

Appendix 4D
Results for announcement to the market
GDI PROPERTY GROUP

This Appendix 4D should be read in conjunction with the half yearly financial report of GDI Property Group for the half year ended 31 December 2023.

1. GDI Property Group

This report is for GDI Property Group ("GDI"), comprising the stapled entities GDI Property Group Limited (ACN 166 479 189) ("the Company") and GDI Property Trust (ARSN 166 598 161) ("the Trust").

GDI was formed on 16 December 2013 by the stapling of shares in the Company to units in the Trust. Each stapled security consists of one share in the Company and one unit in the Trust, which pursuant to a Co-operation Deed dated 25 November 2013, cannot be dealt with or traded separately.

The responsible entity of the Trust is GDI Funds Management Limited (ACN 107 354 003, AFSL 253 142), a wholly owned subsidiary of the Company.

For the purposes of statutory reporting, the stapled entity, GDI, is accounted for as a consolidated group. Accordingly, one of the stapled entities must be the 'deemed acquirer' of the other, with the Company being chosen as the deemed acquirer of the Trust.

2. Reporting period

The financial information contained in this report is for the six-month period from 1 July 2023 to 31 December 2023.

3. Highlights of the results

	December 2023	December 2022
	\$'000	\$'000
Revenue from ordinary activities	32,502	32,125
Comprehensive net profit attributable to securityholders after tax	(11,767)	(106)
Funds from operations (FFO ¹)	13,133	14,094
Distribution to security holders	13,410	13,290
	Cents	Cents
Funds from operations per security	2.452	2.643
Distributions per security	2.500	2.500
Payout ratio		
- Distributions as a % of FFO	102%	94%
- Distributions as a % of AFFO ²	166%	180%
Basic earnings per security ³	(2.20)	(0.02)
Diluted earnings per security ³	(2.19)	(0.02)

¹ FFO is a Property Council of Australia definition which adjusts AIFRS net profit for non-cash changes in investment properties, non-cash impairment of goodwill, non-cash fair value adjustments to financial instruments, amortisation of incentives, straight-line adjustments and other unrealised one-off items. A reconciliation of total comprehensive income for the period to FFO is provided at section 2.1 of the Directors' Report.

² AFFO adjusts FFO for incentives paid during the period, maintenance capex and income tax expense.

³ This calculation is based on the comprehensive profit attributable to stapled security holders of GDI.

	December 2023 \$'000	June 2023 \$'000
Total assets	1,131,376	1,129,013
Total borrowings	361,155	344,741
Securityholders equity	663,287	685,068
Market capitalisation	348,665	342,877
	December 2023	June 2023
Net tangible assets per security (\$)	1.20	1.25
Security price (\$)	0.650	0.645
Securities on issue	536,407,358	531,592,363
Weighted average securities on issue	535,622,304	532,419,922

4. Commentary on the results

During the past six months we have leased 28,000sqm of space representing 28% of our Perth office portfolio. Refer to the Directors' Report of the 31 December 2023 half yearly financial report for a commentary on the results of GDI.

5. Dividends/distributions declared and paid and dividend/distribution reinvestment plan

Distributions/dividends declared or paid in respect of the reporting period were:

	Amount per security	Total distribution	Franked amount per security
	cents	\$'000	cents
FY23 final – paid 31 August 2023	2.500	13,290	-
FY24 interim – declared 18 December 2023	2.500	13,410	-

A distribution reinvestment plan was operated by GDI when paying the FY23 final distribution. In total, 4,427,665 new securities were issued in accordance with the terms of the distribution reinvestment plan.

The distribution reinvestment plan is not applicable to the FY24 interim distribution.

6. Changes in control over group entities

There were no acquisitions or disposals of controlled entities during the period.

7. Investments in joint ventures

Material investments in joint ventures are as follows:

	December 2023	December 2022
Resource Accommodation Management Pty Limited	49.99%	0.00%
RAM Operations Pty Limited	50.00%	0.00%
GDI Tulla Investment Management Pty Limited	50.00%	0.00%
Co-living Accommodation Trust 1	50.00%	0.00%

As disclosed in the interim financial report at Note 6, GDI has recognised an aggregate share of net profit from the joint ventures listed above amounting to \$3.2 million for the half-year ended 31 December 2023 (for the half-year ended 31 December 2022: \$0.0 million).

8. Compliance statement

This Appendix 4D has been prepared in accordance with AASB Standards (including Australian interpretations) and other standards acceptable to the ASX. This Appendix 4D and the half yearly financial reports upon which it is based use the same accounting policies.

The financial report for the six-month period ended 31 December 2023 has been reviewed by the auditors for GDI.

A copy of the GDI half yearly financial report for the six months ended 31 December 2023, with the auditor's review conclusion, has been lodged with the ASX.

GDI Property Group

GDI Property Group Limited
ACN 166 479 189

Half Yearly Financial Report
31 December 2023

GDI Property Group comprises GDI Property Group Limited ACN 166 479 189 (the Company) and its subsidiaries and GDI Property Trust ARSN 166 598 161 (the Trust) and its subsidiaries. The responsible entity of the Trust is GDI Funds Management Limited ACN 107 354 003, AFSL 253 142, a wholly owned subsidiary of the Company.

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GDI PROPERTY GROUP

DIRECTORS' REPORT

For the six-month period ended 31 December 2023

The Directors of GDI Property Group Limited ACN 166 479 189 ("the Company") and GDI Funds Management Limited ACN 107 354 003; AFSL 253 142 as Responsible Entity for GDI Property Trust ARSN 166 598 161 ("the Trust") present their report together with the half yearly financial report of the Company and its controlled entities and the Trust and its controlled entities for the six-month period ended 31 December 2023. Shares in the Company are stapled to units in the Trust to form GDI Property Group ("GDI").

The half yearly financial reports of the Company and its subsidiaries and the Trust and its subsidiaries have been presented jointly in accordance with ASIC Class Order 13/1050 relating to combining or consolidating accounts under stapling and for the purpose of fulfilling the requirements of the Australian Securities Exchange ("ASX"). The Responsible Entity of the Trust is GDI Funds Management Limited. GDI Funds Management Limited is a wholly owned subsidiary of the Company and shares a common board.

1. Directors

The following persons were Directors of the Company and GDI Funds Management Limited during the half year and to the date of this Directors' Report:

Director		Appointment date
Gina Anderson	Independent Chairman	5 November 2013
John Tuxworth	Independent Non-Executive	20 February 2017
Giles Woodgate	Independent Non-Executive	16 November 2017
Stephen Burns ¹	Managing Director & CEO	15 November 2018

2. Review of results and operations

The Board monitors a range of financial information and operating performance indicators to measure performance over time. The Board uses several measures to monitor the success of GDI's overall strategy, most importantly Funds From Operations ("FFO") and GDI's total return, calculated as the movement in net tangible assets ("NTA") per security plus distributions per security. FFO is a Property Council of Australia definition which adjusts statutory AIFRS net profit for non-cash changes in investment properties, non-cash impairment of goodwill, non-cash fair value adjustments to financial instruments, amortisation of incentives, straight-line adjustments and other unrealised one-off items.

2.1 Financial performance

The reconciliation between GDI's FFO and its statutory profit for the period ended 31 December 2023 is as follows:

	GDI	
	31 December 2023	31 December 2022
	\$'000	\$'000
Total comprehensive (loss)/income for the year	(7,388)	1,450
Portfolio acquisition and other transaction costs	-	10
Contribution resulting from consolidated trusts	(5,031)	(4,515)
Distributions/funds management fees received from consolidated trusts	1,869	2,157
Straight lining adjustments	302	518
Amortisation of leasing fees and incentives	5,073	3,972
Amortisation of loan establishment costs	401	157
Restructure costs	281	-
Depreciation	5	9
Net fair value loss on investment property	13,427	9,442
Net fair value loss on interest rate swaps	4,194	772
Loss on sale of investment property	-	122
Funds From Operations	13,133	14,094
	Cents	Cents
Funds From Operations per stapled security	2.452	2.643

1. Stephen Burns was appointed Acting Managing Director on 16 March 2023 and Managing Director & CEO on 14 June 2023.

GDI PROPERTY GROUP

DIRECTORS' REPORT

For the six-month period ended 31 December 2023

2.1 (a) Property business

Perth office market

GDI's office portfolio is heavily weighted to Perth which has experienced nine consecutive quarters of positive absorption, continuing to be one of the better performing office markets in terms of occupier demand. The consistency of positive net absorption in the Perth office market has been underpinned by expansionary activity in the resource, government and professional service sectors and is in stark contrast to the larger East Coast office markets.

Vacancy rates have continued to decline and remain at their lowest level since 2015, as the market benefits from both strong demand fundamentals and limited supply. The constrained supply and increased demand have led to growth in net effective rents as both face rents increase and incentives tighten. As expansionary and centralisation activities in the Perth CBD continues, we aim to take advantage of the forecast rental growth through successfully leasing our remaining vacancy.

Leasing

We are extremely pleased with our recent leasing achievements across the GDI portfolio as we capitalise on the Perth office market conditions. At Westralia Square, the Minister of Works signed a new 1,833sqm approximately 11-year lease for all of level 6. In addition, the Minister of Works extended the existing leases over levels 1 - 5 and 7 – 9 from a July 2028 expiry to now expire at the same time as the new level 6 lease. Together, this gives the Minister of Works all of the lower-level lift bank at Westralia Square, encompassing 16,347sqm, until March 2034. To facilitate the Minister of Works lease on level 6, GDI also executed a lease surrender with Euroz Hartleys and is itself relocating to approximately 150sqm suite on level 1 at WS2, with the balance of that floor under heads of agreement.

Two additional tenants, Leica Geosystems Pty Limited (Hexagon) and Infosys Technologies Limited signed five-year leases for a combined 2,919sqm for level 16 and the majority of level 17, resulting in Westralia Square having occupancy of 98% (up from 91.5% at 30 June 2023) with only 700sqm of vacancy, and a weighted average lease expiry of 8.2 years.

At WS2, GDI signed a new lease with Navitas Pty Limited for all of level 9 (approximately 866sqm) for a six-year term commencing on 1 April 2024. GDI also has signed three Heads of Agreements with tenants to lease all of levels 5,6 and 11, and the majority of level 1 (with GDI taking the balance). The recent activity brings the weighted average lease expiry of WS2, including Heads of Agreement, to 8.6 years, and committed occupancy to 82%, with levels 8 and 10 being the only vacancies.

We have had similar success at the Mill Green complex. Since 30 June 2023, at 197 St Georges Terrace, we have executed seven new leases or lease extensions representing 3,762.5sqm of space (being approximately 40% of our targeted letting goal of approximately 9,000sqm), the largest being Cygnet West's renewal of 1,235.6qsm (previously 1,645sqm) for 6.25 years, Paladin Energy Limited for all of level 11 (832.7sqm) on a 7-year term and Insight Enterprises Australia Pty Limited for all of level 8 (835sqm) for 4 years. Including Heads of Agreement, occupancy of 197 St George's Terrace is now 69%, down from 71% at 30 June 2023, albeit this included a two-floor tenant (1,717.7sqm) that departed at lease expiry in September 2023.

At 5 Mill Street, occupancy, including Heads of Agreement is 96%. 5 Mill Street comprises approximately 7,148sqm of net lettable area, and with over 30 tenants, there is invariably a short weighted average lease expiry and numerous impending expiries. Our decision to sub-divide several of the floors at 197 St Georges Terrace gives us greater flexibility to meet tenant expansion requests on lease expiry, and we are in active dialogue with several tenants regarding relocating between 197 St Georges Terrace and 5 Mill Street. As disclosed previously, during the period we did not look for any long-term leasing of 1 Mill Street given both the time of the cycle and its redevelopment opportunities.

At our only other wholly owned office asset, 180 Hay Street, Perth, although we have had numerous whole of building and multiple floor inspections, we are yet to progress to a leasing outcome. As the building presents as new and at a much lower cost than a new building, we can be competitive on rents. As the Perth market continues to tighten, we expect the interest in 180 Hay Street to increase.

Finally, at 235 Stanley Street, Townsville (Stanley Place), we had great leasing success with the Commonwealth Government (Great Barrier Reef Marine Park Authority) leasing 3,021sqm over levels 11,12 and 13 with a November 2023 commencement

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DIRECTORS' REPORT

For the six-month period ended 31 December 2023

date. Additionally, a Heads of Agreement was signed for part of level 4, approximately 248sqm on a 5-year term. This leaves only level 10 and part level 3 vacant, with occupancy now 89%.

Development

Since WS2 achieved practical completion in June 2023, we have welcomed Savills as the first tenant to move into the building, occupying level 7. The progress of ARUP's substantial fit-out, including floor penetration to connect levels 2 – 4 is tracking well, and we look forward to them moving in this year as WS2's anchor tenant. At the date of this report, five floors have been leased with a further four floors subject to Heads of Agreement. The development and leasing progress of Perth's first timber-hybrid office tower has progressed extremely well with the premium quality asset in high demand, noting its location, ESG credentials and superior finishes.

At our Wellington Street carpark, we recently received development approval to build a new 28,000 square metre steel and timber office building on top of the existing carpark. Under the scheme, most of the existing car bays will be converted to residential accommodation to conserve the existing concrete structure and minimise the use of concrete in the new office component. The development is expected to deliver an even larger benefit in terms of embodied carbon than WS2. We are in active discussions with prospective tenants about committing to the new office building and will not commence construction without a pre-commitment.

1 Mill Street currently has two development applications approved, one for an approximate 47,000sqm office building, which requires the demolition of the existing building and a second for an approximate 33,500sqm building, incorporating the existing 6,600sqm building and adding a further approximately 27,000sqm constructed from steel and timber. The significant interest we have seen from the occupier market for embodied carbon savings, together with the comparatively lower cost of construction and its faster build time favour the second development application for the site, and like the Wellington Street carpark, we are in discussion with some potential anchor tenants, but would not commence construction without a pre-commitment.

Carparks

GDI purchased the two Perth CBD carpark in December 2021 for \$68.5 million on a passing net yield of approximately 5%, or \$3.4 million p.a., well below their four-year average of closer to \$4.0 million. The year-to-date performance of the two carpark is tracking well, with FFO of \$2.2 million for the six-month period to 31 December 2023.

As Perth's office attendance rates continue to be one of the highest in the country post Covid-19, the performance of the carpark is expected to remain strong.

Funds from operations

GDI's largest asset by capital value is the two-building complex Westralia Square and WS2, 141 and 143 St Georges Terrace, Perth, respectively. As both buildings have been in a lease up stage, their contribution to FFO increases with occupancy as leases commence. With higher occupancy at Westralia Square, and WS2 welcoming its first tenant, FFO for the period was \$9.8 million, up from \$8.6 million for the previous corresponding period. With some significant leases due to commence in the next six months at both buildings, FFO is expected to continue to increase.

At GDI's second largest asset, the three building Mill Green complex, FFO decreased from the previous corresponding period to \$6.8 million (from \$8.6 million) as a result of a higher average vacancy level at 197 St Georges Terrace impacting net property revenue. Recent leasing success has addressed a significant portion of the vacancy and lease expiries, with new leases set to commence this year. As with Westralia Square and WS2, as occupancy increases at 197 St Georges Terrace, we expect the contribution to FFO from Mill Green to also trend upwards. As previously disclosed, we are not looking at any immediate long-term leasing of 1 Mill Street given its redevelopment potential, and accordingly, it has and will continue to have until the commencement of a development a negative contribution to FFO, being its holding costs of approximately \$0.4 million for the period.

The holding costs of 180 Hay Street, Perth, also negatively impact FFO. During the period its contribution to FFO was (\$0.2 million), in line with the previous corresponding period.

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DIRECTORS' REPORT

For the six-month period ended 31 December 2023

As discussed above, the performance of both carpark continues to be strong, with FFO for the period of \$2.2 million, compared to \$2.1 million in the first half of 2022.

Total property division FFO for the six-month period was \$18.5 million, a slight decrease from the previous corresponding period (\$19.0 million).

Valuations

All wholly owned assets were independently valued during the period. Westralia Square was revalued to \$379.0 million, up \$8.0 million from the independent value at 30 June 2023 of \$371.0 million. The valuation increase is predominately a result of the 16,347sqm lease and lease renewal with the Minister of Works and the two five-year leases signed on levels 16 and 17, with the resultant uplift in Westralia Square's occupancy and weighted average lease expiry from 5.7 years to 8.0 years. This has also led to a 25 basis point tightening of the market capitalisation rate to 6.00% from a previous 6.25%.

WS2 was revalued for a second time since achieving practical completion immediately prior to 30 June 2023. At 31 December 2023, WS2 was revalued to \$94.0 million. The \$4.0 million revaluation increase is attributable to the asset having a higher occupancy rate and slightly higher assumed market rents. The market capitalisation rate for WS2 remains consistent with the previous valuation at 6.50%.

The Mill Green complex was revalued to \$297.3 million, down from a 31 December 2022 valuation of \$301.5 million. The devaluation is attributed to 197 St Georges Terrace, Perth (\$205.0 million from a previous \$207.5 million) and 5 Mill Street, Perth (\$54.0 million from a previous \$58.0 million) as market capitalisation rates softened by 25 basis points to 7.25%. The devaluation of 197 St Georges Terrace and 5 Mill Street was partially offset by the valuation increase of 1 Mill Street, Perth to \$38.3 million from a previous \$36.0 million.

Both carpark were also independently valued, with the valuation of 419-431 Murray Street increasing to \$42.9 million (from \$42.5 million). The increase in the carpark's financial performance underpins the valuation increase despite the market capitalisation rate softening 75 basis points to 6.00% (5.25% at 31 December 2022). The valuation of 301-311 Wellington Street decreased to \$24.4 million (from \$32.00 million) resultant of a softening of the market capitalisation rate to 6.00% (5.25% at 31 December 2022), increases in outgoings, and forecast future leasing costs.

180 Hay Street, Perth was also revalued to \$18.8 million at 31 December 2023, resulting in a decrease of \$1.7 million from its previous valuation of \$20.5 million.

GDI's wholly owned portfolio is now independently valued at \$856.4 million.

We also independently revalued the consolidated 17 property Autoleague portfolio to \$140.6 million, up from a previous \$136.5 million at 30 June 2022. The valuation increase was primarily driven by increased adopted rents, partially offset by a softening in the average market capitalisation rate for the 17 properties to 6.4%, from a previous 6.0%.

Provided in the table below is GDI's portfolio metrics:

	GDI	
	As at 31 December 2023	As at 30 June 2023
Occupancy ^{1,2}	85.6%	82.5%
Weighted average lease expiry by occupied area ^{1,2}	5.7 years	5.2 years
Weighted average capitalisation rate ¹	6.6%	6.6%

1. Excludes 1 Mill Street but includes the small commercial tenancies at the Perth CBD carpark and the showrooms in the Autoleague portfolio.

2. Based on NLA and including Heads of Agreement to the date of this report.

2.1 (b) Funds Management

GDI's Funds Management business has a nearly 30-year track record of successfully managing unlisted, unregistered managed investment schemes. Over that time GDI has established nearly 40 unlisted, unregistered managed investment schemes, with over 30 of those now having been terminated. To date, no unlisted, unregistered managed investment scheme has returned a negative Internal Rate of Return ('IRR'). Our successful track record is partly a result of our disciplined approach to acquisition opportunities, and we will continue to review opportunities cautiously.

GDI PROPERTY GROUP

DIRECTORS' REPORT

For the six-month period ended 31 December 2023

The Funds Business delivered FFO before interest and income tax expense of \$3.1 million for the six-month period to 31 December 2023 (31 December 2022: \$3.4 million). A large contributor to this is the distributions received from the consolidated funds, GDI No. 42 Office Trust (\$0.1 million) and GDI No. 46 Property Trust (\$1.4 million), with the balance of FFO largely being ongoing management fees.

The distributions received by the Funds Business were impacted by rising interest rates, despite the trusts being lowly geared. This in combination of net property income in GDI No. 42 Office Trust being re-invested into capital expenditure works and servicing tenant incentives led to a temporary reduction in distributions, particularly for the December quarter. However, we anticipate distributions to stabilise with additional rental income from new tenancies commencing in 2024.

2.1 (c) Co-living JV

In March and April 2023 GDI signed transaction documents to enter a Joint Venture to own, operate and syndicate Co-living mining accommodation (Co-living JV). GDI made a \$33.0 million investment into the Co-living JV with the intention that once the Co-living JV has sufficient scale and diversity, the real estate assets will be syndicated, and the initial invested capital recycled.

The two Co-living accommodation facilities are performing well, particularly the South Hedland Lodge and the accompanying South Hedland Motel, which recorded earnings before interest, tax, depreciation and amortisation (EBITDA) of \$6.5 million for the 6-month period, significantly higher than forecasted at the time of purchase. Since purchasing the South Hedland assets, the accommodation, facilities, and food offerings have been improved, directly leading to higher overall occupancy and longer-term tenure for some of the rooms.

At Norseman, the village benefits from a long-term contract with Pantoro Limited (Pantoro), whereby Pantoro has effectively guaranteed usage of a minimum of 80% of the rooms, which at an 80% usage would equate to a term of approximately 6.25 years. The security of this contract means that the village operates on a lower margin than the South Hedland facility, with a six-month EBITDA of \$1.8 million, in line with our expectations.

GDI has recognised an aggregate share of net profit before tax from the Co-living JV of \$3.7 million, and net profit after tax of \$3.2 million for the half-year ended 31 December 2023.

The expertise of the Co-living JV's management team and our Joint Venture Partner has yielded strong initial results. We look forward to expanding the operations of the Co-living JV and are actively pursuing a number of potential acquisitions.

2.1 (d) Operating costs

Operating costs predominately relate to remuneration, including an accrual of \$500,000 for staff bonuses and the expenses related to the vesting of outstanding performance rights.

2.1 (e) Net interest expense

During the half-year ended 31 December 2023, GDI executed a new Syndicated Facility agreement with two tier 1 financiers, extending the term and overall facility limit of GDI's Principal Facility. The Principal Facility now has a term maturity date of December 2026 (previously, July 2024) and an overall facility limit of \$376.5 million (previously, \$351.5 million).

The extension and increase of the Principal Facility delivers on GDI's stated strategic objectives of both diversifying its funding sources and putting in place through cycle funding. The \$25.0 million increase in the Principal Facility provides GDI with additional capacity to capitalise on the leasing momentum in the Perth market in general, and GDI's portfolio specifically.

Including the interest expense of the consolidated trusts, the interest expense for the period totalled \$8.9 million (31 December 2022: \$5.0 million). The increase in GDI's net interest expense is primarily attributable to the increased cost of debt.

Although the interest expense of the consolidated trusts is included in the statutory accounts, it is not included in GDI's FFO. The interest expense relating to the construction of WS2 is capitalised for accounting purposes until the building is operating in the manner intended by management.

GDI PROPERTY GROUP

DIRECTORS' REPORT

For the six-month period ended 31 December 2023

2.2 Financial position

2.2 (a) Balance sheet

GDI's balance sheet is in a strong financial position. As at 31 December 2023:

- Net tangible asset (NTA) per security is \$1.20 (30 June 2023: \$1.25)
- Gearing ratio of 32%; and
- Total Principal Facility debt outstanding is \$322.1 million, with undrawn facilities of \$49.4 million to facilitate capital expenditure requirements.

2.2 (b) Capital management

GDI is within its Principal Facility covenants, with a Covenant Loan to Value ratio of 37.8% (Covenant 50%) and a Covenant Interest Cover ratio of 2.01X (Covenant of 1.50X).

As GDI No. 42 Office Trust and GDI No. 46 Property Trust are both consolidated into the statutory accounts of GDI, their facilities are also shown in GDI's accounts. GDI No. 42 Office Trust has drawn debt of \$10.0 million, 19.6% of the independent value of the asset held by GDI No. 42 Office Trust, and undrawn debt of \$1.5 million, with an expiry July 2024. GDI No. 46 Property Trust has drawn debt of \$30.0 million, 21.3% of the independent value of the Autoleague Portfolio, with an expiry of February 2025.

During FY23, GDI established a dividend reinvestment plan and activated it for the FY23 final distribution. In total, 4,427,665 new securities were issued in accordance with the terms of the distribution reinvestment plan. GDI also issued 387,330 new securities in satisfaction of FY20 performance rights that vested.

No securities were purchased and bought back under GDI's on-market security buyback programme during the period.

Securities on issue now total 536,407,358.

2.2 (c) Hedging

During the period, GDI acquired further interest rate protection as follows:

- Interest rate caps on \$150.0 million of debt at BBSY of no greater than 4.25% until 31 December 2023 (now expired);
- Interest rate caps on \$200.0 million of debt at BBSY of no greater than 4.25% until 31 December 2024;
- Interest rate caps on \$100.0 million of debt at BBSY of no greater than 4.25% until 30 June 2025; and
- Interest rate swap on \$75.0 million at a fixed BBSY of 4.55% until 31 December 2025.

GDI has \$325.0 million of interest rate protection for calendar year 2024, \$175.0 million of protection until 30 June 2025 and \$75.0 million of protection until 31 December 2025.

At 31 December 2023, neither GDI No. 42 Office Trust nor GDI No. 46 Property Trust had any interest rate hedges or fixed rate borrowings.

2.3 Post balance date

No matter or circumstance has arisen since 31 December 2023 that has significantly affected or may significantly affect:

- GDI's operations in future years;
- the results of these operations in future years; or
- GDI's state of affairs in future years.

GDI PROPERTY GROUP

DIRECTORS' REPORT

For the six-month period ended 31 December 2023

3. Future prospects

GDI's existing portfolio of assets in both the Property business and the Funds Management business provide significant scope for capital appreciation. To achieve this, we specifically intend to:

- Build on the leasing success achieved year to date and remain focused on successfully leasing most of the remaining vacancy across the portfolio.
- Secure pre-commitments for new developments at 1 Mill Street and the Wellington Street carpark to capitalise on existing development application approvals.
- Continue our active exploration of opportunities to add value to the portfolio by developing lightweight steel and timber buildings on existing assets.
- Attain sufficient scale and diversity in the Co-living JV through pursuing a number of potential acquisitions to add to the accommodation portfolio, and once achieved, bring a new fund opportunity to our investor base.

4. Distribution guidance

We confirm that it is our intent to pay a cash distribution of not less than 5.00 cents per security for FY24, regardless of our level of FFO, subject to no material change in circumstances or unforeseen events, noting that the cash distribution for the six-month period ended 31 December 2023 was 2.50 cents per security. As with the period ended 31 December 2023, we expect that a proportion of any cash distribution for the second half of FY24 will be paid out of capital.

5. Rounding of amounts

Amounts in the financial report and the Directors' report have been rounded to the nearest thousand in accordance with ASIC Corporations Instrument 2016/191, unless stated otherwise.

6. 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 8.

Signed in accordance with a resolution of the Directors of GDI Property Group Limited and GDI Funds Management Limited.



Gina Anderson
Chairman



Stephen Burns
Managing Director & Chief Executive Officer

Sydney
Dated this 19th day of February 2024

GDI PROPERTY GROUP
AUDITOR'S INDEPENDENCE DECLARATION



AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF GDI PROPERTY GROUP LIMITED AND
GDI FUNDS MANAGEMENT LIMITED AS RESPONSIBLE ENTITY FOR GDI PROPERTY TRUST

In accordance with Section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of GDI Property Group Limited and GDI Funds management Limited as responsible entity for GDI Property Trust.

As the lead audit partner for the review of the financial report of GDI Property Trust and GDI Property Group Limited and their controlled entities (collectively "GDI Property Group") for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 19 February 2024

ADELAIDE	BRISBANE	DARWIN	MELBOURNE	PERTH	SYDNEY
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GDI PROPERTY GROUP

FINANCIAL REPORT

For the six-month period ended 31 December 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Half year ended 31 December	Note	GDI		Trust	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Revenue from ordinary activities					
Property income	2	31,066	30,776	29,866	29,579
Funds management income		1,217	1,193	-	-
Interest income		219	155	1,234	151
Total revenue from ordinary activities		32,502	32,125	31,101	29,729
Share of net profits from joint ventures	6	3,169	-	494	-
Net fair value (loss) on interest rate swaps		(4,194)	(772)	(4,194)	(772)
Net fair value (loss) on investment property	5	(13,427)	(9,442)	(13,427)	(9,442)
Total income		18,049	21,911	13,973	19,515
Expenses					
Property expenses		11,631	10,764	11,127	10,345
Finance costs	3	8,878	4,996	8,875	5,011
Corporate and administration expenses		4,619	4,486	2,794	2,745
Provision for impairment of debts		188	-	188	-
Restructure costs		281	-	281	-
Acquisition expenses		-	10	-	10
Loss on sale of non-current asset		-	122	-	122
Total expenses		25,596	20,379	23,265	18,234
(Loss)/profit before tax		(7,547)	1,532	(9,292)	1,281
Income tax benefit/(expense)		219	(64)	-	-
Net (loss)/profit for the period		(7,328)	1,468	(9,292)	1,281
Other comprehensive (loss)		(59)	(18)	(59)	(18)
Total comprehensive (loss)/income for the period		(7,388)	1,450	(9,352)	1,262
Profit and total comprehensive income attributable to:					
Company shareholders		1,964	187	-	-
Trust unitholders		(13,731)	(293)	(13,731)	(293)
Total comprehensive (loss) attributable to ordinary securityholders		(11,767)	(106)	(13,731)	(293)
External non-controlling interests – consolidated trusts		4,379	1,556	4,379	1,556
Total comprehensive (loss)/income for the period		(7,388)	1,450	(9,352)	1,262
Basic earnings per stapled security/trust unit		(2.20)	(0.02)	(2.56)	(0.06)
Diluted earnings per stapled security/trust unit		(2.19)	(0.02)	(2.55)	(0.06)

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP

FINANCIAL REPORT

As at 31 December 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		GDI		Trust	
		31 December 2023	30 June 2023	31 December 2023	30 June 2023
	Note	\$'000	\$'000	\$'000	\$'000
Current assets					
Cash and cash equivalents		8,900	8,228	7,235	5,931
Trade and other receivables		2,005	2,221	1,674	1,755
Other assets	4	11,344	8,228	35,099	31,608
Derivative financial instruments		532	730	532	730
Right of use asset		140	280	-	-
Total current assets		22,921	19,687	44,541	40,025
Non-current assets					
Investment properties	5	1,049,135	1,051,157	1,049,135	1,051,157
Plant and equipment		305	286	237	237
Deferred tax assets		1,238	1,002	-	-
Investment in joint ventures	6	37,318	34,149	11,770	11,276
Investment in associates		2,103	3,483	2,104	3,483
Derivative financial instruments		245	1,139	245	1,139
Intangible assets		18,110	18,110	-	-
Total non-current assets		1,108,455	1,109,326	1,063,490	1,067,292
Total assets		1,131,376	1,129,013	1,108,031	1,107,317
Current liabilities					
Borrowings	7	10,000	-	10,000	-
Trade and other payables		22,513	18,344	21,588	17,168
Lease liability		145	288	-	-
Provisions		609	554	-	-
Total current liabilities		33,267	19,186	31,588	17,168
Non-current liabilities					
Borrowings	7	351,155	344,741	351,130	344,716
Derivative financial instruments		1,012	-	1,012	-
Lease liability		-	-	-	-
Provisions		46	109	-	-
Other liabilities		9	17	-	-
Total non-current liabilities		352,221	344,867	352,142	344,716
Total liabilities		385,488	364,053	383,730	361,883
Net assets		745,888	764,960	724,301	745,433
Equity					
Contributed equity		21,971	21,888	496,084	493,081
Reserves		151	138	3,335	3,039
Retained profits		(534)	(2,498)	142,280	169,421
Equity attributable to equity holders of the Company/ Trust		21,587	19,527	641,699	665,541
Non-controlling interests					
Unitholders of the Trust					
Contributed equity		496,084	493,081	-	-
Reserves		3,335	3,039	-	-
Retained profits		142,280	169,421	-	-
Total equity attributable to trust unitholders		641,699	665,541	-	-
Equity attributed to holders of stapled securities		663,287	685,068	-	-
External non-controlling interest					
Contributed equity		64,625	64,625	64,625	64,625
Retained profits		17,977	15,268	17,977	15,268
Total equity attributable to external non-controlling interest		82,602	79,892	82,602	79,892
Total equity		745,888	764,960	724,301	745,433

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP

FINANCIAL REPORT

As at 31 December 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to securityholders of GDI						
	Contributed equity	Reserves	Retained earnings	Total	Non-controlling interest (Trust)	External non-controlling interest (consolidated trusts)	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2022	22,007	223	(3,770)	18,460	678,804	80,339	777,603
Comprehensive income							
Profit for the period	-	-	187	187	(275)	1,556	1,468
Other comprehensive income	-	-	-	-	(18)	-	(18)
Total comprehensive income for the period	-	-	187	187	(293)	1,556	1,450
Transactions with securityholders in their capacity as securityholders							
Security-based payments expense	-	63	-	63	1,401	-	1,464
Transfer from security-based payment reserve	-	(70)	70	-	-	-	-
Settlement of performance rights	-	(17)	-	(17)	(380)	-	(397)
Issue and formation costs	-	-	-	-	-	-	-
On market buy-back	(120)	-	-	(120)	(2,647)	-	(2,767)
Settlement of dividend reinvestment plan	-	-	-	-	-	-	-
Distributions paid/payable	-	-	-	-	(13,290)	(2,014)	(15,304)
Total transactions with securityholders in their capacity as securityholders	(120)	(24)	70	(74)	(14,916)	(2,014)	(17,003)
Balance as at 31 December 2022	21,888	199	(3,513)	18,573	663,595	79,881	762,049
Balance as at 1 July 2023	21,888	138	(2,498)	19,527	665,541	79,892	764,960
Comprehensive income							
Profit for the period	-	-	1,964	1,964	(13,671)	4,379	(7,328)
Other comprehensive income	-	-	-	-	(59)	-	(59)
Total comprehensive income for the period	-	-	1,964	1,964	(13,731)	4,379	(7,388)
Transactions with securityholders in their capacity as securityholders							
Security-based payments expense	-	24	-	24	533	-	557
Transfer from security-based payment reserve	-	-	-	-	-	-	-
Settlement of performance rights	11	(11)	-	-	-	-	-
Issue and formation costs	(53)	-	-	(53)	-	-	(53)
Settlement of dividend reinvestment plan	125	-	-	125	2,766	-	2,892
On market buy-back	-	-	-	-	-	-	-
Distributions paid/payable	-	-	-	-	(13,410)	(1,670)	(15,080)
Total transactions with securityholders in their capacity as securityholders	83	13	-	97	(10,111)	(1,670)	(11,684)
Balance as at 31 December 2023	21,971	151	(534)	21,587	641,699	82,602	745,888

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP
FINANCIAL REPORT

As at 31 December 2023

	Equity attributable to unitholders of the Trust				External non-controlling interest (consolidated trusts)	Total equity
	Contributed equity	Reserves	Retained earnings	Total equity attributable to unitholders of the Trust		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2022	495,728	4,917	178,159	678,804	80,339	759,143
Comprehensive income						
Profit for the period	-	-	(275)	(275)	1,556	1,281
Other comprehensive income	-	-	(18)	(18)	-	(18)
Total comprehensive income for the period	-	-	(293)	(293)	1,556	1,262
Transactions with unitholders in their capacity as unitholders						
Security-based payments expense	-	1,401	-	1,401	-	1,401
Transfer from security-based payment reserve	-	(1,546)	1,546	-	-	-
Settlement of performance rights	-	(380)	-	(380)	-	(380)
Issue and formation costs	-	-	-	-	-	-
Settlement of dividend reinvestment plan	-	-	-	-	-	-
On market buy-back	(2,647)	-	-	(2,647)	-	(2,647)
Distributions paid/payable	-	-	(13,290)	(13,290)	(2,014)	(15,304)
Total transactions with unitholders in their capacity as unitholders	(2,647)	(525)	(11,744)	(14,916)	(2,014)	(16,930)
Balance as at 31 December 2022	493,081	4,392	166,122	663,595	79,881	743,476
Balance as at 1 July 2023	493,081	3,039	169,421	665,541	79,892	745,433
Comprehensive income						
Profit for the period	-	-	(13,671)	(13,671)	4,379	(9,292)
Other comprehensive income	-	-	(59)	(59)	-	(59)
Total comprehensive income for the period	-	-	(13,731)	(13,731)	4,379	(9,352)
Transactions with unitholders in their capacity as unitholders						
Security-based payments expense	-	533	-	533	-	533
Transfer from security-based payment reserve	-	-	-	-	-	-
Settlement of performance rights	236	(236)	-	-	-	-
Issue and formation costs	-	-	-	-	-	-
Settlement of dividend reinvestment plan	2,766	-	-	2,766	-	2,766
On market buy-back	-	-	-	-	-	-
Distributions paid/payable	-	-	(13,410)	(13,410)	(1,670)	(15,080)
Total transactions with unitholders in their capacity as unitholders	3,003	296	(13,410)	(10,111)	(1,670)	(11,781)
Balance as at 31 December 2023	496,084	3,335	142,280	641,699	82,602	724,301

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP

FINANCIAL REPORT

For the six-month period ended 31 December 2023

CONSOLIDATED STATEMENT OF CASH FLOWS

	GDI		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Half year ended 31 December				
Cash flows from operating activities				
Receipts in the course of operations	39,060	38,021	36,668	35,299
Payments in the course of operations	(16,179)	(23,310)	(14,102)	(21,166)
Interest received	219	155	1,234	151
Interest paid	(8,533)	(5,273)	(8,531)	(5,267)
Net cash inflow from operating activities	14,567	9,594	15,270	9,015
Cash flows from investing activities				
Proceeds from the sale of investment properties	-	1,118	-	1,118
Proceeds from Co-living JV	1,500	-	1,500	-
Payments for other capitalised costs	(742)	(751)	(689)	(751)
Payments for capital expenditure	(12,885)	(11,589)	(12,885)	(11,589)
Payment of tenant incentives and leasing costs	(4,897)	(3,551)	(4,897)	(3,551)
Payments for investment properties under construction	-	(20,572)	-	(20,572)
Loan to associated entities	-	(6,005)	-	(5,649)
Repayment of loans from associated entities	1,101	5,198	907	4,728
Net cash used in investing activities	(15,924)	(36,153)	(16,065)	(36,267)
Cash flows from financing activities				
Proceeds from borrowings	17,000	53,465	17,000	53,465
Payments for the on-market buy-back of securities	-	(2,767)	-	(2,647)
Payment of loan transaction costs	(854)	(5)	(854)	(5)
Settlement of performance rights	-	(397)	-	(380)
Payment for derivative financial instruments	(2,090)	(123)	(2,090)	(123)
Principal reduction in lease liabilities	(143)	(141)	-	-
Payment of distributions to securityholders/unitholders	(11,884)	(22,690)	(11,957)	(22,690)
Net cash from financing activities	2,028	27,343	2,099	27,620
Net increase in cash and cash equivalents	672	784	1,304	369
Cash and cash equivalents at beginning of period	8,228	12,570	5,931	10,653
Cash and cash equivalents at the end of the period	8,900	13,354	7,235	11,022

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2023

NOTE 1 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

GDI Property Group (“GDI”) was formed by the stapling of GDI Property Group Limited (the “Company”) and GDI Property Trust (the “Trust”). The Responsible Entity of the Trust is GDI Funds Management Limited, a wholly owned subsidiary of the Company. The Group was established for the purpose of facilitating a joint quotation of the Company and the Trust on the ASX. The constitutions of the Company and the Trust, together with a Co-operation Deed dated 25 November 2013, ensure that for so long as the two entities remain jointly quoted, the number of units in the Trust and shares in the Company shall be equal and the unitholders and the shareholders be identical. Both the Responsible Entity of the Trust and the Company must at all times act in the best interests of the Group.

The Company has been deemed the parent entity of the Trust. The consolidated financial statements and notes represent those of the Company and its controlled entities, including the Trust and its controlled entities as the deemed acquiree. The financial report includes separate financial statements for:

- the Group, consisting of the Company, the Trust and their controlled entities; and
- the Trust, consisting of GDI Property Trust and its controlled entities.

The half yearly financial statements are authorised for issue on 19 February 2024 by the Directors of the Company and the Responsible Entity of the Trust.

(a) Basis of preparation

These general purpose interim financial statements for the half year ended 31 December 2023 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This half year financial report is intended to provide users with an update on the latest annual financial statements of the Group and its controlled entities and GDI Property Trust and its controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the financial year ended 30 June 2023, together with any ASX announcements made during the following half year.

(b) Consolidated financial statements

The half yearly financial report of the Company and its subsidiaries and the Trust and its subsidiaries have been presented jointly in accordance with ASIC Class Order 13/1050 relating to combining or consolidating accounts under stapling and for the purpose of fulfilling the requirements of the Australian Securities Exchange (“ASX”).

The shares of the Company and the units in the Trust are stapled and issued as stapled securities of GDI. Whilst the shares and units are stapled, they cannot be traded separately and can only be traded as stapled securities. The stapling occurred on 16 December 2013, with trading on the ASX commencing on 17 December 2013.

The stapling has been accounted for pursuant to AASB 3: *Business Combinations*. The Company has been identified as the acquirer of the Trust whereby the Trust’s net assets are attributed to the trust unitholders. In this regard, the unitholders are treated as the non-controlling interest in the post-stapled financial statements of GDI, despite the fact that such owners also have an equal interest in the Company.

(c) Accounting policies

The same accounting policies and methods of computation have been followed in this half year financial report as were applied in the most recent annual financial statements.

GDI PROPERTY GROUP**NOTES TO THE FINANCIAL STATEMENTS**

For the six-month period ended 31 December 2023

NOTE 2 – PROPERTY INCOME

	GDI		Trust	
	2023	2022	2023	2022
Half year ended 31 December	\$'000	\$'000	\$'000	\$'000
Property revenue				
Rent and recoverable outgoings	36,139	34,748	34,939	33,550
Amortisation of leasing costs and incentives	(5,073)	(3,972)	(5,073)	(3,972)
Total property income	31,066	30,776	29,866	29,579

NOTE 3 – FINANCE COSTS

	GDI		Trust	
	2023	2022	2023	2022
Half year ended 31 December	\$'000	\$'000	\$'000	\$'000
Finance costs				
Interest paid / payable	8,878	4,996	8,875	5,011
Total finance costs	8,878	4,996	8,875	5,011

NOTE 4 – OTHER ASSETS

	GDI		Trust	
	31 December	30 June	31 December	30 June
	2023	2023	2023	2023
Other Assets	\$'000	\$'000	\$'000	\$'000
Prepayments	4,524	525	4,241	62
Development works in progress	2,550	2,332	2,550	2,332
Loans to managed funds	4,270	5,371	4,270	5,051
Loans to related parties	-	-	24,038	24,163
Total other assets	11,344	8,228	35,099	31,608

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2023

NOTE 5 – INVESTMENT PROPERTIES

	GDI		Trust	
	31 December 2023	30 June 2023	31 December 2023	30 June 2023
a) Investment properties at fair value	\$'000	\$'000	\$'000	\$'000
<i>Movement in investment properties</i>				
Balance at beginning of the period	1,051,157	1,008,376	1,051,157	1,008,376
Additions – Investment property	-	25,567	-	25,567
Capital works				
- Property improvements	10,964	9,605	10,964	9,605
- Maintenance capital (GDI Property Trust)	576	6,823	576	6,823
- Maintenance capital (consolidated trusts)	332	473	332	473
Straight-lining of rental income	(293)	(979)	(293)	(979)
Leasing costs	1,951	3,017	1,951	3,017
Amortisation of leasing costs	(619)	(828)	(619)	(828)
Net gain/(loss) from fair value adjustments	(13,427)	(1,097)	(13,427)	(1,097)
Incentives paid (GDI Property Trust)	2,303	8,536	2,303	8,536
Incentives paid (consolidated trusts)	639	-	639	-
Non-cash incentives paid	82	55	82	55
Amortisation of incentives (GDI Property Trust)	(4,332)	(8,291)	(4,332)	(8,291)
Amortisation of incentives (consolidated trusts)	(117)	(91)	(117)	(91)
Impact of COVID-19	(81)	(9)	(81)	(9)
Balance	1,049,135	1,051,157	1,049,135	1,051,157

b) Valuation basis

The basis of valuation of investment properties is fair value, being the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. All non-current investment properties have been independently valued in the last twelve months based on independent assessments by a member of the Australian Property Institute of Valuers.

The table below illustrates the key valuation assumptions used in the determination of the investment properties fair value.

<i>Valuation basis</i>	31 December 2023	30 June 2023
Weighted average capitalisation rate ¹ (%)	6.6%	6.6%
Weighted average lease expiry by area ^{1,2} (years)	5.7 years	5.2 years
Occupancy ^{1,2}	85.6%	82.5%

Ten-year discounted cash flows and capitalisation valuation methods are used together with active market evidence. In addition to the key assumptions set out in the table above, assumed portfolio downtime ranges from 12 to 24 months and tenant retention of 50%.

c) Assets pledged as security

Borrowings (refer Note 7) are secured by a General Security Agreement (GSA) over each entity plus charges over any building document, lease document, performance bond and bank guarantee in addition to a real property mortgage over each property.

1. Excludes 1 Mill Street, but includes the small commercial tenancies at the Perth CBD carparks and the showrooms in the Autoleague portfolio.

2. Based on NLA and including Heads of Agreement to the date of this report.

GDI PROPERTY GROUP**NOTES TO THE FINANCIAL STATEMENTS**

For the six-month period ended 31 December 2023

d) Details of investment properties

The following table presents individual properties owned by GDI and the Trust:

	Title	Acquisition date	Acquisition price \$'000	Independent valuation date	Independent valuation \$'000	Carrying amount 31 December 2023 \$'000	Fair value adjustment \$'000
Investment properties							
Westralia Square, Perth	Freehold	27 October 2017	216,250	31 December 2023	379,000	379,000	5,213
WS2, Perth	Freehold	13 June 2023	67,494	31 December 2023	94,000	94,000	1,024
197 St Georges Terrace, Perth	Freehold	16 December 2013	233,316	31 December 2023	205,000	205,000	(12,659)
5 Mill Street, Perth	Freehold	16 December 2013	53,323	31 December 2023	54,000	54,000	(4,008)
1 Mill Street, Perth	Freehold	16 December 2013	46,017	31 December 2023	38,300	38,300	2,300
180 Hay Street, Perth	Freehold	31 July 2020	12,595	31 December 2023	18,750	18,750	(1,801)
Murray Street carpark, Perth	Freehold	22 December 2021	38,250	31 December 2023	42,900	42,900	291
Wellington Street carpark, Perth	Freehold	22 December 2021	30,250	31 December 2023	24,400	24,400	(7,852)
Autoleague Portfolio, Perth	Freehold	14 February 2020	98,000	31 December 2023	140,575	140,575	4,064
235 Stanley Street, Townsville	Freehold	16 June 2016	53,500	31 December 2022	51,000	52,210	-
Total investment properties					1,047,925	1,049,135	(13,427)

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2023

NOTE 6 – INVESTMENTS IN JOINT VENTURES

a) Information about joint ventures:

GDI has a 49.99% interest (30 June 2023: 49.99%) in Resource Accommodation Management Pty Ltd and a 50% (30 June 2023: 50%) interest in RAM Operations Pty Ltd, GDI Tulla Investment Management Pty Ltd and the Co-living Accommodation Trust 1 (held by the Trust). The joint ventures are collectively described as the Co-living JV.

The Co-living JV owns and operates Co-living mining accommodation facilities in Norseman and South Hedland, Western Australia. GDI's interest in the Co-living JV represents a strategic investment and compliments both GDI's Property and Funds Management businesses.

GDI and the Trust's interests are accounted for using the equity method in the consolidated financial statements. Summarised information of the Co-living JV and reconciliation with the carrying amount of the investment are set out below:

b) Summarised statement of financial position of the Co-living joint venture:

	GDI		Trust	
	31 December 2023 \$'000	30 June 2023 \$'000	31 December 2023 \$'000	30 June 2023 \$'000
Current assets	7,346	4,964	304	553
Non-current assets	57,661	52,230	30,057	26,622
Current liabilities	(3,880)	(3,687)	(155)	(70)
Non-current liabilities	(7,922)	(6,638)	(6,666)	(4,553)
Equity	53,205	46,868	23,540	22,553
GDI's share in equity	26,603	23,434	11,770	11,276
Goodwill	10,715	10,715	-	-
Carrying amount of the investment	37,318	34,149	11,770	11,276

c) Summarised statement of profit or loss of the Co-living joint venture:

Half year ended 31 December	GDI		Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Revenue from contracts with customers	19,100	-	1,668	-
Cost of sales	(2,626)	-	-	-
Operating expenses	(8,936)	-	(486)	-
Interest expense	(201)	-	(194)	-
Profit before tax	7,337	-	988	-
Income tax expense	(1,000)	-	-	-
Total comprehensive income for the year	6,337	-	988	-
Total share of net profits	3,169	-	494	-
Total share of net profit before tax	3,669	-	494	-

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2023

d) Reconciliation of the Co-living joint venture to carrying amounts:

	GDI		Trust	
	31 December 2023 \$'000	30 June 2023 \$'000	31 December 2023 \$'000	30 June 2023 \$'000
GDI's share of opening net assets	34,149	-	11,276	-
Investments during the period	-	33,000	-	11,000
GDI's share of net profits for the year	3,169	1,149	494	276
Carrying amount of the investment	37,318	34,149	11,770	11,276

The Co-living joint venture had no contingent liabilities or commitments as at 31 December 2023. Profits from the Co-living joint venture cannot be distributed without consent from the two joint venture partners.

NOTE 7 – BORROWINGS

Borrowings shown below are net of transaction costs which are amortised over the term of the loan.

Interest bearing liabilities	GDI		Trust	
	31 December 2023 \$'000	30 June 2023 \$'000	31 December 2023 \$'000	30 June 2023 \$'000
Borrowings				
<i>Secured liabilities: current</i>				
Loans - financial institutions	10,000	-	10,000	-
Transaction costs	-	-	-	-
Total current borrowings	10,000	-	10,000	-
<i>Secured liabilities: non-current</i>				
Capital Loan Agreement ⁴	30,000	30,000	30,000	30,000
Loans - financial institutions	322,106	315,106	322,106	315,106
Transaction costs	(951)	(365)	(976)	(390)
Total non-current borrowings	351,155	344,741	351,130	344,716
Total borrowings	361,155	344,741	361,130	344,716

Borrowings of the Group and the Trust are the same and details at balance date are set out below:

Borrowing details					
Facility	Secured	Maturity date	Facility \$'000	Utilised \$'000	Unutilised \$'000
Principle Facility Tranche A ¹	Yes	December 2026	346,500	317,106	29,394
Principle Facility Tranche B ¹	Yes	December 2026	25,000	5,000	20,000
Bank Bill Business Loan ²	Yes	July 2024	11,500	10,000	1,500
Capital Loan Agreement ³	Yes	February 2025	30,000	30,000	-
Total borrowings available to draw			413,000	362,106	50,894
Principle Facility Bank Guarantee ^{1,4}	Yes	December 2026	5,000	-	-
Total borrowings			418,000	362,106	50,894

1. Principle Facility Tranche A, B and the Bank Guarantee are secured by first registered mortgages over the wholly owned investment properties held by GDI and a registered GSA over the assets of GDI. Interest is payable quarterly in arrears at variable rates based on either the 30 or 90 day BBSY. Line fees are payable quarterly in arrears.
2. The Bank Bill Business Loan relates to GDI No. 42 Office Trust and is secured against the assets of that trust.
3. The Capital Loan Agreement relates to GDI No. 46 Property Trust and is secured against the assets of that trust. Interest is paid monthly in arrears at variable rates.
4. GDI also has a \$5 million bank guarantee supporting the financial requirements of GDI Funds Management Limited's AFS Licence. This is undrawn and cannot be used for general working capital purposes.

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2023

NOTE 8 – DIVIDENDS/DISTRIBUTIONS PAID/PAYABLE

a) Dividends paid / payable by the Company

There were no dividends paid or payable by the Company in respect of the period ended 31 December 2023.

b) Distributions paid / payable by the Group / Trust

	GDI	Trust
	Half year ended December 2023	Half year ended December 2023
Distributions paid / payable by the Group / Trust	cents/security	cents/unit
31 August 2023	2.500	2.500
29 February 2024	2.500	2.500

NOTE 9 – SEGMENT REPORTING

a) Identification of reportable segments

GDI

The Chief Operating Decision Maker (CODM) has been identified as the Board of Directors as they are responsible for the strategic decision making within GDI. The following summary describes the operations in each of the GDI's operating segments:

Operating segments	Products/Services
Property	Investment and management of income producing properties
Funds management	Establishment and management of property investment vehicles
Co-living JV	Ownership, management and syndication of Co-living mining accommodation

The Board assesses the performance of each operating sector based on FFO. FFO is a global financial measure of the real estate operating performance after finance costs and taxes, adjusted for certain non-cash items. The Directors consider FFO to be a measure that reflects the underlying performance of GDI. GDI's FFO comprises net profit/loss after tax calculated in accordance with the Australian Accounting Standards and adjusted for property revaluations, impairments, derivative mark to market impacts, amortisation of tenant incentives, straight line rent adjustments, gain/loss on sale of assets, deferred tax expense/ benefit and rental guarantees.

Trust

The Trust operates in predominately one operating segment being property investment.

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2023

b) Segment information

(i) Segment performance

	Property	Funds management	Co-living JV	Reviewed but unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Half year ended 31 December 2023					
Operating earnings					
Net property income	19,436	-	3,169	-	22,604
Funds Management income	-	1,217	-	-	1,217
Total operating earnings	19,436	1,217	3,169	-	23,821
FFO adjustments					
Straight-lining rental income	293	9	-	-	302
Amortisation and depreciation	5,073	-	-	5	5,078
Adjustment for consolidated funds	(6,350)	1,869	-	30	(4,451)
FFO pre corporate, administration and interest expenses / income	18,452	3,095	3,169	34	24,750
+/- corporate, administration and interest expense / income					
Interest paid	(7,183)	-	-	-	(7,183)
Interest income	207	8	-	-	215
Corporate and administration expenses / Restructure costs	(2,981)	-	-	(1,826)	(4,807)
Other comprehensive income	-	(60)	-	-	(60)
Income tax (expense)/benefit	-	219	-	-	219
Total FFO	8,494	3,262	3,169	(1,791)	13,133
+/- AIFRS adjustments from FFO to profit after tax from ordinary activities					
Net fair value gain / (loss) on investment properties	(13,427)	-	-	-	(13,427)
Net fair value gain / (loss) on interest rate swaps	(4,194)	-	-	-	(4,194)
Straight-lining rental income	(293)	-	-	-	(293)
Corporate and administration expenses / Restructure costs	-	-	-	(290)	(290)
Amortisation of leasing fees and incentives	(5,073)	-	-	-	(5,073)
Amortisation of loan establishment costs	(401)	-	-	-	(401)
Depreciation	-	-	-	(5)	(5)
Adjustment for consolidated trusts	5,031	(1,869)	-	-	3,162
Acquisition costs	-	-	-	-	-
Gain / (Loss) on sale of non-current asset	-	-	-	-	-
Profit after tax from ordinary activities	(9,863)	1,393	3,169	(2,086)	(7,388)

GDI PROPERTY GROUP
NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2023

	Property	Funds management	Co-living JV	Reviewed but unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Half year ended 31 December 2022					
Operating earnings					
Net property income	20,012	-	-	-	20,012
Funds Management income	-	1,193	-	-	1,193
Total operating earnings	20,012	1,193	-	-	21,205
FFO adjustments					
Straight-lining rental income	513	-	-	5	518
Amortisation and depreciation	3,972	-	-	9	3,981
Adjustment for consolidated funds	(5,477)	2,157	-	77	(3,242)
FFO pre corporate, administration and interest expenses / income	19,019	3,351	-	92	22,462
+/- corporate, administration and interest expense / income					
Interest paid	(3,945)	(5)	-	-	(3,950)
Interest income	151	5	-	-	156
Corporate and administration expenses	(2,745)	-	-	(1,746)	(4,491)
Other comprehensive income	-	(18)	-	-	(18)
Income tax (expense)/benefit	-	(64)	-	-	(64)
Total FFO	12,479	3,268	-	(1,654)	14,094
+/- AIFRS adjustments from FFO to profit after tax from ordinary activities					
Net fair value gain / (loss) on investment properties	(9,442)	-	-	-	(9,442)
Net fair value gain / (loss) on interest rate swaps	(772)	-	-	-	(772)
Straight-lining rental income	(513)	-	-	(5)	(518)
Amortisation of leasing fees and incentives	(3,972)	-	-	-	(3,972)
Amortisation of loan establishment costs	(157)	-	-	-	(157)
Depreciation	-	-	-	(9)	(9)
Adjustment for consolidated trusts	4,515	(2,157)	-	-	2,358
Acquisition costs	(10)	-	-	-	(10)
Gain / (Loss) on sale of non-current asset	(122)	-	-	-	(122)
Profit after tax from ordinary activities	2,007	1,111	-	(1,669)	1,449

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2023

(ii) Segment assets and liabilities

	Property \$'000	Funds management \$'000	Co-living JV \$'000	External non- controlling \$'000	Total \$'000
As at 31 December 2023					
Segment assets and liabilities					
Total assets	960,055	23,345	43,218	104,757	1,131,376
Total liabilities	(355,674)	(1,758)	(5,901)	(22,155)	(385,488)
Net assets	604,381	21,587	37,318	82,602	745,888
As at 30 June 2023					
Segment assets and liabilities					
Total assets	920,012	106,041	-	101,098	1,127,151
Total liabilities	(321,682)	(18,763)	-	(21,746)	(362,190)
Net assets	598,330	87,278	-	79,352	764,960

NOTE 10 – FAIR VALUE MEASUREMENTS

a) Valuation techniques

GDI selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by GDI are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, GDI gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2023

b) Financial instruments

The following table represents a comparison between the carrying amounts and fair values of financial assets and liabilities:

	31 December 2023		30 June 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Financial assets at amortised cost				
Cash and cash equivalents	8,900	8,900	8,228	8,228
Trade and other receivables	2,005	2,005	2,221	2,221
Financial assets at fair value				
Derivative financial instruments	777	777	1,869	1,869
Total financial assets	11,682	11,682	12,318	12,318
Financial liabilities at amortised cost				
Trade and other payables	22,513	22,513	18,344	18,344
Borrowings	361,155	361,155	344,741	344,741
Financial liabilities at fair value				
Derivative financial instruments	1,012	1,012	-	-
Total financial liabilities	384,680	384,680	363,085	363,085

c) Fair value hierarchy

GDI and Trust measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Derivative financial instruments; and
- Investment properties.

GDI and Trust do not subsequently measure any other liabilities (other than derivative financial instruments) at fair value on a non-recurring basis.

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2023

The following tables provide the fair values of GDI's and the Trust's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	As at 31 December 2023			As at 30 June 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements						
<i>Non-financial assets</i>						
Investment properties ¹	-	1,049,135	-	-	1,051,157	-
<i>Financial (liabilities) / assets</i>						
Derivative financial instruments	-	(235)	-	-	1,869	-
Total assets / (liabilities) recognised at fair value on a recurring basis	-	1,048,900	-	-	1,053,026	-

d) Valuation techniques and inputs used to measure Level 2 Fair Values

	31 December 2023 \$'000	30 June 2023 \$'000	Valuation technique	Inputs Used
Financial (liabilities) / assets				
Derivative financial instruments	(235)	1,869	Income approach using discounted cash flow methodology	BBSY swap rate
Non-financial assets				
Investment properties ¹	1,049,135	1,051,157	Market approach using discounted cash flow, rent capitalisation and recent observable market data methodologies	Comparable discount rates, capitalisation rates and price per square metres of NLA

e) Sensitivity information

Significant movement in any one of the inputs listed in the table above may result in a change in the fair value of the GDI's investment properties and non-current assets held for sale as follows:

Inputs	Fair value measurement sensitivity to:	
	Significant increase in input	Significant decrease in input
Discount rate	Decrease	Increase
Capitalisation rate	Decrease	Increase
Assumed market rent per square metre of NLA	Increase	Decrease
Price per square metre of NLA	Increase	Decrease

1. The fair value of Investment properties is determined annually based on valuations by an independent valuer who has recognised and appropriate professional qualifications and recent experience in the location and category of investment property being valued. The total includes investment properties held for sale.

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2023

NOTE 11 – CONTINGENT LIABILITIES

There was no change in the contingent liabilities of GDI and the Trust as at 31 December 2023 since the last annual reporting period.

NOTE 12 – EVENTS AFTER THE REPORTING DATE

No matter or circumstance has arisen since 31 December 2023 that has significantly affected or may significantly affect:

- GDI's operations in future years;
- the results of these operations in future years; or
- GDI's state of affairs in future years.

DIRECTORS' DECLARATION

**GDI Property Group Limited and
GDI Funds Management Limited as Responsible Entity for
GDI Property Trust**

Directors' Declaration

For the six-month period ended 31 December 2023

The Directors of GDI Property Group Limited and GDI Funds Management Limited as Responsible Entity for GDI Property Trust, declare that:

- (a) the financial statements and notes that are set out on pages 9 to 26 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - (ii) giving a true and fair view of the financial position as at 31 December 2023 and of the performance for the half year ended on that date;
- (b) there are reasonable grounds to believe that GDI will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of GDI Property Group Limited and GDI Funds Management Limited.



Gina Anderson
Chairman

Dated this 19th day of February 2024

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE STAPLED SECURITY HOLDERS OF
GDI PROPERTY GROUP LIMITED AND THE UNITHOLDERS OF GDI PROPERTY TRUST

Conclusion

We have reviewed the half-year financial report of GDI Property Trust and GDI Property Group Limited and their controlled entities (collectively "GDI Property Group"), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year then ended, 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 GDI Property Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the GDI Property Group financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
- (b) 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 GDI Property Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

The directors of GDI Property Group Limited and GDI Funds Management Limited, the responsible entity of GDI Property Trust 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.

Auditor's Responsibility for the Review of the Financial Report

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 GDI Property Group's financial position as at 31 December 2023 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*.

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE STAPLED SECURITY HOLDERS OF
GDI PROPERTY GROUP LIMITED AND THE UNITHOLDERS OF GDI PROPERTY TRUST

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.



HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Dated: 19 February 2024