

8 October 2018

GDF \$25 MILLION CAPITAL RAISING

Capital raising

GARDA Capital Limited (**GARDA**) as the responsible entity of GARDA Diversified Property Fund (**Fund** or **GDF**) is pleased to announce the successful completion of an institutional placement (**Placement**) of new fully paid ordinary units in the Fund (**New Units**).

The Placement is for 20,000,000 New Units at \$1.25 (**Placement Price**), to raise \$25 million before costs, and is expected to settle on Thursday 11 October 2018 (other than 3.2 million New Units in respect of which unitholder approval is required). Binding commitments have been received for all New Units to be issued under the Placement.

The GARDA Capital Trust (**GCT**), part of the GARDA Capital Group (ASX: **GCM**), as the largest unitholder of the Fund is pleased to support the raise with a commitment to subscribe for 3.2 million New Units for \$4 million, subject to unitholder approval at GDF's general meeting scheduled for 23 November 2018. The balance of the New Units will be issued under the Fund's 15% capacity pursuant to ASX Listing Rule 7.1 and unitholder approval is not otherwise required.

The proceeds will be principally applied to partially repay the Fund's current debt facilities, reducing the Fund's loan to value ratio (**LVR**) to 30.8% following completion¹. The Fund will draw down on its debt facilities during the financial year as the Botanicca 9 project continues to progress to completion anticipated during the fourth quarter of FY19.

The Placement Price represents:

- 3.1% discount to the NTA of \$1.29;
- 1.6% discount to the 10 day VWAP of \$1.27;
- 1% discount to the last traded price on Wednesday 3 October of \$1.26; and
- an annualised 2019 financial year distribution yield forecast of 7.2%².

Existing and New Units will rank equally, with New Units entitled to receive the expected December 2018 quarter distribution of \$0.0225 per unit. The Fund's 2019 financial year distribution guidance remains unchanged at \$0.09 per unit and GDF's payout ratio is forecast to remain in the range of 100% to 105%.

Senior debt – post Placement

The application of Placement proceeds will be used principally to repay some of the Fund's existing debt facilities, resulting in a pro-forma LVR of 30.8%.

The Fund's loan facilities total \$126.5 million, with \$113.1 million currently drawn. St George provided an increase in its facilities of \$7.85m during September. Following completion of the capital raise³, there is expected to be approximately \$37.7 million of debt headroom. This provides for the continued funding of the Botanicca 9 construction as well as future acquisition capacity.

¹ Assumes completion of the GCT subscription, following unitholder approval in November 2018.

² The yield is calculated based on the forecast annual distribution rate of \$0.09 per unit, at a unit price of \$1.25.

³ Assumes completion of the GCT subscription, following unitholder approval in November 2018.

If the Botanicca 9 project is completed in line with expectations, and the Fund's debt facilities were fully drawn, the Fund's LVR would be 38.7%.

Financial overview

The table below details a pro-forma balance sheet to show the effect of the Placement (assuming unitholder approval of the GCT commitment). The pro-forma balance sheet has been derived from:

- the Fund's 30 June 2018 balance sheet adjusted for subsequent material balance sheet movements, debt draws and repayments; and
- a pro-forma adjustment to reflect the application of net proceeds raised under the Placement to reduce the Fund's debt facility by approximately \$24.3 million.

GARDA Diversified Property Fund Statement of Financial Position	GDF September 2018*	PRO FORMA ADJUSTMENTS	GDF COMPLETION
	\$000's	\$000's	\$000's
ASSETS			
Cash and cash equivalents	4,216		4,216
Trade and other receivables	2,154		2,154
Investment properties	288,777		288,777
Total assets	295,147	-	295,147
LIABILITIES			
Trade and other payables	(2,767)		(2,767)
Distribution payable	0		0
Borrowings	(113,102)	24,280	(88,822)
Tenant security deposits	(520)		(520)
Derivative financial instrument	(874)		(874)
Total liabilities	(117,263)	24,280	(92,983)
Net assets	177,884	24,280	202,164
Units on issue	138,444,594	20,000,000	158,444,594
NTA per unit	\$1.29		\$1.28
LVR	39.2%		30.8%

**30 June adjusted for material balance sheet movements to 24 September 2018*

Proforma Adjustments:

\$'000s	Notes
24,280	Net proceeds of the offer applied to debt reduction

Managing Director's comment

GARDA Capital Group Executive Chairman Matthew Madsen said, "We are extremely pleased to have completed this Placement. It yet again demonstrates the strong support we enjoy from our investors. The Manager has also participated, subject to later unitholder approval, for a \$4 million commitment increasing the Manager's co-investment alignment stake to 13.8% of GDF."

-Ends-

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About GARDA Diversified Property Fund (ARSN 104 391 273)

GDF is an ASX listed real estate investment trust (REIT) which invests in commercial offices and industrial facilities along the eastern seaboard of Australia. GDF currently holds eleven assets, one of which is under construction. GDF's property portfolio is independently valued at \$327 million.

About GARDA Capital Limited

GARDA Capital Group is an ASX listed (ASX: GCM) real estate investment and funds management group. The GARDA Capital Group is co-invested in GDF, presently holding a 13.5% stake. GARDA Capital Limited is the responsible entity of GDF, is a member of the GARDA Capital Group and holds AFSL 246714 which permits it to act as the responsible entity for GDF.
