

7 December 2016

SUCCESSFUL COMPLETION OF \$20 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 a private placement (**Placement**) of new fully paid ordinary units in the Fund (**New Units**).

The Placement of 18,518,516 New Units issued at \$1.08 (**Placement Price**), raising \$20 million, is expected to settle in the next one to two business days.

The proceeds will be principally applied to partially repay the Fund's current debt facility, reducing the Fund's loan to value ratio (**LVR**) to 32.6%. The reduction in the Fund's LVR is consistent with the Fund's long term gearing target of 30% to 35%.

The Placement has further strengthened and broadened the GDF register.

The Placement Price represents:

- an 8% premium to 5 day VWAP;
- a 2% discount to the pro forma net tangible assets of \$1.10 per unit; and
- an annualised 2017 financial year distribution yield forecast of 8.70%¹.

Existing and New Units will rank equally, with New Units entitled to receive the December 2016 quarter distribution of \$0.0235 per unit. The Fund's 2017 financial year distribution guidance remains unchanged at \$0.094 per unit, with an increase in payout ratio to approximately 92.5% as a result of the increased units now on issue.

Senior debt – post Placement

The application of Placement proceeds will be used principally to repay approximately \$20 million of the Fund's existing debt (floating facilities), resulting in a pro forma LVR of 32.6% and forecast 2017 financial year interest cover ratio of 6 times. The total interest cost of the drawn facility following the Placement will be approximately 3.7%.

The Fund's debt facility will be drawn to \$59.6 million following repayment using Placement proceeds, with approximately \$24 million of headroom. This provides future acquisition capacity of up to approximately \$45 million.

Financial overview

The table below details a pro forma balance sheet to show the effect of the Placement. The pro forma balance sheet has been derived from:

- a) the Fund's 30 June 2016 balance sheet adjusted for the Mackay acquisition, and subsequent debt draws; and

¹ The yield is calculated based on the forecast annual distribution rate of \$0.094 per unit, at a unit price of \$1.08.

- b) a pro forma adjustment to reflect the application of funds raised under the Placement to reduce the Fund's debt facility by approximately \$20 million.

	GDF 30/09/2016*	PRO FORMA ADJUSTMENTS	GDF Completion
	\$000's	\$000's	\$000's
ASSETS			
Cash and cash equivalents	2,869	-	2,869
Investment properties	183,027	-	183,027
Other assets	318	-	318
Total assets	186,214	-	186,214
LIABILITIES			
Borrowings NC	(79,381)	20,000	(59,381)
Derivative financial instrument	(1,127)	-	(1,127)
Other liabilities	(1,754)	-	(1,754)
Total liabilities	(82,262)	20,000	(62,262)
Net assets	103,952	20,000	123,952
Units on issue	93,804,456		112,322,972
NTA per unit	1.11		1.10

* 30 June 2016 balance adjusted for Mackay acquisition, and subsequent debt draws

Managing Director's comment

GARDA Capital Group Managing Director Matthew Madsen said, "we are extremely pleased to have closed this Placement at premium to current market price. It is a strong endorsement of the performance, strategy and future prospects of GDF.

GDF intends to increase scale, though disciplined acquisitions of office and industrial assets along the Eastern seaboard of Australia. This Placement and resultant conservative gearing position provides the Fund with capacity for future asset acquisitions of up to approximately \$45 million, allowing GARDA to continue to implement GDF's stated strategy".

Additional information

In accordance with Listing Rules 7.1A.4(b) and 3.10.5A, the following information is provided in respect of the New Units issued under Listing Rule 7.1A:

- a) 9,380,445 New Units were issued using the Fund's additional placement capacity under Listing Rule 7.1A (**Additional Capacity**) and the remaining New Units were issued under the Fund's capacity under Listing Rule 7.1. The New Units issued under the Placement resulted in the following dilution:

Number of ordinary units on issue prior to the Placement:	93,804,456
New Units issued under Listing Rule 7.1A (Additional Capacity):	9,380,445
Dilution as a result of issue under Listing Rule 7.1A:	9.09%
Number of ordinary units including New Units issued under Listing Rule 7.1A:	103,184,901
New Units issued under Listing Rule 7.1:	9,138,071
Total number of ordinary units on issue after Placement:	112,322,972

All of the Additional Capacity was issued to existing unitholders of the Fund. Details of the approximate percentage of issued capital following the Placement held by existing unitholders are as follows.

	After Placement of Additional Capacity ²	After Placement of Additional Capacity and Listing Rule 7.1 New Units
Pre-Placement unitholders who did not subscribe for New Units under Listing Rule 7.1A:	88.4%	81.2%
Pre-Placement unitholder/s who subscribed for New Units under Listing Rule 7.1A:	11.6%	14.7% ³
Participants in the Placement who were not previously unitholders:	0%	4.1%

- b) Following the recent unitholder approval at GDF's annual general meeting for an additional 10% placement capacity, GARDA's board considered all alternatives for capital raising but determined to issue New Units pursuant to the Placement as opposed to a pro rata issue to all unitholders, having regard for adding strength to the register, the issue price and financial impact to the Fund, and the time and cost savings compared to a larger underwritten issue.
- c) The Placement was not underwritten, and therefore there were no fees payable to an underwriter.
- d) There were no fees incurred in connection with the issue of New Units, other than legal fees in accordance with normal time based charges.

-Ends-

For more information please contact:

Matthew Madsen

Managing Director
 GARDA Capital Limited
 Phone: 07 3002 5300
<mailto:matthew.madsen@gardacapital.com.au>

Paul Brown

Manager, Investor Relations
 GARDA Capital Limited
 Phone: 07 3002 5362
paul.brown@gardacapital.com.au

About GARDA Diversified Property Fund (ARSN 104 391 273)

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 eight established property assets independently valued at \$183 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 holding a 8.9% 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.

² This information relates specifically to the 9,380,445 New Units issued under Listing Rule 7.1A.

³ One existing unitholder participated in both the Additional Capacity and the Placement under Listing Rule 7.1. This figure includes the total New Units subscribed for by this unitholder as part of the Placement.