

**Appendix 4D**  
**Results for announcement to the market**  
**GDI PROPERTY GROUP**

The Appendix 4D should be read in conjunction with the half yearly financial report of GDI Property Group for the half year ended 31 December 2015.

1. GDI Property Group

This report is for GDI Property Group, comprising the stapled entities GDI Property Group Limited (ACN 166 479 189) (“the Company”) and GDI Property Trust (ARSN 166 598 161) (“the Trust”).

GDI Property Group was formed on 16 December 2013 by the stapling of shares in the Company to units in the Trust. Each stapled security consists of one share in the Company and one unit in the Trust, which pursuant to a Co-operation Deed dated 25 November 2013, cannot be dealt with or traded separately.

The responsible entity of the Trust is GDI Funds Management Limited (ACN 107 354 003, AFSL 253 142), a wholly owned subsidiary of the Company.

For the purposes of statutory reporting, the stapled entity, GDI Property Group, is accounted for as a consolidated group. Accordingly, one of the stapled entities must be the ‘deemed acquirer’ of the other, with the Company being chosen as the deemed acquirer of the Trust.

2. Reporting period

The financial information contained in this report is for the six month period from 1 July 2015 to 31 December 2015.

3. Highlights of the results

GDI Property Group	December 2015	December 2014
	<b>\$'000</b>	\$'000
Revenue from ordinary activities	<b>41,486</b>	40,627
Comprehensive net profit attributable to security holders after tax	<b>17,037</b>	36,091
Funds from operations (FFO) <sup>1</sup>	<b>26,013</b>	23,707
Distribution to security holders	<b>(20,879)</b>	(21,284)
	<b>Cents</b>	Cents
Funds from operations per security	<b>4.815</b>	4.180
Distributions per security for the period	<b>3.875</b>	3.750
Payout ratio (distributions as a % of FFO)	<b>80%</b>	90%
Payout ratio (distributions as a % of AFFO) <sup>2</sup>	<b>102%</b>	101%
Basic earnings per security <sup>3</sup>	<b>3.134</b>	6.360
Diluted earnings per security <sup>3</sup>	<b>3.123</b>	6.340

1 FFO is a Property Council of Australia definition which adjusts AIFRS net profit for non-cash changes in investment properties, non-cash impairment of goodwill, non-cash fair value adjustments to financial instruments, amortisation of incentives, straight-line adjustments and other unrealised one-off items. GDI Property Group also adjusts funds management performance fees charged that remain unpaid from its calculation of FFO. A reconciliation of total comprehensive income for the period to FFO is provided at section 2.1 of the Directors’ Report.

2 AFFO adjusts FFO for incentives paid during the period and maintenance capex.

3 This calculation is based on the comprehensive profit attributable to stapled security holders of GDI Property Group.

GDI Property Group	31 December 2015	30 June 2015
	<b>\$'000</b>	\$'000
Total assets	<b>806,925</b>	914,434
Total borrowings	<b>224,655</b>	322,154
Security holders equity	<b>550,109</b>	556,256
Market capitalisation	<b>460,690</b>	476,895
	<b>\$ per Security</b>	\$ per Security
Net tangible assets per security <sup>4</sup>	<b>0.99</b>	0.99
Security price	<b>0.855</b>	0.875
Securities on issue	<b>538,819,098</b>	545,022,346
Weighted average securities on issue	<b>540,246,438</b>	564,568,377

4 GDI Property Group excludes derivative financial instruments from its calculation of NTA. If derivative financial instruments were included, GDI Property Group's NTA would be \$0.99.

#### 4. Commentary on the results

Refer to the Directors' Report of the 31 December 2015 half yearly financial report for a commentary on the results of the Group.

#### 5. Dividends/distributions declared and paid and dividend/distribution reinvestment plan

Distributions/dividends declared or paid in respect of the reporting period were:

	Amount per security	Total distribution	Franked amount per security
	cents	\$'000	cents
2015 final – paid 28 August 2015	3.750	20,438	-
2016 interim – declared 14 December 2015	3.875	20,879	-

No distribution reinvestment plan was operated by GDI Property Group.

#### 6. Changes in control over group entities

There were no acquisitions or disposals of controlled entities during the period.

#### 7. Compliance statement

This Appendix 4D has been prepared in accordance with AASB Standards (including Australian interpretations) and other standards acceptable to the ASX. This Appendix 4D and the half yearly financial reports upon which it is based use the same accounting policies.

The financial report for the six month period ended 31 December 2015 has been reviewed by the auditors for GDI Property Group.

A copy of the GDI Property Group half yearly financial report for the six months ended 31 December 2015, with the auditors review opinion, has been lodged with the ASX.

# GDI Property Group

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GDI Property Group Limited  
ACN 166 479 189

Half Yearly Financial Report  
31 December 2015

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

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# GDI PROPERTY GROUP

## DIRECTORS' REPORT

For the six month period ended 31 December 2015

The Directors of GDI Property Group Limited ACN 166 479 189 ("the Company") and GDI Funds Management Limited ACN 107 354 003, AFSL 253 142 as Responsible Entity for GDI Property Trust ARSN 166 598 161 ("the Trust") present their report together with the half yearly financial report of the Company and its controlled entities and the Trust and its controlled entities for the six month period ended 31 December 2015. Shares in the Company are stapled to units in the Trust to form GDI Property Group ("the Group").

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

### 1. Directors

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

Director		Appointed to the Board of the Company
Graham Kelly	Independent Non-Executive Chair	5 November 2013
Les Towell	Independent Non-Executive	5 November 2013
Gina Anderson	Independent Non-Executive	5 November 2013
Tony Veale	Non-Executive	5 November 2013
Steve Gillard	Managing Director	5 November 2013

### 2. Review of results and operations

The Board monitors a range of financial information and operating performance indicators to measure performance over time. The Board uses several measures to monitor the success of the Group's overall strategy, most importantly Funds From Operations ("FFO") and Adjusted Funds From Operation ("AFFO") performance versus budgets and the Group's total return, calculated as the movement in NTA plus distributions. FFO is a Property Council of Australia definition which adjusts statutory AIFRS net profit for non-cash changes in investment properties, non-cash impairment of goodwill, non-cash fair value adjustments to financial instruments, amortisation of incentives, straight-line adjustments and other unrealised one-off items. GDI Property Group also adjusts funds management performance fees charged that remain unpaid from its calculation of FFO.

#### 2.1 Financial performance

The reconciliation between GDI Property Group's FFO and its statutory profit for the period ended 31 December 2015 is as follows:

	Group	
	31 December 2015	31 December 2014
	\$'000	\$'000
Total comprehensive income for the period	17,037	36,091
Cash received from guarantees	1,665	3,495
Straight lining adjustments	(915)	(1,300)
Amortisation and depreciation	2,734	560
Net fair value loss on investment properties	3,778	(25,474)
Net fair value gain on interest rate swaps	(317)	2,588
Loss on non-current asset held for sale	1,233	-
Initial public offer costs	306	729
Acquisition expenses	90	7,624
Other FFO adjustments	403	(606)
<b>Funds From Operation</b>	<b>26,013</b>	<b>23,707</b>
Funds From Operation per stapled security <sup>1</sup>	4.815	4.180

<sup>1</sup> Based on weighted average securities on issue

## GDI PROPERTY GROUP

### DIRECTORS' REPORT

For the six month period ended 31 December 2015

#### Property

Property remains the biggest contributor to GDI Property Group's FFO, with a segment result of \$25.8 million. During the period GDI Property Group completed the sale of 233 Castlereagh Street, Sydney, for \$156 million (on 30 October 2015) and exchanged contracts to acquire 50 Cavill Avenue, Surfers Paradise for \$48.75 million, with settlement of this property occurring on 1 February 2016.

The largest contributor to the Property Division's FFO was Mill Green, Perth, a three building complex in the heart of the Perth CBD. Occupancy in the largest of the three buildings, 197 St George's Terrace, Perth, remained at 99%, with GDI Property Group benefitting from the buildings 4.8 year WALE and annual fixed rental increases of between 4.0% – 4.5%. Occupancy in 5 Mill Street, Perth, increased over the period to 87% as at 31 December 2015 from 85% as at 30 June 2015 and 84% as at 31 December 2014. 1 Mill Street, Perth remains 100% vacant.

During the period GDI Property Group successfully completed the leasing of approximately 5,700sqm of vacant space in 66 Goulburn Street, Sydney, taking occupancy to 100%. \$2.4 million of the guarantee (expiry July 2019) remains undrawn and can be used to fund, among other, any vacancy or incentives relating to the FY17 lease expiries. Occupancy at 307 Queen Street, Brisbane, increased to 79% as at 31 December 2015 from 73% as at 30 June 2015 and 72% as at 31 December 2014. The guarantee over 3,157sqm of space expired on 16 December 2015. At 25 Grenfell Street, Adelaide, the SA Government (PIRSA) executed its previously agreed lease over 5,885sqm, with occupancy at 31 December 2015 at 94% (94% as at 30 June 2015). The contribution to FFO from 233 Castlereagh Street, Sydney, was as a result of four months ownership and the early termination of the Guarantee Deed on sale of the property.

As at 31 December 2015, GDI Property Group's property portfolio was valued at \$735.5 million. Given the significant compression in capitalisation rates during the six month period, the Board of GDI Property Group determined to independently revalue its entire portfolio, resulting in an increase in revaluations of \$13 million. The significant revaluation of 66 Goulburn Street, Sydney (+\$12 million) was largely offset by a decrease in the value of Mill Green, Perth (-\$8 million). 25 Grenfell Street, Adelaide (\$+5 million), and 307 Queen Street, Brisbane, (+\$4 million) were also independently revalued. Notwithstanding the \$13 million increase in the independent valuations, due to capital expenditure, other capitalised items like incentives and leasing fees and accounting charges for straight line rental income capitalised since the last valuation of each property, GDI Property Group incurred a revaluation loss of \$3.8 million.

A summary of GDI Property Group's portfolio metrics is provided below:

	Group	
	As at 31 December 2015	As at 30 June 2015
Occupancy <sup>1</sup>	<b>87.6%</b>	89.4%
Weighted average lease expiry <sup>1</sup>	<b>3.4 years</b>	3.8 years
Weighted average capitalisation rate <sup>2</sup>	<b>7.40%</b>	7.77%

1. Based on NLA and for 30 June 2015 only, including guarantees

2. Weighted average by property valuation

#### Funds Management

During the period, funds management revenue was principally derived from ongoing management fees, with the sale of two assets from GDI No. 38 Diversified Property Trust being the only material transactional based fees (disposal fees of \$504,500). On 17 December 2015, GDI No. 42 Pty Limited ATF GDI No. 42 Office Trust settled the acquisition of 223 – 237 Liverpool Road, Ashfield, for \$35 million. GDI No. 42 Office Trust is intended to be an unlisted, unregistered managed investment scheme, with 223 – 237 Liverpool Road, Ashfield as its seed asset. A capital raising for GDI No. 42 Office Trust is expected to be launched in late February 2016.

#### Operating costs

GDI Property Group's operating costs predominantly relate to remuneration, including an accrual of \$500,000 for staff bonuses in FY16.

## **GDI PROPERTY GROUP**

### **DIRECTORS' REPORT**

For the six month period ended 31 December 2015

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#### ***Net interest expense***

As at 31 December 2015, GDI Property had drawn debt of \$225.1 million, with undrawn debt of \$24.9 million. The average interest rate on drawn debt for the period was 4.38%.

GDI Property Group has \$150.0 million of hedged debt, with a weighted average hedge term of 2 years at a weighted average interest rate of 3.52%, excluding margin and line fees.

During the period GDI Property Group received interest income from the buyer of 233 Castlereagh Street, Sydney, due to a one month delay in settlement (+\$837,014) and reversed an accrual (+\$302,562) relating to interest expensed but not charged in previous years.

## **2.2 Financial position**

#### ***Balance sheet***

GDI Property Group's balance sheet is in a sound financial position. As at 31 December 2015:

- Net Tangible Asset (NTA) per security is \$0.99 (30 June 2015: \$0.99), and \$0.99 if the derivative financial instruments are included;
- Total debt outstanding is \$225.1 million, with undrawn facilities of \$24.9 million; and
- GDI Property Group is well within its facility covenants, with a Covenant Loan to Value ratio of 31.2% (Covenant of 50%) and a Covenant Interest Cover ratio of 4.13 X (Covenant of 2X)

#### ***Capital management***

On settlement of 233 Castlereagh Street, Sydney, GDI Property Group amended and extended its debt facility. GDI Property Group now has no debt expiring until October 2018.

With the release of the annual financial report on 24<sup>th</sup> August 2015, GDI Property Group announced an increase to its on market buyback from 5% to 10% of securities on issue. During the period:

- 3,703,247 securities were bought and cancelled; and
- 2,500,001 securities that had been bought prior to 30 June 2015 but had yet to be cancelled, were cancelled.

GDI Property Group now has 538,819,098 securities on issue.

## **3. Future prospects**

GDI Property Group is pleased to upgrade its previous 'as is' guidance of FY16 FFO of 8.2 cents per security provided in August 2015 and now forecasts, subject to no material change in circumstances, FFO of not less than 8.8 cents per security for FY16. GDI Property Group's distribution guidance has not changed from 7.75 cents per security for FY16.

## **4. Events subsequent to balance date**

On 1 February 2016, GDI Property Group settled the acquisition of 50 Cavill Avenue, Surfers Paradise, for \$48.75 million, funded through an increase in the existing debt facility. The property was independently valued at \$48.75 million.

On 19 February 2016, GDI No. 42 Pty Limited ATF GDI No. 42 Office Trust, exchanged contract to acquire 235 Stanley Street, Townsville. 235 Stanley Street, Townsville is the second asset secured by GDI No. 42 Office Trust. A capital raising to fund both assets is expected to be launched in late February.

## **5. Rounding of Amounts**

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

## **6. Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

**GDI PROPERTY GROUP**

**DIRECTORS' REPORT**

For the six month period ended 31 December 2015

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



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Graham Kelly  
Chairman



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Steve Gillard  
Managing Director

Sydney  
Dated this 22<sup>nd</sup> day of February 2016



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

**SYDNEY**

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I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2015 there have been no contraventions of:

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

This declaration is in respect of both GDI Property Group Limited and the entities it controlled during the period and GDI Property Trust and the entities it controlled during the period.



HALL CHADWICK  
Level 40, 2 Park Street  
SYDNEY NSW 2000



**Drew Townsend**  
Partner  
Dated: 22 February 2016

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## GDI PROPERTY GROUP

### FINANCIAL REPORT

For the six month period ended 31 December 2015

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Half year ended 31 December	Note	Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Revenue from ordinary activities</b>					
Property revenue	2	38,207	39,513	38,207	39,513
Funds management income		2,294	958	-	-
Interest revenue		985	155	1,073	121
<b>Total revenue from ordinary activities</b>		<b>41,486</b>	<b>40,627</b>	<b>39,280</b>	<b>39,635</b>
Net fair value gain on investment property		-	25,474	-	25,474
Net fair value gain on interest rate swaps		317	-	317	-
<b>Total income</b>		<b>41,803</b>	<b>66,101</b>	<b>39,597</b>	<b>65,109</b>
<b>Expenses</b>					
Property expenses		9,448	9,671	9,448	9,671
Finance costs	3	6,862	7,261	6,862	7,259
Net fair value loss on investment property	5	3,778	-	3,778	-
Net fair value loss on interest rate swaps		-	2,588	-	2,588
Corporate and administration expenses		3,155	2,742	1,005	269
Loss on sale of non-current asset		1,233	-	1,233	-
Acquisition expenses		90	7,624	90	7,624
Initial public offer costs		306	729	293	206
<b>Total expenses</b>		<b>24,871</b>	<b>30,615</b>	<b>22,708</b>	<b>27,616</b>
<b>Profit before tax</b>		<b>16,932</b>	<b>35,486</b>	<b>16,889</b>	<b>37,493</b>
Income tax benefit		-	597	-	-
<b>Profit from continuing operations</b>		<b>16,932</b>	<b>36,083</b>	<b>16,889</b>	<b>37,493</b>
Profit from discontinued operations	4	105	-	-	-
<b>Net profit for the period</b>		<b>17,037</b>	<b>36,083</b>	<b>16,889</b>	<b>37,493</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>17,037</b>	<b>36,083</b>	<b>16,889</b>	<b>37,493</b>
<b>Profit and total comprehensive income attributable to:</b>					
Company shareholders		148	(1,410)		
Trust unitholders (non-controlling interest)		16,889	37,492	16,889	37,493
<b>Profit and total comprehensive income</b>		<b>17,037</b>	<b>36,082</b>	<b>16,889</b>	<b>37,493</b>
		<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Basic earnings per stapled security/trust unit		3.13	6.67	3.12	6.93
Diluted earnings per stapled security/trust unit		3.12	6.65	3.11	6.91

The accompanying notes form part of these financial statements.

# GDI PROPERTY GROUP

## FINANCIAL REPORT

As at 31 December 2015

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Group		Trust	
		31 December 2015 \$'000	30 June 2015 \$'000	31 December 2015 \$'000	30 June 2015 \$'000
<b>Current assets</b>					
Cash and cash equivalents		6,817	4,824	5,867	3,985
Trade and other receivables		3,877	3,848	39,813	1,788
Assets held for sale	4	37,021	154,826	-	154,826
Other assets		4,324	1,207	4,188	2,060
<b>Total current assets</b>		<b>52,039</b>	<b>164,706</b>	<b>49,868</b>	<b>162,659</b>
<b>Non-current assets</b>					
Investment properties	5	735,500	730,334	735,500	730,334
Plant and equipment		115	123	-	-
Deferred tax assets		1,161	1,161	-	-
Intangible assets		18,110	18,110	-	-
<b>Total non-current assets</b>		<b>754,886</b>	<b>749,728</b>	<b>735,500</b>	<b>730,334</b>
<b>Total assets</b>		<b>806,925</b>	<b>914,434</b>	<b>785,368</b>	<b>892,994</b>
<b>Current liabilities</b>					
Trade and other payables		27,203	30,863	26,255	29,914
Liabilities held for sale	4	42	-	-	-
Provisions		196	23	-	-
Derivative financial instruments		370	-	370	-
<b>Total current liabilities</b>		<b>27,811</b>	<b>30,886</b>	<b>26,655</b>	<b>29,914</b>
<b>Non-current liabilities</b>					
Borrowings	6	224,655	322,154	224,655	322,154
Derivative financial instruments		3,992	4,678	3,992	4,679
Deferred tax liabilities		-	-	-	-
Provisions		64	432	-	-
Other liabilities		294	28	39	-
<b>Total non-current liabilities</b>		<b>229,005</b>	<b>327,292</b>	<b>228,686</b>	<b>326,833</b>
<b>Total liabilities</b>		<b>256,816</b>	<b>358,178</b>	<b>255,311</b>	<b>356,747</b>
<b>Net assets</b>		<b>550,109</b>	<b>556,256</b>	<b>530,057</b>	<b>536,247</b>
<b>Equity</b>					
Contributed equity	7	22,305	22,550	502,468	507,769
Reserves		83	(58)	1,824	(1,277)
Retained profits		(2,336)	(2,484)	25,765	29,755
<b>Equity attributable to holders of the Company/Trust</b>		<b>20,052</b>	<b>20,009</b>	<b>530,057</b>	<b>536,247</b>
<b>Non-controlling interest</b>					
Contributed equity	7	502,468	507,769		
Reserves		1,824	(1,277)		
Retained profits		25,765	29,755		
<b>Equity attributable to non-controlling interest</b>		<b>530,057</b>	<b>536,247</b>		
<b>Total equity</b>		<b>550,109</b>	<b>556,256</b>	<b>530,057</b>	<b>536,247</b>

The accompanying notes form part of these financial statements.

## GDI PROPERTY GROUP

### FINANCIAL REPORT

For the six month period ended 31 December 2015

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Equity attributable to securityholders of the Group				Non-controlling interest	Total equity	
	Note	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000			Total \$'000
Balance as at 1 July 2014		23,451	-	(929)	22,522	521,640	544,162
<b>Comprehensive income</b>							
Profit for the period		-	-	(1,140)	(1,140)	37,492	36,082
Other comprehensive income		-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	<b>(1,140)</b>	<b>(1,140)</b>	<b>37,492</b>	<b>36,082</b>
<b>Transactions with securityholders in their capacity as securityholders</b>							
Security-based payment expense		-	26	-	26	566	591
Distributions paid/payable	8	-	-	-	-	(21,284)	(21,284)
<b>Total transactions with securityholders in their capacity as securityholders</b>			<b>26</b>	<b>-</b>	<b>26</b>	<b>(20,719)</b>	<b>(20,693)</b>
<b>Balance as at 31 December 2014</b>		<b>23,451</b>	<b>26</b>	<b>(2,339)</b>	<b>21,138</b>	<b>538,414</b>	<b>559,552</b>
Balance as at 1 July 2015		22,550	(58)	(2,484)	20,009	536,247	556,256
<b>Comprehensive income</b>							
Profit for the period		-	-	148	148	16,889	17,037
Other comprehensive income		-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	<b>148</b>	<b>148</b>	<b>16,889</b>	<b>17,037</b>
<b>Transactions with securityholders in their capacity as securityholders</b>							
Security-based payment expense		-	46	-	46	1,007	1,053
Transaction costs, net of tax		(5)	-	-	(5)	(1)	(6)
On-market securities buyback		(145)	-	-	(145)	(3,206)	(3,351)
Transfer from treasury security reserve to equity		(95)	95	-	-	-	-
Distributions paid/payable	8	-	-	-	-	(20,879)	(20,879)
<b>Total transactions with securityholders in their capacity as securityholders</b>		<b>(245)</b>	<b>141</b>	<b>-</b>	<b>(105)</b>	<b>(23,079)</b>	<b>(23,184)</b>
<b>Balance as at 31 December 2015</b>		<b>22,305</b>	<b>83</b>	<b>(2,336)</b>	<b>20,052</b>	<b>530,057</b>	<b>550,109</b>

The accompanying notes form part of these financial statements.

**GDI PROPERTY GROUP**  
**FINANCIAL REPORT**

For the six month period ended 31 December 2015

Trust	Note	Equity attributable to unitholders of the Trust			Total \$'000
		Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	
Balance as at 1 July 2014		527,657	-	(6,017)	521,640
<b>Comprehensive income</b>					
Profit for the period		-	-	37,492	37,492
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	<b>37,492</b>	<b>37,492</b>
<b>Transactions with securityholders in their capacity as securityholders</b>					
Security based payments expense		-	566	-	566
Distributions paid/payable	8	-	-	(21,284)	(21,284)
<b>Total transactions with securityholders in their capacity as securityholders</b>		-	<b>566</b>	<b>(21,284)</b>	<b>(20,719)</b>
<b>Balance as at 31 December 2014</b>		<b>527,657</b>	<b>566</b>	<b>10,191</b>	<b>538,414</b>
Balance as at 1 July 2015		507,769	(1,277)	29,755	536,247
<b>Comprehensive income</b>					
Profit for the period		-	-	16,889	16,889
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	<b>16,889</b>	<b>16,889</b>
<b>Transactions with securityholders in their capacity as securityholders</b>					
Security based payments expense		-	1,007	-	1,007
Transaction costs, net of tax		(1)	-	-	(1)
On-market securities buyback		(3,206)	-	-	(3,206)
Transfer from treasury security reserve to equity		(2,094)	2,094	-	-
Distributions paid/payable	8	-	-	(20,879)	(20,879)
<b>Total transactions with securityholders in their capacity as securityholders</b>		<b>(5,301)</b>	<b>3,101</b>	<b>(20,879)</b>	<b>(23,079)</b>
<b>Balance as at 31 December 2015</b>		<b>502,468</b>	<b>1,824</b>	<b>25,765</b>	<b>530,057</b>

The accompanying notes form part of these financial statements.

## GDI PROPERTY GROUP

### FINANCIAL REPORT

For the six month period ended 31 December 2015

#### CONSOLIDATED STATEMENT OF CASH FLOWS

Half year ended 31 December	Note	Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>					
Receipts in the course of operations		41,364	47,075	38,159	43,188
Payments in the course of operations		(17,936)	(14,364)	(15,802)	(12,127)
Interest received		985	155	1,073	121
Interest paid		(5,076)	(5,957)	(5,076)	(5,955)
<b>Net cash inflows from operating activities</b>		<b>19,337</b>	<b>26,910</b>	<b>18,354</b>	<b>25,227</b>
<b>Cash flows from investing activities</b>					
Payments for investments		(39,435)	(136,796)	(2,456)	(136,796)
Proceeds from sale of investment properties		153,593	-	153,593	-
Payments for other capitalised costs		(1,221)	(14)	(1,213)	-
Payments for capital expenditure		(5,113)	(1,129)	(5,113)	(1,129)
Payment of initial public offer costs		-	(500)	-	-
Loan to associated companies		(570)	(6)	(36,790)	-
Proceeds from rental guarantees		1,665	-	1,665	-
Payment of tenant incentives		(4,016)	(2,272)	(4,016)	(2,272)
<b>Net cash used in investing activities</b>		<b>104,903</b>	<b>(140,717)</b>	<b>105,670</b>	<b>(140,197)</b>
<b>Cash flows from financing activities</b>					
Payments for the on-market buy back of securities		(3,357)	-	(3,252)	-
Proceeds from borrowings		33,500	139,000	33,500	139,000
Repayment of borrowings		(131,408)	-	(131,408)	-
Payment of loan transaction costs		(544)	(610)	(544)	(610)
Payment of distributions to securityholders/unitholders		(20,438)	(19,865)	(20,438)	(19,865)
<b>Net cash inflows from financing activities</b>		<b>(122,247)</b>	<b>118,525</b>	<b>(122,142)</b>	<b>118,525</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,993</b>	<b>4,717</b>	<b>1,881</b>	<b>3,555</b>
Cash and cash equivalents at the beginning of half year		4,824	14,718	3,985	13,914
<b>Cash and cash equivalents at the end of the half year</b>		<b>6,817</b>	<b>19,435</b>	<b>5,867</b>	<b>17,470</b>

The accompanying notes form part of these financial statements.

## GDI PROPERTY GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the six month period ended 31 December 2015

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GDI Property Group (the “Group”) was formed by the stapling of GDI Property Group Limited (the “Company”) and GDI Property Trust (the “Trust”). The Responsible Entity of the Trust is GDI Funds Management Limited, a wholly owned subsidiary of the Company. GDI Property Group was established for the purpose of facilitating a joint quotation of the Company and the Trust on the ASX. The constitutions of the Company and the Trust, together with a Co-operation Deed dated 25 November 2013, ensure that for so long as the two entities remain jointly quoted, the number of units in the Trust and shares in the Company shall be equal and the unitholders and the shareholders be identical. Both the Responsible Entity of the Trust and the Company must at all times act in the best interests of GDI Property Group.

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

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

The half yearly financial statements are authorised for issue on 22 February 2016 by the directors of the Company and the Responsible Entity of the Trust.

#### (a) Basis of preparation

These general purpose interim financial statements for the half year ended 31 December 2015 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of GDI Property Group and its controlled entities and GDI Property Trust and its controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half year within GDI Property Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of GDI Property Group for the financial year ended 30 June 2015, together with any ASX announcements made during the following half year.

#### (b) Consolidated financial statements

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

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

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

#### (c) Accounting policies

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

## GDI PROPERTY GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the six month period ended 31 December 2015

#### NOTE 2 – PROPERTY REVENUE

Half year ended 31 December	Group		Trust	
	2015	2014	2015	2014
<b>Property revenue</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Rent and recoverable outgoings	39,973	40,074	39,973	40,074
Lease costs and incentive amortisation	(1,766)	(560)	(1,766)	(560)
<b>Total property revenue</b>	<b>38,207</b>	<b>39,513</b>	<b>38,207</b>	<b>39,513</b>

#### NOTE 3 – FINANCE COSTS

Half year ended 31 December	Group		Trust	
	2015	2014	2015	2014
<b>Finance costs</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest paid / payable	5,909	7,010	5,909	7,008
Amortisation of borrowing costs	952	251	952	251
<b>Total finance costs</b>	<b>6,862</b>	<b>7,261</b>	<b>6,862</b>	<b>7,259</b>

#### NOTE 4 – ASSETS AND LIABILITIES HELD FOR SALE

On 17 December 2015, GDI No. 42 Pty Limited ATF GDI No. 42 Office Trust settled the acquisition of 223 – 237 Liverpool Road, Ashfield, for \$35 million. GDI No. 42 Office Trust will be an unlisted, unregistered managed investment scheme, with a capital raising to occur prior to 30 June 2016. However, as at 31 December 2015, GDI No. 42 Office Trust had two \$1 units on issue, both owned by GDI Investor Pty Limited, a wholly owned subsidiary of GDI Investment Management Pty Limited. In the Group accounts, the assets and liabilities of GDI No. 42 Office Trust are classified as assets and liabilities held for sale in the Consolidated Statement of Financial Position. The net income of GDI No. 42 Office Trust is recognised as profit from discontinued operations in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. In the accounts of the Trust, funding for the acquisition of 223 – 237 Liverpool Road, Ashfield (\$37,745,000), is shown as an intercompany loan included in trade and other receivables.

The assets and liabilities classified as held for sale were stated at fair value less costs to sell and comprised:

	Group		Trust	
	31 December 2015	30 June 2015	31 December 2015	30 June 2015
<b>a) Assets held for sale</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Investment properties	37,021	154,826	-	154,826
<b>Total assets held for sale</b>	<b>37,021</b>	<b>154,826</b>	<b>-</b>	<b>154,826</b>

	Group		Trust	
	31 December 2015	30 June 2015	31 December 2015	30 June 2015
<b>b) Liabilities held for sale</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade and other payables	42	-	-	-
<b>Total assets held for sale</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>-</b>



## GDI PROPERTY GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the six month period ended 31 December 2015

#### NOTE 5 – INVESTMENT PROPERTIES

	Group		Trust	
	31 December 2015	30 June 2015	31 December 2015	30 June 2015
	\$'000	\$'000	\$'000	\$'000
<b>a) Investment properties at fair value</b>				
<i>Movement in investment properties</i>				
Opening balance	<b>730,334</b>	694,351	<b>730,334</b>	694,351
Additions				
- Investment properties	-	130,000	-	130,000
- Rental guarantee and incentives	-	6,000	-	6,000
Assets transferred to assets held for sale	-	(154,826)	-	(154,826)
Amortisation of rental guarantee and incentive	<b>(1,665)</b>	(6,762)	<b>(1,665)</b>	(6,762)
Capital works				
- Property improvements	<b>5,113</b>	4,224	<b>5,113</b>	4,224
- Maintenance capital	<b>213</b>	541	<b>213</b>	541
Straight-lining of rental income	<b>1,382</b>	2,265	<b>1,382</b>	2,265
Incentives and lease costs	<b>5,527</b>	11,286	<b>5,527</b>	11,286
Amortisation of lease costs and incentives	<b>(1,627)</b>	(1,812)	<b>(1,627)</b>	(1,812)
Payment of option fee	-	(1,000)	-	(1,000)
Net gain/(loss) from fair value adjustments	<b>(3,778)</b>	46,067	<b>(3,778)</b>	46,068
<b>Closing balance</b>	<b>735,500</b>	<b>730,334</b>	<b>735,500</b>	<b>730,334</b>

#### b) Rental guarantee and incentive

The Group obtained guarantees and the payout of tenant incentives in relation to 307 Queen St, Brisbane, 233 Castlereagh St, Sydney and 66 Goulburn St, Sydney. In relation to 307 Queen St, Brisbane and 233 Castlereagh St, Sydney, the guarantees covered certain vacancies for a period of two years from settlement (16 December 2013) and were paid regardless of whether the identified vacancies were leased. The payout of tenant incentives is on terms consistent with the terms of the underlying leases at the time of settlement (in the case of 307 Queen St, Brisbane) and business combination (in the case of 233 Castlereagh St, Sydney). As the sale 233 Castlereagh Street, Sydney, completed on 30 October 2015, GDI Funds Management Limited as responsible entity of GDI Property Trust entered in to a settlement and release deed with the guarantor, the effect of which was to release the guarantor from any further obligations on payment of an amount equivalent to the remaining liabilities under the guarantee.

In relation to 66 Goulburn St, Sydney, GDI Property Group can draw on this rental guarantee to satisfy outgoings, market rent, incentives, leasing costs or any other costs relating to the property that it elects for a period of up to 60 months (5 years) from settlement. In the absence of any leasing of the vacant space, GDI Property Group intended to draw on this rental guarantee to cover market rents on that vacant space for a period of approximately 22.5 months, by which time the rental guarantee would be fully drawn. As the vacant space has now been 100% leased, this guarantee can be used to cover a loss of income from future lease expiries.

The outstanding amounts of these guarantees and payout of incentives is taken in to consideration by independent valuers when assessing the capital value of the asset. Changes in fair values are recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Detailed in the table below is the carrying value of each guarantee.

## GDI PROPERTY GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the six month period ended 31 December 2015

#### Carrying value of rental guarantee and incentive

Property	Opening balance \$'000	Additions \$'000	Amortised during period \$'000	Fair value adjustment \$'000	Closing balance \$'000
307 Queen Street, Brisbane	3,261	-	(1,089)	-	2,172
66 Goulburn Street, Sydney	3,000	-	(576)	-	2,424
<b>Total</b>	<b>6,261</b>	<b>-</b>	<b>(1,665)</b>	<b>-</b>	<b>4,596</b>

#### Valuation basis

The basis of valuation of investment properties is fair value, being the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. All properties were independently valued as at 31 December 2015 based on independent assessments by a member of the Australian Property Institute of Valuers.

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

Valuation basis	31 December 2015	30 June 2015
Occupancy (%)	88%	89%
Weighted average lease expiry by area (years)	3.4 years	3.8 years
Weighted average capitalisation rate (%)	7.40%	7.77%

Ten year discounted cash flows and capitalisation valuation methods are used together with active market evidence. In addition to the key assumptions set out in the table above, assumed portfolio downtime ranges from 6 to 18 months and tenant retention ranges from 50% to 75%.

#### c) Assets pledged as security

Borrowings (refer Note 6) are secured by fixed and floating charges over each investment property plus charges over any building document, lease document, performance bond and bank guarantee in addition to a real property mortgage over each property.

## GDI PROPERTY GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the six month period ended 31 December 2015

#### d) Details of investment properties

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

Investment properties	Title	Acquisition date	Acquisition price \$'000	Independent valuation date	Independent valuation \$'000	Carrying amount \$'000	Fair value adjustment \$'000
Mill Green Complex, Perth <sup>1</sup>	Freehold	16 December 2013	332,656	31 December 2015	326,000	326,000	(15,779)
25 Grenfell St, Adelaide <sup>1</sup>	Freehold	16 December 2013	109,632	31 December 2015	114,000	114,000	51
307 Queen St, Brisbane <sup>1</sup>	Freehold	16 December 2013	120,815	31 December 2015	126,500	126,500	2,059
66 Goulburn St, Sydney	Leasehold	15 July 2014	136,000	31 December 2015	169,000	169,000	9,891
<b>Total Investment properties</b>			<b>699,103</b>		<b>735,500</b>	<b>735,500</b>	<b>(3,778)</b>

1. The acquisition date and acquisition price are based on the completion date of the restructure and IPO of stapled securities to create GDI Property Group and the independent valuations ascribed to the assets as part of the restructure. The acquisition prices includes capital expenditure incurred between the valuation date for the restructure and the IPO (1<sup>st</sup> October 2013) and the acquisition date (16<sup>th</sup> December 2013).

## GDI PROPERTY GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the six month period ended 31 December 2015

#### NOTE 6 – BORROWINGS

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

	Group		Trust	
	31 December 2015	30 June 2015	31 December 2015	30 June 2015
	\$'000	\$'000	\$'000	\$'000
<b>Non-current borrowings</b>				
<i>Secured liabilities:</i>				
Loans - financial institutions	225,092	323,000	225,092	323,000
Transaction costs	(438)	(846)	(438)	(846)
<b>Total borrowings</b>	<b>224,655</b>	<b>322,154</b>	<b>224,655</b>	<b>322,154</b>

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

Facility	Secured	Maturity date	Facility limit \$'000	Utilised \$'000	Unutilised \$'000
Facility Tranche B <sup>1</sup>	Yes	October 2018	195,000	186,592	8,408
Facility Tranche C <sup>1</sup>	Yes	October 2018	55,000	38,500	16,500
			<b>250,000</b>	<b>225,092</b>	<b>24,908</b>
Facility Tranche D <sup>2</sup>	Yes	October 2018	5,000		5,000
<b>Total facility</b>			<b>255,000</b>	<b>225,092</b>	<b>24,908</b>

- The loan facility is secured by first registered mortgage over the investment properties, held by the Group and a registered fixed and floating charge over the assets of the Group. Interest is payable monthly in arrears at variable rates based on either the 30 or 90 day BBSY. Line fees are payable quarterly in advance.
- The Group also has a \$5 million bank guarantee supporting the financial requirements of GDI Funds Management Limited's AFS Licence. This is undrawn and cannot be used for general working capital purposes.

#### NOTE 7 – CONTRIBUTED EQUITY

##### a) Movements in ordinary securities/units

	Group		Trust	
	No. (000)	\$'000	No. (000)	\$'000
Securities on issue at beginning of the period	545,022	530,319	521,411	507,769
On-market buyback	(6,203)	(5,546)	(5,934)	(5,301)
<b>Contributed equity attributable to shareholders/unitholders as at 31 December 2015</b>	<b>538,819</b>	<b>524,773</b>	<b>515,477</b>	<b>502,468</b>

As announced to the ASX on 23 February 2015, the Group commenced an on-market buyback of up to 5% (28,378,751 securities) of its securities over a 12 month period. This was increased to up to 10% (56,757,502 securities) of its securities when the Group and Trust released their annual financial results to market on 24 August 2015. During the six month period ended 31 December 2015, 3,703,247 securities were bought back and cancelled, and an additional 2,500,001 that had been bought back as (treasury stapled securities) as at 30 June 2015 were cancelled.

## GDI PROPERTY GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the six month period ended 31 December 2015

#### b) Stapled securities

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

#### NOTE 8 – DIVIDENDS/DISTRIBUTIONS PAID/PAYABLE

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

There were no dividends paid or payable by the Company in respect of the period ended 31 December 2015.

##### b) Distributions paid/payable by the Group/Trust

	Group Half year ended December 2015 cents/security	Trust Half year ended December 2015 cents/unit
<b>Distributions paid / payable by the Group / Trust</b>		
28 August 2015	3.750	3.500
29 February 2015	3.875	3.875

#### NOTE 9 – SEGMENT REPORTING

##### a) Identification of reportable segments

###### Group

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

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

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

###### Trust

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

## GDI PROPERTY GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the six month period ended 31 December 2015

#### b) Segment information

##### (i) Segment performance

	Property \$'000	Funds management \$'000	Reviewed but unallocated \$'000	Total \$'000
<b>Half year ended 31 December 2015</b>				
<b><i>Profit after tax from ordinary activities</i></b>				
Property income	38,207	-	-	38,207
Funds management income	-	2,294	-	2,294
<b>Total operating segment revenue</b>	<b>38,207</b>	<b>2,294</b>	<b>-</b>	<b>40,501</b>
Property expenses	9,448	-	-	9,448
Corporate and administration expenses	1,005	-	2,150	3,155
<b>Total operating segment expenses</b>	<b>10,453</b>	<b>-</b>	<b>2,150</b>	<b>12,603</b>
Straight-line rental income	(914)	(1)	-	(915)
Amortisation and depreciation	1,766	16	-	1,782
Profit from discontinued operations	-	8	98	105
Movement in rental guarantees	1,665	-	-	1,665
Other FFO adjustments	403	-	-	403
<b>Funds From Operations pre interest</b>	<b>30,673</b>	<b>2,317</b>	<b>(2,052)</b>	<b>30,938</b>
Interest paid	(5,909)	-	-	(5,909)
Interest income	1,073	9	(98)	985
Income tax benefit	-	-	-	-
<b>Funds From Operations post interest</b>	<b>25,837</b>	<b>2,326</b>	<b>(2,150)</b>	<b>26,013</b>
Straight-line rental income	914	1	-	915
Amortisation and depreciation	(2,718)	(16)	-	(2,734)
Other FFO adjustments	(403)	-	-	(403)
Rental guarantee income	(1,665)	-	-	(1,665)
Acquisition costs	(4)	-	(86)	(90)
Loss in non-current asset held for sale	(1,233)	-	-	(1,233)
Net fair value loss on investment property	(3,778)	-	-	(3,778)
Net fair value gain on interest rate swaps	317	-	-	317
Initial public offer costs	(293)	(13)	-	(306)
Profit from discontinued operations	-	(8)	(98)	(105)
<b>Profit after tax from continuing operations</b>	<b>16,975</b>	<b>2,289</b>	<b>(2,334)</b>	<b>16,932</b>

## GDI PROPERTY GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the six month period ended 31 December 2015

	Property \$'000	Funds management \$'000	Reviewed but unallocated \$'000	Total \$'000
<b>Half year ended 31 December 2014</b>				
<b><i>Profit after tax from ordinary activities</i></b>				
Property income	39,513	-	-	39,513
Funds management income	-	958	-	958
<b>Total operating segment revenue</b>	<b>39,513</b>	<b>958</b>	<b>-</b>	<b>40,471</b>
Property expenses	9,671	-	-	9,671
Corporate and administration expenses	269	-	2,473	2,742
<b>Total operating segment expenses</b>	<b>9,940</b>	<b>-</b>	<b>2,473</b>	<b>12,413</b>
Straight-line rental income	(1,314)	14	-	(1,300)
Amortisation and depreciation	811	12	-	824
Movement in rental guarantees	3,495	-	-	3,495
<b>Funds From Operations pre interest</b>	<b>32,565</b>	<b>984</b>	<b>(2,473)</b>	<b>31,076</b>
Interest income	121	34	-	155
Finance costs	(7,259)	(2)	-	(7,261)
Income tax benefit	-	597	-	597
<b>Funds From Operations post interest</b>	<b>25,428</b>	<b>1,613</b>	<b>(2,473)</b>	<b>24,567</b>
Straight-line rental income	1,314	(14)	-	1,300
Amortisation and depreciation	(811)	(12)	-	(824)
Other FFO adjustments	(7,624)	-	-	(7,624)
Rental guarantee income	(3,495)	-	-	(3,495)
Net fair value gain of investment property	25,474	-	-	25,474
Net fair value loss on interest rate swaps	(2,588)	-	-	(2,588)
Initial public offer costs	(206)	(523)	-	(729)
<b>Profit after tax from ordinary activities</b>	<b>37,492</b>	<b>1,064</b>	<b>(2,473)</b>	<b>36,082</b>

(ii) Segment assets and liabilities

	Property \$'000	Funds management \$'000	Reviewed but unallocated \$'000	Total \$'000
<b>As at 31 December 2015</b>				
Total assets	785,368	18,110	3,446	806,925
Total liabilities	255,311	-	1,505	256,816
<b>Net assets as at 31 December 2015</b>	<b>530,058</b>	<b>18,110</b>	<b>1,941</b>	<b>550,109</b>
<b>As at 30 June 2015</b>				
Total assets	892,984	21,440	-	914,434
Total liabilities	356,746	1,431	-	358,178
<b>Net assets as at 30 June 2015</b>	<b>536,238</b>	<b>20,009</b>	<b>-</b>	<b>556,256</b>

## GDI PROPERTY GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the six month period ended 31 December 2015

#### NOTE 10 – FAIR VALUE MEASUREMENTS

##### a) Valuation techniques

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

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

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

##### b) Financial instruments

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

	31 December 2015		30 June 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash and cash equivalents	6,817	6,817	4,824	4,824
Trade and other receivables	3,030	3,030	3,848	3,848
<b>Total financial assets</b>	<b>9,847</b>	<b>9,847</b>	<b>8,672</b>	<b>8,672</b>

	31 December 2015		30 June 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities</b>				
Trade and other payables	27,203	27,203	30,863	30,863
Provisions	260	260	455	455
Borrowings	224,655	224,655	322,154	322,154
Derivative financial instruments	4,362	4,362	4,678	4,678
<b>Total financial liabilities</b>	<b>256,480</b>	<b>256,480</b>	<b>358,150</b>	<b>358,150</b>



## GDI PROPERTY GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the six month period ended 31 December 2015

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#### c) Fair value hierarchy

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

- Derivative financial instruments; and
- Investment properties.

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

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

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

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

## GDI PROPERTY GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the six month period ended 31 December 2015

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

	As at 31 December 2015			As at 30 June 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Recurring fair value measurements</b>						
<i>Non-financial assets</i>						
- Investment properties	-	735,500	-	-	730,334	-
<b>Total non-financial assets recognised at fair value on a recurring basis</b>	-	<b>735,500</b>	-	-	<b>730,334</b>	-
<i>Financial liabilities</i>						
- Interest rate swaps	-	4,362	-	-	4,678	-
<b>Total financial liabilities recognised at fair value on a recurring basis</b>	-	<b>4,362</b>	-	-	<b>4,678</b>	-

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

	31 December 2015 \$'000	30 June 2015 \$'000	Valuation technique	Inputs Used
<b>Financial assets/liabilities</b>				
Interest rate swaps	(4,362)	(4,678)	Income approach using discounted cash flow methodology	BBSY swap rate
<b>Non-financial assets</b>				
Investment properties <sup>1</sup>	735,500	730,334	Market approach using discounted cash flow, rent capitalisation and recent observable market data methodologies	Comparable discount rates, capitalisation rates and price per square metres of NLA

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

#### d) Sensitivity information

Significant movement in any one of the inputs listed in the table above may result in a change in the fair value of the Group's investment properties as follows:

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

## **GDI PROPERTY GROUP**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the six month period ended 31 December 2015

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#### **NOTE 11 – CONTINGENT LIABILITIES**

The Group and the Trust had no contingent liabilities as at 31 December 2015 and 30 June 2015.

#### **NOTE 12 – EVENTS AFTER THE REPORTING DATE**

On 1<sup>st</sup> February 2016, GDI Property Group settled the acquisition of 50 Cavill Avenue, Surfers Paradise, for \$48.75 million, funded through a \$75 million increase in the existing debt facility. The property was independently valued at \$48.75 million.

On 19<sup>th</sup> February 2016 date, GDI No. 42 Pty Limited ATF GDI No. 42 Office Trust, entered into a call option to acquire 235 Stanley Street, Townsville. 235 Stanley Street, Townsville is the second asset secured by GDI No. 42 Office Trust. A capital raising to fund both assets is expected to be launched in late February.

## DIRECTORS' DECLARATION

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

**Directors' Declaration**

**For the six month period ended 31 December 2015**

The directors of GDI Property Group Limited and GDI Funds Management Limited as Responsible Entity for GDI Property Trust, declare that:

- (a) the financial statements and notes that are set out on pages 6 to 23 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
  - (ii) giving a true and fair view of the financial position as at 31 December 2015 and of the performance for the half year ended on that date;
- (b) there are reasonable grounds to believe that GDI Property Group will be able to pay its debts as and when they become due and payable.

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



Graham Kelly  
Chairman

Dated this 22<sup>nd</sup> day of February 2016

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE SECURITYHOLDERS OF GDI PROPERTY GROUP  
TO THE UNITHOLDERS OF GDI PROPERTY TRUST**

**Report on the Half-year Financial Report**

GDI Property Group (the "Group") comprises GDI Property Group Limited and the entities it controlled at period's end or from time to time during the period and GDI Property Trust and the entities it controlled (the "Trust") at the end of the period or from time to time during the period.

We have reviewed the accompanying half-year financial report of the Group and the Trust, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

*Directors' Responsibility for the Half-year Financial Report*

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of an Interim and other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's and the Trust's financial position as at 31 December 2015 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group and the Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

*Independence*

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

**SYDNEY**

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE SECURITYHOLDERS OF GDI PROPERTY GROUP  
TO THE UNITHOLDERS OF GDI PROPERTY TRUST**

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group and the Trust is not in accordance with the Corporations Act 2001, including:

- a. giving a true and fair view of the Group's and the Trust's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b. complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



HALL CHADWICK  
Level 40, 2 Park Street  
SYDNEY NSW 2000



**Drew Townsend**

Partner

Date: 22 February 2016