

GDI Property Group

GDI Property Group Limited
ACN 166 479 189

Half Yearly Financial Report
31 December 2020

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 2020

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 2020. 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 2020 is as follows:

	GDI	
	31 December 2020	31 December 2019
	\$'000	\$'000
Total comprehensive income for the year	10,476	59,546
Portfolio acquisition and other transaction costs	823	-
Contribution resulting from consolidated trusts	(4,295)	(2,297)
Distributions/funds management fees received from consolidated trusts	2,190	943
Straight lining adjustments	497	457
Amortisation of incentives	5,954	2,599
Amortisation of lease costs	456	427
Amortisation of loan establishment costs and depreciation	348	85
Net fair value (gain) / loss on investment property	(2,318)	(37,949)
Net fair value (gain) / loss on interest rate swaps	121	-
Funds From Operation	14,252	23,811
	Cents	Cents
Funds From Operation per stapled security	2.632	4.397

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DIRECTORS' REPORT

For the six-month period ended 31 December 2020

2.1 (a) Property business

Perth

GDI's portfolio, both in its Property and Funds Management businesses, remains heavily weighted to Perth, with 84% of all assets under management located in Perth. We believe that Perth is the Australian city with the best short and medium term growth prospects given its export facing economy, the resultant economic growth prospects, and the lack of new CBD office supply. Although the CBD experienced 16,000sqm of negative absorption in 2020, the market achieved positive net absorption of 7,000sqm in Q4 2020. Furthermore, most commentators are still forecasting a number of years of positive absorption and rising effective rents, albeit at a lower rate in 2021 than was forecast this time a year ago.

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. Although we provided some rent relief to a small number of tenants, during the six-month period ended 31 December 2020 most tenants paid rent in accordance with pre COVID-19 leases. During 2020, we waived and wrote off \$733,354 of rent, \$518,000 of which was reported at 30 June 2020.

Performance

GDI's largest asset by capital value is Westralia Square, 141 St Georges Terrace, Perth. We purchased Westralia Square in October 2017 for \$216.25 million, equating to a rate of approximately \$6,700/sqm of NLA. In our opinion, we were able to purchase the property so well due to its very short lease expiry profile, with both the Minister for Works (25,664sqm) and UGL's (3,374sqm) leases expiring in the first half of 2020. As previously disclosed, the Minister for Works agreed to two new leases commencing 1 February 2021, a five-year lease¹ to the Western Australia Police Force (12,689sqm) and a six-year lease to Births, Deaths and Marriages (1,833sqm). During the period we concluded the lease negotiations with Cash Converters Pty Limited for a new 10-year lease (level 11, 1,807sqm) commencing 1 October 2021 and post balance date have executed a heads of agreement for all of level 12 (1,807sqm) for a new 6.5 year lease commencing early 2022. These successful leasing transactions, which together with the existing lease to Hartleys Limited, means Westralia Square is now 63% committed, and provided the current leasing momentum continues, we anticipate continued improvements in occupancy during 2021. However, due to the expiry of the Minister of Works and UGL's leases during 2020, and the transition of the Western Australia Police Force from the upper floors to the lower floors in the second half of 2020, FFO from Westralia Square during the period was significantly lower at \$4.0 million than the previous corresponding period (31 December 2019: \$13.6 million).

Having the upper floors vacated during 2020 meant we were able to commence the refurbishment programme of those vacated floors. We are currently approximately 50% of the way through this refurbishment programme and anticipate completing it during 2021. During the period we also completed the upgrade of the end of trip facilities. No other major capital works are planned for the existing building.

During the period we made significant progress with the proposed development on the excess land at Westralia Square (WS2). Plans were submitted to the Approval Authority and post balance date we received development approval for the proposed new 9,300sqm tower. We intend to appoint a builder shortly, and anticipate the development will be completed towards the end of 2022. We believe the unique premium grade development will have high appeal for the occupier market.

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. During the period, at 197 St Georges Terrace, we leased level 13 (835sqm) for a period of five years commencing 1 February 2021 to Laing O'Rourke Australia Construction Pty Limited, and a 209sqm suite on level 10 to Aspect Studios Pty Limited commencing 1 June 2021, also for five years. These two leases take the committed space in 197 St Georges Terrace to 89% (30 June 2020: 85%) of NLA, with a further 5% of NLA being the former Chevron training facilities that are being shown as vacant notwithstanding it being offered to the market as conferencing facilities.

1. Western Australia Police Force has certain 12-month lease extension and termination rights on the giving of at least 18-months' notice, and in the case of termination, compensation to GDI.

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For the six-month period ended 31 December 2020

At 5 Mill Street, following the lease expiry and departures of ERM Australia Limited (737sqm) and 4 other smaller tenants (533.6sqm in total), occupancy fell to 65% from 83.1% as at 30 June 2020. Notwithstanding the competitiveness of the market for fitted out suites of less than 300sqm, we have successfully released or renewed 331sqm of NLA to three tenants, with the committed occupancy, including heads of agreement, now at 68%.

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 late 2020 we lodged a development application for a new approximately 45,000sqm office tower to be constructed at 1 Mill Street. We anticipate receiving development approval shortly and once received, we intend to demolish the existing building in readiness for a pre-commitment and commencing construction.

Mill Green delivered Property FFO of \$8.9 million (31 December 2019: \$10.0 million), with the reduction largely resulting from the decreased occupancy at 5 Mill Street.

During the period we also settled the acquisition of 180 Hay Street, Perth, for \$12.595 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. GDI gained early access in June 2020 and 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 valued at \$15.0 million.

Property FFO at GDI's only other wholly owned property, 50 Cavill Avenue, Surfers Paradise, was \$3.5 million for the period (31 December 2019: \$3.5 million). However, occupancy has decreased slightly over the period to 91% of NLA (from 94.0% at 30 June 2020) following the net loss of three tenants. We are in negotiations with a number of existing tenants to expand in the property and new tenants to relocate into the building and are confident that occupancy will increase over 2021. We continue to hold 50 Cavill Avenue as a non-current asset held for sale.

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. Subsequently, the now largest tenant, Services Australia (Department of Human Services) leased a further 816sqm in addition to the 4,644sqm that it already leased. As a result of these movements in the tenancy profile, occupancy has fallen from 89% to 58% of NLA. We are having ongoing discussions with Services Australia about further office accommodation needs in Townsville and are hopeful of a successful leasing outcome in the near term.

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 10 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.

We obtained independent valuations for a number of our consolidated properties during the period. Westralia Square was revalued to \$345.0 million (from \$327.5 million) with the valuer now ascribing some value to the excess land. Mill Green was valued at \$326.0 million (from \$343.0 million), with a slight increase in the valuation of 1 Mill Street offset by decreases in the value of 5 Mill Street (\$56.0 million vs \$58.5 million at 31 December 2019) and 197 St Georges Terrace (\$230.0 million vs \$251.0 million at 31 December 2019). 5 Mill Street's valuation was impacted by the increased vacancy, and 197 St Georges Terrace's valuation by the impending lease expiries of Amec (FY23) and Jacobs (FY22). Stanley Place was revalued at \$51.5, down from \$53.5 million at 30 June 2019, with the decrease due to the increased vacancy following the ATO's departure in August 2020. The IDOM portfolio was also revalued, with the portfolio's value increasing to \$105.9 million (from \$98.0 million).

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 a 5% collar.

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For the six-month period ended 31 December 2020

Following the revaluations, GDI's portfolio metrics are provided below:

	GDI	
	As at 31 December 2020	As at 30 June 2020
Occupancy ^{4,5}	65.9%	81.1%
Weighted average lease expiry ^{4,5}	3.6 years	2.6 years
Weighted average capitalisation rate ⁴	6.61%	6.92%

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 \$3.7 million for the six-month period to 31 December 2020 (31 December 2019: \$2.0 million). A large contributor to this is the distributions received from the consolidated funds, GDI No. 42 Office Trust (\$0.4 million) and GDI No. 46 Property Trust (\$1.4 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 FY21.

2.1 (d) Net interest expense

As at 31 December 2020, GDI's Principal Facility was drawn to \$152.8 million (30 June 2020: \$120.0 million), secured by a security pool independently valued at \$787.0 million, a loan to value ratio (LVR) of 19.4%. The \$32.8 million increase in drawn debt was used to fund the acquisition of 180 Hay Street, Perth (\$12.8 million) and general working capital purposes (\$20.0 million).

Including the interest expense of the consolidated trusts, the interest expense for the period totalled \$2.7 million (31 December 2019: \$1.2 million). Although the interest expense of the consolidated trusts is included in the statutory accounts, it is not included in GDI's FFO.

2.2 Financial position

2.2 (a) Balance sheet

GDI's balance sheet is in a very strong financial position. As at 31 December 2020:

- Net tangible asset (NTA) per security is \$1.27 (30 June 2020: \$1.30);
- Total Principal Facility debt outstanding is \$152.8 million, with undrawn facilities of \$52.2 million; and
- GDI is well within its Principal Facility covenants, with a Covenant Loan to Value ratio of 19.5% (Covenant 50%) and a Covenant Interest Cover ratio of 7.9X (Covenant of 2X).

4. Excluding the IDOM Portfolio, GDI No. 46 Property Trust.

5. 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 2020

2.2 (b) Capital management

GDI's balance sheet is in a strong position with an LVR on the Principal Facility of 19.4%, 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 June 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 announce an on-market securities buyback to acquire up to 5% of the securities on issue and take advantage of the extreme volatility in GDI's security price. During the period we bought back and cancelled 917,835 securities in addition to the 1,824,220 securities we had purchased in the period to 30 June 2020. 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 31 December 2020 totalled 542,030,027.

2.2 (c) Hedging

GDI's hedging policy is to allow management more flexibility in determining the level of interest rate hedging, particularly when total drawn debt is below \$100.0 million. This 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 2020, 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 CY21 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 the excess land and ongoing capital expenditure program at Westralia Square;
- secure a pre-commitment for a new development at 1 Mill Street, Perth;
- complete the capital expenditure 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.

4. Distribution guidance

We confirm that it is our intent to pay a cash distribution of 7.75 cents per security for FY21, 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 2020 was 3.875 cents per security. As with the period ended 31 December 2020, we would expect that a proportion of any cash distribution for the second half of FY21 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.

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DIRECTORS' REPORT

For the six-month period ended 31 December 2020

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 22nd day of February 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**

SYDNEY
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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 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Hall Chadwick

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

S. Kumar

SANDEEP KUMAR
Partner
Dated: 22 February 2021

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GDI PROPERTY GROUP

FINANCIAL REPORT

For the six-month period ended 31 December 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Half year ended 31 December	Note	GDI		Trust	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Revenue from ordinary activities					
Property income	2	24,606	35,103	24,709	35,123
Funds management income		1,322	1,064	-	-
Interest income		53	45	49	40
Other income		56	-	18	-
Total revenue from ordinary activities		26,037	36,212	24,776	35,162
Net fair value gain/(loss) on interest rate swaps		(121)	-	(121)	-
Net fair value gain/(loss) on investment property		2,318	37,949	2,318	37,949
Total income		28,234	74,161	26,973	73,112
Expenses					
Property expenses		10,356	9,095	10,356	9,095
Finance costs	3	2,689	1,232	2,698	1,373
Corporate and administration expenses		4,047	4,286	2,221	3,208
Acquisition expenses		823	-	797	-
Total expenses		17,915	14,613	16,072	13,677
Profit before tax		10,319	59,548	10,902	59,434
Income tax (expense)/benefit		157	(3)	-	-
Net profit for the period		10,476	59,546	10,902	59,434
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		10,476	59,546	10,902	59,434
Profit and total comprehensive income attributable to:					
Company shareholders		(426)	111	-	-
Trust unitholders		6,236	58,278	6,236	58,278
Profit and total comprehensive income attributable to ordinary securityholders		5,811	58,389	6,236	58,278
External non-controlling interests – consolidated trusts		4,665	1,156	4,665	1,156
Profit and total comprehensive income		10,476	59,546	10,902	59,434
Basic earnings per stapled security/trust unit		1.07	10.78	1.15	10.76
Diluted earnings per stapled security/trust unit		1.07	10.71	1.14	10.69

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP

FINANCIAL REPORT

As at 31 December 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	GDI		Trust	
		31 December 2020 \$'000	30 June 2020 \$'000	31 December 2020 \$'000	30 June 2020 \$'000
Current assets					
Cash and cash equivalents		7,106	10,100	6,571	6,717
Trade and other receivables		9,095	5,581	7,550	4,561
Non-current assets held for sale	4	102,156	102,240	102,156	102,240
Other assets	5	9,770	8,919	8,987	10,412
Total current assets		128,126	126,841	125,264	123,930
Non-current assets					
Investment properties	6	843,681	822,850	843,681	822,850
Plant and equipment		84	95	-	-
Right of use asset		979	-	-	-
Deferred tax assets		1,040	629	-	-
Intangible assets		18,110	18,110	-	-
Total non-current assets		863,895	841,685	843,681	822,850
Total assets		992,021	968,525	968,945	946,780
Current liabilities					
Trade and other payables		26,787	25,520	25,842	24,984
Operating lease liability		274	-	-	-
Provisions		463	405	-	-
Total current liabilities		27,524	25,926	25,842	24,984
Non-current liabilities					
Borrowings	7	192,428	159,423	192,343	159,318
Derivative financial instruments		447	326	447	326
Operating lease liability		710	-	-	-
Provisions		226	206	-	-
Other liabilities		263	-	-	25
Total non-current liabilities		194,074	159,954	192,790	159,668
Total liabilities		221,598	185,880	218,631	184,652
Net assets		770,423	782,645	750,314	762,128
Equity					
Contributed equity		22,342	22,296	503,107	502,084
Reserves		174	203	3,851	4,483
Retained profits		(2,407)	(1,981)	179,551	194,319
Equity attributable to equity holders of the Company/ Trust		20,109	20,517	686,509	700,886
Non-controlling interests					
Unitholders of the Trust					
Contributed equity		503,107	502,084	-	-
Reserves		3,851	4,483	-	-
Retained profits		179,551	194,319	-	-
Total equity attributable to trust unitholders		686,509	700,886	-	-
Equity attributed to holders of stapled securities		706,618	721,403	-	-
External non-controlling interest					
Contributed equity		64,625	64,575	64,625	64,575
Retained profits		(819)	(3,333)	(819)	(3,333)
Total equity attributable to external non-controlling interest		63,805	61,242	63,805	61,242
Total equity		770,423	782,645	750,314	762,128

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP

FINANCIAL REPORT

As at 31 December 2020

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 2019	22,301	193	(3,221)	19,274	676,945	24,657	720,876
Comprehensive income							
Profit for the period	-	-	111	111	58,278	1,156	59,546
Total comprehensive income for the period	-	-	111	111	58,278	1,156	59,546
Transactions with securityholders in their capacity as securityholders							
Security-based payments expense	-	57	-	57	1,257	-	1,314
Issued equity	81	(81)	-	-	-	-	-
On market buy-back	-	-	-	-	-	-	-
Distributions paid/payable	-	-	-	-	(21,015)	(1,081)	(22,097)
Total transactions with securityholders in their capacity as securityholders	81	(24)	-	57	(19,758)	(1,081)	(20,783)
Balance as at 31 December 2019	22,382	169	(3,110)	19,442	715,465	24,732	759,639
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

The accompanying notes form part of these financial statements.

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As at 31 December 2020

	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 2019	502,263	4,269	170,414	676,945	24,657	701,602
Comprehensive income						
Profit for the period	-	-	58,278	58,278	1,156	59,434
Total comprehensive income for the period	-	-	58,278	58,278	1,156	59,434
Transactions with unitholders in their capacity as unitholders						
Security-based payments expense	-	1,257	-	1,257	-	1,257
Issued equity	1,793	(1,793)	-	-	-	-
On market buy-back	-	-	-	-	-	-
Distributions paid/payable	-	-	(21,015)	(21,015)	(1,081)	(22,097)
Total transactions with unitholders in their capacity as unitholders	1,793	(536)	(21,015)	(19,758)	(1,081)	(20,839)
Balance as at 31 December 2019	504,056	3,732	207,677	715,465	24,732	740,197
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

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP

FINANCIAL REPORT

For the six-month period ended 31 December 2020

CONSOLIDATED STATEMENT OF CASH FLOWS

	GDI		Trust	
	2020	2019	2020	2019
Half year ended 31 December	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Receipts in the course of operations	28,073	39,321	27,342	36,694
Payments in the course of operations	(9,999)	(12,948)	(10,117)	(8,257)
Interest received	53	45	49	40
Interest paid	(2,483)	(1,007)	(2,473)	(1,007)
Net cash inflow from operating activities	15,643	25,412	14,801	27,470
Cash flows from investing activities				
Payments for investments	(13,418)	(9,701)	(13,392)	-
Payments for other capitalised costs	(962)	(2,898)	(960)	(2,896)
Payments for capital expenditure	(5,814)	(4,340)	(5,814)	(4,340)
Payment of tenant incentives and leasing costs	(5,776)	(3,151)	(5,776)	(3,151)
Loan to associated entities	(1,295)	-	-	(19,225)
Repayment of loans to associated entities	-	-	2,146	8,425
Disposal of equity to non-controlling interests	50	-	50	-
Net cash used in investing activities	(27,215)	(20,090)	(23,747)	(21,186)
Cash flows from financing activities				
Proceeds from borrowings	32,833	11,622	32,833	11,622
Payments for the on-market buy-back of securities	(998)	-	(911)	-
Payment of loan transaction costs	(23)	(9)	(23)	(9)
Equity issue and formation costs	(1)	-	(1)	-
Principal reduction in lease liabilities	(135)	-	-	-
Payment of distributions to securityholders/unitholders	(23,097)	(21,990)	(23,097)	(21,990)
Net cash from financing activities	8,578	(10,377)	8,800	(10,377)
Net (decrease)/increase in cash and cash equivalents	(2,994)	(5,055)	(146)	(4,094)
Cash and cash equivalents at beginning of period	10,100	18,775	6,717	17,202
Cash and cash equivalents at the end of the period	7,106	13,719	6,571	13,108

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 2020

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 22 February 2021 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 2020 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 2020, together with any ASX announcements made during the following half year.

(b) Consolidated financial statements

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

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

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

(c) Accounting policies

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

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2020

NOTE 2 – PROPERTY REVENUE

Half year ended 31 December	GDI		Trust	
	2020	2019	2020	2019
Property revenue	\$'000	\$'000	\$'000	\$'000
Rent and recoverable outgoings	31,016	38,129	31,119	38,149
Amortisation of leasing costs and incentives	(6,410)	(3,027)	(6,410)	(3,027)
Total property revenue	24,606	35,103	24,709	35,123

NOTE 3 – FINANCE COSTS

Half year ended 31 December	GDI		Trust	
	2020	2019	2020	2019
Finance costs	\$'000	\$'000	\$'000	\$'000
Interest paid / payable	2,689	1,232	2,698	1,373
Total finance costs	2,689	1,232	2,698	1,373

NOTE 4 – NON-CURRENT ASSETS HELD FOR SALE

During 2019 and 2020, GDI engaged the services of real estate agents to market 50 Cavill Avenue, Surfers Paradise for sale. Accordingly, the property was classified as a Non-current asset held for sale in the 31 December 2019 financial statements, 30 June 2020 accounts and again in these accounts. If 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 classified as a Non-current asset held for sale.

	GDI		Trust	
	31 December	30 June	31 December	30 June
	2020	2020	2020	2020
Assets held for sale	\$'000	\$'000	\$'000	\$'000
Investment properties	102,156	102,240	102,156	102,240
Total assets held for sale	102,156	102,240	102,156	102,240

NOTE 5 – OTHER ASSETS

Other assets of both GDI and the Trust includes:

- capitalised costs relating to the proposed development on the excess land at Westralia Square (\$2.8 million);
- capitalised costs relating to the proposed development at 1 Mill Street, Perth (\$0.6 million); and
- loans to associated entities of \$5.4 million in the Trust and \$6.2 million in GDI.

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2020

NOTE 6 – INVESTMENT PROPERTIES

	GDI		Trust	
	31 December 2020	30 June 2020	31 December 2020	30 June 2020
	\$'000	\$'000	\$'000	\$'000
a) Investment properties at fair value				
<i>Movement in investment properties</i>				
Balance at beginning of the period	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	-	(102,240)	-	(102,240)
Non-cash movement in non-current assets held for sale	173	-	173	-
Capital works				
- Property improvements	5,107	6,014	5,107	6,014
- Maintenance capital (GDI Property Trust)	397	1,409	397	1,409
- Maintenance capital (consolidated trusts)	203	455	203	455
Straight lining of rental income	(506)	(1,021)	(506)	(1,021)
Leasing costs	393	1,399	393	1,399
Amortisation of leasing costs	(456)	(879)	(456)	(879)
Net gain/(loss) from fair value adjustments	2,318	32,862	2,318	32,862
Incentives paid (GDI Property Trust)	5,168	19,757	5,168	19,757
Incentives paid (consolidated trusts)	-	-	-	-
Non-cash incentives paid	696	(53)	696	(53)
Amortisation of incentives (GDI Property Trust)	(5,864)	(6,121)	(5,864)	(6,121)
Amortisation of incentives (consolidated trusts)	(46)	(87)	(46)	(87)
Impact of COVID-19				
- Incentives paid	214	471	214	471
- Restructured rental payments	574	-	574	-
- Amortisation of incentives paid	(44)	(29)	(44)	(29)
- Non-cash incentives paid	(94)	(345)	(94)	(345)
Balance	843,681	822,850	843,681	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.

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

Valuation basis	31 December 2020	30 June 2020
Weighted average capitalisation rate ¹ (%)	6.61%	6.92%
Weighted average lease expiry by area ^{1,2} (years)	3.6 years	2.6 years
Occupancy ^{1,2}	65.9%	81.1%

1. Excluding the IDOM Portfolio, GDI No. 46 Property 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 24 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 2020

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 2020 \$'000	Fair value adjustment \$'000
Investment properties							
Mill Green Complex, Perth	Freehold	16 December 2013	332,656	31 December 2020	326,000	326,000	(18,115)
235 Stanley Street, Townsville	Freehold	16 June 2016	53,500	31 December 2020	51,500	51,500	(2,594)
141 St Georges Terrace, Perth	Freehold	27 October 2017	216,250	31 December 2020	345,000	345,000	13,063
IDOM Portfolio, Perth	Freehold	14 February 2020	98,000	31 December 2020	105,850	105,850	7,850
180 Hay Street, Perth	Freehold	31 July 2020	13,855	31 July 2020	15,000	15,331	2,204
Total Investment properties			714,261		843,350	843,681	2,408
Non-current assets held for sale							
50 Cavill Avenue, Surfers Paradise	Freehold	1 February 2016	46,139	30 June 2020	101,000	100,916	(89)
Unit 38, 46 Cavill Ave, Surfers Paradise	Strata	12 August 2016	1,240	-	-	1,240	-
Total			761,640		944,350	945,837	2,318

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2020

NOTE 7 – BORROWINGS

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

Interest bearing liabilities – non-current	GDI		Trust	
	31 December 2020 \$'000	30 June 2020 \$'000	31 December 2020 \$'000	30 June 2020 \$'000
Borrowings				
<i>Secured liabilities:</i>				
Loans - financial institutions	192,833	160,000	192,833	160,000
Transaction costs	(405)	(577)	(490)	(682)
Total borrowings	192,428	159,423	192,343	159,318

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
Facility Tranche B ¹	Yes	July 2022	73,000	73,000	-
Facility Tranche C ¹	Yes	January 2022	132,000	79,833	52,168
Bank Bill Business Loan ²	Yes	June 2022	11,500	10,000	1,500
Capital Loan Agreement ³	Yes	February 2023	30,000	30,000	-
			246,500	192,833	53,668
Facility Tranche D ^{1,4}	Yes	July 2022	5,000	-	-
Total facility			251,500	192,833	53,668

- Facility Tranche B, C 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.
- The Bank Bill Business Loan relates to GDI No. 42 office Trust and is secured against the assets of that trust.
- 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.

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 2020.

b) Distributions paid/payable by the GDI/Trust

Distributions paid / payable by the Group / Trust	GDI	Trust
	Half year ended December 2020 cents/security	Half year ended December 2020 cents/unit
31 August 2020	3.875	3.875
28 February 2021	3.875	3.875

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2020

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 2020

b) Segment information

(i) Segment performance

	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
+/- 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
	Property	Funds management	Reviewed but unallocated	Total
	\$'000	\$'000	\$'000	\$'000
Half year ended 31 December 2019				
Operating earnings				
Net property income	26,007	-	-	26,007
Funds Management income	-	1,064	-	1,064
Other income	-	-	-	-
Total operating earnings	26,007	1,064	-	27,072
FFO adjustments				
Straight-lining rental income	457	-	-	457
Amortisation and depreciation	3,027	-	10	3,037
Adjustment for GDI No. 42 Office Trust	(2,458)	943	4	(1,511)
FFO pre corporate, administration and interest expenses / income	27,033	2,008	14	29,054
+/- corporate, administration and interest expense / income				
Interest paid	(1,000)	-	-	(1,000)
Interest income	39	5	-	45
Corporate and administration expenses	(3,205)	-	(1,081)	(4,286)
Income tax (expense)/benefit	-	(3)	-	(3)

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2020

Total FFO	22,868	2,010	(1,067)	23,811
+/- AIFRS adjustments from FFO to profit after tax from ordinary activities				
Net fair value gain of investment properties	37,949	-	-	37,949
Straight-lining rental income	(457)	-	-	(457)
Amortisation of leasing fees and incentives	(3,027)	-	-	(3,027)
Amortisation of loan establishment costs	(75)	-	-	(75)
Depreciation	-	-	(10)	(10)
Adjustment for GDI No. 42 Office Trust	2,297	(943)	-	1,354
Profit after tax from ordinary activities	59,556	1,067	(1,078)	59,546

(ii) Segment assets and liabilities

	Property	Funds management	Reviewed but unallocated	Total
	\$'000	\$'000	\$'000	\$'000
As at 31 December 2020				
Segment assets and liabilities				
Total assets	896,497	95,524	-	992,021
Total liabilities	(200,092)	(21,506)	-	(221,598)
Net assets	696,405	74,018	-	770,423
As at 30 June 2020				
Segment assets and liabilities				
Total assets	876,950	91,576	-	968,525
Total liabilities	(167,363)	(18,517)	-	(185,880)
Net assets	709,586	73,059	-	782,645

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 2020

b) Financial instruments

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

	31 December 2020		30 June 2020	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets at amortised cost				
Cash and cash equivalents	7,106	7,106	10,100	10,100
Trade and other receivables	9,095	9,095	5,581	5,581
Total financial assets	16,201	16,201	15,681	15,681
Financial liabilities at amortised cost				
Trade and other payables	26,787	26,787	25,520	25,520
Provisions	689	689	611	611
Operating lease liability	984	984	-	-
Borrowings	192,428	192,428	159,423	159,423
Financial liabilities at fair value				
Derivative financial instruments	447	447	326	326
Total financial liabilities	221,335	221,335	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.

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 31 December 2020

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 2020			As at 30 June 2020		
	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	-	945,837	-	-	925,090	-
Total non-financial assets recognised at fair value on a recurring basis	-	945,837	-	-	925,090	-
<i>Financial liabilities</i>						
Interest rate swaps		447			326	
Total financial liabilities recognised at fair value on a recurring basis		447			326	

Valuation techniques and inputs used to measure Level 2 Fair Values

	31 December 2020 \$'000	30 June 2020 \$'000	Valuation technique	Inputs Used
Financial assets/liabilities				
Interest rate swaps	447	326	Income approach using discounted cash flow methodology	BBSY swap rate
Non-financial assets				
Investment properties ¹	945,837	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.

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 2020 since the last annual reporting period.

NOTE 12 – EVENTS AFTER THE REPORTING DATE

No matter or circumstance has arisen since 31 December 2020 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 2020

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 23 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 2020 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 22nd day of February 2021

**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 2020, 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 2020 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.

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 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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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

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Level 40, 2 Park Street
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S. Kumar

SANDEEP KUMAR

Partner

Dated: 22 February 2021