

February 12, 2026

## ACCUMULATE (no change)

|                              |                |
|------------------------------|----------------|
| Stock code:                  | GDF AU         |
| Price:                       | A\$1.19        |
| 12-month target price:       | A\$1.35        |
| Previous target price:       | A\$1.40        |
| Up/downside to target price: | 13.4%          |
| Dividend yield:              | 7.4%           |
| 12-month TSR*:               | 20.9%          |
| Market cap:                  | A\$259m        |
| Average daily turnover:      | A\$0.09m       |
| Index inclusion:             | ALL ORDINARIES |

\* Total stock return – Up/downside to target price + 12-month forward dividend yield.

### Price performance

| (%)            | 1M   | 3M  | 12M  | 3Y    |
|----------------|------|-----|------|-------|
| Absolute       | 1.3  | 4.8 | 4.4  | -11.5 |
| Rel ASX/S&P200 | -0.7 | 4.3 | -0.1 | -29.9 |



Source: Iress

### Financial summary

|                            | Jun-25A | Jun-26F | Jun-27F | Jun-28F |
|----------------------------|---------|---------|---------|---------|
| Net Property Income (A\$m) | 25.0    | 20.4    | 19.5    | 22.2    |
| EBITDA Norm (A\$m)         | 21.9    | 26.1    | 29.9    | 32.1    |
| FFO (A\$m)                 | 15.0    | 20.0    | 22.2    | 23.3    |
| FFO ps (A\$)               | 0.075   | 0.100   | 0.110   | 0.116   |
| FFO Growth Norm (%)        | 16.0%   | 33.3%   | 10.8%   | 5.1%    |
| P/FFO (x)                  | 15.9    | 11.9    | 10.8    | 10.3    |
| DPS (A\$)                  | 0.063   | 0.085   | 0.090   | 0.092   |
| Dividend Yield (%)         | 5.3%    | 7.1%    | 7.6%    | 7.7%    |
| Franking (%)               | 0%      | 0%      | 0%      | 0%      |
| EV/EBITDA (x)              | 22.1    | 14.1    | 12.6    | 11.7    |
| Balance Sheet Gearing (%)  | 41%     | 28%     | 29%     | 28%     |

Source: Company data, Morgans estimates

### Related research

[Sector report - 09 Sep 2025](#)
[Sector report - 02 Jun 2025](#)

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Analyst(s) own shares in the following stocks mentioned in this report:

– N/A

# Garda Property Group

## Solid half underpinned by scaling lending book

▪ Garda is proving itself an adept asset allocator, selling down development sites at a time when equity returns are challenged, whilst reallocating debt to capture superior risk adjusted returns. Recent divestments leave the business with low gearing (20.8%), while the incremental dollar drawn is being allocated to private credit and as such tied to the movement in the cash rate. Existing vacancy (Acacia Ridge) and development upside (Morningside) should see Property FFO grow, while the expanded loan book should deliver higher Lending FFO. Offsetting the positive business fundamentals is weak sentiment towards interest rate sensitive stocks. On this basis, we retain our Accumulate rating with a \$1.35/sh price target.

### Event – 1H26

- **Headline.** GDF reported 1H26 FFO of \$8.86m or 4.4cps (vs \$7.37m/3.7cps in the pcp) and distributions of 4cps (vs 3.2 in the pcp), both in line with MorgansF.
- **Outlook commentary.** FY26 FFO guidance has been upgraded to 10cps w/ distributions of 8.5cps (previously 9.1cps w/ distributions of 8cps).
- **NTA.** NTA was \$1.60 (FY25: \$1.61), representing a 25% discount to NTA.
- **Gearing.** Gearing was 20.8% (FY25: 42.7%); \$60m debt headroom +\$20m cash; w/ a 4 year weighted average debt expiry (WADE).

### Analysis

- **Investment property.** Portfolio fundamentals remain sound, underpinned by CPI-linked rental growth of ~3-3.5% and long-term demand for Brisbane industrial assets. Leasing at Acacia Ridge remains the key medium-term swing factor, and our base case assumes partial-year income (3-6 months) in FY27, rather than full occupancy. Looking beyond FY27, development activity, particularly the Morningside expansion, could introduce meaningful earnings upside from FY28 (MorgansF: +\$4m, full year run-rate).
- **Lending.** GDF's lending platform continues to scale, supported by a high-yield mezzanine-led strategy supplemented by recurring fee income. GDF has been able to achieve ~20% gross return on average deployed lending capital. Real estate debt deployment continues to increase, and the division now represents c.1/3 of group revenue (and growing). FY26 outstanding loans are forecast to be c.\$113m, driving an uplift in interest income, associated fees and group FFO.

### Forecast earnings, balance sheet and valuation update

- **Earnings.** We have increased our FFO (per unit) by 10% / 6% / 7% across FY26/27/28, which has seen our FY24-28 FFO (per unit) CAGR increase from 14% to 17.5% as we incorporate the lease up of Acacia Ridge, redevelopment of Morningside and further scaling of the lending book.
- **Balance sheet.** The sale of North Lakes and Cairns (CY25) has resulted in \$191m of debt repayment with gearing decreased (hoh) to 20.8%. The portfolio cap rate has decreased marginally to 5.83%, albeit the implied cap rate at the current share price is at c.7.7%.
- **Valuation.** Our valuation of \$1.35/sh reflects an implied distribution yield of 6.3% and a P/NTA discount of 16%.

### Investment view

- GDF has reshaped its business, selling the non-core office asset and development site, strengthening the balance sheet to focus on higher return segments. Capital continues to be redeployed into higher-yielding lending activities, with the loan book expanding materially and becoming a key driver of FFO growth. At the same time, Garda has now repositioned its SEQ industrial portfolio, focusing on leasing the Acacia Ridge vacancy and advancing the Morningside expansion to unlock rental reversion and future earnings uplift. We have an ACCUMULATE rating with a \$1.35/sh 12-month target price, based on a blended P/FFO, DCF and SOTP valuation.

### Price catalysts and risks

- **Catalysts.** Leasing progress at Acacia Ridge; continued lending deployment; and progress on Morningside development and pre-leasing.
- **Risks.** Tenant default/non-renewal; delays with key development projects; and slower than expected lending deployment or margin compression.

# Garda Property Group

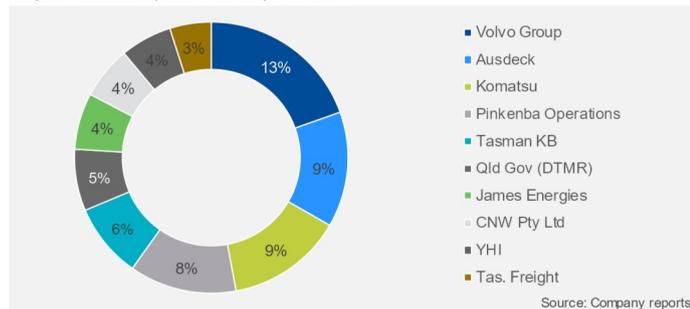
ACCUMULATE

as at February 12, 2026

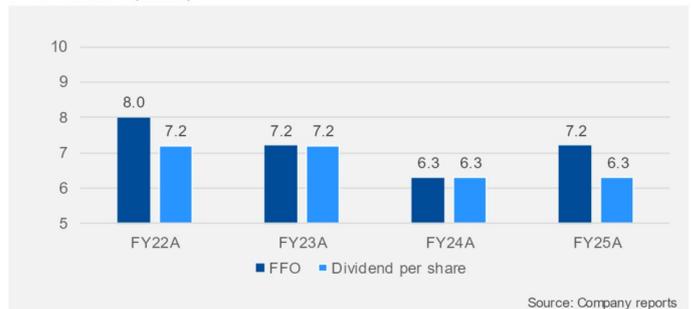
|                    |                |                                  |      |
|--------------------|----------------|----------------------------------|------|
| Price (A\$):       | 1.19           | 12-month target price (A\$):     | 1.35 |
| Market cap (A\$m): | 259            | Up/downside to target price (%): | 13.4 |
| Free float (%):    | 99             | Dividend yield (%):              | 7.4  |
| Index inclusion:   | ALL ORDINARIES | 12-month TSR (%):                | 20.9 |

Garda Property Group (GDF) is a Brisbane based REIT focused on industrial property and commercial real estate lending. Following asset sales completed over the past 12 months, the portfolio has transitioned to a pure-play South East Queensland industrial platform. The portfolio comprises >\$330m of industrial property, complemented by a growing high-yield lending book, which is expected to represent an increasing share of earnings. GDF's objective is to deliver sustainable and growing distributable income derived from industrial investments and commercial lending activities, while maintaining low gearing. GDF is internally managed.

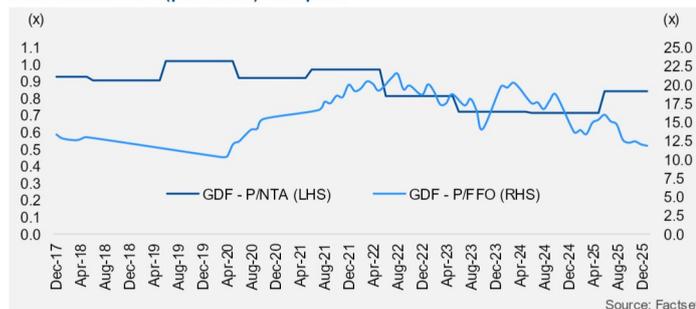
## Top ten tenants (% of income) - 1H26A



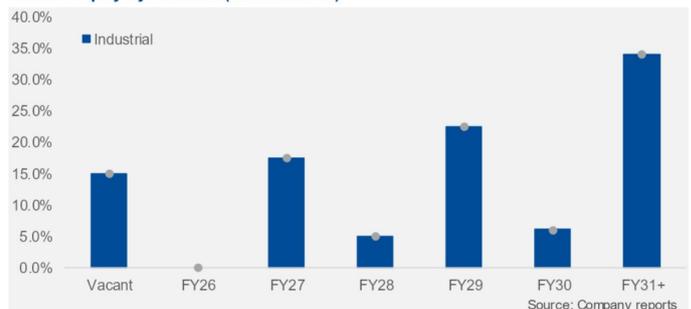
## FFO and DPS (cents)



## P/NTA and P/FFO (per share) multiples



## Lease expiry by location (% of income)



## Bull points



### Pivot to balance sheet lending lifts earnings

Management continues to scale its balance sheet senior/mezzanine lending book, selling down the non-core assets of North Lakes and Cairns. Doubling the book would add c.2.5¢ to FFO while keeping gearing low, providing a clearer, lower-risk growth path than building projects from scratch.

### Exposure to South-East Queensland industrial

GDF's portfolio solely industrial having sold the North Lakes development site and Cairns office asset. There remains good tailwinds for industrial assets with rental growth strong and the Brisbane vacancy rates low.

### Trading below NTA

GDF is trading at a discount to its \$1.60 NTA, with asset sales going some way to crystallise the NTA.

## Bear points



### Income gap during transition & higher credit risk

With North Lakes and Cairns sold, rental income continues to shrink while the loan book scales and new industrial assets are secured. Redirecting capital into senior/mezzanine lending should lift FFO, but borrower quality and execution risk introduce added uncertainty while the strategy materialises.

### General economic risks

If there is a wider economic downturn it may impact tenant demand and ability to grow rent if vacancies increase. Higher interest costs may also be a drag on earnings.

**Figure 1: Financial summary**

| P&L                                   | FY23A             | FY24A         | FY25A        | FY26F       | FY27F       | FY28F       |
|---------------------------------------|-------------------|---------------|--------------|-------------|-------------|-------------|
| Gross property income                 | A\$M 30.4         | 27.9          | 25.0         | 20.4        | 19.5        | 22.2        |
| Direct property expenses              | A\$M (6.9)        | (6.5)         | (6.1)        | (5.2)       | (4.4)       | (5.0)       |
| <b>Net property income</b>            | <b>A\$M 23.5</b>  | <b>21.3</b>   | <b>18.8</b>  | <b>15.2</b> | <b>15.1</b> | <b>17.2</b> |
| Lending trust FFO                     | A\$M 2.8          | 3.6           | 7.7          | 15.5        | 19.8        | 19.9        |
| Corporate FFO                         | A\$M 0.4          | 0.7           | 0.7          | 1.4         | 1.0         | 1.0         |
| Employee costs                        | A\$M (3.2)        | (3.4)         | (3.6)        | (4.0)       | (4.0)       | (4.0)       |
| Other corporate expenses              | A\$M (1.9)        | (1.9)         | (1.7)        | (2.0)       | (2.0)       | (2.0)       |
| <b>EBITDA</b>                         | <b>A\$M 21.5</b>  | <b>20.4</b>   | <b>21.9</b>  | <b>26.1</b> | <b>29.9</b> | <b>32.1</b> |
| D&A                                   | A\$M (0.2)        | (0.1)         | (0.1)        | 0.0         | 0.0         | 0.0         |
| <b>EBIT</b>                           | <b>A\$M 21.4</b>  | <b>20.3</b>   | <b>21.7</b>  | <b>26.1</b> | <b>29.9</b> | <b>32.1</b> |
| Net interest expense                  | A\$M (6.3)        | (7.1)         | (6.3)        | (6.1)       | (6.8)       | (7.8)       |
| Tax                                   | A\$M (0.1)        | 0.1           | (0.4)        | (0.1)       | (0.9)       | (1.0)       |
| <b>Underlying FFO</b>                 | <b>A\$M 14.9</b>  | <b>13.3</b>   | <b>15.0</b>  | <b>20.0</b> | <b>22.2</b> | <b>23.3</b> |
| Trading profits                       | A\$M 0.0          | 0.0           | 0.0          | 0.0         | 0.0         | 0.0         |
| Tax                                   | A\$M 0.0          | 0.0           | 0.0          | 0.0         | 0.0         | 0.0         |
| <b>FFO</b>                            | <b>A\$M 14.9</b>  | <b>13.3</b>   | <b>15.0</b>  | <b>20.0</b> | <b>22.2</b> | <b>23.3</b> |
| Underlying adjustments                | A\$M (19.9)       | (56.2)        | (21.1)       | (4.0)       | (2.1)       | 8.7         |
| Tax                                   | A\$M 0.0          | 0.0           | 0.0          | 0.0         | 0.0         | 0.0         |
| Underlying adjustments                | A\$M (19.9)       | (56.2)        | (21.1)       | (4.0)       | (2.1)       | 8.7         |
| <b>Statutory net profit after tax</b> | <b>A\$M (4.9)</b> | <b>(42.9)</b> | <b>(6.1)</b> | <b>16.1</b> | <b>20.0</b> | <b>32.0</b> |

| Balance Sheet                        | FY23A             | FY24A        | FY25A        | FY26F        | FY27F        | FY28F        |
|--------------------------------------|-------------------|--------------|--------------|--------------|--------------|--------------|
| Cash and cash equivalents            | A\$M 13.2         | 17.0         | 24.1         | 1.2          | 3.8          | 5.7          |
| Current receivables                  | A\$M 0.3          | 0.2          | 0.0          | 1.9          | 2.1          | 2.6          |
| Financial assets                     | A\$M 12.0         | 26.2         | 22.2         | 94.9         | 94.9         | 94.9         |
| Derivatives                          | A\$M 0.0          | 0.9          | 0.0          | 0.0          | 0.0          | 0.0          |
| Held for sale                        | A\$M 111.8        | 13.3         | 191.4        | 2.0          | 2.0          | 2.0          |
| Other current assets                 | A\$M 1.2          | 0.7          | 2.0          | 2.0          | 2.3          | 2.8          |
| <b>Total current assets</b>          | <b>A\$M 138.3</b> | <b>58.3</b>  | <b>239.8</b> | <b>102.0</b> | <b>105.1</b> | <b>108.0</b> |
| Equity accounted investments         | A\$M 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Investment properties                | A\$M 488.8        | 495.4        | 330.7        | 331.6        | 342.4        | 353.6        |
| Intangible assets                    | A\$M 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Property, plant and equipment        | A\$M 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Derivatives                          | A\$M 15.5         | 11.2         | 6.9          | 6.4          | 6.4          | 6.4          |
| Other noncurrent assets              | A\$M 0.3          | 0.7          | 0.4          | 0.2          | 0.2          | 0.2          |
| <b>Total non-current assets</b>      | <b>A\$M 504.7</b> | <b>507.3</b> | <b>359.8</b> | <b>356.0</b> | <b>366.9</b> | <b>378.2</b> |
| <b>Total assets</b>                  | <b>A\$M 643.0</b> | <b>565.6</b> | <b>599.6</b> | <b>458.0</b> | <b>472.0</b> | <b>486.2</b> |
| Trade and other payables (CL)        | A\$M 4.4          | 2.1          | 2.5          | 1.3          | 1.5          | 1.9          |
| Current borrowings                   | A\$M 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Lease liabilities - current          | A\$M 0.0          | 0.1          | 0.1          | 0.1          | 0.1          | 0.1          |
| Distribution payable                 | A\$M 3.8          | 3.2          | 3.6          | 4.1          | 4.1          | 4.1          |
| Other current liabilities            | A\$M 1.3          | 0.4          | 1.0          | 0.6          | 0.7          | 0.9          |
| <b>Total current liabilities</b>     | <b>A\$M 9.5</b>   | <b>5.8</b>   | <b>7.3</b>   | <b>6.1</b>   | <b>6.3</b>   | <b>6.8</b>   |
| Borrowings                           | A\$M 224.3        | 216.6        | 269.5        | 130.2        | 142.0        | 142.0        |
| Lease liabilities - noncurrent       | A\$M 0.0          | 0.1          | 0.0          | 0.0          | 0.0          | 0.0          |
| Other noncurrent liabilities         | A\$M 0.9          | 0.5          | 0.6          | 0.4          | 0.5          | 0.6          |
| <b>Total non-current liabilities</b> | <b>A\$M 225.2</b> | <b>217.3</b> | <b>270.1</b> | <b>130.6</b> | <b>142.5</b> | <b>142.6</b> |
| <b>Total liabilities</b>             | <b>A\$M 234.6</b> | <b>223.0</b> | <b>277.4</b> | <b>136.7</b> | <b>148.8</b> | <b>149.4</b> |
| <b>Total equity</b>                  | <b>A\$M 408.4</b> | <b>342.6</b> | <b>322.2</b> | <b>321.3</b> | <b>323.2</b> | <b>336.8</b> |

| Cash Flow                                   | FY23A              | FY24A         | FY25A         | FY26F          | FY27F         | FY28F         |
|---|--------------------|---------------|---------------|----------------|---------------|---------------|
| EBITDA                                      | A\$M 21.5          | 20.4          | 21.9          | 26.1           | 29.9          | 32.1          |
| Interest expense                            | A\$M (9.0)         | (10.5)        | (10.2)        | (7.6)          | (6.8)         | (7.8)         |
| Tax   | A\$M 0.2           | 1.8           | 0.2           | (11.9)         | (0.9)         | (1.0)         |
| Change in working capital                   | A\$M (0.9)         | (18.3)        | (17.5)        | (14.6)         | (0.2)         | (0.4)         |
| <b>Cash flows from operating activities</b> | <b>A\$M 11.8</b>   | <b>(6.5)</b>  | <b>(5.7)</b>  | <b>(7.9)</b>   | <b>22.0</b>   | <b>22.8</b>   |
| Net payment for PP&E                        | A\$M 0.0           | 0.0           | 0.0           | 0.0            | 0.0           | 0.0           |
| Net payment for property investments        | A\$M 34.8          | 43.6          | (25.6)        | 186.2          | (13.0)        | (2.5)         |
| Equity investments                          | A\$M 0.0           | 0.0           | 0.0           | (45.0)         | 0.0           | 0.0           |
| Other investing activities                  | A\$M (2.6)         | 0.0           | 0.0           | 0.0            | 0.0           | 0.0           |
| <b>Cash flows from investing activities</b> | <b>A\$M 32.2</b>   | <b>43.6</b>   | <b>(25.6)</b> | <b>141.2</b>   | <b>(13.0)</b> | <b>(2.5)</b>  |
| Net change in borrowings                    | A\$M (34.8)        | (8.0)         | 52.7          | (138.9)        | 11.8          | 0.0           |
| Borrowing costs                             | A\$M (0.1)         | 0.0           | (0.1)         | (0.6)          | 0.0           | 0.0           |
| Change in preferred and common stock        | A\$M (0.5)         | (11.6)        | 0.0           | 0.0            | 0.0           | 0.0           |
| Distribution paid to shareholders           | A\$M (15.0)        | (13.5)        | (14.1)        | (16.7)         | (18.1)        | (18.5)        |
| Lease payment                               | A\$M (0.1)         | (0.1)         | (0.1)         | (0.1)          | 0.0           | 0.0           |
| Other financing cash flow                   | A\$M 0.0           | 0.0           | (0.0)         | 0.1            | 0.0           | 0.0           |
| <b>Cash flows from financing activities</b> | <b>A\$M (50.7)</b> | <b>(33.2)</b> | <b>38.4</b>   | <b>(156.2)</b> | <b>(6.3)</b>  | <b>(18.5)</b> |
| <b>Change in cash and cash equivalents</b>  | <b>A\$M (6.6)</b>  | <b>3.8</b>    | <b>7.1</b>    | <b>(23.0)</b>  | <b>2.7</b>    | <b>1.9</b>    |
| Forex effects                               | A\$M 0.0           | 0.0           | 0.0           | 0.0            | 0.0           | 0.0           |
| Cash and cash equivalents (beginning)       | A\$M 19.8          | 13.2          | 17.0          | 24.1           | 1.2           | 3.8           |
| Cash and cash equivalents (end)             | A\$M 13.2          | 17.0          | 24.1          | 1.2            | 3.8           | 5.7           |

| Valuation               | Method                          |
|-------------------------|---------------------------------|
| Market capitalisation   | 262.4 FCFE 33% 1.37             |
| Shares on issue         | 219.6 Sum-of-the-parts 33% 1.38 |
|                         | P/FFO 33% 1.44                  |
|                         | <b>Valuation 1.40</b>           |
|                         | Discount 5% (0.07)              |
| <b>A\$ share price</b>  | <b>1.20</b>                     |
| <b>A\$ price target</b> | <b>1.35</b>                     |

|              | FY23A   | FY24A | FY25A | 1H26A |
|--------------|---------|-------|-------|-------|
| Group - WALE | Yrs 4.9 | 4.8   | 4.2   | 4.0   |
| Group - WACR | % 5.6%  | 6.1%  | 6.4%  | 5.8%  |

|            | FY23A            | FY24A      | FY25A      | FY26F       | FY27F       | FY28F       |
|------------|------------------|------------|------------|-------------|-------------|-------------|
| <b>FFO</b> | <b>A\$/S 7.2</b> | <b>6.3</b> | <b>7.2</b> | <b>10.0</b> | <b>11.0</b> | <b>11.6</b> |
| Growth     | % -10.0%         | -12.5%     | 14.3%      | 38.5%       | 10.8%       | 5.1%        |

|                           | FY23A              | FY24A         | FY25A        | FY26F      | FY27F      | FY28F       |
|---------------------------|--------------------|---------------|--------------|------------|------------|-------------|
| <b>Stat EPS - Diluted</b> | <b>A\$/S (2.4)</b> | <b>(19.4)</b> | <b>(2.8)</b> | <b>7.3</b> | <b>9.1</b> | <b>14.6</b> |
| Growth                    | % -104%            | 715%          | -85%         | -360%      | 24.2%      | 59.9%       |

|                           | FY23A            | FY24A      | FY25A      | FY26F      | FY27F      | FY28F      |
|---------------------------|------------------|------------|------------|------------|------------|------------|
| <b>Dividend per share</b> | <b>A\$/S 7.2</b> | <b>6.3</b> | <b>6.3</b> | <b>8.5</b> | <b>9.0</b> | <b>9.2</b> |
| Growth                    | % 0.0%           | -12.5%     | 0.0%       | 34.9%      | 5.9%       | 2.2%       |

|                           |            |       |       |       |       |       |
|---------------------------|------------|-------|-------|-------|-------|-------|
| Average shares - Diluted  | A\$M 207.4 | 221.5 | 216.8 | 218.6 | 219.6 | 219.6 |
| Shares on issue - Diluted | A\$M 208.4 | 217.7 | 216.8 | 219.6 | 219.6 | 219.6 |

|                 | FY23A      | FY24A | FY25A | FY26F | FY27F | FY28F |
|-----------------|------------|-------|-------|-------|-------|-------|
| Total debt      | A\$M 224.3 | 216.6 | 269.5 | 130.2 | 142.0 | 142.0 |
| Net debt/(cash) | A\$M 211.1 | 199.6 | 245.4 | 129.0 | 138.1 | 136.3 |

|                       | FY23A      | FY24A | FY25A | FY26F | FY27F | FY28F |
|-----------------------|------------|-------|-------|-------|-------|-------|
| NTA per share         | A\$/S 1.96 | 1.57  | 1.49  | 1.46  | 1.47  | 1.53  |
| Balance sheet gearing | % 33.5%    | 36.4% | 42.6% | 28.2% | 29.5% | 28.4% |

|                       |        |      |      |     |     |     |
|-----------------------|--------|------|------|-----|-----|-----|
| Net debt to FFO       | x 14.1 | 15.0 | 16.4 | 6.5 | 6.2 | 5.8 |
| ICR (EBIT : Interest) | x 3.4  | 2.8  | 3.5  | 4.3 | 4.4 | 4.1 |

|                  | FY23A     | FY24A | FY25A | FY26F | FY27F | FY28F |
|------------------|-----------|-------|-------|-------|-------|-------|
| Enterprise value | \$M 460.1 | 459.7 | 504.5 | 391.4 | 400.5 | 398.7 |
| Invested capital | \$M 445.7 | 422.7 | 522.8 | 265.8 | 286.9 | 285.7 |

|                |        |      |      |      |      |      |
|----------------|--------|------|------|------|------|------|
| EV/EBITDA      | x 21.4 | 22.5 | 23.1 | 15.0 | 13.4 | 12.4 |
| Price to FFO   | x 16.6 | 19.0 | 16.6 | 12.0 | 10.8 | 10.3 |
| Dividend yield | % 6.0% | 5.3% | 5.3% | 7.1% | 7.5% | 7.7% |

Source: Morgans estimates, company data

## Result summary

- **Headline.** GDF reported 1H26 FFO of \$8.86m or 4.4cps (vs \$7.37m/3.7cps in the pcp) and distributions of 4cps (vs 3.2 in the pcp), both in line with MorgansF.
- **Outlook commentary.** FY26 FFO guidance has been upgraded to 10cps w/ distributions of 8.5cps (previously 9.1cps w/ distributions of 8cps).
- **Asset sales | Portfolio overview.** GDF's portfolio is currently valued at \$332m across 9 assets (100% industrial) with 85% occupancy. Richlands was the only asset to undergo an independent valuation in Dec-25. The valuation increased by \$1.3m to \$38.8m, primarily driven by a 25bp compression in the cap rate to 5.75%. Portfolio weighted average lease expiry (WALE) is 4.0 years (FY25: 4.5 years); w/ a weighted average cap rate (WACR) of 5.83% (FY25: 6.35%).
- **Lending.** GDF's lending capital grew \$23.7m in the period to \$67.7m as at 31-Dec. GDF has a further \$25m of committed loans scheduled for deployment in 2H26.
- **NTA.** NTA at period end was \$1.60 (FY25: \$1.61), representing a c.25% discount to NTA.
- **Gearing.** Gearing was 20.8% (FY25: 42.7%); \$60m debt headroom +\$20m cash; w/ a 4 year weighted average debt expiry (WADE).

Figure 2: Result summary

| P&L                       |             | 1H25A       |             | 1H26A       |            | vs pcp      |             | FY26F       |  |
|---------------------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|--|
|                           |             | MorgansF    | Actuals     | MorgansF    | vs pcp     | vs MorgansF | MorgansF    | Guidance    |  |
| Property fund FFO         | A\$M        | 7.3         | 5.4         | 5.6         | -23%       | -4%         | 9.2         |             |  |
| Lending trust FFO         | A\$M        | 3.1         | 7.3         | 4.6         | 49%        | 59%         | 15.5        |             |  |
| Corporate FFO             | A\$M        | 0.4         | 0.6         | 3.4         | 767%       | -83%        | 1.4         |             |  |
| <b>EBIT</b>               | <b>A\$M</b> | <b>10.7</b> | <b>13.2</b> | <b>13.6</b> | <b>27%</b> | <b>-3%</b>  | <b>26.1</b> |             |  |
| Net interest expense      | A\$M        | (3.1)       | (3.8)       | (3.6)       | 13%        | 7%          | (6.1)       |             |  |
| Tax                       | A\$M        | (0.2)       | (0.4)       | (0.4)       | 122%       | 7%          | (0.1)       |             |  |
| <b>Underlying FFO</b>     | <b>A\$M</b> | <b>7.4</b>  | <b>9.0</b>  | <b>9.6</b>  | <b>31%</b> | <b>-7%</b>  | <b>20.0</b> |             |  |
| <b>FFO</b>                | <b>A\$M</b> | <b>7.4</b>  | <b>9.0</b>  | <b>9.6</b>  | <b>31%</b> | <b>-7%</b>  | <b>20.0</b> |             |  |
| <b>FFO</b>                | <b>CPS</b>  | <b>3.7</b>  | <b>4.4</b>  | <b>4.4</b>  | <b>22%</b> | <b>-1%</b>  | <b>10.0</b> | <b>10.0</b> |  |
| <b>Dividend per share</b> | <b>CPS</b>  | <b>3.2</b>  | <b>4.0</b>  | <b>4.0</b>  | <b>25%</b> | <b>0%</b>   | <b>8.5</b>  | <b>8.5</b>  |  |
| Average shares - Diluted  | #M          | 201.9       | 203.8       | 216.8       | 7%         | -6%         | 218.6       |             |  |
| Shares on issue - Basic   | #M          | 206.0       | 200.7       | 200.5       | -3%        | 0%          | 200.7       |             |  |
| Option                    | #M          | 15.5        | 18.9        | 16.3        | 5%         | 16%         | 18.9        |             |  |
| Shares on issue - Diluted | #M          | 221.5       | 219.6       | 216.8       | -2%        | 1%          | 219.6       |             |  |

| Balance Sheet         |        | 1H25A    |         | 1H26A    |        | vs pcp      |          | FY26F    |  |
|-----------------------|--------|----------|---------|----------|--------|-------------|----------|----------|--|
|                       |        | MorgansF | Actuals | MorgansF | vs pcp | vs MorgansF | MorgansF | Guidance |  |
| Total debt            | A\$M   | 235.2    | 105.2   | 94.5     | -60%   | 11%         | 130.2    |          |  |
| Net debt/(cash)       | A\$M   | 220.7    | 85.2    | 76.0     | -66%   | 12%         | 129.0    |          |  |
| NTA per share         | A\$/SH | 1.62     | 1.46    | 1.55     | -4%    | -6%         | 1.46     |          |  |
| Balance sheet gearing | %      | 40%      | 21%     | 18%      | -55%   | 14%         | 28%      |          |  |

Source: Morgans estimates, company data

## Earnings changes

- Our FY26 FFO forecasts increase to 10.0cps, aligning with updated guidance (previously 9.1cps).
- Our FY26/27/28 FFO forecasts increase by 10% / 6% / 7%, as we factor in increased lending activities, the potential lease-up of Acacia Ridge and redevelopment of Morningside.

Figure 3: Earnings changes

| P&L                        |              | FY26F       |             |               | FY27F       |             |               | FY28F       |             |               |
|----------------------------|--------------|-------------|-------------|---------------|-------------|-------------|---------------|-------------|-------------|---------------|
|                            |              | Pre         | Post        | Chg           | Pre         | Post        | Chg           | Pre         | Post        | Chg           |
| Gross property income      | AS\$M        | 20.4        | 20.4        | -0.2%         | 20.4        | 19.5        | -4.5%         | 21.4        | 22.2        | 3.7%          |
| Direct property expenses   | AS\$M        | (4.7)       | (5.2)       | 9.8%          | (4.7)       | (4.4)       | -6.6%         | (4.9)       | (5.0)       | 1.5%          |
| <b>Net property income</b> | <b>AS\$M</b> | <b>15.7</b> | <b>15.2</b> | <b>-3.2%</b>  | <b>15.7</b> | <b>15.1</b> | <b>-3.9%</b>  | <b>16.5</b> | <b>17.2</b> | <b>4.4%</b>   |
| <b>Lending trust FFO</b>   | <b>AS\$M</b> | <b>9.7</b>  | <b>15.5</b> | <b>60.0%</b>  | <b>12.6</b> | <b>19.8</b> | <b>56.4%</b>  | <b>12.7</b> | <b>19.9</b> | <b>56.6%</b>  |
| <b>Corporate FFO</b>       | <b>AS\$M</b> | <b>6.8</b>  | <b>1.4</b>  | <b>-79.7%</b> | <b>6.8</b>  | <b>1.0</b>  | <b>-85.3%</b> | <b>6.8</b>  | <b>1.0</b>  | <b>-85.3%</b> |
| Employee costs             | AS\$M        | (3.8)       | (4.0)       | 5.1%          | (3.8)       | (4.0)       | 5.3%          | (3.8)       | (4.0)       | 5.3%          |
| Other corporate expenses   | AS\$M        | (1.9)       | (2.0)       | 6.8%          | (1.9)       | (2.0)       | 7.5%          | (1.9)       | (2.0)       | 7.5%          |
| <b>EBITDA</b>              | <b>AS\$M</b> | <b>26.6</b> | <b>26.1</b> | <b>-1.6%</b>  | <b>29.5</b> | <b>29.9</b> | <b>1.3%</b>   | <b>30.3</b> | <b>32.1</b> | <b>5.9%</b>   |
| D&A                        | AS\$M        | 0.0         | 0.0         | n.a           | 0.0         | 0.0         | n.a           | 0.0         | 0.0         | n.a           |
| <b>EBIT</b>                | <b>AS\$M</b> | <b>26.6</b> | <b>26.1</b> | <b>-1.6%</b>  | <b>29.5</b> | <b>29.9</b> | <b>1.3%</b>   | <b>30.3</b> | <b>32.1</b> | <b>5.9%</b>   |
| Net interest expense       | AS\$M        | (6.1)       | (6.1)       | -0.5%         | (5.9)       | (6.8)       | 14.9%         | (5.9)       | (7.8)       | 32.1%         |
| Tax                        | AS\$M        | (0.8)       | (0.1)       | -92.9%        | (0.9)       | (0.9)       | -2.1%         | (1.0)       | (1.0)       | -0.5%         |
| <b>Underlying FFO</b>      | <b>AS\$M</b> | <b>19.6</b> | <b>20.0</b> | <b>1.9%</b>   | <b>22.6</b> | <b>22.2</b> | <b>-2.1%</b>  | <b>23.4</b> | <b>23.3</b> | <b>-0.5%</b>  |
| Trading profits            | AS\$M        | 0.0         | 0.0         | n.a           | 0.0         | 0.0         | n.a           | 0.0         | 0.0         | n.a           |
| Tax                        | AS\$M        | 0.0         | 0.0         | n.a           | 0.0         | 0.0         | n.a           | 0.0         | 0.0         | n.a           |
| <b>FFO</b>                 | <b>AS\$M</b> | <b>19.6</b> | <b>20.0</b> | <b>1.9%</b>   | <b>22.6</b> | <b>22.2</b> | <b>-2.1%</b>  | <b>23.4</b> | <b>23.3</b> | <b>-0.5%</b>  |
| <b>FFO</b>                 | <b>CPS</b>   | <b>9.1</b>  | <b>10.0</b> | <b>10.1%</b>  | <b>10.4</b> | <b>11.0</b> | <b>5.8%</b>   | <b>10.8</b> | <b>11.6</b> | <b>7.5%</b>   |
| <b>Dividend per share</b>  | <b>CPS</b>   | <b>8.0</b>  | <b>8.5</b>  | <b>6.3%</b>   | <b>8.2</b>  | <b>9.0</b>  | <b>9.8%</b>   | <b>8.4</b>  | <b>9.2</b>  | <b>9.5%</b>   |
| Average shares - Diluted   | #M           | 216.8       | 218.6       | 0.9%          | 216.8       | 219.6       | 1.3%          | 216.8       | 219.6       | 1.3%          |
| Shares on issue - Basic    | #M           | 200.5       | 200.7       | 0.1%          | 200.5       | 200.7       | 0.1%          | 200.5       | 200.7       | 0.1%          |
| Shares on issue - Diluted  | #M           | 216.8       | 219.6       | 1.3%          | 216.8       | 219.6       | 1.3%          | 216.8       | 219.6       | 1.3%          |

| Balance Sheet         |         | FY26F |       |       | FY27F |       |        | FY28F |       |        |
|-----------------------|---------|-------|-------|-------|-------|-------|--------|-------|-------|--------|
|                       |         | Pre   | Post  | Chg   | Pre   | Post  | Chg    | Pre   | Post  | Chg    |
| Total debt            | AS\$M   | 104.5 | 130.2 | 24.6% | 104.5 | 142.0 | 35.8%  | 99.5  | 142.0 | 42.6%  |
| Net debt/(cash)       | AS\$M   | 86.6  | 129.0 | 49.1% | 82.8  | 138.1 | 66.9%  | 78.7  | 136.3 | 73.1%  |
| NTA per share         | AS\$/SH | 1.59  | 1.46  | -7.8% | 1.67  | 1.47  | -12.1% | 1.77  | 1.53  | -13.2% |
| Balance sheet gearing | %       | 19.8% | 28.2% | 42.8% | 18.3% | 29.5% | 61.6%  | 16.8% | 28.4% | 69.0%  |

Source: Morgans estimates, company data



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