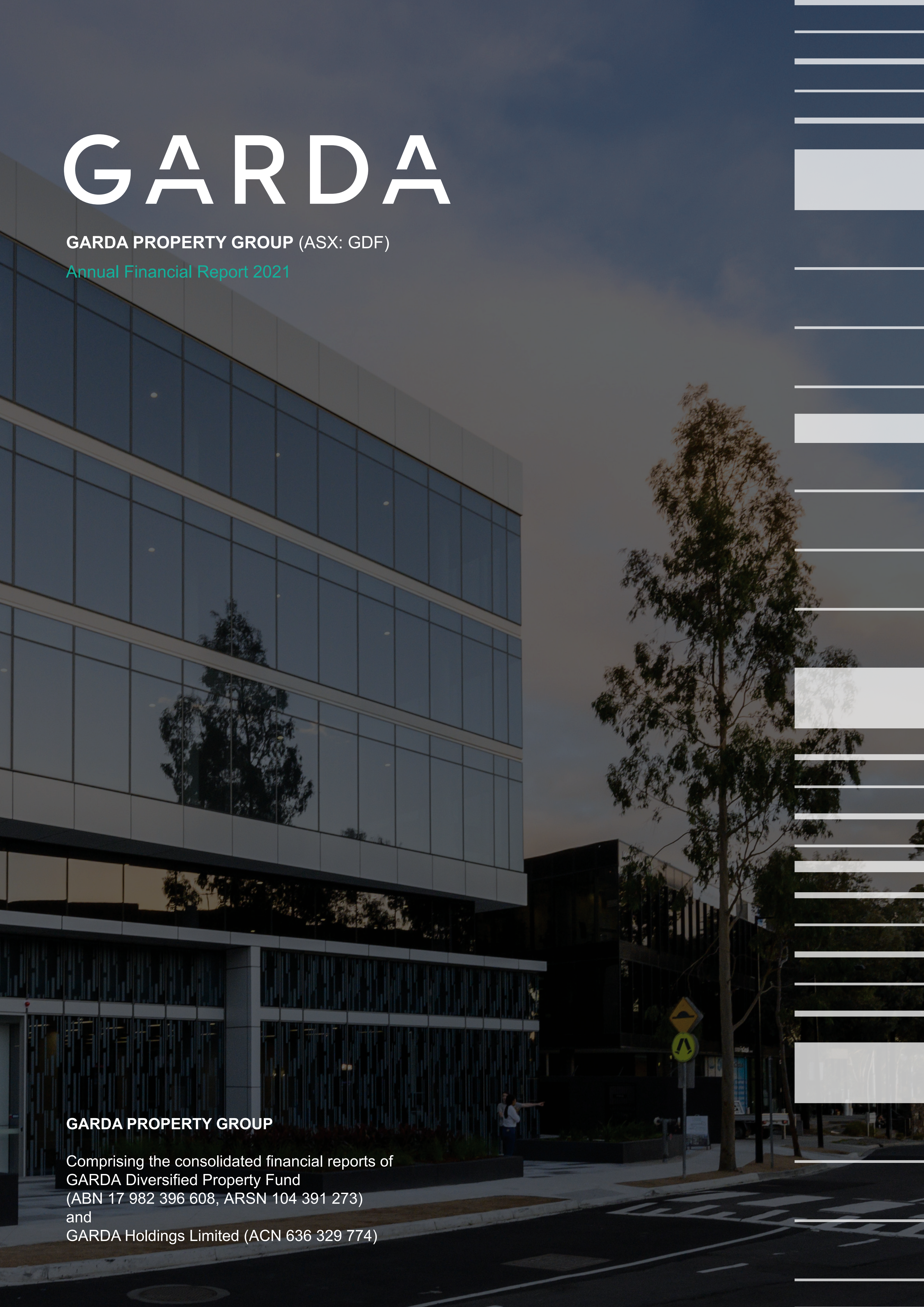


GARDA

GARDA PROPERTY GROUP (ASX: GDF)

Annual Financial Report 2021

GARDA PROPERTY GROUP

Comprising the consolidated financial reports of
GARDA Diversified Property Fund
(ABN 17 982 396 608, ARSN 104 391 273)
and
GARDA Holdings Limited (ACN 636 329 774)

GARDA

GARDA

CONTENTS

GARDA Property Group

Annual Financial Report
30 June 2021

Comprising the combined consolidated financial reports of

GARDA Diversified Property Fund
ARSN 104 391 273

and

GARDA Holdings Limited
ABN 92 636 329 774
Level 21, 12 Creek Street
Brisbane QLD 4000

CHAIRMAN'S REPORT

Dear GARDA Securityholders,

On behalf of the board, I am pleased to present our annual report for FY21, being the first full year of operations for the recently formed GARDA Property Group.

Objective and strategy

GARDA's objective is to deliver enduring value to our securityholders through our expertise in real estate.

Our strategy is to behave as a long-term owner of real estate, being market cycle aware and seeking out only those risks we wish to take.

Strategic discipline

I am pleased to report that our strategy delivered a total securityholder return of 35% in FY21 and a return on equity of 29%.

GARDA did not conduct any equity issuance during FY21 as to do so would have been dilutive to NTA per security.

Through prudent capital management and recycling of non-core assets at premiums to book value we were able to acquire attractive industrial development sites and continue to develop high quality new assets that we are proud to own.

Industrial focus

In the six years since the IPO of GARDA Diversified Property Fund, our portfolio of investment properties has more than trebled in value to $496 million.

Over this period, and notwithstanding our Botanicca 9 office development, the focus of our growth activities has been on the industrial sector. At 30 June 2021 approximately half of GARDA's investment portfolio (by value) was represented by industrial properties, up from only 6% at the time of the GDF IPO in 2015.

Our industrial focus is currently bearing fruit with yields in the sector reaching record lows as investors chase assets with strong covenants and long WALEs. We expect this dynamic to continue and our established and recently acquired industrial development assets are well positioned to satisfy expected demand for quality buildings.

Development Activities

Approximately 11% by value of GARDA's investment property portfolio comprises sites earmarked for industrial development.

This is consistent with GARDA's strategy of "*building to own*" in times, like the present, when it is cheaper to build than it is to buy, i.e., established property acquisitions are more expensive than the land and replacement cost of the same asset.

Guidance – FY22

We expect to make distributions of 7.2 cents per security in FY22, representing a payout ratio of between 85% and 90%.

Acknowledgements

Let me conclude by thanking you, our investors, for your continuing support throughout FY21. I would also like to thank the board and management team who have been instrumental in GARDA's success in FY21.

We have started FY22 in a strong position and with confidence in our business and general market conditions.

The board and management team remain committed to building on GARDA's real estate platform and delivering enduring value for our securityholders.

Matthew Madsen
Executive Chairman
12 August 2021

FY21 HIGHLIGHTS

RETURN TO INVESTORS

TSR[1]	ROE[2]	Distributions	Distribution Yield[3]
35.0%	**29.0%**	**7.2 cps**	**7.2%**

PORTFOLIO OUTCOMES

Property portfolio value[4]

$496m

Occupancy[5]

91%

WACR[4]

5.78%

WALE[4]

5.5 years

Significant changes since 30 June 2020:

- ✓ 18.9% increase in portfolio value
- ✓ Two industrial development properties acquired
- ✓ 10.9% increase in portfolio occupancy
- ✓ 82 basis point compression in cap rate

FINANCIAL METRICS

NTA per security

$1.45

Gearing[6]

38.4%

WACD

2.2%

Significant changes since 30 June 2020:

- ✓ 22.9% increase in NTA per security
- ✓ 1.7% increase in gearing[6]
- ✓ Cost of debt down from 2.4% to 2.2%

[1] Total securityholder return is calculated as (sum of security price movement in FY21 and distributions) divided by opening GARDA security price of $1.005 on 1 July 2020.

[2] Return on equity is calculated as (growth in net tangible assets per security plus distributions) divided by opening net tangible assets.

[3] Distribution yield is calculated as total FY21 distributions of 7.2 cps divided by opening GARDA security price of $1.005 on 1 July 2020.

[4] Property portfolio value includes all investment properties, value accretive additions and assets held for sale as at 30 June 2021. It excludes investment properties under contract but which settle(d) after year end.

[5] Occupancy, WACR and WALE are calculated on a pro-forma basis excluding Lytton, an asset held for sale with settlement due in September 2021.

[6] Gearing is calculated as (total interest-bearing debt less cash) / (total assets less cash). The 1.9% increase in FY21 is primarily due to goodwill of $33.6 million being impaired.

OPERATIONAL REVIEW

GROUP STRATEGY

GARDA's objective is to deliver enduring value to securityholders through our expertise in real estate.

In pursuing this objective, GARDA acts as a long-term owner of real estate, being market cycle aware and seeking out only those risks we wish to take.

GARDA's strategic focus is equity investment into the industrial and commercial office sectors and debt investment into residential developments.

GARDA's size provides it with the scale necessary to compete in its target markets but also the agility to adjust its investment focus in anticipation of, or in response to, changing market conditions.

Considered positions taken by the Group in support of its objective include:

- **Industrial focus**: acquiring well-located industrial properties and development sites such that industrial properties now comprise more than half of the GARDA portfolio;
- **Building to own**: developing and holding new assets rather than acquiring established assets at an expensive time in the real estate cycle;
- **Capital management**: recycling non-core assets and utilising debt facilities to fund growth rather than undertaking dilutive equity issues; and
- **Residential lending**: providing debt capital to third party residential developers to augment Group returns and value.

INVESTMENT PORTFOLIO

Overview

	Industrial				
	Established	To Develop	Office	Other[7]	Total
Number of properties[8]	7	5	4	1	**17**
Valuation ($m)	192.8	52.2	236.5	14.7	**496.2**
Occupancy (%)	100	N/A	84	-	**91**
WALE (years)	6.6	N/A	4.6	-	**5.5**
WACR (%)	5.56	N/A	5.96	-	**5.78**

As at 30 June 2021, GARDA's investment property portfolio was valued at $496.2 million.

GARDA seeks to acquire properties located in precincts supported by significant existing or planned infrastructure and where demand for industrial or office buildings is expected to be strong.

The Group's industrial properties are primarily located in Brisbane's south west industrial corridor, in proximity to Brisbane airport and port or in high growth regions such as North Lakes, Brisbane.

GARDA has three office buildings located in fringe CBD locations in Melbourne and owns the premier office building in Cairns, the Cairns Corporate Tower.

7 Comprises a property at Lytton held for sale at $10.7 million, a block of land in Townsville valued at $1.2 million and value accretive additions of $2.8 million.

8 GARDA's industrial property at 498 Progress Road, Wacol is approximately 36% developed. Its value has been apportioned between 'Established' and 'To Develop' in the 'Valuation' line of the table but the entire property is included as a "To Develop" asset in the 'Number of properties' line.

Transaction activity

During FY21 GARDA announced the acquisition of three industrial development properties in Brisbane for a total cost of $30.0 million (plus costs). The acquisitions are consistent with GARDA's strategy of building to own quality industrial assets in prime locations.

	North Lakes	Richlands	Wacol
Address	109-135 Boundary Rd	56-72 Bandara St	372 Progress Rd
Purchase price ($m)	**16.0**	**6.8**	**7.2**
External valuation ($m)	20.0	-	7.2
Settlement date	June 2021	September 2021	May - July 2021
Land size (m^2)	323,800	30,351	41,250
Anticipated built form GFA[9] (m^2)	98,000	13,000	13,000

These acquisitions are funded by $19.6 million released from the disposals of two non-core properties in Brisbane and on the Gold Coast at premiums to their carrying values:

	Archerfield	Varsity Lakes
Address	839 Beaudesert Road	154 Varsity Parade
Book value 30 June 2020 ($m)	6.0	12.0
Contract sale price ($m)	**7.0**	**12.6**

In addition, GARDA's industrial property at Lytton, valued at $8.7 million at 30 June 2020, is under contract for sale at a price of $11.0 million. Once vendor remediation works of an estimated $325,000 are completed, the sale is expected to settle in September 2021.

The Archerfield asset formed part of a portfolio of four assets acquired by GARDA in July 2019. The other three assets acquired in July 2019 are located in Peterkin Street, Acacia Ridge adjacent to the Acacia Ridge Intermodal Rail Terminal and, following their redevelopment, will be core assets in GARDA's portfolio.

The assets at Lytton and Varsity Lakes have been held by GARDA since 2007 and, due to adverse changes in their business environment or local government regulations, were no longer considered core.

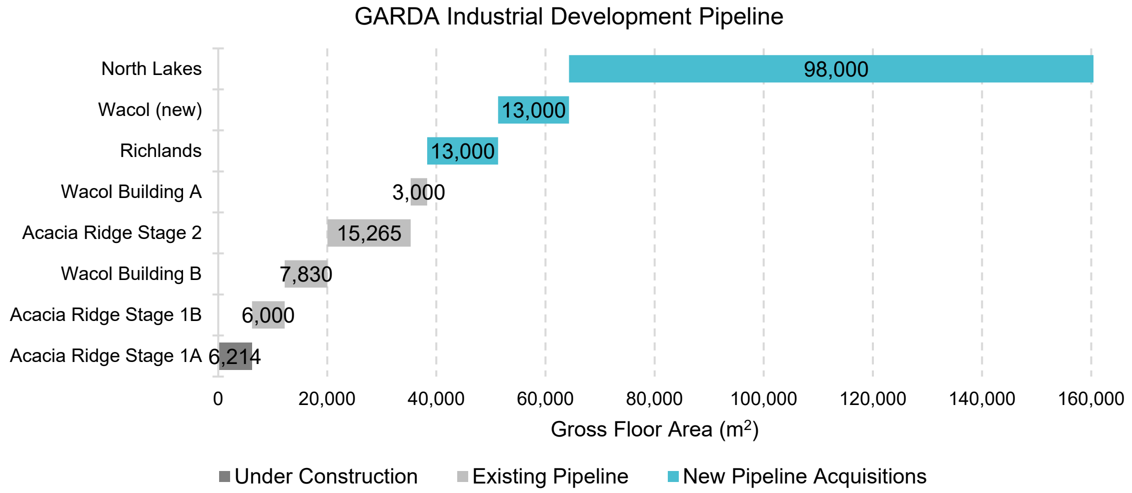
Development activity

GARDA achieved practical completion on two industrial development projects during FY21:

- Berrinba – a 5,683m^2 industrial building that has been leased to USG Boral and TLC Warehouse Solutions; and
- Wacol – a 6,000m^2 industrial building (Building C) at 498 Progress Road that has been leased to YHI Corporation.

Development activity will continue in FY22 with GARDA's industrial development pipeline almost quadrupling in FY21 to approximately 160,000m^2 of possible built form gross floor area:

9 GFA – gross floor area.



Leasing activity

In the 12 months to 30 June 2021, 26,160m^2 of space has been leased. As at the date of this report, only 5,109m^2 of space remains vacant in our established industrial and office buildings resulting in an occupancy rate of 90.9%.

Since July 2020, GARDA has completed the following leasing transactions:

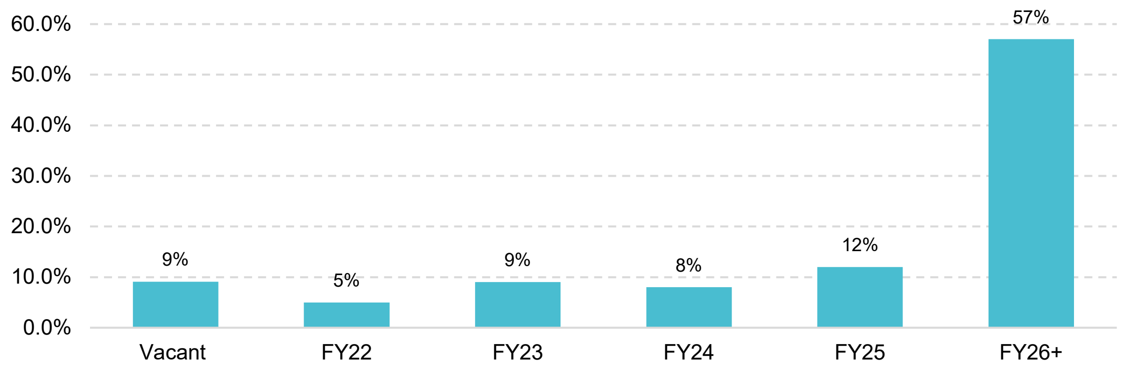
Signed Lease	Address	Tenant	Space taken (m^2)	Term
Industrial				
Berrinba	1-9 Kellar Street	Boral USG	2,947	5 years
Berrinba[10]	1-9 Kellar Street	TLC Warehouse Solutions	2,736	3 years
Wacol (Bldg C)	498 Progress Rd	YHI Corporation	6,000	10 years
Industrial to be developed				
Acacia Ridge	69 Peterkin Street	Austrans	6,214	7 years
Office				
Cairns	7-19 Lake Street	Qld DTMR	3,456	10 years
Cairns	7-19 Lake Street	Qld Gov - HPW	868	5 years
Cairns	7-19 Lake Street	Qld Gov - DYJ	617	3 years
Cairns[11]	7-19 Lake Street	CASA	548	10 years
Richmond	588A Swan Street	Fujifilm	2,401	5 years
Richmond	588A Swan Street	NuVasive	362	5 years
Richmond	588A Swan Street	Bunnings	150 car parks	Various

In the next 12 months, an additional 5,587m^2 of space, or 5% of portfolio gross income, will expire. 4,465m^2 of this expiry is Austrans' current tenancy at 38 Peterkin St, Acacia Ridge which will be placed into redevelopment at that time.

Completion of Austran's new 6,214m^2 building at 69 Peterkin Street, Acacia Ridge, and the associated commencement date of its new lease, is anticipated by November 2021. Austrans has pre-committed to this new space for seven years, as shown in the table above.

10 TLC Warehouse Solutions lease commenced on 1 August 2021.

11 CASA lease commences on 1 April 2022.



Tenant profile

GARDA has a diversified base of tenants by ownership structure and industry. The high proportion of tenants being government, listed or multinational, with none being heavily exposed to the retail and consumer discretionary sectors, meant that COVID-19 has had minimal impact on GARDA to date.

Top 10 Tenants	Type	% of Portfolio Gross Income	Expiry
J Blackwood & Son	Industrial	9.9%	Nov 27
Planet Innovation	Office	9.9%	Jan 29
Volvo Group	Industrial	9.4%	Jul 28
Komatsu	Industrial	6.8%	Jul 23
Golder Associates	Office	6.5%	Jan 25
Pinkenba Resources	Industrial	5.7%	Aug 33
Queensland Government (DTMR)	Office	5.3%	Nov 28
Fujifilm Business Innovation	Office	5.1%	Jun 26
Fulton Hogan	Office	3.7%	Jun 22
McLardy McShane	Office	3.5%	Jan 23
		65.8%	

Valuations

Nine of GARDA's properties were externally valued for the FY21 annual report, with the balance of the portfolio being carried at directors' valuation.

The valuations of GARDA's investment properties, including value accretive additions and assets held for sale, as at 30 June 2021 are shown in the following table.

As at 30 June		Type[12]	2021 $000	2020 $000	Movement $000
Industrial - Established					
Acacia Ridge	38 Peterkin Street	D	6,200	6,000	200
Berrinba	1-9 Kellar Street	D	11,975	7,346	4,629
Heathwood	67 Noosa Street	D	11,800	11,250	550
Lytton	142-150 Benjamin Place		-	8,725	(8,725)
Mackay	69-79 Diesel Drive	E	35,000	30,100	4,900
Morningside	326 & 340 Thynne Road	E	43,725	41,625	2,100
Pinkenba	70-82 Main Beach Road	E	26,200	20,500	5,700
Wacol	41 Bivouac Place	E	45,400	39,000	6,400
Wacol[13]	498 Progress Road – Bldg C	E	12,500	-	12,500
			192,800	164,546	28,254
Industrial –Development					
Acacia Ridge	56 Peterkin Street	D	7,000	6,808	192
Acacia Ridge	69 Peterkin Street	E	11,000	11,079	(79)
North Lakes	109 – 135 Boundary Road	E	20,000	-	20,000
Wacol	372 Progress Road	D	4,410	-	4,410
Wacol	498 Progress Road	E	9,826	9,221	605
			52,236	27,108	25,128
Total industrial			**245,036**	**191,654**	**53,382**
Office					
Box Hill	436 Elgar Road	E	39,000	33,250	5,750
Cairns	9-19 Lake Street	E	86,500	60,563	25,937
Richmond	572-576 Swan Street (Bot 7)	D	54,000	53,688	312
Richmond	588A Swan Street (Botanicca 9)	D	57,000	59,042	(2,042)
Total office			**236,500**	**206,543**	**29,957**
Value Accretive Additions					
Acacia Ridge	69 Peterkin Street	D	1,722	-	1,722
Cairns	9-19 Lake Street	D	247	-	247
Box Hill	436 Elgar Road	D	593	-	593
Richmond	588A Swan Street (Botanicca 9)	D	222	-	222
Total value accretive additions			**2,784**	**-**	**2,784**
Property held by Company					
Townsville	30 Palmer Street	D	**1,250**	**1,250**	**-**
Properties sold					
Archerfield	839 Beaudesert Road		-	6,000	(6,000)
Varsity Lakes	154 Varsity Parade		-	12,000	(12,000)
Total sales			**-**	**18,000**	**(18,000)**
TOTAL INVESTMENT PROPERTIES (non-current assets)			**485,570**	**417,447**	**68,123**
PROPERTIES HELD FOR SALE (current asset)					
Lytton	142-150 Benjamin Place[14]		10,675	-	10,675
TOTAL INVESTMENT PROPERTIES (including assets held for sale)			**496,245**	**417,447**	**78,798**

12 D = Directors' valuation. E = external, independent valuation.

13 Building C at 498 Progress Road, Wacol was completed in May 2021. The remaining undeveloped land at 498 Progress Road continues to be shown in the table as industrial land for development.

14 Fair value of the Lytton property has been determined as the contract sale price of $11,000,000 less vendor works of $325,000.

FINANCIAL SUMMARY

FINANCIAL PERFORMANCE

Key metrics

Year ended 30 June	2021	2020	Change
FFO[15] ($000)	16,167	15,680	487
Distributions ($000)	15,017	16,430	(1,413)
Payout ratio	92.9%	104.8%	

Funds from operations

GARDA recorded statutory net profit after tax for the year of $35,689,000 (2020: $5,567,000). This includes items which are non-cash in nature, incur infrequently and/or relate to realised or unrealised changes in the values of assets and liabilities. Accordingly, in the opinion of the Directors, statutory profit should be adjusted to allow securityholders to gain a better understanding of GARDA's operating profit or FFO.

Year ended 30 June	2021 $000	2020 $000
Net profit after tax	**35,689**	**5,567**
Adjustments for non-cash items included in net profit after tax:		
Valuations – (deduct increases) / add back decreases:		
Investment properties	(50,671)	6,996
Derivatives	(3,593)	1,425
Goodwill impairment	33,586	-
Asset disposals – (deduct gains) / add back losses:		
Investment properties	(881)	-
Other accounting reversals – (deduct income) / add back expenses:		
Security based payments	740	444
Net lease contract and rental items	(644)	(730)
Other	60	(14)
Adjustments for one-off items:		
Add rental guarantee income[16]	2,000	-
Add back internalisation expenses	-	1,268
Add back capitalised interest relating to development properties	-	724
Deduct COVID-19 government grants	(119)	-
FFO[17]	**16,167**	**15,680**

15 FFO (Funds from Operations) is the Group's underlying and recurring earnings from its operations. It is determined by adjusting statutory net profit (under AIFRS) for certain non-cash and other one-off items. FFO is not recognised or covered by Australian Accounting Standards and has not been audited or reviewed by the auditor of the Group.

16 GARDA's purchases of 56 and 69 Peterkin Street, Acacia Ridge on 5 July 2019 included provision for the receipt by GARDA of $2,000,000 in rental guarantees at any time in the subsequent two years. In accordance with Australian Accounting Standards, this amount was recorded as an asset in GARDA's FY20 financial statements. In July 2020, GARDA released the rental guarantee into general funds. The Directors consider the rental guarantee to be part of underlying FY21 earnings warranting inclusion in reported FFO.

17 Pursuant to Australian Accounting Standards, treasury securities and employee share plan securities and the distributions attaching thereto are not included in statutory accounts. The same approach has been adopted in FY21 by GARDA for the purposes of calculating FFO, requiring an adjustment to FFO reported in FY20.

COVID-19

COVID-19 did not have a material impact on GARDA's revenue in the financial year. Total rent deferrals of $329,000 at 30 June 2020 decreased to $162,000 at 31 December 2020 following payments by the affected tenants. Since the end of the financial year, this favourable rental collection experience has continued.

FINANCIAL POSITION

Key Metrics

	2021	**2020**
NTA per stapled security	**$1.45**	$1.18
Gearing[18]	**38.4%**	36.7%
WACD	**2.2%**	2.4%

Net tangible assets

GARDA experienced a 22.9% increase in NTA per security in FY21 driven by:

- completion of development works at Berrinba and Wacol;
- sales of non-core properties at premiums to their carrying values; and
- increases in independent valuations driven by leasing outcomes and declining cap rates.

Borrowings

On 15 June 2021, GARDA secured a $28,000,000 increase in its existing debt facilities with ANZ Banking Group and St. George Bank to $228,000,000.

At 30 June 2021, GARDA had $18,000,000 of borrowing capacity available, a weighted average cost of debt (fully drawn) of approximately 2.2% (2020: 2.4%) and gearing[19] of 38.6% (2020: 36.7%).

Derivatives

GARDA has in place a $100,000,000 hedge comprising:

- a $70,000,000 interest rate swap for a term of seven years at a rate of 0.81%; and
- a $30,000,000 interest rate swap for a term of 10 years at a rate of 0.98%.

Issued Capital

Total GARDA issued stapled securities at 30 June 2021	227,644,361
Less:	
GARDA stapled securities held as treasury stock	(4,233,693)
GARDA stapled securities issued or transferred under the GARDA ESP	(14,840,000)
GARDA stapled securities in accordance with Australian Accounting Standards	**208,570,668**

[18] Calculated as (total debt less cash) / (total assets less cash).

[19] Calculated as (total debt less cash) / (total assets less cash)

BOARD OF DIRECTORS

Matthew Madsen
Executive Chairman

Appointed September 2011

Professional experience

Matthew has more than 20 years' experience in the funds management industry, predominantly in director and management roles. He has significant property and property finance experience focused on larger construction and property investment funding.

Matthew is Chair of the Advisory Board for residential land developer, Trask Development Corporation.

Qualifications

Diploma in Financial Services, Diploma in Financial Markets, Affiliate member of the Securities Institute of Australia.

Ordinary securities:	8,154,958
ESP securities:	10,960,000

Mark Hallett
Executive Director

Appointed January 2011
Executive Director from Feb 2020

Professional experience

Mark has more than 30 years' industry and legal experience. After qualifying as a solicitor, he had a range of diverse industry experiences across all aspects of corporate litigation, restructuring and commercial property. Mark was legal practice director of Hallett Legal and is now a consultant at Macpherson Kelley.

Mark has managed successful property syndicates for business associates and continues to advise participants in the industry on property investment and corporate restructuring.

Qualifications

Bachelor of Laws

Ordinary securities:	1,902,604
ESP securities:	1,000,000

Philip Lee
Non-Executive Director

Appointed May 2015
Member of the Audit and Risk Committee
Member of the Nomination and Remuneration Committee

Professional experience

Philip has over 34 years' experience in stockbroking, equities research and corporate finance. He joined Morgans in 1986 and has served as a Director of Morgans and Joint Head of Corporate Finance. Philip currently holds the position of Executive Director Corporate Advisory, primarily focused on raising capital for growing companies, and chairs Morgans Risk and Underwriting Committees.

Qualifications

Bachelor of Commerce, Member of the AICD, Senior Fellow of Finsia, Master Practitioner Member of the Stockbrokers and Financial Advisers Association.

Ordinary securities:	216,828

Paul Leitch
Independent Director

Appointed March 2020
Member of the Audit and Risk Committee
Chair of the Nomination and Remuneration Committee

Professional experience

Paul is an experienced senior executive, board member and advisor with public and private sector organisations. He is the past Chief Operating Officer for QIC, the Queensland based institutional fund manager. Most recently, he was Leader of the Brisbane Office of the Nous Group, Australia's largest privately-owned management consultancy firm. Paul is a director of The North Australian Pastoral Company and Charles Porter and Sons. He is also Chair of Pathways to Resilience, a Queensland charitable organisation.

Qualifications

Bachelor of Arts (Music), post graduate qualifications in Education, Member of the AICD, Member of Australian Human Resources Institute

Ordinary securities: 24,411

Morgan Parker
Independent Director

Appointed December 2018
Chair of the Audit and Risk Committee
Member of the Nomination and Remuneration Committee

Professional experience

Morgan has more than 27 years' experience as a global real estate investor, developer and banker, being involved in 60 completed projects in nine countries worth $20 billion. He is currently Chair of SunCentral, a non-executive director of Newcastle Airport and Saudi Entertainment Ventures. Morgan was a founding board member of the Asia Pacific Real Assets Association and served on the Asia board of the International Council of Shopping Centres for a decade. A former CEO, he previously worked for Morgan Stanley, Lendlease, Macquarie Group and Dubai Holding.

Qualifications

Bachelor of Laws, Graduate of the AICD

Ordinary securities: nil

Andrew Thornton
Non-Executive Director

Appointed March 2020
Member of the Audit and Risk Committee
Member of the Nomination and Remuneration Committee

Professional experience

Andrew is a director of Great Western Corporation, a private group with interests in commercial and industrial property, general manufacturing, agricultural equipment and investments. He joined Great Western Corporation in 1995 before becoming Joint Managing Director in 2010.

Andrew previously served as Treasurer of both the Volvo Truck & Bus Dealer Council and the Daimler Truck Dealer Council.

He is currently a director of HGT Investments Pty Ltd, GARDA Property Group's largest securityholder.

Qualifications

Bachelor of Business, Member of the AICD

Ordinary securities: 1,126,065

DIRECTORS' REPORT

Introduction

GARDA Property Group (**GARDA** or the **Group**) is an ASX-listed stapled entity whereby shares in GARDA Holdings Limited (**GHL** or the **Company**) are stapled to units in GARDA Diversified Property Fund (**GDF** or the **Fund**) on a one-for-one basis.

Shares of the Company and units of the Fund cannot be traded separately and may only be traded together as stapled securities.

The Directors of the Company and of GARDA Capital Limited as responsible entity for the Fund present their report and the consolidated financial statements for the year ended 30 June 2021 for both:

- the Group - comprising the Company, the Fund and their controlled entities; and
- the Company - comprising only the Company and its controlled entities.

The parent entity of the Group is the Fund.

Directors

The Directors of the Company and GARDA Capital Limited at any time during the financial year and up to the date of this report are listed below. The Directors are also directors of all Group subsidiaries.

Matthew Madsen	Executive Chairman
Mark Hallett	Executive Director
Philip Lee	Non-executive Director
Paul Leitch	Independent Director
Morgan Parker	Independent Director
Andrew Thornton	Non-executive Director

Company Secretary

GARDA's Company Secretary and General Counsel throughout FY21 was Lachlan Davidson. He has been Company Secretary since July 2016.

Lachlan has over 20 years' experience in corporate law, fund raising and managed investments.

He holds a Law degree, a BSc in Biochemistry and Genetics and an MBA. He is a Justice of the Peace (Qualified) and a Graduate of the AICD Directors Course.

Principal activities

GARDA is an internally managed real estate investment, development and funds management group. The Fund invests in, owns, manages and develops commercial and industrial real estate in accordance with the provisions of the Fund's constitution. The Company, through its subsidiaries, acts as the responsible entity of the Fund.

Group strategy

GARDA's objective is to deliver enduring value to securityholders through its expertise in real estate.

In pursuing this objective, GARDA acts as a long-term owner of real estate, being market cycle aware and seeking out only those risks it wishes to take.

GARDA's strategic focus is equity investment into the industrial and commercial office sectors and debt investment into residential developments.

Review of operations

A detailed review of operations, including details of GARDA's properties, is provided in the Operational Review commencing on page 3.

Financial result

GARDA recorded statutory net profit after tax for FY21 of $35,689,000 (FY20: $5,567,000). This includes items which are non-cash in nature, incur infrequently and/or relate to realised or unrealised changes in the values of assets and liabilities.

After adjusting for these items, GARDA's funds from operations (FFO) for FY21 were $16,167,000 (FY20: $15,680,000) and a reconciliation to statutory net profit after tax is provided in the Financial Summary commencing on page 8.

Dividends and Distributions

The table below provides details of distributions[20] paid by GARDA in respect of the financial year:

	Dividend per security	Distribution per security	Total per security	Total $000	Franked amount	Record date	Payment date
2021							
Interim	-	1.80c	1.80c	3,755	-	30 Sep 20	16 Oct 20
Interim	-	1.80c	1.80c	3,754	-	31 Dec 20	20 Jan 21
Interim	-	1.80c	1.80c	3,754	-	31 Mar 21	20 Apr 21
Final	-	1.80c	1.80c	3,754	-	28 Jun 21	15 Jul 21
	-	**7.20c**	**7.20c**	**15,017**	**-**		
2020							
Interim	-	2.25c	2.25c	3,664	-	26 Sep 19	16 Oct 19
Interim	-	1.50c	1.50c	2,782	-	19 Nov 19	4 Dec 19
Interim	-	0.75c	0.75c	1,517	-	31 Dec 19	22 Jan 20
Interim	-	2.25c	2.25c	4,704	-	23 Mar 20	16 Apr 20
Final	-	1.80c	1.80c	3,763	-	30 Jun 20	15 Jul 20
	-	**8.55c**	**8.55c**	**16,430**	**-**		

Outlook

GARDA will continue to execute its strategy in FY22 with the key objectives including:

- increasing the portfolio occupancy level, particularly through the leasing of remaining space in Botanicca 9;
- completing the redevelopment of 69 Peterkin Street, Acacia Ridge;
- settling the acquisition of the Richlands property in September 2021;
- commencing development of new industrial buildings at one or more GARDA's development sites, including initial bulk earth and civil works at North Lakes;
- deploying additional capital into GARDA's debt investment activities;
- managing ongoing capital requirements and gearing levels; and
- being vigilant for strategically consistent, value accretive, acquisitions opportunities.

Subsequent events

As disclosed in the Operational Review, GARDA has settled the acquisition of the remaining lot at 372 Progress Road, Wacol since year end and expects to settle the acquisition of the Richlands property in the first quarter of the FY22 financial year.

The sale of the Lytton property is also expected to settle in the same timeframe once GARDA completes vendor remediation works.

Otherwise, there are no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect:

- GARDA's operations in future financial years;
- the results of those operations in future years; or
- the state of affairs of GARDA in future years.

[20] Total distributions exclude distributions paid in respect of treasury securities and securities granted under the GARDA employee security plan.

Significant changes in the state of affairs

Other than as set out in this Annual Report, there were no significant changes in the operating activities of the Group (including controlled entities) during the year.

Corporate governance

GARDA's Corporate Governance Statement may be found on page 66 of this Annual report.

Directors' interests in securities

The Directors' interests in GARDA securities are set out in the Remuneration Report commencing on page 16.

Directors' remuneration

Directors' remuneration is set out in the Remuneration Report commencing on page 16.

Meetings of Directors

Attendance at meetings of Directors during the year was as follows:

	Board of Directors		**Nomination and Remuneration Committee**		**Audit and Risk Committee**	
	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend
Matthew Madsen[21]	11	11	4	invited	2	invited
Mark Hallett[19]	10	11	4	invited	2	Invited
Philip Lee	11	11	4	4	2	2
Paul Leitch	10	11	4	4	2	2
Morgan Parker	11	11	4	4	2	2
Andrew Thornton	11	11	4	4	2	2

Audit and Risk Committee

The Audit and Risk Committee comprising independent and non-executive directors meets regularly with the management team and auditor to consider the nature and scope of the assurance activities and the effectiveness of the risk and control systems.

Auditor

Pitcher Partners has been appointed as auditor of the Group.

Securityholder details

A summary of GARDA's substantial securityholders and 20 largest securityholders is provided on page 67.

Indemnification and insurance of Directors, officers and auditor

GARDA has agreed to indemnify current and former directors and certain key officers against all liabilities to another person (other than the Group or a related entity) that may arise from their position as director or employee of the Group, except where the liability arises out of conduct involving lack of good faith.

The agreement stipulates that the Group will meet the full amount of any such liabilities, including costs and expenses.

The indemnities were limited as required under the Corporations Act 2001.

The Group has paid insurance premiums on behalf of its officers for liability and legal expenses for the year ended 30 June 2021.

21 Matthew Madsen and Mark Hallett were not members of the Nomination and Remuneration Committee or the Audit and Risk Committee however attended meetings by invitation.

The relevant insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been directors or officers of the Group.

Details of the nature of the liabilities covered or the amount of the premium paid have not been included, as such disclosure is prohibited under the terms of the relevant contracts.

The Group has not indemnified its auditor.

Proceedings on behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purposes of taking responsibility on behalf of the Group for all or any part of those proceedings.

Environmental regulation

The Group's operations were not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Directors believe GARDA has adequate systems in place for the management of its environmental requirements and are not aware of any breach of those environmental requirements.

Rounding

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Non-audit services

The Group's auditor is Pitcher Partners. Prior to their appointment as auditors in December 2019, Pitcher Partners provided an Independent Limited Assurance Report in relation to the internalisation transaction.

Non-audit services in the form of regulatory services and business advisory services were provided by the Group's auditor, Pitcher Partners, during the year (refer to note 21 for details).

The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.*

The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermines the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants (including Standards)*.

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* may be found on page 23 following the Remuneration Report.

REMUNERATION REPORT (AUDITED)

NOMINATION AND REMUNERATION COMMITTEE

The Board has appointed a Nomination and Remuneration Committee (**NRC**). The NRC oversees GARDA's remuneration framework and monitors remuneration outcomes. In doing so, it takes into account the interests of securityholders and the behaviours the Group wishes to promote.

The Board approves and reviews the remuneration of GARDA's Key Management Personnel (**KMP**) on the recommendation of the NRC.

During the financial year the members of the NRC were:

Director	Role
Paul Leitch	Independent Director, Chair of NRC
Philip Lee	Non-executive Director
Morgan Parker	Independent Director
Andrew Thornton	Non-executive Director

The NRC operates independently of GARDA management and may engage remuneration advisers directly.

Management makes recommendations to the NRC in relation to the development and implementation of reward strategy and structure.

REMUNERATION POLICY

Objective

The objective of the Group's remuneration framework is to ensure rewards for performance are competitive and appropriate for the results delivered. The framework aligns individual remuneration and rewards with achievement of strategic objectives and creation of value for securityholders and conforms with market practice.

The Directors ensure that executive remuneration and rewards satisfy the following key criteria:

- competitive and reasonable;
- acceptable to securityholders;
- alignment of performance and compensation;
- transparency; and
- capital management.

GARDA strives to create a remuneration framework that drives a performance culture, ensuring there is a strong link between executive pay and the achievement of Group strategies and value to securityholders.

Relationship to Securityholder Wealth

The short and long-term components, including financial and non-financial measure, of KMP remuneration are designed to create long-term, sustained securityholder value. When setting performance targets, potential quantum of remuneration and the split between fixed and variable remuneration, the Board has regard to factors including the following:

- specific role and responsibilities of the KMP;
- execution of Group strategy;
- value of investment portfolio and net tangible assets (NTA);
- funds from operations; and
- total securityholder returns.

Group Performance in 2021

The overall level of KMP compensation considers the performance of the Group and takes into consideration:

		2021	2020	2019	2018	2017
Assets under management	$000	518,847	477,269	356,334	290,609	200,644
NTA per security	$	1.45	1.18	1.37	1.28	1.21
FFO[22]	$'000	16,167	15,680	13,192	11,210	10,730
Distributions[23]	$'000	15,017	16,430	13,810	11,284	10,124
Distributions per security[24]	cents	7.20	8.55	9.00	9.00	9.40
Security price	$	1.29	1.00	1.40	1.17	1.11

For the financial year ended 30 June 2021, the NRC has also taken into consideration the following:

- the resilience of the GARDA portfolio and income streams through the COVID-19 pandemic;
- acquisitions of the strategically attractive North Lakes and 372 Progress Road, Wacol industrial development properties;
- contractual close of the acquisition of the Richlands industrial property with settlement due in September 2021;
- completion of development and tenanting of the Berrinba industrial property and Building C at 498 Progress Road, Wacol;
- successful leasing outcomes at Botanicca 9 and Cairns;
- prudent management of capital. Rather than source expensive new equity, funds for growth were raised through the divestment, at prices above book value, of the Archerfield and Varsity Lakes properties, with Lytton due to settle in August 2021; and
- existing debt facilities being increased by $28.0 million to provide additional, lower cost, growth capital.

Securityholders will receive total distributions of 7.2 cents per security for the financial year representing a payout ratio of 92.9% based on FFO.

[22] Pursuant to Australian Accounting Standards, treasury securities and employee share plan securities and the distributions attaching thereto are not included in statutory accounts. The same approach has been adopted in FY21 by GARDA for the purposes of calculating FFO, requiring an adjustment to FFO reported in FY20.

[23] Distributions exclude distributions paid in respect of treasury securities and securities granted under the GARDA employee security plan.

[24] Actual distribution per security assuming holding of security for the entire financial year.

ELEMENTS OF REMUNERATION – NON-EXECUTIVE DIRECTORS

Fees and payments to Non-executive Directors (including Independent Directors) reflect the market in line with the demands that are made on, and the responsibilities of, the Directors. The Board determines remuneration of Non-executive Directors within the maximum amount approved by securityholders from time to time. This maximum currently stands at $600,000 per annum in total for fees to be divided among the Non-executive Directors in such a proportion and manner as they agree.

Fees are set so that:

- GARDA Non-executive Directors are remunerated fairly for their services, recognising the workload and levels of skills and experience required for the role;
- GARDA can attract and retain talented Non-executive Directors; and
- they are in line with market practice.

Non-executive Directors are paid a fixed remuneration comprising base fees and superannuation. Non-executive Directors do not receive bonus payments or participate in security based compensation plans and are not provided with retirement benefits other than statutory superannuation.

ELEMENTS OF REMUNERATION – EXECUTIVES

Fixed Remuneration

All employees receive a remuneration package that includes a fixed pay component. The fixed remuneration comprises, cash salary, superannuation and other salary sacrificed benefits.

The fixed pay is a set amount to reflect the role complexity, responsibilities and skill levels required, with cognisance to the market.

Short Term Incentives

Short term incentives are cash payments, without forfeiture provisions, that may be made at the discretion of the Board.

The purpose of short term incentives is to reward individuals for assisting with the achievement of GARDA's strategic objectives. No short term incentives are based on profit measures only.

Long Term Incentives

The GARDA Employee Security Plan (GARDA ESP) is designed to:

- assist with the attraction and retention of Executive Directors, senior managers and employees;
- motivate and drive performance at both the individual and Group level; and
- strengthen alignment between participants and securityholder interests.

All Executive Directors and employees of GARDA are considered for participation in the GARDA ESP. Grants to Executive Directors are subject to securityholder approval.

Participation in the GARDA ESP is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The vesting of securities occurs over a two to three year period, subject to the participant remaining an employee of the Group.

The KMP who participated in the grant of securities under the ESP were provided limited recourse loans on the grant date of an amount equal to the application price of the securities (market price per security on grant date). Interest on the limited recourse loans for any particular year is equal to the Australian Tax Office FBT benchmark interest rate. Interest is serviced through distributions and dividends payments with any excess applied to reduce the principal of the loan.

KEY MANAGEMENT PERSONNEL - 2021

The Remuneration Report outlines remuneration for those people considered to be KMP of the Group during the year ended 30 June 2021. KMP are employees with the authority and responsibility for planning, directing and controlling the activities of GARDA and include:

- Independent Directors;
- Non-executive Directors;
- Executive Directors, including the Executive Chairman; and
- Senior executives.

Details of the KMP who held office with GARDA during the reporting period are summarised below:

KMP	Title	Appointment Date
Independent Directors and Non-executive Directors		
Philip Lee	Non-executive Director	21 May 2015
Paul Leitch	Independent Director	20 March 2020
Morgan Parker	Independent Director	13 December 2018
Andrew Thornton	Non-executive Director	20 March 2020
Executive Directors		
Matthew Madsen	Executive Chairman	22 September 2011
Mark Hallett[25]	Executive Director	31 January 2011
Senior Executives[26]		
David Addis	Chief Operating Officer	18 March 2019
Lachlan Davidson	General Counsel (& Company Secretary)	13 January 2014

KMP Remuneration Summary

The table below outlines the total remuneration provided to KMP in the year ended 30 June 2021:

	Salary & Fees	Non-Cash Benefits	Short Term Incentive	Super	Long Service Leave	GARDA ESP	Total	Performance Related
Non-executive Directors								
P Lee	70,566	-	-	6,704	-	-	77,270	-
P Leitch	72,778	-	-	6,914	-	-	79,692	-
M Parker	72,778	-	-	6,914	-	-	79,692	-
A Thornton	70,566	-	-	6,704	-	-	77,270	-
Executive Directors								
M Madsen	705,856	1,532	-	21,694	628	514,720	1,244,430	41.4%
M Hallett	112,500	-	-	-	-	19,516	132,016	14.8%
Executives								
D Addis	334,719	1,545	20,000	21,694	981	82,896	461,835	17.9%
L Davidson	251,319	-	40,000	21,694	9,165	18,746	340,924	5.5%
Total	**1,691,082**	**3,077**	**60,000**	**92,318**	**10,774**	**635,878**	**2,493,129**	

[25] Mr Hallett's status changed from Non-executive Director to Executive Director in February 2020.

[26] KMP in FY20 included Mark Scammells, Director Projects and Acquisitions. For FY21, the Board has determined that Mr Scammells does not satisfy the definition of KMP and should not be included in the Remuneration Report.

The following table outlines the total remuneration provided to KMP in the year ended 30 June 2020[27]:

	Salary & Fees	Non-Cash Benefits	Short Term Incentive	Super	Long Service Leave	GARDA ESP	Total	Performance Related
Non-executive Directors								
P Lee	20,899	-	-	1,985	-	-	22,884	-
P Leitch	36,881	-	-	3,504	-	-	40,385	-
M Parker	36,881	-	-	3,504	-	-	40,385	-
A Thornton	20,899	-	-	1,985	-	-	22,884	-
Executive Directors								
M Madsen	435,342	3,945	-	10,501	358	349,609	799,756	43.7%
M Hallett	43,750	-	-	-	-	3,240	46,990	6.9%
Executives								
D Addis	184,981	3,945	40,000	14,894	379	30,460	274,660	25.7%
L Davidson	135,682	-	40,000	12,675	5,373	6,491	200,221	23.2%
M Scammells	144,231	3,945	-	14,786	166	16,577	179,705	9.2%
Total	1,059,546	11,835	80,000	63,834	6,276	406,377	1,627,870	

KMP Equity Interests

The equity interests of each KMP in the Group, and the movement in their equity interests during the year, were as follows:

				As at 30 June 2021		
	As at 1 July 2020	Acquired	ESP Grants[28]	Total	Ordinary Securities	ESP Securities[29]
Non-executive Directors						
P Lee	216,828	-	-	**216,828**	216,828	-
P Leitch	24,411	-	-	**24,411**	24,411	-
M Parker	-	-	-	**-**	-	-
A Thornton	1,013,505	112,560	-	**1,126,065**	1,126,065	-
Executive Directors						
M Madsen	14,068,755	46,203	5,000,000	**19,114,958**	8,154,958	10,960,000
M Hallett	2,302,469	600,135	-	**2,902,604**	1,902,604	1,000,000
Executives						
D Addis	800,000	-	-	**800,000**	-	800,000
L Davidson	773,330	-	-	**773,330**	213,330	560,000
Total number of securities	**19,199,298**	**758,898**	**5,000,000**	**24,958,196**	**11,638,196**	**13,320,000**

Details of the ESP securities held by KMPs, together with attaching non-recourse loans, are set out in the following table:

27 Remuneration data in FY20 is for the period from 29 November 2019 (date of Internalisation) to 30 June 2020.

28 On 19 November 2020, 5,000,000 GARDA ESP securities were granted to the Executive Chairman following securityholder approval at the Annual General Meeting on 18 November 2020. All new ESP securities remain unvested.

29 Under Australian Accounting Standards, securities issued under the GARDA ESP, which are identical to other GARDA stapled securities, are required to be accounted for as options until such time as they vest and are exercised by the recipient, after repaying the attaching loans. Refer note 20 for further details.

KMP	Issue date[30]	Securities granted	Exercise Price	Fair value at grant date	Loan value 30 June 2021	Vesting date
Matthew Madsen	13 Nov 2017	960,000	0.63	0.70	493,052	13 Nov 2020
	16 Apr 2020	5,000,000	1.00	0.06	4,924,420	16 Apr 2023
	18 Nov 2020	5,000,000	1.16	0.10	5,788,384	19 Nov 2023
Mark Hallett	16 Apr 2020	1,000,000	1.00	0.06	993,736	16 Apr 2023
David Addis	3 Jun 2019	320,000	1.08	0.24	325,215	3 Jun 2021
	23 Aug 2019	240,000	1.22	0.11	288,182	23 Aug 2021
	23 Aug 2019	240,000	1.22	0.10	288,182	23 Aug 2022
Lachlan Davidson	13 Nov 2017	160,000	0.63	0.11	82,222	13 Nov 2019
	13 Nov 2017	160,000	0.63	0.13	82,222	29 Nov 2019
	23 Aug 2019	240,000	1.22	0.11	288,182	23 Aug 2021
Total		**13,320,000**			**13,553,797**	

A total of 14,840,000 securities have been granted under GARDA ESP, of which 13,320,000 are held by KMP.

Securities granted under GARDA ESP are subject to a service condition of up to three years and vest subject to the service condition being met.

As at 30 June 2021, 1,600,000 of the 13,320,000 ESP securities held by KMP had vested. A further 480,000 will vest on 23 August 2021.

The KMPs who participated in the GARDA ESP were provided with limited recourse loans on the grant date of an amount equal to the application price of the securities.

In accordance with Australian Accounting Standards, all GARDA ESP securities (including vested securities) are deducted from equity and excluded from total issued securities of 227,644,361 until such time as the underlying limited recourse loans are repaid. No limited recourse loans were repaid during the year.

EMPLOYMENT CONTRACTS AND TERMINATION PROVISIONS

Executive Chairman

The Executive Chairman, Matthew Madsen, entered into an executive services agreement effective 1 January 2020 whereby he became a full-time employee of GARDA. Prior to 1 January 2020, Mr Madsen provided services to GARDA through a contract with Madsen Advisory Pty Ltd.

Mr Madsen's executive services agreement may be terminated by the Group with one year's notice (or immediately for fraud, gross negligence, misconduct or criminal offence), or by Mr Madsen providing one year's notice. There is a restraint on Mr Madsen competing with the Group or interfering with the relationship between the Group and its staff, customers, suppliers or contractors for one year following termination.

Other major provisions of the executive services agreement include:

- term of agreement: commencing 1 January 2020 with no fixed termination date;
- base salary, exclusive of superannuation, of $695,000, to be reviewed annually by the NRC;
- entitlement to participate in short term incentives, expected to be in the form of cash bonus, and subject to achievement of strategic, operational and financial hurdles set by the Board; and
- entitlement to participate in the GARDA ESP, at the discretion of the Board.

[30] ESP Securities issued prior to the internalisation transaction on 29 November 2019 were issued under the former GARDA Capital Group employee security plan, with the number and exercise price of such securities being adjusted for the internalisation exchange ratio of 1.6x.

Directors

The contracts with GARDA's Non-executive Directors, Messrs Lee, Leitch, Parker and Thornton, provide the following key terms:

- Term: ongoing with no fixed termination date;
- Remuneration (to be reviewed annually):
  - $85,000 per annum (including superannuation) as at 30 June 2021; plus
  - $5,000 extra for the Chairs of each Board sub-committee; and
- Termination: 90 days' notice period.

The contract with Mr Hallett, Executive Director, is largely identical to the contracts of the Non-executive Directors with two exceptions:

- Remuneration: $150,000 per annum plus GST, reviewed annually; and
- Entitlement to participate in the GARDA ESP, at the discretion of the Board.

Executives

Remuneration and other terms of employment for other KMP executives are contained under standard employment contracts.

It is Group policy that service contracts for salaried KMP are unlimited in term but capable of termination, with notice, by either party. The Group retains the right to terminate a service contract immediately and without notice if the KMP is at any time guilty of serious, willful, or persistent misconduct. On termination, salaried KMP are entitled to receive their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

Other than the Executive Chairman, the notice period for termination of a service contract by a KMP is three months.

TRANSACTIONS WITH KMP AND THEIR RELATED PARTIES

Other than as disclosed in this Remuneration Report, GARDA did not participate in any transactions with KMP or related parties during the financial year.

AUDIT

The Remuneration Report for the Group for the year ended 30 June 2021 has been audited in accordance with section 300A of the *Corporations Act 2001*.

END OF REMUNERATION REPORT

The Directors' Report, including the Remuneration Report, is signed in accordance with a resolution of the Directors.

Matthew Madsen
Executive Chairman
12 August 2021

AUDITOR'S INDEPENDENCE DECLARATION

PITCHER PARTNERS

Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

The Directors
GARDA Holdings Limited and
GARDA Capital Limited (Responsible entity of GARDA Diversified Property Fund)
Level 21, 12 Creek Street
Brisbane QLD 4000

Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2021, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of GARDA Property Group (the stapled entity which comprises GARDA Holdings Limited and GARDA Diversified Property Fund) and the entities it controlled during the year.

PITCHER PARTNERS

WARWICK FACE
Partner

Brisbane, Queensland
12 August 2021

FINANCIAL REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June	Notes	GARDA 2021 $000	GARDA 2020 $000	Company 2021 $000	Company 2020 $000
Revenue					
Revenue from ordinary activities	5	30,481	29,116	4,638	2,575
Other income	5	243	1,172	163	20
Net gain on sale of investment properties		881	-	-	-
Net gain in fair value of financial instruments		3,593	-	-	-
Net gain in fair value of investment properties	9	50,671	-	-	-
Gain on bargain purchase on acquisition		-	-	-	6,187
Total revenue		**85,869**	**30,288**	**4,801**	**8,782**
Expenses					
Property expenses	6	(6,814)	(6,368)	-	-
Corporate and trust administration expenses	6	(1,748)	(2,836)	(1,095)	(656)
Finance costs	6	(3,753)	(3,801)	(8)	(79)
Employee benefits expense	6	(3,308)	(1,520)	(4,364)	(2,066)
Internalisation expenses		-	(1,269)	-	-
Depreciation	6	(175)	(155)	(175)	(155)
Goodwill impairment expense	11	(33,586)	-	-	-
Credit loss expense	8	(369)	-	(369)	-
Security based payments expense	20	(740)	(444)	(740)	(444)
Net loss in fair value of financial instruments		-	(1,425)	-	-
Net loss in fair value of investment properties	9	-	(6,996)	-	-
Total expenses		**(50,493)**	**(24,814)**	**(6,751)**	**(3,400)**
Profit/ (loss) before income tax		**35,376**	**5,474**	**(1,950)**	**5,382**
Income tax benefit	7	313	93	313	93
Profit/ (loss) after income tax		**35,689**	**5,567**	**(1,637)**	**5,475**
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		**35,689**	**5,567**	**(1,637)**	**5,475**
Total profit and total comprehensive income for the period attributable to:					
Securityholders of GARDA Property Group		37,326	6,279	-	-
Shareholders of GARDA Holdings Limited		(1,637)	(712)	(1,637)	5,475
Profit and total comprehensive income		**35,689**	**5,567**	**(1,637)**	**5,475**
Earnings per stapled security:					
Basic earnings per stapled security (cents)	15	17.11	2.90	(0.78)	2.41
Diluted earnings per stapled security (cents)	15	16.11	2.85	(0.78)	2.41

The Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 June	Notes	GARDA 2021 $000	GARDA 2020 $000	Company 2021 $000	Company 2020 $000
ASSETS					
Current assets					
Cash and cash equivalents		15,534	20,488	7,267	3,952
Trade and other receivables	8	2,629	4,594	1,036	2,226
Other assets – prepayments		1,094	697	165	117
Investment properties held for sale	9	10,675	-	-	-
Total current assets		**29,932**	**25,779**	**8,468**	**6,295**
Non-current assets					
Investment properties	9	485,570	417,447	1,250	1,250
Deposits on investment properties		713	-	-	-
Property, plant and equipment		41	54	41	54
Derivative financial instruments	13	2,057	-	-	-
Right-of-use assets	23	270	403	270	403
Deferred tax assets	7	264	-	264	-
Intangible assets	11	-	33,586	-	-
Total non-current assets		**488,915**	**451,490**	**1,825**	**1,707**
Total assets		**518,847**	**477,269**	**10,293**	**8,002**
LIABILITIES					
Current liabilities					
Trade and other payables	10	3,045	3,338	6,125	2,048
Contract liabilities		472	605	-	-
Distribution payable	14	3,754	3,763	-	-
Lease liabilities	24	122	115	122	115
Current tax liability		-	2	-	2
Total current liabilities		**7,393**	**7,823**	**6,247**	**2,165**
Non-current liabilities					
Tenant security deposits		246	350	-	13
Borrowings	12	209,030	186,653	-	-
Derivative financial instruments	13	-	1,536	-	-
Provisions		78	48	78	48
Lease liabilities	24	130	252	130	252
Deferred tax liability	7	-	49	-	49
Total non-current liabilities		**209,484**	**188,888**	**208**	**362**
Total liabilities		**216,877**	**196,711**	**6,455**	**2,527**
Net assets		**301,970**	**280,558**	**3,838**	**5,475**
EQUITY					
Contributed equity		354,993	354,993	-	-
Security based payment reserve		1,184	444	-	-
(Accumulated losses)/ retained earnings		(54,207)	(74,879)	3,838	5,475
Total equity		**301,970**	**280,558**	**3,838**	**5,475**

The Consolidated Statements of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

a) GARDA

	Contributed Equity $000	Other Reserves $000	Accumulated Losses $000	Total Equity $000
30 June 2021				
Balance at 1 July 2020	354,993	444	(74,879)	280,558
Profit for the financial year	-	-	35,689	35,689
Transactions with owners in their capacity as owners:				
Distributions paid or payable	-	-	(15,017)	(15,017)
Securities based payment expense	-	740	-	740
Balance at 30 June 2021	**354,993**	**1,184**	**(54,207)**	**301,970**
30 June 2020				
Balance at 1 July 2019	281,112	-	(64,016)	217,096
Profit for the financial year	-	-	5,567	5,567
Transactions with owners in their capacity as owners:				
Securities issued in placement	31,500	-	-	31,500
Securities issues in relation to investment properties	6,000	-	-	6,000
Securities issued as consideration for Internalisation	58,992	-	-	58,992
Transaction costs for Internalisation security issue	(58)	-	-	(58)
Transaction costs for other security issues	(619)	-	-	(619)
Cancellation of treasury securities on consolidation	(15,661)	-	-	(15,661)
Cancellation of ESP[31] securities on consolidation	(6,000)	-	-	(6,000)
Securities based payment expense	-	444	-	444
Distributions paid and payable	-	-	(16,430)	(16,430)
Loan receivable for ESP vested securities	(273)	-	-	(273)
Balance at 30 June 2020	**354,993**	**444**	**(74,879)**	**280,558**

b) Company

	Contributed Equity $000	Retained Earnings $000	Total Equity $000
30 June 2021			
Balance at 1 July 2020	-	5,475	5,475
Loss for the financial year	-	(1,637)	(1,637)
Balance at 30 June 2021	**-**	**3,838**	**3,838**
30 June 2020			
Balance at 20 September 2019	-	-	-
Profit for the financial year	-	5,475	5,475
Balance at 30 June 2020	**-**	**5,475**	**5,475**

The Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.

31 GARDA employee security plan.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		GARDA		Company	
Year ended 30 June		**2021**	2020	**2021**	2020
	Notes	**$000**	$000	**$000**	$000
Cash flows from operating activities					
Receipts from customers (incl. GST)		31,349	32,128	4,630	2,361
Receipts from rental guarantee		-	2,000	-	-
Litigation proceeds		150	100	-	-
Payments in the course of operations (incl. GST)		(15,417)	(14,141)	(5,137)	(2,618)
Interest received		16	40	9	20
Finance costs		(4,121)	(5,109)	(8)	(79)
Income tax refund / (payment)		2	(544)	2	(544)
Net GST paid		(290)	(482)	(295)	(218)
Net cash from / (used in) operating activities	25	**11,689**	**13,992**	**(799)**	**(1,078)**
Cash flows from investing activities					
Payments for investment properties		(44,326)	(81,133)	-	-
Payments for deposits and due diligence		(713)	(115)	-	-
Commissions paid for sale of investment properties		(266)	(259)	-	-
Net proceeds on sale of investment properties		19,371	-	-	-
Payments for leasing fees		(816)	(247)	-	-
Repayment loans receivable from external parties		11,316	838	4,814	838
Loan advances to external parties		(7,861)	(1,491)	(3,419)	-
Payments for property, plant and equipment		(29)	(28)	(29)	(28)
Cash acquired at internalisation		-	4,375	-	4,318
Acquisition costs relating to internalisation		-	(1,718)	-	(80)
Net cash (used in) / from investing activities		**(23,324)**	**(79,778)**	**1,366**	**5,048**
Cash flows from financing activities					
Proceeds from new equity issues		-	31,500	-	-
Equity issue transaction costs		-	(619)	-	-
Dividends paid (declared pre-internalisation)		-	(697)	-	(697)
Distributions paid		(15,026)	(16,231)	-	-
Drawdowns from bank debt facilities		40,764	75,020	-	-
Repayment of bank debt facilities		(18,879)	(15,418)	-	-
Debt facility transaction costs paid		(56)	(1,641)	-	-
Payments for interest rate swap costs		-	(2,714)	-	-
Payment of lease liabilities		(122)	(169)	(122)	(169)
Loan from parent entity		-	-	3,875	1,005
Repayment of loan to parent entity		-	-	(1,004)	-
Repayment of loan by subsidiary of parent entity		-	-	-	1,813
Repayment of related party loans		-	(2,970)	-	(1,970)
Net cash from / (used in) financing activities		**6,681**	**66,061**	**2,749**	**(18)**
Net increase/ (decrease) in cash and cash equivalents		**(4,954)**	**275**	**3,315**	**3,952**
Cash and cash equivalents at beginning of year		20,488	20,213	3,952	-
Cash and cash equivalents at end of year		**15,534**	**20,488**	**7,267**	**3,952**

The Consolidated Statements of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO FINANCIAL REPORT

NOTE 1 GENERAL INFORMATION

Basis of preparation

The consolidated annual financial statements for GARDA Property Group (**GARDA** or the **Group**), comprising GARDA Diversified Property Fund (**GDF** or the **Fund**) and GARDA Holdings Limited (**GHL** or the **Company**), have been jointly presented in accordance with ASIC Corporations (Stapled Group Reports) Instrument 2015/838 and the requirements of the Australian Securities Exchange.

These financial statements have also been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Pursuant to Australian Accounting Standards, the Fund is the deemed parent entity of the Group. Supplementary information about the parent entity is disclosed in note 26.

Compliance with IFRS

The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of investment properties and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Comparative information

Comparative information for the Company provided in the consolidated statements of profit or loss, consolidated statements of cashflows and the relevant notes to these statements is for the period from incorporation on 20 September 2019 to 30 June 2020.

On 29 November 2019, GARDA acquired GARDA Capital Group, comprising the stapled GARDA Capital Limited and GARDA Capital Trust. Pursuant to that internalisation transaction, the Company acquired 100% of the shares in GARDA Capital Limited (the responsible entity of the Fund) and the Fund acquired 100% of the units in GARDA Capital Trust.

Operations and principal activities

GARDA is an internally managed real estate investment, development and funds management group.

The Fund invests in, owns, manages and develops commercial and industrial real estate in accordance with the provisions of the Fund’s constitution. The Fund, through its subsidiaries, also invests into real estate via debt positions, sometimes in conjunction with third parties. The Company, through its subsidiaries, acts as the responsible entity of the Fund.

Registered office

The registered office and principal place of business of the Group is situated at Level 21, 12 Creek Street, Brisbane QLD 4000.

Authorisation of financial report

This financial report was authorised for issue on 12 August 2021 in accordance with a resolution of the Directors. The following is a summary of the material accounting policies adopted by the Group in the preparation of these financial statements. The accounting policies have been consistently applied, unless otherwise stated.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Adoption of new or amended accounting standards and Interpretations

New and amended accounting standards

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2020 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2021 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

Principles of consolidation and business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for an acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by GARDA. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. GARDA recognises any non-controlling interest in an acquired entity on an acquisition-by acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred, with the exception of incremental costs incurred in relation to the issue of additional equity which are deducted against equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of GARDA's share of the net identifiable assets acquired are recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and recognises additional assets or liabilities during the measurement period based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on the earlier of: (i) 12 months from the date of the acquisition; or (ii) when the acquirer receives all the information possible to determine fair value.

Goodwill

Goodwill arising from acquisitions is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of annual impairment testing. The allocation is made to those cash-generating units, or groups of cash-generating units, that are expected to benefit from the business combination from which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Income tax

Income tax for the Fund

Under the current income tax legislation, the Fund is not liable for Australian income tax, provided its taxable income and taxable realised gains are fully distributed to security holders each financial year. The Fund distributes its distributable income, calculated in accordance with its Constitution and the applicable taxation legislation, to securityholders who are presently entitled to the income under the Constitution.

Income tax for the Company

Income tax is payable at the applicable income tax rate on the current period's taxable income adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and for unused tax losses. The current income tax charge is calculated by reference to the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this situation, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation legislation for the Company

GHL and its wholly owned subsidiaries have implemented the tax consolidation legislation. The head entity, GHL, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continued to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have entered into a tax funding agreement under which wholly owned subsidiaries compensate the Company for any current tax liability assumed and are compensated by the Company for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned subsidiaries' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Revenue recognition

The summary below presents information about the disaggregation of key revenue items from the Group's revenue contracts or other activities with customers.

Lease revenue

The Group's main revenue stream is property rental revenue and is derived from holding investment properties over time.

Rental revenue is recognised on a straight-line basis over the lease term for leases with fixed rent review clauses. Rental revenue not received at reporting date is reflected in the Statements of Financial Position as a receivable or, if paid in advance, as contractual liabilities. Contingent rents based on the future amount of a factor that changes other than with the passage of time, including turnover rents and CPI linked rental increases, are only recognised when contractually due.

Prospective tenants may be offered incentives to enter operating leases. The cost of incentives is recognised as a reduction of rental revenue on a straight-line basis from the lease commencement date to the end of the lease term.

Recoverable outgoings

Revenue from outgoings and other related services is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract, the Group; identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price, taking into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Debt advisory services revenue

Contracts with customers in relation to debt advisory services are specialised in nature and the customer does not benefit from the process undertaken, but rather the outcome. The Group is only entitled to payment for services upon the successful completion of the contract. Hence, revenue is recognised upon completion of the service at a point in time.

Lending business income

Revenue from lending contracts with customers is recognised over-time using the effective interest method.

Non-lending Interest income

Interest income is recognised using the effective interest method.

Investment properties

Investment properties comprise properties held for long-term rental yields and/ or capital appreciation and properties being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost, including transaction costs.

Subsequently to initial recognition, investment properties are carried at fair value which is measured using the capitalisation approach and discounted cash flows as primary valuation methodologies. Gains and losses arising from changes in fair values of investment properties are included in profit or loss in the year in which they arise.

Subsequent development and refurbishment costs (other than repairs and maintenance) are capitalised to the investment property when they result in an enhancement in the future economic benefits of the property.

Investment properties under construction are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Fair values

Fair values may be used for financial and non-financial asset and liability measurement as well as sundry disclosures.

Fair value is the price that would be received on sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the Group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they are acting in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use, or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, including verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Derivative financial instruments

The Group used derivative financial instruments (interest rate swaps) during the year to hedge risks associated with interest rate fluctuations on its bank loans.

Interest rate swaps are initially measured at fair value on the date of contract and are subsequently measured at fair value at each reporting date. The net fair value of derivative financial instruments outstanding at the reporting date is recognised in the statement of financial position as either a financial asset or liability. Changes in the fair value of the interest rate swaps are recognised immediately in profit or loss.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets may have been impaired. If such indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and its value in use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is due more than 12 months after the reporting date.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption amounts are recognised in profit or loss over the period of the loans and borrowings using the effective interest method.

Fees paid for establishing loan facilities are recognised as transaction costs and amortised over the period to which the facility relates.

Lease liabilities

A lease liability is recognised at the commencement of a lease. The lease liability is initially recognised as the present value of lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate.

Lease payments comprise fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise prices of purchase options when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. Variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; or certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

A qualifying asset is an asset under development or construction where such development or construction takes a substantial period of time. To the extent that funds are borrowed generally to fund development, the amount of borrowing costs to be capitalised to qualifying assets is determined by using an appropriate capitalisation rate. Interest payments in respect of financial instruments classified as liabilities are included in finance costs.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of reporting date are measured at the amounts expected to be paid when the liabilities are settled. At 30 June 2021, all Group annual leave liabilities are expected to settled wholly within 12 months and therefore were recognised as current liabilities.

Long-term employee benefits

Liabilities for annual leave and long service leave not expected to be settled within 12 months of reporting date are measured at the present value of expected future payments using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. At 30 June 2021, all long service leave liabilities were recognised as non-current liabilities.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Security based payments expense

The costs of equity-settled transactions, including loan funded security issues, are determined by their fair values at grant date using the Black Scholes option pricing model and are recognised as security based payment expenses proportionately over the vesting period with a corresponding increase in security based payments reserve.

No expense is recognised for securities that do not ultimately vest other than for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. Such securities are treated as vesting irrespective of whether the market or non-vesting conditions are satisfied, provided that all other performance and/or service conditions are satisfied.

Should the terms of equity-settled securities be modified, the minimum expense recognised is the expense that would have been recognised had the terms not been modified. An additional expense is recognised for any modification that increases the total fair value of the security based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled security is cancelled, it is treated as if it vested on the date of cancellation and any unrecognised expense recognised immediately. This includes any security where non-vesting conditions within the control of either the entity or the employee are not met.

Dividends and distributions to securityholders

Provision is made for any dividend or distribution declared, being appropriately authorised and no longer at the discretion of the Board of Directors, on or before the end of the financial year but not distributed as at balance date.

Earnings per security

Basic earnings per security is calculated by dividing the profit attributable to securityholders, by the weighted average number of ordinary securities outstanding during the financial year, adjusted for bonus elements in ordinary securities issued during the year.

Diluted earnings per security adjusts the figures used in the determination of basic earnings per unit to take into account the weighted average number of additional ordinary securities that would have been outstanding assuming the conversion of all dilutive potential ordinary securities.

Treasury Securities

Treasury securities are deducted against equity or eliminated on consolidation. Any distributions related to treasury securities are also eliminated on consolidation.

Goods and Services Tax (GST)

Revenues and expenses are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. If it is not recoverable, it is recognised in the cost of acquisition of the asset or as an expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included in other receivables or other payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office, are presented as operating cash flows. Net GST paid or refunded to/from Australian Tax Office is shown separately in the operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

Rounding of amounts

GARDA is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Accordingly, amounts contained in this report and in the interim financial statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect reported amounts. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable in the circumstances. The resulting accounting judgements and estimates will seldom equal actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may unfavourably impact the consolidated entity as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Goodwill

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment (refer note 11). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 11 for further information.

Investment property valuation

The Group makes key assumptions in determining the fair value of its investment property portfolio as at reporting date. In the current financial year, these assumptions have been made in the context of considerable uncertainty regarding the likely ultimate impact of COVID-19 on investment property valuations.

The independent valuation reports received as at 30 June 2021 included caveats that the valuations were reported on the basis of "material valuation uncertainty" and, consequently, less certainty and a higher degree of caution should be attached to the valuations than would normally be the case.

The assumptions thought to bear the most significant impact on the adopted fair value of each of the Group's investment properties are disclosed in notes 9 and 17, together with the carrying amount of each investment property asset measured at fair value.

Security based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to the equity-settled security based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity, as disclosed in note 20.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant lease hold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise and extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

NOTE 3 OPERATING SEGMENTS

The Group has identified three core operating segments. These segments are regularly reviewed by the Executive Chairman, who is the Chief Operating Decision Maker, to support decisions about resource allocation and to assess performance.

The three operating segments are: direct property investment, debt investments and funds management. The business activities of each of these operating segments are as follows:

Core Operating Segments	Business Activity
Direct investment	Investment in Australian commercial and industrial property
Debt investment	Investment in mortgages and loans into residential real estate
Funds management	Establishment and management of investment funds for external investors

The external revenue and net profit contribution of the debt investment and funds management operating segment did not meet the necessary quantitative threshold to be considered separate reportable segments and therefore have been combined and disclosed in the "other segments" category.

Segment results

	Direct investment $000	Other segments $000	Total $000
Year ended 30 June 2021			
Segment revenue:			
Lease revenue	23,556	-	23,556
Recoverable outgoings	4,895	-	4,895
Fund and real estate management	-	5	5
Lending business income	-	860	860
Debt advisory services	-	521	521
Sundry income	73	-	73
Total segment revenue	28,524	1,386	29,910
Total segment expense	(11,180)	(718)	(11,898)
Segment profit	**17,344**	**668**	**18,012**
Year ended 30 June 2020			
Segment revenue:			
Lease revenue	23,103	-	23,103
Recoverable outgoings	4,762	-	4,762
Fund and real estate management	-	7	7
Lending business income	-	228	228
Debt advisory services	-	287	287
Litigation proceeds	475	-	475
Other revenue	657	-	657
Total segment revenue	28,997	522	29,519
Total segment expense	(12,161)	(183)	(12,344)
Segment profit	**16,836**	**339**	**17,175**

Segment results include items directly attributable to the segment as well as those that may be allocated on a reasonable basis. They exclude non-segment specific non-cash expenses including fair value adjustments, security based payments expense and depreciation.

Corporate expenses pertaining to Group level functions such as finance and tax, legal, risk and compliance, company secretarial, marketing and other corporate services are also not allocated to core operation segments. These expenses form part of unallocated revenue and expenses in the reconciliation of segment profit to profit before income tax.

Segment results are also net of all internal revenue and expenses incurred post-internalisation.

Reconciliation of segment revenues to Group revenue

Year ended 30 June	2021 $000	2020 $000
Total revenue for segments	**29,910**	**29,519**
Unallocated amounts:		
Lease straight-lining revenue	1,302	1,372
Lease costs and incentive amortisation	(795)	(865)
Rent free income	137	222
Sundry income	154	-
Non-operating interest income	16	40
Net gain on sale of investment properties	881	-
Net gain in fair value of financial instruments	3,593	-
Net gain in fair value of investment properties	50,671	-
Total Group revenue	**85,869**	**30,288**

Reconciliation of segment profit to Group profit before tax

Year ended 30 June	2021 $000	2020 $000
Segment profit	**18,012**	**17,175**
Unallocated amounts:		
Revenue:		
Lease straight-lining revenue	1,302	1,372
Lease costs and incentive amortisation	(795)	(864)
Rent free income	137	222
Sundry income	154	-
Non-operating interest income	16	40
Net gain on sale of investment properties	881	-
Net gain in fair value of financial instruments	3,593	-
Net gain in fair value of investment properties	50,671	-
Expenses:		
Finance costs	(8)	(84)
Employee benefit expense	(3,083)	(1,403)
Corporate and trust administration expenses	(1,003)	(695)
Depreciation	(175)	(155)
Internalisation expense	-	(1,269)
Security based payments expense	(740)	(444)
Net loss on financial instrument held at fair value through profit and loss	-	(1,425)
Net fair value loss of investment properties	-	(6,996)
Goodwill impairment expense	(33,586)	-
Group profit before income tax	**35,376**	**5,474**

Segment assets and liabilities

	Direct Investment $000	Other Segments $000	Total $000
As at 30 June 2021			
Segment Assets	505,223	9,498	514,721
Segment Liabilities	(215,780)	(70)	(215,850)
Net Assets	**289,443**	**9,428**	**298,871**
As at 30 June 2020			
Segment Assets	468,732	6,584	475,316
Segment Liabilities	(194,071)	-	(194,071)
Net Assets	**274,661**	**6,584**	**281,245**

Segment assets and liabilities are net of all internal loan balances.

Reconciliation of segment assets to Group assets

As at 30 June	**2021 $000**	**2020 $000**
Reportable segment assets	**514,721**	**475,316**
Unallocated amounts:		
Other receivables	244	246
Investment properties[32]	1,250	1,250
Corporate fixed assets	41	54
Derivative financial instrument	2,057	-
Right-of-use assets	270	403
Deferred tax assets	264	-
Total Group assets	**518,847**	**477,269**

Reconciliation of segment liabilities to Group liabilities

As at 30 June	**2021 $000**	**2020 $000**
Reportable segment liabilities	**215,850**	**194,071**
Unallocated amounts:		
Trade and other payables	697	627
Tenant security deposits	-	14
Provisions	78	48
Derivative financial instrument	-	1,536
Lease liability	252	367
Deferred tax liabilities	-	49
Total Group liabilities	**216,877**	**196,712**

32 Represents the value of land held by a subsidiary of the Company.

NOTE 4 DISTRIBUTIONS

Distributions provided for and/or paid during the financial year were as follows:

	GARDA		Company	
Year ended 30 June	**2021**	2020	**2021**	2020
	$000	$000	**$000**	$000
September: 1.80 cents per security (2020: 2.25 cents)	3,919	3,664	-	-
November: nil cents per security (2020: 1.50 cents)	-	2,782	-	-
December: 1.80 cents per security (2020: 0.75 cents)	3,831	1,682	-	-
March: 1.80 cents per security (2020: 2.25 cents)	3,831	5,046	-	-
June: 1.80 cents per security (2020: 1.80 cents)	3,831	3,929	-	-
	15,412	**17,103**	**-**	**-**
Distribution on treasury securities	(395)	(673)	-	-
Net distributions[33]	**15,017**	**16,430**	**-**	**-**

Distributions declared for the quarter ended 30 June 2021 of $3,754,000 (net of treasury security distribution) were not paid until after year end but have been provided for in the financial statements.

33 Net distributions exclude distributions paid in respect of treasury securities and securities granted under the GARDA employee security plan.

NOTE 5 REVENUE

Year ended 30 June	GARDA 2021 $000	GARDA 2020 $000	Company 2021 $000	Company 2020 $000
Revenue recognised under AASB 16 Leases				
Lease revenue	24,995	24,696	-	25
Lease costs and incentive amortisation	(795)	(864)	-	-
	24,200	**23,832**	**-**	**25**
Revenue recognised under AASB 15 Revenue from contracts with customers				
Recoverable outgoings – non-lease component	4,895	4,762	-	-
Fund and real estate management	5	7	2,697	1,532
Recoveries and other fees	-	-	1,057	568
Debt advisory services	521	287	521	287
Lending business income	860	228	363	163
	6,281	**5,284**	**4,638**	**2,550**
Revenue from ordinary activities	**30,481**	**29,116**	**4,638**	**2,575**
Other income				
Non-operating interest income	16	40	9	20
Litigation proceeds	-	475	-	-
Sundry income	227	657	154	-
	243	1,172	163	20
Other income	**243**	**1,172**	**163**	**20**

Disaggregation of revenue from contracts with customers

	2021 Point in Time $000	2021 Over Time $000	2021 Total $000	2020 Point in Time $000	2020 Over Time $000	2020 Total $000
GARDA						
Recoverable outgoings – non-lease component	-	4,895	4,895	-	4,762	4,762
Fund and real estate management	-	5	5	-	7	7
Lending business income	-	860	860	-	228	228
Debt advisory services	521	-	521	287	-	287
Total	**521**	**5,760**	**6,281**	**287**	**4,997**	**5,284**
Company						
Recoveries and other fees	-	1,057	1,057	-	568	568
Fund and real estate management	-	2,697	2,697	-	1,532	1,532
Lending business income	-	363	363	-	163	163
Debt advisory services	521	-	521	287	-	287
Total	**521**	**4,117**	**4,638**	**287**	**2,263**	**2,550**

NOTE 6 EXPENSES

	GARDA		Company	
Year ended 30 June	**2021**	2020	**2021**	2020
	$000	$000	**$000**	$000
Property expenses				
Recoverable expenses	5,918	5,513	-	-
Direct expenses	545	581	-	-
Non-recoverable expenses	351	274	-	-
	6,814	**6,368**	**-**	**-**
Corporate and trust administration expenses				
Management fees	-	1,099	-	-
Professional fees and other administration expenses	1,748	1,737	1,095	656
	1,748	**2,836**	**1,095**	**656**
Finance costs				
Interest on borrowings	4,113	5,074	-	67
Amortisation of borrowing transaction costs	548	414	-	-
Interest expense on lease liabilities	8	12	8	12
Interest capitalised to properties under construction[34]	(916)	(1,699)	-	-
	3,753	**3,801**	**8**	**79**
Employee benefits expense				
Superannuation expense	215	124	255	147
Other employee benefits	3,093	1,396	4,109	1,919
	3,308	**1,520**	**4,364**	**2,066**
Depreciation				
IT equipment and fittings	42	22	42	22
Buildings right-of-use assets	133	133	133	133
	175	**155**	**175**	**155**

[34] The capitalisation rate used to determine the amount of borrowing costs capitalised during the financial year was the weighted average interest rate applicable to the Group's general borrowings. The weighted average rate during the year ranged from 2.2% - 2.4% (2020: 2.4% - 3.2%)

NOTE 7 INCOME TAX

Year ended 30 June	GARDA 2021 $000	GARDA 2020 $000	Company 2021 $000	Company 2020 $000
The components of income tax benefit comprise:				
Current income tax benefit	-	-	-	-
Deferred income tax benefit	313	93	313	93
Income tax benefit	**313**	**93**	**313**	**93**
Deferred income tax expense included in income tax benefit:				
Increase in deferred tax assets	74	243	74	243
(Increase)/decrease in deferred tax liabilities	239	(150)	239	(150)
Total deferred tax benefit	**313**	**93**	**313**	**93**
The prima facie tax on profit before income tax is reconciled to income tax as follows:				
Profit/(loss) before income tax	35,376	5,475	(1,950)	5,382
Less profit attributed to Trusts not subject to tax	(37,326)	(6,279)	-	-
Profit/(loss) subject to income tax	(1,950)	(804)	(1,950)	5,382
Prima facie tax at 26.0% (2020: 27.5%)	(507)	(221)	(507)	1,480
Tax effect of amounts which are not deductible/(assessable):				
Security based payment expense	193	122	193	122
Bargain purchase on acquisition	-	-	-	(1,701)
Other (income)/expenses	(12)	1	(12)	1
Restate deferred income tax benefit to 25%	13	5	13	5
Income tax benefit	**(313)**	**(93)**	**(313)**	**(93)**
Composition of deferred tax assets				
Provision for employee benefits	71	55	71	**55**
Accrued expenses	129	57	129	57
Lease incentive liability	-	10	-	10
Capital raising and transaction costs	81	115	81	115
Tax losses	236	86	236	86
Lease liabilities	62	95	62	95
Other	127	49	127	49
Deferred tax asset	**706**	**467**	**706**	**467**
Movements:				
Opening balance	467	-	467	-
Balance acquired at business combination	-	225	-	225
Movement in deferred tax asset - temporary differences:				
Credited to profit and loss	239	242	239	242
Closing balance at the end of the year	**706**	**467**	**706**	**467**

cont'd

Year ended 30 June	GARDA 2021 $000	GARDA 2020 $000	Company 2021 $000	Company 2020 $000
Composition of deferred tax liabilities				
Right of use asset	68	105	68	105
Investment property	313	325	313	325
Other	61	86	61	86
Deferred tax liabilities	**442**	**516**	**442**	**516**
Movements:				
Opening balance	516	-	516	-
Balance acquired at business combination	-	367	-	367
Movement in deferred tax liabilities - temporary differences:				
(Charged)/credited to profit and loss	(74)	149	(74)	149
Closing balance at the end of the year	**442**	**516**	**442**	**516**
Net deferred tax asset/ (liabilities)				
Deferred tax assets	706	467	706	467
Deferred tax liabilities	(442)	(516)	(442)	(516)
Net deferred tax asset/(liabilities)	**264**	**(49)**	**264**	**(49)**
Franking credits				
Franking credits available	4,204	4,208	4,204	4,208

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

a) franking credits that will arise from the payment of the amount of the provision for income tax;

b) franking credits that will arise from the payment of the amount of the income tax refunds;

c) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

d) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

NOTE 8 TRADE AND OTHER RECEIVABLES

	GARDA		Company	
Year ended 30 June	**2021**	2020	**2021**	2020
	$000	$000	**$000**	$000
Current				
Fund management fees receivable	-	-	275	245
Rent and outgoings receivable	193	756	-	-
Litigation proceed receivable	225	375	-	-
Other receivables	82	129	299	205
GST receivable	1,667	-	-	-
Commercial loans to external third parties	831	3,334	831	1,776
Expected credit losses	(369)	-	(369)	-
Closing balance	**2,629**	**4,594**	**1,036**	**2,226**
Analysis of expected credit loss				
Opening balance	-	382	-	-
Expected credit losses	369	-	369	-
Reversal of expected credit losses	-	(382)	-	-
Closing balance	**369**	**-**	**369**	**-**

The loans to external parties are each secured by a first registered mortgage and a general security agreement. All other receivables are non-interest bearing. Refer to note 16 for details on credit risk exposure.

NOTE 9 INVESTMENT PROPERTIES

Investment properties (non-current assets)

Year ended 30 June	2021 $000	2020 $000
GARDA		
Investment properties at independent valuation	288,325	116,100
Investment properties acquired at Directors' valuation	-	1,250
Investment properties at Directors' valuation	145,009	265,643
Investment properties under construction at Directors' valuation	11,410	34,454
Investment properties under construction at independent valuation	40,826	-
	485,570	**417,447**
Movements during the year:		
Opening balance	417,447	332,806
Transfer to investment properties held for sale (current assets)	(10,675)	-
Sale of investment properties	(18,224)	-
Acquisition of investment properties at internalisation	-	1,250
Acquisition of tenanted investment properties	-	56,591
Purchase price adjustment for rental guarantee	-	(2,000)
Capital expenditure on tenanted investment properties	5,810	5,155
Acquisition and capital expenditure of properties under construction	39,080	29,643
Straight-lining of rental income	1,302	1,372
Net movement in leasing costs and incentives	159	(374)
Net gain/ (loss) in fair value of investment properties	50,671	(6,996)
Balance at the end of the year	**485,570**	**417,447**
Company		
Land at 30 Palmer Street, Townsville	**1,250**	**1,250**

Investment properties held for sale (current assets)

Year ended 30 June	2021 $000	2020 $000
GARDA		
Property at 142-150 Benjamin Place, Lytton	10,675	-
Movements during the year:		
Opening balance	-	-
Transfer from investment properties at fair value (non-current assets)	10,675	-
Balance at the end of the year	**10,675**	**-**

The registered titles to all assets of the Fund and GARDA Capital Trust are held by The Trust Company (Australia) Limited, as custodian. This is an ASIC regulatory requirement.

Valuations

GARDA's policy is to undertake independent valuations on a rotational basis to ensure that each property is valued at least once every 12 months by an independent external valuer. Where a property is not due for an independent valuation, it will be carried at Directors' valuation. Directors' valuations are based on the most recent independent valuation of a property and take into account capital accretive expenditure and comparable sales evidence since that last independent valuation.

Nine of GARDA's properties have been externally valued for the FY21 annual report, with the balance of the portfolio being carried at Directors' valuation.

As at 30 June			**2021**	2020	Movement
		Type[35]	**$000**	$000	$000
Industrial - Established					
Acacia Ridge	38 Peterkin Street	D	6,200	6,000	200
Berrinba	1-9 Kellar Street	D	11,975	7,346	4,629
Heathwood	67 Noosa Street	D	11,800	11,250	550
Lytton	142-150 Benjamin Place[36]	E	-	8,725	(8,725)
Mackay	69-79 Diesel Drive	E	35,000	30,100	4,900
Morningside	326 & 340 Thynne Road	E	43,725	41,625	2,100
Pinkenba	70-82 Main Beach Road	E	26,200	20,500	5,700
Wacol	41 Bivouac Place	E	45,400	39,000	6,400
Wacol[37]	498 Progress Road – Bldg C	E	12,500	-	12,500
			192,800	164,546	28,254
Industrial - Development					
Acacia Ridge	56 Peterkin Street	D	7,000	6,808	192
Acacia Ridge	69 Peterkin Street	E	11,000	11,079	(79)
North Lakes	109 – 135 Boundary Road	E	20,000	-	20,000
Wacol	372 Progress Road	D	4,410	-	4,410
Wacol	498 Progress Road	E	9,826	9,221	605
			52,236	27,108	25,128
Total industrial			**245,036**	**191,654**	**53,382**
Office					
Box Hill	436 Elgar Road	E	39,000	33,250	5,750
Cairns	9-19 Lake Street	E	86,500	60,563	25,937
Richmond	572-576 Swan Street (Bot. 7)	D	54,000	53,688	312
Richmond	588A Swan Street (Botanicca 9)	D	57,000	59,042	(2,042)
Total office			**236,500**	**206,543**	**29,957**
Value Accretive Additions					
Acacia Ridge	69 Peterkin Street	D	1,722	-	1,722
Cairns	9-19 Lake Street	D	247	-	247
Box Hill	436 Elgar Road	D	593	-	593
Richmond	588A Swan Street (Botanicca 9)	D	222	-	222
Total value accretive additions			**2,784**	**-**	**2,784**

cont'd

35 D = Directors' valuation. E = external, independent valuation.

36 Fair value of the Lytton property has been determined as the contract sale price of $11,000,000 less vendor remediation works of $325,000.

37 Building C at 498 Progress Road, Wacol was completed in May 2021. The remaining undeveloped land at 498 Progress Road continues to be shown in the table as industrial land for development.

As at 30 June		Type[38]	2021 $000	2020 $000	Movement $000
Property held by Company					
Townsville	30 Palmer Street	D	**1,250**	1,250	-
Properties sold					
Archerfield	839 Beaudesert Road		-	6,000	(6,000)
Varsity Lakes	154 Varsity Parade		-	12,000	(12,000)
Total sales			**-**	**18,000**	**(18,000)**
Total investment properties (non-current assets)			**485,570**	**417,447**	**68,123**
Properties held for sale (current asset)					
Lytton	142-150 Benjamin Place[39]		10,675	-	10,675
Total investment properties (current and non-current assets)			**496,245**	**417,447**	**78,798**

GARDA has executed a contract to sell its Lytton industrial property for a price of $11,000,000 (plus costs). Settlement, which is conditional upon remediation works totaling $325,000 being undertaken by GARDA, is expected to occur in August 2021.

Contractual obligations

Contractual obligations with respect to investment properties at 30 June 2021 were as follows:

Properties	Nature of Obligation	$000
Acacia Ridge, 69 Peterkin Street	Development	5,442
Northlakes, 109-135 Boundary Road	Development	115
Richlands, 72 Bandara Street	Settlement	2,163
Richlands, 56 and 64 Bandara Street	Settlement	4,325
Wacol, 372 Progress Road [40]	Settlement	2,645
Total contractual obligations		**14,690**

Leasing arrangements

Investment properties listed above (excluding land at 26-30 Grafton Street, Cairns, land at 30 Palmer Street, Townsville and properties under construction) are typically leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are disclosed in note 22. Any impacts on tenant credit risk due to COVID-19 have been disclosed in note 16.

Amount recognised in profit or loss for investment properties

Revenue and direct expenses relating to investment properties are disclosed in notes 5 and 6.

38 D = Directors' valuation. E = external, independent valuation.

39 Fair value of the Lytton property has been determined as the contract sale price of $11,000,000 less vendor remediation works of $325,000.

40 Relates to settlement of the third tranche of 372 Progress Road, Wacol property which completed after year end.

NOTE 10 TRADE AND OTHER PAYABLES

Year ended 30 June	GARDA 2021 $000	GARDA 2020 $000	Company 2021 $000	Company 2020 $000
Current				
Trade creditors	26	1,853	25	615
Other payables	3,019	1,485	1,056	-
Loan payable to parent entity	-	-	5,044	1,433
	3,045	**3,338**	**6,125**	**2,048**

NOTE 11 INTANGIBLE ASSETS

Year ended 30 June	GARDA 2021 $000	GARDA 2020 $000	Company 2021 $000	Company 2020 $000
Goodwill	33,586	33,586	-	-
Accumulated impairment loss expense	(33,586)	-	-	-
	-	**33,586**	**-**	**-**

Goodwill was recognised on the acquisition by GARDA of GARDA Capital Group in FY20. Goodwill has an indefinite useful life and is tested annually for impairment. It is considered to be impaired if its recoverable amount is less than its carrying amount.

The recoverable amount of GARDA's goodwill has been determined using the value in use approach and was calculated by discounting estimated future cash flows. Cash flow projections were based on financial projections, including the board approved budget for the year ending 30 June 2022.

The range of discount rates adopted in the valuation of the Investment Properties in FY21 has reduced to 6.00% to 7.25%. In the absence of material increases to forecast cash inflows, to avoid impairment, GARDA's overall discount rate would need to reduce (FY20: 6.75%) to a level the Directors do not believe can be supported over the longer term. Accordingly, the total goodwill of $33,586,000 has been impaired.

NOTE 12 BORROWINGS

	GARDA		Company	
	2021	2020	2021	2020
	$000	$000	$000	$000
Non-current				
Bank loans (secured)	210,000	188,115	-	-
Less: unamortised transaction costs	(970)	(1,462)	-	-
	209,030	**186,653**	**-**	**-**

Syndicated Debt Facility

Amount and Tenor

On 15 June 2021, GARDA secured a $28,000,000 increase in its existing debt facility, taking the total facility to $228,000,000.

At 30 June 2021, GARDA had $18,000,000 of borrowing capacity available:

Facility	Facility Limit $000		Amount Drawn $000		Amount Available $000	
	2021	2020	2021	2020	2021	2020
Total facilities	228,000	200,000	210,000	188,114	18,000	11,886

GARDA's syndicated bank debt facility with its banks expires on 3 March 2023. Loan repayments are interest only with a lump sum payment of all amounts outstanding due at maturity. There is a fixed line fee on the facilities and interest is based on the applicable BBSY rate plus margin.

At 30 June 2021, GARDA's gearing was 38.6%[41] (2020: 36.7%).

Security

The syndicated bank debt facility is secured by:

a) a first registered general security deed in respect of all assets and undertakings of GARDA;

b) a first registered real property mortgage in respect of each property in the Fund portfolio;

c) a first registered general security deed in respect of all assets and undertakings of the Company and its secured subsidiaries; and

d) a specific security agreement over restricted cash accounts of GARDA.

Notwithstanding the terms of the facility, the registered title to all the assets of the Fund, including the properties, are held by The Trust Company (Australia) Limited, as custodian, who holds title for the relevant fund. This is an ASIC regulatory requirement.

[41] Gearing ratio is calculated as (total interest-bearing debt less cash) divided by (total assets less cash). Gearing has increased in FY21 primarily due to goodwill of $33,586,000 being impaired.

Covenants

Key financial covenants and other metrics under the syndicated bank debt facility include:

a) interest cover ratio is to remain above 2.50 times;

b) loan to value ratio (LVR) must remain under 50%; and

c) adjusted gearing ratio[42] is to remain under 1.20 times.

The Group complied with these financial covenants at all times during the financial year.

Financial undertakings

Financial undertakings under the syndicated bank facility include the following:

a) the aggregate earnings before interest, taxes, depreciation and amortisation (**EBITDA**) of the obligors represents at least 90% of the aggregate EBITDA of the Group; and

b) the aggregate total assets of the obligors represent at least 90% of the aggregate total assets of the Group.

NOTE 13 DERIVATIVE FINANCIAL INSTRUMENTS

Year ended 30 June	GARDA		Company	
	2021	2020	**2021**	2020
	$000	$000	**$000**	$000
Non-Current				
Interest rate swap contract asset	2,057	-	-	-
Interest rate swap contract liability	-	(1,536)	-	-
Total interest rate swap asset/(liability)	2,057	(1,536)	-	-

GARDA executed interest rate swap agreements on 4 March 2020 totaling $100,000,000, including $70,000,000 for a term of 7 years at a rate of 0.81% and $30,000,000 for a term of 10 years at a rate of 0.98%.

NOTE 14 DISTRIBUTIONS PAYABLE

Year ended 30 June	GARDA		Company	
	2021	**2020**	**2021**	**2020**
	$000	**$000**	**$000**	**$000**
Current				
Distribution payable	3,754	3,763	-	-
Movement in provisions:				
Opening balance at beginning of year	3,763	3,565	-	-
Distributions provided for	15,017	16,430	-	-
Distributions paid	(15,026)	(16,232)	-	-
Closing balance	**3,754**	**3,763**	**-**	**-**

[42] Adjusted gearing ratio is calculated as adjusted total liabilities divided by adjusted total assets. Adjustments made to the total liabilities and total assets include certain non-cash items and goodwill in accordance with GARDA's syndicated facility agreement.

NOTE 15 EARNINGS PER STAPLED SECURITY

Year ended 30 June	GARDA 2021 $000	GARDA 2020 $000	Company 2021 $000	Company 2020 $000
Net profit/ (loss) after tax attributable to securityholders	35,689	5,567	(1,637)	5,475
Basic earnings per stapled security (cents)	17.11	2.90	(0.78)	2.41
Diluted earnings per stapled security (cents)	16.11	2.85	(0.78)	2.41
Basic earnings per stapled security [43] (securities)	208,570,668	191,658,317	208,570,668	191,658,317
WANOS[44] - diluted earnings per stapled security (securities)	221,479,161	195,142,591	221,479,161	195,142,591

NOTE 16 FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The Directors' overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis.

Specific Financial Risk Exposures and Management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk relating to interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure the different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and maturity analysis for liquidity risk.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. There have been no substantive changes in the types of risks to which the Group is exposed, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period. Further details regarding these policies are set out below:

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge its obligations, resulting in the Group incurring a financial loss.

The maximum exposure to credit risk, excluding the value of any collateral or other security, is recognised as financial assets net of provisions for impairment in the Statement of Financial Position and notes to the financial statements. The Group holds security deposits of $246,000 (2020: $349,000) and also has bank guarantees in the Group's favour of $11,228,000 (2020: $9,695,000) not recorded in the statement of financial position, which may be drawn upon in the event of default (subject to federal government guidelines due to COVID-19 pandemic).

Credit risk is managed through procedures designed to ensure, to the extent possible, customers and counterparties to transactions are of sound credit worthiness and includes monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment.

Credit risk is also minimised by investing surplus funds in financial institutions that maintain a high credit rating. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through obtaining security by way of personal or commercial guarantees over assets of sufficient value.

[43] Refer note 18.

[44] Weighted average number of securities.

The credit quality of cash and cash equivalents held by the Group is considered strong. Credit risk related to balances with banks is managed in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties which are large financial institutions with strong credit ratings.

Credit risk exposures

The Group applies the AASB 9 simplified approach to measuring expected credit losses. This approach uses a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix with fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and available forward-looking information.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counterparty to the transaction.

Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

Additionally, at each reporting date, the Group assesses whether financial assets carried at amortised cost are "credit-impaired". A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Due to the COVID-19 pandemic, the Group has a tenant credit risk exposure of $162,000 as at 30 June 2021. The balance owed is within pre-agreed rental deferral terms. Management closely monitors the receivable balance on a monthly basis and is in regular contact with the tenant. At the date of report, there were no loss recognised as result of tenants not paying as per pre-agreed rental deferral terms.

All of the Group's fully secured debt investments are considered to have low credit risk. Financial assets are considered to be low credit risk when they have a low risk of default and the customer has a strong capacity to meet its contractual cash flow obligations in the near term.

Generally, receivables are written off by management when there is no reasonable expectation of recovery. Indicators include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than one year.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects the contractual maturity of fixed and floating rate financial liabilities. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2021. The amounts disclosed represent undiscounted cash flows.

The remaining contractual maturities of the financial liabilities are set out in the following table.

	Note	GARDA 2021 $000	GARDA 2020 $000	Company 2021 $000	Company 2020 $000
Less than one year					
Trade and other payables[45]	10	3,045	3,338	1,081	615
Loan to parent entity	10	-	-	5,043	1,433
Distribution payable	14	3,754	3,763	-	-
Interest on loans		4,739	4,524	-	-
		11,538	**11,625**	**6,124**	**2,048**
Between one and five years					
Bank loans	12	210,000	188,115	-	-
Interest on loans		3,207	7,557	-	-
Derivative financial instruments	13	-	1,536	-	-
		213,207	**197,208**	**-**	**-**

Market (or Interest Rate) Risk

Interest rate risk is the risk that the fair value of the cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's main interest rate risk arises from borrowings with variable interest rates.

The Group manages interest rate risk by using interest rate swaps which have the effect of converting a portion of borrowings from variable to fixed rates.

Interest rate risk sensitivity

The net interest rate exposure of the Group is $128,000,000 (FY20: $100,000,000) being the Group debt facility of $228,000,000 (FY20: $200,000,000) less the notional principal of amount of the interest rate swap of $100,000,000 (FY20: $100,000,000). The impact of 0.5% increase/decrease in market interest rates at balance date would be result in a $640,000 (FY20: $500,000) decrease/increase in profit or loss per annum.

NOTE 17 FAIR VALUE MOVEMENT

The following assets and liabilities are recognised and measured at fair value on a recurring basis:

- Financial assets: Derivative financial instruments at fair value through profit and loss
- Non-financial assets: Investment properties
- Financial liabilities: Derivative financial instruments at fair value through profit and loss

There are various methods used in estimating the fair value of a financial instrument:

Level 1: fair value is calculated using quoted prices in active markets.

Level 2: fair value is estimated using inputs that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The following table sets out GARDA's assets and liabilities that are measured and recognised at fair value in the financial statements.

45 These amounts exclude GST payable balances at year end in accordance with AASB 132.

	Notes	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
30 June 2021					
Assets					
Investment properties (non-current)	9	-	-	485,570	485,570
Investment properties held for sale (current)	9	-	-	10,675	10,675
Derivative financial instruments	13	-	2,057	-	2,057
		-	**2,057**	**496,245**	**498,302**
Liabilities					
Derivative financial instruments	13	-	-	-	-
		-	-	-	-
30 June 2020					
Assets					
Investment properties	9	-	-	417,447	417,447
		-	**-**	**417,447**	**417,447**
Liabilities					
Derivative financial instruments	13	-	1,536	-	1,536
		-	**1,536**	**-**	**1,536**

There were no transfers during the year between Level 1 and Level 2 for recurring fair value measurements.

GARDA's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

Disclosed fair values

The carrying amounts of financial assets and liabilities approximate their net fair value, unless otherwise stated. The carrying amounts of financial assets and liabilities are disclosed in the Statements of Financial Position and in the notes to the financial statements.

The following table sets out the valuation techniques used to measure fair value within Level 3, including details of the significant unobservable inputs used and the relationship between unobservable inputs and fair value.

Investment properties

The Directors consider the valuations of each investment property every six months and either ensure an external independent valuer is instructed or adopt a Directors' valuation.

Industrial and office assets are usually valued using the capitalisation approach (market approach) and the discounted cash flow approach (income approach). These valuations are typically compared to, and supported by, direct comparison to recent market transactions.

The fair values of development properties under construction are usually based on the market values of the properties assuming they had already been completed at valuation date, provided such market values may be reliably ascertained.

In relation to vacant land, or where there are no commitments for construction, fair values are assessed through direct comparison with third party sales for similar assets in a comparable location.

Discount rates, terminal yields, expected vacancy rates and rental growth rates are estimated by an external valuer (or in the case of Directors' valuations, Directors) based on comparable transactions and industry data.

Unobservable inputs	Range of inputs 2021	2020	Relationship between unobservable inputs and fair value
Discount rate	6.00% - 7.50%	6.75% - 9.00%	The higher the discount rate, terminal yield and expected vacancy rate, the lower the fair value.
Capitalisation rate	5.00% - 7.25%	5.75% - 8.50%	
Terminal yield	5.25% - 7.00%	6.00% - 8.50%	
Expected vacancy rate	0%	0 - 5%	
Rental growth rate	2.60% - 3.29%	2.26% - 3.04%	The higher the rental growth, the higher the fair value. Based on Gross Face Rental growth 10 year CAGR[46].

Financial assets and liabilities

For derivative financial instruments (interest rate swap), fair value is determined by GARDA's banks. The valuation models used by the banks are industry standard and adopt a Black-Scholes framework to calculate the expected future value of derivative payments, which are then discounted back to present value.

Interest rate inputs into the bank models are benchmark rates and are deemed observable, resulting in the derivatives being categorised as Level 2 instruments. There were no significant inter-relationships with unobservable inputs that materially affected fair values.

Reconciliation of Level 3 fair value movements

Refer to note 9 for the reconciliation of movements in investment properties. There have been no transfers to or from Level 1 or 2. There were no unrecognised gains/(losses) recognised in profit or loss for investment properties.

NOTE 18 CONTRIBUTED EQUITY

Year ended 30 June	GARDA 2021 Securities	GARDA 2020 Securities	Company 2021 Shares	Company 2020 Shares
Ordinary securities/ shares	**227,644,361**	**227,644,361**	**227,644,361**	**227,644,361**
Movements during the year				
Balance at beginning of year	227,644,361	158,444,594	227,644,361	-
Acquisition consideration for investment properties	-	4,411,765	-	-
Placement	-	22,500,000	-	-
Securities issued on incorporation	-	-	-	185,356,359
Securities issued for internalisation	-	42,288,002	-	42,288,002
Total issued securities as per ASX	**227,644,361**	**227,644,361**	**227,644,361**	**227,644,361**
Treasury Securities	(4,233,693)	(9,233,693)	(4,233,693)	(9,233,693)
Securities on issue under GARDA ESP	(14,840,000)	(9,840,000)	(14,840,000)	(9,840,000)
Total issued securities for financial statements	**208,570,668**	**208,570,668**	**208,570,668**	**208,570,668**

46 CAGR is the compound annual growth rate.

Treasury securities

The Fund owns 100% of GARDA Capital Trust which, in turn, owned 4,233,693 stapled securities in GARDA at 30 June 2021. In accordance with Australian Accounting Standards, these securities are designated as treasury securities and have been deducted from equity and excluded from total issued securities of 227,644,361.

During the year, 5,000,000 treasury securities were transferred pursuant to the GARDA Employee Security Plan (**GARDA ESP**), leaving the balance of 4,233,693 treasury securities at 30 June 2021.

Employee security plan securities

At 30 June 2021, 14,840,000 securities had been issued under the GARDA ESP of which 1,920,000 have vested, including 1,440,000 which vested during FY21.

5,000,000 securities were issued under the GARDA ESP during the year after being transferred from treasury securities.

In accordance with Australian Accounting Standards, all GARDA ESP securities (including vested securities) are deducted from equity and excluded from total issued securities of 227,644,361 until such time as the underlying limited recourse loans are repaid.

Refer to note 20 for further details.

NOTE 19 RELATED PARTIES AND KEY MANAGEMENT PERSONNEL

Transactions between related parties occurred on standard commercial terms and conditions, unless otherwise stated.

KMP compensation

KMP receive compensation in the form of short-term benefits, post-employment benefits, long-term benefits, termination benefits and security based payments. The aggregate remuneration paid to KMP[47] is set out below:

		GARDA		Company
Year ended 30 June	**2021**	2020	**2021**	2020
	$	$	**$**	$
Short-term benefits	1,754,159	1,151,383	1,754,159	1,151,383
Post-employment benefits	92,318	63,834	92,318	63,834
Long-term benefits	10,774	6,276	10,774	6,276
Security based payments	635,878	406,377	635,878	406,377
Total remuneration paid	**2,493,129**	**1,627,870**	**2,493,129**	**1,627,870**

Transactions with KMP and their related parties

There have been no transactions with KMP and their related parties during the year.

Employee security plan

Details of the current KMP participants in the GARDA ESP are set out in the following table:

KMP	Issue date[48]	Securities granted	Exercise Price	Fair value at grant date	Loan value 30 June 2021	Vesting date
Matthew Madsen	13 Nov 2017	960,000	0.63	0.70	493,052	13 Nov 2020
	16 Apr 2020	5,000,000	1.00	0.06	4,924,420	16 Apr 2023
	18 Nov 2020	5,000,000	1.16	0.10	5,788,384	19 Nov 2023
Mark Hallett	16 Apr 2020	1,000,000	1.00	0.06	993,736	16 Apr 2023
David Addis	3 Jun 2019	320,000	1.08	0.24	325,215	3 Jun 2021
	23 Aug 2019	240,000	1.22	0.11	288,182	23 Aug 2021
	23 Aug 2019	240,000	1.22	0.10	288,182	23 Aug 2022
Lachlan Davidson	13 Nov 2017	160,000	0.63	0.11	82,222	13 Nov 2019
	13 Nov 2017	160,000	0.63	0.13	82,222	29 Nov 2019
	23 Aug 2019	240,000	1.22	0.11	288,182	23 Aug 2021
Total		**13,320,000**			**13,553,797**	

The GARDA ESP limited recourse loans are not accounted for in the statement of financial position.

47 KMP in FY20 included Mark Scammells, Director Projects and Acquisitions. For FY21, the Board has determined that Mr Scammells does not satisfy the definition of KMP and should not be included in the Remuneration Report.

48 ESP Securities issued prior to the internalisation transaction on 29 November 2019 were issued under the former GARDA Capital Group employee security plan, with the number and exercise price of such securities being adjusted for the internalisation exchange ratio of 1.6x.

NOTE 20 SECURITY BASED PAYMENTS EXPENSE

The GARDA ESP is designed to:

- incentivise employees to deliver long-term securityholder value;
- align the interests of employees and securityholders;
- recognise individual performance; and
- ensure the Group has a competitive remuneration structure.

Participation in the GARDA ESP is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The vesting of securities occurs over a two to three-year period, and subject to the participant remaining an employee of the Group.

The employees who participated in the issue of securities under the GARDA ESP were provided limited recourse loans on the grant date of an amount equal to the application price of the securities (market price per security on grant date).

Interest on the limited recourse loan for any particular year is equal to the Australian Tax Office fringe benefits tax benchmark interest rate. The limited recourse loan for the participants has a term of eight years. The securities issued under the GARDA ESP are subject to employee tenure conditions, however the overall ESP terms and conditions are at the discretion of the Board.

The total non-cash expense arising from security based payment transactions for the period was as follows:

	GARDA		Company	
Year ended 30 June	**2021**	2020	**2021**	2020
Securities granted under GARDA ESP	740	444	740	444

Fair value of securities granted

The fair value at grant date is determined using the Black and Scholes option pricing model, taking into account the exercise price, term of the security, security price at grant date and expected price volatility of the underlying security, expected dividend yield, risk-free interest rate for the term of the security and certain probability assumptions.

The expected price volatility is based on the historic average volatility of peer group entities or similar entities compared to GARDA Property Group, adjusted for any expected changes to future volatility due to publicly available information.

Details of securities under the limited recourse loan funded GARDA ESP including securities issues during the post-internalisation period and the Black and Scholes option pricing model input for securities granted are set out below:

Grant date	Vesting date	Share price at effective grant date	Exercise price	Fair value at grant date	Number of securities	Limited recourse loan	Expected volatility	Dist'n yield	Risk free rate
13 Nov 2017	13 Nov 2020	$1.395	$0.63	$0.70	960,000	$493,052	10%	6%	2%
3 Jun 2019	3 Jun 2021	$1.395	$1.08	$0.24	480,000	$487,895	10%	6%	2%
23 Aug 2019	23 Aug 2021	$1.395	$1.22	$0.11	1,520,000	$1,535,375	10%	6%	2%
23 Aug 2019	23 Aug 2022	$1.395	$1.22	$0.10	400,000	$768,485	10%	6%	2%
16 Apr 2020	16 Apr 2023	$0.87	$1.00	$0.06	6,000,000	$5,918,156	30%	9%	1%
18 Nov 20[49]	19 Nov 2023	$1.22	$1.16	$0.10	5,000,000	$5,788,384	18%	6%	1%
					14,360,000	**$14,991,347**			

The weighted average exercise price of securities granted during the year was $1.22 (FY20: $1.01). The weighted average remaining contractual life of options outstanding at the end of period was 1.80 years (FY20: 2.50 years). The expected price volatility is based on the historic average volatility of GDF adjusted for any expected changes for future volatility due to publicly available information.

No securities were bought back and cancelled during the year or the prior year.

[49] As per AASB requirements, grant date is the AGM approval date.

NOTE 21 AUDITOR'S REMUNERATION

Year ended 30 June	GARDA 2021 $	GARDA 2020 $	Company 2021 $	Company 2020 $
Remuneration of the auditor for:				
Audit and review of the group financial report	140,000	115,000	70,000	57,500
Audit of stand-alone financial reports of the group entities	11,600	10,000	11,600	10,000
Total remuneration for audit services	**151,600**	**125,000**	**81,600**	**67,500**
Remuneration of the auditor for:				
Independent Limited Assurance Report – internalisation	-	109,560	-	-
AFSL audit of the group entities	10,500	6,000	10,500	6,000
Review and audit of compliance plan	19,000	19,000	19,000	19,000
IT consulting services	10,000	-	10,000	-
Tax services	3,850	-	3,850	-
Total remuneration for non-audit services	**43,350**	**134,560**	**43,350**	**25,000**

NOTE 22 COMMITMENTS

Year ended 30 June	GARDA 2021 $000	GARDA 2020 $000	Company 2021 $000	Company 2020 $000
Future minimum lease payments receivable:				
Within 1 year	23,077	18,410	-	-
Between 1 and 5 years	88,237	55,149	-	-
Later than 5 years	29,828	42,079	-	-
	141,142	**115,638**	**-**	**-**

NOTE 23 RIGHT-OF-USE ASSETS

Year ended 30 June	GARDA 2021 $000	GARDA 2020 $000	Company 2021 $000	Company 2020 $000
Non-current				
Right-of-use assets	270	403	270	403
	270	**403**	**270**	**403**
Reconciliation				
Opening balance	403	-	403	-
Additions	-	536	-	536
Depreciation	(133)	(133)	(133)	(133)
Closing balance	**270**	**403**	**270**	**403**

GARDA leases its head office under an agreement which commenced in July 2020 and expires in July 2023.

NOTE 24 LEASE LIABILITY

Year ended 30 June	GARDA 2021 $000	GARDA 2020 $000	Company 2021 $000	Company 2020 $000
Current	122	115	122	115
Non-current	130	252	130	252
	252	**367**	**252**	**367**

NOTE 25 CASH FLOW INFORMATION

Year ended 30 June	GARDA 2021 $000	GARDA 2020 $000	Company 2021 $000	Company 2020 $000
Reconciliation of cash flow from operations with profit/ (loss)				
Profit/ (loss) after income tax	**35,689**	**5,567**	**(1,637)**	**5,474**
Adjustments for items in profit or loss:				
Security based payment expense	740	444	740	444
Bargain purchase on acquisition	-	-	-	(6,187)
Depreciation	175	155	175	155
Credit loss expense	369	-	369	-
Goodwill impairment expense	33,586	-	-	-
Capitalisation of interest and fees on commercial loans	(952)	(328)	(450)	(264)
Net gain/(loss) in fair value of investment properties	(50,671)	6,996	-	-
Net gain/(loss) in fair value of derivative instruments	(3,593)	1,425	-	-
Amortisation of borrowing costs	548	414	-	-
Net gain on sale of investment properties	(881)	-	-	-
Interest expense on lease liabilities	8	12	8	12
Capitalised interest expense on investment properties	(916)	(1,699)	-	-
Movements in assets and liabilities:				
Trade and other receivables	(906)	2,064	(124)	-
Prepayments	(397)	(117)	(48)	(117)
Contract liabilities	(133)	(142)	-	-
Trade and other payables	(293)	473	466	33
Tenant security deposits	(104)	-	(13)	-
Provisions	30	17	30	17
Current tax liability	(2)	(544)	(2)	(544)
Deferred tax balances	(313)	(101)	(313)	(101)
Lease incentives	(295)	(644)	-	-
Cash flow from/(used in) operations	**11,689**	**13,992**	**(799)**	**(1,078)**

Non-cash movements

There were no non-cash financing and investing activities during the year and prior year.

Reconciliation of liabilities arising from financing activities

Liabilities arising from financing activities are liabilities for which cash flows are, or will be, classified as 'cash flows from financing activities' in the Statement of Cash Flows. Changes in the carrying amount of such liabilities, which comprise bank borrowings and loan payable to parent entities, are summarised below.

Year ended 30 June	GARDA 2021 $000	GARDA 2020 $000	Company 2021 $000	Company 2020 $000
Bank borrowings				
Balance at the beginning of the year	186,653	128,289	-	-
Cashflows	21,829	57,961	-	-
Non-cash changes - amortisation of borrowing costs	548	403	-	-
Loan from parent entity				
Balance at the beginning of the year	-	-	1,433	-
Cashflows	-	-	2,871	989
Non-cash changes – Security based payment expense	-	-	740	444
Balance at the end of the year	**209,030**	**186,653**	**5,044**	**1,433**

NOTE 26 PARENT ENTITY INFORMATION

Parent Entity

The Parent Entity of the Group is GARDA Diversified Property Fund.

30 June	2021 $000	2020 $000
ASSETS		
Current assets	27,783	20,532
Non-current assets[50]	497,586	475,189
Total assets	**525,369**	**495,721**
LIABILITIES		
Current liabilities	12,522	7,853
Non-current liabilities	209,275	188,525
Total liabilities	**221,797**	**196,378**
NET ASSETS	**303,572**	**299,343**
EQUITY		
Contributed equity	365,145	370,945
Reserve	1,184	444
Retained earnings	(62,757)	(72,046)
Total equity	**303,572**	**299,343**
PROFIT	**24,702**	**9,073**
Other comprehensive income	-	-
TOTAL PROFIT AND COMPREHENSIVE INCOME	**24,702**	**9,073**

The financial information for the Fund has been prepared on the same basis as the consolidated financial statements.

[50] As disclosed in Note 11, in FY21 GARDA has impaired $33,586,000 goodwill resulting from the internalisation transaction. As a result of that impairment decision, internalisation goodwill of $39,773,000 on the Parent Entity's Statement of Financial Position has also been impaired in FY21. The difference between the two goodwill amounts is the bargain purchase recognised by the Company in the internalisation transaction. In addition, the remaining investment of the Parent Entity was impaired by a further $8,722,000, reflecting the underlying net asset value of the investee entity.

Controlled entities of the Parent Entity

As at 30 June	Ownership Interest 2021	2020	Country of Incorporation
GARDA Capital Trust	100%	100%	Australia
GARDA Holdings Limited	100%	100%	Australia
GARDA Capital Limited	100%	100%	Australia
GARDA Real Estate Services Pty Ltd	100%	100%	Australia
GARDA Facilities Management Pty Ltd	100%	100%	Australia
GARDA Services Pty Ltd	100%	100%	Australia
GARDA Funds Management Limited ATF GARDA Capital Trust	100%	100%	Australia
GARDA Finance Pty Ltd	100%	100%	Australia
GARDA TSV Pty Ltd ATF GARDA TSV Unit Trust	100%	100%	Australia
GARDA TSV Unit Trust	100%	100%	Australia
GARDA Property Finance Pty Ltd	100%	100%	Australia
GARDA Capital RE Limited	100%	100%	Australia
Dormant entities wound up during the year:			
GARDA SUBCO Pty Ltd	-	100%	Australia
GARDA Property Services Pty Ltd	-	100%	Australia
GARDA REIT Holdings Pty Ltd ATF GARDA REIT Holdings Unit Trust	-	100%	Australia
GARDA REIT Holdings Unit Trust	-	100%	Australia
GARDA Property Funds Limited	-	100%	Australia

NOTE 27 CONTINGENT ASSETS AND LIABILITIES

Contingent assets

GARDA Capital Limited as responsible entity for the Fund is continuing its claim under warranties and indemnities given by various parties involved in the construction of the building Botanicca 7, at 572-576 Swan St, Richmond with respect to defects in the building. The Builder (formerly known as Cockram Construction Limited) has declared insolvency, and the responsible entity is dealing with the liquidator. Leave to proceed has been sought in the primary matter, which will be heard on 15 September 2021. As at 30 June 2021, it is not practicable to estimate the financial effect of the matter therefore no amount has been disclosed.

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 June 2021 or 30 June 2020.

NOTE 28 EVENTS SUBSEQUENT TO THE END OF THE PERIOD

As disclosed in the Operational Review and in note 9, GARDA has settled, or expects to settle, the acquisitions of the remaining lot at 372 Progress Road, Wacol and the Richlands property in the first quarter of the FY22 financial year.

The sale of the Lytton property is also expected to settle in the same timeframe once GARDA completes remediation works.

Otherwise, there are no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect:

- GARDA's operations in future financial years;
- the results of those operations in future years; or
- the state of affairs of GARDA in future years.

DIRECTORS' DECLARATION

In the opinion of the Directors of GARDA Property Group:

(a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001*; and

  (ii) giving a true and fair view of GARDA Property Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1;

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and

The Directors have been given the declarations by the Chief Executive Officer and Chief Operating Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

Matthew Madsen
Executive Chairman

12 August 2021

INDEPENDENT AUDITOR'S REPORT

PITCHER PARTNERS

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Brisbane, QLD 4000

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Independent Auditor's Report
To the Stapled Security holders of GARDA Property Group and to the Share Holders of GARDA Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of GARDA Property Group and GARDA Holdings Limited and its controlled entities ("the Group"), which comprises the consolidated statements of financial position as at 30 June 2021, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies, and the directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the 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 Group, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

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

PITCHER PARTNERS

Key audit matter	How our audit addressed the key audit matter
Valuation of investment property ***Refer to Note 9: Investment Properties***	
At 30 June 2021 the Group's consolidated statement of financial position includes investment properties, which are recorded at fair value, with a carrying value of $496.24 million. This represents 96% of total assets. As disclosed in Notes 9 and 17 of the financial report, fair values are determined by the directors at the end of each reporting period with reference to external independent property valuations or internal directors' valuations. The fair value is determined using the following two methodologies: • The capitalisation of income method applies a capitalisation rate to normalised market operating income. • The discounted cash flow method involves the projection of a series of cash flows and terminal value calculations discounted to present value. Any change in the fair value of investment properties is recognised in the consolidated statement of profit or loss and other comprehensive income. External valuations include a material valuation uncertainty clause in relation to the valuation of investment properties. These clauses highlight that real estate markets are currently being impacted by COVID 19 and that this means that there is less certainty and consequently a higher degree of caution should be attached to the valuations than would normally be the case. This represents a significant estimation uncertainty in relation to the valuation of investment properties. This was considered a key audit matter due to the number of key judgements required in determining fair value. These key judgements include determining the capitalisation rates, discount rates, market rents, re-leasing costs, forecast occupancy levels and forecast capital expenditure. The valuations for investment properties also include inputs such as net income, occupancy rate and lease term remaining. Minor changes in these key judgements and inputs can lead to significant changes in the valuation. The financial report discloses the sensitivity of these valuations to changes in key judgements and inputs.	Our audit procedures included amongst others: • Obtaining an understanding of, and evaluating the relevant controls associated with management's valuation assessment, as well as assessing the oversight applied by the directors; • Assessing the competence, capabilities, and the objectivity of the independent valuers; • Evaluating the property valuations including an assessment of the appropriateness of the valuation methodology adopted, including a comparison of the capitalisation of income method and the discounted cashflow valuation method; • Evaluating the movements in capitalisation rates, discount rates, market rents, re-leasing costs, forecast occupancy levels and forecast capital expenditure applied based on our knowledge of the property portfolio and published reports of industry commentators; • Testing key inputs to the valuations including, net income, occupancy rate and lease term remaining for consistency with existing lease contracts made to the valuation; and • Assessing the adequacy of the relevant disclosures in the financial report, including key judgements, inputs and sensitivity analysis.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment for goodwill ***Refer to Note 11: Intangible Assets***	
The Group recognised $33.59 million impairment expense in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2021. Goodwill of $nil remains in the consolidated statement of financial position at 30 June 2021. The directors assessed goodwill for impairment at 30 June 2021. As disclosed within Note 11 to the financial report, the assessment of the impairment of the Group's goodwill incorporated assumptions and estimates, specifically concerning factors such as cash flow forecasts, discount rates and terminal growth rates within a discounted cash flow assessment. These estimates and assumptions incorporate future performance, market and economic conditions. Minor changes in assumptions can lead to significant changes in the recoverable amount of these assets. Accordingly, we consider this to be a key audit matter.	Our audit procedures included amongst others: • Obtaining an understanding of, and evaluating the relevant controls associated with management's impairment assessment of goodwill; • Assessing management's determination of the Group's CGUs based on our understanding of the nature of the Group's business; • Assessing the assumptions and estimates used by the Group, by considering our knowledge of the business and corroborating data with external information where possible; • Evaluating the appropriateness of discount and terminal growth rates applied, comparing with market data and industry research; • Testing the mathematical accuracy of the impairment testing models including the consistency of relevant data with latest Board approved forecasts; • Performing sensitivity analysis on key assumptions including discount rates and terminal growth rates; and • Assessing the adequacy of the disclosure in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 22 of the directors' report for the year ended 30 June 2021. In our opinion, the Remuneration Report of GARDA Property Group, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Pitcher Partners

PITCHER PARTNERS

WARWICK FACE
Partner

Brisbane, Queensland
12 August 2021

CORPORATE GOVERNANCE STATEMENT

The Board and management of GARDA consider it is crucial for the long term performance and sustainability of the Group, and to protect and enhance the interests of its securityholders and other stakeholders, that it adopts an appropriate corporate governance framework pursuant to which it will conduct its operations with integrity, accountability and in a transparent and open manner.

GARDA regularly reviews its governance arrangements as well as developments in market practice, expectations and regulation. The governance arrangements were reviewed in June 2021.

The Corporate Governance Statement has been approved by the Boards of the Company and GARDA Capital Limited (as responsible entity) and explain how the GARDA addresses the requirements of the Corporations Act 2001, the ASX Listing Rules and the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 4th Edition' (the 'ASX Principles and Recommendations'). It is current as at 30 June 2021.

GARDA's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in this statement, the 2021 Annual Report of the GARDA Property Group and other relevance governance documents and materials on the GARDA website (together the 'ASX Appendix 4G'), is provided in the corporate governance section of our website at:

https://gardaproperty.com.au/who-we-are/corporate-governance/

The Corporate Governance Statement together with the ASX Appendix 4G and this Annual Report, were lodged with the ASX on the same date.

The Board strives to meet the highest standards of corporate governance but recognises that it is also crucial that the governance framework of GARDA reflects the current size, operations and industry in which GDF and its related entities operate.

GARDA has complied with the majority of recommendations of the ASX Principles and Recommendations. The Board believes the areas of non-conformance, which are explained in the Corporate Governance Statement and the ASX Appendix 4G, will not materially impact the ability of the Group to achieve the highest standards of corporate governance nor its ability to meet the expectations of its securityholders and other stakeholders.

SECURITYHOLDER INFORMATION

The securityholder information set out below was applicable as at 30 June 2021.

Distribution of equity securities

Range	Securities	No. of holders	%
100,001 and Over	171,055,870	177	75.14
10,001 to 100,000	48,170,603	1,545	21.16
5,001 to 10,000	5,058,699	665	2.22
1,001 to 5,000	3,230,177	1,126	1.42
1 to 1,000	129,012	245	0.06
Total	**227,644,361**	**3,758**	**100.00**

There are 80 unmarketable parcels of less than $500 worth of securities. These unmarketable parcels comprise a total of 5,187 securities.

Top 20 securityholders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Number Held	Percentage of issued securities (%)
HGT Investments Pty Ltd	36,185,787	15.90
J P Morgan Nominees Australia Pty Ltd	11,789,268	5.18
Longhurst Management Services Pty Ltd	11,742,833	5.16
Madsen Nominees Pty Ltd	10,960,000	4.81
Madsen Nominees Pty Ltd	7,354,958	3.23
Australian Executor Trustees Limited	6,681,056	2.93
Mr Peter Zinn	4,989,674	2.19
Glenelg Park Nominees Pty Ltd	4,741,734	2.08
JJG Equities Pty Ltd	4,514,831	1.98
The Trust Company (Australia) Limited	4,233,693	1.86
Extra Large Pty Ltd	3,052,074	1.34
Mr Peter John Zinn	3,000,000	1.32
Asia Union Investments Pty Limited	3,000,000	1.32
HSBC Custody Nominees (Australia) Limited	2,304,353	1.01
Pine Factory SF Pty Ltd	2,100,152	0.92
Ardnaw Pty Ltd	2,053,525	0.90
Mr Richard Eaton-Wells & Mrs Frances Catherine Economidis	2,015,438	0.89
Perrins RAP Pty Ltd	1,889,592	0.83
Citicorp Nominees Pty Limited	1,658,021	0.73
First Samuel Ltd	1,433,710	0.63
	125,700,699	**55.21**

Substantial holders

The names of the substantial securityholders listed in the holding register are:

Name[51]	Number Held	Percentage of issued securities (%)
HGT Investments Pty Ltd	36,185,787	15.90
Madsen Nominees Pty Ltd	19,114,958	8.40
J P Morgan Nominees Australia Pty Limited	11,789,268	5.18
Longhurst Management Services Pty Ltd	11,742,833	5.16
	78,832,846	**34.64**

Voting rights

Each securityholder confers the right to vote at meeting of Securityholders, subject to any voting restrictions imposed on a Securityholder under the Corporations Act and the ASX Listing Rules.

On a show of hands, each Securityholder has one vote. On a poll, each Securityholder has one vote for each dollar value of securities held. The Group will follow the ASX recommendation that all significant resolutions will be conducted by poll.

51 Substantial holders may include all associates, as required by ASX Listing Rules.

CORPORATE DIRECTORY

DIRECTORS

Matthew Madsen
Executive Chairman and Managing Director

Mark Hallett
Executive Director

Philip Lee
Non-executive Director

Paul Leitch
Independent Director

Morgan Parker
Independent Director

Andrew Thornton
Non-executive Director

COMPANY SECRETARY

Lachlan Davidson
General Counsel and Company Secretary

REGISTERED OFFICE

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AUDITOR

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SHARE REGISTRY

Link Market Services
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Sydney NSW 2000

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STOCK EXCHANGE LISTING

GARDA Property Group is listed as a stapled security on the Australian Securities Exchange Limited (ASX: GDF)

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GARDA

GARDA PROPERTY GROUP (ASX: GDF)

Annual Financial Report 2021

GARDA