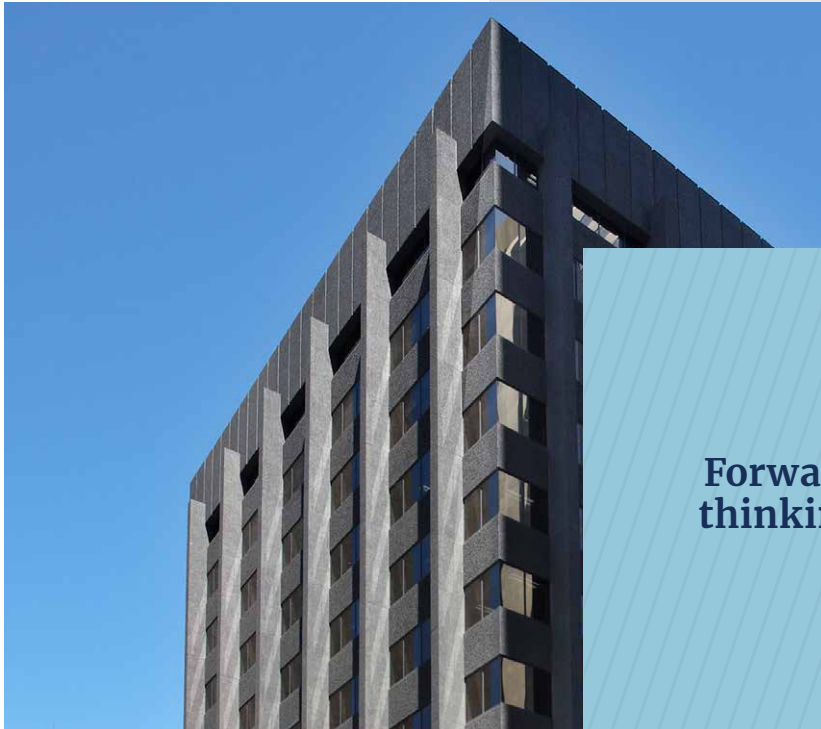


# Annual Report

/ 2022

Linking equity to performance.





**Forward  
thinking.**



**Leading built  
environmental  
innovation.**

# GDI Annual report 2022

## contents

Chairman's letter	2
Managing Director's letter	6
Property portfolio	12
Management team	16
Board of directors	17
Financial report	19



---

### Acknowledgment of Country

GDI acknowledges and pays respect to the past, present and future Traditional Custodians and Elders of this nation and the continuation of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander peoples.



# Chairman's letter

I have great pleasure in presenting GDI's Annual Report for the year ended 30 June 2022 to you, our owners, and other stakeholders.



At the time of writing, Australia appears to be coming off its winter influenza and COVID peaks. Although both still have a disruptive impact on the workforce, Australia and Australians seem to be back to getting on with business. It feels like a long time ago that the Australian states had such a disparity in how COVID impacted them, and how they managed COVID. For most of FY22, Western Australia's borders were shut to the rest of the country. This was a two-edged sword for Perth and its economy. For much of the year, Perth managed to avoid the worst of COVID-19. With only a small number of days where Perth was locked down, most of our tenants were able to operate as normal in FY22. Office usage in the Perth CBD consistently ranked amongst the highest of all Australian cities.



WS1, 141 St Georges Tce

However, once borders reopened, Western Australia suffered from an inevitable COVID wave, and some of our assets, like the two Perth CBD carparks we purchased in December 2021, which I mention later, underperformed during April and May. Pleasingly, occupancy and revenues at both the carparks are now back at levels that indicate that Western Australian's are getting on with business.

The hard border closures made it difficult for domestic and international migration, which meant many Perth based businesses struggled to hire the people they needed to deliver on new work. With this labour shortage now appearing to be a global problem, there does not seem to be an immediate solution. Partly because of this lack of labour, but also due to the uncertainty COVID and border closures created, we have not progressed as we had anticipated with our re-leasing of 197 St Georges Terrace, Westralia Square, 180 Hay Street and 1 Adelaide Terrace (GDI No. 36 Perth CBD Office Trust). However, we continue to believe that Perth will outperform the eastern seaboard CBD office markets and are beginning to see evidence of increased levels of leasing activity in Perth, while at the same time we have anecdotal evidence of some leasing softness in the eastern seaboard CBDs.

Despite the closed borders for most of FY22, we still achieved some outstanding results. In August we settled the sale of 50 Cavill Avenue, Surfers Paradise, for \$113.5 million, and in December we purchased two Perth CBD carparks. The development at WS2 is now nearing completion and most of the capital works at Westralia Square and 180 Hay Street, Perth, are complete. In our Funds Business, we had some leasing successes at 1 Adelaide Terrace (GDI No. 36 Perth CBD Office Trust) and a significant increase in the valuation of our dealership portfolio (GDI No. 46 Property Trust). Our Managing Director will address the highlights for FY22 in his introductory letter.

While workforce practices may become more flexible, I believe the office will continue to play an important role for any organisation. The office provides an organisation with the ability to foster its own identity and culture; promote innovation and productivity improvements through staff collaboration; on-the-job and tacit learnings for junior employees from their more experienced colleagues; marks the boundary between work and home; and enhances the social aspect of work. Importantly, through redevelopment, refurbishment making greater use of technology and new products, our offices today are increasingly environmentally and sustainable and healthier work places.

Although we are somewhat exposed to the broader market dynamics, I believe that our assets have a competitive advantage to attract tenants. Our assets are well located, with four sides of natural light and easily divisible floor plates. We also invest into our assets to improve their efficiencies and reduce tenant outgoings which allows us to not only attract tenants, but to also substantiate more net rent. Overall efficiency gains are made by simple things like replacing lighting with LED lights, upgrading air-conditioning systems that reduce the environmental impact of refrigerants and upgrading lift systems such that they operate more efficiently. This makes both economic sense and reduces the environmental impact of the property.

We are very proud of the strides we have made with our environmental footprint. Most environmental standards used by the property sector measure the operational phase of a property's life. Existing properties have embodied carbon – the carbon created during their construction phase. This carbon can be up to 30% of a typical office property's carbon emissions over its lifecycle, and that does not include a demolition phase. By repurposing and repositioning existing buildings, we conserve the embodied carbon. As far as carbon conservation is concerned our historic asset strategy of continual improvement is demonstrably effective.

During the year we commenced construction of a new office building, WS2, in Perth. WS2 is an approximately 9,500sqm premium office building being constructed from a combination of steel and timber situated on the existing carpark at Westralia Square. This construction brings a step change approach to minimising embodied carbon across our portfolio, and importantly, in our built environment. The two primary areas of focus have been to firstly replace as much concrete as possible with cross laminated timber. Secondly, WS2 borrows structural support from an existing concrete carpark structure beneath it and spare thermal capacity from an adjoining office building (all owned and operated by GDI). These key factors, in combination, have driven an effective embodied carbon reduction of approximately 80% compared to the construction of an equivalent contemporary reinforced concrete building.

ESG is not just about carbon and emissions. Together with this Annual Report we have released our third ESG Report using the reporting principles and disclosures set out in the Global Reporting Initiative (GRI) Standards. The GRI Standards have been issued by the Global Sustainability Standards Board to allow organisations to report on impacts related to environmental, social and governance matters. The ESG Report should be read in conjunction with the separately issued Governance Statement, also released with this Annual Report. This year the ESG Report will also begin the journey of reporting in accordance with the disclosure recommendations of the Taskforce for Climate-related Financial Disclosures. We have also released a voluntary Modern Slavery Statement. Although, as we do not need to comply with the Modern Slavery Act, we will not lodge the Statement with the Australian Border Force.

Also GDI is pleased to play our part as a member of the communities in which we have assets. For example, GDI is the major sponsor of the Salvos' Red Shield Appeal breakfast in Perth and, in addition, this year has begun working with the Aurora Education Foundation to support young First Nations people in the property industry.

We begin FY23 with an uncertain economic backdrop. Interest rates are rising off historical lows and inflation is at 40-year highs. We have deliberately positioned our business to Perth anticipating this economic scenario. We avoided buying assets that aren't able to capture inflation through higher rents and always considered replacement costs when making acquisitions. As building costs rise, we find ourselves with fantastic assets at values that are now significantly below replacement cost, with that value gap to be bridged through leasing. As commodities have historically performed well during times of inflation, and the fact that the greening of the world's economy will be good for WA and Perth, we expect to achieve the necessary leasing successes to create the extra value in our assets. We are now seeing positive activity in Perth and feel the groundwork has been done for a positive year ahead.



Furthermore, I am very comfortable that GDI has the team to be able to execute on our strategy. Steve Gillard our Managing Director is ably supported by a small team of only 12, with everyone making a valuable contribution to the business.

I want to thank all the GDI team for their commitment and endeavour during FY22, and we expect that the hard work over the last couple of years will now bear fruit. Finally, I'd like to thank my fellow board members, Giles Woodgate, John Tuxworth and Stephen Burns, for all their tireless efforts, their wise counsel, and their support.



**Ms Gina Anderson**  
Chairman



Positive  
momentum.



Reshaping  
the market.

Unlock  
value.



# Managing Director's letter

GDI's business model revolves around buying well located properties for below replacement value in markets that we believe will outperform in the medium term. We invest in the properties to improve their appeal, reduce outgoings so we can substantiate more net rent, and improve their environmental performance.

This investment includes capital works, and in some instances, development. As we believe in the markets that we invest and our ability to reposition an asset, we often take leasing risk. As Gina mentioned, unfortunately we are not as progressed as we would have liked with leasing up our existing assets.

However, since April 2022 to the time of writing and following the reopening of the borders, we have signed four new leases (875sqm in total), six lease renewals (3,084sqm in total), have five new heads of agreement (4,169sqm in total) and one small renewal subject to a heads of agreement (87sqm).

Although much of this activity has either been at the smaller end of the tenant market or short term in nature, we are now seeing significant levels of enquiry from larger (1,000+sqm) tenants and we remain very confident in the short and medium-term outlook for the Perth office market generally, and our assets in particular.

Whilst our leasing has not progressed as we would have liked, we still achieved some outstanding outcomes, which I'll discuss below.





## Operational highlights

### WS2

WS2 is an approximately 9,500sqm new office building being constructed from a combination of steel and timber on top of an existing concrete carpark. We are now approximately 70% through the construction timetable, with an estimated completion date of late 2022. Construction remains on budget, but has been delayed two months due to supply constraints, COVID outbreaks and recent inclement weather. We are having numerous discussions with the occupier market and are hopeful of successful leasing outcomes during FY23.



Construction of 9,500sqm new office building



80%  
reduction in  
embodied  
carbon

We have received such positive feedback from the occupier market that we have amended our plans for 1 Mill Street and leveraged our experience gained from WS2. 1 Mill Street currently has approximately 6,600sqm of net lettable area in a traditional four storey reinforced concrete building.

GDI has a DA to demolish 1 Mill Street and another DA for a new approximately 45,000sqm office building on the site. We have now designed a new scheme for an approximately 33,500sqm property at 1 Mill Street, incorporating the existing 6,600sqm building and adding a further approximately 27,000sqm constructed from steel and timber, similar to WS2.

We have also prepared plans for a similar lightweight construction over the Wellington Street carpark purchased in late 2021, which I mention below. Based on our real experiences from WS2 and our ongoing market assessment we believe that we are market leaders in the way we are viewing the opportunities for lightweight steel and timber construction and the consequential enormous reduction in embodied carbon.

sold for **\$113.5m**

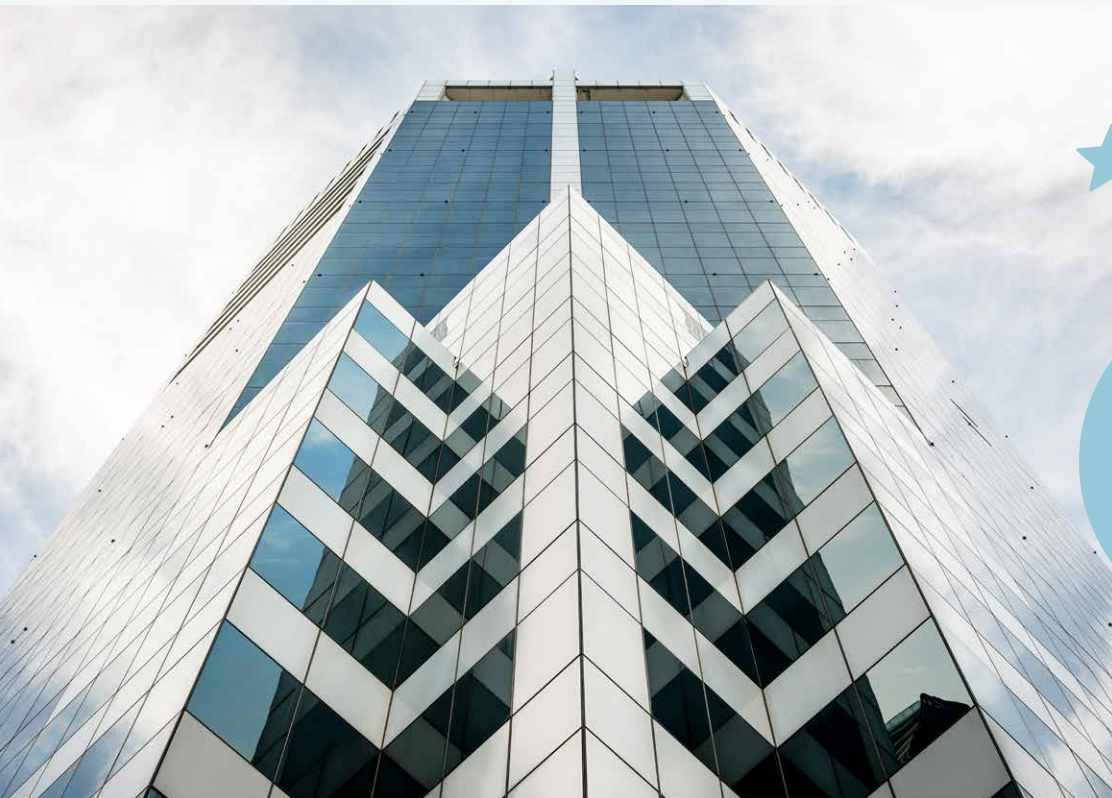
### Sale of 50 Cavill Avenue, Surfers Paradise

50 Cavill Avenue was sold for \$113.5 million on 31 August 2021, having been purchased in February 2016 for \$48.75 million. At the time of acquisition, 50 Cavill Avenue was approximately 54% occupied with no NABERS Energy rating.

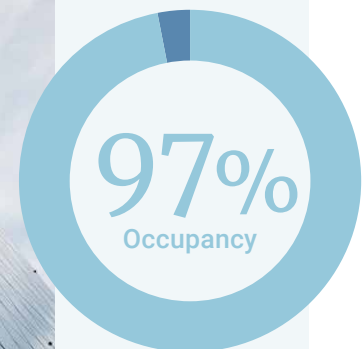
Following an extensive refurbishment and releasing programme, it was sold with a 4.5 Star NABERS Energy rating and occupancy of approximately 97%.

We realised that 50 Cavill Avenue could be the pre-eminent business address on the Gold Coast and we identified opportunities for capital expenditure to improve the assets' appeal, reduce its operating costs and improve its environmental performance.

We were confident that if we did this the occupier market would follow, and we are very pleased with our successes on all these facets.



sold with a  
  
NABERS Energy rating





## Unique investment opportunity

### Acquisition of Perth CBD carparks

In December 2021, we purchased two Perth CBD carparks for a combined consideration of \$68.50 million. The carparks were acquired on an approximately 5% passing yield, with considerable upside anticipated as occupancy and revenues return to pre-pandemic levels.

419 – 431 Murray Street, Perth is a 10-level concrete framed carpark built in 1984 for 839 cars. It is located in the western end of the core CBD with a frontage to Murray Street and access via a right of way to Hay Street. It provides easy access to the Kwinana Freeway network situated to the east and is in near proximity to the Hay Street Mall precinct, several leading hotels and established office buildings including 240 St Georges Terrace, QV1, and GDI's own Mill Green complex. 419 – 431 Murray Street was acquired for \$38.25 million and has been independently valued at \$38.50 million.



301-311 Wellington Street, Perth is a six-level concrete framed carpark built in 1988 for 601 cars. It is located on the south-eastern corner of Wellington and Pier Streets and has easy access to the Graham Farmer Freeway, linking to the greater Perth freeway network. It is in near proximity to Royal Perth hospital, District Courts, the Murray Street Mall precinct, and several leading hotels. 301-311 Wellington Street was acquired for \$30.25 million and has been independently valued at \$30.25 million.

The carparks represent a unique investment opportunity for GDI. With limited new supply of carparking in the Perth CBD, we anticipate the carparks will perform well not only in the medium term but over a considerable period of time. Both carparks also offer medium term change of use potential, given a significant component of the acquisition price is land value. As mentioned above, we have leveraged our experience gained from WS2 to prepare plans for a similar lightweight construction to add approximately 25,000sqm of new office over the Wellington Street carpark and have had several discussions with potential whole of building occupiers.



NTA

**\$1.27** per security

FFO

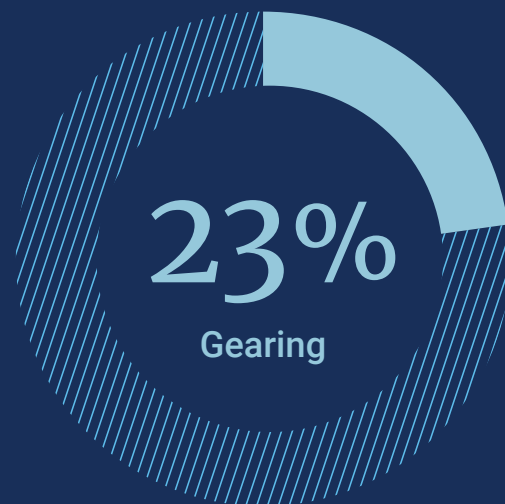
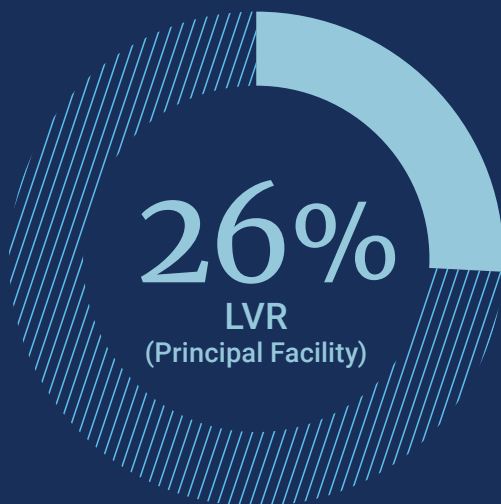
**5.29 cents**  
per security

DISTRIBUTION

**7.75 cents**  
per security

TOTAL RETURN SINCE IPO<sup>1</sup>

**13% p.a.**



1. Measured as movement in NTA per security plus distribution per security, divided by opening NTA.

## Financial outcomes

### Funds From Operation per security

GDI's FFO per security for the year was 5.29 cents (FY21: 5.37 cents), with the decrease from the prior year predominantly as a result of the dilutive impact from the sale of 50 Cavill Avenue, partly offset by a higher contribution from Westralia Square than the prior year and the half year contribution from the Perth CBD carparks.

### Distribution

Notwithstanding the reduction in FFO, GDI was pleased to be able to maintain its level of cash distribution for the year of 7.75 cents per security. We were able to maintain the distribution at prior levels due to our very conservative balance sheet.

### Gearing

GDI has drawn debt of \$206.8 million on its Principal Facility and undrawn debt of \$106.1 million. GDI remains well within its Principal Facility covenants, with a Covenant Loan to Value ratio of 26.0% (Covenant of 50%) and a Covenant Interest Cover ratio of 4.9X (Covenant of 2X).

### NTA

Although we had significant revaluation gains during the year, paying a distribution in excess of our AFFO has resulted in our NTA per security reducing from \$1.28 at 31 December 2021 to \$1.27 at 30 June 2022.

### Hedging

At 30 June we had two \$25.0 million interest rates swaps, one for three years (0.38% expiry May 2023) and one for five years (0.60% expiry May 2025). Post balance date, both these swaps were terminated, with the value created on termination used to acquire interest rate protection on \$100.0 million of debt at BBSY of no greater than 3.0% until 31 December 2023, and a further \$50.0 million of debt at BBSY of no greater than 3.0% until 31 December 2024.

## Guidance for FY23

GDI's business plan is to deliver a consistent 10.0+% total return on equity, measured both annually and on a three-year rolling basis. Total return is measured as NTA growth per security plus distributions per security. This total return could be skewed to distributions per security, or in the alternative, NTA growth per security. However, we do consider that distributions are an important part of an investor's return, particularly from an AREIT, and we have paid a consistent distribution regardless of our level of earnings, FFO or AFFO. An AREIT that buys assets with leasing risk is never going to have consistent earnings, FFO or AFFO, and we have supported the distribution from the proceeds of asset sales (for example, 50 Cavill Avenue, Surfers Paradise) or by utilising our conservative balance sheet.

Our objective is to pay a distribution at levels similar to previous years. However, to do so we will need strong leasing outcomes and/or significant capital transactions, both of which are our main focus in FY23.

## Conclusion

I would personally like to thank the Board and our highly experienced, hard-working team for their continued efforts and support. We are well positioned to crystallise the upside in our existing assets under management and capitalise on future opportunities. With the ongoing support of both the Board and our dedicated staff we believe we can deliver outstanding results for you, our owners.

On behalf of all the team at GDI, I thank you for your support.



**Mr Steven Gillard**  
Managing Director

# Property portfolio



## 197 St Georges Terrace Perth

\$218.0m

Valuation<sup>1</sup>

2.5/2.0

WALES<sup>3</sup> (years)

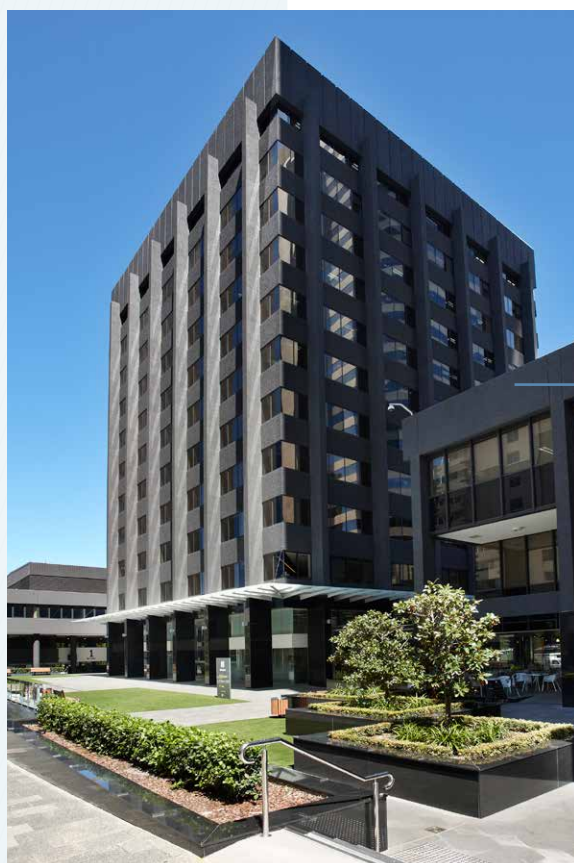
26,216 sqm

Total NLA

61%

Occupancy<sup>2</sup>

1. AMEC agreed to lease extension over 2,381sqm on level 1 to 31 December 2022, but departed 4,960sqm on 31 July 2022
2. As at 15 August, and including signed heads of agreement
3. On an occupied NLA/total NLA basis



## 5 Mill Street Perth

\$58.0m

Valuation

2.5/2.0

WALE<sup>2</sup> (years)

7,148 sqm

Total NLA

83%

Occupancy<sup>1</sup>

1. As at 15 August, and including signed heads of agreement
2. On an occupied NLA/total NLA basis





Architectural drawing

## 1 Mill Street Perth

\$36.0m

Valuation

—

WALE (years)

6,649 sqm

Total NLA

—

Occupancy

## Westralia Square Perth

\$372.5m

Valuation<sup>1</sup>

6.3/5.0

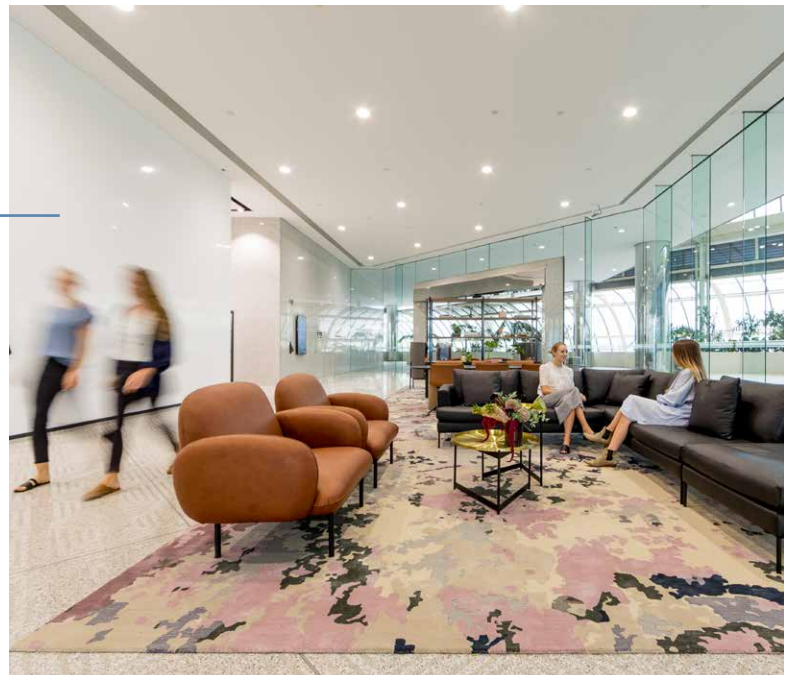
WALE<sup>3</sup> (years)

32,598 sqm

Total NLA

78%

Occupancy<sup>2</sup>



1. Includes the value of Westralia Square and the land at WS2 only
2. As at 15 August, and including signed heads of agreement
3. On an occupied NLA/total NLA basis

# Property portfolio



## IDOM Dealerships Perth

---

**\$136.5m**

Valuation

**8.4/8.4**

WALE (years)

**N/A**

Total NLA

**100%**

Occupancy

## 235 Stanley Place

Townsville

---

**\$51.5m**

Valuation

**3.6/2.2**

WALE<sup>1</sup> (years)

**12,835 sqm**

Total NLA

**59%**

Occupancy



1. On an occupied NLA/total NLA basis





## 180 Hay Street Perth

**\$18.4m**

Valuation<sup>1</sup>

—  
WALE (years)

**4,925 sqm**

Total NLA

—  
Occupancy

## Perth CBD Carparks Perth

**\$38.5m**

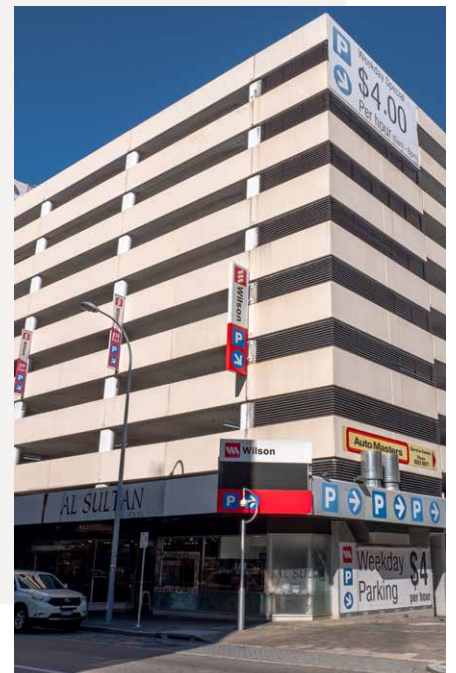
Valuation

**\$30.25m**

Valuation



Architectural drawing  
Wellington Street



Murray Street



# Management team



**Mr Steven Gillard**  
Managing Director

Mr Gillard has had over 30 years' experience in property related industries and is a Fellow Member of the Australian Property Institute (FAPI). Mr Gillard has spent over 11 years working for major agency firms in property management, subsequently specialising in investment sales and development site sales for Colliers International and DTZ.

In 1991, Mr Gillard moved to the financial markets where he spent seven years as a senior analyst for international stockbroking firms, specifically in the property and tourism sectors.

Mr Gillard completed many major property and tourism related capital raisings during this period. For the next seven years Mr Gillard advised ASX and unlisted companies on the acquisition and sale of property and related businesses. Since Mr Gillard joined GDI group in 2005, assets under management has grown from \$70 million to over \$1.0 billion.



**Mr Paul Malek**  
Asset Management

Mr Malek joined GDI Property Group in September 2011 and in his current role of Asset Manager is responsible for overseeing the commercial office portfolio of GDI's Perth assets. This role includes the development and implementation of strategies to enhance value through repositioning of assets and active asset management. Paul works closely with the local Perth Leasing and Development team and has built a strong network of contacts in Perth over the years.

Prior to joining GDI, Mr Malek had over 25 years' experience in real estate finance and relationship management across all real estate classes in both bank and non-bank financial institutions. He holds a Diploma in Financial Markets (FINSIA) and has completed the Foundations of General Management through the Macquarie Graduate School of Management.



**Mr David Williams**  
Chief Financial Officer  
and Joint Company Secretary

Mr Williams has over 25 years' experience in the accounting and financial services industry with major accounting firms, commercial banks and international investment banks. Mr Williams joined GDI group in early 2013 as a consultant, and from the time GDI Property Group listed was formally appointed as Chief Financial Officer and joint company secretary.



**Mr David Ockenden**  
Head of Development

David joined GDI Property Group in 2019 as Head of Property Development based in Western Australia. Over the past 28 years David has demonstrated a proven ability to conceive and deliver large scale, high quality, commercial and mixed use development and construction projects across multiple geographies in Australia.

The common feature of these projects has been a balanced and de-risked investment strategy, controlled and safe delivery, financial outperformance and a recognised customer legacy.



**Mr John Garland**  
Head of Property

Mr Garland has over 25 years' experience in the property industry including five years with GDI group. Prior to this, Mr Garland was general manager of a private property investment company focusing primarily on value-add style commercial and industrial property investments.

# Board and directors



**Ms Gina Anderson**  
Chairman

Ms Anderson is a professional non-executive director with wide experience in private, not-for-profit and government boards. She has senior executive experience in a diverse range of organisations in business, property, and the not-for-profit sector, having held chief executive, corporate affairs, stakeholder engagement, communications, project management and human resources roles. Currently she is a director of The George Institute for Global Health as well as PetRescue. Ms Anderson was appointed as a director in November 2013 and chair in 2018.



**Mr John Tuxworth**  
Independent Non-Executive  
Director

Mr Tuxworth has nearly 40 years' experience in senior executive and non-executive roles in financial services and management consulting businesses, including over nine years with Rothschild Australia Asset Management as an Executive Director and most recently as a founder and the Managing Director of PeopleFirst & Associates, a management consultancy specialising in financial services.



**Mr Steven Gillard**  
Managing Director

See previous page



**Mr Stephen Burns**  
Independent Non-Executive  
Director

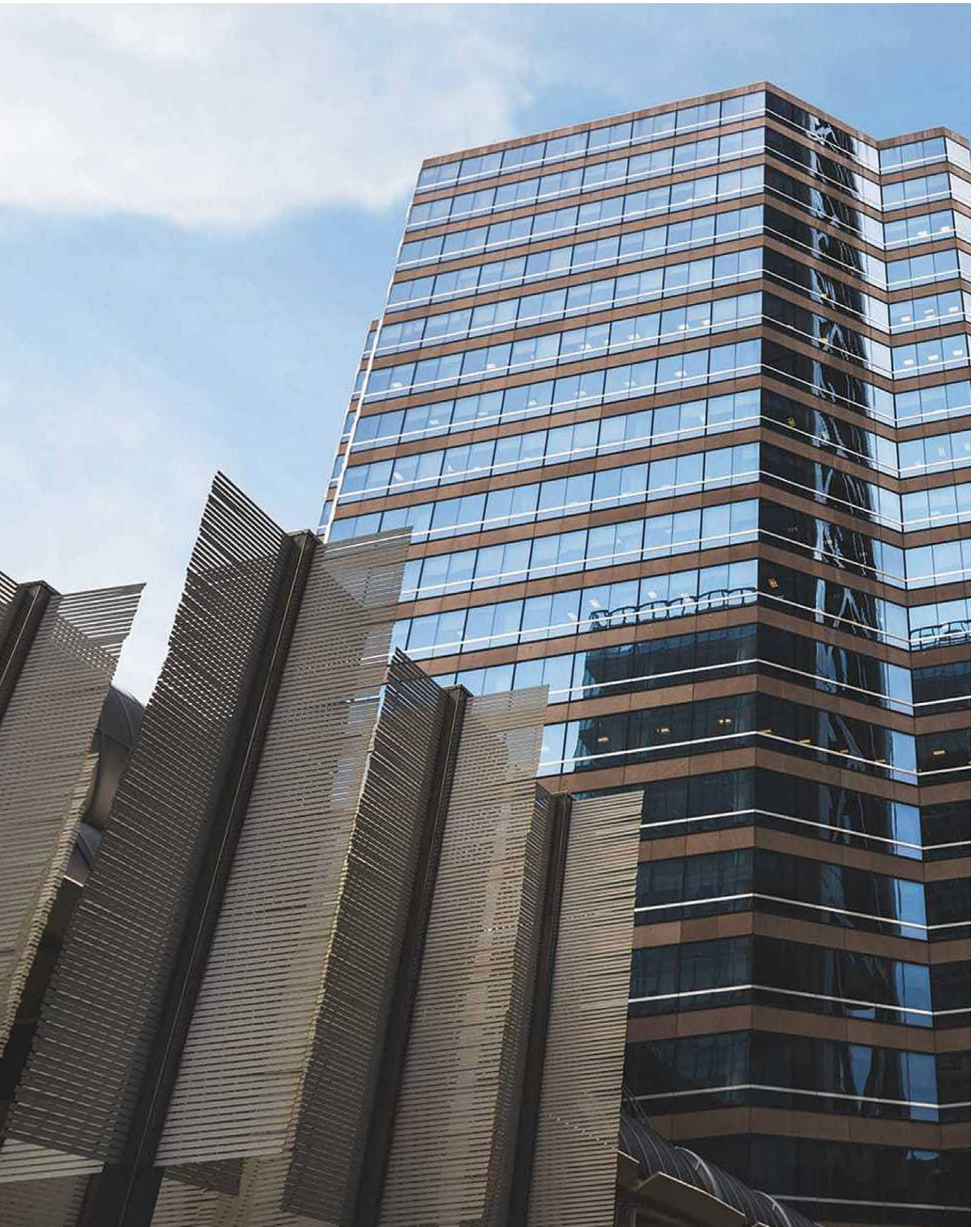
Mr Burns is currently a Managing Director at Stanton Road Partners and was previously head of real estate investment banking at Credit Suisse, Australia, a role he held for nine years after holding a similar position at Deutsche Bank, Australia. Mr Burns possesses vast experience as a Real Estate specialist advisor and expertise in capital markets, mergers, acquisitions and other corporate transactions. Mr Burns has expert skills and deep relationships demonstrated over many years and multiple cycles, over the past +30 years.



**Mr Giles Woodgate**  
Independent Non-Executive  
Director

Mr Woodgate is a highly respected chartered accountant with more than 40 years' extensive professional practice experience in audit, compliance and turnaround and insolvency, both locally and internationally. Having worked for prominent firms like KPMG and Deloitte, as well as being responsible for publishing several widely acknowledged articles and presentations on topics such as insolvency, voluntary administrations and bankruptcy, Mr Woodgate has been the senior partner of Woodgate & Co. since its inception in 1989. He was appointed as a director of the company in November 2017.







GDI Property Group

# Financial report

## Corporate Governance Statement

GDI Property Group (GDI) through its Board, Board Committees and executive management team believes sound corporate governance practices enhance stakeholder outcomes. GDI is therefore committed to meeting the expectations of all stakeholders in relation to corporate governance.

The 4th Edition of the ASX Corporate Governance Council Principles and Recommendations (ASX Recommendations) was released in February 2019. GDI has adopted the ASX Recommendations and all governance practices outlined in the Corporate Governance Statement applied for the entire reporting period. Where a Recommendation has not been followed, the reason for not following the Recommendation and the alternative governance practices GDI has adopted in respect of that Recommendation are disclosed.

The Corporate Governance Statement is current as at 30 June 2022. It was approved by the Board and has been lodged with the ASX and is available on GDI's website at [www.gdi.com.au](http://www.gdi.com.au).

---

# GDI Property Group

# Directors' report

---

For the financial year ended 30 June 2022

## Directors' report

**The Directors of GDI Property Group Limited ACN 166 479 189 ("the Company") present their report together with the financial report of the Company and its controlled entities and GDI Property Trust ARSN 166 598 161 ("the Trust") and its controlled entities for the financial year ended 30 June 2022. Shares in the Company are stapled to units in the Trust to form GDI Property Group ("GDI").**

The 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 ACN 107 354 003, AFSL 253 142. GDI Funds Management Limited is a wholly owned subsidiary of the Company and shares a common board.

The Company was incorporated on 5 November 2013 and the Trust established on 4 November 2013, becoming registered as a managed investment scheme on 18 November 2013. The Company and the Trust remained dormant until shares in the Company were stapled to units in the Trust on 16 December 2013 as part of an Initial Public Offer ("IPO") of stapled securities, forming GDI, with trading on the ASX commencing on 17 December 2013.

The registered office and principal place of business of the Company and its subsidiaries and the Trust and its subsidiaries is Level 23, 56 Pitt Street, Sydney NSW 2000.

## 1. Operating and financial review

### 1.1 About GDI

GDI is an integrated, internally managed commercial property investor with capabilities in the identification and execution of acquisition opportunities, and then the ownership, management, development, refurbishment, leasing, and syndication of assets. GDI is structured as a stapled security to enable it to participate in both the ownership of properties either directly (wholly owned) or indirectly (asset partnerships or co-investment stakes) via the Trust, and to receive earnings from fund management fees, car park operations, and development, via the Company.

Our strategy is to generate total returns (distributions plus net tangible asset growth) by:

- maximising the income and capital potential in the existing portfolio of assets;
- acquiring well located properties at below replacement cost that offer an opportunity to create value through active asset management;
- optimising the returns for investors in the existing unlisted property funds and therefore potentially generating performance fees; and
- continuing to grow the active earnings by establishing new property funds and investing in new opportunities.

We intend to always hold a portfolio of office properties in the Trust (Property Division). These office properties will typically have been purchased for below replacement cost and have additional upside potential through development, redevelopment, refurbishment and releasing. We seek to acquire these properties in markets where we believe there will be strong demand fundamentals and limited supply. Such properties are generally well located, core CBD properties with four sides of natural light and easily divisible floor plates. Actual or potential vacancy often provides an opportunity for repositioning and releasing to unlock additional value.

We also seek to continue to grow the earnings of the Company. Currently the Company operates a Funds Business and two Perth CBD carparks. The Funds

For the financial year ended 30 June 2022

Business generates income by way of co-investment stakes held by the Trust, due diligence and acquisition fees, asset management fees, performance and disposal fees, and other fees including leasing, project management and financing. Asset(s) purchased in the Funds Business demonstrate similar characteristics to that of the Trust, namely being acquired for below management's view of replacement value, with the potential to add value through active asset management, in markets that we believe will outperform over the medium term.

We intend to continue to grow our Funds Business but remain cautious and disciplined in the current environment until asset pricing corrects in the East Coast markets as interest rates rise from historical lows.

We also currently operate two Perth CBD carparks under a management contract with Wilson Parking. The carparks are forecast to have a relatively high cash passing yield and low capital expenditure requirements. With limited new supply of carparking in the Perth CBD, we anticipate the carparks will perform well in the medium to long term. Both carparks also offer change of use potential, given a significant component of the acquisition price is land value. We would be interested in reviewing further carpark acquisitions that offer similar income, growth and change of use potential. Currently the performance of the carparks is reported in the Property Division where the assets are held, even though the business of operating the carparks is owned by the Company.

We have a long track record of investing into assets to significantly improve their environmental footprint. This enhances the assets appeal to the occupier market and minimises tenant outgoings by reducing things like energy usage, meaning more net rent can be charged. Investing into existing assets also has the benefit of conserving the embodied carbon in that asset.

We are also leaders in developing light weight steel and timber buildings on existing structures. Such developments offer substantial environmental benefits when compared to a concrete building of similar scale. As an example, WS2, an approximately 9,500sqm new development constructed from a combination of steel and timber on an existing carpark, has driven an effective embodied carbon reduction of approximately 80% compared to the construction of an equivalent

contemporary reinforced concrete building. We are looking at similar structures at 1 Mill Street, Perth and for one of the Perth CBD carparks.

### Property Division

The Trust is internally managed and owns a portfolio of properties ("Portfolio"). As at 30 June 2022, the Portfolio comprised the following wholly owned properties with a combined independent value of \$771.7 million:

---

Mill Green Complex, which comprises three Buildings:  
197 St Georges Terrace,  
5 Mill Street and  
1 Mill Street, Perth;

---

Westralia Square, 141 St George Terrace, Perth;  
180 Hay Street, Perth;

---

Murray Street carpark; and

---

Wellington Street carpark.

---

The Trust also owns the under construction WS2, an approximately 9,500sqm office building being constructed on vacant land adjacent to Westralia Square. WS2 is anticipated to complete in the first half of FY23.

### Funds Business

The Company manages seven unlisted, unregistered managed investment schemes with total AUM of approximately \$549.0 million. The Funds Business has an investor base of approximately 1,500 high net worth investors, many of whom have a history of repeat investment. The Funds Business generates income by way of transactional, performance and management fees.

In addition to its wholly owned Portfolio, the Trust may also hold stakes in the unlisted and unregistered managed investment schemes managed by the Funds Business. As at 30 June 2022, GDI Property Trust owns 43.68% of GDI No. 42 Office Trust and 47.19% of GDI No. 46 Property Trust. GDI No. 42 Office Trust owns Stanley Place, 235 Stanley Street, Townsville and GDI No. 46 Property Trust owns a portfolio of 17 metropolitan Perth properties occupied by high profile car dealerships and service centres (IDOM Portfolio).



---

# GDI Property Group

# Directors' report

---

For the financial year ended 30 June 2022

## 1.2 Sustainability

GDI has been a market leader in sustainability since 2008 and were one of the first to receive Government grants to improve the sustainability of our buildings. We have embraced the evolving “Green Market” by implementing an energy performance programme designed to measure, assess and strategically improve the utility (energy & water) performance of all the properties under our management. This programme includes:

- Utility audits;
- NABERS (National Australian Built Environment Ratings System) ratings;
- Energy procurement improvements;
- Passively improving/upgrading building services and thermal performance of a building's fabric; and
- A formal utility monitoring programme.

We are proud of our sustainability track record. When Mill Green Complex, Perth, was acquired, 197 St Georges Terrace had a NABERS Energy rating of 3 stars. After a refurbishment and re-leasing programme, it now has a 5 Star Energy Rating. This property was awarded the 2016 PCWA Commercial Property Award for Ecologically Sustainable Development (ESD) – Premium/A Grade Asset Category. Subsequently, 5 Mill Street, Perth also achieved a 5 Star NABERS Energy rating, having been rated 3 Stars when originally acquired. However, due to lower occupancy levels it now has a 4.5 Star NABERS Energy rating.

When we bought 50 Cavill Avenue, Surfers Paradise, in 2016, it had a zero-star NABERS rating. The property's first NABERS rating under our ownership was 2 stars, and after continued capital investment and other initiatives, it received a 4.5 star NABERS Energy rating, with an expectation that if it had been held for another twelve months it would have achieved a 5 star rating when next assessed.

We achieve these successes by investing into the properties that we acquire, for instance energy ratings and overall efficiency gains are made by simple things like replacing all the lighting with LED lights, upgrading air-conditioning systems that reduce the environmental impact of refrigerants and upgrading lift systems such

that they operate more efficiently. This makes both economic sense and reduces the environmental impact of the property.

Sustainability is not just about a NABERS rating. For example, our buildings are all located within close proximity to public transport. Location, as well as access to public transport and the provision of End of Trip Facilities are key criteria for all GDI properties and prove to be an attractive option for our tenants.

Most environmental standards used by the property sector measure the operational phase of a property's life. Existing properties have embodied carbon – the carbon created during their construction phase. This carbon can be up to 30% of a typical office property's carbon emissions over its lifecycle, and that does not include a demolition phase. By repurposing and repositioning existing buildings, we conserve the embodied carbon. As far as carbon conservation is concerned our historic asset strategy of continual improvement is demonstrably effective. During the year we commenced construction of a new office building, WS2, in Perth. WS2 is an approximately 9,500sqm premium office building being constructed from a combination of steel and timber situated on the existing carpark at Westralia Square. This construction brings a step change approach to minimising embodied carbon across our portfolio, and importantly, in our built environment. The two primary areas of focus have been to firstly replace as much concrete as possible with cross laminated timber. Secondly, WS2 borrows structural support from an existing concrete carpark structure beneath it and spare thermal capacity from an adjoining office building (all owned and operated by GDI). These key factors, in combination, have driven an effective embodied carbon reduction of approximately 80% compared to the construction of an equivalent contemporary reinforced concrete building.

Once operational, WS2 is expected to generate significantly less emissions than a standalone building due to its high-performance thermal enclosure and sharing some of the services with the adjoining Westralia Square. We intend to secure green energy for WS2's base build energy requirements to eliminate scope 2 emissions and are reviewing whether to buy offset credits for scope 1 and 3 emissions, potentially making the operational phase of WS2 carbon neutral.

For the financial year ended 30 June 2022

We have received such positive feedback from the occupier market that we have amended our plans for 1 Mill Street and leveraged our experience gained from WS2. 1 Mill Street currently has approximately 6,600sqm of net lettable area in a traditional four storey reinforced concrete building. GDI has a DA to demolish 1 Mill Street and another DA for a new approximately 45,000sqm office building on the site. We have now designed a new scheme for an approximately 33,500sqm property at 1 Mill Street, incorporating the existing 6,600sqm building and adding a further approximately 27,000sqm constructed from steel and timber, similar to WS2. We have also prepared plans for a similar lightweight construction over the Wellington Street carpark purchased in late 2021. Based on our real experiences from WS2 and our ongoing market assessment we believe that we are market leaders in the way we are viewing the opportunities for lightweight steel and timber construction and the consequential enormous reduction in embodied carbon.

GDI's ESG risks and opportunities are managed by the executive team, overseen by the full Board. ESG is a standing item at each Board meeting. Our priority for GDI and its assets is to avoid and reduce the carbon footprint our assets and business activities generate. As discussed above, we believe that we have and are growing an excellent track record in doing this, either from the lower embodied carbon generated through the construction of the lightweight steel and timber property, or from investing into improving the environmental footprint of existing buildings. Once we have maximised an asset's potential, we will then work with our tenants to review things like green power and potentially, carbon credits. As our priority remains minimising the actual carbon footprint of our assets, we are reluctant to commit to timeframes around achieving net zero when some of this decision making is in collaboration with our tenants.

Although we are proud of our ESG credentials, we acknowledge that we have been too reliant on NABERS ratings as our only measure of our environmental successes, and reporting against the ASX Corporate Governance Principles for our social and governance credentials. In 2020 we released our first ESG report using the reporting principles and disclosures set out in the Global Reporting Initiative (GRI) Standards. The GRI

Standards have been issued by the Global Sustainability Standards Board to allow organisations to report on impacts related to environmental, social and governance matters. We are pleased that we have released our third ESG Report with our Annual report. The ESG Report should be read in conjunction with the separately issued Governance Statement, also released with the Annual Report. This year the ESG Report will also begin the journey of reporting in accordance with the disclosure recommendations of the Taskforce for Climate-related Financial Disclosures. We also released a voluntary Modern Slavery Statement. Although, as we do not need to comply with the Modern Slavery Act, we will not lodge the Statement with the Australian Border Force.

### **1.3 Information Technology Statement**

Information technology risks are considered at least annually by the audit, risk and compliance committee (ARCC) as part of its review of GDI's risks and consideration as to whether the controls in place are an appropriate framework to manage those risks. The Technology Officer also provides attestations to the ARCC on a quarterly basis that GDI is complying with the requirements of its Australian Financial Services License in relation to information technology.

GDI outsources the provision of its information technology platform and maintenance. During the last two financial years we have worked extensively with the service provider to obtain best in class information technology systems and security, including minimising any downtime as a result of hardware failures to 1 - 2 hours. We engaged them to not only improve our information technology hardware and security, but also to run simulated phishing exercises, prepare a vulnerability report and to provide staff training on cyber security issues. A representative of the service provider presents to the board on a bi-annual basis.

GDI considers it has low risks to cyber security attacks. Accordingly, we do not buy information technology risk insurance policies. We have procedures in place to respond to any cyber security attack, primarily in co-ordination with our outsourced service provider.

---

# GDI Property Group

# Directors' report

---

For the financial year ended 30 June 2022

## 1.4 Review of operations

### COVID-19

With the benefit of a further 12 months since we reported our results last year, we are now better able to reflect on the impact COVID-19 has had on GDI, our stakeholders, and office markets more generally.

In a counter-cyclical strategy, since the beginning of 2017 we have been repositioning GDI's portfolio away from the East Coast markets to Perth, while at the same time retaining a very conservative capital structure. Perth has limited new supply of prime grade office, and although the headline vacancy rate is the highest of the Australian CBDs, the vacancy is concentrated in secondary grade assets, not the prime grade assets that we own. We continue to believe that the resource centric CBDs like Perth will be beneficiaries of both the global response of governments investing into new infrastructure projects, and the greening of the global economy, both of which should underwrite demand for WA commodities. Although there has already been a significant amount of announced global infrastructure projects and high commodity prices, we are yet to see this led to major new mining capital expenditure initiatives, which in turn will accelerate the growth in white collar employment in Perth. Furthermore, the impact of the prolonged international and state border closures and now one of the tightest labour markets in the country, has made it difficult for employers to hire people, which in turn delayed the uptake of demand for office space. Accordingly, notwithstanding the promising backdrop, we are not as progressed in the leasing up of our assets as we would have expected. Although vacancy increased in the six months to July 2022 partly as a result of the re-introduction of previously withdrawn space, the Perth CBD has now recorded three consecutive six-month periods of stronger than average demand, and the strong levels of leasing enquiry we are currently seeing for our space gives us confidence of a sustained recovery in the Perth market.

By closing its State's borders, Western Australia managed to avoid the long lockdown periods experienced in Sydney and Melbourne, with only a small number of days where Perth was locked down. As a result, most of our tenants were able to operate as normal in FY22. Office usage in the Perth CBD consistently ranked amongst the highest of all Australian cities and accordingly, with the exception of some of our food retailers, no rent relief was provided in FY22.

However, the operating performance of our car parks, purchased in December 2021, did suffer once the borders opened and Perth experienced its first COVID 'wave' during March and April. This is discussed in more detail on page 28.

Notwithstanding the impact of 'work from home' and the consequent demand for workplace flexibility, we continue to believe that the office provides an organisation with the ability to foster its own identity and culture; promotes innovation and productivity improvements through staff collaboration; facilitates on-the-job and tacit learnings for junior employees from their more experienced colleagues; marks the boundary between work and home; and enhances the social aspect of work.

### Results summary

The Board monitors a range of financial information and operating performance indicators to measure performance over time. We use several measures to monitor the success of our overall strategy, most importantly Funds From Operations ("FFO") versus budgets 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.



For the financial year ended 30 June 2022

**The reconciliation between GDI's FFO and its statutory profit is as follows:**

	GDI	
	2022 \$'000	2021 \$'000
Total comprehensive income for the year	68,301	22,960
Acquisition expenses	3,654	830
Contribution resulting from consolidation of GDI No. 42 Office Trust	(2,187)	(2,258)
Distributions/funds management fees received from GDI No. 42 Office Trust	761	1,024
Contribution resulting from consolidation of GDI No. 46 Property Trust	(7,537)	(6,962)
Distributions/funds management fees received from GDI No. 46 Property Trust	3,413	3,220
Straight lining adjustments	1,554	757
Amortisation and depreciation	22,193	12,139
Net fair value (gain)/loss on investment property	(51,408)	(2,318)
Net fair value loss/(gain) on interest rate swaps	(2,473)	(324)
(Profit)/Loss on non-current asset held for sale	(7,800)	–
<b>Funds From Operations</b>	<b>28,471</b>	<b>29,069</b>

**Individual operating segment results are provided below:**

	FY22 \$'000	FY21 \$'000
Property FFO <sup>1</sup>	33,880	34,267
Funds Business FFO <sup>1</sup>	6,792	6,844
Other	38	170
<b>FFO pre corporate, administration and net interest</b>	<b>40,710</b>	<b>41,281</b>
<b>Less:</b>		
Net interest expense	(3,679)	(3,716)
Corporate and administration expenses	(8,678)	(8,142)
Other	119	(353)
<b>Total FFO</b>	<b>28,471</b>	<b>29,069</b>

<sup>1</sup> Property FFO and Funds Business FFO only refers to the revenue related items included/excluded from FFO. See Segment reporting, Note 23 of the Financial Report for a detailed breakdown of all items included in the Property and Funds Business segment results.

---

# GDI Property Group Directors' report

---

For the financial year ended 30 June 2022

## Property Division

Although we would have preferred to be further progressed with our leasing and releasing campaigns, the Property Division still had an outstanding year, with the three main highlights being the commencement and near completion of WS2, the sale of 50 Cavill Avenue, Surfers Paradise, and the acquisition of the two Perth CBD carparks.

### WS2

WS2 is an approximately 9,500sqm office building being construction on top of the existing carpark at Westralia Square from a combination of steel and timber, which as discussed above makes it one of the most environmentally efficient new buildings of its scale in Australia. The expected improvements in the Perth leasing market, the anticipated appeal of WS2 on completion as a unique boutique offering, the relatively low costs of construction and the positive impact that WS2 will have on the existing Westralia Square building gave us the confidence to commence construction without any leasing pre-commitments. We are now approximately 70% through the construction timetable, with an estimated completion date of late 2022. Construction remains on budget, but has been delayed two months due to supply constraints, COVID outbreaks and recent inclement weather. As WS2 is now near complete, we are having numerous discussions with the occupier market and are hopeful of successful leasing outcomes during FY23.

### Sale of 50 Cavill Avenue, Surfers Paradise

50 Cavill Avenue was sold for \$113.5 million on 31 August 2021, having been purchased in February 2016 for \$48.75 million. At the time of acquisition, 50 Cavill Avenue was approximately 54% occupied with no NABERS Energy rating. Following an extensive refurbishment and releasing programme, it was sold with a 4.5 Star NABERS Energy rating and occupancy of approximately 97%. We realised that 50 Cavill Avenue could be the preeminent business address on the Gold Coast and we identified opportunities for capital expenditure to improve the asset's appeal, reduce its operating costs and improve its environmental performance. We were confident that if we did this the occupier market would follow, and we are very pleased with our successes on all these facets.

## Acquisition of Perth CBD carparks

In December 2021, we purchased two Perth CBD carparks for a combined consideration of \$68.50 million. The carparks were acquired on an approximately 5% passing yield, with considerable upside anticipated as occupancy and revenues return to pre-pandemic levels.

**419 – 431 Murray Street, Perth** is a 10-level concrete framed carpark built in 1984 for 839 cars. It is located in the western end of the core CBD with a frontage to Murray Street and access via a right of way to Hay Street. It provides easy access to the Kwinana Freeway network situated to the east and is in near proximity to the Hay Street Mall precinct, several leading hotels and established office buildings including 240 St Georges Terrace, QV1, and GDI's own Mill Green complex. 419 – 431 Murray Street was acquired for \$38.25 million and has been independently valued at \$38.50 million.

**301 – 311 Wellington Street, Perth** is a six-level concrete framed carpark built in 1988 for 601 cars. It is located on the south-eastern corner of Wellington and Pier Streets and has easy access to the Graham Farmer Freeway, linking to the greater Perth freeway network. It is in near proximity to Royal Perth hospital, District Courts, the Murray Street Mall precinct, and several leading hotels. 301 – 311 Wellington Street was acquired for \$30.25 million and has been independently valued at \$30.25 million.

The carparks represent a unique investment opportunity for GDI. With limited new supply of carparking in the Perth CBD, we anticipate the carparks will perform well not only in the medium term but over a considerable period of time. Both carparks also offer medium term change of use potential, given a significant component of the acquisition price is land value.

For the financial year ended 30 June 2022

## FFO

Following those capital transactions, GDI's Property portfolio is now entirely exposed to Perth, with our two major office assets centrally located in the Perth CBD. With limited forecast new supply, limited available prime grade contiguous floors and a forecast steady improvement in demand, we continue to believe that currently the Perth CBD offers better returns over the medium term than any other major office market in Australia.

Property FFO for the year ended 30 June 2022 was \$33.9 million (FY21 \$34.3 million), with the slight decrease largely being as a result of the dilutive sale of 50 Cavill Avenue, Surfers Paradise (FY22 FFO of \$1.2; FY21 \$7.1 million), offset by the significantly higher FFO at Westralia Square (FY22 FFO of \$12.7 million vs FY21 FFO of \$8.3 million) and a half year contribution from the two carparks (FY22 FFO of \$1.3 million). Westralia Square was purchased in October 2017 for \$216.3 million on a passing yield of approximately 11.3% and a rate per square metre of approximately \$6,800, well below replacement cost. We were able to buy Westralia Square on such attractive terms due to its lease expiry profile, with most leases expiring in the first half of 2020. We have made significant progress on the releasing programme, with approximately 78% of Westralia Square already committed with new long-term leases or agreements to lease, including the post balance date signing of a 5-year full floor (1,882sqm) heads of agreement.

Our other major Perth CBD asset is Mill Green, Perth, comprising three buildings all on one title, 197 St Georges Terrace, 5 Mill Street and 1 Mill Street. Mill Green delivered FFO of \$19.0 million in FY22 (FY21: \$19.3 million). 197 St Georges Terrace is the largest of the three properties with approximately 26,216sqm of lettable area. As at 30 June 2022, including signed heads of agreement, occupancy was 89.2% (30 June 2021: 89.4%). However, post balance date, another approximately 19% of the property has become vacant on the departure of Wood Group from levels 2, 4 – 8 on 31 July 2022.

Notwithstanding the attractiveness of 5 Mill Street to potential occupiers, the market for fitted out suites of less than 300sqm has become very competitive, with

many competing owners offering inferior products but at much cheaper pricing. Pleasingly, interest in 5 Mill Street has remained steady this financial year and occupancy, including signed heads of agreement, is 85.2% (FY21: 86.1%), having dipped to close to 60.0% during the previous financial year, proving the appeal of 5 Mill Street to the occupier market.

As disclosed previously, we are not looking at any immediate long-term leasing of 1 Mill Street given both the time of the cycle and its redevelopment opportunities. We have a DA to demolish 1 Mill Street and another DA for a new approximately 45,000 office building on the site. However, we have received such positive occupier feedback in relation to the embodied carbon strategy at WS2 we have now designed a new scheme for an approximately 33,500sqm property at 1 Mill Street, incorporating the existing 6,600sqm and adding a further approximately 27,000sqm constructed from steel and timber, similar to WS2. We intend to lodge the DA imminently. However, any decision to commence construction would require a leasing pre-commitment and/or a capital partner.

Our only other wholly owned office property is 180 Hay Street, Perth, constructed in 1999 and comprising 4,925sqm of fully refurbished office space over four floors of over 1,000sqm each and a mezzanine level. 180 Hay Street was purchased with vacant possession in July 2020. We immediately commenced a refurbishment programme including upgrading all the floors, a new end of trip facility and a chiller upgrade, with that programme now basically complete. The total cost of the refurbishment programme has been approximately \$4.2 million, and when combined with the acquisition price of \$12.6 million, the total cost of delivering an as new offering is significantly lower than replacement cost. The holding costs of 180 Hay Street meant that it had a negative contribution of FFO of \$0.4 million (FY21 FFO of (\$0.4) million).

The two CBD carparks were purchased 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. It is anticipated that through some minor capital expenditure works and a stabilisation of occupancy once the pandemic is considered over that the net income can exceed the previous \$4.0 million four-year average.



# GDI Property Group Directors' report

For the financial year ended 30 June 2022

However, as Perth opened up its borders in March 2022 and subsequently experienced its first major 'wave' of COVID, the performance of the two carparks was well below budget, with FFO of \$1.3 for the six-month period of ownership. Although recent occupancy has exceeded the levels forecast at the time of acquisition, our FY23 budgets assume that the net revenue will be below the passing net revenue at acquisition.

Since acquisition we have also been developing plans for a lightweight steel and timber office building sitting on top of the Wellington Street carpark, similar to WS2 and the new plans for 1 Mill Street. We have had initial discussions with a number of potential occupiers and we will be progressing to lodge a DA during FY23.

## Valuations

Each of the wholly owned properties, other than the strata unit at 38/46 Cavill Avenue, Surfers Paradise, was independently revalued during the year. At 31 December 2021, Westralia Square and the land on which WS2 sits was revalued to \$372.5 million, up from \$345.0 million at 30 June 2021. 180 Hay Street, Perth was also valued at 31 December 2021 with a valuation of \$18.4 million, up from the previous \$15.0 million at the time of acquisition and the purchase price of \$12.6 million. The Perth CBD carparks were valued at the time of acquisition in December 2021 for \$68.75 million, a slight increase on the acquisition price of \$68.5 million.

In June 2022, Mill Green was revalued to \$312.0 million, with decreases in the values of 197 St Georges Terrace (\$218.0, down from a previous \$230.0 million) and

1 Mill Street (\$36.0 million, down from a previous \$40.0 million) slightly offset by an increase in the valuation of 5 Mill Street (\$58.0 million, up from a previous \$56.0 million).

Our wholly owned portfolio is independently valued at \$771.7 million.

As GDI also owns 43.68% of the units on issue of GDI No. 42 Office Trust and 47.19% of the units on issue of GDI No. 46 Property Trust, for statutory accounting purposes we consolidate both trusts, but for FFO we recognise in the Funds Business (see below) the funds management fees generated on the units we don't own and the quarterly distributions on the units we do. GDI No. 42 Office Trust owns 235 Stanley Street, Townsville (Stanley Place), and GDI No. 46 Property Trust owns the IDOM Portfolio. The IDOM Portfolio is fully leased for a term of approximately 8.4 years, with the tenant<sup>2</sup> having 5 x 5-year options. The leases have annual CPI<sup>3</sup> + 1% rental increases, with market reviews<sup>3</sup> in 2023 and 2028. The IDOM Portfolio was independently revalued to \$136.5 million at 30 June 2022, up from the previous valuation of \$105.9 million. Stanley Place was not revalued during the year.

Detailed in the table below are the comparison occupancy, weighted average lease expiry and weighted average capitalisation rates between 30 June 2022 and 30 June 2021, excluding the IDOM Portfolio.

	GDI	
	As at 30 June 2022	As at 30 June 2021
Occupancy <sup>4</sup>	72.5%	72.9%
Weighted average lease expiry <sup>4,5</sup>	3.1 years	2.6 years
Weighted average capitalisation rate <sup>4,6</sup>	6.5%	6.6%

<sup>2</sup> The tenant is either Buick Holdings Pty Limited (Buick), or wholly owned subsidiaries of Buick.

<sup>3</sup> CPI is Perth Capital City CPI and the market reviews have a 10% cap and 5% collar.

<sup>4</sup> Excludes the IDOM Portfolio held by GDI No. 46 Property Trust, the two Perth carparks, and in the case of occupancy, 1 Mill Street (for 30 June 2021).

<sup>5</sup> Based on NLA, but excluding 1 Mill Street.

<sup>6</sup> Weighted average by property valuation.

For the financial year ended 30 June 2022

### Funds Business

GDI's funds management business has a 29-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.

The Funds Business delivered FFO of \$6.8 million (FY21: \$6.8 million). A large contributor to this is the distributions received from the consolidated funds, GDI No. 42 Office Trust (\$0.5 million) and GDI No. 46 Property Trust (\$3.0 million). There were no material transaction fees generated in the Funds Business in FY22.

### Net interest expense

As at 30 June 2022, GDI's Principal Facility was drawn to \$206.8 million (FY21: \$168.8 million), secured by a security pool independently valued at \$784.2 million, a loan to value ratio (LVR) of 26%. GDI No 42 Office Trust has drawn debt of \$10.0, and LVR of 19.4%, and GDI No. 46 Property Trust has drawn debt of \$30.0 million, an LVR of 22.0%.

Including the interest expense of the consolidated trusts, the interest expense for the year totalled \$5.3 million (FY21: \$5.3 million). 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 practical completion.

### Corporate and administration expenses

GDI's operating expenses increased slightly year on year to \$8.6 million (FY21: \$8.1 million). The largest component of corporate and administration expenses is employee benefits, including \$2.4 million expensed or accrued for the issue of performance rights in FY19, FY20, FY21 and this financial year.

### Capital management

GDI's balance sheet is in a strong position with an LVR on the Principal Facility of 26%, below the Board's maximum LVR of 40% and the bank's covenant of 50%.

This strong financial position enabled us to support the distribution, with the FY22 distribution being in excess of both our FFO and our AFFO. It also enabled us to extend our on-market buyback for an additional 12-months to acquire up to 5% of the securities on issue and take advantage of the volatility in GDI's security price. During FY22 we bought back and cancelled 7,103,371 securities, taking the total securities bought back and cancelled since announcing the buyback in late March 2020 to 9,887,617 securities. Securities on issue on 30 June 2022 totalled 534,884,465.

### Hedging

GDI's hedging policy is to allow management more flexibility in determining the level of interest rate hedging, particularly when total drawn debt is below \$100.0 million. This policy may mean that at times we may have no interest rate hedges and be subject to upward movements in interest rates. However, during FY20 we entered into two \$25.0 million interest rates swaps, one for three years (0.38% expiry May 2023) and one for five years (0.60% expiry May 2025).

Post balance date, both these swaps were terminated, with the value created on termination used to acquire interest rate protection on \$100.0 million of debt at BBSY of no greater than 3.0% until 31 December 2023, and a further \$50.0 million of debt at BBSY of no greater than 3.0% until 31 December 2024.

As at 30 June 2022, neither GDI No. 42 Office Trust nor GDI No. 46 Property Trust had any interest rate hedges or fixed rate borrowings.

# Directors' report

For the financial year ended 30 June 2022

## 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
2021 final – paid 31 August 2021	3.875	21,002	-
2022 interim – paid 28 February 2022	3.875	20,850	-
2022 final – declared 16 June 2022	3.875	20,727	-

No distribution reinvestment plan was operated by GDI.

## Significant changes in GDI Property Group's state of affairs

During the year there were no significant changes in GDI's state of affairs.



For the financial year ended 30 June 2022

### 1.5 Future prospects

Our properties in both the Property Division and Funds Business have a significant amount of leasing potential. Our priority and focus for FY23 is to successfully lease the majority of this vacancy. We are seeing very positive signs in terms of leasing enquiry in Perth and post balance date have executed a number of heads of agreement.

We also intend to continue to explore opportunities to add value to the portfolio by developing lightweight steel and timber buildings on existing structures.

### Property – existing

Our office properties comprise well located properties, with four sides of natural light and floor plates that are easily divisible. Each office property has leasing opportunities, either through current vacancy or impending expiry. We believe that leasing up the current vacancy, addressing the impending expiries and progressing the development opportunities will significantly increase the value of the portfolio. The strategy for FY23 for each of the properties is summarised below.

Asset	Strategy
Mill Green Complex, Perth	<ul style="list-style-type: none"> <li>• Address the impending lease expiries, particularly at 197 St Georges Terrace, albeit taking a patient approach given the improving Perth CBD leasing market</li> <li>• Continue to explore alternate uses for 1 Mill Street</li> <li>• Review partnering opportunities with both existing and external capital partners</li> </ul>
Westralia Square, Perth	<ul style="list-style-type: none"> <li>• Complete the reletting programme on the back of both an improved product and market at Westralia Square.</li> <li>• Complete the development of WS2 and be substantially through the leasing programme by 30 June 2023</li> <li>• Review partnering opportunities with both existing and external capital partners</li> </ul>
180 Hay Street, Perth	<ul style="list-style-type: none"> <li>• Complete the refurbishment programme and lease the whole property to either a single user or up to three tenants, and explore capital recycling opportunities</li> </ul>
Perth CBD carparks	<ul style="list-style-type: none"> <li>• Work with Wilsons to collaboratively increase occupancies and net income back to and through acquisition levels</li> <li>• Progress with the plans for the lightweight steel and timber office building above the Wellington Street carpark</li> </ul>
235 Stanley Street, Townsville	<ul style="list-style-type: none"> <li>• Complete the leasing up of the vacant space created from the departure of the ATO</li> </ul>
IDOM Portfolio	<ul style="list-style-type: none"> <li>• Progress the asset management strategies for the Portfolio as a whole and the 17 assets individually</li> </ul>

### Funds management

GDI intends to continue to manage the seven unlisted, unregistered managed investment schemes in accordance with the strategies articulated in each schemes Information Memorandum and subsequent investment updates. Although we also have ambitions to establish at least one new unlisted, unregistered managed investment scheme in FY23, we remain cautious on the East Coast asset pricing and are aware of our current weighting to Perth.

### Distribution guidance

GDI's business plan is to deliver a consistent 10.0+% total return on equity, measured both annually and on a three-year rolling basis. Total return is measured as NTA growth per security plus distributions per security. This total return could be skewed to distributions per security,

or in the alternative, NTA growth per security. However, we do consider that distributions are an important part of an investor's return, particularly from an AREIT, and we have paid a consistent distribution regardless of our level of earnings, FFO or AFFO. An AREIT that buys assets with leasing risk is never going to have consistent earnings, FFO or AFFO, and we have supported the distribution from the proceeds of asset sales (for example, 50 Cavill Avenue, Surfers Paradise) or by utilising our conservative balance sheet.

Our objective is to pay a distribution at levels similar to previous years. However, to do so we will need strong leasing outcomes and/or significant capital transactions, both of which are our main focus in FY23.

# GDI Property Group Directors' report

For the financial year ended 30 June 2022

## 1.6 Risks

Risk	Description	Risk mitigation
<b>Property values</b>	There is a risk that the value of GDI's portfolio, or individual assets in the portfolio, may fall.	<ul style="list-style-type: none"> <li>• GDI has a policy of obtaining independent valuations for each of its properties at least annually.</li> <li>• GDI's portfolio comprises well located properties, has limited exposure to multi floor tenants and has floor plates that are easily divisible, somewhat insulating the portfolio from adverse influences on property valuations.</li> </ul>
<b>Adverse economic conditions</b>	There is a risk that the Australian economy enters in to either a recession or depression, due to domestic policies, global influences, a global pandemic, or a combination thereof.	<ul style="list-style-type: none"> <li>• GDI's portfolio, excluding the assets held in the IDOM portfolio, has a weighted average lease expiry profile of 3.1 years and is leased to a diverse range of tenants.</li> <li>• GDI has a conservative balance sheet with access to \$106.1 million of undrawn debt facilities as at 30 June 2022 to fund the completion of WS2 and initiatives aimed at retaining and attracting tenants.</li> </ul>
<b>Re-leasing and vacancy</b>	There is a risk that GDI may not be able to negotiate suitable lease extensions with existing tenants or replace outgoing tenants with new tenants on the same terms (if at all) or be able to find new tenants to take over space that is currently unoccupied.	<ul style="list-style-type: none"> <li>• GDI has deliberately weighted its portfolio to Perth, a market with limited new supply and solid prospects for increasing demand.</li> <li>• GDI's Portfolio comprises well located properties and has floor plates that are easily divisible, enabling it to meet the demands of both larger and smaller space users.</li> <li>• GDI's conservative capital structure allows it to absorb the impact of vacancies in its portfolio without breaching any of its lending covenants.</li> </ul>
<b>Funding</b>	GDI's ability to raise capital on favourable terms is dependent upon the general economic climate, the state of the capital markets and the performance, reputation and financial strength of GDI.	<ul style="list-style-type: none"> <li>• GDI does not intend to raise any additional equity capital during FY23.</li> <li>• As at 30 June 2022, GDI's Principal Facility is drawn to only \$206.8 million, with an LVR of 26% against the value of the Principal Facility's security pool.</li> <li>• GDI would not seek to acquire a new property unless it was able to obtain funding on favourable terms.</li> </ul>
<b>Loss of key management personnel</b>	The loss of key management personnel could cause material disruption to GDI's activities in the short to medium term and could result in the loss of key relationships and expertise which could have a material adverse impact on current and future earnings.	<ul style="list-style-type: none"> <li>• GDI has a competitive remuneration structure to retain key talent.</li> <li>• Steve Gillard has a significant interest (+5.5%) in GDI.</li> </ul>

For the financial year ended 30 June 2022

### 1.6 Risks continued

Risk	Description	Risk mitigation
<b>Income from Funds Business</b>	<ul style="list-style-type: none"> <li>• There is a risk that GDI might not be able to establish new unlisted funds due to limited investment opportunities, and/or limited availability of investor capital.</li> <li>• GDI's ability to raise new equity for future unlisted funds may be dependent on our performance managing all the unlisted funds.</li> <li>• In the circumstances where GDI funds the payment of costs associated with the proposed acquisition of a property by an unlisted fund, and the fund does not successfully complete the acquisition of that property, there is a risk that the monies will not be repaid to GDI.</li> </ul>	<ul style="list-style-type: none"> <li>• GDI has a track record of establishing new unlisted funds based on the past performance of its unlisted funds.</li> <li>• GDI's investor base consists of approximately 1,500 high net worth investors who have historically had a high level of repeat investment.</li> <li>• GDI will only risk option fees and due diligence costs when it has a high degree of confidence in the eventual success of an unlisted fund.</li> </ul>
<b>Capital expenditure requirements</b>	<p>While GDI will undertake reasonable due diligence investigations prior to acquiring properties, there can be no assurance that properties will not have defects or deficiencies, or that unforeseen capital expenditure or other costs will not arise.</p>	<ul style="list-style-type: none"> <li>• GDI and its executives have extensive experience in acquiring properties and undertaking due diligence investigations.</li> </ul>
<b>Gearing and breach of covenants</b>	<ul style="list-style-type: none"> <li>• GDI's gearing could exceed the maximum level of 40% under the Board's gearing policy from time to time (for example where GDI uses debt to acquire new properties or the valuation of properties in GDI falls).</li> <li>• The Debt Facility contains undertakings to maintain certain Covenant LVR and Covenant ICR, and an event of default would occur if GDI fails to maintain these financial levels.</li> </ul>	<ul style="list-style-type: none"> <li>• GDI remains well within both its own gearing policy of less than 40% LVR and the covenants imposed on it under its debt facility.</li> <li>• GDI also has certain derivative financial instruments that offer protection to rising interest rates on a substantial portion of GDI's drawn debt.</li> </ul>
<b>Impacts of climate change and other environmental considerations</b>	<ul style="list-style-type: none"> <li>• GDI's properties may be impacted by adverse impacts of climate related events such as severe storms and flooding, and heatwaves that disrupt power supply.</li> <li>• Changes to environmental legislation may mean GDI's properties need a significant amount of capital expenditure to comply or become obsolete.</li> </ul>	<ul style="list-style-type: none"> <li>• Climate related risks and potential financial impacts are assessed with GDI's enterprise wide risk management framework.</li> <li>• GDI has a history of investing into its properties to improve their environmental credentials, as measured by an industry accepted NABERS ratings system.</li> </ul>
<b>Business disruption, including data breaches</b>	<ul style="list-style-type: none"> <li>• GDI's business or a supplier's business might be subject to a cyber-attack or data breach.</li> <li>• GDI's properties or business practices may be impacted by disruptive technologies.</li> </ul>	<ul style="list-style-type: none"> <li>• Business disruption risks and technology changes are assessed with GDI's enterprise wide risk management framework.</li> </ul>



---

# GDI Property Group Directors' report

---

For the financial year ended 30 June 2022

## 2. Events subsequent to balance date

Post balance date, GDI terminated its two swaps, with the value created on termination used to acquire interest rate protection on \$100.0 million of debt at BBSY of no greater than 3.0% until 31 December 2023, and a further \$50.0 million of debt at BBSY of no greater than 3.0% until 31 December 2024.

## 3. Environmental regulation

GDI's senior management, with oversight from the Board, oversee the policies, procedures and systems that have been implemented to ensure the adequacy of GDI's environmental risk management practices. It is our opinion that adequate systems are in place for the management of GDI's environmental responsibilities and compliance with its various licence requirements and regulations. Further, we are not aware of any breaches of these requirements.

## 4. Directors and Company Secretary

### Directors

#### *Independent Chairman*

---

Ms Gina Anderson

#### *Managing Director*

---

Mr Steve Gillard

#### *Independent Non-executive Directors*

---

Mr John Tuxworth  
Mr Giles Woodgate  
Mr Stephen Burns

## Information on Directors

### **Ms Gina Anderson**

**Chairman, Independent Non-Executive Director**

Ms Anderson is a professional non-executive director with wide experience in private, not-for-profit and government boards. She has senior executive experience in a diverse range of organisations in business, property, and the not-for-profit sector, having held chief executive, corporate affairs, stakeholder engagement, communications, project management and human resources roles. Ms Anderson was appointed as a director in November 2013.

### **Mr Steven Gillard**

**Managing Director**

Mr Gillard has had over 30 years of experience in property related industries including 11 years' experience in property management and sales and seven years' experience as a senior analyst and advisor for international stockbroking firms, particularly in the property and tourism sectors. Mr Gillard was managing director of GDI's predecessor companies from 2005, became a director of the Company in November 2013 and Managing Director on 16 December 2013.

### **Mr John Tuxworth**

**Independent Non-Executive Director**

Mr Tuxworth has nearly 40 years' experience in senior executive and non-executive roles in financial services and management consulting businesses, including over nine years with Rothschild Australia Asset Management as an Executive Director and most recently as a founder and the Managing Director of People First & Associates, a management consultancy specialising in financial services. He was appointed as a director of the Company in February 2017.

For the financial year ended 30 June 2022

### Mr Giles Woodgate

Independent Non-Executive Director

Mr Woodgate is a highly respected chartered accountant with more than 40 years of extensive professional practice experience in audit, compliance and turnaround & insolvency, both locally and internationally. Having worked for prominent firms like KPMG, Deloitte and Crowe Horwath, as well as being responsible for publishing several widely acknowledged articles and presentations on topics such as insolvency, voluntary administrations, and bankruptcy, Mr Woodgate has been the senior partner of Woodgate & Co since its inception in 1989. He was appointed as a director of the company in November 2017.

### Mr Stephen Burns

Independent Non-Executive Director

Mr Burns is currently a Managing Director at Stanton Road Partners and was previously head of real estate investment banking at Credit Suisse, Australia, a role he held for nine years after holding a similar position at Deutsche Bank, Australia. Mr Burns possesses vast experience as a Real Estate specialist advisor and expertise in capital markets, mergers, acquisitions and other corporate transactions. Mr Burns has expert skills and deep relationships demonstrated over many years and multiple cycles, over the past 30+ years. He was appointed as a director of the company in November 2018.

### Number of meetings attended

The number of Board meetings, including Committees, held during the period and the number of those meetings attended by each director is set out below:

	Board		Audit Risk and Compliance Committee		Nomination and Remuneration Committee	
	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended
<b>Current chairman</b>	Gina Anderson		Giles Woodgate		John Tuxworth	
Gina Anderson	14	14	5	5	2	2
Steve Gillard	14	14				
John Tuxworth	14	13			2	2
Giles Woodgate	14	14	5	5		
Stephen Burns	14	14	5	5	2	2

### Other directorships

Details of other directorships of listed entities held by existing directors in the last three years are set out below:

Director	Other directorships
Gina Anderson	—
Steve Gillard	—
John Tuxworth	—
Giles Woodgate	—
Stephen Burns	—

# GDI Property Group Directors' report

For the financial year ended 30 June 2022

## Company Secretary

GDI has joint company secretaries, with their details provided below:

### Mr David Williams

#### Chief Financial Officer and Joint Company Secretary

Mr Williams has over 25 years' experience in the accounting and financial services industry with major accounting firms, commercial banks and international investment banks. Mr Williams joined GDI in early 2013 as a consultant, and from the time GDI listed was formally appointed as Chief Financial Officer and joint Company Secretary.

### Ms Kate Malcolm

#### Accountant and Joint Company Secretary

Ms Malcolm has over 15 years' experience in the accounting, financial services and property industries both in Australia and the United Kingdom. Ms Malcolm joined GDI in 2012 and was appointed as a Joint Company Secretary in late 2018.

## 5. Remuneration report

### 5.1 Basis of preparation

The Remuneration Report is designed to provide securityholders with an understanding of GDI's remuneration policies and the link between our remuneration approach and performance, in particular regarding Key Management Personnel ("KMP") as defined under the *Corporations Act 2001*. Individual outcomes are provided for GDI's non-executive Directors ("NEDs"), the Managing Director ("MD") and Disclosed Executives. Disclosed Executives are defined as those direct reports to the MD with responsibility for the strategic direction of GDI and includes all members of the executive management team.

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

### 5.2 Key Management Personnel

The KMP disclosed in this year's Remuneration Report are detailed in the table below.

## Key Management Personnel

Non-Executive Directors		Appointed	Term as a KMP for year
Gina Anderson	Independent Chairman	5 November 2013	Full year
John Tuxworth	Independent Director	20 February 2017	Full year
Giles Woodgate	Independent Director	16 November 2017	Full year
Stephen Burns	Independent Director	15 November 2018	Full year
Managing Director		Appointed	Term as a KMP for year
Steve Gillard		5 November 2013	Full year
Disclosed Executives			Term as a KMP for year
David Williams	Chief Financial Officer, Joint Company Secretary		Full year
John Garland	Head of Property		Full year
Paul Malek	Asset Management		Full year
David Ockenden <sup>1</sup>	Head of Development		11 months

<sup>1</sup> David Ockenden was employed on 9 August 2021



For the financial year ended 30 June 2022

### 5.3 Role of the Board in relation to remuneration

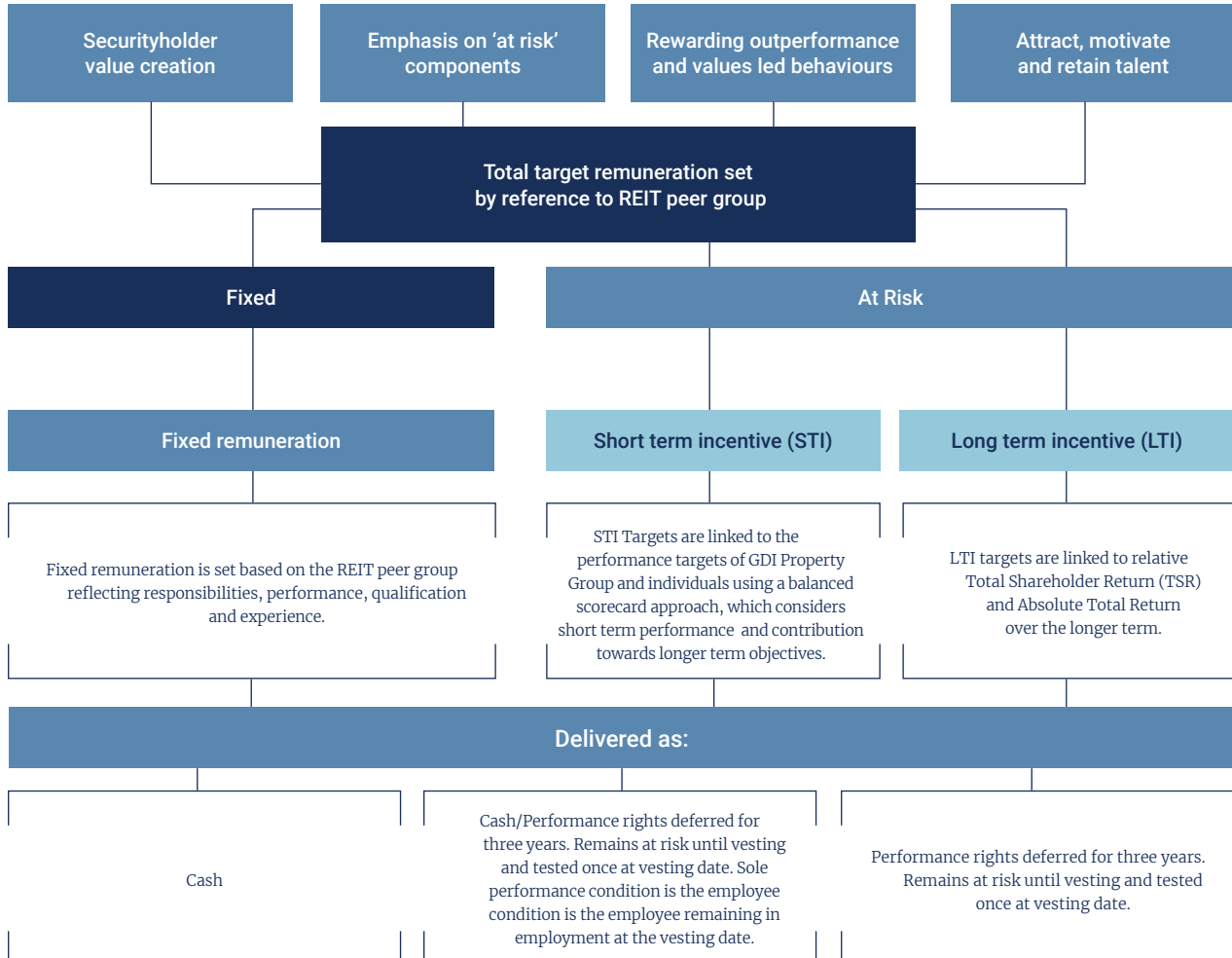
The Board has established a Nomination and Remuneration Committee (N&RC). The N&RC is responsible for:

- reviewing and making recommendations to the Board on remuneration and succession matters related to the MD and other Disclosed Executives;
- reviewing and making recommendations to the Board on remuneration relating to Non-Executive Directors;
- overseeing a Board performance evaluation programme, which addresses the performance of individual directors;
- designing incentive plans; and
- determining remuneration structures for the Managing Director and Disclosed Executives.

### 5.4 Remuneration objectives

The following principles shape GDI's remuneration approach:

- creating and enhancing value for all GDI stakeholders;
- emphasising the 'at risk' component of total remuneration to increase alignment with security holders and encourage behaviour that supports both entrepreneurship and long-term financial soundness within the confines of GDI's risk management framework;
- rewarding performance; and
- providing a competitive remuneration proposition to attract, motivate and retain the highest quality individuals within a framework of ethical standards of behaviour.



GDI Property Group  
**Directors' report**

For the financial year ended 30 June 2022

**5.5 The composition of remuneration at GDI**

The Board aims to find a balance between:

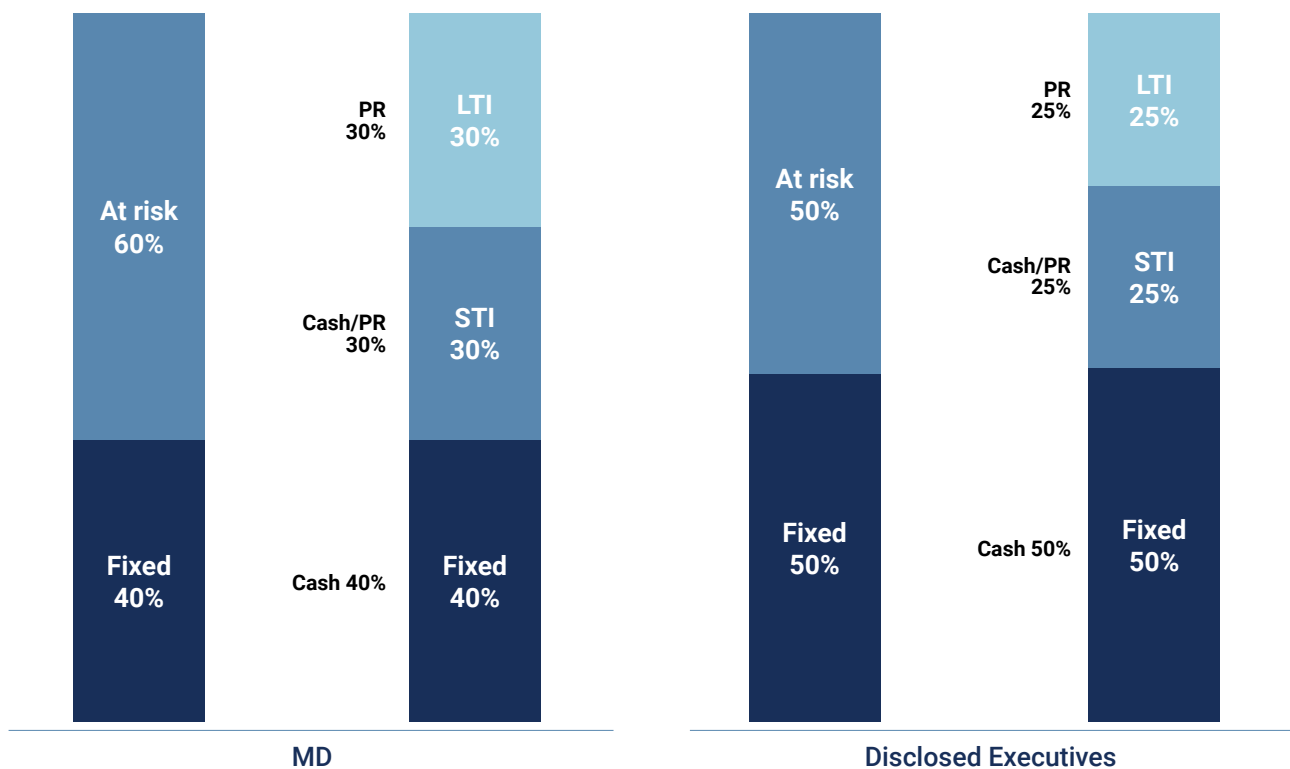
- fixed and at-risk remuneration;
- short and long-term incentives;
- amounts paid in cash and performance rights.

The below chart provides an overview of the target remuneration mix for the MD and Disclosed Executives.

The MD's target remuneration mix is weighted such that a higher component is at-risk (60%), with an equal weighting of the at-risk component between STIs and LTIs. Should an STI be granted, it can be delivered as either cash or performance rights where the principle performance condition is the employee remaining in employment at the vesting date, three years after the conclusion of the performance year.

The Disclosed Executives target remuneration mix is weighted equally between fixed and at-risk components, with an equal weighting of the at-risk component between STIs and LTIs. Should an STI be granted, it can be delivered as either cash or performance rights where the principle performance condition is the employee remaining in employment at the vesting date, three years after the conclusion of the performance year.

Remuneration mix for the Managing Director and Disclosed Executives



For the financial year ended 30 June 2022

### **Fixed remuneration**

GDI positions fixed remuneration for the MD and Disclosed Executives against relevant A-REIT comparables taking into consideration the role, responsibilities, performance, qualifications and experience. A-REIT comparables are considered the most relevant as this is the main pool for sourcing talent and where key talent may be lost.

Fixed remuneration is expressed as a total dollar amount which can be taken as cash salary, superannuation contributions and other nominated benefits.

### **At risk remuneration**

The at-risk component forms a significant part of the MD and Disclosed Executives target remuneration.

### **Short term incentives (STI)**

The STI provides an annual opportunity for an incentive award. Individuals are assessed on a balanced scorecard based on measures relating to longer term performance outcomes aligned to GDI's strategic objectives, as well as annual goals and workplace behaviours, including leadership and commitment. For the MD and Disclosed Executives, the weighting of these measures will vary to reflect the responsibilities of each role and their individual KPIs set at the commencement of each year. Notwithstanding any individual meeting or exceeding their performance measures, or some thereof, the N&RC may determine to reduce (but not increase) their STI entitlement at its absolute discretion.

### **Long term incentives (LTI)**

The LTI provides an annual opportunity for an equity award deferred for three years that aligns a significant portion of overall remuneration to security value over the longer term. LTI awards will remain at risk until vesting and must meet or exceed a relative Total Securityholder Return (50% of performance rights issued) and/or an Absolute Total Return (the other 50% of performance rights issued). The table below summarises the conditions that will apply to the performance rights granted for the year ended 30 June 2022. Other than the hurdle rates of return, these conditions are identical to those granted for all years since GDI's IPO Details of the offers of performance rights are disclosed in Section 5.6 and 5.7 of this Remuneration Report.



# GDI Property Group Directors' report

For the financial year ended 30 June 2022

## Arrangements for the year ended 30 June 2022

<b>Type of award</b>	<p>Performance right, being a right to acquire a stapled security at nil cost, subject to meeting time and performance hurdles. Upon exercise, each performance right entitles the MD and Disclosed Executives to one stapled security.</p> <p>The future value of the grant may range from zero to an undefined amount depending on performance against the hurdles and the security price at the time of exercise.</p> <p>Grants may be satisfied by a cash equivalent payment rather than stapled securities at the Board's discretion.</p>																									
<b>Time restriction</b>	<p>Performance rights will be tested against the performance hurdles at the end of three years. Performance rights that do not vest will be forfeited.</p>																									
<b>Vesting conditions</b>	<p>Performance rights will be subject to two tests, with half the performance rights subject to one test and the other half subject to the other test.</p> <table border="1"> <thead> <tr> <th>50% – Total Securityholder Return (TSR)</th> <th>Vesting percentage (for TSR measure)</th> </tr> </thead> <tbody> <tr> <td>Does not reach the 50th percentile of the TSR of the Comparator Group</td> <td>0%</td> </tr> <tr> <td>Reaches or exceeds the 50th percentile of the TSR of the Comparator Group but does not reach the 75th percentile</td> <td>50%, plus 2% for every one percentile increase above the 50th percentile</td> </tr> <tr> <td>Reaches or exceeds the 75th percentile of the TSR Comparator Group</td> <td>100%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>50% – Absolute Total Return (ATR)</th> <th>Vesting percentage (for ATR measure)</th> </tr> </thead> <tbody> <tr> <td>Does not achieve an ATR of 8%</td> <td>0%</td> </tr> <tr> <td>Achieves or exceeds an ATR of 8% but does not achieve an ATR of 10%</td> <td>50% up to 100% (at 12% ATR) on a straight-line basis</td> </tr> <tr> <td>Achieves or exceeds an ATR of 10%</td> <td>100%</td> </tr> </tbody> </table> <p><b>Definitions</b></p> <table border="1"> <tr> <td><b>TSR</b></td> <td> <p>Movement in security price and distributions.</p> <p>For the year ended 30 June 2022, the commencing security price is based on the 30 June 2022 closing security price of GDI and its Comparator Group</p> </td> </tr> <tr> <td><b>ATR</b></td> <td> <p>Movement in NTA and distributions</p> <p>For the year ended 30 June 2022, the commencing NTA is based on the 30 June 2022 NTA.</p> </td> </tr> <tr> <td><b>Comparator Group</b></td> <td> <p>Dexus, The GPT Group, Abacus Property Group, Growthpoint Properties Australia, Irongate Group, Australian Unity Office Property Fund, Centuria Office Fund, Elanor Commercial Property Fund, Elanor Investors Group, Garda Property Group and any other predominantly office landlord or real estate fund managers of similar scale in terms of market capitalisation and/or assets under management considered a comparator at the date of vesting.</p> </td> </tr> <tr> <td><b>Valuation</b></td> <td> <p>The dollar value of the LTI grant is converted into a number of performance rights based on a valuation, taking into account factors including the performance conditions, security price volatility, term, distribution yield, and the security price at grant date. The value of the TSR performance rights are generally lower than the GDI security price at 30 June 2022, while the ATR performance rights is the value of the GDI security price at 30 June 2022. The value of each LTI performance right is the average of the value of the TSR and ATR performance right. Full details of the value, and the method of calculation, are provided in Note 30 of the GDI Financial Report.</p> </td> </tr> </table>		50% – Total Securityholder Return (TSR)	Vesting percentage (for TSR measure)	Does not reach the 50th percentile of the TSR of the Comparator Group	0%	Reaches or exceeds the 50th percentile of the TSR of the Comparator Group but does not reach the 75th percentile	50%, plus 2% for every one percentile increase above the 50th percentile	Reaches or exceeds the 75th percentile of the TSR Comparator Group	100%	50% – Absolute Total Return (ATR)	Vesting percentage (for ATR measure)	Does not achieve an ATR of 8%	0%	Achieves or exceeds an ATR of 8% but does not achieve an ATR of 10%	50% up to 100% (at 12% ATR) on a straight-line basis	Achieves or exceeds an ATR of 10%	100%	<b>TSR</b>	<p>Movement in security price and distributions.</p> <p>For the year ended 30 June 2022, the commencing security price is based on the 30 June 2022 closing security price of GDI and its Comparator Group</p>	<b>ATR</b>	<p>Movement in NTA and distributions</p> <p>For the year ended 30 June 2022, the commencing NTA is based on the 30 June 2022 NTA.</p>	<b>Comparator Group</b>	<p>Dexus, The GPT Group, Abacus Property Group, Growthpoint Properties Australia, Irongate Group, Australian Unity Office Property Fund, Centuria Office Fund, Elanor Commercial Property Fund, Elanor Investors Group, Garda Property Group and any other predominantly office landlord or real estate fund managers of similar scale in terms of market capitalisation and/or assets under management considered a comparator at the date of vesting.</p>	<b>Valuation</b>	<p>The dollar value of the LTI grant is converted into a number of performance rights based on a valuation, taking into account factors including the performance conditions, security price volatility, term, distribution yield, and the security price at grant date. The value of the TSR performance rights are generally lower than the GDI security price at 30 June 2022, while the ATR performance rights is the value of the GDI security price at 30 June 2022. The value of each LTI performance right is the average of the value of the TSR and ATR performance right. Full details of the value, and the method of calculation, are provided in Note 30 of the GDI Financial Report.</p>
50% – Total Securityholder Return (TSR)	Vesting percentage (for TSR measure)																									
Does not reach the 50th percentile of the TSR of the Comparator Group	0%																									
Reaches or exceeds the 50th percentile of the TSR of the Comparator Group but does not reach the 75th percentile	50%, plus 2% for every one percentile increase above the 50th percentile																									
Reaches or exceeds the 75th percentile of the TSR Comparator Group	100%																									
50% – Absolute Total Return (ATR)	Vesting percentage (for ATR measure)																									
Does not achieve an ATR of 8%	0%																									
Achieves or exceeds an ATR of 8% but does not achieve an ATR of 10%	50% up to 100% (at 12% ATR) on a straight-line basis																									
Achieves or exceeds an ATR of 10%	100%																									
<b>TSR</b>	<p>Movement in security price and distributions.</p> <p>For the year ended 30 June 2022, the commencing security price is based on the 30 June 2022 closing security price of GDI and its Comparator Group</p>																									
<b>ATR</b>	<p>Movement in NTA and distributions</p> <p>For the year ended 30 June 2022, the commencing NTA is based on the 30 June 2022 NTA.</p>																									
<b>Comparator Group</b>	<p>Dexus, The GPT Group, Abacus Property Group, Growthpoint Properties Australia, Irongate Group, Australian Unity Office Property Fund, Centuria Office Fund, Elanor Commercial Property Fund, Elanor Investors Group, Garda Property Group and any other predominantly office landlord or real estate fund managers of similar scale in terms of market capitalisation and/or assets under management considered a comparator at the date of vesting.</p>																									
<b>Valuation</b>	<p>The dollar value of the LTI grant is converted into a number of performance rights based on a valuation, taking into account factors including the performance conditions, security price volatility, term, distribution yield, and the security price at grant date. The value of the TSR performance rights are generally lower than the GDI security price at 30 June 2022, while the ATR performance rights is the value of the GDI security price at 30 June 2022. The value of each LTI performance right is the average of the value of the TSR and ATR performance right. Full details of the value, and the method of calculation, are provided in Note 30 of the GDI Financial Report.</p>																									

For the financial year ended 30 June 2022

## Other remuneration elements

### Clawback

The Board will have on-going and absolute discretion to adjust performance-based components of remuneration downwards, or to zero, at any time, including after the grant of such remuneration, where the Board considers such an adjustment is necessary to protect the financial soundness of GDI, or if the Board subsequently considers that having regard to information which has come to light after the grant of performance rights, the granting of performance rights was not justified.

### Hedging prohibition

As specified in GDI's Security Trading Policy and Performance Rights Plan and in accordance with the Corporations Act, equity allocated under a GDI incentive scheme must remain at risk until exercisable. As such, it will be a condition of grant that no schemes are entered into, either by an individual or their associated persons, which specifically protects the unvested value of performance rights. Doing so would constitute a breach of the grant conditions and would result in the forfeiture of the relevant performance rights.

### Other employees

Given the relatively small number of staff at GDI, the Board believes that it is important to recognise the efforts of all employees and not just the Disclosed Executives and has granted the Managing Director discretion to grant both cash bonuses and participation in GDI's LTI plan to all employees on a merit basis. During the year ended 30 June 2022, cash bonuses to other employees totalled \$110,000, and they will also receive STI performance rights with a value of \$110,000 and a 30 June 2022 employee benefit expense of \$27,500 and LTI performance rights with a value of \$220,000 and a 30 June 2022 employee benefit expense of \$55,000.

## 5.6 Performance and outcomes

### 5.6.1 GDI's performance and securityholder wealth

	Years	Opening security price	Movement in security price	Opening NTA	Movement in NTA	Distribution	TSR	TSR p.a.	ATR	ATR p.a.
		\$	\$	\$	\$	\$				
Since listing	8.55	1.000	(0.09)	0.91	0.36	0.6525	56.3%	6.6%	111.3%	13.0%
Since 1 July 2019	3.00	1.385	(0.475)	1.26	0.01	0.2325	(17.5%)	(5.8%)	19.2%	6.4%
Since 1 July 2021	1.00	1.120	(0.21)	1.25	0.02	0.0775	(11.8%)	(11.8%)	7.8%	7.8%
<b>30 June 2022</b>		<b>0.910</b>		<b>1.27</b>		<b>0.0775</b>				

The Board considers that the financial measure that most accurately reflects GDI's performance on an annual basis is the ATR test, rather than the often-adopted growth in FFO or AFFO test by our Comparator Group as the nature of our business means that FFO and AFFO will be volatile. Regardless of the capital structure of GDI, the assets we hold, or the time of the property cycle, our intention is to deliver an ATR of at least 10%p.a. on a rolling three-year basis, but to take the volatility out of our performance, to also deliver at least 10%p.a. each year. Therefore, an ATR test forms the basis of the financial measure in the balanced scorecard (see 5.6.4.1) and one half of the test for LTIs. We have been consistent with this measure since our IPO in 2013.

However, we also acknowledge that securityholders get rewarded through movements in the security price and distributions. Accordingly, the other half of our LTIs is tested against a peer group. Security price performance does not influence the balanced scorecard approach we utilise to determine KMP STIs.

# GDI Property Group Directors' report

For the financial year ended 30 June 2022

## 5.6.2 Past issues of STI performance rights (FY19)

To enhance the alignment with securityholders, the FY19 STI granted to the MD and Disclosed Executives was split 50% cash, 50% performance rights where the principle performance condition was continued employment (or a good leaver) for three years from the conclusion of the performance year (FY22). In total, 434,318 performance rights were granted as part of the FY19 STI programme. The expense of these performance rights was incurred over four years, the year to which the performance period relates (FY19) and the three vesting years (FY20, FY21 and FY22). As all five employees who were granted STI performance rights in FY19 remain in employment or are considered a good leaver, all these performance rights (434,318) vested. GDI intends to satisfy these performance rights by transferring 434,318 securities to the relevant employees. These securities will not be subject to any escrow or other trading restrictions.

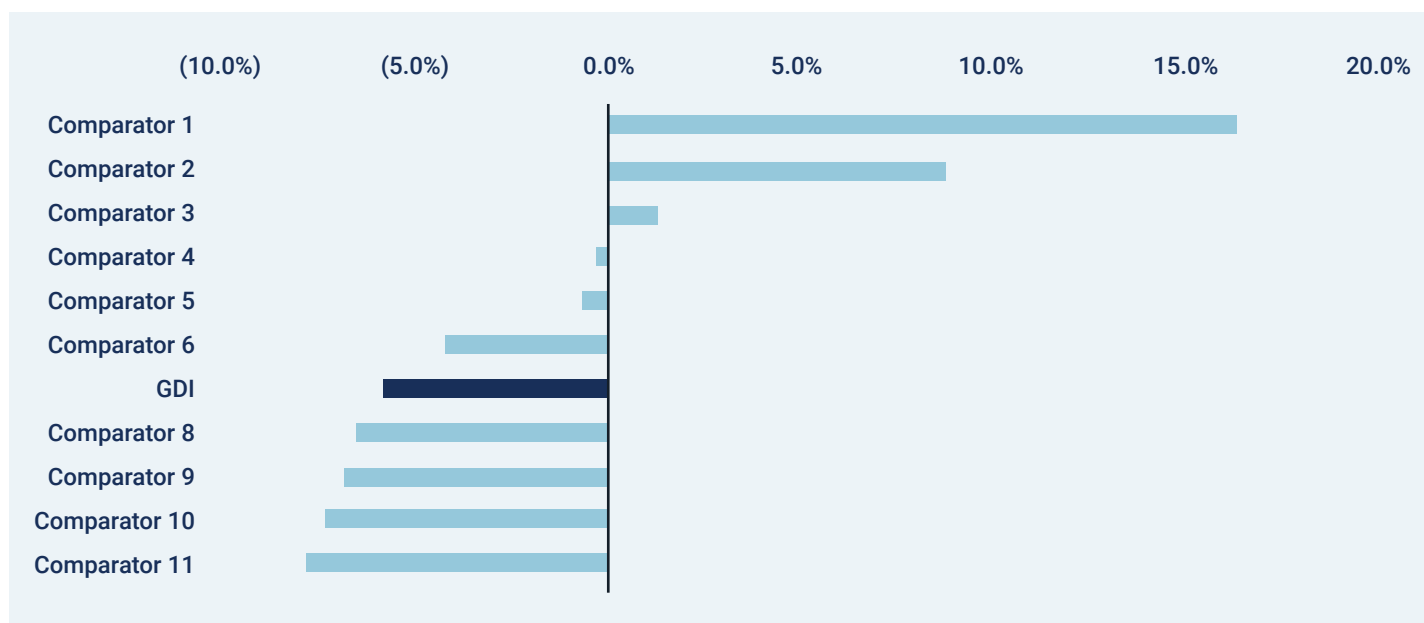
## 5.6.3 Past issues of LTI performance rights (FY19)

1,476,772 performance rights were granted as part of GDI's FY19 LTI plan. In addition, Mr David Ockenden was granted 100,000 FY19 LTI performance rights on his employment with GDI. These performance rights were tested three years from issue, at which time they either vested or lapsed. As with the FY22 performance rights, the performance rights were subject to continued employment (or a good leaver) and either a TSR test (for 50% of the rights granted) or an ATR test (for 50% of the rights granted).

### 5.6.3.1 TSR test

As at 30 June 2022, GDI's Comparator Group comprised 10 entities (11 including GDI). GDI's TSR for the three-year period ended 30 June 2022 was (5.8)%p.a., ranking 7th out of 11 in the Comparator Group. As GDI's TSR was not in either the 1st or 2nd quartile, none of these performance rights vested.

Total securityholder return p.a.



The Comparator Group comprises the same entities that comprise the Comparator Group for the issue of FY22 LTIs (refer page 40).



For the financial year ended 30 June 2022

### 5.6.3.2 ATR test

The ATR is determined by the movement in NTA over the vesting period plus distributions, divided by the commencing NTA. This is then divided by the vesting period (in this case three years) to determine the ATR per year.

Movement in NTA per security		Distributions per security		ATR per security	ATR %	ATR % p.a.
30 June 2019 NTA	\$1.26	FY20	\$0.0775			
30 June 2022 NTA	\$1.27	FY21	\$0.0775			
		FY22	\$0.0775			
<b>Total movement</b>	<b>\$0.01</b>	<b>Total distributions</b>	<b>\$0.2325</b>	<b>\$0.2425</b>	<b>19.2%</b>	<b>6.4%</b>

As the ATR was below the minimum threshold of 10%, no performance rights subject to the ATR test vested.

### 5.6.4 Current year STI outcomes

#### 5.6.4.1 KMP balanced scorecard

Detailed in the table below is a summary of the performance measures and outcomes of the balanced scorecard for the MD and Disclosed Executives.

	Financial		Operational		People culture and development		Total
	% weighting of total STI	% of total STI granted	% weighting of total STI	% of total STI granted	% weighting of total STI	% of total STI granted	Total STI granted %
Steve Gillard	40.0%	-	40.0%	33.0%	20.0%	20.0%	53.0%
David Williams	30.0%	-	60.0%	40.0%	10.0%	10.0%	50.0%
John Garland	20.0%	-	70.0%	37.0%	10.0%	10.0%	47.0%
Paul Malek	20.0%	-	70.0%	37.0%	10.0%	10.0%	47.0%
David Ockenden	20.0%	-	70.0%	42.0%	10.0%	10.0%	52.0%

The following provides an explanation of the performance measures and outcomes.

#### Financial

For FY22, the financial measure was meeting or exceeding the minimum ATR target. The Board considers that the ATR measure closely aligns Executive STIs to GDI's financial objectives, regardless of capital structure or time of the cycle. This measure is used as both an annual test (STI) and for the LTIs, tested on a rolling three years basis. The Board acknowledges that the nature of GDI's business means that its ATR will have some level of annual volatility. For LTI purposes, the impact of this annual volatility is reduced because of the three-year testing cycle. Notwithstanding this volatility, the Board considers that an annual ATR test is the most appropriate financial measure for balanced scorecard purposes.

Executives receive a score of 50% of the balanced scorecard weighting to the financial outcome at an ATR of 8%p.a., to 100% at an ATR of 10%p.a.

Minimum FY22 ATR target	FY22 ATR	Achieved (%)
8% - 10%	7.8%	N

#### Operational

Operational measures for the MD and Disclosed Executives reflect the responsibilities of each role. For example, the Head of Property's performance is weighted towards asset management and sustainability, whilst the CFO and Joint Company Secretary's are weighted towards capital management and reporting, risk management and compliance.

# GDI Property Group Directors' report

For the financial year ended 30 June 2022

During FY22, a summary of the operational objectives and balanced scorecard outcomes on an individual basis is provided in the table below.

Executive	Key operational objectives	Commentary	Weighting as a % of total potential STI	Amount awarded as a % of total potential STI/% of operational objectives
Steve Gillard	<ul style="list-style-type: none"> <li>Significant progress of development opportunities at:               <ul style="list-style-type: none"> <li>– WS2; and</li> <li>– 1 Mill Street, Perth</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>WS2 on track for a completion in CY22</li> <li>Pivot of 1 Mill Street to a speedier, light weight, environmentally superior solution</li> </ul>	40.0%	33.0%/82.5%
	<ul style="list-style-type: none"> <li>Oversight of capital transactions, including the sale of 50 Cavill Avenue, Surfers Paradise</li> </ul>	<ul style="list-style-type: none"> <li>Delivered the sale of 50 Cavill Avenue, Surfers Paradise</li> </ul>		
	<ul style="list-style-type: none"> <li>Identification and oversight of acquisition opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Identified the carpark (bought December 2021) and the alternate use</li> </ul>		
	<ul style="list-style-type: none"> <li>Leasing momentum in Perth assets</li> </ul>	<ul style="list-style-type: none"> <li>Partly achieved leasing momentum</li> </ul>		
David Williams	<ul style="list-style-type: none"> <li>Capital management initiatives including distributions, buybacks and debt financing and financing of WS2</li> </ul>	<ul style="list-style-type: none"> <li>Successful financing and refinancing on sale of 50 Cavill Avenue, funding of WS2 and funding of the carpark acquisitions</li> </ul>	60.0%	40.0%/66.0%
	<ul style="list-style-type: none"> <li>Development of enhanced ESG reporting and ESG initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Partly achieved</li> </ul>		
	<ul style="list-style-type: none"> <li>Focus on investor relations including research coverage</li> </ul>	<ul style="list-style-type: none"> <li>Partly achieved</li> </ul>		
Paul Malek	<ul style="list-style-type: none"> <li>Oversight of WA office asset portfolio:               <ul style="list-style-type: none"> <li>– capital expenditure;</li> <li>– leasing programmes</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Capital expenditure programme exceptionally well managed</li> <li>Leasing and releasing programme partly achieved</li> </ul>	70.0%	37.0%/53.0%
	<ul style="list-style-type: none"> <li>ESG initiatives at properties under management</li> </ul>	<ul style="list-style-type: none"> <li>Partly achieved ESG initiatives at the assets under management</li> </ul>		

For the financial year ended 30 June 2022

Executive	Key operational objectives	Commentary	Weighting as a % of total potential STI	Amount awarded as a % of total potential STI/% of operational objectives
John Garland	<ul style="list-style-type: none"> <li>• Oversight of East Coast office and WA non office asset portfolio:</li> <li>– capital expenditure;</li> <li>– leasing programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Capital expenditure programme exceptionally well managed</li> <li>• Leasing and releasing programme partly achieved</li> </ul>	70.0%	37.0%/53.0%
	<ul style="list-style-type: none"> <li>• Delivery of all capital markets transactions</li> </ul>	<ul style="list-style-type: none"> <li>• Capital markets transactions executed seamlessly</li> </ul>		
	<ul style="list-style-type: none"> <li>• Ownership of GDI's ESG initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Partly achieved ESG initiatives, with individual carbon reduction strategies being met, but further work required on reporting initiatives</li> </ul>		
David Ockenden	<ul style="list-style-type: none"> <li>• Development of WS2</li> </ul>	<ul style="list-style-type: none"> <li>• WS2 on track for a completion in CY22, although leasing programme partially on track</li> </ul>	70.0%	42.0%/60.0%
	<ul style="list-style-type: none"> <li>• Significant progress at 1 Mill Street and the broader Mill Green precinct</li> </ul>	<ul style="list-style-type: none"> <li>• Old 45,000qsm scheme is redundant in current market, new scheme a work in progress at 30 June 2022</li> </ul>		
	<ul style="list-style-type: none"> <li>• Development opportunities at other assets</li> </ul>	<ul style="list-style-type: none"> <li>• Progress on opportunities at other assets</li> </ul>		
	<ul style="list-style-type: none"> <li>• Building in ESG solutions to all development opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Embodied carbon thinking being developed</li> </ul>		

---

# GDI Property Group Directors' report

---

For the financial year ended 30 June 2022

## *People, culture and development*

The MD and Disclosed Executives are expected to demonstrate strong leadership and commitment, with those that have direct reports also monitored by their people management and people development skills. Since IPO in 2013 only three employees have resigned from GDI and this stable workforce has created a unique culture. The MD and Disclosed Executives have managed the business seamlessly during what has been a difficult period.

## *Securityholder alignment*

To enhance the alignment with securityholders, the N&RC determined that any STI granted to the MD and Disclosed Executives would be granted as performance rights where the principle performance condition is continued employment (or a good leaver) for three years from the conclusion of the performance year, meaning that there were no cash bonuses paid in FY22 to the MD and Disclosed Executives (as there wasn't in FY20 and FY21). The expense of these performance rights is incurred over four years, the year to which the performance period relates (FY22) and the three vesting years (FY23, FY24 and FY25). As these performance rights had not been issued by 30 June 2022, GDI has recognised the fair value of them as an accrual with the cost recognised as an employee benefit expense. Once the rights are issued, the accrual will be reversed with a corresponding increase in the security-based payments reserve in equity.

As the only performance condition for STI rights to vest is continued employment (or a good leaver) for three years from the end of the performance year, the value of each performance right is the same as the GDI closing price at 30 June 2022.

Further details of the STI outcomes for the MD and Disclosed Executives are provided in Section 5.7 of this Remuneration Report. The issue of performance rights to the MD is subject to securityholder approval at the Annual General Meeting to be held on 10 November 2022.

## **5.6.5 LTI outcomes**

The Board considers it is important to align executive remuneration with securityholders outcomes and to encourage behaviour that supports both entrepreneurship and long-term financial soundness within the confines of GDI's risk management framework. As a result, GDI grants performance rights to the MD and Disclosed Executives as part of their annual remuneration package. The issue of performance rights to the MD is subject to securityholder approval at the Annual General Meeting to be held on 10 November 2022. The expense of the performance rights relating to the year ended 30 June 2022 is incurred over four years, the year to which the performance period relates (FY22) and the three vesting years (FY23, FY24 and FY25). As the performance rights had not been issued by 30 June 2022, GDI has recognised the fair value of them as an accrual with the cost recognised as an employee benefit expense. Once the rights are issued, the accrual will be reversed with a corresponding increase in the security-based payments reserve in equity.

As disclosed in Section 5.5, the performance rights issued to employees in FY22 have the same test as those issued to employees in all years since IPO, a 50% weighting to a Relative Total Return test and a 50% weighting to an Absolute Total Return test. For FY22, as with FY21, the minimum Absolute Total Return threshold is 8.0%p.a. and the maximum 10.0%p.a., noting that the past thresholds (prior to FY21) of 10.0%p.a. – 12.0%p.a. no longer reflect the risk premium to the current capitalisation and discount rate being paid for assets.

Further details of the LTI performance rights granted for the MD (subject to approval) and Disclosed Executives are provided in Section 5.7 of this Remuneration Report. Details on the fair value of performance rights issued and intended to be issued are provided in Note 1(p)(iii) and Note 30.



For the financial year ended 30 June 2022

## 5.7 Remuneration outcomes

### Non-Executive Directors

Principles underpinning the remuneration policy for Non-Executive Directors (NEDs) are as provided below:

Principle	Comment
Aggregate Board fees are within the maximum disclosed to securityholders in the Offer Document	The aggregate fee pool for NED's as disclosed in the Offer Document is \$3.0 million. The annual total of NEDs' fees of \$475,000, including superannuation contributions, is within this limit.
Fees are set by reference to key considerations	Board fees are set by reference to a number of relevant considerations including: <ul style="list-style-type: none"> <li>• general industry practice and best principles of corporate governance;</li> <li>• the responsibilities and risks attached to the role of NEDs;</li> <li>• the expected time commitments; and</li> <li>• reference to fees paid to NEDs of comparable companies.</li> </ul>
The remuneration structure preserves independence	NED fees are not linked to the performance of GDI and NEDs are not eligible to participate in any of GDI's incentive arrangements.

### Annual fees

(inclusive of superannuation)

	Board		Committee	
	Chairman	Other NED	Chairman	Other NED
	\$165,000	\$90,000	\$10,000	\$5,000

As a result of a remuneration review undertaken by Ferguson Partners in May 2021, directors' fees were increased by \$15,000 a director, and fees were introduced for committee membership (\$10,000 for chair and \$5,000 for membership).

Details of non-executive Directors statutory remuneration are disclosed in the remuneration table in section 5.8.

### Managing Director contract terms

The following sets out details of the contract terms relating to the MD. The contract terms are in line with industry practice and ASX Corporate Governance Principles.

Fixed remuneration	\$765,000, inclusive of superannuation.
Participation in performance rights plan	Subject to stapled securityholder approvals, Mr Gillard is entitled to participate in the performance rights plan.
Length of contract	Mr Gillard commenced as Managing Director on 16 December 2013 and is on a permanent contract, which is an ongoing employment contract until notice is given.
Notice periods	<ul style="list-style-type: none"> <li>• Mr Gillard may terminate the employment contract at any time by giving six months' notice in writing.</li> <li>• GDI may terminate the employment contract for any reason by giving 12 months' notice, or alternatively, payment in lieu of notice.</li> <li>• In the event of wilful negligence or serious misconduct, GDI may terminate Mr Gillard's employment contract immediately by notice in writing and without payment.</li> </ul>
Restraint of trade	Mr Gillard will be subject to a restraint period of six months from termination.

# GDI Property Group Directors' report

For the financial year ended 30 June 2022

## Managing Director's remuneration outcome

Actual remuneration provided to the MD for the period ended 30 June 2022 is provided below, with the expense relating to the MD's remuneration disclosed in section 5.8 below.

<b>Fixed remuneration</b>	The MD received \$765,000 of fixed remuneration for the year ended 30 June 2022, inclusive of superannuation.
<b>STI</b>	The MD received an STI award of \$304,088, 53.0% of his potential entitlement, based on the Balanced Scorecard approach discussed above. Subject to securityholder approval, the STI will be paid in performance rights (334,162 performance rights) where the principle performance condition is remaining employed by a GDI entity for three years after the conclusion of the performance year. Further details of the actual STI awarded to the MD are provided in the table below on page 51 of this Remuneration Report.
<b>LTI</b>	The MD received an LTI award of \$573,750 value, being 855,834 performance rights. Fifty percent of these are subject to a Total Securityholder Return test (versus a peer group) and the other fifty percent are subject to an Absolute Total Return test (NTA growth plus distributions). Each performance right is tested once three years after the conclusion of the performance year. Details of the actual LTI awarded to the MD are provided in the table below on page 51 of this Remuneration Report.

## Disclosed Executive contract terms

	David Williams	John Garland	Paul Malek	David Ockenden
<b>Fixed remuneration</b>	\$400,000	\$375,000	\$375,000	\$375,000
<b>Participation in performance rights plan</b>	Disclosed Executives are entitled to participate in the performance rights plan.			
<b>Length of contract</b>	Disclosed Executives are subject to an ongoing employment contract until notice is given.			
<b>Notice periods</b>	<ul style="list-style-type: none"> <li>Disclosed Executives may terminate the employment contract at any time by giving three months' notice in writing.</li> <li>GDI may terminate the employment contract for any reason by giving three months' notice, or alternatively, payment in lieu of notice.</li> <li>In the event of wilful negligence or serious misconduct, GDI may terminate a Disclosed Executive's employment contract immediately by notice in writing and without payment.</li> </ul>			
<b>Restraint of trade</b>	Disclosed Executives will be subject to a restraint period of three months from termination.			

# GDI Property Group Directors' report

# 2022.

For the financial year ended 30 June 2022

## Disclosed Executives remuneration outcomes

Actual remuneration provided to Disclosed Executives for the period ended 30 June 2022 is provided below, with the remuneration table disclosed in section 5.8.

<b>Fixed remuneration</b>	The Disclosed Executives received the fixed remuneration shown above, inclusive of superannuation.										
<b>STI</b>	The Disclosed Executives received an STI as shown in the table below of this Remuneration Report. The STI has been paid in performance rights where the principle performance condition is remaining employed by a GDI entity for three years after the conclusion of the performance year.										
<b>LTI</b>	The Disclosed Executives received an LTI as shown in the table below of this Remuneration Report. Fifty percent of these are subject to a Total Securityholder Return test (versus a peer group) and the other fifty percent are subject to an Absolute Total Return test (NTA growth plus distributions). Each performance right is tested once three years after the conclusion of the performance year.										
<b>Participation in past LTI awards</b>	As part of his employment, David Ockenden was granted FY19, FY20 and FY21 LTI performance rights as disclosed below										
	<table border="1"> <thead> <tr> <th></th> <th>FY19</th> <th>FY20</th> <th>FY21</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Number of LTIs granted</td> <td>100,000</td> <td>100,000</td> <td>214,606</td> <td>414,606</td> </tr> </tbody> </table>		FY19	FY20	FY21	Total	Number of LTIs granted	100,000	100,000	214,606	414,606
	FY19	FY20	FY21	Total							
Number of LTIs granted	100,000	100,000	214,606	414,606							

## MD and Disclosed Executive STI outcomes

	Potential STI	STI granted	STI forgone	STI granted	STI forgone	Cash component	PR <sup>1</sup> component	PR <sup>1</sup> granted	FY22 PR <sup>1</sup> Expense	Total expense
	\$	\$	\$	%	%	\$	\$	Number	\$	\$
Steve Gillard <sup>2</sup>	573,750	304,088	269,663	53.0	47.0	–	304,088	334,162	76,022	76,022
David Williams	200,000	100,000	100,000	50.0	50.0	–	100,000	109,890	25,000	25,000
John Garland	187,500	88,125	99,375	47.0	53.0	–	88,125	96,841	22,031	22,031
Paul Malek	187,500	88,125	99,375	47.0	53.0	–	88,125	96,841	22,031	22,031
David Ockenden	187,500	97,500	90,000	52.0	48.0	–	97,500	107,143	24,375	24,375
<b>Total</b>	<b>1,336,250</b>	<b>677,838</b>	<b>658,413</b>			<b>–</b>	<b>677,838</b>	<b>744,877</b>	<b>169,459</b>	<b>169,459</b>

## MD and Disclosed Executive LTI outcome

	LTI granted	PR <sup>1</sup> Granted	FY22 PR <sup>1</sup> expense
	\$	Number	\$
Steve Gillard <sup>2</sup>	573,750	855,834	143,438
David Williams	200,000	298,330	50,000
John Garland	187,500	279,684	46,875
Paul Malek	187,500	279,684	46,875
David Ockenden	187,500	279,684	46,875
<b>Total</b>	<b>1,336,250</b>	<b>1,993,216</b>	<b>334,063</b>

<sup>1</sup> Performance rights.

<sup>2</sup> The issue of performance rights to Steve Gillard is subject to securityholder approval at the AGM to be held on 10 November 2022.

MD and Disclosed Executive summary of performance rights issued<sup>1</sup>

	Primary performance condition employment			FY20 LTI			FY21 LTI			FY22 LTI			Total LTI		
	FY20 STI	FY21 STI	FY22 STI <sup>4</sup>	Total	TSR <sup>2</sup>	ATR <sup>3</sup>	TSR <sup>2</sup>	ATR <sup>3</sup>	TSR <sup>2,4</sup>	ATR <sup>3,4</sup>	TSR <sup>2</sup>	ATR <sup>3</sup>	TSR <sup>2</sup>	ATR <sup>3</sup>	Total PR
Vesting date	30 Jun 23	30 Jun 24	30 Jun 25		30 Jun 23	30 Jun 23	30 Jun 24	30 Jun 24	30 Jun 25	30 Jun 25					
Steve Gillard	231,558	307,366	334,162	873,086	347,749	347,749	351,800	351,800	427,917	427,917	1,127,466	1,127,466	3,128,018		
David Williams	80,717	125,000	109,890	315,607	121,220	121,220	122,632	122,632	149,165	149,165	393,017	393,017	1,101,641		
John Garland	78,475	125,000	96,841	300,316	106,068	106,068	107,303	107,303	139,842	139,842	353,213	353,213	1,006,742		
Paul Malek	82,399	125,000	96,841	304,240	106,068	106,068	107,303	107,303	139,842	139,842	353,213	353,213	1,010,666		
David Ockenden	–	–	107,143	107,143	50,000	50,000	107,303	107,303	139,842	139,842	297,145	297,145	701,433		
	<b>473,149</b>	<b>682,366</b>	<b>744,877</b>	<b>1,900,392</b>	<b>731,105</b>	<b>731,105</b>	<b>796,341</b>	<b>796,341</b>	<b>996,608</b>	<b>996,608</b>	<b>2,524,054</b>	<b>2,524,054</b>	<b>6,948,500</b>		

<sup>1</sup> Does not include performance rights issued in relation to FY19 that were tested as at 30 June 2022.

<sup>2</sup> Total shareholder return, being movement in the security price and distributions.

<sup>3</sup> Absolute total return, being movement in NTA/security and distributions.

<sup>4</sup> The issue of performance rights to Steve Gillard is subject to securityholders approval at the AGM to be held on 10 November 2022.



## 5.8 KMP remuneration table

### 5.8.1 KMP remuneration table for the period ended 30 June 2022

	Security based payments <sup>3</sup>										Total remuneration <sup>4</sup>					
	Short term benefits			Post-employment		Long term benefits		Relating to prior periods			Relating to current period		Total	Performance related	Performance	
	Salary & fees	Accrued leave <sup>1</sup>	Other <sup>2</sup>	Cash bonus	Super contributions	Long service leave <sup>1</sup>	Performance rights	Performance rights	Performance rights	Performance rights	STI	Performance rights	LTI	remuneration	%	rights
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
<b>Non-executive directors</b>																
G Anderson	147,510	–	–	–	27,490	–	–	–	–	–	–	–	–	175,000	–	–
J Tuxworth	72,501	–	–	–	27,499	–	–	–	–	–	–	–	–	100,000	–	–
G Woodgate	90,909	–	–	–	9,091	–	–	–	–	–	–	–	–	100,000	–	–
S Burns	90,909	–	–	–	9,091	–	–	–	–	–	–	–	–	100,000	–	–
<b>Managing Director</b>																
S Gillard	737,500	18,713	–	–	27,500	18,498	211,570	207,985	229,500	76,022	143,438	1,670,725	–	–	52%	52%
<b>Disclosed Executives</b>																
D Williams	375,000	11,415	1,227	–	25,000	9,672	73,750	72,500	85,000	25,000	50,000	728,564	–	–	42%	42%
J Garland	350,000	13,062	839	–	25,000	12,184	63,438	65,625	78,750	22,031	46,875	677,804	–	–	41%	41%
P Malek	351,426	13,878	–	–	23,574	10,948	64,750	66,719	78,750	22,031	46,875	678,951	–	–	41%	41%
D Ockenden <sup>5</sup>	311,960	27,305	–	–	24,687	4,27	102,504	41,248	43,750	24,375	46,875	623,131	–	–	41%	42%
<b>Total</b>	<b>2,527,715</b>	<b>84,373</b>	<b>2,066</b>	<b>–</b>	<b>198,932</b>	<b>51,729</b>	<b>516,012</b>	<b>454,077</b>	<b>515,750</b>	<b>169,459</b>	<b>334,063</b>	<b>4,854,176</b>	<b>–</b>	<b>–</b>		

1 Annual and long-term service leave are accounted on an accrual basis. The amounts represent the change in accrued leave during the period.

2 Other includes the cost of an annual gym membership and other items incurred by GDI as part of its employee health and wellbeing programme.

3 The amount shown is the fair value of performance rights under the various STI and LTI plans included in the relevant financial period and does not represent actual STI or LTI awards made.

4 Amounts disclosed as total remuneration excludes insurance premiums paid by GDI in respect of Directors' and Officers' liability insurance contracts.

5 D Ockenden commenced employment with GDI on 9 August 2021

## 5.8.2 KMP remuneration table for the period ended 30 June 2021

	Security based payments <sup>3</sup>										Total remuneration <sup>4</sup>			
	Short term benefits			Post-employment		Long term benefits		Relating to prior periods			Relating to current period		Total remuneration <sup>4</sup>	Performance related %
Salary & fees \$	Accrued leave <sup>1</sup> \$	Other <sup>2</sup> \$	Cash bonus \$	Super contributions \$	Long service leave <sup>1</sup> \$	FY18 Performance rights \$	FY19 Performance rights \$	FY20 Performance rights \$	STI Performance rights \$	LTI Performance rights \$	Total remuneration \$			
<b>Non-executive directors</b>														
G Anderson	125,034	–	–	–	24,966	–	–	–	–	–	–	150,000	–	–
J Tuxworth	50,001	–	–	–	24,999	–	–	–	–	–	–	75,000	–	–
G Woodgate	68,493	–	–	–	6,507	–	–	–	–	–	–	75,000	–	–
S Burns	68,493	–	–	–	6,507	–	–	–	–	–	–	75,000	–	–
<b>Managing Director</b>														
S Gillard	740,000	12,475	–	–	25,000	20,035	215,156	211,570	207,985	86,063	143,438	1,661,721	52%	52%
<b>Disclosed Executives</b>														
D Williams	375,000	(17,938)	892	–	25,000	10,476	75,000	73,750	72,500	35,000	50,000	699,680	44%	44%
J Garland	325,000	7,135	651	–	25,000	6,179	65,625	63,438	65,625	35,000	43,750	637,403	43%	43%
P Malek	328,304	11,415	662	–	21,696	11,172	65,625	64,750	66,719	35,000	43,750	649,093	42%	42%
G Marr <sup>5</sup>	220,833	3,682	75,800	–	25,000	14,353	56,250	55,313	54,375	–	–	505,607	33%	33%
<b>Total</b>	<b>2,301,158</b>	<b>16,769</b>	<b>78,005</b>	<b>–</b>	<b>184,675</b>	<b>62,215</b>	<b>477,656</b>	<b>468,821</b>	<b>467,204</b>	<b>191,063</b>	<b>280,938</b>	<b>4,528,505</b>		

1 Annual and long-term service leave are accounted on an accrual basis. The amounts represent the change in accrued leave during the period.

2 Other includes the cost of an annual gym membership and other items incurred by GDI as part of its employee health and wellbeing programme.

3 The amount shown is the fair value of performance rights under the various STI and LTI plans included in the relevant financial period and does not represent actual STI or LTI awards made.

4 Amounts disclosed as total remuneration excludes insurance premiums paid by GDI in respect of Directors' and Officers' liability insurance contracts.

5 G Marr's employment terminated on 27 January 2021. His salary and fees include a payment in lieu of notice, and his short-term benefits includes an ex-gratia payment

For the financial year ended 30 June 2022

## 5.9 Transactions with KMP

### 5.9.1 Equity instrument disclosure relating to KMP

	Securities held at the beginning of the period	Securities transferred in satisfaction of performance rights	Net securities bought/(sold)	Securities held at the end of the period
<b>Directors</b>				
Gina Anderson	80,000	–	22,000	102,000
Steve Gillard	30,332,580	222,384	(107,384)	30,447,580
John Tuxworth	170,300	–	100,000	270,300
Giles Woodgate	–	–	–	–
Stephen Burns	49,533	–	–	49,533
<b>Other key management personnel</b>				
David Williams	1,624,636	77,519	(50,000)	1,652,155
John Garland	904,162	67,829	–	971,991
Paul Malek	433,232	67,829	(42,194)	458,867
David Ockenden <sup>1</sup>	430,066	–	105,703	535,769

There were no other transactions with KMP in the year ended 30 June 2022.

## 6. Other Disclosures

### 6.1 Indemnification and Insurance of Directors and Officers

GDI provides a Deed of Indemnity and Access (Deed) in favour of each Director of GDI and its controlled entities. The Deed indemnifies the Directors on a full indemnity basis to the extent permitted by law for losses, liabilities, costs and charges incurred as a Director of GDI, its controlled entities or such other entities.

Subject to specified exclusions, the liabilities insured are for costs that may be incurred in defending civil or criminal proceedings that may be brought against directors and officers in their capacity as Directors, its controlled entities or such other entities, and other payments arising from liabilities incurred by the Directors in connection with such proceedings. GDI has agreed to indemnify the auditors out of the assets of GDI if GDI has breached the agreement under which the auditors are appointed.

During the financial year, GDI paid insurance premiums to insure the Directors of GDI and its controlled entities. The terms of the contract prohibit disclosure of the premiums paid.

### 6.2 Rounding of Amounts

GDI is of a kind referred to in ASIC Class Order 98/100. Accordingly, amounts in the financial report have been rounded to the nearest thousand in accordance with that Class Order, unless stated otherwise.

### 6.3 Auditor

Hall Chadwick continues in office in accordance with section 327 of the *Corporations Act 2001*.

<sup>1</sup> David Ockenden commenced employment with GDI on 9 August 2021 and held 430,066 securities at that time

---

GDI Property Group  
**Directors' report**

---

For the financial year ended 30 June 2022

#### 6.4 Non-audit services

The following fees were paid or payable to Hall Chadwick for non-audit services provided during the year ended 30 June 2022:

	\$
Provision of tax advice	<u>64,000</u>

The Directors have considered the non-audit services and other assurance services provided by the auditor during the financial period. In accordance with advice received from the Audit, Risk and Compliance Committee, the Directors are satisfied that:

1. the non-audit services provided during the financial year by Hall Chadwick as the external auditor were compatible with the general standard of independence for auditors imposed by the Act; and
2. any non-audit services provided during the financial year by Hall Chadwick as the external auditor did not compromise the auditor independence requirements of the Act for the following reasons:
  - (i) all non-audit services were reviewed and approved by the Audit, Risk and Compliance committee prior to commencement to ensure they would not adversely affect the integrity and objectivity of the auditor;
  - (ii) the fact that none of the non-audit services provided by Hall Chadwick during the financial year had the characteristics of management, decision making, self-review, advocacy or joint sharing of risks; and
  - (iii) the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

#### 6.5 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 the following page.

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



---

**Gina Anderson**  
Chairman



---

**Steve Gillard**  
Managing Director

Sydney

Dated this 22nd day of August 2022



22 August 2022

**HALL CHADWICK (NSW)**  
Chartered Accountants and Business Advisers

**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**

**SYDNEY**  
Level 40  
2 Park Street  
Sydney NSW 2000  
Australia  
  
GPO Box 3555  
Sydney NSW 2001  
  
Ph: (612) 9263 2600  
Fx: (612) 9263 2800

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 (the "Group"). As the lead audit partner for the review of the financial report of the Group for the ended 30 June 2022, 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*

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

*S. Kumar*

**SANDEEP KUMAR**  
Partner  
Dated: 22 August 2022

A Member of PrimeGlobal  
An Association of Independent  
Accounting Firms



# GDI Property Group

## Financial report

As at 30 June 2022

### Consolidated statement of profit or loss and other comprehensive income

	Note	GDI		Trust	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Revenue from ordinary activities</b>					
Property revenue		41,584	52,043	41,123	52,248
Funds management revenue		2,618	2,599	–	–
Interest revenue		126	111	123	104
Other income		–	56	–	18
<b>Total revenue from ordinary activities</b>	<b>2</b>	<b>44,328</b>	<b>54,809</b>	<b>41,245</b>	<b>52,370</b>
Net fair value gain/(loss) on interest rate swaps		2,473	324	2,473	324
Net fair value gain/(loss) on investment property	10	51,408	2,318	51,408	2,318
Profit on sale of non-current asset held for sale		7,800	–	7,800	–
<b>Total income</b>		<b>106,009</b>	<b>57,451</b>	<b>102,927</b>	<b>55,012</b>
<b>Expenses</b>					
Property expenses		20,227	19,895	19,720	19,895
Finance costs	3	5,266	5,270	5,292	5,290
Corporate and administration expenses	4	8,678	8,142	5,528	4,338
Provision for impairment of debts	7	(1)	789	(1)	296
Acquisition expenses		3,654	830	3,654	801
<b>Total expenses</b>		<b>37,826</b>	<b>34,927</b>	<b>34,194</b>	<b>30,620</b>
<b>Profit before tax</b>		<b>68,184</b>	<b>22,525</b>	<b>68,732</b>	<b>24,392</b>
Income tax benefit/(expense)	5	126	435	–	–
<b>Net profit from continuing operations</b>		<b>68,309</b>	<b>22,960</b>	<b>68,732</b>	<b>24,392</b>
Other comprehensive income		(8)	–	(8)	–
<b>Total comprehensive income for the year</b>		<b>68,301</b>	<b>22,960</b>	<b>68,724</b>	<b>24,392</b>
<b>Profit and total comprehensive income attributable to:</b>					
Company shareholders		(423)	(1,432)	–	–
Trust unitholders		48,544	17,417	48,544	17,417
<b>Profit and total comprehensive income attributable to:</b>					
Stapled securityholders		48,121	15,985	48,544	17,417
External non-controlling interests		20,180	6,975	20,180	6,975
<b>Profit after tax from continuing operations</b>		<b>68,301</b>	<b>22,960</b>	<b>68,724</b>	<b>24,392</b>
		<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Basic earnings per stapled security/trust unit	21	8.93	2.95	9.01	3.21
Diluted earnings per stapled security/trust unit	21	8.86	2.93	8.94	3.19

The accompanying notes form part of these financial statements.

As at 30 June 2022

**Consolidated statement of financial position**

	Note	GDI		Trust	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Current assets</b>					
Cash and cash equivalents	6	12,570	11,188	10,653	9,504
Trade and other receivables	7	4,568	3,675	4,231	3,263
Derivative financial instruments	14	528	–	528	–
Other assets	8	6,547	6,911	7,836	7,715
Non-current assets held for sale	9	1,240	102,491	1,240	102,491
<b>Total current assets</b>		<b>25,452</b>	<b>124,265</b>	<b>24,487</b>	<b>122,973</b>
<b>Non-current assets</b>					
Investment properties	10	1,008,376	852,087	1,008,376	852,087
Plant and equipment	11	157	70	100	–
Right of use asset		560	839	–	–
Deferred tax assets	12	1,190	1,065	–	–
Intangible assets	13	18,110	18,110	–	–
Derivative financial instruments	14	1,943	–	1,943	–
Equity accounted investments		3,595	–	3,595	–
<b>Total non-current assets</b>		<b>1,033,932</b>	<b>872,172</b>	<b>1,014,015</b>	<b>852,087</b>
<b>Total assets</b>		<b>1,059,384</b>	<b>996,436</b>	<b>1,038,502</b>	<b>975,060</b>
<b>Current liabilities</b>					
Borrowings	17	29,965	–	29,965	–
Trade and other payables	15	34,147	25,628	33,174	24,998
Lease liability		285	277	–	–
Provisions	16	621	437	–	–
<b>Total current liabilities</b>		<b>65,018</b>	<b>26,342</b>	<b>63,139</b>	<b>24,998</b>
<b>Non-current liabilities</b>					
Borrowings	17	216,245	208,557	216,220	208,492
Derivative financial instruments	14	–	2	–	2
Lease liability		285	571	–	–
Provisions	16	210	243	–	–
Other liabilities		23	17	–	–
<b>Total non-current liabilities</b>		<b>216,764</b>	<b>209,390</b>	<b>216,220</b>	<b>208,494</b>
<b>Total liabilities</b>		<b>281,782</b>	<b>235,732</b>	<b>279,359</b>	<b>233,492</b>
<b>Net assets</b>		<b>777,603</b>	<b>760,703</b>	<b>759,143</b>	<b>741,567</b>
<b>Equity</b>					
Contributed equity	18	22,007	22,340	495,728	503,066
Reserves	19A	223	209	4,917	4,625
Retained earnings	19B	(3,770)	(3,413)	178,159	169,730
<b>Equity attributable to equity holders of the Company/Trust</b>		<b>18,460</b>	<b>19,136</b>	<b>678,804</b>	<b>677,420</b>
<b>Non-controlling interests</b>					
Unitholders of the Trust					
Contributed equity	18	495,728	503,066	–	–
Reserves	19A	4,917	4,625	–	–
Retained earnings	19B	178,159	169,730	–	–
<b>Total equity attributable to trust unitholders</b>		<b>678,804</b>	<b>677,420</b>	<b>–</b>	<b>–</b>
<b>Equity attributed to holders of stapled securities</b>		<b>697,264</b>	<b>696,556</b>	<b>–</b>	<b>–</b>
<b>External non-controlling interest</b>					
Contributed equity		64,625	64,625	64,625	64,625
Retained earnings	19B	15,714	(478)	15,714	(478)
<b>Total equity attributable to external non-controlling interest</b>		<b>80,339</b>	<b>64,147</b>	<b>80,339</b>	<b>64,147</b>
<b>Total equity</b>		<b>777,603</b>	<b>760,704</b>	<b>759,143</b>	<b>741,567</b>

The accompanying notes form part of these financial statements.

# GDI Property Group

## Financial report

As at 30 June 2022

### Consolidated statement of changes in equity

GDI	Equity attributable to security holders of GDI						
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interest (Trust) \$'000	Non-controlling interest (External) \$'000	Total equity \$'000
<b>Balance as at 1 July 2020</b>	22,296	203	(1,981)	20,517	700,886	61,242	782,645
<b>Comprehensive income</b>							
(Loss)/profit for the year	–	–	(1,432)	(1,432)	17,417	6,975	22,960
Other comprehensive income	–	–	–	–	–	–	–
<b>Total comprehensive income for the year</b>	–	–	(1,432)	(1,432)	17,417	6,975	22,960
<b>Transactions with securityholders in their capacity as securityholders</b>							
Security-based payments expense	–	94	–	94	2,077	–	2,171
Issue and formation costs	–	–	–	–	(1)	–	(1)
Equity issued	88	(88)	–	–	–	–	–
Disposal of equity to non-controlling interest	–	–	–	–	–	50	50
On-market securities buy-back	(43)	–	–	(43)	(952)	–	(995)
Distributions paid/payable	–	–	–	–	(42,006)	(4,120)	(46,126)
<b>Total transactions with securityholders in their capacity as securityholders</b>	<b>45</b>	<b>6</b>	<b>–</b>	<b>51</b>	<b>(40,882)</b>	<b>(4,070)</b>	<b>(44,902)</b>
<b>Balance as at 30 June 2021</b>	<b>22,340</b>	<b>209</b>	<b>(3,413)</b>	<b>19,136</b>	<b>677,420</b>	<b>64,147</b>	<b>760,704</b>
<b>Balance as at 1 July 2021</b>	<b>22,340</b>	<b>209</b>	<b>(3,413)</b>	<b>19,136</b>	<b>677,420</b>	<b>64,147</b>	<b>760,704</b>
<b>Comprehensive income</b>							
Profit/(loss) for the year	–	–	(423)	(423)	48,552	20,180	68,309
Other comprehensive income	–	–	–	–	(8)	–	(8)
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>(423)</b>	<b>(423)</b>	<b>48,544</b>	<b>20,180</b>	<b>68,301</b>
<b>Transactions with securityholders in their capacity as securityholders</b>							
Security-based payments expense	–	104	–	104	2,297	–	2,401
Issue and formation costs	–	–	–	–	(2)	(1)	(3)
Cash settlement transaction – Performance rights	–	(25)	–	(25)	(543)	–	(568)
Transfer from security based payment reserve	–	(66)	66	–	–	–	–
On-market securities buy-back	(333)	–	–	(333)	(7,336)	–	(7,669)
Distributions paid/payable	–	–	–	–	(41,577)	(3,988)	(45,565)
<b>Total transactions with securityholders in their capacity as securityholders</b>	<b>(333)</b>	<b>13</b>	<b>66</b>	<b>(253)</b>	<b>(47,161)</b>	<b>(3,989)</b>	<b>(51,403)</b>
<b>Balance as at 30 June 2022</b>	<b>22,007</b>	<b>223</b>	<b>(3,770)</b>	<b>18,460</b>	<b>678,804</b>	<b>80,339</b>	<b>777,603</b>

The accompanying notes form part of these financial statements.



As at 30 June 2022

## Trust

	Equity attributable to unitholders of the Trust					
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity attributable to unitholders of the Trust \$'000	Non-controlling interest (External) \$'000	Total equity \$'000
<b>Balance as at 1 July 2020</b>	502,084	4,483	194,319	700,886	61,242	762,128
<b>Comprehensive income</b>						
Profit for the year	–	–	17,417	17,417	6,975	24,392
Other comprehensive income	–	–	–	–	–	–
<b>Total comprehensive income for the year</b>	–	–	17,417	17,417	6,975	24,392
<b>Transactions with unitholders in their capacity as unitholders</b>						
Security-based payments expense	–	2,077	–	2,077	–	2,077
Issue and formation costs	(1)	–	–	(1)	–	(1)
Equity issued	1,935	(1,935)	–	–	–	–
Disposal of equity to non-controlling interest	–	–	–	–	50	50
On-market securities buy-back	(952)	–	–	(952)	–	(952)
Distributions paid/payable	–	–	(42,006)	(42,006)	(4,120)	(46,126)
<b>Total transactions with securityholders in their capacity as securityholders</b>	982	141	(42,006)	(40,882)	(4,070)	(44,953)
<b>Balance as at 30 June 2021</b>	503,066	4,625	169,730	677,420	64,147	741,567
<b>Balance as at 1 July 2021</b>	503,066	4,625	169,730	677,420	64,147	741,567
<b>Comprehensive income</b>						
Profit for the year	–	–	48,552	48,552	20,180	68,732
Other comprehensive income	–	–	(8)	(8)	–	(8)
<b>Total comprehensive income for the year</b>	–	–	48,544	48,544	20,180	68,724
<b>Transactions with unitholders in their capacity as unitholders</b>						
Security-based payments expense	–	2,297	–	2,297	–	2,297
Issue and formation costs	(2)	–	–	(2)	(1)	(3)
Cash settlement transaction – Performance rights	–	(543)	–	(543)	–	(543)
Transfer from security based payment reserve	–	(1,461)	1,461	–	–	–
On-market securities buy-back	(7,336)	–	–	(7,336)	–	(7,336)
Distributions paid/payable	–	–	(41,577)	(41,577)	(3,988)	(45,565)
<b>Total transactions with securityholders in their capacity as securityholders</b>	(7,338)	293	(40,116)	(47,161)	(3,989)	(51,149)
<b>Balance as at 30 June 2022</b>	495,728	4,917	178,159	678,804	80,339	759,143

The accompanying notes form part of these financial statements.

GDI Property Group  
**Financial report**

As at 30 June 2022

**Consolidated statement of cash flows**

	Notes	GDI		Trust	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>					
Receipts in the course of operations		60,492	63,350	58,258	60,759
Payments in the course of operations		(23,707)	(25,042)	(21,563)	(20,782)
Interest received		126	111	123	104
Interest paid		(4,812)	(4,982)	(4,736)	(4,911)
<b>Net cash inflow from operating activities</b>	<b>25</b>	<b>32,098</b>	<b>33,437</b>	<b>32,082</b>	<b>35,171</b>
<b>Cash flows from investing activities</b>					
Payments for investment properties		(72,154)	(12,595)	(72,154)	(12,595)
Proceeds from the sale of investment property		108,380	–	108,380	–
Payments for capital expenditure		(15,058)	(8,702)	(15,058)	(8,702)
Payments for investment properties under construction		(30,441)	(3,828)	(30,441)	(3,828)
Payments for plant and equipment		(111)	(18)	(100)	–
Payments of incentives and leasing fees		(1,729)	(7,350)	(1,729)	(7,350)
(Loan to)/repayment of loans from associated companies		1,199	(1,159)	336	(1,525)
Disposal of equity to non-controlling interest		–	50	–	50
Acquisition of equity accounted investment		(3,705)	–	(3,705)	–
Dividends received from equity accounted investment		102	–	102	–
<b>Net cash used in investing activities</b>		<b>(13,518)</b>	<b>(33,602)</b>	<b>(14,370)</b>	<b>(33,950)</b>
<b>Cash flows from financing activities</b>					
Payments for the on-market buy-back of securities		(7,669)	(995)	(7,336)	(952)
Payment of loan transaction costs		(815)	(29)	(815)	(29)
Payment of dividends/distributions		(45,840)	(46,283)	(45,840)	(46,283)
Proceeds from borrowings		145,259	48,833	145,259	48,833
Repayment of borrowings		(107,286)	–	(107,286)	–
Equity issue costs		(3)	(1)	(3)	(1)
Cash settlement transaction – Performance rights		(568)	–	(543)	–
Principal reduction in lease liabilities		(277)	(271)	–	–
<b>Net cash from financing activities</b>		<b>(17,199)</b>	<b>1,253</b>	<b>(16,564)</b>	<b>1,567</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>1,382</b>	<b>1,088</b>	<b>1,148</b>	<b>2,787</b>
Cash and cash equivalents at beginning of year		11,188	10,100	9,504	6,717
<b>Cash and cash equivalents at the end of the year</b>	<b>6</b>	<b>12,570</b>	<b>11,188</b>	<b>10,653</b>	<b>9,504</b>

The accompanying notes form part of these financial statements.

For the financial year ended 30 June 2022

### Note 1 – Summary of significant accounting policies

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. GDI 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 GDI. The Company was incorporated on 5 November 2013 and the Trust established on 4 November 2013 and registered as a management investment scheme on 18 November 2013.

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:

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

The financial statements are authorised for issue on 22 August 2022 by the directors of the Company and the Responsible Entity of the Trust.

#### (a) Basis of preparation

These general-purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. GDI is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### (b) Consolidated financial statements

The 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 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 financial statements of GDI, despite the fact that such owners also have an equal interest in the Company.

#### (c) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of all controlled entities for the year ended 30 June 2022, that is the Company and its subsidiaries and the Trust and its subsidiaries, collectively referred to as GDI.

Subsidiaries are entities GDI controls. GDI controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the controlled entities is provided in Note 31.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of GDI from the date on which control is obtained. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have

# Notes to the financial statements

For the financial year ended 30 June 2022

been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by GDI.

## (d) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

## (e) Investment in associates

An associate is an entity over which GDI has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in GDI's share of net assets of the

associate. In addition, GDI's share of the profit or loss and other comprehensive income is included in the consolidated financial statements.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby GDI's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between GDI and the associate are eliminated to the extent of GDI's interest in the associate.

When GDI's share of losses in an associate equals or exceeds its interest in the associate, GDI discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, GDI will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

The requirements of AASB 128: Investments in Associates and Joint Ventures and AASB 9: Financial Instruments are applied to determine whether it is necessary to recognise any impairment loss with respect to GDI's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136: Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.



For the financial year ended 30 June 2022

#### (f) Goodwill

Goodwill is carried at cost less any accumulated impairment losses.

Goodwill is calculated as the excess of the sum of:

- the consideration transferred;
- any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
- the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to GDI's cash-generating unit or groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment.

Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the disposed of entity.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

#### (g) Income Tax

##### (i) Trust

Under current income tax legislation, the Trust is not liable to pay tax provided its taxable income and taxable realised capital gains are distributed to unitholders. The liability for capital gains tax that may arise if the investment properties owned by the Trust, either directly or indirectly, were sold is not accounted for in this Financial Report.

##### (ii) Company and other taxable entities

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

# Notes to the financial statements

For the financial year ended 30 June 2022

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference cannot be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

- a legally enforceable right of set-off exists; and
- the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

### *(iii) Tax consolidation*

The Company and its wholly owned subsidiaries (excluding the Trust and its wholly owned subsidiaries) have formed a tax-consolidated group with effect from 16 December 2013 and are therefore taxed as a single entity from that date. The head entity of the tax-consolidated group is the Company.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group, using the 'separate taxpayer within group' approach by reference to the carrying amounts of the assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities or assets and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any funding arrangement amounts

referred to below. Any difference in these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that the future taxable profits of the tax-consolidated group will be available against which the asset can be utilised. Any subsequent period adjustment to deferred tax assets arising from unused tax losses, as a result of revised assessments of the probability of recoverability, is recognised by the head entity only.

### *(iv) Nature of tax funding arrangements and tax sharing arrangements*

The Company, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement, which sets out the funding obligations of the members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the Company equal to the current tax liability (asset) assumed by the Company and any tax-loss/deferred tax asset assumed by the Company, resulting in the Company recognising an inter-entity receivable (payable) equal in amount to the liability (asset) assumed. The inter-entity receivable (payable) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the Company's obligation to make payments for tax liabilities to the relevant tax authorities.

The Company, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing arrangement. The tax sharing arrangement provides for the determination of the allocation of income tax liabilities between the entities should the Company default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement, as payment of any amounts under the tax sharing agreement is considered remote.

For the financial year ended 30 June 2022

### (h) Plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probably that future economic benefits associated with the item will flow to GDI and the cost of the item can be measured reliably. All repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using both the straight line and diminishing values method to allocate costs of assets, net of their residual values, over their estimated useful lives, as follows:

Class	Rate
Furniture and fittings	2% - 67%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds to the carrying amount. Any gain or loss is included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

### (i) Impairment of assets

Goodwill and tangible assets that have an indefinite useful life are not subject to amortisation and are tested at least annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

At each reporting date, and whenever events or changes in circumstances occur, GDI assesses whether there is any indication that any other asset may be impaired. Where an indicator of impairment exists, GDI makes a formal estimate and an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Assets other than goodwill that suffer an impairment are viewed for possible reversal of the impairment at each reporting date.

### (j) Investment properties

Investment properties is property which is held either to earn income or for capital appreciation or both. Investment properties also include properties that are under construction for future use as investment properties. Investment properties are measured at fair value, with acquisition and other related costs written off through the profit and loss. As part of the process of determining fair value, an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values individual properties annually on a rotation basis or on a more regular basis if considered appropriate and as determined by management and the Board in accordance with the valuation policy of GDI.

These valuation processes are taken into consideration when determining the fair value of the investment properties. The fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

# Notes to the financial statements

For the financial year ended 30 June 2022

The valuations are prepared by considering the capitalisation of net income and the discounting of future cash flows to their present value. These methods incorporate assumptions of future rental income and costs, appropriate capitalisation and discount rates and also consider market evidence of transaction prices of similar investment properties.

Valuations reflect, where appropriate:

- the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their creditworthiness;
- the allocation of maintenance and other operating cost responsibilities between lessor and lessee; and
- the remaining economic life of the property.

Further information on assumptions underlying the assessment of fair value is contained below at Note 1 (aa) Critical accounting estimates and assumptions and in Note 10, Investment properties.

Changes in fair values are recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The gain or loss on disposal of an investment property is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the year of disposal.

Repairs and maintenance costs and minor renewals are charged as expenses when incurred. Subsequent refurbishment costs (other than repairs and maintenance) are capitalised to the investment property where they result in an enhancement in the future economic benefits of the property.

## (k) Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash at bank.

## (l) Leases

### GDI as lessee

At inception of a contract, GDI assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by GDI where GDI is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease. Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, GDI uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that GDI anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.



For the financial year ended 30 June 2022

### GDI as lessor

GDI leases property to lessees. Upon entering into each contract as a lessor, GDI assesses if the lease is a finance or operating lease. The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease. Initial direct costs incurred in entering into an operating lease (for example legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term. Lessees may also be offered incentives as an inducement to enter into leases. These incentives may take various forms including up-front cash payments, rent free periods, or a contribution to certain lessee costs such as fit-out or relocation costs. Any incentive is also recognised as an asset in the statement of financial position as a component of the carrying amount of the investment property and amortised over the lease period as a reduction in rental income. In certain circumstances, GDI will invest in a “spec” fit-out. Such fit-outs are not considered part of a lessees incentive as they are owned by GDI.

Rental income due under finance leases is recognised as receivables at the amount of GDI’s net investment in the leases. When a contract is determined to include lease and non-lease components, GDI applies AASB 15 to allocate the consideration under the contract to each component.

### (m) Fair value of assets and liabilities

GDI measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standards.

Fair value is the price GDI would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific 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.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs).

For non-financial assets, the fair value measurement also takes into account a market participant’s ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity’s own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

### (n) Financial Instruments

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

# Notes to the financial statements

For the financial year ended 30 June 2022

## Classification and subsequent measurement

Financial instruments are subsequently measured at amortised cost using the effective interest method, fair value through profit or loss, or for financial assets, fair value through other comprehensive income.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

GDI does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

### *(i) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

### *(ii) Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

## **(o) Derivative financial instruments**

GDI enters into various derivative financial instruments (i.e. interest rate swaps) to manage its exposure to interest rate risks. Derivative financial instruments are initially and subsequently measured at fair value. All gains and losses subsequent to the initial recognition are recognised in profit or loss.

## **(p) Employee benefits**

### *(i) Short-term employee benefits*

Provision is made for GDI's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

GDI's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. GDI's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

### *(ii) Long-term employee benefits*

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

For the financial year ended 30 June 2022

GDI's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where GDI does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

### *(iii) Performance rights plan*

GDI has established a performance rights plan and has issued performance rights to employees. Under the performance rights plan, employees will be granted performance rights which will vest if vesting conditions are satisfied, into either GDI's securities at no cost, or an equivalent amount of cash, at the election of GDI.

The cost of the issues of performance rights are recognised as an employee benefit expense. The fair value of the performance rights is recognised in the security-based payments reserve in equity, or, if the performance rights are yet to be granted, accrued in the Consolidated Statement of Financial Position and reversed with a corresponding increase in the security-based payments reserve in equity once the performance rights are granted.

Fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the rights. For relative market performance-based vesting conditions, fair value is determined using binomial option pricing to model the performance of GDI to the selected peer group taking into account individual volatilities and correlations.

For non-market based vesting conditions, the fair value is determined based on the likelihood of achieving the conditions having reference to budgets and management plans and is measured using a Black-Scholes option pricing model. For non-market based vesting conditions, at each reporting date GDI revises its estimate of the number of performance rights that are expected to be exercisable and the employee benefit expense recognised each reporting period takes into account the most recent estimate. The impact of any revision to original estimates is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income with a corresponding adjustment to equity.

## **(q) Revenue and other income**

GDI has applied AASB 15: Revenue from contracts with customers, which is based on the principle that revenue is recognised when control of a good or service transfers to a customer. AASB 15 applies to all contracts with customers except leases, financial instruments and insurance contracts so for GDI, principally its funds management revenue.

### *(i) Funds management revenue*

GDI, through wholly owned subsidiaries, manages investment schemes which do not form part of the consolidated financial statements. GDI earns revenue in a number of ways such as:

- Due diligence and acquisition fees
- Asset management fees
- Performance fees
- Disposal fees

Revenue is recognised as the funds management services are provided and the transaction price is calculated in line with the fees schedule stated in the information memorandum.

### *(ii) Rental revenue*

Rental revenue from investment property is recognised on a straight-line basis over the lease term or until the first contingency (market or CPI review) occurs. Rental revenue not received at reporting date is reflected in the statement of financial position as a contract asset or if paid in advance, as a contract liability. Lease incentives granted are considered an integral part of the total rental revenue and are recognised as a reduction in rental income over the term of the lease, on a straight-line basis. Contingent rents based on the future amount of a factor that changes other than with the passage of time, including turnover rents and CPI or market linked rental increases, are only recognised when contractually due.

### *(iii) Interest*

Interest revenue is recognised as it accrues using the effective interest method.

Where an asset has been held for syndication with funding provided by GDI Property Trust by way of an at call loan, and the asset is subsequently syndicated, the

# Notes to the financial statements

For the financial year ended 30 June 2022

interest income earned by GDI Property Trust whilst the asset is held for syndication is recognised in both the accounts of GDI Property Trust and GDI.

## (r) Property expenses

Property expenses and outgoings include rates, taxes and other property outgoings incurred in relation to investment properties where such expenses are the responsibility of GDI Property Trust, and are recognised on an accruals basis.

## (s) Borrowing and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Under this method fees, costs, discounts and premiums directly related to the financial liability are spread over its expected life. Borrowings are classified as current liabilities unless GDI has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period in which they are incurred.

## (t) Provisions

Provisions are recognised when:

- GDI has a present legal or constructive obligation as a result of past events; and
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Provisions are not recognised for future operating losses.

## (u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

## (v) Rounding of amounts

GDI has applied the relief available to it under ASIC Class Order 98/100. Accordingly, amounts in the financial statements and directors' report have been rounded to the nearest \$1,000.

## (w) Segment reporting

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other segments. Each segment is reviewed by the entity's chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess the performance and for which discrete financial information is available.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, investment properties and goodwill. Due to the small size of the GDI's team, corporate overhead expenses and property, plant and equipment are not allocated in reporting to the CODM and therefore for the purpose of segment reporting are unallocated.



For the financial year ended 30 June 2022

### (x) Contributed equity

Ordinary shares and units are classified as equity and recognised at the fair value of the consideration received by GDI. Any transaction costs arising on the issue of ordinary stapled securities are recognised directly in equity as a reduction, net of tax, of the proceeds of the issue.

### (y) Distributions and dividends

Distributions are paid to GDI stapled securityholders half yearly. A provision for distributions is made for the amount of any distribution declared on or before the end of the reporting period but not paid to securityholders at the reporting date.

### (z) Earnings per stapled security

Basic earnings per stapled security is calculated as net profit attributable to ordinary securityholders of GDI divided by the weighted average number of ordinary securities outstanding during the financial year. Diluted earnings per stapled security is calculated as net profit attributable to ordinary securityholders of GDI divided by the weighted average number of ordinary stapled securities and dilutive potential ordinary securities. Where there is no difference between basic and diluted earnings per stapled security, the term basic and diluted earnings per stapled security is used.

### (aa) Critical accounting estimates and assumptions

The preparation of the financial reports requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial reports. Management bases its judgements and estimates on historical experience and other various factors it believes to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the results of which form the basis of the carrying values of assets and liabilities. The resulting accounting estimates may differ from the actual results under different assumptions and conditions.

The key estimates and assumptions that have a risk of causing adjustment in the next financial year to the carrying amounts of asset and liabilities recognised in these financial reports are:

#### (i) Valuation of investment properties

Critical judgements are made by GDI in respect of the fair value of investment properties. The fair value of these investments is reviewed regularly by management with reference to external independent property valuations, recent offers and market conditions existing at reporting date, using generally accepted market practices. The critical assumptions underlying management's estimates of fair value are those relating to the passing rent, market rent, occupancy, capitalisation rate, terminal yield and discount rate. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of the property investments may differ. Major assumptions used in valuation of the property investments are disclosed in Note 10.

#### (ii) Valuation of financial instruments

The fair value of derivative assets and liabilities are based on assumptions of future events and involve significant estimates. The basis of valuation for GDI's derivatives are set out in Note 1(o), however the fair values of derivatives reported at 30 June 2022 may differ if there is volatility in market rates in future periods. The valuation techniques are discussed in detail at Note 29 and have been developed in compliance with requirements of AASB 9 Financial Instruments: Recognition and Measurement.

#### (iii) Security-based payments

GDI measures the cost of performance rights allocated to employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of performance rights is determined using Black-Scholes option pricing model and Binomial option pricing model. The related assumptions are detailed in Note 30. The accounting estimates and the assumptions relating to performance rights will have no impact on the carrying amounts of assets and liabilities within the next reporting period, but may impact the security-based payment expense and equity.

# Notes to the financial statements

For the financial year ended 30 June 2022

## (iv) Recoverability of deferred tax assets

Deferred tax assets are recognised for deductible temporary difference and unused tax losses as management considers that it is probable that future taxable profits will be available to utilise those temporary differences and unused tax losses. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits which may lead to impairment of the deferred tax asset.

## (v) Consolidation of entities in which GDI holds less than 50%

Management consider that GDI has de facto control of GDI No. 42 Office Trust and GDI No. 46 Property Trust, even though it has less than 50% of the units on issue in either trust. GDI is the majority unitholder of GDI No. 42 Office Trust with a 43.68% interest and GDI No. 46 Property Trust with a 47.19% interest, while all other unitholders in both trusts indirectly hold less than 10% of the units on issue. There is no history of other unitholders forming a group to exercise their votes collectively. Entities controlled by GDI also act as Trustee and Investment Manager of both trusts.

## Note 2 – Revenue

a) Revenue	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Rent and recoverable outgoings	63,257	63,809	62,796	64,014
Lease costs and incentive amortisation	(21,673)	(11,766)	(21,673)	(11,766)
Funds management revenue	2,618	2,599	–	–
Interest and other income	126	167	123	122
<b>Total revenue from ordinary activities</b>	<b>44,328</b>	<b>54,809</b>	<b>41,245</b>	<b>52,370</b>

Lease costs and incentive amortisation includes a one-off adjustment of \$12.3 million relating to a reclassification of a prior year payment.

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Revenue from contracts with customers	2,618	2,599	–	–
Revenue based on AASB 16	41,584	52,043	41,123	52,248
Other sources of revenue	126	167	123	122
<b>Total revenue from ordinary activities</b>	<b>44,328</b>	<b>54,809</b>	<b>41,245</b>	<b>52,370</b>

For the financial year ended 30 June 2022

## b) Disaggregated revenue

GDI Geographical markets	Funds management		Lease income		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
NSW	2,618	2,599	–	–	2,618	2,599
WA	–	–	36,613	40,490	36,613	40,490
QLD	–	–	4,971	11,553	4,971	11,553
<b>Total</b>	<b>2,618</b>	<b>2,599</b>	<b>41,584</b>	<b>52,043</b>	<b>44,202</b>	<b>54,642</b>

Timing and recognition	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Services transferred to customers:						
At a point in time	–	–	–	–	–	–
Over time	2,618	2,599	41,584	52,043	44,202	54,642
<b>Total</b>	<b>2,618</b>	<b>2,599</b>	<b>41,584</b>	<b>52,043</b>	<b>44,202</b>	<b>54,642</b>

Trust Geographical markets	Lease income		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
NSW	–	–	–	–
WA	36,152	40,695	36,152	40,695
QLD	4,971	11,553	4,971	11,553
<b>Total</b>	<b>41,123</b>	<b>52,248</b>	<b>41,123</b>	<b>52,248</b>

Timing and recognition	\$'000	\$'000	\$'000	\$'000
Services transferred to customers:				
At a point in time	–	–	–	–
Over time	41,123	52,248	41,123	52,248
<b>Total</b>	<b>41,123</b>	<b>52,248</b>	<b>41,123</b>	<b>52,248</b>

c) Other sources of revenue	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Interest received				
- unrelated parties	9	45	6	38
- related parties	117	66	117	66
<b>Total interest received</b>	<b>126</b>	<b>111</b>	<b>123</b>	<b>104</b>
Other	–	56	–	18
<b>Total other sources of revenue</b>	<b>126</b>	<b>167</b>	<b>123</b>	<b>122</b>

# Notes to the financial statements

For the financial year ended 30 June 2022

## Note 3 – Finance costs

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Finance costs				
Interest paid/payable	5,266	5,270	5,292	5,290
<b>Total other sources of revenue</b>	<b>5,266</b>	<b>5,270</b>	<b>5,292</b>	<b>5,290</b>

## Note 4 – Corporate and administration expenses

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Corporate and administration expenses				
Audit and taxation fees	234	223	47	54
Custodian fees	91	93	91	93
Occupancy expenses	301	297	–	–
Employee benefits expense	6,703	6,235	2,326	2,056
Others	1,350	1,295	3,064	2,134
<b>Total corporate and administration expenses</b>	<b>8,678</b>	<b>8,142</b>	<b>5,528</b>	<b>4,338</b>

## Note 5 – Income tax expense/benefit

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Income tax benefit</b>				
a) The components of tax (expense)/benefit comprise:				
Current tax	–	–	–	–
Deferred tax	126	435	–	–
<b>Income tax (expense)/benefit</b>	<b>126</b>	<b>435</b>	<b>–</b>	<b>–</b>

### b) Reconciliation of income tax (expense)/benefit to prima facie tax payable:

Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 27.5%

	147	496	–	–
<b>Add tax effect of:</b>				
Tax effect of reduction in tax rate	–	(43)	–	–
Other non-allowable items	(1)	(3)	–	–
Share option expensed	(26)	(24)	–	–
<b>Less tax effect of:</b>				
Share options paid	6	–	–	–
Non-taxable trust income	–	10	–	–
<b>Income tax (expense)/benefit attributable to GDI/ Trust</b>	<b>126</b>	<b>435</b>	<b>–</b>	<b>–</b>



For the financial year ended 30 June 2022

**Note 6 – Cash and cash equivalents**

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash and cash equivalents				
Cash at bank	12,570	11,188	10,653	9,504
<b>Total cash and cash equivalents</b>	<b>12,570</b>	<b>11,188</b>	<b>10,653</b>	<b>9,504</b>

**Note 7 – Trade and other receivables**

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade and other receivables				
Trade receivables	2,938	3,429	2,636	3,034
Others	1,631	245	1,597	229
Provision for expected credit losses	(2)	–	(2)	–
<b>Total trade and other receivables</b>	<b>4,568</b>	<b>3,675</b>	<b>4,231</b>	<b>3,263</b>

The movement in the provision for impairment of trade and other receivables is as follows:

	GDI \$'000	Trust \$'000
Provision for expected credit losses		
Balance at beginning of year	–	–
Charge for the year	(1)	(1)
Amounts written off	3	3
<b>Balance as at 30 June 2022</b>	<b>2</b>	<b>2</b>

# Notes to the financial statements

For the financial year ended 30 June 2022

## Trade receivables

Included in trade and other receivables of GDI is \$276,000 (2021: \$359,000) of fees charged to managed funds that remain unpaid. Of this, nil (2021: nil) has been provisioned for expected credit losses. A further \$769,000 (2021: \$773,000) of rent is past due. Of this, \$2,000 (2021: nil) has been provisioned for expected credit losses and the remainder relates to a number of tenants for whom there is no recent history of default and in most cases, as security is held for greater than the amount outstanding, there has been no impairment of receivables.

GDI applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected credit losses also incorporate forward-looking information. The amounts written off or provision for expected credit losses charged for the year are all due to customers entering insolvency administration, or term receivables that have now become irrecoverable. GDI expects to recover in full the outstanding balance of trade and other receivables, including the amount deferred due to COVID-19. The loss allowance provision has been determined as provided below.

GDI	Current	31-60 days past due	61-90 days past due	>90 days past due	Total
2022	\$'000	\$'000	\$'000	\$'000	\$'000
Expected loss rate	0%	0%	0%	0%	
Gross carrying amount	2,168	122	37	610	2,936
<b>Loss allowing for provision</b>	–	–	–	–	–
<b>2021</b>					
Expected loss rate	0%	0%	0%	0%	
Gross carrying amount	1,147	116	99	2,068	3,429
<b>Loss allowing for provision</b>	–	–	–	–	–
<b>Trust</b>					
2022	Current	31-60 days past due	61-90 days past due	>90 days past due	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expected loss rate	0%	0%	0%	0%	
Gross carrying amount	1,865	122	37	610	2,634
<b>Loss allowing for provision</b>	–	–	–	–	–
<b>2021</b>					
Expected loss rate	0%	0%	0%	0%	
Gross carrying amount	939	116	99	1,880	3,034
<b>Loss allowing for provision</b>	–	–	–	–	–

For the financial year ended 30 June 2022

**Note 8 – Other assets**

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Other assets</b>				
Interest paid in advance	–	11	–	11
Prepayment	437	41	30	12
Development works in progress	1,319	869	1,319	869
Loans to managed funds	4,791	5,790	4,687	5,379
Other	–	200	1,799	1,443
<b>Total other</b>	<b>6,547</b>	<b>6,911</b>	<b>7,836</b>	<b>7,715</b>

**Note 9 – Non-current assets held for sale**

During FY20 and FY21, GDI engaged the services of real estate agents to market 50 Cavill Avenue, Surfers Paradise for sale. Accordingly, the property was reclassified as a Non-current asset held for sale. On 31 August 2021, GDI completed the sale of 50 Cavill Avenue, Surfers Paradise. The strata unit at 46 Cavill Avenue, Surfers Paradise, is considered non-core and accordingly, that asset remains classified as a Non-current asset held for sale.

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Assets held for sale</b>				
Investment properties	1,240	102,491	1,240	102,491
<b>Total assets held for sale</b>	<b>1,240</b>	<b>102,491</b>	<b>1,240</b>	<b>102,491</b>

# Notes to the financial statements

For the financial year ended 30 June 2022

## Note 10 – Investment properties

### a) Investment properties at fair value

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Movement in investment properties</i>				
Balance at beginning of the year	852,087	822,850	852,087	822,850
Additions				
- Investment property	68,500	12,595	68,500	12,595
Assets transferred to non-current assets held for sale	–	(162)	–	(162)
Investment properties under construction	36,171	5,452	36,171	5,452
Capital works				
- Property improvements	13,552	8,585	13,552	8,585
- Maintenance capital (GDI Property Trust)	2,449	1,180	2,449	1,180
- Maintenance capital (Consolidated Trusts)	177	329	177	329
Straight-lining of rental income	(1,560)	(774)	(1,560)	(774)
Lease costs	1,081	755	1,081	755
Amortisation of lease costs	(793)	(933)	(793)	(933)
Net gain/(loss) from fair value adjustments	51,408	2,318	51,408	2,318
Incentives paid (GDI Property Trust)	3,701	6,679	3,701	6,679
Incentives paid (Consolidated Trusts)	(91)	–	(91)	–
Non-cash incentives paid (GDI Property Trust)	1,340	3,891	1,340	3,891
Reclassified rent receivable	956	–	956	–
Amortisation of incentives (GDI Property Trust)	(20,576)	(10,621)	(20,576)	(10,621)
Amortisation of incentives (Consolidated Trusts)	–	(91)	–	(91)
Impact of COVID-19				
- Incentives paid	–	(83)	–	(83)
- Amortisation of incentives paid	(35)	(120)	(35)	(120)
- Non-cash incentives paid	9	237	9	237
<b>Balance as at 30 June</b>	<b>1,008,376</b>	<b>852,087</b>	<b>1,008,376</b>	<b>852,087</b>



For the financial year ended 30 June 2022

### 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.

Valuation basis <sup>1</sup>	2022	2021
Weighted average capitalisation rate (%)	6.5%	6.6%
Weighted average lease expiry by area (years)	3.1 years	2.6 years
Occupancy (%)	72.5%	72.9%

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 six to 24 months and tenant retention ranges from 0% to 50%.

### c) Assets pledged as security

Borrowings (refer Note 17) are secured by a General Security Agreement over the assets of each company plus charges over any building document, lease document, performance bond and bank guarantee in addition to a real property mortgage over each property.

### d) Leases as a lessor

GDI and the Trust lease out investment properties under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Lease receivable commitments</b>				
Within one year	61,583	58,668	61,583	58,668
Later than one year but not later than five years	195,804	101,980	195,804	101,980
Later than five years	91,581	172,045	91,581	172,045
<b>Total lease receivable commitments</b>	<b>348,968</b>	<b>332,693</b>	<b>348,968</b>	<b>332,693</b>

<sup>1</sup> Excludes the assets held by GDI No. 46 Property Trust and the two carparks, and in the case of the occupancy and WALE calculations, also excludes 1 Mill Street, Perth

# Notes to the financial statements

For the financial year ended 30 June 2022

## e) 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 \$'000	Fair value adjustment \$'000
<b>Investment properties</b>							
Mill Green Complex, Perth	Freehold	16 December 2013	332,656	30 June 2022	312,000	312,000	(12,802)
235 Stanley Street, Townsville	Freehold	16 June 2016	53,500	31 December 2020	51,500	51,760	–
Westralia Square, Perth	Freehold	27 October 2017	216,250	31 December 2021	372,500	376,889	32,466
IDOM Portfolio	Freehold	14 February 2020	98,000	30 June 2022	136,545	136,545	29,682
180 Hay Street, Perth	Freehold	31 July 2020	12,595	31 December 2021	18,400	20,810	1,812
Murray Street Carpark	Freehold	22 December 2021	38,250	1 December 2021	38,500	38,496	250
Wellington Street Carpark	Freehold	22 December 2021	30,250	1 December 2021	30,250	30,255	–
<b>Total</b>			<b>781,501</b>		<b>959,695</b>	<b>966,754</b>	<b>51,408</b>
Investment Properties under construction	Freehold	–	–	–	12,500	41,622	–
<b>Total Investment properties</b>			<b>781,501</b>		<b>972,195</b>	<b>1,008,376</b>	<b>51,408</b>
<b>Assets transferred to non-current assets held for sale</b>							
38/46 Cavill Avenue, Surfers Paradise	Strata	12 August 2016	1,240	–	–	1,240	–
<b>Total property assets</b>			<b>782,741</b>		<b>972,195</b>	<b>1,009,616</b>	<b>51,408</b>

For the financial year ended 30 June 2022

**Note 11 – Plant and equipment**

a)	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Plant and equipment</b>				
Furniture and fittings at cost	181	113	100	–
Accumulated depreciation	(24)	(43)	–	–
<b>Total other</b>	<b>157</b>	<b>70</b>	<b>100</b>	<b>–</b>

*Movement in plant and equipment*

Reconciliations of the carrying amounts of each class of plant and equipment are set out below:

b)	Furniture and fittings \$'000	Total \$'000
Balance at beginning of year	95	95
Additions	18	18
Depreciation	(43)	(43)
<b>Balance as at 30 June 2021</b>	<b>70</b>	<b>70</b>
Balance at beginning of year	70	70
Additions	111	111
Depreciation	(24)	(24)
<b>Balance as at 30 June 2022</b>	<b>157</b>	<b>157</b>

**Note 12 – Deferred tax assets**

	Opening Balance \$'000	(Charged)/ Credited to Profit or Loss \$'000	(Charged)/ Credited Directly to Equity \$'000	Closing Balance \$'000
<b>30 June 2022</b>				
Deferred tax asset on:				
Provisions	202	45	–	248
Tax losses carried forward	862	81	–	942
<b>Net amount</b>	<b>1,065</b>	<b>126</b>	<b>–</b>	<b>1,190</b>

	Opening Balance \$'000	(Charged)/ Credited to Profit or Loss \$'000	(Charged)/ Credited Directly to Equity \$'000	Closing Balance \$'000
<b>30 June 2021</b>				
Deferred tax asset on:				
Provisions	239	(37)	–	202
Tax losses carried forward	390	471	–	862
<b>Net amount</b>	<b>629</b>	<b>435</b>	<b>–</b>	<b>1,065</b>

# Notes to the financial statements

For the financial year ended 30 June 2022

## Note 13 – Intangible assets

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Intangible assets				
Goodwill – at cost and at net carrying amount	18,110	18,110	–	–
<b>Total intangible assets</b>	<b>18,110</b>	<b>18,110</b>	<b>–</b>	<b>–</b>

### a) Impairment test for goodwill

GDI acquired from the privately owned GDI group of companies the rights, title and interest in the funds management business, and the shares of the operating companies, for total consideration of \$18.5 million. The value of the shares acquired was determined by the net asset value of the relevant company, with the balance (\$18.11 million) of the total consideration recognised as goodwill. The acquisition price was supported by an Independent Expert's Report.

For subsequent measurement, goodwill is allocated to cash-generating units which are based on GDI's reporting segments. GDI has determined that the cash-generating unit is the funds management business and as per reporting to the Chief Operating Decision Maker (CODM), no fee has been assumed to be charged to the Trust by the funds management business. The recoverable amount of the cash generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of the forecast profit after tax from funds established since the acquisition of the funds management business and new funds to be established over a five year term, with a terminal value applied to the forecast fifth year profit after tax. The cash flows are discounted at a 17.5% discount rate.

Management has based the value-in-use calculations on the historical performance and future prospects of the Funds Management business as reported to the CODM, taking into consideration the historical rate at which funds are established.

As a result of the value-in-use calculation, no impairment of goodwill has been recorded in the Financial Statements.

### b) Key assumptions used in valuation assumptions

The following key assumptions were used in the value-in-use calculations:

30 June 2022	New funds (p.a.)	Fee income	Terminal value growth rate	Discount rate
Funds management segment	\$72.63 million	Management fee – 0.65% and 1.00% Acquisition fee – 2% Disposal fee – 2%	2.0%	17.5%
30 June 2021	New funds (p.a.)	Fee income	Terminal value growth rate	Discount rate
Funds management segment	\$68.99 million	Management fee – 0.65% and 1.00% Acquisition fee – 2% Disposal fee – 2%	2.0%	17.5%

The calculation of value-in-use is most sensitive to the following assumptions:

- the rate at which new funds are established and the size of these funds (property values);
- fee income;
- terminal growth rate; and
- discount rate.



For the financial year ended 30 June 2022

**Rate at which new funds are established** – based on management’s expectations on the pace and size of new fund establishments, having regard to GDI’s past performance and future prospects. GDI’s business plan includes launching new unlisted funds with total new AUM of \$100 million in each year. However, for the purpose of the value in use calculations, GDI has used the average amount of AUM raised since IPO.

**Fee income** – fee income is based on due diligence, management and disposal fees only, and does not include performance fees, debt arranging fees or any project management fees.

**Terminal growth rate** – terminal growth rate was determined based on management’s estimate of the long-term compound annual EBITDA growth rate, consistent with the assumption that a market participant would make.

**Discount rate** – discount rates reflect management’s estimate of the risks specific to each cash generating unit, in particular in relation to establishing new funds.

#### Note 14 – Derivative financial instruments

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current interest rate swaps asset/(liability)	528	–	528	–
Non-current interest rate swaps asset/(liability)	1,943	(2)	1,943	(2)
<b>Total derivative financial instruments asset/(liability)</b>	<b>2,471</b>	<b>(2)</b>	<b>2,471</b>	<b>(2)</b>

#### Note 15 – Trade and other payables

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Trade and other payables</b>				
Trade payables and accruals	12,809	4,198	11,894	3,603
Distribution payable	20,727	21,002	20,727	21,002
Other payables	611	428	553	393
<b>Total trade and other payables</b>	<b>34,147</b>	<b>25,628</b>	<b>33,174</b>	<b>24,998</b>

Trade and other payables are generally unsecured, non-interest bearing and settled within 30-60 days terms. Lease incentives payable are generally unsecured, non-interest bearing and are normally settled in cash. Distribution payable relates to the distribution for the period from 1 January 2022 to 30 June 2022, declared in June and payable in August 2022.

# Notes to the financial statements

For the financial year ended 30 June 2022

## Note 16 – Provisions

Provisions	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Current</b>				
Employee benefits	621	437	–	–
<b>Non-current</b>				
Employee benefits	210	243	–	–
<b>Total provisions</b>	<b>831</b>	<b>680</b>	<b>–</b>	<b>–</b>

### Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, GDI does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since GDI does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(p).

For the financial year ended 30 June 2022

**Note 17 – Borrowings**

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

**a) Interest bearing liabilities – current**

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Borrowings</b>				
<i>Secured liabilities:</i>				
Capital Loan Agreement <sup>1</sup>	30,000	–	30,000	–
Transaction costs	(35)	–	(35)	–
<b>Total current borrowings</b>	<b>29,965</b>	<b>–</b>	<b>29,965</b>	<b>–</b>

**b) Interest bearing liabilities – non-current**

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Borrowings</b>				
<i>Secured liabilities:</i>				
Loans - financial institutions	216,806	208,833	216,806	208,833
Transaction costs	(560)	(276)	(585)	(341)
<b>Total non-current borrowings</b>	<b>216,245</b>	<b>208,557</b>	<b>216,220</b>	<b>208,492</b>

**c) Borrowing details**

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

Facility	Secured	Maturity date	Facility \$'000	Utilised \$'000	Unutilised \$'000
Facility Tranche C <sup>2</sup>	Yes	June 2024	159,437	103,419	56,018
Facility Tranche E <sup>2</sup>	Yes	June 2024	85,000	34,887	50,113
Facility Tranche F <sup>2</sup>	Yes	June 2024	68,500	68,500	–
Bank Bill Business Loan <sup>3</sup>	Yes	July 2023	11,500	10,000	1,500
Capital Loan Agreement <sup>4</sup>	Yes	February 2023	30,000	30,000	–
			<b>354,437</b>	<b>246,806</b>	<b>107,631</b>
Facility Tranche D <sup>2,5</sup>	Yes	June 2024	5,563	–	–
<b>Total facility</b>			<b>360,000</b>	<b>246,806</b>	<b>107,631</b>

<sup>1</sup> 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.

<sup>2</sup> Facility Tranche C, E and F and D are secured by first registered mortgages over the wholly owned investment properties held by GDI and a registered General Security Agreement over the assets of GDI. Interest is payable monthly in arrears at variable rates based on the 30-day BBSY. Line fees are payable quarterly in advance.

<sup>3</sup> The Bank Bill Business Loan relates to GDI No. 42 Office Trust and is secured against the assets of that trust. Interest and line fees are payable quarterly in arrears at variable rates based on the 90-day BBSY.

<sup>4</sup> 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.

<sup>5</sup> 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.

# Notes to the financial statements

For the financial year ended 30 June 2022

## d) Maturity profile

The maturity profile of the principal amounts of borrowings, together with estimated interest thereon, is provided in the table below:

Maturity profile	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Due within one year	35,867	4,719	35,867	4,719
Due between one and five years	222,512	210,222	222,512	210,222
Due after five years	–	–	–	–
	<b>258,379</b>	<b>214,941</b>	<b>258,379</b>	<b>214,941</b>

The amount due within one year includes the estimated interest expense. Only the Capital Loan Agreement relating to GDI No. 46 Property Trust is due within one year.

## Note 18 – Contributed equity

Contributed equity	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Contributed equity	517,736	525,406	495,728	503,066
<b>Total contributed equity</b>	<b>517,736</b>	<b>525,406</b>	<b>495,728</b>	<b>503,066</b>

## Movements in ordinary securities/units

	GDI		Trust	
	No (000)	\$'000	No (000)	\$'000
Securities on issue at beginning of the year	540,504	524,380	540,504	502,084
Securities issued in satisfaction of performance rights	2,444	2,023	2,444	1,935
On-market buyback	(960)	(995)	(960)	(952)
Issue and formation costs – GDI No. 46 Property Trust	–	(1)	–	(1)
<b>Contributed equity attributable to shareholders/unitholders as at 30 June 2021</b>	<b>541,988</b>	<b>525,406</b>	<b>541,988</b>	<b>503,066</b>
Securities on issue at beginning of the year	541,988	525,406	541,988	503,066
On-market buyback	(7,103)	(7,669)	(7,103)	(7,336)
Issue and formation costs	–	(2)	–	(2)
<b>Contributed equity attributable to shareholders/unitholders as at 30 June 2022</b>	<b>534,884</b>	<b>517,735</b>	<b>534,884</b>	<b>495,728</b>

## a) Stapled securities

The ordinary shares on the Company are stapled to the units of the Trust. Each stapled security entitles the holder to participate in dividends and distributions as declared from time to time and the proceeds on winding up. Each stapled security entitles the holder to vote in accordance with the provisions of the Constitution, Trust Deed and the *Corporations Act 2001*.

For the financial year ended 30 June 2022

**Note 19 – Reserves and retained earnings**

a) Security-based payment reserve	GDI \$'000	Trust \$'000
Balance at the beginning of the year	4,686	4,484
Security-based payments expense	2,171	2,077
Equity issued	(2,023)	(1,935)
<b>Balance as at 30 June 2021</b>	<b>4,834</b>	<b>4,625</b>
Balance at the beginning of the year	4,834	4,625
Security-based payments expense	2,401	2,297
Cash settlement transaction – Performance rights	(568)	(543)
Transfer from security based payment reserve	(1,527)	(1,461)
<b>Balance as at 30 June 2022</b>	<b>5,140</b>	<b>4,917</b>

The security-based payment reserve is used to recognise the fair value of performance rights issued under the performance rights plan. Refer to Note 30 for further details.

b) Retained earnings	GDI \$'000	Trust \$'000
Balance at the beginning of the year	189,004	190,986
Net profit for the financial period	22,960	24,392
Less: Dividends/distributions paid/payable	(46,126)	(46,126)
<b>Balance as at 30 June 2021</b>	<b>165,838</b>	<b>169,252</b>
Balance at the beginning of the year	165,838	169,252
Net profit for the financial period	68,301	68,724
Transfer from security based payment reserve	1,527	1,461
Less: Dividends/distributions paid/payable	(45,565)	(45,565)
<b>Balance as at 30 June 2022</b>	<b>190,103</b>	<b>193,873</b>

c) Treasury security reserve	Note	GDI \$'000	Trust \$'000
Balance at the beginning of the year		–	–
On-market buyback		(995)	(952)
Cancellation of treasury securities	18A	995	952
<b>Balance as at 30 June 2021</b>		<b>–</b>	<b>–</b>
Balance at the beginning of the year		–	–
On-market buyback		(7,669)	(7,336)
Cancellation of treasury securities	18A	7,669	7,336
<b>Balance as at 30 June 2022</b>		<b>–</b>	<b>–</b>

The treasury securities reserve is used to recognise stapled securities that have been repurchased by GDI and not cancelled but held in treasury.



# Notes to the financial statements

For the financial year ended 30 June 2022

## Note 20 – Dividends/distributions paid/payable

### a) Dividends paid/payable by the Company

There were no dividends paid or payable by GDI in respect of the 2022 and 2021 financial years.

### b) Distributions paid/payable by GDI /Trust

	GDI		Trust	
	2022 cents/ security	2021 cents/ security	2022 cents/ unit	2021 cents/ unit
<b>Distributions paid/payable by GDI/Trust</b>				
28 February 2021	–	3.875	–	3.875
31 August 2021	–	3.875	–	3.875
28 February 2022	3.875	–	3.875	–
31 August 2022	3.875	–	3.875	–
<b>Total distributions paid/payable by GDI/Trust</b>	<b>7.750</b>	<b>7.750</b>	<b>7.750</b>	<b>7.750</b>

## Note 21 – Earnings per security/unit

	GDI		Trust	
	2022 cents	2021 cents	2022 cents	2021 cents
<b>Distributions paid/payable by GDI/Trust</b>				
Basic earnings per security/unit	8.93	2.95	9.01	3.21
Diluted earnings per security/unit	8.86	2.93	8.94	3.19
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Earnings used to calculate basic and diluted earnings per security/unit:</b>				
Profit for the year	48,121	15,985	48,544	17,417
<b>Profit attributable to ordinary securityholders/equityholders of the Group/Trust used in calculating basic and diluted earnings per security/unit</b>	<b>48,121</b>	<b>15,985</b>	<b>48,544</b>	<b>17,417</b>
	GDI		Trust	
	2022 No. (000)	2021 No. (000)	2022 No. (000)	2021 No. (000)
Weighted average number of ordinary securities/units used in calculating basic earnings per security/unit	538,720	541,752	538,720	541,752
Weighted average number of ordinary securities/units used in calculating diluted earnings per security/unit	542,950	545,652	542,950	545,652

For the financial year ended 30 June 2022

## Note 22 – Parent entity disclosures

GDI Property Group Limited

### a) Summary financial information

The individual financial statements for GDI Property Group Limited (the Company) show the following aggregate amounts:

	Company	
	2022 \$'000	2021 \$'000
<b>Results</b>		
Profit/(loss) for the period	68	(206)
<b>Total comprehensive profit/(loss) for the period</b>	<b>68</b>	<b>(206)</b>
<b>Financial position</b>		
Current assets	56	49
Total assets	21,757	21,659
Current liabilities	157	230
Total liabilities	1,956	1,674
<b>Net assets</b>	<b>19,801</b>	<b>19,985</b>
Contributed equity	22,008	22,340
Reserves	223	209
Accumulated losses	(2,430)	(2,564)
<b>Total equity</b>	<b>19,801</b>	<b>19,985</b>

### b) Guarantees entered in to by the parent entity

During the years ended 30 June 2022 and 30 June 2021 the Company did not enter into any guarantee in favour of entities it controlled.

### c) Contingent liabilities

The Company had no contingent liabilities at year end.

### d) Contractual commitments

As at 30 June 2022 and as at 30 June 2021, the Company had no commitments in relation to capital expenditure contracted for but not provided as liabilities.

# Notes to the financial statements

For the financial year ended 30 June 2022

## Note 23 – Segment reporting

### a) Identification of reportable segments

#### GDI

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

Operating segments	Products/Services
Property investment	Investment and management of income producing properties
Funds management	Establishment and management of property investment vehicles

The Board assesses the performance of each operating sector based on FFO and AFFO. FFO is a global financial measure of the real estate operating performance after finance costs and taxes, adjusted for certain non-cash items. AFFO adjusts FFO for incentives paid during the year and maintenance capital expenditure. 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 adjusts for property revaluations, impairments, derivative mark to market impacts, amortisation of tenant incentives, straight line rent adjustments, gain/loss on sale of assets, rental guarantees and performance fees charged that remain unpaid.

#### Trust

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

### b) Basis of accounting for purposes of reporting by operating segments

#### (i) Accounting policies adopted

- Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of GDI.

#### (ii) Intersegment transactions

- Corporate and administration costs other than direct expenses are not allocated to divisions for segment reporting purposes; and
- There is no revenue recorded by the funds management business from managing the Trust for segment reporting purposes.

For the financial year ended 30 June 2022

## c) Segment information

30 June 2022	Property \$'000	Funds management \$'000	Reviewed but unallocated \$'000	Total \$'000
<b>Operating earnings</b>				
Net property income	21,356	–	–	21,356
Funds Management income	–	2,618	–	2,618
Other income	–	–	–	–
<b>Total operating earnings</b>	<b>21,356</b>	<b>2,618</b>	<b>–</b>	<b>23,974</b>
<b>FFO adjustments</b>				
Straight-lining rental income	1,560	–	(6)	1,554
Amortisation and depreciation	21,673	–	24	21,697
Adjustment for GDI No. 42 Office Trust	(2,397)	761	1	(1,635)
Adjustment for GDI No. 46 Property Trust	(8,312)	3,413	19	(4,881)
<b>FFO pre corporate, administration and interest expenses/ income</b>	<b>33,880</b>	<b>6,792</b>	<b>38</b>	<b>40,710</b>
<b>+/- corporate, administration and interest expense/ income</b>				
Interest paid	(3,790)	(14)	–	(3,805)
Interest income	122	3	–	126
Corporate and administration expenses	(4,273)	–	(4,406)	(8,678)
Provision for impairment of debts	1	–	–	1
Income tax (expense)/benefit	–	126	–	126
Other comprehensive income	–	(8)	–	(8)
<b>Total FFO</b>	<b>25,940</b>	<b>6,899</b>	<b>(4,367)</b>	<b>28,471</b>
<b>+/- AIFRS adjustments from FFO to profit after tax from ordinary activities</b>				
Net fair value gain on interest rate swaps	2,473	–	–	2,473
Net fair value gain of investment properties	51,408	–	–	51,408
Straight-lining rental income	(1,560)	–	6	(1,554)
Amortisation of leasing fees and incentives	(21,673)	–	–	(21,673)
Amortisation of loan establishment costs	(495)	–	–	(495)
Depreciation	–	–	(24)	(24)
Profit on sale of non-current asset held for sale	7,800	–	–	7,800
Adjustment for GDI No. 42 Office Trust	2,187	(761)	–	1,426
Adjustment for GDI No. 46 Property Trust	7,537	(3,413)	–	4,124
Acquisition expenses	(3,654)	–	–	(3,654)
<b>Profit after tax from ordinary activities</b>	<b>69,962</b>	<b>2,725</b>	<b>(4,386)</b>	<b>68,301</b>

## Segment assets and liabilities

30 June 2022	Property	Funds management	External non- controlling interest	Total
Total assets	849,310	106,348	101,258	1,056,915
Total liabilities	(238,855)	(18,738)	(21,720)	(279,313)
<b>Net assets</b>	<b>610,456</b>	<b>87,609</b>	<b>79,538</b>	<b>777,603</b>

# Notes to the financial statements

For the financial year ended 30 June 2022

30 June 2021	Property \$'000	Funds management \$'000	Reviewed but unallocated \$'000	Total \$'000
<b>Operating earnings</b>				
Net property income	32,148	–	–	32,148
Funds Management income	–	2,599	–	2,599
Other income	–	–	56	56
<b>Total operating earnings</b>	<b>32,148</b>	<b>2,599</b>	<b>56</b>	<b>34,803</b>
<b>FFO adjustments</b>				
Straight-lining rental income	774	–	(17)	757
Amortisation and depreciation	11,766	–	43	11,808
Adjustment for GDI No. 42 Office Trust	(2,466)	1,024	7	(1,435)
Adjustment for GDI No. 46 Property Trust	(7,954)	3,220	80	(4,653)
<b>FFO pre corporate, administration and interest expenses/income</b>	<b>34,267</b>	<b>6,844</b>	<b>170</b>	<b>41,281</b>
<b>+/- corporate, administration and interest expense/income</b>				
Interest paid	(3,807)	(20)	–	(3,826)
Interest income	104	7	–	111
Corporate and administration expenses	(3,584)	–	(4,558)	(8,142)
Provision for impairment of debts	(296)	(493)	–	(789)
Income tax (expense)/benefit	–	435	–	435
<b>Total FFO</b>	<b>26,685</b>	<b>6,773</b>	<b>(4,389)</b>	<b>29,069</b>
<b>+/- AIFRS adjustments from FFO to profit after tax from ordinary activities</b>				
Net fair value gain on interest rate swaps	324	–	–	324
Net fair value gain of investment properties	2,318	–	–	2,318
Straight-lining rental income	(774)	–	17	(757)
Amortisation of leasing fees and incentives	(11,766)	–	–	(11,766)
Amortisation of loan establishment costs	(330)	–	–	(330)
Depreciation	–	–	(43)	(43)
Adjustment for GDI No. 42 Office Trust	2,258	(1,024)	–	1,233
Adjustment for GDI No. 46 Property Trust	6,962	(3,220)	–	3,741
Acquisition costs and discontinued acquisitions	(830)	–	–	(830)
<b>Profit after tax from ordinary activities</b>	<b>24,846</b>	<b>2,529</b>	<b>(4,415)</b>	<b>22,960</b>

## Segment assets and liabilities

30 June 2021	Property	Funds management	External non- controlling interest	Total
Total assets	818,794	92,144	85,497	996,435
Total liabilities	(195,214)	(18,760)	(21,758)	(235,732)
<b>Net assets</b>	<b>623,580</b>	<b>73,384</b>	<b>63,739</b>	<b>760,703</b>



For the financial year ended 30 June 2022

**Note 24 – Commitments**

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Commitments</b>				
<b>Capital commitments</b>				
Capital expenditure	24,177	129	24,177	129
<b>Total capital commitments</b>	<b>24,177</b>	<b>129</b>	<b>24,177</b>	<b>129</b>
<b>Lease payable commitments</b>				
Within one year	293	295	–	–
Later than one year but not later than five years	324	313	–	–
Later than 5 years	–	309	–	–
<b>Total lease payable commitments</b>	<b>617</b>	<b>917</b>	<b>–</b>	<b>–</b>

**Note 25 – Reconciliation of net profit to cash inflow from operating activities****a) Reconciliation of cash from operations with profit after tax**

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000t
<b>Net profit</b>	<b>68,301</b>	<b>22,960</b>	<b>68,724</b>	<b>24,392</b>
<b>Non-cash and other movements</b>				
Amortisation of loan establishment costs and depreciation	520	373	535	370
Amortisation of lease incentives and lease costs	21,673	11,766	21,673	11,766
Straight-lining rental income	1,560	774	1,560	774
Non-cash incentives	(2,962)	–	(2,962)	–
Fair value adjustments to:				
- Investment properties	(51,408)	(2,318)	(51,408)	(2,318)
- Interest rate swaps	(2,473)	(324)	(2,473)	(324)
Profit on sale of non-current asset held for sale	(7,800)	–	(7,800)	–
Acquisition expenses	3,654	–	3,654	–
Net movement in provision for bad debts	(1)	(217)	(1)	(17)
Bad debts written off	3	–	3	–
Movement in employee incentive scheme reserve	2,401	2,171	2,297	2,077
Other comprehensive income	8	–	8	–
Right of use asset	280	280	–	–
<b>(Increase)/decrease from operating activities in</b>				
Trade and other receivables	(3,200)	(2,005)	(3,275)	(2,813)
Other assets	(135)	1,455	(7)	2,484
Trade and other payables	1,646	(1,128)	1,302	(1,221)
Provisions	150	69	–	–
Other liabilities	6	17	–	–
Deferred tax	(126)	(435)	–	–
<b>Net cash provided by operating activities</b>	<b>32,098</b>	<b>33,437</b>	<b>32,082</b>	<b>35,171</b>

**b) Credit standby facilities with bank**

Refer to Note 17 for details of unutilised finance facilities.

# Notes to the financial statements

For the financial year ended 30 June 2022

## Note 26 – Key management personnel compensation

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of GDI's key management personnel (KMP) for the years ended 30 June 2022 and 30 June 2021.

The totals of remuneration paid to KMP of the company and GDI and Trust during the period are as follows.

### Key management personnel compensation

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>KMP compensation</b>				
Short term employee benefits	2,614	2,396	–	–
Post-employment benefits	199	185	–	–
Other long-term benefits	52	62	–	–
Security-based payments	1,989	1,886	1,903	1,804
<b>Total KMP compensation</b>	<b>4,854</b>	<b>4,529</b>	<b>1,903</b>	<b>1,804</b>

### Short term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

### Post-employment benefits

These amounts are the current year's cost of superannuation contributions made during the period.

### Other long-term benefits

These amounts represent long service leave benefits accrued during the period.

### Security-based payments

These amounts represent the expense accrued for the participation of KMP in the performance rights plan as disclosed in Note 30 and the issue of performance rights for the years ended 30 June 2021, 30 June 2020 and 30 June 2019.

For the financial year ended 30 June 2022

## a) Equity instrument disclosure relating to key management personnel

	Securities held at 30 June 2020	Securities granted as part of a performance rights plan	Net securities acquired/ (sold) during the year	Securities held at 30 June 2021	Securities granted as part of a performance rights plan	Net securities acquired/ (sold) during the year	Securities held at 30 June 2022
<b>Directors</b>							
Gina Anderson	80,000	–	–	80,000	–	22,000	102,000
Steve Gillard	29,300,000	1,032,580	–	30,332,580	222,384	(107,384)	30,447,580
John Tuxworth	170,300	–	–	170,300	–	100,000	270,300
Giles Woodgate	–	–	–	–	–	–	–
Stephen Burns	49,533	–	–	49,533	–	–	49,533
<b>Other key management personnel</b>							
David Williams	1,387,190	337,446	(100,000)	1,624,636	77,519	(50,000)	1,652,155
John Garland	854,213	314,949	(265,000)	904,162	67,829	–	971,991
Paul Malek	834,634	292,453	(693,855)	433,232	67,829	(42,194)	458,867
David Ockenden <sup>1</sup>	–	–	–	430,066	–	105,703	535,769

Securities held includes indirect holdings and holdings held by related parties of key management personnel.

<sup>1</sup> David Ockenden commenced employment with GDI on 9 August 2021 and held 430,066 securities at that time

# Notes to the financial statements

For the financial year ended 30 June 2022

## Note 27 – Related party transactions

### Related parties for GDI

#### a) Identification of related parties

##### (i) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel. For details of disclosures relating to key management personnel, refer to Note 26 and the Remuneration Report contained in the Directors' Report.

##### (ii) Entities exercising control over GDI:

The ultimate parent entity that exercises control over GDI is GDI Property Group Limited, which is incorporated in Australia.

#### b) Transactions with related parties

##### Transactions with related parties in the year ended 30 June 2022

Prior to his appointment as Head of Development in August 2021, David Ockenden was contracted to provide development management services to GDI through his privately owned company Oculus Pty Limited. During the year ended 30 June 2022, GDI paid Oculus Pty Limited \$784,429 for development services, including bonus and other payments that related to work done during previous financial years.

##### Transactions with related parties in the year ended 30 June 2021

There are no transactions with KMP in the year ended 30 June 2021.

### Related parties for GDI Property Trust

#### a) Identification of related parties

##### (i) Responsible Entity, Investment Manager and Custodian

The Responsible Entity of GDI Property Trust is GDI Funds Management Limited (ACN 107 354 003), a wholly owned subsidiary of GDI Property Group Limited. GDI Funds Management Limited has appointed The Trust Company (Australia) Limited as Custodian for all the assets of the Trust and GDI Investment Management Pty Limited as Investment Manager of the Trust.

##### (ii) Key management personnel

The Trust does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage the activities of the Trust and this is considered the KMP. The directors of the Responsible Entity are key management personnel of that entity, their names being:

- Gina Anderson
- John Tuxworth
- Giles Woodgate
- Stephen Burns
- Steve Gillard

#### b) Transactions with related parties

The Responsible Entity is entitled to a fee calculated on a cost recovery basis only. During the year ended 30 June 2022 the Responsible Entity charged \$791,000 (2021: \$260,000), with no balance owing as at 30 June 2022.

Pursuant to an Investment Management Agreement dated 15 November 2013, GDI Investment Management Pty Limited is entitled to fees for acting as the Investment Manager of GDI Property Trust. During the year ended 30 June 2022, GDI Investment Management Pty Limited charged \$1,000,000 (2021: \$500,000), with no balance owing as at 30 June 2022. Prior to his appointment (by GDI Investment Management Pty Limited) as Head of Development in August 2021, David Ockenden was contracted to provide development management services to GDI through his privately owned company Oculus Pty Limited. During the year ended 30 June 2022, GDI paid Oculus Pty Limited \$784,429 for development services, including bonus payments that related to work done during previous financial years.

No compensation is paid to the key management personnel of the Responsible Entity directly by the Trust.

All transactions with related parties are conducted on normal commercial terms and conditions. From time to time the key management personnel of the Responsible Entity, or their related entities, may invest in or sell units (stapled securities) of the Trust on the same terms and conditions as those of other Trust investors and are immaterial and domestic in nature.

For the financial year ended 30 June 2022

## Note 28 – Capital and financial risk management

### Capital Risk Management

GDI's capital management strategy is to maximise securityholders returns through active capital management whilst mitigating the inherent risks associated with both debt and equity.

In determining the appropriate mix of debt and equity, GDI reviews both commercial and regulatory considerations:

#### Commercial

- The underlying real estate fundamentals
- The relative cost and availability of debt and equity
- Forecast cash flows and capital expenditure requirements
- Current and future debt covenants
- Financial risk management

#### Regulatory

- Need to comply with the capital and distribution requirements of GDI Property Trust's trust deed
- Need to comply with the capital requirements of relevant regulatory authorities and licences.

GDI's Gearing Policy is to target a Loan to Value ratio of less than 40%. GDI is able to manage its capital through a number of means, including but not limited to:

- asset recycling;
- new debt financing;
- issuing new stapled securities;
- adjusting the level of distributions paid to securityholders; and
- active management of interest rate exposures.

Capital and interest expense risk management is monitored in two main ways, having reference to the covenants on the Principal Facility:

	Board policy	2022	2021	Bank covenant	2022	2021
LVR <sup>1</sup>	< 40%	26%	21%	< 50%	26%	21%
ICR <sup>2</sup>	> 2.5X	4.9X	5.3X	> 2X	4.9X	5.3X

GDI also protects its equity in its assets by taking out insurance.

<sup>1</sup> Bank covenant LVR is total debt on the Principal Facility (including net derivative exposures) divided by the value of the secured properties as determined by the last independent valuation.

<sup>2</sup> Bank covenant ICR is EBIT/Interest expense and for the year ended 30 June 2022, any acquisition expenses have been reversed from the EBIT calculation.



# Notes to the financial statements

For the financial year ended 30 June 2022

The gearing ratio as at 30 June 2022 of GDI and Trust was 23% (2021: 20%) and 23% (2021: 21%) respectively (as detailed below).

	Note	GDI		Trust	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Net debt and adjusted assets</b>					
Total borrowings	17	246,210	208,557	246,185	208,492
Less: cash and cash equivalents	6	(12,570)	(11,188)	(10,653)	(9,504)
<b>Net debt</b>		<b>233,641</b>	<b>197,369</b>	<b>235,533</b>	<b>198,988</b>
Total assets		1,059,384	996,436	1,038,502	975,060
Less: intangible assets and deferred tax assets	13/12	(19,301)	(19,175)	–	–
Less: cash and cash equivalents	6	(12,570)	(11,188)	(10,653)	(9,504)
<b>Adjusted assets</b>		<b>1,027,514</b>	<b>966,073</b>	<b>1,027,849</b>	<b>965,555</b>
<b>Gearing ratio</b>		<b>23%</b>	<b>20%</b>	<b>23%</b>	<b>21%</b>

## Financial risk management

The financial risks that result from GDI's activities are credit risk, liquidity risk, refinancing risk and market risks (interest rates). GDI manages its exposure to these key financial risks in accordance with its risk management policy and focuses on mitigating the impact of volatility in financial markets.

GDI's financial instruments consist mainly of deposits with banks, accounts receivable and payable, borrowings and interest rate hedge derivatives. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as described in a) Credit risk, b) Liquidity risk and c) Market risk below.

See Note 1(n) for how GDI classifies financial assets and liabilities.

### a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to GDI or Trust.

Credit risk arises principally from GDI's and the Trust's receivables from customers and amounts due from the leasing of premises in accordance with lease agreements with property tenants. GDI and the Trust have a diverse range of customers and tenants and therefore there is no significant concentration of credit risk with any single counterparty or group of counterparties.

The Board has established a credit policy under which each new customer is analysed individually for creditworthiness before GDI does business with them. GDI and the Trust request security deposits or bank guarantees from new tenants in order to secure the premises and tenants are invoiced monthly in advance. Ongoing checks are performed by management to ensure settlement terms detailed in individual contracts are adhered to.

The maximum exposure to credit risk at the end of the reporting period is equivalent to the carrying amount of the financial assets (net of any provisions) as presented in the Consolidated Statement of Financial Position. GDI and the Trust typically hold bank guarantees or cash from tenants' equivalent to six-month rent as security. There are no significant financial assets that have had renegotiated terms that would otherwise have been overdue or impaired.

Risk is also minimised through investing surplus funds in Australian financial institutions. Interest rate derivative counterparties are also Australian financial institutions.

Trade and other receivables that are neither overdue nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 7.

For the financial year ended 30 June 2022

The aging analysis of lease receivables overdue but not impaired is shown below:

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>KMP compensation</b>				
One - three months	2,329	1,208	2,027	1,000
Three - six months	537	277	537	89
Over six months	73	1,774	73	1,319
<b>Total</b>	<b>2,938</b>	<b>3,258</b>	<b>2,637</b>	<b>2,409</b>

### b) Liquidity risk

Liquidity risk arises from the possibility that GDI might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial instruments.

GDI believes that prudent risk management requires maintaining sufficient cash reserves and finance facilities to meet the ongoing operational requirements of the business. It is GDI's policy to maintain sufficient funds in cash and undrawn finance facilities to meet the expected near-term operational requirements.

GDI also monitors the maturity profile of borrowings and puts in place strategies designed to ensure that all maturing borrowings are refinanced within required timeframes.

The weighted average debt maturity of GDI is 1.78 years (2021: 1.15 years).

Contractual maturity of financial liabilities (borrowings and payables) of GDI, including interest, is as follows:

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Due within one year	70,014	30,347	69,041	29,717
Due between one and five years	222,512	210,222	222,512	210,222
Due after five years	–	–	–	–
<b>Total</b>	<b>292,526</b>	<b>240,569</b>	<b>291,553</b>	<b>239,939</b>

### c) Market risk

#### i. Interest rate risk

GDI's interest rate risk primarily arises from borrowings. Borrowings issued at variable rates expose GDI to interest rate risk. Borrowing issued at fixed rates expose GDI to fair value interest rate risk. At balance date, 24.2% (2021:29.6%) of GDI's Principal Facility's borrowings were hedged. None of the borrowings of either GDI No. 42 Office Trust or GDI No. 46 Property Trust are hedged.

GDI may manage its cash flows interest rate risk by using interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating interest rates to fixed interest rates. Generally, GDI raises longer term borrowings at floating rates and may hedge a portion of the borrowings into fixed or capped rates. Under the interest rate derivatives, GDI agrees with other counter parties to exchange, at specified intervals the difference between contract rates and floating rates interest amounts calculated by reference to the agreed notional principal amounts. Because GDI's interest rate derivatives do not meet the accounting requirements to qualify for hedge accounting treatment, gains or losses arising from changes in fair value have been reflected in the profit or loss.

GDI's and the Trust's borrowings are the same.

# Notes to the financial statements

For the financial year ended 30 June 2022

At balance date, the expiry profile of GDI's interest rate derivatives is shown below:

Principal facility	Notional Principal \$'000	Effective average fixed rate %
Floating (30 day) <sup>1</sup>	156,806	1.19%
Expiry May 2023 (FY23)	25,000	0.38%
Expiry May 2025 (FY25)	25,000	0.60%
<b>Total/average</b>	<b>206,806</b>	<b>1.02%</b>

Because GDI's interest rate derivatives do not meet the accounting requirements to qualify for hedge accounting treatment, gains or losses arising from changes in fair value have been reflected in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Information on borrowings and the maturity profile of borrowings (including interest) is provided in Note 17.

## ii. Sensitivity

At balance date, if interest rates on GDI's Principal Facility for all relevant time periods had changed by +/- 100 basis points (1%) for the year ended 30 June 2022 and 30 June 2021 with all other variables held constant, profit would have been higher/(lower) as shown below:

Sensitivity to interest rates	+1%		-1%		+1%		-1%	
	GDI 2022 \$'000	Trust 2022 \$'000	GDI 2022 \$'000	Trust 2022 \$'000	GDI 2021 \$'000	Trust 2021 \$'000	GDI 2021 \$'000	Trust 2021 \$'000
Increase/(decrease) to interest income	93	93	(93)	(93)	443	443	(443)	(443)
(Increase)/decrease to interest expense	(2,468)	(2,468)	2,468	2,468	(3,877)	(3,877)	3,877	3,877
Increase/(decrease) to valuation of interest rate derivatives	5,282	5,282	(478)	(478)	655	655	(882)	(882)
<b>Total</b>	<b>2,907</b>	<b>2,907</b>	<b>1,897</b>	<b>1,897</b>	<b>(2,778)</b>	<b>(2,778)</b>	<b>2,552</b>	<b>2,552</b>

## Note 29 – 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.

<sup>1</sup> Based on the 30-day bank bill swap rate on the last roll date of GDI's borrowings prior to 30 June 2022

For the financial year ended 30 June 2022

## b) Financial instruments

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

	30 June 2022		30 June 2021	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents	12,570	12,570	11,188	11,188
Trade and other receivables	4,568	4,568	3,675	3,675
<b>Financial assets at fair value</b>				
Derivative financial instruments	2,471	2,471	–	–
<b>Total financial assets</b>	<b>19,609</b>	<b>19,609</b>	<b>14,863</b>	<b>14,863</b>
<b>Financial liabilities at amortised cost</b>				
Trade and other payables	34,147	34,147	25,628	25,628
Provisions	831	831	680	680
Borrowings	246,210	246,210	208,557	208,557
<b>Financial liabilities at fair value</b>				
Derivative financial instruments	–	–	2	2
<b>Total financial liabilities</b>	<b>281,188</b>	<b>281,188</b>	<b>234,868</b>	<b>234,868</b>

## 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.

# Notes to the financial statements

For the financial year ended 30 June 2022

The following tables provide the fair values of GDI's and 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 30 June 2022			As at 30 June 2021		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Recurring fair value measurements</b>						
<i>Non-financial assets</i>						
- Investment properties <sup>1</sup>	-	1,009,616	-	-	954,577	-
<b>Total non-financial assets recognised at fair value on a recurring basis</b>	<b>-</b>	<b>1,009,616</b>	<b>-</b>	<b>-</b>	<b>954,577</b>	<b>-</b>
<i>Financial assets/(liabilities)</i>						
- Interest rate swaps	-	2,471	-	-	(2)	-
<b>Total financial assets/(liabilities) recognised at fair value on a recurring basis</b>	<b>-</b>	<b>2,471</b>	<b>-</b>	<b>-</b>	<b>(2)</b>	<b>-</b>

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

	30 June 2022 \$'000	30 June 2021 \$'000	Valuation technique	Inputs used
<b>Financial assets/(liabilities)</b>				
Interest rate swaps	2,471	(2)	Income approach using discounted cash flow methodology	BBSY swap rate
<b>Non-financial assets</b>				
Investment properties <sup>1</sup>	1,009,616	954,577	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 GDI's investment properties 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

<sup>1</sup> 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.



For the financial year ended 30 June 2022

### Note 30 – Security-based payments

GDI has established a performance rights plan under which employees (including the Managing Director) of GDI may be offered performance rights representing an entitlement to acquire stapled securities, subject to meeting certain performance conditions as determined by the Board and, in the case of the Managing Director, subject to receipt of stapled securityholder approval. The performance rights and stapled securities allocated under the performance rights plan are intended to be allocated free of charge provided that the relevant performance conditions are met.

#### a) STI performance rights

For the year ended 30 June 2022, the Board determined that 100.0% of any STI granted to a KMP and 50% of any STI to any other employee would be by way of performance rights where the sole performance condition is that the employee remains employed by a member of GDI for three years from the conclusion of the performance period (30 June 2025). As these performance rights had not been issued at 30 June 2022, GDI has recognised in the financial statements the fair

value of the performance rights as an accrual with the cost expensed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The total number of STI performance rights to be issued for 30 June 2022 will be 865,756 with 334,162 granted to the Managing Director subject to securityholder approval.

#### b) LTI performance rights

For the year ended 30 June 2022, GDI intends to offer 2,321,382 performance rights to all staff, with 855,834 offered to the Managing Director subject to securityholder approval. As these performance rights had not been issued at 30 June 2022, GDI has recognised in the financial statements the fair value of the performance rights as an accrual with the cost expensed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The performance conditions that relate to the LTI performance rights for previous years (FY20, FY21) and the year ended 30 June 2022 are identical and are summarised below, noting that the total return hurdle was reduced to 8%–10% (from 10%–12%) for the years ended 30 June 2021 and 30 June 2022:

Number of LTI performance rights		
Relating to previous years	Relating to FY22 year	Performance condition
1,904,927	1,160,691	Relative performance (stapled security price movement + distributions) versus a peer group
1,904,927	1,160,691	Total return (NTA growth + distributions) vs internal benchmark

# Notes to the financial statements

For the financial year ended 30 June 2022

## c) Valuation of performance rights

The assessed fair value of the intended issue of performance rights was determined using the Black-Scholes option pricing model and the Binomial option pricing model using the inputs as disclosed below:

	Relating to prior years			Relating to the year ended 30 June 2022		
	STI PR	LTI PR	LTI PR	STI PR	LTI PR	LTI PR
Performance test	Retention	Relative return	Total return	Retention	Relative return	Total return
Issue size	1,319,191	1,904,927	1,904,927	865,756	1,160,691	1,160,691
Exercise price	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil
Life	3 years	3 years	3 years	3 years	3 years	3 years
Initial valuation methodology	Black-Scholes option pricing	Binomial option pricing	Black-Scholes Option pricing	Black-Scholes option pricing	Binomial option pricing	Black-Scholes Option pricing
Cost apportioned over (years)	4 – Year to which the grant relates + vesting period	4 – Year to which the grant relates + vesting period	4 – Year to which the grant relates + vesting period	4 – Year to which the grant relates + vesting period	4 – Year to which the grant relates + vesting period	4 – Year to which the grant relates + vesting period
Expected volatility	N/A	13% - 53%	N/A	N/A	20% - 54%	N/A
Risk-free interest rate	N/A	0.5% - 1.5%	N/A	N/A	0.5%	N/A
Valuation	\$1,474,313	\$914,730	\$1,952,772	\$787,838	\$500,024	\$1,056,220

The expected security price volatility is based on the historic volatility adjusted for any expected changes to future volatility due to publicly available information.

## d) Expense arising from issued and intended issue of performance rights

Total expense arising from the issued and intended issue of security-based payments transactions recognised during the year/period are as follows:

### Amount expended in year/period

30 June 2022	FY19 STI/LTI \$'000	FY20 STI/LTI \$'000	FY21 STI/LTI \$'000	FY22 STI \$'000	FY22 LTI \$'000	Total \$'000
GDI	631	595	620	197	389	2,432
Trust	604	569	593	188	372	2,326

30 June 2021	FY18 STI/LTI \$'000	FY19 STI/LTI \$'000	FY20 STI/LTI \$'000	FY21 STI/LTI \$'000	Total \$'000
GDI		535	528	554	2,149
Trust		512	506	530	2,056

The performance rights expense is recognised as corporate and administration expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

For the financial year ended 30 June 2022

### Note 31 – Controlled entities

The Company's investment in controlled entities is shown below:

Entities controlled by the Company (Parent Entity)	Principal place of business	2022	2021
GDI Carpark Pty Limited	Sydney, Australia	100%	–
GDI Funds Management Limited	Sydney, Australia	100%	100%
GDI Investment Management Pty Limited	Sydney, Australia	100%	100%
GDI Investor Pty Limited	Sydney, Australia	100%	100%
GDI No. 27 Pty Limited	Sydney, Australia	100%	100%
GDI No. 29 Pty Limited	Sydney, Australia	100%	100%
GDI No. 35 Pty Limited	Sydney, Australia	100%	100%
GDI No. 38 Pty Limited	Sydney, Australia	100%	100%
GDI No. 38 Asset Pty Limited	Sydney, Australia	100%	100%
GDI No. 41 Pty Limited	Sydney, Australia	100%	100%
GDI No. 42 Pty Limited	Sydney, Australia	100%	100%
GDI No. 43 Pty Limited	Sydney, Australia	100%	100%
GDI No. 44 Pty Limited	Sydney, Australia	100%	100%
GDI No. 45 Pty Limited	Sydney, Australia	100%	100%
GDI No. 46 Pty Limited	Sydney, Australia	100%	100%
GDI No. 47 Pty Limited	Sydney, Australia	100%	–
GDI No. 48 Pty Limited	Sydney, Australia	100%	–
Amour Morley Pty Limited	Sydney, Australia	100%	100%
Brass Broun Pty Limited	Sydney, Australia	100%	100%
Copper Great Eastern Hwy Pty Limited	Sydney, Australia	100%	100%
Dusk Midland Pty Limited	Sydney, Australia	100%	100%
Engine Hwy Pty Limited	Sydney, Australia	100%	100%
First Bellevue Pty Limited	Sydney, Australia	100%	100%
Garden Eastern Pty Limited	Sydney, Australia	100%	100%
Hill Great Pty Limited	Sydney, Australia	100%	100%
Island Albany Pty Limited	Sydney, Australia	100%	100%
Jungle Maddington Pty Limited	Sydney, Australia	100%	100%
Kite Leach Pty Limited	Sydney, Australia	100%	100%
Lava Myaree Pty Limited	Sydney, Australia	100%	100%
Moss Thurso Pty Limited	Sydney, Australia	100%	100%
New Melville Pty Limited	Sydney, Australia	100%	100%
Orbit Hwy Pty Limited	Sydney, Australia	100%	100%
Pocket Lancaster Pty Limited	Sydney, Australia	100%	100%
Quest Wangara Pty Limited	Sydney, Australia	100%	100%

# Notes to the financial statements

For the financial year ended 30 June 2022

## Note 31 – Controlled entities

The Company's investment in controlled entities is shown below:

The Trust's investment in controlled entities is shown below:	Principal place of business	2022	2021
<b>Entities controlled by GDI Property Trust (Head Entity with the Trust)<sup>1</sup></b>			
GDI No. 35 Perth Prime CBD Office Trust	Sydney, Australia	100%	100%
GDI No. 41 Trust	Sydney, Australia	100%	100%
GDI No. 42 Office Trust	Sydney, Australia	44%	44%
GDI No. 44 Trust	Sydney, Australia	100%	100%
GDI No. 45 Property Trust	Sydney, Australia	100%	100%
GDI No. 46 Property Trust	Sydney, Australia	47%	47%
GDI No. 47 Trust	Sydney, Australia	100%	–
GDI No. 48 Trust	Sydney, Australia	100%	–

## Note 32 – Auditors' remuneration

during the year the following fees were paid or payable for services provided by the auditor of GDI (Hall Chadwick) and its related entities.

	GDI		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Audit services</b>				
Auditing or reviewing financial reports	149	148	42	49
Auditing of controlled entity's AFS Licence	5	5	5	5
Auditing of controlled entity's compliance plan	16	16	–	–
<b>Total audit services</b>	<b>170</b>	<b>168</b>	<b>47</b>	<b>54</b>
<b>Other services</b>				
Provision of tax advice	64	55	–	–
<b>Total</b>	<b>234</b>	<b>223</b>	<b>47</b>	<b>54</b>

## Note 33 – Business combinations

### 30 June 2022

Neither GDI nor the Trust undertook any business combinations during the year ended 30 June 2022.

### 30 June 2021

Neither GDI nor the Trust undertook any business combinations during the year ended 30 June 2021.

<sup>1</sup>Units in GDI Property Trust are stapled to the shares of the Parent Entity. The Trust and its controlled entities listed above are consolidated as part of GDI as required under accounting standards, refer to Note 1(c). Controlled entity financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as GDI's and the Trust's financial statements.

For the financial year ended 30 June 2022

## Note 34 – Non-controlling interests

### a) Non-controlling interest – Trust

To account for the stapling, Australian Accounting Standards require an acquirer (the Company) to be identified and an acquisition to be recognised. The net assets of the acquiree (the Trust) are recognised as non-controlling interests as they are not owned by the acquirer in the stapling arrangement.

	Non-controlling interests	
	2022 \$'000	2021 \$'000
<b>Movements in non-controlling interest</b>		
Opening balance	741,567	762,128
Profit for the period	68,724	24,392
Security-based payments expense	2,297	2,077
On-market securities buy-back	(7,336)	(952)
Cash settlement transaction	(543)	–
Issue and formation costs	(3)	(1)
Equity issued/transferred	–	50
Distributions paid/payable	(45,565)	(46,126)
<b>Balance as at year end</b>	<b>759,143</b>	<b>741,567</b>

GDI and the Trust has a \$5 million bank guarantee supporting the financial requirements of GDI Funds Management Limited's AFS Licence.

### b) Non-controlling interest

#### *GDI No. 42 Office Trust*

On 16 June 2016, GDI Funds Management Limited arranged an issue of 65.5 million units of GDI No. 42 Office Trust to fund the acquisition of 235 Stanley Street, Townsville and settle an inter-company loan with GDI Property Trust that was used to fund the acquisition of 223-237 Liverpool Road, Ashfield (which was subsequently sold on 31 January 2019). Following the arrangement, GDI Property Trust holds 43.68% of units on issue in GDI No. 42 Office Trust, with the other 56.32% units on issue held by unrelated parties and shown in the financial statements, together with the non-controlling interests of GDI No. 46 Property Trust (see below), as non-controlling interests – Unlisted Property Funds.

#### *GDI No. 46 Property Trust*

On 31 January 2020, GDI Funds Management Limited arranged an issue of 75.7 million units of GDI No. 46 Property Trust to fund the acquisition of a portfolio of 17 properties occupied by high profile car dealerships and service centres in metropolitan Perth. Following the raising, GDI Property Trust holds 47.19% of units on issue in GDI No. 46 Property Trust, with the other 52.81% units on issue held by unrelated parties and shown in the financial statements, together with the non-controlling interests of GDI No. 42 Office Trust (see above) as non-controlling interests – Unlisted Property Funds.



# Notes to the financial statements

For the financial year ended 30 June 2022

	GDI No. 42 Office Trust		GDI No. 46 Property Trust		Total Unlisted Property Funds	
	2022 \$'000	2021 \$,000	2022 \$'000	2021 \$,000	2022 \$'000	2021 \$,000
<b>Results</b>						
Profit/(loss) for the period	1,650	(810)	36,454	14,072	38,103	13,262
<b>Total comprehensive profit/(loss) for the period</b>	<b>1,650</b>	<b>(810)</b>	<b>36,454</b>	<b>14,072</b>	<b>38,103</b>	<b>13,262</b>
<b>Financial position</b>						
Current assets	658	336	807	405	1,465	740
Total assets	52,417	51,997	137,352	107,210	189,770	159,207
Current liabilities	102	298	392	323	494	621
Total liabilities	10,102	10,283	30,357	30,235	40,458	40,518
<b>Net assets</b>	<b>42,316</b>	<b>41,714</b>	<b>106,996</b>	<b>76,975</b>	<b>149,312</b>	<b>118,689</b>
Contributed equity	43,885	43,885	75,575	75,574	119,460	119,459
Retained earnings	(1,569)	(2,171)	31,421	1,401	29,851	(770)
<b>Total equity</b>	<b>42,316</b>	<b>41,714</b>	<b>106,996</b>	<b>76,975</b>	<b>149,312</b>	<b>118,689</b>

## Note 35 – Contingent liabilities

GDI and Trust had no contingent liabilities as at 30 June 2022 and as at 30 June 2021.

## Note 36 – Events after the reporting date

Post balance date, GDI's two interest rate swaps were terminated, with the value created on termination used to acquire interest rate protection on \$100.0 million of debt at BBSY of no greater than 3.0% until 31 December 2023, and a further \$50.0 million of debt at BBSY of no greater than 3.0% until 31 December 2024.

As at 30 June 2022

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

**Directors' Declaration  
For the period ended 30 June 2022**

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 56 to 108 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - (ii) giving a true and fair view of the financial position as at 30 June 2022 and of the performance for the period 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; and
- (c) The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer.

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 22nd day of August 2022**

# Independent auditors' report

For the financial year ended 30 June 2022

**HALL CHADWICK**  (NSW)  
Chartered Accountants and Business Advisers

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

**SYDNEY**

Level 40  
2 Park Street  
Sydney NSW 2000  
Australia

GPO Box 3555  
Sydney NSW 2001

Ph: (612) 9263 2600  
Fx: (612) 9263 2800

## Opinion

We have audited the accompanying consolidated 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 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a. giving a true and fair view of GDI Group's financial position as at 30 June 2022 and of its financial performance for the year then ended;
- b. complying with Australian Accounting Standards and the Corporations Regulations 2001.

## Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of 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 (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, has been given to the directors of GDI Property Group.

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

## Key Audit Matters

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

A Member of PrimeGlobal  
An Association of Independent  
Accounting Firms

 PrimeGlobal

SYDNEY • NEWCASTLE • PARRAMATTA • PENRITH • MELBOURNE • BRISBANE • GOLD COAST • PERTH • DARWIN

Liability limited by a scheme approved under Professional Standards Legislation

[www.hallchadwick.com.au](http://www.hallchadwick.com.au)

For the financial year ended 30 June 2022

HALL CHADWICK  (NSW)

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

**Carrying value of investment properties \$1.008 billion**  
**Refer to Note 10 Investment Properties**

**Our procedures included, amongst others:**

Investment property is property which is held either to earn income or for capital appreciation or both. Investment property is measured at fair value, with acquisition and other related costs written off through the profit and loss. As part of the process of determining fair value, an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values individual properties annually on a rotation basis or on a more regular basis if considered appropriate and as determined by management and the Board in accordance with the valuation policy of GDI Property Group.

We reviewed external independent valuation reports, assumptions and management's controls around external valuations. This included review of critical assumptions related to cash flow items such as lease income, outgoings and incentives adopted in valuing the investment properties including any future impact of COVID-19 and related uncertainty as to the future impact on the carrying value of investment properties.

Critical judgements are made by GDI Property Group in respect of the fair values of investment properties. The fair value of these investments are reviewed regularly by management with reference to external independent property valuations, recent offers and market conditions existing at reporting date, using generally accepted market practices. Critical assumptions underlying management's estimates of fair values are those relating to the passing rent, market rent, occupancy, capitalisation rate, terminal yield and discount rate. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of the property investments may differ.

We reviewed the internal valuation process including critical assumptions related to cash flow items such income support, outgoings and incentives adopted in valuing the investment properties.

Management has a policy of engaging independent property valuers to perform external valuations of the property portfolio annually on a rotation basis or more frequently if market conditions are volatile. Director's valuations are carried out on properties that are not independently valued at reporting date.

We vouched the sample of additions to investment properties under construction.

We have focussed on this area as a key audit matter due to amounts involved being material and the inherent subjectivity associated with critical judgements being made in relation to fair values of investment properties.

We performed procedures on the reconciliation between the opening balance and the closing fair value adopted and that the movements are recorded in the appropriate general ledger accounts.

We ensured appropriate accounting treatments & disclosures of development cost.

We discussed with management to confirm their views on assumptions adopted in the valuations. We assessed managements' assumptions by giving due consideration to industry issues and other external factors.

We have reviewed the measurement of properties and are satisfied that the properties are recognised in accordance with AASB5 – Non-Current Assets held for Sale and Discontinued Operations.

We reviewed and assessed qualitative and quantitative disclosures made in the financial statements.

# Independent auditors' report

For the financial year ended 30 June 2022

HALL CHADWICK  (NSW)

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

**Carrying value of Intangible Assets \$18.11 million**    **Our procedures included, amongst others:**

**Refer to Note 13 Intangible Assets**

GDI Property Group acquired from the privately owned GDI Group of companies the rights, title and interest in the funds management business, and the shares of the operating companies for a consideration of \$18.5 million. This gave rise to a goodwill value of \$18.11 million.

A value in use calculation was prepared based on present value of the forecast profit after tax from funds established since acquisition of the funds management business and new funds to be established over a five year term, with a terminal value applied in the sixth year profit after tax.

We have focussed on this area as a key audit matter due to amounts involved being material and the inherent subjectivity associated with critical judgements being made in relation to forecast future revenue and costs; discount rates; and terminal growth rates.

We evaluated management's goodwill impairment assessment and tested controls of the review of forecasts by management including the impact of COVID-19 on the forecasts if any.

We obtained the value in use model and the agreed amounts to a combination of budgets and future plans.

Key inputs in the value in use model included forecast revenue, costs, discount rates and terminal growth rates. We corroborated some of those assumptions by comparing forecasts to historical fee income earned and costs incurred.

We involved our valuation specialists to recalculate management's discount rates based on external data where available. The valuation specialists were also involved in assessing the value in use model used for valuation methodology including the treatment of terminal value calculations and the net present value calculations.

We performed sensitivity analysis on the rate at which new funds are established and the size of these funds including fee income; terminal growth; and discount rate inputs.

We assessed GDI Property Group's disclosures of the quantitative and qualitative considerations in relation to the valuation of goodwill.



For the financial year ended 30 June 2022

HALL CHADWICK  (NSW)

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

**Carrying value of Borrowings \$246.2 million  
Refer to Note 17 Borrowings**

The purchase of investment property is typically funded through a combination of cash generated from capital raising and borrowings from financial institutions. At 30 June 2022, GDI Property Group had borrowings of \$246.2 million representing 87% of total liabilities. The borrowing terms and conditions are disclosed in note 17.

We have focussed on this area as a key audit matter due to the size of the borrowings balance.

**Our procedures included, amongst others:**

We reviewed covenant calculations, debt maturity forecasts and plans for future funding.

We reviewed new funding and settlement arrangements entered into by GDI during the year.

We read the most up-to-date agreements between GDI Property Group and its financiers to understand the terms associated with the facilities and the amount of facility available for drawdown.

**Information Other than the Financial Report and Auditor's Report Thereon**

The directors are responsible for the other information. The other information comprises the information in GDI Property Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Report**

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

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

# Independent auditors' report

For the financial year ended 30 June 2022

HALL CHADWICK  (NSW)

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

**Auditor's Responsibility for the Audit of the Financial Report**

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

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

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

For the financial year ended 30 June 2022

HALL CHADWICK  (NSW)

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

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

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

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

**Report on the Remuneration Report**

We have audited the remuneration report included in pages 16 to 33 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of GDI Property Group for the year ended 30 June 2022 complies with s 300A of the Corporations Act 2001.

**Responsibilities**

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

*Hall Chadwick*

Hall Chadwick (NSW)  
Level 40, 2 Park Street  
Sydney NSW 2000

*S. Kumar*

**Sandeep Kumar**

Partner

Dated: 22 August 2022

# Security holder information

As at 30 June 2022

## Spread of securities as at 18 August 2022

Range	Securities	%	No. of holders	%
100,001 and Over	486,212,123	90.90	272	10.03
10,001 to 100,000	43,675,200	8.17	1,304	48.06
5,001 to 10,000	3,734,474	0.70	454	16.73
1,001 to 5,000	1,148,238	0.21	355	13.09
1 to 1,000	114,430	0.02	328	12.09
<b>Total</b>	<b>534,884,465</b>	<b>100.00</b>	<b>2,713</b>	<b>100.00</b>
Unremarkable Parcels	21,668	0.00	218	8.04

## Top 20 security holders as at 18 August 2022

Rank	Name	18 Aug 2022	%IC
1	J P Morgan Nominees Australia Pty Limited	130,400,980	24.38
2	HSBC Custody Nominees (Australia) Limited	115,009,295	21.50
3	Citicorp Nominees Pty Limited	55,980,311	10.47
4	BNP Paribas Noms Pty Ltd	36,554,713	6.83
5	National Nominees Limited	25,344,789	4.74
6	Kindol Pty Ltd	11,086,732	2.07
7	Netwealth Investments Limited	6,789,219	1.27
8	M Nesbitt Super Pty Ltd	5,600,000	1.05
9	Citicorp Nominees Pty Limited	4,611,003	0.86
10	Philcant Holdings Pty Ltd	4,214,211	0.79
11	Neweconomy Com Au Nominees Pty Limited	3,883,456	0.73
12	Kindol Pty Ltd	3,140,708	0.59
13	BNP Paribas Nominees Pty Ltd	2,676,746	0.50
14	HSBC Custody Nominees (Australia) Limited	2,548,323	0.48
15	Gillard Superannuation Pty Limited	2,437,516	0.46
16	First Samuel Ltd ACN 086243567	2,365,638	0.44
17	WEC Enterprises Pty Ltd	1,814,429	0.34
18	Mr David John Williams	1,500,000	0.28
19	Terry Tyrell Pty Ltd	1,453,757	0.27
20	Haul-Away Rubbish Co Pty Ltd	1,451,293	0.27
	<b>Total</b>	<b>418,863,119</b>	<b>78.31</b>
	<b>Balance of register</b>	<b>116,021,346</b>	<b>21.69</b>
	<b>Grand total</b>	<b>534,884,465</b>	<b>100.00</b>

As at 30 June 2022

**Voting rights attaching to each class of equity securities**

The voting rights attached to each stapled security is that on a show of hands, each member present in person or proxy has one vote, and upon a poll, each stapled security shall have one vote.

**Substantial holders as at 18 August 2022**

Substantial holder	Securities	%
The Vanguard Group, Inc	49,704,811	9.3%
Blackrock Group	32,341,705	6.0%
Steve Gillard	30,447,580	5.7%
B&I Capital, AG	27,599,537	5.2%



## **GDI Property Group Limited**

ACN 166 479 189

## **GDI Property Trust**

ARSN 166 598 161

## **Responsible Entity of GDI Property Trust GDI Funds Management Limited**

ACN 107 354 003

AFSL 253142

## **Directors of GDI Property Group Limited and the Responsible Entity**

Gina Anderson, Chair

Steve Gillard, MD

John Tuxworth

Giles Woodgate

Stephen Burns

## **Secretaries of GDI Property Group Limited and the Responsible Entity**

David Williams

Kate Malcolm

## **Registered office of GDI Property Group Limited and the Responsible Entity**

Level 23

56 Pitt Street

Sydney NSW 2000

PO Box R1845

Royal Exchange

Sydney NSW 1225

Tel: +61 2 9223 4222

Fax: +61 2 9252 4821

Email: [info@gdi.com.au](mailto:info@gdi.com.au)

[www.gdi.com.au](http://www.gdi.com.au)

## **Auditors**

Hall Chadwick

Level 40

2 Park Street

Sydney NSW 2000

## **Security registry**

Link Market Services Limited

Locked Bag A14

Sydney South NSW 1235

Registry Infoline: +61 1800 237 687

Fax: +61 2 9287 0303

Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Open Monday to Friday between

8.30am and 5.30pm (EST).

For enquiries regarding security holdings,  
contact the security registry.

For other enquiries regarding  
GDI Property Group contact:

Tel: +61 2 9223 4222

Fax: +61 2 9252 4821

Email: [info@gdi.com.au](mailto:info@gdi.com.au)

[www.gdi.com.au](http://www.gdi.com.au)

## **Australian Securities Exchange**

ASX Code: GDI









GDI Property Group comprises GDI Property Group Limited ACN 166 479 189 (GDI) 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 253142, a wholly owned subsidiary of GDI.