The GPT Group

GPT Management Holdings Limited
ABN: 67 113 510 188

Interim Financial Report
30 June 2017

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

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

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

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DIRECTORS' REPORT
Half year ended 30 June 2017

The Directors of GPT Management Holdings Limited (the Company), present their report together with the financial statements of GPT Management Holdings Limited and its controlled entities (the Consolidated Entity) for the half year ended 30 June 2017. The Consolidated Entity is stapled to the General Property Trust and the GPT Group (GPT or the Group) financial statements include the results of the stapled entity as a whole.

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

1. OPERATING AND FINANCIAL REVIEW

Review of operations
The Consolidated Entity's financial performance for the half year ended 30 June 2017 is summarised below.

The net loss after tax for the half year ended 30 June 2017 is $20.7 million (Jun 2016: $1.3 million).

For the half year ended	30 Jun 17 $'000	30 Jun 16 $'000	Change %
Property management fees	**19,055**	19,441	(2%)
Development management fees and revenue	**21,345**	24,406	(13%)
Fund management fees	**38,201**	48,978	(22%)
Other revenue	**413**	693	(40%)
Management costs recharged	**15,954**	16,651	(4%)
Other income	**14,237**	3,141	353%
Expenses	**(112,335)**	(102,948)	(9%)
(Loss)/profit from continuing operations before income tax expense	**(3,130)**	10,362	(130%)
Income tax expense	**(3,876)**	(2,931)	(32%)
(Loss)/profit after income tax for continuing operations	**(7,006)**	7,431	(194%)
Loss from discontinued operations	**(13,666)**	(8,737)	(56%)
Net loss for the half year	**(20,672)**	(1,306)	(1,483%)

Consolidated Entity result
The increase in net loss after tax compared with June 2016 is largely attributable to a decrease in funds management fees, higher development expenses and impairment of software.

Property management

Retail
The Consolidated Entity is responsible for property management activities across the retail sector. Property management fees increased to $15.1 million in 2017 (Jun 2016: $15.0 million) which is in line with prior period.

Office
The Consolidated Entity is responsible for property management activities across the office sector. Property management fees increased to $3.0 million in 2017 (Jun 2016: $2.9 million) which is in line with prior period.

Logistics
The Consolidated Entity is responsible for property management activities across the logistics sector. Property management fees decreased to $0.9 million in 2017 (Jun 2016: $1.5 million) as a result of the divestment of GPT Metro Office Fund (GMF).

Development management

Retail
The retail development team has focused on master planning and delivery of development opportunities within its $1.9 billion development pipeline. In the first half of 2017, this includes the delivery of the $68.0 million reposition of Wollongong Central. The remix will introduce David Jones and is on track to be completed later this year. The $210.0 million Sunshine Plaza retail expansion is on track for an opening in late 2018.

Office
The team has focused on progressing a number of repositioning projects at Melbourne Central Tower, CBW and 750 Collins Street in Melbourne and MLC Centre in Sydney. Progress is also being made on the planning approval for a new tower at Darling Park.

Following the successful pre-commitment lease of 9,240sqm to the Rural Fire Service, construction has commenced on a 15,680sqm campus building on the 4 Murray Rose site at Sydney Olympic Park. Completion is expected in late 2018.

The acquisition of an office development site of 2,439sqm in the heart of Parramatta's commercial district was completed in March 2017. This site will provide the opportunity for an office building of over 28,000sqm, with the development application underway.

Logistics
In the period to June 2017, the development logistics business unit has completed construction of an 18,000sqm speculative logistics facility at Abbott Road, Seven Hills. At practical completion the asset was 50% leased to Easy Auto 123. A 26,000sqm facility is under construction at Lot 2012 Eastern Creek Drive, with completion anticipated in the second half of 2017. GPT has also successfully completed development of a facility at Metroplex Wacol, which has been leased to Loscam Australia. At the recently acquired Huntingwood site, IVE has taken a 10 year lease over the existing asset, whilst authority approvals are in place to develop an 11,000sqm warehouse on the adjoining land parcel. Planning approval is also well advanced on the Lot 21 Old Wallgrove Road site at Eastern Creek.

DIRECTORS' REPORT
Half year ended 30 June 2017

Funds Management

GPT Wholesale Office Fund (GWOF)
GWOF's funds under management have grown to $6.8 billion, up $0.7 billion compared to 30 June 2016. The management fee income earned from GWOF for the half year ending 30 June 2017 decreased by $11.1 million as compared to 30 June 2016, primarily due to the performance fee income of $14.4 million recognised in 2016. This was partially offset by higher base management fee income of $3.3 million due to strong upward revaluations across the portfolio, positive net new asset acquisitions and a higher base management fee structure compared with the first half of 2016.

During September 2016, GPT acquired an additional 158.1 million securities in GWOF for $209.0 million, increasing GPT's ownership interest from 20.43 per cent to 24.53 per cent. During June 2017, GPT acquired a further 16.3 million securities in GWOF for $23.2 million, increasing GPT's ownership interest from 24.53 per cent to 24.95 per cent.

GPT Wholesale Shopping Centre Fund (GWSCF)
GWSCF's funds under management of $3.9 billion has remained stable compared with 30 June 2016 owing to strong upward revaluations across the portfolio offset by the sale of Westfield Woden in December 2016 for $335.0 million. Management fee income earned from GWSCF of $8.5 million has also remained stable as compared to 30 June 2016.

During September 2016, GPT acquired an additional 164.2 million in securities in GWSCF for $157 million, increasing GPT's ownership interest from 20.22 per cent to 25.29 per cent. During May 2017, GPT acquired a further 115.6 million securities in GWSCF for $116.6 million, increasing GPT's ownership interest from 25.29 per cent to 28.86 per cent.

Fund Terms Review
On 20 February 2017, GWSCF held an Extraordinary General Meeting (EGM) in relation to changes in the terms of GWSCF. At the EGM, investors approved all seven resolutions put to the meeting.

The key changes included:
- removal of the performance fee structure from 1 April 2017;
- introduction of an Investor Representation Committee; and
- other amendments to operational policies and investor rights.

Investor Liquidity Review
On 31 March 2017, the investor liquidity review concluded which allowed GWSCF Securityholders to notify GPT Funds Management Limited (as Responsible Entity of GWSCF) whether they required liquidity. The outcome of the review was that binding requests for liquidity for a total of 78,474,213 securities, being 2.4% of securities on issue, were submitted. This equated to $79.8 million at the 31 March 2017 current unit value of $1.0174. All requests for liquidity were met within the June 2017 quarter.

Management costs recharged
Management costs recharged have decreased to $16.0 million in 2017 (Jun 2016: $16.7 million), predominantly caused by people cost savings which therefore resulted in lower recharges to assets. In the first half of 2017 GPT achieved a Management Expense Ratio (MER) of 38 basis points on an annual rolling basis (Jun 2016: 38 basis points).

Other income
Other income has increased to $14.2 million in 2017 (Jun 2016: $3.1 million) attributable to income from equity accounted investments and proceeds from the sale of inventory at Metroplex and Erskine Park.

Expenses
Expenses increased by 9% to $112.3 million (Jun 2016: $102.9 million). The balance is primarily made up of remuneration costs and revaluation of financial arrangements which can be seen on the Consolidated Statement of Comprehensive Income. The primary driver for the increase is the cost of sale of inventory, higher development expenses and impairment of software.

Statement of financial position

	30 Jun 17 $'000	31 Dec 16 $'000	Change %
Current assets	**105,605**	134,583	(22%)
Non-current assets	**261,430**	249,851	5%
Total assets	**367,035**	384,434	(5%)
Current liabilities	**80,903**	104,536	(23%)
Non-current liabilities	**124,073**	98,080	27%
Total liabilities	**204,976**	202,616	1%
Net assets	**162,059**	181,818	(11%)

Total assets decreased by 5% to $367.0 million in 2017 (Dec 2016: $384.4 million) primarily due to a $30.4 million dividend receivable from BGP in 2016.

Total liabilities increased by 1% to $205.0 million in 2017 (Dec 2016: $202.6 million) due to a tax liability in 2017.

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

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

DIRECTORS' REPORT
Half year ended 30 June 2017

Cash flows
The cash balance as at 30 June 2017 decreased to $17.0 million (Dec 2016: $17.8 million).

Operating activities:
Net cash inflows from operating activities have increased in 2017 to $30.6 million (Jun 2016: $30.1 million) which is in line with prior period.

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

For the half year ended	30 Jun 17 $'000	30 Jun 16 $'000	Change %
Net loss for the half year	**(20,672)**	(1,306)	1,483%
Add back: non-cash items included in net loss	**35,410**	44,556	(21%)
Timing difference	**15,882**	(13,130)	(221%)
Net cash flows from operating activities	**30,620**	30,120	2%

Dividends
The Directors have not declared any dividends for the half year ended 30 June 2017 (Jun 2016: nil).

Prospects
(i) Group
GPT is well positioned with high quality assets and high levels of occupancy. As at 30 June 2017, the Group's balance sheet is in a strong position, with a smooth debt expiry profile and net gearing slightly below the Group's target range of 25% to 35%.

(ii) Funds management
GPT has a strong funds management platform which has experienced significant growth over the past five years. The funds management team will continue to actively manage the existing portfolios, with new acquisitions, divestments and developments reviewed based on meeting the relevant investment objectives of the respective funds.

(iii) Guidance for 2017
In 2017 GPT expects to deliver approximately 3% growth in Funds From Operations (FFO) per ordinary security and approximately 5% growth in distribution per ordinary security. Achieving this target is subject to risks detailed in the following section.

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

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

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

The Board sets the risk framework via the organisation's risk appetite. The risk appetite considers the most significant, material risks to which GPT is exposed and provides the Board with ongoing monitoring of risk exposures, with particular regard to the following categories:
- Investment Mandate
- Development
- Competition
- Digital disruption
- Leasing
- Capital Management (including macro-economic factors)
- Health & Safety
- People
- Environment & Sustainability (including the impacts of climate change)
- Energy security and cost

2. EVENTS SUBSEQUENT TO REPORTING DATE

The Directors are not aware of any matter or circumstances occurring since 30 June 2017 that has significantly or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in the subsequent financial years.

DIRECTORS' REPORT
Half year ended 30 June 2017

3. DIRECTORS

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

(i) **Chairman – Non-Executive Director**
Rob Ferguson

(ii) **Chief Executive Officer and Managing Director**
Bob Johnston

(iii) **Non-Executive Directors**
Brendan Crotty
Eileen Doyle
Swe Guan Lim
Michelle Somerville
Gene Tilbrook

4. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7 and forms part of the Directors' Report

5. ROUNDING OF AMOUNTS

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

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

Rob Ferguson
Chairman

Bob Johnston
Chief Executive Officer and Managing Director

Sydney
15 August 2017

Auditor's Independence Declaration

As lead auditor for the review of GPT Management Holdings Limited for the half-year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Matthew Lunn
Partner
PricewaterhouseCoopers

Sydney
15 August 2017

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GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Half year ended 30 June 2017

	Note	30 Jun 17 $'000	30 Jun 16 $'000
Revenue			
Fund management fees		**38,201**	48,978
Property management fees		**19,055**	19,441
Development management fees		**13,907**	7,736
Development revenue		**7,438**	16,670
Other revenue		**413**	693
Management costs recharged		**15,954**	16,651
		94,968	110,169
Other income			
Share of after tax profit of equity accounted investments		**6,384**	1,711
Interest revenue		**296**	1,428
Profit on disposal of assets		**-**	2
Profit on the sale of other assets		**64**	-
Proceeds from sale of inventory		**7,493**	-
		14,237	3,141
Total revenue and other income		**109,205**	113,310
Expenses			
Remuneration expenses		**57,498**	58,025
Cost of sale of inventory		**6,607**	-
Property expenses and outgoings		**4,151**	3,729
Development expenses		**8,237**	1,265
Repairs and maintenance		**1,599**	1,909
Professional fees		**2,304**	3,554
Depreciation		**969**	1,062
Amortisation		**2,549**	2,824
Revaluation of financial arrangements		**20,516**	22,127
Impairment expense/(reversal of prior period impairment expense)		**3,020**	(197)
Finance costs		**955**	1,384
Other expenses		**3,930**	7,266
Total expenses		**112,335**	102,948
(Loss)/profit before income tax		**(3,130)**	10,362
Income tax expense		**3,876**	2,931
(Loss)/profit after income tax from continuing operations		**(7,006)**	7,431
Loss from discontinued operations		**(13,666)**	(8,737)
Net loss for the half year		**(20,672)**	(1,306)
Other comprehensive income from discontinued operations			
Items that may be reclassified to profit and loss			
Net foreign exchange translation adjustments		**17**	915
Revaluation of available for sale financial asset		**764**	1,637
Total comprehensive (loss)/income for the half year		**(19,891)**	1,246
Net (loss)/profit attributable to:			
- Members of the Company		**(25,296)**	(5,815)
- Non-controlling interest		**4,624**	4,509
Total comprehensive (loss)/income attributable to:			
- Members of the Company		**(24,515)**	(3,263)
- Non-controlling interest		**4,624**	4,509
Earnings per share attributable to the ordinary equity holders of the Company			
Basic and diluted earnings per share (cents per share) from continuing operations	8(a)	**(0.65)**	0.16
Basic and diluted earnings per share (cents per share) - Total	8(a)	**(1.41)**	(0.33)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Note	**30 Jun 17 $'000**	31 Dec 16 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**16,997**	17,842
Loans and receivables		**71,385**	99,055
Inventories	4	**5,419**	7,304
Prepayments		**1,418**	1,086
Available for sale financial asset		**10,386**	9,296
Total current assets		**105,605**	134,583
Non-current assets			
Intangible assets	3	**32,175**	35,256
Property, plant and equipment	5	**14,453**	14,900
Inventories	4	**172,051**	128,607
Equity accounted investments	2	**22,136**	15,752
Loans and receivables		**-**	37,033
Deferred tax assets		**8,436**	7,550
Deferred acquisition costs		**1,526**	1,852
Other assets	6	**10,653**	8,901
Total non-current assets		**261,430**	249,851
Total assets		**367,035**	384,434
LIABILITIES			
Current liabilities			
Payables		**50,068**	49,449
Current tax liability		**5,389**	-
Provisions		**23,085**	28,690
Borrowings	10	**2,361**	18,812
Deferred revenue		**-**	7,585
Total current liabilities		**80,903**	104,536
Non-current liabilities			
Borrowings	10	**104,953**	82,426
Provisions		**12,752**	9,217
Other liabilities		**6,368**	6,437
Total non-current liabilities		**124,073**	98,080
Total liabilities		**204,976**	202,616
Net assets		**162,059**	181,818
EQUITY			
Contributed equity	7	**325,701**	325,512
Reserves		**45,407**	44,683
Accumulated losses		**(226,337)**	(201,041)
Total equity attributable to Company members		**144,771**	169,154
Non-controlling interests		**17,288**	12,664
Total equity		**162,059**	181,818

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

GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Half year ended 30 June 2017

		Company members				Non-controlling interests				
	Note	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000	Total equity $'000
Equity attributable to Company Members										
At 1 January 2016		325,328	43,742	(216,440)	152,630	22,060	-	(9,490)	12,570	165,200
Revaluation of available for sale financial asset		-	1,637	-	1,637	-	-	-	-	1,637
Foreign currency translation reserve		-	915	-	915	-	-	-	-	915
Other comprehensive income for the half year		-	2,552	-	2,552	-	-	-	-	2,552
(Loss)/profit for the half year		-	-	(5,815)	(5,815)	-	-	4,509	4,509	(1,306)
Total comprehensive income for the half year		-	2,552	(5,815)	(3,263)	-	-	4,509	4,509	1,246
Transactions with Members in their capacity as Members										
Issue of securities	7	184	-	-	184	-	-	-	-	184
Movement in employee incentive security scheme reserve net of tax		-	(16)	-	(16)	-	-	-	-	(16)
At 30 June 2016		325,512	46,278	(222,255)	149,535	22,060	-	(4,981)	17,079	166,614
Equity attributable to Company Members										
At 1 January 2017		**325,512**	**44,683**	**(201,041)**	**169,154**	**22,060**	**-**	**(9,396)**	**12,664**	**181,818**
Revaluation of available for sale financial asset		**-**	**764**	**-**	**764**	**-**	**-**	**-**	**-**	**764**
Foreign currency translation reserve		**-**	**17**	**-**	**17**	**-**	**-**	**-**	**-**	**17**
Other comprehensive income for the half year		**-**	**781**	**-**	**781**	**-**	**-**	**-**	**-**	**781**
(Loss)/profit for the half year		**-**	**-**	**(25,296)**	**(25,296)**	**-**	**-**	**4,624**	**4,624**	**(20,672)**
Total comprehensive income for the half year		**-**	**781**	**(25,296)**	**(24,515)**	**-**	**-**	**4,624**	**4,624**	**(19,891)**
Transactions with Members in their capacity as Members										
Issue of securities	7	**189**	**-**	**-**	**189**	**-**	**-**	**-**	**-**	**189**
Movement in employee incentive security scheme reserve net of tax		**-**	**(57)**	**-**	**(57)**	**-**	**-**	**-**	**-**	**(57)**
At 30 June 2017		**325,701**	**45,407**	**(226,337)**	**144,771**	**22,060**	**-**	**(4,772)**	**17,288**	**162,059**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Half year ended 30 June 2017

	Note	30 Jun 17 $'000	30 Jun 16 $'000
Cash flows from operating activities			
Receipts in the course of operations (inclusive of GST)		**75,425**	113,789
Payments in the course of operations (inclusive of GST)		**(78,702)**	(77,877)
Payments for inventories		**(41,721)**	(18,846)
Proceeds from sale of inventories		**7,493**	-
Receipts from development activities		**41,686**	17,926
Payments for development activities		**(3,904)**	-
Distributions and dividends received from equity accounted investments		**-**	51
Interest received		**296**	1,429
Finance costs paid		**(390)**	(6,352)
Dividend Income		**30,437**	-
Net cash inflows from operating activities	11	**30,620**	30,120
Cash flows from investing activities			
Payments for property, plant and equipment		**(825)**	(1,963)
Payments for intangibles		**(2,581)**	(1,976)
Proceeds from sale of other assets		**(10)**	-
Proceeds on disposal of equity accounted investment		**-**	1,252
Net cash outflows from investing activities		**(3,416)**	(2,687)
Cash flows from financing activities			
Loan to related parties		**-**	(22,500)
Proceeds from repayment of related party loans		**-**	11,711
Repayment of related party borrowings		**(34,478)**	(31,085)
Proceeds from related party borrowings		**10,656**	10,915
Proceeds from borrowings		**8,925**	3,969
Repayments of borrowings		**(13,152)**	-
Net cash outflows from financing activities		**(28,049)**	(26,990)
Net decrease in cash and cash equivalents		**(845)**	443
Cash and cash equivalents at the beginning of the half year		**17,842**	40,380
Cash and cash equivalents at the end of the half year		**16,997**	40,823

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

NOTES TO THE FINANCIAL STATEMENTS

Half year ended 30 June 2017

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

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

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

Note 1 - Result for the year: focuses on results and performance of the Consolidated Entity.
Note 2 to 6 - Operating assets and liabilities: provides information on the assets and liabilities used to generate the Consolidated Entity's trading performance.
Note 7 to 10 - Capital structure: outlines how the Consolidated Entity manages its capital structure and various financial risks.
Note 11 to 15 - Other disclosure items: provides information on other items that must be disclosed to comply with Australian Accounting Standards and other regulatory pronouncements.

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

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

Area of judgements and estimates	**Assumptions underlying**
Loans receivable	Recoverability
Management rights with indefinite life	Impairment trigger and recoverable amounts
IT development and software	Impairment trigger and recoverable amounts
Inventories	Lower of cost and net realisable value
Deferred tax assets	Recoverability
Security based payments	Fair value

RESULT FOR THE YEAR

1. SEGMENT INFORMATION

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

OPERATING ASSETS AND LIABILITIES

2. EQUITY ACCOUNTED INVESTMENTS

	Note	**30 Jun 17 $'000**	31 Dec 16 $'000
Investments in joint ventures	(i)	**12,136**	5,752
Investments in associates	(ii)	**10,000**	10,000
Total equity accounted investments		**22,136**	15,752

Details of equity accounted investments

Name	**Principal Activity**	**Ownership Interest 2017 %**	2016 %	**30 Jun 17 $'000**	31 Dec 16 $'000
(i) Joint ventures					
DPT Operator Pty Limited	Managing property	50.00	50.00	**88**	88
Lendlease GPT (Rouse Hill) Pty Limited (1) (2)	Property development	50.00	50.00	**12,044**	5,660
Chullora Trust 1	Property development	50.00	50.00	**2**	2
Erskine Park Trust	Property development	50.00	50.00	**2**	2
Total investment in joint ventures				**12,136**	5,752
(ii) Associates					
GPT Funds Management Limited	Funds management	100.00	100.00	**10,000**	10,000
Total investment in associates				**10,000**	10,000

(1) The Consolidated Entity has a 50% interest in Lendlease GPT (Rouse Hill) Pty Limited, a joint venture developing residential and commercial land at Rouse Hill, in partnership with Urban Growth and the NSW Department of Planning.
(2) The Group interest is held through a subsidiary that is 52% owned by the Consolidated Entity and 48% owned by GPT Trust.

NOTES TO THE FINANCIAL STATEMENTS
Half year ended 30 June 2017

3. INTANGIBLE ASSETS

	Management rights $'000	IT development and software $'000	Total $'000
Cost			
At 1 January 2016	55,817	62,050	117,867
Additions	8	4,918	4,926
Transfers	-	189	189
At 31 December 2016	55,825	67,157	122,982
Additions	**-**	**2,580**	**2,580**
Transfers	**-**	**75**	**75**
At 30 June 2017	**55,825**	**69,812**	**125,637**
Accumulated amortisation and impairment			
At 1 January 2016	(44,751)	(37,574)	(82,325)
Amortisation	(343)	(5,058)	(5,401)
At 31 December 2016	(45,094)	(42,632)	(87,726)
Amortisation	**(162)**	**(2,387)**	**(2,549)**
Impairment	**-**	**(3,187)**	**(3,187)**
At 30 June 2017	**(45,256)**	**(48,206)**	**(93,462)**
Carrying amounts			
At 31 December 2016	10,731	24,525	35,256
At 30 June 2017	**10,569**	**21,606**	**32,175**

4. INVENTORIES

	30 Jun 17 $'000	31 Dec 16 $'000
Development properties held for resale	**5,419**	7,304
Current inventories	**5,419**	7,304
Development properties held for resale	**172,051**	128,607
Non-current inventories	**172,051**	128,607
Total inventories	**177,470**	135,911

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

5. PROPERTY, PLANT AND EQUIPMENT

	30 Jun 17 $'000	31 Dec 16 $'000
Computers		
At cost	**16,867**	15,069
Less: accumulated depreciation and impairment	**(10,615)**	(10,062)
Total computers	**6,252**	5,007
Office, fixtures and fittings		
At cost	**14,552**	15,828
Less: accumulated depreciation and impairment	**(6,351)**	(5,935)
Total office, fixtures and fittings	**8,201**	9,893
Total property, plant and equipment	**14,453**	14,900

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

	Computers $'000	Office fixtures & fittings $'000	Total $'000
At 1 January 2016			
Opening carrying value	4,827	9,308	14,135
Additions	1,605	1,463	3,068
Transfers	(189)	-	(189)
Depreciation	(1,236)	(878)	(2,114)
At 31 December 2016	5,007	9,893	14,900
At 1 January 2017			
Opening carrying value	**5,007**	**9,893**	**14,900**
Additions	**1,854**	**401**	**2,255**
Disposals	**(50)**	**(1,608)**	**(1,658)**
Transfers	**(6)**	**(69)**	**(75)**
Depreciation	**(553)**	**(416)**	**(969)**
At 30 June 2017	**6,252**	**8,201**	**14,453**

6. OTHER ASSETS

	30 Jun 17 $'000	31 Dec 16 $'000
Lease incentive asset	**4,033**	4,083
Investment in financial asset	**6,620**	4,818
Total other assets	**10,653**	8,901

CAPITAL STRUCTURE

7. EQUITY

	Number	$'000
Ordinary stapled securities		
Opening securities on issue as at 1 January 2016	1,794,816,529	325,328
Securities issued - Long Term Incentive Plan	2,102,805	100
Securities issued - Deferred Short Term Incentive Plan	978,834	79
Securities issued - Broad Based Employee Security Ownership Plan	57,400	5
Closing securities on issue as at 30 June 2016	1,797,955,568	325,512
Opening securities on issue as at 1 January 2017	**1,797,955,568**	**325,512**
Securities issued - Long Term Incentive Plan	**2,763,052**	**113**
Securities issued - Deferred Short Term Incentive Plan	**855,355**	**76**
Securities issued - Broad Based Employee Security Ownership Plan	**54,338**	**-**
Closing securities on issue as at 30 June 2017	**1,801,628,313**	**325,701**

8. EARNINGS PER SHARE

(a) Basic and diluted earnings per share

	30 Jun 17 Cents	30 Jun 16 Cents
Basic and diluted earnings per share - (loss)/profit from continuing operations	**(0.65)**	0.16
Basic and diluted loss per share - loss from discontinued operations	**(0.76)**	(0.49)
Total basic and diluted earnings per share	**(1.41)**	(0.33)

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

Profit reconciliation - basic and diluted	**30 Jun 17 $'000**	30 Jun 16 $'000
(Loss)/profit from continuing operations	**(11,630)**	2,922
Loss from discontinued operations	**(13,666)**	(8,737)
Profit attributed to external non-controlling interest	**4,624**	4,509
	(20,672)	(1,306)

(c) WANOS

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

	Number of shares '000s	Number of shares '000s
WANOS used as denominator in calculating basic earnings per ordinary share	**1,800,544**	1,796,918
Performance security rights (weighted average basis) [1]	**1,943**	3,532
WANOS used as denominator in calculating diluted earnings per ordinary share	**1,802,487**	1,800,450

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

9. DIVIDENDS PAID AND PAYABLE

No dividends have been paid or declared for the half year to 30 June 2017 (Jun 2016: nil).

10. BORROWINGS

	30 Jun 17		31 Dec 16	
	Carrying amount [1]	**Fair value** [2]	Carrying amount [1]	Fair value [2]
	$'000	**$'000**	$'000	$'000
Current borrowings - secured	**2,361**	**2,382**	18,812	18,822
Current borrowings	**2,361**	**2,382**	18,812	18,822
Non-current borrowings - secured	**12,250**	**12,348**	-	-
Related party borrowings from GPT Trust	**92,703**	**93,379**	82,426	82,962
Non-current borrowings	**104,953**	**105,727**	82,426	82,962
Total borrowings	**107,314**	**108,109**	101,238	101,784

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

The unsecured borrowings are provided by GPT Trust and its subsidiaries and have been revalued based on an adjusted working capital calculation at 30 June 2017, in accordance with the loan agreement. As a result, a revaluation loss of $34.1 million (Jun 2016: $31.5 million) for both continuing ($20.5 million) and discontinued ($13.6 million) operations has been recognised in the Consolidated Statement of Comprehensive Income. The following borrowings were revalued to nil at 30 June 2017 (Dec 2016: nil):

- Loan facility to GPT Management Holdings Limited was drawn to $348,797,026 (Dec 2016: $355,616,562). This facility expires on 31 December 2030.
- Loan facility to GPT Property Management Ltd was drawn to $9,922,998 (Dec 2016: $16,742,534). This facility expires on 31 December 2030.
- Loan facility to GPT International Pty Limited was drawn to $75,628,519 (Dec 2016: $82,448,055). This facility expires on 12 June 2032.
- Loan facility to Voyages Hotels & Resorts was drawn to $47,952,859 (Dec 2016: $54,772,395). This facility expires on 3 January 2035.
- Loan facility to Voyages Hotels & Resorts was drawn to $32,616,333 (Dec 2016: $39,435,869). This facility expires on 30 June 2032.

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

The maturity profile of borrowings is provided below:

	Total facility [1] **$'000**	**Used facility** [1] **$'000**	**Unused facility $'000**
Due within one year	4,611	2,382	2,229
Due between one and five years	144,389	74,228	70,161
Due after five years	890,386	545,740	344,646
	1,039,386	**622,350**	**417,036**
Cash and cash equivalents			**16,997**
Total financing resources available at the end of the half year			**434,033**

(1) Excluding unamortised establishment costs and fair value adjustments. Includes unsecured borrowings provided by GPT Trust and its subsidiaries which have been revalued to nil.

NOTES TO THE FINANCIAL STATEMENTS
Half year ended 30 June 2017

OTHER DISCLOSURE ITEMS

11. CASH FLOWS FROM OPERATING ACTIVITIES

Reconciliation of net profit after income tax to net cash outflows from operating activities:

	30 Jun 17	30 Jun 16
	$'000	$'000
Net loss for the half year	**(20,672)**	(1,306)
Share of after tax loss of equity accounted investments (net of distributions)	**(6,384)**	(1,625)
Impairment expense/(reversal of prior period impairment)	**3,020**	(197)
Profit on disposal of assets	**-**	(93)
Non-cash employee benefits - security based payments	**-**	10,361
Lease incentive amortisation	**(22)**	238
Interest capitalised	**(7,335)**	(1,727)
Amortisation of rental abatement	**248**	293
Depreciation and amortisation expense	**3,518**	3,886
Amortisation of deferred acquisition costs	**327**	327
Finance costs	**7,663**	2,024
Revaluation of financial arrangements	**34,155**	30,885
Other	**68**	184
Decrease in operating assets	**66,879**	12,773
Decrease in operating liabilities	**(15,731)**	(7,057)
Increase in inventory	**(35,114)**	(18,846)
Net cash inflows from operating activities	**30,620**	30,120

12. COMMITMENTS

(a) Capital expenditure commitments (1)

The capital expenditure commitments at 30 June 2017 were $1.2 million (Dec 2016: $0.7 million)

(1) Commitments arising from purchase of plant and equipment and intangibles, which have been approved but not recognised as liabilities in the Consolidated Statement of Financial Position.

(b) Operating lease commitments (1)

	30 Jun 17	31 Dec 16
	$'000	$'000
Due within one year	**5,632**	5,270
Due between one and five years	**14,472**	15,816
Over five years	**683**	892
Total operating lease commitments	**20,787**	21,978

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

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

	30 Jun 17	31 Dec 16
	$'000	$'000
Capital expenditure commitments	**921**	1,084
Total joint venture commitments	**921**	1,084

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

13. FAIR VALUE DISCLOSURES

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

The different levels of the fair value hierarchy have been defined as follows:
Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(a) Fair value measurement, valuation techniques and inputs

Class of assets	Fair value hierarchy	Valuation technique	Inputs used to measure fair value	Range of unobservable inputs 30 Jun 17	Range of unobservable inputs 31 Dec 16
Investment in financial assets	Level 2	Market price	Market price	Not applicable - observable input	
			Discount for lack of marketability	0 - 5%	0 - 5%
Available for sale financial asset	Level 2 2016: Level 3	Discounted cash flow (DCF)	Dividend expected to be declared	Not applicable - market observable input	Not applicable
			Discount rate	Not applicable	20%
			Foreign currency exchange rate	Not applicable	Not applicable - market observable input

The available for sale asset has moved from $9.3 million closing balance at 31 December 2016 to $10.4 million at 30 June 2017 due to the movement in fair value.

14. ACCOUNTING POLICIES

(a) Basis of preparation

The financial report has been prepared:

- in accordance with the requirements of the Company's constitution, *Corporations Act 2001*, Australian Accounting Standards (AAS) and other authoritative pronouncements of the Australian Accounting Standards Board and International Financial Reporting Standards;
- on a going concern basis in the belief that the Consolidated Entity will realise its assets and settle its liabilities and commitments in the normal course of business and for at least the amounts stated in the financial statements.
- under the historical cost convention, as modified by the revaluation for financial assets and liabilities at fair value through the Consolidated Statement of Comprehensive Income;
- using consistent accounting policies and adjustments to bring into line any dissimilar accounting policies being adopted by the controlled entities, associates or joint ventures; and
- in Australian dollars with all values rounded in the nearest thousand dollars, unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, unless otherwise stated.

The interim financial report was approved by the Board of Directors on 15 August 2017.

(b) Significant accounting policies
The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period with the exception of new and amended standards and interpretations commencing 1 January 2017 which are to be adopted when applicable.

(c) New and amended accounting standards and interpretations adopted from 1 January 2017
There are no significant changes to the Consolidated Entity's financial performance and position, as a result of the adoption of the new and amended accounting standards and interpretations effective for annual reporting periods beginning on or after 1 January 2017.

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

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

Reference	Description	Application of Standard
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces expanded disclosure requirements, a new impairment (expected credit loss) model and changes in presentation. When adopted, this could change the classification and measurement of financial assets and financial liabilities. The new expected credit loss model for calculating impairment on financial assets will have an impact on the provision for doubtful debts. The new hedging rules align hedge accounting more closely with the reporting entity's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss must now be presented in other comprehensive income. Debt modifications where the impact results in a change in the present value of expected cashflows of less than 10%, taking into account other qualitative factors, will be taken immediately through the Consolidated Statement of Comprehensive Income. This may have a material impact for the Consolidated Entity, however the quantum of this impact is still being assessed. The Consolidated Entity intends to apply the standard from 1 January 2018.	1 January 2018
AASB 15 *Revenue from Contracts with Customers*	AASB 15 will replace AASB 118 *Revenue* and AASB 111 *Construction Contracts*. It is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. It contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract–based five-step analysis of transactions to determine whether, how much and when revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts. It requires reporting entities to provide users of financial statements with more informative and relevant disclosures. The Consolidated Entity is in the process of assessing any implications of this new standard to its operation and financial results and does not expect a material impact from its application. However, additional disclosures may be required.	1 January 2018
AASB 16 *Leases*	AASB 16 will change the way lessees account for leases by eliminating the current dual accounting model which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there will be a single, on-balance sheet accounting model that is similar to the current finance lease accounting. Where the Consolidated Entity is the lessee, this new treatment will result in recognition of a right of use asset along with the associated lease liability in the balance sheet and both a depreciation and interest charge in the Consolidated Statement of Comprehensive Income. In contrast, lessor accounting will remain similar to current practice. The new leasing model requires the recognition of operating leases on the balance sheet. If the Consolidated Entity had adopted the new standard from 1 January 2017, management estimates that the net profit before tax for the 6 months to 30 June 2017 would decrease by approximately \$64,064. Assets at 30 June 2017 would increase by approximately \$9,251,335 and liabilities increase by \$11,661,422.	1 January 2019

15. EVENTS SUBSEQUENT TO REPORTING DATE

The Directors are not aware of any matter or circumstances occurring since 30 June 2017 that has significantly or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in the subsequent financial years.

DIRECTORS' DECLARATION

Half year ended 30 June 2017

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

(a) the consolidated financial statements and notes set out on pages 8 to 18 are in accordance with the *Corporations Act 2001*, including:
   - complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   - giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

(b) the consolidated financial statements and notes comply with International Financial Reporting Standards as disclosed in note 14 to the financial statements.

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

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

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

Rob Ferguson
Chairman

Bob Johnston
Chief Executive Officer and Managing Director

GPT Management Holdings Limited

Sydney
15 August 2017

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of GPT Management Holdings Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Company and its controlled entities (the consolidated entity). The consolidated entity comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error. In Note 14, the directors also state, in accordance with Accounting Standards AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 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 Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

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

1. giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Matthew Lunn
Partner

Sydney
15 August 2017