

GARDA DIVERSIFIED PROPERTY FUND

2015 FULL YEAR RESULTS PRESENTATION
28 AUGUST 2015



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GARDA DIVERSIFIED PROPERTY FUND (GDF)

07
ASSETS

\$1.028
NTA PER UNIT

\$140.7_M
PORTFOLIO VALUE

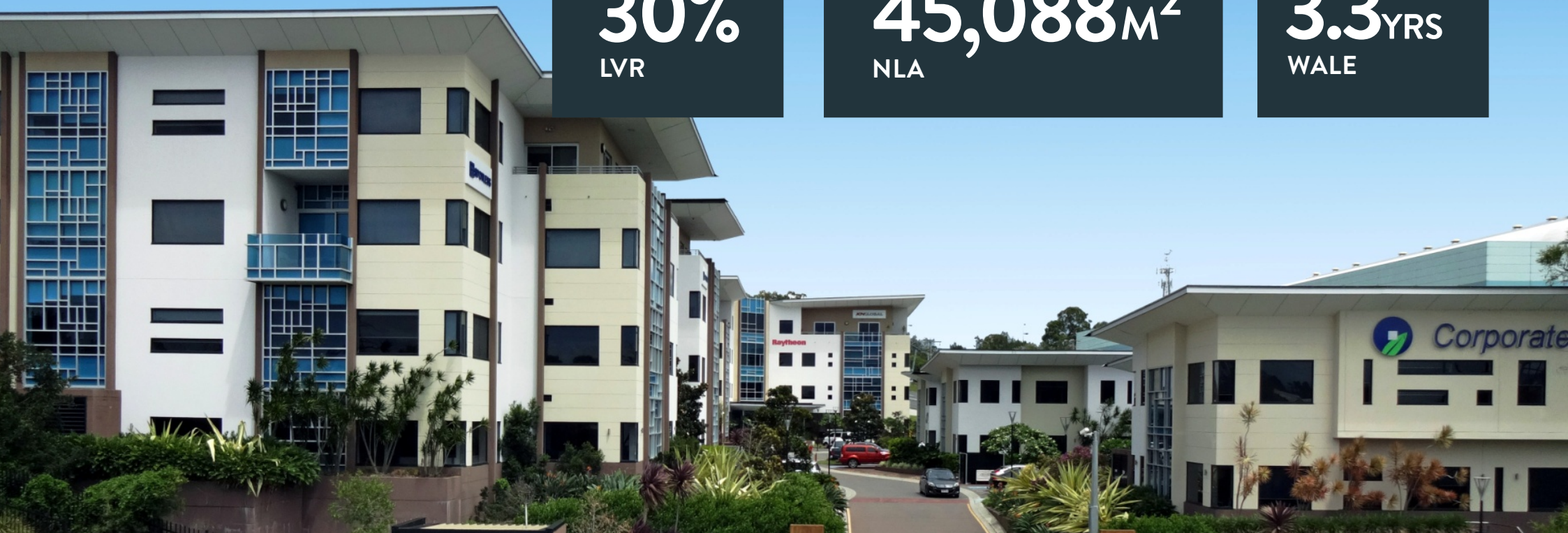
8.9%
WEIGHTED AVERAGE
CAP RATE

94%
OCCUPANCY

30%
LVR

45,088_M²
NLA

3.3 YRS
WALE



HIGHLIGHTS 2015

During FY15, GDF's financial stability strategy culminated with GDF completing a successful initial public offer (IPO) in June 2015. The recapitalisation has considerably reduced debt levels, provided unitholders with liquidity and will allow GDF to return to distributing significant portions of fund earnings during FY16.

✓ ACTIVE PORTFOLIO MANAGEMENT

- 14,855m² leased or renewed starting in FY15 (33% of income) and a \$2.1 million increase in like for like property valuations
- Divestment of property located at 700 Springvale Rd, Mulgrave in preparation for the IPO

✓ DEBT MANAGEMENT

- Refinanced debt facility at 30% LVR with an initial draw of \$42.6 million at an effective interest rate of 3.845% p.a.

✓ DISTRIBUTIONS

- Maiden GDF distribution for the quarter ending 30 September 2015 of 2.25 cents per unit to be paid on 22 October 2015

✓ RECAPITALISATION & IPO

- Successful \$70.0 million recapitalisation of GDF
- Admitted to the ASX official list and began trading on 2 July 2015

✓ LIQUIDITY

- Through the IPO unitholders now have liquidity available through the ASX

✓ CAPITAL MANAGEMENT

- Implementation of an on-market buy-back for up to 20 million units

01

FINANCIAL RESULTS

RESULTS OVERVIEW

- Recapitalisation and ASX listing in June 2015 has been transformational for GDF, with a meaningful return to distributions during FY16.
- Significant reduction in LVR through recapitalisation and refinance of debt facilities
- Loan to value ratio (LVR) low at 30% and sound interest cover service of 6.13 times
- Significant reduction in interest rate payable as part of the new 3 year senior debt facility
- 75.6 million units issued as part of the recapitalisation
- NTA of \$1.028 per unit

	FY15	FY14
Statutory Net Profit (\$M)*	(6.302)	(10.431)
Statutory EPU (\$)	(0.065) ¹	(0.049)
FFO (\$M)	0.475	1.325
FFO per unit (\$)	0.005 ¹	0.006
Distributions (\$M)	0.537 ²	0.645
Total Property Assets (\$)	140,650,000	153,550,000
No. Assets	7	8
Units on Issue	97,202,170 ³	214,703,053
NTA per unit (\$)	1.028 ⁴	0.160
Gearing (%)	28%	76%

*A full breakdown of statutory net profit can be viewed in the appendices

1 Statutory EPU and FFO per unit calculated on units on issue following the allotment of new units as part of the recapitalisation and IPO

2 Distributions for the financial year are paid on units on issue prior to any allotment as part of the recapitalisation and IPO

3 Units on issue following the unit consolidation (9.95:1) that occurred on 19 May 2015 and the allotment of new units as part of the recapitalisation and IPO

4 NTA per unit calculated on units on issue post allotment on new units as part of the recapitalisation and IPO

CAPITAL MANAGEMENT

DEBT FACILITY

- \$63.0 million facility with St. George Bank
- Initial draw to \$42.6 million
- 3 year term

DEBT FACILITY – COVENANTS

	ACTUAL	COVENANT
LVR	30%	45%
Interest Cover Ratio	6.13x	2.5x

HEDGING

- \$42.6 million is fixed for a 4 year period
- Effective annualised rate (inc. margin and fees) of 3.845% p.a

¹As at 24 August 2015

EQUITY RAISE

- \$70.0 million raised through recapitalisation
- Strong support with Broker and Institutional Offer closing early and over-subscribed
- Trading on ASX from 2 July 2015

BUY-BACK FACILITY

- Up to 20.0 million units can be bought back at the discretion of the responsible entity
- Average daily trading volume of 210,000 units¹
- 1.1 million units have been bought back¹

02

FUND OVERVIEW

FUND SUMMARY

DIVERSIFIED PORTFOLIO

- Reputable tenants with diversity across industries and geography
- \$2.1 million valuation increase on a like for like basis to FY14
- WALE (by income) of 3.3 years
- Occupancy (by income) of 94%
- Only 5% of portfolio income due to expire during FY16
- Average annual rental increase through contracted renewals of 3.51% p.a.

CONSERVATIVE CAPITAL STRUCTURE

- 3 year, \$63.0 million debt facility drawn to \$42.6 million initially
- Interest rate fixed at 3.845% for 4 years
- Initial LVR of 30% with significant headroom to covenants
- 1.1 million units acquired through the on-market buy-back facility¹

¹As at 24 August 2015

ATTRACTIVE FINANCIAL FORECASTS

- WACR for the portfolio of 8.9%
- Forecast distribution yield of 9.00% per annum on issue price of \$1.00 per unit for FY16
- Payout ratio of ~95%
- Current NTA per unit of \$1.028
- Forecast tax advantaged income between 33% and 43%

ACTIVE MANAGEMENT STRATEGY

- Recapitalisation and IPO completed in June 2015
- 14,855m² of space leased or renewed for start during FY15
- \$3.5 million in capital expenditure budgeted for FY16
- 10% responsible entity co-investment in GDF

STRATEGY AND OBJECTIVES

INVESTMENT OBJECTIVE

- To provide sustainable and growing distributable income derived from investment in commercial (non-retail) and industrial real estate assets across the eastern seaboard of Australia.

INVESTMENT CRITERIA

- Commercial offices and industrial facilities located both in city and suburban markets along the eastern seaboard.
- GDF will continue to comprise a balance of:
 1. Newer assets demonstrating stable long-term cash flows, complimented by;
 2. A proportion of higher yielding and active management assets where the responsible entity is able to use its demonstrated skills in improving both the income profile and capital value of those assets;
- Strong tenant quality with structured rental growth.
- Continued diversification by sector and location (eastern seaboard).
- Future asset acquisitions anticipated to be in the \$20 million - \$50 million range.

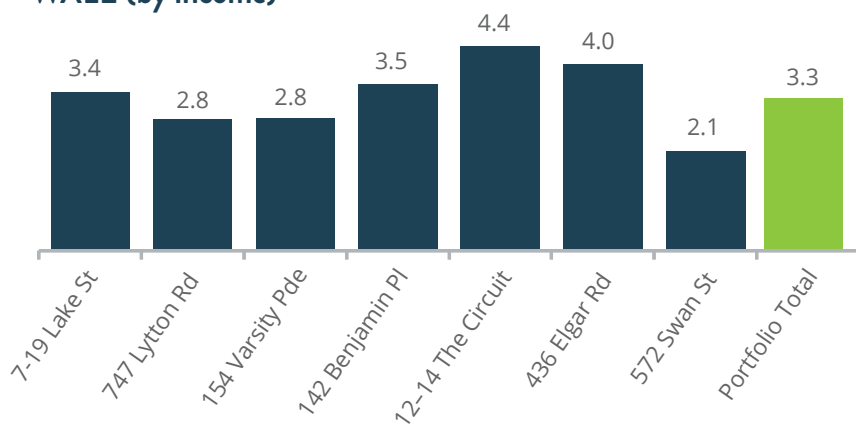
INVESTMENT OUTCOMES

- Increasing distributions – seeking growth in income distribution from combination of structured rent reviews, asset improvement and capital investment programs while maintaining a conservative distribution pay-out ratio (~95% or less).
- Invested for capital growth – nature of assets to provide GDF with identifiable potential for capital growth.
- Tax-advantaged income – maintain a competitive tax advantaged portion of distributions.
- Increasing scale and diversification benefits – positioning GDF for market re-weighting with potential increased scale while simultaneously improving diversification to location, sector and income achieved through a disciplined growth strategy (acquisitions and divestments).

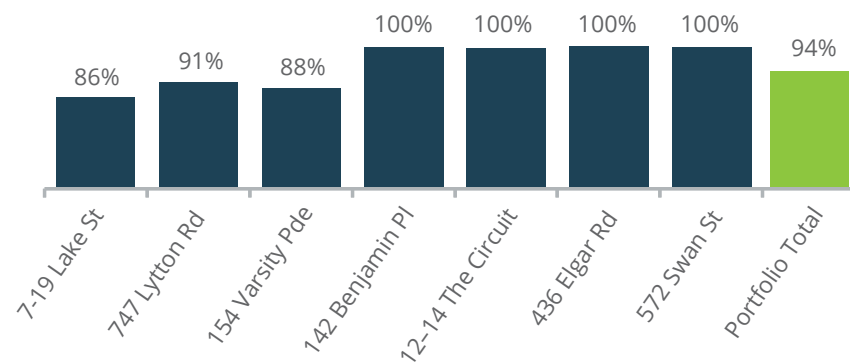
PORTFOLIO SUMMARY – PROPERTY METRICS

PROPERTY PORTFOLIO	PORTFOLIO VALUE (%)	AGE	NLA (M ²)	CAP RATE (%)	VALUATION	NABERS (STARS)
572-576 Swan Street, Richmond	22%	6	6,587	8.00%	\$31,600,000	5
436 Elgar Road, Box Hill	13%	27	5,725	9.00%	\$18,500,000	2
Bldg 2, 747 Lytton Road, Murarrie	10%	7	3,617	8.87%	\$13,600,000	3
12-14 The Circuit, Brisbane Airport	14%	8	4,675	9.33%	\$20,000,000	5
7-19 Lake Street, Cairns	26%	26	14,813	9.25%	\$37,000,000	5
154 Varsity Parade, Varsity Lakes	9%	6	3,994	9.00%	\$12,000,000	5
142-150 Benjamin Place, Lytton	6%	8	5,677	8.50%	\$7,950,000	N/A
Totals	100%		45,088	8.90%	\$140,650,000	4.2

WALE (by income)



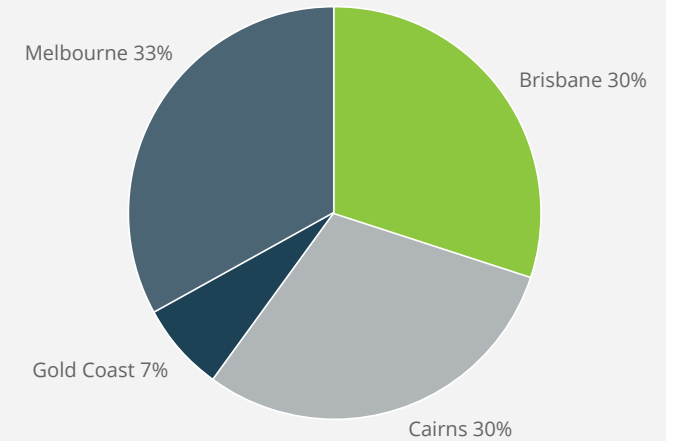
OCCUPANCY (by income)



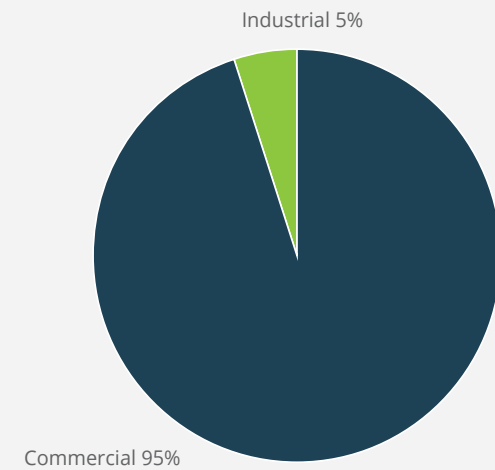
PORTFOLIO SUMMARY – DIVERSIFICATION



PORTFOLIO INCOME (by geography)

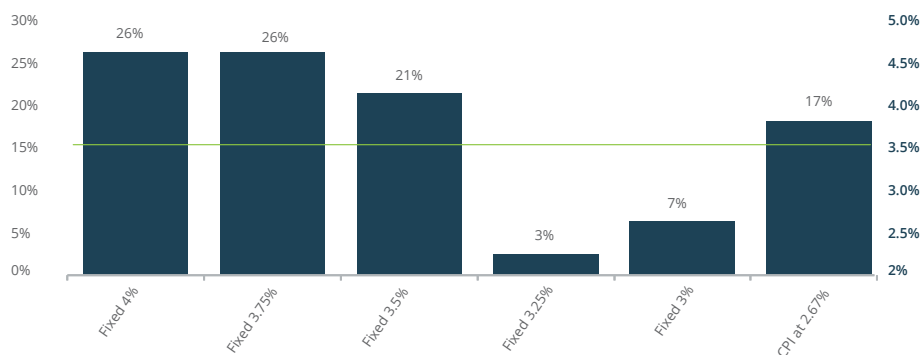


PORTFOLIO INCOME (by sector)



PORTFOLIO SUMMARY – LEASING

RENT REVIEW PROFILE



14,855m², the equivalent of 33% of portfolio income was either leased or renewed during the 2015 financial year

4 of the portfolio's top 10 tenants have renewed for periods between 5 and 6 years

Significant shift in commitments by tenants for periods 5 years and greater

Organic portfolio rental growth with a weighted average increase of 3.51% across the portfolio

PROPERTY	TENANT	NLA (M ²)	TERM	START DATE	RENT REVIEW
Airport	CASA	4,675	5 years	Dec-14	3.75%
Lytton	Visy Boxes	3,477	5 years	May-15	3.75%
Box Hill	Stellar Asia Pacific	2,085	5 years	Apr-15	4.00%
Box Hill	Planet Innovations	1,644	6 years	Oct-14	4.00%
Cairns	BDO	1,261	10 years	Nov-14	3.25%
Murarrie	Skilled Group	435	5 years	Dec-14	3.50%
Gold Coast	EMF Griffiths	396	5 years	Sep-14	4.00%
Cairns	ANZ	211	5 years	May-15	4.00%

PORTFOLIO SUMMARY – AT RISK INCOME

Modest lease expiry due during FY16 and FY17 at 5% and 10% gross income respectively

Fulton Hogan (6%) is the only top 10 tenant due to expire during this period (July 2016)

Existing vacancy currently limited to 3 properties and income from these have not formed part of FY16 earnings forecasts:

- **4.4%** of portfolio vacancy is at 7-19 Lake Street, Cairns
- **< 1%** of portfolio vacancy is at 747 Lytton Road, Murarrie
- **< 1%** of portfolio vacancy is at 154 Varsity Parade, Gold Coast

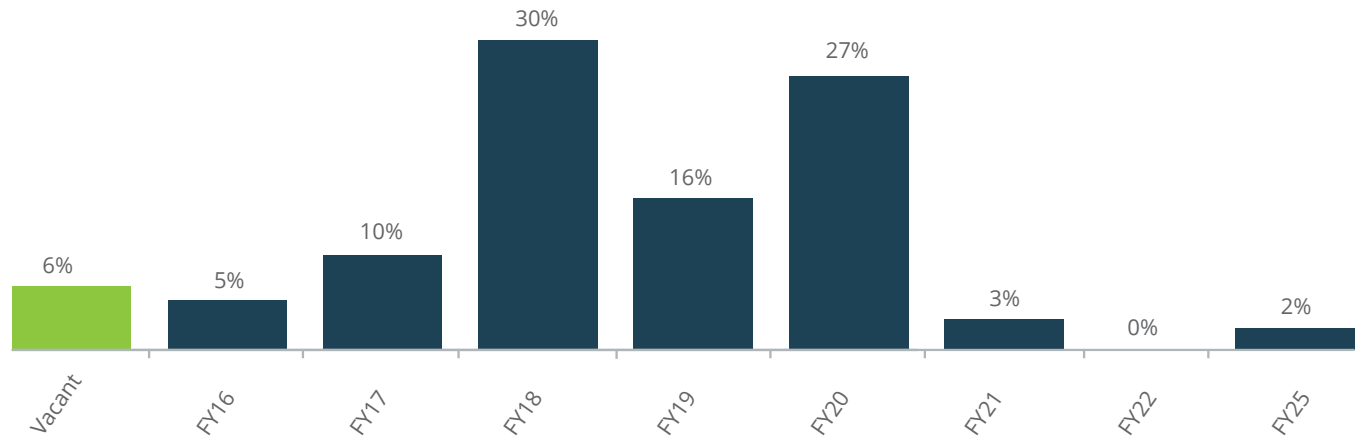
Proven active asset management capabilities to assist in renewing existing tenants as they expire and seeking new tenants for the vacant space

FY16 LEASE EXPIRY PROFILE

TENANT	PROPERTY	NLA (M ²)	LEASE END
QLD State Govt. (Project Services) ¹	Cairns	286	Sep-15
Automatic Data Processing	Murarrie	367	Dec-15
Miller Harris Services	Cairns	828	Jan-16
Morgans Cairns	Cairns	123	Jun-16
QLD State Govt. (Energy)	Cairns	110	Jun-16
Native Title Tribunal	Cairns	401	Jun-16

¹Renewed 286m²

LEASE EXPIRY PROFILE (by income)



PORTFOLIO SUMMARY - TENANT BASE

TOP 10 TENANTS AT 1 JULY 2015

COMPANY	SECTOR	RENT P.A.	% TOTAL	LOCATION
Commonwealth Govt (CASA)	Federal Government	\$2.75M	16%	Brisbane Airport
Golder Associates	Engineering, & Construction	\$2.49M	15%	Melbourne
QLD State Govt (Transport & Main Roads)	State Government	\$1.65M	10%	Cairns
Fulton Hogan	Civil Construction	\$0.97M	6%	Melbourne
Spotless Services	Facilities Management	\$0.93M	5%	Brisbane
CGI	IT Services & Consulting	\$0.87M	5%	Melbourne
Stellar Asia Pacific	Call Centre	\$0.76M	4%	Melbourne
Serco	International Services	\$0.71M	4%	Gold Coast
Planet Innovations	Product Development – biomedical	\$0.60M	4%	Melbourne
Grant Thornton	Advisory & Tax	\$0.55M	3%	Cairns
Top 10 Total		\$12.28M	72%	

03

PORTFOLIO OF ASSETS

PORTFOLIO SUMMARY – PROPERTY

7-19 LAKE STREET,
CAIRNS, QLD

Date acquired: Jun-06

Valuation: \$37,000,000

Ownership interest: 100%

NLA: 14,813m²

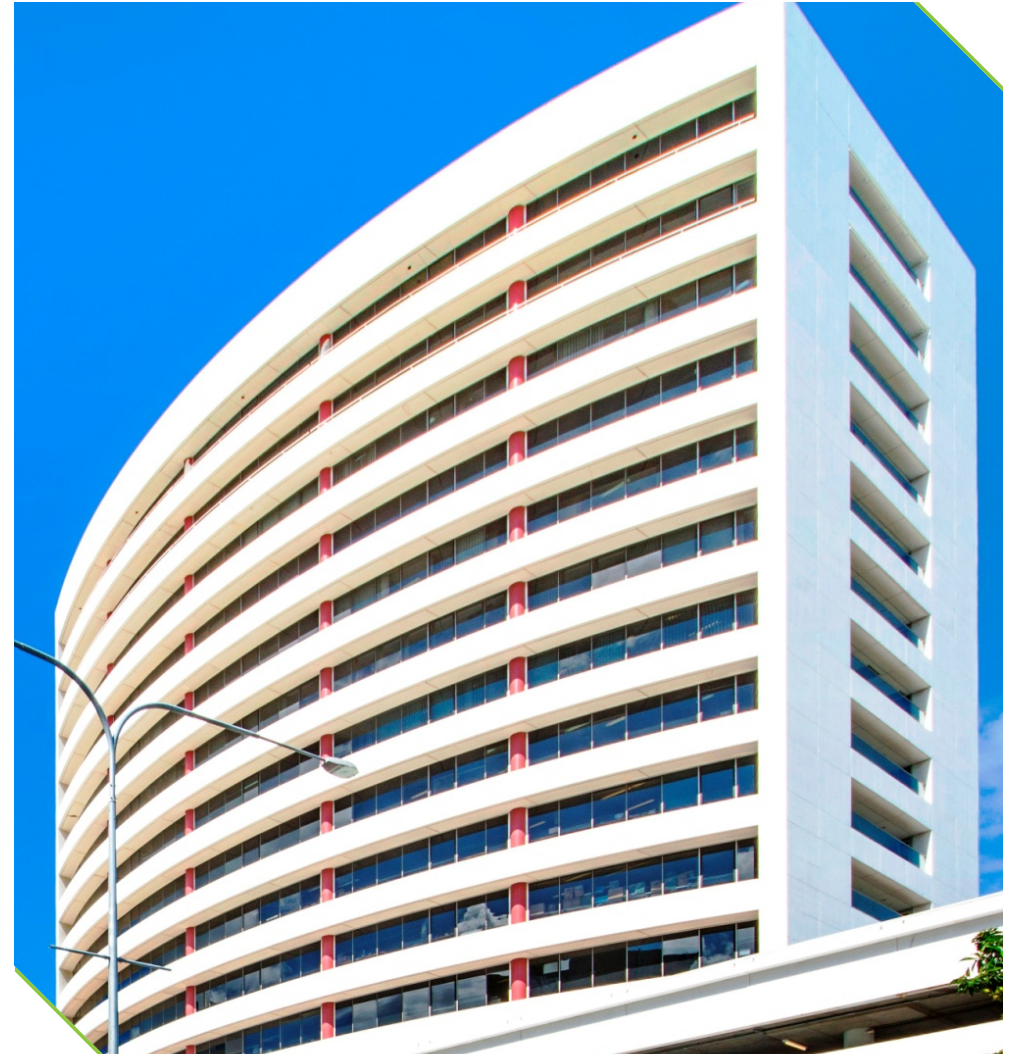
Car spaces: 254

Occupancy: 86%

WALE: 3.4

Tenants: 27

NABERS: 5 star 



PORTFOLIO SUMMARY – PROPERTY

572 - 576 SWAN STREET,
RICHMOND, VIC



Date acquired: Nov-07

Valuation: \$31,600,000


Ownership interest: 100%

NLA: 6,587m²

Car spaces: 178

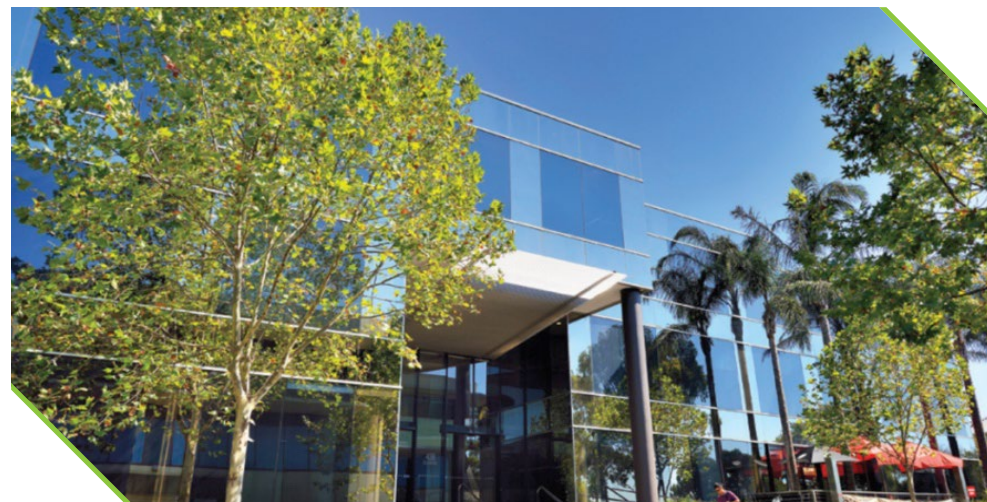
Occupancy: 100%

WALE: 2.1

Tenants: 2 

NABERS: 5 star 

436 ELGAR ROAD,
BOX HILL, VIC



Date acquired: Sept-07

Valuation: \$18,500,000

Ownership interest: 100%

NLA: 5,725m²

Car spaces: 197

Occupancy: 100%

WALE: 4.0

Tenants: 3 

NABERS: 2 star 

PORTFOLIO SUMMARY – PROPERTY

747 LYTTON ROAD,
MURARRIE, QLD



Date acquired: May-07

Valuation: \$13,600,000

Ownership interest: 100%

NLA: 3,617m²

Car spaces: 169

Occupancy: 91%

WALE: 2.8

Tenants: 4

NABERS: 3 star

12-14 THE CIRCUIT,
BRISBANE AIRPORT, QLD



Date acquired: Jan-07

Valuation: \$20,000,000

Ownership interest: 100%

NLA: 4,675m²

Car spaces: 51

Occupancy: 100%

WALE: 4.4

Tenants: 3

NABERS: 5 star

PORTFOLIO SUMMARY – PROPERTY

154 VARSITY PDE,
GOLD COAST, QLD



Date acquired: Aug-07

Valuation: \$12,000,000

Ownership interest: 100%

NLA: 3,994m²

Car spaces: 130

Occupancy: 88%

WALE: 2.8

Tenants: 4

NABERS: 5 star

142 BENJAMIN PLACE,
LYTTON, QLD



Date acquired: Sept-07

Valuation: \$7,950,000

Ownership interest: 100%

NLA: 5,677m²

Car spaces: N/A

Occupancy: 100%

WALE: 3.5

Tenants: 2

NABERS: N/A

04

APPENDICES

BALANCE SHEET

AS AT 30 JUNE 2015

	2015 \$000'S	2014 \$000'S
ASSETS		
Cash and cash equivalents	3,233	3,026
Trade and other receivables	353	287
Assets classified as held for sale	-	14,550
Investment properties	140,650	138,550
TOTAL ASSETS	144,236	156,413
LIABILITIES		
Trade and other payables	1,696	2,058
Borrowings	-	706
Provision for distributions	-	48
Tenant security deposits	308	305
Borrowings	42,307	116,281
Financial liability held at fair value through profit and loss	-	2,639
TOTAL LIABILITIES	44,311	122,037
NET ASSETS	99,925	34,376
Units on Issue	97,202,170	214,703,053
NTA per unit (\$)	1.028	0.160

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$000'S	2014 \$000'S
Revenue	17,434	18,756
Property expenses	(5,131)	(5,524)
Trust level expenses	(1,796)	(1,858)
Finance costs	(12,450)	(9,971)
Net loss on financial liability held at fair value through profit and loss	(2,961)	(525)
Fair value movement in investment property	(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)

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