

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

**FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31st DECEMBER 2018**

**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 2018. 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 Bernard Smith (appointed 28th August 2018)

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 2018 are disclosed in the Statement of Profit or Loss and Other Comprehensive Income section of the financial report. The Trust derived a net operating profit before distributions of \$515,732 (31 December 2017: \$181,907).

Cash and cash equivalents as at 31 December 2018 are \$1,263,687 (31 December 2017: \$2,094,607). The decrease in cash and cash equivalents during the period is largely attributable to payments for investment property improvements.

Distributions

The net distributions of the Trust for the half year ended 31 December 2018 were \$590,789 (31 December 2017: \$559,136).

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

There have been no significant events after the Balance Date.

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
ARSN 108 321 651

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 2018 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 2018 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 25th day of January 2019



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Australia

**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 2018, 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.

DAVID E PALMER
Partner

BDO Audit (TAS)

Hobart, 5 February 2019

GDA DIVERSIFIED PROPERTY TRUST
ARSN 108 321 651

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2018

	6 Months to December 2018	6 Months to December 2017
Revenue		
Revenue from Property Rental	1,444,093	1,165,257
Property Expenses	<u>(61,444)</u>	<u>(112,385)</u>
Gross Profit on Property Income	1,382,649	1,052,872
Other Revenue and Income		
Interest Income	5,158	15,682
Other Income	<u>-</u>	<u>43,503</u>
	5,158	59,185
Total Revenue and Other Income	1,387,807	1,112,057
Expenses		
Management Fees	112,523	84,301
Direct Expenses	<u>143,875</u>	<u>167,410</u>
	256,398	251,711
Finance Expenses		
Interest Expense and Bank Charges	<u>382,811</u>	<u>327,719</u>
	382,811	327,719
Other Expenses		
Loss on Revaluation of Investment Property	232,866	259,058
Property Disposal Costs	<u>-</u>	<u>91,662</u>
	232,866	350,720
Total Expenses	872,075	930,150
Net Profit attributable to Unit Holders	<u>515,732</u>	<u>181,907</u>
Other Comprehensive Income		
Other Comprehensive Income for the period	<u>-</u>	<u>-</u>
Total Comprehensive Income for the Year	<u>515,732</u>	<u>181,907</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 2018

	Note	December 2018	June 2018
Current Assets			
Cash and Cash Equivalents		1,263,687	1,938,672
Receivables		140,373	79,258
Other Current Assets		71,492	23,671
Total Current Assets		1,475,552	2,041,601
Non Current Assets			
Investment Property	5	35,756,007	35,500,000
Total Non Current Assets		35,756,007	35,500,000
Total Assets		37,231,559	37,541,601
Current Liabilities			
Payables		126,587	223,817
Distributions Payable		299,974	283,543
Other Current Liabilities		63,655	229,654
Total Current Liabilities		490,216	737,014
Non Current Liabilities			
Interest Bearing Liabilities	4	17,692,472	17,686,326
Total Non Current Liabilities		17,692,472	17,686,326
Total Liabilities		18,182,688	18,423,340
Net Assets		19,048,871	19,118,261
Equity			
Units On Issue		19,408,112	19,402,445
Accumulated Losses		(359,241)	(284,184)
Total Equity	3	19,048,871	19,118,261

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 2018

	Note	Unit Holders Capital \$	Accumulated Losses \$	Total \$
Balance at 1 July 2017		18,474,487	(3,370,283)	15,104,204
Total Comprehensive Income for the Period		-	181,907	181,907
Transactions with Unit Holders in their capacity as Unit Holders				
Issue of Units		1,669,545	-	1,669,545
Redemption of Units		(629,862)	-	(629,862)
Payment of Distributions	2	-	(559,136)	(559,136)
Balance at 31 December 2017		19,514,170	(3,747,512)	15,766,658
Balance at 1 January 2018		19,514,170	(3,747,512)	15,766,658
Total Comprehensive Income for the Period		-	4,029,664	4,029,664
Transactions with Unit Holders in their capacity as Unit Holders				
Issue of Units		34,989	-	34,989
Redemption of Units		(146,714)	-	(146,714)
Payment of Distributions		-	(566,336)	(566,336)
Balance at 30 June 2018		19,402,445	(284,184)	19,118,261
Balance at 1 July 2018		19,402,445	(284,184)	19,118,261
Total Comprehensive Income for the Period		-	515,732	515,732
Transactions with Unit Holders in their capacity as Unit Holders				
Issue of Units		305,675	-	305,675
Redemption of Units		(300,008)	-	(300,008)
Payment of Distributions	2	-	(590,789)	(590,789)
Balance at 31 December 2018		19,408,112	(359,241)	19,048,871

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 2018

	6 Months to December 2018	6 Months to December 2017
Cash flows from operating activities		
Rental Receipts	1,334,569	1,319,019
Payments to Suppliers	(812,481)	(968,128)
Proceeds from Insurance Settlement	-	43,503
Interest Received	5,040	17,926
Interest and Other Costs of Finance Paid	(378,164)	(318,455)
Net cash provided by Operating Activities	<u>148,964</u>	<u>93,865</u>
Cash flows from investing activities		
Payment for Investment Property Improvements	(256,007)	(300,163)
Purchase of Investment Property	-	(4,712,509)
Sale of Investment Property	-	3,908,338
Net cash (used in) / provided by Investing Activities	<u>(256,007)</u>	<u>(1,104,334)</u>
Cash flows from financing activities		
Receipts from Issue of Units	176,196	1,669,545
Payments for Redemption of Units	(170,529)	(629,863)
Proceeds from Borrowings	-	(1,991,250)
Repayment of Borrowings	-	1,772,500
Transaction Costs Paid	-	(9,350)
Distributions paid to ordinary Unit Holders	(573,609)	(543,714)
Net cash provided by / (used in) Financing Activities	<u>(567,942)</u>	<u>267,869</u>
Net (decrease)/increase in cash & cash equivalents	(674,985)	(742,600)
Cash & cash equivalents at the beginning of the period	<u>1,938,672</u>	<u>2,837,207</u>
Cash & cash equivalents at the end of the period	<u><u>1,263,687</u></u>	<u><u>2,094,607</u></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 2018

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 2018.

(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 2018. 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	2018 \$	Cents Per Unit	2017 \$
<i>Recognised amounts</i>				
Quarter 1 - 1 July - 30 September	1.3863	290,815	1.3863	277,339
Quarter 2 - 1 October - 31 December	1.4493	299,974	1.3863	281,797
Total Distribution Paid or Payable		<u>590,789</u>		<u>559,136</u>

GDA DIVERSIFIED PROPERTY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018
(Continued)

NOTE 3: Net Assets attributable to Unit Holders

	30 June 2018 Units	30 June 2018 \$
Balance at 1 July 2017	19,526,859	15,104,204
Net transfer from the Statement of Profit or Loss and Other Comprehensive Income	-	4,211,571
Contributions of Equity net of issue costs	2,196,879	1,704,534
Redemptions of Equity net of issue costs	(1,024,472)	(776,576)
Distributions Paid	-	(1,125,472)
Balance at 30 June 2018	<u>20,699,266</u>	<u>19,118,261</u>
	Six Months Ending 31 December 2018 Units	Six Months Ending 31 December 2018 \$
Balance at 1 July 2018	20,699,266	19,118,261
Net transfer from the Statement of Profit or Loss and Other Comprehensive Income	-	515,732
Contributions of Equity net of issue costs	328,580	305,675
Redemptions of Equity net of issue costs	(330,187)	(300,008)
Distributions Paid	-	(590,789)
Balance at 31 December 2018	<u>20,697,659</u>	<u>19,048,871</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 2018 \$	30 June 2018 \$
Borrowings - Non Current	<u>17,692,472</u>	<u>17,686,326</u>
	<u>17,692,472</u>	<u>17,686,326</u>

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

Facility	Note	Secured	Maturity	31 December 2018		30 June 2018	
				Facility	Utilised	Facility	Utilised
Bank Loan - Investment Property	(i)	Yes	29/03/2020	17,706,250	17,706,250	17,706,250	17,706,250
Less amortised transaction costs					(13,778)		(19,924)
Total Borrowings				<u>17,706,250</u>	<u>17,692,472</u>	<u>17,706,250</u>	<u>17,686,326</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 2018 the Trust had no unused finance facilities (June 2018: nil).

GDA DIVERSIFIED PROPERTY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018
(Continued)

NOTE 5: Investment Property

	31 December 2018 \$	30 June 2018 \$
<i>Gross Carrying Amount</i>		
Balance at Beginning of Financial Year	35,500,000	26,994,696
Additions	-	4,712,508
Capital Improvements/(Write-offs)	256,007	317,281
Straight-Lining of Rental Income	232,866	3,252,204
(Losses)/Gains recognised in Profit or Loss	(232,866)	223,311
Balance at End of Financial Year at Fair Value	<u>35,756,007</u>	<u>35,500,000</u>

The Trust's property investments are revalued to fair value by independent valuers to ensure that the fair value is not materially different to the carrying value. Directors' valuations are performed whenever GDA Securities believes there is a significant change in fair value since the previous valuation.

All valuers used are independent valuers that are not related to the Trust. Each valuer is a member of the Australian Institute of Valuers, and they have appropriate qualifications and recent experience in the valuation of properties in relevant locations.

Refer to Note 6 for further information on fair values of investment properties.

NOTE 6: Fair Values

Recurring fair value measurements

The following financial instruments are subject to recurring fair value measurements:

	31 December 2018 \$	30 June 2018 \$
<i>Level 3</i>		
Investment Properties	<u>35,756,007</u>	<u>35,500,000</u>
	<u>35,756,007</u>	<u>35,500,000</u>

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows:

- Level 1: the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: a valuation technique is used using inputs other than quoted prices within Level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices);
- Level 3: a valuation technique is used using inputs that are not observable based on observable market data (unobservable inputs).

As the Trust holds investment properties, which are independently valued at least every twelve months by a certified valuer, all investment properties fall within Level 3 of the fair value hierarchy.

Transfers

During the half year ended 31 December 2018 there were no transfers into or out of Level 3.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018
(Continued)

NOTE 6: Fair Values (cont.)

Valuation techniques used to derive Level 3 fair values

Investment properties are independently valued at least once every twelve months by a Certified Practising Valuer registered with the Australian Property Institute. The following table sets out the valuation techniques used to measure fair value within Level 3, including details of the significant unobservable inputs used and the relationship between unobservable inputs and fair value.

Description	Valuation Approach	Unobservable inputs ¹	Range of inputs	Weighted average	Relationship between unobservable inputs and fair value
Investment Properties	Combination of Capitalisation, Discounted Cash Flow (DCF) and Direct Comparison approaches. Capitalisation rates, vacancy rates and rental growth rates are estimated by an external valuer or management based on comparable transactions and industry data.	Capitalisation Rate	6.00% - 8.00%	7.02%	The lower the capitalisation rate the higher the fair value.
		Vacancy Rates	0.00% - 0.00%	0.00%	The higher the vacancy rate the lower the fair value.
		Rental Growth Rate	2.50% - 3.98%	3.05%	The higher the rental growth the higher the fair value.

¹ There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Reconciliation of Level 3 fair value movements

The following table sets out the movements in Level 3 fair values for recurring measurements:

	Investment Properties
	\$
Opening balance at 1 July 2018	35,500,000
Capital Improvements/(Write-offs)	256,007
Straight-Lining of Rental Income	232,866
Gains/(Losses) recognised in other income	(232,866)
Closing balance at 31 December 2018	<u>35,756,007</u>

Valuation processes for Level 3 fair values

An independent property valuer is appointed to carry out a valuation at least once every twelve months. 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 periods building valuations are revised according to the Board of Directors assessment of the property market.

Disclosed fair values

The Trust also has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes to the financial statements.

Due to their short-term nature, the carrying amount of receivables, other current assets, payables, distributions payable and other current liabilities are assumed to approximate their fair values.

The fair value of non-current borrowings is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Trust for similar financial instruments. The fair value of these borrowings is not materially different from the carrying value because they bear interest at variable rates.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018
(Continued)**

NOTE 7: Segment Information

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

NOTE 8: 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 9: 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 25th day of January 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of GDA Diversified Property Trust

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of GDA Diversified Property Trust (the Trust), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year then ended, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Trust's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

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

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 Trust's financial position as at 31 December 2018 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards



and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

BDO Audit (TAS)

BDO Audit (TAS)

A blue ink signature, appearing to be 'D. Palmer', written over the printed name 'DAVID E PALMER'.

DAVID E PALMER
Partner

Hobart, 5 February 2019