GPT Management Holdings Limited

ABN: 67 113 510 188

Interim Financial Report
30 June 2018

This financial report covers both GPT Management Holdings Limited (the Company) as an individual entity and the Consolidated Entity consisting of GPT Management Holdings Limited and its controlled entities.

GPT Management Holdings Limited is a company limited by shares, incorporated and domiciled in Australia.

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

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DIRECTORS' REPORT

Half year ended 30 June 2018

The Directors of GPT Management Holdings Limited (the Company), present their report together with the financial statements of GPT Management Holdings Limited and its controlled entities (the Consolidated Entity) for the half year ended 30 June 2018. The Consolidated Entity is stapled to the General Property Trust and the GPT Group (GPT or the Group) financial statements include the results of the stapled entity as a whole.

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

1. OPERATING AND FINANCIAL REVIEW

Review of operations

The Consolidated Entity's financial performance for the half year ended 30 June 2018 is summarised below.

The net loss after tax for the half year ended 30 June 2018 is $8,432,000 (Jun 2017: $20,672,000).

For the half year ended	30 Jun 18 $'000	30 Jun 17 $'000	Change %
Property management fees	**20,903**	19,055	10%
Development management fees and revenue	**10,890**	21,345	(49%)
Fund management fees	**41,693**	38,201	9%
Other revenue	**108**	413	(74%)
Management costs recharged	**16,360**	15,954	3%
Other income	**27,306**	14,237	92%
Expenses	**(114,823)**	(112,335)	(2%)
Profit / (loss) from continuing operations before income tax expense	**2,437**	(3,130)	178%
Income tax expense	**(4,554)**	(3,876)	(17%)
Loss after income tax for continuing operations	**(2,117)**	(7,006)	70%
Loss from discontinued operations	**(6,315)**	(13,666)	54%
Net loss for the half year	**(8,432)**	(20,672)	59%

Consolidated Entity result

The decrease in net loss after tax compared with June 2017 is largely attributable to an increase in proceeds from sale of inventory, a decrease in losses from discontinued operations and an increase in funds management fees, offset by lower development revenue.

Property management

The Consolidated Entity is responsible for property management activities across the retail, office and logistics sectors. Property management fees increased by 10 per cent overall to $20,903,000 in 2018 (Jun 2017: $19,055,000). The increase primarily relates to an increase in office leasing fees and Space&Co membership income. Retail and logistics property management fees are in line with the prior period.

Development management

Retail

In the first half of 2018, retail development has focused on the delivery of the $422 million Sunshine Plaza retail expansion (GPT share: $211 million). The retail expansion has been delayed due to inclement weather, with most of the expansion scheduled to open in the first half of 2019. Master planning for developments at Melbourne Central and Rouse Hill Town Centre continued in the first half of 2018.

Office

The team is well progressed with a number of repositioning projects at Melbourne Central Tower, CBW and 530 Collins in Melbourne and MLC Centre in Sydney. Progress is also being made on the planning approval for a new tower at Darling Park.

Construction is on track for the 15,680sqm campus building at 4 Murray Rose, Sydney Olympic Park following the 9,240sqm pre-commitment to the Rural Fire Service announced last year. Completion is expected in October 2018.

Development approval has been achieved for a new 26,000sqm tower at 32 Smith Street, Parramatta following the acquisition of the site last year. Discussions are underway with a number of potential pre-commitment tenants for this site.

Logistics

Construction continues at Huntingwood, with the 11,000sqm warehouse expected to reach practical completion at the end of August 2018. At Lot 21, Old Wallgrove Road in Eastern Creek construction has commenced for a 30,000sqm facility. The facility is expected to reach practical completion by the end of December 2018. Tenant interest remains strong with negotiations underway with a number of parties on both properties.

Funds Management

GPT Wholesale Office Fund (GWOF)

GWOF's portfolio value increased to $7.5 billion, up $0.7 billion compared to 30 June 2017. The management fee income earned from GWOF for the half year ended 30 June 2018 increased by $1.2 million as compared to 30 June 2017 due to strong upward revaluations across the portfolio.

GPT Wholesale Shopping Centre Fund (GWSCF)

GWSCF's portfolio value increased to $4.9 billion, up $1.0 billion compared to 30 June 2017. This was primarily due to the acquisition of an additional 25 per cent interest in September 2017 in Highpoint Shopping Centre for $660.0 million and Homemaker City, Maribyrnong for $20.0 million coupled with upward revaluations across the portfolio. As a result management fee income earned from GWSCF of $10.9 million has increased by $2.5 million as compared to 30 June 2017.

DIRECTORS' REPORT
For the half year ended 30 June 2018

Management costs recharged
Management costs recharged are in line with prior year. In the first half of 2018 GPT's MER (Management Expense Ratio) is 29 basis points on a rolling annual basis (30 Jun 2017: 38 basis points).

Expenses
Expenses are in line with prior year.

Financial position

	30 Jun 18 $'000	31 Dec 17 $'000	Change %
Current assets	**122,556**	133,715	(8%)
Non-current assets	**254,138**	266,955	(5%)
Total assets	**376,694**	400,670	(6%)
Current liabilities	**76,198**	129,304	(41%)
Non-current liabilities	**154,249**	115,471	34%
Total liabilities	**230,447**	244,775	(6%)
Net assets	**146,247**	155,895	(6%)

Total assets decreased by 6 per cent to $376,694,000 in 2018 (Dec 2017: $400,670,000) is primarily due to the sale of development inventory.

Total liabilities decreased by 6 per cent to $230,447,000 in 2018 (Dec 2017: $244,775,000) due to reduced provisions and payables and offset by increased borrowings.

Capital management
The Consolidated Entity has an external loan relating to the Metroplex joint venture.

The Consolidated Entity has related party borrowings from GPT Trust and its subsidiaries. Under Australian Accounting Standards, the loans are revalued to fair value each reporting period.

Cash flows
The cash balance as at 30 June 2018 increased to $20,830,000 (Dec 2017: $20,033,000).

Operating activities
Net cash inflows from operating activities have decreased in 2018 to $21,482,000 (Jun 2017: $30,620,000) driven by dividends received in 2017 and income taxes paid in 2018.

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

For the half year ended	30 Jun 18 $'000	30 Jun 17 $'000	Change %
Net loss for the half year	**(8,432)**	(20,672)	(59%)
Add back: non-cash items included in net loss	**32,233**	35,410	(9%)
Timing difference	**(2,319)**	15,882	(115%)
Net cash flows from operating activities	**21,482**	30,620	(30%)

Dividends
The Directors have not declared any dividends for the half year ended 30 June 2018 (Jun 2017: nil).

Prospects
(i) Group
GPT is well positioned with high quality assets and high levels of occupancy. As at 30 June 2018, the Group's balance sheet is in a strong position, with a smooth, long debt expiry profile and net gearing at the lower end of the Group's target range of 25 to 35 per cent.

(ii) Retail
Australian retail sales grew 2.6 per cent for the year to 30 June 2018 led by the Eastern states. This has supported the performance of the GPT portfolio, with more than 85 per cent of the portfolio located in NSW and VIC. Total centre sales grew 2.3 per cent for the 12 months to 30 June 2018 whilst specialties sales per square metre grew 2.7 per cent.

(iii) Office
The Sydney and Melbourne office markets continued to deliver exceptional growth in net effective rents and asset valuations. The Sydney office market is expected to continue to enjoy favourable leasing conditions as supply remains limited until 2020. The Melbourne office market is expected to see an elevated level of supply in 2020 and 2021 however absorption is also expected to remain strong keeping vacancy rates low and upward momentum on net effective rents. GPT's office portfolio weighting to 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 24 months, with quality assets and portfolios transacting at yields firmer than at previous market peaks. Despite a modest rental growth outlook, assets with long WALE, good rent review structures and secure covenants have been well sought after. The medium term outlook is for a stabilisation of yields and continued investment demand. GPT's desire to increase exposure to the sector will see a continued focus on development of the existing land bank.

DIRECTORS' REPORT
For the half year ended 30 June 2018

(v) Funds management
GPT has a large 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, divestments and developments in line with the relevant investment objectives of each fund.

(vi) Guidance for 2018
In 2018 GPT expects to deliver approximately 3 per cent growth in FFO per ordinary security and approximately 3 per cent growth in distribution per ordinary security. Achieving this target is subject to risks detailed in the following section.

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 Sustainability and Risk Committee and the Audit Committee support the Board and are responsible for overseeing and reviewing the effectiveness of the risk management framework. The Sustainability and Risk Committee, the Audit Committee and through them, 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 risk appetite set by the Board considers the most significant, material risks to which GPT is exposed and provides the Board with ongoing monitoring of risk exposures which may arise over the short, medium and long term. The following table sets out material risks and issues, the potential impact to GPT and the ways in which they may be mitigated:

Risk Category	Risk / Issue	Potential Impact	Mitigation
Investment mandate	Investments do not perform in line with forecast	• Investments deliver lower investment performance than target • Credit downgrade	• Formal deal management process • Active asset management including regular forecasting and monitoring of performance • High quality property portfolio • Development program to enhance asset returns • Comprehensive asset insurance program
	Volatility and speed of adverse changes in market conditions	• Investments deliver lower investment returns than target	• Holistic capital management • Large multi asset portfolio • Monitoring of asset concentration
Development	Developments do not perform in line with forecast	• Developments deliver lower returns than target	• Formal development approval and management process
Leasing	Inability to lease assets in line with forecast	• Investments deliver lower investment performance than target	• Large and diversified tenant base • High quality property portfolio • Experienced leasing team • Development program to enhance asset returns
Capital management, including macro-economic factors	Re-financing and liquidity risk	• Limits ability to meet debt maturities • Constrains future growth • Limits ability to execute strategy • May impact distributions • Failure to continue as a going concern	• Diversity of funding sources and spreading of debt maturities with a long weighted average debt term • Maintaining a minimum liquidity buffer in cash and surplus committed credit facilities for the forward rolling twelve-month period
	Interest rate risk – higher interest rate cost than forecast	• Detrimental impact to investment performance • Adversely affect GPT's operating results	• Interest rate exposures are actively hedged
Health and safety	Incidents causing injury to tenants, visitors to the properties, employees and/or contractors	• Harm to our tenants, visitors to our properties, employees and/or contractors • Criminal/civic proceedings and resultant reputation damage • Financial impact of remediation and restoration	• Formalised Health and Safety management system including policies and procedures for managing safety • Training and education of our people and contractors

DIRECTORS' REPORT
For the half year ended 30 June 2018

People and culture	Inability to attract, retain and develop talented people and provide an inclusive workplace in line with GPT's values This includes the consideration of risk culture and specifically conduct risk	• Failure to provide an environment that enables our people to excel and customers and communities to prosper • Limits the ability to achieve business objectives in line with our values	• Training and structured development planning to support our people • Monitoring of risk culture and conduct risk • Competitive remuneration • Succession planning and talent management • Diversity & Inclusion Working Group • Diversity & Inclusion policies, guidelines and training
Environmental and social sustainability	Inability to continue operating in a manner that does not compromise the health of ecosystems and meets accepted social norms This includes the consideration of climate change, energy, community and supply chain	• Negative impact to the communities, the environment and the ecosystems that GPT operates in • Limits the ability to deliver the business objectives and strategy • Criminal/civic proceedings and resultant reputation damage • Financial impact of remediation and restoration	• Formalised Environment and Sustainability management system including policies and procedures for managing environmental and social sustainability risks
Information security	Risk of loss of data, breach of confidentiality, regulatory breach (privacy) and/or reputational impact including as a result from a cyber attack	• Limits the ability to deliver the business objectives and strategy • Criminal/civic proceedings and resultant reputation damage • Financial impact of remediation and restoration	• Technology risk management framework • Privacy policy, guidelines and procedures

2. EVENTS SUBSEQUENT TO REPORTING DATE

On 31 July 2018, the Consolidated Entity sold vacant land at Lot 1041, Macgregor Place, Richlands (Metroplex) for a total consideration of $5,744,000.

Other than the above, the Directors are not aware of any matter or circumstances occurring since 30 June 2018 that has significantly or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in the 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
Vickki McFadden (appointed 1 March 2018, Chairman from 2 May 2018)
Rob Ferguson (resigned 2 May 2018)

(ii) Chief Executive Officer and Managing Director
Bob Johnston (appointed September 2015)

(iii) Non-Executive Directors
Brendan Crotty (appointed December 2009)
Eileen Doyle (appointed March 2010)
Swe Guan Lim (appointed March 2015)
Michelle Somerville (appointed December 2015)
Gene Tilbrook (appointed May 2010)

4. 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 8 and forms part of the Directors' Report.

5. ROUNDING OF AMOUNTS

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

DIRECTORS' REPORT
For the half year ended 30 June 2018

The Directors' Report is signed in accordance with a resolution of the Directors of GPT Management Holdings Limited.

Vickki McFadden
Chairman

Sydney
13 August 2018

Bob Johnston
Chief Executive Officer and Managing Director

Auditor's Independence Declaration

As lead auditor for the review of GPT Management Holdings Limited for the half-year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of GPT Management Holdings Limited and the entities it controlled during the period.

Susan Horlin
Partner
PricewaterhouseCoopers

Sydney
13 August 2018

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GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Half year ended 30 June 2018

	Note	**30 Jun 18 $'000**	30 Jun 17 $'000
Revenue			
Fund management fees		**41,693**	38,201
Property management fees		**20,903**	19,055
Development management fees		**10,890**	13,907
Development revenue		**-**	7,438
Other revenue		**108**	413
Management costs recharged		**16,360**	15,954
		89,954	94,968
Other income			
Share of after tax profit of equity accounted investments		**4,559**	6,384
Interest revenue		**294**	296
Profit on the sale of other assets		**-**	64
Proceeds from sale of inventory		**22,453**	7,493
		27,306	14,237
Total revenue and other income		**117,260**	109,205
Expenses			
Remuneration expenses		**52,981**	57,498
Cost of sale of inventory		**20,790**	6,607
Property expenses and outgoings		**4,560**	4,151
Development expenses		**-**	8,237
Repairs and maintenance		**2,115**	1,599
Professional fees		**2,645**	2,304
Depreciation		**1,073**	969
Amortisation		**2,612**	2,549
Revaluation of financial arrangements		**11,775**	20,516
Impairment expense		**11,391**	3,020
Finance costs		**760**	955
Other expenses		**4,121**	3,930
Total expenses		**114,823**	112,335
Profit / (loss) before income tax		**2,437**	(3,130)
Income tax expense		**4,554**	3,876
Loss after income tax from continuing operations		**(2,117)**	(7,006)
Loss from discontinued operations		**(6,315)**	(13,666)
Net loss for the half year		**(8,432)**	(20,672)
Other comprehensive income from discontinued operations			
Items that may be reclassified to profit and loss			
Net foreign exchange translation adjustments		**(1,722)**	17
Revaluation of available for sale financial asset		**-**	764
Total comprehensive loss for the half year		**(10,154)**	(19,891)
Net (loss) / profit attributable to:			
- Members of the Company		**(8,730)**	(25,296)
- Non-controlling interest		**298**	4,624
Total comprehensive (loss) / income attributable to:			
- Members of the Company		**(10,452)**	(24,515)
- Non-controlling interest		**298**	4,624
Earnings per share attributable to the ordinary equity holders of the Company			
Basic and diluted earnings per share (cents per share) from continuing operations	8(a)	**(0.13)**	(0.65)
Basic and diluted earnings per share (cents per share) - Total	8(a)	**(0.48)**	(1.41)

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

GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2018

	Note	30 Jun 18 $'000	31 Dec 17 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**20,830**	20,033
Trade receivables		**91,404**	61,421
Other receivables		**2,829**	2,104
Loan receivables		**888**	37,032
Inventories	4	**5,568**	11,808
Prepayments		**1,037**	1,317
Total current assets		**122,556**	133,715
Non-current assets			
Intangible assets	3	**29,218**	30,901
Property, plant and equipment	5	**12,363**	9,910
Inventories	4	**163,046**	177,410
Equity accounted investments	2	**20,969**	21,988
Deferred tax assets		**20,379**	17,763
Deferred acquisition costs		**872**	1,198
Other assets	6	**7,291**	7,785
Total non-current assets		**254,138**	266,955
Total assets		**376,694**	400,670
LIABILITIES			
Current liabilities			
Payables		**38,914**	62,109
Current tax liabilities		**-**	8,559
Provisions		**28,485**	38,715
Borrowings	10	**8,799**	19,921
Total current liabilities		**76,198**	129,304
Non-current liabilities			
Borrowings	10	**140,967**	99,146
Provisions		**7,779**	10,250
Other liabilities		**5,503**	6,075
Total non-current liabilities		**154,249**	115,471
Total liabilities		**230,447**	244,775
Net assets		**146,247**	155,895
EQUITY			
Contributed equity	7	**325,855**	325,703
Reserves		**36,435**	37,803
Accumulated losses		**(229,005)**	(220,275)
Total equity attributable to Company members		**133,285**	143,231
Non-controlling interests		**12,962**	12,664
Total equity		**146,247**	155,895

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

GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Half year ended 30 June 2018

		Company members				Non-controlling interests				
	Note	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000	Total equity $'000
Equity attributable to Company Members										
At 1 January 2017		325,512	44,683	(201,041)	169,154	22,060	-	(9,396)	12,664	181,818
Revaluation of available for sale financial asset		-	764	-	764	-	-	-	-	764
Foreign currency translation reserve		-	17	-	17	-	-	-	-	17
Other comprehensive income for the half year		-	781	-	781	-	-	-	-	781
(Loss) / profit for the half year		-	-	(25,296)	(25,296)	-	-	4,624	4,624	(20,672)
Total comprehensive income for the half year		-	781	(25,296)	(24,515)	-	-	4,624	4,624	(19,891)
Transactions with Members in their capacity as Members										
Issue of securities	7	189	-	-	189	-	-	-	-	189
Movement in employee incentive security scheme reserve net of tax		-	(57)	-	(57)	-	-	-	-	(57)
At 30 June 2017		325,701	45,407	(226,337)	144,771	22,060	-	(4,772)	17,288	162,059
Equity attributable to Company Members										
At 1 January 2018		**325,703**	**37,803**	**(220,275)**	**143,231**	**22,060**	**-**	**(9,396)**	**12,664**	**155,895**
Foreign currency translation reserve		**-**	**(1,722)**	**-**	**(1,722)**	**-**	**-**	**-**	**-**	**(1,722)**
Other comprehensive income for the half year		**-**	**(1,722)**	**-**	**(1,722)**	**-**	**-**	**-**	**-**	**(1,722)**
(Loss) / profit for the half year		**-**	**-**	**(8,730)**	**(8,730)**	**-**	**-**	**298**	**298**	**(8,432)**
Total comprehensive income for the half year		**-**	**(1,722)**	**(8,730)**	**(10,452)**	**-**	**-**	**298**	**298**	**(10,154)**
Transactions with Members in their capacity as Members										
Issue of securities	7	**152**	**-**	**-**	**152**	**-**	**-**	**-**	**-**	**152**
Movement in employee incentive security scheme reserve net of tax		**-**	**354**	**-**	**354**	**-**	**-**	**-**	**-**	**354**
At 30 June 2018		**325,855**	**36,435**	**(229,005)**	**133,285**	**22,060**	**-**	**(9,098)**	**12,962**	**146,247**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Half year ended 30 June 2018

	Note	30 Jun 18 $'000	30 Jun 17 $'000
Cash flows from operating activities			
Receipts in the course of operations (inclusive of GST)		**121,916**	75,425
Payments in the course of operations (inclusive of GST)		**(97,982)**	(78,702)
Payments for inventories		**(7,921)**	(41,721)
Proceeds from sale of inventories		**20,870**	7,493
Receipts from development activities		**-**	41,686
Payments for development activities		**-**	(3,904)
Interest received		**294**	296
Finance costs paid		**(582)**	(390)
Dividend received from available for sale financial asset		**-**	30,437
Income taxes paid		**(15,113)**	-
Net cash inflows from operating activities	11	**21,482**	30,620
Cash flows from investing activities			
Payments for property, plant and equipment		**(4,188)**	(835)
Payments for intangibles		**(816)**	(2,581)
Proceeds from sale of property, plant and equipment		**84**	-
Net cash outflows from investing activities		**(4,920)**	(3,416)
Cash flows from financing activities			
Repayment of related party borrowings		**(93,853)**	(34,478)
Proceeds from related party borrowings		**89,637**	10,656
Purchase of securities for the employee incentive scheme		**(319)**	-
Proceeds from borrowings		**6,593**	8,925
Repayments of borrowings		**(17,823)**	(13,152)
Net cash outflows from financing activities		**(15,765)**	(28,049)
Net increase / (decrease) in cash and cash equivalents		**797**	(845)
Cash and cash equivalents at the beginning of the half year		**20,033**	17,842
Cash and cash equivalents at the end of the half year		**20,830**	16,997

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

NOTES TO THE FINANCIAL STATEMENTS

Half year ended 30 June 2018

These are the consolidated financial statements of GPT Management Holdings Limited and its controlled entities (the Consolidated Entity).

The notes to these financial statements have been organised into sections in order to help users find and understand the information they need to know. The Consolidated Entity has also provided additional information where it is helpful to understand the Consolidated Entity'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 the Consolidated Entity.
Notes 2 to 6 - Operating assets: provides information on the assets used to generate the Consolidated Entity's trading performance.
Notes 7 to 10 - Capital structure: outlines how the Consolidated Entity manages its capital structure and various financial risks.
Notes 11 to 15 - Other disclosure items: provides information on other items that must be disclosed to comply with Australian Accounting Standards and other regulatory pronouncements.

Key judgements, estimates and assumptions
In applying the Consolidated Entity's accounting policies, management has made a number of judgements, estimates and assumptions regarding future events.

The following judgements and estimates have the potential to have a material impact on the financial statements:

Area of judgements and estimates	**Assumptions underlying**
Loans receivable	Recoverability
Management rights with indefinite life	Impairment trigger and recoverable amounts
IT development and software	Impairment trigger and recoverable amounts
Inventories	Lower of cost and net realisable value
Deferred tax assets	Recoverability
Security based payments	Fair value
Investment in equity accounted investments	Assessment of control versus disclosure guidance

RESULT FOR THE HALF YEAR

1. SEGMENT INFORMATION

The chief operating decision makers monitor the performance of the business in a manner consistent with that of the financial report. Refer to the Consolidated Statement of Comprehensive Income for the segment financial performance and the Consolidated Statement of Financial Position for total assets and liabilities.

OPERATING ASSETS

2. EQUITY ACCOUNTED INVESTMENTS

	Note	**30 Jun 18 $'000**	31 Dec 17 $'000
Investments in joint ventures	(i)	**10,969**	11,988
Investments in associates	(ii)	**10,000**	10,000
Total equity accounted investments		**20,969**	21,988

Details of equity accounted investments

Name	**Principal activity**	**Ownership interest 2018 %**	2017 %	**30 Jun 18 $'000**	31 Dec 17 $'000
(i) Joint ventures					
DPT Operator Pty Limited	Management	50.00	50.00	**89**	89
Lendlease GPT (Rouse Hill) Pty Limited [1]	Property development	50.00	50.00	**10,878**	11,896
Erskine Park Trust	Property development	50.00	50.00	**2**	3
Total investment in joint ventures				**10,969**	11,988
(ii) Associates					
GPT Funds Management Limited	Funds management	100.00	100.00	**10,000**	10,000
Total investment in associates				**10,000**	10,000

(1) The entity has a 30 June balance date. The Consolidated Entity has a 50 per cent 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. The Group interest is held through a subsidiary that is 52 per cent owned by the Consolidated Entity and 48 per cent owned by GPT Trust.

NOTES TO THE FINANCIAL STATEMENTS
Half year ended 30 June 2018

3. INTANGIBLE ASSETS

	Management rights $'000	IT development and software $'000	Total $'000
Cost			
At 1 January 2017	55,825	67,157	122,982
Additions	-	4,702	4,702
Transfers	-	2,843	2,843
Disposals	-	(11,467)	(11,467)
At 31 December 2017	55,825	63,235	119,060
Additions	**-**	**909**	**909**
Transfers	**-**	**20**	**20**
At 30 June 2018	**55,825**	**64,164**	**119,989**
Accumulated amortisation and impairment			
At 1 January 2017	(45,094)	(42,632)	(87,726)
Amortisation	(326)	(5,715)	(6,041)
Disposal	-	11,467	11,467
Impairment	-	(5,859)	(5,859)
At 31 December 2017	(45,420)	(42,739)	(88,159)
Amortisation	**(100)**	**(2,512)**	**(2,612)**
At 30 June 2018	**(45,520)**	**(45,251)**	**(90,771)**
Carrying amounts			
At 31 December 2017	10,405	20,496	30,901
At 30 June 2018	**10,305**	**18,913**	**29,218**

4. INVENTORIES

	30 Jun 18 $'000	31 Dec 17 $'000
Development properties	**5,568**	11,808
Current inventories	**5,568**	11,808
Development properties	**163,046**	177,410
Non-current inventories	**163,046**	177,410
Total inventories	**168,614**	189,218

An impairment expense has been recognised for the half year ended 30 June 2018 of $11,391,000 in relation to Metroplex.

Development properties held for resale are stated at the lower of cost and net realisable value.

5. PROPERTY, PLANT AND EQUIPMENT

	30 Jun 18 $'000	31 Dec 17 $'000
Computers		
At cost	**15,092**	15,092
Less: accumulated depreciation and impairment	**(11,693)**	(11,077)
Total computers	**3,399**	4,015
Office fixtures and fittings		
At cost	**16,209**	12,683
Less: accumulated depreciation and impairment	**(7,245)**	(6,788)
Total office, fixtures and fittings	**8,964**	5,895
Total property, plant and equipment	**12,363**	9,910

NOTES TO THE FINANCIAL STATEMENTS
Half year ended 30 June 2018

Reconciliations of the carrying amount of property, plant and equipment at the beginning and end of the financial period are set out below:

	Computers $'000	Office fixtures & fittings $'000	Total $'000
At 1 January 2017			
Opening carrying value	5,007	9,893	14,900
Additions	980	81	1,061
Disposals	(1,341)	-	(1,341)
Transfers	383	(3,226)	(2,843)
Depreciation	(1,014)	(853)	(1,867)
At 31 December 2017	4,015	5,895	9,910
At 1 January 2018			
Opening carrying value	**4,015**	**5,895**	**9,910**
Additions	**-**	**3,630**	**3,630**
Disposals	**-**	**(84)**	**(84)**
Transfers	**-**	**(20)**	**(20)**
Depreciation	**(616)**	**(457)**	**(1,073)**
At 30 June 2018	**3,399**	**8,964**	**12,363**

6. OTHER ASSETS

	30 Jun 18 $'000	31 Dec 17 $'000
Lease incentive asset	**2,934**	3,493
Investment in financial asset	**4,357**	4,292
Total other assets	**7,291**	7,785

CAPITAL STRUCTURE

7. EQUITY

	Number	$'000
Ordinary stapled securities		
Opening securities on issue as at 1 January 2017	1,797,955,568	325,512
Securities issued - Long Term Incentive Plan	2,763,052	113
Securities issued - Deferred Short Term Incentive Plan	855,355	76
Securities issued - Broad Based Employee Security Ownership Plan	54,338	-
Closing securities on issue as at 30 June 2017	1,801,628,313	325,701
Opening securities on issue as at 1 January 2018	**1,801,640,882**	**325,703**
Securities issued - Long Term Incentive Plan	**2,332,026**	**92**
Securities issued - Deferred Short Term Incentive Plan	**875,344**	**57**
Securities issued - Broad Based Employee Security Ownership Plan	**42,174**	**3**
Closing securities on issue as at 30 June 2018	**1,804,890,426**	**325,855**

8. EARNINGS PER SHARE

(a) Basic and diluted earnings per share

	30 Jun 18 Cents	30 Jun 17 Cents
Basic and diluted earnings per share - loss from continuing operations	**(0.13)**	(0.65)
Basic and diluted loss per share - loss from discontinued operations	**(0.35)**	(0.76)
Total basic and diluted earnings per share	**(0.48)**	(1.41)

(b) The (loss) / profit used in the calculation of the basic and diluted earnings per share are as follows:

(Loss) / profit reconciliation - basic and diluted	30 Jun 18 $'000	30 Jun 17 $'000
Loss from continuing operations	**(2,415)**	(11,630)
Loss from discontinued operations	**(6,315)**	(13,666)
Profit attributed to external non-controlling interest	**298**	4,624
	(8,432)	(20,672)

(c) WANOS

The earnings and weighted average number of ordinary shares (WANOS) used in the calculations of basic and diluted earnings per ordinary share are as follows:

	Number of shares '000s	Number of shares '000s
WANOS used as denominator in calculating basic earnings per ordinary share	**1,803,900**	1,800,544
Performance security rights (weighted average basis) (1)	**2,500**	1,943
WANOS used as denominator in calculating diluted earnings per ordinary share	**1,806,400**	1,802,487

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

9. DIVIDENDS PAID AND PAYABLE

No dividends have been paid or declared for the half year to 30 June 2018 (Jun 2017: nil).

10. BORROWINGS

	30 Jun 18		31 Dec 17	
	Carrying amount (1) $'000	Fair value (2) $'000	Carrying amount (1) $'000	Fair value (2) $'000
Current borrowings at amortised cost - secured	**8,799**	**8,818**	19,921	19,980
Current borrowings	**8,799**	**8,818**	19,921	19,980
Related party borrowings from GPT Trust at amortised cost	**140,967**	**140,967**	99,146	99,625
Non-current borrowings	**140,967**	**140,967**	99,146	99,625
Total borrowings	**149,766**	**149,785**	119,067	119,605

(1) Including unamortised establishment costs.
(2) For the majority of borrowings, the carrying amount approximates its fair value. The fair value of fixed rate interest-bearing borrowings is estimated by discounting the future contractual cash flows at the current market interest rate curve. Excluding unamortised establishment costs.

The unsecured borrowings are provided by GPT Trust and its subsidiaries and have been revalued based on an adjusted working capital calculation at 30 June 2018, in accordance with the loan agreement. As a result, a revaluation loss of $20,000,000 (Jun 2017: $34,097,679) for both continuing ($12,000,000) and discontinued ($8,000,000) operations has been recognised in the Consolidated Statement of Comprehensive Income. The following borrowings were revalued to nil at 30 June 2018 (Dec 2017: nil):

- The amount outstanding on the loan facility to GPT Management Holdings Limited was $344,797,027 (Dec 2017: $348,797,027). $4,000,000 was repaid during the period. This facility expires on 31 December 2030.
- The amount outstanding on the loan facility to GPT Property Management Ltd was $5,922,998 (Dec 2017: $9,922,998). $4,000,000 was repaid during the period. This facility expires on 31 December 2030.
- The amount outstanding on the loan facility to GPT International Pty Limited was $71,628,519 (Dec 2017: $75,628,519). $4,000,000 was repaid during the period. This facility expires on 12 June 2032.
- The amount outstanding on the loan facility to Voyages Hotels & Resorts (Loan 1) was $28,616,333 (Dec 2017: $32,616,333). $4,000,000 was repaid during the period. This facility expires on 30 June 2032.
- The amount outstanding on the loan facility to Voyages Hotels & Resorts (Loan 2) was $43,952,859 (Dec 2017: $47,952,859). $4,000,000 was repaid during the period. This facility expires on 3 January 2035.

NOTES TO THE FINANCIAL STATEMENTS
Half year ended 30 June 2018

No interest is payable in connection with the above loans from 3 September 2015. The loans are non-revolving interest free borrowings that are revalued each reporting date in accordance with accounting standards.

The maturity profile of borrowings is provided below:

	Total facility [(1)] $'000	Used facility [(1)] $'000	Unused facility $'000
Due within one year	9,636	8,818	818
Due between one and five years	19,224	19,224	-
Due after five years	723,618	616,661	106,957
	752,478	**644,703**	**107,775**
Cash and cash equivalents			**20,830**
Total financing resources available at the end of the half year			**128,605**

(1) Excluding unamortised establishment costs.

OTHER DISCLOSURE ITEMS

11. CASH FLOW INFORMATION

Reconciliation of net loss after income tax to net cash inflows from operating activities:

	30 Jun 18 $'000	30 Jun 17 $'000
Net loss for the half year	**(8,432)**	(20,672)
Share of after tax profit of equity accounted investments (net of distributions)	**(4,559)**	(6,384)
Impairment expense	**11,391**	3,020
Gain on transfer from foreign cash translation reserve	**(1,773)**	-
Non-cash employee benefits - security based payments	**2,359**	-
Lease incentive amortisation	**(11)**	(22)
Interest capitalised	**(2,894)**	(7,335)
Amortisation of rental abatement	**207**	248
Depreciation and amortisation	**3,685**	3,518
Amortisation of deferred acquisition costs	**326**	327
Finance costs	**2,933**	7,663
Revaluation of financial arrangements	**20,000**	34,155
Profit on sale of inventory	**(1,663)**	(886)
Proceeds from sale of inventories	**20,870**	7,493
Payments for inventories	**(7,921)**	(41,721)
Other	**777**	68
Decrease in operating assets	**10,507**	66,879
Decrease in operating liabilities	**(24,320)**	(15,731)
Net cash inflows from operating activities	**21,482**	30,620

12. COMMITMENTS

(a) Capital expenditure commitments

The capital expenditure commitments at 30 June 2018 were $2,016,000 (Dec 2017: $1,401,000). Commitments arise from the purchase of plant and equipment and intangibles, contracted for at balance date but not recognised in the Consolidated Statement of Financial Position.

(b) Operating lease commitments

	30 Jun 18 $'000	31 Dec 17 $'000
Due within one year	**8,122**	6,430
Due between one and five years	**22,012**	15,049
Over five years	**18,080**	5,495
Total operating lease commitments	**48,214**	26,974

Contracted non-cancellable future minimum lease payments on office premises and equipment expected to be payable but not recognised in the Consolidated Statement of Financial Position.

(c) Share of joint ventures and associates commitments and contingent liabilities

	30 Jun 18	31 Dec 17
	$'000	$'000
Capital expenditure commitments	**111**	168
Total joint venture and associates commitments	**111**	168

The capital expenditure commitments in the Consolidated Entity's joint ventures relate to Lendlease GPT (Rouse Hill) Pty Limited.

13. FAIR VALUE DISCLOSURES

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

(a) Fair value measurement, valuation techniques and inputs

Class of assets	Fair value hierarchy (1)	Valuation technique	Inputs used to measure fair value	Range of unobservable inputs 30 Jun 18	31 Dec 17
Investment in financial assets	Level 2	Market price	Market price	Not applicable - observable	

(1) 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).

14. ACCOUNTING POLICIES

(a) Basis of preparation

The financial report has been prepared:

- in accordance with the requirements of the Company's constitution, *Corporations Act 2001* and Australian Accounting Standards AASB 134 *Interim Financial Reporting;*
- in accordance with the recognition and measurement requirements of the International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB);
- on a going concern basis in the belief that the Consolidated Entity 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;
- under the historical cost convention, as modified by the revaluation for financial assets and liabilities at fair value through the Consolidated Statement of Comprehensive Income;
- using consistent accounting policies and 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 to the nearest 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 2017. Comparatives in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and notes to the financial statements have been restated to the current year presentation. There was no effect on the loss for the year.

The interim financial report was approved by the Board of Directors on 13 August 2018.

(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 the adoption of AASB 9 *Financial Instruments: Recognition and Measurement* and AASB 15 *Revenue from Contracts with Customers* and other new and amended standards and interpretations commencing 1 January 2018 which have been adopted where applicable.

New and amended accounting standards and interpretations commencing 1 January 2018
The Consolidated Entity has adopted AASB 9 and AASB 15 at 1 January 2018. AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. AASB 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time.

There have been no significant changes to the Consolidated Entity's financial performance and position as a result of the adoption of new and amended accounting standards and interpretations effective for annual reporting periods beginning on or after 1 January 2018. New disclosures have been included as required.

(c) Changes in accounting policies

AASB 9 *Financial Instruments*
The requirements of AASB 9 represent a significant change from AASB 139 *Financial Instruments: Recognition and Measurement*. The nature and effects of the key changes to the Consolidated Entity's accounting policies resulting from the adoption of AASB 9 are summarised below.

(i) Classification and measurement of financial assets and financial liabilities
On 1 January 2018 (the date of initial application of AASB 9), the Consolidated Entity assessed which business models apply to the financial assets held and has classified its financial instruments into the appropriate AASB 9 categories. The adoption of AASB 9 has not impacted the carrying value of financial assets but has resulted in classification changes on initial application at 1 January 2018 as shown below:

	Original classification under AASB 139	New classification under AASB 9	Original carrying amount under AASB 139 31 Dec 17 $'000	New carrying amount under AASB 9 31 Dec 17 $'000
Financial assets				
Trade receivables	Loans and receivables	Financial assets at amortised cost	61,421	61,421
Other receivables	Loans and receivables	Financial assets at amortised cost	2,104	2,104
Loan receivables	Loans and receivables	Financial assets at amortised cost	37,032	37,032
Available for sale financial asset	Available for sale financial asset	Financial assets at fair value through profit and loss	-	-

Loans and receivables are classified and measured at amortised cost. The Consolidated Entity holds these financial assets in order to collect the contractual cash flows, and the contractual terms are solely payments of outstanding principal and interest on the principal amount outstanding.

AASB 9 requires that all financial liabilities be subsequently classified at amortised costs, except in certain circumstances. None of these circumstances apply to the Consolidated Entity and accordingly there is no change to the classification and measurement of the Consolidated Entity's payable and borrowings on adoption of AASB 9.

(ii) Impairment of financial assets
AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income (FVOCI), but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139. The Consolidated Entity has assessed the impact of the adoption of an ECL model under AASB 9 and identified that the impairment loss was immaterial. See section (iii) 'Recoverability of loans and receivables' section below for details on how ECL amounts are determined.

(iii) Accounting policies

Policy applicable from 1 January 2018
AASB 9 contains three principal classification categories for financial assets:
- measured at amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit and loss (FVTPL).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets at amortised costs
Loans and receivables
Loans and receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method less any allowance under the ECL model.

All loans and receivables with maturities greater than 12 months after the balance date are classified as non-current assets.

Recoverability of loans and receivables
At each reporting date, the Consolidated Entity assesses whether financial assets carried at amortised cost are 'credit-impaired'. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Consolidated Entity recognises loss allowances at an amount equal to lifetime ECL on trade and other receivables. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the trade receivable and are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Consolidated Entity expects to receive).

The Consolidated Entity analyses the age of outstanding receivable balances and applies historical default percentages adjusted for other current observable data as a means to estimate lifetime ECL. Other current observable data may include:
- forecasts of economic conditions such as unemployment, interest rates, gross domestic product and inflation;
- financial difficulties of a counterparty or probability that a counterparty will enter bankruptcy; and
- conditions specific to the asset to which the receivable relates.

Debts that are known to be uncollectable are written off when identified.

(iv) Transition
The impact of the Consolidated Entity's previously reported financial position as at 31 December 2017, as a result of the adoption AASB 9 and its application retrospectively is not significant to the Consolidated Entity.

AASB 15 *Revenue from Contracts with Customers*
The requirements of AASB 15 replace AASB 118 *Revenue* and AASB 111 *Construction Contracts*. AASB 15 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.

(i) Classification and measurement of revenue

Revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits as the entity performs;
- the customer controls the asset as the entity creates or enhances it; or
- the seller's performance does not create an asset for which the seller has an alternative use and there is a right to payment for performance to date.

Where the above criteria is not met, revenue is recognised at a point in time.

The table below summarises the changes in terminology with respect to the timing of revenue recognition between AASB 111 and AASB 118 compared to AASB 15 and the new revenue recognition policies under AASB 15. From our assessment of when performance obligations are satisfied, there is no change in the timing of revenue recognition when comparing the previous accounting policies to those now under AASB 15.

Type of revenue	Description	Revenue recognition policy under AASB111 and AASB 118	Revenue recognition policy under AASB15
Fund management fees	The Consolidated Entity provides fund management services to GPT Wholesale Office Fund (GWOF) and GPT Wholesale Shopping Centre Fund (GWSCF) (the Funds) in accordance with the Funds constitutions. The services are utilised on an ongoing basis and revenue is calculated and recognised in accordance with the relevant constitution. The fees are invoiced on a quarterly basis and consideration is payable within 21 days of the quarter end.	Recognised on an accruals basis based on the contract terms.	Over time
Fee income - property management fees	The Consolidated Entity provides property management services to the owners of property assets in accordance with property services agreements. The services are utilised on an ongoing basis and revenue is calculated and recognised in accordance with the specific agreement. The fees are invoiced monthly with variable payment terms depending on the individual agreements. Should an adjustment, as calculated in accordance with the property services agreement be required, this is recognised in the statement of financial performance within the same reporting period.	Recognised on an accruals basis based on the contract terms.	Over time
Fee income - property management leasing fees - over time	Under some property management agreements, the Consolidated Entity provides a lease management service to the owners. These services are delivered on an ongoing basis and revenue is recognised monthly, calculated in accordance with the property management agreement. The fees are invoiced monthly with variable payment terms depending on the individual agreements.	Recognised on an accruals basis based on the contract terms.	Over time
Fee income - property management leasing fees - point in time	Under some property management agreements, the Consolidated Entity provides leasing management services to the owners. The revenue is recognised when the specific service is delivered (e.g. on lease execution) and consideration is due 30 days from invoice date.	Recognised in the period in which the services are rendered.	Point in time
Development management fees	The Consolidated Entity provides development management services to the owners of property assets in accordance with development management agreements. Revenue is calculated and recognised in accordance with the specific agreement. The fees are invoiced on a monthly basis, in arrears, and consideration is due 30 days from invoice date.	If the agreement includes an hourly fee, the revenue is recognised in the period in which the services are rendered.	Point in time
		If the agreement includes a fixed price, the revenue is recognised in proportion to the value of the works delivered until the completion of the associated development works.	Over time
Development revenue	The Consolidated Entity provides development management services to the owners of property assets in accordance with development management agreements. Revenue is calculated in accordance with the specific agreement and invoiced in accordance with the contract terms. Consideration is due from the customer based on the specific terms agreed in the contract and is recognised when the Consolidated Entity has control of the benefit.	Recognised in the period in which the title of the asset is transferred.	Point in time
Sale of inventory	Proceeds from the sale of inventory are recognised by the Consolidated Entity in accordance with a specific contract entered into with another party for the delivery of inventory. Revenue is calculated in accordance with the contract. Consideration is payable in accordance with the contract. Revenue is recognised when control has been transferred to the buyer.	When significant risk and rewards are transferred.	Point in time

(ii) Transition

Changes in accounting policies resulting from the adoption of AASB 15 have been applied retrospectively. There has been no significant impact on the Consolidated Entity's previously reported financial position as a result of the adoption AASB 15.

(d) New accounting standards and interpretations issued but not yet adopted

The following standards and amendments to standards are relevant to the Consolidated Entity.

Reference	Description	Application of Standard
AASB 16 *Leases*	AASB 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. Where the Consolidated Entity is the lessee, this new treatment will result in recognition of a right of use asset along with the associated lease liability in the Consolidated Statement of Financial Position and both a depreciation and interest charge in the Consolidated Statement of Comprehensive Income. In contrast, lessor accounting will remain similar to current practice. The new leasing model requires the recognition of operating leases on the Consolidated Statement of Financial Position. If the Consolidated Entity had adopted the new standard from 1 January 2018, management estimates that the net profit before tax for the half year ended 30 June 2018 would increase by approximately $76,000. Assets at 30 June 2018 would increase by approximately $13,488,000 and liabilities increase by $16,542,000.	1 January 2019

15. EVENTS SUBSEQUENT TO REPORTING DATE

On 31 July 2018, the Consolidated Entity sold vacant land at Lot 1041, Macgregor Place, Richlands (Metroplex) for a total consideration of $5,744,000.

Other than the above, the Directors are not aware of any matter or circumstances occurring since 30 June 2018 that has significantly or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in the subsequent financial years.

GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION

Half year ended 30 June 2018

In the directors of GPT Management Holdings Limited's opinion:

(a) the consolidated financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting,* the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - giving a true and fair view of the Consolidated Entity's financial position at 30 June 2018 and of its performance for the half year ended on that date; and

(b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

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.

Vickki McFadden
Chairman

GPT Management Holdings Limited

Bob Johnston
Chief Executive Officer and Managing Director

Sydney
13 August 2018

Independent auditor's review report to the members of GPT Management Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of GPT Management Holdings Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2018, 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, a summary of significant accounting policies, other explanatory notes and the directors' declaration for GPT Management Holdings Limited. The group comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company 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.

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 group's financial position as at 30 June 2018 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 GPT Management Holdings Limited, 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*.

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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 GPT Management Holdings Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the group's financial position as at 30 June 2018 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

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S. Horl

Susan Horlin
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Bianca Buckman
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Sydney
13 August 2018