UNITS $000'S	RETAINED LOSSES $000'S	TOTAL $000'S
Balance at 1 July 2013	**138,713**	**(93,312)**	**45,401**
Comprehensive income			
Profit/(loss) for the year	-	(10,431)	(10,431)
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**(10,431)**	**(10,431)**
Transactions with owners in their capacity as owners			
Return of unit capital	-	(645)	(645)
Distributions reinvested	51	-	51
Balance at 30 June 2014	**138,764**	**(104,388)**	**34,376**
Balance at 1 July 2014	**138,764**	**(104,388)**	**34,376**
Comprehensive income			
Profit/(loss) for the year	-	(6,302)	(6,302)
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**(6,302)**	**(6,302)**
Transactions with owners in their capacity as owners			
Distributions paid or provided for	-	(537)	(537)
Distributions reinvested	39	-	39
Unit issue	5,600	-	5,600
Capital raising	70,000	-	70,000
Capital raising costs	(3,251)	-	(3,251)
Balance at 30 June 2015	**211,152**	**(111,227)**	**99,925**

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

06
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2015 $000'S	2014 $000'S
Cash flows from operating activities			
Rent and outgoings received		18,241	21,948
Cash payments in the course of operations		(8,268)	(8,805)
Interest received		26	37
Finance costs		(11,751)	(8,990)
GST received/(paid)		(707)	(780)
Net cash provided by/(used in) operating activities	19	(2,459)	3,410
Cash flows from investing activities			
Payments for investment property improvements		(1,668)	(4,665)
Payments for leasing fees		(493)	(361)
Payments for costs associated with sale of investment property		(385)	(333)
Proceeds from the sale of investment properties		14,350	11,919
Net cash provided by/(used in) investing activities		11,804	6,560
Cash flows from financing activities			
Proceeds of borrowings		43,291	3,180
Repayment of borrowings		(118,357)	(10,851)
Return of capital		(546)	(597)
Payments for borrowing and establishment costs		(311)	-
Capital raised		70,000	-
Capital raising costs		(3,215)	-
Net cash (used in) / provided by financing activities		(9,138)	(8,268)
Net increase/(decrease) in cash held		207	1,702
Cash at the beginning of the financial year		3,026	1,324
Cash at the end of the financial year	19	**3,233**	**3,026**

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

NOTE 1 - GENERAL INFORMATION

Introduction

GARDA Diversified Property Fund (formerly Opus Income & Capital Fund No. 21) for the year ended 30 June 2015 is a listed property trust settled and domiciled in Australia. The Fund is a for-profit entity for the purpose of preparation of these financial statements. GARDA Diversified Property Fund officially listed on the 2 July 2015 and was admitted to the official list of ASX Limited on 30 June 2015.

Operations and principal activities

The Fund invests in commercial and industrial properties and other associated assets in accordance with the provisions of the Fund's constitution.

Currency

The financial report is presented in Australian dollars. The Fund is of a kind referred to in Class order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Registered office

The registered office of GARDA Diversified Property Fund is situated at Level 21, 12 Creek Street, Brisbane Qld 4000.

Authorisation of financial report

The financial report was authorised for issue on 28 August 2015 by the directors.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

Compliance with IFRS

The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Accounting policies

a.Income Tax

Under current income tax legislation, the Fund is not liable to taxation provided the taxable income is distributed in full to unitholders.

b.Revenue & Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Lease income from operating leases is recognised in income on a straight line basis over the lease term. Rental revenue not received at reporting date is reflected in the statement of financial position as a receivable or if paid in advance, as rent in advance (unearned income). Lease incentives granted are considered an integral part of the total revenue and are recognised as a reduction in rental income over the term of the lease, on a straight line basis. Contingent rents based on the future amount of a factor that changes other than with the passage of time, including turnover rents and CPI linked rental increases, are only recognised when contractually due.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'

b. Revenue & Other Income cont'

Outgoings recovered are recognised on an accrual basis and represent the portion of property expenses that are recoverable from the tenants.

Interest revenue is recognised using the effective interest rate method which, for floating rate financial assets, is the rate inherent in the instrument.

c. Expenses

Property expenses

Property expenses consist of rates, taxes and other property outgoings in relation to the investment property.

Responsible entity's remuneration

Refer to note 16 for details of the responsible entity's remuneration.

Custodian's remuneration

The Custodian received remuneration of $70,321 (2014: $67,945) for its services during the year.

d. Investment Property

Investment properties held for rental are initially measured at cost including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, which is measured using a capitalisation approach and the discounted cash approach as the primary valuation methods. Gains and losses arising from changes in fair values of investment properties are included in profit or loss as part of other income in the year in which they arise.

e. Financial Instruments

Initial recognition & measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Fund commits itself to either the purchase or the sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

Classification & subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'

e. Financial Instruments cont'

Loans & receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Trade receivables are recognised at original invoice amounts less any provision for impairment and are generally due for settlement within 30 days. Collectability of loans and receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue) are considered indicators that the receivable may be impaired.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

f. Fair values

Fair values may be used for financial and non-financial asset and liability measurement as well as sundry disclosures.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the Fund.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the Fund uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

g. Impairment of Non-Financial Assets

At each reporting date, the Fund reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Fund estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'

h. Cash & cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

i. Finance costs

Finance costs include interest, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with arrangements of borrowings.

Interest payments in respect of financial instruments classified as liabilities are included in finance costs.

Loan establishment costs are offset against financial liabilities under the effective interest method and amortised over the term of the facility to which they relate.

j. Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

k. Lease Incentives

Lease incentives are capitalised and are recognised as a reduction of rental income on a straight-line basis over the lease term. Rent abatements are recognised over the life of the rent abatement period.

Initial direct leasing costs incurred in negotiating and arranging operating leases are recognised as an asset in the statement of financial position and are amortised as an expense on a straight line basis over the lease term.

l. Comparative Figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

The Fund decided in the current financial year to change the classification of the following items. We believe that this will provide more relevant information to our stakeholders as it is more in line with common practice in the industries the Fund is operating in. The comparative information has been reclassified accordingly.

The following adjustments have been made:

- Movements in straight-lining of rental income and leasing fees, and incentives have been offset against the value of investment property in the statement of financial position;
- Borrowings have been split between borrowings at amortised and financial liabilities fair value through profit and loss in the statement of financial position;
- Finance cost has been split in the profit and loss to show finance cost relating to borrowings and the fair value movements relating to the financial liabilities fair value through profit and loss;
- Finance cost has been further split into interest expense and early loan repayment fees; and
- Leasing incentives amortised in the profit and loss has been offset against revenue.

The above change in the presentation has not resulted in a change in net profit, total assets and net assets for prior year.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'

m. Leases

The Fund leases its investment property under agreements where the trust retains substantially all the risks and benefits associated with the investment property. Accordingly such arrangements are classified as operating leases and amounts received under such agreements are accounted for in accordance with the trust's accounting policy for revenue.

n. Distributions to Unitholders

Provision is made for the amount of any distribution declared, being appropriately authorised and no longer at the discretion of the responsible entity, on or before the end of the financial year but not distributed as at balance date.

o. Unitholders Funds

Ordinary units are classified as unitholders funds. Incremental costs directly attributable to the issue of new units are shown in equity as a deduction from the proceeds received.

p. Earnings per Unit ("EPU")

Basic earnings per unit is calculated by dividing:

- the profit attributable to owners of the fund, excluding any costs of servicing equity other than ordinary units
- by the weighted average number of ordinary units outstanding during the financial year, adjusted for bonus elements in ordinary units issued during the year.

Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary units, and
- the weighted average number of additional ordinary units that would have been outstanding assuming the conversion of all dilutive potential ordinary units.

q. Rounding of amounts

The Fund has applied the relief available to it under ASIC Class Order 98/100 and, accordingly, amounts in the financial statements have been rounded off to the nearest thousand dollars ($'000) unless otherwise stated.

r. Non-Current Assets Classified as Held for Sale

Non-current assets classified as held for sale are those assets whose carrying amounts will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

s. Borrowings

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the loans and borrowings using the effective interest method. Fees paid for establishing loan facilities are recognised as transaction costs if it is probable that some or all of the facility will be drawn down, and deferred until the draw down occurs. If it is not probable that the facility will be drawn down, fees are capitalised as prepayments for liquidity services and amortised over the period to which the facility relates.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract has been discharged, cancelled or expires. The difference between the carrying amount of the borrowing derecognised and the consideration paid is recognised in profit or loss as other income or finance costs.

Where the terms of a borrowing are renegotiated and the group issues equity instruments to a creditor to extinguish all or part of a borrowing, the equity instruments issued as part of the debt for equity swap are measured at the fair value of the equity instruments issued, unless the fair value cannot be measured reliably, in which case, they are measured at the fair value of the debt extinguished. The difference between the carrying amount of the debt extinguished and

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'

s. Borrowings cont'

the fair value of the equity instruments issued is recognised as a gain or loss in profit or loss.

The fair value of a liability portion of a convertible note is determined using a market rate of interest for an equivalent non-convertible note and stated on an amortised cost basis until conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option and is shown as equity. Issue costs are apportioned between the liability and equity components based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

t. Financial liabilities designated at fair value through profit or loss

Recognition/derecognition

The Fund recognises financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial liabilities from this date. Financial liabilities are derecognised when the Fund has transferred substantially all of the risks and rewards of ownership.

Measurement

At initial recognition, the Fund measures a financial liability at its fair value. Transaction costs of financial liability carried at fair value through profit or loss are expensed in the profit or loss. Subsequent to initial recognition, all financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial liabilities at fair value through profit or loss' category are presented in profit or loss within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

The best evidence of the fair value of the financial liability at fair value through profit or loss at initial recognitions is the transaction price, i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of the fair value of the financial liability at fair value through profit or loss on initial recognition may be different from its transaction. If the estimated fair value is evidenced by comparison with other observable current markets transactions in the same financial instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to the transaction price and the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable. Gains and losses arising from changes in the fair value of the financial liabilities at fair value through profit or loss' category are presented in profit or loss within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

u. Significant Accounting Estimates, Judgements and Assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies.

The directors of the responsible entity evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on historical experiences and the best available current information on current trends and economic data, obtained both externally and within the Fund. These estimates and judgements made assume a reasonable expectation of future events but actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period and future periods if the revision affects both current and future periods. There were no key adjustments during the year which required estimates and/or judgements with the exception of the following:

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'

u. Significant Accounting Estimates, Judgements and Assumptions cont'

Key assumptions – investment property valuation

The Fund makes key assumptions in determining the fair value of its investment property portfolio as at balance date. The assumptions thought to bear the most significant impact on the adopted fair value of each of the fund's investment properties are disclosed in Note 7 and Note 8, together with the carrying amount of each investment property asset measured at fair value.

Key assumptions – Financial instrument held at fair value through profit and loss

The Fund makes key assumptions in determining the fair value of financial instruments at fair value through profit or loss as at balance date. The assumptions though to bear the most significant impact on the adopted fair value of these liabilities are disclosed in note 15.

v. Adoption of New and Revised Accounting Standards and Interpretations

The Fund applied, for the first time, certain standards and amendments which are effective for annual periods beginning on or after 1 July 2014. The nature and the impact of each new standard and/or amendment are not expected to be significant.

w. New and Amended Accounting Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods and have not been early adopted by the Fund. The Fund's assessment of the impact of these new standards and interpretations is set out below.

NEW/REVISED PRONOUNCEMENTS	NATURE OF CHANGE	APPLICATION DATE TO THE FUND	IMPACT TO THE FUND
AASB 9 *Financial Instruments* (December 2014)	The AASB has issued the complete AASB 9. The new standard includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, and supplements the new general hedge accounting requirements previously published. This supersedes AASB 9 (issued in December 2009-as amended) and AASB 9 (issued in December 2010).	30 June 2019	AASB 9 may have a potential increase in the Fund's loans and advances provisioning. However, the Fund has not yet fully assessed the impact of AASB 9 as this standard does not apply mandatorily before 1 January 2018.
AASB 15 *Revenue from Contracts with Customers*	The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.	30 June 2018	The Fund has not yet assessed the full impact of this Standard.

NOTE 3: DISTRIBUTIONS

	2015 $000'S	2014 $000'S
Distributions paid or provided for by the Fund from unit capital*		
Half year ended December 1.5 cents per unit (2014: 1.5 cents)	325	298
Half year ended June 1.0 cents per unit (2014: 1.5 cents)	212	296
	537	**594**

*Cents per unit calculated on issued capital in May 2015, prior to the IPO, but after the unit consolidation (and adjusted for in the prior year).

NOTE 4: REVENUE

	2015 $000'S	2014 $000'S
Rental income and outgoings recovered – investment property	18,655	19,620
Interest revenue	27	37
Leasing fees amortised	(311)	(295)
Leasing incentives amortised	(937)	(606)
	17,434	**18,756**

NOTE 5: EXPENSES

	2015 $000'S	2014 $000'S
Property expenses		
Recoverable expenses	4,182	4,528
Direct expenses	804	818
Non-recoverable expenses	145	178
	5,131	**5,524**
Trust level expenses		
Responsible entity management fee	816	956
Trust administration expenses	980	902
	1,796	**1,858**
Finance costs		
Interest expense	8,272	8,963
Borrowing costs	1,662	661
Other finance fees and expenses	25	12
Early loan repayment fees*	2,491	335
	12,450	**9,971**

*As a consequence of the recapitalisation of the Fund in June 2015 and the application of funds from the sale of 8-10 Karp Court, Bundall in 2014 to debt reduction.

Movement in fair values		
Net loss on financial instrument held at fair value through profit and loss	(2,961)	(525)
Fair value movement in investment property	(711)	(11,210)
	(3,672)	**(11,735)**

NOTE 6: TRADE AND OTHER RECEIVABLES

	2015 $000'S	2014 $000'S
Current		
Rent and outgoings receivable	512	531
Prepayments	115	58
Sundry receivables	70	42
Provision for impairment	(344)	(344)
	353	**287**

During the year additional amounts were provided against trade debtors identified as doubtful in the prior year, with approximately $1,000 of additional bad debts written off directly (2014: $5,000).

	2015 $000'S	2014 $000'S
Analysis of provision for impairment		
Opening balance	344	291
Provisions for doubtful receivables	1	58
Receivables written off during the year	(1)	(5)
Reversal of amounts provided	-	-
	344	**344**

NOTE 7: NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2015 $000'S	2014 $000'S
Investment properties held for sale	-	14,550

The responsible entity has determined to sell the property below and as such has classified it as held for sale as at 30 June 2014. This property was sold during the current financial year.

NOTE 7: NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE CONT'

VALUATION BASIS AT 30 JUNE 2014

PROPERTY	VALUATION BASIS	VALUATION $000'S
700 Springvale Road, Mulgrave	Independent	15,000
Estimated costs to sell	3% of Valuation	(450)
		14,550

MOVEMENTS AND RECONCILIATION	2015 $000'S	2014 $000'S
Balance at beginning of year	14,550	11,638
Transfers from investment property	-	15,000
Selling costs	385	(450)
Capital additions	57	130
Lease incentives	44	-
Disposals	(15,036)	(11,768)
Balance at end of year	-	14,550

NOTE 8: INVESTMENT PROPERTIES

	2015 $000'S	2014 $000'S
Investment properties	140,650	138,550
Movements during the period		
Balance at beginning of year	138,550	160,350
Movements in fair value	(711)	(11,210)
Capital additions	1,651	3,867
Transfers to non-current assets held for sale	-	(14,550)
Straight-lining of rental income	(325)	235
Net movement in leasing fees and incentives	1,485	(142)
Balance at end of year	**140,650**	**138,550**

The basis of the valuation of investment properties is fair value being the amounts for which the properties could have been exchanged between willing parties in an arm's length transaction, based on current prices in an active market. The 30 June 2015 valuations were based on independent assessments made by qualified and suitably experienced certified practicing external valuers as set out above in accordance with the methodology as set out in Note 2(d), using a capitalisation approach and the discounted cash approach as the primary valuation methods. These approaches have in turn been checked by the direct comparison approach and analysed on a rate per square metre of total lettable area. These valuations were undertaken by independent assessment in April 2015. The specific key assumptions and variables adopted in the valuations are set out below.

NOTE 8: INVESTMENT PROPERTIES CONT'

INVESTMENT PROPERTY VALUATIONS DETAILS

30 JUNE 2015

PROPERTY	VALUATION BASIS	CAPITALISATION RATE	NET MARKET INCOME $000'S	ADJUSTMENTS $000'S	VALUATION $000'S
B2, 747 Lytton Road, Murarrie	Independent	8.87%	1,277	(547)	13,600
Land at 26-30 Grafton Street, Cairns	Independent	n/a	n/a	n/a	1,200
7-19 Lake Street, Cairns	Independent	9.25%	3,944	(6,770)	35,800
142-150 Benjamin Place, Lytton	Independent	8.50%	698	(267)	7,950
12-14 The Circuit, Brisbane Airport	Independent	9.33%	2,050	(1,889)	20,000
436 Elgar Rd, Box Hill	Independent	9.00%	1,751	(849)	18,500
154 Varsity Parade, Varsity Lakes	Independent	9.00%	1,170	(1,003)	12,000
572 – 576 Swan Street, Richmond	Independent	8.00%	2,596	(713)	31,600
					140,650

30 JUNE 2014

PROPERTY	VALUATION BASIS	CAPITALISA-TION RATE	NET MARKET INCOME $000'S	ADJUSTMENTS $000'S	VALUATION $000'S
B2, 747 Lytton Road, Murarrie	Independent	9.125%	1,307	(832)	13,000
Land at 26-30 Grafton Street, Cairns	Independent	n/a	n/a	n/a	1,150
7-19 Lake Street, Cairns	Independent	9.000%	4,184	(7,233)	39,000
142-150 Benjamin Place, Lytton	Independent	9.000%	709	(391)	7,500
12-14 The Circuit, Brisbane Airport	Independent	9.000%	2,037	(2,970)	18,500
436 Elgar Rd, Box Hill	Independent	9.000%	1,659	(3,063)	15,500
154 Varsity Parade, Varsity Lakes	Independent	9.250%	1,224	(1,084)	12,200
572 – 576 Swan Street, Richmond	Independent	8.250%	2,719	(1,314)	31,700
					138,550

NOTE 8: INVESTMENT PROPERTIES CONT'

Contractual Obligations

We currently have no contractual obligations to purchase, construct or develop investment property for repairs, maintenance or enhancements.

Leasing arrangements

Investment properties listed above (excluding Land at 26-30 Grafton Street, Cairns) are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are disclosed in note 18.

Amounts recognised in profit and loss for investment properties.

Revenue and direct expenses relating to investment property are disclosed in note 4 and 5.

NOTE 9: TRADE AND OTHER PAYABLES

CURRENT	2015 $000'S	2014 $000'S
Trade and other payables	944	1,141
Revenue in advance	752	917
	1,696	2,058

NOTE 10: BORROWINGS

CURRENT	2015 $000'S	2014 $000'S
Bank loan accrued interest	-	706
	-	706
NON-CURRENT	**2015 $000'S**	**2014 $000'S**
Bank loans (secured)	42,307	114,292
Loan from Opus Magnum Fund (unsecured)	-	1,989
	42,307	116,281

MOVEMENTS IN BORROWINGS

2015	BANK LOANS	OPUS MAGNUM FUND	TOTAL
Balance at beginning of year	114,998	1,989	116,987
Interest payable	7,429	270	7,699
Interest paid	(8,134)	-	(8,134)
Borrowing costs payable	57	-	57
Repayment	(116,098)	(2,259)	(118,357)
Proceeds from borrowings	43,291	-	43,291
Capitalisation of borrowing costs	(344)	-	(344)
Amortisation of borrowing costs	1,108		1,108
Balance at the end of the year	**42,307**	**-**	**42,307**

NOTE 10: BORROWINGS CONT'

MOVEMENT IN BORROWINGS CONT'

2014	BANK LOANS	OPUS MAGNUM FUND	TOTAL
Balance at beginning of year	121,891	1,748	123,639
Interest payable	1,194	241	1,435
Interest paid	(765)	-	(765)
Repayment	(10,828)	-	(10,828)
Proceeds from borrowings	3,180	-	3,180
Capitalisation of borrowing costs	(23)	-	(23)
Amortisation of borrowing costs	349	-	349
Balance at the end of the year	**114,998**	**1,989**	**116,987**

Bank Loan

As part of the recapitalisation and IPO of the Fund that occurred in June 2015, the bank loan with GE Capital was refinanced with a new facility agreement entered into with St. George Bank.

The St. George Bank loan is secured by: (a) a first registered mortgage over the applicable property and the lease by the Guarantor over the Brisbane Airport Property; (b) a first registered fixed and floating charge over the assets of the Fund in favour of the bank; and (c) guarantee and indemnity provided by the responsible entity GARDA Capital Limited, limited to the value of the security properties.

Under the facility agreement with St. George Bank that was operable at 30 June 2015, the following covenants exist:

i. Interest cover ratio is to remain above 2.50 times; and

ii. Loan to value ratio has to remain under 45%.

Under the facility agreement with GE Capital that was operable at 30 June 2014 and up until the point the facility was paid out, the following covenants existed:

i. Loan to value ratio has to remain under 73% from the date of signing (20 June 2013) for the first 18 months, under 68% for the period of 18 months to 36 months and under 63% from 36 months until the termination of the agreement (the above was varied during the period);

ii. Minimum cash on cash return to be 10%; and

iii. Minimum debt service coverage figure has to not be less than 1.35 times the Fund's interest expenses from the date of signing (20 June 2013) and not less than 1.5 times the funds interest expenses until termination.

The St. George Bank loan has a facility limit of $63.3 million (2014: GE Capital $128.0 million). At 30 June 2015 the debt was drawn to $42.6 million (2014: $115.3 million) which is within the facility limit. On 3 July 2015 all the drawn amount became a fixed interest rate facility of 3.845% p.a. The expiry date of the St. George facility is 36 months from the first drawdown date for the facility. As at the 30 June 2014 $88.6 million was a fixed interest rate facility, $23.6 million was a variable rate facility and $3.2 million was a variable rate capital improvements facility.

NOTE 10: BORROWINGS CONT'

Loan from Opus Magnum Fund

The loan from Opus Magnum Fund bore an interest rate of 17.5% (2014: 13.00%).

The terms to the loan agreement included a maturity and fixed term of four (4) years and six (6) months, a stepped up interest rate after two (2) years from 13% to 17.5%, interest to be accrued and capitalised, and no principal repayments during term. As such, the Fund as borrower to Opus Magnum Fund, made no interest payments throughout the year ended 30 June 2015. The loan was settled in full on in June 2015 subsequent to the receipt of the capital raising funds. The weighted average cost of interest for the $42.6 million drawn at 30 June 2015 is 3.845% (2014: 7.86%).

Fair value

The carrying amounts and fair values of borrowings at the end of the reporting period are:

	2015		2014	
	CARRYING AMOUNT $000'S	FAIR VALUE $000'S	CARRYING AMOUNT $000'S	FAIR VALUE $000'S
Bank loans (secured)	42,307	43,235	114,292	110,521
Loan from Opus Magnum Fund (unsecured)	-	-	1,989	2,676
	42,307	**43,235**	**116,281**	**113,197**

The fair value of borrowings is determined by reference to market prices where they exist or by discounting contractual cash flows by current market interest rates for liabilities with similar risk profiles. The current interest rate is 3.845% (2014: 7.61% fixed and 7.03% variable) for the bank loans and 17.5% for the loan from Opus Magnum Fund which was repaid in June 2015 (2014: 13%).

NOTE 11: FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS

	2015 $000'S	2014 $000'S
Non-Current		
Financial instrument held at fair value through profit and loss	-	2,639

Loan from Associates - M3SIT Pty Ltd and Madsen Nominees Pty Ltd

The loan from associates was secured by:

(a) a second registered mortgage from The Trust Company (Australia) Limited over the applicable property; and

(b) a general security agreement from GARDA Capital Limited as responsible entity of the Fund (limited to the assets of the Fund) in favour of the lenders.

The parties lent a principal sum of $2.1 million for a term of four years. Interest accrued and was capitalised at a simple interest rate of 25% per annum. There was an option, at the discretion of the lender, for the debt to be repaid with units in the Fund. This option was taken up in June 2015 and the debt was settled in full. As per the loan agreement a 25% discount was applied and units of 5.6 million were issued in settlement of the debt.

NOTE 11: FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS CONT'

LOAN FROM ASSOCIATES CONT'

MOVEMENTS AND RECONCILIATION	2015 $000'S	2014 $000'S
Balance at beginning of year	2,639	2,114
Fair value movement	2,961	164
Settlement of liability	(5,600)	
Balance at end of year	**-**	**2,639**

NOTE 12: PROVISION FOR DISTRIBUTIONS

	2015 $000'S	2014 $000'S
Provision for distribution	-	48
Movements in provisions		
Opening balance at beginning of year	48	52
Distributions provided for	537	645
Distributions paid	(585)	(649)
Balance at the end of the year	**-**	**48**

NOTE 13: ISSUED UNITS

	2015 $000'S	2014 $000'S
97,202,170 units (2014: 214,703,053)	211,164	138,764

	2015 NUMBER	2014 NUMBER	2015 $000'S	2014 $000'S
Movements during the year				
Balance at beginning of year	214,703,053	214,489,721	138,764	138,713
Distributions reinvested	238,539	213,332	39	51
Consolidation 9.95:1	(193,339,422)	-	-	-
Equity issue[1]	5,600,000	-	5,600	-
Capital raising	70,000,000	-	70,000	-
Issue costs	-	-	(3,251)	-
Balance at end of year	97,202,170	214,703,053	211,152	138,764

1 Refer to Note 11

NOTE 13: ISSUED UNITS CONT'

Units

Each unitholder has one vote for each unit that they have in the Fund. Unitholders have the right to receive distributions as declared and in the event of the Fund winding up to participate in the net proceeds from the sale of the assets in proportion to the number of units held.

Capital Risk Management

The Fund's objective when managing capital (taken to be unitholders' funds and retained earnings) is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for unitholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Fund may adjust the amount of distributions paid to unitholders, return capital to unitholders, issue new units or sell assets to reduce debt. Consistent with others in the industry, the Fund monitors capital on the basis of a loan to valuation ratio (LVR). LVR is calculated as net debt divided by gross property values.

The LVR at 30 June 2015 and 30 June 2014 was as follows:

	2015 $000'S	2014 $000'S
Financial liabilities	42,307	119,626
Less:		
Cash and cash equivalents	(3,233)	(3,026)
Net debt	39,074	116,600
Gross value of investment property	140,650	153,100
Gearing Ratio*	28%	76%

* Differs from bank LVR due to the inclusion of cash and cash equivalents.

NOTE 14: FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Fund. The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and maturity analysis for liquidity risk.

The directors of the responsible entity have overall responsibility for the determination of the Fund's risk management objectives and policies. The overall objective of the directors of the responsible entity is to set policies that seek to reduce risk as far as possible without unduly affecting the Fund's competitiveness and flexibility. Further details regarding these policies are set out below:

(a) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Fund incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Fund. Credit risk from receivables is measured using days and ageing. The objective of managing credit risk is to limit the exposure of the Fund to such risk.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Fund also holds security deposits of $306,000 recognised as a liability in the statement of financial position, and also has bank guarantees in the Fund's favour of $3.4 million not recorded in the statement of financial position, which may be drawn upon in the event of default. A portion of these amounts are pledged as security for recognised trade and other receivables.

Credit risk is reviewed regularly by the directors of the responsible entity.

The credit quality of cash and cash equivalents is considered strong.

MAXIMUM EXPOSURE TO CREDIT RISK

	2015 $000'S	2014 $000'S
Cash and cash equivalents	3,233	3,026
Trade and other receivables (net of impairment)	353	287
	3,586	3,313

AGEING OF RECEIVABLES

Not past due	512	530
Past due 0-90 days	-	-
Past due >90 days	-	1
Impaired	(344)	(344)
	168	187

(b) Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulties raising funds to meet financial obligations as they fall due. Liquidity risk is reviewed regularly by the directors of the responsible entity. The objective of the responsible entity in managing liquidity risk is to ensure the Fund will be able to meet its commitments as and when they fall due.

The Fund manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are maintained. The Fund has a $20.7 million remaining facility available from the senior lender to assist with funding capital expenditure.

The table below reflects the contractual maturity of fixed and floating rate financial liabilities. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2015. The amounts disclosed represent undiscounted cash flows.

NOTE 14: FINANCIAL RISK MANAGEMENT CONT'

(b) Liquidity risk cont'

The remaining contractual maturities of the financial liabilities are:

	2015 $000'S	2014 $000'S
Less than one year		
Trade and other payables	1,696	2,058
Bank loan accrued interest	-	706
Interest on bank loans	1,626	-
	3,322	2,764
Between one and five years		
Bank loans	42,307	114,641
Interest on bank loans	3,252	-
Loan from Opus Magnum Fund	-	1,989
Financial instrument held at fair value through profit and loss	-	2,639
	45,559	119,269

(c) Market Risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

i. Interest rate risk

Interest rate risk is managed by constant monitoring of interest rates. Exposure to interest rate risk is measured via sensitivity analysis. The Fund's objective in managing interest rate risk is to mitigate the impact of significant fluctuations in variable interest charges on the Fund's balance sheet and cash flows.

Interest rates over the 12 month period were analysed and a sensitivity determined to show the effect on profit and equity if the interest rates at reporting date had been 100 basis points higher or lower, with all other variables held constant. This level of sensitivity was considered reasonable given the current level of both short-term and long-term Australian interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date, namely variable rate cash holdings and borrowings.

At 30 June 2015, if interest rates had moved, as illustrated in the table below, with all other variables held constant, profit and equity would have been affected as follows:

JUDGMENTS OF REASONABLY POSSIBLE MOVEMENTS:	PROFIT HIGHER/(LOWER)		EQUITY HIGHER/(LOWER)	
	2015 $000'S	2014[1] $000'S	2015 $000'S	2014[1] $000'S
+1.00% (100 basis points)	(394)	(1,162)	(394)	(1,162)
-1.00% (100 basis points)	394	1,162	394	1,162

[1]The comparative figures have been adjusted to be consistent with the current year calculation.

NOTE 15: FAIR VALUE MEASUREMENT

The following assets and liabilities are recognised and measured at fair value on a recurring basis:

- Financial instrument held at fair value through profit and loss
- Investment properties

Assets classified as held for sale are measured at fair value on a non-recurring basis.

There are various methods used in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The following table sets out the Fund's assets and liabilities that are measured and recognised at fair value in the financial statements.

	NOTE	LEVEL 1 $000'S	LEVEL 2 $000'S	LEVEL 3 $000'S	TOTAL $000'S
30 June 2015					
Assets					
Investment properties		-	-	140,650	140,650
		-	-	140,650	140,650
Liabilities					
Financial liabilities held at fair value through profit and loss		-	-	-	-
		-	-	-	-
30 June 2014					
Assets					
Investment properties held for sale		-	-	14,550	14,550
Investment properties		-	-	138,550	138,550
		-	-	153,100	153,100
Liabilities					
Financial liabilities held at fair value through profit and loss		-	-	2,639	2,639
		-	-	2,639	2,639

There were no transfers during the year between Level 1 and Level 2 for recurring fair value measurements.

The Fund's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

NOTE 15: FAIR VALUE MEASUREMENT CONT'

Disclosed fair values

The Fund also has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes to the financial statements.

Due to their short-term nature, the carrying amount of trade receivables and payables are assumed to approximate their fair values.

The carrying amount of current trade and other payables disclosed in note 9 are assumed to approximate their fair values because the impact of discounting is not significant. The fair value of non-current borrowings (excluding contingent consideration payable) disclosed in note 10 are measured by discounting contractual cash flows using current interest rate is 3.845% (2014: 7.61% fixed and 7.03% variable) for the bank loans (Level 3) and 17.5% for the loan from Opus Magnum Fund (2014: 13%).

The following table sets out the valuation techniques used to measure fair value within Level 3, including details of the significant unobservable inputs used and the relationship between unobservable inputs and fair value.

DESCRIPTION	VALUATION APPROACH	UNOBSERVABLE INPUTS[1]	RANGE OF INPUTS	RELATIONSHIP BETWEEN UNOBSERVABLE INPUTS AND FAIR VALUE
Investment properties	Income approach based on estimated rental value of the property. Discount rates, terminal yields, expected vacancy rates and rental growth rates are estimated by an external valuer or management based on comparable transactions and industry data.	Discount rate	8.50% to 10.00% (weighted average 9.08%)	The higher the discount rate, terminal yield and expected vacancy rate, the lower the fair value.
		Terminal yield	8.25% to 9.75% (weighted average 9.29%)	
		Expected vacancy rate	(weighted average 0%)	The higher the rental growth, the higher the fair value. Based on Gross Face Rental growth 10year CAGR.
		Rental growth rate	2.85% to 3.26% (weighted average 3.08%)	
Financial liabilities held at fair value through profit or loss	Discounting the future contractual cash flows	Yield rate	30%	The higher the, yield rate the lower the fair value.
		Discount for marketability	0% to 50%	The higher the, discount for marketability the lower the fair value.

1 There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Reconciliation of Level 3 fair value movements

Refer to Note 8 for the reconciliation of movements in investment properties. There have been no transfers to or from Levels 1 or 2. There were no unrecognised gains/(losses) recognised in profit or loss for investment properties held at the end of the reporting period. Refer to Note 11 for settlement of the financial instrument held at fair value through profit and loss. Movements in fair value were recognised in the statement of profit or loss and other comprehensive income.

NOTE 15: FAIR VALUE MEASUREMENT CONT'

Valuation process for Level 3 fair values

Investment property

The Fund engages external, independent and qualified valuers to determine the fair value of the fund's investment property at least once every financial year.

Financial Instrument

The fair value of the financial liabilities held at fair value through profit or loss (Level 3) is determined by discounting contractual cash flows by current market interest rates for liabilities with similar risk profiles.

NOTE 16: RELATED PARTIES AND KEY MANAGEMENT PERSONNEL

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Responsible entity

The responsible entity of the Fund is GARDA Capital Limited.

Key management personnel

The directors of GARDA Capital Limited at any time during or since the end of the financial year are:

Mr David Usasz, Independent Chairman	Appointed 21 May 2015
Mr Matthew Madsen, Managing Director	Appointed 22 September 2011
Mr Mark Hallett, Non-Executive Director	Appointed 31 January 2011
Mr Philip Lee, Non-Executive Director	Appointed 21 May 2015
Mr Leylan Neep, Executive Director	Appointed 31 July 2014
Mr Rowan Ward, Non-Executive Director	Appointed 25 January 2011, Resigned 21 October 2014

NOTE 16: RELATED PARTIES AND KEY MANAGEMENT PERSONNEL CONT'

Key management personnel compensation

No compensation is paid directly by the Fund to directors or any employees of the responsible entity.

UNITHOLDINGS (NUMBER OF UNITS) 2015	OPENING BALANCE	CONSOLIDATION 9.95:1	ADDITIONS	CLOSING BALANCE
Directors of GARDA Capital Limited				
Mr David Usasz	-	-	100,000	100,000
Mr Matthew Madsen	-	-	-	-
Mr Mark Hallett	50	(44)	-	6
Mr Philip Lee	-	-	50,000	50,000
Mr Leylan Neep	-	-	-	-
Mr Rowan Ward	-	-	-	-
Responsible entity				
GARDA Capital Limited	48,800	(44,096)	-	4,704
Other related entities				
GARDA REIT Holdings UT	-	-	10,000,000	10,000,000

2014	OPENING BALANCE	ADDITIONS	DISPOSALS	CLOSING BALANCE
Directors of GARDA Capital Limited				
Mr Matthew Madsen	-	-	-	-
Mr Mark Hallett	50	-	-	50
Mr Leylan Neep	-	-	-	-
Mr Rowan Ward	-	-	-	-
Responsible entity				
GARDA Capital Limited	48,800	-	-	48,800

Transactions with Related Parties

(a) Responsible entity's fees and other transactions

Under the Fund's constitution, the responsible entity is entitled to receive the following fees:

- ***While the Fund remains unlisted:*** a management fee amounting to 7% of the net rent received. Net rent is attained after deducting from the gross rent received, the cost of all rates, land tax, repairs and maintenance, insurance related to the property and all other expenses in respect of the property only and is calculated before the deduction of interest;

NOTE 16: RELATED PARTIES AND KEY MANAGEMENT PERSONNEL CONT'

(a) Responsible entity's fees and other transactions cont'

- ***When the Fund is listed:*** a management fee of 0.65% per annum of gross asset value (GAV) (reducing to 0.60% per annum of GAV in excess of $750 million).
- Capital works fee amounting to 5% of the total capital costs incurred in relation to the investment properties.

The transactions during the year and amounts payable at year end between the Fund and the responsible entity were as follows:

	2015 $	2014 $
Responsible entity's fees		
Management fee	815,736	956,224
Capital works fees	82,743	221,670
	898,479	1,177,894
Other transactions with the responsible entity		
Recovery of accounting and funds administration expenses	152,750	140,259
Registry costs	54,000	54,000
Distributions paid on units held in the Fund by the responsible entity	117	146
Administration costs reimbursed in accordance with the Fund's Constitution	8,524	218,244
	215,391	412,649

(b) Transactions with related parties

During the year, GARDA Real Estate Services Pty Ltd, GARDA Facilities Management Pty Ltd and GARDA Services Pty Ltd were engaged to undertake property/facilities management for the properties owned by the Fund and other services on behalf of the responsible entity. During the year GARDA Finance Pty Ltd was engaged to undertake financial intermediary services for the Fund. These entities are subsidiaries of the responsible entity. All transactions were of a commercial nature on an arm's length basis. The fees paid for those services and administration costs reimbursed during the year were as follows:

	2015 $	2014 $
GARDA Real Estate Services Pty Ltd	1,242,688	1,069,478
GARDA Facilities Management Pty Ltd	155,669	165,028
GARDA Services Pty Ltd	124,780	98,973
GARDA Finance Pty Ltd	493,323	-
	2,016,460	1,333,479

During the year ended 30 June 2015, the Fund paid a total of $86,270 (2014: $146,013) in legal fees to Hallett Legal Pty Ltd, a related entity of Mark Hallett who is a director of the responsible entity. A total of $15,393 (2014: $10,558) was outstanding at year end. During the year ended 30 June 2015, the Fund paid a total of $57,600 in financial intermediary fees to Garda Finance Pty Ltd (prior to the company becoming a subsidiary of the responsible entity) a related entity of Matthew Madsen who is a director of the responsible entity (2014: $312,344). These expenses were incurred on normal commercial terms.

NOTE 16: RELATED PARTIES AND KEY MANAGEMENT PERSONNEL CONT'

(c) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2015 $	2014 $
Current receivables/(payables)		
GARDA Capital Limited	(69,969)	(102,914)
GARDA Real Estate Services Pty Ltd	(87,849)	(254,133)
GARDA Services Pty Ltd	(8,854)	(4,941)
	(166,672)	(361,988)

Amounts receivable from or payable to related entities as detailed above are all on standard 30 day credit terms. All amounts are unsecured and are expected to be cash settled.

(d) Loans with Related Parties

	2015 $	2014 $
Loan from Opus Magnum Fund		
Opening balance	1,988,881	1,747,650
Loan repayments made	(2,258,655)	-
Interest charged	269,774	241,231
Closing balance	-	1,988,881
Loan from Associates		
Opening balance	2,639,384	2,114,384
Fair value movement	2,960,616	525,000
Settlement of liability	(5,600,000)	
Closing balance	-	2,639,384

NOTE 17: AUDITORS' REMUNERATION

	2015 $	2014 $
Remuneration of the auditor for:		
Audit and review of the financial report	30,405	36,124
	30,405	36,124

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

Other services

	2015 $	2014 $
Other services	11,500	7,550
Tax services	7,000	4,300
Investigating accountant in respect of financial information to be included in the proposed PDS and GDPF in regards to listing on ASX	64,548	-
Total remuneration for non-audit services	83,048	11,850

NOTE 18: COMMITMENTS

	2015 $	2014 $
Future minimum lease payments receivable:		
Within one year	13,556	12,830
One year to five years	32,924	24,796
Later than five years	2,773	24
	49,253	37,650

Lease receivables have not been included in the Statement of financial position as under AASB 117 'Leases', lease income from operating leases is only recognised on a straight-line basis over the lease term. The lease receivables above include only currently signed leases and do not include options which exist over current leases as these may not be exercised.

NOTE 19: CASH FLOW INFORMATION

	2015 $000'S	2014 $000'S
Reconciliation of cash flow from operations with profit/(loss)		
Profit/(loss)	(6,302)	(10,431)
Non-cash items in profit/(loss)		
Change in fair value of investment property	711	11,210
Net loss on financial liabilities held at fair value through profit and loss	2,961	525
Amortisation of borrowing costs	1,111	349
Capitalised interest	(412)	669
Loss on sale of investment property	686	51
Movements in assets and liabilities		
Trade and other receivables	(66)	(4)
Revenue in advance	(161)	643
Trade and other payables	(236)	(101)
Movement in lease incentives	(711)	504
Investment properties	(40)	(5)
Cash flow from operations	**(2,459)**	**3,410**
Reconciliation to cash at the end of the year		
Cash at bank[1]	3,233	3,026

[1]Cash at bank includes $77,743 provided as security for a bank guarantee

	2015 $000'S	2014 $000'S
Non-cash investing and financing activities		
Unit issue	(5,600)	-

NOTE 20: EARNINGS PER UNIT

	2015 $000'S	2014 $000'S
Profit /(loss) attributable to the unitholders of GARDA Diversified Property Fund:		
Profit /(loss) from continuing operations	(6,302)	(10,431)
Basic and diluted profit / (loss) per unit (cents per unit) for continuing operations	(27.1)	(48.3)
Weighted average number of ordinary shares used in the calculation of basic and diluted profit/(loss) per unit*	23,259,156	21,578,196

*Prior year weighted average number of ordinary shares was adjusted for the unit consolidation in May 2015 for comparative purposes.

NOTE 21: EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

On 30 June 2015, the Fund was admitted on to the official list of the Australian Securities Exchange (ASX) and on 2 July 2015, the Fund listed and began trading on the ASX.

On 2 July 2015, the RE commenced an on-market buy-back of units in the Fund, as approved by members at an extraordinary general meeting held in May 2015. At report date, the RE had bought back (units subsequently cancelled) approximately 1.13 million units in the Fund funded from working capital.

As part of the new debt arrangements with St. George Bank, on 3 July 2015, the responsible entity entered into a four year fixed rate swap agreement at an effective rate of 3.845%.

There have been no other events since 30 June 2015 that impact upon the financial report as at 30 June 2015.

NOTE 22: CONTINGENT ASSETS / LIABILITIES

(a) Contingent asset

The responsible entity is continuing claims against two former tenants for arrears of rent.

The responsible entity has a claim against a valuer, for an historic valuation of a property in Canberra which the responsible entity claims did not represent the market value. At 30 June 2015, it is not practicable to estimate the financial effect of the matter therefore no amount has been disclosed.

(b) Contingent liabilities

GARDA Capital Limited as responsible entity has initiated claims under warranties and indemnities given by various parties involved in the construction of the building Botanicca 7, at 572-576 Swan St, Richmond with respect to defects in the building. Notification has been given, and the responsible entity is undertaking further investigation to quantify the claim and steps towards recovery. The directors currently have a reasonable expectation that some or all of the costs will be covered by the third parties or, alternatively, that the third parties will carry out rectification of the defect. It is not practicable to estimate the cost of rectification or amounts that would be covered by warranty therefore no amounts have been disclosed.

GARDA Capital Limited as responsible entity lodged a claim in March 2015 with the Queensland Building and Construction Commission (QBCC) under warranties given by various subcontractors and the developer involved in the construction of the building at 154 Varsity Parade, Varsity Lakes with respect to possible defects in the building identified in late December 2014. The directors are currently investigating the matter further and awaiting QBCC internal review. Depending on the outcome of QBCC's review, costs may be incurred by either party to rectify any defects found.

NOTE 23: SEGMENT INFORMATION

The Fund operates in one segment, being investment in Australian commercial property. The fund has one industrial property but this is reported to the chief decision maker as part of the commercial property segment. The Fund has determined its one operating segment based on the internal information that is provided to the chief operating decision maker and which is used in making strategic decisions. The Managing Director of the Responsible Entity has been identified as the Fund's chief operating decision maker. There are no reconciling items.

07
CORPORATE GOVERNANCE STATEMENT

YEAR ENDED 30 JUNE 2015

The Board and Management consider that it is crucial to the Fund's long term performance and sustainability and to protect and enhance the interests of the Fund's shareholders and other stakeholders, that it adopts an appropriate corporate governance framework pursuant to which the Fund will conduct its operations in Australia with integrity, accountability and in a transparent and open manner.

The Fund regularly reviews its governance arrangements as well as developments in market practice, expectations and regulation.

The Fund's Corporate Governance Statement has been approved by the Board of GARDA Capital Limited and explains how the Fund addresses the requirements of the Corporations Act 2001, the ASX Listing Rules 2001 and the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations - 3rd Edition' (the 'ASX Principles and Recommendations') and is current as at 30 June 2015.

The Fund's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in this statement, the Fund's 2015 Annual Report and other relevance governance documents and materials on the Company's website (together the 'ASX Appendix 4G'), is provided in the corporate governance section of the Company's website at http://investors.gardacapital.com.au/Home/?page=Corporate-Governance

The Fund's Corporate Governance statement together with the ASX Appendix 4G and this Annual Report, were also lodged with the ASX on 28 August 2015.

The Board of the Responsible Entity of the Fund strives to meet the highest standards of Corporate Governance, but recognises that it is also crucial that the Fund's governance framework reflects the current size, operations and industry in which the Company operates.

The Fund has complied with the majority of recommendations of the ASX Principles and Recommendations with the exception of a few. The Board believes the areas of non-conformance, which are explained in the Corporate Governance Statement and the ASX Appendix 4G do not materially impact on the Fund's ability to achieve the highest standards of Corporate Governance, whilst at the same time ensuring the Fund is able to achieve the expectations of its shareholders and other stakeholders.

08
ADDITIONAL ASX INFORMATION

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 21 August 2015.

A. Distribution of Equity Securities

Analysis of number of equity security holders by size of holding:

	UNITS	NO. OF HOLDERS	% TOTAL UNITS
1 – 1,000	119,413	181	0.12
1,001 – 5,000	4,897,537	1,667	5.09
5,001 – 10,000	6,732,140	901	7.00
10,001 – 100,000	34,847,578	1,098	36.25
100,001 – and over	49,542,487	61	51.53
	96,139,155	**3,908**	**100**

The number of unit holdings held in less than marketable parcels of 500 shares is 56.

ADDITIONAL ASX INFORMATION CONT'

B. Equity Security Holders

The names of the twenty largest holders of quoted equity securities are listed below:

NAME	NUMBER HELD	PERCENTAGE OF ISSUED (%)
GARDA REIT HOLDINGS PTY LTD	10,000,000	10.40
J P MORGAN NOMINEES AUSTRALIA LIMITED	7,312,610	7.61
BNP PARIBAS NOMS PTY LTD	4,928,919	5.14
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,620,720	3.77
NATIONAL NOMINEES LIMITED	3,158,232	3.29
LONGHURST MANAGEMENT SERVICES PTY LTD	2,000,000	2.08
BOND STREET CUSTODIANS LTD	1,812,725	1.87
ZERO NOMINEES PTY LTD	1,400,000	1.46
ASIA UNION INVESTMENTS PTY LIMITED	1,200,000	1.25
BNP PARIBAS NOMS (NZ) LTD	1,158,979	1.21
CITICORP NOMINEES PTY LIMITED	1,092,005	1.14
MR FRANKY HUNG	1,080,000	1.12
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	782,729	0.81
MR ARTHUR ROSS PERRINS	500,000	0.52
GLENELG-PARK NOMINEES PTY LTD	400,000	0.42
MR ALNIS ERNST VEDIG & MRS RASMA VEDIG	400,000	0.42
NETWEALTH INVESTMENTS LIMITED	363,969	0.38
NETWEALTH INVESTMENTS LIMITED	307,242	0.32
WILLYAMA ASSET MANAGEMENT PTY LTD	300,000	0.31
SENTA PTY LTD	300,000	0.31
	42,118,130	**43.80**

C. Substantial Holders

The names of the substantial shareholders listed in the holding register are:

ESTIMATED BENEFICIAL HOLDINGS AS AT 31 JULY 2015	NUMBER HELD	PERCENTAGE OF ISSUED (%)
GARDA REIT HOLDINGS PTY LTD	10,000,000	10.40
J P MORGAN NOMINEES AUSTRALIA LIMITED	7,312,610	7.61
BNP PARIBAS NOMS PTY LTD	4,928,919	5.14
	22,241,529	**23.14**

D. Voting Rights

Refer to note 13 for voting rights attached to ordinary shares.

09 CORPORATE DIRECTORY

DIRECTORS

David Usasz
Independent Chairman

Matthew Madsen
Managing Director

Mark Hallett
Non-executive Director

Philip Lee
Non-executive Director

Leylan Neep
Executive Director

COMPANY SECRETARY

Leylan Neep
Executive Director
and Company Secretary

REGISTERED OFFICE

Level 21, 12 Creek Street
Brisbane QLD 4000
Ph: +61 7 3002 5300
Fax: +61 7 3002 5311
Web: www.gardacapital.com.au

AUDITOR

BDO Audit Pty Ltd
Level 10, 12 Creek St
Brisbane QLD 4000

SHARE REGISTRY

Link Market Services
Level 12, 680 George St
Sydney NSW 2000

STOCK EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange Limited (ASX: GDF)

ARSN 104 391 273

10

DIRECTORS' DECLARATION

1. In the opinion of the directors of GARDA Capital Limited, the responsible entity of GARDA Diversified Property Fund:

   a. the attached financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes, are in accordance with the Corporations Act 2001, and:

      i. comply with Accounting Standards and the Corporations Regulations 2001; and

      ii. give a true and fair view of the Fund's financial position as at 30 June 2015 and of its performance for the financial year ended on that date.

   b. there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the year ended 30 June 2015.

3. The directors draw attention to Note 2 to the financial statements, which include a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of directors of GARDA Capital Limited, the responsible entity of GARDA Diversified Property Fund made pursuant to section 295(5) of the Corporations Act 2001.

Mr David Usasz
Chairman

28 August 2015

Mr Matthew Madsen
Managing Director

28 August 2015

11
INDEPENDENT AUDITOR'S REPORT

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the unitholders of GARDA Diversified Property Fund

Report on the Financial Report

We have audited the accompanying financial report of GARDA Diversified Property Fund, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of GARDA Capital Limited as Responsible Entity of GARDA Diversified Property Fund.

Directors' Responsibility for the Financial Report

The directors of GARDA Capital Limited as Responsible Entity of GARDA Diversified Property Fund are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the registered scheme's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered scheme's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of GARDA Capital Limited as Responsible Entity of GARDA Diversified Property Fund, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of GARDA Diversified Property Fund is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the registered scheme's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies *with International Financial Reporting Standards* as disclosed in Note 2.

BDO Audit Pty Ltd

BDO

P A Gallagher
Director

Brisbane, 28 August 2015

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GARDA
CAPITAL GROUP