



GARDA PROPERTY GROUP

Comprising 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
Sustainability Report FY23

GARDA Holdings Limited
ACN 636 329 774

and

GARDA Diversified Property Fund
ARSN 104 391 273

ABOUT THIS REPORT

Group overview

GARDA Property Group (ASX: GDF) is an ASX-listed real estate investment group.

At 30 June 2023, our investment portfolio, comprising 15 industrial and commercial properties, was valued at \$600 million and our market capitalisation was \$295 million.

Our key stakeholders, or Partners, at 30 June 2023 included:

- 3,490 securityholders;
- 48 tenants; and
- 16 employees.

Corporate objective

GARDA's corporate objective is to deliver enduring value to these Partners through our expertise in real estate.

Conducting operations in a sustainable manner is inherent in delivering enduring value to our Partners. We also acknowledge it is implicit in our social contracts with the communities in which we operate.

Sustainability reporting

Our annual Sustainability Report provides information on how we are executing our corporate strategy and meeting our community obligations in a sustainable manner.

Consistent with sustainability principles, it is only available online to reduce paper consumption.

Statement of use – GRI Standards

GARDA has reported with reference to the GRI Standards for the period from 1 July 2022 to 30 June 2023.

In future periods, the basis of our sustainability reporting may change in response to new regulations regarding climate-related financial disclosure.

Operational control

This Sustainability Report provides details of GARDA's sustainability activities for our corporate operations and properties under our *operational control*.

To determine operational control, we have adopted the National Greenhouse and Energy Reporting legislative framework.

Operational control is the authority to introduce and implement operating, health and safety or environmental policies.

Of the 11 fully developed properties in GARDA's portfolio, we had operational control over three for the entire year:

1. Botanicca 7;
2. Botanicca 9; and
3. Cairns Corporate Tower.

Important information

This Sustainability Report has been prepared by GARDA Holdings Limited to report on the activities of GARDA Property Group.

It contains forward looking statements, opinions and estimates based on assumptions, contingencies and market trends adopted by GARDA which are subject to certain risks and uncertainties, and which may change without notice.

Should one or more risks or uncertainties materialise, or should underlying assumptions or forward-looking statements prove incorrect, there can be no assurance that actual outcomes for GARDA will not differ materially from statements made in this report and you should not place undue reliance on forward-looking statements.

Except as required by law or regulation, GARDA does not undertake to update any forward-looking statements in this report and does not make any warranties or representations, express or implied, as to the currency, accuracy, reliability or completeness of the information in this report.

Unless otherwise stated, environmental data in this report pertains exclusively to the assets and liabilities within our operational control and does not include data for external entities such as tenants, suppliers and contractors.

SUSTAINABILITY FRAMEWORK

Governance

GARDA's Board has overall responsibility for sustainability, including reviewing and approving the information reported in this Sustainability Report.

Pursuant to its Charter, the Audit, Risk and Sustainability Committee has delegated responsibility for GARDA's sustainability framework.

Management

Responsibility for managing GARDA's impacts from property development and building operations has been delegated to our Director, Projects and Acquisitions and our Head of Asset Management, respectively.

Our Chief Operating Officer has overall responsibility for GARDA's sustainability activities and reporting.

Three pillars

We pursue our sustainability objectives through a framework comprising three pillars:

- *environment pillar:* GARDA's objective is to acquire, develop and own properties that will stand the test of time and sustainably manage them in a manner that will satisfy the environmental expectations of our Partners and the communities in which we operate.
- *social pillar:* GARDA's objective is to understand the sustainability issues that matter to our Partners and to respond appropriately.
- *governance pillar:* GARDA's objective is to pursue governance, risk and compliance activities that are best practice for our size, stage of development and ambitions.

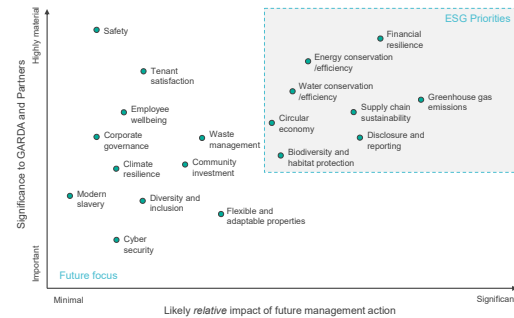
Impacts

Within each pillar we have identified issues that may impact GARDA's operations and investments. These "impacts" have been prioritised according to our assessment of:

1. significance to GARDA and our Partners; and
2. likely impact of action by the GARDA Board and management to mitigate or remediate the particular topic.

While most impacts will receive due consideration in the ordinary course, the Board determined that no more than ten impacts should be prioritised in any financial year.

Eight significant impacts emerged from the two steps above:



However, the Board resolved that employee safety and wellbeing also be included as a priority, taking the number of significant impacts to nine.

Material topics

Our nine significant impacts have been grouped into five material topics for analysis and reporting in the balance of this Sustainability Report:

- i) efficient operations;
- ii) sustainable development;
- iii) aligned employees;
- iv) financial strength; and
- v) ESG reporting.

Each of our material topics is discussed in the following pages.

For topic v), we have simply published our GRI Index in accordance with the GRI Standards. In future years, we expect the form and substance of our ESG reporting will change in response to new regulations for climate related financial disclosure.

i) EFFICIENT OPERATIONS

Commitment

We seek to optimise the efficiency of our buildings through energy and water initiatives.

Approach

Our operationally controlled buildings are managed by our in-house team which targets minimum 5.0 NABERS Energy and NABERS Water ratings for each building.

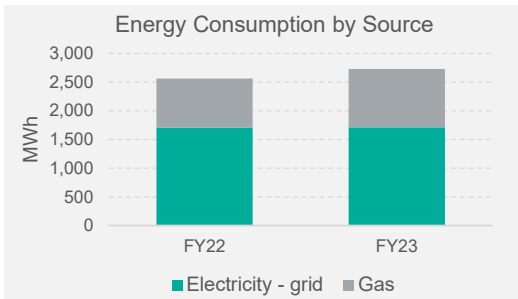
The asset management team also seeks to reduce the amount of operational or tenant waste sent to landfill.

Following the sale of our Box Hill office building in April 2023, the number of operationally controlled buildings managed by our asset management team, and covered in this report, has fallen to three.

Outcomes

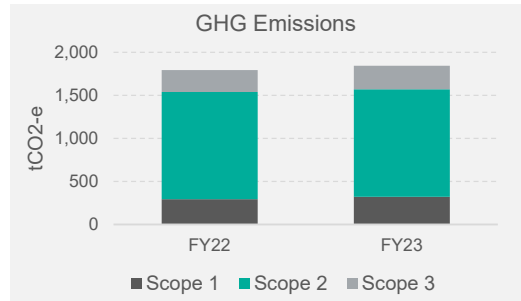
a) Energy

Energy consumption in our buildings increased by 6.6% during the year, primarily due to increased occupancy at Botanicca 9, which increased from 66% to 73%.

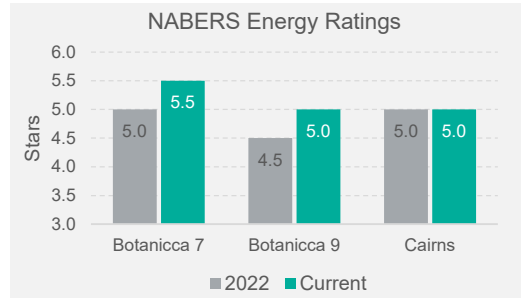


In contrast to Botanicca 9, energy consumption was flat in the Cairns Corporate Tower and declined by almost 10% in Botanicca 7, largely due to LED lighting upgrades in all amenities and carpark levels.

Our greenhouse gas (GHG) emissions increased by 2.8% during FY23, again attributable to occupancy at Botanicca 9, with Cairns flat and Botanicca 7 declining by 6.3%.

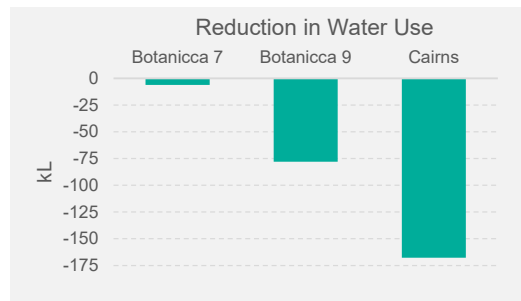


Following their annual assessments, all three operationally controlled buildings now have NABERS Energy ratings of 5.0 stars or better.

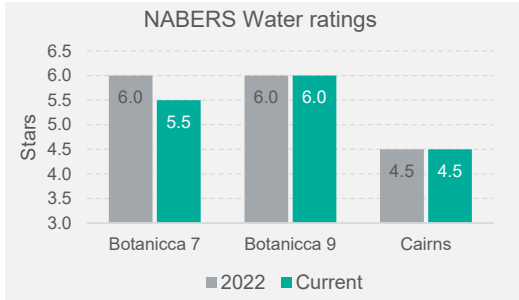


b) Water

Total water consumption across our operationally controlled buildings declined by 2.9% during FY23 to 8.4 mega litres.



Notwithstanding these reductions, Cairns and Botanicca 9 achieved the same NABERS Water ratings as in FY22 while Botanicca 7 declined from 6 stars to 5.5 stars.



With multiple tenants, the Cairns Corporate Tower is a significant user of water with approximately 8.3 megalitres consumed annually, compared with less than 100 kilolitres for our other two assets.

Our asset management team has undertaken extensive capital improvement of the building over the past six years, including replacement of the building chiller plant with three energy efficient water-cooled units.

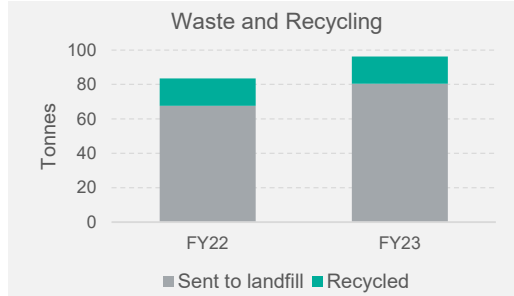
At Botanicca 9, improved irrigation control has resulted in a reduction in water consumption, while increased tenant activity at Botanicca 7 prompted the 0.5 star reduction in its NABERS Water rating.

c) Waste

The amount of waste generated in our operationally controlled buildings during the year increased by 15% compared with FY22.

The bulk of this increase occurred roughly equally in Botanicca 7 and Botanicca 9 and is due to an increase in tenant activity at both sites.

Approximately 16% of total waste generated was diverted from landfill, a decrease from the 19% diverted in FY22.



Performance data: operations

		FY23	FY22
Operationally controlled buildings			
NLA	<i>sqm</i>	25,631	25,631
Number of buildings	<i>no.</i>	3	3
Resource Consumption			
Grid connected electricity (Base Building only)	<i>MWh</i>	1,710	1,705
Gas use	<i>GJ</i>	3,670	3,079
Water use	<i>kL</i>	8,387	8,641
Waste / Recycling			
Total waste generated	<i>tonnes</i>	96	84
Waste sent to landfill (including contamination)	<i>tonnes</i>	80	67.64
Total recycling	<i>tonnes</i>	16	16
Waste diverted from landfill	<i>%</i>	16%	19%
GHG Emissions			
Scope 1 (refrigerants)	<i>tCO2-e</i>	322	294
Scope 2 (electricity)	<i>tCO2-e</i>	1,248	1,245
Total scope 1 and 2	<i>tCO2-e</i>	1,571	1,539
Scope 3 (electricity)	<i>tCO2-e</i>	137	136
Scope 3 (water)	<i>tCO2-e</i>	34	32
Scope 3 (waste)	<i>tCO2-e</i>	105	88
Total emissions	<i>tCO2-e</i>	1,846	1,795

ii) SUSTAINABLE DEVELOPMENT

Commitment

We endeavour to undertake development activities consistent with a circular economy and seek to minimise negative impacts on the local area.

We are committed to implementing initiatives to reduce both upfront and embodied carbon across our developments.

Approach

While external firms are contracted for any construction works, GARDA's in-house development management team has final responsibility for all development activity.

Development activity is undertaken in accordance with the following sustainability principles:

- safety is paramount;
- demolition materials to be recycled;
- energy and water efficiency in building design and operations;
- use of native flora in landscaping; and
- appropriate stormwater infrastructure.

Outcomes

a) Green Building Council Australia

GARDA became a Member of Green Building Council Australia in August 2023.

Consistent with our new membership, our project management team will target a minimum 5-star Green Star rating for all new developments.

b) Completed projects

In FY23, development of Buildings A and B at Pinnacle West, Wacol was completed, with the site now fully developed.

Features at Pinnacle West that are consistent with our sustainability commitments include:

- construction of an on-site stormwater detention and treatment system, minimising potentially harmful runoff;
- installation of three 99kw solar systems on the building roofs;
- installation of LED lighting to office, warehouse, awnings and car parks, including zoned and sensor-controlled lights;

- planting of water-efficient, native landscape species, substantially naturally irrigated; and
- installation of three 5,000 litre rainwater tanks, one with an ultraviolet water treatment system, all of which have been plumbed to building amenities.

c) Projects in progress

Development of our new industrial property at Richlands is due to be finished by the end of 2023.

Features at Pinnacle West that are consistent with our sustainability commitments include:

- construction of an on-site stormwater detention and treatment system, minimising potentially harmful runoff;
- installation of a 99kw solar system;
- installation of LED lighting to office, warehouse, awnings and car parks, including zoned and sensor-controlled lights; and
- planting of water-efficient, native landscape species, substantially naturally irrigated.

d) Future developments

Pre-construction environmental remediation work has been undertaken at our two industrial development sites at Acacia Ridge and Pinnacle East, Wacol. This remediation work was in respect of contamination that occurred prior to our ownership.

At Acacia Ridge, 14,773 tonnes of contaminated and waste material were removed, including:

- 10,050t of asbestos contaminated soil; and
- 4,723t of heavy metal, petroleum and hydrocarbon affected material.

At Pinnacle East, Wacol 10,752 tonnes of contaminated and waste material were removed, including:

- 8,796t of asbestos contaminated soil; and
- 1,929t of construction and development waste and other miscellaneous waste materials.

iii) ALIGNED EMPLOYEES

Commitment

Embracing family values, we are committed to a safe and inclusive workplace where employees have a strong sense of ownership.

Approach

Our human resource processes are designed to align all team members with GARDA's culture and corporate objective.

Our family values are consistently reinforced by the senior management team such that there is no ambiguity about safety or the way in which we interact with each other and external parties.

Outcomes

For FY23, we are able to report:

- a safety record of zero workplace health and safety incidents involving our people;
- all employees increased their equity ownership in GARDA;
- no permanent employees left the Group, although one director retired from the Board;
- no material complaints were received from tenants or securityholders; and
- supplier invoices were invariably paid within seven days of receipt.

Performance data: employees

Age Group	Under 30 years	30-50 years	Over 50 years	Total
Employee numbers at 30 June 2023	2	7	7	16
Male	1	4	7	
Female	1	3	-	
Country of birth				
Australia	2	4	7	13
Overseas	-	3	-	3
New recruits in FY22	-	-	-	-
Employee departures:	1	-	-	1
Planned or expected	1	-	-	1
Part-time employees	-	2	1	3
Parental leave				
Eligibility	100%	100%	100%	100%
Parental leave taken	-	-	-	-
Return to work rate	-	-	-	-
Work-related injuries and ill health	-	-	-	-
Average hours of training				
Male	25	15	12	
Female	10	2	-	
Regular performance reviews				
Male	100%	100%	100%	
Female	100%	100%	100%	
Board numbers at 30 June 2023	-	-	4	4
Male	-	-	4	4
Female	-	-	-	-

iv) FINANCIAL STRENGTH

Commitment

Fundamental to GARDA delivering enduring value to its Partners is a strong financial position and ready access to capital.

Approach

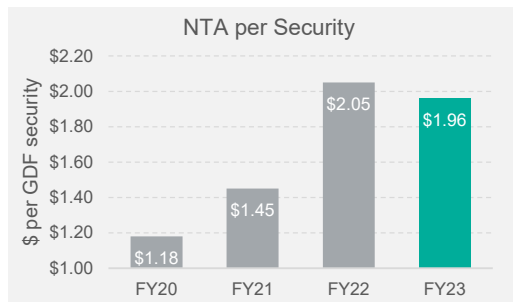
With a material development pipeline, and in an increasing interest rate environment, the financial metrics that currently go to financial strength are:

- i) NTA per security;
- ii) gearing; and
- iii) funds from operations.

Outcomes

i) NTA per security

The value of GARDA's net tangible assets declined by 4.4% or 9.0 cents per security in FY23:



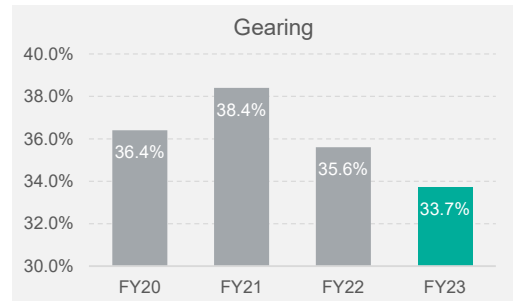
Two factors that underpinned this strength in NTA were:

- a) strong rental growth across our industrial portfolio that substantially offset decompression in capitalisation rates; and
- b) although \$75.8 million in asset sales contributed to the minor fall in NTA, proceeds from asset sales provided capital for our development pipeline.

ii) Gearing

We consider a gearing level of 30% to 35% to be appropriate for GARDA over the medium term. However, gearing may be periodically higher or lower than this range as we actively acquire, develop and divest assets or undertake capital management initiatives.

Our gearing at 30 June 2023 was 33.7%, down 1.9% from 35.6% at 30 June 2022:



This relative strength in gearing has also been bolstered by a relaxation in interest cover ratio covenants by our banks while we have a heavy industrial development program.

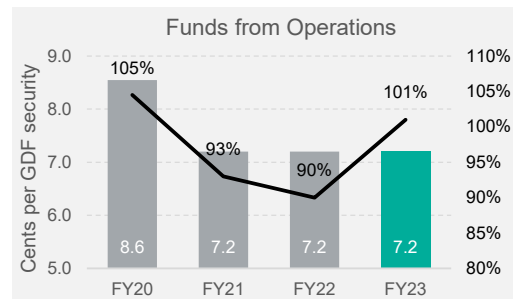
iii) Funds from operations

Our objective is to pay competitive distributions to our owners, ideally at a payout ratio of no more than 100%.

Funds from operations, from which our distributions are paid, were impacted by the following during FY23:

- a) a material increase in net interest costs; and
- b) loss of rental revenue from assets sold; offset by
- c) increased rental income from our remaining assets, including development projects completed during the period.

Consequently, although we were able to hold distributions constant, our payout ratio marginally exceeded 100% in FY23:



Until we start receiving income from our assets under development, we will be required to adjust our distributions to keep our payout ratio close to a financially prudent 100%.

For FY24, we are projecting distributions of 6.3 cents per security.

v) ESG REPORTING

GRI content index

Statement of use:	GARDA Property Group has reported the information cited in this GRI content index for the period commencing 1 July 2022 and ending on 30 June 2023 with reference to the GRI Standards.
GRI 1 used:	GRI 1: Foundation 2021
Applicable GRI Sector Standards(s):	None applicable

General disclosures

Legend:

SR: GARDA FY23 Sustainability Report
 AR: GARDA FY23 Annual Report
 Web: GARDA website
 Int: Internal, unpublished policy or register

Disclosure	Location	Omission			GRI Sector Standard Ref. No.
		Requirement Omitted	Reason	Explanation	
GRI 2: General Disclosures 2021					
1. The organisation and its reporting practices					
2-1	Organisational details				
	a. Legal name	SR – Table of Contents			
	b. Ownership	SR – About this Report (p1)			
	c. Headquarters	SR – Corporate Directory (p11)			
	d. Countries	AR – Note 9 Investment properties			
2-2	Entities included	AR – Note 24 Controlled entities			
2-3	Reporting				
	a. Sustainability	SR – Table of Contents (p1,2)			
	b. Financial reporting	AR – Directors' Report			
	c. Publication date	SR – Front Cover			
	d. Contact point	SR – Corporate Directory (p11)			
2-4	Restatements	✓	Nil restatements	Inaugural report	
2-5	External assurance	✓	None sought	Not appropriate	
2. Activities and workers					
2-6	Activities, value chain				
	a. Sectors	AR – Directors' Report			
	b. Value chain	AR – Directors' Report			
	c. Relationships	SR – About this Report (p1)			
2-7	Employees	SR – Aligned Employees (p6)			
2-8	Workers not employees	✓	Nil workers who are not employees	Contractors not controlled by GARDA	
3. Governance					
2-9	Structure, composition				
	a. Board and Committees	AR – Directors' Report			
	b. Governance	AR – Directors' Report			
	c. Composition of bodies	AR – Directors' Report			
2-10	Board nomination	Web – Nomination & Remuneration Committee Charter			
2-11	Chair	Web – Corporate Governance Statement			
2-12	Governance of impacts	SR – Sustainability Framework (p2)			
2-13	Delegation of impacts	SR – Sustainability Framework (p2)			
2-14	Sustainability reporting	SR – About this Report (p1), ESG Reporting (p8)			
2-15	Conflicts of interest	Int. – Conflicts of Interest Policy			
2-16	Communication	Web – Corporate Governance Statement			
2-17	Collective knowledge	SR – Sustainability Framework (p2)			
2-18	Performance evaluation	Web – Board Charter			
2-19	Remuneration policy	AR – Remuneration Report Web – Corporate Governance Statement			
2-20	Remuneration	AR – Remuneration Report Web – Corporate Governance Statement			
2-21	Compensation ratio	SR – Aligned Employees (p6)			

Disclosure	Location	Requirement Omitted	Omission		GRI Sector Standard Ref. No.
			Reason	Explanation	
4. Strategies, policies and practices					
2-22 Strategy statement	Web – Sustainability Policy SR – About this report (p1)				
2-23 Policy commitments	Web – Sustainability Policy SR – About this Report (p1)				
2-24 Embedding commitments	Web – Sustainability Policy				
2-25 Remediation of impacts	Web – Complaints Policy, Whistleblower Policy				
2-26 Advice and concerns	Web – Corporate Governance Statement Web – Code of Conduct Web – Complaints Policy Web – Whistleblower Policy				
2-27 Compliance	Int. – AFSL breach registers, external compliance audits				
2-28 Membership associations		✓	None applicable	Memberships occur at employee level	
5. Stakeholder engagement					
2-29 Approach to engagement	SR – About this Report (p1)				
2-30 Collective bargaining	not applicable	Omitted	Not applicable	Nil employees impacted	
Disclosures on material topics					
GRI 3: Material Topics 2021					
3-1 Process to determine	SR – Sustainability Framework (p2)				
3-2 List of material topics	SR – Sustainability Framework (p2)				
3-3 Management of material topics	SR – Sustainability Framework (p2)				
i) Efficient operations					
GRI 302: Energy 2016					
302-1 Energy consumption	SR – Efficient Operations (p3)				
302-3 Energy intensity	SR – Efficient Operations (p3)				
302-4 Reduction of consumption	SR – Efficient Operations (p3)				
GRI 305: Emissions 2016					
305: GHG emissions	SR – Efficient Operations (p3)				
ii) Sustainable development					
GRI 303: Water & Effluents 2018					
303-1 Water as shared resource	SR – Sustainable Development (p5)				
303-5 Water consumption	SR – Sustainable Development (p5)				
GRI 306: Waste 2020					
306: Waste	SR – Sustainable Development (p5)				
iii) Aligned employees					
GRI 401: Employment 2016					
401-1 New employees, turnover	SR – Aligned Employees (p6)				
401-3 Parental leave	SR – Aligned Employees (p6)				
GRI 403: OH&S 2018					
403-9 Work-related injuries	SR – Aligned Employees (p6)				
403-10 Work-related ill health	SR – Aligned Employees (p6)				
GRI 404: Training, education 2016					
404-1 Average hours of training	SR – Aligned Employees (p6)				
404-3 Performance, career reviews	SR – Aligned Employees (p6)				
GRI 405: Diversity 2016					
405-1 Diversity	SR – Aligned Employees (p6)				
iv) Financial strength					
201-1 Direct economic value	AR – Financial Statements SR – Financial Strength (p7)				
v) ESG reporting					
GRI Standards	FY23 Sustainability Report				

GLOSSARY

AR	FY23 Annual Report
Company	GARDA Holdings Limited (ACN 636 329 774)
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, GDF, Group	GARDA Property Group
Gearing	$(\text{Total drawn interest-bearing debt less cash}) / (\text{total assets less cash})$
GHG	Greenhouse gas
NLA	Net lettable area
NTA	Net tangible assets
SR	FY23 Sustainability Report
Web	GARDA's website at www.gardaproperty.com.au

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

INVESTOR RELATIONS

Paul Brown
Head of Treasury and Investor Relations
Ph: +61 7 3002 5362
Email: pbrown@gardaproperty.com.au

REGISTERED OFFICE

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Fax: +61 7 3002 5311
Web: www.gardaproperty.com.au

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Ph: +61 7 3222 8444

SHARE REGISTRY

Link Market Services
Level 12, 680 George Street
Sydney NSW 2000

Ph: +61 1300 554 474
F: +61 2 9287 0303

STOCK EXCHANGE LISTING

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

GARDA

gardaproperty.com.au