GDA DIVERSIFIED PROPERTY TRUST
Disclosure Update – 31 December 2021

Introduction

The Australian Securities and Investments Commission (ASIC) have issued disclosure requirements for responsible entities of unlisted property funds in Regulatory Guide 46 (RG46). The disclosure requirements sets out six benchmarks and eight principles for improved disclosure to help retail investors compare risks and returns across investments in the unlisted property sector.

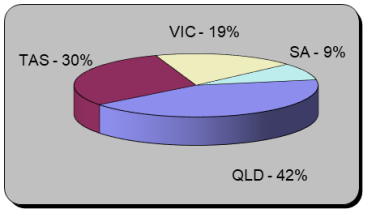
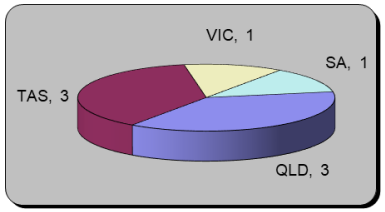
The following document has been prepared for the GDA Diversified Property Trust ("the Trust") by GDA Securities Ltd ("the Manager") for the purposes of ASIC Regulatory Guide 46. Investors will be updated on any material changes to the below information on a 6 monthly basis, or as soon as practicable if there is a materially adverse change to the information. Updates will be provided by mail and/or via the Manager's website at www.gdagroup.com.au. Investors may request hard copies of this document and any documents referred to in the disclosure update by calling the Manager on (03) 6234 4413.

All figures are based on the 31 December 2021 audited accounts, unless otherwise stated.

Benchmark	Application to GDA Diversified Property Trust ("the Trust")
1. Gearing Policy The responsible entity maintains and complies with a written policy that governs the level of gearing at an individual credit facility level. **Explanation:** A higher gearing ratio means a higher reliance on external liabilities (primarily borrowings) to fund assets. This exposes the scheme to increased funding costs, if, for example, interest rates rise. A highly geared scheme has a lower asset buffer to rely on in times of financial stress. Disclosure by the responsible entity of its gearing policy, including at an individual credit facility level, helps investors to better understand the risks associated with the responsible entity's approach to gearing.	The Manager has a written scheme policy on gearing at an individual credit facility level. The Trust has a policy of maintaining gearing of no higher than 56% on all properties which is in line with bank covenants. The gearing ratio of the Trust as well as details of the loan facility are detailed in the Disclosure Principles section of this update providing details on the gearing ratio (Disclosure Principle 1) as well as details of the loan facility (Disclosure Principle 3). The Trust has met this benchmark.
2. Interest Cover Policy The responsible entity maintains and applies a written policy that governs the level of interest cover at an individual scheme level. **Explanation:** A property scheme's interest cover ratio is a key indicator of its financial health. The lower the interest cover, the higher the risk that the scheme will not be able to meet its interest expense. A scheme with a low interest cover ratio only needs a small reduction in earnings (or a small increase in interest rates or other expenses) to be unable to meet its interest expense. Disclosure by the responsible entity of its interest cover policy, including at an individual credit facility level, helps investors to better understand the risks associated with the responsible entity's approach to gearing.	The Manager has a written policy that governs the level of interest cover at an individual scheme level. For each financial year, the Trust must obtain an interest cover of 1.90 times which is in line with bank covenants. The interest cover ratio is detailed in Disclosure Principle 2. The Trust has met this benchmark.
3. Interest Capitalisation The interest of the scheme is not capitalised. **Explanation:** Interest capitalisation means the scheme is not required to make interest payments until an agreed point in time. It generally applies in the context of development because the asset may not generate any income during development to meet any interest obligations under finance facilities. If the property cannot be sold for more than the credit facility, the investor will not receive any return as a result of the sale.	The Trust meets this benchmark. Interest on the scheme is not capitalised.

4. Valuation Policy The responsible entity maintains and complies with a written valuation policy that requires: a) a valuer to: i) be registered or licenced in the relevant state, territory or overseas jurisdiction in which the property is located (where a registration or licensing regime exists), or otherwise be a member of an appropriate professional body in that jurisdiction; and ii) be independent; b) procedures to be followed for dealing with any conflicts of interest; c) rotation and diversity of valuers; d) valuations to be obtained in accordance with a set time table; e) for each property, an independent valuation to be obtained: i) before each property is purchased: A) for a development property, on an "as is" and "as if complete" basis; and B) for all other property, on an "as is" basis; and ii) within two months after the directors form a view that there is likelihood that there has been a material change in the value of the property. **Explanation:** Investing in a property scheme exposes investors to movements in the value of the scheme's assets. Investors therefore need information to assess the reliability of valuations. The more reliable the valuation, the more likely the asset will return the amount when it is sold. However, any forced sale is likely to result in a shortfall compared to the valuation unless the valuation has been made on a forced sale basis.	The Trust's policy is for property assets to be independently valued at least every twelve months by a Certified Practicing Valuer registered with the Australian Property Institute unless the property is subject to a development, lease negotiations or a sale process. The valuation must be performed on the basis of standard practices of the Australian Property Institute, i.e. on the basis of a willing buyer and seller. The same valuer cannot be used for more than two consecutive valuations. The Directors of the Manager will assess the value of the property portfolio at each reporting date (i.e. 30 June and 31 December) to determine if there is a material difference between the built up book value and the current fair value. If there is a significant variance the Directors may make an adjustment to the reported value or choose to commission an independent valuation. Conflicts of interest that arise from the application of the valuation policy are managed in accordance with the Manager's Conflicts of Interest Policy. The Trust has met this benchmark.
5. Related Party Transaction Policy The responsible entity maintains and complies with a written policy on related party transactions, including the assessment and approval processes for such transactions and arrangements to manage conflicts of interest. **Explanation:** A conflict of interest may arise when property schemes invest in, or make loans or provide guarantees to, related parties.	The Manager has a documented related parties policy that provides a system to ensure that all transactions concerning their operations comply with the law pertaining to related party transactions. The purpose of this policy is to ensure that the Manager meets its obligations to refer related party transactions, where appropriate, to the Board of Directors and prescribes how the Board should assess each contemplated transaction. The Manager also has a documented conflict of interest policy that prescribes how the Manager will identify, manage and monitor actual or perceived conflicts of interest. In addition, the Manager has a corporate governance framework to protect investors' interests. This framework includes: ▪ A Board of Directors overseeing the operations of the Responsible Entity. Three members of this Board are independent Directors. ▪ A Compliance Officer has been appointed and a Compliance Committee established to monitor the Manager to ensure that it meets its requirements under the Constitution and Compliance Plan of the Trust. Two thirds of the Compliance Committee are made up of external independent members, with an independent member as the Chairman. ▪ An independent Custodian has been appointed to hold the property of the Trust as custodian for the Investors, and to deal with such property only as instructed by the Manager in accordance with the provisions of the Custodian Agreement, the Constitution and the Corporations Act. The Related Party Transactions are detailed in Disclosure Principle 5. The Trust has met this benchmark.

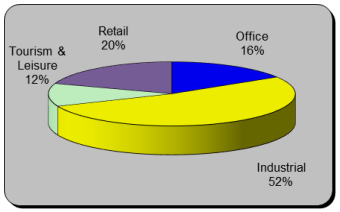
6. Distribution Practices The scheme will only pay distributions from its cash from operations (excluding borrowings) available for distribution. **Explanation:** Some property schemes make distributions partly or wholly from unrealised revaluation gains, capital, borrowings, or support facilities arranged by the responsible entity, rather than solely from cash from operations available for distribution. This may not be commercially sustainable over the longer term, particularly when property values are not increasing.	The Trust intends to pay distributions from its cash from operations (excluding borrowings) and, where applicable, accumulated working capital of the Trust. Distribution Practices are detailed in Section 6. The Trust has met this benchmark.

Disclosure Principle	Further Explanation
1. Gearing Ratio The gearing ratio is calculated by dividing total interest bearing liabilities by total assets using the latest financial statements.	The Trust's gearing level as at 31 December 2021 was 42.13%. This is similar to the level disclosed at 30 June 2021 (41.88%) and a decrease to the level disclosed at 31 December 2020 (44.89%).
2. Interest Cover The interest cover ratio is calculated by the following formula: $\frac{\text{EBITDA - unrealised gains + unrealised losses}}{\text{Interest Expense}}$ (EBITDA = Earnings before Interest, Taxes, Depreciation and Amortisation)	The Trust's 'Interest Cover Ratio' per the 31 December 2021 financial accounts was 3.23 times which is inside the Trust's loan facility Interest Cover Ratio covenant of 1.90 times. This compares to 4.22 times before non-operating items for the financial year ended 30 June 2021 and 3.90 times for the 6 months to 31 December 2020.
3. Scheme Borrowing Relatively short-term borrowings and credit facilities with short expiry dates are a risk factor if they are used to fund assets intended to be held long term. If the scheme has a significant proportion of its borrowings that mature within a short timeframe, it will need to refinance. There is a risk that the refinancing will be on less favourable terms or not available at all. If the scheme cannot refinance, it may have to sell assets on a forced sale basis with the risk that it may realise a capital loss. Breach of a loan covenant may result in penalties being applied, or the loan becoming repayable immediately. The scheme may need to refinance on less favourable terms or sell assets. Termination of critical financing could also mean the scheme is no longer viable.	The following table summarises the Trust's loan facilities: **Facility** | **Limit** | **Undrawn** | **Facility Expiry** | **Interest Rate** | **Hedging Expiry** | **Comment** Facility A | 35,300,000 | 2,000,000 | 13/06/2025 | Variable Market Rate | - | The loan facility was varied in September 2021 by increasing the limit by $8,553,750 to $35,300,000 following the purchase of the property located at 63 St Andrews Drive, Tewantin QLD. Short Term Renewals The Trust does not have any exposure to short term debt. Loan Covenants As at 31 December 2021 the Trust has met its bank loan covenants. Ranking Investors should note that they will rank behind the lender and other creditors of the Trust. This means that if the lender enforces its security over the Trust assets then the lender will be reimbursed prior to investors receiving their interest. All borrowings are on a non-recourse basis to Investors, meaning that Investors are only exposed to the extent of their investment.
4. Portfolio Diversification Generally, the more diversified a portfolio is, the lower the risk that an adverse event affecting one property or one lease will put the overall scheme at risk. A concentration of development assets in a scheme exposes investors to increased risks involved in the development of property assets.	The Trust owns a diversified portfolio of property investments with exposure to a broad range of geographic markets and property sectors within Australia. Please refer below for detailed information regarding the diversification of the portfolio. **(a) Properties by Geographic Location** ***(i) Calculated by Asset Value as at 31/12/2021***  ***(ii) Shown by Number as at 31/12/2021***  These pie charts highlight the significant level of diversification present within the Trust's property portfolio. The Trust diversification of properties across geographic locations reduces the risk of a natural disaster or terrorism significantly impacting on the Trust's performance.

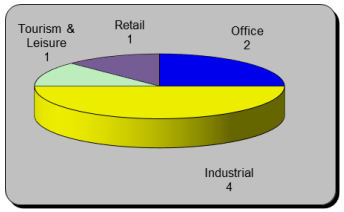
4. Portfolio Diversification (continued)

(b) Properties by Sector

(i) Calculated by Asset Value as at 31/12/2021



(ii) Shown by Number as at 31/12/2021



These pie charts show a bias toward industrial properties. This sector tends to attract longer leases than is often available within the office or retail sectors.

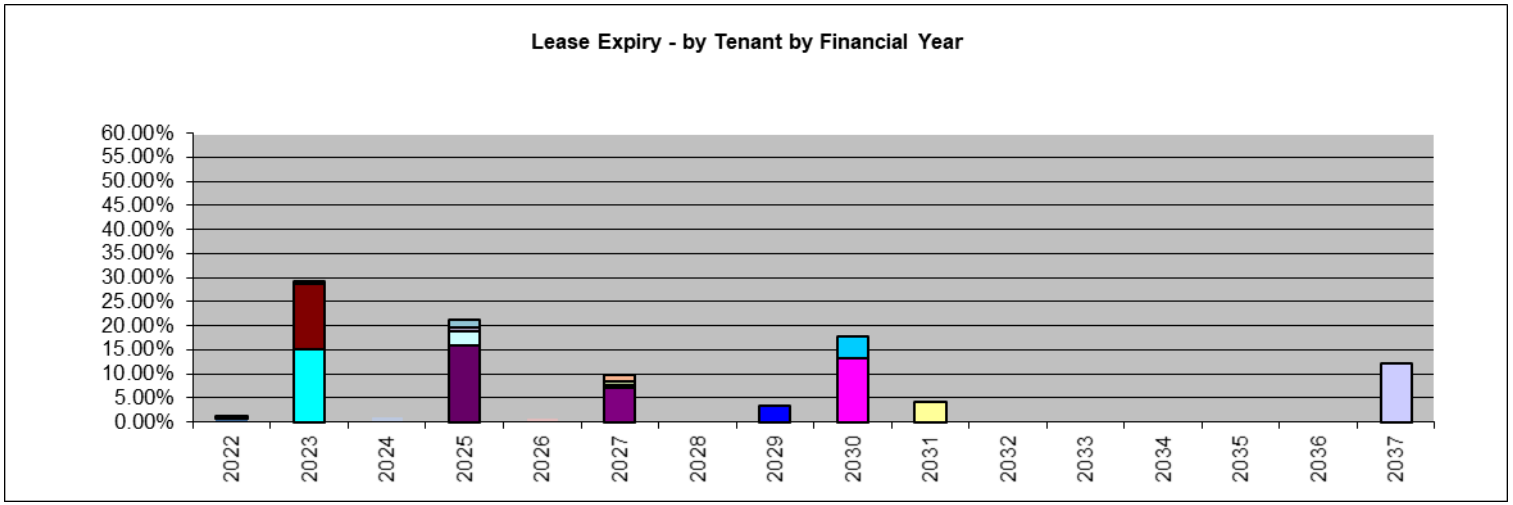
The Trust does not currently own any assets that would be classified as development properties.

Despite property's historical tendency to gradually appreciate over time, areas of the property market, including office, industrial, retail, and tourism & leisure, increase and decrease usually in cycles. This may vary from state to state and city to city. The structure of the Trust provides flexibility in terms of the timing and location of property to be sold. It does this through diversification by location and property sector.

All properties are all directly owned by the Trust. They are held in trust by Sandhurst Trustees Ltd, an independent custodian. The Trust does not own any other non-direct property assets other than cash and cash equivalents.

(c) Lease Expiry Profile

(i) Calculated by Income as at 31/12/2021



The above chart illustrates the lease expiry profile of the Trust's property portfolio and the different colours represent different tenancies.

4. Portfolio Diversification (continued)

(ii) Weighted Average Lease Expiry (WALE)

The weighted average lease expiry is a measurement of how long income is contractually secured by leases across a property portfolio. The portfolio as at 31 December 2021 had a weighted average lease expiry of 5.39 years, which compares to 5.89 years as at 30 June 2021.

The Manager constantly monitors the weighted average lease profile of the Trust and looks to extend it wherever possible. It has had an excellent track record of extending leases prior to their scheduled expiry date, which helps reduce the risk of vacant tenancies should leases not be renewed at their expiration.

(d) Occupancy Rates

(i) By Number

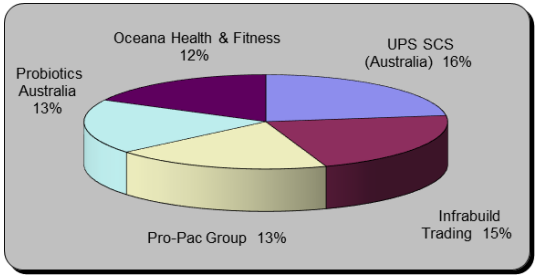
7 of the 8 properties within the portfolio were fully occupied as at 31 December 2021. The one property that was not fully occupied is 96.2% occupied by Net Lettable Area.

(ii) By Income

99.6% of the portfolio by income was occupied as at 31 December 2021.

(e) Top 5 Tenants by Percentage of Income of Total Portfolio

(i) as at 31/12/2021



5. Related Party Transactions

GDA Securities Ltd is the Responsible Entity and Manager of the GDA Diversified Property Trust. GDA Securities Ltd does not hold any units in the Trust, however, its Directors collectively held 261,381 units as at 31 December 2021. All transactions between the Trust and related parties, being directors of GDA Securities Ltd, have been at market value on normal commercial terms and conditions.

In accordance with the Trust Constitution, the Responsible Entity and the Manager are entitled to receive fees for the provision of services to the Trust and to be reimbursed for certain expenditure incurred in the administration of the Trust.

Fee	How and When Paid	Change During Period
Investment Management Fee A fee of 0.60% per annum of assets under management.	Payable monthly in arrears to the Manager by the Trust. The Manager may waive or defer any or all of this fee in any given year.	Not Applicable
Property Acquisition Fee A fee of 2% of the gross purchase price of any property acquired.	Paid by the Trust to the Manager. The fee is payable upon the acquisition of property.	Not Applicable
Disposal Fee A fee of 1.5% of the sales proceeds of any property sold.	Paid by the Trust to the Manager. The fee is payable upon the disposal of property.	Not Applicable

5. Related Party Transactions (continued)

Fee	How and When Paid	Change During Period
GDA Advisory Pty Ltd Accounting, Tax and Trust Registry Fee A fee charged at commercial rates for providing accounting and taxation services and managing the unit trust register.	Fees paid in relation to accounting and taxation services are payable when incurred. Fees paid in relation to trust registry services are payable monthly in advance.	Not Applicable
GDA Property Services Pty Ltd Property Management Services Fee A fee of 0.20% per annum of the gross value of Property held in the Trust at the close of each month. Project Management Services Fee A fee charged at commercial rates for providing technical advice and project management services when required. Leasing Fee A fee charged at commercial rates for securing new tenants, or renews or extends leases with existing tenants.	Fees paid in relation to property management services are payable monthly in arrears. Fees paid in relation to project management services are payable when incurred. Fees paid in relation to leasing services are payable when incurred.	Not Applicable

Details of all related party transactions are reported yearly as part of the Trust's annual accounts. The latest annual accounts for the GDA Diversified Property Trust are dated 30 June 2021 and can be found on the Manager's website at http://www.gdagroup.com.au/financial-reports/.

6. Distribution Practices

The following table illustrates the distributions paid in the last 24 months. Distributions are currently paid out of realised income adding back amortisation of borrowing expenses and, where applicable, accumulated working capital of the Trust. The Directors believe that the current level of distributions are sustainable.

Quarter Ending	Rate Paid (cents per unit per annum)	Rate Paid (cents per unit pro rata for no of days in the period)	Amount paid ($Total)
31/03/2020	5.75	1.43	397,462
30/06/2020	5.75	1.43	399,556
30/09/2020	5.90	1.49	420,501
31/12/2020	6.20	1.56	466,467
31/03/2021	6.30	1.55	494,166
30/06/2021	6.35	1.58	523,422
30/09/2021	6.35	1.60	563,287
31/12/2021	6.55	1.65	634,213

The current distribution rate of 6.55 cents per unit per annum equates to a 6.01% income distribution to investors based on the net asset value per unit of $1.0899 as at 31 December 2021.

7. Withdrawal Arrangements

Unlisted property schemes often have limited or no withdrawal rights. This means they are usually difficult to exit.

An investment in the Trust should be treated as illiquid. There are currently withdrawal facilities available to Investors as provided below.

Limited Three-Monthly Withdrawal Offer

The Manager intends to offer Investors the opportunity to withdraw all or part of their investment through limited withdrawal offers made available on a three-monthly basis, subject to the Trust having available liquid assets. Accordingly, if the amount required to meet withdrawal requests in any month exceeds the amount the Manager determines

7. Withdrawal Arrangements (continued)	to be available, withdrawal requests will be met on a pro-rata basis. The unsatisfied portion of the withdrawal requests will be carried forward to the next withdrawal offer and treated as a new withdrawal request for the unsatisfied portion, unless, with the agreement of the Manager, the Investor withdraws the deemed withdrawal request. Withdrawal requests received after 5:00pm on the final Hobart business day of the offer period will be deemed to have been received in the following offer period. The withdrawal price will be determined as at the closing withdrawal price on the final Hobart business day of the offer period and not when the actual payment is made. Accepted withdrawal requests will normally be paid within 21 days after the end of the relevant offer period in which they are received. However, under the Constitution, the Manager is allowed up to 365 days to meet any withdrawal requests where the Trust is liquid. If the Limited Three-Monthly Withdrawal Offer is being offered, the Manager will inform Investors of the estimated amount available to meet withdrawal requests by issuing a written notice to all Investors. <u>Five-Year Liquidity Event</u> Every five years from March 2019, the Manager intends to send a notice to all Investors giving them an opportunity to fully withdraw from the Trust at a stated withdrawal price. The Manager will determine the withdrawal price in accordance with the Constitution and the then current unit pricing policy. Withdrawal requests must be received within the specified notice period. So long as withdrawal requests do not total more than 75% of the Trust's units on issue on the first Hobart business day after the close of the notice period or the Manager cannot otherwise satisfy any withdrawal requests to which a Five-Year Liquidity Event occurred, then the Manager will seek to satisfy withdrawal requests within 365 days after the end of the notice period. Withdrawal requests may be funded from cash, the sale of assets, the issue of new units or the Manager may seek to facilitate unit transfers between Investors wishing to withdraw and potential purchasers. If all withdrawal requests can be satisfied in the specified period then the Trust will continue and the Manager intends that the next Five-Year Liquidity Event will be made available five years later and each five years following. If all withdrawal requests cannot be satisfied in the specified period, or if withdrawal requests received total more than 75% of the units on issue on the first Hobart business day after the close of the notice period, the Manager will take steps to wind up the Trust in accordance with the Constitution and distribute net proceeds to Investors in proportion to their holdings.
8. Net tangible assets The net tangible asset (NTA) backing of a scheme gives investors information about the value of the tangible or physical assets of the scheme. The initial and ongoing NTA backing may be affected by various factors, including fees and charges paid upfront for the purchase of properties, costs associated with capital raising, or fees paid to the responsible entity or other parties.	Net Tangible Asset backing per unit is calculated by the following formula: $\frac{\text{Net Assets - intangible assets +/- any other adjustments}}{\text{Number of Units in the Trust}}$ The Manager complies with all relevant accounting standards in determination of the variables. The Net Tangible Assets per unit for the Trust as at 31 December 2021 is $1.0899.