

GDI Property Group

GDI Property Group Limited

ACN 166 479 189

GDI Property Trust

ARSN 166 598 161

Annual Financial Report

30 June 2021

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

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DIRECTORS' REPORT

For the financial year ended 30 June 2021

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DIRECTORS' REPORT

For the financial year ended 30 June 2021

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 2021. 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 Property Group

GDI is an integrated, internally managed property and funds management group with capabilities in ownership, management, development, refurbishment, leasing and syndication of predominantly office properties.

The Trust is internally managed and owns a portfolio of office properties across Australia ("Portfolio"). As at 30 June 2021, the Portfolio comprised the following four wholly owned properties in CBD locations with a combined independent value of \$787.0 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;
- 50 Cavill Avenue, Surfers Paradise; and
- 180 Hay Street, Perth.

The Company owns an established funds business ("Funds Business") which, in addition to managing the Trust, manages seven unlisted and unregistered managed investment schemes with Assets Under Management ("AUM") of approximately \$520.2 million.

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 2021, 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 has a disciplined value-based investment approach and a philosophy of acquiring properties that offer an opportunity to create value through active asset management, including leasing, selective capital improvements and development.

1.2 Strategy

GDI has two operating segments, property ("Property") and funds management ("Funds Business"). All property assets owned are held by the Trust via wholly owned subsidiaries. The Company operates the Funds Business.

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

- maximising the income and capital potential in the existing Portfolio by continuing the asset management strategies adopted for each property;
- acquiring well located properties at below replacement cost that offer an opportunity to create value through active asset management, including leasing, development and selective capital improvements;
- optimising the outcome for investors in the existing unlisted property funds and therefore generating performance fees; and
- continuing to grow the AUM in the Funds Business by establishing new unlisted property funds.

We believe that this active strategy is unique in the Australian REIT market.

Property

GDI is an owner of well-located CBD office properties. Properties are intended to be acquired below management's opinion of value, having regard to replacement cost, with multiple exit options and which have typically been under managed or undercapitalised.

Over time, it is the intention to increase net rental income and/or capital values via asset management strategies including:

- improved leasing and tenant diversity;
- selective development and capital improvements;
- focusing on improving a property's sustainability credentials;
- management of outgoings;
- incremental revenue initiatives including signage rent, additional car park income, storage, communications and other means; and
- pursuing adaptive re-use options.

It is expected the investment in Australian office properties on balance sheet will result in a reliable source of rental income for securityholders. Over time, GDI may divest some properties, if in the opinion of the Board and management, the value has been maximised or it no longer meets our investment objectives.

We also intend to acquire properties, funded by either recycling capital or utilising headroom within the gearing policy of a loan to value ratio (LVR) of less than 40%. The investment mandate of the Trust is to acquire well-located CBD office properties, which are typically at least \$100.0 million in value.

At certain times of the investment and property cycle, this strategy may mean that GDI's portfolio may be concentrated in one geography, or in a small number of assets, or both.

Funds management

The Company, through wholly owned subsidiaries, manages seven unlisted, unregistered managed investment schemes with total AUM of approximately \$520.2 million. The Company 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:

- due diligence and acquisition fees;
- asset management fees;
- performance fees;
- disposal fees;
- other fees including leasing, project management and financing; and
- where a stake in a fund is held, distributions and capital gains.

The Company intends to continue to establish unlisted, unregistered managed investment schemes and as a consequence grow its funds management fee income.

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1.3 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 “Green Space” by implementing an energy performance programme designed to measure, assess and improve the utility (energy & water) performance of all the properties in our management. This programme includes:

- Utility audits;
- NABERS (National Australian Built Environment Ratings System) ratings;
- Energy procurement improvements; 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.

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 now has a 4.5 star NABERS Energy rating, with an expectation that if it was held for another twelve months it would have achieved a 5 star rating when next assessed.

When buying a building, the NABERS potential is an important factor. Westralia Square, Perth, acquired in 2017, had excellent services and a NABERS Energy rating of 5 stars, a rating we will strive to maintain by continually monitoring and improving the services of the building.

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.

We are pleased to have released with this Financial Report our second ESG Report. Following stakeholder engagement, we identified the 12 most material topics and have reported 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 Financial Report.

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 the global response of governments investing into new infrastructure projects to stimulate their economies and generate wage growth. Notwithstanding the already significant amount of announced global infrastructure projects and record high commodity prices, we are yet to see this lead to major new mining capital expenditure initiatives, which in turn will accelerate the growth in white collar employment in Perth. Furthermore, the ongoing international and state border closures are making it difficult for employers to hire people, which in turn is delaying the uptake of additional demand for office space. However, with positive net absorption, decreasing vacancy and increased levels of leasing enquiry we are confident that the recovery in the Perth market has begun.

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At the same time, low interest rates have sustained capital demand for the East Coast office markets and anything with a long lease tenure, prolonging the cycle at a time when East Coast effective office rents have plummeted. Twelve months ago we believed that COVID-19 would generate some unique opportunities for GDI. Whilst we still believe this, we are disappointed that Perth isn't further into its upcycle and that there has yet to be a correction in the pricing of the East Coast (predominantly Sydney and Melbourne) office markets.

Western Australia managed to avoid the worst impacts of COVID-19 and, with only a small number of days where Perth was locked down, most of our tenants were able to operate as normal in FY21. Office usage in the Perth CBD consistently ranked amongst the highest of all Australian cities and accordingly, very few rent relief requests were received during FY21. With the exception of some of our food retailers, the rent relief we did provide during FY21 was largely as result of agreements that related to the lockdown periods in FY20. In FY21 we wrote off \$296,000 of rent not collected due to COVID-19, and since the beginning of the pandemic \$815,000 in total.

Notwithstanding the impact of 'work from home' and the consequent demand for workplace flexibility, the high usage levels in the Perth CBD where COVID-19 hasn't been as much a part of the daily vernacular as other state capital cities show that the office will continue to be an important part of business life. 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.

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.

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

	GDI	
	2021	2020
	\$'000	\$'000
Total comprehensive income for the year	22,960	66,740
Acquisition expenses and discontinued acquisition	830	5,448
Contribution resulting from consolidation of GDI No. 42 Office Trust	(2,258)	(4,772)
Distributions / funds management fees received from GDI No. 42 Office Trust	1,024	1,913
Contribution resulting from consolidation of GDI No. 46 Property Trust	(6,962)	(2,481)
Distributions / funds management fees received from GDI No. 46 Property Trust	3,220	1,836
Straight lining adjustments	757	1,032
Amortisation and depreciation	12,139	7,335
Net fair value (gain)/loss on investment property	(2,318)	(32,862)
Net fair value loss/(gain) on interest rate swaps	(324)	326
Funds From Operations	29,069	44,516

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Operating segment results

Individual operating segment results are provided below:

	FY21 \$'000	FY20 \$'000
Property FFO ¹	34,267	49,146
Funds Business FFO ¹	6,844	5,955
Other	170	358
FFO pre corporate, administration and net interest	41,281	55,460
Less:		
Net interest expense	(3,716)	(2,137)
Corporate and administration expenses	(8,142)	(7,824)
Other	(353)	(983)
Total FFO	29,069	44,516

1. 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.

Property

GDI's Property portfolio is now heavily weighted to Perth, with our two major 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 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 2021 was \$34.3 million (FY20 \$49.1 million), with the decrease largely being as a result of the releasing programme at Westralia Square (FY21 FFO of \$8.3 million vs FY20 FFO of \$22.5 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 two thirds of Westralia Square already committed with new long-term leases or agreements to lease and we are optimistic that the balance will be committed during FY22.

We also progressed the development opportunity on excess land at Westralia Square. We received development approval for a new approximately 9,300sqm office building (WS2) and post balance date signed a building contract with Built Pty Limited, with construction commencing in August 2021 and anticipated to complete in the second half of 2022. As at 30 June 2021, \$5.5 million had been spent and capitalised on the development.

To be constructed from a combination of steel and timber on the existing carpark, on completion WS2 will be Perth's most environmentally friendly building. The total estimated costs to complete of approximately \$63.0 million (excluding finance and incentives) includes \$10.0 million of precinct works that are expected to not only result in WS2 being classified as a premium grade building, but also re-position the existing Westralia Square to its former premium grade status. The actual cost of construction of WS2 alone is extremely low given there is no land cost, no substructure required and an ability to share some of the existing services of Westralia Square. The expected improvements in the Perth leasing market, the anticipated appeal of WS2 on completion as a unique boutique offer, the relatively low costs of construction and the positive impact that WS2 will have on the existing Westralia Square building gives us confidence to commence construction without any leasing pre-commitments. With the limited publicity and marketing undertaken to date we have had solid early enquiry.

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 \$19.3 million in FY21 (FY20: \$19.5 million). 197 St Georges Terrace is the largest of the three properties with approximately 26,216sqm of lettable area. As at 30 June 2021, occupancy had increased to 89.4% of lettable area (30 June 2020: 85.3%). Included in this vacancy is approximately 5% of lettable area that is being offered to the market as conferencing facilities but is considered vacant as there is no lease with the operator of the space.

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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 again increased with some of our new asset management initiatives, and occupancy is now 86.1% (FY20: 83.1%), having dipped to close to 60.0% during the financial year.

As disclosed at 30 June 2019 and 30 June 2020, 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. During the year we received development approval for a new 45,000+sqm building on 1 Mill Street and we continue to pursue anchor tenants to facilitate the commencement of the development.

During the year we settled the acquisition of 180 Hay Street, Perth, for \$12.6 million. 180 Hay Street was constructed in 1999 and comprises 4,925sqm of well-presented office space over four floors of over 1,000sqm each and a mezzanine level. 180 Hay Street was purchased with vacant possession. We immediately commenced a refurbishment programme including upgrading all the floors, a new end of trip facility and a chiller upgrade. The total cost of the refurbishment programme is expected to be approximately \$3.5 million. At the date of acquisition 180 Hay Street was independently valued at \$15.0 million. The holding costs of 180 Hay Street meant that it had a negative contribution of Property FFO of \$0.4 million.

Property FFO at GDI's only other wholly owned property, 50 Cavill Avenue, Surfers Paradise, was \$7.1 million (FY20: \$7.1 million). Rent increases and higher face rents achieved on new leasing and renewals counterbalanced the impact of some COVID-19 related rent relief provided. At 30 June 2021, occupancy had increased to 96.9% of NLA (FY20: 94.03%). Post balance date, on 2 August 2021, we exchanged contracts to sell 50 Cavill Avenue, Surfers Paradise, for \$113.5, which after settlement adjustments and other selling costs will net GDI approximately \$109.0 million, a \$8.0 million premium to the 30 June 2020 independent valuation of \$101.0 million. Settlement is expected to occur on or around 31 August 2021. GDI purchased 50 Cavill Avenue in February 2016 for a net price of \$49.2 million, after settlement adjustments and including all acquisition costs. At the time of acquisition occupancy at the property was 54% of net lettable area. After spending approximately \$18.4 million, inclusive of incentives, on the refurbishment and releasing programme, we achieved an approximately 62% gain on all costs, a cash profit of approximately \$41.4 million.

Each of the wholly owned properties, other than 50 Cavill Avenue and the adjoining strata unit at 38/46 Cavill Avenue, Surfers Paradise, was independently revalued during the year. At 31 December 2020, Westralia Square was revalued to \$345.0 million, up from \$327.5 million at 30 June 2020. Mill Green was also revalued in December 2020 to \$326.0 million, down from a previous \$343.0 million, with the reduction due to impending lease expiries. 180 Hay Street, Perth was valued on acquisition in July 2020 at \$15.0 million, above the purchase price of \$12.6 million. Our wholly owned portfolio is independently valued at \$787.0 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 a 13,786sqm property at 235 Stanley Street, Townsville ("Stanley Place"). Stanley Place's major tenant, the ATO, lease expired in August 2020. The property's second largest tenant, Services Australia (The Department of Human Services), signed a new 6.5-year lease commencing 1 March 2020 for all the 4,644sqm of space it previously occupied under a direct lease and sublease (from the ATO). We have ongoing discussions with potential Government and corporate tenants about occupation requirements in Townsville generally and Stanley Place in particular and remain hopeful that a successful leasing outcome can be achieved during FY22. Stanley Place was also revalued at 31 December 2020, with its valuation falling to \$51.5 million from a previous \$53.5 million.

GDI No. 46 Property Trust owns the IDOM Portfolio. The Portfolio is fully leased for a term of approximately 9.4 years, with the tenant² having 5 x 5-year options. The leases have annual CPI³ + 1% rental increases, with market reviews³ in 2023 and 2028. The Portfolio was independently revalued to \$105.9 million at 31 December 2020, up from \$98.0 million at the time of acquisition in February 2020.

2. The tenant is either Buick Holdings Pty Limited (Buick), or wholly owned subsidiaries of Buick. Buick is owned 67% by IDOM Automotive Group Pty Limited, a wholly owned subsidiary of IDOM Inc, an entity listed on the Tokyo Stock Exchange, and 33% by entities associated with the DiVirgilio family.

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

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Detailed in the table below are the comparison occupancy, weighted average lease expiry and weighted average capitalisation rates between 30 June 2021 and 30 June 2020, excluding the IDOM Portfolio.

	GDI	
	As at 30 June 2021	As at 30 June 2020
Occupancy ⁴	72.9%	81.1%
Weighted average lease expiry ^{4,5}	2.6 years	2.6 years
Weighted average capitalisation rate ^{4,6}	6.6%	6.9%

Funds management

GDI's funds management business has a 28-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 (FY20: \$6.0 million). A large contributor to this is the distributions received from the consolidated funds, GDI No. 42 Office Trust (\$0.7 million) and GDI No. 46 Property Trust (\$2.9 million). There were no material transaction fees generated in the Funds Business in FY21.

Net interest expense

As at 30 June 2021, GDI's Principal Facility was drawn to \$168.8 million (FY20: \$120.0 million), secured by a security pool independently valued at \$787.0 million, a loan to value ratio (LVR) of 21.5%. GDI No 42 Property 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 28.3%.

Including the interest expense of the consolidated trusts, the interest expense for the year totalled \$5.3 million (FY20: \$3.2 million). Although the interest expense of the consolidated trusts is included in the statutory accounts, it is not included in GDI's FFO.

Corporate and administration expenses

GDI's operating expenses increased slightly year on year to \$8.1 million (FY20: \$7.8 million). The largest component of corporate and administration expenses is employee benefits, including \$2.1 million expensed or accrued for the issue of performance rights in FY18, FY19, FY20 and this financial year.

Capital management

GDI's balance sheet is in a strong position with an LVR on the Principal Facility of 21.5%, 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 FY21 distribution being in excess of both our FFO and our AFFO. It also enabled us to announce an on-market buyback of securities and subsequent 12-month extension to that buyback to acquire up to 5% of the securities on issue and take advantage of the volatility in GDI's security price. Since announcing the buyback in late March 2020, we bought back and cancelled 2,784,246 securities. In August 2020, we also issued 2,444,181 new securities to satisfy performance rights granted in FY17 that vested on the signing of the FY20 financial accounts. Securities on issue at 30 June 2021 totalled 541,987,836.

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

5. Based on NLA, but excluding 1 Mill Street.

6. Weighted average by property valuation.

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Hedging policy

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).

As at 30 June 2021, neither GDI No. 42 Office Trust nor GDI No. 46 Property Trust had any interest rate hedges or fixed rate borrowings.

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
2020 final – paid 31 August 2020	3.875	20,945	-
2021 interim – paid 26 February 2021	3.875	21,004	-
2021 final – declared 17 June 2021	3.875	21,002	-

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.

1.5 Future prospects

As discussed above, we believed that COVID-19 was going to generate some unique opportunities for GDI. During the first half of FY21 we spent considerable time and effort reviewing asset, portfolio and business acquisition opportunities, none of which ultimately met our stringent investment criteria. We continue to believe that the current health and economic situation will result in opportunities for GDI, but in the interim and regardless, we will continue the asset management strategies of the assets in both the Property and Funds Business, as described below. In broad terms, this strategy revolves around completing the leasing up of the assets in the portfolio, delivering on the development opportunities and recycling our capital through selective asset divestments.

Property – existing

Our portfolio comprises well located properties, with four sides of natural light and floor plates that are easily divisible. Each property in the portfolio 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 FY22 for each of the properties in the portfolio is summarised below:

Asset	Strategy
Mill Green Complex, Perth	• Address the impending lease expiries, particularly at 197 St Georges Terrace, albeit taking a patient approach given the improving Perth CBD leasing market • Continue to explore alternate uses for 1 Mill Street
Westralia Square, Perth	• Notwithstanding the leasing successes to date, the property still has a significant amount of its net lettable area that is vacant. We intend to relet this space at better net effective rents than are currently being achieved in Perth. The strategy for FY22 is to complete the reletting programme on the back of both an improved product and market.

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	In addition, we anticipate being substantially through the development of the bespoke office building on the excess land (WS2) and we would expect a large proportion of the net lettable area to be committed prior to 30 June 2022.
50 Cavill Avenue, Surfers Paradise	Complete the sale in accordance with the executed sales contract
180 Hay Street, Perth	Complete the refurbishment programme and lease the whole property to either a single user or up to three tenants.
235 Stanley Street, Townsville	Complete the leasing up of the vacant space created from the departure of the ATO
IDOM Portfolio	Progress the asset management strategies for the Portfolio as a whole and the 17 assets individually

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. We also intend to establish at least one new unlisted, unregistered managed investment scheme in FY22.

Distribution guidance

Our aim is for GDI to deliver a consistent 12.0+% 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 heavily skewed to distributions per security, or in the alternative, NTA growth per security.

Historically, GDI's distributions have been referenced to GDI's FFO, not AFFO and in all but our first financial year since the Initial Public Offer of securities, distributions have been in excess of our AFFO. Given the releasing programme in the portfolio, particularly at Westralia Square, in FY21 the distribution was also in excess of our FFO. This resulting cash shortfall to pay the distribution has been funded from the proceeds of asset sales or funded out of capital utilising GDI's conservative balance sheet.

Having sold 50 Cavill Avenue, Surfers Paradise, we are pleased to confirm our intent is to pay a cash distribution of 7.75 cents per security for FY22, regardless of our level of FFO, subject to no material change in circumstances or unforeseen events. We would expect that a proportion of any cash distribution for FY22 will be paid out of capital.

1.6 Risks

Risk	Description	Risk mitigation
Property values	There is a risk that the value of GDI's portfolio, or individual assets in the portfolio, may fall.	- GDI has a policy of obtaining independent valuations for each of its properties at least annually. - 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.
Adverse economic conditions	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	- GDI's portfolio, excluding the assets held in the IDOM portfolio, has a weighted average lease expiry profile of 2.6 years and is leased to a diverse range of tenants - GDI has a conservative balance sheet with access to \$36.2 million of undrawn debt facilities as at 30 June 2021 to fund initiatives aimed at retaining and attracting tenants

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For the financial year ended 30 June 2021

Re-leasing and vacancy	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.	• GDI has deliberately weighted its portfolio to Perth, a market with limited new supply and solid prospects for increasing demand • 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 • GDI's conservative capital structure allows it to absorb the impact of vacancies in its portfolio without breaching any of its lending covenants
Funding	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.	• GDI does not intend to raise any additional equity capital during FY22. • As at 30 June 2021, GDI's Principal Facility is drawn to only \$168.8 million, with an LVR of 21.5% against the value of the Principal Facility's security pool • Subsequent to 30 June 2021, GDI has refinanced its Principal Facility with no expiry until July 2024 and new facilities fund the development of WS2 and other asset management and capital initiatives • GDI would not seek to acquire a new property unless it was able to obtain funding on favourable terms.
Income from Funds Business	• 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. • GDI's ability to raise new equity for future unlisted funds may be dependent on our performance managing all the unlisted funds. • 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.	• GDI has a track record of establishing new unlisted funds based on the past performance of its unlisted funds • GDI's investor base consists of approximately 1,500 high net worth investors who have historically had a high level of repeat investment. • 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.
Loss of key management personnel	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.	• GDI has a competitive remuneration structure to retain key talent. • Steve Gillard has a significant interest (+5.5%) in GDI.
Capital expenditure requirements	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.	• GDI and its executives have extensive experience in acquiring properties and undertaking due diligence investigations.
Gearing and breach of covenants	• GDI's gearing could exceed the maximum level of 40% under the Board's gearing policy from time to time (for example where GDI	• GDI remains well within both its own gearing policy of less than 40% LVR and the covenants imposed on it under its debt facility.

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DIRECTORS' REPORT

For the financial year ended 30 June 2021

	uses debt to acquire new properties or the valuation of properties in GDI falls). 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.	
Impacts of climate change and other environmental considerations	- 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 - Changes to environmental legislation may mean GDI's properties need a significant amount of capital expenditure to comply or become obsolete	- Climate related risks and potential financial impacts are assessed with GDI's enterprise wide risk management framework - GDI has a history of investing into its properties to improve their environmental credentials, as measured by an industry accepted NABERS ratings system
Business disruption, including data breaches	- GDI's business or a supplier's business might be subject to a cyber-attack or data breach - GDI's properties or business practices may be impacted by disruptive technologies	Business disruption risks and technology changes are assessed with GDI's enterprise wide risk management framework

2 Events subsequent to balance date

On 2 August 2021, The Trust Company (Australia) Limited acf GDI No. 41 Trust exchanged contracts to sell 50 Cavill Avenue, Surfers Paradise, for \$113.5 million, which after settlement adjustments and other selling costs will net GDI approximately \$109.0 million, a \$8.0 million premium to the 30 June 2020 independent valuation of \$101.0 million. Settlement is expected to occur on or around 31 August 2021.

On 20 August 2021 GDI No. 44 Pty Limited atf GDI No. 44 Trust and Perpetual Corporate Trust Limited acf GDI No. 44 Trust executed (as principals) a building contract with Built Pty Limited (as builder) for the construction of the approximately 9,300sqm office tower (WS2) on the vacant land at Westralia Square.

On 19 August 2021, GDI executed an Amendment and Restatement Agreement amending the Principal Facility, with the primary amendments being:

- an extension of the maturity date to August 2024;
- on settlement of 50 Cavill Avenue, Surfers Paradise, the reduction in Tranche's B and C by \$45.6 million to \$159.4 million, from the previous \$205.0 million; and
- the establishment of Tranche E, an undrawn \$85.0 million tranche providing GDI with capacity to finance the construction of WS2.

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

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For the financial year ended 30 June 2021

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 PeopleFirst & Associates, a management consultancy specialising in financial services. He was appointed as a director of the Company in February 2017.

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.

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DIRECTORS' REPORT

For the financial year ended 30 June 2021

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
Current chairman	Gina Anderson		Giles Woodgate		John Tuxworth	
Gina Anderson	11	11	5	5	2	2
Steve Gillard	11	11				
John Tuxworth	11	11			2	2
Giles Woodgate	11	11	5	5		
Stephen Burns	11	11	5	5	2	1

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	-

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"),

GDI PROPERTY GROUP

DIRECTORS' REPORT

For the financial year ended 30 June 2021

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

<i>Non-Executive Directors</i>		<i>Appointed</i>	<i>Term as a KMP for year</i>
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
<i>Managing Director</i>			
Steve Gillard		5 November 2013	Full year
<i>Disclosed Executives</i>			
David Williams	Chief Financial Officer, Joint Company Secretary		Full year
John Garland	Head of Property		Full year
Paul Malek	Asset Management		Full year
Greg Marr ¹	Head of Unlisted Funds		7 months

1. Greg Marr ceased employment on 27 January 2021

5.3 Role of the Board in relation to remuneration

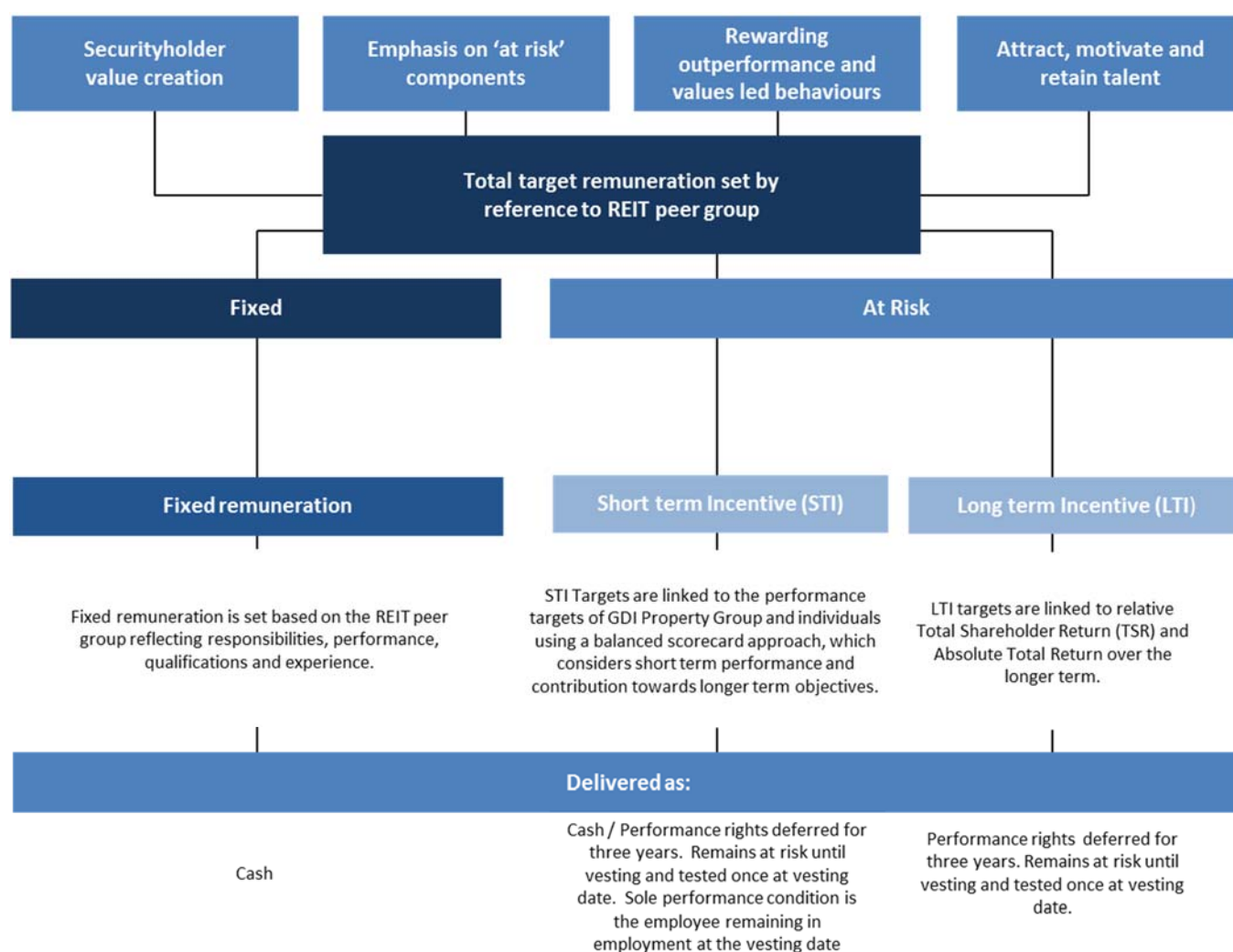
The Board has established a Nomination and Remuneration Committee (N&RC). The N&RC is responsible for:

- 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.



5.5 The composition of remuneration at GDI

The Board aims to find a balance between:

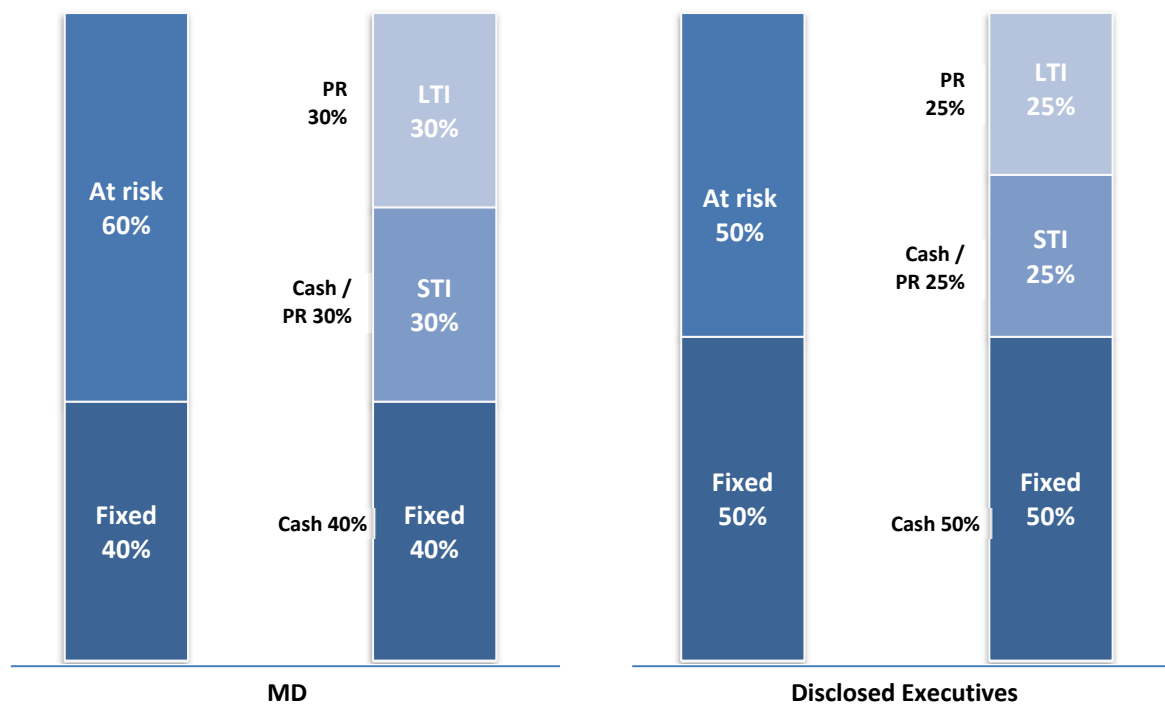
- fixed and at-risk remuneration;
- short and long-term incentives;
- amounts paid in cash and performance rights.

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For the financial year ended 30 June 2021

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

Remuneration mix for the Managing Director 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.

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

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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 2021. 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.

Arrangements for the year ended 30 June 2021																							
Type of award	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. 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. Grants may be satisfied by a cash equivalent payment rather than stapled securities at the Board's discretion.																						
Time restriction	Performance rights will be tested against the performance hurdles at the end of three years. Performance rights that do not vest will be forfeited.																						
Vesting conditions	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. <table> <tr> <th>50% - Total Securityholder Return (TSR)</th><th>Vesting percentage (for TSR measure)</th></tr> <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> <tr> <th>50% - Absolute Total Return (ATR)</th><th>Vesting percentage (for ATR measure)</th></tr> <tr> <td>Does not achieve an ATR of 9%</td><td>0%</td></tr> <tr> <td>Achieves or exceeds an ATR of 9% but does not achieve an ATR of 11%</td><td>50% up to 100% (at 12% ATR) on a straight-line basis</td></tr> <tr> <td>Achieves or exceeds an ATR of 11%</td><td>100%</td></tr> </table> Definitions <table> <tr> <td>TSR</td><td> Movement in security price and distributions. For the year ended 30 June 2021, the commencing security price is based on the 30 June 2021 closing security price of GDI and its Comparator Group </td></tr> <tr> <td>ATR</td><td> Movement in NTA and distributions For the year ended 30 June 2021, the commencing NTA is based on the 30 June 2021 NTA. </td></tr> <tr> <td>Comparator Group</td><td> Dexus, The GPT Group, Abacus Property Group, Growthpoint Properties Australia, Australian Unity Office Property Fund, Centuria Office Fund, Elanor Commercial Property Fund, Irongate Group, Elanor Investors Group, APN 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. </td></tr> </table>	50% - Total Securityholder Return (TSR)	Vesting percentage (for TSR measure)	Does not reach the 50 th percentile of the TSR of the Comparator Group	0%	Reaches or exceeds the 50 th percentile of the TSR of the Comparator Group but does not reach the 75 th percentile	50%, plus 2% for every one percentile increase above the 50 th percentile	Reaches or exceeds the 75 th percentile of the TSR Comparator Group	100%	50% - Absolute Total Return (ATR)	Vesting percentage (for ATR measure)	Does not achieve an ATR of 9%	0%	Achieves or exceeds an ATR of 9% but does not achieve an ATR of 11%	50% up to 100% (at 12% ATR) on a straight-line basis	Achieves or exceeds an ATR of 11%	100%	TSR	Movement in security price and distributions. For the year ended 30 June 2021, the commencing security price is based on the 30 June 2021 closing security price of GDI and its Comparator Group	ATR	Movement in NTA and distributions For the year ended 30 June 2021, the commencing NTA is based on the 30 June 2021 NTA.	Comparator Group	Dexus, The GPT Group, Abacus Property Group, Growthpoint Properties Australia, Australian Unity Office Property Fund, Centuria Office Fund, Elanor Commercial Property Fund, Irongate Group, Elanor Investors Group, APN 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.
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Valuation	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 2021, while the ATR performance rights is the value of the GDI security price at 30 June 2021. 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.
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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 2021, cash bonuses to other employees totalled \$240,000 and performance rights will be issued to other employees with a value of \$240,000 and a 30 June 2021 employee benefit expense of \$60,000.

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	7.55	1.000	0.120	0.91	0.34	0.5750	69.5%	9.2%	100.5%	13.3%
Since 1 July 2018	3.00	1.290	(0.170)	1.18	0.07	0.2325	4.8%	1.6%	25.6%	8.5%
Since 1 July 2020	1.00	1.115	0.005	1.30	(0.05)	0.0775	7.4%	7.4%	2.1%	2.1%
30 June 2021		1.120		1.25		0.0775				

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 12%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 and the hurdle rates since our IPO in 2013.

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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.

5.6.2 Past issues of STI performance rights (FY18)

To enhance the alignment with securityholders, the FY18 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 (FY21). In total, 493,701 performance rights were granted as part of the FY18 STI programme. The expense of these performance rights was incurred over four years, the year to which the performance period relates (FY18) and the three vesting years (FY19, FY20 and FY21). As all five employees who were granted STI performance rights in FY18 remain in employment or are considered a good leaver, all these performance rights (493,701) vested. GDI intends to satisfy these performance rights by transferring 493,701 securities to the relevant employees. These securities will not be subject to any escrow or other trading restrictions.

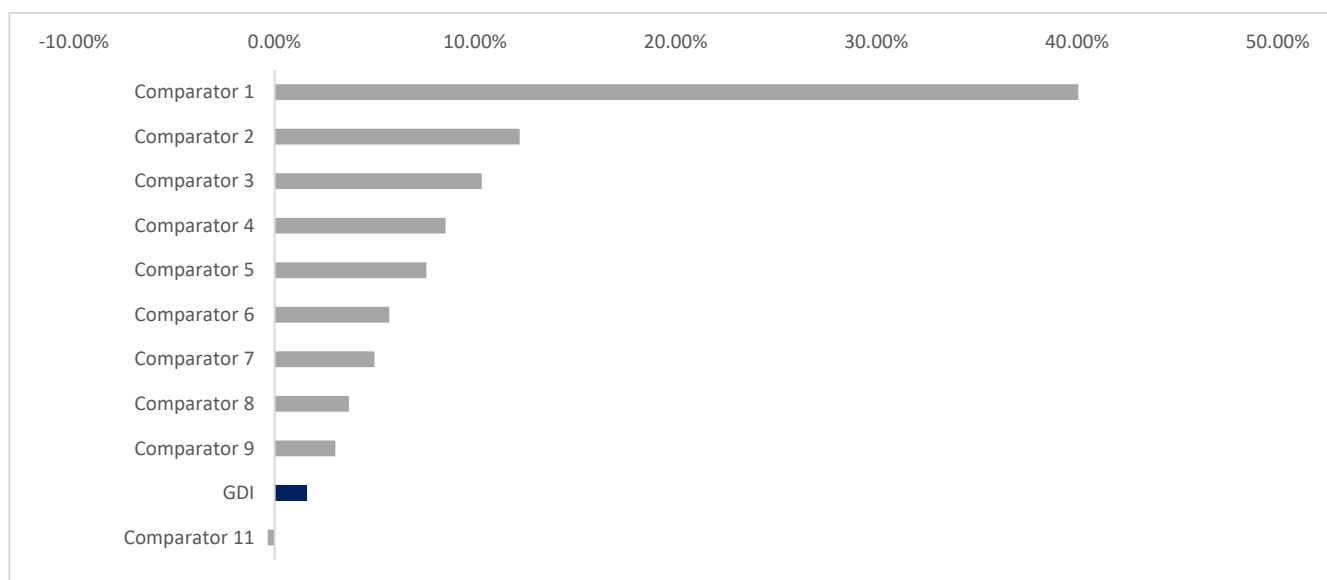
5.6.3 Past issues of LTI performance rights (FY18)

1,607,268 performance rights were granted as part of GDI's FY18 LTI plan. These performance rights were tested three years from issue, at which time they either vested or lapsed. As with the FY21 performance rights, the performance rights are 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 2021, GDI's Comparator Group comprised 10 entities (11 including GDI). GDI's TSR for the three-year period ended 30 June 2021 was 1.6%p.a., ranking 10th 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 FY21 LTIs (refer page 18).

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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 2018 NTA	\$1.18	FY19		\$0.0775		
30 June 2021 NTA	\$1.25	FY20		\$0.0775		
		FY21		\$0.0775		
Total movement	\$0.07	Total distributions	\$0.2325	\$0.3025	25.6%	8.5%

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%	0.0%	40.0%	40.0%	20%	20%	60.0%
David Williams	30.0%	0.0%	60.0%	60.0%	10%	10%	70.0%
John Garland	20.0%	0.0%	70.0%	70.0%	10%	10%	80.0%
Paul Malek	20.0%	0.0%	70.0%	70.0%	10%	10%	80.0%

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

Financial

For FY21, 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 10%p.a., to 100% at an ATR of 12%p.a.

Minimum FY21 ATR target	FY21 ATR	Achieved (Y/N)
10% - 12%	2.1%	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.

During FY21, a summary of the operational objectives and balanced scorecard outcomes on an individual basis is provided in the table below. All executives achieved or exceeded the operational objectives against which they were measured, as well as covering the additional workload created on the departure of Mr Greg Marr in January 2021. Furthermore, from a top-

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down perspective the Board believes that the executive team has done an exceptional job in navigating GDI through COVID-19 whilst positioning the business for the next phase of its lifecycle.

Executive	Key operational objectives	Commentary	Weighting as a % of total potential STI	Amount awarded as a % of total potential STI
Steve Gillard	- Significant progress of development opportunities at 1 Mill Street, Perth and Westralia Square 2 - Leasing momentum in Perth assets	- Achieved - Achieved	40.0%	40.0%
David Williams	- Capital management initiatives including distributions, buybacks and debt financing - Overhaul of internal processes and risk management programmes	- Achieved - Achieved	60.0%	60.0%
Paul Malek	- Oversight of the capital expenditure and leasing programmes of all our WA office assets - ESG initiatives at properties under management	- Achieved - Achieved	70.0%	70.0%
John Garland	- Oversight of the capital expenditure and leasing programmes of all our East Coast and non-office assets - Ownership of our ESG initiatives and reporting	- Achieved - Achieved	70.0%	70.0%

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 only two 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 was no cash bonuses paid in FY21 to the MD and Disclosed Executives. The expense of these performance rights is incurred over four years, the year to which the performance period relates (FY21) and the three vesting years (FY22, FY23 and FY24). As these performance rights had not been issued by 30 June 2021, 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 2021.

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For the financial year ended 30 June 2021

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 11 November 2021.

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 11 November 2021. The expense of the performance rights relating to the year ended 30 June 2021 is incurred over four years, the year to which the performance period relates (FY21) and the three vesting years (FY22, FY23 and FY24). As the performance rights had not been issued by 30 June 2021, 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 FY21 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 FY21, the minimum Absolute Total Return threshold has been reduced to 8.0%p.a. and the maximum to 10.0%p.a., given the past thresholds 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.

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 \$375,000, 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: • general industry practice and best principles of corporate governance; • the responsibilities and risks attached to the role of NEDs; • the expected time commitments; and • reference to fees paid to NEDs of comparable companies.				
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 Board fees (inclusive of superannuation)	<table> <tr> <td>Chairman</td><td>Other NED</td></tr> <tr> <td>\$150,000</td><td>\$75,000</td></tr> </table>	Chairman	Other NED	\$150,000	\$75,000
Chairman	Other NED				
\$150,000	\$75,000				

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For the financial year ended 30 June 2021

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

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	- Mr Gillard may terminate the employment contract at any time by giving six months' notice in writing. - GDI may terminate the employment contract for any reason by giving 12 months' notice, or alternatively, payment in lieu of notice. - 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.
Restraint of trade	Mr Gillard will be subject to a restraint period of six months from termination.

Managing Director's remuneration outcome

Actual remuneration provided to the MD for the period ended 30 June 2021 is provided below, with the expense relating to the MD's remuneration disclosed in section 5.8 below.

Fixed remuneration	The MD received \$765,000 of fixed remuneration for the year ended 30 June 2021, inclusive of superannuation.
STI	The MD received an STI award of \$344,250, 60% of his potential entitlement, based on the Balanced Scorecard approach discussed above. Subject to securityholder approval, the STI will be paid in performance rights (307,366 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 26 of this Remuneration Report.
LTI	The MD received an LTI award of \$573,750 value, being 703,600 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 26 of this Remuneration Report.

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For the financial year ended 30 June 2021

Disclosed Executive contract terms

	David Williams	John Garland	Paul Malek
Fixed remuneration	\$400,000	\$350,000	\$350,000
Participation in performance rights plan	Disclosed Executives are entitled to participate in the performance rights plan.		
Length of contract	Disclosed Executives are subject to an ongoing employment contract until notice is given.		
Notice periods	- Disclosed Executives may terminate the employment contract at any time by giving three months' notice in writing. - GDI may terminate the employment contract for any reason by giving three months' notice, or alternatively, payment in lieu of notice. - 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.		
Restraint of trade	Disclosed Executives will be subject to a restraint period of three months from termination.		

Disclosed Executives remuneration outcomes

Actual remuneration provided to Disclosed Executives for the period ended 30 June 2021 is provided below, with the remuneration table disclosed in section 5.8 below.

Fixed remuneration	The Disclosed Executives received the fixed remuneration shown above, inclusive of superannuation.
STI	The Disclosed Executives received an STI as shown in the table on page 26 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.
LTI	The Disclosed Executives received an LTI as shown in the table on page 26 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.

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MD and Disclosed Executive STI outcomes

	Potential STI	STI granted	STI forgone	STI granted	STI forgone	Cash component	PR ¹ component	PR ¹ granted	FY21 PR ¹ expense	Total expense
	\$	\$	\$	%	%	\$	\$	Number	\$	\$
Steve Gillard ²	573,750	344,250	229,500	60.0	40.0	-	344,250	307,366	86,063	86,063
David Williams	200,000	140,000	60,000	70.0	30.0	-	140,000	125,000	35,000	35,000
John Garland	175,000	140,000	35,000	80.0	20.0	-	140,000	125,000	35,000	35,000
Paul Malek	175,000	140,000	35,000	80.0	20.0	-	140,000	125,000	35,000	35,000
Total	1,123,750	764,250	359,500				764,250	682,366	191,063	191,063

1. Performance rights.
2. The issue of performance rights to Steve Gillard is subject to securityholder approval at the AGM to be held on 11 November 2021.

MD and Disclosed Executive LTI outcome

	LTI granted	PR ¹ granted	FY21 PR ¹ expense
	\$	Number	\$
Steve Gillard ²	573,750	703,600	143,438
David Williams	200,000	245,264	50,000
John Garland	175,000	214,606	43,750
Paul Malek	175,000	214,606	43,750
Total	1,123,750	1,378,076	280,938

1. Performance rights.
2. The issue of performance rights to Steve Gillard is subject to securityholder approval at the AGM to be held on 11 November 2021.

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For the financial year ended 30 June 2021

MD and Disclosed Executive summary of performance rights issued¹

Vesting date	Primary performance condition employment				FY19 LTI		FY20 LTI		FY21 LTI		Total LTI		Total PR
	FY19	FY20	FY21	Total	TSR ²	ATR ³	TSR ²	ATR ³	TSR ^{2,4}	ATR ^{3,4}	TSR ²	ATR ³	
	STI	STI	STI ⁴										
	30-Jun-22	30-Jun-23	30-Jun-24		30-Jun-22	30-Jun-22	30-Jun-23	30-Jun-23	30-Jun-24	30-Jun-24			
Steve Gillard	196,773	231,558	307,366	735,697	279,865	279,865	347,749	347,749	351,800	351,800	979,414	979,414	2,694,525
David Williams	68,592	80,717	125,000	274,309	97,557	97,557	121,220	121,220	122,632	122,632	341,409	341,409	957,127
John Garland	56,859	78,475	125,000	260,334	85,362	85,362	106,068	106,068	107,303	107,303	298,733	298,733	857,800
Paul Malek	60,650	82,399	125,000	268,049	85,362	85,362	106,068	106,068	107,303	107,303	298,733	298,733	865,515
	382,874	473,149	682,366	1,538,389	548,146	548,146	681,105	681,105	689,038	689,038	1,918,289	1,918,289	5,374,967

1. Does not include performance rights issued in relation to FY18 that were tested as at 30 June 2021.

2. Total shareholder return, being movement in the security price and distributions.

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

4. The issue of performance rights to Steve Gillard is subject to securityholders approval at the AGM to be held on 11 November 2021.

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DIRECTORS' REPORT

For the financial year ended 30 June 2021

5.8 KMP remuneration table

5.8.1 KMP remuneration table for the period ended 30 June 2021

							Security based payments ³					Total remuneration ⁴		
							Relating to prior periods			Relating to current period				
	Short term benefits			Post-employment	Long term benefits	FY18 Performance rights	FY19 Performance rights	FY20 Performance rights	STI Performance rights	LTI Performance rights				
	Salary & fees	Accrued leave ¹	Other ²								Cash bonus	Super contributions	Long service leave ¹	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Non-executive directors														
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	-	-
Managing Director														
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%
Disclosed executives														
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 ⁵	220,833	3,682	75,800	-	25,000	14,353	56,250	55,313	54,375	-	-	505,607	33%	33%
Total	2,301,158	16,769	78,005	-	184,675	62,215	477,656	468,821	467,204	191,063	280,938	4,528,505		

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, LTI and retention 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 includes a payment in lieu of notice, and his other short term benefits includes an ex-gratia payment

GDI PROPERTY GROUP

DIRECTORS' REPORT

For the financial year ended 30 June 2021

5.8.2 KMP remuneration table for the period ended 30 June 2020

							Security based payments ³						Total remuneration ⁴		
							Relating to prior periods			Relating to current period					
	Short term benefits			Post-employment contributions	Long term benefits Long service leave ¹	FY17 Performance rights	FY18 Performance rights	FY19 Performance rights	STI Performance rights	LTI Performance rights	Total remuneration	Performance related	Performance rights		
	Salary & fees	Accrued leave ¹	Other ²											Cash bonus	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%	
Non-executive directors															
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	-	-	
Managing Director															
S Gillard	740,000	6,394	-	-	25,000	18,806	215,156	215,156	211,570	64,547	143,438	1,640,067	52%	52%	
Disclosed executives															
D Williams	375,000	15,574	1,170	-	25,000	9,833	70,313	75,000	73,750	22,500	50,000	718,140	41%	41%	
J Garland	325,000	11,487	759	-	25,000	6,196	65,625	65,625	63,438	21,875	43,750	628,755	41%	41%	
P Malek	328,996	15,768	840	-	21,004	10,869	60,938	65,625	64,750	22,969	43,750	635,508	41%	41%	
G Marr	275,000	11,081	1,152	-	25,000	6,397	56,250	56,250	55,313	16,875	37,500	540,818	41%	41%	
Total	2,356,017	60,304	3,922	-	183,983	52,101	468,281	477,656	468,821	148,766	318,438	4,538,288			

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, LTI and retention 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.

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DIRECTORS' REPORT

For the financial year ended 30 June 2021

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
Directors				
Gina Anderson	80,000	-	-	80,000
Steve Gillard	29,300,000	1,032,580	-	30,332,580
John Tuxworth	170,300	-	-	170,300
Giles Woodgate	-	-	-	-
Stephen Burns	49,533	-	-	49,533
Other key management personnel				
David Williams	1,387,190	337,446	(100,000)	1,624,636
John Garland	854,213	314,949	(265,000)	904,162
Paul Malek	834,634	292,453	(693,855)	433,232

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

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*.

GDI PROPERTY GROUP

DIRECTORS' REPORT

For the financial year ended 30 June 2021

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 2021:

Provision of tax advice	\$ 55,000
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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 23rd day of August 2021



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

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of GDI Funds Management Limited as responsible entity for GDI Property Trust and GDI Property Group Limited and their controlled entities (collectively "GDI Property Group"). As the lead audit partner for the audit of the financial report of GDI Property Group for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and
- (b) any applicable code of professional conduct in relation to the audit


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


Sandeep Kumar
Partner
Dated: 23 August 2021

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GDI PROPERTY GROUP

FINANCIAL REPORT

For the financial year ended 30 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	GDI		Trust	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revenue from ordinary activities					
Property revenue		52,043	67,663	52,248	67,759
Funds management revenue		2,599	2,206	-	-
Interest revenue		111	163	104	152
Other income		56	263	18	200
Total revenue from ordinary activities	2	54,809	70,294	52,370	68,111
Net fair value gain/(loss) on interest rate swaps		324	(326)	324	(326)
Net fair value gain/(loss) on investment property	10	2,318	32,862	2,318	32,862
Total income		57,451	102,831	55,012	100,647
Expenses					
Property expenses		19,895	18,659	19,895	18,659
Finance costs	3	5,270	3,176	5,290	3,191
Corporate and administration expenses	4	8,142	7,824	4,338	5,352
Provision for impairment of debts	7	789	463	296	536
Acquisition expenses and discounted acquisitions		830	5,448	801	7,408
Total expenses		34,927	35,571	30,620	35,146
Profit before tax		22,525	67,260	24,392	65,501
Income tax benefit/(expense)	5	435	(520)	-	-
Net profit from continuing operations		22,960	66,740	24,392	65,501
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		22,960	66,740	24,392	65,501
Profit and total comprehensive income attributable to:					
Company shareholders		(1,432)	1,239	-	-
Trust unitholders		17,417	65,864	17,417	65,864
Profit and total comprehensive income attributable to:					
Stapled securityholders		15,985	67,104	17,417	65,864
External non-controlling interests		6,975	(363)	6,975	(363)
Profit after tax from continuing operations		22,960	66,740	24,392	65,501
		Cents	Cents	Cents	Cents
Basic earnings per stapled security/trust unit	21	2.95	12.39	3.21	12.16
Diluted earnings per stapled security/trust unit	21	2.93	12.30	3.19	12.07

The accompanying notes form part of these financial statements.

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FINANCIAL REPORT

As at 30 June 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	GDI		Trust	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current assets					
Cash and cash equivalents	6	11,188	10,100	9,504	6,717
Trade and other receivables	7	3,675	5,581	3,263	4,561
Other assets	8	6,911	8,919	7,715	10,412
Non-current assets held for sale	9	102,491	102,240	102,491	102,240
Total current assets		124,265	126,841	122,973	123,930
Non-current assets					
Investment properties	10	852,087	822,850	852,087	822,850
Plant and equipment	11	70	95	-	-
Right of use asset		839	-	-	-
Deferred tax assets	12	1,065	629	-	-
Intangible assets	13	18,110	18,110	-	-
Total non-current assets		872,172	841,685	852,087	822,850
Total assets		996,436	968,525	975,060	946,780
Current liabilities					
Trade and other payables	15	25,628	25,520	24,998	24,984
Lease liability		277	-	-	-
Provisions	16	437	405	-	-
Total current liabilities		26,342	25,926	24,998	24,984
Non-current liabilities					
Borrowings	17	208,557	159,423	208,492	159,318
Derivative financial instruments	14	2	326	2	326
Lease liability		571	-	-	-
Provisions	16	243	206	-	-
Other liabilities		17	-	-	25
Total non-current liabilities		209,390	159,954	208,494	159,668
Total liabilities		235,732	185,880	233,492	184,652
Net assets		760,703	782,645	741,567	762,128
Equity					
Contributed equity	18	22,340	22,296	503,066	502,084
Reserves	19a	209	203	4,625	4,483
Retained earnings	19b	(3,413)	(1,981)	169,730	194,319
Equity attributable to equity holders of the Company/Trust		19,136	20,517	677,420	700,886
Non-controlling interests					
Unitholders of the Trust					
Contributed equity	18	503,066	502,084	-	-
Reserves	19a	4,625	4,483	-	-
Retained earnings	19b	169,730	194,319	-	-
Total equity attributable to trust unitholders		677,420	700,886	-	-
Equity attributed to holders of stapled securities		696,556	721,403	-	-
External non-controlling interest					
Contributed equity		64,625	64,575	64,625	64,575
Retained earnings		(478)	(3,333)	(478)	(3,333)
Total equity attributable to external non-controlling interest		64,147	61,242	64,147	61,242
Total equity		760,704	782,645	741,567	762,128

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP

FINANCIAL REPORT

For the financial year ended 30 June 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GDI

	Equity attributable to securityholders 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
Balance as at 1 July 2019	22,301	193	(3,221)	19,274	676,945	24,657	720,876
Comprehensive income							
(Loss)/profit for the year	-	-	1,239	1,239	65,864	(363)	66,740
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	1,239	1,239	65,864	(363)	66,740
Transactions with securityholders in their capacity as securityholders							
Security-based payments expense	-	91	-	91	2,008	-	2,099
Issue and formation costs	-	-	-	-	(59)	(65)	(124)
Equity issued	81	(81)	-	-	-	39,924	39,924
On-market securities buy-back	(87)	-	-	(87)	(1,913)	-	(2,000)
Distributions paid/payable	-	-	-	-	(41,960)	(2,911)	(44,871)
Total transactions with securityholders in their capacity as securityholders	(5)	10	-	4	(41,924)	36,948	(4,972)
Balance as at 30 June 2020	22,296	203	(1,981)	20,517	700,886	61,242	782,645
Balance as at 1 July 2020	22,296	203	(1,981)	20,517	700,886	61,242	782,645
Comprehensive income							
Profit/(loss) for the year	-	-	(1,432)	(1,432)	17,417	6,975	22,960
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	(1,432)	(1,432)	17,417	6,975	22,960
Transactions with securityholders in their capacity as securityholders							
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)
Total transactions with securityholders in their capacity as securityholders	45	6	-	51	(40,882)	(4,070)	(44,902)
Balance as at 30 June 2021	22,340	209	(3,413)	19,136	677,420	64,147	760,704

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP

FINANCIAL REPORT

For the financial year ended 30 June 2021

Trust

	Equity attributable to unitholders of the Trust				External non-controlling interest (External)	Total equity
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity attributable to unitholders of the Trust \$'000		
Balance as at 1 July 2019	502,263	4,269	170,414	676,945	24,657	701,602
Comprehensive income						
Profit for the year	-	-	65,864	65,864	(363)	65,501
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	65,864	65,864	(363)	65,501
Transactions with unitholders in their capacity as unitholders						
Security-based payments expense	-	2,008	-	2,008	-	2,008
Issue and formation costs	(59)	-	-	(59)	(65)	(124)
Equity issued	1,793	(1,793)	-	-	39,924	39,924
On-market securities buy-back	(1,913)	-	-	(1,913)	-	(1,913)
Distributions paid/payable	-	-	(41,960)	(41,960)	(2,911)	(44,871)
Total transactions with unitholders in their capacity as unitholders	(179)	215	(41,960)	(41,924)	36,948	(4,976)
Balance as at 30 June 2020	502,084	4,483	194,319	700,886	61,242	762,128
Balance as at 1 July 2020	502,084	4,483	194,319	700,886	61,242	762,128
Comprehensive income						
Profit for the year	-	-	17,417	17,417	6,975	24,392
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	17,417	17,417	6,975	24,392
Transactions with unitholders in their capacity as unitholders						
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)
Total transactions with unitholders in their capacity as unitholders	982	141	(42,006)	(40,882)	(4,070)	(44,953)
Balance as at 30 June 2021	503,066	4,625	169,730	677,420	64,147	741,567

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP

FINANCIAL REPORT

For the financial year ended 30 June 2021

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	GDI		Trust	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash flows from operating activities					
Receipts in the course of operations		63,350	74,218	60,759	72,048
Payments in the course of operations		(25,042)	(25,330)	(20,782)	(20,238)
Interest received		111	163	104	152
Interest paid		(4,982)	(2,847)	(4,911)	(2,847)
Net cash inflow from operating activities	25	33,437	46,205	35,171	49,115
Cash flows from investing activities					
Payments for investment properties		(12,595)	(103,448)	(12,595)	(105,408)
Payments for capital expenditure		(8,702)	(9,479)	(8,702)	(9,479)
Payments for investment properties under construction		(3,828)	-	(3,828)	-
Payments for plant and equipment		(18)	(41)	-	-
Payments of incentives and leasing fees		(7,350)	(21,627)	(7,350)	(21,628)
(Loan to)/repayment of loans from associated companies		(1,159)	(3,354)	(1,525)	(6,266)
Disposal of equity to non-controlling interest		50	-	50	-
Net cash used in investing activities		(33,602)	(137,950)	(33,950)	(142,781)
Cash flows from financing activities					
Payments for the on-market buy-back of securities		(995)	(2,000)	(952)	(1,913)
Payment of loan transaction costs		(29)	(725)	(29)	(494)
Payment of dividends/distributions		(46,283)	(44,835)	(46,283)	(44,835)
Proceeds from borrowings		48,833	90,831	48,833	90,622
Equity issue costs GDI No. 46 Property Trust		(1)	(59)	(1)	(59)
Equity issued in GDI No. 46 Property Trust		-	39,859	-	39,859
Principal reduction in lease liabilities		(271)	-	-	-
Net cash from financing activities		1,253	83,071	1,567	83,180
Net (decrease)/increase in cash and cash equivalents		1,088	(8,674)	2,787	(10,486)
Cash and cash equivalents at beginning of year		10,100	18,774	6,717	17,203
Cash and cash equivalents at the end of the year	6	11,188	10,100	9,504	6,717

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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 23 August 2021 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 2021, 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 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) 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.

(f) 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.

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.

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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.

(g) 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 probable 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.

(h) 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.

(i) 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.

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 (z) 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.

(j) Cash and cash equivalents

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

(k) 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.

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 leases. 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.

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.

(l) 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.

(m) 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.

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.

(n) 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.

(o) 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.

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-

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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.

(p) 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 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.

(q) 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.

(r) 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.

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For the financial year ended 30 June 2021

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.

(s) 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.

(t) 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.

(u) 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.

(v) 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.

(w) 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.

(x) 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.

(y) 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.

(z) 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 difference 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(n), however the fair values of derivatives reported at 30 June 2021 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.

(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

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

	GDI		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
a) Revenue				
Rent and recoverable outgoings	63,809	74,779	64,014	74,875
Lease costs and incentive amortisation	(11,766)	(7,116)	(11,766)	(7,116)
Funds management revenue	2,599	2,206	-	-
Interest and other income	167	426	122	352
Total revenue from ordinary activities	54,809	70,294	52,370	68,111

	GDI		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Revenue from contracts with customers	2,599	2,206	-	-
Revenue based on AASB 16	52,043	67,663	52,248	67,759
Other sources of revenue	167	426	122	352
Total revenue from ordinary activities	54,809	70,294	52,370	68,111

b) Disaggregated revenue

	Funds management		Lease income		Total	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
GDI						
Geographical markets						
NSW	2,599	2,206	-	-	2,599	2,206
WA	-	-	40,490	53,529	40,490	53,529
QLD	-	-	11,553	14,133	11,553	14,133
Total	2,599	2,206	52,043	67,663	54,642	69,868
Timing and recognition	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Services transferred to customers:						
At a point in time	-	-	-	-	-	-
Over time	2,599	2,206	52,043	67,663	54,642	69,868
Total	2,599	2,206	52,043	67,663	54,642	69,868

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For the financial year ended 30 June 2021

Trust	Lease income		Total	
	2021	2020	2021	2020
Geographical markets	\$'000	\$'000	\$'000	\$'000
NSW	-	-	-	-
WA	40,695	53,625	40,695	53,625
QLD	11,553	14,133	11,553	14,133
Total	52,248	67,759	52,248	67,759

Timing and recognition	\$'000	\$'000	\$'000	\$'000
Services transferred to customers:				
At a point in time	-	-	-	-
Over time	52,248	67,759	52,248	67,759
Total	52,248	67,759	52,248	67,759

	GDI		Trust	
	2021	2020	2021	2020
c) Other sources of revenue	\$'000	\$'000	\$'000	\$'000
Interest received				
- unrelated parties	45	98	38	87
- related parties	66	66	66	66
Total interest received	111	163	104	152
Other	56	263	18	200
Total other sources of revenue	167	426	122	352

NOTE 3 – FINANCE COSTS

	GDI		Trust	
	2021	2020	2021	2020
Finance costs	\$'000	\$'000	\$'000	\$'000
Interest paid / payable	5,270	3,176	5,290	3,191
Total finance costs	5,270	3,176	5,290	3,191

NOTE 4 – CORPORATE AND ADMINISTRATION EXPENSES

	GDI		Trust	
	2021	2020	2021	2020
Corporate and administration expenses	\$'000	\$'000	\$'000	\$'000
Audit and taxation fees	223	232	54	31
Custodian fees	93	88	93	88
Occupancy expenses	297	388	-	-
Employee benefits expense	6,235	6,184	2,056	2,031
Others	1,295	931	2,134	3,201
Total corporate and administration expenses	8,142	7,824	4,338	5,352

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NOTE 5 – INCOME TAX EXPENSE/BENEFIT

	GDI		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Income tax benefit				
a) The components of tax (expense)/benefit comprise:				
Current tax	-	-	-	-
Deferred tax	435	(520)	-	-
Income tax (expense)/benefit	435	(520)	-	-
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%	496	(474)	-	-
Add tax effect of:				
Tax effect of reduction in tax rate	(43)	(36)	-	-
Other non-allowable items	(3)	(2)	-	-
Share option expensed	(24)	(25)	-	-
Less tax effect of:				
Share options paid	-	-	-	-
Non-taxable trust income	10	17	-	-
Income tax (expense)/benefit attributable to GDI/ Trust	435	(520)	-	-

NOTE 6 – CASH AND CASH EQUIVALENTS

	GDI		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents				
Cash at bank	11,188	10,100	9,504	6,717
Total cash and cash equivalents	11,188	10,100	9,504	6,717

NOTE 7 – TRADE AND OTHER RECEIVABLES

	GDI		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Trade and other receivables				
Trade receivables	3,429	5,345	3,034	4,137
Others	245	453	229	442
Provision for expected credit losses	-	(217)	-	(17)
Total trade and other receivables	3,675	5,581	3,263	4,561

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

	GDI	Trust
	\$'000	\$'000
Provision for expected credit losses		
Balance at beginning of year	217	17
Charge for the year	789	296
Amounts written off	(1,006)	(313)
Balance as at 30 June 2021	-	-

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For the financial year ended 30 June 2021

Trade receivables

Included in trade and other receivables of GDI is \$359,000 (2020: \$1,183,000) of fees charged to managed funds that remain unpaid. Of this, nil (2020: \$200,000) has been provisioned for expected credit losses, \$200,000 that was previously provisioned was written off and a further \$493,000 was provisioned and written off during the year.

COVID-19 had a significant impact on some tenants' ability to pay rent in accordance with contracted lease obligations. Where tenants received rent relief in accordance with the Commercial Tenancy Code of Conduct, at least 50% of any rent relief was to be waived, with the balance deferred. In some instances, GDI agreed to simply waive rent. Any waived rent as a result of COVID-19 was written off in the financial year (\$296,000; 2020:\$518,000). Any deferred or restructured rent (\$1,460,000; 2020:\$1,369,000) is included in trade receivables. A further \$773,000 (2020: \$2,299,000) of rent is past due. Of this, nil (2020: \$17,000) 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.

	Current	31 – 60 days past due	61 - 90 days past due	>90 days past due	Total
GDI					
2021	\$'000	\$'000	\$'000	\$'000	\$'000
Expected loss rate	0%	0%	0%	0%	
Gross carrying amount	1,147	116	99	2068	3,429
Loss allowing for provision	-	-	-	-	-
2020					
Expected loss rate	0%	0%	0%	0%	
Gross carrying amount	2,875	547	584	1,122	5,128
Loss allowing for provision	-	-	-	-	-

	Current	31 – 60 days past due	61 - 90 days past due	>90 days past due	Total
Trust					
2021	\$'000	\$'000	\$'000	\$'000	\$'000
Expected loss rate	0%	0%	0%	0%	
Gross carrying amount	939	116	99	1,880	3,034
Loss allowing for provision	-	-	-	-	-
2020					
Expected loss rate	0%	0%	0%	0%	
Gross carrying amount	2,875	547	584	113	4,119
Loss allowing for provision	-	-	-	-	-

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For the financial year ended 30 June 2021

NOTE 8 – OTHER ASSETS

	GDI		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Other assets				
Interest paid in advance	11	10	11	10
Prepayment	41	249	12	200
Prepayment – GDI No. 45 Office Trust	-	1,407	-	-
Development works in progress	869	2,492	869	2,492
Loans to managed funds	5,790	4,631	5,379	3,879
Others	200	130	1,443	3,830
Total other	6,911	8,919	7,715	10,412

NOTE 9 – NON-CURRENT ASSETS HELD FOR SALE

During FY20, 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. Post balance date, contracts were exchanged for the sale of the asset with settlement expected on or around 31 August 2021 (see note 36). Once 50 Cavill Avenue is sold, the strata unit at 46 Cavill Avenue, Surfers Paradise, would be considered non-core and accordingly, that asset has also been reclassified as a Non-current asset held for sale.

	GDI		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Assets held for sale				
Investment properties	102,491	102,240	102,491	102,240
Total assets held for sale	102,491	102,240	102,491	102,240

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For the financial year ended 30 June 2021

NOTE 10 – INVESTMENT PROPERTIES

	GDI		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
a) Investment properties at fair value				
<i>Movement in investment properties</i>				
Balance at beginning of the year	822,850	773,259	822,850	773,259
Additions				
- Investment property	12,595	98,000	12,595	98,000
Assets transferred to non-current assets held for sale	(162)	(102,240)	(162)	(102,240)
Investment properties under construction	5,452	-	5,452	-
Capital works				
- Property improvements	8,585	6,014	8,585	6,014
- Maintenance capital (GDI Property Trust)	1,180	1,409	1,180	1,409
- Maintenance capital (GDI No. 42 Office Trust)	329	455	329	455
Straight-lining of rental income	(774)	(1,021)	(774)	(1,021)
Lease costs	755	1,399	755	1,399
Amortisation of lease costs	(933)	(879)	(933)	(879)
Net gain/(loss) from fair value adjustments	2,318	32,862	2,318	32,862
Incentives paid (GDI Property Trust)	6,679	19,757	6,679	19,757
Incentives paid (GDI No. 42 Office Trust)	-	-	-	-
Non-cash incentives paid	3,891	(53)	3,891	(53)
Amortisation of incentives (GDI Property Trust)	(10,621)	(6,121)	(10,621)	(6,121)
Amortisation of incentives (GDI No. 42 Office Trust)	(91)	(87)	(91)	(87)
Impact of COVID-19				
- Incentives paid	(83)	471	(83)	471
- Amortisation of incentives paid	(120)	(29)	(120)	(29)
- Non-cash incentives paid	237	(345)	237	(345)
Balance as at 30 June	852,087	822,850	852,087	822,850

b) Valuation basis

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

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

<i>Valuation basis¹</i>	2021	2020
Weighted average capitalisation rate (%)	6.6%	6.9%
Weighted average lease expiry by area (years)	2.6 years	2.6 years
Occupancy (%)	72.9%	81.1%

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

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 (fixed and floating charge) over each investment property plus charges over any building document, lease document, performance bond and bank guarantee in addition to a real property mortgage over each property.

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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	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Lease receivable commitments				
Within one year	58,668	58,041	58,668	58,041
Later than one year but not later than five years	101,980	176,463	101,980	176,463
Later than five years	172,045	101,757	172,045	101,757
Total other	332,693	336,261	332,693	336,261

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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
Investment properties							
Mill Green Complex, Perth	Freehold	16 December 2013	332,656	31 December 2020	326,000	325,393	(18,115)
235 Stanley Street, Townsville	Freehold	16 June 2016	53,500	31 December 2020	51,500	51,661	(2,594)
Westralia Square, Perth	Freehold	27 October 2017	216,250	31 December 2020	345,000	347,648	13,063
IDOM Portfolio	Freehold	14 February 2020	98,000	31 December 2020	105,850	105,850	7,850
180 Hay Street, Perth	Freehold	31 July 2020	12,595	31 July 2020	15,000	16,083	2,204
Total			713,001		843,350	846,635	2,408
Investment Properties under construction	Freehold	-	-	-	-	5,452	-
Total investment properties			713,001		843,350	852,087	2,408
Assets transferred to non-current assets held for sale							
50 Cavill Avenue, Surfers Paradise	Freehold	1 February 2016	46,139	30 June 2020	101,000	101,251	(89)
38 / 46 Cavill Avenue, Surfers Paradise	Strata	12 August 2016	1,240	-	-	1,240	-
Total property assets			760,380		944,350	954,577	2,318

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

NOTE 11 – PLANT AND EQUIPMENT

a)	GDI		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Plant and equipment				
Furniture and fittings at cost	113	125	-	-
Accumulated depreciation	(43)	(30)	-	-
Total other	70	95	-	-

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	83	83
Additions	42	42
Depreciation	(30)	(30)
Balance as at 30 June 2020	95	95
Balance at beginning of year	95	95
Additions	18	18
Depreciation	(43)	(43)
Balance as at 30 June 2021	70	70

NOTE 12 – DEFERRED TAX ASSETS

	Opening Balance	(Charged)/ Credited to Profit or Loss	(Charged)/ Credited Directly to Equity	Closing Balance
30 June 2021	\$'000	\$'000	\$'000	\$'000
Deferred tax asset on:				
Provisions	239	(37)	-	202
Transaction costs on equity issue	-	-	-	-
Tax losses carried forward	390	471	-	862
Net amount	629	435	-	1,064

	Opening Balance	(Charged)/ Credited to Profit or Loss	(Charged)/ Credited Directly to Equity	Closing Balance
30 June 2020	\$'000	\$'000	\$'000	\$'000
Deferred tax asset on:				
Provisions	543	(304)	-	239
Transaction costs on equity issue	-	-	-	-
Tax losses carried forward	605	(214)	-	390
Net amount	1,148	(519)	-	629

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

NOTE 13 – INTANGIBLE ASSETS

	GDI		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Intangible assets				
Goodwill - at cost and at net carrying amount	18,110	18,110	-	-
Total intangible assets	18,110	18,110	-	-

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 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%
30 June 2020	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.

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

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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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Non-current interest rate swaps	2	326	2	326
Total derivative financial instruments	2	326	2	326

NOTE 15 – TRADE AND OTHER PAYABLES

	GDI		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade and other payables				
Trade payables and accruals	4,198	3,941	3,603	3,547
Distribution payable	21,002	20,945	21,002	20,945
Other payables	428	635	393	492
Total trade and other payables	25,628	25,520	24,998	24,984

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 2021 to 30 June 2021, declared in June and payable in August 2021.

NOTE 16 – PROVISIONS

	GDI		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Provisions				
Current				
Employee benefits	437	405	-	-
Non-current				
Employee benefits	243	206	-	-
Total provisions	680	611	-	-

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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(o).

NOTE 17 – BORROWINGS

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

a) Interest bearing liabilities – non-current

	GDI		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Borrowings				
<i>Secured liabilities:</i>				
Loans - financial institutions	208,833	160,000	208,833	160,000
Transaction costs	(276)	(577)	(341)	(682)
Total borrowings	208,557	159,423	208,492	159,318

b) Borrowing details

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

Facility	Secured	Maturity date	Facility \$'000	Utilised \$'000	Unutilised \$'000
Facility Tranche B ¹	Yes	July 2022	73,000	73,000	-
Facility Tranche C ¹	Yes	July 2022	132,000	95,833	36,167
Bank Bill Business Loan ²	Yes	July 2022	11,500	10,000	1,500
Capital Loan Agreement ³	Yes	February 2023	30,000	30,000	-
			246,500	208,833	37,667
Facility Tranche D ⁴	Yes	July 2022	5,000	-	-
Total facility			251,500	208,833	37,667

- Facility Tranche B, C 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.
- 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.
- 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.
- 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

c) Maturity profile

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

	GDI		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Maturity profile				
Due within one year	4,719	4,359	4,719	4,359
Due between one and five years	210,222	165,638	210,222	165,638
Due after five years	-	-	-	-
	214,941	169,997	214,941	169,997

The amount due within one year is the estimated interest expense. No principal amount of borrowings is current as at 30 June 2021.

NOTE 18 – CONTRIBUTED EQUITY

	GDI		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Contributed equity				
Contributed equity	525,406	524,380	503,066	502,084
Total contributed equity	525,406	524,380	503,066	502,084

a) Movements in ordinary securities/units

	GDI		Trust	
	No (000)	\$'000	No (000)	\$'000
Securities on issue at beginning of the year	539,580	524,564	539,580	502,263
Securities issued in satisfaction of performance rights	2,748	1,874	2,748	1,793
On-market buyback	(1,824)	(2,000)	(1,824)	(1,913)
Issue and formation costs – GDI No. 46 Property Trust	-	(59)	-	(59)
Contributed equity attributable to shareholders/unitholders as at 30 June 2020	540,504	524,380	540,504	502,084
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)
Contributed equity attributable to shareholders/unitholders as at 30 June 2021	541,988	525,406	541,988	503,066

b) 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

NOTE 19 – RESERVES AND RETAINED EARNINGS

a) Security-based payment reserve

	GDI \$'000	Trust \$'000
Balance at the beginning of the year	4,462	4,269
Security-based payments expense	2,099	2,008
Equity issued	(1,874)	(1,793)
Balance as at 30 June 2020	4,686	4,484
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)
Balance as at 30 June 2021	4,834	4,625

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	167,134	170,355
Net profit for the financial period	66,740	65,501
Less: Dividends/distributions paid/payable	(44,871)	(44,871)
Balance as at 30 June 2020	189,004	190,986
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)
Balance as at 30 June 2021	165,838	169,252

c) Treasury security reserve

	Note	GDI \$'000	Trust \$'000
Balance at the beginning of the year		-	-
On-market buyback		(2,000)	(1,913)
Cancellation of treasury securities	18a	2,000	1,913
Balance as at 30 June 2020		-	-
Balance at the beginning of the year		-	-
On-market buyback		(995)	(952)
Cancellation of treasury securities	18a	995	952
Balance as at 30 June 2021		-	-

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

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 2021 and 2020 financial years.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

b) Distributions paid/payable by GDI /Trust

	GDI		Trust	
	2021 cents/ security	2020 cents/ security	2021 cents/ unit	2020 cents/ unit
Distributions paid / payable by GDI / Trust				
28 February 2020	-	3.875	-	3.875
31 August 2020	-	3.875	-	3.875
26 February 2021	3.875	-	3.875	-
31 August 2021	3.875	-	3.875	-
Total distributions paid / payable by GDI / Trust	7.750	7.750	7.750	7.750

NOTE 21 – EARNINGS PER SECURITY/UNIT

	GDI		Trust	
	2021 cents	2020 cents	2021 cents	2020 cents
Basic earnings per security/unit	2.95	12.39	3.21	12.16
Diluted earnings per security/unit	2.93	12.30	3.19	12.07
	\$'000	\$'000	\$'000	\$'000
Earnings used to calculate basic and diluted earnings per security/unit:				
Profit for the year	15,985	67,104	17,417	65,864
Profit attributable to ordinary securityholders/equityholders of the Group/Trust used in calculating basic and diluted earnings per security/unit	15,985	67,104	17,417	65,864
	No.(000)	No.(000)	No.(000)	No.(000)
Weighted average number of ordinary securities/units used in calculating basic earnings per security/unit	541,752	541,765	541,752	541,765
Weighted average number of ordinary securities/units used in calculating diluted earnings per security/unit	545,652	545,741	545,652	545,741

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	
	2021 \$'000	2020 \$'000
Results		
Loss for the period	(206)	(262)
Total comprehensive loss for the period	(206)	(262)
Financial position		
Current assets	49	24
Total assets	21,659	21,707
Current liabilities	230	158
Total liabilities	1,674	1,567
Net assets	19,985	20,141

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NOTES TO THE FINANCIAL STATEMENTS

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Contributed equity	22,340	22,296
Reserves	209	203
Accumulated losses	(2,564)	(2,358)
Total equity	19,985	20,141

b) Guarantees entered in to by the parent entity

During the years ended 30 June 2021 and 30 June 2020 the Company did not enter any guarantee to entities it controlled.

c) Contingent liabilities

The Company had no contingent liabilities at year end.

d) Contractual commitments

As at 30 June 2021 and as at 30 June 2020, the Company had no commitments in relation to capital expenditure contracted for but not provided as liabilities.

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.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

(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.

c) Segment information

30 June 2021	Property \$'000	Funds management \$'000	Reviewed but unallocated \$'000	Total \$'000
Operating earnings				
Net property income	32,148	-	-	32,148
Funds Management income	-	2,599	-	2,599
Other income	-	-	56	56
Total operating earnings	32,148	2,599	56	34,803
FFO adjustments				
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)
FFO pre corporate, administration and interest expenses / income	34,267	6,844	170	41,281
+/- corporate, administration and interest expense / income				
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
Total FFO	26,685	6,773	(4,389)	29,069
+/- AIFRS adjustments from FFO to profit after tax from ordinary activities				
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)
Profit after tax from ordinary activities	24,846	2,529	(4,415)	22,960

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)
Net assets	623,580	73,384	63,739	760,703

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For the financial year ended 30 June 2021

	Property \$'000	Funds management \$'000	Reviewed but unallocated \$'000	Total \$'000
30 June 2020				
Operating earnings				
Net property income	49,004	-	-	49,004
Funds Management income	-	2,206	-	2,206
Other income	-	-	263	263
Total operating earnings	49,004	2,206	263	51,472
FFO adjustments				
Straight-lining rental income	1,021	-	11	1,032
Amortisation and depreciation	7,116	-	30	7,146
Adjustment for GDI No. 42 Office Trust	(5,064)	1,913	6	(3,145)
Adjustment for GDI No. 46 Property Trust	(2,931)	1,836	50	(1,045)
FFO pre corporate, administration and interest expenses / income	49,146	5,955	358	55,460
+/- corporate, administration and interest expense / income				
Interest paid	(2,281)	-	-	(2,281)
Interest income	133	11	-	144
Corporate and administration expenses	(3,231)	-	(4,593)	(7,824)
Provision for impairment of debts	(536)	73	-	(463)
Income tax (expense)/benefit	-	(520)	-	(520)
Total FFO	43,231	5,519	(4,235)	44,516
+/- AIFRS adjustments from FFO to profit after tax from ordinary activities				
Net fair value gain on interest rate swaps	(326)	-	-	(326)
Net fair value gain of investment properties	32,862	-	-	32,862
Straight-lining rental income	(1,021)	-	(11)	(1,032)
Amortisation of leasing fees and incentives	(7,116)	-	-	(7,116)
Amortisation of loan establishment costs	(188)	-	-	(188)
Depreciation	-	-	(30)	(30)
Adjustment for GDI No. 42 Office Trust	4,772	(1,913)	-	2,859
Adjustment for GDI No. 46 Property Trust	2,481	(1,836)	-	644
Acquisition costs and discontinued acquisitions	(5,448)	-	-	(5,448)
Profit after tax from ordinary activities	69,246	1,770	(4,275)	66,740

Segment assets and liabilities

	Property	Funds management	External non- controlling interest	Total
30 June 2020				
Total assets	796,968	89,032	82,525	968,525
Total liabilities	(145,230)	(18,843)	(21,807)	(185,880)
Net assets	651,738	70,189	60,718	782,645

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

NOTE 24 – COMMITMENTS

	GDI		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Commitments				
Capital commitments				
Capital expenditure	129	1,250	129	1,250
Total capital commitments	129	1,250	129	1,250
Lease payable commitments				
Within one year	295	282	-	-
Later than one year but not later than five years	313	295	-	-
Later than five years	309	316	-	-
Total lease payable commitments	917	893	-	-

NOTE 25 – RECONCILIATION OF NET PROFIT TO CASH INFLOW FROM OPERATING ACTIVITIES

a) Reconciliation of cash from operations with profit after tax

	GDI		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Net profit	22,960	66,740	24,392	65,501
Non-cash and other movements				
Amortisation of loan establishment costs and depreciation	373	218	370	203
Amortisation of lease incentives and lease costs	11,766	7,116	11,766	7,116
Straight-lining rental income	774	1,021	774	1,021
Fair value adjustments to:				
- Investment properties	(2,318)	(32,862)	(2,318)	(32,862)
- Interest rate swaps	(324)	326	(324)	326
Acquisition expenses	-	5,448	-	7,408
Net movement in provision for bad debts	(217)	(687)	(17)	(31)
Movement in employee incentive scheme reserve	2,171	2,099	2,077	2,008
Right of use asset	280	-	-	-
(Increase)/decrease from operating activities in				
Trade and other receivables	(2,005)	(1,546)	(2,813)	(2,220)
Other assets	1,455	(1,580)	2,484	620
Trade and other payables	(1,128)	(759)	(1,221)	29
Provisions	69	160	-	-
Other liabilities	17	(10)	-	-
Deferred tax	(435)	520	-	-
Net cash provided by operating activities	33,437	46,205	35,171	49,115

b) Credit standby facilities with bank

Refer to Note 17 for details of unutilised finance facilities.

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 2021 and 30 June 2020.

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

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

Key management personnel compensation

	GDI		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
KMP compensation				
Short term employee benefits	2,396	2,420	-	-
Post-employment benefits	185	184	-	-
Other long-term benefits	62	52	-	-
Security-based payments	1,886	1,882	1,804	1,800
Total KMP compensation	4,529	4,538	1,804	1,800

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 2020, 30 June 2019 and 30 June 2018.

a) Equity instrument disclosure relating to key management personnel

	Securities held at 30 June 2019	Securities granted as part of a performance rights plan	Net securities acquired / (sold) during the year	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
Directors							
Gina Anderson	70,000	-	10,000	80,000	-	-	80,000
Steve Gillard	29,192,922	1,168,594	(1,061,516)	29,300,000	1,032,580	-	30,332,580
John Tuxworth	140,300	-	30,000	170,300	-	-	170,300
Giles Woodgate	-	-	-	-	-	-	-
Stephen Burns	27,533	-	22,000	49,533	-	-	49,533
Other key management personnel							
David Williams	1,000,000	387,190	-	1,387,190	337,446	(100,000)	1,624,636
John Garland	577,779	356,434	(80,000)	854,213	314,949	(265,000)	904,162
Paul Malek	524,882	309,752	-	834,634	292,453	(693,855)	433,232

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

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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 2021

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

Transactions with related parties in the year ended 30 June 2020

There are no transactions with KMP in the year ended 30 June 2020.

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 2021 the Responsible Entity charged \$260,000 (2020: \$286,000), with no balance owing as at 30 June 2021.

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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 2021, GDI Investment Management Pty Limited charged \$500,000 (2020: \$2,063,000), with no balance owing as at 30 June 2021.

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.

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	Regulatory
• 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	• 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	2021	2020	Bank covenant	2021	2020
LVR ¹	< 40%	21%	16%	< 50%	21%	16%
ICR ²	> 2.5X	5.3X	14.5X	> 2X	5.3X	14.5X

1. 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.

2. Bank covenant ICR is EBIT/Interest expense and for the year ended 30 June 2021, any acquisition expenses have been reversed from the EBIT calculation.

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

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The gearing ratio as at 30 June 2021 of GDI and Trust was 20% (2020: 16%) and 21% (2020: 16%) respectively (as detailed below).

		GDI		Trust	
		2021	2020	2021	2020
Net debt and adjusted assets	Note	\$'000	\$'000	\$'000	\$'000
Total borrowings	17	208,557	159,423	208,492	159,318
Less: cash and cash equivalents	6	(11,188)	(10,100)	(9,504)	(6,717)
Net debt		197,369	149,322	198,988	152,600
Total assets		996,436	968,525	975,060	946,780
Less: intangible assets and deferred tax assets	13/12	(19,175)	(18,740)	-	-
Less: cash and cash equivalents	6	(11,188)	(10,100)	(9,504)	(6,717)
Adjusted assets		966,073	939,685	965,555	940,063
Gearing ratio		20%	16%	21%	16%

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(m) 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.

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

	GDI		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
One - three months	1,208	3,539	1,000	3,539
Three - six months	277	117	89	117
Over six months	1,774	11	1,319	11
Total	3,258	3,667	2,409	3,667

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 1.15 years (2020: 2.09 years).

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

	GDI		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Due within one year	30,347	29,880	29,717	29,343
Due between one and five years	210,222	165,638	210,222	165,638
Due after five years	-	-	-	-
Total	240,569	195,518	239,939	194,981

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, 29.6% (2020:41.7%) of GDI's Principal Facility's borrowings were effectively 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

	Notional Principal \$'000	Effective average fixed rate %
Principal Facility		
Floating (30 day) ¹	118,833	0.06%
Expiry May 2023 (FY23)	25,000	0.38%
Expiry May 2025 (FY25)	25,000	0.60%
Total / average	168,833	0.19%

1. Based on the 30-day bank bill swap rate on the last roll date of GDI's borrowings prior to 30 June 2021

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 2021 and 30 June 2020 with all other variables held constant, profit would have been higher/(lower) as shown below:

	+1%		-1%		+1%		-1%	
	GDI	Trust	GDI	Trust	GDI	Trust	GDI	Trust
	2021	2021	2021	2021	2020	2020	2020	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sensitivity to interest rates								
Increase/(decrease) to interest income	443	443	(443)	(443)	654	654	(654)	(654)
(Increase)/decrease to interest expense	(3,877)	(3,877)	3,877	3,877	(2,900)	(2,900)	2,900	2,900
Increase/(decrease) to valuation of interest rate derivatives	655	655	(882)	(882)	973	973	(1,846)	(1,846)
Total	(2,778)	(2,778)	2,552	2,552	(1,273)	(1,273)	400	400

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.

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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.

b) Financial instruments

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

	30 June 2021		30 June 2020	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Financial assets at amortised cost				
Cash and cash equivalents	11,188	11,188	10,100	10,100
Trade and other receivables	3,675	3,675	5,581	5,581
Total financial assets	14,863	14,863	15,681	15,681
Financial liabilities at amortised cost				
Trade and other payables	25,628	25,628	25,520	25,520
Provisions	680	680	611	611
Borrowings	208,557	208,557	159,423	159,423
Financial liabilities at fair value				
Derivative financial instruments	2	2	326	326
Total financial liabilities	234,868	234,868	185,880	185,880

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.

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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 2021			As at 30 June 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements						
<i>Non-financial assets</i>						
- Investment properties ¹	-	954,577	-	-	925,090	-
Total non-financial assets recognised at fair value on a recurring basis	-	954,577	-	-	925,090	-
<i>Financial liabilities</i>						
- Interest rate swaps	-	2	-	-	326	-
Total financial liabilities recognised at fair value on a recurring basis	-	2	-	-	326	-

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

	30 June 2021 \$'000	30 June 2020 \$'000	Valuation technique	Inputs Used
Financial assets/liabilities				
Interest rate swaps	2	326	Income approach using discounted cash flow methodology	BBSY swap rate
Non-financial assets				
Investment properties ¹	954,577	925,090	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

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

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

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

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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 2021, the Board determined that 100% of any STI granted to a KMP 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 2024). As these performance rights had not been issued at 30 June 2021, 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 2021 will be 682,366, with 307,366 granted to the Managing Director subject to securityholder approval.

b) LTI performance rights

For the year ended 30 June 2021, GDI intends to offer 1,672,402 performance rights to all staff, with 703,600 offered to the Managing Director subject to securityholder approval. As these performance rights had not been issued at 30 June 2021, 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 (FY19, FY20) and the year ended 30 June 2021 are identical and are summarised below:

Number of LTI performance rights		Performance condition
Relating to previous years	Relating to FY21 year	
1,649,809	836,201	Relative performance (stapled security price movement + distributions) versus a peer group
1,649,809	836,201	Total return (NTA growth + distributions) vs internal benchmark

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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 2021		
	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	1,071,143	1,649,809	1,649,809	682,366	836,201	836,201
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
	4 – Year to which the grant relates	4 – Year to which the grant relates	4 – Year to which the grant relates	4 – Year to which the grant relates	4 – Year to which the grant relates	4 – Year to which the grant relates
Cost apportioned over (years)	+ vesting period	+ vesting period	+ vesting period	+ vesting period	+ vesting period	+ 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	\$1,311,594	\$978,616	\$2,038,902	\$764,250	\$427,215	\$936,535

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

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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

	FY18 STI/LTI \$'000	FY19 STI/LTI \$'000	FY20 STI/LTI \$'000	FY21 STI \$'000	FY21 LTI \$'000	Total \$'000
30 June 2021						
GDI	535	528	554	191	341	2,149
Trust	512	506	530	183	326	2,056
		FY17 STI/LTI \$'000	FY18 STI/LTI \$'000	FY19 STI/LTI \$'000	FY20 STI/LTI \$'000	Total \$'000
30 June 2020						
GDI		506	535	528	554	2,123
Trust		484	512	506	530	2,031

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

NOTE 31 – CONTROLLED ENTITIES

The Company's investment in controlled entities is shown below:	Principal place of business	2021	2020
Entities controlled by the Company (Parent Entity)			
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%
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%

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Pocket Lancaster Pty Limited	Sydney, Australia	100%	100%
Quest Wangara Pty Limited	Sydney, Australia	100%	100%
The Trust’s investment in controlled entities is shown below:	Principal place of business	2021	2020
Entities controlled by GDI Property Trust (Head Entity with the Trust) ¹			
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%

¹ 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.

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Audit services				
Auditing or reviewing financial reports	148	161	49	27
Auditing of controlled entity's AFS Licence	5	4	5	4
Auditing of controlled entity's compliance plan	16	15	-	-
Total audit services	168	180	54	31
Other services				
Provision of tax advice	55	53	-	-
Total	223	232	54	31

NOTE 33 – BUSINESS COMBINATIONS

30 June 2021

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

30 June 2020

Neither GDI nor the Trust undertook any business combinations during the year ended 30 June 2020.

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.

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	Non-controlling interests	
	2021 \$'000	2020 \$'000
Movements in non-controlling interest		
Opening balance	762,128	701,602
Profit for the period	24,392	65,501
Security-based payments expense	2,077	2,008
On-market securities buy-back	(952)	(1,913)
Issue and formation costs	(1)	(124)
Equity issued/transferred	50	39,924
Distributions paid/payable	(46,126)	(44,871)
Balance as at year end	741,568	762,128

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 e 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.

	GDI No. 42 Office Trust		GDI No. 46 Property Trust		Total Unlisted Property Funds	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Results						
Profit / (loss) for the period	(810)	4,221	14,072	(5,197)	13,262	(975)
Total comprehensive profit / (loss) for the period	(810)	4,221	14,072	(5,197)	13,262	(975)
Financial position						
Current assets	336	590	405	363	740	953
Total assets	51,997	54,426	107,210	99,345	159,207	153,771
Current liabilities	298	269	323	525	621	794
Total liabilities	10,283	10,265	30,235	30,386	40,518	40,650
Net assets	41,714	44,162	76,975	68,959	118,689	113,121
Contributed equity	43,885	43,885	75,574	75,574	119,459	119,459
Retained earnings	(2,171)	277	1,401	(6,615)	(770)	(6,338)
Total equity	41,714	44,162	76,975	68,959	118,689	113,121

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

NOTE 35 – CONTINGENT LIABILITIES

GDI and Trust had no contingent liabilities as at 30 June 2021 and as at 30 June 2020.

NOTE 36 – EVENTS AFTER THE REPORTING DATE

On 2 August 2021, The Trust Company (Australia) Limited acf GDI No. 41 Trust exchanged contracts to sell 50 Cavill Avenue, Surfers Paradise, for \$113.5 million, which after settlement adjustments and other selling costs will net GDI approximately \$109.0 million, a \$8.0 million premium to the 30 June 2020 independent valuation of \$101.0 million. Settlement is expected to occur on or around 31 August 2021.

On 20 August 2021 GDI No. 44 Pty Limited atf GDI No. 44 Trust and Perpetual Corporate Trust Limited acf GDI No. 44 Trust executed (as principals) a building contract with Built Pty Limited (as builder) for the construction of the approximately 9,300sqm office tower (WS2) on the vacant land at Westralia Square.

On 19 August 2021 GDI executed an Amendment and Restatement Agreement amending the Principal Facility, with the primary amendments being:

- an extension of the maturity date to August 2024;
- on settlement of 50 Cavill Avenue, Surfers Paradise, the reduction in Tranche's B and C by \$45.6 million to \$159.4 million, from the previous \$205.0 million; and
- the establishment of Tranche E, an undrawn \$85.0 million tranche providing GDI with capacity to finance the construction of WS2.

DIRECTORS' DECLARATION

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

Directors' Declaration

For the period ended 30 June 2021

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 33 to 81 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 2021 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 23rd day of August 2021

**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
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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 2021, 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:

- giving a true and fair view of GDI Group's financial position as at 30 June 2021 and of its financial performance for the year then ended;
- 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.

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**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 \$852.09 million
and asset held for sale \$102.49 million

Refer to Note 10 Investment Properties and Note 9 Non-
Current Assets Held for Sale

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.

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.

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.

During FY21 GDI Property Group had reclassified the properties of 50 Cavill Avenue & 46 Cavill Avenue, Surfers Paradise to non-current asset held for sale on the basis of management's intention to sell and had subsequently exchanged the contracts to sell the property.

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 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.

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.

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

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 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 Refer to Note 13 Intangible Assets	Our procedures included, amongst others:
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.	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.
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.	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 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 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.

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

Carrying value of Borrowings \$208.56 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 2021, GDI Property Group had borrowings of \$208.56 million representing 88% 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 2021, 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 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.

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 14 to 30 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of GDI Property Group for the year ended 30 June 2021 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: 23 August 2021