

Appendix 4E
Results for announcement to the market
GDI PROPERTY GROUP

The Appendix 4E should be read in conjunction with the annual financial report of GDI Property Group for the year ended 30 June 2015.

1. GDI Property Group

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

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

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

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

2. Reporting period

The financial information contained in this report is for the year ended 30 June 2015. Comparative information contained in this report relates to the approximately 28 week period from 16 December 2013 to 30 June 2014.

3. Highlights of the results

	2015 \$m	2014 \$m
Revenue from ordinary activities	80.3	38.0
Comprehensive net profit attributable to security holders after tax	75.9	12.9
Funds from operations (FFO ¹)	46.4	22.2
Distribution to security holders	(41.7)	(19.9)
	cents	cents
Funds from operations per security	8.22	3.91
Distributions per security	7.50	3.50
Payout ratio		
- Distributions as a % of FFO	90%	90%
- Distributions as a % of AFFO ²	110%	92%
Basic earnings per security ³	13.45	2.28
Diluted earnings per security ³	13.43	2.28
	\$m	\$m
Total assets	914.4	740.0
Total borrowings	322.2	169.3
Security holders equity	556.3	544.2
Market capitalisation	476.9	516.5

	2015	2014
	\$	\$
Net tangible assets per security	0.99	0.93
Security price	0.875	0.91
Securities on issue	545,022,346	567,575,025

- 1 FFO is a Property Council of Australia definition which adjusts AIFRS net profit for non-cash changes in investment properties, non-cash impairment of goodwill, non-cash fair value adjustments to financial instruments, amortisation of incentives, straight-line adjustments and other unrealised one-off items. GDI Property Group also adjusts funds management performance fees charged that remain unpaid from its calculation of FFO. A reconciliation of total comprehensive income for the period to FFO is provided at page 4, section 1.3 of the Directors' Report.
- 2 AFFO adjusts FFO for incentives paid during the year, maintenance capex and other adjustments.
- 3 This calculation is based on the comprehensive profit attributable to stapled security holders of GDI Property Group.

4. Commentary on the results

Refer to the Directors' Report of the 2015 annual financial report for a commentary on the results of the Group.

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

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

	Amount per security	Total distribution	Franked amount per security
	cents	\$'000	cents
2014 final – paid 29 August 2014	3.50	19,865	-
2015 interim – paid 27 February 2015	3.75	21,284	-
2015 final – declared 17 June 2015	3.75	20,438	-

No distribution reinvestment plan was operated by GDI Property Group.

6. Changes in control over group entities

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

7. Compliance statement

This Appendix 4E has been prepared in accordance with AASB Standards (including Australian interpretations) and other standards acceptable to ASX. This Appendix 4E and the financial reports upon which it is based use the same accounting policies. The information contained in this Appendix 4E is based on the attached audited financial report for the financial year ended 30 June 2015, which together with the auditors opinion, has been lodged with the ASX.

GDI Property Group

GDI Property Group Limited
ACN 166 479 189

Annual Financial Report
30 June 2015

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

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GDI PROPERTY GROUP

DIRECTORS' REPORT

For the financial year ended 30 June 2015

The Directors of GDI Property Group Limited ACN 166 479 189 ("the Company") present their report together with the financial report of the Company and its controlled entities and GDI Property Trust ARSN 166 598 161 ("the Trust") and its controlled entities for the financial year ended 30 June 2015. Shares in the Company are stapled to units in the Trust to form GDI Property Group.

The Financial Reports of the Company and its subsidiaries and the Trust and its subsidiaries have been presented jointly in accordance with ASIC Class Order 13/1050 relating to combining or consolidating accounts under stapling and for the purpose of fulfilling the requirements of the Australian Securities Exchange ("ASX"). The Responsible Entity of the Trust is GDI Funds Management Limited ACN 107 354 003, AFSL 253 142. GDI Funds Management Limited is a wholly owned subsidiary of the Company and shares a common board.

The Company was incorporated on 5 November 2013 and the Trust established on 4 November 2013, becoming registered as a managed investment scheme on 18 November 2013. The Company and the Trust remained dormant until shares in the Company were stapled to units in the Trust on 16 December 2013 as part of an Initial Public Offer ("IPO") of stapled securities, forming GDI Property Group. GDI Property Group commenced trading on the ASX on 17 December 2013. Comparative financial information contained in this director's report and the 30 June 2015 financial report of the Company and the Trust is for the approximately 28 week period from the stapling of securities until 30 June 2014 and so does not portray an accurate reflection of the variances between the FY15 full year performance and that for the period ended 30 June 2014.

The registered office and principal place of business of the Company, its subsidiaries and the Trust and its subsidiaries is Level 23, 56 Pitt Street, Sydney NSW 2000.

1. Operating and financial review

1.1 About GDI Property Group

GDI Property Group is an integrated, internally managed property and funds management group with capabilities in ownership, management, refurbishment, leasing and syndication of office and industrial properties.

The Trust is internally managed and owns a portfolio of office properties across Australia ("Portfolio"). As at 30 June 2015, the Portfolio comprised five properties in core CBD locations with a combined book value of approximately \$885 million:

- Mill Green Complex which comprises three Buildings: 197 St Georges Terrace, 5 Mill Street and 1 Mill Street, Perth;
- 66 Goulburn Street, Sydney;
- 233 Castlereagh Street, Sydney;
- 25 Grenfell Street, Adelaide; and
- 307 Queen Street, Brisbane.

The Company owns an established funds business ("Funds Business") which, in addition to managing the Trust, manages unlisted and unregistered property trusts with Assets Under Management ("AUM") of approximately \$285 million.

GDI Property Group has a disciplined value based investment approach and a philosophy of acquiring properties that offer an opportunity for GDI Property Group to create value through active asset management, including leasing and selective capital improvements.

1.2 Strategy

GDI Property Group has two operating segments, property and funds management. All property assets owned are held by the Trust via wholly owned subsidiaries. The Company operates the Funds Business.

GDI PROPERTY GROUP

DIRECTORS' REPORT

For the financial year ended 30 June 2015

GDI Property Group's strategy is to generate high risk adjusted total returns (distributions plus net tangible asset growth) by:

- maximising the income and capital potential in the existing Portfolio by continuing the asset management strategies adopted for each property;
- acquiring well located properties at below replacement cost that offer an opportunity to create value through active asset management, including leasing and selective capital improvements;
- optimising the outcome for investors in the existing unlisted property funds and therefore generating performance fees; and
- following the IPO, rebuilding the AUM in the Funds Business by establishing new unlisted property funds.

GDI Property Group believes that this active strategy is unique in the Australian REIT market.

Property

GDI Property Group is an owner of well-located CBD office properties diversified by geography, tenant and lease terms. Properties are intended to be acquired below management's opinion of value, having regard to replacement cost, with multiple exit options and which have typically been under managed or undercapitalised.

Over time, it is the intention to increase net rental income and/or capital values via asset management strategies including:

- improved leasing and tenant diversity;
- selective capital improvements;
- management of outgoings;
- incremental revenue initiatives including signage rent, additional car park income, storage, communications and other means; and
- pursuing adaptive re-use options.

It is expected the investment in Australian office properties on balance sheet will result in a reliable source of rental income for securityholders. Over time, GDI Property Group may divest some properties, if in the opinion of management, the value has been maximised or no longer meets the investment objectives of GDI Property Group.

GDI Property Group also intends to acquire properties, funded by either recycling capital or utilising headroom within the gearing policy of a loan to value ratio (LVR) of less than 40%. The investment mandate of the Trust is to acquire multi-tenanted, well-located CBD office properties, which are typically at least \$100 million in value.

Funds management

The Company, through wholly owned subsidiaries, manages seven unlisted, unregistered managed investment schemes with total AUM of approximately \$285 million. The Company has an investor base of over a 1,000 high net worth investors, many of whom have a history of repeat investment.

The Funds Business generates fee income by way of:

- due diligence and acquisition fees;
- asset management fees;
- performance fees;
- disposal fees; and
- other fees including leasing, project management and financing.

GDI Property Group does not intend to hold a significant ownership interest in any of the unlisted funds and therefore will generate little or no income from co-investment stakes. As at 30 June 2015, GDI Property Group does not hold any interest in the seven unlisted funds. The Company intends to continue to establish unlisted, unregistered managed investment schemes and as a consequence grow its funds management fee income.

GDI PROPERTY GROUP

DIRECTORS' REPORT

For the financial year ended 30 June 2015

1.3 Review of operations

GDI Property Group results summary

The Board monitors a range of financial information and operating performance indicators to measure performance over time. We use several measures to monitor the success of our overall strategy, most importantly Funds From Operations ("FFO") performance versus the Prospectus and Product Disclosure Statement dated 25 November 2013 ("Offer Document"), and the absolute total return. FFO is a Property Council of Australia definition which adjusts statutory AIFRS net profit for non-cash changes in investment properties, non-cash impairment of goodwill, non-cash fair value adjustments to financial instruments, amortisation of incentives, straight-line adjustments and other unrealised one-off items. GDI Property Group also adjusts funds management performances fees charged that remain unpaid from its calculation of FFO. GDI Property Group measures its absolute total return by the movement in net tangible asset backing per security plus distributions.

The reconciliation between GDI Property Group's FFO and its statutory profit is as follows:

	Group	
	2015	2014
	\$'000	\$'000
Total comprehensive income for the year	75,940	12,919
Portfolio acquisition and other transaction costs	8,583	15,480
Cash received from guarantees	6,762	2,156
Straight lining adjustments	(2,274)	(1,549)
Amortisation of debt and incentives	2,329	111
Net fair value gain on investment property	(46,068)	(8,699)
Net fair value loss on interest rate swaps	2,450	2,228
Other FFO adjustments	(1,299)	(499)
Funds From Operation	46,424	22,197
Basic earnings per stapled security	13.45	2.28
Diluted earnings per stapled security	13.43	2.28
FFO per Stapled Security	8.22	3.91
Absolute Total Return per security	14.50%	11.22%

Operating segment results

The principle reason for the variance between FY15 and FY14 is the different operating periods, with the FY14 results incorporating only approximately 28 weeks trading activities. The major variances are shown in the table below and explained further in the following commentary.

	Group	
	2015	2014
	\$'000	\$'000
FFO Items		
Property ¹	47,424	25,078
Funds management ¹	3,617	3,010
Unallocated expenses	(4,617)	(1,889)
Net interest expense	(14,005)	(4,232)

1. Property FFO and Funds management FFO only refers to the revenue related items included / excluded from FFO. See Segment reporting, Note 23 of the Financial Report for a detailed breakdown of all items included in the Property and Funds management segment results.

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DIRECTORS' REPORT

For the financial year ended 30 June 2015

Property

During the period GDI Property Group acquired 66 Goulburn Street, Sydney, for \$136 million and conditionally sold 233 Castlereagh Street, Sydney, for \$156 million. As the conditions have now been satisfied and the call option exercised, settlement of the sale of 233 Castlereagh Street, Sydney, is expected to occur on or around 30 September 2015.

The contribution from the Property Business benefited from the additional FFO received from 66 Goulburn Street, Sydney, which was acquired on 15 July 2014. The asset was acquired with approximately 5,700sqm of vacancy, or approximately 25% of its net lettable area. GDI Property Group has now successfully leased all this space in a timeframe quicker than anticipated, for rents higher than budgeted and with less incentive. As the vacancy was covered by a guarantee, this leasing itself did not increase the FFO from the property, but as the guarantee can be drawn at any time over five years, it has meant that its benefit can be used if and when expiries arise in the future.

GDI Property Group also successfully leased the three vacant floors in 197 St Georges Terrace, Perth. However, leasing of 1 Mill Street, Perth in particular, and to a lesser extent 5 Mill Street, Perth, has remained challenging. Both these assets underperformed compared to budget forecasts for FFO for the year ended 30 June 2015. Similarly, leasing conditions at 307 Queen Street, Brisbane, were also challenging, but the property benefited from a guarantee over much of the vacant space. Importantly, there are early signs of an improvement in the Brisbane CBD market with two quarters of positive net absorption recorded in the first half of 2015. 25 Grenfell Street, Adelaide, performed largely in line with expectations and is well positioned given the SA Governments recommitment to 5,885sqm of space and six month extension until March 2016 for another 4,176sqm.

GDI Property Group's property portfolio (excluding 233 Castlereagh Street, Sydney) has a total book value of \$730 million at year end. Pursuant to GDI Property Group's valuation policy, two of the properties were independently valued at 30 June 2015, with two other properties independently valued at 31 December 2014 and subject to internal review at 30 June 2015. The independent valuation process resulted in an increase of \$20.5 million of the Portfolio's independent value from that at 31 December 2014, noting that the internal review resulted in no change to either property's carrying value other than capital expenditure and other accounting items incurred on both. 233 Castlereagh Street, Sydney, has been revalued to its conditional sale price and reclassified as a non-current asset held for sale.

The Portfolio metrics have largely remained consistent with those at 30 June 2014, when adjusted to take into account the sale of 233 Castlereagh Street, Sydney and the acquisition of 66 Goulburn Street, Sydney.

	Group	
	As at 30 June 2015	As at 30 June 2014
	\$'000	\$'000
Occupancy ^{1,2}	89.4%	84.0%
Weighted average lease expiry ^{1,2}	3.8 years	3.3 years
Weighted average capitalisation rate ³	7.77%	8.10%

1. Based on NLA, including guarantees

2. For 30 June 2015 only, excluding 233 Castlereagh Street, Sydney

3. Weighted average by property valuation.

Funds management

During the year ended 30 June 2015, GDI Property Group established one new unlisted, unregistered managed investment scheme, GDI No. 40 Office Trust (GDI No. 40). GDI No. 40 owns 80 George Street, Parramatta, which was acquired in an off market transaction. GDI Property Group successfully raised approximately \$27.8 million to complete the acquisition and establish GDI No. 40 during the period ended 30 June 2015.

The acquisition of 80 George Street, Parramatta takes total assets under management in the Funds Business to \$285 million.

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For the financial year ended 30 June 2015

Due to slower than forecast strata sales at GDI No. 29 GDI Office Fund (GDI No. 29) and GDI No. 33 Brisbane Office Trust (GDI No. 33), disposal fees for the period were lower than anticipated. Further, due to GDI No. 40 being a slightly smaller fund in terms of asset value than forecast, due diligence and acquisition fees were also lower than forecast.

Unallocated corporate administration expenses

GDI Property Group's operating costs increased, primarily due to higher employee benefits expense as a result of new hires (three) and the issuance of performance rights to Disclosed Executives.

Net interest expense

Net interest expense increased due to the level of debt increasing from \$170 million as at 30 June 2014 to \$323 million as at 30 June 2015, primarily to fund the acquisition of 66 Goulburn Street, Sydney and to facilitate the buyback. Following settlement of 233 Castlereagh Street, Sydney, debt outstanding is expected to reduce to approximately \$185 million.

Capital management

The GDI Property Group balance sheet at 30 June 2015 is in a strong position with gearing of 36%, below the Board's maximum gearing level of 40%. This strong balance sheet position and the impending settlement of 233 Castlereagh Street, Sydney, enabled GDI Property Group to implement an on-market buyback of stapled securities. As announced to the ASX on 23 February 2015 with the half yearly results, GDI Property Group intended to acquire up to 5% of its securities on issue over a 12 month period. GDI Property Group had acquired or agreed to acquire (due to T+3 settlement trading terms) 25,052,680 securities, or 88% of the intended buyback, as at 30 June 2015, and has announced with the release of these results an increase in the on-market buyback up to 10% over a 12 month period.

During the period, GDI Property Group extended its existing facilities, initially by \$143 million to finance the settlement of 66 Goulburn Street, Sydney and subsequently by a further \$20 million to finance the buyback.

As at 30 June 2015, GDI Property Group had undrawn debt facilities of \$40 million. As GDI Property Group has a high degree of confidence in its ability to raise additional debt funding as and when needed to fund acquisitions, it does not intend to maintain high levels of undrawn debt facilities and pay unnecessary line fees.

Although GDI Property Group has no debt expiring until December 2016, it has received credit approved terms for an amended three year facility on settlement of 233 Castlereagh Street, Sydney.

GDI Property Group's policy is to hedge at least 50% of drawn debt. Hedged debt during the period was slightly less than 50% and at years end was 46%, with a weighted average hedge term of 2.5 years and a weighted average swap rate of 3.52%, excluding margin.

Dividends/distributions declared and paid and dividend/distribution reinvestment plan

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

	Amount per security	Total distribution	Franked amount per security
	cents	\$'000	cents
2014 final – paid 29 August 2014	3.50	19,865	-
2015 interim – paid 27 February 2015	3.75	21,284	-
2015 final – declared 17 June 2015	3.75	20,438	-

No distribution reinvestment plan was operated by GDI Property Group.

Significant changes in GDI Property Group's state of affairs

During the year there were no significant changes in GDI Property Group's state of affairs.

GDI PROPERTY GROUP

DIRECTORS' REPORT

For the financial year ended 30 June 2015

1.4 Future prospects

During FY16 GDI Property Group expects to reduce the size of its balance sheet following the sale of 233 Castlereagh Street, Sydney. Notwithstanding this reduced balance sheet, GDI Property Group expects FFO of not less than 8.2 cents per security, based on an "as is" basis¹. GDI Property Group does not include any profit on sale of its assets in its FFO guidance. Upside potential to this "as is" guidance includes:

- The accretive benefits of increasing the buyback
- In relation to the Property Business:
 - an accretive acquisition, noting that GDI Property Group has acquisition capacity of approximately \$100 million and still be within the Boards gearing policy;
 - a strata and sale of 1 Mill Street, Perth which would reduce GDI Property Group's interest expense without reducing its income;
 - increasing occupancy across the Portfolio; and
 - where FY16 expiries exist, renewing those expiries, as no renewals other than those already agreed have been included in the "as is" guidance.
- In relation to the Funds Business:
 - the sale of 1 Adelaide Terrace, Perth which would generate disposal and performance fees; and
 - the establishment of new funds, which is an objective of GDI Property Group. No new funds have been included in the "as is" guidance.

GDI Property Group forecasts a distribution per security of 7.75 cents, an increase of 0.25 cents per security from FY15.

Property – existing

We believe GDI Property Group's existing Portfolio is well suited to the current challenging leasing conditions. In particular, the Portfolio comprises well located properties, has limited exposure to full floor or multi floor tenants and has floor plates that are easily divisible. In addition, GDI Property Group has limited exposure to lease expiries in FY16 (8% of the Portfolio NLA).

The strategy for FY16 for each of the properties in the Portfolio is summarised below:

Asset	Strategy
Mill Green Complex, Perth	• Finalise and execute lease agreements for remaining space in 5 Mill Street • Continue to explore alternative uses and leasing opportunities for 1 Mill Street, Perth
66 Goulburn Street, Sydney	Complete refurbishment works and begin process of addressing Consolidated Media Holdings Limited's FY17 expiry
25 Grenfell Street, Adelaide	Complete refurbishment works and begin process of addressing Department of Water's FY16 expiry
307 Queen Street, Brisbane	Continue the leasing momentum to increase occupancy to +95% by 30 June 2016

1. Subject to no material change in circumstances. "As is" is defined as all contracted rents or those subject to Heads of Agreement as at 18 August 2015, base management fees from the Funds Business and disposal fees where a sale of an asset is considered certain, budgeted FY16 expenses of \$6.3 million (including the issue of FY16 LTI performance rights) and on settlement of 233 Castlereagh Street, Sydney, execution of the amended and extended debt facility on terms consistent with the credit approved terms.

GDI PROPERTY GROUP

DIRECTORS' REPORT

For the financial year ended 30 June 2015

Property - new

On settlement of 233 Castlereagh Street, Sydney, GDI Property Group's pro forma gearing will reduce to approximately 25%. This provides a significant amount of acquisition capacity and GDI Property Group will continue to review acquisition opportunities that meet its strict investment criteria.

Funds management

Following the successful capital raising for GDI No. 40, GDI Property Group will continue to investigate opportunities to establish new unlisted unregistered managed investment schemes, noting that rebuilding the assets under management in the Funds Business to pre IPO levels is an aim of management.

Capital management

GDI Property Group has received credit approved terms for a new finance facility that takes effect on settlement of 233 Castlereagh Street, Sydney. Key terms of the new facility include:

Facility size	\$255 million
Term	3 year term
Key covenants	Maximum Covenant LVR ratio: 50% Covenant ICR: 2.0 times
Conditions	Subject to satisfaction of customary conditions including definitive documentation in relation to the loan and security arrangements and completion of the sale of 233 Castlereagh Street, Sydney

On settlement of 233 Castlereagh Street, Sydney, drawn debt is forecast to be approximately \$185 million. GDI Property Group intends to utilise approximately \$30 million of the undrawn debt facility to finance the increase in the on-market buy-back to 10%.

1.5 Risks

Risk	Description	Risk mitigation
Property values	There is a risk that the value of GDI Property Group's Portfolio, or individual assets in the Portfolio, may fall.	• GDI Property Group has a policy of obtaining independent valuations for each of its properties at least annually. • GDI Property Group's Portfolio comprises well located properties, has limited exposure to multi floor tenants and has floor plates that are easily divisible, somewhat insulating the Portfolio from adverse influences on property valuations.
Re-leasing and vacancy	There is a risk that GDI Property Group may not be able to negotiate suitable lease extensions with existing tenants or replace outgoing tenants with new tenants on the same terms (if at all) or be able to find new tenants to take over space that is currently unoccupied.	• GDI Property Group's Portfolio has only 8% of NLA subject to leases expiring in FY16. • Certain vacancies at 66 Goulburn St, Sydney and 307 Queen St, Brisbane are covered by guarantees. • GDI Property Group's Portfolio comprises well located properties and has floor plates that are easily divisible, enabling it to meet the demands of both larger and smaller space users
Guarantees	66 Goulburn Street, Sydney, 307 Queen St, Brisbane, and 233 Castlereagh Street, Sydney have a number of vacancies in respect of which guarantees have been provided. After the guarantee period in respect of each guarantee,	• The sale of 233 Castlereagh Street, Sydney, should settle prior to the expiration of the guarantee on 16 December 2015. • 66 Goulburn Street, Sydney is now 100% occupied, with the guarantee able to be drawn

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For the financial year ended 30 June 2015

	Net Rental Income may decrease if GDI Property Group has been unable to lease the tenancies that were subject to the relevant guarantee.	against future vacancy, if any, future incentives or other items relating to leasing. Leasing momentum for 307 Queen St, Brisbane is such that GDI Property Group believes the guarantee will be replaced by tenancies prior to its expiry.
Funding	GDI Property Group's ability to raise capital on favourable terms is dependent upon the general economic climate, the state of the capital markets and the performance, reputation and financial strength of GDI Property Group.	- GDI Property Group does not intend to raise any additional equity capital during FY16. - GDI Property Group has received credit approved terms for a new three year facility, effective on settlement of 233 Castlereagh Street, Sydney. - GDI Property Group would not seek to acquire a new property unless it was able to obtain funding on favourable terms.
Income from Funds Business	- There is a risk that GDI Property Group might not be able to establish new unlisted funds due to limited investment opportunities, and/or limited availability of investor capital. - GDI Property Group's ability to raise new equity for future unlisted funds may be dependent on our performance managing all the unlisted funds. - In the circumstances where GDI Property Group funds the payment of costs associated with the proposed acquisition of a property by a unlisted fund, and the fund does not successfully complete the acquisition of that property, there is a risk that the monies will not be repaid to GDI Property Group.	- GDI Property Group has a track record of establishing new unlisted funds based on the past performance of its unlisted funds - GDI Property Group's investor base consists of approximately 1,000 high net worth investors who have historically had a high level of repeat investment. - GDI Property Group will only risk option fees and due diligence costs when it has a high degree of confidence in the eventual success of an unlisted fund.
Loss of key management personnel	The loss of key management personnel could cause material disruption to GDI Property Group's activities in the short to medium term and could result in the loss of key relationships and expertise which could have a material adverse impact on current and future earnings.	- GDI Property Group has a competitive remuneration structure to retain key talent. - Steve Gillard has reaffirmed his commitment not to terminate his employment contract before December 2016.
Capital expenditure requirements	While GDI Property Group will undertake reasonable due diligence investigations prior to acquiring properties, there can be no assurance that properties will not have defects or deficiencies, or that unforeseen capital expenditure or other costs will not arise.	GDI Property Group and its executives have a long track record of acquiring properties and undertaking due diligence investigations.
Gearing and breach of covenants	- GDI Property Group's gearing could exceed the maximum level of 40% under the Board's gearing policy from time to time (for example where GDI Property Group uses debt to acquire new properties or the valuation of properties in GDI Property Group falls). - The Debt Facility contains undertakings to maintain certain Covenant LVR and Covenant ICR, and an event of default would occur if GDI Property Group fails to maintain these financial levels.	- GDI Property Group remains well within both its own gearing policy of less than 40% LVR and the covenants imposed on it under its debt facility. - As at 30 June 2015, GDI Property Group has also hedged approximately 46% of its interest rate exposure, mitigating the risks of movements in interest rates.

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For the financial year ended 30 June 2015

2. Events subsequent to balance date

Having satisfied the second pre-condition to the sale of 233 Castlereagh Street, Sydney on the 8th July 2015, the purchaser exercised the call option on 17th August 2015. On 3 July 2015 the purchaser paid the second instalment due under the option deed of \$7 million and on 17th August 2015, the third instalment of \$7.6 million. Settlement of the sale is expected to occur on or around 30 September 2015.

3. Environmental regulation

The Directors are not aware of any particular and significant environmental regulation under a law of the Commonwealth, State or Territory relevant to the GDI Property Group.

4. Directors and Company Secretary

Directors

Independent Chairman

Mr Graham Kelly

Managing Director

Mr Steve Gillard

Non-executive Directors

Mr Tony Veale

Mr Les Towell (Independent)

Ms Gina Anderson (Independent)

Information on Directors

Mr Graham Kelly

Chairman, Independent Non-Executive Director

Mr Kelly is a professional non-executive director with over 40 years' experience in academic life, government service, the diplomatic service, private legal practice, and business management. He has had extensive board experience with numerous listed entities. He was appointed as chairman in November 2013.

Mr Steven Gillard

Managing Director

Mr Gillard has had over 30 years of experience in property related industries including 11 years' experience in property management and sales and seven years' experience as a senior analyst and advisor for international stockbroking firms, particularly in the property and tourism sectors. Mr Gillard was managing director of GDI Property Group's predecessor companies ("GDI group") from 2005 on joining, became a director of the Company in November 2013 and Managing Director on 16 December 2013.

Mr Anthony Veale

Non-Executive Director

Mr Veale served as executive chairman of GDI group between 2005 and November 2013, having jointly established GDI group in 1993. Mr Veale has been involved in launching 36 property investment projects with a total value in excess of \$1.25 billion. Prior to listing, Mr Veale was also responsible for the establishment of GDI group's unregistered managed investment schemes and promotion activities, and oversight of the operation and performance of those schemes.

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DIRECTORS' REPORT

For the financial year ended 30 June 2015

Ms Gina Anderson

Independent Non-Executive Director

Ms Anderson is a senior professional with diverse experience in an ASX Top 10 public company (Westpac), large private company (St Hilliers) and non-profit organisation (Philanthropy Australia), having held chief executive, corporate affairs, stakeholder engagement, communications, project management and human resources roles. Ms Anderson was appointed as a director in November 2013.

Mr Les Towell

Independent Non-Executive Director

Mr Towell has been a director of GDI Funds Management Limited since 2003, and has been a director of GDI group since 1998. He has over 45 years' experience in the financial services industry specialising in compliance, trustee services and private company directorships. He was appointed as a director of the Company in November 2013.

Number of meetings attended

The number of Board meetings, including Committees, held during the period and the number of those meetings attended by each director is set out below:

	Board		Audit Risk and Compliance Committee		Nomination and Remuneration Committee	
	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended
Chair	Graham Kelly		Les Towell		Gina Anderson	
Graham Kelly	9	9	6	6		
Steve Gillard	9	9				
Tony Veale	9	7	6	5	3	3
Gina Anderson	9	9			3	3
Les Towell	9	9	6	6	3	3

Other directorships

Details of other directorships of listed entities held by existing directors in the last three years are set out below:

Director	Other directorships
Graham Kelly	Tishman Speyer Australia Limited (Joined October 2004, retired June 2012)
Steve Gillard	-
Tony Veale	-
Gina Anderson	-
Les Towell	-

Company secretary

GDI Property Group has joint company secretaries, with their details provided below:

Mr David Williams

Chief Financial Officer and Joint Company Secretary

Mr Williams has over 20 years' experience in the accounting and financial services industry with major accounting firms, commercial banks and international investment banks. Mr Williams joined GDI group in early 2013 as a consultant, and from the time GDI Property Group listed was formally appointed as Chief Financial Officer and joint Company Secretary.

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Mr Paul Malek

Asset Management and Joint Company Secretary

Mr Malek joined GDI group in 2011. Mr Malek has over 26 years' experience in the financial services industry both with bank and non-bank financial institutions specialising in funding of commercial real estate with both private and institutional clients.

5. Remuneration report

5.1 Basis of preparation

The Remuneration Report is designed to provide securityholders with an understanding of GDI Property Group's remuneration policies and the link between our remuneration approach and GDI Property Group's performance, in particular regarding Key Management Personnel ("**KMP**") as defined under the Corporations Act 2001. Individual outcomes are provided for GDI Property Group's non-executive Directors ("**NEDs**"), the Managing Director ("**MD**") and Disclosed Executives. Disclosed Executives are defined as those direct reports to the MD with responsibility for the strategic direction of GDI Property Group and includes all members of the executive management team.

The Remuneration Report for GDI Property Group has been prepared in accordance with section 300A of the Corporations Act and has been audited as required by section 308(3C) of the Corporations Act 2001 and forms part of the Directors' Report.

5.2 Key Management Personnel

The KMP disclosed in this years' Remuneration Report are detailed in the table below.

Key Management Personnel

<i>Non-Executive Directors</i>		<i>Appointed</i>	<i>Term as a KMP for year</i>
Graham Kelly	Independent Chairman	5 November 2013	Full year
Les Towell	Independent Director	5 November 2013	Full year
Gina Anderson	Independent Director	5 November 2013	Full year
Tony Veale	Non independent Director	5 November 2013	Full year
<i>Managing Director</i>			
Steve Gillard ¹		5 November 2013	Full year
<i>Disclosed Executives</i>			
David Williams	Chief Financial Officer, Joint Company Secretary		Full year
John Garland	Head of Property		Full year
Paul Malek	Asset Management, Joint Company Secretary		Full year
Greg Marr ²	Head of Unlisted Funds		18 August 2014 – 30 June 2015

1. Mr Gillard was appointed as a Director of GDI Property Group Limited on 5 November 2013 and as Managing Director on Completion of the IPO and related transactions on 16 December 2013.

2. Mr Marr commenced employment with GDI Property Group on 18 August 2014.

5.3 Role of the Board in relation to remuneration

The Board has established a Nomination and Remuneration Committee (N&RC). The N&RC is responsible for:

- reviewing and making recommendations to the Board on remuneration and succession matters related to the MD and other Disclosed Executives;
- reviewing and making recommendations to the Board on remuneration relating to Non-Executive Directors;
- overseeing a Board performance evaluation program, which addresses the performance of individual directors;

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For the financial year ended 30 June 2015

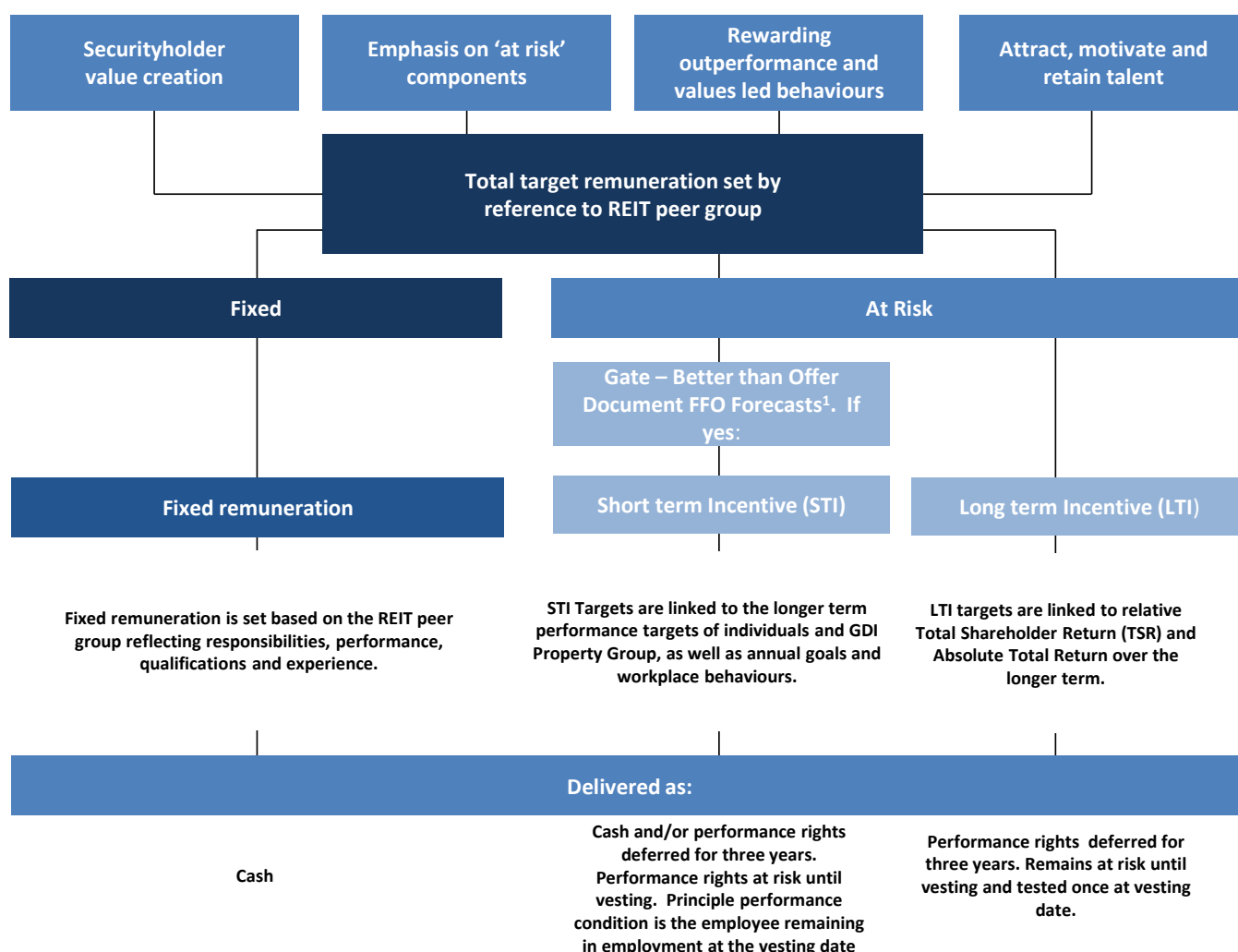
- designing incentive plans; and
- determining remuneration structures for the Managing Director and Disclosed Executives.

The N&RC did not receive any recommendations from remuneration consultants during the period in relation to the remuneration arrangements of KMP.

5.4 Remuneration objectives

The following principles shape GDI Property Group's remuneration strategy:

- creating and enhancing value for all GDI Property Group stakeholders;
- emphasising the 'at risk' component of total remuneration to increase alignment with security holders and encourage behaviour that supports both entrepreneurship and long term financial soundness within the confines of GDI Property Group's risk management framework;
- rewarding outperformance; and
- providing a competitive remuneration proposition to attract, motivate and retain the highest quality individuals within a framework of ethical standards of behaviour.



1. Offer Document refers to the Prospectus and Product Disclosure Statement dated 25 November 2013. FFO is a Property Council of Australia definition which adjusts statutory AIFRS net profit for non-cash changes in investment properties, non-cash impairment of goodwill, non-cash fair value adjustments to financial instruments, amortisation of incentives, straight-line adjustments and other unrealised one-off items. GDI Property Group also adjusts funds management performance fees charged that remain unpaid from its calculation of FFO.

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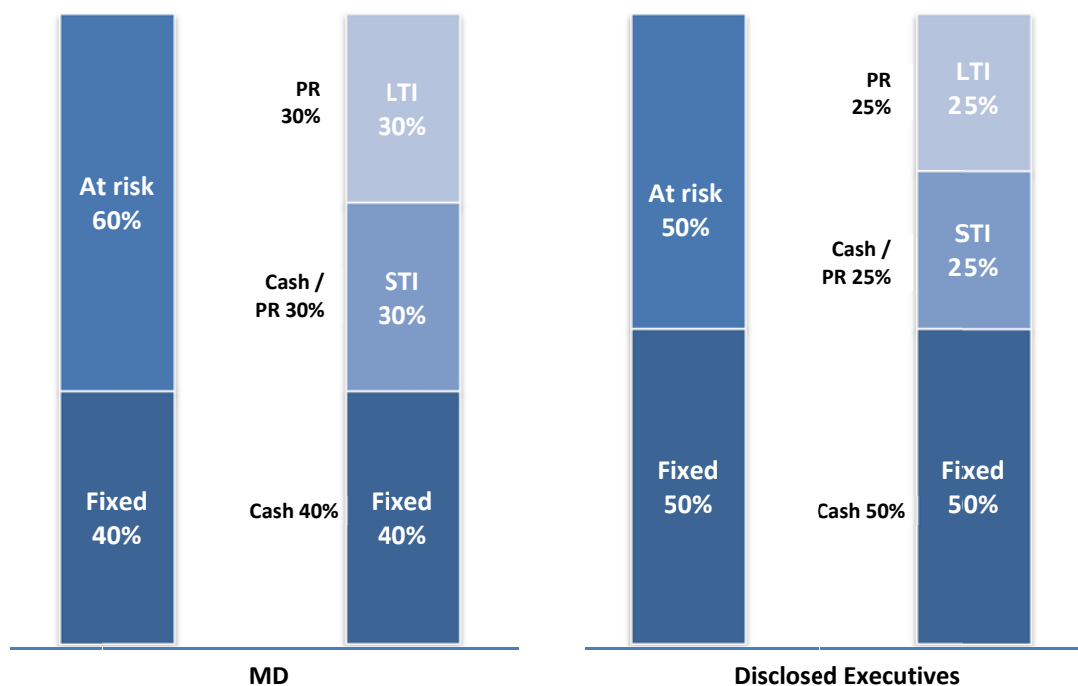
5.5 The composition of remuneration at GDI Property Group

The Board aims to find a balance between:

- fixed and at-risk remuneration;
- short and long term incentives;
- amounts paid in cash and performance rights.

The below chart provides an overview of the target remuneration mix for the MD and Disclosed Executives. The MD's target remuneration mix is weighted such that a higher component is at-risk (60%), with an equal weighting of the at-risk component between STIs and LTIs. The STI can be granted as either cash or performance rights where the principle performance condition is the employee remaining in employment at the vesting date, three years after the conclusion of the performance year.

Remuneration mix for the Managing Director and Disclosed Executives



The Disclosed Executives target remuneration mix is weighted equally between fixed and at-risk components, with an equal weighting of the at-risk component between STIs and LTIs. The STI can be granted as either cash or performance rights where the principle performance condition is the employee remaining in employment at the vesting date, three years after the conclusion of the performance year.

Fixed remuneration

GDI Property Group positions fixed remuneration for the MD and Disclosed Executives against relevant A-REIT comparables taking in to consideration the role, responsibilities, performance, qualifications and experience. A-REIT comparables are considered the most relevant as this is the main pool for sourcing talent and where key talent may be lost.

Fixed remuneration is expressed as a total dollar amount which can be taken as cash salary, superannuation contributions and other nominated benefits.

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No KMP received an increase in their fixed remuneration during the financial year and all remain at the level they were at the IPO.

At risk remuneration

The at risk component forms a significant part of the MD and Disclosed Executives target remuneration.

Short term incentives (STI)

The STI provides an annual opportunity for an incentive award. For the period ended FY2014 and the year ended FY2015, the 'gate' to any payment of an STI was outperforming the Offer Document forecasts in relation to Funds From Operation (FFO).

If this 'gate' is achieved, then individuals are assessed based on measures relating to longer term performance outcomes aligned to GDI Property Group's strategic objectives, as well as annual goals and workplace behaviours, including leadership and commitment. For the MD and Disclosed Executives, the weighting of these measures will vary to reflect the responsibilities of each role and their individual KPIs set at the commencement of each year.

Long term incentives (LTI)

The LTI provides an annual opportunity for an equity award deferred for three years that aligns a significant portion of overall remuneration to security value over the longer term. LTI awards will remain at risk until vesting and must meet or exceed a relative Total Securityholder Return (50% of performance rights issued) and /or an Absolute Total Return (the other 50% of performance rights issued). The below table summarises the conditions that will apply to the performance rights granted for to the year ended 30 June 2015. These conditions are identical to those granted relating to the period ended 30 June 2014. Details of the offers of performance rights are disclosed in Section 5.6 and 5.7 of this Remuneration Report.

Arrangements for the year ended 30 June 2015

Type of award	Performance right, being a right to acquire a stapled security at nil cost, subject to meeting time and performance hurdles. Upon exercise, each performance right entitles the MD and Disclosed Executives to one stapled security.								
	The future value of the grant may range from zero to an undefined amount depending on performance against the hurdles and the security price at the time of exercise.								
	Grants may be satisfied by a cash equivalent payment rather than stapled securities at the Board's discretion.								
Time restriction	Performance rights will be tested against the performance hurdles at the end of three years. Performance rights that do not vest will be forfeited.								
Vesting conditions	Performance rights will be subject to two tests, with half the performance rights subject to one test and the other half subject to the other test.								
<table> <tr> <th>50% - Total Securityholder Return (TSR)</th><th>Vesting percentage (for TSR measure)</th></tr> <tr> <td>Does not reach the 50th percentile of the TSR of the Comparator Group</td><td>0%</td></tr> <tr> <td>Reaches or exceeds the 50th percentile of the TSR of the Comparator Group but does not reach the 75th percentile</td><td>50%, plus 2% for every one percentile increase above the 50th percentile</td></tr> <tr> <td>Reaches or exceeds the 75th percentile of the TSR Comparator Group</td><td>100%</td></tr> </table>		50% - Total Securityholder Return (TSR)	Vesting percentage (for TSR measure)	Does not reach the 50 th percentile of the TSR of the Comparator Group	0%	Reaches or exceeds the 50 th percentile of the TSR of the Comparator Group but does not reach the 75 th percentile	50%, plus 2% for every one percentile increase above the 50 th percentile	Reaches or exceeds the 75 th percentile of the TSR Comparator Group	100%
50% - Total Securityholder Return (TSR)	Vesting percentage (for TSR measure)								
Does not reach the 50 th percentile of the TSR of the Comparator Group	0%								
Reaches or exceeds the 50 th percentile of the TSR of the Comparator Group but does not reach the 75 th percentile	50%, plus 2% for every one percentile increase above the 50 th percentile								
Reaches or exceeds the 75 th percentile of the TSR Comparator Group	100%								

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50% - Absolute Total Return (ATR)		Vesting percentage (for ATR measure)
Does not achieve an ATR of 10%		0%
Achieves or exceeds an ATR of 10% but does not achieve an ATR of 12%		50% up to 100% (at 12% ATR) on a straight line basis
Achieves or exceeds an ATR of 12%		100%
Definitions		
TSR	Movement in security price and distributions.	
	For the year ended 30 June 2015, the commencing security price is based on the 30 June 2015 closing security price of GDI Property Group and its Comparator Group	
ATR	Movement in NTA and distributions	
	For the year ended 30 June 2015, the commencing NTA is based on the 30 June 2015 NTA.	
Comparator Group	Dexus Property Group, GPT Group, Cromwell Property Group, Abacus Property Group, Investa Office Fund, 360 Capital Office Trust, 360 Capital Group, Charter Hall Group, GPT Metro Office Fund and Centuria Metropolitan REIT.	
Valuation	The dollar value of the LTI grant is converted into a number of performance rights based on a valuation, taking into account factors including the performance conditions, security price volatility, term, distribution yield, and the security price at grant date.	

Other remuneration elements

Clawback

The Board will have on-going and absolute discretion to adjust performance-based components of remuneration downwards, or to zero, at any time, including after the grant of such remuneration, where the Board considers such an adjustment is necessary to protect the financial soundness of GDI Property Group, or if the Board subsequently considers that having regard to information which has come to light after the grant of performance rights, the granting of performance rights was not justified.

Hedging and margin lending prohibition

As specified in GDI Property Group's Security Trading Policy and in accordance with the Corporations Act, equity allocated under a GDI Property Group incentive scheme must remain at risk until exercisable. As such, it will be a condition of grant that no schemes are entered into, either by an individual or their associated persons, which specifically protects the unvested value of performance rights. Doing so would constitute a breach of the grant conditions and would result in the forfeiture of the relevant performance rights.

Other employees

Given the relatively small number of staff at GDI Property Group, the Board believes that it is important to recognise the efforts of all employees and not just the Disclosed Executives and has granted the Managing Director discretion to grant both cash bonuses and participation in GDI Property Group's LTI plan to all employees on a merits basis. During the year ended 30 June 2015, cash bonuses to other employees totalled \$140,000 and 246,038 performance rights were issued to other employees under GDI Property Group's LTI plan with a value of \$155,000 and a 30 June 2015 employee benefit expense of \$38,750.

5.6 Performance and outcomes

GDI Property Group considers a number of factors when considering whether to grant STI and LTIs, including performance versus forecasts (Offer Document FFO), NTA movements, distributions and movements in the security price. As the test date for the FY14 and FY15 performance rights has not been reached, no performance rights have vested or lapsed during the period.

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	2014			2015		
	Offer Document / Listing price	Actual	Out(under) performance	Offer Document / Opening price	Actual	Out(under) performance
FFO \$m	21.9	22.2	0.3	46.3	46.4	0.1
NTA / security	\$0.91	\$0.93	2.0 cents	\$0.93	\$0.99	6.0 cents
Dividend paid/payable	3.5 cents	3.5 cents	-	7.5 cents	7.5 cents	-
Security price	\$1.00	\$0.91	(\$0.09)	\$0.91	\$0.875	(\$0.035)
TSR (annualised)		(10.21%)			4.40%	
ATR (annualised)		11.22%			14.50%	

5.6.1 STI outcomes

As for the period ended 30 June 2014, for the year ended FY2015 the 'gate' to any payment of an STI was outperforming the Offer Document forecasts in relation to Funds From Operation (FFO). As in the period ended 30 June 2014, this gate was achieved. However, unlike for the period ended 30 June 2014 when no STIs were granted, having achieved the FFO threshold, the N&RC determined that it would assess individuals based on measures relating to longer term performance outcomes aligned to GDI Property Group's strategic objectives, as well as annual goals and workplace behaviours, including leadership and commitment to determine whether to grant STIs. To enhance the alignment with securityholders, the N&RC determined that any STI granted to the MD and Disclosed Executives would be split 1/3rd cash, 2/3rd performance rights where the principle performance condition is continued employment (or a good leaver) for three years from the conclusion of the performance year. The expense of these performance rights is incurred over four years, the year to which the performance period relates (FY15) and the three vesting years (FY16, FY17 and FY18). As these performance rights had not been issued by 30 June 2015, the Group has recognised the fair value of them as an accrual with the cost recognised as an employee benefit expense. Once the rights are issued, the accrual will be reversed with a corresponding increase in the security-based payments reserve in equity.

Details of the STI outcomes for the MD and Disclosed Executives are provided in Section 5.7 of this Remuneration Report. The issue of performance rights to the MD is subject to securityholder approval at the Annual General Meeting to be held 12 November 2015.

5.6.2 LTI outcomes

The Board of GDI Property Group considers it is important to both align executive remuneration with securityholders outcomes and to encourage behaviour that supports both entrepreneurship and long term financial soundness within the confines of GDI Property Group's risk management framework. As a result, GDI Property Group has advised that it will grant performance rights to the MD and Disclosed Executives as part of their annual remuneration package. The issue of performance rights to the MD is subject to securityholder approval at the Annual General Meeting to be held 12 November 2015. In addition, performance rights that had been accrued (but not granted) at 30 June 2014 that related to the period ended 30 June 2014 were also granted during the period once the performance rights plan had been established. The issue of these performance rights to the MD was approved at the 2014 AGM.

As the performance test date for the FY14 and FY15 LTIs has not yet been reached, no LTI performance rights vested or lapsed during the period.

The expense of the performance rights relating to the year ended 30 June 2015 is incurred over four years, the year to which the performance period relates (FY15) and the three vesting years (FY16, FY17 and FY18). As the performance rights had not been issued by 30 June 2015, the Group has recognised the fair value of them as an accrual with the cost recognised as an employee benefit expense. Once the rights are issued, the accrual will be reversed with a corresponding increase in the security-based payments reserve in equity.

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Details of the LTI performance rights granted for the MD (subject to approval) and Disclosed Executives are provided in Section 5.7 of this Remuneration Report.

5.6.3 Performance rights relating to retention as disclosed in the IPO Offer Document

As disclosed in the IPO Offer Document, GDI Property Group intended to offer and has now offered performance rights to people who are employed by a member of GDI Property Group at the time the performance rights plan was established. The sole performance condition attached to these performance rights is that the employee remains employed by a member of GDI Property Group for three years from 16 December 2013, or is a good leaver. 1.5 million performance rights were issued under this offer of performance rights. The Managing Director did not participate in this offer.

The cost relating to this issue of performance rights for the period ended 30 June 2014 was included in the Consolidated Statement of Profit or Loss, accrued in the Consolidated Statement of Financial Position and disclosed in the Remuneration Report. However, as the actual issue occurred in this financial year full details of the offer to Disclosed Executives are provided in Section 5.7 of this Remuneration Report.

5.7 Remuneration outcomes

Non-Executive Directors

Principles underpinning the remuneration policy for Non-Executive Directors (NEDs) are as provided below:

Principle	Comment				
Aggregate Board fees are within the maximum disclosed to securityholders in the Offer Document	The aggregate fee pool for NED's as disclosed in the Offer Document is \$3 million. The annual total of NEDs' fees, including superannuation contributions, is within this limit.				
Fees are set by reference to key considerations	Board fees are set by reference to a number of relevant considerations including: • general industry practice and best principles of corporate governance; • the responsibilities and risks attached to the role of NEDs; • the expected time commitments; and • reference to fees paid to NEDs of comparable companies.				
The remuneration structure preserves independence	NED fees are not linked to the performance of GDI Property Group and NEDs are not eligible to participate in any of GDI Property Group's incentive arrangements.				
Annual Board fees (inclusive of superannuation)	<table><tr><td>Chairman</td><td>Other NED</td></tr><tr><td>\$150,000</td><td>\$75,000</td></tr></table>	Chairman	Other NED	\$150,000	\$75,000
Chairman	Other NED				
\$150,000	\$75,000				

Details of non-executive Directors statutory remuneration are disclosed in the remuneration table in section 5.8 below.

Managing Director contract terms

The following sets out details of the contract terms relating to the MD. The contract terms are in line with industry practice and ASX Corporate Governance Principles.

Fixed remuneration	\$765,000, inclusive of superannuation.
Participation in performance rights plan	Subject to stapled securityholder approvals, Mr Gillard will be entitled to participate in the performance rights plan once established.
Length of contract	Mr Gillard commenced as Managing Director on 16 December 2013 and is on a permanent contract, which is an ongoing employment contract until notice is given.
Notice periods	• Mr Gillard may terminate the employment contract at any time by giving six months' notice in writing. However, Mr Gillard has agreed not to terminate his employment contract before December 2016.

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- GDI Property Group may terminate the employment contract for any reason by giving 12 months' notice, or alternatively, payment in lieu of notice.
- In the event of wilful negligence or serious misconduct, GDI Property Group may terminate Mr Gillard's employment contract immediately by notice in writing and without payment.

Restraint of trade	Mr Gillard will be subject to a restraint period of six months from termination.
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Managing Director's remuneration outcome

Actual remuneration provided to the MD for the period ended 30 June 2015 is provided below, with the expense relating to the MD's remuneration disclosed in section 5.8 below.

Fixed remuneration	The MD received \$765,000 of fixed remuneration for the year ended 30 June 2015, inclusive of superannuation.
STI	The MD received an STI award of \$516,375, 90% of his potential entitlement. Although the N&RC concluded that the Managing Director had achieved or exceeded his longer term performance outcomes aligned to GDI Property Group's strategic objectives, as well as annual goals and workplace behaviours, including leadership and commitment, 10% of the Managing Director's potential STI was deducted due to the relative weakness in the security price. Subject to securityholder approval, the STI will be paid 1/3 rd in cash and 2/3 rd in performance rights where the principle performance condition is remaining employed by a GDI Property Group entity for three years after the conclusion of the performance year. Further details of the actual STI awarded to the MD are provided in the table below on page 21 of this Remuneration Report.
LTI	The MD received an LTI award of \$753,750 value, being 910,714 performance rights. Fifty percent of these are subject to a Total Securityholder Return test (versus a peer group) and the other fifty percent are subject to an Absolute Total Return test (NTA growth plus distributions). Each performance right is tested once three years after the conclusion of the performance year. Details of the actual LTI awarded to the MD are provided in the table below on page 21 of this Remuneration Report.

Disclosed Executive contract terms

	David Williams	John Garland	Paul Malek	Greg Marr
Fixed remuneration	\$375,000	\$350,000	\$300,000	\$300,000
Participation in performance rights plan	Disclosed Executives will be entitled to participate in the performance rights plan once established.			
Length of contract	Disclosed Executives are subject to an ongoing employment contract until notice is given.			
Notice periods	• Disclosed Executives may terminate the employment contract at any time by giving three months' notice in writing. • GDI Property Group may terminate the employment contract for any reason by giving three months' notice, or alternatively, payment in lieu of notice. • In the event of wilful negligence or serious misconduct, GDI Property Group may terminate a Disclosed Executive's employment contract immediately by notice in writing and without payment.			
Restraint of trade	Disclosed Executives will be subject to a restraint period of three months from termination.			

Disclosed Executives remuneration outcomes

Actual remuneration provided to Disclosed Executives for the period ended 30 June 2015 is provided below, with the remuneration table disclosed in section 5.8 below.

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Fixed remuneration	The Disclosed Executives received the fixed remuneration shown above, inclusive of superannuation, with the exception of Mr Greg Marr, who received \$261,905 as his employment with GDI Property Group did not commence until 18 August 2014.
STI	The Disclosed Executives received an STI as shown in the remuneration table on page 21 of this Remuneration Report. The STI has been paid 1/3 rd in cash and 2/3 rd in performance rights where the principle performance condition is remaining employed by a GDI Property Group entity for three years after the conclusion of the performance year.
LTI	The Disclosed Executives received an LTI as shown in the remuneration table on page 21 of this Remuneration Report. Fifty percent of these are subject to a Total Securityholder Return test (versus a peer group) and the other fifty percent are subject to an Absolute Total Return test (NTA growth plus distributions). Each performance right is tested once three years after the conclusion of the performance year.

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MD and Disclosed Executive STI outcomes

	Potential STI	STI granted	STI forgone	STI granted	STI forgone	Cash component	PR ¹ component	PR ¹ granted	FY15 PR ¹ expense	Total expense
	\$	\$	\$	%	%	\$	\$		\$	\$
Steve Gillard ²	573,750	516,375	57,375	90%	10%	172,125	344,250	393,429	86,063	258,187
David Williams	187,500	187,500	-	100%	0%	62,500	125,000	142,857	31,250	93,750
John Garland	175,000	150,000	25,000	86%	14%	50,000	100,000	114,286	25,000	75,000
Paul Malek	150,000	150,000	-	100%	0%	50,000	100,000	114,286	25,000	75,000
Greg Marr	150,000	60,000	90,000	40%	60%	20,000	40,000	45,714	10,000	30,000
Total	1,236,250	1,063,875	172,375	86%	14%	354,625	709,250	810,572	177,313	531,937

1. Performance rights.

2. The issue of performance rights to Steve Gillard is subject to securityholder approval at the AGM to be held on 12 November 2015.

MD and Disclosed Executive LTI outcome

	LTI granted	PR ¹ granted	FY15 PR ¹ expense
	\$		\$
Steve Gillard ²	573,750	910,714	143,438
David Williams	187,500	297,619	46,875
John Garland	175,000	277,778	43,750
Paul Malek	150,000	238,095	37,500
Greg Marr	150,000	238,095	37,500
Total	1,236,250	1,962,302	309,063

1. Performance rights.

2. The issue of performance rights to Steve Gillard is subject to securityholder approval at the AGM to be held on 12 November 2015.

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MD and Disclosed Executive summary of performance rights issued

	Primary performance condition employment			FY14 LTI PR ¹		FY15 LTI PR ¹		Total LTI		Total PR ¹
	Retention PR ¹	FY15 STI	Total	TSR ²	ATR ³	TSR ²	ATR ³	TSR ²	ATR ³	
Vesting date	16-Dec-16	30-Jun-18		30-Jun-17	30-Jun-17	30-Jun-18	30-Jun-18			
Steve Gillard	-	393,429	393,429	143,437	143,437	455,357	455,357	598,794	598,794	1,591,017
David Williams	350,000	142,857	492,857	46,875	46,875	148,810	148,810	195,685	195,685	884,226
John Garland	350,000	114,286	464,286	43,750	43,750	138,889	138,889	182,639	182,639	829,564
Paul Malek	200,000	114,286	314,286	37,500	37,500	119,048	119,048	156,548	156,548	627,381
Greg Marr	100,000	45,714	145,714	-	-	119,048	119,048	119,048	119,048	383,810
Total	1,000,000	810,572	1,810,572	271,562	271,562	981,151	981,151	1,252,713	1,252,713	4,315,997

1. Performance rights.
2. Total shareholder return, being movement in the security price and distributions.
3. Absolute total return, being movement in NTA/security and distributions.
4. The issue of performance rights to Steve Gillard is subject to securityholders approval at the AGM to be held on 12 November 2015.

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5.8 KMP remuneration table

5.8.1 KMP remuneration table for the period ended 30 June 2015

							Security based payments							Total remuneration ³	Performance related	Performance rights
							Relating to FY14		Relating to FY15							
	Short term benefits	Post employment	Long term benefits	LTI	Performance rights for retention ²	STI	LTI	Performance rights ²	Performance rights ²							
Salary & fees	Accrued leave ¹	Non monetary benefits	Cash bonus	Super contributions	Long service leave ¹	Performance rights ²	Performance rights ²	Performance rights ²	Performance rights ²	Performance rights ²	Performance rights ²	Performance rights ²	Performance rights ²	Performance rights ²	Performance rights ²	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%	
Non-executive directors																
G Kelly	136,986	-	-	-	13,014	-	-	-	-	-	-	150,000				
G Anderson	58,293	-	-	-	16,707	-	-	-	-	-	-	75,000				
L Towell	68,493	-	-	-	6,507	-	-	-	-	-	-	75,000				
T Veale	68,493	-	-	-	6,507	-	-	-	-	-	-	75,000				
Managing Director																
S Gillard	730,000	5,930		172,125	35,000	3,686	44,107		86,063	143,438	1,220,348		37%	22%		
Disclosed executives																
D Williams	350,000	(38)	-	62,500	25,000	1,807	14,414	101,591	31,250	46,875	633,399		41%	31%		
J Garland	325,000	9,660	-	50,000	25,000	(1,588)	13,453	101,591	25,000	43,750	591,866		40%	31%		
P Malek	281,217	13,699	-	50,000	18,783	13,806	11,531	58,052	25,000	37,500	509,588		36%	26%		
G Marr ⁴	239,183	12,683	-	20,000	22,722	201		29,026	10,000	37,500	371,315		26%	21%		
Total	2,257,665	41,934	-	354,625	169,240	17,912	83,505	290,260	177,313	309,063	3,701,516					

1. Annual and long term service leave are accounted on an accruals basis. The amounts represent the change in accrued leave during the period.
2. The amount shown is the fair value of performance rights under the various STI, LTI and retention plans included in the relevant financial period and does not represent actual LTI awards made.
3. Amounts disclosed as total remuneration excludes insurance premiums paid by GDI Property Group in respect of Directors' and Officers' liability insurance contracts.
4. G Marr commenced employment on 18 August 2014.

GDI PROPERTY GROUP

DIRECTORS' REPORT

For the financial year ended 30 June 2015

5.8.2 KMP remuneration table for the period ended 30 June 2014

	Short-Term Benefits				Post employment	Long term benefits	Security based payments				
	Salary & Fees	Accrued leave ¹	Non monetary benefits	Cash bonus	Super contributions	Long service leave ¹	Performance rights for FY14 ^{2,3}	Performance rights for retention ^{2,3}	Total remuneration ⁴	Performance related ⁵	Performance rights ⁵
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Non-executive Directors											
G Kelly	74,371	-	-	-	6,879	-			81,250	-	-
G Anderson	31,660	-	-	-	8,965	-			40,625	-	-
L Towell	37,185	-	-	-	3,440	-			40,625	-	-
T Veale	37,185	-	-	-	3,440	-			40,625	-	-
Managing Director											
S Gillard	389,375	27,722	-	-	25,000	-	48,051		490,148	9.8%	9.8%
Disclosed executives											
D Williams	189,583	10,419	-	-	13,542	-	15,703	56,958	286,205	25.4%	25.4%
J Garland	176,042	(833)	-	-	13,542	1,744	14,656	56,958	262,109	27.3%	27.3%
P Malek	152,872	8,402	-	-	9,628	-	12,563	32,547	216,012	20.9%	20.9%
Total	1,088,274	45,710	-	-	84,435	1,744	90,973	146,464	1,457,599		

1. Annual and long service leave are accounted for on an accruals basis. The amounts represent the change in accrued leave during the period.
2. GDI Property Group intends to establish a performance rights plan and issue performance rights for the period ended FY14. Although no performance rights have been issued, GDI Property Group has included the likely cost in the Consolidated Statement of Profit or Loss. As disclosed in the Offer Document, once the performance rights plan is established, GDI Property Group will also issue up to \$1.5 million in total of performance rights to employees employed at the time the plan is established. The cost of this has been included in the Consolidated Statement of Profit or Loss and is treated as an IPO expense for FFO purposes.
3. The amount shown is the fair value of performance rights under the various LTI and retention plans included in the relevant financial period and does not represent actual LTI awards made.
4. Amounts disclosed as total remuneration excludes insurance premiums paid by GDI Property Group in respect of Directors' and Officers' liability insurance contracts.
5. Excludes performance rights intended to be issued as part of the IPO.

GDI PROPERTY GROUP

DIRECTORS' REPORT

For the financial year ended 30 June 2015

5.9 Transactions with KMP

5.9.1 Equity instrument disclosure relating to KMP

	Securities held at 1 July 2014	Securities acquired during the period	Securities held at 30 June 2015
Directors			
Graham Kelly	100,000	-	100,000
Steve Gillard	30,300,000	-	30,300,000
Tony Veale	30,252,440	-	30,252,440
Gina Anderson	-	60,000	60,000
Les Towell	1,061,595	-	1,061,595
Other key management personnel			
David Williams	200,000	-	200,000
John Garland	-	22,500	22,500
Paul Malek	-	25,000	25,000
Greg Marr	-	5,326	5,326

There were no other transactions with KMP in the year ended 30 June 2015.

6. Other Disclosures

6.1 Indemnification and Insurance of Directors and Officers

GDI Property Group provides a Deed of Indemnity and Access (Deed) in favour of each Director of GDI Property Group and its controlled entities. The Deed indemnifies the Directors on a full indemnity basis to the extent permitted by law for losses, liabilities, costs and charges incurred as a Director of GDI Property Group, its controlled entities or such other entities.

Subject to specified exclusions, the liabilities insured are for costs that may be incurred in defending civil or criminal proceedings that may be brought against directors and officers in their capacity as Directors, its controlled entities or such other entities, and other payments arising from liabilities incurred by the Directors in connection with such proceedings. GDI Property Group has agreed to indemnify the auditors out of the assets of GDI Property Group if GDI Property Group has breached the agreement under which the auditors are appointed.

During the financial year, GDI Property Group paid insurance premiums to insure the Directors of GDI Property Group and its controlled entities. The terms of the contract prohibit disclosure of the premiums paid.

6.2 Rounding of Amounts

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

6.3 Auditor

Hall Chadwick continues in office in accordance with section 327 of the *Corporations Act 2001*.

GDI PROPERTY GROUP

DIRECTORS' REPORT

For the financial year ended 30 June 2015

6.4 Non-Audit Services

The following fees were paid or payable to Hall Chadwick for non-audit services provided during the year ended 30 June 2015:

Provision of tax advice	\$ 30,500
-------------------------	--------------

The Directors have considered the non-audit services and other assurance services provided by the auditor during the financial period. In accordance with advice received from the Audit and Risk Management Committee, the Directors are satisfied that the provision of non-audit services by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- the Audit & Risk Management Committee reviewed the non-audit services and other assurance services at the time of appointment to ensure that they did not impact upon the integrity and objectivity of the auditor;
- the Board's own review conducted in conjunction with the Audit & Risk Management Committee, having regard to the Board's policy with respect to the engagement of GDI Property Group's auditor; and
- the fact that none of the non-audit services provided by Hall Chadwick during the financial year had the characteristics of management, decision-making, self-review, advocacy or joint sharing or risks.

6.5 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 the following page.

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



Graham Kelly
Chairman



Steve Gillard
Managing Director

Sydney

Dated this 24th day of August 2015

HALL CHADWICK  (NSW)

Chartered Accountants and Business Advisers

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been no contraventions of:

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

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

SYDNEY

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HALL CHADWICK
Level 40, 2 Park Street
SYDNEY NSW 2000



Drew Townsend
Partner
Dated: 24 August 2015

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GDI PROPERTY GROUP

FINANCIAL REPORT

For the financial year ended 30 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Revenue from ordinary activities					
Property income	2	77,178	34,166	77,178	34,166
Funds management income		2,908	3,390	-	-
Interest income		233	209	186	183
Other income		-	219	-	219
Total revenue from ordinary activities		80,320	37,984	77,364	34,568
Net fair value gain of investment property		46,068	8,699	46,068	8,699
Total income		126,388	46,683	123,432	43,267
Expenses					
Property expenses		19,438	9,339	19,438	9,339
Finance costs	3	14,725	4,522	14,721	4,522
Net fair value loss on interest rate swaps		2,450	2,228	2,450	2,228
Corporate and administration expenses	4	5,895	2,212	1,278	323
Acquisition expenses		7,634	-	7,634	-
Initial public offer costs		949	15,480	417	13,007
Total expenses		51,091	33,781	45,937	29,419
Profit before tax		75,297	12,903	77,495	13,848
Income tax benefit	5	643	16	-	-
Net profit for the year/period		75,940	12,919	77,495	13,848
Other comprehensive income		-	-	-	-
Total comprehensive income for the year/period		75,940	12,919	77,495	13,848
Profit and total comprehensive income attributable to:					
Company shareholders		(1,555)	(929)	-	-
Trust unitholders (non-controlling interest)		77,495	13,848	77,495	13,848
Profit after tax from continuing operations		75,940	12,919	77,495	13,848
		cents	cents	cents	cents
Basic earnings per stapled security/trust unit	21	13.45	2.28	13.73	2.44
Diluted earnings per stapled security/trust unit	21	13.43	2.28	13.70	2.44

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP

FINANCIAL REPORT

As at 30 June 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current assets					
Cash and cash equivalents	6	4,824	14,718	3,985	13,914
Trade and other receivables	7	3,848	4,827	1,788	854
Non-current assets held for sale	8	154,826	-	154,826	-
Other assets	9	1,207	7,381	2,060	7,369
Total current assets		164,706	26,926	162,659	22,137
Non-current assets					
Investment properties	10	730,334	694,351	730,334	694,351
Plant and equipment	11	123	110	-	-
Deferred tax assets	13	1,161	518	-	-
Intangible assets	14	18,110	18,110	-	-
Total non-current assets		749,728	713,089	730,334	694,351
Total assets		914,434	740,015	892,994	716,488
Current liabilities					
Trade and other payables	15	30,863	24,056	29,914	23,276
Provisions	16	23	124	-	-
Total current liabilities		30,886	24,180	29,914	23,276
Non-current liabilities					
Borrowings	17	322,154	169,333	322,154	169,333
Derivative financial instruments	12	4,678	2,228	4,678	2,228
Provisions	16	432	102	-	-
Other liabilities		28	11	-	11
Total non-current liabilities		327,292	171,673	326,832	171,572
Total liabilities		358,178	195,853	356,746	194,848
Net assets		556,256	544,162	536,247	521,640
Equity					
Contributed equity	18	22,550	23,451	507,769	527,657
Reserves	19	(58)	-	(1,277)	-
Retained earnings	19	(2,484)	(929)	29,755	(6,017)
Equity attributable to equity holders of the Company/ Trust		20,009	22,522	536,247	521,640
Non-controlling interest					
Contributed equity	18	507,769	527,657	-	-
Reserves	19	(1,277)	-	-	-
Retained earnings	19	29,755	(6,017)	-	-
Total non-controlling interest		536,247	521,640	-	-
Total equity		556,256	544,162	536,247	521,640

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP

FINANCIAL REPORT

For the financial year ended 30 June 2015

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group

	Equity attributable to securityholders of the Group				Non-controlling interest (Trust)	Total equity
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000	\$'000	\$'000
Comprehensive income						
Profit for the period	-	-	(929)	(929)	13,848	12,919
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(929)	(929)	13,848	12,919
Transactions with securityholders in their capacity as securityholders						
Initial contribution of equity	24,588	-	-	24,588	542,987	567,575
Transaction costs, net of tax	(1,137)	-	-	(1,137)	(15,330)	(16,467)
Distributions paid/payable	-	-	-	-	(19,865)	(19,865)
Total transactions with securityholders in their capacity as securityholders	23,451	-	-	23,451	507,792	531,243
Balance as at 30 June 2014	23,451	-	(929)	22,522	521,640	544,162
Balance as at 1 July 2014	23,451	-	(929)	22,522	521,640	544,162
Comprehensive income						
(Loss)/profit for the period	-	-	(1,555)	(1,555)	77,495	75,940
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	(1,555)	(1,555)	77,495	75,940
Transactions with securityholders in their capacity as securityholders						
Security-based payments expense	-	37	-	37	817	854
On-market securities buy-back	(901)	(95)	-	(996)	(21,982)	(22,978)
Distributions paid/payable	-	-	-	-	(41,722)	(41,722)
Total transactions with securityholders in their capacity as securityholders	(901)	(58)	-	(958)	(62,888)	(63,846)
Balance as at 30 June 2015	22,550	(58)	(2,484)	20,009	536,247	556,256

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP

FINANCIAL REPORT

For the financial year ended 30 June 2015

Trust

	Equity attributable to Trust unitholders of the Group			Total equity \$'000
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	
Comprehensive income				
Profit for the period	-	-	13,848	13,848
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	13,848	13,848
Transactions with unitholders in their capacity as unitholders				
Initial contribution of equity	542,987	-	-	542,987
Transaction costs net of tax	(15,330)	-	-	(15,330)
Distributions paid/payable	-	-	(19,865)	(19,865)
Total transactions with unitholders in their capacity as unitholders	527,657	-	(19,865)	507,792
Balance as at 30 June 2014	527,657	-	(6,017)	521,640
Balance as at 1 July 2014	527,657		(6,017)	521,640
Comprehensive income				
Profit for the period	-	-	77,495	77,495
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	77,495	77,495
Transactions with unitholders in their capacity as unitholders				
Security-based payments expense	-	817	-	817
On-market securities buy-back	(19,888)	(2,094)	-	(21,982)
Distributions paid/payable	-	-	(41,722)	(41,722)
Total transactions with unitholders in their capacity as unitholders	(19,888)	(1,277)	(41,722)	(62,888)
Balance as at 30 June 2015	507,769	(1,277)	29,755	536,247

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP

FINANCIAL REPORT

For the financial year ended 30 June 2015

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash flows from operating activities					
Receipts in the course of operations		81,184	30,775	76,556	30,951
Payments in the course of operations		(31,562)	(8,824)	(27,437)	(7,407)
Interest received		233	209	186	183
Interest paid		(13,577)	(4,742)	(13,573)	(4,742)
Net cash inflow from operating activities	25	36,278	17,418	35,732	18,985
Cash flows from investing activities					
Net outflow of cash on acquisition of Funds Business	33	-	(18,121)	-	-
Payments for investment properties		(129,178)	(120,815)	(129,178)	(120,815)
Payments for capital expenditure		(5,131)	(1,584)	(5,131)	(1,584)
Payments for plant and equipment		(43)	-	(31)	-
Payments of incentives		(9,464)	(1,584)	(9,464)	(1,584)
Loan to associated companies		(1)	-	(916)	-
Payments for deposits of investment		-	(6,822)	-	(6,822)
Payment of initial public offer costs		-	(15,480)	-	(13,007)
Proceeds from rent guarantee		6,762	-	6,762	-
Proceeds from call option fee		1,000	-	1,000	-
Net cash used in investing activities		(136,056)	(163,200)	(136,958)	(142,227)
Cash flows from financing activities					
Proceeds from borrowings		153,000	170,000	153,000	170,000
Payments for the on-market buy-back of securities	18a	(20,789)	-	(19,888)	-
Repayment of seed trust borrowings ¹	33	-	(279,932)	-	(279,932)
Payment of loan transaction costs		(665)	(748)	(665)	(748)
Proceeds from the issue of stapled securities		-	362,319	-	346,623
Equity issue transaction costs		(513)	(16,954)	-	(15,330)
Payment of dividends/distributions		(41,149)	-	(41,149)	-
Payment of dividends/distributions to seed trust investors ¹		-	(993)	-	(993)
Redemption to non continuing seed trust investors ¹		-	(78,944)	-	(78,944)
Redemption to continuing seed trust investors ¹		-	-	-	(8,892)
Net cash from financing activities		89,884	154,748	91,297	131,784
Net (decrease) increase in cash and cash equivalents		(9,893)	9,345	(9,929)	8,542
Cash and cash equivalents at beginning of year		14,718	-	13,914	-
Cash and cash equivalents on acquisition of controlled entities - GDI Property Trust and its controlled entities	33	-	5,373	-	5,373
Cash and cash equivalents at the end of the year	6	4,824	14,718	3,986	13,914

1. The seed trust, seed trust investors and seed trust borrowings refers to GDI Premium Office Trust, GDI No. 34 Sydney CBD Office Trust and GDI No. 35 Perth Prime CBD Office Trust, the investors in each and the borrowings of each. As part of the initial public offer, acquisitions and restructure, investors were given the opportunity to redeem their units at their respective trust's NTA (non-continuing investors) or elect to receive stapled securities (continuing seed trust investors)

The accompanying notes form part of these financial statements.

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GDI Property Group (the “Group”) was formed by the stapling of GDI Property Group Limited (the “Company”) and GDI Property Trust (the “Trust”). The Responsible Entity of the Trust is GDI Funds Management Limited, a wholly owned subsidiary of the Company. GDI Property Group was established for the purpose of facilitating a joint quotation of the Company and the Trust on the ASX. The constitutions of the Company and the Trust, together with a Co-operation Deed dated 25 November 2013, ensure that for so long as the two entities remain jointly quoted, the number of units in the Trust and shares in the Company shall be equal and the unitholders and the shareholders be identical. Both the Responsible Entity of the Trust and the Company must at all times act in the best interests of GDI Property Group. The Company was incorporated on 5 November 2013 and the Trust established on 4 November 2013 and registered as a management investment scheme on 18 November 2013.

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

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

The financial statements are authorised for issue on 24 August 2015 by the directors of the Company and the Responsible Entity of the Trust.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Consolidated financial statements

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

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

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

(c) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of all controlled entities for the year ended 30 June 2015, that is the Company and its subsidiaries and the Trust and its subsidiaries, collectively referred to as the Group.

Subsidiaries are entities the Group controls. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the controlled entities is provided in Note 31.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of GDI Property Group from the date on which control is obtained. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(d) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(e) Goodwill

Goodwill is carried at cost less any accumulated impairment losses.

Goodwill is calculated as the excess of the sum of:

- the consideration transferred;
- any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
- the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to GDI Property Group's cash-generating unit or groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment.

Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(f) Income Tax

(i) Trust

Under current income tax legislation the Trust is not liable to pay tax provided its taxable income and taxable realised capital gains are distributed to unitholders. The liability for capital gains tax that may arise if the properties were sold is not accounted for in this Financial Report.

(ii) Company and other taxable entities

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

- a legally enforceable right of set-off exists; and
- the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(iii) Tax consolidation

The Company and its wholly owned subsidiaries (excluding the Trust and its wholly owned subsidiaries) have formed a tax-consolidated group with effect from 16 December 2013 and are therefore taxed as a single entity from that date. The head entity of the tax-consolidated group is GDI Property Group Limited.

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group, using the 'separate taxpayer within group' approach by reference to the carrying amounts of the assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities or assets and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any funding arrangement amounts referred to below. Any difference in these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that the future taxable profits of the tax-consolidated group will be available against which the asset can be utilised. Any subsequent period adjustment to deferred tax assets arising from unused tax losses, as a result of revised assessments of the probability of recoverability, is recognised by the head entity only.

(iv) Nature of tax funding arrangements and tax sharing arrangements

The Company, in conjunction with other members of the tax-consolidated group, has entered in to a tax funding arrangement, which sets out the funding obligations of the members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the Company equal to the current tax liability (asset) assumed by the Company and any tax-loss/deferred tax asset assumed by the Company, resulting in the Company recognising an inter-entity receivable (payable) equal in amount to the liability (asset) assumed. The inter-entity receivable (payable) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the Company's obligation to make payments for tax liabilities to the relevant tax authorities.

The Company, in conjunction with other members of the tax-consolidated group, has also entered in to a tax sharing arrangement. The tax sharing arrangement provides for the determination of the allocation of income tax liabilities between the entities should the Company default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement, as payment of any amounts under the tax sharing agreement is considered remote.

(g) Plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to GDI Property Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using both the straight line and diminishing values method to allocate costs of assets, net of their residual values, over their estimated useful lives, as follows:

Class	Rate
Furniture and fittings	2% - 67%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds to the carrying amount. Any gain or loss is included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(h) Impairment of assets

Goodwill and tangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

At each reporting date, and whenever events or changes in circumstances occur, the Group assesses whether there is any indication that any other asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate and an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Assets other than goodwill that suffer an impairment are viewed for possible reversal of the impairment at each reporting date.

(i) Investment property

Investment property is property which is held either to earn income or for capital appreciation or both. Investment property also includes properties that are under construction for future use as investment properties. Investment property is measured at fair value, with acquisition and other related costs written off through the profit and loss. As part of the process of determining fair value, an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values individual properties annually on a rotation basis or on a more regular basis if considered appropriate and as determined by management and the Board in accordance with the valuation policy of GDI Property Group.

These valuation processes are taken into consideration when determining the fair value of the investment properties. The fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after property marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuations are prepared by considering the capitalisation of net income and the discounting of future cash flows to their present value. These methods incorporate assumptions of future rental income and costs, appropriate capitalisation and discount rates and also consider market evidence of transaction prices of similar investment properties.

Valuations reflect, where appropriate:

- the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness;
- the allocation of maintenance and other operating cost responsibilities between lessor and lessee; and
- the remaining economic life of the property.

Further information on assumptions underlying the assessment of fair value is contained below at Note 1 (bb) Critical accounting estimates and judgements and in Note 10, Investment property.

Changes in fair values are recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The gain or loss on disposal of an investment property is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the year of disposal.

Repairs and maintenance costs and minor renewals are charged as expenses when incurred.

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

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and cash at bank.

(k) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of an asset remain with the lessee, but not the legal ownership, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the lease property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lessees may be offered incentives as an inducement to enter into non-cancellable leases. These incentives may take various forms including up-front cash payments, rent free periods, or a contribution to certain lessee costs such as fit out costs or relocation costs. They are recognised as an asset in the statement of financial position as a component of the carrying amount of investment property and amortised over the lease period as a reduction in rental income.

Initial direct leasing costs incurred in negotiating and arranging operating leases are recognised as an asset in the statement of financial position as a component of the carrying amount of investment property and are amortised as an expense on a straight line basis over the lease term.

(l) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standards.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this

information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(m) Financial Instruments**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

(n) Derivative financial instruments

The Group is exposed to changes in interest rates and uses interest rate derivatives to hedge these risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured to fair value at balance date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The Group enters into interest rate swap agreements that are used to convert certain variable interest rate borrowings to fixed interest rates. The derivatives are entered into with the objective of hedging the risk of adverse interest rate fluctuations. While the Group has determined that these arrangements are economically effective, they have not satisfied the documentation, designation and effectiveness tests required by accounting standards. As a result, they do not qualify for hedge accounting and gains or losses arising from changes in fair value are recognised immediately in profit or loss.

(o) Employee benefits**(i) Short-term employee benefits**

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

(ii) Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(iii) Performance rights plan

The Group has established a performance rights plan and has issued performance rights to employees. Under the performance rights plan, employees will be granted performance rights which will vest into the Group securities at no cost, if vesting conditions are satisfied.

The cost of the issues of performance rights are recognised as an employee benefit expense (for performance rights issued in relation to executive remuneration for the period ended 30 June 2014 and the year ended 30 June 2015) or initial public offer costs (for performance rights issued to employees as disclosed in the Offer Document). The fair value of the performance rights is recognised in the security-based payments reserve in equity, or, if the performance rights are yet to be granted, accrued in the Consolidated Statement of Financial Position and reversed with a corresponding increase in the security-based payments reserve in equity once the performance rights are granted.

Fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the rights. For relative market performance based vesting conditions, fair value is determined using binomial option pricing to model the performance of GDI Property Group to the selected peer group taking into account individual volatilities and correlations.

For non-market based vesting conditions, the fair value is determined based on the likelihood of achieving the conditions having reference to budgets and management plans. For non-market based vesting conditions, at each reporting date the Group revises its estimate of the number of performance rights that are expected to be exercisable and the employee benefit expense recognised each reporting period takes into account the most recent estimate. The impact of any revision to original estimates is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income with a corresponding adjustment to equity.

(p) Revenue and other income**(i) Rental revenue**

Rental revenue from investment property is recognised on a straight line basis over the lease term or until the first contingency (market or CPI review) occurs. Rental revenue not received at reporting date is reflected in the statement of financial position as a receivable or if paid in advance, as rent in advance (unearned income). Lease incentives granted are considered an integral part of the total rental revenue and are recognised as a reduction in rental income over the term of the lease, on a straight line basis. Contingent rents based on the future amount of a factor that changes other than with the passage of time, including turnover rents and CPI or market linked rental increases, are only recognised when contractually due.

(ii) Funds management revenue

Acquisition and capital raising fee revenue is recognised at settlement of the relevant property or proportionately as the equity interests are issued/sold to external investors as appropriate. Management fee revenue is recognised on a proportional basis over this time as services are performed.

(iii) Interest

Interest revenue is recognised as it accrues using the effective interest method.

(q) Property expenses

Property expenses and outgoings include rates, taxes and other property outgoings incurred in relation to investment properties where such expenses are the responsibility of GDI Property Trust and are recognised on an accruals basis.

(r) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(s) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(t) Borrowing and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Under this method fees, costs, discounts and premiums directly related to the financial liability are spread over its expected life. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period in which they are incurred.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

(u) Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events; and
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Provisions are not recognised for future operating losses.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(w) Rounding of amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100. Accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest \$1,000.

(x) Segment reporting

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other segments. Each segment is reviewed by the entities chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess the performance and for which discrete financial information is available.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, investment properties and goodwill. Due to the small size of the management team, corporate overhead expenses and property, plant and equipment are not allocated in reporting to the CODM and therefore for the purpose of segment reporting are unallocated.

(y) Contributed equity

Ordinary shares and units are classified as equity and recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary stapled securities are recognised directly in equity as a reduction, net of tax, of the proceeds of the issue.

(z) Distributions and dividends

Distributions are paid to GDI Property Group stapled securityholders half yearly. A provision for distributions is made for the amount of any distribution declared on or before the end of the reporting period but not paid to securityholders at the reporting date.

(aa) Earnings per stapled security

Basic earnings per stapled security is calculated as net profit attributable to ordinary securityholders of the Group divided by the weighted average number of ordinary securities outstanding during the financial year. Diluted earnings per stapled security is calculated as net profit attributable to ordinary securityholders of the Group divided by the weighted average number of ordinary stapled securities and dilutive potential ordinary securities. Where there is no difference between basic and diluted earnings per stapled security, the term basic and diluted earnings per stapled security is used.

(bb) Critical accounting estimates and assumptions

The preparation of the financial reports requires management to make judgements, estimates and assumptions that effect the reported amounts in the financial reports. Management bases its judgements and estimates on historical experience and other various factors it believes to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the results of which form the basis of the carrying values of assets and liabilities. The resulting accounting estimates may differ from the actual results under difference assumptions and conditions.

The key estimates and assumptions that have a risk of causing adjustment with the next financial year to the carrying amounts of asset and liabilities recognised in these financial reports are:

(i) Valuation of investment property

Critical judgements are made by the Group in respect of the fair values of investment properties. The fair value of these investments are reviewed regularly by management with reference to external independent property valuations, recent offers and market conditions existing at reporting date, using generally accepted market practices. Then critical assumptions underlying management's estimates of fair values are those relating to the passing rent, market rent, occupancy, capitalisation rate, terminal yield and discount rate. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of the property investments may differ. Major assumptions used in valuation of the property investments are disclosed in Note 10.

(ii) Valuation of financial instruments

The fair value of derivative assets and liabilities are based on assumptions of future events and involve significant estimates. The basis of valuation for the Group's derivatives are set out in Note 1(n), however the fair values of derivatives reported at 30 June 2015 may differ if there is volatility in market rates in future periods. The valuation techniques are discussed in detail at Note 10 and have been developed in compliance with requirements of AASB 139 Financial Instruments: Recognition and Measurement.

(iii) Impairment of loans and receivables

Assets are assessed for impairment each reporting date by evaluating whether any impairment triggers exist. Where impairment triggers exist, management reviews the allocation of cash flows to those assets and estimates a fair value for the assets. Critical judgements are made by the Group in setting appropriate impairment triggers for its assets and the assumptions used when determining fair values for assets where triggers exist.

(iv) Security-based payments

The Group measures the cost of performance rights allocated to employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of performance rights is determined using Black-Scholes option pricing model and Binomial option pricing models. The related assumptions are detailed in Note 30. The accounting estimates and the assumptions relating to performance rights will have no impact on the carrying amounts of assets and liabilities within the next reporting period, but may impact the security based payment expense and equity.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

(v) Recoverability of deferred tax assets

Deferred tax assets are recognised for deductible temporary difference and unused tax losses as management considers that it is probable that future taxable profits will be available to utilise those temporary differences and unused tax losses. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits which may lead to impairment of the deferred tax asset.

(cc) Comparatives

The Company was incorporated on 5 November 2013 and the Trust established on 4 November 2013 and registered as a management investment scheme on 18 November 2013. As a consequence, the comparative numbers for the period ended 30 June 2014 of the Company and of the Group are for the period from 5 November 2013 to 30 June 2014, and the comparative numbers for the period ended 30 June 2014 of the Trust are for the period from 4 November 2013 to 30 June 2014.

NOTE 2 – PROPERTY INCOME

	Group		Trust	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Property income				
Rent and recoverable outgoings	78,991	34,182	78,991	34,182
Lease costs and incentive amortisation	(1,812)	(16)	(1,812)	(16)
Total property income	77,178	34,166	77,178	34,166

NOTE 3 – FINANCE COSTS

	Group		Trust	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Finance costs				
Interest paid / payable	14,725	4,522	14,721	4,522
Total finance costs	14,725	4,522	14,721	4,522

NOTE 4 – CORPORATE AND ADMINISTRATION EXPENSES

	Group		Trust	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Corporate and administration expenses				
Audit and taxation fees	219	104	56	74
Custodian fees	110	50	68	50
Occupancy expenses	433	231	-	-
Employee benefits expense	4,296	1,664	582	87
Others	836	164	571	112
Total corporate and administration expenses	5,895	2,212	1,278	323

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

NOTE 5 – INCOME TAX BENEFIT

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Income tax benefit				
a) The components of tax expense/(benefit) comprise:				
Current tax	-	(32)	-	-
Deferred tax	(643)	16	-	-
Income tax expense/(benefit)	(643)	(16)	-	-
b) Reconciliation of income tax expense/(benefit) to prima facie tax payable:				
Prima facie tax payable on profit from ordinary activities			-	-
before income tax at 30%	22,589	3,871	-	-
	22,589	3,871	-	-
Add tax effect of:				
Non-allowable items	16	301	-	-
Less tax effect of:				
Recognition of deferred tax asset not previously brought to account	-	(33)	-	-
Non-taxable trust income	(23,248)	(4,155)	-	-
Income tax expense/(benefit) attributable to Group/Trust	(643)	(16)	-	-

NOTE 6 – CASH AND CASH EQUIVALENTS

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash and cash equivalents				
Cash at bank	4,824	14,718	3,985	13,914
Total cash and cash equivalents	4,824	14,718	3,985	13,914

NOTE 7 – TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade and other receivables				
Trade receivable	3,682	4,809	1,632	839
Others	166	18	156	15
Total trade and other receivables	3,848	4,827	1,788	854

Trade receivables

Included in trade and other receivables of the Group is \$2,050,000 (2014: \$3,469,000) of fees charged to managed funds that have subsequently been paid and \$659,010 (2014: \$494,197) that remains unpaid. The Group also had \$1,169,906 (2014: \$530,000) of rent receivable which was past due but not impaired. These all relate to a number of tenants for whom there is no recent history of default and in most cases security is held for greater than the amount outstanding, and as such there is no impairment of receivables.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

NOTE 8 – NON-CURRENT ASSET HELD FOR SALE

On 6th November 2014, GDI Property Group entered in to conditional put and call option deeds to sell 233 Castlereagh Street, Sydney, for \$156 million. Accordingly, the asset has been reclassified as a non-current asset held for sale. The Directors also determined that the asset should be revalued to its conditional sale price, with the revaluation included in the current year Consolidated Statement of Profit or Loss and Other Comprehensive Income.

NOTE 9 – OTHER ASSETS

	Group		Trust	
	2015	2014	2015	2014
Other assets	\$'000	\$'000	\$'000	\$'000
Interest paid in advance	485	301	485	301
Prepayment	711	6,822	659	6,822
Others	11	259	916	246
Total other assets	1,207	7,381	2,060	7,369

NOTE 10 – INVESTMENT PROPERTIES

	Note	Group		Trust	
		2015	2014	2015	2014
a) Investment properties at fair value		\$'000	\$'000	\$'000	\$'000
<i>Movement in investment properties</i>					
Balance at beginning of the year		694,351	-	694,351	-
Acquisitions through business combinations					
- Investment property	33	-	559,766	-	559,766
- Rental guarantee and incentives	33	-	3,700	-	3,700
Additions					
- Investment property		130,000	113,800	130,000	113,800
- Rental guarantee and incentives		6,000	7,015	6,000	7,015
Assets transferred to non-current assets held for sale		(154,826)	-	(154,826)	-
Amortisation of rental guarantee and incentive		(6,762)	(2,156)	(6,762)	(2,156)
Capital works					
- Property improvements		4,224	1,415	4,224	1,415
- Maintenance capital		541	169	541	169
Straight-lining of rental income		2,265	1,559	2,265	1,559
Incentives and lease costs		11,286	401	11,286	401
Amortisation of incentives and lease costs		(1,812)	(16)	(1,812)	(16)
Payment of option fee		(1,000)	-	(1,000)	-
Net gain from fair value adjustments		46,068	8,699	46,068	8,699
Balance as at 30 June		730,334	694,351	730,334	694,351

b) Rental guarantee and incentive

The Group has obtained guarantees and the payout of tenant incentives in relation to 307 Queen Street, Brisbane, 233 Castlereagh Street, Sydney and 66 Goulburn Street, Sydney. In relation to 307 Queen Street, Sydney and 233 Castlereagh Street, Sydney, the guarantees cover certain vacancies for a period of two years from settlement (16 December 2013) and are paid regardless of whether the identified vacancies are leased.

The payout of tenant incentives is on terms consistent with the terms of the underlying leases at the time of settlement (in the case of 307 Queen St, Brisbane) and business combination (in the case of 233 Castlereagh St, Sydney). In relation to 66 Goulburn Street, Sydney, GDI Property Group can draw on this rental guarantee to satisfy outgoings, market rent,

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For the financial year ended 30 June 2015

incentives, leasing costs or any other costs relating to the property that it elects for a period of up to 60 months (5 years) from settlement.

In the absence of any leasing of the vacant space, GDI Property Group intended to draw on this rental guarantee to cover market rents on that vacant space for a period of approximately 22.5 months, by which time the rental guarantee would be fully drawn. As the vacant space has now been 100% leased, this guarantee can be used to cover a loss of income from future lease expiries.

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

Carrying value of rental guarantee and incentive

Property	Opening balance \$'000	Additions \$'000	Amortised during year \$'000	Fair value adjustment \$'000	Transferred to non-current asset held for sale \$'000	Closing balance \$'000
307 Queen St, Brisbane	5,698	-	(2,437)	-	-	3,261
233 Castlereagh St, Sydney	1,000	-	(1,484)	-	484	-
66 Goulburn St, Sydney	-	6,000	(2,841)	(159)	-	3,000
Total	6,698	6,000	(6,762)	(159)	484	6,261

Valuation basis

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

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

<i>Valuation basis</i>	2015	2014
Weighted average capitalisation rate (%)	7.77%	8.1%
Weighted average lease expiry by area (years)	3.8 years	3.3 years
Occupancy	89%	84%

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

c) Assets pledged as security

Borrowings (refer Note 17) are secured by fixed and floating charges over each investment property plus charges over any building document, lease document, performance bond and bank guarantee in addition to a real property mortgage over each property.

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d) Leases as a lessor

The Group and the Trust lease out investment properties under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	Group		Trust	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Lease receivable commitments				
Within one year	50,461	46,094	50,461	45,990
Later than one year but not later than five years	109,784	121,851	109,784	121,770
Later than five years	40,055	49,378	40,055	49,378
Total lease receivable commitments	200,300	217,323	200,300	217,138

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For the financial year ended 30 June 2015

e) Details of investment properties

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

	Title	Acquisition date	Acquisition price \$'000	Independent valuation date	Independent valuation \$'000	Carrying amount \$'000	Fair value adjustment \$'000
Investment properties							
Mill Green Complex, Perth ¹	Freehold	16 December 2013	332,656	31 December 2014	334,000	339,697	(2,246)
25 Grenfell St, Adelaide ¹	Freehold	16 December 2013	109,632	31 December 2014	109,000	111,138	(2,019)
307 Queen St, Brisbane	Freehold	16 December 2013	120,815	30 June 2015	122,500	122,500	892
66 Goulburn St, Sydney	Leasehold	15 July 2014	136,000	30 June 2015	157,000	157,000	21,702
Total Investment properties			699,103		722,500	730,334	18,329
Non-current assets held for sale							
233 Castlereagh St, Sydney ^{1,2}	Freehold	16 December 2013	121,177	30 June 2014	129,000	154,826	27,738
Total Investment properties and non-current assets held for sale			820,280		851,500	885,160	46,068

1. The acquisition date and acquisition price are based on the completion date of the restructure and IPO of stapled securities to create GDI Property Group and the independent valuations ascribed to the assets as part of the restructure. The acquisition prices includes capital expenditure incurred between the valuation date for the restructure and the IPO (1st October 2013) and the acquisition date (16th December 2013).
2. On 6th November 2014, GDI Property Group entered in to conditional put and call option deeds to sell 233 Castlereagh Street, Sydney, for \$156 million. Accordingly, the asset has been reclassified as a non-current asset held for sale. The Directors also determined that the asset should be revalued to its conditional sale price, with the revaluation included in current year Consolidated Statement of Profit or Loss and Other Comprehensive Income.

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NOTE 11 – PLANT AND EQUIPMENT

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Plant and equipment				
Furniture and fittings at cost	168	124	-	-
Accumulated depreciation	(45)	(14)	-	-
Total plant and equipment	123	110	-	-

Movement in plant and equipment

Reconciliations of the carrying amounts of each class of plant and equipment are set out below.

	Furniture and fittings \$'000	Total \$'000
Balance at beginning of year	-	-
Acquisitions through business combinations	124	124
Depreciation	(14)	(14)
Balance as at 30 June 2014	110	110
Balance at beginning of year	110	110
Additions	44	44
Disposals	-	-
Depreciation	(31)	(31)
Balance as at 30 June 2015	123	123

NOTE 12 – DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Interest rate swaps	4,678	2,228	4,678	2,228
Total derivative financial instruments	4,678	2,228	4,678	2,228

Details of principal amounts, expiry dates and interest ranges of interest rate derivative contracts are set out in Note 28.

NOTE 13 – DEFERRED TAX ASSETS

	Opening Balance \$'000	(Charged)/ Credited to Profit or Loss \$'000	(Charged)/ Credited Directly to Equity \$'000	Closing Balance \$'000
30 June 2015				
Deferred tax asset on:				
Provisions	60	40	-	100
Transaction costs on equity issue	411	20	-	431
Tax losses carried forward	46	584	-	630
Net amount	518	643	-	1,161

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30 June 2014	Acquisitions through business combinations \$'000	(Charged)/ Credited to Profit or Loss \$'000	(Charged)/ Credited Directly to Equity \$'000	Closing Balance \$'000
Deferred tax asset on:				
Provisions	-	60	-	60
Transaction costs on equity issued	-	(76)	487	411
Tax losses carried forward	14	32	-	46
Net amount	14	16	487	518

The amounts of deductible temporary differences and unused tax losses for which no deferred tax assets have been brought to account:

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
The amounts of deductible temporary differences and unused tax losses for which no deferred tax assets have been brought to account:				
- deductible temporary differences	-	472	-	-
- tax losses – operating in nature	46	46	-	-
	46	518	-	-

The benefits of the above temporary differences and unused tax losses will be realised when the conditions for deductibility set out in Note 1(f) occur. These amounts have no expiry date.

NOTE 14 – INTANGIBLE ASSETS

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Intangible assets				
Goodwill - at cost and at net carrying amount	18,110	18,110	-	-
Intangible assets	18,110	18,110	-	-

a) Impairment test for goodwill

Pursuant to a Sale and Purchase Agreement dated 25 November 2013, the Group acquired from the privately owned GDI group of companies the rights, title and interest in the funds management business, and the shares of the operating companies, for total consideration of \$18.5 million. The value of the shares acquired was determined by the net asset value of the relevant company, with the balance (\$18.11 million) of the total consideration recognised as goodwill. The acquisition price was supported by an Independent Experts Report.

For subsequent measurement, goodwill is allocated to cash-generating units which are based on the Group's reporting segments. The Group has determined that the cash-generating unit is the funds management business and as per reporting to the Chief Operating Decision Maker (CODM), no fee has been assumed to be charged to the Trust by the funds management business. The recoverable amount of the cash generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of the forecast profit after tax from funds established since the acquisition of the funds management business and new funds to be established over a five year term, with a terminal value applied to the forecast sixth year profit after tax. The cash flows are discounted at a 15% discount rate.

Management has based the value-in-use calculations on the historical performance and future prospects of the Funds Management business as reported to the CODM, taking into consideration the historical rate at which funds are established.

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For the financial year ended 30 June 2015

As a result of the value-in-use calculation, no impairment of goodwill has been recorded in the Financial Statements.

b) Key assumptions used in valuation assumptions

The following key assumptions were used in the value-in-use calculations:

30 June 2015	New funds (p.a.)	Fee income	Terminal value growth rate	Discount rate
Funds management segment	\$100 million	Management fee – 0.65% Acquisition fee – 2% Disposal fee – 1%	2.0%	15%
30 June 2014	New funds (p.a.)	Fee income	Terminal value growth rate	Discount rate
Funds management segment	\$100 million	Management fee – 0.65% Acquisition fee – 2% Disposal fee – 1%	2.4%	15%

The calculation of value-in-use is most sensitive to the following assumptions:

- the rate at which new funds are established and the size of these funds (property values);
- fee income;
- terminal growth rate; and
- discount rate.

Rate at which new funds are established – based on management's expectations on the pace and size of new fund establishments, having regard to GDI Property Group's track record and future prospects. GDI Property Group's business plan includes launching new unlisted funds with total new AUM of \$100 million in the year ending 30 June 2016.

Fee income – fee income is based on due diligence, management (non-active fee rate) and disposal fees only, and does not include performance fees, debt arranging fees or any project management fees.

Terminal growth rate – terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumption that a market participant would make.

Discount rate – discount rates reflect management's estimate of the risks specific to each cash generating unit, in particular in relation to establishing new funds.

NOTE 15 – TRADE AND OTHER PAYABLES

	Group		Trust	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Trade and other payables				
Trade payables and accruals	8,347	3,231	7,593	2,845
Lease incentive payments	716	22	716	22
Tenant security deposits	-	-	-	-
Distribution payable	20,438	19,865	20,438	19,865
Other payables	1,361	938	1,167	544
Total trade and other payables	30,863	24,056	29,914	23,276

Trade and other payables are generally unsecured, non-interest bearing and settled within 30-60 days terms.

Lease incentives payable are generally unsecured, non-interest bearing and are normally settled in cash.

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For the financial year ended 30 June 2015

Distribution payable relates to the distribution for the period from 1 January 2015 to 30 June 2015, declared in June and payable in August 2015.

NOTE 16 – PROVISIONS

	Group		Trust	
	2015	2014	2015	2014
Provisions	\$'000	\$'000	\$'000	\$'000
Current				
Employee benefits	23	124	-	-
Non-current				
Employee benefits	432	102	-	-
Total provisions	455	225	-	-

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(o).

NOTE 17 – BORROWINGS

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

Interest bearing liabilities

	Group		Trust	
	2015	2014	2015	2014
Borrowings	\$'000	\$'000	\$'000	\$'000
Non current				
<i>Secured liabilities:</i>				
Loans - financial institutions	323,000	170,000	323,000	170,000
Transaction costs	(846)	(667)	(846)	(667)
Total borrowings	322,154	169,333	322,154	169,333

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a) Borrowing details

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

Facility	Secured	Maturity date	Facility \$'000	Utilised \$'000	Unutilised \$'000
Facility Tranche A ¹	Yes	16 December 2018	85,000	85,000	-
Facility Tranche B ¹	Yes	16 December 2016	248,000	233,000	15,000
Facility Tranche C ¹	Yes	16 December 2016	30,000	5,000	25,000
			363,000	323,000	40,000
Facility Tranche D ²	Yes	16 December 2016	5,000		
Total facility			368,000	323,000	40,000

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

b) Maturity profile

The maturity profile of the principal amounts of non-current borrowings, together with estimated interest thereon, is provided in the table below:

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Maturity profile				
Due within one year	9,554	7,123	9,554	7,123
Due between one and five years	332,295	187,819	332,295	187,819
Due after five years	-	-	-	-
	341,849	194,942	341,849	194,942

NOTE 18 – CONTRIBUTED EQUITY

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Contributed equity				
Contributed equity	530,319	551,108	507,769	527,657
Total contributed equity	530,319	551,108	507,769	527,657

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a) Movements in ordinary securities/units

	Group		Trust	
	No. (000)	\$'000	No. (000)	\$'000
Securities on issue at beginning of the year	-	-	-	-
Units issued at Initial Public Offer (ex Vendor Offer) ¹	549,075	549,075	549,075	549,075
Capital return to facilitate stapling ²	(23,786)	(23,786)	(23,786)	(23,786)
Shares issued at Initial Public Offer ³	23,786	23,786	-	-
Vendors Offer ³	18,500	18,500	17,699	17,699
Securities on issue at 30 June 2014	567,575	567,575	542,987	542,987
Transaction costs		(16,467)		(15,330)
Contributed equity attributable to shareholders/unitholders as at 30 June 2014	567,575	551,108	542,987	527,658
Securities on issue at beginning of the year	567,575	551,108	542,987	527,658
On-market buyback	(22,553)	(20,789)	(21,576)	(19,888)
Contributed equity attributable to shareholders/unitholders as at 30 June 2015	545,022	530,319	521,411	507,769

- Units were issued by GDI Funds Management Limited as responsible entity of GDI Property Trust to all unitholders in GDI Premium Office Trust, GDI No. 34 Sydney CBD Office Trust and GDI No. 35 Perth Prime CBD Office Trust (Seed Unitholders) and through a Public Offer of securities. Units of Seed Unitholders who elected to receive cash, or who made no election, were redeemed, after which GDI Property Trust had 549,075,025 \$1 units on issue.
- GDI Funds Management Limited as responsible entity of GDI Property Trust then declared a capital distribution to all GDI Property Trust investors equivalent to \$0.043321 per unit. This was applied to facilitate all GDI Property Trust unitholders to acquire shares in GDI Property Group Limited equivalent to the aggregate capital distribution amount payable in respect of their Units and subsequently to facilitate the stapling.
- The proceeds from the issue of shares (including from the Vendors Offer) was sufficient to enable GDI Property Group Limited to acquire the business from the GDI group of companies and partnerships (Vendors Offer), pay its share of IPO costs and provide it with working capital.

As announced to the ASX on 23 February 2015, the Group commenced an on-market buyback of up to 5% (28,378,751 stapled securities) of its securities over a 12 month period. During the period 25,052,680 stapled securities had been bought back. 22,552,679 stapled securities were cancelled resulting in 2,500,001 stapled securities remaining as treasury securities as at 30 June 2015. No stapled securities were issued during FY15.

b) Stapled securities

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

NOTE 19 – RESERVES AND RETAINED EARNINGS

a) Security-based payment reserve

	Group \$'000	Trust \$'000
Balance at the beginning of the year	-	-
Security-based payments expense	854	817
Balance as at 30 June 2015	854	817

The security-based payment reserve is used to recognise the fair value of performance rights issued under the performance rights plan. Refer to Note 30 for further details.

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For the financial year ended 30 June 2015

b) Retained earnings

	Group \$'000	Trust \$'000
Balance at the beginning of the year	-	-
Net profit for the financial period	12,919	13,848
Less: Dividends/distributions paid/payable	(19,865)	(19,865)
Balance as at 30 June 2014	(6,946)	(6,017)
Balance at the beginning of the year	(6,946)	(6,017)
Net profit for the financial period	75,940	77,495
Less: Dividends/distributions paid/payable	(41,722)	(41,722)
Balance as at 30 June 2015	27,272	29,755

c) Treasury security reserve

	Group \$'000	Trust \$'000
Balance at the beginning of the year	-	-
On-market buyback	(2,189)	(2,094)
Balance as at 30 June 2015	(2,189)	(2,094)

The treasury securities reserve is used to recognise stapled securities that have been repurchased by the Group and not cancelled but held in treasury.

NOTE 20 – DIVIDENDS/DISTRIBUTIONS PAID/PAYABLE

a) Dividends paid/payable by the Company

There were no dividends paid or payable by the Company in respect of the 2015 and 2014 financial year/period. As the Company made a tax loss for the year/period ended 30 June 2015 and 30 June 2014, there are also no franking credits available for subsequent years.

b) Distributions paid/payable by the Group/Trust

	Group		Trust	
	2015 cents/security	2014 cents/security	2015 cents/unit	2014 cents/unit
Distributions paid / payable by the Group / Trust				
29 August 2014	-	3.50	-	3.50
27 February 2015	3.75	-	3.75	-
28 August 2015	3.75	-	3.75	-
Total distributions paid / payable by the Group / Trust	7.50	3.50	7.50	3.50

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For the financial year ended 30 June 2015

NOTE 21 – EARNINGS PER SECURITY/UNIT

	Group		Trust	
	2015 cents	2014 cents	2015 cents	2014 cents
Basic earnings per security/unit	13.45	2.28	13.73	2.44
Diluted earnings per security/unit	13.43	2.28	13.70	2.44
	\$'000	\$'000	\$'000	\$'000
Earnings used to calculate basic and diluted earnings per security/unit:				
Profit for the year/period	75,940	12,919	77,495	13,848
Profit attributable to ordinary securityholders/equityholders of the Group/Trust used in calculating basic and diluted earnings per security/unit	75,940	12,919	77,495	13,848
	No. (000)	No. (000)	No. (000)	No. (000)
Weighted average number of ordinary securities/units used in calculating basic earnings per security/unit	564,568	567,575	564,568	567,575
Weighted average number of ordinary securities/units used in calculating diluted earnings per security/unit	565,495	567,575	565,495	567,575

NOTE 22 – PARENT ENTITY DISCLOSURES

a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Company	
	2015 \$'000	2014 \$'000
Results		
Loss for the year/period	(472)	(1,070)
Total comprehensive loss for the year/period	(472)	(1,070)
Financial position		
Current assets	15	8
Total assets	22,039	22,434
Current liabilities	167	47
Total liabilities	1,088	53
Net assets	20,951	22,381
Contributed equity	22,550	23,451
Reserves	(58)	-
Accumulated losses	(1,542)	(1,070)
Total equity	20,951	22,381

b) Guarantees entered in to by the parent entity

During the year ended 30 June 2015 and the period ended 30 June 2014 neither parent provided any guarantee to entities it controlled.

c) Contingent liabilities

Neither parent entity had contingent liabilities at period end.

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d) Contractual commitments

As at 30 June 2015 and as at 30 June 2014, the Company had no commitments in relation to capital expenditure contracted for but not provided as liabilities.

NOTE 23 – SEGMENT REPORTING

a) Identification of reportable segments

Group

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

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

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

Trust

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

b) Basis of accounting for purposes of reporting by operating segments

(i) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

(ii) Intersegment transactions

- Corporate and administration costs other than direct expenses are not allocated to divisions for segment reporting purposes; and
- There is no revenue recorded by the funds management business from managing the Trust for segment reporting purposes.

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c) Segment information

(i) Segment performance

	Property \$'000	Funds management \$'000	Reviewed but unallocated \$'000	Total \$'000
30 June 2015				
<i>Profit after tax from ordinary activities</i>				
Property income	77,178	-	-	77,178
Funds management income	-	2,908	-	2,908
Other income	-	-	-	-
Total operating segment revenue	77,178	2,908	-	80,086
Property expenses	19,438	-	-	19,438
Corporate and administration expenses	1,278	-	4,617	5,895
Total operating segment expenses	20,716	-	4,617	25,333
Straight-lining rental income	(2,265)	(9)	-	(2,274)
Other FFO adjustments	(1,299)	-	-	(1,299)
Amortisation and depreciation	1,812	31	-	1,843
Movement in rental guarantees	6,762	-	-	6,762
Funds From Operations pre interest	61,473	2,930	(4,617)	59,786
Interest paid	(14,235)	(4)	-	(14,239)
Interest income	186	48	-	233
Income tax benefit	-	643	-	643
Funds From Operations post interest	47,424	3,617	(4,617)	46,425
Straight-lining rental income	2,265	9	-	2,274
Amortisation and depreciation	(2,299)	(31)	-	(2,329)
Movement in rental guarantees	(6,762)	-	-	(6,762)
Initial public offer costs	(417)	(533)	-	(949)
Other FFO adjustments	1,299	-	-	1,299
Net fair value gain of investment properties	46,068	-	-	46,068
Net fair value loss on interest rate swaps	(2,450)	-	-	(2,450)
Acquisition costs	(7,634)	-	-	(7,634)
Profit after tax from ordinary activities	77,495	3,062	(4,617)	75,940
Segment assets and liabilities				
Total assets	892,994	21,440	-	914,434
Total liabilities	356,746	1,431	-	358,178
Net assets	536,247	20,009	-	556,256

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	Property \$'000	Funds management \$'000	Reviewed but unallocated \$'000	Total \$'000
30 June 2014				
<i>Profit after tax from ordinary activities</i>				
Property income	34,166	-	-	34,166
Funds management income	-	3,390	-	3,390
Other income	219	-	-	219
Total operating segment revenue	34,385	3,390	-	37,775
Property expenses	9,339	-	-	9,339
Corporate and administration expenses	323	-	1,889	2,212
Initial public offer costs	13,007	2,473	-	15,480
Total operating segment expenses	22,669	2,473	1,889	27,031
Straight-lining rental income	(1,559)	11	-	(1,549)
Initial public offer costs	13,007	2,473	-	15,480
Other FFO adjustments	-	(449)	-	(449)
Amortisation and depreciation	97	14	-	111
Movement in rental guarantees	2,156	-	-	2,156
Funds From Operations pre interest	25,417	2,966	(1,889)	26,493
Interest paid	(4,522)	-	-	(4,522)
Interest income	183	27	-	209
Income tax benefit	-	16	-	16
Funds From Operations post interest	21,078	3,010	(1,889)	22,197
Straight-lining rental income	1,559	(11)	-	1,549
Amortisation and depreciation	(97)	(14)	-	(111)
Other FFO adjustments	-	449	-	449
Movement in rental guarantees	(2,156)	-	-	(2,156)
Initial public offer costs	(13,007)	(2,473)	-	(15,480)
Net fair value gain of investment properties	8,699	-	-	8,699
Net fair value loss on interest rate swaps	(2,228)	-	-	(2,228)
Profit after tax from ordinary activities	13,848	960	(1,889)	12,919

(ii) Segment assets and liabilities

Segment assets and liabilities

Total assets	716,487	18,110	5,417	740,015
Total liabilities	194,847	-	1,006	195,853
Net assets	521,640	18,110	4,411	544,162

NOTE 24 – COMMITMENTS

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Commitments				
Capital commitments				
Investment properties	-	136,851	-	136,851
Capital expenditure	6,976	548	6,976	548
Total capital commitments	6,976	137,399	6,976	137,399
Lease payable commitments				
Within one year	354	388	-	-
Later than one year but not later than five years	455	794	-	-
Later than five years	-	-	-	-
Total lease payable commitments	809	1,182	-	-

GDI PROPERTY GROUP**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2015

NOTE 25 – RECONCILIATION OF NET PROFIT TO CASH INFLOW FROM OPERATING ACTIVITIES**a) Reconciliation of cash from operations with profit after tax**

	Group		Trust	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Net profit	75,940	12,919	77,495	13,848
Non cash movements				
Amortisation and depreciation	486	102	486	88
Amortisation of lease incentive and lease costs	1,843	1,764	1,843	1,764
Straight-lining rental income	(2,265)	(1,559)	(2,265)	(1,559)
Fair value adjustments to :				
- Investment properties	(46,068)	(8,699)	(46,068)	(8,699)
- Interest rate swaps	2,450	2,228	2,450	2,228
Business combinations transaction costs	513	15,480	-	13,007
Non-cash employee benefits expense	854	-	817	-
(Increase)/decrease in:				
Trade and other receivables	979	(5,712)	(934)	(1,738)
Other assets	(988)	461	(934)	474
Trade and other payables	2,939	333	2,842	(426)
Provisions	229	11	-	-
Other liabilities	9	(24)	-	-
Deferred tax assets	(643)	114	-	(2)
Net cash provided by operating activities	36,278	17,418	35,732	18,985

b) Credit standby facilities with bank

Refer to Note 17 for details of unused finance facilities.

NOTE 26 – KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year/period ended 30 June 2015 and 30 June 2014.

The totals of remuneration paid to KMP of the company and the Group and Trust during the period are as follows.

a) Key management personnel compensation

	Group		Trust	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
KMP compensation				
Short term employee benefits	2,654	1,134	-	-
Post employment benefits	169	84	-	-
Other long term benefits	18	2	-	-
Security based payments	860	237	823	226
Total KMP compensation	3,702	1,458	823	226

Short term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

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For the financial year ended 30 June 2015

Post-employment benefits

These amounts are the current year's cost of superannuation contributions made during the period.

Other long term benefits

These amounts represent long service leave benefits accrued during the period.

Security-based payments

These amounts represent the expense accrued for the participation of KMP in the performance rights plan as disclosed in Note 30 and the intended issue of performance rights for the year/period ended 30 June 2015 and 30 June 2014.

b) Equity instrument disclosure relating to key management personnel

	Securities held as at 16 December 2013	Securities acquired during the period	Securities held at 30 June 2014	Securities acquired during the period	Securities held at 30 June 2015
30 June 2015					
Directors					
Graham Kelly	100,000	-	100,000	-	100,000
Steve Gillard	29,253,848	1,046,152	30,300,000	-	30,300,000
Tony Veale	30,253,440	-	30,252,440	-	30,252,440
Gina Anderson	-	-	-	60,000	60,000
Les Towell	1,061,591	-	1,061,595	-	1,061,595
Other key management personnel					
David Williams	200,000	-	200,000	-	200,000
John Garland	-	-	-	22,500	22,500
Paul Malek	-	-	-	25,000	25,000
Greg Marr	-	-	-	5,326	5,326

NOTE 27: RELATED PARTY TRANSACTIONS

Related parties for GDI Property Group

a) Identification of related parties

(i) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including and director (whether executive or otherwise) of that entity, are considered key management personnel. For details of disclosures relating to key management personnel, refer to Note 26 and the Remuneration Report contained in the Directors' Report.

(ii) Entities exercising control over the Group:

The ultimate parent entity that exercises control over GDI Property Group is GDI Property Group Limited, which is incorporated in Australia.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

b) Transactions with related parties

Transactions with related parties in the year ended 30 June 2015

a) Consultancy Deed

Mr Veale has entered into a Consultancy Deed with GDI Funds Management Limited to act as a responsible manager and key person under GDI Funds Management Limited's AFS Licence. Mr Veale did not receive any fees for providing this service.

b) External Funds

GDI Income Property Fund No. 28 is jointly owned by associates of Mr Gillard and Mr Veale. GDI Investment Management Limited, pursuant to an administration services agreement, provided administration services to the trustee of GDI Income Property Fund No. 28. GDI Investment Management Pty Limited was paid \$82,500 for the period to 30 June 2014.

GDI Investment Management Pty Limited also provided administrative services in relation to three assets owned by associates of Mr Veale. GDI Investment Management Pty Limited was paid \$56,011 for these services, equivalent to an annual fee of 0.65% of gross assets.

There are no other transactions with KMP in the year ended 30 June 2015.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

Transactions with related parties in the year ended 2014

(i) Key management personnel

The Seed Trust Restructure, IPO and Acquisition of the Funds Business

Mr Gillard, Mr Veale, Mr Towell (and their controlled entities) and Mr Williams received the following benefits from the IPO as follows:

	Mr Gillard			Mr Veale			Mr Towell			Mr Williams		
	Stapled securities ^{1,2}	Cash	Total	Stapled securities ^{1,2}	Cash	Total	Stapled securities ¹	Cash	Total	Stapled securities	Cash ⁴	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Units in Seed Trusts ³	20,004	68	20,072	21,002	1,144	22,147	1,062	-	1,062	-	-	-
Funds Business Acquisition	9,250	-	9,250	9,250	-	9,250	-	-	-	-	-	-
Fees payable from Seed Trusts	-	9,368	9,368	-	9,368	9,368	-	-	-	-	-	-
Consultancy fee	-	-	-	-	-	-	-	-	-	-	380	380
	29,254	9,436	38,690	30,252	10,512	40,764	1,062	-	1,062	-	380	380

1. Based on the Offer price of stapled securities of \$1.00

2. Mr Gillard and Mr Veale's stapled securities are subject to escrow restrictions until 30 June 2015

3. The Seed Trusts consisted of GDI Premium Office Trust, GDI No. 34 Sydney CBD Office Trust and GDI No. 35 Perth Prime CBD Office Trust. Pursuant to an Implementation Deed dated 25 November 2013, investors in each of the Seed Trusts were offered an option of receiving cash at their respective NTA, or stapled securities in the newly formed GDI Property Group.

4. Mr Williams was engaged as a consultant by GDI Investment Management Pty Limited under the terms of a consultancy services agreement entered into on 2 April 2013 to provide consultancy services in relation to the IPO. Fees paid by GDI Investment Management Pty Limited to Mr Williams were reimbursed from the proceeds of the IPO.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

Other payments received from the Initial Public Offer

Entities controlled by Mr Gillard and Mr Veale paid an option fee (\$500,000) and a subsequent deposit (\$650,000) to secure 307 Queen St, Brisbane.

Entities controlled by Mr Gillard and Mr Veale also funded some of the IPO costs (\$1,556,000) which were reimbursed on settlement of the Initial Public Offer.

Other transactions with key management personnel

a) Consultancy Deed

Mr Veale has entered into a Consultancy Deed with GDI Funds Management Limited to act as a responsible manager and key person under GDI Funds Management Limited's AFS Licence. Mr Veale did not receive any fees for providing this service.

b) External Funds

GDI Income Property Fund No. 28 is jointly owned by associates of Mr Gillard and Mr Veale. GDI Investment Management Limited, pursuant to an administration services agreement, provided administration services to the trustee of GDI Income Property Fund No. 28. GDI Investment Management Pty Limited was paid \$44,000 for the period to 30 June 2014.

GDI Investment Management Pty Limited also provided administrative services in relation to three assets owned by associates of Mr Veale. GDI Investment Management Pty Limited was paid \$54,000 for these services, equivalent to an annual fee of 0.65% of gross assets.

Related parties for GDI Property Trust

a) Identification of related parties

(i) Responsible Entity, Investment Manager and Custodian

The Responsible Entity of GDI Property Trust is GDI Funds Management Limited (ACN 107 354 003), a wholly owned subsidiary of GDI Property Group Limited. GDI Funds Management Limited has appointed The Trust Company (Australia) Limited as Custodian for all the assets of the Trust.

(ii) Key management personnel

The Trust does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage the activities of the Trust and this is considered the KMP. The directors of the Responsible Entity are key management personnel of that entity, their names being:

- Graham Kelly
- Gina Anderson
- Les Towell
- Anthony Veale
- Steve Gillard

b) Transactions with related parties

The Responsible Entity is entitled to a fee calculated on a cost recovery basis only. During the year ended 30 June 2015 the Responsible Entity charged \$172,500 (2014: \$119,000), with no balance owing as at 30 June 2015.

No compensation is paid to the key management personnel of the Responsible Entity directly by the Trust.

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NOTES TO THE FINANCIAL STATEMENTS

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All transactions with related parties are conducted on normal commercial terms and conditions. From time to time the key management personnel of the Responsible Entity, or their related entities, may invest in or sell units (stapled securities) of the Trust on the same terms and conditions as those of other Trust investors and are trivial and domestic in nature.

NOTE 28 - CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital risk management

GDI Property Group's capital management strategy is to maximise securityholders returns through active capital management whilst mitigating the inherent risks associated with both debt and equity.

In determining the appropriate mix of debt and equity, GDI Property Group reviews both commercial and regulatory considerations:

Commercial	Regulatory
• The underlying real estate fundamentals • The relative cost and availability of debt and equity • Forecast cash flows and capital expenditure requirements • Current and future debt covenants • Financial risk management	• Need to comply with the capital and distribution requirements of GDI Property Trust's trust deed • Need to comply with the capital requirements of relevant regulatory authorities and licences.

GDI Property Group's Gearing Policy is to target a Loan to Value ratio of less than 40%. GDI Property Group is able to manage its capital through a number of means, including but not limited to:

- asset recycling;
- new debt financing;
- issuing new stapled securities;
- adjusting the level of distributions paid to securityholders; and
- active management of interest rate exposures.

Capital and interest expense risk management is monitored in two main ways, having reference to banking covenants:

	Board policy	2015	2014	Bank covenant	2015	2014
LVR ¹	< 40%	36%	21%	< 50%	37%	25%
ICR ²	> 2.5X	3.9X	5.9X	> 2X	3.9X	5.9X

1. Bank covenant LVR is total debt (including net derivative exposures) divided by the value of the properties as determined by the last independent valuation.

2. Bank covenant ICR is EBIT/Interest expense and for the year ended 30 June 2015, the Initial Public Offer costs have been reversed from the EBIT calculation.

GDI Property Group also protects its equity in its assets by taking out insurance.

The gearing ratio as at 30 June 2015 of the Group and Trust were 36% (2014: 22%) and 36% (2014: 22%) respectively (as detailed below).

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

		Group		Trust	
		2015	2014	2015	2014
	Note	\$'000	\$'000	\$'000	\$'000
Net debt and adjusted assets					
Total borrowings	17	322,154	169,333	322,154	169,333
Less: cash and cash equivalents	6	(4,824)	(14,718)	(3,985)	(13,914)
Net debt		317,329	154,615	318,168	155,419
Total assets		914,434	740,015	892,994	716,487
Less: intangible assets and deferred tax assets		(19,272)	(18,628)	-	-
Less: cash and cash equivalents	6	(4,824)	(14,718)	(3,985)	(13,914)
Adjusted assets		890,338	706,669	889,009	702,573
Gearing ratio		36%	22%	36%	22%

Financial risk management

The financial risks that result from GDI Property Group's activities are credit risk, liquidity risk, refinancing risk and market risks (interest rates). GDI Property Group manages its exposure to these key financial risks in accordance with its risk management policy and focuses on mitigating the impact of volatility in financial markets.

GDI Property Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, borrowings and interest rate hedge derivatives. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

See Note 1(m) for how GDI Property Group classifies financial assets and liabilities.

a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group or Trust.

Credit risk arises principally from GDI Property Group's and the Trust's receivables from customers and amounts due from the leasing of premises in accordance with lease agreements with property tenants. The Group and the Trust have a diverse range of customers and tenants and therefore there is no significant concentration of credit risk with any single counterparty or group of counterparties.

The Board has established a credit policy under which each new customer is analysed individually for creditworthiness before GDI Property Group does business with them. The Group and the Trust request security deposits or bank guarantees from new tenants in order to secure the premises and tenants are invoiced monthly in advance. Ongoing checks are performed by management to ensure settlement terms detailed in individual contracts are adhered to.

The maximum exposure to credit risk at the end of the reporting period is equivalent to the carrying amount of the financial assets (net of any provisions) as presented in the Consolidated Statement of Financial Position. The Group and the Trust typically hold bank guarantees or cash from tenants equivalent to six month rent as security. There are no significant financial assets that have had renegotiated terms that would otherwise have been past due or impaired.

Risk is also minimised through investing surplus funds in Australian financial institutions. Interest rate derivative counterparties are also Australian financial institutions.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 7.

The aging analysis of receivables past due balance but not impaired is shown below:

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
One - three months	1,002	462	1,002	462
Three - six months	50	68	50	68
Over six months	612	-	118	-
	1,664	530	1,170	530

b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial instruments.

GDI Property Group believes that prudent risk management requires maintaining sufficient cash reserves and finance facilities to meet the ongoing operational requirements of the business. It is GDI Property Group's policy to maintain sufficient funds in cash and undrawn finance facilities to meet the expected near term operational requirements.

GDI Property Group also monitors the maturity profile of borrowings and puts in place strategies designed to ensure that all maturing borrowings are refinanced within required timeframes.

The weighted average debt maturity of GDI Property Group is 2.03 years (2014: 3.3 years).

Contractual maturity of financial liabilities (borrowings and payables) of GDI Property Group, including interest, is as follows:

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Due within one year	40,419	24,056	39,468	23,276
Due between one and five years	332,295	169,333	332,295	169,333
Due after five years	-	-	-	-
	372,712	193,389	371,763	192,609

c) Market risk

i. Interest rate risk

GDI Property Group's interest rate risk primarily arises from borrowings. Borrowings issued at variable rates expose GDI Property Group to cash flow interest rate risk. Borrowing issued at fixed rates expose GDI Property Group to fair value interest rate risk. GDI Property Group's policy is to maintain hedging arrangements on not less than 50% of drawn borrowings through the use of derivative contracts and/or other arrangements and to diversify the maturity dates of those fixed rate arrangements. At balance date, 46% (2014: 59%) of GDI Property Group's borrowings were effectively hedged.

GDI Property Group manages its cash flows interest rate risk by using interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating interest rates to fixed interest rates. Generally, GDI Property Group raises long term borrowings at floating rates and hedges a portion of them into fixed or capped rates. Under the interest rate derivatives, GDI Property Group agrees with other counter parties to exchange, at specified intervals the difference between contract rates and floating rates interest amounts calculated by reference to the agreed notional principal amounts.

GDI Property Group's and GDI Property Trust's borrowings are the same.

At balance date, the expiry profile of GDI Property Group's interest rate derivatives is shown below:

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	Notional Principal \$'000	Effective average fixed rate %
Expiry December 2016 (FY17)	30,000	3.35%
Expiry July 2017 (FY18)	25,000	3.09%
Expiry December 2017 (FY18)	30,000	3.64%
Expiry July 2018 (FY19)	25,000	3.39%
Expiry December 2018 (FY19)	40,000	3.91%
Weighted Average		3.52%

Because GDI Property Group's interest rate derivatives do not meet the accounting requirements to qualify for hedge accounting treatment, gains or losses arising from changes in fair value have been reflected in the profit or loss.

Information on borrowings and the maturity profile of borrowings (including interest) is provided in Note 17.

Sensitivity

At balance date, if interest rates for all relevant time periods had changed by +/- 100 basis points (1%) from the year/period ended 30 June 2015 and 30 June 2014 rates with all other variables held constant, profit would have been higher/(lower) as shown below:

	+1%		-1%		+1%		-1%	
	Group	Trust	Group	Trust	Group	Trust	Group	Trust
	2015	2015	2015	2015	2014	2014	2014	2014
Sensitivity to interest rates	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Impact on interest income	489	434	204	176	78	68	(78)	(68)
Impact on interest expense	(3,057)	(3,057)	3,057	3,057	(918)	(918)	918	918
Impact of valuation of interest rate derivatives	3,651	3,651	(3,752)	(3,752)	3,122	3,122	(3,352)	(3,352)
	1,083	1,028	(491)	(519)	2,282	2,272	(2,512)	(2,502)

NOTE 29 – FAIR VALUE MEASUREMENTS

a) Valuation techniques

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

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for

GDI PROPERTY GROUP

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For the financial year ended 30 June 2015

which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

b) Financial instruments

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

	31 June 2015		30 June 2014	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets				
Cash and cash equivalents	4,824	4,824	14,718	14,718
Trade and other receivables	3,848	3,848	4,827	4,827
Total financial assets	8,673	8,673	20,104	20,104
Financial liabilities				
Trade and other payables	30,863	30,863	24,056	24,056
Provisions	455	455	226	226
Borrowings	322,154	322,154	169,333	169,333
Derivative financial instruments	4,678	4,678	2,228	2,228
Total financial liabilities	358,150	358,150	195,843	195,843

c) Fair value hierarchy

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

- Derivative financial instruments; and
- Investment properties.

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

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

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

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

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

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For the financial year ended 30 June 2015

	As at 30 June 2015			As at 30 June 2014		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements						
<i>Non-financial assets</i>						
- Investment properties	-	730,334	-	-	694,351	-
Total non-financial assets recognised at fair value on a recurring basis	-	730,334	-	-	694,351	-
<i>Financial liabilities</i>						
- Interest rate swaps				-	2,228	-
Total financial liabilities recognised at fair value on a recurring basis	-	4,678	-	-	2,228	-

d) Valuation techniques and inputs used to measure Level 2 Fair Values

	30 June 2015 \$'000	30 June 2014 \$'000	Valuation technique	Inputs Used
Financial assets/liabilities				
Interest rate swaps	(4,678)	(2,228)	Income approach using discounted cash flow methodology	BBSY swap rate
Non-financial assets				
Investment properties ¹	730,334	694,351	Market approach using discounted cash flow, rent capitalisation and recent observable market data methodologies	Comparable discount rates, capitalisation rates and price per square metres of NLA

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

e) Sensitivity information

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

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

NOTE 30 – SECURITY-BASED PAYMENTS

GDI Property Group has established a performance rights plan under which employees (including the Managing Director) of GDI Property Group may be offered performance rights representing an entitlement to acquire stapled securities, subject to meeting certain performance conditions as determined by the Board and, in the case of the Managing Director, subject to receipt of stapled securityholder approval. The performance rights and stapled securities allocated under the performance rights plan are intended to be allocated free of charge provided that the relevant performance conditions are met.

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a) Retention Performance rights

As disclosed in the Offer Document and the Financial Report for the period ended 30 June 2014, GDI Property Group has offered 1.5 million performance rights to people who are employed by a member of GDI Property at the time the performance rights plan was established. The sole performance condition attaching to these performance rights is that the employee remains employed by a member of GDI Property Group for three years from completion of the IPO (16 December 2016). The Managing Director did not participate in this issue of performance rights. As the performance rights plan had yet to be established at 30 June 2014, the Group recognised in that periods financial statements the fair value of the performance rights as an accrual with the cost expensed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. As the performance rights plan was established in this financial year, the accrual has now been transferred to a security-based payment reserve.

b) STI performance rights

For the year ended 30 June 2015, the Board determined that 1/3rd of any STI granted to a KMP would be by way of performance rights where the sole performance condition is that the employee remains employed by a member of GDI Property Group for three years from the conclusion of the performance year (30 June 2018). As these performance rights had not been issued at 30 June 2015, the Group has recognised in the financial statements the fair value of the performance rights as an accrual with the cost expensed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The total number of STI performance rights to be issued for 30 June 2015 will be 810,572, with 393,429 granted to the Managing Director subject to securityholder approval.

c) LTI performance rights

As disclosed in the Remuneration Report for the year ended 30 June 2014, GDI Property Group offered 543,124 performance rights to KMP (including the Managing Director) in relation to the period ended 30 June 2014. As the performance rights plan had yet to be established at 30 June 2014, GDI Property Group recognised in that periods financial statements the fair value of the performance rights as an accrual with the cost expensed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. As the performance rights plan was established in this financial year, the accrual has now been transferred to a security-based payment reserve.

For the year ended 30 June 2015, GDI Property Group intends to offer 2,208,333 performance rights to all staff, with 910,714 offered to the Managing Director subject to securityholder approval. As these performance rights had not been issued at 30 June 2015, the Group has recognised in the financial statements the fair value of the performance rights as an accrual with the cost expensed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The performance conditions that relate to the LTI performance rights for the period ended 30 June 2014 and the year ended 30 June 2015 are identical and are summarised below:

Number of LTI performance rights		Performance condition
Relating to FY14 year	Relating to FY15 year	
271,562	1,104,167	Relative performance (stapled security price movement + distributions) versus a peer group
271,562	1,104,167	Total return (NTA growth + distributions) vs internal benchmark

d) Valuation of performance rights

The assessed fair value of the intended issue of performance rights was determined using the Black-Scholes option pricing model and the Binomial option pricing model using the inputs as disclosed below:

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

	Retention PR	Relating to the period ended 30 June 2014		Relating to the period ended 30 June 2015		
		Relative return PR	Total return PR	STI PR (Retention)	Relative return PR	Total return PR
Issue size	1,500,000	271,562	271,562	810,572	1,104,167	1,104,167
Exercise price	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil
Life	3 years	3 years	3 years	3 years	3 years	3 years
Initial valuation methodology	Black-Scholes option pricing	Binomial option pricing	Black-Scholes Option pricing	Black-Scholes option pricing	Binomial option pricing	Black-Scholes Option pricing
Cost apportioned over (years)	3 Years	4 – Year to which the grant relates + vesting period	4 – Year to which the grant relates + vesting period	4 – Year to which the grant relates + vesting period	4 – Year to which the grant relates + vesting period	4 – Year to which the grant relates + vesting period
Expected volatility	N/A	20%	N/A	N/A	17%	N/A
Risk-free interest rate	N/A	3%	N/A	N/A	2%	N/A
Valuation	\$1,327,500	\$117,000	\$247,000	\$709,250	\$424,883	\$966,146

The expected security price volatility is based on the historic volatility adjusted for any expected changes to future volatility due to publicly available information.

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

e) Expense arising from issued and intended issue of performance rights

Total expense arising from the issued and intended issue of security based payments transactions recognised during the year/period are as follows:

Amount expended in year/period

30 June 2015	Retention PR \$'000	FY14 LTI \$'000	FY15 STI \$'000	FY15 LTI \$'000	Total \$'000
Group	435	84	177	348	1,044
Trust	417	80	170	333	999
30 June 2014	FY15 Retention PR \$'000	FY14 LTI \$'000			Total \$'000
Group		244		91	335
Trust		234		87	321

The retention performance rights have been classified as an Initial public offer costs, with all other performance rights recognised as corporate and administration expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

NOTE 31 – CONTROLLED ENTITIES

The Company's investment in controlled entities is shown below:	Principal place of business	2015	2014
Entities controlled by the Company (Parent Entity)			
GDI Funds Management Limited	Sydney, Australia	100%	100%
GDI Investment Management Pty Limited	Sydney, Australia	100%	100%
GDI Investor Pty Limited	Sydney, Australia	100%	100%
GDI No. 27 Pty Limited	Sydney, Australia	100%	100%
GDI No. 28 Pty Limited	Sydney, Australia	100%	100%
GDI No. 29 Pty Limited	Sydney, Australia	100%	100%
GDI No. 35 Pty Limited	Sydney, Australia	100%	100%
GDI No. 37 Pty Limited	Sydney, Australia	100%	100%
GDI No. 38 Pty Limited	Sydney, Australia	100%	100%
GDI No. 38 Asset Pty Limited	Sydney, Australia	100%	100%
GDI No. 39 Pty Limited	Sydney, Australia	100%	100%
GDI No. 40 Pty Limited	Sydney, Australia	100%	-
The Trust's investment in controlled entities is shown below:	Principal place of business	2015	2014
Entities controlled by GDI Property Trust (Head Entity with the Trust) ¹			
GDI Premium Office Trust	Sydney, Australia	100%	100%
GDI No. 34 Sydney CBD Office Trust	Sydney, Australia	100%	100%
GDI No. 35 Perth Prime CBD Office Trust	Sydney, Australia	100%	100%
GDI No. 37 Trust	Sydney, Australia	100%	100%
GDI No. 39 Trust	Sydney, Australia	100%	100%

- Units in GDI Property Trust are stapled to the shares of the Parent Entity. The Trust and its controlled entities listed above are consolidated as part of the Group as required under accounting standards, refer to Note 1(b). Controlled entity financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's and the Trust's financial statements.

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

NOTE 32 – AUDITORS' REMUNERATION

During the year/period the following fees were paid or payable for services provided by the auditor of GDI Property Group (Hall Chadwick) and its related entities

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Audit services				
Auditing or reviewing financial reports	128	123	127	57
Auditing of controlled entity's AFS Licence	3	3	-	-
Auditing of controlled entity's compliance plan	14	14	14	14
	145	140	141	71
Other services				
Provision of tax advice	31	-	-	-
Review of pro forma balance sheets and forecasts	-	395	-	-
Total	176	535	141	71

NOTE 33 – BUSINESS COMBINATIONS

30 June 2015

Neither the Group or the Trust undertook any business combinations during the year ended 30 June 2015.

30 June 2014

a) Acquisition of the Trust

i) Summary of the acquisition

GDI Property Group was formed by the stapling of the Company and the Trust pursuant on 16 December 2013. The constitutions of the Company and the Trust, together with a Co-operation Deed dated 25 November 2013, ensure that for so long as the two entities remain jointly quoted, the number of units in the Trust and shares in the Company shall be equal and the unitholders and the shareholders are identical. To account for the stapling, Australian Accounting Standards require an acquirer (the Company) to be identified and an acquisition to be recognised. The net assets of the acquiree (the Trust) are recognised as non-controlling interests as they are not owned by the acquirer in the stapling arrangement. As the Seed Trust Restructure occurred on the 16 December 2013 in accordance with the Implementation Deed dated 25 November 2013 immediately prior to the stapling of the Company to the Trust, the standards require disclosure in accordance with AASB 3 Business Combinations.

In relation to the stapling of the Company and the Trust, the following additional accounting principles have been applied:

- no goodwill has been recognised on acquisition of the Trust because no direct ownership interest was acquired by the Company in the Trust; and
- the net assets and net profit of the Trust are identified as non-controlling interest and presented as such in the consolidated financial position within equity as they are not owned by the Company in the stapling arrangement.

The Seed Trust Restructure resulted in the unitholders of GDI Premium Office Trust, GDI No. 34 Sydney CBD Office Trust and GDI No. 35 Perth Prime CBD Office Trust becoming unitholders in GDI Property Trust immediately prior to the redemption of non-continuing Seed Investors and a capital distribution to facilitate the stapling.

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

ii) Assets and liabilities acquired

At the completion of the Seed Trust restructure, the assets and liabilities of GDI Property Trust were as follows:

	Acquiree's carrying amount \$'000
Cash and cash equivalents	5,373
Trade and other receivables	116
Other assets	20
Investment properties	563,466
Total assets	568,974
Trade and other payables	4,842
Borrowings	279,932
Total liabilities	284,774
Net assets acquired	284,200

Also on 16 December 2013, GDI No. 39 Trust, a wholly owned subsidiary of the Trust, acquired 307 Queen St, Brisbane. As the Trust only traded as part of the stapled entity and had no prior trading history, the revenue and profit of the Trust included in the consolidated revenue of the Group as shown in the Statement of Profit or Loss is the same as if the Trust had been consolidated from 1 July 2013.

iii) Purchase consideration

As the acquisition is a deemed acquisition due to the stapling and no actual purchase occurred, no consideration was paid by the Company to acquire the Trust.

b) Acquisition of Funds Business

i) Summary of acquisition

On 25 November 2013 the Company entered in to a Sale and Purchase Agreement to acquire 100% interest in the Funds Business, being the entire share capital of GDI Funds Management Limited and GDI Investment Management Pty Limited, and all property and assets used in connection with the Funds Business from the vendors.

The purchase was satisfied and completed on 16 December 2013 with the Vendor's pre-committed to acquire 18,500,000 stapled securities at the issue price of \$1.00 each (Vendors Offer) from the proceeds of the sale of the Funds Business as part of the Restructure, Acquisitions and Initial Public Offer.

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

ii) Assets and liabilities acquired

At the completion of the Funds Business acquisition, the assets and liabilities of the Company were as follows:

	Fair value \$'000
Cash and cash equivalents	379
Trade and other receivables	-
Plant and equipment	124
Deferred tax assets	7
Trade and other payables	(10)
Provisions	(110)
Net identified assets acquired	390
Goodwill	18,110
Net assets	18,500

iii) Purchase consideration

Inflow/(outflow) of cash acquisition, net of cash acquired:

	Fair value \$'000
Cash balances acquired	379
Net cash inflow	379

NOTE 34 – NON-CONTROLLING INTEREST

To account for the stapling, Australian Accounting Standards require an acquirer (the Company) to be identified and an acquisition to be recognised. The net assets of the acquiree (the Trust) are recognised as non-controlling interests as they are not owned by the acquirer in the stapling arrangement.

	Group	
	2015	2014
	\$'000	\$'000
Movements in non-controlling interest		
Opening balance/balance at date of incorporation	(6,017)	-
Profit for the period	77,495	13,848
Distributions paid/payable	(41,722)	(19,865)
Balance as at 30 June 2015	29,755	(6,017)

Other than the unitholders of the Trust (stapled security holders), the Company has no other non-controlling interest.

The Group and the Trust has a \$5 million bank guarantee supporting the financial requirements of GDI Funds Management Limited's AFS Licence.

NOTE 35 – CONTINGENT LIABILITIES

Other than the above, the Group and Trust had no contingent liabilities as at 30 June 2015 and as at 30 June 2014.

GDI PROPERTY GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

NOTE 36 – EVENTS AFTER THE REPORTING DATE

Having satisfied the second pre-condition to the sale of 233 Castlereagh Street, Sydney on the 8th July 2015, the purchaser exercised the Call Option on 17th August 2015. Also subsequent to 30 June 2015, on 3 July 2015 the purchaser paid the second instalment due under the option deed of \$7 million and on 17th August 2015, the third instalment of \$7.6 million. Settlement of the sale is expected to occur on or around 30 September 2015.

DIRECTORS' DECLARATION

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

Directors' Declaration

For the period ended 30 June 2015

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

- (a) the financial statements and notes that are set out on pages 28 to 78 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) giving a true and fair view of the financial position as at 30 June 2015 and of the performance for the period ended on that date;
- (b) there are reasonable grounds to believe that GDI Property Group will be able to pay its debts as and when they become due and payable; and
- (c) The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer.

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



Graham Kelly
Chairman

Dated this 24th day of August 2015

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

Report on the Financial Report

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

We have audited the accompanying financial report of the Group and the Trust, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of both GDI Property Group Limited and GDI Funds Management Limited as responsible entity for the GDI Property Trust.

Directors' Responsibility for the Financial Report

The directors of the GDI Property Group Limited and GDI Funds Management Limited as responsible entity for the GDI Property Trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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HALL CHADWICK  (NSW)

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

Independence

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

Auditor's Opinion

In our opinion:

- a. the financial report of the Group and the Trust are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Group's and the Trust's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 12 to 25 of the directors' report for the year ended 30 June 2015. The directors of the GDI Property Group Limited are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of GDI Property Group Limited for the year ended 30 June 2015 complies with s 300A of the *Corporations Act 2001*.



HALL CHADWICK
Level 40, 2 Park Street
SYDNEY NSW 2000



Drew Townsend
Partner
Dated: 24 August 2015