

CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

CORPORATE DIRECTORY

Company Name	Registrar	Auditor	Stock Exchange Listing
GARDA Capital Group	Link Market Services Limited	BDO Audit Pty Ltd	The Company is listed on the Australian Securities Exchange Limited
Level 21, 12 Creek Street Brisbane QLD 4000	Level 12, 680 George Street Sydney NSW 2000	Level 10, 12 Creek Street Brisbane QLD 4000	ASX: GCM ACN: 095 039 366 AFSL: 246714
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www.gardacapital.com.au

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by GARDA Capital Limited and GARDA Capital Trust during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Releases, financial reports and other information are available on our website: www.gardacapital.com.au

The financial statements were approved by the Board of Directors on 23 February 2018.

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DIRECTORS' REPORT

The directors of GARDA Capital Limited (**GCL** or the **Company**) and GARDA Funds Management Limited, the responsible entity of GARDA Capital Trust, present their report together with the consolidated financial statements and the auditor's review report thereon for the half year ended 31 December 2017 of both:

- GARDA Capital Limited and its controlled entities and GARDA Capital Trust (**GARDA Capital Group** or **Group**); and
- GARDA Capital Trust (the **Trust**).

GARDA Capital Limited has been deemed the parent entity of GARDA Capital Trust under Australian Accounting Standards and this financial report is prepared on this basis.

DIRECTORS

The following persons were directors of GARDA Capital Limited and GARDA Funds Management Limited during the half year and up to the date of this report:

Mr Matthew Madsen	Executive Chairman and Managing Director
Mr Mark Hallett	Non-Executive Director
Mr Philip Lee	Non-Executive Director
Mr Leylan Neep	Executive Director

PRINCIPAL ACTIVITIES

The GARDA Capital Group is an integrated real estate business comprising funds management, real estate debt advisory and property investment.

GARDA Capital Limited is the responsible entity of the ASX listed GARDA Diversified Property Fund (**GDF**), while other Group entities undertake the related real estate management and leasing for this portfolio. A Group subsidiary, GARDA Funds Management Limited, is the responsible entity of GARDA Capital Trust which is a registered managed investment scheme and is the primary investment vehicle for the GARDA Capital Group.

GARDA Capital Trust currently holds a substantial investment of 18.7 million units in GDF (13.5%). The Trust previously held 10.0 million units, and increased its investment during the period by 8.7 million units through its participation in a GDF entitlement offer in December 2017. The Trust took up its entitlement and acquired additional units through a sub-underwriting agreement.

GARDA Finance Pty Ltd is the Group's debt advisory business, which provides intermediary services to borrowers, and arranges commercial real estate debt facilities for both investors and developers.

GARDA Property Finance Pty Ltd is the vehicle in which the GARDA Capital Group currently invests into real estate via debt positions with third parties.

There were no changes in the nature of the Group's activities during the half year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs during the financial year that could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in the future financial periods.

REVIEW AND RESULTS OF OPERATIONS

The performance of the GARDA Capital Group for the half year, as represented by the results of operations, was as follows:

	GARDA CAPITAL GROUP CONSOLIDATED		GARDA CAPITAL TRUST	
	31 DECEMBER 2017 \$'000'S	31 DECEMBER 2016 \$'000'S	31 DECEMBER 2017 \$'000'S	31 DECEMBER 2016 \$'000'S
Revenue and other income	4,018	2,551	1,337	636
Net profit before tax	2,237	834	1,286	483
Net profit after tax	1,974	1,410	1,286	483

DIRECTORS' REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

The key financial and operating highlights and achievements for the half year ended 31 December 2017 include:

- Net profit after tax of \$2.0 million, an increase of \$0.6 million from the prior half year;
- Earnings per stapled security of 8.2 cents, an increase of 34% or 2.1 cents from the prior half year;
- Increase in assets under management (AUM) to \$295.0 million¹, representing a 26% increase in AUM from 30 June 2017;
- Increasing the Group's investment in GDF by \$10.0 million to now hold 13.5% of issued units, following the GDF entitlement offer in December 2017;
- Obtaining a \$10.0 million loan to fund the Group's increase of its strategic stake in GDF; and
- Strong underlying investment returns from the Group's co-investment in GDF, receiving 4.5 cents per unit and a mark to market value increase of \$0.9 million, during the period.

GARDA CAPITAL GROUP

Revenue and other income of the Group for the half year ended 31 December 2017 was \$4.0 million which is an increase of \$1.4 million compared to \$2.6 million in prior period.

The net profit after tax of the Group for the half year ended 31 December 2017 was \$2.0 million which is an increase of \$0.6 million compared to \$1.4 million in prior year. Profit before tax of \$2.2 million was an increase of \$1.4 million from the prior period, largely due to fair value increment in the units held in GDF (\$0.9 million).

The net asset position as at 31 December 2017 was \$19.7 million which is an increase of \$1.5 million compared to \$18.2 million as at 30 June 2017.

GARDA CAPITAL TRUST

The primary income of the Trust is the distributions it receives from its co-investment in GDF. Distribution income of the Trust for the half year ended 31 December 2017 was \$0.45 million.

Other income of the Trust comprises mark to market adjustments of its investments in GDF of \$0.9 million. The following distributions were paid/payable by the Trust during the period:

	DATE PAID / PAYABLE	CENTS PER SECURITY	AMOUNT PAID / PAYABLE
September 2017 quarter	30 October 2017	0.936	\$0.225 million
December 2017 quarter	25 January 2018	0.936	\$0.225 million

SUBSEQUENT EVENTS

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

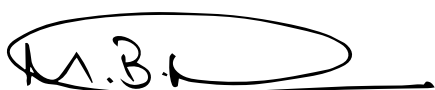
ROUNDING OF AMOUNTS

The Fund 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 \$1,000, or in certain cases, to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

This report is made in accordance with a resolution of directors.



Mr Matthew Madsen

Executive Chairman

23 February 2018

¹ Including properties under construction and current unconditional contract acquisitions.

AUDITOR'S INDEPENDENCE DECLARATION



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DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF GARDA CAPITAL LIMITED AND THE DIRECTORS OF GARDA FUNDS MANAGEMENT LIMITED AS RESPONSIBLE ENTITY OF GARDA CAPITAL TRUST

As lead auditor for the review of GARDA Capital Group for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of GARDA Capital Group which comprises both GARDA Capital Limited and the entities it controlled during the period and GARDA Capital Trust.

A handwritten signature in dark ink, appearing to read 'T R Mann', is written over a horizontal line.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 23 February 2018

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	NOTES	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
		31 DEC 2017 \$'000'S	31 DEC 2016 \$'000'S	31 DEC 2017 \$'000'S	31 DEC 2016 \$'000'S
Revenue	3(a)	3,107	2,201	475	486
Other income	3(b)	911	350	862	150
Employee benefits expense		(1,096)	(1,009)	-	-
Professional costs		(102)	(88)	-	(133)
Facilities management costs		(46)	(65)	-	-
Depreciation		(10)	(9)	-	-
Amortisation of intangibles		(41)	(46)	-	-
Insurance		(65)	(64)	-	-
Occupancy costs		(133)	(131)	-	-
Finance costs		(116)	(171)	(33)	-
Security based payments expense		(6)	-	(6)	-
Other expenses		(166)	(134)	(12)	(20)
Profit before income tax		2,237	834	1,286	483
Income tax (expense)/benefit	4	(263)	576	-	-
Profit after income tax for the half year		1,974	1,410	1,286	483
Other comprehensive income for the half year, net of tax		-	-	-	-
Total comprehensive income for the half year		1,974	1,410	1,286	483
Total profit and total comprehensive income for the half year attributable to:					
Members of GARDA Capital Limited		688	780	-	-
Unitholders of GARDA Capital Trust		1,286	630	1,286	483
Profit and total comprehensive income for the half year		1,974	1,410	1,286	483
Earnings per stapled security:					
Basic and diluted earnings per stapled security (cents)	5	8.2	6.1	n/a	n/a
Basic earnings per unit (cents)	5	n/a	n/a	5.4	2.1

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	NOTES	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
		31 DEC 2017 \$'000'S	30 JUN 2017 \$'000'S	31 DEC 2017 \$'000'S	30 JUN 2017 \$'000'S
ASSETS					
Current assets					
Cash and cash equivalents		5,731	5,947	2,819	2,780
Trade and other receivables		2,791	1,942	231	300
Total current assets		8,522	7,889	3,050	3,080
Non-current assets					
Property, plant and equipment		64	70	-	-
Financial assets	8	22,067	11,205	22,067	11,205
Investment properties	7	1,250	1,201	-	-
Intangible assets		374	415	-	-
Deferred tax asset		80	343	-	-
Total non-current assets		23,835	13,234	22,067	11,205
Total assets		32,357	21,123	25,117	14,285
LIABILITIES					
Current liabilities					
Trade and other payables		632	797	37	251
Borrowings	9	-	-	566	557
Provisions		20	20	226	-
Total current liabilities		652	817	829	808
Non-current liabilities					
Borrowings	9	11,970	2,070	10,000	-
Provisions		18	13	-	-
Total non-current liabilities		11,988	2,083	10,000	-
Total liabilities		12,640	2,900	10,829	808
Net assets		19,717	18,223	14,288	13,477
EQUITY					
Equity attributable to members of the Company					
Contributed equity	10	4,539	4,544	-	-
Retained earnings		735	47	-	-
		5,274	4,591	-	-
Equity attributable to unitholders of the Trust					
Contributed equity	10	12,832	12,863	12,832	12,863
Security based payments reserve		6	-	6	-
Retained earnings		1,605	769	1,450	614
		14,443	13,632	14,288	13,477
Total equity		19,717	18,223	14,288	13,477

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

GARDA CAPITAL GROUP	ATTRIBUTABLE TO MEMBERS OF THE COMPANY			ATTRIBUTABLE TO UNITHOLDERS OF THE TRUST				TOTAL EQUITY
	CONTRIBUTED EQUITY	RETAINED EARNINGS	TOTAL	CONTRIBUTED EQUITY	SECURITY BASED PAYMENTS RESERVE	RETAINED EARNINGS	TOTAL	
	\$'000'S	\$'000'S	\$'000'S	\$'000'S	\$'000'S	\$'000'S	\$'000'S	
Balance at 1 July 2016	1,942	(753)	1,189	-	-	-	-	1,189
Profit for the half year	-	780	780	-	-	630	630	1,410
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the half year	-	780	780	-	-	630	630	1,410
Transactions with owners in their capacity as owners								
Security issue	2,725	-	2,725	13,305	-	-	13,305	16,030
Security issue transaction costs	(120)	-	(120)	(442)	-	-	(442)	(562)
Distributions paid and payable	-	-	-	-	-	(470)	(470)	(470)
Total transaction with owners in their capacity as owners	2,605	-	2,605	12,863	-	(470)	12,393	14,998
Balance at 31 December 2016	4,547	27	4,574	12,863	-	160	13,023	17,597

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

Balance at 1 July 2017	4,544	47	4,591	12,863	-	769	13,632	18,223
Profit for the half year	-	688	688	-	-	1,286	1,286	1,974
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the half year	-	688	688	-	-	1,286	1,286	1,974
Transactions with owners in their capacity as owners								
Security issue transaction costs	(5)	-	(5)	(31)	-	-	(31)	(36)
Issue of employee securities	-	-	-	-	6	-	6	6
Distributions paid and payable	-	-	-	-	-	(450)	(450)	(450)
Total transaction with owners in their capacity as owners	(5)	-	(5)	(31)	6	(450)	(475)	(480)
Balance at 31 December 2017	4,539	735	5,274	12,832	6	1,605	14,443	19,717

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

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

GARDA CAPITAL TRUST	CONTRIBUTED EQUITY	SECURITY BASED PAYMENTS RESERVE	RETAINED EARNINGS	TOTAL
	\$'000'S	\$'000'S	\$'000'S	\$'000'S
Balance at 1 July 2016	-	-	-	-
Profit for the half year	-	-	483	483
Other comprehensive income	-	-	-	-
Total comprehensive income for the half year	-	-	483	483
Transactions with owners in their capacity as owners				
Unit issue	13,305	-	-	13,305
Unit issue transaction costs	(442)	-	-	(442)
Distributions paid and payable	-	-	(470)	(470)
Total transaction with owners in their capacity as owners	12,863	-	(470)	12,393
Balance at 31 December 2016	12,863	-	13	12,876
Balance at 1 July 2017	12,863	-	614	13,477
Profit for the half year	-	-	1,286	1,286
Other comprehensive income	-	-	-	-
Total comprehensive income for the half year	-	-	1,286	1,286
Transactions with owners in their capacity as owners				
Unit issue transaction costs	(31)	-	-	(31)
Security based payments reserve	-	6	-	6
Distributions paid and payable	-	-	(450)	(450)
Total transaction with owners in their capacity as owners	(31)	6	(450)	(475)
Balance at 31 December 2017	12,832	6	1,450	14,288

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

STATEMENTS OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	31 DEC 2017 \$'000'S	31 DEC 2016 \$'000'S	31 DEC 2017 \$'000'S	31 DEC 2016 \$'000'S
Cash flows from operating activities				
Cash receipts from customers	2,290	1,952	-	-
Cash payments to suppliers and employees	(1,840)	(2,033)	(2)	(2)
Interest received	87	85	23	15
Distributions received	460	460	460	235
Interest paid	(217)	(397)	-	-
Income tax paid	-	(252)	-	-
GST paid	(182)	(24)	18	-
Net cash inflows/(outflows) from operating activities	598	(209)	499	248
Cash flows from investing activities				
Payments for office equipment additions	(5)	(15)	-	-
Payments for acquisition of financial assets	(10,000)	-	(10,000)	-
Wind up expenses paid	-	(87)	-	-
Loan advances to external parties	(349)	-	-	-
Repayment of loan receivable from external parties	-	2,000	-	-
Net cash inflows/(outflows) from investing activities	(10,354)	1,898	(10,000)	-
Cash flows from financing activities				
Proceeds from secured syndicate borrowings	10,000	-	10,000	-
Repayment of unsecured borrowings	-	(500)	-	-
Repayment of securityholder borrowings	-	(2,430)	-	-
Proceeds from issue of securities	-	6,680	-	2,750
Payment of security issue costs	-	(374)	-	-
Distributions paid	(460)	(232)	(460)	(232)
Net cash inflows from financing activities	9,540	3,144	9,540	2,518
Net increase/(decrease) in cash held	(216)	4,833	39	2,766
Cash at beginning of the half year	5,947	1,678	2,780	-
Cash at end of the half year	5,731	6,511	2,819	2,766

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

NOTES TO THE INTERIM FINANCIAL REPORT

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Group Structure

GARDA Capital Group is listed on the Australian Securities Exchange (ASX). The listed GARDA Capital Group is a stapled security structure comprising GARDA Capital Limited (**Company** or **GCL**) and the GARDA Capital Trust (**Trust** or **GCT**), and their respective subsidiaries (**GARDA Capital Group** or **Group**). One unit in GARDA Capital Trust is stapled to one share in GARDA Capital Limited and they cannot be traded separately.

The half year financial statements includes separate financial statements for GARDA Capital Group and GARDA Capital Trust as a stand-alone entity. GARDA Capital Limited has been deemed the parent entity of the Trust.

GARDA Capital Group has presented consolidated financial statements in accordance with Class Order 13/1050.

Statement of Compliance

These general purpose financial statements for the half year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These half year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the GARDA Capital Group as the full financial statements.

Accordingly, these half year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2017 and any public announcements made by GARDA Capital Group and GARDA Capital Trust during the half year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Currency and Rounding

The financial report is presented in Australian dollars. The financial report is rounded to the nearest dollar. The Company 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 \$1,000 or in certain cases, to the nearest dollar.

Basis of Preparation

The same accounting policies and methods of computation have generally been followed in these half year financial statements as compared with the most recent annual financial statements. There has been no new accounting policies adopted for the first time in these financial statements except for the following:

Security based payments expense

The GARDA Capital Group employee security plan (**ESP**) was approved at the Group's 2017 annual general meeting. On 13 November 2017, securities were issued to executive directors and certain senior management personnel and therefore this is the first financial period in which the new accounting policy for measurement and recognition of security based payments expense have been applied.

The cost of equity-settled transactions including loan funded security issues are determined by the fair value at the date when the grant is made, using the Black Scholes option pricing model and is recognised as security based payments expense proportionately over the vesting period with the corresponding increase in security based payments reserve in equity.

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

When the terms of an equity-settled securities are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 expense not yet recognised for the security is recognised immediately. This includes any security where non-vesting conditions within the control of either the entity or the employee are not met.

Significant Judgments and Accounting Estimates

The significant judgements made by management in applying Group accounting policies were the same as those applied to the annual financial report for the year ended 30 June 2017.

The key estimates and assumptions applied to the new accounting policies for the half year ended 31 December 2017 did not have a significant risk of causing material misstatement on the amounts recognised in the financial statements.

New Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the interim reporting period. The adoption of these new and revised Standards and Interpretations did not have any material impact on the amounts recognised in the financial statements for the current or prior periods.

New accounting standards and interpretations that are not mandatory for the interim reporting period have not been early adopted. The Group has not yet performed its assessment of the potential impacts of the new accounting standards.

NOTE 2 DISTRIBUTIONS PAID AND PAYABLE TO SECURITY HOLDERS

	31 DECEMBER 2017 \$'000'S	31 DECEMBER 2016 \$'000'S
Distributions paid or provided for by the Trust during the period were:		
Quarter ended 30 September 2017, 0.936 cents per unit (2016: 0.978 cents)	225	235
Quarter ended 31 December 2017, 0.936 cents per unit (2016: 0.978 cents)	225	235
	450	470

Distributions declared for the quarter ended 31 December 2017, but not paid until after half year end, have been provided for.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

NOTE 3 (a) REVENUE

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	31 DECEMBER 2017 \$'000'S	31 DECEMBER 2016 \$'000'S	31 DECEMBER 2017 \$'000'S	31 DECEMBER 2016 \$'000'S
Operating revenue				
Management fees responsible entity	680	583	-	-
Management fees property management	258	285	-	-
Management fees facilities management	83	79	-	-
Projects income	36	70	-	-
Leasing fees	204	72	-	-
Recovery of professional expenses	356	73	-	-
Capital works fee	216	164	-	-
Interest	183	52	-	-
Sub-underwriting and commitment fees	200	-	-	-
Procurement fees	226	150	-	-
Trail fees	158	160	-	-
	2,600	1,688	-	-
Non-operating revenue				
Interest	46	32	25	16
Distributions received	450	470	450	470
Sundry Income	11	11	-	-
	507	513	475	486
Total Revenue	3,107	2,201	475	486

NOTE 3 (b) OTHER INCOME

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	31 DECEMBER 2017 \$'000'S	31 DECEMBER 2016 \$'000'S	31 DECEMBER 2017 \$'000'S	31 DECEMBER 2016 \$'000'S
Fair value gain on financial assets	862	350	862	150
Fair value gain on investment properties	49	-	-	-
Total other income	911	350	862	150
Total Revenue and Other Income	4,018	2,551	1,336	636

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

NOTE 4 INCOME TAX

Income tax expense for the half year is \$263,142 with the resulting income tax liability payable to ATO being offset against deferred tax assets recognised for carried forward losses.

Prior half year income tax benefit of \$575,822 arose as a result of the utilisation of available capital losses against capital gains arising during the half year. The capital gains arose as a result of certain capital transactions of the GARDA Capital Group which were completed immediately following the listing of the Group in July 2016.

NOTE 5 EARNINGS PER STAPLED SECURITY

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	31 DECEMBER 2017 \$'000'S	31 DECEMBER 2016 \$'000'S	31 DECEMBER 2017 \$'000'S	31 DECEMBER 2016 \$'000'S
Earnings used in calculating earnings per stapled security				
Net profit after tax	1,974	1,410	1,286	483
Basic and dilutive earnings				
	NUMBER	NUMBER	NUMBER	NUMBER
Weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security	24,030,000	23,158,804	24,030,000	23,158,804
Basic and dilutive earnings per stapled security/unit (cents per security)	8.2	6.1	5.4	2.1

On 13 November 2017, 1,200,000 securities were granted to employees under the GARDA Capital Group employee securities plan. These ESP securities are considered anti-dilutive and therefore do not impact the weighted average number of ordinary securities used in the calculation of earnings per security.

Further information on ESP is provided in note 6.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

NOTE 6 EMPLOYEE SECURITY PLAN EXPENSE

The establishment of the GARDA Capital Group employee security plan was approved by securityholders at the Group's 2017 annual general meeting. The ESP is designed to provide long-term incentives to employees including executive directors to deliver long-term securityholder value, alignment with securityholder interests, market competitiveness, recognition of individual performance and experience and recognition for Group performance.

Participation in the ESP is at the Board's discretion and no individual has a contractual right to participate in the ESP or to receive any guaranteed benefits. The vesting of securities occurs over a two to three year period, and subject to the participant remaining an employee of the Group.

The employees including executive directors who participated in the issue of securities under the ESP during the half year were provided limited recourse loans on the grant date of an amount equal to the application price of the securities being \$1.00 which was the equal to the market price per security on grant date.

Interest on the limited recourse loan for any particular year is equal to the Australian Tax Office FBT benchmark interest rate. The limited recourse loan for the participants has a term of eight years. The overall ESP terms and conditions is at the discretion of the Board.

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

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	31 DECEMBER 2017 \$'000'S	31 DECEMBER 2016 \$'000'S	31 DECEMBER 2017 \$'000'S	31 DECEMBER 2016 \$'000'S
Securities issued under employee security plan	6	-	6	-

Set out below are summaries of the securities granted under the ESP:

	31 DECEMBER 2017		30 JUNE 2017	
	NUMBER OF SECURITIES	EXERCISE PRICE PER SECURITY	NUMBER OF SECURITIES	EXERCISE PRICE PER SECURITY
As at 1 July 2017	-	-	-	-
Granted during the period	1,200,000	\$1.00	-	-
As at 31 December 2017	1,200,000	\$1.00	-	-

Securities outstanding at the end of the period have the following vesting date and exercise prices:

GRANT DATE	VESTING DATE	EXERCISE PRICE	NUMBER OF SECURITIES 31 DECEMBER 2017	NUMBER OF SECURITIES 30 JUNE 2017	LIMITED RECOURSE LOAN VALUE 31 DECEMBER 2017	LIMITED RECOURSE LOAN VALUE 30 JUNE 2017
13/11/2017	13/11/2019	\$1.00	300,000	-	\$300,000	-
13/11/2017	13/11/2020	\$1.00	900,000	-	\$900,000	-
			1,200,000	-	\$1,200,000	-

Fair value of securities granted

The assessed fair value at grant date of securities issued during the period ended 31 December 2017 was \$0.11 to \$0.13 per security. The fair value at grant date is determined using Black Scholes option pricing model that takes into account the exercise price, the term of the security, the security price at grant date and expected price volatility of the underlying security, the expected dividend yield, the risk-free interest rate for the term of the security and certain probability assumptions.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

NOTE 6 EMPLOYEE SECURITY PLAN EXPENSE (CONTINUED)

The model inputs for securities granted during the period ended 31 December 2017 included:

	300,000 SECURITIES	900,000 SECURITIES
Grant date	13 November 2017	13 November 2017
Vesting date	13 November 2019	13 November 2020
Exercise price	\$1.00	\$1.00
Security price at grant date	\$1.00	\$1.00
Expected volatility	25%	25%
Distribution yield	4%	4%
Risk-free interest rate	2%	2%

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

NOTE 7 INVESTMENT PROPERTIES

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	31 DECEMBER 2017 \$'000'S	30 JUNE 2017 \$'000'S	31 DECEMBER 2017 \$'000'S	30 JUNE 2017 \$'000'S
Land at Palmer Street, Townsville	1,250	1,201	-	-
Total Investment properties	1,250	1,201	-	-
Movements during the period				
Balance at beginning of year	1,201	1,201	-	-
Fair value movement	49	-	-	-
Balance at end of half year	1,250	1,201	-	-

As at 31 December 2017, land was independently valued at \$1,250,000. The valuation was based on independent assessments made by qualified and suitably experienced certified practicing external valuers using a direct comparison approach as the primary valuation method. Direct comparison valuation methodology primarily analyses historical sales of similar properties to determine rate per square metre of total land and ultimately an appropriate value is determined. The basis of the valuation is fair value being the amounts for which the property could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

NOTE 8 FINANCIAL ASSETS

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	31 DECEMBER 2017 \$'000'S	30 JUNE 2017 \$'000'S	31 DECEMBER 2017 \$'000'S	30 JUNE 2017 \$'000'S
Financial assets measured at fair value through profit or loss				
Units in GARDA Diversified Property Fund	22,067	11,205	22,067	11,205
Movements during the half year				
Balance at beginning of year	11,205	10,255	11,205	-
Acquisition of units in GARDA Diversified Property Fund	10,000	-	10,000	-
Transfers from GARDA REIT Holdings Unit Trust	-	-	-	10,455
Fair value movement	862	950	862	750
Balance at end of half year	22,067	11,205	22,067	11,205

In December 2017, GARDA Capital Trust (GCT) acquired a further 8,695,653 units in GARDA Diversified Property Fund (GDF) at \$1.15 totalling \$10.0 million through participation in a GDF entitlement offer, by taking up all its entitlement and acquiring additional units through a sub-underwriting agreement.

A 2.0% sub-underwriting/commitment fee was received by the Group as a result of its participation.

NOTE 9 BORROWINGS

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	31 DECEMBER 2017 \$'000'S	30 JUNE 2017 \$'000'S	31 DECEMBER 2017 \$'000'S	30 JUNE 2017 \$'000'S
Current				
Loan from GARDA Capital Limited	-	-	111	102
Loan from GARDA REIT Holdings Unit Trust	-	-	455	455
	-	-	566	557
Non-Current				
Securityholder loan (secured)	1,970	2,070	-	-
Syndicate loan (secured)	10,000	-	10,000	-
	11,970	2,070	10,000	-

The approximate fair value of financial liabilities is determined to be the carrying value.

Securityholder Loan

This loan facility has been advanced to the Group by the major securityholder, M3SIT Pty Ltd as trustee for the M3 Solutions Investment Trust. Interest is payable at 8 per cent per annum, and the current expiry date of the loan is 31 December 2019. Repayment of capitalised interest of \$100,000 was made during the half year.

The securityholder loan is fully drawn and secured by a registered fixed and floating charge over all the assets of GARDA Capital Group. There are no financial covenants imposed.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

NOTE 9 BORROWINGS (CONTINUED)

Syndicate Loan

This loan facility was advanced to the Group in December 2017 by a syndicate of lenders, some of which are related parties or substantial securityholders in the Group. Interest is payable at 7 per cent per annum, and the current expiry date of the loan is 15 December 2020. The syndicate loan is fully drawn and secured by all property of GARDA Capital Trust. There are no financial covenants imposed.

The Group used the proceeds of the loan to participate in the GARDA Diversified Property Fund entitlement offer by taking up all its entitlement and to acquire additional units through a sub-underwriting agreement. As a result, the Group acquired 8,695,653 units at \$1.15 for \$10.0 million.

NOTE 10 CONTRIBUTED EQUITY

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	31 DECEMBER 2017 \$'000'S	30 JUNE 2017 \$'000'S	31 DECEMBER 2017 \$'000'S	30 JUNE 2017 \$'000'S
Ordinary stapled securities – fully paid	17,371	17,407	12,832	12,863

HALF YEAR ENDED 31 DECEMBER 2017	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	NUMBER	\$'000'S	NUMBER	\$'000'S
During the half year the following movements in ordinary issued securities occurred:				
Contributed equity attributable to members of the Company				
On issue at 1 July 2017	24,030,000	4,544	-	-
Security issue transaction costs	-	(5)	-	-
On issue at 31 December 2017	24,030,000	4,539	-	-
Contributed equity attributable to members of the Trust				
On issue at 1 July 2017	24,030,000	12,863	24,030,000	12,863
Security issue transaction costs	-	(31)	-	(31)
On issue at 31 December 2017	24,030,000	12,832	24,030,000	12,832

Reconciliation of issued capital to ASX securities

There were no movements in the issued capital of the Group during the half year for financial statement purposes. Under the Australian Accounting Standards, securities issued under the GARDA Capital Group employee security plan are required to be accounted for as options and therefore are excluded from total issued capital, until such time as securities have vested.

Total securities issued under the ESP during the half year was 1,200,000 and therefore the total securities issued on the ASX is 25,230,000 compared to the total issued capital for financial statement purposes of 24,030,000.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

NOTE 10 CONTRIBUTED EQUITY (CONTINUED)

YEAR ENDED 30 JUNE 2017	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	NUMBER	\$'000'S	NUMBER	\$'000'S
During the year the following movements in ordinary issued securities occurred:				
Contributed equity attributable to members of the Company				
On issue at 1 July 2016	8,000,000	1,943	-	-
Security issue *	16,030,000	2,725	-	-
Security issue transaction costs	-	(124)	-	-
On issue at 30 June 2017	24,030,000	4,544	-	-
Contributed equity attributable to members of the Trust				
On issue at 1 July 2016	-	-	-	-
Bonus security issue**	8,000,000	-	8,000,000	-
Security issue *	16,030,000	13,305	16,030,000	13,305
Security issue transaction costs	-	(442)	-	(442)
On issue at 30 June 2017	24,030,000	12,863	24,030,000	12,863

* On 11 July 2016 16,030,000 stapled securities were issued as part of the Group's IPO, resulting in a current total issued capital of 24,030,000 stapled securities.

** Relates to bonus issue of units prior to stapling, issued at nil consideration to members of the Trust.

NOTE 11 RELATED PARTY TRANSACTIONS

The related parties that exist are key management personnel, entities which GARDA Capital Limited acts as the responsible entity for and other related parties, which includes entities over which key management personnel have significant influence over. Key management personnel receive compensation in the form of short term employee benefits, post-employment benefits and security based payments.

Billings are made to the funds and trusts that GARDA Capital Limited acts as the responsible entity for on an arm's length basis. Repayment terms are on normal terms and conditions being payment within 30 days with no interest being charged. Transactions between related parties are on normal terms and conditions no more favourable than those available to other parties unless otherwise stated.

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	31 DECEMBER 2017 \$	30 JUNE 2017 \$	31 DECEMBER 2017 \$	30 JUNE 2017 \$

Amounts receivable

Trade and other receivables	521,312	270,054	-	-
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TRANSACTIONS WITH RELATED PARTIES	31 DECEMBER 2017 \$	31 DECEMBER 2016 \$	31 DECEMBER 2017 \$	31 DECEMBER 2016 \$
Responsible entity fees	679,841	583,077	-	-
Property management fees	258,063	285,426	-	-
Facility management fees	81,014	78,654	-	-
Project management fees	35,714	70,041	-	-
Leasing commissions	204,071	72,037	-	-
Reimbursement of expenses incurred on behalf of the fund	77,495	106,064	-	-
Recovery of professional expenses	356,052	36,644	-	-
Capital works fee	215,760	163,615	-	-
Investment income	450,212	470,222	450,212	470,222
	2,358,222	1,865,780	450,212	470,222

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

NOTE 11 RELATED PARTY TRANSACTIONS (CONTINUED)

Registered charges

In its capacity as responsible entity GARDA Capital Limited has entered into a number of registered charges in relation to borrowings of the trusts/funds. The liability in relation to these charges is limited and enforceable to the extent to which it can be satisfied out of the property of the scheme to which the charge relates.

Other related parties

Hallett Legal Pty Ltd, a law firm in which Mark Hallett is a Director, provided legal services to the GARDA Capital Group during the half year. Fees of \$11,527 (31 December 2016: \$401) were paid for these services. These transactions were entered into on normal commercial terms. As at 31 December 2017 the Group owed \$nil (30 June 2017: \$nil) to Hallett Legal Pty Ltd.

As at 31 December 2017, loan facilities exist with M3SIT Pty Ltd as trustee for the M3 Solutions Investment Trust, being a major securityholder in the company, and Mr Hallett also being a director of M3SIT Pty Ltd. The amount outstanding under the secured facility at 31 December 2017 was \$1,970,000 (30 June 2017: \$2,070,001). Interest of \$182,801 has been paid (2016: \$87,240) during the half year, which included \$100,000 of previously capitalised interest.

The terms of this facility and repayments for the year are disclosed in Note 9.

During the period GARDA Finance Pty Ltd received rent of \$5,000 (2016: \$5,000) from Madsen Advisory Pty Ltd (a related entity of Managing Director – Mathew Madsen) for sublet office space.

During the period \$10.0 million was borrowed to fund the acquisition of a further investment of the Group in GDF. Refer to Note 9 for terms and conditions of this loan. Details of the lenders, who participated and are related parties, and the amounts are detailed in the table below:

LENDER	AMOUNT OWING 31 DECEMBER 2017 \$	AMOUNT OWING 30 JUNE 2017 \$	INTEREST PAID 31 DECEMBER 2017 \$	INTEREST PAID 31 DECEMBER 2016 \$
M3SIT Pty Ltd as trustee for M3 Solutions Investment Trust	1,000,000	-	3,452	-

NOTE 12 FAIR VALUE MEASUREMENT

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

- Financial assets at fair value through profit or loss (FVTPL).
- Investment properties.

There are various methods used in estimating the fair values of a financial instrument. The methods comprise:

Level 1	the fair value is calculated using quoted prices in active markets.
Level 2	the fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3	the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Due to their short-term nature, the net fair values of other financial assets and liabilities approximate their carrying value as disclosed in the statement of financial position. No financial assets or liabilities are readily traded on organised markets in standardised form.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

NOTE 12 FAIR VALUE MEASUREMENT (CONTINUED)

	LEVEL 1 \$'000'S	LEVEL 2 \$'000'S	LEVEL 3 \$'000'S	TOTAL \$'000'S
31 December 2017				
Assets				
Financial assets held at fair value through profit or loss	22,067	-	-	22,067
Investment property	-	-	1,250	1,250
	22,067	-	1,250	23,317
30 June 2017				
Assets				
Financial assets held at fair value through profit or loss	11,205	-	-	11,205
Investment property	-	-	1,201	1,201
	11,205	-	1,201	12,406

There were no transfers during the period between Level 1 and Level 3 for recurring fair value measurements.

Disclosed fair values

Due to their short-term nature, the carrying amount of trade and other receivables and payables are assumed to approximate their fair values.

The fair value of financial assets held at fair value through profit or loss were determined by reference to security price in an active market (Level 1).

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.

DESCRIPTION	VALUATION APPROACH	UNOBSERVABLE INPUTS	RANGE OF INPUTS	RELATIONSHIP BETWEEN UNOBSERVABLE INPUTS AND FAIR VALUE
Investment property	Direct comparison approach	Rate per square metre	\$600/m2 to \$625/m2	The higher the rate per square metre, the higher the investment value.

NOTE 13 SEGMENT REPORTING

Operating segments are distinct business activities from which an entity earns revenues and incurs expenses and the results of which are regularly reviewed by the chief operating decision maker (CODM). GARDA Capital Group has four operating segments which are regularly reviewed by the Executive Chairman and Managing Director, who is the CODM, in order to make decisions about resource allocation and to assess the performance of the GARDA Capital Group.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group reports on the following core business segments:

CORE OPERATING SEGMENTS	BUSINESS ACTIVITY
Funds Management	Fund management includes establishment and management of real estate funds, facility management, leasing and project management.
Equity Co-Investment	Aligning interest of the Group with underlying fund investors and providing income through distributions and capital growth in equity values.
Property Debt Advisory	Arrangement of commercial real estate debt for a range of property investors and developers.
Real Estate Debt Investment	Debt investment through direct real estate debt positions.

The Group's management strategy and measure of performance focus on the returns from these core segments in order to deliver returns and value to securityholders.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

NOTE 13 SEGMENT REPORTING (CONTINUED)

Geographical information

All segments operate solely within Australia.

Non-cash and unallocated items

Expenses for the management of the Group on an overall basis and non-cash items including fair value adjustments and security based payments expense are not allocated to core operating segments. These Group wide expenses and non-cash items form part of unallocated revenue and expenses in the reconciliation of segment profit to profit before income tax.

Cash allocated as future investment capital, direct real estate investments (land at Palmer Street, Townsville), tax assets, and other incidental assets and liabilities are not allocated to core operating segments.

Eliminations

The segment results have been presented net of elimination of inter-group transactions.

Segment results for the half year ended 31 December 2017

	FUNDS MANAGEMENT \$'000'S	EQUITY CO-INVESTMENT \$'000'S	PROPERTY DEBT ADVISORY \$'000'S	REAL ESTATE DEBT INVESTMENT \$'000'S	TOTAL \$'000'S
Segment revenue and other Income					
Responsible entity fees	680	-	-	-	680
Property management fees	258	-	-	-	258
Facilities management fees	83	-	-	-	83
Projects income	36	-	-	-	36
Leasing fee	204	-	-	-	204
Recovery of professional expenses	356	-	-	-	356
Capital works fee	216	-	-	-	216
Procurement fees	-	-	226	-	226
Trail fees	-	-	158	-	158
Sub-underwriting fees	200	-	-	-	200
Interest	21	25	-	183	229
Distributions	-	450	-	-	450
Other revenue	-	-	11	-	11
Total segment revenue	2,055	475	395	183	3,107
Total segment expense	320	45	3	-	368
Segment profit	1,735	430	392	183	2,739

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

NOTE 13 SEGMENT REPORTING (CONTINUED)

Segment results for the half year ended 31 December 2016

	FUNDS MANAGEMENT \$'000'S	EQUITY CO-INVESTMENT \$'000'S	PROPERTY DEBT ADVISORY \$'000'S	REAL ESTATE DEBT INVESTMENT \$'000'S	TOTAL \$'000'S
Segment revenue and other Income					
Responsible entity fees	583	-	-	-	583
Property management fees	285	-	-	-	285
Facilities management fees	79	-	-	-	79
Leasing fee	72	-	-	-	72
Recovery of expenses	143	-	-	-	143
Capital works fee	164	-	-	-	164
Procurement fees	-	-	150	-	150
Trail fees	-	-	160	-	160
Interest	17	15	-	52	84
Distributions	-	470	-	-	470
Other revenue	-	-	11	-	11
Total segment revenue	1,343	485	321	52	2,201
Total segment expense	370	32	5	20	427
Segment profit	973	453	316	32	1,774

Reconciliation of reportable segment revenues and profit before income tax

	31 DECEMBER 2017 \$'000'S	31 DECEMBER 2016 \$'000'S
Total revenue for reportable segments	3,107	2,201
Unallocated amounts		
Fair value gain on financial assets	862	350
Fair value gain on investment property	49	-
Total revenue (Note 3)	4,018	2,551

Reconciliation of reportable segment profit before income tax to profit before tax

	31 DECEMBER 2017 \$'000'S	31 DECEMBER 2016 \$'000'S
Reportable segment profit before income tax	2,739	1,774
Unallocated amounts		
Fair value gain on financial assets	862	350
Fair value gain on investment properties	49	-
Depreciation and amortisation of intangible assets	(51)	(55)
Employee benefit expense	(1,096)	(1,009)
Professional costs	(20)	(13)
Occupancy costs	(133)	(131)
Other expenses	(107)	(82)
Employee security plan expense	(6)	-
Profit before income tax	2,237	834

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

NOTE 13 SEGMENT REPORTING (CONTINUED)

Segment assets and liabilities as at 31 December 2017

	FUNDS MANAGEMENT \$'000'S	EQUITY CO-INVESTMENT \$'000'S	PROPERTY DEBT ADVISORY \$'000'S	REAL ESTATE DEBT INVESTMENT \$'000'S	TOTAL \$'000'S
Segment Assets	2,623	22,298	97	1,830	26,848
Segment Liabilities	(2,106)	(10,263)	(6)	-	(12,375)
Net Assets	517	12,035	91	1,830	14,473

Segment assets and liabilities as at 30 June 2017

	FUNDS MANAGEMENT \$'000'S	EQUITY CO-INVESTMENT \$'000'S	PROPERTY DEBT ADVISORY \$'000'S	REAL ESTATE DEBT INVESTMENT \$'000'S	TOTAL \$'000'S
Segment Assets	2,265	11,505	94	1,443	15,307
Segment Liabilities	(2,340)	(251)	(7)	-	(2,598)
Net Assets	(75)	11,254	87	1,443	12,709

NOTE 14 CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or contingent liabilities as at 31 December 2017.

NOTE 15 EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

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

DIRECTORS' DECLARATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

The directors of GARDA Capital Limited and GARDA Funds Management Limited as Responsible Entity for GARDA Capital Trust declare that they are of the opinion that:

- (a) the attached financial statements, comprising the Statements of Profit or Loss and Other Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity and Statements of Cash Flows, and accompanying notes, comply with the *Corporations Act 2001*, Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) the attached financial statements and accompanying notes give a true and fair view of the GARDA Capital Group's and the Trust's financial position as at 31 December 2017 and of their performance for the half year ended on that date; and
- (c) there are reasonable grounds to believe that GARDA Capital Group will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolutions of the Boards of Directors of GARDA Capital Limited and GARDA Funds Management Limited made pursuant to section 303(5) of the *Corporations Act 2001*.



Mr Matthew Madsen

Executive Chairman

23 February 2018

INDEPENDENT AUDITOR'S REVIEW REPORT



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of GARDA Capital Group

Report on the Half-Year Financial Report

Conclusion

GARDA Capital Group (the Group) comprises both GARDA Capital Limited ('the parent') and the entities it controlled during the financial year, and GARDA Capital Trust ('the Trust').

We have reviewed the half-year financial report of GARDA Capital Group, which comprises the consolidated statements of financial position as at 31 December 2017, 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 half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of both GARDA Capital Limited and GARDA Funds Management Limited as Responsible Entity of GARDA Capital Trust.

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

- (i) Giving a true and fair view of the Group and the Trust's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group and the Trust's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard

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AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group and the trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of both GARDA Capital Limited and GARDA Funds Management Limited as Responsible Entity of GARDA Capital Trust, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd

A handwritten signature in dark ink, appearing to read 'T R Mann', is written over a faint, stylized 'BDO' logo.

T R Mann
Director

Brisbane, 23 February 2018

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