

23 January 2015

Release of Interim Financial Report

The GPT Metro Office Fund (the Fund) was registered with the Australian Securities and Investments Commission (ASIC) as a managed investment scheme on 26 May 2014 (Registration Date) and subsequently listed on the Australian Securities Exchange (ASX) with units allotted on 29 October 2014 (Allotment Date).

In accordance with sections 302 and 323D(5) of the *Corporations Act 2001* (Cth), a half-year financial report for the Fund for the first six month period from 26 May 2014 to 25 November 2014 has been prepared and lodged with the ASX.

The financial results in relation to the 28 day period from the Allotment Date to 25 November 2014 (during which the Fund was listed on the ASX) are in line with the forecast financial results, contained in the Product Disclosure Statement (PDS) dated 1 October 2014. Detailed information is contained in the Directors' Report in the half-year financial report lodged with the ASX today.

The Interim Financial Report does not include all notes of the type normally included in an Annual Financial Report and this report should be read in conjunction with the PDS and any public announcements made by the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth).

The next financial report to be prepared for the Fund will be for the period from the Registration Date to 30 June 2015, which is expected to be lodged with the ASX within two months following the close of the period in accordance with the ASX Listing Rules.

In line with the PDS, the first distribution for the Fund is expected to be paid for the period from the Allotment Date to 30 June 2015.

An operational update on the Fund will be provided to the market, in conjunction with the GPT Group's Annual Result market briefing from 9:30am (AEDT) on Monday, 23 February 2015. The market briefing will be simultaneously webcast via the GPT website (www.gpt.com.au) and the Fund website (www.gptmetroofficefund.com.au).

– Ends –

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GPT | METRO OFFICE FUND

ARSN: 169 500 476

Interim Financial Report For the six month period from 26 May 2014 to 25 November 2014

GPT Metro Office Fund (the Fund) was registered as a managed investment scheme on 26 May 2014 and listed on the Australian Securities Exchange (ASX) on 29 October 2014.

GPT Platform Limited, a wholly owned subsidiary of GPT Management Holdings Limited, is the Responsible Entity of the GPT Metro Office Fund.

This interim financial report does not include all notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding as an annual financial report of the financial performance, financial position and financing and investing activities of the Fund. Accordingly, this report is to be read in conjunction with the Product Disclosure Statement (PDS) dated 1 October 2014 and any public announcements made by the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

GPT Metro Office Fund

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GPT Metro Office Fund

DIRECTORS' REPORT

for the six months ended 25 November 2014

The Directors of GPT Platform Limited, the Responsible Entity of the GPT Metro Office Fund (the Fund), present their report together with the interim financial statements of the Fund for the six month period from 26 May 2014 to 25 November 2014. Due to statutory requirements, the Fund is required to report the first six months from the date of registration of the managed investment scheme on 26 May 2014 (Registration Date) with the Australian Securities and Investments Commission (ASIC).

The Fund was established on 1 October 2013 and listed on the Australian Securities Exchange (ASX) on 29 October 2014. As the Fund acquired two investment properties prior to Registration Date (refer to details below under review of operations), the Fund has an opening balance sheet position as at Registration Date. The financial position of the Fund as at 25 November 2014 is slightly ahead of the PDS forecast financial results, primarily due to a \$400,000 saving in costs to establish the fund.

1 Operating and financial review

1.1 Principal Activities

The principal activity of the Fund is investment in Australian metropolitan and business park office properties.

The Fund intends to hold interests in quality income producing Australian metropolitan and business park office properties that generate sustainable income returns underpinned by leases to reputable tenants with structured rental growth and with the potential for capital growth over time. The Responsible Entity does not invest outside Australia or diversify into other property sub-sectors. The Fund may invest in any Australian metropolitan office market excluding the core CBDs of Sydney, Melbourne and Brisbane.

The Responsible Entity will review these investment objectives and strategies from time to time and may vary them. The Responsible Entity will assess all acquisition opportunities sourced by The GPT Group (GPT) and will acquire properties for the Fund which are consistent with the Fund's stated investment objectives and strategy. The Responsible Entity may acquire a property that does not meet some or all of the investment criteria, where it considers it is in the best interests of Unitholders to do so.

1.2 Significant changes in the state of affairs

Other than those matters set out in the review of operations and the listing of the Fund on the ASX, there have been no significant changes in the nature of the Fund's activities during the period.

1.3 Review of operations

Fund establishment and operational highlights

On 29 October 2014, the Fund raised \$255,200,000 from unitholders in an initial public offering of units in the Fund and was admitted to the ASX (ASX ticker: GMF).

Prior to Registration Date, the Fund acquired two A-grade metropolitan and business park office properties located in Brisbane and Melbourne for \$183,427,000 (including acquisition costs). These acquisitions were funded by a non-interest bearing inter-entity loan from GPT.

Prior to Allotment Date, the Fund acquired a further four A-grade metropolitan and business park office properties located in Sydney. These acquisitions were acquired from GPT for \$167,400,000 (including a rent receivable for Quad 2 and Quad 3 of \$1,700,000) and were funded by the inter-entity loan from GPT. The rent receivable will be in place for two years from Allotment Date and will cover forecast vacancy downtime, incentives and other re-leasing costs for vacant and expiring tenancies. Refer to note 4 for details of the property purchase prices and acquisition dates.

The proceeds of the offer along with \$105,000,000 drawn from the \$145,000,000 revolving debt facility were used to re-pay the inter-entity loan from GPT and fund working capital.

At Allotment Date, five of the properties were complete and one property, located at 3 Murray Rose Avenue, Sydney Olympic Park was undergoing construction. Construction of the 3 Murray Rose Avenue property is anticipated to reach practical completion on 16 March 2015.

Subsequent to Allotment Date but before the end of the interim financial reporting period, a distribution of \$6,437,000 was paid or payable to GPT for its sole ownership period (from Fund establishment on 1 October 2013 through to Allotment Date). GPT also made a non-refundable contribution of \$6,500,000 towards the Fund's portfolio acquisition and other transaction costs.

Financial results

The distributable earnings for the period from Allotment Date to 25 November 2014 are in line with the forecast financial results presented in the PDS. Other than a slight upside from the savings in fund establishment costs noted above, the only other development in the operating condition of the Fund is in relation to one tenant, Fusion Retail Brands, which accounts for 4.5% of rent from investment properties. In January 2015, Fusion Retail Brands lodged financial results for the year ended 26 July 2014 with ASIC which show continuing trading losses with the auditors again noting material uncertainty about the company's ability to continue as a going concern. This more recent report from Fusion Retail Brands underscores the financial risk of this tenant which was discussed more fully in the PDS. The Fund is actively managing the replacement of the

GPT Metro Office Fund

DIRECTORS' REPORT

for the six months ended 25 November 2014

1.3 Review of operations (continued)

Financial results (continued)

Fusion Retail Brands tenancy should ongoing negotiations with the tenant result in a full or partial surrender of the lease. The Directors do not expect any impact on PDS forecast distributions to Unitholders.

The table below sets out the statutory statement of comprehensive income in respect of the six month period from 26 May 2014 to 25 November 2014.

Column A represents the period from Registration Date to Allotment Date. This reflects the period of GPT's ownership when there was a different corporate and capital structure in place for the Fund and some properties in the Portfolio were not owned by the Fund for this whole period.

Column B represents the statutory income post Allotment Date including all properties in the Portfolio and the new corporate and capital structure that was put in place for listing the Fund.

Please note that given the differences in asset composition, capital structure and management arrangements, column A and column A+B are not considered meaningful in assessing an incoming Unitholder's entitlement to income of the Fund.

\$'000	26 May 2014 to Allotment Date (A)	Allotment Date to 25 November 2014 (B)	26 May to 25 November 2014 Statutory (A+B)
Revenue			
Rent from investment properties	9,372	2,232	11,604
Straight lining of leases	655	175	830
Other Income			
Interest revenue	102	18	120
Fair value adjustments to investment properties	(655)	(175)	(830)
Total revenue and other income	9,474	2,250	11,724
Expenses			
Property expenses and outgoings	1,595	272	1,867
Management and other administration costs	-	147	147
Responsible entity's fee	-	163	163
Finance costs	-	157	157
Net loss on fair value of derivatives	-	1,590	1,590
Total expenses	1,595	2,329	3,924
Profit/(loss) and other comprehensive income (before transaction costs)	7,879	(79)	7,800
Transaction costs ⁽¹⁾	(2,099)	-	(2,099)
Profit/(loss) and other comprehensive income	5,780	(79)	5,701

⁽¹⁾ In the PDS, transaction costs included \$3,800,000 of stamp duty relating to Vantage which was incurred prior to 26 May 2014.

The table below sets out the Fund's distributable earnings from Allotment Date to 25 November 2014.

	\$'000
Profit/(loss) and other comprehensive income	(79)
Straightlining of leases	(175)
Fair value adjustments to investment properties	175
Net loss on fair value of derivatives	1,590
Cash received and elected to be distributed ⁽¹⁾	58
Distributable earnings	1,569
Distributable earnings per unit (cents)	1.2

⁽¹⁾ Cash amounts received and elected to be distributed in relation to the rent receivable and site access rent (net of capitalised interest) which are treated in the statutory financial statements as capital transactions i.e. are not recorded as revenue or expenses in the statement of comprehensive income.

GPT Metro Office Fund

DIRECTORS' REPORT

for the six months ended 25 November 2014

1.3 Review of operations (continued)

Distribution policy

In line with the PDS, the first distribution for the Fund is expected to be paid for the period from Allotment Date to 30 June 2015. Distributions are intended to be paid half-yearly within two months after the end of each half-yearly period.

The Fund will aim to distribute between 90% and 100% of distributable earnings each year. The Directors will have regard to the amount of cash available in determining the Fund's distribution payout ratio.

Capital management

As at 25 November 2014, the Fund had borrowings of \$102,000,000 under a \$145,000,000 unsecured revolving debt facility. The facility has maturities of three and five years with a weighted average term to maturity of 4.4 years. The Fund's gearing ratio (calculated as interest-bearing borrowings less cash divided by total tangible assets less cash) as at 25 November 2014 was 28.1% which is within the Fund's target gearing range of between 25% and 40%.

To manage risks associated with interest rate fluctuations, the Responsible Entity has entered into interest rate swaps in respect of approximately 98% of the drawn debt amount. Hedging levels are within the Board's target range of 50% and 100% of drawn borrowings. As at 25 November 2014, the weighted average term to maturity of hedges was 5.9 years.

2 Environmental Regulation

The Fund has policies and procedures in place that are designed to ensure that where operations are subject to any particular and significant environmental regulation under a law of Australia (for example property development and property management), those obligations are identified and appropriately addressed. This includes obtaining and complying with conditions of relevant authority consents and approvals and obtaining necessary licences. The Fund is not aware of any breaches of any environmental regulations under the laws of the Commonwealth of Australia or of a State or Territory of Australia and has not incurred any significant liabilities under any such environmental legislation.

3 Events subsequent to reporting date

Other than those matters set out in this Directors' Report, the Directors are not aware of any matter or circumstance occurring since 25 November 2014 that has materially or may materially affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in subsequent financial years.

4 Directors

The Directors of GPT Platform Limited at any time during the six month period ended 25 November 2014 and until the date of this report are:

(i) Chairman - Independent Non-Executive Director

John Atkin (appointed on 18 August 2014)

(ii) Executive Directors

Mark Fookes (resigned on 18 August 2014)

Nicholas Harris

James Coyne

(iii) Independent Non-Executive Directors

Justine Hickey (appointed on 18 August 2014)

Paul Say (appointed on 18 August 2014)

5 Auditor's independence declaration


The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

6 Rounding

The Fund is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that class order, amounts in the interim financial statements and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors.


John Atkin
Chairman


James Coyne
Director

Sydney
22 January 2015



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of GPT Platform Limited, as Responsible Entity of GPT Metro Office Fund

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 25 November 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'Paul Thomas'.

Paul Thomas
Partner

Sydney

22 January 2015

GPT Metro Office Fund

STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 25 November 2014

	25 Nov 2014
Note	\$'000
Revenue	
Rent from investment properties	12,434
Total revenue	<u>12,434</u>
Other income	
Fair value adjustments to investment properties	(830)
Interest revenue	120
	<u>(710)</u>
Total revenue and other income	<u>11,724</u>
Expenses	
Property expenses and outgoings	1,867
Management and other administration costs	147
Responsible Entity's fee	9 163
Finance costs	157
Transaction costs	2,099
Net loss on fair value of derivatives	1,590
Total expenses	<u>6,023</u>
Profit and other comprehensive income	<u>5,701</u>
Earnings per Unit - basic (cents per unit)	29.2
Earnings per Unit - diluted (cents per unit)	29.2

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

GPT Metro Office Fund

STATEMENT OF FINANCIAL POSITION

as at 25 November 2014

	Note	25 Nov 2014 \$'000
ASSETS		
Current Assets		
Cash and cash equivalents		2,600
Receivables	3	1,328
Prepayments		359
Total Current Assets		<u>4,287</u>
Non-Current Assets		
Receivables	3	867
Investment properties	4	348,567
Total Non-Current Assets		<u>349,434</u>
Total Assets		<u>353,721</u>
LIABILITIES		
Current Liabilities		
Payables		7,072
Distribution payable	9	37
Provisions		126
Total Current Liabilities		<u>7,235</u>
Non-Current Liabilities		
Borrowings	5	101,428
Derivative liabilities		1,590
Total Non-Current Liabilities		<u>103,018</u>
Total Liabilities		<u>110,253</u>
Net Assets		<u>243,468</u>
EQUITY		
Contributed equity	6	249,573
Accumulated losses	7	(6,105)
Total Equity		<u>243,468</u>

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

GPT Metro Office Fund

STATEMENT OF CHANGES IN EQUITY

for the six months ended 25 November 2014

	Note	Contributed Equity \$'000	Accumulated Losses \$'000	Total Equity \$'000
Balance at 26 May 2014	6, 7	1	(5,369)	(5,368)
Profit and other comprehensive income		-	5,701	5,701
Transactions with Unitholders in their capacity as Unitholders				
Distribution paid to GPT as sole unitholder		-	(6,437)	(6,437)
Issue of units	6	255,200	-	255,200
Equity raising costs	6	(5,628)	-	(5,628)
Balance at 25 November 2014	6, 7	249,573	(6,105)	243,468

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

GPT Metro Office Fund

STATEMENT OF CASH FLOW

for the six months ended 25 November 2014

	Note	25 Nov 2014 \$'000
Cash flows from operating activities		
Cash receipts in the course of operations (inclusive of GST)		14,176
Cash payments in the course of operations (inclusive of GST)		(3,156)
Interest received		105
Site access rent received		252
Finance costs paid		(261)
Net cash inflows from operating activities	11	<u>11,116</u>
Cash flows from investing activities		
Acquisitions of investment properties		(124,900)
Acquisition of investment property under development		(42,500)
Capital expenditure on investment properties		(5)
Payments for investment properties under development		(4,879)
Net cash outflows from investing activities		<u>(172,284)</u>
Cash flows from financing activities		
Proceeds from the issue of units		255,200
Costs associated with equity raising and initial public offering		(7,203)
Proceeds from borrowings		271,740
Repayment of borrowings		(353,912)
Distribution paid to GPT as sole unitholder		(6,400)
Net cash inflows from financing activities		<u>159,425</u>
Net decrease in cash and cash equivalents		(1,743)
Cash and cash equivalents at 26 May 2014		<u>4,343</u>
Cash and cash equivalents at 25 November 2014		<u>2,600</u>

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

GPT Metro Office Fund

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 25 November 2014

1. Reporting entity

The GPT Metro Office Fund (the Fund) was established on 1 October 2013 and registered with the Australian Securities and Investments Commission (ASIC) as a managed investment scheme on 26 May 2014 (Registration Date). The Fund listed on the Australian Securities Exchange (ASX) on 29 October 2014 (Allotment Date).

The Responsible Entity of the Fund is GPT Platform Limited (ACN 164 839 061; AFSL 442649) (the Responsible Entity). Both the Fund and the Responsible Entity are domiciled in Australia. The Fund is a for-profit entity and its registered office is at Level 51, MLC Centre, 19 Martin Place, Sydney NSW 2000.

The Fund's financial year end date is 30 June. In accordance with the *Corporations Act 2001*, the Fund's first financial half-year will be the six month period from Registration Date to 25 November 2014 and the Fund's first financial year will be for the 13 months and six days period from Registration Date to 30 June 2015.

The interim financial report complies with Australian Accounting Standards and was approved by the Board of Directors on 22 January 2015.

2. Summary of significant accounting policies

(a) Basis of preparation

This is the Fund's first IFRS financial report and IFRS 1 *First time adoption of International Financial Reporting Standards* has been applied. As the Fund is a new reporting entity, having not previously prepared a financial report, there is no requirement to prepare reconciliations to any previous GAAP.

This general purpose financial report for the interim six month reporting period ended 25 November 2014 has been prepared in accordance with requirements of the Fund's Constitution, Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding as an annual financial report of the financial performance, financial position and financing and investing activities of the Fund. Accordingly, this report is to be read in conjunction with the PDS dated 1 October 2014 and any public announcements made by the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial statements have been prepared on a historical cost basis, except for investment properties and derivative financial instruments which have been measured at their fair value, and interest-bearing borrowings which are stated at amortised cost.

At 25 November 2014, the Fund's current liabilities exceeded its current assets by \$2,938,000. The Fund is able to use the unutilised portion of its finance facilities to cover its funding requirements (refer to note 5). The interim financial statements have therefore been prepared on a going concern basis in the belief that the Fund 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 interim financial report.

The Fund is of a kind referred to in Class Order 98/100 dated 10 July 1998 and in accordance with that class order, amounts in the financial report and the director's report have been rounded to the nearest thousand dollars, unless otherwise stated.

New and amended accounting standards and interpretations

The Fund has adopted the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for financial reporting periods beginning on or before 26 May 2014.

A number of new standards, amendments to standards and interpretations are available for early adoption but have not been applied in preparing these financial statements. The director's assessment of the impact of these new or amended standards and interpretations (to the extent relevant to the Fund) is as follows:

AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15

AASB 15 is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. It contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts. It requires reporting entities to provide users of financial

GPT Metro Office Fund

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 25 November 2014

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

New and amended accounting standards and interpretations (continued)

statements with more informative and relevant disclosures. AASB 15 is effective for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Fund does not intend to early adopt AASB 15 which means that AASB 15 will first be applied in the annual reporting period ending 30 June 2018.

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* (AASB 9) introduces new requirements for the classification, measurement and de-recognition of financial assets and liabilities. It is not expected that this standard will have a significant impact on the Fund's financial statements as the Fund's financial assets and liabilities are already carried at amortised cost or fair value through profit and loss. AASB 9 is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Fund does not intend to early adopt AASB 9 which means that AASB 9 will first be applied in the annual reporting period ending 30 June 2019.

There are no other standards that are not yet effective that are expected to have a material impact on the Fund in the current or future reporting periods.

(b) Critical accounting estimates and judgements

The preparation of the financial statements requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates, judgements and assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The key estimates, judgements and assumptions that have a significant risk of causing a material adjustment within the next financial year to the carrying amounts of assets and liabilities recognised in these financial statements are:

(i) Valuation of property investments

Critical judgements are made by the Fund in respect of the fair value of investment properties including investment properties under development. The fair value of these investments are reviewed regularly by management with reference to external independent property valuations, recent offers and market conditions existing at reporting date, using generally accepted market practices. The critical assumptions underlying management's estimates of fair values are those relating to the net passing rents, net market rents, 10 year average market rental growth, capitalisation rates, terminal yields and discount rates. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of property investments may differ.

(ii) Valuation of financial instruments

The fair value of derivative assets and liabilities are based on assumptions of future events and involve significant estimates. The basis of valuation for the Fund's derivatives may differ if there is volatility in market rates. See notes 2(i) and 12(b)(iv)-(v) for further information.

(c) Revenue recognition

Rental income from operating leases is recognised in the statement of comprehensive income on a straight line basis over the lease term. An asset is recognised to represent the portion of operating lease revenue in a reporting period relating to fixed increases in operating lease rentals in future periods. These assets are recognised as a component of investment properties.

(d) Finance costs

Finance costs include interest expense on borrowings and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. Finance costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset under development which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, financing costs incurred for the construction of a qualifying asset are capitalised to the cost of the asset for the period of time that is required to complete and prepare the asset for its intended use or sale.

GPT Metro Office Fund

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 25 November 2014

2. Summary of significant accounting policies (continued)

(e) Receivables

Trade and sundry debtors are initially recorded at fair value and subsequently accounted for at amortised cost. Collectability of trade debtors is reviewed regularly and bad debts are written off when identified. A specific provision for doubtful debts is made when there is objective evidence that the Fund will not be able to collect the amounts due according to the original terms of the receivable. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows.

Rent receivables provided in relation to Quad 2 and Quad 3 are measured at the present value of expected future cash flows at each reporting period with changes in value recorded in the statement of comprehensive income. These receivables are separated out from the fair value of investment properties.

(f) Lease incentives

Incentives such as cash, rent free periods and fitouts may be provided to lessees to enter into an operating lease. These incentives are capitalised and amortised on a straight line basis over the term of the lease as a reduction of rental income. The carrying amount of the lease incentives is reflected in the fair value of investment properties.

(g) Investment property

(i) Investment property

Property, including land and buildings, which is held to earn rental income or for capital appreciation or for both is classified as investment property. Land held under an operating lease is classified and accounted for as investment property when the definition of investment property is met.

Investment property is initially recorded at cost. Cost comprises the cost of acquisition, additions, refurbishments, redevelopments, and fees incurred. Land and buildings (including integral plant and equipment) that comprise investment property are not depreciated. The carrying amount includes components relating to lease incentives, leasing costs and assets relating to fixed increases in operating lease rentals in future periods.

Subsequent to initial recognition, investment property is stated at fair value with changes in fair value recorded in the statement of comprehensive income.

(ii) Investment property under development

Investment property under development is stated at fair value with changes in fair value recorded in the statement of comprehensive income. Fair value is assessed with reference to reliable estimates of future cash flows, status of the development and the associated risk profile. Finance costs incurred on investment properties under development are included in the cost of the development as set out at note 2(d).

(h) Borrowings

Borrowings are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to borrowings are recognised in the statement of comprehensive income over the expected life of the borrowings.

Borrowings with maturities greater than 12 months after reporting date are classified as non-current liabilities.

(i) Derivatives

The Fund is exposed to changes in interest rates and uses interest rate swaps to hedge these risks. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to fair value at each reporting date.

Whilst an economic hedge exists, the Fund does not apply hedge accounting in relation to derivative instruments and changes in the fair value of any derivative instruments are recognised in the statement of comprehensive income.

The fair value of derivatives is determined using a generally accepted pricing model based on a discounted cash flow analysis using quoted market inputs (interest rates, basis, volatility) adjusted for specific features of the instruments, as well as debit or credit value adjustments based on the Fund or the derivative counterparties' current credit worthiness.

(j) Income taxes

The Fund is treated as a trust for Australian tax purposes. Under current tax legislation, the Fund is not liable for income tax, including capital gains tax, provided that its distributable income is distributed to Unitholders in respect of each income year.

GPT Metro Office Fund

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 25 November 2014

2. Summary of significant accounting policies (continued)

(k) Segment reporting

The Fund operates in one segment, being investment in Australian metropolitan and business park office property. The Fund has determined its one operating segment based on the internal information that is provided to the chief operating decision maker and which is used in making strategic decisions. The Responsible Entity has been identified as the Fund's chief operating decision maker.

(l) Comparatives

The Fund has an opening balance sheet position as at the start of the interim financial reporting period due to the acquisition of two investment properties prior to Registration Date (refer to note 7 for details on opening accumulated losses). In accordance with the *Corporations Act 2001*, the Fund's first financial reporting period commences on the Registration Date. Accordingly, no comparatives are presented.

3. Receivables

	25 Nov 2014
	\$'000
Current	
Trade receivables	119
Rent receivables	811
Other debtors	383
Interest receivable	15
Total current receivables	1,328
Non-Current	
Rent receivables	867
Total non-current receivables	867

4. Investment properties

Property	Ownership % ⁽¹⁾	Acquisition Date	Cost ⁽²⁾ \$'000	Date of Latest External Valuation	External Valuer	Latest External Valuation \$'000	External Valuation Capitalisation Rate	Fair Value 25 Nov 14 \$'000
Optus Centre 15 Green Square Close Fortitude Valley, QLD	100	Nov-13	116,828	Sep-14	Colliers International C Clayworth, AAPI	110,000	7.75%	110,000
Vantage 109 Burwood Road Hawthorn, Vic	100	Apr-14	66,599	Sep-14	Colliers International P Volakos, AAPI	63,000	8.25%	63,005
5 Murray Rose Avenue Sydney Olympic Park, NSW	100 Leasehold	Aug-14	74,200	Sep-14	Jones Lang LaSalle P Rhodes, AAPI	74,200	7.25%	74,200
3 Murray Rose Avenue Sydney Olympic Park, NSW ⁽³⁾	100 Leasehold	Sep-14	42,500	Sep-14	Knight Frank L Graham, AAPI	42,500	7.25%	52,362
Quad 2 Sydney Olympic Park, NSW	100 Leasehold	Aug-14	24,900	Sep-14	Jones Lang LaSalle P Rhodes, AAPI	24,100	8.25%	24,100
Quad 3 Sydney Olympic Park, NSW	100 Leasehold	Aug-14	25,800	Sep-14	Jones Lang LaSalle P Rhodes, AAPI	24,900	8.25%	24,900
Total investment properties								348,567

⁽¹⁾ Freehold, unless otherwise stated.

⁽²⁾ Includes acquisition costs paid and rent receivables paid to the vendor. Costs associated with the acquisition of Optus Centre and Vantage (including stamp duty and due diligence costs) have been written off during the period by way of an unrealised fair value adjustment. Rental guarantees in relation to Quad 2 (\$800,000) and Quad 3 (\$900,000) have been recorded as a separate financial asset on the balance sheet.

⁽³⁾ 3 Murray Rose Avenue is currently under development and is anticipated to reach practical completion on 16 March 2015. The latest external valuation represents the "as is" external valuation. The "as if complete" external valuation at 25 November 2014 is \$78,000,000 adopting a capitalisation rate of 7.25%. The fair value as at 25 November 2014 includes capital additions of \$9,898,000, capitalised interest of \$216,000 and site access rent of \$(252,000).

GPT Metro Office Fund

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 25 November 2014

4. Investment properties (continued)

(a) Fair value measurement, valuation techniques and inputs

The adopted valuation for investment properties and the 'as if complete' valuation of investment properties under development is the mid-point of the valuations determined using the discounted cash flow (DCF) method and the income capitalisation method. The 'as is' valuation adopted for investment properties under development is derived by deducting the cost to complete and a profit and risk allowance from the 'as if complete' valuation. Both the DCF and income capitalisation methods use observable inputs in determining fair value as per the following table.

Class of property	Fair value hierarchy	Valuation technique	Inputs used to measure fair value	Range of unobservable inputs 25 Nov 2014
Metropolitan and business park office	Level 3	DCF and income capitalisation method	Net passing rent (per sqm p.a.)	\$365 - \$482
			Net market rent (per sqm p.a.)	\$406 - \$478
			10 year average market rental growth	3.08% - 3.70%
			Adopted capitalisation rate	7.25% - 8.25%
			Adopted terminal yield	7.25% - 8.50%
			Adopted discount rate	9.00% - 9.50%

5. Borrowings

	25 Nov 2014
	\$'000
Non-Current Liabilities	
Bank facilities ⁽¹⁾	101,428
	101,428

⁽¹⁾ Net of unamortised establishment costs.

Financing facilities

During the six months, the Responsible Entity obtained a \$145,000,000 unsecured revolving debt facility. The facility has maturities of three and five years with a weighted average term to maturity of 4.4 years. Details are as follows:

	25 Nov 2014 Facility Limit \$'000	25 Nov 2014 Unused Facility \$'000	25 Nov 2014 Used Facility \$'000	Maturity Date
Unsecured				
Bank facilities ⁽²⁾				
Bank bilateral	70,000	-	70,000	29-Oct-17
Bank bilateral	50,000	18,000	32,000	29-Oct-19
Bank bilateral	25,000	25,000	-	29-Oct-19
Total financing facilities	145,000	43,000	102,000	

⁽²⁾ Excluding unamortised establishment costs.

Gearing ratio

At 25 November 2014, the percentage of debt to total tangible assets is 28.7% and the percentage of net debt (net of cash) basis is 28.1%.

Debt covenants

The Fund's borrowings are subject to a range of financial covenants, including amongst others, the following:

- Bank Gearing Ratio: total borrowings must not exceed 55% of total tangible assets; and
- Interest Cover Ratio: greater than or equal to 1.7 times.

A breach of these covenants may trigger consequences ranging from rectifying and/or repricing to repayment of outstanding amounts. The Fund has complied with all covenants to the date of signing the financial statements.

The weighted average interest rate of borrowings as at 25 November 2014 is 5.0%.

GPT Metro Office Fund

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 25 November 2014

6. Contributed equity

		Number	Total \$'000
26 May 2014	Opening units on issue	1,000	1
24 July 2014	Consolidation of units	(500)	
29 October 2014	Units issued	127,600,000	255,200
October 2014	Equity raising costs		(5,628)
25 November 2014	Closing units on issue	<u>127,600,500</u>	<u>249,573</u>

On 24 July 2014, a 2 for 1 unit consolidation came into effect. The consolidation of units resulted in 1,000 units which were issued to GPT at \$1.00 per unit being consolidated into 500 units at \$2.00 per unit. The consolidation was conducted in preparation for the initial public offering at \$2.00 per unit.

7. Accumulated losses

At 26 May 2014, the Fund had accumulated losses of \$5,369,000 consisting of a \$10,427,000 revaluation decrease due to the fair value of Optus Centre and Vantage not supporting the capitalisation of acquisition costs, offset by \$5,058,000 of distributable net profit received from property operations. The \$5,701,000 profit and other comprehensive income for the six month period ended 25 November 2014 consists of two periods of different ownership. From 26 May 2014 to 28 October 2014, the Fund was solely owned by GPT. During this period, the Fund earned distributable net profit (before transaction costs of \$2,099,000) of \$7,879,000. The Fund listed on the ASX on 29 October 2014 from which point GPT's sole ownership period ceased. During the period from 29 October 2014 to 25 November 2014, the Fund incurred a net loss of \$79,000. GPT was entitled to the distributable income earned during its period of sole ownership. After accounting for GPT's \$6,500,000 contribution towards the Fund's portfolio acquisition and other transaction costs, a distribution of \$6,437,000 was declared during the financial period (of which, \$6,400,000 was paid).

8. Capital commitments

At 25 November 2014, the Fund has commitments principally relating to the purchase and development of investment properties which have been approved but not recognised as liabilities in the statement of financial position as set out below:

	25 Nov 2014 \$'000
3 Murray Rose Avenue	<u>25,638</u>
	<u>25,638</u>

9. Related parties

The Fund is managed by the Responsible Entity, GPT Platform Limited (GPL). GPL is a wholly owned subsidiary of GPT Management Holdings Limited, which forms part of the stapled entity, The GPT Group (GPT). GPL and GPT are both considered to be related parties of the Fund.

All transactions with related parties are conducted on an arm's length basis.

Key management personnel (KMP)

The Fund does not employ personnel in its own right. However, GPL manages the activities of the Fund, and the Directors of GPL are considered the KMP of the Fund.

The GPL independent directors receive remuneration in their capacity as directors of the Responsible Entity. Independent directors fees of \$102,000 were paid to the Responsible Entity during the financial period. Directors' fees are not paid to the executive directors. No other compensation is paid to any of the key management personnel of the Responsible Entity.

GPT Metro Office Fund

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 25 November 2014

9. Related parties (continued)

Responsible Entity's fee

In accordance with the Fund's constitution, GPL earns a management fee of 0.3% per half year of the gross asset value of the Fund, payable half-yearly in arrears and calculated on the Fund's gross asset value as at the last day of the relevant half year. At 25 November 2014, the amount of management fees accrued for the period from Allotment Date to 25 November 2014 was \$163,000.

Units in the Fund held by GPT

Prior to the initial public offering of the units in the Fund, the Fund had 1,000 units on issue at \$1.00 per unit (\$1,000), all of which were owned by GPT. On 24 July 2014 there was a 2 for 1 unit consolidation. As part of the equity raising, GPT acquired an additional 15,899,250 units at the offer price of \$2.00 per unit (\$31,799,000).

At 25 November 2014, The GPT Group held a total of 15,899,750 units in the Fund, an ownership interest of 12.5%.

Transactions with members of GPT

Investment properties acquired from GPT

The Fund acquired 5 Murray Rose Avenue, Quad 2 and Quad 3 from GPT on 14 August 2014 for \$124,900,000 and acquired 3 Murray Rose Avenue from GPT on 30 September 2014 for \$42,500,000. Independent valuations were obtained for each property as at 30 September 2014 and the properties were acquired at a price equal to the independent valuations. In the case of Quad 2 and Quad 3, an additional amount of \$1,700,000 was paid for rental guarantees. This amount was determined in accordance with the independent valuer's assessment of the vacancy, downtime, incentives and re-leasing costs. Refer to note 4 for details. During the financial period, \$22,000 was received under the Quad Guarantee.

Property management fees

As disclosed in the PDS, GPT has been appointed as property manager of each of the Fund's properties.

In accordance with the Property Services Agreement, GPT is entitled to receive a property management fee and leasing fees. The property management fee is calculated as 2% of the gross income for the investment properties subject to a minimum level of 85% of the fee that would be payable if the investment properties had no vacancies. The leasing fee is for renewals of leases by existing tenants and market rent reviews and is calculated based on a percentage of income achieved.

Property management fees for the financial period were \$180,000.

Development management

As disclosed in the PDS, the Responsible Entity and GPT have entered into a Development Management Agreement which exclusively appoints GPT to provide development planning and development management services in respect of all properties in the Fund.

Additionally, the Fund has entered into the 3 Murray Rose Avenue Development Management Agreement with GPT. Under this agreement the Fund is required to pay project costs based on progress claims certified by an independent certifier to GPT. The maximum amount which the Fund is required to pay for the total development is \$78,000,000. The Fund takes no development or cost overrun risk. Project costs paid to GPT for the financial period were \$4,879,000.

In accordance with the 3 Murray Rose Avenue Development Management Agreement, GPT is required to pay the Fund a site access rent of 7.25% per annum calculated daily, payable monthly in arrears, on the total cumulative outlay of the purchase price (being \$42,500,000) and project costs paid by the Fund. Site access rent received for the financial period was \$252,000.

Distribution paid to GPT as sole unitholder

During the financial period, a distribution of \$6,437,000 was declared. As at 25 November 2014, \$37,000 is payable to GPT.

Transaction cost contribution

During the financial period, GPT contributed \$6,500,000 towards the Fund's portfolio acquisition and other transaction costs.

Reimbursement of transaction costs

During the financial period, GPT was reimbursed \$1,905,000 for transaction costs attributable to the equity raising which were paid by GPT on behalf of the Fund.

GPT Metro Office Fund

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 25 November 2014

10. Contingent assets and liabilities

There are no material contingent assets or liabilities at reporting date.

11. Reconciliation of profit and other comprehensive income to net cash inflows from operating activities

	25 Nov 2014 \$'000
Profit and other comprehensive income for the financial period	5,701
Adjustments for:	
Fair value adjustments to investment properties	830
Fair value adjustments to derivatives	1,590
Straightlining of leases	(830)
Site access rent capitalised	252
Rent receivable draw down	22
Interest capitalised and amortisation of debt establishment fees	(205)
Transaction costs associated with initial public offering	2,099
(Increase) / decrease in trade and other receivables	853
(Increase) / decrease in prepayments	(226)
Increase / (decrease) in trade and other payables	1,030
Net cash provided by operating activities	11,116

12. Capital and financial risk management

The Fund's Treasury Risk Management Committee (TRMC) oversees the establishment and implementation of the capital and financial risk management system including compliance with the Fund's treasury and risk management policy and reporting to the Audit and Risk Management Committee (ARMC) and, through the ARMC, to the the Fund's Board. The ARMC and the Fund's Board approve the Fund's treasury and risk management policy. The treasury and risk management policy establishes a framework for the management of treasury risks, defines the role of the Fund's treasury and details risk management policies for cash, borrowings, liquidity, credit risk, interest rate and derivative instruments.

To manage capital and financial risks the Fund uses a mix of equity, bank facilities and derivative financial instruments.

(a) Capital risk management

(i) Capital and interest expense risk management

The Fund's objective when managing capital is to maximise the availability and minimise the cost of capital having regard to the relevant real estate market in which it is invested.

Capital and interest expense risk management is monitored in two main ways:

- Statement of financial position management – fundamentally concerned with the capital mix of equity and debt and the Fund maintaining a conservative gearing level in line with a target band. The Fund is able to vary equity in the capital mix by issuing new units, buying back units, activating the DRP, adjusting the amount of distributions paid to unitholders or selling assets to reduce borrowings.
- Statement of comprehensive income management – fundamentally concerned with supporting the delivery of financial targets by protecting the Fund's exposure to interest rate volatility through the use of interest rate derivatives, and/or fixed rate borrowings, which provide the Fund with a known interest expense.

(ii) Gearing policy

The Fund will manage gearing within a range of 25% to 40% (calculated as interest-bearing borrowings less cash divided by total tangible assets less cash).

(b) Financial risk management

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

(i) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a contractual agreement, resulting in a financial loss to the Fund. The Fund has exposure to credit risk on all financial assets included on their statement of financial position.

GPT Metro Office Fund

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 25 November 2014

12. Capital and financial risk management (continued)

(i) Credit risk (continued)

The Fund manages this risk by:

- establishing credit limits for customers and financial institutions to ensure that the Fund only trades and invests with approved counterparties to enable it to manage its exposure to individual entities;
- investing and transacting in derivatives with counterparties that have a minimum long term credit rating of A- from S&P, or equivalent if an S&P rating is not available;
- regularly monitoring loans and receivables balances on an ongoing basis;
- regularly monitoring the performance of third parties on an ongoing basis; and
- obtaining collateral as security (where appropriate).

The maximum exposure to credit risk as at 25 November 2014 is the carrying amounts of financial assets recognised on the statement of financial position. Part of the Fund's policy is to obtain bank guarantees from the majority of tenants.

Receivables are reviewed regularly throughout the year. A provision for doubtful debts is made where collection is deemed uncertain. The majority of tenants are required to pay their rent on the first day of the month and therefore the majority of tenants have paid rent in advance. At balance date, no material receivables are impaired or past due.

(ii) Liquidity risk

Liquidity risk includes the risk that the Fund, as a result of its operations:

- will not have sufficient funds to settle a transaction on the due date;
- will be forced to sell financial assets at a value which is less than what they are worth; or
- may be unable to settle or recover a financial asset at all.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities (refer to note 5), the ability to close out market positions, and the option to raise funds through the issue of new units or DRP.

The Fund's primary liquidity risk besides meeting daily working capital requirements is its ability to refinance its current borrowings. The following table shows an analysis of the undiscounted contractual maturities of liabilities and capital expenditure commitments which forms part of the Fund's assessment of liquidity risk.

	1 year or less	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	Total
25 Nov 2014	\$'000	\$'000	\$'000	\$'000	\$'000
Liabilities					
Non-Derivatives					
Payables	7,072	-	-	-	7,072
Borrowings	-	-	102,000	-	102,000
Projected interest cost on borrowings ⁽¹⁾	4,333	4,285	7,567	-	16,185
	11,405	4,285	109,567	-	125,257
Derivatives					
Projected interest cost on derivative liabilities ⁽¹⁾	678	682	732	(335)	1,757
	678	682	732	(335)	1,757
Total liabilities	12,083	4,967	110,299	(335)	127,014
Less Cash and cash equivalents	2,600				2,600
Total liquidity exposure	9,483	4,967	110,299	(335)	124,414

⁽¹⁾ Projection is based on the likely outcome of contracts given the interest rates, margins, forecast interest rate forward curves as at 25 November 2014 up until the contractual maturity of the contract.

(iii) Refinancing risk

Refinancing risk is the risk that credit is unavailable or available at unfavourable interest rates and credit market conditions result in an unacceptable increase in the Fund's credit margins and interest cost. Refinancing risk arises when the Fund is required to obtain debt to fund existing and new debt positions.

GPT Metro Office Fund

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 25 November 2014

12. Capital and financial risk management (continued)

(iii) Refinancing risk (continued)

The Fund is exposed to refinancing risks arising from the availability of finance as well as the interest rates and credit margins at which financing is available. The Fund manages this risk by spreading maturities of borrowings in order to minimise debt maturity concentration risk, allow averaging of credit margins over time and reduce refinance amounts.

The Fund treasury and risk management policy further enhances refinancing risk by:

- applying standards to all Fund borrowing facilities, in order to control the Fund's debt obligations, including the risk of cross default. The objective of this policy is to maximise the Fund borrowing capacity with the least amount of borrowing restrictions in terms of covenants and at the minimum cost; and
- maintaining a minimum liquidity buffer in surplus committed facilities and cash in the forward rolling twelve month period.

As at 25 November 2014, the Fund's exposure to refinancing risk can be monitored by the spreading of its contractual maturities on borrowings in the preceding liquidity risk table.

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's primary interest rate risk arises from borrowings. Borrowings issued at floating rates expose the Fund to cash flow interest rate risk.

The Fund manages the cash flow effect of interest rate risk by entering into interest rate swaps that are used to convert floating interest rate borrowings to fixed interest rates. Such interest rate swaps are entered into with the objective of hedging the risk of interest rate fluctuations in respect of underlying borrowings. Under the interest rate swaps, the Fund agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to an agreed notional principal.

Under the Fund's treasury and risk management policy, the Fund would fix interest rates in respect of 50% to 100% of borrowings over a range of maturity dates. The policy also requires a sensitivity analysis to be performed to test the impact of adverse movements in market interest rates on the Fund's floating debt position. The policy requires that the result of the sensitivity analysis must be within predetermined limits of acceptable income at risk.

Interest rate swap contracts have been recorded in the statement of financial position at their fair value in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. The requirements under Australian accounting standards in respect of documentation, designation and effectiveness requirements for hedge accounting cannot always be met in all circumstances and as a result the Fund has elected to not apply hedge accounting and derivatives are recorded at fair value through the statement of comprehensive income even though an economic hedge exists. Refer to accounting policy note at 2(i).

The following table provides a summary of the Fund's gross interest rate risk exposure as at 25 November 2014 on interest bearing borrowings together with the net effect of interest rate risk management transactions which have been entered into to manage these exposures.

	Exposure before the effect of derivatives ⁽¹⁾ 25 Nov 2014 \$'000	Exposure after the effect of derivatives ⁽¹⁾ 25 Nov 2014 \$'000
Fixed rate interest-bearing borrowings	-	100,000
Floating rate interest-bearing borrowings	102,000	2,000
	102,000	102,000

⁽¹⁾ Excluding unamortised establishment costs.

Sensitivity analysis for interest rate risk

Sensitivity on interest expense and interest revenue

The impact on unhedged interest expense of a 1% increase or decrease in market interest rates is shown in the following table. Interest expense is sensitive to movements in market interest rates on floating rate debt (net of any derivative hedges).

GPT Metro Office Fund

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 25 November 2014

12. Capital and financial risk management (continued)

Sensitivity analysis for interest rate risk (continued)

Sensitivity on changes in fair value of interest rate derivatives

The impact of changes in the fair value of interest rate swaps for a 1% increase or decrease in market interest rates on the statement of comprehensive income is shown in the following table. The sensitivity on the fair value arises from the impact that changes in market rates will have on the mark-to-market valuation of interest rate derivatives measured at fair value. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows for each instrument, based on a forward market interest rate curve. Gains or losses arising from changes in the fair value are reflected in the statement of comprehensive income.

	25 Nov 2014	25 Nov 2014
	(+1%) \$'000	(-1%) \$'000
Impact on interest revenue increase / (decrease)	26	(26)
Impact on interest expense (increase) / decrease ⁽¹⁾	(1,020)	1,020
Impact on change in fair value of interest rate derivatives gain / (loss)	5,136	(5,495)
Impact on statement of comprehensive income gain / (loss)	4,142	(4,501)

⁽¹⁾ Sensitivity based on gross borrowings exposure before the effect of derivatives.

(v) Fair value measurement of financial instruments

The Fund measures and recognises derivative financial instruments as financial assets and liabilities at fair value on a recurring basis.

Fair value hierarchy

Recognised fair value measurements

The following table presents the financial instruments measured and recognised at fair value. The different levels 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); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	25 Nov 2014
	\$'000
Recurring fair value measurements	
Level 2 Non-current liabilities - interest rate swaps	<u>(1,590)</u>

At 25 November 2014, the Fund holds no level 1 or level 3 derivatives. The Fund's level 2 derivatives are comprised of interest rate swaps only. The total notional value of interest rate swaps as at 25 November 2014 is \$100,000,000.

The fair value of the derivatives is determined using an internal pricing model based on a discounted cash flow analysis using quoted market inputs (interest rates and basis) adjusted for specific features of the instruments and applied debit or credit value adjustments based on the Fund or the derivative counterparties current credit worthiness.

Credit value adjustments: these are applied to mark-to-market assets based on that counterparty's credit risk using the observable credit default swaps curve as a benchmark for credit risk.

Debit value adjustments: these are applied to mark-to-market liabilities based on the Fund's credit risk using a proxy credit default swaps curve adjusted for a risk premium/discount as a benchmark for the Fund's credit risk.

At 25 November 2014, the carrying amount of interest-bearing borrowings excluding unamortised establishment costs approximates the fair value.

13. Events subsequent to reporting date

There have been no material events subsequent to balance date.

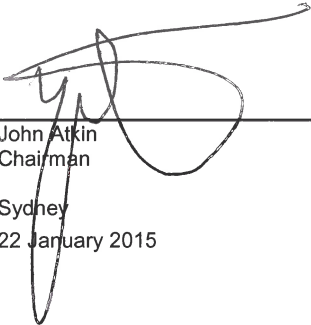
GPT Metro Office Fund

DIRECTORS' DECLARATION

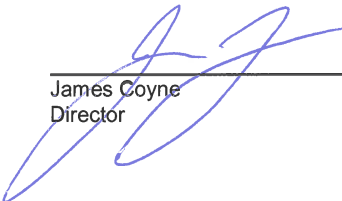
1. In the opinion of the Directors of GPT Platform Limited, the Responsible Entity of GPT Metro Office Fund:
 - (a) the interim financial statements and condensed notes 1 to 13 are in accordance with the *Corporations Act 2001*, including:
 - complying with the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - giving a true and fair view of the Fund's financial position as at 25 November 2014 and its performance, as represented by the results of its operations and its cashflows, for the six month period ended on that date; and
 - (b) there are reasonable grounds to believe that the Fund 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.



John Atkin
Chairman
Sydney
22 January 2015



James Coyne
Director



Independent auditor's review report to the unitholders of GPT Metro Office Fund

We have reviewed the accompanying interim financial report of GPT Metro Office Fund (the Fund), which comprises the statement of financial position as at 25 November 2014, statement of comprehensive income, statement of changes in equity and statement of cash flows for the interim period ended on that date, comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Fund.

Directors' responsibility for the interim financial report

The directors of GPT Platform Limited (the Responsible Entity) are responsible for the preparation of the interim 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 interim 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 interim 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 interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 25 November 2014 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of GPT Metro Office Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of GPT Metro Office Fund is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 25 November 2014 and of its performance for the interim period from 26 May 2014 to 25 November 2014; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Paul Thomas
Partner

Sydney

22 January 2015