



## GARDA PROPERTY GROUP

Comprising the consolidated financial reports of GARDA Holdings Limited (ACN 636 329 774) and GARDA Diversified Property Fund (ABN 17 982 396 608, ARSN 104 391 273)

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This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by GARDA Property Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

GARDA Property Group is an internally managed real estate investment, development and funds management group incorporated and domiciled in Australia. Its registered office is located at:

Level 21  
12 Creek Street  
Brisbane QLD 4000

The consolidated interim financial report was authorised for issue, in accordance with a resolution of Directors, on 7 February 2023. The Directors have the power to amend and reissue the half-year consolidated financial statements.

ASX releases, financial reports and other information are available on our website: [www.gardaproperty.com.au](http://www.gardaproperty.com.au)

# DIRECTORS' REPORT

## INTRODUCTION

GARDA Property Group (**GARDA** or the **Group**) is an ASX-listed stapled entity whereby shares in GARDA Holdings Limited (**GHL** or the **Company**) are stapled to units in GARDA Diversified Property Fund (**GDF** or the **Fund**) on a one-for-one basis.

Shares in the Company and units in the Fund cannot be traded separately and may only be traded together as stapled securities.

The Directors of the Company and of GARDA Capital Limited as responsible entity for the Fund present their report and the consolidated financial statements for the six months ended 31 December 2022 for both:

- the Group - comprising the Company, the Fund and their controlled entities; and
- the Company - comprising only the Company and its controlled entities.

The parent entity of the Group is the Fund.

## DIRECTORS

The Directors of the Company and GARDA Capital Limited at any time during the financial half-year and up to the date of this report are listed below. The Directors are also directors of all Group subsidiaries.

Director	Role	Date of Appointment
Matthew Madsen	Executive Chairman	September 2011
Mark Hallett	Executive Director	January 2011
Paul Leitch	Independent Director	March 2020
Morgan Parker	Independent Director	December 2018
Andrew Thornton	Non-Executive Director	March 2020

## COMPANY SECRETARY

The Company Secretary at any time during the half year and up to the date of this report was:

Company Secretary	Date of Appointment
Lachlan Davidson	July 2016

## PRINCIPAL ACTIVITIES

GARDA is an internally managed real estate investment, development and funds management group.

The Fund invests in, owns, manages and develops industrial and commercial real estate in accordance with the provisions of the Fund's constitution. The Company, through its subsidiary GARDA Capital Limited, acts as the responsible entity of the Fund.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have not been any significant changes in the state of affairs of the Group during the financial half year.

## REVIEW OF OPERATIONS

### Group strategy

GARDA's objective is to deliver enduring value to securityholders through its expertise in real estate. In pursuing this objective, GARDA acts as a long-term owner of real estate, being market cycle aware and seeking out only those risks it wishes to take.

GARDA's strategic focus is equity investment into the industrial and commercial office sectors and debt investment into residential and industrial developments.

GARDA's size provides it with the scale necessary to compete in its target markets but also the agility to adjust its investment focus in anticipation of, or in response to, changing market conditions.

Considered positions taken by the Group in support of its objective include:

- **Industrial focus:** acquiring well-located industrial properties and development sites such that industrial properties now comprise more than half of the GARDA portfolio;
- **Geographic selection:** focusing on markets with attractive economics e.g., strong growth prospects and low tenant incentives;
- **Building to own:** developing and holding new assets rather than acquiring established assets at an expensive time in the real estate cycle;
- **Capital management:** utilising debt facilities and recycling non-core assets to fund growth rather than issuing dilutive equity; and
- **Commercial lending:** providing debt capital to third party developers to augment Group returns and value.

Execution of GARDA's strategy is undertaken in a risk aware manner with decisions being taken in the context of geopolitical tensions, rising inflation and increasing interest rates.

### Transaction highlights

In December 2022, GARDA completed the sale of its Mackay industrial property for \$35,500,000 with the net sale proceeds applied to GARDA's debt facilities.

Market soundings for the sales of Botanicca 7 and Botanicca 9 during the reporting period did not meet expectations and the two assets will now be retained.

Market soundings for the sale of our commercial property at 436 Elgar Road, Box Hill commenced prior to the end of the reporting period. The Box Hill property had a book value of \$47,000,000 at 31 December 2022.

During the six months ended 31 December 2022, \$8,318,000 in new investment loans was advanced. Prior to the end of the reporting period, \$4,800,000 of these loans was repaid.

### Development highlights

Construction of the second building (Building B) at GARDA's industrial site at Pinnacle West, Wacol commenced in August 2022. The two-tenancy building has Rydell Beltech committed to a ten-year lease and Tasmanian Freight committed to a seven-year lease, commencing upon completion of construction which is expected by the end of February 2023.

Construction of the third building (Building A) at Pinnacle West, Wacol commenced in mid-January. Building A has Doherty Couplers committed to a seven-year lease, commencing upon completion of construction which is expected by June 2023.

The Richlands property received its final development approvals in December and construction is expected to commence imminently. Further development activity is expected to continue in the second half of FY23 with development approvals in place for industrial buildings at Pinnacle East – Wacol, Acacia Ridge and North Lakes.

## Leasing highlights

GARDA's Botanicca 9 office building in Richmond is now 73% leased (by gross income) following the execution of a seven-year lease with Dutton Group, Australia's largest used car wholesaler.

A five-year lease of the ground floor (representing 35% by income) of GARDA's Cato Street office building in Hawthorn East has been executed and will commence upon completion of the tenancy fit out which is expected by the end of March 2023.

Komatsu, the whole-of-building tenant at GARDA's Morningside industrial building (11,475m<sup>2</sup>), has extended the term of its lease by three years to July 2026.

McLardy McShane, a 1,585 m<sup>2</sup> full floor tenant at GARDA's Botanicca 7 office building in Richmond, has extended the term of its lease by five years to January 2028.

Several favorable leasing outcomes were achieved at GARDA's Cairns office building, including tenancies held by BDO and Morgans which were both extended by five years to November 2029 and May 2028 respectively.

## FINANCIAL PERFORMANCE

### Key metrics

Six months ended 31 December	2022	2021	Change
FFO <sup>1</sup> (\$000)	7,592	8,002	(410)
Distributions (\$000)	7,517	7,508	9
Payout ratio	99.0%	93.8%	5.2%

### Funds from operations

GARDA recorded statutory net loss after tax for the six months of \$741,000 (31 December 2021: net profit \$64,739,000). This includes items which are non-cash in nature, incur infrequently and/or relate to realised or unrealised changes in the values of assets and liabilities. Accordingly, in the opinion of the Directors, statutory profit should be adjusted to allow securityholders to gain a better understanding of GARDA's operating profit or funds from operations (FFO).

Six months ended 31 December	2022 \$000	2021 \$000
<b>Net (loss)/ profit after tax</b>	<b>(741)</b>	<b>64,739</b>
<b>Adjustments for non-cash items or one off items:</b>		
Valuations – (deduct increases) / add back decreases:		
Investment properties	2,473	(54,242)
Derivatives	(49)	(2,887)
Asset disposals – (deduct gains) / add back losses:		
Investment properties	4,116	512
Other accounting reversals – (deduct income) / add back expenses:		
Security based payments expense	368	208
Net lease contract and rental items	1,417	(346)
Other	8	18
<b>FFO<sup>2</sup></b>	<b>7,592</b>	<b>8,002</b>

1 FFO (Funds from Operations) is the Group's underlying and recurring earnings from its operations. It is determined by adjusting statutory net profit (under Australian Accounting Standards) for certain non-cash and other one-off items. FFO is not recognised or covered by Australian Accounting Standards and has not been audited or reviewed by the auditor of the Group.

2 Pursuant to Australian Accounting Standards, treasury securities and employee share plan securities and the distributions attaching thereto are not included in statutory net profit (under Australian Accounting Standards).

## FINANCIAL POSITION

### Key Metrics

	31 December 2022	30 June 2022
Net Tangible Assets per stapled security	\$2.01	\$2.05
Gearing <sup>3</sup>	34.6%	35.6%
Weighted Average Cost of Debt	4.3%	3.4%

### Net tangible assets

GARDA's NTA decreased by \$7,890,000 or 1.8% in the six months to 31 December 2022, resulting in a decrease of \$0.04 in NTA per security.

Much of this decrease in NTA can be attributed to:

- a \$3,715,000<sup>4</sup> decrease in independent property values; and
- a \$4,116,000 loss on sale of the Mackay industrial property.

### Borrowings

In July 2022, GARDA secured a \$40,000,000 increase in its existing \$280,000,000 syndicated debt facility, taking the facility to \$320,000,000. In December 2022, following the sale of the Mackay industrial property, the syndicated facility of \$320,000,000 was reduced by \$30,000,000 to \$290,000,000.

At 31 December 2022, GARDA had:

- a \$290,000,000 debt facility;
- total drawn borrowings of \$244,742,000;
- additional borrowing capacity or headroom of \$45,258,000;
- a weighted average cost of debt (fully drawn) of 4.3% (30 June 2022: 3.4%); and
- gearing of 34.6% (30 June 2022: 35.6%).

### Derivatives

GARDA has in place a \$100,000,000 interest rate hedge comprising:

- a \$70,000,000 interest rate swap at a rate of 0.82%, expiring 4 March 2027; and
- a \$30,000,000 interest rate swap at a rate of 0.98%, expiring 4 March 2030.

These derivatives are currently "in the money" with a valuation at 31 December 2022 of \$14,938,000.

<sup>3</sup> Calculated as (total drawn interest-bearing debt less cash) / (total assets less cash).

<sup>4</sup> Comprises a net loss in fair value of investment properties of \$2,473,000 and \$1,242,000 of rent straight-lining and leasing fee adjustments.

## Issued Capital

GARDA has 227,644,361 stapled securities on issue of which 208,813,869 are recognised for accounting purposes. The balance of 18,830,492 stapled securities comprises 3,990,492 treasury securities and 14,840,000 securities held by employees pursuant to the GARDA Employee Security Plan ("GARDA ESP"):

	<b>Stapled Securities</b>
Total issued securities at 31 December 2022	227,644,361
Less:	
Treasury securities	(3,990,492)
GARDA ESP securities	(14,840,000)
<b>Stapled securities for accounting purposes</b>	<b>208,813,869</b>

Unless otherwise stated, all 'per security' information in this report has been calculated using 208,813,869 stapled securities.

## EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There are no matters or circumstances that have arisen since the end of the financial period that have significantly affected, or may significantly affect, the operations of GARDA, the results of those operations, or the state of affairs of GARDA, in future periods.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' Report.

## ROUNDING OF AMOUNTS

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191* and therefore the amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the Directors



**Matthew Madsen**  
Executive Chairman  
7 February 2023

# AUDITOR'S INDEPENDENCE DECLARATION



Level 38, 345 Queen Street  
Brisbane, QLD 4000

Postal address  
GPO Box 1144  
Brisbane, QLD 4001

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The Directors  
GARDA Holdings Limited and  
GARDA Capital Limited (Responsible entity of GARDA Diversified Property Fund)  
Level 21, 12 Creek Street  
Brisbane QLD 4000

## Auditor's Independence Declaration

In relation to the independent auditor's review for the half-year ended 31 December 2022, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of GARDA Property Group (the stapled entity which comprises GARDA Holdings Limited and GARDA Diversified Property Fund) and the entities it controlled during the period.

*Pitcher Partners*

PITCHER PARTNERS

*Cheryl Mason*

CHERYL MASON  
Partner

Brisbane, Queensland  
7 February 2023

Brisbane Sydney Newcastle Melbourne Adelaide Perth

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NIGEL FISCHER  
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JASON EVANS  
KYUE LAMPRECHT  
NORMAN THURECHT

BRETT HEADRICK  
WARWICK FACE  
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DANIEL COLWELL  
ROBYN COOPER

FELICITY CRIMSTON  
CHERYL MASON  
MIRIAM WALLIS

MURRAY GRAHAM  
ANDREW ROBIN  
KAREN LEVINE



# INTERIM FINANCIAL REPORT

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Half year ended 31 December	Note	GARDA		Company	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Revenue and other income</b>					
Revenue from ordinary activities	3	16,016	15,723	3,156	2,260
Other income	3	161	35	63	18
Net gain in fair value of financial instruments		49	2,887	-	-
Net gain in fair value of investment properties		-	54,242	-	-
<b>Total revenue and other income</b>		<b>16,226</b>	<b>72,887</b>	<b>3,219</b>	<b>2,278</b>
<b>Expenses</b>					
Property expenses		(3,584)	(3,153)	-	-
Corporate and administration expenses		(1,085)	(864)	(572)	(525)
Finance costs	4	(3,513)	(1,803)	(1)	(3)
Employee benefits expense		(1,673)	(1,613)	(2,226)	(2,022)
Depreciation		(72)	(82)	(72)	(82)
Security based payments expense		(368)	(208)	(368)	(208)
Net loss on sale of investment properties		(4,116)	(512)	-	-
Net loss in fair value of investment properties	7	(2,473)	-	-	-
<b>Total expenses</b>		<b>(16,884)</b>	<b>(8,235)</b>	<b>(3,239)</b>	<b>(2,840)</b>
<b>Profit/ (loss) before income tax</b>		<b>(658)</b>	<b>64,652</b>	<b>(20)</b>	<b>(562)</b>
Income tax (expense)/ benefit		(83)	87	(83)	87
<b>Profit/ (loss) after income tax</b>		<b>(741)</b>	<b>64,739</b>	<b>(103)</b>	<b>(475)</b>
Other comprehensive income, net of tax		-	-	-	-
<b>Total comprehensive income</b>		<b>(741)</b>	<b>64,739</b>	<b>(103)</b>	<b>(475)</b>
<b>Total profit/ (loss) and comprehensive income attributable to:</b>					
Securityholders of GARDA Property Group		(638)	65,214	-	-
Shareholders of GARDA Holdings Limited		(103)	(475)	(103)	(475)
<b>Profit/ (loss) and total comprehensive income</b>		<b>(741)</b>	<b>64,739</b>	<b>(103)</b>	<b>(475)</b>
<b>Earnings per stapled security:</b>					
Basic earnings per stapled security (cents)	5	(0.4)	31.0	(0.1)	(0.2)
Diluted earnings per stapled security (cents)	5	(0.4)	29.0	(0.1)	(0.2)

The Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at		GARDA		Company	
		31 December	30 June	31 December	30 June
		2022	2022	2022	2022
	Note	\$000	\$000	\$000	\$000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		18,987	19,794	7,105	6,661
Trade and other receivables	6	12,238	7,654	391	1,214
Other assets – prepayments		2,496	1,274	325	168
Investment properties held for sale	7	48,250	-	1,250	-
<b>Total current assets</b>		<b>81,971</b>	<b>28,722</b>	<b>9,071</b>	<b>8,043</b>
<b>Non-current assets</b>					
Trade and other receivables	6	65	86	-	-
Investment properties	7	574,659	650,733	-	1,250
Property, plant and equipment		8	13	8	13
Derivative financial instruments		14,938	14,889	-	-
Right-of-use assets		70	137	70	137
Deferred tax assets		334	417	334	417
<b>Total non-current assets</b>		<b>590,074</b>	<b>666,275</b>	<b>412</b>	<b>1,817</b>
<b>Total assets</b>		<b>672,045</b>	<b>694,997</b>	<b>9,483</b>	<b>9,860</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	8	2,220	2,773	6,661	6,900
Contract liabilities		1,385	607	-	-
Distribution payable	10	3,759	3,754	-	-
Provisions		48	42	48	42
Lease liabilities		65	130	65	130
<b>Total current liabilities</b>		<b>7,477</b>	<b>7,306</b>	<b>6,774</b>	<b>7,072</b>
<b>Non-current liabilities</b>					
Tenant security deposits		525	561	-	-
Borrowings	9	243,677	258,898	-	-
Provisions		116	92	116	92
<b>Total non-current liabilities</b>		<b>244,318</b>	<b>259,551</b>	<b>116</b>	<b>92</b>
<b>Total liabilities</b>		<b>251,795</b>	<b>266,857</b>	<b>6,890</b>	<b>7,164</b>
<b>Net assets</b>		<b>420,250</b>	<b>428,140</b>	<b>2,593</b>	<b>2,696</b>
<b>EQUITY</b>					
Contributed equity		355,024	355,009	-	-
Security-based payments reserve		2,190	1,837	-	-
Retained earnings		63,036	71,294	2,593	2,696
<b>Total equity</b>		<b>420,250</b>	<b>428,140</b>	<b>2,593</b>	<b>2,696</b>

The Consolidated Statements of Financial Position should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

### a) GARDA

	Contributed Equity \$000	Other Reserves \$000	Retained Earnings \$000	Total Equity \$000
<b>31 December 2022</b>				
<b>Balance at 1 July 2022</b>	355,009	1,837	71,294	428,140
Loss for the half-year	-	-	(741)	(741)
Other comprehensive income	-	-	-	-
Transactions with owners in their capacity as owners:				
Distributions paid or payable	-	-	(7,517)	(7,517)
Securities based payment expense	-	353	-	353
Securities transferred to employees pursuant to GARDA's Equity Incentive Plan	15	-	-	15
<b>Balance at 31 December 2022</b>	<b>355,024</b>	<b>2,190</b>	<b>63,036</b>	<b>420,250</b>
<b>31 December 2021</b>				
<b>Balance at 1 July 2021</b>	354,993	1,184	(54,207)	301,970
Profit for the half-year	-	-	64,739	64,739
Other comprehensive income	-	-	-	-
Transactions with owners in their capacity as owners:				
Distributions paid and payable	-	-	(7,508)	(7,508)
Securities based payment expense	-	192	-	192
Securities transferred to employees pursuant to GARDA's Equity Incentive Plan	16	-	-	16
<b>Balance at 31 December 2021</b>	<b>355,009</b>	<b>1,376</b>	<b>3,024</b>	<b>359,409</b>

### b) Company

	Contributed Equity \$000	Retained Earnings \$000	Total Equity \$000
<b>31 December 2022</b>			
<b>Balance at 1 July 2022</b>	-	2,696	2,696
Comprehensive income	-	-	-
Loss for the half-year	-	(103)	(103)
Other comprehensive income	-	-	-
<b>Balance at 31 December 2022</b>	<b>-</b>	<b>2,593</b>	<b>2,593</b>
<b>31 December 2021</b>			
<b>Balance at 1 July 2021</b>	-	3,838	3,838
Comprehensive income	-	-	-
Loss for the half-year	-	(475)	(475)
Other comprehensive income	-	-	-
<b>Balance at 31 December 2021</b>	<b>-</b>	<b>3,363</b>	<b>3,363</b>

The Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Six months ended 31 December	GARDA		Company	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Cash flows from operating activities</b>				
Receipts from customers (inc. GST)	18,784	18,669	3,678	2,731
Litigation proceeds	10	75	-	-
Payments in the course of operations (incl. GST)	(8,809)	(10,839)	(3,469)	(3,329)
Interest received	143	18	45	-
Finance costs	(4,098)	(2,288)	-	-
Net GST refund/ (paid)	(379)	2,398	(375)	(175)
<b>Net cash from/ (used in) operating activities</b>	<b>5,651</b>	<b>8,033</b>	<b>(121)</b>	<b>(773)</b>
<b>Cash flows from investing activities</b>				
Payments for investment properties	(14,601)	(20,167)	-	-
Payments for deposits and due diligence	-	(1,134)	-	-
Proceeds from sale of investment properties	35,500	11,000	-	-
Selling costs of investment properties	(399)	(210)	-	-
Payments for leasing fees	(475)	(345)	-	-
Repayment of loan receivable from external parties	4,800	386	641	386
Loan advances to external parties	(8,318)	(3,355)	(10)	-
<b>Net cash (used in)/ from investing activities</b>	<b>16,507</b>	<b>(13,825)</b>	<b>631</b>	<b>386</b>
<b>Cash flows from financing activities</b>				
Repayment of loan by subsidiary of parent entity	-	-	-	16
Drawdowns from bank debt facilities	20,000	28,728	-	-
Repayment of bank debt facilities	(35,258)	(10,728)	-	-
Bank debt facility transaction cost paid	(128)	(71)	-	-
Distribution paid	(7,513)	(7,508)	-	-
Payment of lease liabilities	(66)	(70)	(66)	(70)
<b>Net cash from/ (used in) financing activities</b>	<b>(22,965)</b>	<b>10,351</b>	<b>(66)</b>	<b>(54)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(807)</b>	<b>4,559</b>	<b>444</b>	<b>(441)</b>
Cash and equivalents at the beginning of the half-year	19,794	15,534	6,661	7,267
<b>Cash and cash equivalents at end of the half-year</b>	<b>18,987</b>	<b>20,093</b>	<b>7,105</b>	<b>6,826</b>

The Consolidated Statements of Cash Flows should be read in conjunction with the accompanying notes.

# NOTES TO INTERIM FINANCIAL REPORT

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## NOTE 1 GENERAL INFORMATION

### Basis of preparation

This consolidated interim financial report is for the six months ended 31 December 2022.

The consolidated interim financial report for GARDA Property Group (**GARDA** or the **Group**), comprising GARDA Diversified Property Fund (**GDF** or the **Fund**) and GARDA Holdings Limited (**GHL** or the **Company**), has been jointly presented in accordance with *ASIC Corporations (Stapled Group Reports) Instrument 2015/838*, Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the requirements of the Australian Securities Exchange. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting*.

Pursuant to Australian Accounting Standards, the Fund is the deemed parent entity of the Group. The consolidated financial statements and notes represent those of the Fund and its controlled entities, including the Company and its controlled entities, as the deemed acquiree. The financial report includes separate financial statements for:

- the Group, consisting of the Fund, the Company and their controlled entities; and
- the Company, consisting of the Company and its controlled entities.

### Statement of compliance

The consolidated interim financial report does not include all the notes of the type normally included in an annual financial report and accordingly should be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted in this interim financial report are the same as those applied in the previous financial year and the corresponding interim reporting period.

### Comparative information

Certain comparative figures have been reclassified to conform with the current half-year reporting presentation.

### Adoption of new or amended accounting standards and interpretations

#### *New and amended accounting standards*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

#### *New standards and interpretations not yet adopted*

There are no standards, interpretations or amendments thereto that are issued but not yet effective that are expected to have a material impact upon the financial performance and financial position of GARDA now or in the near future.

### Rounding of amounts

GARDA is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Accordingly, amounts contained in the interim financial statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

## NOTE 2 OPERATING SEGMENTS

## a) Overview

The Group has identified three core operating segments. These segments are regularly reviewed by the Executive Chairman, who is the Chief Operating Decision Maker, to support decisions about resource allocation and to assess performance. The three operating segments are: direct property investment, debt investments and funds management. The business activities of each of these operating segments are as follows:

Core Operating Segments	Business Activity
Direct investment	Investment in Australian commercial and industrial property
Debt investment	Investment in mortgages and loans into real estate development.
Funds management	Establishment and management of investment funds for external investors

The external revenue and net profit contribution from the debt investment and funds management operating segment did not meet the necessary quantitative thresholds to be considered separate reportable segments and therefore have been combined and disclosed in the "other segments" category.

## b) Segment results

	Direct investment \$000	Other segments \$000	Total \$000
<b>Six months ended 31 December 2022</b>			
Segment revenue:			
Lease revenue	13,140	-	13,140
Recoverable outgoings	2,768	-	2,768
Lending business income	-	886	886
Debt advisory services	-	640	640
Sundry income	1	-	1
<b>Total segment revenue</b>	<b>15,909</b>	<b>1,526</b>	<b>17,435</b>
<b>Total segment expense</b>	<b>(7,608)</b>	<b>(291)</b>	<b>(7,899)</b>
<b>Segment profit</b>	<b>8,301</b>	<b>1,235</b>	<b>9,536</b>
<b>Six months ended 31 December 2021</b>			
Segment revenue:			
Lease revenue	12,500	-	12,500
Recoverable outgoings	2,584	-	2,584
Fund and real estate management	-	4	4
Lending business income	-	56	56
Debt advisory services	-	232	232
Sundry income	17	-	17
<b>Total segment revenue</b>	<b>15,101</b>	<b>292</b>	<b>15,393</b>
<b>Total segment expense</b>	<b>(5,292)</b>	<b>(95)</b>	<b>(5,387)</b>
<b>Segment profit</b>	<b>9,809</b>	<b>197</b>	<b>10,006</b>

Segment results include items directly attributable to the segment as well as those that may be allocated on a reasonable basis. They exclude specific non-cash items not relating to the segments, such as fair value adjustments, security-based payments expense and depreciation.

Corporate expenses pertaining to Group level functions such as finance and tax, legal, risk and compliance, company secretarial, marketing and other corporate services are also not allocated to core operation segments. These expenses form part of unallocated revenue and expenses in the reconciliation of segment profit to statutory profit before income tax. Segment results are also net of all internal revenue and expenses.

c) Reconciliation of segment revenue to Group revenue

Six months ended 31 December	2022 \$000	2021 \$000
<b>Total revenue and other income for segments</b>	<b>17,435</b>	<b>15,394</b>
Unallocated amounts		
Lease straight-lining revenue	(1,130)	497
Lease costs and incentive amortisation	(408)	(450)
Rent free income	119	298
Sundry income	18	18
Non-operating interest income	143	1
Net gain in fair value of financial instruments	49	2,887
Net gain in fair value of investment properties	-	54,242
<b>Total Group revenue and other income</b>	<b>16,226</b>	<b>72,887</b>

d) Reconciliation of segment profit to Group profit before tax

Six months ended 31 December	2022 \$000	2021 \$000
<b>Segment profit</b>	<b>9,536</b>	<b>10,006</b>
Unallocated amounts		
Revenue:		
Lease straight-lining revenue	(1,130)	497
Lease costs and incentive amortisation	(408)	(450)
Rent free income	119	298
Sundry income	18	18
Non-operating interest income	143	1
Net gain in fair value of financial instruments	49	2,887
Net gain in fair value of investment properties	-	54,242
Expenses:		
Finance costs	(1)	(3)
Employee benefit expense	(1,535)	(1,518)
Corporate and trust administration expenses	(420)	(524)
Depreciation	(72)	(82)
Security based payments expense	(368)	(208)
Net loss on sale of investment properties	(4,116)	(512)
Net loss on sale of investment properties	(2,473)	-
<b>Group (loss)/ profit before income tax</b>	<b>(658)</b>	<b>64,652</b>

e) Segment assets and liabilities

	Direct investment \$000	Other segments \$000	Total \$000
<i>At 31 December 2022</i>			
Segment assets	635,417	19,363	654,780
Segment liabilities	(250,813)	-	(250,813)
<b>Net assets</b>	<b>384,604</b>	<b>19,363</b>	<b>403,967</b>
<i>At 30 June 2022</i>			
Segment assets	660,540	17,492	678,032
Segment liabilities	(265,974)	(13)	(265,987)
<b>Net assets</b>	<b>394,566</b>	<b>17,479</b>	<b>412,045</b>

f) Reconciliation of segment assets to Group assets

	31 December 2022 \$000	30 June 2022 \$000
<b>Reportable segment assets</b>	<b>654,780</b>	<b>678,032</b>
Unallocated amounts		
Other receivables	665	260
Investment properties (non-current asset)	-	1,250
Investment properties held for sale (current asset)	1,250	-
Corporate fixed assets	8	13
Derivative financial instrument	14,938	14,888
Right-of-use assets	70	137
Deferred tax asset	334	417
<b>Group assets</b>	<b>672,045</b>	<b>694,997</b>

g) Reconciliation of segment liabilities to Group liabilities

	31 December 2022 \$000	30 June 2022 \$000
<b>Reportable segment liabilities</b>	<b>250,813</b>	<b>265,987</b>
Unallocated amounts		
Trade and other payables	753	606
Provisions	164	134
Lease liability	65	130
<b>Group liabilities</b>	<b>251,795</b>	<b>266,857</b>



## NOTE 3 REVENUE AND OTHER INCOME

### Overview

Six months ended 31 December	GARDA		Company	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Revenue recognised under AASB 16 Leases</b>				
Lease revenue	12,130	13,297	-	-
Lease costs and incentive amortisation	(408)	(450)	-	-
	<b>11,722</b>	<b>12,847</b>	<b>-</b>	<b>-</b>
<b>Revenue recognised under AASB 9 Financial Instruments</b>				
Lending business income	886	56	59	-
	<b>886</b>	<b>56</b>	<b>59</b>	<b>-</b>
<b>Revenue recognised under AASB 15 Revenue from contracts with customers</b>				
Recoverable outgoings	2,768	2,584	-	-
Fund and real estate management	-	4	1,906	1,620
Recoveries and other fees	-	-	551	408
Debt advisory services	640	232	640	232
	<b>3,408</b>	<b>2,820</b>	<b>3,097</b>	<b>2,260</b>
<b>Total revenue</b>	<b>16,016</b>	<b>15,723</b>	<b>3,156</b>	<b>2,260</b>
<b>Other income</b>				
Non-operating interest income	143	1	45	-
Sundry income	18	34	18	18
<b>Total other income</b>	<b>161</b>	<b>35</b>	<b>63</b>	<b>18</b>

### Disaggregation of revenue from contracts with customers

Six months ended	31 December 2022			31 December 2021		
	Point in time \$000	Over time \$000	Total \$000	Point in time \$000	Over time \$000	Total \$000
<b>GARDA</b>						
Recoverable outgoings - non-lease component	-	2,768	2,768	-	2,584	2,584
Recoveries and other fees	-	-	-	-	4	4
Debt advisory services	640	-	640	232	-	232
<b>Total</b>	<b>640</b>	<b>2,768</b>	<b>3,408</b>	<b>232</b>	<b>2,588</b>	<b>2,820</b>
<b>Company</b>						
Fund and real estate management	-	1,906	1,906	-	1,620	1,620
Recoveries and other fees	-	551	551	-	408	408
Debt advisory services	640	-	640	232	-	232
<b>Total</b>	<b>640</b>	<b>2,457</b>	<b>3,097</b>	<b>232</b>	<b>2,028</b>	<b>2,260</b>

## NOTE 4 EXPENSES

Six months ended 31 December	GARDA		Company	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Finance costs</b>				
Interest expense on borrowings	4,570	2,233	-	-
Interest expense on lease liabilities	1	3	1	3
Borrowing cost amortisation	166	297	-	-
Interest capitalised to properties under construction	(1,224)	(730)	-	-
	<b>3,513</b>	<b>1,803</b>	<b>1</b>	<b>3</b>

## NOTE 5 EARNINGS PER STAPLED SECURITY

Year ended 31 December	GARDA		Company	
	2022	2021	2022	2021
Profit/ (loss) after tax attributable to securityholders (\$000)	(741)	64,739	(103)	(475)
Earnings per stapled security				
Basic (cents)	(0.4)	31.0	(0.1)	(0.2)
Diluted (cents)	(0.4)	29.0	(0.1)	(0.2)
Securities				
Basic <sup>5</sup> (number)	208,813,869	208,571,165	208,813,869	208,571,165
WANOS <sup>6</sup> (number)	223,575,869	223,411,165	223,575,869	223,411,165

## NOTE 6 TRADE AND OTHER RECEIVABLES

As at	GARDA		Company	
	31 December	30 June	31 December	30 June
	2022	2022	2022	2022
	\$000	\$000	\$000	\$000
<b>Current</b>				
Fund management fees receivable	-	-	391	339
Rent and outgoing receivable	51	36	-	-
Litigation proceeds receivable	110	120	-	-
Other receivables	53	52	-	302
GST receivable	186	-	-	-
Commercial loans to external third parties	11,838	7,446	-	573
	<b>12,238</b>	<b>7,654</b>	<b>391</b>	<b>1,214</b>
<b>Non-current</b>				
Rent and outgoing receivable	65	86	-	-
	<b>65</b>	<b>86</b>	<b>-</b>	<b>-</b>

<sup>5</sup> The basic number of securities is calculated as total issued securities less treasury securities and GARDA Employee Security Plan securities. See note 11 for further details.

<sup>6</sup> The weighted average number of securities (WANOS) is determined as total issued securities less treasury securities, weighted according to the date and number of any securities issued during the financial year.

## NOTE 7 INVESTMENT PROPERTIES

## a) Investment properties (non-current assets)

As at	31 December 2022 \$000	30 June 2022 \$000
<b>GARDA</b>		
Investment properties at independent valuation	112,750	509,310
Investment properties at Directors' valuation	461,909	141,423
	<b>574,659</b>	<b>650,733</b>
<b>Movements:</b>		
Opening balance	650,733	485,570
Transfer to investment properties held for sale (current assets)	(48,250)	-
Disposal of investment properties	(39,200)	-
Acquisition of established investment properties	-	21,834
Capital expenditure on established investment properties	3,485	8,279
Acquisition and capital expenditure of properties under construction	11,606	22,061
Straight-lining of rental income	(1,130)	1,137
Net movement in leasing costs and incentives	(112)	210
Net (loss)/ gain in fair value of investment properties	(2,473)	111,642
<b>Balance at the end of the half-year</b>	<b>574,659</b>	<b>650,733</b>
<b>Company</b>		
Land at 30 Palmer Street, Townsville	-	1,250
<b>Movements:</b>		
Opening balance	1,250	1,250
Transfer to investment properties held for sale (current assets)	(1,250)	-
<b>Balance at the end of the half-year</b>	<b>-</b>	<b>1,250</b>

## b) Investment properties held for sale (current assets)

As at	31 December 2022 \$000	30 June 2022 \$000
<b>Company held</b>		
Property at 30 Palmer Street, Townsville	1,250	-
<b>Fund – Industrial</b>		
Property at 436 Elgar Rd, Box Hill	47,000	-
	<b>48,250</b>	<b>-</b>
<b>Movements:</b>		
Opening balance	-	10,675
Transfer from investment properties at fair value (non-current assets)	48,250	-
Capital expenditure	-	548
Disposal book value	-	(11,223)
<b>Balance at the end of the half-year</b>	<b>48,250</b>	<b>-</b>

## c) Valuations

GARDA's policy is to undertake independent valuations on a rotational basis to ensure that each property is valued at least once every 12 months by an independent external valuer. Where a property is not due for an independent valuation, it will be carried at Directors' valuation. Directors' valuations are based on the most recent independent valuation of a property and take into account capital accretive expenditure and comparable sales evidence since that last independent valuation.

Three of GARDA's properties have been externally valued for the 2023 Interim Financial Report, with the balance of the portfolio (including value accretive additions) being carried at Directors' valuation.

As at				31 December 2022 \$000	30 June 2022 \$000	Movement \$000
	Sector <sup>7</sup>	Value <sup>8</sup>				
<b>Company held</b>						
Townsville	30 Palmer Street	R	D	-	1,250	(1,250)
<b>Fund – Industrial</b>						
Acacia Ridge	38-56 Peterkin Street	D	D	20,011	18,000	2,011
Acacia Ridge	69 Peterkin Street	I	D	23,000	23,000	-
Berrinba	1-9 Kellar Street	I	D	14,000	14,000	-
Heathwood	67 Noosa Street	I	D	18,250	18,250	-
Mackay	69-79 Diesel Drive	I	D	-	39,200	(39,200)
Morningside	326 & 340 Thynne Road	I	D	51,197	51,000	197
North Lakes	109-135 Boundary Road	D	D	45,885	45,000	885
Pinkenba	70-82 Main Beach Road	I	D	34,000	34,000	-
Richlands	56-72 Bandara Street	D	D	14,605	13,660	945
Wacol	41 Bivouac Place	I	D	61,500	61,500	-
Wacol	372 Progress Road (Pinnacle East)	D	D	11,633	11,000	633
Wacol <sup>9</sup>	498 Progress Road (Pinnacle West)	I	D	23,294	14,900	8,394
Wacol	498 Progress Road (Pinnacle West)	D	D	10,550	10,550	-
Value accretive capital expenditure				-	1,430	(1,430)
				<b>327,925</b>	<b>355,490</b>	<b>(27,565)</b>
<b>Fund – Office</b>						
Box Hill	436 Elgar Road	O	E	-	45,500	(45,500)
Cairns	9-19 Lake Street	O	E	87,750	90,000	(2,250)
Hawthorn East	8-10 Cato Street	O	E	25,000	22,000	3,000
Richmond	572-576 Swan Street (Botanicca 7)	O	D	63,674	63,500	174
Richmond	588A Swan Street (Botanicca 9)	O	D	69,416	68,500	916
Value accretive capital expenditure <sup>10</sup>				894	4,493	(3,599)
				<b>246,734</b>	<b>293,993</b>	<b>(47,259)</b>
<b>Total investment properties (non-current assets)</b>				<b>574,659</b>	<b>650,733</b>	<b>(76,074)</b>
<b>Properties held for sale</b>						
Box Hill	436 Elgar Road	O	E	47,000	-	47,000
Townsville	30 Palmer Street	R	D	1,250	-	1,250
<b>Total investment properties (current assets)</b>				<b>48,250</b>	<b>-</b>	<b>48,250</b>
<b>Total investment properties</b>				<b>622,909</b>	<b>650,733</b>	<b>(27,824)</b>

The registered titles to all assets of the Fund and GARDA Capital Trust are held by The Trust Company (Australia) Limited, as

<sup>7</sup> I = established industrial. D = industrial development. O = commercial office. R = residential land.

<sup>8</sup> D = Directors' valuation. E = external, independent valuation.

<sup>9</sup> Building C at 498 Progress Road, Wacol was completed in May 2021. The remaining undeveloped land at 498 Progress Road, independently valued at \$10,550,000 is reported as industrial land for development.

<sup>10</sup> Represents value accretive capital expenditure on independently valued properties between the date of independent valuation and the end of the relevant financial period.

custodian. This is an ASIC regulatory requirement.

#### d) Contractual commitments

Contractual obligations with respect to investment properties at 31 December 2022 were as follows:

Properties	Nature of obligation	\$000
Richlands, 56-72 Bandara Street	Development	20,992
Wacol, 498 Progress Road - Building A (Pinnacle West)	Development	5,790
Wacol, 498 Progress Road - Building B (Pinnacle West)	Development	2,252
Hawthorn East, 8-10 Cato Street	Capital works	696
<b>Total contractual obligations</b>		<b>29,730</b>

#### e) Leasing arrangements

Investment properties listed at c) above (excluding land in Cairns and Townsville and properties under construction) are typically leased to tenants under long-term operating leases with rentals receivable monthly.

#### f) Amount recognised in profit or loss for investment properties

Revenue relating directly to investment properties is disclosed in note 3 and all property expenses are disclosed in the consolidated statements of profit or loss and other comprehensive income.

## NOTE 8 TRADE AND OTHER PAYABLES

As at	GARDA		Company	
	31 December 2022 \$000	30 June 2022 \$000	31 December 2022 \$000	30 June 2022 \$000
<b>Current</b>				
Trade creditors	223	14	1	2
Other payables	1,997	2,759	563	1,170
Loan payable to parent entity	-	-	6,097	5,728
	<b>2,220</b>	<b>2,773</b>	<b>6,661</b>	<b>6,900</b>

## NOTE 9 BORROWINGS

## Summary

As at	GARDA		Company	
	31 December 2022 \$000	30 June 2022 \$000	31 December 2022 \$000	30 June 2022 \$000
<b>Non-Current</b>				
Bank loans (secured)	244,742	260,000	-	-
Less: unamortised transaction costs	(1,065)	(1,102)	-	-
	<b>243,677</b>	<b>258,898</b>	-	-

## Syndicated Debt Facility

## Amount and tenor

In July 2022, GARDA secured a \$40,000,000 increase in its \$280,000,000 syndicated facility, taking the facility to \$320,000,000. In December 2022, following the sale of the Mackay industrial property, the syndicated facility was reduced by \$30,000,000 to \$290,000,000. At 31 December 2022, GARDA had \$45,258,000 of borrowing capacity available.

	Facility Limit		Amount Drawn		Amount Available	
	31 Dec 22 \$000	30 Jun 22 \$000	31 Dec 22 \$000	30 Jun 22 \$000	31 Dec 22 \$000	30 Jun 22 \$000
<b>Total facilities</b>	<b>290,000</b>	<b>280,000</b>	<b>244,742</b>	<b>260,000</b>	<b>45,258</b>	<b>20,000</b>

GARDA's syndicated bank debt facility with its banks expires on 3 March 2026. Loan repayments are interest only with a lump sum payment of all amounts outstanding due at maturity. There is a fixed line fee on the facilities and interest is based on the applicable BBSY rate plus margin.

At 31 December 2022, GARDA's gearing was 34.6%<sup>11</sup> (30 June 2022: 35.6%).

GARDA has in place a \$100,000,000 (30 June 2022: \$100,000,000) interest rate hedge comprising:

- a \$70,000,000 interest rate swap at a rate of 0.82%, expiring 4 March 2027; and
- a \$30,000,000 interest rate swap at a rate of 0.98%, expiring 4 March 2030.

These derivatives are currently "in the money" with a valuation at 31 December 2022 of \$14,938,000. There have been no changes in interest rate swap arrangements since 30 June 2022.

## Security

The syndicated debt facility is secured by:

- a) a first registered general security deed in respect of all assets and undertakings of GARDA;
- b) a first registered real property mortgage in respect of each property in the Fund portfolio;
- c) a first registered general security deed in respect of all assets and undertakings of the Company and its secured subsidiaries; and
- d) a specific security agreement over restricted cash accounts of GARDA.

Notwithstanding the terms of the facility, the registered title to all the assets of the Fund, including the properties, are held by The Trust Company (Australia) Limited, as custodian, who holds title for the relevant fund. This is an ASIC regulatory requirement.

<sup>11</sup> Calculated as (total drawn interest-bearing debt less cash) / (total assets less cash).

## Covenants

Key financial covenants and other metrics under the syndicated debt facility include:

- a) interest cover ratio is to remain above 2.00 times (decreased to 2.00 times from 2.50 times on 29 July 2022 for the financial year ended 30 June 2023);
- b) loan to value ratio (LVR) must remain under 50%; and
- c) adjusted gearing ratio<sup>11</sup> is to remain under 1.20 times.

The Group complied with these financial covenants at all times during the half-year.

## Financial undertakings

Financial undertakings under the syndicated debt facility include the following:

- a) the aggregate earnings before interest taxes depreciation and amortisation (EBITDA) of the obligors represents at least 90% of the aggregate EBITDA of the Group; and
- b) the aggregate total assets of the obligors represent at least 90% of the aggregate total assets of the Group.

The Group complied with these financial undertakings at all times during the half-year.

## NOTE 10 DISTRIBUTIONS

Distributions provided for and/or paid during the half-year year were as follows:

Six months ended 31 December	GARDA		Company	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
September distribution – 1.80 cents per security (2021: 1.80 cents)	3,758	3,754	-	-
December distribution – 1.80 cents per security (2021: 1.80 cents)	3,759	3,754	-	-
	<b>7,517</b>	<b>7,508</b>	<b>-</b>	<b>-</b>

Distributions declared in December 2022 of \$3,759,000 but not paid until after year end have been provided for. The distribution amounts recognised are net of distributions on treasury securities and GARDA Employee Security Plan (ESP) securities.

No dividends were declared or paid by the Company during the half-year financial period.

<sup>11</sup> Adjusted gearing ratio is calculated as adjusted total liabilities divided by adjusted total assets. Adjustments made to the total liabilities and total assets include certain non-cash items in accordance with GARDA's syndicated facility agreement.

## NOTE 11 CONTRIBUTED EQUITY

## a) Summary

	GARDA		Company	
	31 December	30 June	31 December	30 June
	2022	2022	2022	2022
	Securities	Securities	Securities	Securities
<b>Issued securities as per ASX</b>	<b>227,644,361</b>	<b>227,644,361</b>	<b>227,644,361</b>	<b>227,644,361</b>
Movements during the half-year				
Balance at beginning of the half-year	227,644,361	227,644,361	227,644,361	227,644,361
Movements	-	-	-	-
<b>Total issued securities as per ASX</b>	<b>227,644,361</b>	<b>227,644,361</b>	<b>227,644,361</b>	<b>227,644,361</b>
<b>Reconciliation adjustments</b>				
Treasury securities	(3,990,492)	(4,223,517)	(3,990,492)	(4,223,517)
Securities issued under GARDA ESP	(14,840,000)	(14,840,000)	(14,840,000)	(14,840,000)
<b>Total issued securities for financial reports</b>	<b>208,813,869</b>	<b>208,580,844</b>	<b>208,813,869</b>	<b>208,580,844</b>

## b) Treasury securities

The Fund owns 100% of GARDA Capital Trust which, in turn, owned 3,990,492 (30 June 2022: 4,223,517) stapled securities in GARDA at 31 December 2022. In accordance with Australian Accounting Standards, these securities are designated as treasury securities and have been deducted from equity and excluded from total issued securities of 227,644,361.

During the half-year, 9,600 securities were transferred pursuant to exempt security awards under the GARDA Equity Incentive Plan and 223,425 securities were transferred pursuant to performance right awards under the GARDA Equity Incentive Plan (see note 13), leaving the balance of 3,990,492 treasury securities at 31 December 2022.

## c) GARDA ESP

At 31 December 2022, 14,840,000 securities had been issued under the GARDA ESP of which 3,840,000 have vested, including 640,000 which vested during the half-year. In accordance with Australian Accounting Standards, all GARDA ESP securities (including vested securities) are deducted from equity and excluded from total issued securities of 227,644,361 until such time as the underlying limited recourse loans are repaid.



## NOTE 12 FAIR VALUE DISCLOSURE

The following assets and liabilities are recognised and measured at fair value on a recurring basis:

- Financial assets: Derivative financial instruments at fair value through profit and loss
- Non-financial assets: Investment properties
- Financial liabilities: Derivative financial instruments at fair value through profit and loss

There are various methods used in estimating the fair value of a financial instrument:

**Level 1:** fair value is calculated using quoted prices in active markets.

**Level 2:** fair value is estimated using inputs that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

**Level 3:** fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The following table sets out GARDA's assets and liabilities that are measured and recognised at fair value in the interim financial statements.

	Notes	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>31 December 2022</b>					
<b>Assets</b>					
Investment properties (non-current)	7	-	-	574,659	574,659
Investment properties held for sale (current)	7	-	-	48,250	48,250
Derivative financial instruments		-	14,938	-	14,938
		-	<b>14,938</b>	<b>622,909</b>	<b>637,847</b>
<b>Liabilities</b>					
Derivative financial instruments		-	-	-	-
		-	-	-	-
<b>30 June 2022</b>					
<b>Assets</b>					
Investment properties (non-current)	7	-	-	650,733	650,733
Derivative financial instruments		-	14,889	-	14,889
		-	<b>14,889</b>	<b>650,733</b>	<b>665,622</b>
<b>Liabilities</b>					
Derivative financial instruments		-	-	-	-
		-	-	-	-

There were no transfers during the year between Level 1 and Level 2 for recurring fair value measurements. GARDA's policy is to recognise transfers into and out of the different fair value hierarchy levels on the date of the event or change in circumstances that caused the transfer.

### a) Disclosed fair values

The carrying amounts of financial assets and liabilities approximate their net fair value, unless otherwise stated. The carrying amounts of financial assets and liabilities are disclosed in the Statements of Financial Position and in the notes to the financial statements.

## b) Investment properties

The Directors consider the valuations of each investment property every six months and either ensure an external independent valuer is instructed or adopt a Directors' valuation.

Industrial and office assets are usually valued using the capitalisation approach (market approach) and the discounted cash flow approach (income approach). These valuations are typically compared to, and supported by, direct comparison to recent market transactions.

The fair values of development properties under construction are usually based on the market values of the properties assuming they had already been completed at valuation date, provided such market values may be reliably ascertained.

In relation to vacant land, or where there are no commitments for construction, fair values are assessed through direct comparison with third party sales for similar assets in a comparable location.

Discount rates, terminal yields, expected vacancy rates and rental growth rates are estimated by an external valuer (or in the case of Directors' valuations, the Directors) based on comparable transactions and industry data.

The following table sets out the valuation techniques used to measure fair value within Level 3, including details of the significant unobservable inputs used and the relationship between unobservable inputs and fair value.

Unobservable inputs	Range of inputs		Relationship between unobservable inputs and fair value
	31 December	30 June	
Discount rate	5.25% - 6.75%	5.25% - 6.75%	The higher the discount rate, terminal yield and expected vacancy rate, the lower the fair value.
Capitalisation rate	4.00% - 7.00%	4.00% - 6.63%	
Terminal yield	4.25% - 7.25%	4.25% - 6.88%	
Expected vacancy rate	0%	0%	The higher the rental growth, the higher the fair value. Based on Gross Face Rental growth 10 year compound annual growth rate.
Rental growth rate	2.86% - 3.73%	2.77% - 3.73%	

## c) Fair value of interest rate swaps

Level 2 financial assets held by the Group include interest rate swaps. The banks assessment of fair value is supported by observable market data at balance date, including market expectations of future interest rates and discount rates, adjusted for any specific features of the derivatives and counterparty or own credit risk.

## d) Reconciliation of Level 3 fair value movements

Refer to note 7 for the reconciliation of movements in investment properties. There have been no transfers to or from Level 1 or 2.

## NOTE 13 RELATED PARTY TRANSACTIONS

## a) Introduction

Transactions between related parties occurred on standard commercial terms and conditions, unless otherwise stated.

## b) Transactions with KMP and their related parties

There have been no transactions with key management personal (KMP) and their related parties during the half-year.

## c) GARDA Employee Security Plan

Securities were first issued under the loan-funded GARDA Employee Security Plan (or its predecessor plan at GARDA Capital Group) on 13 November 2017. There were no issues or transfers of GARDA Employee Security Plan securities during the reporting period and details of the current KMP participants in the GARDA Employee Security Plan are set out below:

KMP	Issue date	Securities granted	Exercise price	Fair value at grant date	Loan value 31 December 2022 \$	Vesting date
Matthew Madsen	13 Nov 2017	960,000	0.63	0.70	419,992	13 Nov 2020
	16 Apr 2020	5,000,000	1.00	0.06	4,709,350	16 Apr 2023
	18 Nov 2020	5,000,000	1.16	0.10	5,633,995	19 Nov 2023
Mark Hallett	16 Apr 2020	1,000,000	1.00	0.06	951,343	16 Apr 2023
David Addis	3 Jun 2019	320,000	1.08	0.24	312,156	3 Jun 2021
	23 Aug 2019	240,000	1.22	0.11	281,497	23 Aug 2021
	23 Aug 2019	240,000	1.22	0.10	281,497	23 Aug 2022
Lachlan Davidson	13 Nov 2017	160,000	0.63	0.11	70,049	13 Nov 2019
	13 Nov 2017	160,000	0.63	0.13	70,049	29 Nov 2019
	23 Aug 2019	240,000	1.22	0.11	280,472	23 Aug 2021
<b>Total</b>		<b>13,320,000</b>			<b>13,010,400</b>	

Loans supporting the GARDA ESP securities held by KMP at 31 December 2022 totaled \$13,010,400 (30 June 2022: \$13,193,727). The GARDA Employee Security Plan limited recourse loans are not accounted for in the Consolidated Statements of Financial Position.

## d) GARDA Equity Incentive Plan

The GARDA Equity Incentive Plan was approved by GARDA securityholders at the 2021 Annual General Meeting. Pursuant to that Plan, incentives have been awarded to employees during the reporting period in the form of:

- (i) Performance Rights; and
- (ii) Exempt Securities.

Details of Performance Rights awarded to KMP during the reporting period are set out in the following table:

KMP	Grant date	Rights granted	Exercise price	Fair value at grant date	Vesting date
David Addis	19 Sept 2022	96,525	-	\$1.32	31 Aug 2025
Lachlan Davidson	19 Sept 2022	48,263	-	\$1.32	31 Aug 2025
<b>Total</b>		<b>144,788</b>			

Details of Performance Rights awarded to KMP in prior years which vested and were exercised during the reporting period are set out in the following table:

KMP	Balance at 30 June 2022	Vested and exercised	Balance at 31 Dec 2022	Exercise Price	Vesting date
	36,231	36,231	-	-	31 Aug 2022
David Addis	36,231	-	36,231	-	31 Aug 2023
	36,233	-	36,233	-	31 Aug 2024
	18,115	18,115	-	-	31 Aug 2022
Lachlan Davidson	18,115	-	18,115	-	31 Aug 2023
	18,117	-	18,117	-	31 Aug 2024
<b>Total</b>	<b>163,042</b>	<b>54,346</b>	<b>108,696</b>		

Details of Exempt Securities awarded to KMP during the reporting period are set out in the following table:

KMP	Grant date	Securities granted	Value at grant date
David Addis	17 Aug 2022	640	\$1.56
Lachlan Davidson	17 Aug 2022	640	\$1.56
<b>Total</b>		<b>1,280</b>	

## NOTE 14 CONTINGENCIES

### a) Contingent assets

The Group did not have any material contingent assets as at 31 December 2022 (30 June 2022: nil).

### b) Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2022 (30 June 2022: nil).

## NOTE 15 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There are no significant matters or circumstances that have arisen since the end of the financial period that have significantly affected, or may significantly affect, the operations of GARDA, the results of those operations, or the state of affairs of GARDA, in future periods.

## DIRECTORS' DECLARATION

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In the opinion of the Directors of GARDA Property Group:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, Accounting Standard *AASB 134 Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in dark ink, appearing to read 'M. B.', enclosed within a large, loopy oval shape.

Matthew Madsen  
Executive Chairman  
7 February 2023

# INDEPENDENT AUDITOR'S REVIEW REPORT



Level 38, 345 Queen Street  
Brisbane, QLD 4000

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GPO Box 1144  
Brisbane, QLD 4001

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## Independent Auditor's Review Report To the Stapled Holders of GARDA Property Group and to the Shareholders of GARDA Holdings Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of GARDA Property Group and GARDA Holdings Limited and its controlled entities ("the Group"), which comprises the consolidated statements of financial position as at 31 December 2022, the consolidated statements of profit and loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Brisbane Sydney Newcastle Melbourne Adelaide Perth

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NISSELFISCHER  
MARK NICHOLSON  
PETER CAMENZULI

JASON EVANS  
KYLIE LAMFRECHT  
NORMAN THURECHT

BRETT HEADRICK  
WARWICK FACE  
COLE WILKINSON

SIMON CHUN  
JEREMY JONES  
TOM SPLATT

JAMES FIELD  
DANIEL COWELL  
ROBYN COOPER

FELICITY CRIMSTON  
CHERYL MASON  
KIERAN WALLIS

MURRAY GRAHAM  
ANDREW ROBIN  
KAREN LEVINE

**Auditor's Responsibility for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A stylized, handwritten-style signature of 'Pitcher Partners' in a dark grey or black ink.

PITCHER PARTNERS

A handwritten signature of Cheryl Mason in a dark grey or black ink.

CHERYL MASON  
Partner

Brisbane, Queensland  
7 February 2023

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# CORPORATE DIRECTORY

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## DIRECTORS

**Matthew Madsen**  
Executive Chairman and Managing Director

**Mark Hallett**  
Executive Director

**Paul Leitch**  
Independent Director

**Morgan Parker**  
Independent Director

**Andrew Thornton**  
Non-executive Director

## COMPANY SECRETARY

**Lachlan Davidson**  
General Counsel and Company Secretary

## REGISTERED OFFICE

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## STOCK EXCHANGE LISTING

GARDA Property Group is listed as a stapled security on the Australian Securities Exchange Limited (ASX: GDF)



**GARDA**

[gardaproperty.com.au](http://gardaproperty.com.au)