



The GPT Group

**General Property Trust**  
ABN: 58 071 755 609

**Interim Financial Report**  
**30 June 2016**

The GPT Group (GPT) comprises General Property Trust (Trust) and its controlled entities and GPT Management Holdings Limited (Company) and its controlled entities.

General Property Trust is a registered scheme, registered and domiciled in Australia. GPT RE Limited is the Responsible Entity of General Property Trust. GPT Management Holdings Limited is a company limited by shares, incorporated and domiciled in Australia. GPT RE Limited is a wholly owned controlled entity of GPT Management Holdings Limited.

Through our internet site, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Trust. All press releases, financial reports and other information are available on our website: [www.gpt.com.au](http://www.gpt.com.au).

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**DIRECTORS' REPORT**

For the half year ended 30 June 2016

The Directors of GPT RE Limited, the Responsible Entity of General Property Trust, present their report together with the financial statements of the General Property Trust (the Trust) and its controlled entities (consolidated entity) for the half year ended 30 June 2016. The consolidated entity together with GPT Management Holdings Limited and its controlled entities form the stapled entity, The GPT Group (GPT).

General Property Trust is a registered scheme, GPT Management Holdings Limited is a company limited by shares, and GPT RE Limited is a company limited by shares, each of which is incorporated and domiciled in Australia. The registered office and principal place of business is the MLC Centre, Level 51, 19 Martin Place, Sydney NSW 2000.

**1. OPERATING AND FINANCIAL REVIEW**

**Review of operations**

Funds from Operations (FFO) represents GPT's underlying and recurring earnings from its operations. This is determined by adjusting statutory net profit after tax under Australian Accounting Standards for certain items which are non-cash, unrealised or capital in nature. FFO has been determined in accordance with the guidelines established by the Property Council of Australia.

The reconciliation of FFO to net profit after tax is set out below:

	30-Jun-16	30-Jun-15	Change
	\$M	\$M	%
<b>Retail</b>			
- Operations net income	141.7	148.8	(4.8%)
- Development net income	6.9	0.9	666.7%
	<u>148.6</u>	<u>149.7</u>	<u>(0.7%)</u>
<b>Office</b>			
- Operations net income	106.5	106.9	(0.4%)
- Development net income	0.6	0.4	50.0%
	<u>107.1</u>	<u>107.3</u>	<u>(0.2%)</u>
<b>Logistics</b>			
- Operations net income	46.7	44.8	4.2%
- Development net income	3.0	6.6	(54.5%)
	<u>49.7</u>	<u>51.4</u>	<u>(3.3%)</u>
<b>Funds management</b>	29.2	15.6	87.2%
<b>Corporate management expenses</b>	(13.8)	(16.4)	(15.9%)
<b>Net finance costs</b>	(50.1)	(57.3)	(12.6%)
<b>Tax expenses</b>	(5.9)	(5.7)	3.5%
<b>Non-core</b>	5.0	6.1	(18.0%)
<b>Less: distribution to exchangeable securities</b>	-	(1.7)	(100.0%)
<b>Funds from Operations (FFO)</b>	<u>269.8</u>	<u>249.0</u>	<u>8.4%</u>
<b>Other non-FFO items:</b>			
Valuation increase	379.9	146.0	160.2%
Financial Instruments mark to market and net foreign exchange (loss) / gain	(65.7)	7.3	(1,000.0%)
Other items <sup>(1)</sup>	2.4	17.9	(86.6%)
Add back distributions on exchangeable securities in FFO	-	1.7	(100.0%)
<b>Net profit after tax</b>	<u>586.4</u>	<u>421.9</u>	<u>39.0%</u>
<b>FFO per ordinary stapled security (cents)</b>	<u>15.02</u>	<u>14.15</u>	<u>6.1%</u>
Distribution per ordinary stapled security (cents)	11.5	11.0	4.5%

(1) Other items include amortisation of intangibles, profit on disposal of assets, uplift of loan receivables and related tax impact.

**Operating result**

GPT delivered FFO of \$269.8 million for the half year ended 30 June 2016, an increase of 8.4% on the prior comparable period. This translated into FFO per security of 15.02 cents, up 6.1%. The result was driven by solid contributions from the investment portfolio of high quality Australian retail, office and logistics properties, increased funds management fees driven by the GPT Wholesale Office Fund performance fee and lower average debt balance.

GPT's statutory net profit after tax is \$586.4 million, an increase of 39.0% on the prior comparable period, driven by \$379.9 million in property valuation increases partly offset by \$65.7 million negative mark to market and net foreign exchange movement of financial instruments.

## THE GPT GROUP

### DIRECTORS' REPORT

For the half year ended 30 June 2016

GPT has maintained strong metrics across its core portfolios:

	Overall Portfolios	Retail Portfolio	Office Portfolio	Logistics Portfolio
<b>Value of Portfolio</b>		\$4.9 billion portfolio including GPT's equity interest in the GPT Wholesale Shopping Centre Fund (GWSCF) (31 Dec 2015: \$5.0 billion)	\$4.0 billion portfolio including GPT's equity interest in the GPT Wholesale Office Fund (GWOF) (31 Dec 2015: \$3.7 billion)	\$1.4 billion portfolio including GPT's equity interest in the GPT Metro Office Fund (GMF) (31 Dec 2015: \$1.4 billion)
<b>Occupancy</b>	95.8% (31 Dec 2015: 95.3%)	99.4% (31 Dec 2015: 99.2%)	97.3% (31 Dec 2015: 96.0%)	92.7% (31 Dec 2015: 92.3%)
<b>Weighted average lease expiry (WALE)</b>	5.2 years (31 Dec 2015: 5.3 years)	4.1 years (31 Dec 2015: 4.0 years)	5.3 years (31 Dec 2015: 5.8 years)	7.9 years (31 Dec 2015: 8.2 years)
<b>Structured rental reviews</b>		72% of specialty tenants subject to average increases of 4.5% (30 Jun 2015: 72% subject to average increases of 4.5%)	87% of tenants subject to average increases of 3.8% (30 Jun 2015: 89% subject to average increases of 3.9%)	92% of tenants subject to average increases of 3.3% (30 Jun 2015: 92% subject to average increases of 3.4%)
<b>Comparable income growth</b>	3.8% (30 Jun 2015: 4.6%)	3.0% (30 Jun 2015: 3.2%)	6.0% (30 Jun 2015: 8.1%)	0.1% (30 Jun 2015: 0.8%)
<b>Weighted average capitalisation rate</b>	5.70% (31 Dec 2015: 5.90%)	5.52% (31 Dec 2015: 5.58%)	5.58% (31 Dec 2015: 5.94%)	6.81% (31 Dec 2015: 7.03%)

#### Retail

##### (i) Operations net income

For the 6 months to June 2016 the value of the retail portfolio has decreased by \$105.3 million, this is predominantly the result of the divestment of Dandenong Plaza. The portfolio achieved a net revaluation uplift of \$43.2 million including GPT's equity interest in GPT Wholesale Shopping Centre Fund (GWSCF). The positive revaluation has been driven by favourable valuations at Highpoint Shopping Centre and Westfield Penrith offset by the negative revaluation of Sunshine Plaza.

Like for like income growth of 3.0% was driven by a high proportion of structured rental increases and continued focus on minimising expense across the portfolio. Retail sales have moderated over the 12 month period to June 2016 consistent with what was anticipated and on trend with ABS retail sales with weighted total centre sales up 3.2% and specialty annual sales up 4.2%. The portfolio remains well leased with occupancy at 99.4%

##### (ii) Development net income

The retail development team has focussed on master planning and delivery of development opportunities within its \$2.0 billion development pipeline. In 2016 this has included the opening of the \$34.0 million Leisure and Entertainment precinct at Casuarina Square, opening of H&M as the first stage of the International mini-major project at Charlestown Square and progressing master planning for the expansion of Rouse Hill Town Centre.

For the first half of 2016, the business unit contributed \$6.9 million to GPT's FFO (30 June 2015: \$0.9 million) driven by sale of land at Rouse Hill.

#### Office

##### (i) Operations net income

The office portfolio achieved a net revaluation uplift of \$287.3 million for the June 2016 half year end, including GPT's equity interest in GPT Wholesale Office Fund (GWOF), as a result of firming investment metrics and market rental growth. The positive revaluation has been driven by favourable valuations at Australia Square, MLC Centre, Two Park Street, Farrer Place and Melbourne Central Office.

Like for like income growth of 6.0% was achieved as a result of occupancy increasing 1.3% to 97.3% (including signed leases) as a result of continued leasing success across the portfolio. The main contribution to income growth was from MLC Centre, 2 Park St and Melbourne Central due to higher occupancy.

##### (ii) Development net income

The office development team delivered refurbishment opportunities in the Australia Square foodcourt and the lobby at 580 George St. The team has focussed on progressing a number of repositioning projects at Melbourne Central Tower, CBW and 750 Collins Street in Melbourne and 580 George Street in Sydney. Progress is also being made on pipeline opportunities, including the MLC Centre stage 2 retail development and the planning approval for a new tower at Darling Park.

#### Logistics

##### (i) Operations net income

The logistics portfolio achieved a net revaluation uplift of \$42.3 million, including GPT's equity interest in GPT Metro Office Fund (GMF), for the June 2016 half year end. This uplift is attributed to firming investment metrics and \$3.6 million from the Kings Park asset to bring it to sale price. Occupancy has increased to 92.7%. The weighted average lease expiry (WALE) has been maintained at a long level of 7.9 years.

##### (ii) Development net income

In 2016 the development logistics business unit has advanced the development of Berrinba and Wacol in Brisbane by completing the civil and servicing works for the estates.

The development pipeline has been increased with the acquisition of three land opportunities during the first half of 2016. All three acquisitions were in key industrial estates in outer Western Sydney. Of these, two land parcels are in Eastern Creek being, Lot 2012 Eastern Creek Road and Lot 21 Old Wallgrove Road and the third adds to GPT's landbank at Erskine Park.

## THE GPT GROUP

### DIRECTORS' REPORT

For the half year ended 30 June 2016

#### Funds management

As at and for the half year ended 30 Jun 2016	GWOF	GWSCF	GMF	Total
Funds under Management	\$6.1bn	\$3.9bn	\$0.4bn	\$10.4bn
Number of Assets	19	9	6	34
GPT Interest	20.43%	20.22%	12.98%	-
GPT Investment	\$1,042.0m	\$635.4m	\$39.0m	\$1,716.4m
One year Equity IRR (post-fees)	18.6%	5.3%	23.1% <sup>(1)</sup>	-
Share of profit - FFO	\$25.1m	\$17.8m	\$1.4m	\$44.3m
Funds Management fee income	\$13.2m	\$8.5m	\$1.3m	\$23.0m
Performance fee income	\$14.4m	-	-	\$14.4m

(1) Total Unitholder Return

The performance of GWOF continues to be strong, achieving a one year equity IRR of 18.6%. GWSCF delivered a one year equity IRR of 5.3% which was impacted by a material revaluation loss on the Wollongong Central asset. GMF achieved a Total Unitholder Return of 23.1%.

#### GWOF

GWOF's assets under management have grown to \$6.1 billion, up \$0.6 billion compared to 30 June 2015. The management fee income earned from GWOF for the half year ending 30 June 2016 increased by \$15.5 million as compared to the half year ending 30 June 2015 primarily due to a \$14.4 million performance fee (30 June 2015: \$nil performance fees earned) and higher base management fee income due to strong upward revaluations across the portfolio.

#### Fund Terms Review

On 22 June 2016, GWOF held an Extraordinary General Meeting (EGM) in relation to changes to the terms of GWOF. At the EGM, investors were asked to vote on three resolutions. All three resolutions put to the meeting were approved by the requisite majority of Securityholders.

The key changes include:

- an increase in the base management fee from 45 basis points to 50 basis points of the gross asset value of GWOF up to \$6 billion, with 45 basis points thereafter;
- removal of the performance fee structure from 1 July 2016;
- a pay-out of accrued over performance;
- pipeline rights amended to move to a rotational basis, with both GPT and GWOF sharing access to both established assets and developments;
- GPT's minimum holding requirement in GWOF amended to 15% (previously 20%), effective from 1 July 2017; and
- the introduction of an Investor Representation Committee.

#### Investor Liquidity Review

On 21 July 2016, the investor liquidity review concluded which allowed GWOF securityholders to notify GPT Funds Management Limited (as Responsible Entity of GWOF) whether they require liquidity or wish to purchase additional securities. The outcome of the review was that binding requests for liquidity for a total of 92,924,217 securities, being 2.4% of securities on issue, were submitted. This equates to \$122.8 million at the 30 June 2016 current unit value of \$1.3217. Additionally, securityholders indicated demand for \$150.0 million of additional securities.

#### GWSCF

GWSCF's assets under management of \$3.9 billion and the management fee income earned from GWSCF of \$8.5 million have both remained flat as compared to 30 June 2015.

#### Liquidity Event

GWSCF's 10 year liquidity event occurs in March 2017. The management team have commenced preparations for the liquidity event and are engaging with investors during the second half of 2016.

#### GMF

On 4 April 2016 GMF announced a significant increase in the value of GMF's portfolio following independent valuations of all of GMF's assets at 31 March 2016. The catalyst for this was the earlier receipt of an unsolicited proposal to acquire all of the units in GMF from Growthpoint Properties Australia Limited, as responsible entity of Growthpoint Properties Australia Trust (Growthpoint). Since then, the independent directors of GMF have recommended the Growthpoint offer in the absence of a superior proposal. The likelihood of a transaction leading to the acquisition of some or all of the units in GMF will have a material impact on GMF's future prospects and subsequently, GPT's ability to earn management fees and other income from the fund.

#### Management expenses

Management expenses decreased to \$32.4 million (30 Jun 2015: \$33.6 million) predominantly caused by people cost savings. In the first half of 2016 GPT achieved an MER of 38 basis points on a rolling annual basis (30 Jun 2015: 40 basis points).

#### Non-core operations

At the end of March 2016, GPT received \$90.0 million repayment of the deferred consideration relating to the sale of Ayers Rock Resort to the Indigenous Land Corporation (ILC) in May 2011. The remaining loan balance of \$65.0 million was extended until 2024 at an interest rate of 9.0 per cent per annum. Post the May 2016 Federal Government budget approval to fund the ILC, GPT was repaid early in full on 1 July 2016.

#### Distribution

GPT's distribution policy is a payout ratio of approximately 95-105% of Adjusted Funds from Operations (AFFO) which is defined as FFO less maintenance capex and lease incentives.

For the half year ended 30 June 2016, a distribution of 11.5 cents, up 4.5% on 30 June 2015 distribution of 11.0 cents, was declared on 23 June 2016 and is expected to be paid on 31 August 2016.

## THE GPT GROUP

### DIRECTORS' REPORT

For the half year ended 30 June 2016

#### Financial position

	Net Assets 30 Jun 16 \$M	Net Assets 31 Dec 15 \$M	Change %
<b>Core</b>			
Retail	4,994.4	5,100.2	(2.1%)
Office	4,030.2	3,701.7	8.9%
Logistics	1,528.2	1,427.7	7.0%
<b>Total core assets</b>	<b>10,552.8</b>	<b>10,229.6</b>	<b>3.2%</b>
<b>Non-core</b>	<b>76.0</b>	<b>162.5</b>	<b>(53.2%)</b>
<b>Financing and corporate assets</b>	<b>626.9</b>	<b>614.4</b>	<b>2.0%</b>
<b>Total assets</b>	<b>11,255.7</b>	<b>11,006.5</b>	<b>2.3%</b>
Borrowings	2,791.6	2,948.0	(5.3%)
Other liabilities	554.3	533.4	3.9%
<b>Total liabilities</b>	<b>3,345.9</b>	<b>3,481.4</b>	<b>(3.9%)</b>
<b>Net assets</b>	<b>7,909.8</b>	<b>7,525.1</b>	<b>5.1%</b>
<b>Total number of ordinary stapled securities (million)</b>	<b>1,798.0</b>	<b>1,794.8</b>	<b>0.2%</b>
<b>NTA (\$)</b>	<b>4.38</b>	<b>4.17</b>	<b>5.0%</b>

#### Balance sheet

- Total core assets increased by 3.2% primarily due to development capital expenditure and positive property revaluations.
- Total borrowings decreased by \$156.4 million due to net asset divestments offset by fair value adjustments of \$54.1 million to the carrying value of foreign currency debt.

#### Capital management

	30 Jun 16	30 Jun 15	Change
Cost of debt	4.3%	4.6%	Down by 30bps
	30 Jun 16	31 Dec 15	Change
Net gearing	24.4%	26.3%	Down by 190bps
Weighted average debt maturity	5.9 years	5.1 years	Up 0.8 years
S&P/Moody's credit rating	A (stable) / A3 (stable)	A- (positive) / A3 (stable)	Upgrade

GPT continues to maintain a strong focus on capital management, key highlights for the period include:

- Upgrade of GPT's long term rating with Standard and Poor's from A- (positive) to A (stable). Moody's rating remains unchanged.
- Reduced weighted average cost of debt by 30 basis points due to lower fixed and floating interest rates offset by higher margins.
- Net gearing decreased to 24.4% (31 Dec 2015: 26.3%), which is slightly below GPT's target gearing range of 25% to 35%. This was a result of net asset divestments and property revaluations during the period.
- Investment capacity at 30% net gearing is \$880.0 million (31 Dec 2015: \$570.0 million).
- Net profit and other comprehensive income were impacted by a \$66.3 million loss on net mark to market movements on derivatives and foreign bonds (largely due to a decrease in market swap rates during the period).

On market buy back:

On 22 April 2016, GPT announced the extension of the on market buy back for an additional 12 months until May 2017.

## THE GPT GROUP

### DIRECTORS' REPORT

For the half year ended 30 June 2016

#### Cash flows

The cash balance as at 30 June 2016 decreased to \$64.4 million (31 Dec 2015: \$79.3 million).

#### Operating activities

The following table shows the reconciliation from FFO to the cash flow from the operating activities:

	30 Jun 2016	30 Jun 2015	Change
	\$M	\$M	%
<b>FFO</b>	<b>269.8</b>	<b>249.0</b>	<b>8.4%</b>
Add back: distribution to exchangeable securities included in FFO	-	1.7	(100.0%)
Add back: non-cash expenses items included in FFO	13.4	11.3	18.6%
Less: non-cash revenue items included in FFO	(14.3)	(13.2)	(8.3%)
Less: interest capitalised on developments	(3.4)	(2.8)	(21.4%)
Less: payments for inventory net of sales proceeds	(8.7)	(45.3)	80.8%
Timing difference in receivables and payables	(3.7)	(5.3)	30.2%
<b>Net cash inflows from operating activities</b>	<b>253.1</b>	<b>195.4</b>	<b>29.5%</b>
Add back: payments for inventory net of sales proceeds	8.7	45.3	(80.8%)
Add back: interest capitalised on developments	3.4	2.8	21.4%
Less: maintenance capex	(25.5)	(22.4)	(13.8%)
Less: lease incentives	(21.9)	(16.3)	(34.4%)
Less: distribution to exchangeable securities	-	(1.7)	(100.0%)
<b>Free cash flow</b>	<b>217.8</b>	<b>203.1</b>	<b>7.2%</b>

The Non-IFRS information included above has not been specifically audited in accordance with Australian Auditing Standards, but has been derived from note 1 and note 8 of the accompanying financial statements.

#### Investing activities

Investing cash inflows include proceeds from disposals and proceeds from the repayment of loans, offset by acquisitions and maintenance and development capital expenditures.

#### Financing activities

Significant financing cash outflows during the period included distributions paid and net repayment of borrowings.

#### Prospects

##### (i) Group

GPT is well positioned with high quality assets and high levels of occupancy. As at 30 June 2016, the Group's balance sheet is in a strong position, with a smooth debt expiry profile and net gearing slightly below the bottom of the Group's target range of 25% to 35%.

##### (ii) Retail

Australian retail sales grew 4.1 per cent for the year to June 2016 led by NSW and VIC. This has supported the performance of the GPT portfolio, which is strongly weighted to these states, with specialty sales up 4.2 per cent for the 12 months to June 2016. It is likely that NSW and VIC will continue to outperform, having recorded the strongest state final demand growth in the first quarter of 2016 and the strongest consumer sentiment figures in July 2016.

##### (iii) Office

The Eastern Seaboard office markets have continued to strengthen in the 2016 financial year with office demand in each market exceeding forecasts from 12 months prior. The markets are currently experiencing a peak in their respective supply cycles and have a limited supply outlook for the next two years. With demand forecast to remain positive during this period, vacancy rates are expected to contract and rental growth to strengthen in the short to medium term. GPT's office portfolio weighting in the Sydney and Melbourne markets should benefit from these favourable market conditions.

##### (iv) Logistics

The investment market for institutional grade product has been strong over the past 18-24 months, with landmark assets and portfolios transacting at yields firmer than at previous market peaks. Despite a modest growth outlook and increasing supply side issues, assets with long WALE, good review structures and secure covenants have been well sought after. The medium term outlook is for a stabilisation of yields as this investment activity tapers off, while rents are likely to remain stable. GPT's desire to increase exposure to the sector will see a continued focus on development of the existing land bank.

##### (v) Funds management

GPT has a strong Funds Management platform which has experienced significant growth over the past five years. The funds management team will continue to actively manage the existing portfolios, with new acquisitions and divestments reviewed based on meeting the relevant investment objectives of the respective funds. With the potential takeover of GMF and planned asset sales in GWOFF and GWSCF, it is likely that in the near term funds under management will not experience the same growth as it has in the past.

##### (vi) Guidance for 2016

In 2016 GPT expects to deliver between 5.0% and 5.5% growth in FFO per ordinary security and approximately 4.0% growth in distribution per ordinary security. Achieving this target is subject to risks detailed in the following section.

## THE GPT GROUP

### DIRECTORS' REPORT

For the half year ended 30 June 2016

#### Risks

The Board is ultimately accountable for corporate governance and the appropriate management of risk. The Board determines the risk appetite and oversees the risk profile to ensure activities are consistent with GPT's strategy and values. The Audit and Risk Management Committee (ARMC) supports the Board and is responsible for overseeing and reviewing the effectiveness of the risk management framework. The ARMC and through it, the Board, receive reports on GPT's risk management practices and control systems including the effectiveness of GPT's management of its material business risks.

GPT has an active enterprise-wide risk management framework. Within this framework the Board has adopted a policy setting out the principles, objectives and approach established to maintain GPT's commitment to integrated risk management. GPT recognises the requirement for effective risk management as a core capability and consequently all employees are expected to be managers of risk. GPT's risk management approach incorporates culture, people, processes and systems to enable the organisation to realise potential opportunities whilst managing adverse effects. The approach is consistent with AS/NZS ISO 31000:2009: Risk Management.

The key components of the approach include the following:

- The GPT Board, Leadership Team, employees and contractors all understand their risk management accountabilities, promote the risk awareness and risk management culture and apply risk processes to achieve the organisation's objectives.
- Specialist risk management expertise is developed and maintained internally and provides coaching, guidance and advice.
- Risks are identified and assessed in a timely and consistent manner.
- Controls are effectively designed, embedded and assessed.
- Material risks and critical controls are monitored and reported to provide transparency and assurance that the risk profile is aligned with GPT's risk appetite, strategy and values.

The Board sets the risk framework via the organisations Risk Appetite. The Risk Appetite considers the most significant risks to which GPT is exposed and provides the Board with ongoing monitoring of risk exposures, with particular regard to the following categories of exposure:

- Investment Mandate
- Development
- Leasing
- Capital Management
- Health & Safety
- People
- Environment & Sustainability

## 2. EVENTS SUBSEQUENT TO REPORTING DATE

GPT sold its 12.98% investment in GMF for \$40.9 million (\$2.45 per unit) on 1 July 2016. This is \$1.9 million higher than the investment balance at 30 June 2016.

The remaining Ayers Rock Resort deferred consideration receivable of \$65.0 million was received in full on 1 July 2016.

GPT sold 2-4 Harvey Road, Kings Park for a total consideration of \$50.3 million on 4 July 2016.

The Directors are not aware of any other matter or circumstance occurring since 30 June 2016 that has significantly or may significantly affect the operations of GPT, the results of those operations or the state of affairs of GPT in subsequent financial years.

## 3. DIRECTORS

The Directors of GPT Management Holdings Limited and GPT RE Limited at any time during or since the end of the half year are:

### (i) Chairman - Non-Executive Director

Rob Ferguson

### (ii) Chief Executive Officer and Managing Director

Bob Johnston

### (iii) Non-Executive Directors

Brendan Crotty

Eileen Doyle

Swe Guan Lim

Anne McDonald (retired 4 May 2016)

Michelle Somerville

Gene Tilbrook

## 4. AUDITOR'S INDEPENDENT DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10 and forms part of the Directors' Report.

## 5. ROUNDING

The amounts contained in this report and in the financial statements have been rounded to the nearest hundred thousand dollars unless otherwise stated (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. GPT is an entity to which the Instrument applies.



**THE GPT GROUP**

**DIRECTORS' REPORT**

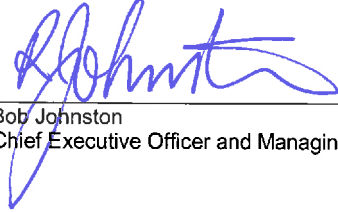
For the half year ended 30 June 2016

The Directors' Report is signed in accordance with a resolution of the directors of the GPT Group.



Rob Ferguson  
Chairman

Sydney  
10 August 2016



Bob Johnston  
Chief Executive Officer and Managing Director



## Auditor's Independence Declaration

As lead auditor for the review of General Property Trust for the half-year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of General Property Trust and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'Matthew Lunn', is written over a faint blue horizontal line.

Matthew Lunn  
Partner  
PricewaterhouseCoopers

Sydney  
10 August 2016

# THE GPT GROUP

## FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Half year ended 30 June 2016

	Note	30 Jun 16 \$M	30 Jun 15 \$M
<b>Revenue</b>			
Rent from investment properties		286.2	293.3
Property and fund management fees		47.7	33.0
Development revenue		9.9	16.1
Development management fees		2.4	2.0
		<u>346.2</u>	<u>344.4</u>
<b>Other income</b>			
Fair value gain on investment properties		233.2	113.1
Fair value gain of unlisted equity investments		-	0.3
Share of after tax profit of equity accounted investments		235.7	120.4
Interest revenue		1.7	1.0
Gain on financial liability at amortised cost		0.5	-
Reversal of prior year impairment expense		0.2	9.1
		<u>471.3</u>	<u>243.9</u>
<b>Total revenue and other income</b>		<u>817.5</u>	<u>588.3</u>
<b>Expenses</b>			
Property expenses and outgoings		80.7	81.2
Management and other administration costs		31.3	32.4
Development costs		1.3	9.5
Depreciation expense		1.1	1.2
Amortisation expense		2.8	3.3
Finance costs		51.8	58.3
Net loss / (gain) on fair value movements of derivatives		62.2	(8.1)
Net impact of foreign currency borrowings and associated hedging loss		4.1	0.3
Net foreign exchange loss		0.1	-
Net loss / (gain) on disposal of assets		0.5	(11.5)
<b>Total expenses</b>		<u>235.9</u>	<u>166.6</u>
<b>Profit before income tax expense</b>		<u>581.6</u>	<u>421.7</u>
Income tax expense		2.5	5.4
<b>Profit after income tax expense</b>		<u>579.1</u>	<u>416.3</u>
Profit from discontinued operations		7.3	5.6
<b>Net profit for the half year</b>		<u>586.4</u>	<u>421.9</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss, net of tax</i>			
Revaluation of available for sale financial asset		(0.3)	8.5
Net foreign exchange translation adjustments		(0.8)	0.5
Changes in the fair value of cash flow hedges		(0.5)	0.3
<b>Total other comprehensive income</b>		<u>(1.6)</u>	<u>9.3</u>
<b>Total comprehensive income for the half year</b>		<u>584.8</u>	<u>431.2</u>
<b>Net profit attributable to:</b>			
- Securityholders of the Trust		554.2	408.3
- Securityholders of other entities stapled to the Trust		32.2	13.6
<b>Total comprehensive income attributable to:</b>			
- Securityholders of the Trust		551.9	409.1
- Securityholders of other entities stapled to the Trust		32.9	22.1
<b>Basic earnings per unit attributable to ordinary securityholders of the Trust</b>			
Earnings per unit (cents per unit) - profit from continuing operations	5(a)	30.4	22.8
<b>Basic earnings per stapled security attributable to ordinary stapled securityholders of the GPT Group</b>			
Earnings per stapled security (cents per stapled security) - profit from continuing operations	5(b)	32.2	23.6

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## THE GPT GROUP

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	30 Jun 16 \$M	31 Dec 15 \$M
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		64.4	79.3
Loans and receivables		164.1	200.9
Inventories		0.3	-
Prepayments		10.4	7.3
		<u>239.2</u>	<u>287.5</u>
Non-current assets held for sale		89.3	197.2
<b>Total current assets</b>		<u>328.5</u>	<u>484.7</u>
<b>Non-current assets</b>			
Investment properties	2	7,652.2	7,375.9
Equity accounted investments	3	2,669.8	2,525.1
Loans and receivables		9.1	82.2
Intangible assets		35.1	35.5
Inventories		120.5	101.5
Property, plant & equipment		13.5	14.1
Derivative assets		387.5	342.5
Deferred tax assets		26.3	30.2
Other assets		13.2	14.8
		<u>10,927.2</u>	<u>10,521.8</u>
<b>Total non-current assets</b>		<u>10,927.2</u>	<u>10,521.8</u>
<b>Total assets</b>		<u>11,255.7</u>	<u>11,006.5</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables		361.8	390.8
Borrowings	7	24.3	6.7
Derivative liabilities		-	0.3
Provisions		17.3	24.8
		<u>403.4</u>	<u>422.6</u>
<b>Total current liabilities</b>		<u>403.4</u>	<u>422.6</u>
<b>Non-current liabilities</b>			
Borrowings	7	2,767.3	2,941.3
Derivative liabilities		173.6	115.6
Provisions		1.6	1.9
		<u>2,942.5</u>	<u>3,058.8</u>
<b>Total non-current liabilities</b>		<u>2,942.5</u>	<u>3,058.8</u>
<b>Total liabilities</b>		<u>3,345.9</u>	<u>3,481.4</u>
<b>Net assets</b>		<u>7,909.8</u>	<u>7,525.1</u>
<b>EQUITY</b>			
<b>Securityholders of the Trust (parent entity)</b>			
Contributed equity	4	7,804.3	7,709.4
Reserves		(46.2)	(43.9)
Retained earnings		740.7	477.8
		<u>8,498.8</u>	<u>8,143.3</u>
<b>Total equity of Trust securityholders</b>		<u>8,498.8</u>	<u>8,143.3</u>
<b>Securityholders of other entities stapled to the Trust</b>			
Contributed equity	4	325.5	325.3
Reserves		55.9	59.1
Accumulated losses		(970.4)	(1,002.6)
		<u>(589.0)</u>	<u>(618.2)</u>
<b>Total equity of other stapled securityholders</b>		<u>(589.0)</u>	<u>(618.2)</u>
<b>Total equity</b>		<u>7,909.8</u>	<u>7,525.1</u>

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

## THE GPT GROUP

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Half year ended 30 June 2016

	Note	General Property Trust				Other entities stapled to the General Property Trust				Total equity \$M
		Contributed equity \$M	Reserves \$M	Retained earnings \$M	Total \$M	Contributed equity \$M	Reserves \$M	Accumulated losses \$M	Total \$M	
<b>Equity attributable to Securityholders</b>										
<b>At 1 January 2015</b>										
		7,585.1	(34.2)	29.7	7,580.6	319.3	57.5	(1,025.7)	(648.9)	6,931.7
Revaluation of available for sale financial asset		-	-	-	-	-	8.5	-	8.5	8.5
Foreign currency translation reserve		-	0.5	-	0.5	-	-	-	-	0.5
Cash flow hedge reserve		-	0.3	-	0.3	-	-	-	-	0.3
<b>Other comprehensive income for the half year</b>		-	0.8	-	0.8	-	8.5	-	8.5	9.3
Profit for the half year		-	-	408.3	408.3	-	-	13.6	13.6	421.9
<b>Total comprehensive income for the half year</b>		-	0.8	408.3	409.1	-	8.5	13.6	22.1	431.2
<b>Transactions with Securityholders in their capacity as Securityholders</b>										
Issue of stapled securities	4	376.3	-	-	376.3	4.9	-	-	4.9	381.2
Redemption of exchangeable securities	4	(325.1)	-	-	(325.1)	-	-	-	-	(325.1)
Movement in employee incentive security scheme reserve net of tax		-	-	-	-	-	(7.1)	-	(7.1)	(7.1)
Distributions paid and payable	6	-	-	(197.3)	(197.3)	-	-	-	-	(197.3)
<b>At 30 June 2015</b>		<b>7,636.3</b>	<b>(33.4)</b>	<b>240.7</b>	<b>7,843.6</b>	<b>324.2</b>	<b>58.9</b>	<b>(1,012.1)</b>	<b>(629.0)</b>	<b>7,214.6</b>
<b>Equity attributable to Securityholders</b>										
<b>At 1 January 2016</b>										
		<b>7,709.4</b>	<b>(43.9)</b>	<b>477.8</b>	<b>8,143.3</b>	<b>325.3</b>	<b>59.1</b>	<b>(1,002.6)</b>	<b>(618.2)</b>	<b>7,525.1</b>
Revaluation of available for sale financial asset		-	-	-	-	-	(0.3)	-	(0.3)	(0.3)
Foreign currency translation reserve		-	(1.8)	-	(1.8)	-	1.0	-	1.0	(0.8)
Cash flow hedge reserve		-	(0.5)	-	(0.5)	-	-	-	-	(0.5)
<b>Other comprehensive income for the half year</b>		-	(2.3)	-	(2.3)	-	0.7	-	0.7	(1.6)
Profit for the half year		-	-	554.2	554.2	-	-	32.2	32.2	586.4
<b>Total comprehensive income for the half year</b>		-	(2.3)	554.2	551.9	-	0.7	32.2	32.9	584.8
<b>Transactions with Securityholders in their capacity as Securityholders</b>										
Issue of stapled securities	4	10.4	-	-	10.4	0.2	-	-	0.2	10.6
Reclassification of redemption deficit of exchangeable securities to retained earnings	4	84.5	-	(84.5)	-	-	-	-	-	-
Movement in employee incentive security scheme reserve net of tax		-	-	-	-	-	(3.9)	-	(3.9)	(3.9)
Distributions paid and payable	6	-	-	(206.8)	(206.8)	-	-	-	-	(206.8)
<b>At 30 June 2016</b>		<b>7,804.3</b>	<b>(46.2)</b>	<b>740.7</b>	<b>8,498.8</b>	<b>325.5</b>	<b>55.9</b>	<b>(970.4)</b>	<b>(589.0)</b>	<b>7,909.8</b>

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

**THE GPT GROUP**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

Half year ended 30 June 2016

	Note	30 Jun 16 \$M	30 Jun 15 \$M
<b>Cash flows from operating activities</b>			
Receipts in the course of operations (inclusive of GST)		360.7	334.4
Payments in the course of operations (inclusive of GST)		(141.4)	(133.9)
Receipts from development activities		11.2	32.8
Payments for development activities		-	(10.4)
Payment for inventories		(9.8)	(45.3)
Distributions received from equity accounted investments		64.4	69.9
Interest received		22.7	5.6
Finance costs paid		(54.7)	(57.7)
<b>Net cash inflows from operating activities</b>	8	<b>253.1</b>	<b>195.4</b>
<b>Cash flows from investing activities</b>			
Acquisition of investment properties		(30.6)	(47.7)
Payments for operating capital expenditure on investment properties		(50.0)	(35.7)
Payments for development capital expenditure on investment properties		(59.5)	(61.8)
Proceeds from disposal of investment properties		219.6	30.1
Payments for property, plant and equipment		(0.3)	(0.2)
Payments for intangibles		(2.1)	(3.0)
Investment in equity accounted investments		(12.3)	(38.0)
Proceeds from disposal of equity accounted investments		1.3	-
Net proceeds from loan repayments		83.0	4.4
<b>Net cash inflows / (outflows) from investing activities</b>		<b>149.1</b>	<b>(151.9)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of stapled securities net of transaction costs		-	369.4
Payment for the redemption of exchangeable securities including transaction costs		-	(325.1)
Proceeds from borrowings		426.3	169.6
Repayment of borrowings		(637.0)	(81.0)
Purchase of securities for the employee incentive scheme		-	(0.3)
Distributions paid to securityholders		(206.4)	(184.5)
<b>Net cash outflows from financing activities</b>		<b>(417.1)</b>	<b>(51.9)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(14.9)</b>	<b>(8.4)</b>
Cash and cash equivalents at the beginning of the half year		79.3	72.4
<b>Cash and cash equivalents at the end of the half year</b>		<b>64.4</b>	<b>64.0</b>

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

## THE GPT GROUP

### NOTES TO THE FINANCIAL STATEMENTS

Half year ended 30 June 2016

These are the consolidated financial statements of the consolidated entity, GPT Group (GPT), which consists of General Property Trust (the Trust), GPT Management Holdings Limited (the Company) and their controlled entities.

The notes to these financial statements have been organised into sections to help users find and understand the information they need to know. GPT has also provided additional information where it is helpful to understand GPT's performance.

The notes to the financial statements are organised into the following sections:

**Note 1 - Result for the half year:** focuses on results and performance of GPT.

**Note 2 to 3 - Operating assets and liabilities:** provides information on the assets and liabilities used to generate GPT's trading performance.

**Note 4 to 7 - Capital structure:** outlines how GPT manages its capital structure and various financial risks.

**Note 8 to 12 - Other disclosure items:** provides information on other items that must be disclosed to comply with Australian Accounting Standards and other regulatory pronouncements.

#### Key judgements and estimates

In applying GPT's accounting policies, management has made a number of judgements, estimates and assumptions regarding future events. The significant judgements made and the key sources of estimates for this half year end were the same as those applied to the last annual financial report for the year ended 31 December 2015.

## RESULT FOR THE HALF YEAR

### 1. SEGMENT INFORMATION

GPT's operating segments are described in the table below. The chief operating decision maker monitors the performance of the business on the basis of Funds from Operations (FFO) for each segment. FFO represents GPT's underlying and recurring earnings from its operations, and is determined by adjusting the statutory net profit after tax for items which are non-cash, unrealised or capital in nature. FFO has been determined based on guidelines established by the Property Council of Australia.

In late 2015, GPT announced a business restructure which moves from an operational model to a functional, sector-based approach. As a result, the presentation of the segment note has been updated accordingly to reflect the revised operating segments. The comparatives have been restated to be consistent with the presentation of current period.

Segment	Types of products and services which generate the segment result
Retail	Ownership, development (including mixed use) and management of predominantly regional and sub-regional shopping centres as well as GPT's equity investment in GPT Wholesale Shopping Centre Fund.
Office	Ownership, development (including mixed use) and management of prime CBD office properties with some associated retail space as well as GPT's equity investment in GPT Wholesale Office Fund.
Logistics	Ownership, development (including mixed use) and management of logistics and business park assets as well as GPT's equity investment in GPT Metro Office Fund.
Funds Management	Management of three Australian property funds in the retail, office and metropolitan office and business park sectors.
Corporate	Cash and other assets and borrowings and associated hedges plus resulting net finance costs, management operating costs and income tax expense.

## THE GPT GROUP

### NOTES TO THE FINANCIAL STATEMENTS

Half year ended 30 June 2016

#### (a) Segment financial information

##### 30 June 2016

The segment financial information provided to the chief operating decision maker for the half year ended 30 June 2016 is set out below.

#### Financial performance by segment

		Retail	Office	Logistics	Funds Management	Corporate	Total Core	Non-Core	Total
	Note	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Rent from investment properties	b(ii)	173.7	110.0	54.3	-	-	338.0	-	338.0
Property expenses and outgoings	b(iii)	(52.8)	(26.8)	(8.3)	-	-	(87.9)	-	(87.9)
Income from Funds	b(iv)	17.8	25.1	1.4	-	-	44.3	-	44.3
Fee income		7.3	2.5	0.5	23.0	-	33.3	-	33.3
Performance Fee income		-	-	-	14.4	-	14.4	-	14.4
Management & administrative expenses	b(v)	(4.3)	(4.3)	(1.2)	(8.2)	(13.8)	(31.8)	-	(31.8)
<b>Operations Net Income</b>		<b>141.7</b>	<b>106.5</b>	<b>46.7</b>	<b>29.2</b>	<b>(13.8)</b>	<b>310.3</b>	-	<b>310.3</b>
Development fees		1.6	0.7	0.1	-	-	2.4	-	2.4
Development revenue		6.7	-	3.2	-	-	9.9	-	9.9
Development costs		(1.3)	-	-	-	-	(1.3)	-	(1.3)
Share of profit from associate	b(iv)	-	-	0.1	-	-	0.1	-	0.1
Development management expenses	b(v)	(0.1)	(0.1)	(0.4)	-	-	(0.6)	-	(0.6)
<b>Development Net Income</b>		<b>6.9</b>	<b>0.6</b>	<b>3.0</b>	-	-	<b>10.5</b>	-	<b>10.5</b>
Interest income		-	-	-	-	1.7	1.7	5.0	6.7
Finance costs		-	-	-	-	(51.8)	(51.8)	-	(51.8)
<b>Net Finance Costs</b>		-	-	-	-	<b>(50.1)</b>	<b>(50.1)</b>	<b>5.0</b>	<b>(45.1)</b>
<b>Segment Result Before Tax</b>		<b>148.6</b>	<b>107.1</b>	<b>49.7</b>	<b>29.2</b>	<b>(63.9)</b>	<b>270.7</b>	<b>5.0</b>	<b>275.7</b>
Income tax expense	b(vi)	-	-	-	-	(5.9)	(5.9)	-	(5.9)
<b>Funds from Operations (FFO)</b>	b(i)	<b>148.6</b>	<b>107.1</b>	<b>49.7</b>	<b>29.2</b>	<b>(69.8)</b>	<b>264.8</b>	<b>5.0</b>	<b>269.8</b>

#### Reconciliation of segment assets and liabilities to the Statement of Financial Position

##### Current assets

Current assets	0.3	-	89.3	-	173.9	263.5	65.0	328.5
<b>Total current assets</b>	<b>0.3</b>	-	<b>89.3</b>	-	<b>173.9</b>	<b>263.5</b>	<b>65.0</b>	<b>328.5</b>

##### Non-current assets

Investment properties	4,280.3	2,024.0	1,347.9	-	-	7,652.2	-	7,652.2
Equity accounted investments	664.7	2,005.1	-	-	-	2,669.8	-	2,669.8
Inventories	31.7	-	88.8	-	-	120.5	-	120.5
Other non-current assets	17.4	1.1	2.2	-	453.0	473.7	11.0	484.7
<b>Total non-current assets</b>	<b>4,994.1</b>	<b>4,030.2</b>	<b>1,438.9</b>	-	<b>453.0</b>	<b>10,916.2</b>	<b>11.0</b>	<b>10,927.2</b>
<b>Total assets</b>	<b>4,994.4</b>	<b>4,030.2</b>	<b>1,528.2</b>	-	<b>626.9</b>	<b>11,179.7</b>	<b>76.0</b>	<b>11,255.7</b>

##### Current and non-current liabilities

Current and non-current liabilities	-	-	-	-	3,345.9	3,345.9	-	3,345.9
<b>Total liabilities</b>	-	-	-	-	<b>3,345.9</b>	<b>3,345.9</b>	-	<b>3,345.9</b>
<b>Net assets</b>	<b>4,994.4</b>	<b>4,030.2</b>	<b>1,528.2</b>	-	<b>(2,719.0)</b>	<b>7,833.8</b>	<b>76.0</b>	<b>7,909.8</b>



## THE GPT GROUP

### NOTES TO THE FINANCIAL STATEMENTS

Half year ended 30 June 2016

#### 30 June 2015

The segment financial information provided to the chief operating decision maker for the half year ended 30 June 2015 is set out below.

#### Financial performance by segment

		Retail	Office	Logistics	Funds Management	Corporate	Total Core	Non-Core	Total
	Note	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Rent from investment properties	b(ii)	181.5	101.7	52.9	-	-	336.1	-	336.1
Property expenses and outgoings	b(iii)	(53.7)	(25.1)	(8.6)	-	-	(87.4)	-	(87.4)
Income from Funds	b(iv)	18.2	31.1	1.4	-	-	50.7	-	50.7
Fee income		7.9	2.8	0.3	22.0	-	33.0	-	33.0
Management & administrative expenses	b(v)	(5.1)	(3.6)	(1.2)	(6.4)	(16.4)	(32.7)	-	(32.7)
<b>Operations Net Income</b>		<b>148.8</b>	<b>106.9</b>	<b>44.8</b>	<b>15.6</b>	<b>(16.4)</b>	<b>299.7</b>	-	<b>299.7</b>
									-
Development fees		1.2	0.7	0.1	-	-	2.0	-	2.0
Development revenue		-	-	16.1	-	-	16.1	-	16.1
Development costs		-	-	(9.5)	-	-	(9.5)	-	(9.5)
Share of profit from associate	b(iv)	-	-	0.2	-	-	0.2	-	0.2
Management & administrative expenses	b(v)	(0.3)	(0.3)	(0.3)	-	-	(0.9)	-	(0.9)
<b>Development Net Income</b>		<b>0.9</b>	<b>0.4</b>	<b>6.6</b>	-	-	<b>7.9</b>	-	<b>7.9</b>
Interest income		-	-	-	-	1.0	1.0	6.4	7.4
Finance costs		-	-	-	-	(58.3)	(58.3)	-	(58.3)
<b>Net Finance Costs</b>		-	-	-	-	<b>(57.3)</b>	<b>(57.3)</b>	6.4	<b>(50.9)</b>
<b>Segment Result Before Tax</b>		<b>149.7</b>	<b>107.3</b>	<b>51.4</b>	<b>15.6</b>	<b>(73.7)</b>	<b>250.3</b>	6.4	<b>256.7</b>
Income tax expense	b(vi)	-	-	-	-	(5.7)	(5.7)	(0.3)	(6.0)
Distributions on exchangeable securities		-	-	-	-	(1.7)	(1.7)	-	(1.7)
<b>Funds from Operations (FFO)</b>	b(i)	<b>149.7</b>	<b>107.3</b>	<b>51.4</b>	<b>15.6</b>	<b>(81.1)</b>	<b>242.9</b>	6.1	<b>249.0</b>

#### Reconciliation of segment assets and liabilities to the Statement of Financial Position – 31 December 2015

##### Current assets

Current assets	197.0	-	-	-	197.5	394.5	90.2	484.7
<b>Total current assets</b>	<b>197.0</b>	-	-	-	<b>197.5</b>	<b>394.5</b>	<b>90.2</b>	<b>484.7</b>

##### Non-current assets

Investment properties	4,200.8	1,862.4	1,312.7	-	-	7,375.9	-	7,375.9
Equity accounted investments	650.8	1,838.3	36.0	-	-	2,525.1	-	2,525.1
Inventories	22.6	-	78.9	-	-	101.5	-	101.5
Other non-current assets	29.0	1.0	0.1	-	416.9	447.0	72.3	519.3
<b>Total non-current assets</b>	<b>4,903.2</b>	<b>3,701.7</b>	<b>1,427.7</b>	-	<b>416.9</b>	<b>10,449.5</b>	<b>72.3</b>	<b>10,521.8</b>
<b>Total assets</b>	<b>5,100.2</b>	<b>3,701.7</b>	<b>1,427.7</b>	-	<b>614.4</b>	<b>10,844.0</b>	<b>162.5</b>	<b>11,006.5</b>

##### Current and non-current liabilities

Current and non-current liabilities	-	-	-	-	3,481.4	3,481.4	-	3,481.4
<b>Total liabilities</b>	-	-	-	-	<b>3,481.4</b>	<b>3,481.4</b>	-	<b>3,481.4</b>
<b>Net assets</b>	<b>5,100.2</b>	<b>3,701.7</b>	<b>1,427.7</b>	-	<b>(2,867.0)</b>	<b>7,362.6</b>	<b>162.5</b>	<b>7,525.1</b>

## THE GPT GROUP

### NOTES TO THE FINANCIAL STATEMENTS

Half year ended 30 June 2016

#### (b) Reconciliation of segment result to the statement of comprehensive income

	30 Jun 16 \$M	30 Jun 15 \$M
<b>(i) FFO to Net profit for the half year</b>		
<b>Segment result</b>		
FFO	269.8	249.0
<b>Adjustments</b>		
Fair value gain on investment properties	233.2	113.1
Fair value gain and other adjustments to equity accounted investments	164.8	44.2
Net (loss) / gain on fair value movement of derivatives	(62.2)	8.1
Net impact of foreign currency borrowings and associated hedging loss	(4.1)	(0.3)
Net foreign exchange gain / (loss)	0.1	(0.5)
Gain on financial liability at amortised costs	0.5	-
Reversal of prior year impairment - loan and receivables	0.2	9.1
Amortisation of lease incentives	(24.8)	(14.8)
Straightlining of leases	6.7	3.5
Net gain on disposal of assets	1.4	11.5
Other items	0.8	(2.7)
Exclude distributions on exchangeable securities included in FFO	-	1.7
<b>Consolidated Statement of Comprehensive Income</b>		
Net profit for the half year	<b>586.4</b>	<b>421.9</b>
<b>(ii) Rent from investment properties</b>		
<b>Segment result</b>		
Rent from investment properties	338.0	336.1
Less: share of rent from investment properties in equity accounted investments	(33.7)	(31.5)
<b>Adjustments</b>		
Amortisation of lease incentives	(24.8)	(14.8)
Straightlining of leases	6.7	3.5
<b>Consolidated Statement of Comprehensive Income</b>		
Rent from investment properties	<b>286.2</b>	<b>293.3</b>
<b>(iii) Property expenses and outgoings</b>		
<b>Segment result</b>		
Property expenses and outgoings	(87.9)	(87.4)
Less: share of property expenses and outgoings in equity accounted investments	7.2	6.2
<b>Consolidated Statement of Comprehensive Income</b>		
Property expenses and outgoings	<b>(80.7)</b>	<b>(81.2)</b>
<b>(iv) Share of after tax profits of equity accounted investments</b>		
<b>Segment result</b>		
Income from Funds	44.3	50.7
Share of rent from investment properties in equity accounted investments	33.7	31.5
Share of property expenses and outgoings in equity accounted investments	(7.2)	(6.2)
Share of profit from associate	0.1	0.2
<b>Adjustment</b>		
Fair value gain and other adjustments to equity accounted investments	164.8	44.2
<b>Consolidated Statement of Comprehensive Income</b>		
Share of after tax profits of equity accounted investments	<b>235.7</b>	<b>120.4</b>
<b>(v) Management and administration expenses</b>		
<b>Segment result</b>		
Operations	(31.8)	(32.7)
Development	(0.6)	(0.9)
Less: depreciation expense	1.1	1.2
<b>Consolidated Statement of Comprehensive Income</b>		
Management and administration expenses	<b>(31.3)</b>	<b>(32.4)</b>
<b>(vi) Income tax expense</b>		
<b>Segment result</b>		
Income tax expense - core operations	(5.9)	(5.7)
<b>Adjustment</b>		
Tax impact of reconciling items from segment result to net profit for the half year - core operations	3.4	0.3
<b>Consolidated Statement of Comprehensive Income</b>		
Income tax expense	<b>(2.5)</b>	<b>(5.4)</b>

## THE GPT GROUP

### NOTES TO THE FINANCIAL STATEMENTS

Half year ended 30 June 2016

## OPERATING ASSETS AND LIABILITIES

### 2. INVESTMENT PROPERTIES

	Note	30 Jun 16 \$M	31 Dec 15 \$M
Retail	(a)	4,235.3	4,144.9
Office	(b)	2,024.0	1,862.4
Logistics	(c)	1,275.5	1,271.1
Properties under development	(d)	117.4	97.5
<b>Total investment properties</b>	(e)	<b>7,652.2</b>	<b>7,375.9</b>

	Ownership interest <sup>(6)</sup> %	Acquisition date	Fair value 30 Jun 16 \$M	Fair value 31 Dec 15 \$M	Latest independent valuation date	Valuer
<b>(a) Retail</b>						
Casuarina Square, NT	50.0	Oct 1973	304.8	285.5	Jun 2016	CB Richard Ellis Pty Ltd
Charlestown Square, NSW	100.0	Dec 1977	875.0	853.5	Jun 2016	M3 Property
Pacific Highway, Charlestown, NSW	100.0	Oct 2002 / Jul 2003	7.0	5.7	Jun 2016	M3 Property
Highpoint Shopping Centre, VIC	16.7	Aug 2009	354.2	335.7	Mar 2016	Savills Australia
Homemaker City, Maribyrnong, VIC	16.7	Aug 2009	9.0	9.0	Mar 2016	Savills Australia
Westfield Penrith, NSW	50.0	Jun 1971	632.5	591.8	Jun 2016	Knight Frank Valuations
Sunshine Plaza, QLD	** 50.0	Dec 1992 / Sep 2004	361.9	381.7	Jun 2016	M3 Property
Plaza Parade, QLD	50.0	Jun 1999	10.7	10.7	Jun 2016	M3 Property
Rouse Hill Town Centre, NSW	100.0	Dec 2005	543.9	542.0	Dec 2015	Jones Lang LaSalle
Melbourne Central, VIC - retail portion <sup>(1)</sup>	100.0	May 1999 / May 2001	1,136.3	1,129.3	Dec 2015	Savills Australia
<b>Total Retail</b>			<b>4,235.3</b>	<b>4,144.9</b>		
<b>(b) Office</b>						
Australia Square, Sydney, NSW	50.0	Sep 1981	399.5	342.4	Jun 2016	Savills Australia
MLC Centre, Sydney, NSW	50.0	Apr 1987	518.5	459.8	Jun 2016	Knight Frank Valuations
One One One Eagle Street, Brisbane, QLD	33.3	Apr 1984	277.0	273.7	Jun 2016	Colliers International
Melbourne Central, VIC - office portion <sup>(1)</sup>	100.0	May 1999 / May 2001	508.0	469.0	Jun 2016	Jones Lang LaSalle
Corner of Bourke and William, VIC	50.0	Oct 2014	321.0	317.5	Jun 2016	CB Richard Ellis Pty Ltd
<b>Total Office</b>			<b>2,024.0</b>	<b>1,862.4</b>		
<b>(c) Logistics</b>						
2-4 Harvey Road, Kings Park, NSW <sup>(2)</sup>	100.0	May 1999	-	46.7	Jun 2014	Savills Australia
Citi-West Industrial Estate, Altona North, VIC	100.0	Aug 1994	67.4	66.6	Dec 2015	Savills Australia
Quad 1, Sydney Olympic Park, NSW	* 100.0	Jun 2001	23.0	24.9	Jun 2016	Savills Australia
Quad 4, Sydney Olympic Park, NSW	* 100.0	Jun 2004	49.3	41.4	Jun 2016	Savills Australia
6 Herb Elliott Avenue, Sydney Olympic Park, NSW	* 100.0	Jun 2010	11.0	13.2	Jun 2016	Knight Frank Valuations
8 Herb Elliott Avenue, Sydney Olympic Park, NSW	* 100.0	Aug 2004	11.3	10.6	Jun 2016	Knight Frank Valuations
3 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Apr 2013	24.0	21.0	Jun 2016	Knight Frank Valuations
5 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2005	26.6	23.8	Jun 2016	Knight Frank Valuations
7 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2004	15.0	13.8	Jun 2016	Knight Frank Valuations
Rosehill Business Park, Camellia, NSW	100.0	May 1998	79.0	79.0	Dec 2015	Urbis
16-34 Templar Road, Erskine Park, NSW	100.0	Jun 2008	54.5	51.5	Jun 2016	CB Richard Ellis Pty Ltd
67-75 Templar Road, Erskine Park, NSW	100.0	Jun 2008	22.5	22.5	Dec 2015	CB Richard Ellis Pty Ltd
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	159.1	155.0	Dec 2015	M3 Property
4 Holker Street, Silverwater, NSW	100.0	Mar 2006	30.5	30.5	Jun 2014	Colliers International
372-374 Victoria Street, Wetherill Park, NSW	100.0	Jul 2006	20.9	19.0	Dec 2015	Jones Lang LaSalle
Citiport Business Park, Port Melbourne, VIC	100.0	Mar 2012	71.0	68.4	Jun 2016	Savills Australia
83 Derby Street, Silverwater, NSW	100.0	Aug 2012	30.4	29.3	Dec 2015	M3 Property
10 Interchange Drive, Eastern Creek, NSW	100.0	Aug 2012	30.8	30.8	Dec 2015	Jones Lang LaSalle
407 Pembroke Road, Minto, NSW	50.0	Oct 2008	26.5	25.0	Jun 2016	M3 Property
Corner Pine Road and Loftus Road, Yennora, NSW	100.0	Nov 2013	52.0	50.5	Jun 2016	CB Richard Ellis Pty Ltd
16-28 Quarry Road, Yatala, QLD	100.0	Nov 2013	47.7	47.4	Dec 2014	Knight Frank Valuations

## THE GPT GROUP

### NOTES TO THE FINANCIAL STATEMENTS

Half year ended 30 June 2016

	Ownership interest <sup>(6)</sup> %	Acquisition date	Fair value 30 Jun 16 \$M	Fair value 31 Dec 15 \$M	Latest independent valuation date	Valuer
<b>(c) Logistics (continued)</b>						
Toll NQX, Karawatha, QLD	100.0	Dec 2012	102.5	98.6	Jun 2016	CB Richard Ellis Pty Ltd
TNT, 29-55 Lockwood Road, Erskine Park, NSW	100.0	Jun 2008	85.5	81.5	Jun 2016	CB Richard Ellis Pty Ltd
RAND, 36-52 Templar Road, Erskine Park, NSW	100.0	Jun 2008	97.0	84.3	Jun 2016	CB Richard Ellis Pty Ltd
RRM, 54-70 Templar Road, Erskine Park, NSW	100.0	Jun 2008	138.0	135.8	Jun 2016	Jones Lang LaSalle
<b>Total Logistics</b>			<b>1,275.5</b>	<b>1,271.1</b>		
<b>(d) Properties under development</b>						
Erskine Park, NSW	100.0	Jun 2008	3.6	3.4	Jun 2015	CB Richard Ellis Pty Ltd
407 Pembroke Rd, Minto, NSW	50.0	Oct 2008	5.5	4.7	Jun 2016	M3 Property
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	20.0	21.4	Dec 2015	M3 Property
18 - 24 Abbott Road, Seven Hills, NSW	100.0	Oct 2006	8.4	9.0	Jun 2016	CB Richard Ellis Pty Ltd
4 Murray Rose Drive, Sydney Olympic Park, NSW	* 100.0	May 2002	3.2	3.1	Dec 2014	CB Richard Ellis Pty Ltd
Rouse Hill Land, NSW <sup>(3)</sup>	100.0	Apr 2015	45.0	55.9	Jun 2016	Knight Frank Valuations
Lot 2012 Eastern Creek Drive, Eastern Creek, NSW <sup>(4)</sup>	100.0	Apr 2016	15.6	-	-	-
Lot 21 Old Wallgrove Road, Eastern Creek, NSW <sup>(5)</sup>	100.0	Jun 2016	16.1	-	-	-
<b>Total Properties under development</b>			<b>117.4</b>	<b>97.5</b>		

- (1) Melbourne Central: 69.1% Retail and 30.9% Office (31 Dec 2015: 70.7% Retail and 29.3% Office). Melbourne Central – Retail Includes 100% of Melbourne Central car park and 100% of 202 Little Lonsdale Street.
- (2) 2-4 Harvey Road, Kings Park has been classified as an asset held for sale as at 30 June 2016.
- (3) On 15 April 2016 GPT sold its 100% interest in Lots 14 and 15 which formed part of the Rouse Hill Land, for a consideration of \$23.0 million.
- (4) On 26 April 2016 GPT acquired a 100% interest in Lot 2012 Eastern Creek Drive, Eastern Creek for a total consideration of \$15.3 million.
- (5) On 24 June 2016 GPT acquired a 100% interest in Lot 21 Old Wallgrove Road, Eastern Creek for a total consideration of \$16.1 million.
- (6) Freehold, unless otherwise marked with a \* which denotes leasehold and \*\* denotes a combination of freehold and leasehold respectively.

### (e) Reconciliation

	Retail \$M	Office \$M	Logistics \$M	Properties under development \$M	For the 6 months to 30 Jun 16 \$M	For the 12 months to 31 Dec 15 \$M
<b>Carrying amount at the beginning of the half year</b>	4,144.9	1,862.4	1,271.1	97.5	<b>7,375.9</b>	7,093.5
Additions - operating capital expenditure	10.9	6.5	4.8	-	<b>22.2</b>	37.5
Additions - development capital expenditure	45.8	4.7	(2.5)	11.9	<b>59.9</b>	144.2
Additions - interest capitalised <sup>(1)</sup>	0.4	-	-	1.3	<b>1.7</b>	3.8
Asset acquisitions	-	-	-	31.5	<b>31.5</b>	47.7
Transfers to assets held for sale	-	-	(50.3)	-	<b>(50.3)</b>	(197.0)
Transfers to / (from) properties under development	-	-	2.0	(2.0)	-	-
Transfer to inventory	(9.1)	-	-	-	<b>(9.1)</b>	(4.1)
Lease incentives	7.2	10.4	9.2	-	<b>26.8</b>	44.2
Amortisation of lease incentives	(9.2)	(14.0)	(1.5)	(0.1)	<b>(24.8)</b>	(32.4)
Disposals	-	-	-	(23.0)	<b>(23.0)</b>	(100.3)
Fair value adjustments	43.9	151.1	37.9	0.3	<b>233.2</b>	325.9
Leasing costs (net of amortisation)	0.4	0.5	0.6	-	<b>1.5</b>	3.9
Straightlining of rental income	0.1	2.4	4.2	-	<b>6.7</b>	9.0
<b>Carrying amount at the end of the half year</b>	<b>4,235.3</b>	<b>2,024.0</b>	<b>1,275.5</b>	<b>117.4</b>	<b>7,652.2</b>	<b>7,375.9</b>

- (1) A capitalisation interest rate of 4.4% (31 Dec 2015: 4.6%) has been applied when capitalising interest on qualifying assets.

## THE GPT GROUP

### NOTES TO THE FINANCIAL STATEMENTS

Half year ended 30 June 2016

### 3. EQUITY ACCOUNTED INVESTMENTS

	Note	30 Jun 16 \$M	31 Dec 15 \$M
Investments in joint ventures	(i)	992.4	885.6
Investments in associates	(ii)	1,677.4	1,639.5
<b>Total equity accounted investments</b>		<b>2,669.8</b>	<b>2,525.1</b>

#### Details of equity accounted investments

Name	Principal Activity	Ownership Interest		30 Jun 16 \$M	31 Dec 15 \$M
		30 Jun 16 %	31 Dec 15 %		
<b>(i) Joint ventures</b>					
2 Park Street Trust <sup>(1)</sup>	Investment property	50.00	50.00	541.4	492.5
1 Farrer Place Trust <sup>(1)</sup>	Investment property	50.00	50.00	421.6	365.4
Horton Trust	Investment property	50.00	50.00	23.4	23.4
Lendlease GPT (Rouse Hill) Pty Limited <sup>(1) (2)</sup>	Property development	50.00	50.00	5.9	4.2
DPT Operator Pty Limited <sup>(1)</sup>	Management	50.00	50.00	0.1	0.1
<b>Total investment in joint venture entities</b>				<b>992.4</b>	<b>885.6</b>
<b>(ii) Associates</b>					
GPT Wholesale Office Fund <sup>(1)</sup>	Investment property	20.43	20.43	1,042.0	980.3
GPT Wholesale Shopping Centre Fund <sup>(1)</sup>	Investment property	20.22	20.22	635.4	623.2
GPT Metro Office Fund <sup>(1) (3)</sup>	Investment property	12.98	12.98	-	36.0
<b>Total investments in associates</b>				<b>1,677.4</b>	<b>1,639.5</b>

(1) The entity has a 30 June balance date.

(2) GPT has a 50% interest in Lendlease GPT (Rouse Hill) Pty Limited, a joint venture developing residential and commercial land at Rouse Hill, in partnership with Urban Growth and the NSW Department of Planning.

(3) GPT Metro Office Fund has been classified as an asset held for sale as at 30 June 2016. Refer to note 12 for further details.

## THE GPT GROUP

### NOTES TO THE FINANCIAL STATEMENTS

Half year ended 30 June 2016

## CAPITAL STRUCTURE

### 4. EQUITY

	Number	Trust \$M	Other entities Stapled to GPT \$M	Total \$M
<b>(i) Ordinary stapled securities</b>				
Opening securities on issue as at 1 January 2015	1,685,460,955	7,344.5	319.3	7,663.8
Securities issued - institutional placement <sup>(1)</sup>	76,832,152	320.9	4.1	325.0
Transaction costs	-	(5.5)	(0.1)	(5.6)
Securities issued - Long Term Incentive Plan	2,169,649	6.3	0.1	6.4
Securities issued - Security Purchase Plan <sup>(1)</sup>	11,820,458	49.3	0.7	50.0
Securities issued - Deferred Short Term Incentive Plan	1,236,353	5.0	0.1	5.1
Securities issued - Broad Based Employee Security Ownership Plan	59,514	0.3	-	0.3
<b>Closing securities on issue as at 30 June 2015</b>	<b>1,777,579,081</b>	<b>7,720.8</b>	<b>324.2</b>	<b>8,045.0</b>
Opening securities on issue as at 1 January 2016	<b>1,794,816,529</b>	<b>7,793.9</b>	<b>325.3</b>	<b>8,119.2</b>
Securities issued - Long Term Incentive Plan	<b>2,102,805</b>	<b>5.6</b>	<b>0.1</b>	<b>5.7</b>
Securities issued - Deferred Short Term Incentive Plan	<b>978,834</b>	<b>4.5</b>	<b>0.1</b>	<b>4.6</b>
Securities issued - Broad Based Employee Security Ownership Plan	<b>57,400</b>	<b>0.3</b>	<b>-</b>	<b>0.3</b>
<b>Closing securities on issue as at 30 June 2016</b>	<b>1,797,955,568</b>	<b>7,804.3</b>	<b>325.5</b>	<b>8,129.8</b>
<b>(ii) Exchangeable securities</b>				
Opening securities on issue as at 1 January 2015	2,500	240.6	-	240.6
Redemption	(2,500)	(325.0)	-	(325.0)
Transaction costs	-	(0.1)	-	(0.1)
<b>Closing securities on issue as at 30 June 2015<sup>(2)</sup></b>	<b>-</b>	<b>(84.5)</b>	<b>-</b>	<b>(84.5)</b>
Opening securities on issue as at 1 January 2016	-	<b>(84.5)</b>	-	<b>(84.5)</b>
Transfer to retained earnings	-	<b>84.5</b>	-	<b>84.5</b>
<b>Closing securities on issue as at 30 June 2016<sup>(2)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total Contributed Equity - 31 December 2015	-	7,709.4	325.3	8,034.7
<b>Total Contributed Equity - 30 June 2016</b>	<b>-</b>	<b>7,804.3</b>	<b>325.5</b>	<b>8,129.8</b>

(1) Securities issued – institutional placement and security purchase plan

Equity raising comprised a \$325 million institutional placement and a \$50.0 million security purchase plan. The funding was used to fund the redemption of exchangeable securities. Refer to note (2) below.

(2) Exchangeable Securities

On 27 November 2008, 2,500 Exchangeable Securities (ES) were issued to an affiliate of GIC Real Estate Pty Limited (GIC RE) at \$100,000 per exchangeable security. The ES were exchangeable into stapled securities at GIC RE's option subject to obtaining necessary approvals at an initial exchange price of \$3.883 per stapled security in accordance with the terms of the agreement. The ES offered discretionary distributions of 10% per annum and carried voting rights in GPT. On 28 January 2015, GPT redeemed the ES GIC for \$325.0 million, plus accrued distribution.

During the period, the redemption deficit of \$84.5 million was transferred to retained earnings.

## THE GPT GROUP

### NOTES TO THE FINANCIAL STATEMENTS

Half year ended 30 June 2016

#### 5. EARNINGS PER STAPLED SECURITY

	30 Jun 16 Cents	30 Jun 15 Cents
<b>(a) Attributable to ordinary securityholders of the Trust</b>	<b>Basic and Diluted</b>	<b>Basic and Diluted</b>
Basic and diluted earnings per security - profit from continuing operations	30.4	22.8
Basic and diluted earnings per security - profit from discontinued operations	0.4	0.3
Total basic and diluted earnings per security attributable to ordinary securityholders of the Trust	<b>30.8</b>	<b>23.1</b>
<b>(b) Attributable to ordinary stapled securityholders of GPT Group</b>		
Basic and diluted earnings per security - profit from continuing operations	32.2	23.6
Basic and diluted earnings per security - profit from discontinued operations	0.4	0.3
Total basic and diluted earnings per security attributable to ordinary stapled securityholders of The GPT Group	<b>32.6</b>	<b>23.9</b>
The earnings and weighted average number of ordinary securities (WANOS) used in the calculations of basic and diluted earnings per ordinary stapled security are as follows:		
<b>(c) Reconciliation of earnings used in calculating earnings per ordinary stapled security</b>	<b>\$M</b>	<b>\$M</b>
Net profit from continuing operations attributable to the securityholders of the Trust	546.9	402.7
Net profit from discontinued operations attributable to the securityholders of the Trust	7.3	5.6
	<b>554.2</b>	<b>408.3</b>
Less: distribution to the holders of Exchangeable Securities	-	(1.7)
<b>Basic and diluted earnings of the Trust</b>	<b>554.2</b>	<b>406.6</b>
Add: Net profit from continuing operations attributable to the securityholders of other stapled entities	32.2	13.6
<b>Basic and diluted earnings of the Company</b>	<b>32.2</b>	<b>13.6</b>
<b>Basic and diluted earnings of The GPT Group</b>	<b>586.4</b>	<b>420.2</b>
<b>(d) WANOS</b>	<b>Millions</b>	<b>Millions</b>
<b>WANOS used as the denominator in calculating basic earnings per ordinary stapled security</b>	<b>1,796.9</b>	<b>1,759.6</b>
Performance security rights at weighted average basis <sup>(1)</sup>	3.5	2.5
<b>WANOS used as the denominator in calculating diluted earnings per ordinary stapled security</b>	<b>1,800.4</b>	<b>1,762.1</b>

(1) Performance security rights granted under the employee incentive schemes are only included in dilutive earnings per ordinary stapled security where the performance hurdles are met as at the half year end.

## THE GPT GROUP

### NOTES TO THE FINANCIAL STATEMENTS

Half year ended 30 June 2016

#### 6. DISTRIBUTIONS PAID AND PAYABLE

Distributions are paid to GPT securityholders half yearly.

##### (a) Stapled Securityholders

	Cents per stapled security	Total amount \$M
<b>Distributions paid / payable</b>		
<b>2016</b>		
6 months period ended 30 June 2016 <sup>(1)</sup>	11.5	206.8
<b>Total distributions payable for the half year</b>	<b>11.5</b>	<b>206.8</b>
<b>2015</b>		
6 months period ended 30 June 2015	11.0	195.6
<b>Total distributions paid for the half year</b>	<b>11.0</b>	<b>195.6</b>

##### (b) Exchangeable Securities Securityholders<sup>(2)</sup>

	30 Jun 16	30 Jun 15
	\$M	\$M
<b>(i) Distributions paid</b>		
Period from 28 November 2014 to 28 January 2015      10% per exchangeable security	-	1.7

(1) June 2016 half yearly distribution of 11.5 cents per stapled security has been declared on 23 June 2016 and is expected to be paid on 31 August 2016 based on a record date of 30 June 2016.

(2) The exchangeable securities were redeemed on 28 January 2015 for \$325.0 million, plus accrued distribution.

#### 7. BORROWINGS

	30 Jun 16	31 Dec 15
	\$M	\$M
Current borrowings - secured	24.3	6.7
<b>Current borrowings</b>	<b>24.3</b>	<b>6.7</b>
Non-current borrowings - unsecured	2,679.7	2,840.4
Non-current borrowings - secured	87.6	100.9
<b>Non-current borrowings</b>	<b>2,767.3</b>	<b>2,941.3</b>
<b>Total borrowings<sup>(1)</sup> - carrying amount</b>	<b>2,791.6</b>	<b>2,948.0</b>
<b>Total borrowings<sup>(2)</sup> - fair value</b>	<b>2,811.0</b>	<b>2,958.3</b>

(1) Including unamortised establishment costs, fair value and other adjustments.

(2) For the majority of the borrowings, the carrying amount approximates its fair value. Where material difference arises, the fair value is calculated using market observable inputs (level 2) and unobservable inputs (level 3). Excluding unamortised establishment costs.

All borrowings with maturities greater than 12 months after reporting date are classified as non-current liabilities.

The maturity profile of borrowings is provided below:

	Total facility <sup>(1)</sup>	Used facility <sup>(1)</sup>	Unused facility
	\$M	\$M	\$M
Due within one year	29.3	24.3	5.0
Due between one and five years	2,142.6	1,600.6	542.0
Due after five years	853.3	853.3	-
	<b>3,025.2</b>	<b>2,478.2</b>	<b>547.0</b>
Cash and cash equivalents			<b>64.4</b>
<b>Total financing resources available at the end of the half year</b>			<b>611.4</b>

(1) Excluding unamortised establishment costs and fair value and other adjustments. This reflects the contractual cashflows payable on maturity of the borrowings taking into account historical exchange rates under cross currency swaps entered into to hedge the foreign currency denominated borrowings.



## THE GPT GROUP

### NOTES TO THE FINANCIAL STATEMENTS

Half year ended 30 June 2016

#### Debt covenants

GPT's borrowings are subject to a range of covenants, according to the specific purpose and nature of the loans. Most bank facilities include one or more of the following covenants:

- Gearing: total debt must not exceed 50% of total tangible assets; and
- Interest coverage: the ratio of earnings before interest and taxes (EBIT) to finance costs is not to be less than 2 times.

A breach of these covenants may trigger consequences ranging from rectifying and/or repricing to repayment of outstanding amounts. GPT performed a review of debt covenants as at 30 June 2016 and no breaches were identified.

### OTHER DISCLOSURE ITEMS

#### 8. CASH FLOWS FROM OPERATING ACTIVITIES

Reconciliation of net profit after income tax expense to net cash inflows from operating activities.

	30 Jun 16	30 Jun 15
	\$M	\$M
Net profit for the half year	586.4	421.9
Fair value gain on investment properties	(233.2)	(113.1)
Fair value loss / (gain) on derivatives	62.2	(8.1)
Net impact of foreign currency borrowings and associated hedging loss	4.1	0.3
Gain on financial liability at amortised cost	(0.5)	-
Share of after tax profit of equity accounted investments (net of distributions)	(171.5)	(48.8)
Net gain on disposal of assets	(1.4)	(11.5)
Depreciation and amortisation	3.9	4.5
Non-cash employee benefits - security based payments	5.1	3.2
Non-cash revenue adjustments	10.5	2.7
Interest capitalised	(3.4)	(2.8)
Decrease in operating assets	12.9	8.4
Payment for inventories	(8.7)	(45.3)
Decrease in operating liabilities	(14.3)	(8.3)
Net foreign exchange (gain) / loss	(0.1)	0.5
Reversal of prior year impairment	(0.2)	(9.1)
Other	1.3	0.9
<b>Net cash inflows from operating activities</b>	<b>253.1</b>	<b>195.4</b>

#### 9. COMMITMENTS

##### (a) Capital expenditure commitments

Commitments arising from contracts principally relating to the purchase and development of investment properties contracted for at balance date but not recognised on the Consolidated Statement of Financial Position.

	30 Jun 16	31 Dec 15
	\$M	\$M
Retail	17.0	36.1
Office	48.3	54.7
Logistics	5.0	11.5
<b>Total capital expenditure commitments</b>	<b>70.3</b>	<b>102.3</b>

##### (b) Operating lease commitments

Operating lease commitments are contracted non-cancellable future minimum lease payments expected to be payable but not recognised on the Consolidated Statement of Financial Position.

Due within one year	2.7	2.3
Due between one and five years	13.6	9.5
Over five years	-	0.7
<b>Total operating lease commitments</b>	<b>16.3</b>	<b>12.5</b>

## THE GPT GROUP

### NOTES TO THE FINANCIAL STATEMENTS

Half year ended 30 June 2016

#### (c) Commitments relating to equity accounted investments

GPT's share of equity accounted investments' commitments at balance date are set out below:

	30 Jun 16	31 Dec 15
	\$M	\$M
Capital expenditure	47.9	62.1
<b>Total joint ventures and associates' commitments</b>	<b>47.9</b>	<b>62.1</b>

### 10. FAIR VALUE DISCLOSURES – FINANCIAL INSTRUMENTS

Information about how the fair value of financial instruments is calculated and other information required by the accounting standards, including the valuation process, critical assumptions underlying the valuations and information on sensitivity are disclosed in the table below.

The different levels of the fair value hierarchy have been defined as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### (a) Fair value measurement, valuation techniques and inputs

Class of assets / liabilities	Fair value hierarchy	Valuation technique	Inputs used to measure fair value	Unobservable inputs	Unobservable inputs
				30 Jun 2016	31 Dec 2015
Derivative financial instruments	Level 2	Discounted cash flow (adjusted for counterparty creditworthiness)	Interest rates	Not applicable - all inputs are market observable inputs	
			Basis		
			CPI		
			Volatility		
			Foreign exchange rates		
	Level 3		Interest rates	Not applicable - market observable input	
			CPI Volatility	0.95%	0.96%
Available for sale financial assets	Level 3	Discounted cash flow	Discount rate	30%	30%
			Foreign exchange rates	Not applicable - observable input	Not applicable - observable input

Counterparty credit worthiness Credit value adjustments are applied to derivatives assets based on that counterparty's credit risk using the observable credit default swaps curve as a benchmark for credit risk.

Debit value adjustments are applied to derivatives liabilities based on GPT's credit risk using GPT's credit default swaps curve as a benchmark for credit risk.

#### (b) Movements in level 3 financial instruments

The following table presents the changes in level 3 financial instruments for recurring fair value measurements. GPT's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

	Unlisted equity securities	Available for sale financial asset	Derivative assets	Derivative liabilities	Total
<b>Opening balance 1 January 2015</b>	6.0	-	-	(22.6)	(16.6)
Fair value movements in comprehensive income - Still held	(6.0)	8.6	-	4.2	6.8
<b>Closing balance 31 December 2015</b>	-	8.6	-	(18.4)	(9.8)
<b>Opening balance 1 January 2016</b>	-	8.6	-	(18.4)	(9.8)
Fair value movements in comprehensive income - Still held	-	2.4	-	2.4	4.8
<b>Closing Balance 30 June 2016</b>	-	11.0	-	(16.0)	(5.0)

## THE GPT GROUP

### NOTES TO THE FINANCIAL STATEMENTS

Half year ended 30 June 2016

#### (c) Sensitivities

The table below summarises the impact from the change of significant inputs on GPT's profit and on equity for the period.

	Change of significant input	30 Jun 16	31 Dec 15
		\$M	\$M
<b>Fair value of level 3 derivatives</b>		<b>(16.0)</b>	(18.4)
	1% increase in interest rates gain	<b>4.5</b>	5.5
	1% decrease in interest rates (loss)	<b>(4.6)</b>	(5.6)
<b>Fair value of level 3 available for sale financial asset</b>		<b>11.0</b>	8.6
	5% increase in discount rate - gain/(loss)	<b>(2.1)</b>	(1.8)
	5% decrease in discount rate - gain/(loss)	<b>2.6</b>	2.3

## 11. ACCOUNTING POLICIES

### (a) Basis of preparation

The financial report has been prepared:

- in accordance with the requirements of the Trust's Constitution, *Corporations Act 2001*, Australian Accounting Standards (AAS) and other authoritative pronouncements of the Australian Accounting Standards Board and International Financial Reporting Standards;
- on a going concern basis in the belief that GPT will realise its assets and settle its liabilities and commitments in the normal course of business and for at least the amounts stated in the financial statements. The net deficiency of current assets over current liabilities at 30 June 2016 of \$74.9 million arises as a result of the inclusion of the provision for distribution payable to stapled securityholders. GPT has access to undrawn financing facilities of \$547.0 million as set out in note 7;
- under the historical cost convention, as modified by the revaluation for financial assets and liabilities and investment properties at fair value through the Consolidated Statement of Comprehensive Income;
- using consistent accounting policies with adjustments to bring into line any dissimilar accounting policies being adopted by the controlled entities, associates or joint ventures; and
- in Australian dollars with all values rounded in the nearest hundred thousand dollars in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, unless otherwise stated.

This interim financial report does not include all the notes of the type normally included within the annual financial report. Therefore, it is recommended this report be read in conjunction with the annual financial report for the year ended 31 December 2015 and any public announcements made by GPT during the interim period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

In accordance with Australian Accounting Standards, the stapled entity reflects the consolidated entity. Equity attributable to other stapled entities is a form of non-controlling interest and, in the consolidated entity column, represents the contributed equity of the Company. GPT has relied on class order 13/1050 and therefore continues to present consolidated financial statements of all the entities in a stapled group in one financial report.

As a result of the stapling, investors in GPT will receive payments from each component of the stapled security comprising distributions from the Trust and dividends from the Company.

The interim financial report was approved by the Board of Directors on 10 August 2016.

### (b) Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period with the exception of new and amended standards and interpretations commencing 1 January 2016 which are to be adopted when applicable.

#### New and amended accounting standards and interpretations commencing 1 January 2016

There are no significant changes to GPT's financial performance and position as a result of the adoption of the new and amended accounting standards and interpretations effective for annual reporting periods beginning on or after 1 January 2016.

### (c) New accounting standards and interpretations issued but not yet applied

The following standards and amendments to standards are relevant to GPT.

Reference	Description	Application of Standard
AASB 9 <i>Financial Instruments</i>	AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and also introduces expanded disclosure requirements and changes in presentation. When adopted, this could change the classification and measurement of financial assets and financial liabilities. The new hedging rules align hedge accounting more closely with the reporting entity's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss must now be presented in other comprehensive income. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model.	1 January 2018
	GPT is in the process of assessing any implications of this new standard to its operation and financial results and the potential effects have not been fully determined.	

## THE GPT GROUP

### NOTES TO THE FINANCIAL STATEMENTS

Half year ended 30 June 2016

AASB 15 <i>Revenue from Contracts with Customers</i>	AASB 15 will replace AASB 118 <i>Revenue</i> and AASB 111 <i>Construction Contracts</i> . It is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. It contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts. It requires reporting entities to provide users of financial statements with more informative and relevant disclosures.	1 January 2018
	GPT is in the process of assessing any implications of this new standard to its operation and financial results and does not expect a significant impact from its application.	
IFRS 16 <i>Leases</i>	IFRS 16 will change the way lessees account for leases by eliminating the current dual accounting model which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there will be a single, on-balance sheet accounting model that is similar to the current finance lease accounting. This new treatment will result in both a depreciation and interest charge in the Statement of Comprehensive Income. In contrast, lessor accounting will remain similar to current practice.	1 January 2019

## 12. EVENTS SUBSEQUENT TO REPORTING DATE

GPT sold its 12.98% investment in GMF for \$40.9 million (\$2.45 per unit) on 1 July 2016. This is \$1.9 million higher than the investment balance at 30 June 2016.

The remaining Ayers Rock Resort deferred consideration receivable of \$65.0 million was received in full on 1 July 2016.

GPT sold 2-4 Harvey Road, Kings Park for a total consideration of \$50.3 million on 4 July 2016.

The Directors are not aware of any other matter or circumstance occurring since 30 June 2016 that has significantly or may significantly affect the operations of GPT, the results of those operations or the state of affairs of GPT in subsequent financial years.

## THE GPT GROUP

### DIRECTORS' DECLARATION

Half year ended 30 June 2016

In the directors of the Responsible Entity's opinion:

- (a) the financial statements and notes set out on pages 11 to 28 are in accordance with the *Corporations Act 2001*, including:
  - complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - giving a true and fair view of GPT's financial position as at 30 June 2016 and of its performance for the half year ended on that date; and
- (b) the financial statements and notes comply with International Financial Reporting Standards as disclosed in note 11 to the financial statements.
- (c) there are reasonable grounds to believe that GPT will be able to pay its debts as and when they become due and payable. The net deficiency of current assets over current liabilities at 30 June 2016 of \$74.9 million arises as a result of the inclusion of the provision for distribution payable to stapled securityholders, GPT has access to undrawn financing facilities of \$547.0 million as set out in note 7 to the financial statements.

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

This declaration is made in accordance with the resolution of the directors.

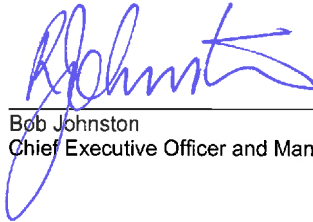
Rob Ferguson  
Chairman



GPT RE Limited

Sydney  
10 August 2016

Bob Johnston  
Chief Executive Officer and Managing Director





# Independent auditor's review report to the Unitholders of General Property Trust

## *Report on the Half-Year Financial Report*

We have reviewed the accompanying half-year financial report of General Property Trust (the Trust), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Trust and its consolidated entities (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled during that half-year, including GPT Management Holdings Limited and its controlled entities.

## *Directors responsibility for the half-year financial report*

The directors of GPT RE Limited (the responsible entity) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error. In Note 11, the directors also state, in accordance with Accounting Standards AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

## *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 Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 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 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 other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## *Independence*

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



### *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 Trust is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'M Lunn', is written over a faint, light blue horizontal line.

Matthew Lunn  
Partner

Sydney  
10 August 2016