

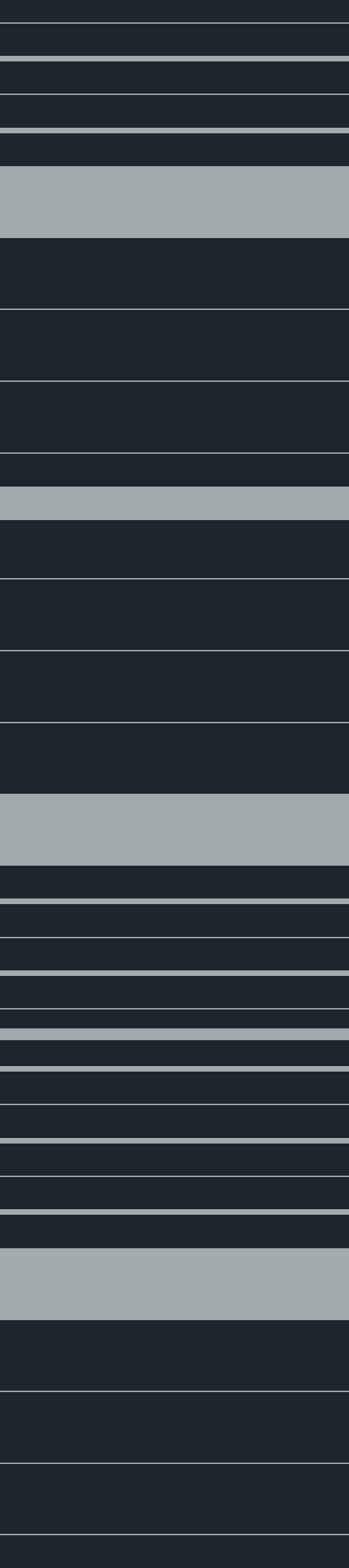
GARDA

GARDA PROPERTY GROUP (ASX: GDF)

Consolidated Interim Financial Report
for the six months ended 31 December 2021

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)



CONTENTS

DIRECTORS' REPORT	1
AUDITOR'S INDEPENDENCE DECLARATION	6
INTERIM FINANCIAL REPORT	7
NOTES TO INTERIM FINANCIAL REPORT	11
DIRECTORS' DECLARATION	27
INDEPENDENT AUDITOR'S REVIEW REPORT	28
CORPORATE DIRECTORY	30

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by GARDA Property Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Level 21
12 Creek Street
Brisbane QLD 4000

The consolidated interim financial report was authorised for issue by the Directors on 17 February 2022. The Directors have the power to amend and reissue the half-year consolidated financial statements.

ASX releases, financial reports and other information are available on our website: www.gardaproperty.com.au

DIRECTORS' REPORT

INTRODUCTION

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

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

The Directors of the Company and of GARDA Capital Limited as responsible entity for the Fund present their report and the consolidated financial statements for the six months ended 31 December 2021 for both:

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

The parent entity of the Group is the Fund.

DIRECTORS

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

Director	Role	Date of Appointment
Matthew Madsen	Executive Chairman	September 2011
Mark Hallett	Executive Director	January 2011
Philip Lee	Non-Executive Director	May 2015 (resigned 25 Nov 2021)
Paul Leitch	Independent Director	March 2020
Morgan Parker	Independent Director	December 2018
Andrew Thornton	Non-Executive Director	March 2020

COMPANY SECRETARY

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

Company Secretary	Date of Appointment
Lachlan Davidson	July 2016

PRINCIPAL ACTIVITIES

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

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

REVIEW OF OPERATIONS

Group strategy

GARDA's objective is to deliver enduring value to securityholders through its expertise in real estate.

In pursuing this objective, GARDA acts as a long-term owner of real estate, being market cycle aware and seeking out only those risks it wishes to take.

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

Transaction highlights

In the six months ended 31 December 2021, GARDA settled three transactions that were contracted in FY21 but had not completed by 30 June 2021:

- acquisition of the third of three industrial lots at Pinnacle East, Wacol for \$2,795,000;
- acquisition of 30,351m² of industrial land for development at Richlands for \$6,828,975; and
- sale of GARDA's non-core industrial property Lytton for \$11,000,000.

During the reporting period, GARDA executed a new contract to acquire a commercial building at 8-10 Cato Street, Hawthorn East (Victoria) for \$20,100,000, with settlement expected to occur in March 2022.

A sale process for GARDA's industrial property at 67 Noosa Street, Heathwood commenced prior to the end of the reporting period. The Heathwood property had a book value of \$17,800,000 at 31 December 2021.

Development highlights

In December 2021, GARDA achieved practical completion on a 6,214m² industrial building at 69 Peterkin Street, Acacia Ridge which has been leased to Austrans for a seven-year term.

Development activity is expected to continue throughout FY22 with development approvals in place for an industrial building at Pinnacle West and in process for other development pipeline properties at Acacia Ridge, North Lakes, Pinnacle East and Richlands.

Leasing highlights

GARDA's Botanicca 9 office building in Richmond is now 66% leased (by gross income) following the execution of seven-year leases for a total of 1,332m² with both Berry Street and Servier.

Planet Innovation, which commenced a seven-year whole-of-building lease of GARDA's Box Hill office building in December 2020, extended the term of its lease during the reporting period to November 2030.

FINANCIAL PERFORMANCE

Key metrics

Six months ended 31 December	2021	2020	Change
FFO ¹ (\$000)	8,002	8,140	(138)
Distributions (\$000)	7,508	7,543	(35)
Payout ratio	93.8%	92.7%	

Funds from operations

GARDA recorded statutory net profit after tax for the six months of \$64,739,000 (31 December 2020: \$10,440,000). This includes items which are non-cash in nature, incur infrequently and/or relate to realised or unrealised changes in the values of assets and liabilities. Accordingly, in the opinion of the Directors, statutory profit should be adjusted to allow securityholders to gain a better understanding of GARDA's operating profit or funds from operations (FFO).

Six months ended 31 December	2021 \$000	2020 \$000
Net profit after tax	64,739	10,440
Adjustments for non-cash items included in net profit after tax:		
Valuations – (deduct increases) / add back decreases:		
Investment properties	(54,242)	(3,052)
Derivatives	(2,887)	(237)
Asset disposals – (deduct gains) / add back losses:		
Investment properties	512	-
Other accounting reversals – (deduct income) / add back expenses:		
Security based payments expense	208	479
Net lease contract and rental items	(346)	(399)
Other	18	28
Adjustments for one-off items:		
Add rental guarantee income	-	1,000
Deduct COVID-19 government grants	-	(119)
FFO²	8,002	8,140

COVID-19

COVID-19 had no impact on GARDA's revenue for the six-month period. Total rent deferrals of \$162,000 at 30 June 2021 decreased to \$151,000 by 31 December 2021 following payments by affected tenants. The balance owed is within pre-agreed rental deferral terms. Since the end of the reporting period, this favourable rental collection profile has continued.

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

2 Pursuant to Australian Accounting Standards, treasury securities and employee share plan securities and the distributions attaching thereto are not included in statutory net profit (under Australian Accounting Standards). The same approach has been adopted in HY22 by GARDA for the purposes of calculating FFO, requiring an adjustment to the comparable FFO reported in HY21.

FINANCIAL POSITION

Key Metrics

	31 December 2021	30 June 2021
Net Tangible Asset per stapled security	\$1.72	\$1.45
Gearing ³	36.1%	38.4%
Weighted Average Cost of Debt	2.2%	2.2%

Net tangible assets

GARDA's NTA increased by \$57,439,000 or 19.0% in the six months to 31 December 2021, resulting in an uplift of \$0.27 in NTA per security.

As disclosed in the Consolidated Statements of Financial Position, much of this increase in NTA can be attributed to:

- a \$66,014,000 increase in property values; plus
- a \$2,887,000 increase in the value of GARDA's interest rate swaps; offset by
- a \$13,667,000 increase in net debt.

Borrowings

On 22 December 2021, GARDA secured a \$42,000,000 increase in its existing debt facilities with ANZ Banking Group and St. George Bank. A further \$10,000,000 of borrowing capacity is to be made available to GARDA on settlement of the Hawthorn acquisition in March 2022, taking GARDA's total facility to \$280,000,000.

At 31 December 2021, GARDA had:

- a \$270,000,000 debt facility (shortly increasing to \$280,000,000);
- total borrowings of \$227,256,000;
- additional borrowing capacity or headroom of \$42,000,000 (shortly increasing to \$52,000,000);
- a weighted average cost of debt (fully drawn) of 2.2% (30 June 2021: 2.2%); and
- gearing of 36.1% (30 June 2021: 38.4%).

Derivatives

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

- a \$70,000,000 interest rate swap for a term of seven years at a rate of 0.81%; and
- a \$30,000,000 interest rate swap for a term of 10 years at a rate of 0.98%.

These derivatives are currently "in the money" with a valuation at 31 December 2021 of \$4,944,000.

³ Calculated as (total debt less cash) / (total assets less cash).

Issued Capital

GARDA has 227,644,361 stapled securities on issue of which 208,580,844 are taken into account for accounting purposes. The balance of 19,063,517 stapled securities comprises 4,223,517 treasury securities and 14,840,000 securities held by employees pursuant to the GARDA Employee Security Plan ("GARDA ESP"):

	Stapled Securities
Total issued securities at 31 December 2021	227,644,361
Less:	
Treasury securities	(4,223,517)
GARDA ESP securities	(14,840,000)
Stapled securities for accounting purposes	208,580,844

Unless otherwise stated, all 'per security' information in this report has been calculated using 208,580,844 stapled securities.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

During the reporting period GARDA executed a contract to acquire a commercial building at 8-10 Cato Street, Hawthorn East (Victoria) for \$20,100,000. Settlement of this acquisition is expected to occur in March 2022.

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

AUDITOR'S INDEPENDENCE DECLARATION

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

ROUNDING OF AMOUNTS

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

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



Matthew Madsen
Executive Chairman
17 February 2022

AUDITOR'S INDEPENDENCE DECLARATION



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 auditor's review for the half-year ended 31 December 2021, to the best of my knowledge and belief there have been:

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

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

Pitcher Partners

PITCHER PARTNERS

Cheryl Mason

CHERYL MASON
Partner

Brisbane, Queensland
17 February 2022

Brisbane Sydney Newcastle Melbourne Adelaide Perth

Pitcher Partners is an association of independent firms.
An Independent Queensland Partnership ABN 84 797 724 539. Liability limited by a scheme approved under Professional Standards Legislation.
Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.



NIGEL FISCHER	PETER CAMENZULI	KYLE LAMPRECHT	BRETT HEADRICK	COLE WILKINSON	JEREMY JONES	JAMES FIELD	ROBYN COOPER	CHERYL MASON	MURRAY GRAHAM
MARK NICHOLSON	JASON EVANS	NORMAN THURECHT	WARWICK PAGE	SMON CHUN	TOM SPLATT	DANIEL COUNELL	PELJOTTY CRIMSTON	KIERAN WALLIS	ANDREW ROBIN

INTERIM FINANCIAL REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 31 December		GARDA		Company	
		2021	2020	2021	2020
	Note	\$000	\$000	\$000	\$000
Revenue and other income					
Revenue	3	15,723	15,280	2,260	2,200
Other income	3	35	225	18	146
Net gain in fair value of financial instruments		2,887	237	-	-
Net gain in fair value of investment properties	7	54,242	3,052	-	-
Total revenue and other income		72,887	18,794	2,278	2,346
Expenses					
Property expenses		(3,153)	(3,442)	-	-
Finance costs	4	(1,803)	(1,832)	(3)	(4)
Employee benefits expense		(1,613)	(1,518)	(2,022)	(1,920)
Corporate and trust administration expenses		(864)	(764)	(525)	(477)
Depreciation		(82)	(84)	(82)	(84)
Credit loss expenses		-	(369)	-	(369)
Security based payments expense		(208)	(479)	(208)	(479)
Net loss on sale of investment properties		(512)	-	-	-
Total expenses		(8,235)	(8,488)	(2,840)	(3,333)
Profit/(loss) before income tax		64,652	10,306	(562)	(987)
Income tax benefit		87	134	87	134
Profit/(loss) after income tax		64,739	10,440	(475)	(853)
Other comprehensive income		-	-	-	-
Total comprehensive income		64,739	10,440	(475)	(853)
Total profit/(loss) and comprehensive income attributable to:					
Securityholders of GARDA Property Group		65,214	11,293	(475)	(853)
Shareholders of GARDA Holdings Limited		(475)	(853)	-	-
Profit and total comprehensive income		64,739	10,440	(475)	(853)
Earnings per stapled security:					
Basic earnings per stapled security (cents)	5	31.0	5.0	(0.2)	(0.4)
Diluted earnings per stapled security (cents)	5	29.0	4.8	(0.2)	(0.4)

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at		GARDA		Company	
		31 December	30 June	31 December	30 June
	Note	2021	2021	2020	2021
		\$000	\$000	\$000	\$000
ASSETS					
Current assets					
Cash and cash equivalents		20,093	15,534	6,826	7,267
Trade and other receivables	6	3,835	2,629	424	1,036
Other assets – prepayments		1,464	1,094	309	165
Investment properties held for sale	7	17,800	10,675	-	-
Total current assets		43,192	29,932	7,559	8,468
Non-current assets					
Investment properties	7	544,459	485,570	1,250	1,250
Deposits on investment properties		1,134	713	-	-
Property, plant and equipment		26	41	26	41
Derivative financial instruments		4,944	2,057	-	-
Right-of-use assets		203	270	203	270
Deferred tax assets		353	264	353	264
Total non-current assets		551,119	488,915	1,832	1,825
Total assets		594,311	518,847	9,391	10,293
LIABILITIES					
Current liabilities					
Trade and other payables	8	2,065	3,045	5,730	6,125
Contract liabilities		1,234	472	-	-
Distribution payable	10	3,754	3,754	-	-
Lease liabilities		126	122	126	122
Total current liabilities		7,179	7,393	5,856	6,247
Non-current liabilities					
Tenant security deposits		295	246	-	-
Borrowings	9	227,256	209,030	-	-
Provisions		109	78	109	78
Lease liabilities		63	130	63	130
Total non-current liabilities		227,723	209,484	172	208
Total liabilities		234,902	216,877	6,028	6,455
Net assets		359,409	301,970	3,363	3,838
EQUITY					
Contributed equity		355,009	354,993	-	-
Security-based payments reserve		1,376	1,184	-	-
Retained earnings/ (accumulated losses)		3,024	(54,207)	3,363	3,838
Total equity		359,409	301,970	3,363	3,838

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

a) GARDA

	Contributed Equity \$000	Other Reserves \$000	Retained Earnings \$000	Total Equity \$000
31 December 2021				
Balance at 1 July 2021	354,993	1,184	(54,207)	301,970
Profit for the half-year	-	-	64,739	64,739
	354,993	1,184	10,532	366,709
Transactions with owners in their capacity as owners:				
Security issued to employees under GARDA exempt employee security plan	16	-	-	16
Distributions paid or payable	-	-	(7,508)	(7,508)
Securities based payment expense	-	192	-	192
	16	192	(7,508)	(7,300)
Balance at 31 December 2021	355,009	1,376	3,024	359,409
31 December 2020				
Balance at 1 July 2020	354,993	444	(74,879)	280,558
Profit for the half-year	-	-	10,440	10,440
	354,993	444	(64,439)	290,998
Transactions with owners in their capacity as owners:				
Distributions paid and payable	-	-	(7,543)	(7,543)
Securities based payment expense	-	479	-	479
Repayment of loan receivable for ESP vested securities	17	-	-	17
	17	479	(7,543)	(7,047)
Balance at 31 December 2020	355,010	923	(71,982)	283,951

b) Company

	Contributed Equity \$000	Retained Earnings \$000	Total Equity \$000
31 December 2021			
Balance at 1 July 2021	-	3,838	3,838
Loss for the half-year	-	(475)	(475)
Balance at 31 December 2021	-	3,363	3,363
31 December 2020			
Balance at 1 July 2020	-	5,475	5,475
Loss for the half-year	-	(853)	(853)
Balance at 31 December 2020	-	4,622	4,622

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Six months ended 31 December	GARDA		Company	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Cash flows from operating activities				
Receipts from customers (includes GST)	18,669	16,447	2,731	2,473
Repayment of litigation proceeds receivable	75	100	-	-
Payments in the course of operations (includes GST)	(10,839)	(8,334)	(3,329)	(2,668)
Interest received	18	15	-	9
Finance costs	(2,288)	(2,044)	-	(4)
Net GST paid	2,398	(162)	(175)	(121)
Net cash inflow/(outflow) from operating activities	8,033	6,022	(773)	(311)
Cash flows from investing activities				
Payments for investment properties	(20,167)	(10,365)	-	-
Due diligence costs and deposits for investment properties	(1,134)	(1,204)	-	-
Net proceeds from sale of investment properties	11,000	-	-	-
Payments of commission on sale of property	(210)	-	-	-
Loan advances to external parties	(3,355)	(7,861)	-	(3,420)
Repayment of loan receivable from external parties	386	2,846	386	599
Payments for property, plant and equipment	-	(30)	-	(30)
Payments for leasing fees	(345)	(207)	-	-
Net cash (outflow)/inflow from investing activities	(13,825)	(16,821)	386	(2,851)
Cash flows from financing activities				
Proceeds of loan from parent entity	-	-	-	3,725
Repayment of loan by parent entity	-	-	-	(141)
Repayment of loan by subsidiary of parent entity	-	-	16	-
Proceeds from borrowings	28,728	11,885	-	-
Repayment of borrowings	(10,728)	-	-	-
Payment of borrowing transaction costs	(71)	-	-	-
Distribution paid	(7,508)	(7,526)	-	-
Repayment of lease liabilities	(70)	(61)	(70)	(61)
Vested ESP security loan receivable proceeds	-	17	-	-
Net cash (outflow)/inflow from financing activities	10,351	4,315	(54)	3,523
Net (decrease)/increase in cash and cash equivalents	4,559	(6,484)	(441)	361
Cash and equivalents at the beginning of the half-year	15,534	20,488	7,267	3,952
Cash and cash equivalents at end of the half-year	20,093	14,004	6,826	4,313

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

NOTES TO INTERIM FINANCIAL REPORT

NOTE 1 GENERAL INFORMATION

Basis of preparation

This consolidated interim financial report is for the six months ended 31 December 2021.

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

Pursuant to Australian Accounting Standards, the Fund is the deemed parent entity of the Group.

Statement of compliance

The consolidated interim financial report does not include all the notes of the type normally included in an annual financial report and accordingly should be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

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

New or amended Accounting Standards and Interpretations adopted

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 2021 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

New standards and interpretations not yet adopted

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

Rounding of amounts

GARDA is an entity of the kind referred to ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars or, in certain cases, to the nearest dollar in accordance with the instrument.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may unfavourably impact the consolidated entity as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

NOTE 2 OPERATING SEGMENTS

a) Overview

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

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

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

b) Segment results

	Direct Property Investment \$000	Other Segments \$000	Total \$000
Six months ended 31 December 2021			
Segment revenue and other income			
Lease revenue	12,500	-	12,500
Recoverable outgoings	2,584	-	2,584
Fund and real estate management	-	4	4
Lending business income	-	56	56
Debt advisory services	-	232	232
Sundry income	17	-	17
Total segment revenue	15,101	292	15,393
Total segment expense	(5,292)	(95)	(5,387)
Segment profit	9,809	197	10,006
Six months ended 31 December 2020			
Segment revenue and other income			
Lease revenue	11,643	-	11,643
Recoverable outgoings	2,462	-	2,462
Lending business income	-	423	423
Debt advisory services	-	353	353
Sundry income	73	-	73
Total segment revenue	14,178	776	14,954
Total segment expense	(5,550)	(476)	(6,026)
Segment profit	8,628	300	8,928

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

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

c) Reconciliation of segment revenue to Group revenue

Six months ended 31 December	2021 \$000	2020 \$000
Total revenue for reportable segments	15,394	14,954
<i>Unallocated amounts</i>		
Lease straight-lining revenue	497	735
Lease costs and incentive amortisation	(450)	(406)
Rent free income	298	70
Sundry income	18	137
Non-operating interest income	1	15
Net gain in fair value of financial instruments	2,887	237
Net gain in fair value of investment properties	54,242	3,052
Group revenue	72,887	18,794

d) Reconciliation of segment profit to Group profit before tax

Six months ended 31 December	2021 \$000	2020 \$000
Reportable segment profit before income tax	10,006	8,928
<i>Unallocated amounts</i>		
Revenue:		
Lease straight-lining revenue	497	735
Lease costs and incentive amortisation	(450)	(406)
Rent free income	298	70
Sundry income	18	137
Non-operating interest income	1	15
Net gain in fair value of financial instruments	2,887	237
Net gain in fair value of investment properties	54,242	3,052
Expenses:		
Employee benefit expense	(1,518)	(1,416)
Corporate and trust administration expenses	(524)	(483)
Depreciation	(82)	(84)
Security based payments expense	(208)	(479)
Finance cost on lease liabilities	(3)	-
Net loss on sale of investment properties	(512)	-
Group profit before income tax	64,652	10,306

e) Segment assets and liabilities

	Direct Property Investment \$000	Other Segments \$000	Total \$000
<i>At 31 December 2021</i>			
Segment assets	570,237	16,694	586,931
Segment liabilities	(234,140)	(4)	(234,144)
Net assets	336,097	16,690	352,787
<i>At 30 June 2021</i>			
Segment assets	505,223	9,498	514,721
Segment liabilities	(215,780)	(70)	(215,850)
Net assets	289,443	9,428	298,871

f) Reconciliation of segment assets to Group assets

	31 December 2021 \$000	30 June 2021 \$000
Reportable segment assets	586,931	514,721
Unallocated amounts		
Other receivables and prepayments	604	244
Investment properties ⁴	1,250	1,250
Corporate fixed assets	26	41
Derivative financial instrument	4,944	2,057
Right-of-use assets	203	270
Deferred tax asset	353	264
Group assets	594,311	518,847

g) Reconciliation of segment liabilities to Group liabilities

	31 December 2021 \$000	30 June 2021 \$000
Reportable segment liabilities	234,144	215,850
Unallocated amounts		
Trade and other payables	460	697
Provisions	109	78
Lease liability	189	252
Group liabilities	234,902	216,877

⁴ Represents the value of land held by the Company.

NOTE 3 REVENUE

Overview

Six months ended 31 December	GARDA		Company	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Revenue recognised under AASB 16 Leases				
Lease revenue	13,297	12,448	-	-
Lease costs and incentive amortisation	(450)	(406)	-	-
	12,847	12,042	-	-
Revenue recognised under AASB 15 Revenue from contracts with customers				
Recoverable outgoings	2,584	2,462	-	-
Fund and real estate management	4	-	1,620	1,321
Recoveries and other fees	-	-	408	402
Debt advisory services	232	353	232	353
Lending business income	56	423	-	124
	2,876	3,238	2,260	2,200
Revenue from ordinary activities	15,723	15,280	2,260	2,200
Other income				
Non-operating interest income	1	15	-	9
Sundry income	34	210	18	137
	35	225	18	146
Gain on bargain purchase on acquisition	-	-	-	-
Total revenue and other income	15,758	15,505	2,278	2,346

Disaggregation of revenue from contracts with customers

Six months ended 31 December	31 December 2021			31 December 2020		
	Point in Time \$000	Over Time \$000	Total \$000	Point in Time \$000	Over Time \$000	Total \$000
GARDA						
Recoverable outgoings - non-lease component	-	2,584	2,584	-	2,462	2,462
Recoveries and other fees	-	4	4	-	-	-
Debt advisory services	232	-	232	353	-	353
Lending business income	-	56	56	-	423	423
Total	232	2,644	2,876	353	2,885	3,238
Company						
Fund and real estate management	-	1,620	1,620	-	1,321	1,321
Recoveries and other fees	-	408	408	-	402	402
Debt advisory services	232	-	232	353	-	353
Lending business income	-	-	-	-	124	124
Total	232	2,028	2,260	353	1,847	2,200

NOTE 4 EXPENSES

Six months ended 31 December	GARDA		Company	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Finance costs				
Interest expense on borrowings	2,233	2,040	-	-
Interest expense on lease liabilities	3	4	3	4
Borrowing cost amortisation	297	275	-	-
Interest capitalised to properties under construction	(730)	(487)	-	-
	1,803	1,832	3	4

NOTE 5 EARNINGS PER STAPLED SECURITY

Six months ended 31 December	GARDA		Company	
	2021	2020	2021	2020
Basic earnings per stapled security:				
Net profit after tax attributable to securityholders (\$000)	64,739	10,440	(475)	(853)
WANOS ^{5,6}	208,571,165	208,570,668	208,571,165	208,570,668
Basic earnings per stapled security (cents)	31.0	5.0	(0.2)	(0.4)
Diluted earnings per stapled security:				
Net profit after tax attributable to securityholders (\$000)	64,739	10,440	(475)	(853)
WANOS ⁷	223,411,165	219,579,146	223,411,165	219,579,146
Diluted earnings per stapled security (cents)	29.0	4.8	(0.2)	(0.4)

NOTE 6 TRADE AND OTHER RECEIVABLES

As at	GARDA		Company	
	31 December	30 June	31 December	30 June
	2021	2021	2021	2021
	\$000	\$000	\$000	\$000
Fund management fees receivable	-	-	295	275
Rent and outgoings receivable	202	193	-	-
Litigation proceeds receivable	150	225	-	-
Other receivables	52	82	52	299
GST receivable	-	1,667	-	-
Commercial loans to external third parties	3,800	831	446	831
Allowance for expected credit losses	(369)	(369)	(369)	(369)
	3,835	2,629	424	1,036

⁵ WANOS = weighted average number of securities.

⁶ Excludes treasury securities and GARDA ESP securities.

⁷ Excludes treasury securities but includes GARDA ESP securities.

NOTE 7 INVESTMENT PROPERTIES

Investment properties (non-current assets)

As at	31 December 2021 \$000	30 June 2021 \$000
GARDA		
Investment properties at independent valuation	451,150	288,325
Investment properties at Directors' valuation	36,065	145,009
Investment properties under construction at Directors' valuation	39,394	11,410
Investment properties under construction at independent valuation	17,850	40,826
	544,459	485,570
Movements during the half year:		
Opening balance	485,570	417,447
Transfer to investment properties held for sale (current assets)	(17,800)	(10,675)
Sale of investment properties	-	(18,224)
Capital expenditure on tenanted investment properties	3,502	5,810
Acquisition and capital expenditure of properties under construction	18,240	39,080
Straight-lining of rental income	497	1,302
Net movement in leasing costs and incentives	208	159
Net gain in fair value of investment properties	54,242	50,671
Balance at the end of the half year	544,459	485,570
Company		
Land at 30 Palmer Street, Townsville	1,250	1,250

Investment properties held for sale (current assets)

As at	31 December 2021 \$000	30 June 2021 \$000
Property at 142-150 Benjamin Place, Lytton	-	10,675
Property at 67 Noosa Street, Heathwood	17,800	-
	17,800	10,675
Movements during the half year:		
Opening balance	10,675	-
Capital expenditure on investment properties held for sale	548	-
Disposal book value of investment properties held for sale	(11,223)	-
Transfer from investment properties at fair value (non-current assets)	17,800	10,675
Balance at the end of the half year	17,800	10,675

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.

Valuations

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

13 of GARDA's properties were externally valued as at 31 December 2021, with the balance at Directors' valuation.

As at		Type ⁸	31 December 2021 \$000	30 June 2021 \$000	Movement \$000
Industrial - Established					
Acacia Ridge	38 Peterkin Street	E	7,000	6,200	800
Berrinba	1-9 Kellar Street	E	13,250	11,975	1,275
Heathwood	67 Noosa Street	E	-	11,800	(11,800)
Mackay	69-79 Diesel Drive	D	35,000	35,000	-
Morningside	326 & 340 Thynne Road	E	49,300	43,725	5,575
Pinkenba	70-82 Main Beach Road	E	32,000	26,200	5,800
Wacol	41 Bivouac Place	E	57,500	45,400	12,100
Acacia Ridge	69 Peterkin Street ⁹	E	21,700	-	21,700
Wacol	498 Progress Road – Bldg C	E	13,900	12,500	1,400
			229,650	192,800	36,850
Industrial - Development					
Acacia Ridge	56 Peterkin Street	E	7,550	7,000	550
Acacia Ridge	69 Peterkin Street ⁹	E	-	11,000	(11,000)
North Lakes	109 – 135 Boundary Road	D	20,000	20,000	-
Richlands	56-72 Bandara Street	D	9,860	-	9,860
Wacol	372 Progress Road (Pin. East)	D	7,205	4,410	2,795
Wacol	498 Progress Road (Pin. West)	E	10,300	9,826	474
			54,915	52,236	2,679
Total industrial			284,565	245,036	39,529
Office					
Box Hill	436 Elgar Road	E	45,500	39,000	6,500
Cairns	9-19 Lake Street	E	90,000	86,500	3,500
Richmond	572-576 Swan Street (Bot. 7)	E	58,500	54,000	4,500
Richmond	588A Swan Street (Bot. 9)	E	62,500	57,000	5,500
Total office			256,500	236,500	20,000
Value Accretive Additions¹⁰					
Acacia Ridge	69 Peterkin Street	D	-	1,722	(1,722)
Box Hill	436 Elgar Road	D	905	593	312
Cairns	9-19 Lake Street	D	160	247	(87)
Northlakes	109-135 Boundary Road	D	395	-	395
Richlands	56-72 Bandara Street	D	67	-	67
Richmond	588A Swan Street (Bot. 9)	D	-	222	(222)
Wacol	372 Progress Road	D	617	-	617
Total value accretive additions			2,144	2,784	(640)

⁸ D = Directors' valuation. E = external, independent valuation.

⁹ Construction at 69 Peterkin Street was completed in December 2022 at which point the property's designation changed from "Industrial – Development" to "Industrial – Established".

¹⁰ Represents value accretive capital expenditure incurred since the last independent valuation of the property.

As at		Type ¹¹	31 December 2021 \$000	30 June 2021 \$000	Movement \$000
Property held by Company					
Townsville	30 Palmer Street	D	1,250	1,250	-
Total investment properties (non-current assets)			544,459	485,570	58,889
Properties held for sale (current asset)					
Heathwood	67 Noosa Street	E	17,800	-	17,800
Lytton	142-150 Benjamin Place		-	10,675	(10,675)
Total investment properties (current and non-current assets)			562,259	496,245	66,014

The Heathwood industrial property is classified as a current asset and being 'held for sale' as a formal sale process for the asset commenced during the reporting period.

Impact of coronavirus (COVID-19) pandemic on valuations

The Group makes material assumptions in determining the fair value of its investment property portfolio as at reporting date. With respect to the period ended 31 December 2021, these assumptions have been made in the context of considerable uncertainty regarding the likely ultimate impact of COVID-19 on investment property valuations.

The independent valuations adopted in this interim financial report contain caveats that the valuations were reported on the basis of "material valuation uncertainty" and, consequently, less certainty and a higher degree of caution should be attached to the valuations than would normally be the case.

The more significant assumptions attaching to the adopted fair values of the Group's investment properties are disclosed in note 12.

Contractual obligations

Contractual obligations with respect to investment properties at 31 December 2021 were as follows:

Properties	Nature of Obligation	\$000
Hawthorn East, 8-10 Cato Street ¹²	Settlement	19,095

Leasing arrangements

GARDA's established investment properties are typically leased to tenants under long-term operating leases with rentals payable monthly.

COVID-19 had no impact on GARDA's revenue for the six-month period. Total rent deferrals of \$162,000 at 30 June 2021 decreased to \$151,000 by 31 December 2021 following payments by affected tenants. The balance owed is within pre-agreed rental deferral terms. Since the end of the period, this favourable rental collection profile has continued.

Amount recognised in profit or loss for investment properties

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

¹¹ D = Directors' valuation. E = external, independent valuation.

¹² Total purchase price is \$20,100,000 with a deposit of \$1,005,000 paid during the reporting period leaving \$19,095,000 to be paid on settlement.

NOTE 8 TRADE AND OTHER PAYABLES

As at	GARDA		Company	
	31 December	30 June	31 December	30 June
	2021	2021	2021	2021
	\$000	\$000	\$000	\$000
Current				
Trade creditors	52	26	-	25
Other payables	2,013	3,019	463	1,056
Loan payable to parent entity	-	-	5,267	5,044
	2,065	3,045	5,730	6,125

NOTE 9 BORROWINGS

Summary

As at	GARDA		Company	
	31 December	30 June	31 December	30 June
	2021	2021	2021	2021
	\$000	\$000	\$000	\$000
Non-Current				
Bank loans (secured)	228,000	210,000	-	-
Less: unamortised transaction costs	(744)	(970)	-	-
	227,256	209,030	-	-

Syndicated Debt Facility

Amount and Tenor

On 22 December 2021, GARDA secured a \$42,000,000 increase in its existing debt facilities with ANZ Banking Group and St. George Bank to \$270,000,000. A further \$10,000,000 of borrowing capacity is to be made available to GARDA on settlement of the Hawthorn acquisition in March 2022, taking GARDA's total facility to \$280,000,000.

At 31 December 2021, GARDA had \$42,000,000 of borrowing capacity available:

	Facility Limit		Amount Drawn		Amount Available	
	31 Dec 21	30 Jun 21	31 Dec 21	30 Jun 21	31 Dec 21	30 Jun 21
	\$000	\$000	\$000	\$000	\$000	\$000
Total facilities	270,000	228,000	228,000	210,000	42,000	18,000

GARDA's syndicated bank debt facility with its banks expires on 3 March 2023. Loan repayments are interest only with a lump sum payment of all amounts outstanding due at maturity. There is a fixed line fee on the facilities and interest is based on the applicable BBSY rate plus margin.

At 31 December 2021, GARDA's gearing was 36.1%¹³ (30 June 2021: 38.4%).

GARDA has in place a \$100,000,000 (30 June 2021: \$100,000,000) interest rate hedge comprising:

- a \$70,000,000 interest rate swap for a term of seven years at a rate of 0.81%; and
- a \$30,000,000 interest rate swap for a term of 10 years at a rate of 0.98%.

¹³ Calculated as (total debt less cash) / (total assets less cash).

These derivatives are currently “in the money” with a valuation at 31 December 2021 of \$4,944,000. There have been no changes in interest rate swap arrangements since 30 June 2021.

Security

The syndicated debt facility is secured by:

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

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

Covenants

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

- a) interest cover ratio is to remain above 2.50 times;
- b) loan to value ratio (LVR) must remain under 50%; and
- c) adjusted gearing ratio¹⁴ is to remain under 1.20 times.

The Group complied with these financial covenants during the half year.

Financial undertakings

Financial undertakings under the syndicated debt facility include the following:

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

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

¹⁴ Adjusted gearing ratio is calculated as adjusted total liabilities divided by adjusted total assets. Adjustments made to the total liabilities and total assets include certain non-cash items in accordance with GARDA's syndicated facility agreement.

NOTE 10 DISTRIBUTIONS

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

Six months ended 31 December	GARDA		Company	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
September distribution - 1.80 cents per security (2020: 1.80 cents)	3,754	3,763	-	-
December distribution - 1.80 cents per security (2020: 1.80 cents)	3,754	3,780	-	-
	7,508	7,543	-	-

Distributions declared in December 2021 of \$3,754,000 but not paid until after year end have been provided for. The distribution amounts recognised are net of distribution on treasury securities and GARDA Employee Security Plan (ESP) securities.

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

NOTE 11 CONTRIBUTED EQUITY

a) Summary

	GARDA		Company	
	31 December	30 June	31 December	30 June
	2021	2021	2021	2021
	Securities	Securities	Securities	Securities
Issued securities as per ASX	227,644,361	227,644,361	227,644,361	227,644,361
Movements during the half year				
Balance at beginning of the half year	227,644,361	227,644,361	227,644,361	227,644,361
Movements	-	-	-	-
Total issued securities as per ASX	227,644,361	227,644,361	227,644,361	227,644,361
Reconciliation adjustments				
Treasury securities	(4,223,517)	(4,233,693)	(4,223,517)	(4,233,693)
Securities issued under GARDA ESP	(14,840,000)	(14,840,000)	(14,840,000)	(14,840,000)
Total issued securities for financial reports	208,580,844	208,570,668	208,580,844	208,570,668

b) Treasury securities

The Fund owns 100% of GARDA Capital Trust which, in turn, owned 4,223,517 (30 June 2021: 4,233,693) stapled securities in GARDA at 31 December 2021. In accordance with Australian Accounting Standards, these securities are designated as treasury securities and have been deducted from equity and excluded from total issued securities of 227,644,361.

The number of treasury securities decreased during the reporting period following the transfer of 10,176 stapled securities to eligible employees under a GARDA Exempt Security Award.

c) GARDA ESP

At 31 December 2021, 14,840,000 securities had been issued under the GARDA ESP of which 3,600,000 have vested, including 1,280,000 which vested during the half year. In accordance with Australian Accounting Standards, all GARDA ESP securities (including vested securities) are deducted from equity and excluded from total issued securities of 227,644,361 until such time as the underlying limited recourse loans are repaid.

NOTE 12 FAIR VALUE DISCLOSURE

a) Fair value hierarchy

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

- non-financial assets: investment properties and assets held for sale; and
- financial liabilities: derivative financial instruments at fair value through profit and loss.

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

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

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

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

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

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
At 31 December 2021				
Assets				
Investment properties (non-current)	-	-	544,459	544,459
Investment properties held for sale (current)	-	-	17,800	17,800
Derivative financial instruments	-	4,944	-	4,944
	-	4,944	562,259	567,203
At 30 June 2021				
Assets				
Investment properties (non-current)	-	-	485,570	485,570
Investment properties held for sale (current)	-	-	10,675	10,675
Derivative financial instruments	-	2,057	-	2,057
	-	2,057	496,245	498,302

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.

b) 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.

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 maintained at purchase price or otherwise 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 independent 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
	31 December 2021	30 June 2021	
Discount rate	5.50% - 7.25%	6.00% - 7.50%	The higher the discount rate, terminal yield and expected vacancy rate, the lower the fair value
Capitalisation rate	4.25% - 6.63%	5.00% - 7.25%	
Terminal yield	4.50% - 6.88%	5.25% - 7.00%	
Expected vacancy rate	0%	0%	
Rental growth rate	2.52% - 3.34%	2.60% - 3.29%	The higher the rental growth, the higher the fair value. Based on Gross Face Rental growth 10 year compound annual growth rate.

The Board considers the valuations of each property half-yearly and either ensures an external independent valuer has been instructed or adopts the Directors' valuation.

Derivative financial instruments

For derivative financial instruments (interest rate swap), fair value is determined by GARDA's banks. The valuation models used by the banks are industry standard and adopt a Black-Scholes framework to calculate the expected future value of derivative payments, which are then discounted back to present value.

Interest rate inputs into the bank models are benchmark rates and are deemed observable, resulting in the derivatives being categorised as Level 2 instruments. There were no significant inter-relationships with unobservable inputs that materially affected fair values.

c) Reconciliation of Level 3 fair value movements

Refer to note 7 for the reconciliation of movements in investment properties. There have been no transfers to or from Level 1 or 2. There were no unrecognised gains/(losses) recognised in profit or loss for investment properties.

NOTE 13 RELATED PARTY TRANSACTIONS

a) Introduction

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

b) Transactions with KMP and their related parties

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

c) GARDA 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	Securities granted	Exercise price	Fair value at grant date	Loan value 31 December 2021 \$	Vesting date
Matthew Madsen	13 Nov 2017	960,000	0.63	0.70	469,304	13 Nov 2020
	16 Apr 2020	5,000,000	1.00	0.06	4,854,937	16 Apr 2023
	18 Nov 2020	5,000,000	1.16	0.10	5,738,775	19 Nov 2023
Mark Hallett	16 Apr 2020	1,000,000	1.00	0.06	980,042	16 Apr 2023
David Addis	3 Jun 2019	320,000	1.08	0.24	320,999	3 Jun 2021
	23 Aug 2019	240,000	1.22	0.11	286,039	23 Aug 2021
	23 Aug 2019	240,000	1.22	0.10	286,039	23 Aug 2022
Lachlan Davidson	13 Nov 2017	160,000	0.63	0.11	78,265	13 Nov 2019
	13 Nov 2017	160,000	0.63	0.13	78,265	29 Nov 2019
	23 Aug 2019	240,000	1.22	0.11	285,059	23 Aug 2021
Total		13,320,000			13,377,724	

Loans supporting the GARDA ESP securities held by KMP at 31 December 2021 totaled \$13,377,724 (30 June 2021: \$13,553,797). These limited recourse loans are not accounted for in the Consolidated Statements of Financial Position.

d) GARDA Equity Incentive Plan

The GARDA Equity Incentive Plan was approved by GARDA securityholders at the 2021 AGM 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.

(i) Performance Rights

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

KMP	Grant date	Securities granted	Exercise price	Fair value at grant date	Vesting date
David Addis	10 Dec 2021	36,231	-	\$1.52	31 Aug 2022
	10 Dec 2021	36,231	-	\$1.46	31 Aug 2023
	10 Dec 2021	36,233	-	\$1.39	31 Aug 2024
Lachlan Davidson	15 Dec 2021	18,115	-	\$1.59	31 Aug 2022
	15 Dec 2021	18,115	-	\$1.52	31 Aug 2023
	15 Dec 2021	18,117	-	\$1.46	31 Aug 2024
Total		163,042			

(ii) Exempt Securities

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	10 Dec 2021	636	\$1.57
Lachlan Davidson	10 Dec 2021	636	\$1.57
Total		1,272	

NOTE 14 CONTINGENCIES

a) Contingent assets

GARDA Capital Limited as responsible entity for the Fund discontinued its claim under warranties and indemnities given by various parties involved in the construction of the building Botanicca 7, at 572-576 Swan St, Richmond, due to the insolvency of the builder (formerly known as Cockram Construction Limited) and its lack of insurance.

b) Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2021 (30 June 2021: nil).

NOTE 15 EVENTS OCCURRING AFTER THE REPORTING PERIOD

During the reporting period GARDA executed a contract to acquire a commercial building at 8-10 Cato Street, Hawthorn East (Victoria) for \$20,100,000. Settlement of this acquisition is expected to occur in March 2022. An additional \$10,000,000 of borrowing capacity will be made available to GARDA under its syndicated bank facilities upon settlement of the Hawthorn acquisition, taking GARDA's total facility to \$280,000,000.

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

DIRECTORS' DECLARATION

In the opinion of the Directors of GARDA Property Group:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



Matthew Madsen
Executive Chairman
17 February 2022

INDEPENDENT AUDITOR'S REVIEW REPORT



Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

Independent Auditor's Review Report

To the Stapled Holders of GARDA Property Group and to the Shareholders of GARDA Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of GARDA Property Group and GARDA Holdings Limited and its controlled entities ("the Group"), which comprises the consolidated statements of financial position as at 31 December 2021, the consolidated statements of profit and loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Responsibility of the Directors for the Financial Report

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

Brisbane Sydney Newcastle Melbourne Adelaide Perth



NETWORK MEMBER

Pitcher Partners is an association of independent firms.
An Independent Queensland Partnership ABN 84 797 724 535. Liability limited by a scheme approved under Professional Standards Legislation.
Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.

pitcher.com.au

NIGEL FISCHER	PETER CAMENZULI	KYLIE LAMPRECHT	BRETT HEADRICK	COLE WILKINSON	JEREMY JONES	JAMES FIELD	ROBYN COOPER	CHERYL MASON	MURRAY GRAHAM
MARK NICHOLSON	JASON EVANS	NORMAN THURECHT	WARWICK FACE	SMON CHUN	TOM SPLATT	DANIEL COLNELL	FELICITY CRIMSTON	KIERAN WALLIS	ANDREW ROBIN



Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Pitcher Partners
PITCHER PARTNERS

CHERYL MASON
Partner

Brisbane, Queensland
17 February 2022

Pitcher Partners is an association of independent firms.
An Independent Queensland Partnership ABN 84 797 724 539. Liability limited by a scheme approved under Professional Standards Legislation.
Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.

CORPORATE DIRECTORY

DIRECTORS

Matthew Madsen
Executive Chairman and Managing Director

Mark Hallett
Executive Director

Paul Leitch
Independent Director

Morgan Parker
Independent Director

Andrew Thornton
Non-executive Director

COMPANY SECRETARY

Lachlan Davidson
General Counsel and Company Secretary

REGISTERED OFFICE

Level 21, 12 Creek Street
Brisbane QLD 4000
Ph: +61 7 3002 5300
Fax: +61 7 3002 5311
Web: www.gardaproperty.com.au

AUDITOR

Pitcher Partners
Level 38, 345 Queen St
Brisbane QLD 4000

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

GARDA