

2 June 2016

Asset revaluations result in \$12.35 million¹ or 8.8% uplift

GARDA Capital Limited (**GARDA**) as the responsible entity of GARDA Diversified Property Fund (**Fund** or **GDF**) announces a \$12.35 million or 8.8% increase in the value of its property portfolio compared to the previous independent valuations completed in 2015. Adjusting for capital expenditure accounted for in the fair value of the portfolio at 31 December 2015 (**1H**), these revaluations represent an \$11.1 million or 7.8% increase to the 1H carrying values.

The increase in property values for the GDF portfolio has been driven by a combination of increasing net property income and the compression of capitalisation rates, as GARDA continues to execute its capital improvements program.

As a result of the revaluations, the Fund's overall weighted average capitalisation rate has tightened 55 basis points to 8.35%.

The valuation of the Fund's portfolio as at 1 June 2016 is summarised in the table below.

Property	30 Apr 15 independent valuation (\$m)	31 Dec 15 fair value (\$m) ²	1 Jun 16 independent valuation (\$m)	Change (\$m) ¹	Change (%) ¹	1 Jun 16 cap rate	31 Dec 15 cap rate
7-19 Lake Street, Cairns, QLD	35.8	36.5	41.0	4.5	12.2%	8.50%	9.25%
Land at 26-30 Grafton Street, Cairns, QLD	1.2	1.2	1.2	0.0	0.0%	n/a	n/a
12-14 The Circuit, Brisbane Airport, QLD	20.0	20.4	22.4	2.0	9.7%	8.60%	9.33%
B2, 747 Lytton Road, Murrarie, QLD	13.6	13.6	14.1	0.5	3.7%	8.39%	8.87%
154 Varsity Parade, Varsity Lakes, QLD	12.0	12.0	12.9	0.9	7.5%	8.50%	9.00%
572-576 Swan Street, Richmond, VIC	31.6	31.6	33.5	1.9	5.9%	7.50%	8.00%
436 Elgar Road, Box Hill, VIC	18.5	18.5	19.4	0.9	4.8%	8.50%	9.00%
142-150 Benjamin Place, Lytton, QLD	8.0	8.0	8.5	0.5	6.5%	8.25%	8.50%
Total Portfolio	140.7	141.9	153.0	11.1	7.8%	8.35%	8.90%

The revaluations, in combination with an updated mark to market movement on derivatives and allowance for capital expenditure items, are expected to increase the value of GDF's net tangible assets (**NTA**) by approximately \$0.10 per unit which would result in a pro forma NTA of \$1.12^{1,3} per unit compared to the Fund's NTA of \$1.02 as at 31 December 2015.

The loan to value ratio of the Fund decreases from approximately 31.7% to 29.8%¹.

¹ Unaudited.

² As disclosed in GDF's interim financial report for the half year ended 31 December 2015.

³ Pro forma NTA includes an adjustment for a \$11.1 million positive property revaluation movement, a \$0.5 million negative movement in the mark to market of derivatives as at 31 May 2016, less capital expenditure items of \$1.1 million up to 31 May 2016.

GARDA's Managing Director, Matthew Madsen, commented that "following the listing of the Fund in July 2015, the key focus has been to deliver on the forecast annual income distributions of 9 cents per unit, mitigate near term leasing risk, and to continue to execute the capital improvements program. The substantial increase in property valuations is reflective of these activities and the continued improvement in capitalisation rates across the markets in which GDF is exposed to."

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About GARDA Diversified Property Fund

GDF is an ASX listed real estate investment trust (REIT) which invests in commercial offices in city and suburban markets as well as industrial facilities along the eastern seaboard of Australia. GDF currently holds seven established property assets independently valued at \$153 million.

About GARDA Capital Limited

GARDA Capital Limited is the responsible entity of GDF and is a member of the GARDA Capital Group and holds AFSL 246714 which permits it to act as the responsible entity for GDF. GARDA Capital Group is a real estate investment and funds management group, with a board and management team with considerable real estate and funds management experience. The GARDA Capital Group has co-invested in GDF and holds a 10.7% strategic stake, in line with its co-investment strategy.
