

GARDA DIVERSIFIED PROPERTY FUND

HALF YEAR RESULTS PRESENTATION
26 FEBRUARY 2016



GDF OVERVIEW

PORTFOLIO

\$140.7_M

PORTFOLIO VALUE

Valuations at 1 April 2015.

8.9%

WEIGHTED AVERAGE
CAP RATE

93%

OCCUPANCY

3.3 YEARS

WALE

(agreed leases, subject to documentation)

CAPITAL

\$0.09 per unit

FULL YEAR DISTRIBUTION
FORECAST

\$0.045 per unit

HALF YEAR
DISTRIBUTION ACTUAL

\$1.02

NTA PER UNIT

As at 31 December 2015

32%

LVR

KEY ACHIEVEMENTS



NET PROFIT

Statutory net profit for the period ending 31 December 2015 of \$3.39 million.



FUNDS FROM OPERATIONS (FFO)

FFO generated for the half year was \$4.027 million.



DISTRIBUTIONS

\$0.045 per unit in distributions paid for the half year.

Full year distribution guidance of \$0.09 per unit inline with PDS forecast¹.



LEASING

2,826m² leased across the portfolio assets at an average term of 5.6 years, further mitigating income risk in FY16 and FY17. Resultant portfolio WALE of 3.3 years and an occupancy of 93%. A further 3,554m² of space currently under negotiation.



CAPITAL EXPENDITURE

Capital reinvestment program (building improvements) is being executed as expected. \$3.0m of investment anticipated by June 2016.

¹As per product disclosure statement dated 22 May 2015

RESULTS OVERVIEW

- Distributions for H1FY2016 of **\$4.276 million**.
- DPU of **\$0.045** paid during the period.
- Competitive yield of **9.625%**¹.
- Full year distribution **payout ratio forecast at 95%**.
- NTA decreased from \$1.028 to \$1.02 during the half year period primarily as a result of a net loss on fair value of derivative financial instruments used to hedge the interest rate of the debt facility.

	H1FY16
Statutory Net Profit (\$000's)	3,390
Statutory EPU (\$)	3.53
FFO (\$000's)	4,027
FFO per unit (\$)	0.044
Distributions (\$000's) ²	4,276
Total Assets (\$)	140,650,000
No. Assets	7
Units on Issue	95,933,072 ³
NTA per unit (\$)	1.02
LVR ⁴	32%

¹ Calculated on the forecast yield in the PDS dated May 2015 and the ASX unit price of \$0.935 as at close of trade on 23 February 2016.

² FFO is \$0.248 million lower than distributions for the half year due to a material rent free incentive that expired on 30 November 2015. As a result of the expiry of this incentive, the tenant will contribute six months income in the second half of the financial year compared to one month in the first half, resulting in an increase to revenue of approximately \$1.4 million during the period. Distributions for the full year are anticipated to represent a payout ratio of 95%.

³ Weighted average units on issue during the period with regard to the on market buy-back.

⁴ LVR defined as the aggregate property value divided by the drawn senior facility amount.

STRATEGY AND OUTLOOK

STRATEGY

- GDF invests in commercial and industrial assets located along the eastern seaboard.
- Management's current primary focus is tenant retention and new tenant leasing.
- The capital improvement program primarily focused on the Box Hill and Cairns assets continues to be executed as anticipated.
- An increase in scale will be considered through disciplined acquisitions during CY16.

OUTLOOK

- Management reaffirms the distribution rate of \$0.09 per unit for the full year, reflecting a yield of 9.625% on current pricing¹.
- Distributions are anticipated to reflect a 95% payout ratio for the full year.
- The current weighted average capitalisation rate is 8.9%² across the portfolio¹ based on valuations completed in April 2015.
- The portfolio will be re-valued for the financial year end.

¹ ASX unit price of \$0.935 as at close of trade on 23 February 2016.

² Capitalisation rate based on weighted average percentage of the portfolio valuations completed in April 2015

GDF AT A GLANCE

DIVERSIFIED PORTFOLIO

- Reputable tenants with diversity across industries and geography.
- \$140.7 million portfolio with WACR of 8.9%.
- WALE (by income) of 3.3 years.
- Occupancy (by income) of 93%.
- Limited lease expiry with only 1% due in FY16 and 4% in FY17.
- Organic growth through contracted annual rental increase of 3.43% pa.

CONSERVATIVE CAPITAL STRUCTURE

- 3 year, \$63.0 million debt facility drawn to \$44.85 million.
- All in Interest rate cost is fixed at 3.84% until 23 June 2019.
- LVR of 32% and strong ICR of 6 x with significant headroom to covenants.
- 3.3 million units bought back at a weighted average price of \$0.97 per unit or a 5.0% discount to NTA.

ATTRACTIVE FINANCIAL FORECASTS

- \$4.027 million in H1FY2016 Funds From Operations (FFO).
- Actual distributions paid for H1FY2016 of \$0.045 per unit.
- Current distribution yield of 9.625%¹.
- Full year payout ratio of approximately 95%.
- Current NTA of \$1.02.
- Forecast FY2016 tax advantaged income between 33% and 43%.

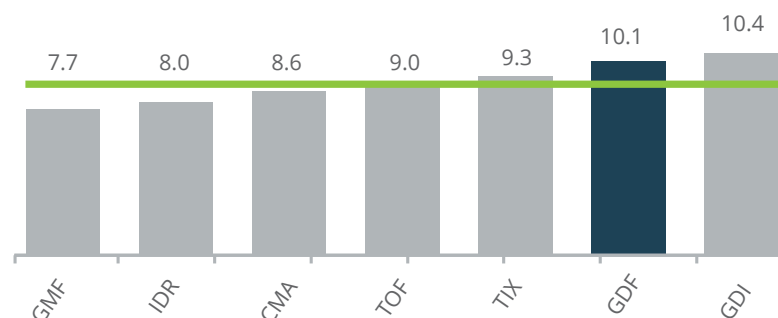
ACTIVE MANAGEMENT STRATEGY

- 2,826m² of space leased or renewed in H1FY2016 with another 3,554m² under negotiation.
- \$3 million in capital expenditure budgeted for FY16 with \$1.4 million spent in H1FY2016.
- 10.7% responsible entity co-investment in GDF.

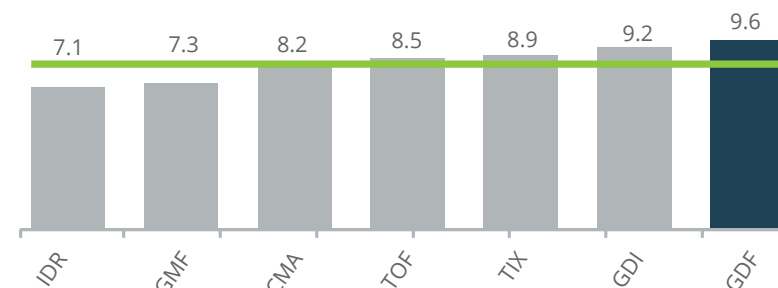
¹ Based on ASX unit price of \$0.935 as at close of trade on 23 February 2016.

A-REIT COMPARISON

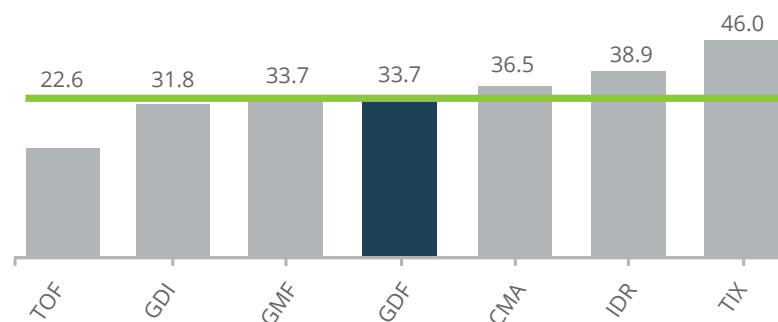
FY16 EARNINGS YEILD (%)



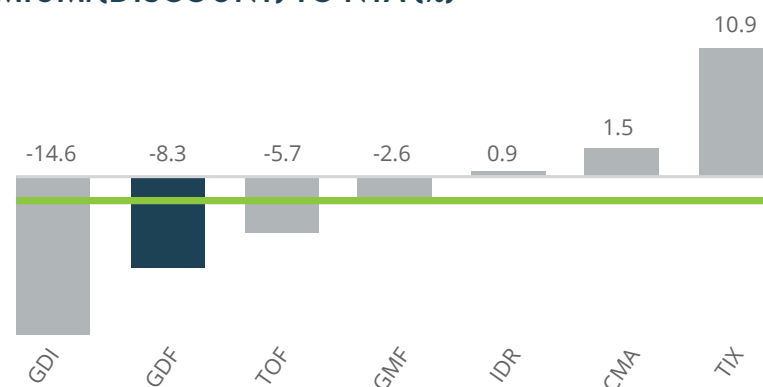
FY16 DISTRIBUTION YEILD (%)



DEBT/ASSET RATIO (%)



PREMIUM/(DISCOUNT) TO NTA (%)



Sources: Company information released to the market through ASX

1. Full year earnings and distribution yields based on market guidance available and market prices as at 23 February 2016

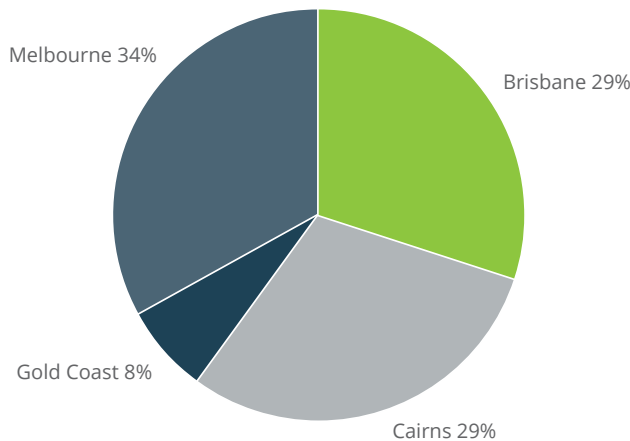
2. Debt/Asset Ratio is total liabilities divided by total assets

3. NTA based on available market data at the date of this presentation

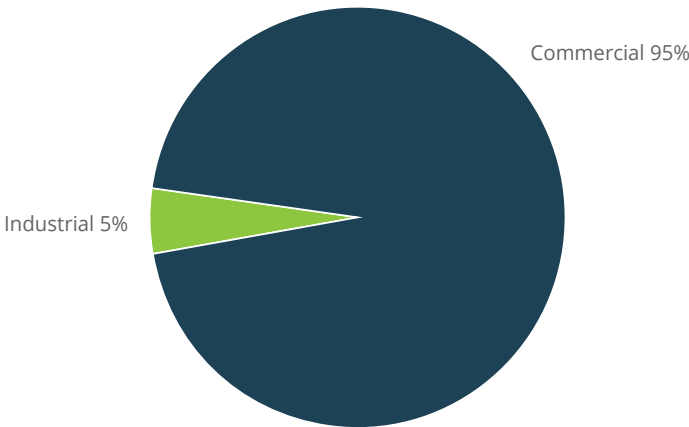
DIVERSIFIED PORTFOLIO



PORTFOLIO INCOME (by geography)

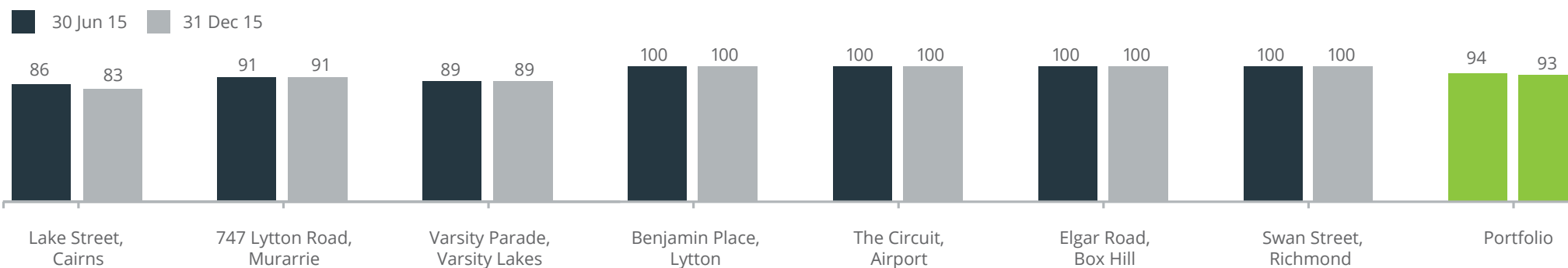


PORTFOLIO INCOME (by sector)

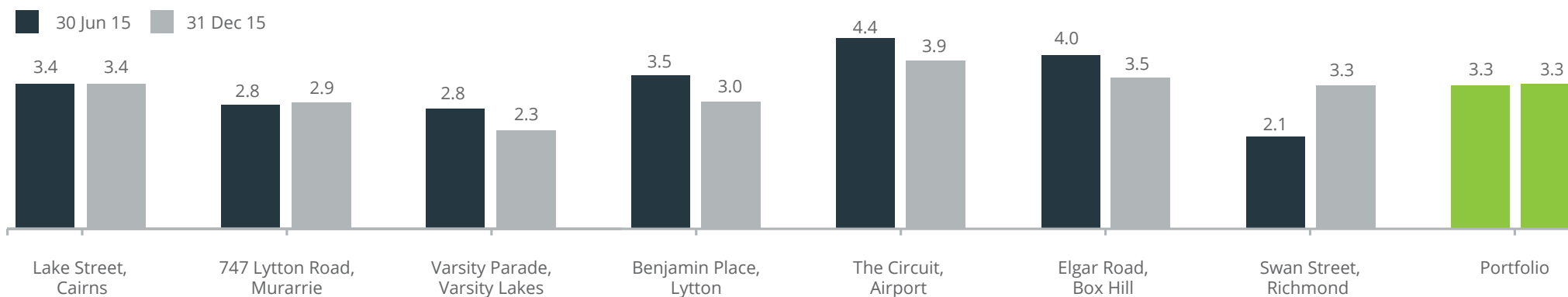


WALE & OCCUPANCY

OCCUPANCY (by income) (%)



WALE (by income) (Years)



PROPERTY ASSETS

PROPERTY PORTFOLIO	PORTFOLIO VALUE (%)	AGE	NLA (M ²)	CAP RATE (%)	INDEPENDENT VALUATION ¹	NABERS
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
9-19 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	3.5
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

¹ Independent valuations as at April 2015 which different in value to the directors' valuations in the 31 December 2015 interim accounts. Directors' valuations are based on the independent valuations plus all completed capital expenditure for the period, which has been deemed as value accretive.

KEY TENANTS

- Top 10 tenants account for 72% of the fund income.
- Broad mix of tenants across federal and state government, construction, facilities management, IT and professional services.
- Top ten tenants have an average lease term of 5.85 years.
- Top ten tenants have an average WALE of 3.22 years.

TOP 10 TENANTS AT 1 JANUARY 2016

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%	

LEASING

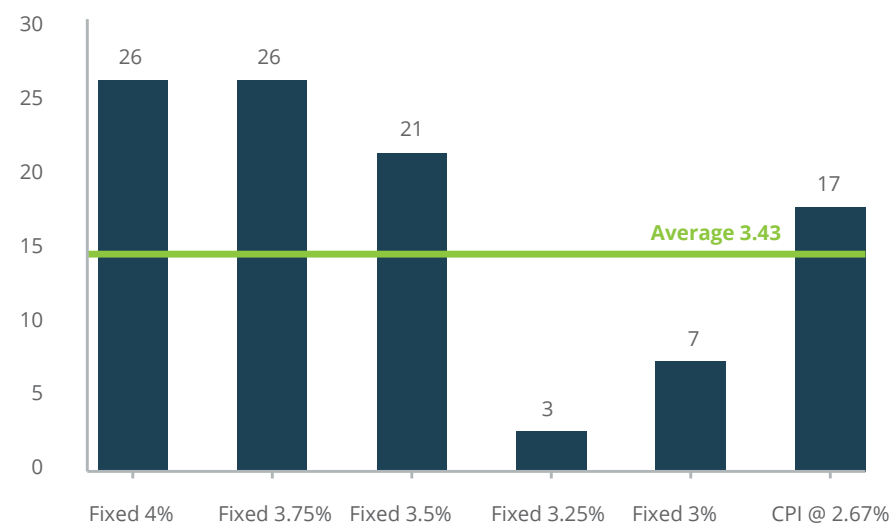
PORTFOLIO LEASING COMPLETED

PROPERTY	TENANT	NLA (M ²)	TERM	START DATE	RENT REVIEW
Cairns	Dept. of Public Works*	110	5 years	1/05/16	3.00%
Richmond	Fulton Hogan*	1,847	6 years	1/07/16	3.50%
Cairns	Dept. Of Public Works	286	2 years	1/11/15	4.00%
Cairns	Cape Flattery Silica Mines*	260	7 years	1/12/15	3.50%
Cairns	Morgans Financial*	123	7 years	1/06/16	3.50%
Murarrie	Automatic Data Processing*	200	6 years	1/04/16	3.75%

*Agreed leases subject to documentation

- Tenant retention has been a primary focus during first half of the 2016 financial year.
- New leasing outcomes also achieved and will engage external agents regarding vacant space in Cairns.
- Materially GDF's 4th largest tenant representing 6% of fund income, Fulton Hogan, has renewed 1,847m² in Richmond for 6 years from 1 July 2016 to 30 June 2022, representing \$0.97 million of annual fund income.
- Further 3,554m² of portfolio space is currently under negotiation.
- Organic income growth underpinned through weighted average annual rent increases of 3.43%.

RENT REVIEWS (%)

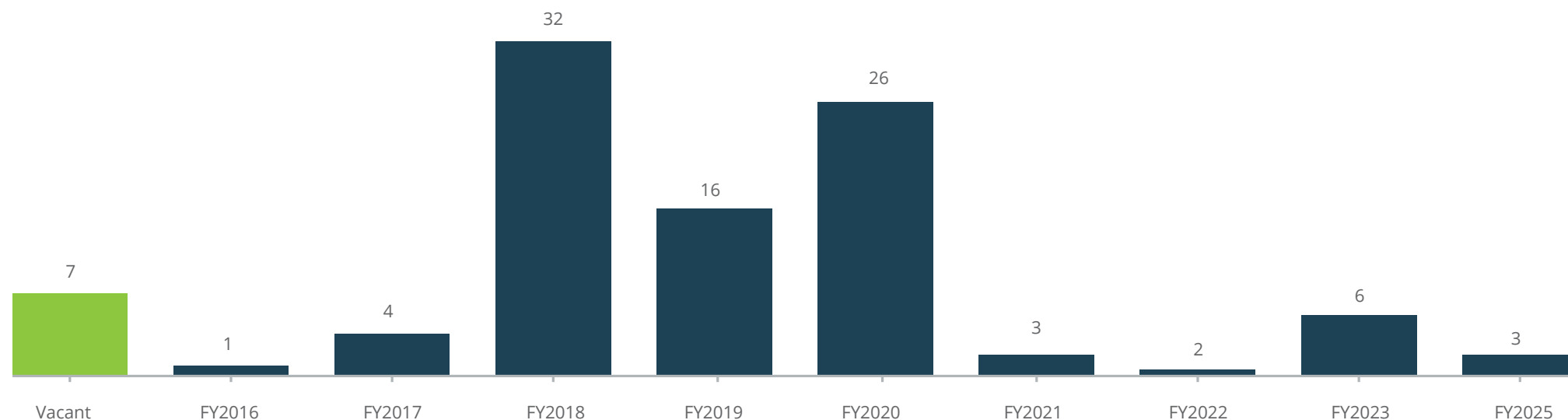


AT RISK INCOME

- At July 2015 the net income that was due to expire through FY16 was 5% and through FY17 was 10%.
- 2,826m² has been leased or renewed during the first half reducing FY16 expiry to 1% and FY17 expiry to 4%.
- Continued focus on addressing remaining FY16 and FY17 lease expires and portfolio vacancy including.

TENANT	PROPERTY	NLA (M ²)	EXPIRY
Native Title Tribunal	Cairns	401	Jun-16
Kuene & Nagel	Lytton	2,200	Dec-16
Qld Police	Varsity Lakes	953	Feb-17

LEASE EXPIRY PROFILE (%)



APPENDIX 1

FINANCIALS

INCOME STATEMENT

INCOME STATEMENT	31-DEC-15 \$'000'S	31-DEC-14 \$'000'S
Property rental income	8,493	9,755
Property expenses	(2,401)	(2,579)
Trust level expenses	(769)	(883)
Finance costs	(852)	(4,974)
Net loss of financial liabilities held for fair value through profit and loss	(491)	(265)
Fair value movement in investment properties	(550)	(520)
Loss on sale of property	–	(678)
Impairment of receivables	–	(16)
Profit/(loss)	3,390	(160)

BALANCE SHEET

BALANCE SHEET	31-DEC-15 \$000'S	30-JUN-15 \$000'S
Assets		
Cash and cash equivalents	2,128	3,233
Trade and other receivables	527	353
Investment properties	141,881	140,650
Total Assets	144,536	144,236
Liabilities		
Trade and other payables	1,468	1,696
Borrowings (current & non-current)	44,331	42,307
Distribution Payable	2,134	0
Tenant security deposits	274	308
Derivative financial instruments	491	0
Total Liabilities	48,698	44,311
Net Assets	95,838	99,925

FUNDS FROM OPERATIONS (FFO)

FUNDS FROM OPERATIONS		
	31-DEC-15 \$000'S	31-DEC-14 \$000'S
Net Profit/(loss)	3,390	(160)
Fair Value Movement in Investment Properties	590	520
Net loss on fair value of derivative financial instrument	491	–
Loss on sale of investment properties	–	678
Impairment of receivables	–	16
Incentives amortisation and rent straight-line	(444)	(134)
Funds From Operations (FFO)	4,027	920
Distributions¹	4,275	326

¹ FFO is \$0.248 million lower than distributions for the half year due to a material rent free incentive that expired on 30 November 2015. As a result of the expiry of this incentive, the tenant will contribute six months income in the second half of the financial year compared to one month in the first half, resulting in an increase to revenue of approximately \$1.4 million during the period. Distributions for the full year are anticipated to represent a payout ratio of 95%.

APPENDIX 2

PORTFOLIO OF ASSETS

PORTFOLIO SUMMARY – PROPERTY

7-19 LAKE STREET, CAIRNS, QLD

Date acquired: Jun-06

Valuation @ 1 April 2015: \$37,000,000

Ownership interest: 100%

NLA: 14,813m²

Car spaces: 254

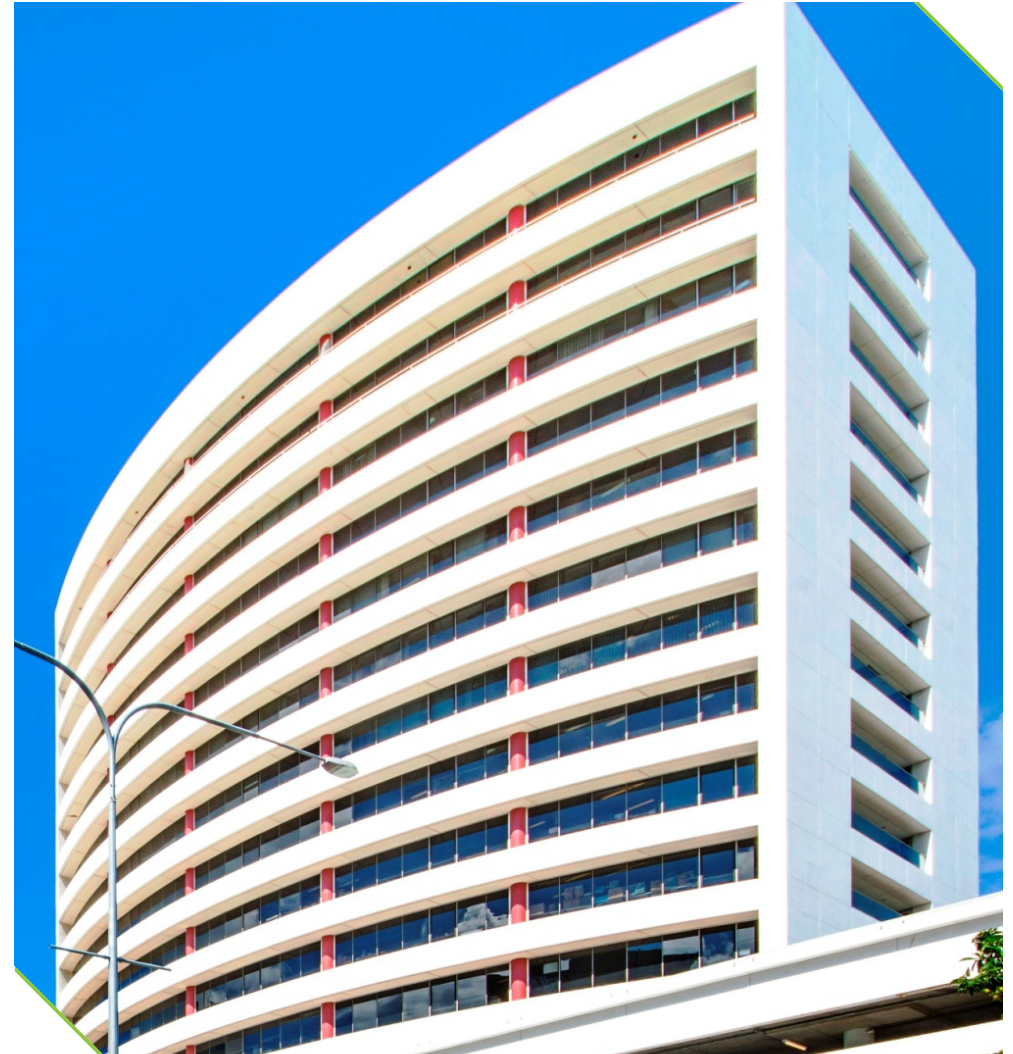
Occupancy: 83%

WALE: 3.4

(agreed leases, subject to documentation)

Tenants: 27

NABERS: 5 star 



PORTFOLIO SUMMARY – PROPERTY

572 - 576 SWAN STREET, RICHMOND, VIC



Date acquired: Nov-07

Valuation @ 1 April 2015: \$31,600,000

Ownership interest: 100%

NLA: 6,587m²

Car spaces: 178

Occupancy: 100%

WALE: 3.3

(agreed leases, subject to documentation)

Tenants: 2

NABERS: 5 star

436 ELGAR ROAD, BOX HILL, VIC



Date acquired: Sept-07

Valuation @ 1 April 2015: \$18,500,000

Ownership interest: 100%

NLA: 5,725m²

Car spaces: 197

Occupancy: 100%

WALE: 3.5

Tenants: 3

NABERS: 2 star

PORTFOLIO SUMMARY – PROPERTY

747 LYTTON ROAD, MURARRIE, QLD



Date acquired: May-07

Valuation @ 1 April 2015: \$13,600,000

Ownership interest: 100%

NLA: 3,617m²

Car spaces: 167

Occupancy: 91%

WALE: 2.9

Tenants: 4    

NABERS: 3 star   

12-14 THE CIRCUIT, BRISBANE AIRPORT, QLD



Date acquired: Jan-07

Valuation @ 1 April 2015: \$20,000,000

Ownership interest: 100%

NLA: 4,675m²

Car spaces: 51

Occupancy: 100%

WALE: 3.9

Tenants: 1 

NABERS: 5 star     

PORTFOLIO SUMMARY – PROPERTY

154 VARSITY PDE, GOLD COAST, QLD



Date acquired: Aug-07

Valuation @ 1 April 2015: \$12,000,000

Ownership interest: 100%

NLA: 3,994m²

Car spaces: 134

Occupancy: 89%

WALE: 2.3

Tenants: 4 

NABERS: 5 star 

142 BENJAMIN PLACE, LYTTON, QLD



Date acquired: Sept-07

Valuation @ 1 April 2015: \$7,950,000

Ownership interest: 100%

NLA: 5,677m²

Car spaces: N/A

Occupancy: 100%

WALE: 3.0

Tenants: 2 

NABERS: N/A

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