

GDI Property Group

GDI Property Group Limited
ACN 166 479 189

Half Yearly Financial Report
31 December 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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GDI PROPERTY GROUP

DIRECTORS' REPORT

For the six-month period ended 31 December 2021

The Directors of GDI Property Group Limited ACN 166 479 189 ("the Company") and GDI Funds Management Limited ACN 107 354 003; AFSL 253 142 as Responsible Entity for GDI Property Trust ARSN 166 598 161 ("the Trust") present their report together with the half yearly financial report of the Company and its controlled entities and the Trust and its controlled entities for the six-month period ended 31 December 2021. Shares in the Company are stapled to units in the Trust to form GDI Property Group ("GDI").

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

1. Directors

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

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

2. Review of results and operations

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

2.1 Financial performance

The reconciliation between GDI's FFO and its statutory profit for the period ended 31 December 2021 is as follows:

	GDI	
	31 December 2021	31 December 2020
	\$'000	\$'000
Total comprehensive income for the year	40,115	10,476
Portfolio acquisition and other transaction costs	3,598	823
Contribution resulting from consolidated trusts	(4,894)	(4,295)
Distributions/funds management fees received from consolidated trusts	2,087	2,190
Straight lining adjustments	503	497
Amortisation of leasing fees and incentives	4,398	6,410
Amortisation of loan establishment costs	326	196
Depreciation	7	152
Net fair value (gain) / loss on investment property	(22,263)	(2,318)
Net fair value (gain) / loss on interest rate swaps	(666)	121
Profit on sale of investment property	(7,834)	-
Funds From Operations	15,376	14,252
	Cents	Cents
Funds From Operations per stapled security	2.845	2.632

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DIRECTORS' REPORT

For the six-month period ended 31 December 2021

2.1 (a) Property business

Perth

Following the acquisition of the two car parks in the Perth CBD and the sale of 50 Cavill Avenue, Surfers Paradise, all of GDI's wholly owned properties, other than the small strata unit at 46 Cavill Avenue, Surfers Paradise, are located in Perth. Including the assets held by the Funds Business, GDI has approximately \$1.20 billion, or 92% of its total assets under management, in Perth. The deliberate tilt to Perth has been based on the belief that Perth offers the greatest prospects of both income and capital growth in the medium term. Although all the economic indicators are pointing to a strong recovery in the Perth commercial property markets, the uncertainty surrounding COVID-19 and border reopening dates has impacted tenants' willingness to commit to new long-term leases. Notwithstanding this background, the Perth CBD recorded the strongest tenant demand of any of the major capital cities with nearly 50,000sqm of additional space occupied in the six months to January 2022. Perth's overall vacancy has fallen to 15%, down from 20% 12 months prior, with prime grade vacancy approximately 11%. Once the borders reopen and Perth has dealt with its Omicron "wave", we anticipate a sustained level of leasing activity, a sharp contraction in the vacancy rate and high effective rental growth.

COVID-19

GDI's portfolio is located in jurisdictions that have had the least exposure to COVID-19 in terms of community transmissions and lockdowns. During the period we did not provide any form of COVID related rent relief to any tenant.

Capital transactions

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

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

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

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

The car parks represent a unique investment opportunity for GDI. Both car parks were purchased following reduced occupancy and revenues as a result of COVID-19 related lockdowns and border closures. We were attracted to the high cash yield the car parks offer and the forecast low capital expenditure requirements. With limited new supply of car parking in the Perth CBD, we anticipate the car parks will perform well not only in the short term but over a considerable period of time. Both car parks also offer medium term change of use potential, given a significant component of the acquisition price is land value.

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For the six-month period ended 31 December 2021

WS2

Construction of WS2 commenced during the period. On completion, WS2 will be Perth's most environmentally friendly premium grade office building. Constructed from a combination of steel and timber, WS2 will comprise approximately 9,500sqm of net lettable area over 11 levels. We signed a fixed price contract with Built Pty Limited and notwithstanding some delays to the delivery of materials, construction remains on time and budget with an expected completion date in the second half of 2022.

Funds from operation

GDI's largest asset by capital value is Westralia Square, 141 St Georges Terrace, Perth. We have had considerable leasing successes during the period, with the Minister for Works (WAPOL) taking additional space, being all of level 7, and agreeing to a 2.5 year lease extension to its existing lease and waiving a right to early termination. WAPOL now occupies 14,513.9sqm of Westralia Square with a lease expiry of 31 July 2028. In addition, we have leased level 13 (now referred to as level 14), being 1,882sqm for 10 years with a lease commencing 1 August 2022. These new leasing commitments takes committed occupancy to 72% of NLA. Given the current levels of enquiry, we anticipate that the remaining five floors will be committed prior to the end of CY22.

As occupancy at Westralia Square increases so too does its contribution to FFO. During the period FFO from Westralia Square was \$5.6 million, a significant increase from the prior corresponding period (\$4.0 million).

GDI's second largest asset by capital value is the three building Mill Green complex, comprising 197 St Georges Terrace, 5 Mill Street and 1 Mill Street Perth. At 197 St Georges Terrace, following the departure of Jacobs from 4 upper floors in November 2021, occupancy has decreased to 84% of NLA, down from 89% at 30 June 2021. Similar to Westralia Square, we are seeing pleasing levels of leasing enquiry and would anticipate all these upper floors will be leased in CY22. At 5 Mill Street, occupancy remained steady at 83% (30 June 2021: 86%).

As previously disclosed, 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. To progress the redevelopment opportunities, in early 2021 we received development approval for a new approximately 45,000sqm office tower to be constructed at 1 Mill Street and continue to seek pre-commitments to facilitate the commencement of construction.

Mill Green delivered Property FFO of \$11.2 million (31 December 2020: \$8.9 million), with the increases due to higher occupancy at 197 St Georges Terrace compared to the prior corresponding period.

In July 2020 we settled the acquisition of 180 Hay Street, Perth, for \$12.6 million. Constructed in 1999, 180 Hay Street 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. Since acquisition we have upgraded both the foyer and level 4, but to date have not attracted a tenant. We have had a number of positive inspections and believe that the majority of the property will be leased during CY22. Due to its holding costs, 180 Hay Street delivered negative FFO of (\$0.2 million) (31 December 2020: (\$0.2 million)).

As 50 Cavill Avenue, Surfers Paradise, was held for only two months, its contribution to FFO was significantly less than in the prior corresponding period (\$1.2 million vs \$3.5 million to 31 December 2020). Similarly, as the two carparks were only held for a week, they made a minimal contribution to FFO.

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 purposes we recognise in the Funds Business (see below) the funds management fees generated on the units we do not own and the quarterly distributions on the units we do.

GDI No. 42 Office Trust owns a 13,786sqm property at 235 Stanley Place, Townsville (Stanley Place). Stanley Place's major tenant, the ATO (5,118sqm), lease expired in August 2020. Although we have had fruitful discussions with a number of potential tenants, the pandemic and closed borders have made execution of new leasing difficult. We remain confident that Stanley Place will be leased during CY22 which will provide the opportunity to review options for the property, including a potential sale.

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For the six-month period ended 31 December 2021

GDI No. 46 Property Trust owns the IDOM Portfolio. The IDOM Portfolio comprises 17 well located car dealerships and service centres on major arterial roads in metropolitan Perth. The IDOM Portfolio is fully leased for a remaining term of approximately 9 years with the tenant¹ having 5 x 5-year options. The leases have annual CPI² + 1% rental increases, with market reviews² in 2023 and 2028.

Valuations

We obtained independent valuations for a number of our consolidated properties during the period. The Westralia Square complex was revalued to \$385.0 million (from \$345.0 million), and 180 Hay Street, Perth was revalued to \$18.4 million (from \$15.0 million). The Westralia Square revaluation includes approximately \$12.5 million of costs spent to date at WS2 which are carried elsewhere in the balance sheet and therefore are not included in the carrying value of Westralia Square. Following these revaluations and the gain on sale of 50 Cavill Avenue, Surfers Paradise, GDI's NTA per security has increased to \$1.28 cents, up from \$1.25 at 30 June 2021.

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

	GDI	
	As at 31 December 2021	As at 30 June 2021
Occupancy ^{3,4}	70.5%	72.9%
Weighted average lease expiry ^{3,4}	4.2 years	2.6 years
Weighted average capitalisation rate ³	6.6%	6.6%

2.1 (b) Funds Management

GDI's Funds Management business has a 27-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. Although we reviewed numerous acquisition opportunities during the period, we did not secure any properties to establish any new unlisted, unregistered managed investment schemes.

The Funds Business delivered FFO before interest and income tax expense of \$3.5 million for the six-month period to 31 December 2021 (31 December 2020: \$3.7 million). A large contributor to this is the distributions received from the consolidated funds, GDI No. 42 Office Trust (\$0.2 million) and GDI No. 46 Property Trust (\$1.5 million), with the balance of FFO largely being ongoing management fees.

2.1 (c) Operating costs

Operating costs predominately relate to remuneration, including an accrual of \$500,000 for staff bonuses and the issue of performance rights in FY22.

2.1 (d) Net interest expense

As at 31 December 2021, GDI's Principal Facility was drawn to \$166.7 million (30 June 2021: \$168.8 million), secured by a security pool independently valued at \$798.2 million, a loan to value ratio (LVR) of 20.9%.

Including the interest expense of the consolidated trusts, the interest expense for the period totalled \$2.3 million (31 December 2020: \$2.7 million). Although the interest expense of the consolidated trusts is included in the statutory accounts, it is not included in GDI's FFO.

1. 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.
2. CPI is Perth Capital City CPI and the market reviews have a 10% cap and a 5% collar.
3. Excluding the IDOM Portfolio, GDI No. 46 Property Trust, GDI No. 47 Trust and GDI No. 48 Trust.
4. Based on NLA and including heads of agreement to the date of this report.

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DIRECTORS' REPORT

For the six-month period ended 31 December 2021

2.2 Financial position

2.2 (a) Balance sheet

GDI's balance sheet is in a very strong financial position. As at 31 December 2021:

- Net tangible asset (NTA) per security is \$1.28 (30 June 2021: \$1.25);
- Total Principal Facility debt outstanding is \$166.7 million, with undrawn facilities of \$146.3 million to facilitate the completion of WS2 and general working capital requirements; and
- GDI is well within its Principal Facility covenants, with a Covenant Loan to Value ratio of 20.9% (Covenant 50%) and a Covenant Interest Cover ratio of 8.1X (Covenant of 2X).

2.2 (b) Capital management

GDI's balance sheet is in a strong position with an LVR on the Principal Facility of 20.9%, below the Board's maximum LVR of 40% and the bank's covenant of 50%

As GDI No. 42 Office Trust and GDI No. 46 Property Trust are both consolidated into the statutory accounts of GDI, their facilities are also shown in GDI's accounts. GDI No. 42 Office Trust has drawn debt of \$10.0 million, 19.4% of the independent value of the asset held by GDI No. 42 Office Trust, and undrawn debt of \$1.5 million, with an expiry July 2022. GDI No. 46 Property Trust has drawn debt of \$30.0 million, 28.3% of the independent value of the IDOM Portfolio, with an expiry of February 2023.

This strong financial position enabled us to continue the on-market securities buyback to acquire up to 5% of the securities on issue originally announced in March 2020. During the period we bought back and cancelled an additional 3,913,332 securities, taking total securities purchased and cancelled under the buyback programme since March 2020 to 6,697,578 at an average cost of \$1.11 per security. Securities on issue at 31 December 2021 totalled 538,074,504.

2.2 (c) Hedging

GDI's hedging policy is to allow management flexibility in determining the level of interest rate hedging, particularly when total drawn debt is below \$100.0 million. This new policy may mean that at times we may have no interest rate hedges and be subject to upward movements in interest rates. However, we currently have 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 31 December 2021, neither GDI No. 42 Office Trust nor GDI No. 46 Property Trust had any interest rate hedges or fixed rate borrowings.

3. Future prospects

GDI's existing portfolio of assets in both the Property business and the Funds Management business provide significant scope for capital appreciation, and the primary focus for CY22 is to continue to implement the asset management initiatives for each of our assets to deliver on this capital appreciation. Specifically, we intend to:

- continue the development of WS2 and the leasing programme at both Westralia Square 1 and WS2;
- secure a pre-commitment for a new development at 1 Mill Street, Perth;
- complete the capital expenditure and leasing programme at 180 Hay Street, Perth; and
- make significant progress with leasing the vacancies at 1 Adelaide Terrace, Perth (GDI No. 36 Perth CBD Office Trust) and 235 Stanley Street, Townsville (GDI No. 42 Office Trust).

We will also continue to review acquisition opportunities for the Property business funded by an increase in the size of our Principal Facility, and also for the Funds Management business.

GDI PROPERTY GROUP

DIRECTORS' REPORT

For the six-month period ended 31 December 2021

4. Distribution guidance

We confirm that it is our intent 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, noting that the cash distribution for the six-month period ended 31 December 2021 was 3.875 cents per security. As with the period ended 31 December 2021, we expect that a proportion of any cash distribution for the second half of FY22 will be paid out of capital.

5. Rounding of Amounts

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

6. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

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 21st day of February 2022



**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**

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In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of GDI Property Group (the "Group"). As the lead audit partner for the review of the financial report of the Group for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Hall Chadwick

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

S. Kumar

SANDEEP KUMAR
Partner
Dated: 21 February 2022

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GDI PROPERTY GROUP

FINANCIAL REPORT

For the six-month period ended 31 December 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Half year ended 31 December	Note	GDI		Trust	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revenue from ordinary activities					
Property income	2	27,444	24,606	27,547	24,709
Funds management income		1,416	1,322	-	-
Interest income		59	53	58	49
Other income		-	56	-	18
Total revenue from ordinary activities		28,919	26,037	27,605	24,776
Net fair value gain/(loss) on interest rate swaps		666	(121)	666	(121)
Net fair value gain/(loss) on investment property		22,263	2,318	22,263	2,318
Profit on sale of investment property		7,834	-	7,834	-
Total income		59,683	28,234	58,368	26,973
Expenses					
Property expenses		9,234	10,356	9,234	10,356
Finance costs	3	2,335	2,689	2,347	2,698
Corporate and administration expenses		4,602	4,047	2,524	2,221
Acquisition expenses		3,598	823	3,597	797
Total expenses		19,770	17,915	17,703	16,072
Profit before tax		39,913	10,319	40,666	10,902
Income tax (expense)/benefit		188	157	-	-
Net profit for the period		40,101	10,476	40,666	10,902
Other comprehensive income		14	-	14	-
Total comprehensive income for the period		40,115	10,476	40,680	10,902
Profit and total comprehensive income attributable to:					
Company shareholders		(564)	(426)	-	-
Trust unitholders		38,438	6,236	38,438	6,236
Profit and total comprehensive income attributable to ordinary securityholders		37,874	5,811	38,438	6,236
External non-controlling interests – consolidated trusts		2,241	4,665	2,241	4,665
Profit and total comprehensive income		40,115	10,476	40,680	10,902
Basic earnings per stapled security/trust unit		7.01	1.07	7.11	1.15
Diluted earnings per stapled security/trust unit		6.96	1.07	7.06	1.14

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP

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As at 31 December 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	GDI		Trust	
		31 December 2021	30 June 2021	31 December 2021	30 June 2021
		\$'000	\$'000	\$'000	\$'000
Current assets					
Cash and cash equivalents		6,134	11,188	5,548	9,504
Trade and other receivables		5,819	3,675	4,883	3,263
Non-current assets held for sale	4	1,240	102,491	1,240	102,491
Other assets	5	11,227	6,911	12,113	7,715
Total current assets		24,421	124,265	23,784	122,973
Non-current assets					
Investment properties	6	958,921	852,087	958,921	852,087
Plant and equipment		66	70	-	-
Right of use asset		700	839	-	-
Deferred tax assets		1,252	1,065	-	-
Equity accounted investments		3,719	-	3,719	-
Derivative financial instruments		663	-	663	-
Intangible assets		18,110	18,110	-	-
Total non-current assets		983,431	872,172	963,303	852,087
Total assets		1,007,852	996,436	987,087	975,060
Current liabilities					
Borrowings	7	9,992	-	9,992	-
Trade and other payables		25,899	25,628	25,220	24,998
Lease liability		274	277	-	-
Provisions		712	437	-	-
Total current liabilities		36,878	26,342	35,212	24,998
Non-current liabilities					
Borrowings	7	195,920	208,557	195,875	208,492
Derivative financial instruments		-	2	-	2
Lease liability		436	571	-	-
Provisions		184	243	-	-
Other liabilities		17	17	-	-
Total non-current liabilities		196,556	209,390	195,875	208,494
Total liabilities		233,434	235,732	231,087	233,492
Net assets		774,418	760,703	756,000	741,567
Equity					
Contributed equity		22,146	22,340	498,793	503,066
Reserves		184	209	4,033	4,625
Retained profits		(3,912)	(3,413)	188,779	169,730
Equity attributable to equity holders of the Company/ Trust		18,418	19,136	691,606	677,420
Non-controlling interests					
Unitholders of the Trust					
Contributed equity		498,793	503,066	-	-
Reserves		4,033	4,625	-	-
Retained profits		188,779	169,730	-	-
Total equity attributable to trust unitholders		691,606	677,420	-	-
Equity attributed to holders of stapled securities		710,024	696,556	-	-
External non-controlling interest					
Contributed equity		64,625	64,625	64,625	64,625
Retained profits		(231)	(478)	(231)	(478)
Total equity attributable to external non-controlling interest		64,394	64,147	64,394	64,147
Total equity		774,418	760,704	756,000	741,567

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP
FINANCIAL REPORT

As at 31 December 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to securityholders of GDI						
	Contributed equity	Reserves	Retained earnings	Total	Non-controlling interest (Trust)	External non-controlling interest (consolidated trusts)	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2020	22,296	203	(1,981)	20,517	700,886	61,242	782,645
Comprehensive income							
Profit for the period	-	-	(426)	(426)	6,236	4,665	10,476
Total comprehensive income for the period	-	-	(426)	(426)	6,236	4,665	10,476
Transactions with securityholders in their capacity as securityholders							
Security-based payments expense	-	59	-	59	1,303	-	1,362
Issued equity	88	(88)	-	-	-	-	-
Issue and formation costs	-	-	-	-	(1)	-	(1)
Disposal of equity to non-controlling interests	-	-	-	-	-	50	50
On market buy-back	(41)	-	-	(41)	(911)	-	(953)
Distributions paid/payable	-	-	-	-	(21,004)	(2,152)	(23,156)
Total transactions with securityholders in their capacity as securityholders	46	(29)	-	18	(20,613)	(2,102)	(22,698)
Balance as at 31 December 2020	22,342	174	(2,407)	20,109	686,509	63,805	770,423
Balance as at 1 July 2021	22,340	209	(3,413)	19,136	677,421	64,147	760,704
Comprehensive income							
Profit for the period	-	-	(564)	(564)	38,424	2,241	40,101
Other comprehensive income	-	-	-	-	14	-	14
Total comprehensive income for the period	-	-	(564)	(564)	38,438	2,241	40,115
Transactions with securityholders in their capacity as securityholders							
Security-based payments expense	-	65	-	65	1,413	-	1,478
Issue and formation costs	(1)	-	-	(1)	(3)	-	(4)
Transfer from security-based payment reserve	-	(66)	66	-	-	-	-
Settlement of performance rights	-	(25)	-	(25)	(543)	-	(568)
On market buy-back	(193)	-	-	(193)	(4,270)	-	(4,463)
Distributions paid/payable	-	-	-	-	(20,850)	(1,994)	(22,844)
Total transactions with securityholders in their capacity as securityholders	(194)	(26)	66	(154)	(24,253)	(1,994)	(26,401)
Balance as at 31 December 2021	22,146	184	(3,912)	18,418	691,606	64,394	774,418

The accompanying notes form part of these financial statements.

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FINANCIAL REPORT

As at 31 December 2021

	Equity attributable to unitholders of the Trust				External non-controlling interest (consolidated trusts)	Total equity
	Contributed equity	Reserves	Retained earnings	Total equity attributable to unitholders of the Trust		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2020	502,084	4,483	194,319	700,886	61,242	762,128
Comprehensive income						
Profit for the period	-	-	6,236	6,236	4,665	10,902
Total comprehensive income for the period	-	-	6,236	6,236	4,665	10,902
Transactions with unitholders in their capacity as unitholders						
Security-based payments expense	-	1,303	-	1,303	-	1,303
Issued equity	1,935	(1,935)	-	-	-	-
Issue and formation costs	(1)	-	-	(1)	-	(1)
Disposal of equity to non-controlling interests	-	-	-	-	50	50
On market buy-back	(911)	-	-	(911)	-	(911)
Distributions paid/payable	-	-	(21,004)	(21,004)	(2,152)	(23,156)
Total transactions with unitholders in their capacity as unitholders	1,023	(632)	(21,004)	(20,613)	(2,102)	(22,715)
Balance as at 31 December 2020	503,107	3,851	179,551	686,509	63,805	750,314
Balance as at 1 July 2021	503,066	4,625	169,730	677,420	64,147	741,567
Comprehensive income						
Profit for the period	-	-	38,424	38,424	2,241	40,666
Other comprehensive income	-	-	14	14	-	14
Total comprehensive income for the period	-	-	38,438	38,438	2,241	40,680
Transactions with unitholders in their capacity as unitholders						
Security-based payments expense	-	1,413	-	1,413	-	1,413
Issue and formation costs	(3)	-	-	(3)	-	(3)
Transfer from security-based payment reserve	-	(1,461)	1,461	-	-	-
Settlement of performance rights	-	(543)	-	(543)	-	(543)
On market buy-back	(4,270)	-	-	(4,270)	-	(4,270)
Distributions paid/payable	-	-	(20,850)	(20,850)	(1,994)	(22,844)
Total transactions with unitholders in their capacity as unitholders	(4,272)	(591)	(19,389)	(24,253)	(1,994)	(26,247)
Balance as at 31 December 2021	498,793	4,033	188,779	691,605	64,394	756,000

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP

FINANCIAL REPORT

For the six-month period ended 31 December 2021

CONSOLIDATED STATEMENT OF CASH FLOWS

	GDI		Trust	
	2021	2020	2021	2020
Half year ended 31 December	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Receipts in the course of operations	31,134	28,073	30,346	27,342
Payments in the course of operations	(13,570)	(9,999)	(11,928)	(10,117)
Interest received	59	53	58	49
Interest paid	(1,990)	(2,483)	(1,982)	(2,473)
Net cash inflow from operating activities	15,634	15,643	16,494	14,801
Cash flows from investing activities				
Payments for investments	(72,692)	(13,418)	(72,692)	(13,392)
Proceeds from the sale of investment properties	109,085	-	109,085	-
Payments for other capitalised costs	(317)	(962)	-	(960)
Payments for capital expenditure	(7,850)	(5,814)	(7,648)	(5,814)
Payment of tenant incentives and leasing costs	(2,924)	(5,776)	(2,924)	(5,776)
Payments for investment properties under construction	(11,251)	-	(11,566)	-
Loan to associated entities	(420)	(1,295)	(219)	-
Repayment of loans to associated entities	525	-	-	2,146
Disposal of equity to non-controlling interests	-	50	-	50
Investment in associated trusts	(3,705)	-	(3,705)	-
Net cash used in investing activities	10,451	(27,215)	10,332	(23,747)
Cash flows from financing activities				
Proceeds from borrowings	(109,466)	32,833	(109,605)	32,833
Repayment of borrowings	107,286	-	107,286	-
Payments for the on-market buy-back of securities	(4,463)	(998)	(4,270)	(911)
Payment of loan transaction costs	(790)	(23)	(652)	(23)
Equity issue and formation costs	(4)	(1)	(3)	(1)
Settlement of performance rights	(568)	-	(543)	-
Principal reduction in lease liabilities	(138)	(135)	-	-
Payment of distributions to securityholders/unitholders	(22,996)	(23,097)	(22,996)	(23,097)
Net cash from financing activities	(31,138)	8,578	(30,782)	8,800
Net (decrease) in cash and cash equivalents	(5,054)	(2,994)	(3,956)	(146)
Cash and cash equivalents at beginning of period	11,188	10,100	9,504	6,717
Cash and cash equivalents at the end of the period	6,134	7,106	5,548	6,571

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 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. The Group was established for the purpose of facilitating a joint quotation of the Company and the Trust on the ASX. The constitutions of the Company and the Trust, together with a Co-operation Deed dated 25 November 2013, ensure that for so long as the two entities remain jointly quoted, the number of units in the Trust and shares in the Company shall be equal and the unitholders and the shareholders be identical. Both the Responsible Entity of the Trust and the Company must at all times act in the best interests of the Group.

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

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

The half yearly financial statements are authorised for issue on 21 February 2022 by the directors of the Company and the Responsible Entity of the Trust.

(a) Basis of preparation

These general purpose interim financial statements for the half year ended 31 December 2021 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This half year financial report is intended to provide users with an update on the latest annual financial statements of the Group and its controlled entities and GDI Property Trust and its controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the financial year ended 30 June 2021, together with any ASX announcements made during the following half year.

(b) Consolidated financial statements

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

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

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

(c) Accounting policies

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

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2021

Investment in associates

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

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

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

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

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

NOTE 2 – PROPERTY REVENUE

Half year ended 31 December	GDI		Trust	
	2021	2020	2021	2020
Property revenue	\$'000	\$'000	\$'000	\$'000
Rent and recoverable outgoings	31,842	31,016	31,945	31,119
Amortisation of leasing costs and incentives	(4,398)	(6,410)	(4,398)	(6,410)
Total property revenue	27,444	24,606	27,547	24,709

NOTE 3 – FINANCE COSTS

Half year ended 31 December	GDI		Trust	
	2021	2020	2021	2020
Finance costs	\$'000	\$'000	\$'000	\$'000
Interest paid / payable	2,335	2,689	2,347	2,698
Total finance costs	2,335	2,689	2,347	2,698

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2021

NOTE 4 – NON-CURRENT ASSETS HELD FOR SALE

During 2020 and 2021, GDI had marketed for sale 50 Cavill Avenue, Surfers Paradise. Accordingly, the property was classified as a Non-current asset held for sale in both the 30 June 2020 and 2021 accounts. On 2 August 2021, contracts were exchanged for the sale of 50 Cavill Avenue with settlement occurring on 31 August 2021. The strata unit at 46 Cavill Avenue, Surfers Paradise, is considered non-core and accordingly, remains classified as a Non-current asset held for sale.

	GDI		Trust	
	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000
Assets held for sale				
Investment properties	1,240	102,491	1,240	102,491
Total assets held for sale	1,240	102,491	1,240	102,491

NOTE 5 – OTHER ASSETS

Other assets of both GDI and the Trust includes:

- capitalised costs relating to the proposed development at 1 Mill Street, Perth of \$1.2 million (30 June 2021: \$0.9 million); and
- loans to associated entities of \$7.0 million in the Trust (30 June 2021: \$5.4 million) and \$5.9 million in GDI (30 June 2021: \$5.8 million).

NOTE 6 – INVESTMENT PROPERTIES

	GDI		Trust	
	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000
a) Investment properties at fair value				
<i>Movement in investment properties</i>				
Balance at beginning of the period	852,087	822,850	852,087	822,850
Additions – Investment property	68,500	12,595	68,500	12,595
Assets transferred to non-current assets held for sale	-	(162)	-	(162)
Investment properties under construction	11,252	5,452	11,252	5,452
Capital works				
- Property improvements	5,326	8,585	5,326	8,585
- Maintenance capital (GDI Property Trust)	888	1,180	888	1,180
- Maintenance capital (consolidated trusts)	4	329	4	329
Straight lining of rental income	(432)	(774)	(432)	(774)
Leasing costs	917	755	917	755
Amortisation of leasing costs	(433)	(933)	(433)	(933)
Net gain/(loss) from fair value adjustments	22,263	2,318	22,263	2,318
Incentives paid (GDI Property Trust)	1,920	6,679	1,920	6,679
Incentives paid (consolidated trusts)	(46)	-	(46)	-
Non-cash incentives paid	366	3,891	366	3,891
Amortisation of incentives (GDI Property Trust)	(3,683)	(10,621)	(3,683)	(10,621)
Amortisation of incentives (consolidated trusts)	(52)	(91)	(52)	(91)
Impact of COVID-19	44	34	44	34
Balance	958,921	852,087	958,921	852,087

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2021

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.

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

<i>Valuation basis</i>	<i>31 December 2021</i>	<i>30 June 2021</i>
Weighted average capitalisation rate ¹ (%)	6.6%	6.6%
Weighted average lease expiry by area ^{1,2} (years)	4.2 years	2.6 years
Occupancy ^{1,2}	70.5%	72.9%

1. Excluding the IDOM Portfolio, GDI No. 46 Property Trust, GDI No. 47 Trust and GDI No. 48 Trust.

2. Based on NLA and including heads of agreement to the date of this report.

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 6 to 18 months and tenant retention assumption of 50%.

c) Assets pledged as security

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

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2021

d) Details of investment properties

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

	Title	Acquisition date	Acquisition price \$'000	Independent valuation date	Independent valuation \$'000	Carrying amount 31 December 2021 \$'000	Fair value adjustment \$'000
Investment properties							
Mill Green Complex, Perth	Freehold	16 December 2013	332,656	31 December 2020	326,000	324,961	-
235 Stanley Street, Townsville	Freehold	16 June 2016	53,500	31 December 2020	51,500	51,688	-
141 St Georges Terrace, Perth	Freehold	27 October 2017	216,250	31 December 2021	372,500	372,500	20,202
IDOM Portfolio, Perth	Freehold	14 February 2020	98,000	31 December 2020	105,850	105,920	-
180 Hay Street, Perth	Freehold	31 July 2020	13,855	31 December 2021	18,400	18,400	1,812
Murray Street carpark	Freehold	22 December 2021	38,250	1 December 2021	38,500	38,500	250
Wellington Street carpark	Freehold	22 December 2021	30,250	1 December 2021	30,250	30,250	-
Total			782,761		943,000	942,218	22,263
Investment Properties under construction	Freehold		-	-	-	16,703	-
Total investment properties			782,761		943,000	958,921	22,263
Non-current assets held for sale							
Unit 38, 46 Cavill Ave, Surfers Paradise	Strata	12 August 2016	1,240	-	-	1,240	-
Total			784,001		943,000	960,161	22,263

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2021

NOTE 7 – BORROWINGS

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

Interest bearing liabilities	GDI		Trust	
	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000
Borrowings				
<i>Secured liabilities: current</i>				
Loans - financial institutions	10,000	-	10,000	-
Transaction costs	(8)	-	(8)	-
Total current borrowings	9,992	-	9,992	-
<i>Secured liabilities: non-current</i>				
Loans - financial institutions	196,652	208,833	196,652	208,833
Transaction costs	(732)	(276)	(777)	(341)
Total non-current borrowings	195,920	208,557	195,875	208,492
Total borrowings	205,913	208,557	205,868	208,492

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

Borrowing details

Facility	Secured	Maturity date	Facility \$'000	Utilised \$'000	Unutilised \$'000
Principle Facility Tranche C ¹	Yes	June 2024	159,437	88,871	70,566
Principle Facility Tranche E ^{1,2}	Yes	June 2024	85,000	9,281	75,719
Principle Facility Tranche F ¹	Yes	June 2024	68,500	68,500	-
Bank Bill Business Loan ³	Yes	July 2022	11,500	10,000	1,500
Capital Loan Agreement ⁴	Yes	February 2023	30,000	30,000	-
			354,437	206,652	147,785
Principle Facility Tranche D ^{1,5}	Yes	June 2024	5,563	-	-
Total facility			360,000	206,652	147,785

1. Principle Facility Tranche C, E, F and D are secured by first registered mortgage over the wholly owned investment properties held by GDI and a registered GSA over the assets of GDI. Interest is payable monthly in arrears at variable rates based on either the 30 or 90 day BBSY. Line fees are payable quarterly in advance.
2. Principle Facility Tranche E is specifically for the construction of WS2, including funding the fixed price contract and anticipated tenant incentives. On practical completion of WS2, Tranche E expires and the limit is transferred to Tranche C.
3. The Bank Bill Business Loan relates to GDI No. 42 office Trust and is secured against the assets of that trust.
4. 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.
5. GDI also has a \$5 million bank guarantee supporting the financial requirements of GDI Funds Management Limited's AFS Licence. This is undrawn and cannot be used for general working capital purposes. GDI also has two bank guarantees totalling \$0.6 million supporting the potential demolition of 1 Mill Street, Perth

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2021

NOTE 8 – DIVIDENDS/DISTRIBUTIONS PAID/PAYABLE

a) Dividends paid/payable by the Company

There were no dividends paid or payable by the Company in respect of the period ended 31 December 2021.

b) Distributions paid/payable by the GDI/Trust

	GDI	Trust
	Half year ended December 2021	Half year ended December 2021
Distributions paid / payable by the Group / Trust	cents/security	cents/unit
31 August 2021	3.875	3.875
28 February 2022	3.875	3.875

NOTE 9 – SEGMENT REPORTING

a) Identification of reportable segments

GDI

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

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

Trust

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

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2021

b) Segment information

(i) Segment performance

	Property	Funds management	Reviewed but unallocated	Total
	\$'000	\$'000	\$'000	\$'000
Half year ended 31 December 2021				
Operating earnings				
Net property income	18,210	-	-	18,210
Funds Management income	-	1,416	-	1,416
Other income	-	-	-	-
Total operating earnings	18,210	1,416	-	19,626
FFO adjustments				
Straight-lining rental income	503	-	-	503
Amortisation and depreciation	4,398	-	7	4,405
Adjustment for consolidated trusts	(5,377)	2,087	9	(3,280)
FFO pre corporate, administration and interest expenses / income	17,734	3,503	17	21,254
+/- corporate, administration and interest expense / income				
Interest paid	(1,529)	(8)	-	(1,537)
Interest income	58	1	-	59
Corporate and administration expenses	(2,021)	-	(2,581)	(4,602)
Other comprehensive income	-	14	-	14
Income tax (expense)/benefit	-	188	-	188
Total FFO	14,242	3,698	(2,564)	15,376
+/- AIFRS adjustments from FFO to profit after tax from ordinary activities				
Net fair value gain of investment properties	22,263	-	-	22,263
Net fair value gain on interest rate swaps	666	-	-	666
Straight-lining rental income	(503)	-	-	(503)
Amortisation of leasing fees and incentives	(4,398)	-	-	(4,398)
Amortisation of loan establishment costs	(326)	-	-	(326)
Depreciation	-	-	(7)	(7)
Adjustment for consolidated trusts	4,894	(2,087)	-	2,807
Acquisition costs	(3,598)	-	-	(3,598)
Profit on sale of non-current asset	7,834	-	-	7,834
Profit after tax from ordinary activities	41,075	1,611	(2,571)	40,115
	Property	Funds management	Reviewed but unallocated	Total
	\$'000	\$'000	\$'000	\$'000
Half year ended 31 December 2020				
Operating earnings				
Net property income	14,250	-	-	14,250
Funds Management income	-	1,322	-	1,322
Other income	-	-	56	56
Total operating earnings	14,250	1,322	56	15,628
FFO adjustments				
Straight-lining rental income	506	-	(8)	497
Amortisation and depreciation	6,410	140	13	6,562
Adjustment for consolidated funds	(4,913)	2,190	19	(2,705)
FFO pre corporate, administration and interest expenses / income	16,253	3,651	79	19,983

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2021

+/- corporate, administration and interest expense / income				
Interest paid	(1,882)	(11)	-	(1,893)
Interest income	49	3	-	52
Corporate and administration expenses	(2,221)	-	(1,827)	(4,047)
Income tax (expense)/benefit	-	157	-	157
Total FFO	12,199	3,801	(1,748)	14,252
+/- AIFRS adjustments from FFO to profit after tax from ordinary activities				
Net fair value gain / (loss) on investment properties	2,318	-	-	2,318
Net fair value gain / (loss) on interest rate swaps	(121)	-	-	(121)
Straight-lining rental income	(506)	-	8	(497)
Amortisation of leasing fees and incentives	(6,410)	-	-	(6,410)
Amortisation of loan establishment costs	(196)	-	-	(196)
Depreciation	-	(140)	(13)	(153)
Adjustment for consolidated trusts	4,295	(2,190)	-	2,105
Acquisition costs	(823)	-	-	(823)
Profit after tax from ordinary activities	10,757	1,471	(1,752)	10,476

(ii) Segment assets and liabilities

	Property \$'000	Funds management \$'000	External non- controlling \$'000	Total \$'000
As at 31 December 2021				
Segment assets and liabilities				
Total assets	829,978	92,353	85,521	1,007,852
Total liabilities	(192,675)	(18,879)	(21,880)	(233,434)
Net assets	637,303	73,473	63,641	774,418
As at 30 June 2021				
Segment assets and liabilities				
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

NOTE 10 – FAIR VALUE MEASUREMENTS

a) Valuation techniques

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

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

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

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2021

b) Financial instruments

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

	31 December 2021		30 June 2021	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets at amortised cost				
Cash and cash equivalents	6,134	6,134	11,188	11,188
Trade and other receivables	5,819	5,819	3,675	3,675
Financial assets at fair value				
Derivative financial instruments	663	663	-	-
Total financial assets	12,617	12,617	14,863	14,863
Financial liabilities at amortised cost				
Trade and other payables	25,899	25,899	25,628	25,628
Provisions	896	896	680	680
Borrowings	205,913	205,913	208,557	208,557
Financial liabilities at fair value				
Derivative financial instruments	-	-	2	2
Total financial liabilities	232,707	232,707	234,868	234,868

c) Fair value hierarchy

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

- Derivative financial instruments; and
- Investment properties.

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

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

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

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

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2021

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

	As at 31 December 2021			As at 30 June 2021		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements						
<i>Non-financial assets</i>						
Investment properties ¹	-	960,161	-	-	954,577	-
<i>Financial assets</i>						
Interest rate swaps		663	-	-	-	-
Total assets recognised at fair value on a recurring basis	-	960,824	-	-	954,577	-
<i>Financial liabilities</i>						
Interest rate swaps	-	-	-	-	2	-
Total financial liabilities recognised at fair value on a recurring basis	-	-	-	-	2	-

Valuation techniques and inputs used to measure Level 2 Fair Values

	31 December 2021 \$'000	30 June 2021 \$'000	Valuation technique	Inputs Used
Financial assets/liabilities				
Interest rate swaps	663	(2)	Income approach using discounted cash flow methodology	BBSY swap rate
Non-financial assets				
Investment properties ¹	960,161	954,577	Market approach using discounted cash flow, rent capitalisation and recent observable market data methodologies	Comparable discount rates, capitalisation rates and price per square metres of NLA

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.

d) Sensitivity information

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

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

NOTE 11 – CONTINGENT LIABILITIES

There was no change in the contingent liabilities of GDI and the Trust as at 31 December 2021 since the last annual reporting period.

NOTE 12 – EVENTS AFTER THE REPORTING DATE

No matter or circumstance has arisen since 31 December 2021 that has significantly affected or may significantly affect:

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

DIRECTORS' DECLARATION

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

Directors' Declaration

For the six month period ended 31 December 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 8 to 24 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - (ii) giving a true and fair view of the financial position as at 31 December 2021 and of the performance for the half year ended on that date;
- (b) there are reasonable grounds to believe that GDI will be able to pay its debts as and when they become due and payable.

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



Gina Anderson
Chairman

Dated this 21st day of February 2022

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

Report on the Half-year Financial Report

Conclusion

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

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

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

Basis for Conclusion

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

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

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

SYDNEY

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HALL CHADWICK  (NSW)

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

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

Hall Chadwick

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

S. Kumar

SANDEEP KUMAR
Partner

Dated: 21 February 2022