GARDA PROPERTY GROUP (ASX: GDF)

Annual Financial Report 2023

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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GARDA Property Group

Annual Financial Report
30 June 2023

Comprising the combined consolidated financial reports of

GARDA Holdings Limited
ABN 92 636 329 774
Level 21, 12 Creek Street
Brisbane QLD 4000

and

GARDA Diversified Property Fund
ARSN 104 391 273

CHAIRMAN'S REPORT

Dear Securityholders,

On behalf of the Board, I am pleased to present GARDA's Annual Report for the year ended 30 June 2023 (**FY23**).

Strategic overview

GARDA continues to progress its substantial industrial property development pipeline. We own numerous industrial sites in Brisbane that will sustain approximately 140,000m^2 of new industrial buildings over the next few years.

Persistent tenant demand coupled with record low vacancy rates is driving industrial rents to historical highs. GARDA's seven existing established industrial properties are benefitting from these market rent increases, which are offsetting the negative valuation impact of increasing market capitalisation rates.

Portfolio outcomes

During FY23, development of the three-building (17,525m^2 gross floor area) Pinnacle West, Wacol site was completed, and construction has commenced at Richlands with a 13,000m^2 building scheduled for completion in December 2023. Both properties have been fully leased.

GARDA anticipates commencing development at Acacia Ridge and North Lakes during FY24. A single but divisible 15,000m^2 industrial building is expected to be completed by June 2024 at Acacia Ridge, while North Lakes will accommodate approximately 100,000m^2 of new industrial built form over the coming years.

Our asset recycling program saw the disposal of our office property in Box Hill and our industrial property in Mackay in FY23 and, looking into FY24, our two office buildings in the Botanicca Corporate Park, Richmond are being held for sale.

Proceeds from the sale of properties are redeployed into our industrial development projects.

Financial results

I'm pleased to advise GARDA maintained distributions at 7.2 cents per security in FY23 representing a payout ratio of 100.6%.

Our NTA of $1.96 per security at 30 June 2023 represents a decrease of 4.4% over the year, predominantly and almost equally from loss on sale of Box Hill and Mackay and from fair value loss on portfolio valuation.

Our return on equity for the year was (0.9)% (FY22: 46.3%) and our gearing was 33.7% at year end, consistent with our targeted range of 30-35%.

Investor returns

Consistent with the REIT sector generally, GARDA's security price declined throughout the year from $1.535 to $1.30, resulting in a total securityholder return of (10.6)% (FY22: 25.1%).

Our closing security price on 30 June 2023 of $1.30, represents a 33.7% discount to NTA of $1.96.

Acknowledgements

I would like to acknowledge Morgan Parker, who retired from the Board earlier this year. Morgan was Chairman of our Audit, Risk and Sustainability Committee and made an important contribution to GARDA through a period of change and strong growth.

I would also like to thank GARDA's remaining directors and management team for their continuing endeavours.

Matthew Madsen
Executive Chairman
27 July 2023

OPERATIONAL REVIEW[1]

INVESTMENT PORTFOLIO

Overview [2]

30 June 2023	Industrial		Office	Mixed Use	Total
	Established	To Develop			
Number of properties	7	4	3	1	15
Independent valuation ($m)	246.7	112.6	198.2	25.0	582.5
Value accretive capex ($m)	2.2	10.9	1.0	2.7	16.8
Occupancy (%)	100.0	-	89.7	33.0	90.8
WALE (years)	5.8	-	4.0	4.8	4.9

At 30 June 2023, GARDA's investment property portfolio was valued at $600.5 million (including Townsville land valued at $1.25 million), with approximately 62% of the portfolio comprising industrial buildings and land.

GARDA seeks to acquire properties located in precincts supported by existing or planned infrastructure and where demand for industrial or office buildings is expected to be strong.

The Group's industrial properties are located in:

- Brisbane's south-west industrial corridor;
- close proximity to the Brisbane airport and port; or
- high growth regions such as North Lakes, Brisbane.

GARDA owns two office buildings (currently held for sale) and a mixed-use office/ industrial building located in fringe CBD locations in Melbourne plus the premier commercial office building in Cairns.

Transactions

As part of GARDA's asset recycling program, our office building in Box Hill, Melbourne was sold for $40.3 million in April 2023 and our industrial building in Mackay was sold for $35.5 million in December 2022. The total net sale proceeds were initially applied to reduce drawn debt and will ultimately be applied to our industrial development pipeline.

A sales process for our two Richmond properties, Botanicca 7 and Botanicca 9 (currently valued at $50.5 million and $60.0 million, respectively), is underway.

Developments

GARDA achieved practical completion on buildings B and A at Pinnacle West, Wacol in March and June 2023, respectively. The 8,201m^2 Building B is fully leased to Tasmanian Freight for seven years and Rydell Beltech for 10 years. The 3,324m^2 Building A is 100% leased to Doherty Couplers for seven years.

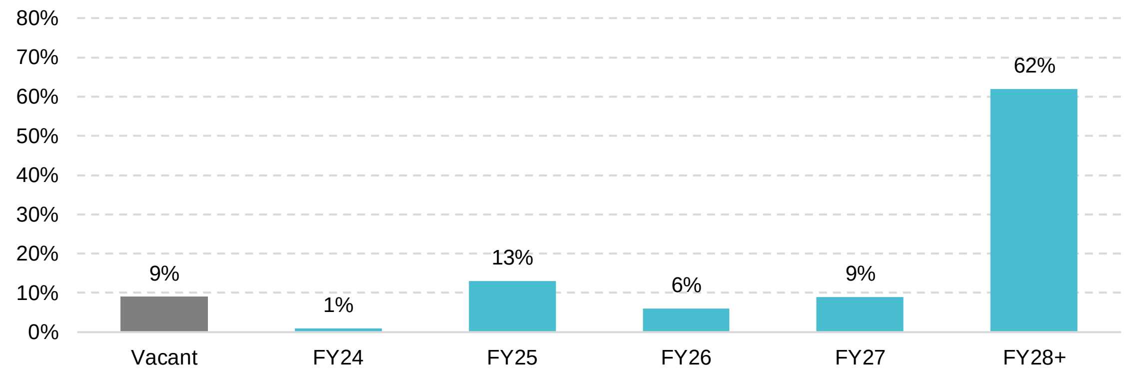
1 Please refer to Glossary for definitions.

2 Excludes a residential block of land in Townsville held through a subsidiary of the Company, valued at $1,250,000 and held for sale.

Project	Estimated GFA m²	Status of DA approval	Estimated completion date	Current independent valuation $m
Acacia Ridge				
Stage 1B, 69 Peterkin Street[3]	4,575	-	-	4.4
38-56 Peterkin Street	15,000	granted	Apr 2024	18.4
Morningside[4]	5,700	granted	-	5.5
North Lakes	97,000	granted	2024-2026	69.5
Richlands	13,000	granted	Oct 2023	13.7
Wacol – Pinnacle East (372 Progress Road)	15,000	granted	-	11.0
Total	**150,275**	**-**	**-**	**122.5**

Leasing

GARDA's lease expiry profile at 30 June 2023 was as follows:



Tenant profile

GARDA has a diversified base of tenants by ownership structure and industry. The high proportion of tenants being government, listed or multinational, with none being heavily exposed to the retail and consumer discretionary sectors, provides resiliency to GARDA's rental income.

Top 10 Tenants (30 June 2023)	Type	% of Portfolio Gross Income	Expiry
Volvo Group	Industrial	10.0%	Jul 28
Komatsu	Industrial	7.3%	Jul 26
Golder Associates	Office	6.9%	Jan 25
Pinkenba Operations	Industrial	6.5%	Aug 33
Fujifilm Business Inn.	Office	5.5%	Jun 28
Qld Govt (DTMR)	Office	5.5%	Nov 28
Fulton Hogan	Office	3.8%	Jun 28
Austrans	Industrial	3.7%	Jan 29
McLardy McShane	Office	3.6%	Jan 28
James Energies	Industrial	3.6%	Mar 28
Total Top 10		**56.4%**	

[3] Independent valuation of $4.4 million is for residual land only.

[4] Independent valuation of $5.5 million is for residual land only.

Valuations

Thirteen of GARDA's properties, or 80% of our properties by value, were externally valued for the FY23 Annual Report, with the balance of the portfolio being carried at directors' valuation.

As at 30 June		**Sector[5]**	**Value[6]**	**2023 $000**	2022 $000	Movement $000
Company - Held						
Townsville	30 Palmer Street	R	D	-	1,250	(1,250)
Fund - Industrial						
Acacia Ridge	38-56 Peterkin Street	D	E	18,350	18,000	350
Acacia Ridge	69 Peterkin Street	I	E	21,400	23,000	(1,600)
Berrinba	1-9 Kellar Street	I	E	15,400	14,000	1,400
Heathwood	67 Noosa Street	I	E	15,500	18,250	(2,750)
Mackay	69-79 Diesel Drive	I	sold	-	39,200	(39,200)
Morningside	326 & 340 Thynne Road	I	E	54,500	51,000	3,500
North Lakes	109 - 135 Boundary Road	D	E	69,500	45,000	24,500
Pinkenba	70 - 82 Main Beach Road	I	E	35,500	34,000	1,500
Richlands	56 - 72 Bandara Street	D	E	13,700	13,660	40
Wacol	41 Bivouac Place	I	E	58,500	61,500	(3,000)
Wacol	372 Progress Road (Pinnacle East)	D	E	11,000	11,000	-
Wacol[7]	498 Progress Road (Pinnacle West)	I	E	45,900	14,900	31,000
Wacol	498 Progress Road (Pinnacle West)	D	E	-	10,550	(10,550)
Value accretive capital expenditure[8]		D	D	10,786	1,263	9,523
Value accretive capital expenditure		I	D	2,219	167	2,052
				372,255	**355,490**	**16,765**
Fund - Office						
Box Hill	436 Elgar Road	O	sold	-	45,500	(45,500)
Cairns	7-19 Lake Street	O	D	87,750	90,000	(2,250)
Hawthorn East[9]	8-10 Cato Street	M	D	25,000	22,000	3,000
Richmond	572-576 Swan Street (Botanicca 7)	O	E	-	63,500	(63,500)
Richmond	588A Swan Street (Botanicca 9)	O	E	-	68,500	(68,500)
Value accretive capital expenditure		O/M	D	3,778	4,493	(715)
				116,528	**293,993**	**(177,465)**
Total investment properties (non-current assets)				**488,783**	**650,733**	(161,950)
Company – held for sale						
Townsville	30 Palmer Street	R	D	1,250	-	1,250
Fund – held for sale						
Richmond	572-576 Swan Street (Botanicca 7)	O	E	50,500	-	50,500
Richmond	588A Swan Street (Botanicca 9)	O	E	60,000	-	60,000
Investment properties held for sale (current assets)				**111,750**	**-**	**111,750**
Total investment properties				**600,533**	**650,733**	**(50,200)**

5 I = established industrial. D = industrial development. O = commercial office. M = mixed office and industrial. R = residential land.

6 D = Directors' valuation. E = external, independent valuation.

7 Buildings A and B at Pinnacle West, Wacol were completed in June 2023 and May 2023 respectively.

8 Represents value accretive capital expenditure on independently valued properties between the date of independent valuation and the end of the relevant financial period.

9 The Hawthorn East property was reclassified from an office to a development asset during the financial year. Following completion of development works in April 2023, the property was classified as a mixed use industrial/ office asset.

FINANCIAL SUMMARY[10]

FINANCIAL PERFORMANCE

Key metrics

Year ended 30 June	2023	2022	Change
FFO ($000)	14,933	16,653	(1,720)
Distributions ($000)	15,027	15,018	9
Payout ratio	100.6%	90.2%	10.4%

Funds from operations

GARDA recorded statutory net loss after tax for the year of $4,934,000 (FY22: Net profit $140,519,000). 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 FFO.

Year ended 30 June	2023 $000	2022 $000
Net (loss)/ profit after tax	**(4,934)**	**140,519**
Adjustments for non-cash items included in net profit after tax:		
Valuations – (deduct increases) / add back decreases:		
Investment properties	6,470	(111,642)
Derivatives	(638)	(12,832)
Asset disposals – (deduct gains) / add back losses:		
Investment properties	11,729	511
Other accounting reversals – (deduct income) / add back expenses:		
Security based payments	719	669
Net lease contract and rental items	1,565	(611)
Other	22	39
FFO	**14,933**	**16,653**

[10] Please refer to Glossary for definitions.

FINANCIAL POSITION

Key Metrics

	2023	2022
NTA per stapled security	**$1.96**	$2.05
Gearing	**33.7%**	35.6%
LVR	**38.7%**	40.4%

Net tangible assets

GARDA experienced a 4.4% decrease in NTA per security in FY23 driven by:

- movements in value of investment properties;
- losses on sales of Box Hill office and Mackay industrial properties; and

Borrowings

At 30 June 2023, GARDA had $64,823,000 of borrowing capacity available, a weighted average cost of debt (fully drawn) of approximately 4.68% (FY22: 3.00%) and gearing of 33.7% (FY22: 35.6%).

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 sale of the Mackay industrial property, the syndicated facility was reduced by $30,000,000 to $290,000,000.

Derivatives

GARDA has in place $150,000,000 (30 June 2022: $100,000,000) of interest rate hedges comprising:

- $10,000,000 of interest rate swaps at a rate of 0.80%, expiring 4 March 2027;
- $60,000,000 of interest rate swaps at a rate of 0.82%, expiring 4 March 2027;
- $30,000,000 interest rate swaps at a rate of 0.98%, expiring 4 March 2030; and
- $50,000,000 interest rate swaps at a rate of 3.30%, expiring 3 June 2026.

These derivatives are currently "in the money" with a valuation at 30 June 2023 of $15,527,000.

Issued Capital

	Securities
Total GARDA issued stapled securities at 30 June 2023	227,235,712
Less:	
GARDA stapled securities held as treasury stock	(3,990,492)
GARDA stapled securities issued or transferred under the GARDA Employee Security Plan (**ESP**)	(14,840,000)
GARDA stapled securities in accordance with Australian Accounting Standards[11]	**208,405,220**

On 17 April 2023, GARDA commenced an on market buy-back program for 12 months which is intended to be funded by existing cash and undrawn facilities. At 30 June 2023, 423,469 securities had been brought-back of which 408,649 securities were cancelled prior to year end.

A total of 1,313,773 performance rights have been granted under GARDA's Equity Incentive Plan, of which 223,425 had vested as at 30 June 2023.

[11] Pursuant to Australian Accounting Standards, treasury securities and ESP securities and the distributions attaching thereto are not included in statutory accounts.

STRATEGY AND OUTLOOK

STRATEGY

GARDA's objective is to deliver enduring value to securityholders through our 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 we wish to take.

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 two thirds 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 established 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.

CONTEXT

GARDA is primarily exposed to the industrial sector and to a lesser extent the suburban office sector. The office sector is experiencing challenging dynamics, predominantly because of the "work from home" theme continuing post Covid-19. GARDA is seeking to reduce its exposure to this sector in the near term.

Conversely the industrial sector continues to outperform with significant rental growth being experienced. As a result, valuations have been holding up notwithstanding the material capitalisation rate decompression experienced recently. This is expected to continue over the short term.

The broader macroeconomic environment is challenging and expected to worsen with inflation potentially set in and interest rates expected to increase further in the short term and remain elevated for some time.

OUTLOOK

Notwithstanding the macroeconomic environment, the medium-term outlook for our industrial portfolio remains positive:

- strong market rental growth in our established buildings has offset any valuation impacts from increasing capitalisation rates stemming from increased interest rates;
- 28,000m^2 of industrial projects are expected to be delivered in FY24 from our 140,000m^2 development pipeline; and
- tenant demand for our existing and future industrial buildings is high, being driven by record low vacancy rates.

In FY24, our industrial development activities will include:

- completing construction of 38-56 Peterkin Street, Acacia Ridge;
- completing construction of Richlands; and
- completing bulk earth and civil works at North Lakes and potentially Pinnacle East.

The values of our office buildings have recently been impacted by expansions in capitalisation rates but may stabilise as the official interest rate tightening cycle comes to an end.

In FY24, our key operational focus will be on increasing office occupancy levels through the leasing of remaining space in Botanicca 9 (until sale), Cairns and Hawthorn East.

Underpinning our corporate strategy and our operating activities is a keen focus on balance sheet management.

We will continue to recycle established assets and reallocate the capital released to our industrial development pipeline. We currently hold our Botanicca 7 and 9 office buildings in Richmond for sale and may divest other established assets.

BOARD OF DIRECTORS

Matthew Madsen
Executive Chairman

Appointed September 2011.

Professional experience

Matthew has been GARDA's Managing Director/ Executive Chairman since 2011. He has more than 25 years' experience in real estate, real estate finance and funds management

Matthew is Chair of the Advisory Board for residential land developer, Trask Development Corporation.

Listed entity directorships

Listed entity directorships in the last three years: None.

Qualifications

Diploma in Financial Services, Diploma in Financial Markets, Affiliate member of the Securities Institute of Australia.

GARDA securities

Ordinary securities:	6,100,000
ESP securities:	10,960,000

Mark Hallett
Executive Director

Appointed January 2011

Executive Director from February 2020.

Professional experience

Mark has more than 30 years' industry and legal experience. After qualifying as a solicitor, he had a range of diverse industry experiences across all aspects of corporate litigation, restructuring and commercial property. Mark was legal practice director of Hallett Legal and is now a consultant at Macpherson Kelley.

Mark has managed successful property syndicates for business associates and continues to advise participants in the industry on property investment and corporate restructuring.

Listed entity directorships

Listed entity directorships in the last three years: None.

Qualifications

Bachelor of Laws

GARDA securities

Ordinary securities:	1,533,469
ESP securities:	1,000,000
Performance rights:	48,262

Paul Leitch
Independent Director

Appointed March 2020.

Chair of the Audit, Risk and Sustainability Committee from March 2023.

Chair of the Nomination and Remuneration Committee from March 2020.

Professional experience

Paul has more than 20 years' experience as a senior executive with public and private sector organisations. He has held leadership roles in financial services including as Chief Operating Officer for QIC. He has significant experience in professional services and is currently director of a private advisory firm. Paul's company director roles have encompassed charity, family and listed entities. .

Paul is the independent director of Charles Porter and Sons.

Listed entity directorships

Listed entity directorships in the last three years: None.

Qualifications

Bachelor of Arts (Music), post graduate qualifications in Education, Member of the AICD, Member of Australian Human Resources Institute.

GARDA securities

Ordinary securities:	47,411

Morgan Parker
Independent Director

Appointed December 2018
Retired March 2023
Former Chair of the Audit, Risk and Sustainability Committee
Former Member of the Nomination and Remuneration Committee.

Professional experience

Morgan has more than 25 years' experience as a real estate investor, developer and banker. Morgan is currently Chair of SunCentral Maroochydore and a director of Newcastle Airport, Qiddiya Coast Company and Saudi Entertainment Ventures. He is also a member of the advisory board for UbiPark Pty Ltd. He has previously worked for Morgan Stanley, Lendlease and Macquarie Group and his most recent executive role was as Chief Operating Officer at Dubai Holding.

Listed entity directorships

Listed entity directorships in the last three years: None.

Qualifications

Bachelor of Laws, Graduate of the AICD.

GARDA securities

Ordinary securities: nil

Andrew Thornton
Non-Executive Director

Appointed March 2020
Member of the Audit, Risk and Sustainability Committee
Member of the Nomination and Remuneration Committee.

Professional experience

Andrew is a director of Great Western Corporation, a private group with interests in commercial and industrial property, general manufacturing, agricultural equipment and investments. He joined Great Western Corporation in 1995 before becoming Joint Managing Director in 2010.

Andrew previously served as Treasurer of both the Volvo Truck & Bus Dealer Council and the Daimler Truck Dealer Council.

He is currently a director of HGT Investments Pty Ltd, GARDA's largest securityholder.

Listed entity directorships

Listed entity directorships in the last three years: None.

Qualifications

Bachelor of Business, Member of the AICD.

GARDA securities

Ordinary securities: 1,255,005

DIRECTORS' REPORT[12]

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 of the Company and units of 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 year ended 30 June 2023 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 year and up to the date of this report are listed below. The Directors are also directors of all Group subsidiaries.

Matthew Madsen	Executive Chairman
Mark Hallett	Executive Director
Paul Leitch	Independent Director
Morgan Parker	Independent Director (retired 22 March 2023)
Andrew Thornton	Non-executive Director

Profiles of the Directors may be found from page 8.

Company Secretary

GARDA's Company Secretary and General Counsel throughout FY23 was Lachlan Davidson. He has been Company Secretary since July 2016.

Lachlan has over 25 years' experience in corporate law, fund raising and managed investments.

He holds a Law degree, a BSc in Genetics and Biochemistry and an MBA. He is a Justice of the Peace (Qualified) and a Graduate of the AICD Directors Course.

Principal activities

GARDA is an internally managed real estate investment, development and funds management group. The Fund invests in, owns, manages and develops commercial and industrial real estate in accordance with the provisions of the Fund's constitution. The Company, through its subsidiaries, acts as the responsible entity of the Fund.

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.

More information on GARDA's strategy is provided on page 7.

Review of operations

A detailed review of operations, including details of GARDA's properties, is provided in the Operational Review commencing on page 2.

Financial result

GARDA recorded statutory net loss after tax for FY23 of $4,934,000 (FY22: net profit after tax $140,519,000). 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.

After adjusting for these items, GARDA's funds from operations (FFO) for FY23 were $14,933,000 (FY22: $16,653,000) and a reconciliation to statutory net loss after tax is provided in the Financial Summary commencing on page 5.

[12] Please refer to Glossary for definitions.

Dividends and Distributions

The table below provides details of distributions[13] paid by GARDA in respect of the financial year:

	Dividend per security	Distribution per security	Total per security	Total $000	Franked amount	Record date	Payment date
2023							
Interim	-	1.80c	1.80c	3,758	-	30 Sep 22	17 Oct 22
Interim	-	1.80c	1.80c	3,759	-	30 Dec 22	17 Jan 23
Interim	-	1.80c	1.80c	3,759	-	31 Mar 23	19 Apr 23
Final	-	1.80c	1.80c	3,751	-	30 Jun 23	17 Jul 23
	-	**7.20c**	**7.20c**	**15,027**	**-**		
2022							
Interim	-	1.80c	1.80c	3,755	-	30 Sep 21	15 Oct 21
Interim	-	1.80c	1.80c	3,755	-	31 Dec 21	19 Jan 22
Interim	-	1.80c	1.80c	3,754	-	31 Mar 22	14 Apr 22
Final	-	1.80c	1.80c	3,754	-	30 Jun 22	15 Jul 22
	-	**7.20c**	**7.20c**	**15,018**	**-**		

Outlook

GARDA will continue to execute its strategy in FY24 with its key priorities being the delivery of its industrial development pipeline, increasing occupancy levels and managing ongoing capital requirements and gearing levels.

Please refer to page 7 for more information.

Subsequent events

GARDA has renegotiated its interest cover ratio covenants with its lenders as follows:

- 1 July 2023 to 30 June 2024: 1.50 times EBIT
- 1 July 2024 to 30 June 2025 1.75 times EBIT
- 1 July 2025 onwards: 2.00 times EBIT

GARDA has renewed its head office lease for a further three years, expiring on 13 July 2026.

Otherwise, there are no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect:

- GARDA's operations in future financial years;
- the results of those operations in future years; or
- the state of affairs of GARDA in future years.

Significant changes in state of affairs

Other than as set out in this Annual Report, there were no significant changes in the operating activities of the Group (including controlled entities) during the year.

Corporate governance

GARDA's Corporate Governance Statement may be found on page 69 of this Annual Report.

[13] Total distributions exclude distributions paid in respect of treasury securities and securities granted under the GARDA ESP.

Meetings of Directors

Attendance at meetings of Directors during the year was as follows:

	Board of Directors		Nomination and Remuneration Committee		Audit, Risk and Sustainability Committee	
	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend
Matthew Madsen[14]	9	9	0	invited	0	invited
Mark Hallett	10	10	0	invited	0	invited
Morgan Parker[15]	7	7	2	2	2	2
Paul Leitch	10	10	3	3	2	2
Andrew Thornton	10	10	3	3	2	2

Directors' remuneration

Directors' remuneration is set out in the Remuneration Report commencing on page 14.

Remuneration of officers

Remunerated officers of the Group other than the directors are the Chief Operating Officer and Company Secretary. Their remuneration arrangement, including equity grants, are described in the Remuneration Report on pages 14-23. Additional details about the GARDA ESP and GARDA Equity Incentive Plan are disclosed in Note 19.

Unissued securities under options or performance rights

Details of performance rights issued to employees during the year, including performance rights outstanding at 30 June 2023 and up to the date of this report, are disclosed in Note 19.

Securities issued on the exercise of options or performance rights

There were no securities issued during the year and up to the date of the report as a result of the exercise of options or rights over unissued securities in GARDA.

Audit, Risk and Sustainability Committee

The Audit, Risk and Sustainability Committee comprising independent and non-executive directors meets regularly with the management team and auditor to consider the nature and scope of the assurance activities, the effectiveness of the risk and control systems, and monitor GARDA's sustainability initiatives.

Auditor

Pitcher Partners has been appointed as auditor of the Group.

Securityholder details

A summary of GARDA's substantial securityholders and 20 largest securityholders is provided on page 70.

Indemnification and insurance of directors, officers and auditor

GARDA has agreed to indemnify current and former directors and certain key officers against all liabilities to another person (other than the Group or a related entity) that may arise from their position as director or employee of the Group, except where the liability arises out of conduct involving lack of good faith.

The agreement stipulates that the Group will meet the full amount of any such liabilities, including costs and expenses.

[14] Matthew Madsen and Mark Hallett were not members of the Nomination and Remuneration Committee or the Audit, Risk and Sustainability Committee and attended meetings by invitation.

[15] Morgan Parker retired from the Board on 22 March 2023.

The indemnities were limited as required under the *Corporations Act 2001*.

The Group has paid insurance premiums on behalf of its officers for liability and legal expenses for the year ended 30 June 2023.

The relevant insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been directors or officers of the Group.

Details of the nature of the liabilities covered or the amount of the premium paid have not been included, as such disclosure is prohibited under the terms of the relevant contracts.

The Group has not indemnified its auditor.

Proceedings on behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purposes of taking responsibility on behalf of the Group for all or any part of those proceedings.

Environmental regulation

The Group's operations were not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Directors believe GARDA has adequate systems in place for the management of its environmental requirements and are not aware of any breach of those environmental requirements.

Rounding

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.

Non-audit services

Non-audit services in the form of regulatory services and business advisory services were provided by the Group's auditor, Pitcher Partners, during the year (refer to Note 21 for details).

The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.*

The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit, Risk and Sustainability Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermines the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* may be found on page 24 following the Remuneration Report.

REMUNERATION REPORT (AUDITED)[16]

CHAIR OF THE NOMINATION AND REMUNERATION COMMITTEE

Dear Securityholders,

On behalf of the Nomination and Remuneration Committee, I am pleased to present GARDA's Remuneration Report for the year ended 30 June 2023.

Approach to remuneration

Our people are critical to the pursuit, and achievement, of our corporate objective of delivering enduring value to our securityholders.

The Committee has been charged by the Board with ensuring GARDA continues to attract and retain motivated individuals who have the requisite talent, expertise, experience and relationships to take the Group forward.

Our remuneration practices are designed to be market competitive and to closely align the interests of our people with those of our securityholders.

However, the Committee is vigilant to ensure events external to GARDA, such as increasing inflation and interest rates, do not render our remuneration arrangements ineffective.

Review of remuneration practices

Following securityholder adoption of GARDA's new Equity Incentive Plan in November 2021, the Committee is satisfied that GARDA's remuneration practices continue to be appropriate.

The structure and quantum of our remuneration arrangements are consistent with our ASX peers and, based on staff engagement and turnover, are considered to be effective.

FY23 performance and outcomes

GARDA has enjoyed another successful year. Our land holdings are being systematically developed to meet continued demand for premium industrial buildings, and pleasing leasing outcomes have been achieved across our portfolio.

Our balance sheet is in good shape and our asset recycling program has provided additional capital for deployment into our development pipeline.

Considering the macro economic environment, our portfolio has proven reasonably resilient with NTA per security falling a modest $0.09 to $1.96 compared with $2.05 at 30 June 2022.

With all performance and services hurdles likely to be achieved, a further one-third of the remaining December 2021 tranche of performance rights is expected to vest in August 2023.

Conclusion

This Remuneration Report has been approved by the Board and is intended to be a useful and informative document, while also complying with our statutory obligations.

I commend this Remuneration Report to you.

Yours sincerely,

Paul Leitch
Independent Director
Chair of Nomination and Remuneration Committee
27 July 2023

[16] Please refer to Glossary for definitions.

1. BASIS OF PREPARATION

This Remuneration Report is in respect of the financial year ended 30 June 2023. It provides information about remuneration arrangements for key management personnel (**KMP**), including Non-executive Directors, Executive Directors and other senior executives.

The Remuneration Report has been prepared in accordance with section 300A of the *Corporations Act 2001 (Cth)* (**Act**), has been audited as required by section 308(3C) of the Act, and forms part of the Directors' Report.

2. KEY MANAGEMENT PERSONNEL

The following persons had authority and responsibility for planning, directing and controlling the activities of GARDA during the financial year:

KMP	Role	Term
Independent Directors and Non-executive Directors		
Paul Leitch	Independent Director	Full term
Morgan Parker	Independent Director	Part year to 22 March 2023
Andrew Thornton	Non-executive Director	Full term
Executive Directors		
Matthew Madsen	Executive Chairman	Full term
Mark Hallett	Executive Director	Full term
Other Senior Executives		
David Addis	Chief Operating Officer	Full term
Lachlan Davidson	General Counsel & Company Secretary	Full term

3. REMUNERATION GOVERNANCE

The Board has an established Nomination and Remuneration Committee (**Committee**) which operates under the delegated authority of the Board. The role of the Committee is captured in its Charter which is published on GARDA's website.

The roles and responsibilities of the Committee pertaining to remuneration include:

- evaluating the performance of the Board, including committees and individual Non-executive Directors;
- making recommendations to the Board regarding the remuneration of Non-executive Directors;
- assessing the performance of Executive Directors and reviewing their remuneration arrangements;
- reviewing the appropriateness and application of short-term and long-term incentive schemes and policies for executives and staff;
- seeking to align remuneration to the values, risk appetite and performance of GARDA and the individual performance of executives; and
- ensuring appropriate human resources management programs, including performance assessment programs, are in place.

The Committee operates independently of GARDA management and may engage remuneration advisers directly. Management may make recommendations to the Committee in relation to the development and implementation of reward strategy and structure.

During FY23, the members of the Committee were:

Director	Role	Term
Paul Leitch	Independent Director, Chair of Committee	Full term
Morgan Parker	Independent Director	Part year to 22 March 2023
Andrew Thornton	Non-executive Director	Full term

4. REMUNERATION PHILOSOPHY

The Board recognises the critical role people play in the:

- execution of our strategy;
- achievement of our corporate objectives; and
- the delivery of enduring value to our securityholders.

Our people are also a key differentiator and source of competitive advantage relative to our peers.

Accordingly, a strategic priority is to attract, motivate and retain motivated individuals who have the requisite talent, expertise, experience and relationships. In practice this means that our remuneration must not only be market competitive but must also closely align the interests of our people with those of our securityholders.

5. APPROACH TO NON-EXECUTIVE DIRECTOR REMUNERATION

Non-executive Directors are paid a fixed amount of remuneration comprising base salary or fees and statutory superannuation and are not eligible to receive cash incentives, security-based compensation or other retirement benefits.

Factors that are considered when setting fees for Non-executive Directors include:

- the workload, skills and experience required for the role;
- fees paid to Non-executive Directors of comparable organisations;
- the attributes, profile and reasonable expectations of the individuals; and
- the quantum or pool formally approved by securityholders for remuneration of Non-executive Directors. The approved pool is currently $600,000 per annum of which $287,000 was utilised in FY23.

6. APPROACH TO EXECUTIVE REMUNERATION

6.1 Summary

Within the context of GARDA's financial performance and position, the Board and Committee seek to find a balance between:

- fixed and at-risk remuneration;
- short-term and long-term incentives; and
- amounts paid in cash and equity interests.

The table below summarises the current executive remuneration structure.

Component	Primary purpose	Benchmarks and hurdles	Delivery
Fixed remuneration	▪ Attract and retain talent	▪ Comparable groups ▪ Individual employee attributes	▪ Base salary ▪ Superannuation ▪ Employment benefits ▪ Salary sacrifice benefits
Short term incentive (**STI**)	▪ Align executive outcomes with annual goals for Group ▪ Reward individual achievement	▪ FY23 Group goals ▪ Funds from operations ▪ Net tangible assets ▪ Board discretion	▪ Cash
Long term incentive (**LTI**)	▪ Align executive outcomes with longer term securityholder returns	▪ Return on equity	▪ Performance rights ▪ Loan backed ESP securities (pre 2022)

6.2 Fixed remuneration

Fixed remuneration for employees is reviewed annually by the Executive Chairman focusing on Group outcomes, individual performance and relevant comparative information in the market. The same process is used by the Committee when reviewing the fixed remuneration of the Executive Chairman.

Employees are provided with the opportunity to receive their base salary in a variety of forms including cash and salary sacrifice items such as additional superannuation contributions.

6.3 Short term incentive

The objective of the STI program is to link individual performance and the achievement of the Group's annual goals with employee remuneration. The STI opportunity and targets have been specified for some executives, while noting STI is discretionary and determined by the Executive Chairman.

Similarly, subject to behavioural, performance and financial hurdles, the Executive Chairman is eligible for an annual STI determined by the Committee.

All STI are paid in cash and none is based on profit measures only.

6.4 Long term incentive

GARDA currently has two long term incentive plans in place:

1. *Employee Security Plan* (***ESP***) pursuant to which employees were granted LTIs in the form of stapled securities, backed by limited recourse loans; and
2. *Equity Incentive Plan* pursuant to which senior executives may receive offers of performance rights and all employees may receive offers of exempt securities.

The primary objective of GARDA's LTI plans is to strengthen alignment between GARDA executives and securityholders by incentivising executives to act like owners. Performance rights issued to executives under the new Equity Incentive Plan will only vest, and be convertible into stapled securities, if GARDA exceeds minimum return on equity hurdles.

Performance rights will typically have a three-year measurement period. However, following securityholder approval of the Equity Incentive Plan in November 2021, the Committee determined that transition arrangements should apply to the first tranche of performance rights (refer section 8.3).

7. GROUP PERFORMANCE

The key FY23 financial metrics considered by the Committee in determining remuneration outcomes included:

		2023	2022	2021	2020	2019
NTA per security	$	1.96	2.05	1.45	1.18	1.37
FFO	$000	14,933	16,653	16,167	15,680	13,192
Distributions per security[17]	cents	7.20	7.20	7.20	8.55	9.00
Return on equity	%	(0.9%)	46.3%	29%	23%	30%
Payout ratio	%	100.6%	90.2%	92.9%	104.8%	104.7%
Gearing	%	33.7%	35.6%	38.4%	36.4%	32.2%
Security price	$	1.30	1.54	1.29	1.00	1.40

The Committee also took into consideration the following non-financial events and outcomes:

- the continuing resilience of portfolio and income streams in the current high inflationary and interest rate environment;
- completion of development and tenanting of the second (Building B) and third (Building A) buildings at Pinnacle West, Wacol;
- completion of refurbishment development of our Cato Street office building in Hawthorn East and commencement of the ground floor lease of the anchor tenant Raygen;
- significant progress in development activities at Richlands and preparatory works at Acacia Ridge, Pinnacle East and North Lakes;
- other successful leasing outcomes at Botanicca 7, Botanicca 9, Morningside and Cairns;
- successful recycling of our Box Hill office and Mackay industrial properties;
- continuing prudent management of our balance sheet and borrowing arrangements;
- execution of a new three-year $50.0 million interest rate swap agreement, which is currently in the money;
- maintaining competitive NABERS ratings on our operationally controlled office buildings; and
- continued focus on our environmental, social and governance obligations and commitments.

[17] Actual distribution per security assuming holding of security for the entire financial year.

8. REMUNERATION OUTCOMES

8.1 Total KMP remuneration

The table below summarises the total remuneration provided to KMP in FY23 and FY22, calculated in accordance with statutory obligations and accounting standards:

	Short-term benefits				Long-term benefits		Security based payments			
	Salary or fees	STI cash award[18]	Annual leave	Non-monetary benefits	Super-annuation	Long Service leave	Equity Incentive Plan[19]	Employee Security Plan[20]	Total	Performance related
Non-executive Directors										
P Leitch										
FY23	105,234	-	-	-	11,050	-	-	-	116,284	-
FY22	82,192	-	-	-	8,219	-	-	-	90,411	-
M Parker[21]										
FY23	76,869	-	-	-	8,071	-	-	-	84,940	-
FY22	82,192	-	-	-	8,219	-	-	-	90,411	-
A Thornton										
FY23	85,776	-	-	-	-	-	-	-	85,776	-
FY22	83,298	-	-	-	2,090	-	-	-	85,388	-
P Lee[22]										
FY23	-	-	-	-	-	-	-	-	-	-
FY22	35,827	-	-	-	3,583	-	-	-	39,410	-
Executive Directors										
M Madsen										
FY23	695,000	1,042,500	(25,083)	2,849	25,292	5,699	-	273,614	2,019,871	65.2%
FY22	695,000	1,042,500	17,360	2,764	23,568	2,186	-	243,623	2,027,001	63.4%
M Hallett										
FY23	150,000	-	-	-	-	-	2,105	21,290	173,395	13.5%
FY22	150,000	-	-	-	-	-	-	18,877	168,877	11.2%
Executives										
D Addis										
FY23	358,269	55,000	(2,495)	2,868	25,292	4,541	64,535	1,234	509,244	23.7%
FY22	342,485	52,500	1,046	2,900	23,568	2,823	56,935	12,161	494,418	24.6%
L Davidson										
FY23	273,846	30,000	(2,828)	-	25,292	15,075	34,319	-	375,704	17.1%
FY22	262,692	30,000	3,807	-	23,568	14,979	29,928	2,318	367,292	16.9%
Total										
FY23	**1,744,994**	**1,127,500**	**(30,406)**	**5,717**	**94,997**	**25,315**	**100,959**	**296,138**	**3,365,214**	**45.4%**
FY22	**1,733,686**	**1,125,000**	22,213	**5,664**	**92,815**	**19,988**	**86,863**	**276,979**	**3,363,208**	**44.3%**

8.2 STI outcomes

The Committee determined that the Group achieved its corporate goals for FY23 and that the Executive Chairman satisfied his behavioural, performance and financial hurdles. The Committee also determined that because the Executive Chairman is already a substantial securityholder, it would be appropriate to grant all of his incentives for FY23 as a cash incentive. An incentive award equal to 150% of salary was granted and paid in FY23.

18 STIs are presented on a cash basis showing STIs actually paid during the financial year. The STI paid to the Executive Chairman was in respect of FY23 while the STIs paid to other executives were in respect of FY22.

19 Approved by securityholders on 25 November 2021. Includes fair value of performance rights and exempt securities.

20 Comprises fair value of GARDA securities granted with attaching non-recourse loans.

21 Retired from Board on 22 March 2023.

22 Retired from Board on 25 November 2021.

8.3 LTI outcomes

Security based payments are amortised expenses in respect of:

- stapled securities issued under the Employee Securities Plan; and
- performance rights granted under the Equity Incentive Plan.

Details of the first and second tranche of performance rights granted are summarised below.

Tranches:	December 2021 September 2022
KMP participants:	Mark Hallett, Executive Director David Addis, Chief Operating Officer Lachlan Davidson, General Counsel and Company Secretary
Grant dates:	10-15 December 2021 19 September 2022
Instrument:	Performance rights. The allocation of the LTI grants is on a face value basis using the volume weighted average price of GARDA securities over the 10 days immediately following the release of GARDA's FY21 and FY22 Annual Reports. Each performance right is a right to acquire one stapled security in the Group, subject to the achievement of performance and service hurdles.
Measurement period:	<u>December 2021 Tranche</u> 3 years ending 30 June 2024 with 100% vesting following period end <u>September 2022 Tranche</u> 3 years ending 30 June 2025
Transition arrangements:	<u>December 2021 Tranche</u> One-third of the December 2021 tranche vest following the end of each of FY22, FY23 and FY24. If the performance hurdles at the end of FY22 and/or FY23 are not achieved, the relevant performance rights will carry forward to the next testing period. <u>September 2022 Tranche</u> There are no transition arrangements.
Service hurdle:	Vesting of the performance rights is subject to the employee: a) remaining employed during the Measurement Period; b) continuing to be employed on the relevant Test Date; and c) not giving or receiving notice of termination before the Test Date, or otherwise being a good leaver.
Performance hurdle:	Vesting of performance rights is subject to a return on equity (**ROE**) hurdle. ROE means the change in NTA plus distributions over the measurement period, divided by NTA at the commencement of the measurement period. Below lower ROE hurdle .... Nil Equal to lower ROE hurdle .... 50% Between lower and upper hurdles .... straight line pro rata At or above upper hurdle 100%
Clawback:	In prescribed circumstances, the Board has a discretion to 'claw back' securities (or the net proceeds from sale) allocated upon vesting or to cause unvested performance rights to lapse, to ensure no unfair benefit is obtained by a participant.
Dividends and voting rights:	Performance rights do not carry a right to vote or to distributions or, in general, a right to participate in other corporate actions such as entitlement issues.
Change of control provisions:	If a change of control event occurs, the Board has a discretion to determine the manner in which unvested rights and unexercised vested rights will be dealt with.

9. EQUITY INTERESTS

9.1 Ordinary securities

The equity interests of each KMP in the Group, and the movements in their equity interests during the year, were as follows:

	As at 1 July 2022	Acquired	Disposed	LTI Grants[23]	As at 30 June 2023 Total	Ordinary Securities	ESP Securities[24]
Non-executive Directors							
P Leitch	47,411	-	-	-	**47,411**	47,411	-
M Parker[25]	-	-	-	-	**-**	-	-
A Thornton	1,126,065	128,940	-	-	**1,255,005**	1,255,005	-
Executive Directors							
M Madsen	17,900,000	-	(840,000)	-	**17,060,000**	6,100,000	10,960,000
M Hallett	2,609,469	-	(76,000)	-	**2,533,469**	1,533,469	1,000,000
Executives							
D Addis	800,636	380,000	-	36,871	**1,217,507**	417,507	800,000
L Davidson	773,966	-	-	18,755	**792,721**	232,721	560,000
Total number of securities	**23,257,547**	**508,940**	**(916,000)**	**55,626**	**22,906,113**	**9,586,113**	**13,320,000**

9.2 ESP securities

Details of the securities granted to KMP in years prior to FY23 under the ESP, together with attaching non-recourse loans, are set out in the following table:

KMP	Issue date[26]	Securities granted	Exercise Price	Fair value at grant date	Loan value 30 June 2023	Vesting date
Matthew Madsen	13 Nov 2017	960,000	0.63	0.70	397,648	13 Nov 2020
	16 Apr 2020	5,000,000	1.00	0.06	4,670,905	16 Apr 2023
	18 Nov 2020	5,000,000	1.16	0.10	5,608,933	19 Nov 2023
Mark Hallett	16 Apr 2020	1,000,000	1.00	0.06	943,947	16 Apr 2023
David Addis	3 Jun 2019	320,000	1.08	0.24	310,028	3 Jun 2021
	23 Aug 2019	240,000	1.22	0.11	281,365	23 Aug 2021
	23 Aug 2019	240,000	1.22	0.10	281,365	23 Aug 2022
Lachlan Davidson	13 Nov 2017	160,000	0.63	0.11	66,326	13 Nov 2019
	13 Nov 2017	160,000	0.63	0.13	66,326	29 Nov 2019
	23 Aug 2019	240,000	1.22	0.11	280,308	23 Aug 2021
Total		**13,320,000**			**12,907,151**	

A total of 14,840,000 securities have been granted under the ESP, of which 13,320,000 are held by KMPs. As at 30 June 2023, 8,320,000 of the 13,320,000 ESP securities held by KMP had vested.

Following securityholder approval of the new Equity Incentive Plan at the Annual General Meeting on 25 November 2021, it is not proposed that LTIs will continue to be granted under the ESP.

23 Included in the LTI grants are $1,000 of GARDA securities under an exempt security award. Based on a 5-day volume weighted average security price of $1.56 including the grant date of 17 August 2022, each employee (other than those on the Board) received 640 securities.

24 Under Australian Accounting Standards, securities issued under the ESP, which are identical to other GARDA stapled securities, are required to be accounted for as options until such time as they vest and are exercised by the recipient, after repaying the attaching loans. Refer Note 20 for further details.

25 Morgan Parker retired from the Board on 22 March 2023.

26 ESP Securities issued prior to the internalisation transaction on 29 November 2019 were issued under the former GARDA Capital Group employee security plan, with the number and exercise price of such securities being adjusted for the internalisation exchange ratio of 1.6x.

9.3 Exempt securities

An Exempt Securities Award was granted to all employees (other than those on the Board) in August 2022 under the Equity Incentive Plan. Each employee was granted $1,000 of securities which, based on 5-day volume weighted average security price of $1.56, equated to 640 securities each. A total of 9,600 (FY22: 10,176) securities were granted pursuant to the exempt security award.

Employees may also not sell the securities before the earlier of the third anniversary of their grant or the date their employment with GARDA ceases.

9.4 Performance rights

The table below shows the LTI grants made to KMP in the form of performance rights during the financial year. Accounting standards require the valuation of the grants to be recognised over the measurement period. The minimum value of the grant to participants will be nil if the vesting conditions are not met. The fair value reported was calculated at the time of the grant and amortised in accordance with accounting standard requirements.

Tranche	Rights held at 30 June 2022	Rights granted during the year	Rights vested and exercised during the year	Rights forfeited during the year	Rights held at 30 June 2023	Grant date	Fair value per right at grant date	Vesting date	Fair value to be expensed in future years[27]
Executive Director									
M Hallett									
FY22 – 3 years	-	48,262	-	-	48,262	19 Sep 22	$1.32	31 Aug 25	5,877
Total	-	**48,262**	-	-	**48,262**				**5,877**
Chief Operating Officer									
David Addis									
FY21 – 1 year	36,231	-	(36,231)	-	-	10 Dec 21	$1.52	31 Aug 22	-
FY21 – 2 years	36,231	-	-	-	36,231	10 Dec 21	$1.46	31 Aug 23	4,683
FY21 – 3 years	36,233	-	-	-	36,233	10 Dec 21	$1.39	31 Aug 24	13,040
FY22 – 3 years	-	96,525	-	-	96,525	19 Sep 22	$1.32	31 Aug 25	11,753
Total	**108,695**	**96,525**	**(36,231)**	-	**168,989**				**29,476**
General Counsel and Company Secretary									
Lachlan Davidson									
FY21 – 1 year	18,115	-	(18,115)	-	-	15 Dec 21	$1.59	31 Aug 22	-
FY21 – 2 years	18,115	-	-	-	18,115	15 Dec 21	$1.52	31 Aug 23	2,465
FY21 – 3 years	18,117	-	-	-	18,117	15 Dec 21	$1.46	31 Aug 24	6,844
FY22 – 3 years	-	48,262	-	-	48,262	19 Sep 22	$1.32	31 Aug 25	5,877
Total	**54,347**	**48,262**	**(18,115)**	-	**84,494**				**15,186**

10. KEY TERMS OF EMPLOYMENT

10.1 Executive Chairman

The Executive Chairman, Matthew Madsen, entered into an executive services agreement effective 1 January 2020.

Mr Madsen's executive services agreement may be terminated by the Group with one year's notice (or immediately for fraud, gross negligence, misconduct or criminal offence), or by Mr Madsen providing one year's notice. There is a restraint on Mr Madsen competing with the Group or interfering with the relationship between the Group and its staff, customers, suppliers or contractors for one year following termination.
Other major provisions of the executive services agreement include:

- term of agreement: commencing 1 January 2020 with no fixed termination date;

[27] The maximum value of the grants yet to vest is the fair value amount at the grant date yet to be reflected in the Group's consolidated income statement. The minimum future value is $nil as the future performance and service hurdles may not be met.

- base salary, exclusive of superannuation, of $695,000, to be reviewed annually by the Committee;
- entitlement to participate in short term incentives, expected to be in the form of cash bonus, and subject to achievement of behavioural, performance and financial hurdles determined by the Board;
- entitlement to participate in LTIs, at the discretion of the Board, subject to securityholder approval; and
- value of incentives granted in any financial year not to exceed 150% of salary for that year.

10.2 Directors

The contracts with GARDA's Non-executive Directors, Messrs Leitch and Thornton, provide the following key terms:

- term: ongoing three-year terms, subject to re-election ;
- remuneration (to be reviewed annually):
  - $85,000 per annum (including superannuation) as at 30 June 2023; plus
  - $25,000 extra for the Chairs of each Board sub-committee; and
- termination: as permitted under constitution.

The contract with Mr Hallett, Executive Director, is largely identical to the contracts of the Non-executive Directors with two exceptions:

- remuneration: $150,000 per annum plus GST, reviewed annually; and
- entitlement to participate in LTIs, at the discretion of the Board.

10.3 Executives

Remuneration and other terms of employment for other KMP executives are contained under standard employment contracts.

It is Group policy that service contracts for salaried KMP are unlimited in term but capable of termination, with notice, by either party. The Group retains the right to terminate a service contract immediately and without notice if the KMP is at any time guilty of serious, willful, or persistent misconduct. On termination, salaried KMP are entitled to receive their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

Other than the Executive Chairman, the notice period for termination of a service contract by a KMP is three months.

11. TRANSACTIONS WITH KMP AND THEIR RELATED PARTIES

Other than as disclosed in this Remuneration Report, GARDA did not participate in any transactions with KMP or related parties during the financial year.

End of Remuneration Report

The Directors' Report, including the Remuneration Report, is signed in accordance with a resolution of the Directors.

Matthew Madsen
Executive Chairman
27 July 2023

AUDITOR'S INDEPENDENCE DECLARATION

PITCHER PARTNERS

Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

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 audit for the year ended 30 June 2023, 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 year.

Pitcher Partners
PITCHER PARTNERS

CHERYL MASON
Partner

Brisbane, Queensland
27 July 2023

FINANCIAL REPORT[28]

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		GARDA		Company	
Year ended 30 June		**2023**	2022	**2023**	2022
	Notes	**$000**	$000	**$000**	$000
Revenue and other income					
Revenue from ordinary activities	5	31,556	33,709	7,554	6,385
Other income	5	418	68	171	38
Net gain in fair value of financial instruments		638	12,832	-	-
Net gain in fair value of investment properties	9	-	111,642	-	-
Total revenue and other income		**32,612**	**158,251**	**7,725**	**6,423**
Expenses					
Property expenses	6	(6,915)	(6,926)	-	-
Corporate and trust administration expenses	6	(1,945)	(1,970)	(1,124)	(1,143)
Finance costs	6	(6,313)	(4,078)	(2)	(5)
Employee benefits expense	6	(3,188)	(3,564)	(5,972)	(5,734)
Depreciation	6	(150)	(161)	(150)	(161)
Credit loss expense	8	-	(6)	-	(6)
Security based payments expense	20	(719)	(669)	(719)	(669)
Net loss in fair value of investment properties	9	(6,470)	-	-	-
Net loss on sale of investment properties	9	(11,729)	(511)	-	-
Total expenses		**(37,429)**	**(17,885)**	**(7,967)**	**(7,718)**
Profit/ (loss) before income tax		**(4,817)**	140,366	**(242)**	(1,295)
Income tax (expense)/ benefit	7	(117)	153	(117)	153
Profit/ (loss) after income tax		**(4,934)**	**140,519**	**(359)**	**(1,142)**
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the year		**(4,934)**	**140,519**	**(359)**	**(1,142)**
Total profit/ (loss) and total comprehensive income for the period attributable to:					
Securityholders of GARDA Property Group		(4,575)	141,661	-	-
Shareholders of GARDA Holdings Limited		(359)	(1,142)	(359)	(1,142)
Profit/ (loss) and total comprehensive income		**(4,934)**	**140,519**	**(359)**	**(1,142)**
Earnings per stapled security:					
Basic earnings per stapled security (cents)	15	(2.37)	67.37	(0.17)	(0.55)
Diluted earnings per stapled security (cents)	15	(2.37)	62.90	(0.17)	(0.55)

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

[28] Please refer to Glossary for definitions.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 June	Notes	GARDA 2023 $000	GARDA 2022 $000	Company 2023 $000	Company 2022 $000
ASSETS					
Current assets					
Cash and cash equivalents		13,164	19,794	6,999	6,661
Trade and other receivables	8	12,210	7,654	1,985	1,214
Other assets – prepayments		1,215	1,274	192	168
Investment properties held for sale	9	111,750	-	1,250	-
Total current assets		**138,339**	**28,722**	**10,426**	**8,043**
Non-current assets					
Trade and other receivables	8	44	86	-	-
Investment properties	9	488,783	650,733	-	1,250
Property, plant and equipment		-	13	-	13
Derivative financial instruments	13	15,527	14,889	-	-
Right-of-use assets		-	137	-	137
Deferred tax assets	7	300	417	300	417
Total non-current assets		**504,654**	**666,275**	**300**	**1,817**
Total assets		**642,993**	**694,997**	**10,726**	**9,860**
LIABILITIES					
Current liabilities					
Trade and other payables	10	4,430	2,773	8,191	6,900
Contract liabilities	11	1,232	607	-	-
Distribution payable	14	3,751	3,754	-	-
Provisions		51	42	51	42
Lease liabilities		-	130	-	130
Total current liabilities		**9,464**	**7,306**	**8,242**	**7,072**
Non-current liabilities					
Tenant security deposits		739	561	-	-
Borrowings	12	224,269	258,898	-	-
Provisions		152	92	152	92
Total non-current liabilities		**225,160**	**259,551**	**152**	**92**
Total liabilities		**234,624**	**266,857**	**8,394**	**7,164**
Net assets		**408,369**	**428,140**	**2,332**	**2,696**
EQUITY					
Contributed equity		354,495	355,009	14	19
Security based payment reserve		2,541	1,837	-	-
Retained earnings		51,333	71,294	2,318	2,677
Total equity		**408,369**	**428,140**	**2,332**	**2,696**

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

a) GARDA

	Notes	Contributed Equity $000	Other Reserves[29] $000	Retained Earnings $000	Total Equity $000
30 June 2023					
Balance at 1 July 2022		355,009	1,837	71,294	428,140
Comprehensive income					
Loss for the financial year		-	-	(4,934)	(4,934)
Other comprehensive income		-	-	-	-
Transactions with owners in capacity as owners:					
Distributions paid or payable	4	-	-	(15,027)	(15,027)
Securities based payment expense		-	704	-	704
Sales of treasury stock		15	-	-	15
Buy-back of securities		(528)	-	-	(528)
Transaction costs for buy-back of securities		(1)	-	-	(1)
Balance at 30 June 2023		**354,495**	**2,541**	**51,333**	**408,369**
30 June 2022					
Balance at 1 July 2021		354,993	1,184	(54,207)	301,970
Comprehensive income					
Profit for the financial year		-	-	140,519	140,519
Other comprehensive income		-	-	-	-
Transactions with owners in capacity as owners:					
Distributions paid or payable	4	-	-	(15,018)	(15,018)
Securities based payment expense		-	653	-	653
Sales of treasury stock		16	-	-	16
Balance at 30 June 2022		**355,009**	**1,837**	**71,294**	**428,140**

b) Company

	Contributed Equity[30] $000	Retained Earnings $000	Total Equity $000
30 June 2023			
Balance at 1 July 2022	19	2,677	2,696
Comprehensive income			
Loss for the financial year	-	(359)	(359)
Other comprehensive income	-	-	-
Transactions with owners in capacity as owners:			
Buy-back of securities	(5)	-	(5)
Transaction costs for buy-back of securities	-	-	-
Balance at 30 June 2023	**14**	**2,318**	**2,332**
30 June 2022			
Balance at 1 July 2021	19	3,819	3,838
Comprehensive income			
Loss for the financial year	-	(1,142)	(1,142)
Other comprehensive income	-	-	-
Balance at 30 June 2022	**19**	**2,677**	**2,696**

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

29 Relates to security based payments.

30 Contributed equity of GHL was restated to $19,000 in FY22 to reflect statutory share capital. The amount of $19,000 was historically subscribed by way of in-specie distribution or capital contribution which effectively had no impact to equity. As GARDA commenced the security buyback in FY23, it was determined that a gross up of the share capital is required. The amount was transferred from retained earnings.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		GARDA		Company	
Year ended 30 June		**2023**	2022	**2023**	2022
	Notes	**$000**	$000	**$000**	$000
Cash flows from operating activities					
Receipts from customers (incl. GST)		35,143	37,962	6,970	6,995
Litigation proceeds		40	105	-	-
Payments in the course of operations (incl. GST)		(14,919)	(18,991)	(6,709)	(7,018)
Interest received		367	13	120	3
Finance costs		(8,954)	(4,767)	-	-
Net GST refund/ (paid)		159	3,620	(543)	(357)
Net cash from / (used in) operating activities	23	**11,836**	**17,942**	**(162)**	**(377)**
Cash flows from investing activities					
Payments for investment properties		(39,052)	(51,454)	-	-
Proceeds on sale of investment properties		75,820	11,000	-	-
Selling costs of investment properties		(1,042)	(210)	-	-
Payments for leasing fees		(961)	(686)	-	-
Repayment of loans receivable from external parties		8,006	3,938	640	467
Loan advances to external parties		(10,584)	(10,389)	(10)	(573)
Net cash (used in) / from investing activities		**32,187**	**(47,801)**	**630**	**(106)**
Cash flows from financing activities					
Distributions paid		(15,030)	(15,018)	-	-
Drawdowns from bank debt facilities		40,000	60,728	-	-
Repayment of bank debt facilities		(74,823)	(10,728)	-	-
Bank debt facility transaction costs paid		(141)	(725)	-	-
Payment of lease liabilities		(130)	(138)	(130)	(138)
Payment for buyback of securities		(528)	-	-	-
Payment for buyback transaction costs		(1)	-	-	-
Repayment of loan by subsidiary of parent entity		-	-	-	15
Net cash from / (used in) financing activities		**(50,653)**	**34,119**	**(130)**	**(123)**
Net increase / (decrease) in cash and cash equivalents		**(6,630)**	**4,260**	**338**	**(606)**
Cash and cash equivalents at beginning of year		19,794	15,534	6,661	7,267
Cash and cash equivalents at end of year		**13,164**	**19,794**	**6,999**	**6,661**

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

NOTES TO FINANCIAL REPORT

NOTE 1 GENERAL INFORMATION

a) Basis of preparation

The consolidated annual financial statements 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**), have been jointly presented in accordance with *ASIC Corporations (Stapled Group Reports) Instrument 2015/838* and the requirements of the Australian Securities Exchange.

These financial statements have also been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Pursuant to Australian Accounting Standards, the Fund is the deemed parent entity of the Group. Supplementary information about the parent entity is disclosed in Note 24.

b) Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated annual financial statements are presented in Australian dollars which is the Group’s functional and presentation currency.

c) Compliance with IFRS

The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

d) Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of investment properties and derivative financial instruments.

e) Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

f) Comparative information

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

g) Registered office

The registered office and principal place of business of the Group is situated at Level 21, 12 Creek Street, Brisbane QLD 4000.

h) Authorisation of financial report

This financial report was authorised for issue on 27 July 2023 in accordance with a resolution of the Directors.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) 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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2023 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Group and Company.

b) Principles of consolidation and business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for an acquisition comprises the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by GARDA. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. GARDA recognises any non-controlling interest in an acquired entity on an acquisition-by acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred, with the exception of incremental costs incurred in relation to the issue of additional equity which are deducted against equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of GARDA's share of the net identifiable assets acquired are recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and recognises additional assets or liabilities during the measurement period based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on the earlier of: (i) 12 months from the date of the acquisition; or (ii) when the acquirer receives all the information possible to determine fair value.

c) Income tax

Income tax for the Fund

Under the current income tax legislation, the Fund is not liable for Australian income tax, provided its taxable income and taxable realised gains are fully distributed to security holders each financial year. The Fund distributes its distributable income, calculated in accordance with its Constitution and the applicable taxation legislation, to securityholders who are presently entitled to the income under the Constitution.

Income tax for the Company

Income tax is payable at the applicable income tax rate on the current period's taxable income adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and for unused tax losses. The current income tax charge is calculated by reference to the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this situation, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation legislation for the Company

The Company and its wholly owned subsidiaries have implemented the tax consolidation legislation. The head entity, GHL, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continued to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have entered into a tax funding agreement under which wholly owned subsidiaries compensate the Company for any current tax liability assumed and are compensated by the Company for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned subsidiaries' financial statements.

The amounts receivable/ payable under the tax funding agreement are due upon receipt of the funding advice from the head entity. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

d) Revenue recognition

The summary below presents information about the disaggregation of key revenue items from the Group's revenue contracts or other activities with customers.

Lease revenue

The Group's main revenue stream is property rental revenue and is derived from holding investment properties over time.

Rental revenue is recognised on a straight-line basis over the lease term for leases with fixed rent review clauses. Rental revenue not received at reporting date is reflected in the Statements of Financial Position as a receivable or, if paid in advance, as a contractual liability. Contingent rents based on the future amount of a factor that changes other than with the passage of time, including turnover rents and CPI linked rental increases, are only recognised when contractually due.

Prospective tenants may be offered incentives to enter operating leases. The cost of incentives is recognised as a reduction of rental revenue on a straight-line basis from the lease commencement date to the end of the lease term.

Recoverable outgoings

Revenue from outgoings and other related services is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price, taking into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Fund and real estate management revenue

The Company provides funds management and fund administration services to GDF in accordance with the GDF Constitution and relevant service agreements. The services are provided on an ongoing basis and revenue is calculated and recognised over time.

Lending business income

Revenue from lending contracts with customers is recognised over-time using the effective interest method.

Recoveries and other fees

Recoveries and other fees are received from GDF for reimbursement of expenses. Revenue is recognised at a point in time.

Debt advisory services revenue

The Company is only entitled to payment for debt advisory services upon the successful completion of contracts. Revenue is recognised upon completion of the service at a point in time.

Non-lending Interest income

Interest income is recognised using the effective interest method.

e) Investment properties

Investment properties comprise properties held for long-term rental yields and/ or capital appreciation and properties being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost, including transaction costs.

Subsequently to initial recognition, investment properties are carried at fair value which is measured using the capitalisation approach and discounted cash flows as primary valuation methodologies. Gains and losses arising from changes in fair values of investment properties are included in profit or loss in the year in which they arise.

Subsequent development and refurbishment costs (other than repairs and maintenance) are capitalised to the investment property when they result in an enhancement in the future economic benefits of the property. Investment properties under construction are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

f) Investment properties held for sale

Investment properties are classified as held for sale if their carrying values are expected to be recovered principally through a sale transaction rather than continuing use, and a sale is considered highly probable. Investment properties held for sale are presented separately in the Consolidated Statements of Financial Position as current assets and measured at fair value.

g) Fair values

Fair values may be used for financial and non-financial asset and liability measurement as well as sundry disclosures.

Fair value is the price that would be received on sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the Group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they are acting in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use, or by selling it to another market participant that would use the asset at its highest and best use. In measuring fair value, the Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, including verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

h) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets may have been impaired (except for goodwill which must be reviewed annually). If such indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and its value in use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset (except for goodwill that must be reviewed annually), the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

j) Financial Assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value; and
- those to be measured at amortised cost.

The classification depends on the Group’s business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets at fair value through profit or loss

Derivative financial instruments
The Group used derivative financial instruments (interest rate swaps) during the year to hedge risks associated with interest rate fluctuations on its bank loans.

Interest rate swaps are initially measured at fair value on the date of contract and are subsequently measured at fair value at each reporting date. Transaction costs are expensed. The net fair value of derivative financial instruments outstanding at the reporting date is recognised in the Consolidated Statements of Financial Position as a financial asset or financial liability. Changes in the fair value of the interest rate swaps are recognised immediately in profit or loss.

Financial assets at amortised cost

Trade receivables and contract assets
Trade receivables and contract assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Commercial loans to external third parties
Commercial loans receivable from external third parties are initially recognised at fair value, and subsequently at amortised cost, using the effective interest rate method less any allowance under the expected credit loss model. All loans and receivables with maturities greater than 12 months after balance date are classified as non-current assets.

The Group reclassifies commercial loans receivable from external parties only when its business model for managing those assets changes.

Derecognition

Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment

Trade receivables and contract assets
The Group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables. Under the AASB 9 simplified approach, the Group determines the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

The group determines expected credit losses using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

Commercial loan receivable from external parties
The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. The following indicators are incorporated:

- the amount that is not expected to be recovered through collateral following default; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan.

k) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease where the Group are lessees. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is due more than 12 months after the reporting date.

m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption amounts are recognised in profit or loss over the period of the loans and borrowings using the effective interest method. Fees paid for establishing loan facilities are recognised as transaction costs and amortised over the period to which the facility relates.

n) Lease liabilities

A lease liability is recognised at the commencement of a lease where the Group is a lessee. The lease liability is initially recognised as the present value of lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate.

Lease payments comprise fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise prices of purchase options when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. Variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; or certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

o) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

A qualifying asset is an asset under development or construction where such development or construction takes a substantial period of time. To the extent that funds are borrowed generally to fund development, the amount of borrowing costs to be capitalised to qualifying assets is determined by using an appropriate capitalisation rate. Interest payments in respect of financial instruments classified as liabilities are included in finance costs.

p) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of reporting date are measured at the amounts expected to be paid when the liabilities are settled. At 30 June 2023, all Group annual leave liabilities are expected to settled wholly within 12 months and therefore were recognised as current liabilities.

Long-term employee benefits

Liabilities for annual leave and long service leave not expected to be settled within 12 months of reporting date are measured at the present value of expected future payments using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. At 30 June 2023, long service leave liabilities were recognised as current and non-current liabilities.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

q) Security based payments expense

Security based payments expenses have been recognised by GARDA for the security based compensation benefits or equity grants provided to employees.

The costs of equity-settled transactions, including loan funded security issues, are determined by their fair values at grant date using the Black Scholes option pricing model and are recognised as security based payment expenses proportionately over the vesting period with a corresponding increase in security based payments reserve.

No expense is recognised for securities that do not ultimately vest other than for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. Such securities are treated as vesting irrespective of whether the market or non-vesting conditions are satisfied, provided that all other performance and/or service conditions are satisfied.

Should the terms of equity-settled securities be modified, the minimum expense recognised is the expense that would have been recognised had the terms not been modified. An additional expense is recognised for any modification that increases the total fair value of the security based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled security is cancelled, it is treated as if it vested on the date of cancellation and any unrecognised expense recognised immediately. This includes any security where non-vesting conditions within the control of either the entity or the employee are not met.

r) Dividends and distributions to securityholders

Provision is made for any dividend or distribution declared, being appropriately authorised and no longer at the discretion of the Board of Directors, on or before the end of the financial year but not distributed as at balance date.

s) Earnings per security

Basic earnings per security is calculated by dividing the profit attributable to securityholders, by the number of ordinary securities outstanding at the end of the financial year (excluding treasury securities and GARDA ESP securities).

Diluted earnings per security adjusts the figures used in the determination of basic earnings per security to take into account the weighted average number of additional ordinary securities that would have been outstanding assuming the conversion of all dilutive potential ordinary securities but excluding treasury securities.

t) Treasury Securities

Treasury securities are deducted against equity or eliminated on consolidation. Any distributions related to treasury securities are also eliminated on consolidation.

u) Goods and Services Tax (GST)

Revenues and expenses are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. If it is not recoverable, it is recognised in the cost of acquisition of the asset or as an expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included in other receivables or other payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office, are presented as operating cash flows. Net GST paid or refunded to/from Australian Tax Office is shown separately in the operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

v) 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 this report and in the interim financial statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

w) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect reported amounts. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable in the circumstances. The resulting accounting judgements and estimates will seldom equal actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Recoverability of deferred tax assets

Judgement has been exercised in assessing the recoverability of deferred tax assets arising from operating losses made by the Company. Future taxable profits are expected to be available to the Company to utilise these operating losses. Factors taken into account in making the recoverability assessment by management included the expected future operations of the Company in the context of expected market conditions. Changes in circumstances may alter expectations and affect the carrying amount of deferred tax assets. Any resulting adjustment to the carrying value of the deferred tax asset will be recorded as a charge to income tax expense in the Consolidated Statements of Profit or Loss and Other Comprehensive Income.

Investment property valuation

The Group makes key assumptions in determining the fair value of its investment property portfolio as at reporting date. In the current financial year, these assumptions have been made in the context of social and political events, deteriorating investment market conditions and the increasing cost of debt.

Security based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to the equity-settled security based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity, as disclosed in Note 20.

NOTE 3 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 segments 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
Year ended 30 June 2023			
Segment revenue:			
Lease revenue	24,971	-	24,971
Recoverable outgoings	5,376	-	5,376
Lending business income	-	1,763	1,763
Debt advisory services	-	1,012	1,012
Sundry income	1	-	1
Total segment revenue	30,348	2,775	33,123
Total segment expense	(14,049)	(474)	(14,523)
Segment profit	**16,299**	**2,301**	**18,600**
Year ended 30 June 2022			
Segment revenue:			
Lease revenue	25,657	-	25,657
Recoverable outgoings	6,124	-	6,124
Fund and real estate management	-	6	6
Lending business income	-	534	534
Debt advisory services	-	776	776
Sundry income	20	-	20
Total segment revenue	31,801	1,316	33,117
Total segment expense	(11,826)	(321)	(12,147)
Segment profit	**19,975**	**995**	**20,970**

Segment results include items directly attributable to the segment as well as those that may be allocated on a reasonable basis. They exclude non-segment specific non-cash expenses including 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 profit before income tax.

Segment results are also net of all internal revenue and expenses.

c) Reconciliation of segment revenues to Group revenue

Year ended 30 June	2023 $000	2022 $000
Total revenue and other income for segments	**33,123**	**33,117**
Unallocated amounts:		
Lease straight-lining revenue	(1,130)	1,137
Lease costs and incentive amortisation	(771)	(890)
Rent free income	335	365
Sundry income	35	35
Non-operating interest income	382	13
Net gain in fair value of financial instruments	638	12,832
Net gain in fair value of investment properties	-	111,642
Total group revenue and other income	**32,612**	**158,251**

d) Reconciliation of segment profit to Group profit before tax

Year ended 30 June	2023 $000	2022 $000
Segment profit	**18,600**	**20,970**
Unallocated amounts:		
Revenue:		
Lease straight-lining revenue	(1,130)	1,137
Lease costs and incentive amortisation	(771)	(890)
Rent free income	335	365
Sundry income	35	35
Non-operating interest income	382	13
Net gain in fair value of financial instruments	638	12,832
Net gain in fair value of investment properties	-	111,642
Expenses:		
Finance costs	(2)	(5)
Employee benefit expense	(2,914)	(3,336)
Corporate and trust administration expenses	(922)	(1,056)
Depreciation	(150)	(161)
Security based payments expense	(719)	(669)
Net loss on sale of investment properties	(11,729)	(511)
Net fair value loss on investment properties	(6,470)	-
Group profit/ (loss) before income tax	**(4,817)**	**140,366**

e) Segment assets and liabilities

	Direct Investment $000	Other Segments $000	Total $000
As at 30 June 2023			
Segment Assets	605,274	20,317	625,591
Segment Liabilities	(233,580)	(21)	(233,601)
Net Assets	**371,694**	**20,296**	**391,990**
As at 30 June 2022			
Segment Assets	660,540	17,492	678,032
Segment Liabilities	(265,974)	(13)	(265,987)
Net Assets	**394,566**	**17,479**	**412,045**

Segment assets and liabilities are net of all internal loan balances.

f) Reconciliation of segment assets to Group assets

As at 30 June	**2023 $000**	**2022 $000**
Reportable segment assets	**625,591**	**678,032**
Unallocated amounts:		
Other receivables	325	260
Investment properties[31]	1,250	1,250
Corporate fixed assets	-	13
Derivative financial instrument	15,527	14,888
Right-of-use assets	-	137
Deferred tax assets	300	417
Total Group assets	**642,993**	**694,997**

g) Reconciliation of segment liabilities to Group liabilities

As at 30 June	**2023 $000**	**2022 $000**
Reportable segment liabilities	**233,601**	**265,987**
Unallocated amounts:		
Trade and other payables	820	606
Provisions	203	134
Lease liability	-	130
Total Group liabilities	**234,624**	**266,857**

31 Represents the value of land held by a subsidiary of the Company.

NOTE 4 DISTRIBUTIONS

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

	GARDA		Company	
Year ended 30 June	**2023**	2022	**2023**	2022
	$000	$000	**$000**	$000
September: 1.80 cents per security (2022: 1.80 cents)	3,758	3,755	-	-
December: 1.80 cents per security (2022: 1.80 cents)	3,759	3,755	-	-
March: 1.80 cents per security (2022: 1.80 cents)	3,759	3,754	-	-
June: 1.80 cents per security (2022: 1.80 cents)	3,751	3,754	-	-
Total distribution[32]	**15,027**	**15,018**	**-**	**-**

32 Net distributions exclude distributions paid in respect of treasury securities and securities granted under the GARDA ESP.

NOTE 5 REVENUE AND OTHER INCOME

Year ended 30 June	GARDA 2023 $000	GARDA 2022 $000	Company 2023 $000	Company 2022 $000
Revenue recognised under AASB 16 Leases				
Lease revenue	24,176	27,159	-	-
Lease costs and incentive amortisation	(771)	(890)	-	-
	23,405	**26,269**	**-**	**-**
Revenue recognised under AASB 9 Financial Instruments				
Lending business income	1,763	534	59	-
	1,763	**534**	**59**	**-**
Revenue recognised under AASB 15 Revenue from contracts with customers				
Recoverable outgoings and other revenue	5,376	6,124	-	-
Fund and real estate management	-	6	3,699	3,439
Recoveries and other fees	-	-	2,784	2,170
Debt advisory services	1,012	776	1,012	776
	6,388	**6,906**	**7,495**	**6,385**
Total revenue from ordinary activities	**31,556**	**33,709**	**7,554**	**6,385**
Other income				
Non-operating interest income	382	13	136	3
Sundry income	36	55	35	35
Total other income	**418**	**68**	**171**	**38**

Disaggregation of revenue from contracts with customers

	2023 Point in Time $000	2023 Over Time $000	2023 Total $000	2022 Point in Time $000	2022 Over Time $000	2022 Total $000
GARDA						
Recoverable outgoings and other revenue	-	5,376	5,376	-	6,124	6,124
Fund and real estate management	-	-	-	-	6	6
Debt advisory services	1,012	-	1,012	776	-	776
Total	**1,012**	**5,376**	**6,388**	**776**	**6,130**	**6,906**
Company						
Recoveries and other fees	-	2,784	2,784	-	2,170	2,170
Fund and real estate management	-	3,699	3,699	-	3,439	3,439
Debt advisory services	1,012	-	1,012	776	-	776
Total	**1,012**	**6,483**	**7,495**	**776**	**5,609**	**6,385**

NOTE 6 EXPENSES

Year ended 30 June	GARDA 2023 $000	GARDA 2022 $000	Company 2023 $000	Company 2022 $000
Property expenses				
Recoverable outgoings	5,806	5,746	-	-
Direct expenses	692	804	-	-
Non-recoverable expenses	417	376	-	-
	6,915	**6,926**	**-**	**-**
Corporate and trust administration expenses				
Professional fees and other administration expenses	1,945	1,970	1,124	1,143
	1,945	**1,970**	**1,124**	**1,143**
Finance costs				
Interest on borrowings	9,397	4,949	-	-
Amortisation of borrowing transaction costs	334	593	-	-
Interest expense on lease liabilities	2	5	2	5
Interest capitalised to properties under construction[33]	(3,420)	(1,469)	-	-
	6,313	**4,078**	**2**	**5**
Employee benefits expense				
Superannuation expense	211	230	314	276
Other employee benefits	2,977	3,334	5,658	5,458
	3,188	**3,564**	**5,972**	**5,734**
Depreciation				
IT equipment and fittings	13	28	13	28
Buildings right-of-use assets	137	133	137	133
	150	**161**	**150**	**161**

[33] The capitalisation rate used to capitalise borrowing costs during the financial year was the weighted average interest rate applicable to the Group's general borrowings. The weighted average rate during the year ranged from 2.8% - 4.7% (FY22: 2.2% - 3.4%)

NOTE 7 INCOME TAX

Year ended 30 June	GARDA 2023 $000	GARDA 2022 $000	Company 2023 $000	Company 2022 $000
The components of income tax benefit comprise:				
Deferred income tax (expense)/ benefit	(117)	153	(117)	153
Income tax (expense)/ benefit	**(117)**	**153**	**(117)**	**153**
Deferred income tax expense included in income tax benefit:				
Increase/ (decrease) in deferred tax assets	(195)	177	(195)	177
(Increase)/ decrease in deferred tax liabilities	78	(24)	78	(24)
Total deferred tax (expense)/ benefit	**(117)**	**153**	**(117)**	**153**
The prima facie tax on profit before income tax is reconciled to income tax as follows:				
Profit/(loss) before income tax	(4,817)	140,366	(242)	(1,295)
Less (profit)/ loss attributed to Trusts not subject to tax	4,575	(141,661)	-	-
Loss subject to income tax	(242)	(1,295)	(242)	(1,295)
Prima facie tax at 25.0% (2022: 25.0%)	61	324	61	324
Tax effect of amounts which are not deductible/(assessable):				
Security based payment expense	(172)	(167)	(172)	(167)
Other expenses	(6)	(4)	(6)	(4)
Income tax (expense)/ benefit	**(117)**	**153**	**(117)**	**153**
Composition of deferred tax assets				
Provision for employee benefits	113	95	113	95
Accrued expenses	133	130	133	130
Capital raising and transaction costs	29	55	29	55
Tax losses	413	530	413	530
Lease liabilities	-	33	-	33
Other	-	40	-	40
Deferred tax asset	**688**	**883**	**688**	**883**
Movements:				
Opening balance	883	706	883	706
Movement in deferred tax asset - temporary differences:				
(Charged) / credited to profit or loss	(195)	177	(195)	177
Closing balance at the end of the year	**688**	**883**	**688**	**883**

cont'd

Year ended 30 June	GARDA 2023 $000	GARDA 2022 $000	Company 2023 $000	Company 2022 $000
Composition of deferred tax liabilities				
Right of use asset	-	34	-	34
Investment property	313	313	313	313
Other	75	119	75	119
Deferred tax liabilities	**388**	**466**	**388**	**466**
Movements:				
Opening balance	466	442	466	442
Movement in deferred tax liabilities - temporary differences:				
(Charged) / credited to profit and loss	(78)	24	(78)	24
Closing balance at the end of the year	**388**	**466**	**388**	**466**
Net deferred tax asset				
Deferred tax assets	688	883	688	883
Deferred tax liabilities	(388)	(466)	(388)	(466)
Net deferred tax asset	**300**	**417**	**300**	**417**
Franking credits				
Franking credits available	4,204	4,204	4,204	4,204

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

a) franking credits that will arise from the payment of the amount of the provision for income tax;
b) franking credits that will arise from the payment of the amount of the income tax refunds;
c) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
d) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

NOTE 8 TRADE AND OTHER RECEIVABLES

	GARDA		Company	
Year ended 30 June	**2023**	2022	**2023**	2022
	$000	$000	**$000**	$000
Current				
Fund management fees receivable	-	-	1,507	339
Rent and outgoings receivable	58	36	-	-
Litigation proceeds receivable	80	120	-	-
GST receivable	68	-	-	-
Other receivables	51	52	478	302
Commercial loans to external parties	11,953	7,446	-	573
	12,210	**7,654**	**1,985**	**1,214**
Non-Current				
Rent and outgoings	44	86	-	-
	44	**86**	**-**	**-**
Analysis of expected credit loss				
Opening balance	-	369	-	369
Expected credit losses	-	6	-	6
Reversal of expected credit losses	-	(375)	-	(375)
Closing balance	**-**	-	**-**	-

The commercial loans to external parties are primarily secured by a first registered mortgage and a general security agreement. All other receivables are unsecured and non-interest bearing. Refer to Note 16 for details on credit risk exposure.

NOTE 9 INVESTMENT PROPERTIES

a) Investment properties held for sale (current assets)

Year ended 30 June	**2023**	2022
	$000	$000
GARDA		
Land at 30 Palmer Street, Townsville	1,250	-
Property at 572-576 Swan Street, Richmond	50,500	-
Property at 588A Swan Street, Richmond	60,000	-
	111,750	-
Movements during the year:		
Opening balance	-	10,675
Transfer from investment properties at fair value (non-current assets)	111,750	-
Capital expenditure	-	548
Disposal book value	-	(11,223)
Balance at the end of the year	**111,750**	**-**
Company		
Land at 30 Palmer Street, Townsville	1,250	-
	1,250	-
Movements during the year:		
Opening balance	-	-
Transfer from investment properties at fair value (non-current assets)	1,250	-
Balance at the end of the year	**1,250**	**-**

b) Investment properties (non-current assets)

Year ended 30 June	2023 $000	2022 $000
GARDA		
Investment properties at independent valuation	359,250	509,310
Investment properties at Directors' valuation	129,533	141,423
	488,783	**650,733**
Movements during the year:		
Opening balance	650,733	485,570
Transfer to investment properties held for sale (current assets)	(111,750)	-
Sale of investment properties	(86,507)	-
Acquisition of established investment properties	-	21,834
Capital expenditure on established investment properties	2,191	8,279
Acquisition and capital expenditure of properties under construction	41,490	22,061
Straight-lining of rental income	(1,130)	1,137
Net movement in leasing costs and incentives	226	210
Net (loss)/ gain in fair value of investment properties	(6,470)	111,642
Balance at the end of the year	**488,783**	**650,733**
Company		
Land at 30 Palmer Street, Townsville	-	1,250
	-	**1,250**
Movements during the year:		
Opening balance	1,250	1,250
Transfer to investment properties held for sale (current assets)	(1,250)	-
Balance at the end of the year	**-**	**1,250**

c) Valuations

GARDA's policy is 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 is carried at Directors' valuation which is based on the most recent independent valuation adjusted for capital accretive expenditure and sales evidence since that last independent valuation.

Thirteen of GARDA's properties have been externally valued for the FY23 Annual Report, with the balance of the portfolio (including value accretive additions) being carried at Directors' valuation.

As at 30 June		Sector[34]	Value[35]	2023 $000	2022 $000	Movement $000
Company - Held						
Townsville	30 Palmer Street	R	D	-	1,250	(1,250)
Fund - Industrial						
Acacia Ridge	38-56 Peterkin Street	D	E	18,350	18,000	350
Acacia Ridge	69 Peterkin Street	I	E	21,400	23,000	(1,600)
Berrinba	1-9 Kellar Street	I	E	15,400	14,000	1,400
Heathwood	67 Noosa Street	I	E	15,500	18,250	(2,750)
Mackay	69-79 Diesel Drive	I	sold	-	39,200	(39,200)
Morningside	326 & 340 Thynne Road	I	E	54,500	51,000	3,500
North Lakes	109 - 135 Boundary Road	D	E	69,500	45,000	24,500
Pinkenba	70 - 82 Main Beach Road	I	E	35,500	34,000	1,500
Richlands	56 - 72 Bandara Street	D	E	13,700	13,660	40
Wacol	41 Bivouac Place	I	E	58,500	61,500	(3,000)
Wacol	372 Progress Road (Pinnacle East)	D	E	11,000	11,000	-
Wacol[36]	498 Progress Road (Pinnacle West)	I	E	45,900	14,900	31,000
Wacol	498 Progress Road (Pinnacle West)	D	E	-	10,550	(10,550)
Value accretive capital expenditure[37]		D	D	10,786	1,263	9,523
Value accretive capital expenditure		I	D	2,219	167	2,052
				372,255	**355,490**	**16,765**
Fund - Office						
Box Hill	436 Elgar Road	O	sold	-	45,500	(45,500)
Cairns	9-19 Lake Street	O	D	87,750	90,000	(2,250)
Hawthorn East[38]	8-10 Cato Street	M	D	25,000	22,000	3,000
Richmond	572-576 Swan Street (Botanicca 7)	O	E	-	63,500	(63,500)
Richmond	588A Swan Street (Botanicca 9)	O	E	-	68,500	(68,500)
Value accretive capital expenditure		O/M	D	3,778	4,493	(715)
				116,528	**293,993**	**(177,465)**
Total investment properties (non-current assets)				**488,783**	**650,733**	(161,950)
Company – held for sale						
Townsville	30 Palmer Street	R	D	1,250	-	1,250
Fund – held for sale						
Richmond	572-576 Swan Street (Botanicca 7)	O	E	50,500	-	50,500
Richmond	588A Swan Street (Botanicca 9)	O	E	60,000	-	60,000
Investment properties held for sale (current assets)				**111,750**	**-**	**111,750**
Total investment properties				**600,533**	**650,733**	**(50,200)**

The registered titles to all assets of the Fund and GARDA Capital Trust are held by The Trust Company (Australia) Limited, as custodian. This is an ASIC regulatory requirement.

[34] I = established industrial. D = industrial development. O = commercial office. M = mixed office and industrial. R = residential land.

[35] D = Directors' valuation. E = external, independent valuation.

[36] Buildings A and B at Pinnacle West, Wacol were completed in June 2023 and May 2023 respectively.

[37] Represents value accretive capital expenditure on independently valued properties between the date of independent valuation and the end of the relevant financial period.

[38] The Hawthorn East property was reclassified from an office to a development asset during the financial year. Following completion of development works in April 2023, the property was classified as a mixed use industrial/ office asset.

d) Contractual commitments

Contractual obligations with respect to investment properties at 30 June 2023 were as follows:

Properties	Nature of Obligation	$000
Acacia Ridge, 38-56 Peterkin Street	Development	14
Richlands, 56-72 Bandara Street	Development	15,871
Total contractual obligations		**15,885**

e) Leasing arrangements

Investment properties listed at c) above (excluding land and properties under construction) are typically leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are disclosed in Note 22. Any impacts on tenant credit risk have been disclosed in Note 16.

f) Amount recognised in profit or loss for investment properties

Revenue and direct expenses relating to investment properties are disclosed in notes 5 and 6.

g) Sale of investment properties

Total losses of $11,729,000 were recognised following the divestments of the Box Hill office and Mackay industrial properties during the financial year, which sold for $40,320,000 and $35,500,000 respectively. Proceeds from the sale of the properties were initially applied to the repayment of debt facilities and subsequently to fund the development pipeline.

NOTE 10 TRADE AND OTHER PAYABLES

	GARDA		Company	
Year ended 30 June	**2023**	2022	**2023**	2022
	$000	$000	**$000**	$000
Current				
Trade creditors	24	14	47	2
Other payables	4,406	2,759	1,692	1,170
Loan payable to parent entity	-	-	6,452	5,728
	4,430	**2,773**	**8,191**	**6,900**

NOTE 11 CONTRACT LIABILITIES

	GARDA		Company	
Year ended 30 June	**2023**	2022	**2023**	2022
	$000	$000	**$000**	$000
Lease revenue received in advance	1,232	607	-	-
	1,232	**607**	**-**	**-**

NOTE 12 BORROWINGS

Year ended 30 June	GARDA 2023 $000	GARDA 2022 $000	Company 2023 $000	Company 2022 $000
Non-current				
Bank loans (secured)	225,177	260,000	-	-
Less: unamortised transaction costs	(908)	(1,102)	-	-
	224,269	**258,898**	**-**	**-**

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 sale of the Mackay industrial property, the syndicated facility was reduced by $30,000,000 to $290,000,000. At 30 June 2023, GARDA had $64,823,000 of borrowing capacity available.

Facility	Facility Limit 2023 $000	Facility Limit 2022 $000	Amount Drawn 2023 $000	Amount Drawn 2022 $000	Amount Available 2023 $000	Amount Available 2022 $000
Total facilities	**290,000**	280,000	**225,177**	260,000	**64,823**	20,000

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 30 June 2023, GARDA's gearing was 33.7%[39] (FY22: 35.6%).

Security

The syndicated bank 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 tenant security deposit accounts.

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.

Covenants

Key financial covenants and other metrics under the syndicated bank 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 is to remain under 1.20 times.

The Group complied with its financial covenants at all times during the year. Please refer Note 26 for changes to GARDA's interest cover ratios subsequent to year end.

[39] Please refer to Glossary for definitions.

Financial undertakings

GARDA's financial undertakings under the syndicated bank facility include the following:

a) aggregate earnings before interest, taxes, depreciation and amortisation (**EBITDA**) of GARDA borrowers[40] must represents at least 90% of Group EBITDA; and

b) aggregate total assets of GARDA borrowers must represent at least 90% of Group total assets.

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

NOTE 13 DERIVATIVE FINANCIAL INSTRUMENTS

Year ended 30 June	GARDA		Company	
	2023	2022	**2023**	2022
	$000	$000	**$000**	$000
Non-Current				
Interest rate swap contract asset	15,527	14,889	-	-
Interest rate swap contract liability	-	-	-	-
Total interest rate swap asset	**15,527**	**14,889**	**-**	**-**

GARDA has in place $150,000,000 (30 June 2022: $100,000,000) of interest rate hedges comprising:

- $10,000,000 of interest rate swaps at a rate of 0.80%, expiring 4 March 2027;
- $60,000,000 of interest rate swaps at a rate of 0.82%, expiring 4 March 2027;
- $30,000,000 interest rate swaps at a rate of 0.98%, expiring 4 March 2030; and
- $50,000,000 interest rate swaps at a rate of 3.30%, expiring 3 June 2026.

These derivatives are currently "in the money" with a valuation at 30 June 2023 of $15,527,000.

NOTE 14 DISTRIBUTIONS PAYABLE

Year ended 30 June	GARDA		Company	
	2023	2022	**2023**	2022
	$000	$000	**$000**	$000
Current				
Distribution payable	3,751	3,754	-	-
Movement in provisions:				
Opening balance at beginning of year	3,754	3,754	-	-
Distributions provided for	15,027	15,018	-	-
Distributions paid	(15,030)	(15,018)	-	-
Closing balance	**3,751**	**3,754**	**-**	**-**

NOTE 15 EARNINGS PER STAPLED SECURITY

Year ended 30 June	GARDA 2023	GARDA 2022	Company 2023	Company 2022
Profit/ (loss) after tax attributable to securityholders ($000)	(4,934)	140,519	(359)	(1,142)
Earnings per stapled security				
Basic (cents)	(2.37)	67.37	(0.17)	(0.55)
Diluted (cents)	(2.37)	62.90	(0.17)	(0.55)
Securities				
Basic[41] (number)	208,405,220	208,580,844	208,405,220	208,580,844
WANOS[42] (number)	223,580,323	223,415,965	223,580,323	223,415,965

[40] GARDA borrowers are those Group entities which are borrowers or guarantors under the syndicated bank facility.

[41] The basic number of securities is calculated as total issued securities less treasury securities and GARDA ESP securities. See Note 18 for further details.

[42] 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 and bought back during the financial year.

NOTE 16 FINANCIAL RISK MANAGEMENT

a) Financial Risk Management Policies

The Directors' overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis.

b) Specific Financial Risk Exposures and Management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk relating to interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure the different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and maturity analysis for liquidity risk.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. There have been no substantive changes in the types of risks to which the Group is exposed, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period. Further details regarding these policies are set out below:

c) Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge its obligations, resulting in the Group incurring a financial loss.

The maximum exposure to credit risk, excluding the value of any collateral or other security, is recognised as financial assets net of provisions for impairment in the Statement of Financial Position and notes to the financial statements. The Group holds security deposits of $739,352 (FY22: $560,750) and also has bank guarantees in the Group's favour of $14,786,994 (FY22: $12,424,540) not recorded in the statement of financial position, which may be drawn upon in the event of default.

Credit risk is managed through procedures designed to ensure, to the extent possible, customers and counterparties to transactions are of sound credit worthiness and includes monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment.

Credit risk is also minimised by investing surplus funds in financial institutions that maintain a high credit rating. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through obtaining security by way of personal or commercial guarantees over assets of sufficient value.

The credit quality of cash and cash equivalents held by the Group is considered strong. Credit risk related to balances with banks is managed in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties which are large financial institutions with strong credit ratings.

Credit risk exposures

Trade receivables and contract assets:
The Group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables. Under the AASB 9 simplified approach, the Group determines the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

The Group determines expected credit losses using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

Commercial loan receivable from external parties
The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. The following indicators are incorporated:

- the amount that is not expected to be recovered through collateral following default; and

- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group.

d) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects the contractual maturity of fixed and floating rate financial liabilities. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2023. The amounts disclosed represent undiscounted cash flows.

The remaining contractual maturities of the financial liabilities are set out in the following table.

		GARDA		**Company**	
		2023	2022	**2023**	2022
	Note	**$000**	$000	**$000**	$000
Less than one year					
Trade and other payables[43]	10	4,430	2,536	1,493	955
Loan payable to parent entity	10	-	-	6,452	5,728
Distribution payable	14	3,751	3,754	-	-
		8,181	**6,290**	**7,945**	**6,683**
Between one and five years					
Bank loans (secured)	12	225,177	260,000	-	-
		225,177	**260,000**	**-**	**-**

e) Market (or Interest Rate) Risk

Interest rate risk is the risk that the fair value of the cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's main interest rate risk arises from borrowings with variable interest rates. The Group manages interest rate risk by using interest rate swaps which have the effect of converting a portion of borrowings from variable to fixed rates.

Interest rate risk sensitivity

The net interest rate exposure of the Group is $140,000,000 (FY22: $180,000,000) being the Group debt facility of $290,000,000 (FY22: $280,000,000) less the notional principal amount of the interest rate swap of $150,000,000 (FY22: $100,000,000).

The impact of a 0.5% increase/ decrease in market interest rates at balance date would be a corresponding $700,000 (FY22: $900,000) decrease/ increase in profit or loss per annum.

43 These amounts exclude GST payable balances at year end in accordance with AASB 132.

NOTE 17 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 or loss
- Non-financial assets: Investment properties
- Financial liabilities: Derivative financial instruments at fair value through profit or 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 financial statements.

	Notes	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
30 June 2023					
Assets					
Investment properties (non-current)	9	-	-	488,783	488,783
Investment properties held for sale (current)	9	-	-	111,750	111,750
Derivative financial instruments	13	-	15,527	-	15,527
		-	**15,527**	**600,533**	**616,060**
30 June 2022					
Assets					
Investment properties (non-current)	9	-	-	650,733	650,733
Investment properties held for sale (current)		-	-	-	-
Derivative financial instruments	13	-	14,889	-	14,889
		-	**14,889**	**650,733**	**665,622**

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 at the date the event or change in circumstances that caused the transfer occurred.

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, 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
	2023	2022	
Discount rate	5.75%-6.75%	5.25%-6.75%	The higher the discount rate, capitalisation rate, terminal yield and expected vacancy rate, the lower the fair value.
Capitalisation rate	4.50%-7.00%	4.00%-6.63%	
Terminal yield	5.00%-7.25%	4.25%-6.88%	
Expected vacancy rate	0%	0%	
Rental growth rate	2.68%-3.79%	2.77%-3.73%	The higher the rental growth, the higher the fair value. Based on Gross Face Rental growth 10 year CAGR.

c) Fair value of interest rate swaps

Level 2 financial assets held by the Group include interest rate swaps. Level 2 financial assets held by the group include “Vanilla” fixed to floating interest rate swap and interest rate cap derivatives (over-the-counter derivatives). The fair value of these derivatives has been determined by our banks using pricing models based on discounted cash flow analysis which incorporates assumptions 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 9 for the reconciliation of movements in investment properties. There have been no transfers to or from Level 1 or 2.

NOTE 18 CONTRIBUTED EQUITY

a) Issued securities

	GARDA		Company	
Year ended 30 June	**2023 Securities**	2022 Securities	**2023 Shares**	2022 Shares
Issued securities as per ASX	**227,235,712**	227,644,361	**227,235,712**	227,644,361
Movements during the year				
Balance at beginning of year	227,644,361	227,644,361	227,644,361	227,644,361
Buy-back and cancellation of securities	(408,649)	-	(408,649)	-
Total issued securities as per ASX	**227,235,712**	227,644,361	**227,235,712**	227,644,361
Treasury Securities	(3,990,492)	(4,223,517)	(3,990,492)	(4,223,517)
Securities on issue under GARDA ESP[44]	(14,840,000)	(14,840,000)	(14,840,000)	(14,840,000)
Total issued securities for financial statements	**208,405,220**	208,580,844	**208,405,220**	208,580,844

b) Securities buy-back

On 17 April 2023, GARDA as part of its ongoing capital management strategy, commenced a on market buy-back program for 12 months which is intended to be funded by existing cash and undrawn facilities. At 30 June 2023, 423,469 securities had been brought-back of which 408,649 securities were cancelled before year end.

c) Treasury securities

The Fund owns 100% of GARDA Capital Trust which, in turn, owned 3,990,492 stapled securities in GARDA at 30 June 2023. 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 227,220,892.

During the 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 20), leaving the balance of 3,990,492 treasury securities at 30 June 2023.

d) GARDA ESP

At 30 June 2023, 14,840,000 securities had been issued under the GARDA ESP of which 9,840,000 have vested, including 6,640,000 which vested during the 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 227,235,712 until such time as the underlying limited recourse loans are repaid.

Refer to Note 20 for further details.

[44] GARDA Employee Security Plan

NOTE 19 RELATED PARTIES AND KEY MANAGEMENT PERSONNEL

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

a) KMP compensation

KMP receive compensation in the form of short-term benefits, post-employment benefits, long-term benefits, termination benefits and security based payments. The aggregate remuneration paid to KMP is set out below:

	GARDA		Company	
Year ended 30 June	**2023**	2022	**2023**	2022
	$	$	**$**	$
Short-term benefits	2,847,805	2,886,563	2,847,805	2,886,563
Post-employment benefits	94,997	92,815	94,997	92,815
Long-term benefits	25,315	19,988	25,315	19,988
Security based payments	397,097	363,842	397,097	363,842
Total remuneration paid	**3,365,214**	**3,363,208**	**3,365,214**	**3,363,208**

b) Transactions with KMP and their related parties

There have been no transactions with KMP and their related parties during the year.

c) GARDA ESP

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

KMP	Issue date[45]	Securities granted	Exercise Price	Fair value at grant date	Loan value 30 June 2023	Vesting date
Matthew Madsen	13 Nov 2017	960,000	0.63	0.70	397,648	13 Nov 2020
	16 Apr 2020	5,000,000	1.00	0.06	4,670,905	16 Apr 2023
	18 Nov 2020	5,000,000	1.16	0.10	5,608,933	19 Nov 2023
Mark Hallett	16 Apr 2020	1,000,000	1.00	0.06	943,947	16 Apr 2023
David Addis	3 Jun 2019	320,000	1.08	0.24	310,028	3 Jun 2021
	23 Aug 2019	240,000	1.22	0.11	281,365	23 Aug 2021
	23 Aug 2019	240,000	1.22	0.10	281,365	23 Aug 2022
Lachlan Davidson	13 Nov 2017	160,000	0.63	0.11	66,326	13 Nov 2019
	13 Nov 2017	160,000	0.63	0.13	66,326	29 Nov 2019
	23 Aug 2019	240,000	1.22	0.11	280,308	23 Aug 2021
Total		**13,320,000**			**12,907,151**	

A total of 14,840,000 securities have been granted under the GARDA ESP, of which 13,320,000 are held by KMPs. As at 30 June 2023, 8,320,000 of the 13,320,000 ESP securities held by KMP had vested.

Following securityholder approval of the new Equity Incentive Plan at the Annual General Meeting on 25 November 2021, it is not proposed that LTIs will continue to be granted under the ESP.

The GARDA ESP limited recourse loans are not accounted for in the Consolidated Statements of Financial Position.

45 ESP Securities issued prior to the internalisation transaction on 29 November 2019 were issued under the former GARDA Capital Group employee security plan, with the number and exercise price of such securities being adjusted for the internalisation exchange ratio of 1.6x.

d) GARDA Equity Incentive Plan

The GARDA Equity Incentive Plan was approved by GARDA securityholders at the 2021 Annual General Meeting on 25 November 2021. 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 are set out in the following table:

Tranche	Rights held at 30 June 2022	Rights granted during the year	Rights vested and exercised during the year	Rights forfeited during the year	Rights held at 30 June 2023	Grant date	Fair value per right at grant date	Vesting date
Executive Director								
M Hallett								
FY22 – 3 years	-	48,262	-	-	48,262	19 Sep 22	$1.32	31 Aug 25
Total	-	**48,262**	-	-	**48,262**			
Chief Operating Officer								
David Addis								
FY21 – 1 year	36,231	-	(36,231)	-	-	10 Dec 21	$1.52	31 Aug 22
FY21 – 2 years	36,231	-	-	-	36,231	10 Dec 21	$1.46	31 Aug 23
FY21 – 3 years	36,233	-	-	-	36,233	10 Dec 21	$1.39	31 Aug 24
FY22 – 3 years	-	96,525	-	-	96,525	19 Sep 22	$1.32	31 Aug 25
Total	**108,695**	**96,525**	**(36,231)**	-	**168,989**			
General Counsel and Company Secretary								
Lachlan Davidson								
FY21 – 1 year	18,115	-	(18,115)	-	-	15 Dec 21	$1.59	31 Aug 22
FY21 – 2 years	18,115	-	-	-	18,115	15 Dec 21	$1.52	31 Aug 23
FY21 – 3 years	18,117	-	-	-	18,117	15 Dec 21	$1.46	31 Aug 24
FY22 – 3 years	-	48,262	-	-	48,262	19 Sep 22	$1.32	31 Aug 25
Total	**54,347**	**48,262**	**(18,115)**	-	**84,494**			

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
Total		**1,280**	

NOTE 20 SECURITY BASED PAYMENTS EXPENSE

The total non-cash expense arising from security based payment transactions for the period was as follows:

	GARDA		Company	
Year ended 30 June	**2023**	2022	**2023**	2022
Securities granted under GARDA ESP	298	301	298	301
Securities awarded under GARDA Equity Incentive Plan	421	368	421	368
	719	**669**	**719**	**669**

a) Fair value of securities granted

The fair values at grant date for securities granted under the GARDA ESP and incentives in the form of performance rights are determined using the Black and Scholes option pricing model, taking into account the exercise price, term of the security, security price at grant date and expected price volatility of the underlying security, expected dividend yield, risk-free interest rate for the term of the security and certain probability assumptions.

The expected price volatility is based on the historic average volatility of peer group entities or similar entities compared to GARDA Property Group, adjusted for any expected changes to future volatility due to publicly available information.

b) GARDA ESP

Details of securities under the limited recourse loan funded GARDA ESP and the Black and Scholes option pricing model inputs for securities granted are set out below:

Grant date	Vesting date	Security price at effective grant date	Exercise price	Fair value at grant date	Number of securities	Limited recourse loan	Expected volatility	Dist'n yield	Risk free rate
13 Nov 2017	13 Nov 2020	$1.395	$0.63	$0.70	1,440,000	596,626	10%	6%	2%
3 Jun 2019	3 Jun 2021	$1.395	$1.08	$0.24	480,000	465,122	10%	6%	2%
23 Aug 2019	23 Aug 2021	$1.395	$1.22	$0.11	1,280,000	1,499,255	10%	6%	2%
23 Aug 2019	23 Aug 2022	$1.395	$1.22	$0.10	640,000	750,305	10%	6%	2%
16 Apr 2020	16 Apr 2023	$0.87	$1.00	$0.06	6,000,000	5,614,852	30%	9%	1%
18 Nov 2020	19 Nov 2023	$1.22	$1.16	$0.10	5,000,000	5,608,933	18%	6%	1%
					14,840,000	**14,535,093**			

There were no securities granted under the ESP during the year. The weighted average remaining contractual life of options outstanding at the end of period was 0.40 years (FY22: 1.01 years). The expected price volatility is based on the historic average volatility of GARDA adjusted for any expected changes for future volatility due to publicly available information. No ESP securities were bought back and cancelled during the year or the prior year.

c) GARDA Equity Incentive Plan – Performance Rights

Details of performance rights which vested during the year, and the associated Black and Scholes option pricing model inputs, are set out below:

Grant date range	Vesting date	Security price at effective grant date	Exercise price	Fair value at grant date range	Number of securities	Expected volatility	Dist'n yield	Risk free rate
10 - 15 Dec 2021	31 Aug 2022	1.57 - 1.64	-	$1.52 - $1.59	223,425	13%	4.5%	2%

All performance rights that vested during the year were exercised on the vesting date.

Details of unvested performance rights awarded to employees in the current and prior years, and the associated Black and Scholes option pricing model inputs, are set out below:

Grant date range	Vesting date	Security price at effective grant date	Exercise price	Fair value at grant date range	Number of securities	Expected volatility	Dist'n yield	Risk free rate
10 - 15 Dec 2021	31 Aug 2023	1.57 - 1.64	-	$1.46 - $1.52	223,425	13%	4.5%	2%
10 - 15 Dec 2021	31 Aug 2024	1.57 - 1.64	-	$1.39 - $1.46	223,425	13%	4.5%	2%
19 Sep 2022	31 Aug 2025	1.52	-	$1.32	643,498	25%	4.7%	4%
					1,090,348			

The weighted average remaining contractual life of options outstanding at the end of period was 1.60 years. The expected price volatility is based on the historic average volatility of GARDA adjusted for any expected changes for future volatility due to publicly available information.

d) GARDA Equity Incentive Plan – Exempt securities

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

Grant date	Securities granted	Value at grant date	Total
17 Aug 2022	9,600	$1.56	$14,986

Value at grant date has been determined as GARDA's 5-day volume weighted average security price, including date of grant.

NOTE 21 AUDITOR'S REMUNERATION

	GARDA		Company	
Year ended 30 June	**2023**	2022	**2023**	2022
	$	$	**$**	$
Remuneration of the auditor for:				
Audit and review of the group financial report	127,000	123,000	63,500	61,500
Audit of stand-alone financial reports of the group entities	12,800	12,000	12,800	12,000
Total remuneration for audit services	**139,800**	**135,000**	**76,300**	**73,500**
Remuneration of the auditor for:				
AFSL audit of the group entities	11,400	10,800	11,400	10,800
Audit of compliance plan	20,000	19,200	20,000	19,200
Tax services	-	14,350	-	14,350
Total remuneration for non-audit services	**31,400**	**44,350**	**31,400**	**44,350**

NOTE 22 COMMITMENTS

	GARDA		Company	
Year ended 30 June	**2023**	2022	**2023**	2022
	$000	$000	**$000**	$000
Future minimum lease payments receivable:				
Within 1 year	24,659	24,243	-	-
Between 1 and 5 years	99,322	104,676	-	-
Later than 5 years	9,324	9,317	-	-
	133,305	**138,236**	**-**	**-**

For disclosures on capital commitments, refer Note 9 for investment properties.

NOTE 23 CASH FLOW INFORMATION

Year ended 30 June	GARDA 2023 $000	GARDA 2022 $000	Company 2023 $000	Company 2022 $000
Reconciliation of cash flow from operations with profit/ (loss)				
Profit/ (loss) after income tax	**(4,934)**	140,519	**(359)**	(1,142)
Adjustments for items in profit or loss:				
Security based payment expense	719	669	719	669
Depreciation	150	161	150	161
Credit loss expense	-	6	-	6
Net loss/ (gain) in fair value of investment properties	6,470	(111,642)	-	-
Net loss/ (gain) in fair value of derivative instruments	(638)	(12,832)	-	-
Amortisation of borrowing transaction costs	334	593	-	-
Net loss on sale of investment properties	11,729	511	-	-
Lease rent free	(335)	681	-	-
Lease straight-lining revenue	1,130	(1,137)	-	-
Lease costs and incentive amortisation	771	890	-	-
Interest expense on lease liabilities	2	5	2	5
Capitalised interest and fee income on commercial loans	(1,763)	(534)	-	-
Capitalised interest expense on investment properties	(3,420)	(1,469)	(59)	-
Movements in assets and liabilities:				
Trade and other receivables	(6)	1,873	(1,344)	(67)
Prepayments	306	(180)	(24)	(3)
Contract liabilities	625	135	-	-
Trade and other payables	332	(525)	567	91
Tenant security deposits	178	315	-	-
Provisions	69	56	69	56
Deferred tax balances	117	(153)	117	(153)
Cash flow from / (used in) operations	**11,836**	17,942	**(162)**	(377)

a) Non-cash movements

There were no non-cash investing activities during the year and prior year.

b) Reconciliation of liabilities arising from financing activities

Liabilities arising from financing activities are liabilities for which cash flows are, or will be, classified as 'cash flows from financing activities' in the Statement of Cash Flows. Changes in the carrying amount of such liabilities, which comprise bank borrowings and loan payable to parent entities, are summarised below except for changes in the carrying amount of distributions payable (refer Note 4).

Year ended 30 June	GARDA 2023 $000	GARDA 2022 $000	Company 2023 $000	Company 2022 $000
Bank borrowings				
Balance at the beginning of the year	258,898	209,030	-	-
Net cash inflow/ (outflow)	(34,963)	49,275	-	-
Non-cash changes - amortisation of borrowing costs	334	593	-	-
Loan from parent entity				
Balance at the beginning of the year	-	-	5,728	5,044
Net cash inflow/ (outflow)	-	-	-	15
Non-cash changes – Security based payment expense	-	-	719	669
Non-cash changes – Security buy-back transaction costs	-	-	5	-
Balance at the end of the year	**224,269**	258,898	**6,452**	5,728

NOTE 24 PARENT ENTITY INFORMATION

a) Parent Entity

The Parent Entity of the Group is GARDA Diversified Property Fund.

30 June	2023 $000	2022 $000
ASSETS		
Current assets	131,117	21,857
Non-current assets	514,848	674,866
Total assets	**645,965**	**696,723**
LIABILITIES		
Current liabilities	10,157	6,632
Non-current liabilities	225,008	259,458
Total liabilities	**235,165**	**266,090**
NET ASSETS	**410,800**	**430,633**
EQUITY		
Contributed equity	364,278	365,145
Reserve	2,541	1,837
Retained earnings	43,981	63,651
Total equity	**410,800**	**430,633**
PROFIT/ (LOSS)	**(4,355)**	**141,730**
Other comprehensive income	-	-
TOTAL PROFIT/ (LOSS) AND OTHER COMPREHENSIVE INCOME	**(4,355)**	**141,730**

The financial information for the Fund has been prepared on the same basis as the consolidated financial statements.

b) Controlled entities of the Parent Entity

As at 30 June	Ownership Interest 2023	2022	Country of Incorporation
GARDA Capital Limited	100%	100%	Australia
GARDA Capital RE Limited	100%	100%	Australia
GARDA Capital Trust	100%	100%	Australia
GARDA Facilities Management Pty Ltd	100%	100%	Australia
GARDA Finance Pty Ltd	100%	100%	Australia
GARDA Funds Management Limited ATF GARDA Capital Trust	100%	100%	Australia
GARDA Holdings Limited	100%	100%	Australia
GARDA Property Finance Pty Ltd	100%	100%	Australia
GARDA Real Estate Services Pty Ltd	100%	100%	Australia
GARDA Services Pty Ltd	100%	100%	Australia
GARDA TSV Pty Ltd ATF GARDA TSV Unit Trust	100%	100%	Australia
GARDA TSV Unit Trust	100%	100%	Australia

NOTE 25 CONTINGENT ASSETS AND LIABILITIES

a) Contingent assets

The Group did not have any material contingent assets as at 30 June 2023 (FY22: nil).

b) Contingent liabilities

The Group did not have any material contingent liabilities as at 30 June 2023 (FY22: nil).

NOTE 26 EVENTS SUBSEQUENT TO THE END OF THE PERIOD

GARDA has renegotiated its interest cover ratio covenants with its lenders as follows:

- 1 July 2023 to 30 June 2024: 1.50 times EBIT
- 1 July 2024 to 30 June 2025 1.75 times EBIT
- 1 July 2025 onwards: 2.00 times EBIT

GARDA has renewed its head office lease for a further three years, expiring on 13 July 2026.

Otherwise, there are no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect:

- GARDA's operations in future financial years;
- the results of those operations in future years; or
- the state of affairs of GARDA in future years.

DIRECTORS' DECLARATION

In the opinion of the Directors of GARDA Property Group:

(a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001*; and

  (ii) giving a true and fair view of GARDA Property Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date,

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1; and

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Chief Executive Officer and Chief Operating Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

Matthew Madsen
Executive Chairman

27 July 2023

INDEPENDENT AUDITOR'S REPORT

PITCHER PARTNERS

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Independent Auditor's Report
To the Stapled Security holders of GARDA Property Group and to the Share Holders of GARDA Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the 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 30 June 2023, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 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 Group, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How our audit addressed the key audit matter
Valuation of investment property ***Refer to Note 9: Investment Properties***	
At 30 June 2023 the Group's consolidated statement of financial position includes investment properties, which are recorded at fair value, with a carrying value of $600.53 million. This represents 93% of total assets. As disclosed in Notes 9 and 17 of the financial report, fair values are determined by the directors at the end of each reporting period with reference to external independent property valuations or internal directors' valuations. The fair value is determined using the following two valuation methodologies: • The capitalisation of income method applies a capitalisation rate to normalised market operating income. • The discounted cash flow method involves the projection of a series of cash flows and terminal value calculations discounted to present value. Any change in the fair value of investment properties is recognised in the consolidated statement of profit or loss and other comprehensive income. This was considered a key audit matter due to the number of key judgements required in determining fair value. These key judgements include estimating the capitalisation rates, discount rates, market rents, re-leasing costs, forecast occupancy levels and forecast capital expenditure. The valuations for investment properties also include inputs such as net income, occupancy rate and lease term remaining. Minor changes in these key judgements and inputs can lead to significant changes in the valuation. The financial report discloses the sensitivity of these valuations to changes in key judgements and inputs.	Our audit procedures included amongst others: • Obtaining an understanding of, and evaluating the design and implementation of relevant controls associated with management's valuation assessment, as well as assessing the oversight applied by the directors; • Assessing the competence, capabilities, and the objectivity of the independent valuers; • Evaluating the external and director property valuations including an assessment of the appropriateness of the valuation methodology adopted; • Evaluating the movements in capitalisation rates, discount rates, market rents, re-leasing costs, forecast occupancy levels and forecast capital expenditure applied based on our knowledge of the property portfolio and published reports of industry commentators; • Testing key inputs to the valuations including, net income, occupancy rate and lease term remaining for consistency with existing lease contracts made to the valuation; and • Assessing the adequacy of the relevant disclosures in the financial report, including key judgements, inputs and sensitivity analysis.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 23 of the directors' report for the year ended 30 June 2023. In our opinion, the Remuneration Report of GARDA Property Group, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Pitcher Partners

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CHERYL MASON
Partner

Brisbane, Queensland
27 July 2023

CORPORATE GOVERNANCE STATEMENT

The Board and management of GARDA consider it is crucial for the long term performance and sustainability of the Group, and to protect and enhance the interests of its securityholders and other stakeholders, that it adopts an appropriate corporate governance framework pursuant to which it will conduct its operations with integrity, accountability and in a transparent and open manner.

GARDA regularly reviews its governance arrangements as well as developments in market practice, expectations and regulation. The governance arrangements were reviewed in June 2023.

The Corporate Governance Statement has been approved by the Boards of the Company and GARDA Capital Limited (as responsible entity) and explain how the GARDA addresses the requirements of the *Corporations Act 2001*, the ASX Listing Rules and the ASX Corporate Governance Council's '*Corporate Governance Principles and Recommendations – 4th Edition*' (the 'ASX Principles and Recommendations'). It is current as at 30 June 2023.

GARDA's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in this statement, the 2023 Annual Report of the GARDA Property Group and other relevance governance documents and materials on the GARDA website (together the 'ASX Appendix 4G'), is provided in the corporate governance section of our website at https://gardaproperty.com.au.

The Corporate Governance Statement together with the ASX Appendix 4G and this Annual Report, were lodged with the ASX on the same date.

The Board strives to meet the highest standards of corporate governance but recognises that it is also crucial that the governance framework of GARDA reflects the current size, operations and industry in which GARDA and its related entities operate.

GARDA has complied with most of recommendations of the ASX Principles and Recommendations and has improved in many key areas during the year. The Board believes the areas of non-conformance, which are explained in the Corporate Governance Statement and the ASX Appendix 4G, will not materially impact the ability of the Group to achieve the highest standards of corporate governance nor its ability to meet the expectations of its securityholders and other stakeholders.

SECURITYHOLDER INFORMATION

Securityholder information as at 24 July 2023.

Distribution of equity securities

Range	Securities	No. of holders	%
100,001 and over	177,713,398	169	78.21
10,001 to 100,000	41,590,302	1,365	18.30
5,001 to 10,000	4,790,051	630	2.11
1,001 to 5,000	2,993,034	1,050	1.32
1 to 1,000	132,354	276	0.06
Total	**227,219,139**	**3,490**	**100.00**
Unmarketable parcels	10,971	114	0.00

Top 20 securityholders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Number Held	Percentage of issued securities (%)
HGT Investments Pty Ltd	37,340,745	16.43
HSBC Custody Nominees (Australia) Limited	14,655,586	6.45
Madsen Nominees Pty Ltd	10,960,000	4.82
Bond Street Custodians Limited	9,794,952	4.31
Netwealth Investments Limited	8,759,232	3.85
J P Morgan Nominees Australia Pty Limited	6,146,414	2.71
Madsen Nominees Pty Ltd	5,300,000	2.33
Glenelg Park Nominees Pty Ltd	5,013,869	2.21
Mr Peter Zinn	4,989,674	2.20
JJG Equities Pty Ltd	4,644,831	2.04
The Trust Company (Australia) Limited	3,990,492	1.76
Citicorp Nominees Pty Limited	3,581,318	1.58
Extra Large Pty Ltd	3,052,074	1.34
Mr Peter John Zinn	3,000,000	1.32
Asia Union Investments Pty Limited	3,000,000	1.32
Pine Factory SF Pty Ltd	2,100,152	0.92
Mr Richard Eaton-Wells & Ms Frances Catherine Economidis	1,970,000	0.87
Perrins Rap Pty Ltd	1,889,592	0.83
First Samuel Ltd	1,642,253	0.72
National Nominees Limited	1,641,931	0.72
Total	**133,473,115**	**58.73**

Substantial holders

The names of the substantial securityholders listed in the holding register are:

Name	Number Held	Percentage of issued securities (%)
HGT Investments Pty Ltd	37,340,745	16.43
Madsen Nominees Pty Ltd	17,060,000	7.51
HSBC Custody Nominees (Australia) Limited	14,655,586	6.45
Total	**69,056,331**	**30.39**

Voting rights

Each securityholder confers the right to vote at meeting of Securityholders, subject to any voting restrictions imposed on a Securityholder under the *Corporations Act 2001* and the ASX Listing Rules.

On a show of hands, each Securityholder has one vote. On a poll, each Securityholder has one vote for each dollar value of securities held. The Group will follow the ASX recommendation that all significant resolutions will be conducted by poll.

GLOSSARY

AASB	Australian Accounting Standards Board
Adjusted gearing	Adjusted gearing ratio is calculated as adjusted total liabilities divided by adjusted total assets
ARSC	Audit, Risk and Sustainability Committee
CAGR	Compound annual growth rate
Company	GARDA Holdings Limited (ACN 636 329 774)
DA	Development Application
ESP	GARDA Employee Security Plan
FFO	Funds from operations are the Group's underlying and recurring earnings from its operations. It is determined by adjusting statutory net profit (under AIFRS) 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.
Fund	GARDA Diversified Property Fund (ARSN 104 391 273)
GARDA	GARDA Property Group
GDF	GARDA Diversified Property Fund (ARSN 104 391 273)
Gearing	(Total drawn interesting-bearing debt less cash) / (total assets less cash)
GHL	GARDA Holdings Limited (ACN 636 329 774)
GFA	Gross floor area
Group	GARDA Property Group
GST	Goods and Services Tax
LVR	(Total drawn interest-bearing debt) / (total bank approved secured property)
NRC	Nomination and Remuneration Committee
NLA	Net lettable area
NTA	Net tangible assets
ROE	Return on equity. Calculated as (total distributions plus movement in NTA in financial year) divided by opening NTA.
TSR	Total securityholder return. Calculated as (total distributions plus movement in security price in financial year) divided by opening security price.
WACD	Weighted average cost of debt
WACR	Weighted average capitalisation rate
WALE	Weighted average lease expiry
WANOS	Weighted average number of securities

CORPORATE DIRECTORY

DIRECTORS

Matthew Madsen
Executive Chairman and Managing Director

Mark Hallett
Executive Director

Paul Leitch
Independent Director

Andrew Thornton
Non-executive Director

COMPANY SECRETARY

Lachlan Davidson
General Counsel and Company Secretary

REGISTERED OFFICE

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SHARE REGISTRY

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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