

**GDA DIVERSIFIED
PROPERTY TRUST**
ARSN: 108 321 651

**FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31st DECEMBER 2016**

GDA DIVERSIFIED PROPERTY TRUST
ARSN 108 321 651

DIRECTORS' REPORT

The Directors of GDA Securities Ltd (ABN 58 105 612 600), the Responsible Entity and the Manager of the GDA Diversified Property Trust (the Trust), present their report for the Trust for the half year ended 31 December 2016. In order to comply with provisions of the Corporations Act 2001, the Directors' report as follows:

Directors

The Directors of the Responsible Entity who, unless otherwise stated, have been in office from the beginning of the half year and until the date of this report are:

Mr John A. Fairlie
Mr Giovanni M. Di Monda
Mr Geoff F. Harper
Mr Rodney W. Parker
Mr Justin M. Brereton

Trust Information

The Trust is an Australian Registered Scheme. GDA Securities Ltd, the Responsible Entity of the Trust, is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at Level 2, 94 Liverpool Street, Hobart, TAS 7000.

Principal Activities

The principal activity of the Trust during the half year was the investment of Unit Holders' funds in accordance with the Trust Constitution. There has been no significant change in the nature of this activity during the period under review.

Review of Results and Operations

The results of the operations of the Trust for the half year ended 31 December 2016 are disclosed in the Statement of Profit or Loss and Other Comprehensive Income of the financial report. The Trust derived a net operating profit before distributions of \$330,257 (31 December 2015: \$329,358).

Cash and cash equivalents as at 31 December 2016 are \$3,071,065 (30 June 2016: \$1,393,663). The increase in cash and cash equivalents during the period is attributable to the sale proceeds of 38 Thynne St less the repayment of the borrowing relating to the property.

Distributions

The net distributions of the Trust for the half year ended 31 December 2016 were \$539,557 (31 December 2015: \$579,637).

Distributions will continue to be reviewed by the Board of Directors with the level of distributions to be determined by the Trust's ongoing performance.

Significant Changes in State of Affairs

There have been no significant changes in the State of Affairs of the Trust during the financial year.

Significant Events After the Balance Date

On 10 January 2017 a new 20 year lease was entered into with the existing tenant at 49 Electra Place, Mornington which extends their tenancy out to 31 December 2036. The Trust has committed to capital expenditure to install a new pool to the existing premises. The new lease and associated development will provide increased value and income to the Trust.

Future Developments

To the best of the directors knowledge, there are no other anticipated changes in the operations of the Trust which would have a material impact on the future results of the Trust. Property valuation changes, movements in the fair value of financial instruments and movements in interest rates may have a material impact on the Trust's results in future years. However, these cannot be reliably estimated at the date of this report.

Further information on likely developments in the operations of the Trust and the expected results of operations have not been included in this financial report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Trust.

GDA DIVERSIFIED PROPERTY TRUST
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DIRECTORS' REPORT
(Continued)

Relevant Information

Following is a list of relevant information required under the Corporations Act 2001:

- The value of the Trust's assets as at 31 December 2016 is disclosed in the Statement of Financial Position as "Total Assets" and the basis of valuation is included in Note 1.
- No Units were issued to the Responsible Entity during the current financial period.
- The number of units in the Trust as at 31 December 2016 and the number of units issued and withdrawn during the period – Refer to Note 3 to the Financial Statements.

Options Granted

No options were:

- i. Granted over unissued units in the Trust during or since the end of the financial period; or
- ii. Granted to the Responsible Entity.

No unissued units in the Trust were under option as at the date on which this report is made.

No units were issued in the Trust during or since the end of the financial period as a result of the exercise of an option over unissued units in the Trust.

Environmental Regulations and Performance

The operations of the Trust are not subject to a particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4 of this half year report.

Signed in accordance with a resolution of the Directors of GDA Securities Ltd made pursuant to s306(3) of the Corporations Act 2001:



Giovanni M. Di Monda

Director

Dated this 10th day of February 2017

DECLARATION OF INDEPENDENCE BY DAVID E PALMER TO THE DIRECTORS OF GDA DIVERSIFIED PROPERTY TRUST

As lead auditor for the review of GDA Diversified Property Trust for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of GDA Diversified Property Trust.



David E Palmer
Partner

BDO Audit (TAS)

Hobart, 15 February 2017

GDA DIVERSIFIED PROPERTY TRUST
ARSN 108 321 651

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2016

	6 Months to December 2016	6 Months to December 2015
Revenue		
Revenue from Property Rental	1,127,572	1,280,548
Property Expenses	<u>(106,367)</u>	<u>(131,702)</u>
Gross Profit on Property Income	1,021,205	1,148,846
Other Revenue and Income		
Interest Income	11,691	22,603
Other Income	<u>-</u>	<u>2,052</u>
	11,691	24,655
Total Revenue and Other Income	1,032,896	1,173,501
Expenses		
Management Fees	104,703	115,760
Direct Expenses	<u>130,027</u>	<u>280,858</u>
	234,730	396,618
Finance Expenses		
Interest Expense and Bank Charges	<u>342,649</u>	<u>447,525</u>
	342,649	447,525
Other Expenses		
Property Disposal Costs	<u>125,260</u>	<u>-</u>
	125,260	-
Total Expenses	702,639	844,143
Net Profit attributable to Unit Holders	<u>330,257</u>	<u>329,358</u>
Other Comprehensive Income		
Other Comprehensive Income for the period	<u>-</u>	<u>-</u>
Total Comprehensive Income for the Year	<u>330,257</u>	<u>329,358</u>

The accompanying notes form part of these financial statements.

GDA DIVERSIFIED PROPERTY TRUST
ARSN 108 321 651

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	December 2016	June 2016
Current Assets			
Cash and Cash Equivalents		3,071,065	1,393,663
Receivables		42,115	2,486
Other Current Assets		69,764	24,444
Assets classified as held for sale		-	6,675,000
Total Current Assets		3,182,944	8,095,593
Non Current Assets			
Investment Property	5	29,992,008	29,618,011
Total Non Current Assets		29,992,008	29,618,011
Total Assets		33,174,952	37,713,604
Current Liabilities			
Payables		150,996	199,445
Distributions Payable		267,752	267,456
Other Current Liabilities		116,267	216,315
Total Current Liabilities		535,015	683,216
Non Current Liabilities			
Interest Bearing Liabilities	4	17,909,838	21,872,274
Total Non Current Liabilities		17,909,838	21,872,274
Total Liabilities		18,444,853	22,555,490
Net Assets		14,730,099	15,158,114
Equity			
Units On Issue		18,303,710	18,522,425
Accumulated Losses		(3,573,611)	(3,364,311)
Total Equity	3	14,730,099	15,158,114

The accompanying notes form part of these financial statements.

GDA DIVERSIFIED PROPERTY TRUST
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Unit Holders Capital \$	Accumulated Losses \$	Total \$
Balance at 1 July 2015		18,173,084	(3,319,994)	14,853,090
Total Comprehensive Income for the Period		-	329,358	329,358
Transactions with Unit Holders in their capacity as Unit Holders				
Issue of Units		725,792	-	725,792
Redemption of Units		(400,004)	-	(400,004)
Payment of Distributions	2	-	(579,637)	(579,637)
Balance at 31 December 2015		18,498,872	(3,570,273)	14,928,599
Balance at 1 January 2016		18,498,872	(3,570,273)	14,928,599
Total Comprehensive Income for the Period		-	741,654	741,654
Transactions with Unit Holders in their capacity as Unit Holders				
Issue of Units		223,562	-	223,562
Redemption of Units		(199,999)	-	(200,009)
Payment of Distributions		-	(535,692)	(535,692)
Balance at 30 June 2016		18,522,435	(3,364,311)	15,158,114
Balance at 1 July 2016		18,522,435	(3,364,311)	15,158,114
Total Comprehensive Income for the Period		-	330,257	330,257
Transactions with Unit Holders in their capacity as Unit Holders				
Issue of Units		31,295	-	31,295
Redemption of Units		(250,010)	-	(250,010)
Payment of Distributions	2	-	(539,557)	(539,557)
Balance at 31 December 2016		18,303,720	(3,573,611)	14,730,099

The accompanying notes form part of these financial statements.

GDA DIVERSIFIED PROPERTY TRUST
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	6 Months to December 2016	6 Months to December 2015
Cash flows from operating activities		
Rental Receipts	1,154,416	1,468,908
Payments to Suppliers	(575,386)	(1,046,791)
Interest Received	11,144	27,160
Interest and Other Costs of Finance Paid	(363,739)	(416,015)
Net cash provided by Operating Activities	<u>226,435</u>	<u>33,262</u>
 Cash flows from investing activities		
Payment for Investment Properties		
Payment for Investment Property Improvements	(375,797)	(310,454)
Sale of Investment Property	6,549,740	-
Net cash provided by Investing Activities	<u>6,173,943</u>	<u>(310,454)</u>
 Cash flows from financing activities		
Receipts from Issue of Units	31,295	725,792
Payments for Redemption of Units	(250,010)	(400,004)
Repayment of Borrowings	(3,965,000)	(1,430,500)
Distributions paid to ordinary Unit Holders	(539,261)	(614,098)
Net cash used in Financing Activities	<u>(4,722,976)</u>	<u>(1,718,810)</u>
 Net (decrease)/increase in cash & cash equivalents	1,677,402	(1,996,002)
Cash & cash equivalents at the beginning of the period	<u>1,393,663</u>	<u>3,375,883</u>
Cash & cash equivalents at the end of the period	<u>3,071,065</u>	<u>1,379,881</u>

The accompanying notes form part of these financial statements.

GDA DIVERSIFIED PROPERTY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 1: Summary of Accounting Policies

(a) Statement of compliance

The half-year financial report is a general purpose financial report which has been prepared in accordance with the terms of the Trust Constitution, the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2016.

(b) Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for certain assets which, as noted, are at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All investment properties are recorded at fair value. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the annual financial report for the financial year ended 30 June 2016, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and International Financial Reporting Standards.

The Trust has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current reporting period. The adoption of these new and revised Standards and Interpretations did not have any material financial impact on the amounts recognised in the financial statements of the entity for the current or prior periods.

NOTE 2: Distributions of Equity – Unit Holder Distributions

	Cents Per Unit	31 December 2016 \$	Cents Per Unit	31 December 2015 \$
<i>Recognised amounts</i>				
Quarter One - 1 July - 30 September	1.4138	271,805	1.6339	314,121
Quarter Two - 1 October - 31 December	1.3942	267,752	1.3825	265,516
Total Distribution Paid or Payable		<u>539,557</u>		<u>579,637</u>

GDA DIVERSIFIED PROPERTY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016
(Continued)

NOTE 3: Net Assets attributable to Unit Holders

	30 June 2016 Units	30 June 2016 \$
Balance at 1 July 2015	19,158,359	14,853,090
Net transfer from the Statement of Profit or Loss and Comprehensive Income	-	1,071,012
Contributions of Equity net of issue costs	1,232,746	949,354
Redemptions of Equity net of issue costs	(793,199)	(600,013)
Distributions Paid	-	(1,115,329)
Balance at 30 June 2016	<u>19,597,906</u>	<u>15,158,114</u>
	Six months ending 31 December 2016 Units	Six months ending 31 December 2016 \$
Balance at 1 July 2016	19,597,906	15,158,114
Net transfer from the Statement of Profit or Loss and Comprehensive Income	-	330,257
Contributions of Equity net of issue costs	40,473	31,295
Redemptions of Equity net of issue costs	(328,270)	(250,010)
Distributions Paid	-	(539,557)
Balance at 31 December 2016	<u>19,310,109</u>	<u>14,730,099</u>

As stipulated in the Trust Constitution, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of Units and each Unit has the same rights attached to it as all other Units in the Trust.

NOTE 4: Borrowings

	31 December 2016 \$	30 June 2016 \$
Borrowings - Non Current	<u>17,909,838</u>	<u>21,872,274</u>
	<u>17,909,838</u>	<u>21,872,274</u>

The details of borrowings of the Trust at balance date are set out below:

Facility	Note	Secured	Maturity	31 December 2016		30 June 2016	
				Facility	Utilised	Facility	Utilised
Bank Loan - Investment Property	(i)	Yes	29-Mar-20	17,925,000	17,925,000	21,890,000	21,890,000
Less: amortised transaction costs					(15,162)		(17,726)
Total Borrowings					<u>17,909,838</u>		<u>21,872,274</u>

(i) Bank Loan – Investment Property

This facility is secured by all of the Trust's investment properties. The loan matures on 29 March 2020 and bears interest at a variable rate plus a margin.

Finance Facility

At 31 December 2016 the Trust had no unused finance facilities (June 2016: nil).

GDA DIVERSIFIED PROPERTY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016
(Continued)

NOTE 5: Investment Property

	31 December 2016 \$	30 June 2016
Investment Properties	29,992,008	29,618,011
	<u>29,992,008</u>	<u>29,618,011</u>

(a) Reconciliation of fair value movements

The following table sets out the movements in fair values of the investment properties:

	31 December 2016 \$	30 June 2016 \$
Opening balance at 1 July	29,618,011	35,620,000
Additions	-	182,868
Capital Improvements	373,997	217,317
Gains/(Losses) recognised in other expenses	-	-
Investments Moved to Asset Held for Sale	-	(6,402,174)
Closing balance as at 31 December/30 June	<u>29,992,008</u>	<u>29,618,011</u>

(b) Valuation processes for fair values

An independent property valuer is appointed to carry out a valuation every three years. The valuer must be a member of the Australian Property Institute. The valuation must be performed on the basis of standard practices of the Australian Property Institute.

The Board of Directors must approve the appointment of each valuation firm and the same valuer cannot be used for more than two consecutive valuations. In intervening years building valuations are revised according to the Board of Directors assessment of the property market.

NOTE 6: Segment Information

The Trust operates in the one segment of Property Management in Australia.

NOTE 7: Subsequent Events

There have been no matters or circumstances that have arisen since the end of the financial year, which have significantly affected, or may significantly affect the Trust, its operations, results of operations or state of affairs in future financial years.

NOTE 8: Remuneration of Auditors

	31 December 2016 \$	31 December 2015 \$
Auditing the Financial Report and Compliance Plan	11,500	11,500
	<u>11,500</u>	<u>11,500</u>

NOTE 9: Other Services

	31 December 2016 \$	31 December 2015 \$
Compliance Fee	2,500	2,500
	<u>2,500</u>	<u>2,500</u>

NOTE 10: Additional Trust Information

The GDA Diversified Property Trust is an unlisted property trust, incorporated and operating in Australia.

Principal place of Business

Level 2, 94 Liverpool Street

HOBART TAS 7000

Tel: (03) 6234 4413

GDA DIVERSIFIED PROPERTY TRUST
ARSN 108 321 651

DIRECTORS' DECLARATION

The Directors of the Responsible Entity declare that:

- In the Directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and
- In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standard AASB 134 *Interim Financial Reporting* and giving a true and fair view of the financial position and performance of the Trust.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors of the Responsible Entity, GDA Securities Ltd



Giovanni M. Di Monda
Director

Dated this 10th day of February 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of GDA Diversified Property Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of GDA Diversified Property Trust, which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of GDA Diversified Property Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of responsible entity of GDA Diversified Property Trust, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

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

- (i) Giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (TAS)

BDO Audit (TAS)

A handwritten signature in black ink, appearing to read 'DP', with a long, sweeping horizontal line extending to the right.

David Palmer

Director

Hobart, 15 February 2017