



**General Property Trust**  
**ABN: 58 071 755 609**

**Annual Financial Report**  
**31 December 2009**

The GPT Group (GPT) comprises General Property Trust (Trust) and its controlled entities and GPT Management Holdings Limited (Company) and its controlled entities.

General Property Trust is a registered scheme, registered and domiciled in Australia. GPT RE Limited is the Responsible Entity of General Property Trust. GPT Management Holdings Limited is a company limited by shares, incorporated and domiciled in Australia. GPT RE Limited is a wholly owned controlled entity of GPT Management Holdings Limited.

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

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## THE GPT GROUP

### DIRECTORS' REPORT

For the year ended 31 December 2009

The Directors of GPT RE Limited, the Responsible Entity of General Property Trust, present their report together with the financial statements of General Property Trust (the Trust) and its controlled entities (Consolidated entity) for the financial year ended 31 December 2009. The Consolidated entity together with GPT Management Holdings Limited and its controlled entities form the stapled entity, the GPT Group (GPT or the Group).

During the financial year, GPT RE Limited acted as the Responsible Entity of the Trust. GPT RE Limited is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is MLC Centre, Level 52, 19 Martin Place, Sydney NSW 2000.

#### 1. OPERATIONS AND ACTIVITIES

##### 1.1 Principal Activities

During the financial year, GPT announced its strategy to simplify the business and focus on high quality Australian retail, office and industrial/business park assets. As a result, GPT has divested the majority of its offshore positions with the exception of US Senior Housing, and continues its program to divest non-core Australian assets.

GPT activities have changed significantly since 2008 with major changes being:

- the separation of the European component of the Group's global joint venture via a dividend in specie of shares in BGP Holdings Limited to GPT Securityholders;
- the sale of the European funds management operation, GPTHalverton; and
- the sale of the majority of GPT's hotel/tourism portfolio.

As a result of the above, the principal activities during the year were:

- investment in income producing retail, office, industrial & business parks and senior housing properties;
- development of retail, office, industrial and business park properties;
- property funds management; and
- property management.

GPT operates predominantly in Australia but also in the United States of America through the US Senior Housing Portfolio.

**DIRECTORS' REPORT**

For the year ended 31 December 2009

**1.2 Review of Operations**

To provide information that reflects the Directors' assessment of the net profit/(loss) attributable to stapled securityholders calculated in accordance with Australian Accounting Standards, certain significant items that are relevant to an understanding of GPT's result have been identified. The effect of these items is set out below:

	Consolidated entity	
	2009	2008
	\$M	\$M
Core operations	532.2	568.9
Non-core operations	49.9	154.8
Financing and corporate overheads	(206.3)	(254.9)
<b>Realised Operating Income</b>	<b>375.8</b>	<b>468.8</b>
<b>Change in fair value of assets (non-cash):</b>		
<b>Valuation decreases</b>		
Core Domestic Portfolio and Funds Management (Australia)	(774.5)	(400.6)
Hotel/Tourism Portfolio	(85.9)	(219.2)
European warehoused assets and goodwill	(79.3)	(293.4)
US Senior Housing	(37.8)	(162.6)
Joint Venture	(1,092.9)	(1,188.5)
<b>(Loss) / Profit on disposals</b>	<b>(18.5)</b>	<b>5.3</b>
<b>Financial Instruments marked to period end market value</b>	<b>695.1</b>	<b>(1,451.0)</b>
<b>Other items</b>	<b>(52.6)</b>	<b>(12.3)</b>
<b>Net loss after tax</b>	<b>(1,070.6)</b>	<b>(3,253.5)</b>

**Financial results**

- Realised operating income decreased by 19.8% to \$375.8 million (2008: \$468.8 million)
- Total assets decreased by 29.7% to \$9,163.4 million (2008: \$13,029.8 million)
- Total borrowings decreased by 56.4% to \$2,183.7 million (2008: \$5,013.3 million). Of the total borrowings, \$1,699.9 million have been classified as a current liability in the Statement of Financial Position as the borrowings were drawn from 2 tranches of the Euro multi-option syndicated facility which mature on 26 October 2010. However, GPT can draw on Tranche C of the Euro multi-option syndicated facility to refinance these borrowings. If it had done so, at 31 December 2009 it would have resulted in these borrowings being classified as non-current liabilities given Tranche C matures on 26 October 2012. GPT has drawn from Tranche A & B to save interest expense due to lower credit margins.

- Gearing ratio has significantly reduced following the \$1.7 billion capital raising in June 2009:

	2009	2008
Headline gearing (net debt basis)	23.5%	33.7%
Look through gearing (net debt basis)	31.6%	46.6%

- Distribution per stapled security decreased by 74.6% to 4.5 cents\* (2008: 17.7 cents)
- Net tangible assets per stapled security decreased by 51.7% to \$0.69\* (2008: \$1.43)
- Non-core asset sales achieved in 2009 totalled \$1.1 billion and included:
  - The Group's resort assets (excluding Ayers Rock Resort);
  - The Group's 80% interest in the Hamburg Trust business;
  - Homemaker City Windsor, Cannon Hill & Mt Gravatt;
  - Floreat Forum Shopping Centre;
  - European warehoused assets – SAF and H20;
  - Four Points by Sheraton Hotel in Sydney;
  - GPTHalverton business;
  - B&B European Joint Venture; and
  - US Retail assets held in the Joint Venture.

\* Includes the impact of an additional 4,810 million stapled securities issued in 2009 and 321.9 million potential securities assuming the conversion of the exchangeable securities at an exchange price of \$0.7766 (2008: \$0.9628).

## THE GPT GROUP

### DIRECTORS' REPORT

For the year ended 31 December 2009

#### 1.2 Review of Operations (continued)

##### Financial results – portfolio/operational highlights

The financial performance and total assets by portfolio are summarised below along with commentary on each portfolio's operational performance.

Portfolio/Segment		Realised	Realised	Total	Total
		Operating	Operating	Assets	Assets
		Income	Income		
		2009	2008	2009	2008
		\$M	\$M	\$M	\$M
<b>Core</b>					
Retail	1.2 (a)	266.5	260.6	4,455.3	4,595.1
Office	1.2 (b)	120.2	148.5	1,824.8	1,968.6
Industrial	1.2 (c)	49.9	50.8	780.6	818.9
Funds Management - Australia	1.2 (f)	95.6	109.0	1,346.0	1,688.1
<b>Non-core</b>					
US Senior Housing	1.2 (e)	18.6	12.6	152.4	202.8
Discontinued operation - Funds Management - Europe	1.2 (f)	(21.0)	(28.8)	67.5	567.5
Discontinued operation - Joint Venture	1.2 (g)	(1.0)	108.7	-	1,159.3
Discontinued operation - Hotel / Tourism	1.2 (d)	53.3	62.3	346.2	686.7
<b>Financing and corporate overheads</b>					
Corporate		(206.3)	(254.9)	190.6	1,342.8
<b>Total</b>		<b>375.8</b>	<b>468.8</b>	<b>9,163.4</b>	<b>13,029.8</b>

A description of each segment along with further detail on the types of segment income and expense is set out in note 2 of the financial statements.

##### (a) Retail Portfolio

The Retail Portfolio continued its solid performance during the year, with comparable income growth of 4.8% across the GPT owned shopping centres. Retail sales growth across the GPT owned shopping centres was positive at 2.9% (total centre). In August, the Portfolio was grown with the acquisition of a 16.67% interest in Highpoint Shopping Centre.

During the year, the non-core asset sale program progressed well with the sale of Floreat Forum and Homemaker City Cannon Hill, Mt Gravatt, and Windsor. Management will continue to actively pursue the divestment of the remaining four Homemaker centres in 2010.

The Group's major expansion of Charlestown Square Shopping Centre is progressing well. The \$470 million development is anticipated to be completed at the end of 2010.

Revaluations across the GPT owned assets and GPT's interest in jointly owned assets resulted in a net devaluation of \$391.2 million (7.4%).

##### (b) Office Portfolio

The Managed Office Portfolio delivered an increase in income (on a comparable basis) for the year of 2.6%. The GPT managed Portfolio was expanded with the completion of workplace<sup>6</sup> in Sydney, which was developed by GPT and sold to the GPT Wholesale Office Fund (GWOF). Construction of One One One Eagle Street in Brisbane continued and is on track for completion in 2011.

Revaluations across the GPT owned assets and GPT's interest in jointly owned assets resulted in a net devaluation \$295.3 million (10.1%).

##### (c) Industrial & Business Park Portfolio

The Portfolio delivered an increase in comparable income for the year of 2.5%, and strong fundamentals across the Portfolio.

Significant progress at connect@erskine park in NSW was achieved with the completion in June 2009 of a 15,200 sqm facility for Goodman Fielder on a 20 year lease and the commencement of a 12,700 sqm warehouse for Target which was completed in February 2010.

Revaluations across the Portfolio resulted in a net devaluation of \$69.2 million (8.5%).

##### (d) Hotel/Tourism Portfolio

At 31 December, the majority of the Hotel/Tourism Portfolio was sold. The remaining asset, Ayers Rock Resort, demonstrated stable performance. The Resort will be divested when reasonable value for the asset is achievable.

##### (e) US Senior Housing Portfolio

GPT has a 95% interest in a portfolio of 34 assets, managed by Benchmark Assisted Living. At 31 December 2009, occupancy across the Portfolio was 91.2% with an average rent per unit per month of USD \$5,350 (up from USD \$5,100 during 2008). Despite a slow down in economic conditions the portfolio performed well, growing income.

## THE GPT GROUP

### DIRECTORS' REPORT

For the year ended 31 December 2009

#### 1.2 Review of Operations (continued)

##### (f) Funds management

###### *Australian platform*

Following completion of workplace<sup>6</sup>, GWOFF has ownership interests in 14 assets with a value of \$2.9 billion. GWSCF has ownership interests in 9 assets with a value of \$2.0 billion.

The performance across the Funds' assets continues to be stable, reflecting resilient retail performance and solid office occupancy of (85.9%) across the Fund owned assets.

###### *European platform*

GPT's European funds management platform consisted of GPTHalverton and an 80% interest in Hamburg Trust. In August GPT sold its interest in the Hamburg Trust business and in December announced the sale of GPTHalverton. Both sales were complete prior to year end.

##### (g) Joint Venture (with Babcock & Brown)

In August, GPT finalised its exit from the European component of its Joint Venture with Babcock & Brown by way of a dividend in specie of shares in BGP Holdings Limited to GPT stapled securityholders. The European Joint Venture comprised GPT's ordinary equity and preferred equity interests in BGP Investment Sàrl, a Luxembourg based company that indirectly owns the Joint Venture's European investments. The disposal of the remainder of the Joint Venture, the US Retail Portfolio, was announced in December 2009.

##### (h) Developments

GPT currently has two major developments underway; Charlestown Square in Newcastle and One One One Eagle Street in Brisbane, which will be completed in 2010 and 2011 respectively. Both developments are anticipated to be completed on time and on budget.

GPT retains a \$2.2 billion pipeline of future development opportunities for the medium term, subject to approvals and pre-commitments.

##### (i) Capital Management

###### Highlights

At 31 December 2009

- Reduction of headline and look through gearing following successful \$1.7 billion capital raising
- GPT's percentage of net debt to total tangible assets is 23.5% (2008: 33.7%)
- Weighted average length of headline debt is 3.3 years (2008: 3.1 years)
- Credit rating upgrades by both ratings agencies (BBB+/Baa1)

###### Capital raising

In order to further strengthen GPT's Balance Sheet, improve liquidity and allow GPT to accelerate its exit from the Babcock & Brown Joint Venture, GPT announced a \$1.7 billion capital raising on 7 May 2009 at an offer price of 35 cents per stapled security. GPT successfully completed this capital raising in June 2009.

The capital raising comprised a \$120 million institutional placement and a non-renounceable 1 for 1 pro-rata entitlement offer to eligible securityholders which had an institutional component of \$1,270.8 million and a retail component of \$292.8 million, total transaction costs related to the capital raising were \$53.9 million. The proceeds were used to reduce GPT's debt and by doing so reduce the Group's covenant and refinancing risks. As a result, GPT has no material refinancing needs until 2012.

###### Debt facilities

At 31 December 2009, GPT had \$2.5 billion of liquidity available in cash and committed but undrawn debt facilities. For further details refer to note 17(d). This level of liquidity is sufficient to meet forecast funding requirements and despite the borrowings drawn under Tranche A & B of the Euro multi-option syndicated facility maturing 26 October 2010, there is no legal impediment to drawing Tranche C of the Euro multi-option syndicated facility which matures on 26 October 2012 to refinance Tranche A & B. At present, GPT remains drawn in Tranche A and B opposed to Tranche C to save interest expense due to different credit margins.

###### Gearing

The current level of gearing in the Group is net 23.5% and well within acceptable limits. The Group's gearing policy announced on 18 December 2009 aims to manage gearing within a range of 25% to 35% (based on debt to total tangible assets) with the flexibility to increase gearing beyond 30% if required, provided a reduction to 30% or below is achieved within a reasonable timeframe. This policy provides a conservative approach to gearing consistent with GPT's business strategy whilst ensuring access to funding sources through market cycles.

###### Credit rating

GPT's credit rating has been upgraded by S&P from BBB to BBB+ in August 2009 and by Moody's from Baa3 to Baa1 in December 2009 after a significant improvement in the gearing ratio, the change in the Group's distribution policy from 2010 and the continued execution of GPT's strategy. Standard & Poor's upgraded GPT credit rating from BBB to BBB+ in August 2009.

#### 1.3 Distributions

Total distributions paid/payable to stapled securityholders for the financial year ended 31 December 2009 totalled \$340.6 million (2008: \$434.0 million). This represented an annual distribution of 4.5 cents (2008: 17.7 cents). This distribution includes 1.0 cent (\$92.8 million) in respect of the quarter ended December 2009, which is expected to be paid on 26 March 2010. Further detail on quarterly distributions is set out in note 3 of the financial statements.

###### Distribution policy

In December 2009, GPT finalised a review of its capital management policy and announced a revised distribution policy with effect from 2010. Under the revised distribution policy, GPT will distribute the greater of 70-80% of realised operating income (excluding development profits) and taxable income. This policy will operate from the March quarter distribution of 2010. For the Group's financial year ending December 2010, GPT will distribute an estimated 80% of realised operating income, assuming no material changes in market condition.

## DIRECTORS' REPORT

For the year ended 31 December 2009

### 1.4 Significant Changes in State of Affairs

Significant changes in the state of the affairs of the Group during the financial year were as follows:

- **Operations**

The divestment of non-core assets as discussed in Section 1.2 of this Report.

- **Capital Management**

As discussed in Section 1.2 and 1.3 of this Report.

In addition, the unwinding of \$1.2 billion of excess foreign interest rate and foreign currency derivatives at a total cost of \$260.9 million was completed in November 2009. These hedges were consistent with the Group's policy to hedge its interest rate exposure however became excess to requirements as a result of the Group's exit from the majority of its offshore assets. The break costs of \$260.9 million comprised of \$176 million as announced on 13 November 2009, along with \$63.7 million for the early termination of further swaps after the announcement and \$21.2 million paid in the six month period to 30 June 2009.

- **Board and Management Changes**

Mr Michael Cameron was appointed as GPT's new Chief Executive Officer and Managing Director 1 May 2009.

Three additional non-executive directors have also been appointed. Mr Lim Swe Guan was appointed on 21 April 2009, Mr Rob Ferguson (Deputy Chairman) was appointed on 25 May 2009 and Mr Brendan Crotty was appointed on 22 December 2009.

In December 2009, Dr Ken Moss, who was appointed Chairman on 25 May 2009, announced his intention to step down at the 2010 Annual General Meeting. It is intended that Rob Ferguson will assume the Chair, subject to his election at the Annual General Meeting.

In line with the needs of a simplified business, as GPT concentrates on its core portfolios of Australian Retail, Office and Industrial, GPT announced in July 2009 the management departures of Kieran Pryke (Chief Financial Officer) and Neil Tobin (Head of Joint Venture) and the appointment of Michael O'Brien as Chief Financial Officer.

### 1.5 Likely Developments and Expected Results of Operations

Likely developments and commentary on the expected results of operations are included in Section 1.2 of this Report.

In addition, GPT announced its intention to undertake a 1 for 5 consolidation of the Group's stapled securities in 2010. The two significant capital raisings over the past 14 months has resulted in over 9 billion GPT securities on issue (pre exchangeable security conversion). The consolidation of the Group's securities on issue will be voted on at the Annual General Meeting in 2010.

Further information on likely developments and expected results of operations have not been included in this annual financial report because the Directors believe it would be likely to result in unreasonable prejudice to GPT.

### 1.6 Environmental Regulation

GPT 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. GPT 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.

GPT is also subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007. The Energy Efficiency Opportunities Act 2006 requires GPT to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action GPT intends to take as a result. As required under this Act, GPT has registered with the Department of Resources, Energy and Tourism as a participant entity and reported the results from its initial assessments within the legislative deadline of 31 December 2009.

The National Greenhouse and Energy Reporting Act 2007 requires GPT to report its annual greenhouse gas emissions and energy use. The first measurement period for this Act ran from 1 July 2008 to 30 June 2009. GPT has implemented systems and processes for the collection and calculation of the data required and submitted its report to the Greenhouse and Energy data Officer within the legislative deadline of 31 October 2009.

More information about the GPT Group's participation in the Energy Efficiency Opportunities program is available at [www.gpt.com.au](http://www.gpt.com.au)

### 1.7 Events Subsequent to Reporting Date

The Directors are not aware of any matter or circumstance occurring since 31 December 2009 not otherwise dealt with in the financial report or at Section 1.3 of this Report that has significantly or may significantly affect the operations of GPT, the results of those operations or the state of affairs of GPT in subsequent financial years.

## THE GPT GROUP

### DIRECTORS' REPORT

For the year ended 31 December 2009

#### 2. DIRECTORS AND SECRETARY

##### 2.1 Directors

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

###### (i) Chairman - Non-Executive Director

Peter Joseph (retired 25 May 2009)  
Ken Moss (an existing director, was appointed Chairman on 25 May 2009)

###### (ii) Non-Executive Directors

Brendan Crotty (appointed 22 December 2009)  
Rob Ferguson (appointed 25 May 2009, Deputy Chairman)  
Eric Goodwin  
Lim Swe Guan (appointed 21 April 2009)  
Malcolm Latham (retired 25 May 2009)  
Anne McDonald  
Ian Martin

###### (iii) Executive Director

Michael Cameron (appointed 1 May 2009)

##### 2.2 Information on Directors

###### Ken Moss – Chairman

Dr Moss is Chairman of Boral Limited and Centennial Coal Company Limited and is a board member of the Australian Brandenburg Orchestra. Prior to August 2000, Dr Moss was Managing Director of Howard Smith Limited. Dr Moss is a member of the Nomination and Remuneration Committee and was appointed to the Board in August 2000.

###### Rob Ferguson – Deputy Chairman

Mr Ferguson was Managing Director and Chief Executive of Bankers Trust Australia for 15 years. During his 30 year career with Bankers Trust Mr Ferguson held a number of senior executive positions including Head of Corporate Finance and Investment Management. Mr Ferguson was also an independent Non Executive director of Westfield for 10 years.

Mr Ferguson is currently the Non-Executive Chairman of IMF (Australia) Limited; Non Executive Chairman of Primary Health Care Limited and Chairman of MoneySwitch Limited. Prior Board positions include Chairman of Vodafone Australia, Nexgen Limited and Bankers Trust Australia Limited.

Mr Ferguson brings to the Board a wealth of knowledge and experience in finance, investment management and property as well as corporate governance.

Mr Ferguson is a member of the Nomination and Remuneration Committee and was appointed to the Board in May 2009.

###### Brendan Crotty

Mr Crotty was appointed to the Board on 22 December 2009. He brings extensive property industry expertise to the Board, including 17 years as Managing Director of Australand until his retirement in 2007.

Mr Crotty is currently a director of Australand Funds Management Pty Ltd, Brickworks Limited and a privately owned major Victorian land and housing company. Mr Crotty is also Chairman of the Western Sydney Parklands Trust, a director of the Barangaroo Delivery Authority, a member of the National Housing Supply Council and one of the NSW Government's representatives on the Central Sydney Planning Committee.

Mr Crotty holds tertiary qualifications in Surveying, Town Planning and Business Administration and is a Fellow of the Royal Institute of Chartered Surveyors, the Australian Institute of Company Directors, and the Australian Property Institute as well as being a member of the Planning Institute of Australia.

###### Eric Goodwin

Mr Goodwin is a Non-Executive Director of Eureka Funds Management Limited, Lend Lease Global Properties SICAF and AMPCI Macquarie Infrastructure Management No 2 Limited (responsible entity of Diversified Utility and Energy Trust No 2). Mr Goodwin joined Lend Lease in 1963 as a cadet engineer and during his 42 year career with Lend Lease held a number of senior executive and subsidiary board positions in its Australian and United States operations and was the inaugural manager of the Group's Asian operations. Mr Goodwin has experience in design construction and project management, general management and funds management. His experience includes fund management of the MLC Property Portfolio during the 1980s and he was the founding Fund Manager of the Australian Prime Property Fund. Mr Goodwin is a member of the Audit and Risk Management Committee and was appointed to the Board in November 2004.



## THE GPT GROUP

### DIRECTORS' REPORT

For the year ended 31 December 2009

#### 2. DIRECTORS AND SECRETARY (continued)

##### 2.2 Information on Directors (continued)

###### **Lim Swe Guan**

After graduating with an honours degree in Estate Management in 1979, Mr Lim was employed as Lands Officer for the Urban Redevelopment Authority of Singapore ("URA"). He left URA in 1980 to work as a securities analyst, initially for Kim Eng Securities (1980 - 1982) and later for Alfa-Pacific Securities (1982 - 1983).

Mr Lim obtained an MBA from the Colgate Darden Graduate School of Business, The University of Virginia in 1985 and returned to Singapore where he worked as a property consultant with Knight Frank, Cheong Hock Chye & Bailieu. In June 1986, Mr Lim was recruited by Jones Lang Wootton in Sydney, Australia to the position of Senior Research Analyst. He was appointed Manager in October 1987 and Director in 1989. Mr Lim obtained the Chartered Financial Analyst (CFA) certification in 1991. In November 1995, Mr Lim joined SUNCORP Investments in Brisbane, Australia as Portfolio Manager, Property Funds.

Mr Lim returned to Singapore in December 1997 to assume the position of Regional Manager for the Government of Singapore Investment Corporation and is currently a Managing Director of GIC Real Estate. In that role he is Global Head of the Corporate Investments Group that invests in public REITs and property companies.

Mr Lim sits on the boards of Land & Houses in Thailand, Thakral Holdings Group in Australia and Sunway City Berhad in Malaysia.

Mr Lim is a member of the Audit and Risk Management Committee and was appointed to the Board in April 2009.

###### **Anne McDonald**

Ms McDonald is currently a Non-Executive Director of listed entities, Spark Infrastructure Group and Specialty Fashion Group. Ms McDonald is also a Non-Executive Director of Westpac's Life and General Insurance business, Health Super and St Vincent's Healthcare.

Ms McDonald is a Chartered Accountant and was previously a partner of Ernst & Young for fifteen years specialising as a company auditor and advising multinational and Australian companies on governance, risk management and accounting issues. Previous roles include Board Member of Ernst & Young Australia and a Director of the Private Health Insurance Administration Council, St Vincent's and Mater Health Sydney.

Ms McDonald is Chair of the Audit and Risk Management Committee and was appointed to the Board in August 2006.

###### **Ian Martin**

Mr Martin is currently a Non-Executive Director of Argo Investments Limited, St Vincent's and Mater Health Sydney Limited, Chairman of the Wayside Chapel Foundation, and a Panel Member of the Superannuation System Review (the Cooper Review). Mr Martin is a former Chief Executive Officer of the BT Financial Group and Global Head of Investment Management and Member of the Management Committee of Bankers Trust Corporation.

Mr Martin spent eight years as an economist with the Australian Treasury, Canberra, and was the inaugural Chairman of the Investment and Financial Services Association. Mr Martin is the Chair of the Nomination and Remuneration Committee and was appointed to the Board in June 2005.

###### **Michael Cameron**

Mr Cameron joined The GPT Group as CEO and Managing Director in May 2009 and has over 30 years' experience in Finance and Business.

His past experience includes 10 years with Lend Lease where he was Group Chief Accountant then Financial Controller for MLC Limited before moving to the US in 1994 in the role of Chief Financial Officer/Director of The Yarmouth Group, Lend Lease's US property business. On returning to Sydney in 1996 Michael was appointed to the role of Chief Financial Officer, MLC Limited before moving to the role of Chief Financial Officer, then Chief Operating Officer of the NAB Wealth Management Division following the sale of MLC.

Mr Cameron joined the Commonwealth Bank of Australia in 2002 as Deputy Chief Financial Officer and was appointed to the role of Group Chief Financial Officer soon after in early 2003.

In 2006, Mr Cameron was appointed to the position of Group Executive of the Retail Bank Division of the Commonwealth Bank of Australia, leading a team of 20,000 staff servicing eight million customers.

Mr Cameron was Chief Financial Officer at St. George Bank Limited from mid 2007 until the sale to Westpac in December 2008.

Mr Cameron is a fellow of the Australian Institute of Chartered Accountants, a fellow of CPA Australia and a fellow of the Australian Institute of Company Directors.

###### **James Coyne - Company Secretary**

James is responsible for the legal, compliance, risk management and company secretarial activities of GPT. He was appointed the General Counsel/Company Secretary of GPT in 2004. Previous experience includes company secretarial and legal roles in construction, infrastructure, and the real estate funds management industry (listed and wholesale).

James holds a Bachelor of Arts and Bachelor of Laws (Hons) from the University of Sydney.

**DIRECTORS' REPORT**

For the year ended 31 December 2009

**2. DIRECTORS AND SECRETARY (continued)****2.3 Attendance of Directors at Meetings**

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

	Board		Audit and Risk		Nomination and Remuneration Committee		Corporate Responsibility Committee	
	Number of meetings attended		Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend
	Scheduled	Unscheduled						
Brendan Crotty	-	-	-	-	-	-	-	-
Michael Cameron	5	5	10	-	-	-	-	-
Robert Ferguson	4	3	8	-	-	4	4	-
Eric Goodwin	9	8	19	8	8	-	-	1
Peter Joseph	4	7	11	-	-	2	2	-
Malcolm Latham	4	6	11	-	-	2	2	1
Lim Swe Guan	6	4	10	4	4	-	-	-
Ian Martin	9	6	19	-	-	6	6	-
Anne McDonald	9	9	19	8	8	-	-	-
Ken Moss	9	10	19	4	4	4	4	-

**2.4 Directors' Relevant Interests**

The relevant interests of each Director in GPT stapled securities as at the date of this Report are shown below:

	Number of GPT Stapled Securities
Michael Cameron	Nil
Brendan Crotty	Nil
Rob Ferguson	1,020,409
Eric Goodwin	77,918
Lim Swe Guan	Nil
Ian Martin	230,585
Anne McDonald	47,250
Ken Moss	118,085

**2.5 Directors' Directorships of Other Listed Companies**

Details of all directorships of other listed entities held by each current Director in the three years immediately before 31 December 2009 and the period for which each directorship was held are set out below:

Director	Directorship of Listed Entity	Period Held
Michael Cameron	Nil	N/A
Brendan Crotty	Brickworks Limited	Since 2008
	Trafalgar Corporate Group	2007 to 2009
	Australand Property Group	1997 to 2007
Rob Ferguson	IMF (Australia) Limited	Since 2004
	Primary Health Care Limited	Since 2009
Eric Goodwin	AMPCI Macquarie Infrastructure No 2 Limited as Responsible Entity of the Diversified Utility and Energy Trust No 2 (one of the stapled entities within the DUET Group)	Since 2004
Lim Swe Guan	Thakral Holdings Limited	Since 2004
Ian Martin	Argo Investments Limited	Since 2004
	Babcock & Brown Limited	2004 to 2009
Anne McDonald	Speciality Fashion Group Limited	Since 2007
	Spark Infrastructure Group	Since 2009
Ken Moss	Adsteam Marine Limited	2001 to 2007
	Macquarie Capital Alliance Group (including Macquarie Capital Alliance Limited and Macquarie Capital Alliance Management Limited)	2005 to 2008
	Boral Limited	Since 1999
	Centennial Coal Company Limited	Since 2000

## DIRECTORS' REPORT

For the year ended 31 December 2009

### 3. REMUNERATION REPORT

#### 2009 Remuneration in brief

The Board is committed to clear and transparent communication of GPT's remuneration arrangements. This section, the 2009 Remuneration In Brief, outlines the key remuneration decisions taken by GPT during the year, and discloses the actual value of remuneration paid to GPT's senior executives. The full Remuneration Report for 2009, starting on page 13, provides more detail regarding the remuneration strategy, structures, decisions and outcomes at GPT in 2009 in accordance with statutory obligations and accounting standards.

The Board was active on a number of fronts in 2009, including:

- Maintaining restraint on executive salaries commensurate with GPT's performance and the prevailing economic conditions;
- Simplifying and improving GPT's approach to employee share schemes; and
- Managing significant change and renewal of the Board and management, including the appointment of Michael Cameron as Managing Director and Chief Executive Officer with effect from 1 May 2009.

Each of these actions is outlined below and in greater detail in the Remuneration Report.

#### Key remuneration drivers and actions in 2009

##### Base Pay & Short Term Incentives

While the Board is pleased with progress in the implementation of GPT's corporate strategy in 2009, it is also mindful that the returns to security holders in recent years have been poor. Against this background, the Board has continued to adopt a very restrained approach to executive remuneration. Specifically the Board decided:

- To implement a 'freeze' on base salaries in 2009 for all GPT employees (except for adjustments due to changes in roles and responsibilities) followed by only a modest review of 3% for 2010;
- To maintain the freeze on Non-Executive Director fees for 2009 and 2010;
- In 2008, GPT's senior executives elected to forego any Short Term Incentive (STI) payment for that year. In 2009, the Board elected to restrict the 2009 STI pool to a modest level; and
- In 2010, reduce the overall STI opportunity for all employees.

##### Employee Ownership

The Board terminated several broad-based employee security schemes during the year that were either too complex, no longer effective, or no longer appropriate in light of recent changes in the laws regarding employee share schemes.

In place of these schemes, in March 2010 the Board will introduce a basic scheme whereby an amount equivalent to 10% of an individual's STI will (after the deduction of income tax) be invested in GPT securities which must be held for a minimum of 1 year. The Board believes this is a simple means of rebuilding a culture of employee ownership of the business at a modest cost.

##### Long Term Incentives

Following approval of GPT security holders at the 2009 Annual General Meeting, the Board implemented a new long-term incentive (LTI) scheme.

The new LTI scheme is a Performance Rights based LTI designed to better align the remuneration of Senior Executives with the long-term performance of the Group, and to be simpler and more consistent with current market practice.

As foreshadowed in last year's Remuneration Report, as market conditions continue to stabilise, the Board is now moving to introduce additional performance measures for the purpose of better aligning the scheme with GPT's new strategy. These measures will be outlined in the Notice of Meeting for GPT's forthcoming Annual General Meeting in May 2010 and will be subject to security holder approval.

##### External environment

In setting and reviewing its remuneration arrangements, GPT has regard to the external environment, including market practice and prevailing regulatory and governance standards. In 2009, the Board sought external advice in relation to its remuneration practices from Ernst & Young and Freehills.

The Board is actively monitoring the tax, regulatory and governance activities impacting remuneration that commenced in 2009, and in particular, the Productivity Commission's inquiry into the regulation of director and executive remuneration in Australia. The Board of GPT supports many of the Productivity Commission's recommendations (contained in the Commission's final report released on 19 December 2009) and has already adopted a number of those recommendations – for example:

- GPT's Nomination and Remuneration Committee comprises three non-executive directors, with the chair and a majority of members being independent;
- Executives are prohibited from hedging unvested equity remuneration under GPT's policy on personal dealing;
- The 2009 Remuneration in Brief is a plain English summary outlining actual levels of remuneration received (see the table on page 12); and
- Independent of management, the Board has sought advice from remuneration advisors Ernst & Young to ensure that GPT's remuneration framework remains both competitive and compliant in what has been a rapidly changing regulatory landscape.

**DIRECTORS' REPORT**

For the year ended 31 December 2009

**3. REMUNERATION REPORT (continued)****2009 Remuneration in brief (continued)****CEO, Management and Board Transition**

At the start of 2009, an extensive external search was underway for a new Chief Executive Officer. That search resulted in the appointment of Michael Cameron as Managing Director and Chief Executive Officer (CEO) on 1 May 2009. Mr Cameron's remuneration package is set out in detail in the Remuneration Report.

In addition to the appointment of the new CEO, as part of the simplification of GPT's business strategy to refocus on high quality Australian Retail, Office and Industrial real estate, a number of changes were made in the Senior Executive team and to the Board with a number of key appointments and retirements in 2009 (the details of these may be found on page 13).

**Remuneration outcomes for the CEO and Senior Executives**

The disclosed remuneration of the CEO and Senior Executives, contained on page 26 of the Remuneration Report, is calculated in accordance with statutory obligations and accounting standards, and is theoretical. To make the information more meaningful to security holders (and in addressing the Productivity Commission's recommendation in relation to disclosure of actual levels of executive remuneration), the following table discloses the cash and other benefits actually received by GPT's CEO and Senior Executives during 2009 in a clear and concise way.

The cash and other benefits actually received by Senior Executives in 2009 are different to the amounts shown in the remuneration table on page 26 of the Remuneration Report. This is because the table on page 26 includes amounts in respect of a number of benefits which did not deliver value to Senior Executives in 2009. For example, it includes accounting values for current and prior years' LTI grants which have not been and may never be realised as they are dependent on the performance hurdles being met.

**Senior Executive's Remuneration – Cash Accounting Basis**

	<i>Fixed remuneration</i> A\$'000	<i>STI</i> A\$'000s	<i>LTI</i> A\$'000s	<i>Other</i> <sup>1</sup> A\$'000s	<i>Total</i> A\$'000s
<b>Executives</b>					
Michael Cameron (from 1 May 2009)	800.0	933.3	0	5.4	1,738.7
Donna Byrne	368.5	72.1	0	2.1	442.7
Tony Cope	540.0	294.7	0	2.8	837.5
James Coyne	470.0	89.3	0	6.3	565.6
Mark Fookes	700.0	310.0	0	4.4	1,014.4
Victor Georos	450.0	173.0	0	2.4	625.4
Nicholas Harris	600.0	405.2	0	3.0	1,008.2
Jonathan Johnstone	817.9	625.0	0	2.6	1,445.5
Michael O'Brien	800.0	465.0	0	3.8	1,268.8
Phil Taylor	330.0	62.7	0	2.0	394.7
<b>Former Executives</b>					
Richard Croft (until 14 April 2009)	177.9	0	0	171.7	349.6
Kieran Pryke (until 1 September 2009)	504.0	125.3	0	1,377.3	2,006.6
Hadyn Stephens (until 31 December 2009)	500.0	500.0	0	571.4	1,571.4
Neil Tobin (until 31 August 2009)	466.7	116.5	0	1,011.2	1,594.4

<sup>1</sup> Other includes Death & Total/Permanent disablement insurance premiums, superannuation administration fees, FBT on discounted Voyages holidays, and termination payments (which include notice and severance pay as well as the paid out value of accumulated but untaken annual and long service leave accruals, as applicable).

**DIRECTORS' REPORT**

For the year ended 31 December 2009

**3. REMUNERATION REPORT (continued)**

**3.1 Introduction**

The Board presents the Remuneration Report for GPT for the year ended 31 December 2009, which forms part of the Directors Report and has been audited in accordance with the Corporations Act 2001.

This Remuneration Report outlines GPT's remuneration philosophy and practices together with details of the specific remuneration arrangements that apply to GPT's disclosable executives who are the individuals responsible for planning, controlling and managing the GPT Group (including the non-executive Directors, the CEO and other key Senior Executives), and the five highest paid executives in 2009.

For the purposes of the 2009 Remuneration Report, the Board has taken the decision to exceed the minimum disclosure requirements applicable to the Group and provide disclosures on GPT's entire Senior Executive Committee (collectively, the Executives).

GPT's KMP and other Executives are listed in the tables below.

<b>Executive</b>		<b>Non-executive Director</b>	
<i>Name</i>	<i>Position</i>		
Michael Cameron	Managing Director and Chief Executive Officer (appointed 1 May 2009)	Ken Moss	Chairman (appointed 25 May 2009)
Donna Byrne	Head of Corporate Affairs & Communications	Brendan Crotty	Director (appointed 22 December 2009)
Tony Cope	Head of Office	Rob Ferguson	Deputy Chairman (appointed 25 May 2009)
James Coyne	General Counsel/Secretary	Eric Goodwin	Director
Mark Fookes	Head of Retail	Lim Swe Guan	Director (appointed 22 April 2009)
Victor Georos	Head of Industrial & Business Parks	Ian Martin	Director
Nicholas Harris	Head of Wholesale	Anne McDonald	Director
Jonathon Johnstone	Head of Europe	<b>Former Non-Executive Director</b>	
Michael O'Brien	Chief Financial Officer	Peter Joseph	Chairman (retired 25 May 2009)
Phil Taylor	Head of People & Culture	Malcolm Latham	Director (retired 25 May 2009)
<b>Former Executive</b>			
Richard Croft	CEO GPTHalverton (resigned 14 April 2009)		
Kieran Pryke	Chief Financial Officer (resigned 1 September 2009)		
Hadyn Stephens	Head of Corporate Transactions (resigned 31 December 2009)		
Neil Tobin	Head of Joint Venture (resigned 31 August 2009)		

During 2009, the Nomination & Remuneration Committee (the Committee) comprised 3 Non-Executive Directors:

- Ian Martin (Chairman)
- Ken Moss
- Rob Ferguson

The composition of the Committee changed during 2009 with former Committee members Peter Joseph and Malcolm Latham retiring at GPT's Annual General Meeting in May 2009.

The Committee makes recommendations to the Board on:

- remuneration policies (including performance management and short and long term incentive schemes) applicable to GPT employees;
- the CEO's performance and remuneration; and
- remuneration policies and packages applicable to Board members.

Further information about the role and responsibility of the Committee is set out in its Charter which is available on GPT's website ([www.gpt.com.au](http://www.gpt.com.au)).

**DIRECTORS' REPORT**

For the year ended 31 December 2009

**3. REMUNERATION REPORT (continued)****3.2 Key Issues and Changes for 2009*****Remuneration Outcomes in an Uncertain Economy***

In 2009, the Board progressed in a number of key areas, including the implementation of its new Group strategy, renewal of the Board and management team, restoration of GPT's balance sheet and increasing investor confidence in the business. However, market conditions in 2009 continued to be challenging. Against that background the Board made a number of significant remuneration decisions during the year aimed at:

- responding to the concerns of shareholders and other stakeholders in relation to GPT's executive remuneration structures;
- demonstrating significant restraint on executive remuneration; and
- preserving security holder value in the difficult economic climate.

The major changes that were made as a result of these decisions are outlined in the table below:

<b>Change</b>	<b>Who is affected?</b>	<b>Explanation</b>
Freeze on base (fixed) remuneration	Senior Executives and other employees	There were no increases in base (fixed) remuneration for the 2009 financial year for: <ul style="list-style-type: none"> <li>• Senior Executives; and</li> <li>• other employees,</li> </ul> except in exceptional circumstances or where there was a change in the role or responsibilities of the employee.  Base remuneration increases for 2010 were capped at 3% for the entire business, a cost increase of \$1.7 million. Michael Cameron's base remuneration for 2010 was maintained at the 2009 level.
Freeze on Directors' fees	Non-Executive Directors	There were no increases in fees for the 2009 financial year for Non-executive Directors. Furthermore, the fees for 2010 will not increase.
Reduction in 2009 STI pool	Senior Executives and other employees	In response to the extraordinary economic circumstances, the Board took steps to limit the STI budget with the result that – generally speaking – most employees would receive only half the STI that they may have received in more normal economic conditions.
Reduction in 2010 STI Opportunity	Senior Executives and other employees	To match GPT's simpler business model and reduced leverage, the Board & Management decided to reduce the maximum STI levels for all employees, substantially reducing 'upside' STI potential in 2010.
Simplification of employee security ownership	All employees eligible for STI (excluding LTI participants)	In 2008 GPT was criticised for having too many employee security schemes. To address these concerns, in 2009, the Board took steps to terminate several schemes that the Board considered were no longer effective.  The Board believes in the long term benefits to security holders of creating an ownership culture among employees and, as a result, in 2010 a basic scheme will be introduced for employees who do not participate in the LTI.
Additional LTI Performance Measures	CEO Senior Executives Other executives (limited to the top 25 in total)	In the 2008 Remuneration Report the Board noted its intention to implement additional performance measures into GPT's LTI plan. Work subsequently undertaken to determine appropriate additional hurdles has been completed, and the proposed 2010 LTI will have 3 performance measures. A summary of these measures is set out on page 19, and further details will be provided in the Notice of Meeting for GPT's 2010 AGM, where the proposed changes to the LTI plan will be subject to security holder approval.

**DIRECTORS' REPORT**

For the year ended 31 December 2009

**3. REMUNERATION REPORT (continued)**

**3.2 Key Issues and Changes for 2009 (continued)**

**CEO Remuneration Structure and Contract Terms**

On 1 May 2009, Mr Michael Cameron was appointed as GPT's Managing Director and Chief Executive Officer.

The Board sought advice from Ernst & Young with regard to benchmarking the quantum of Mr Cameron's package to ensure that it was:

- fair in the context of market circumstances
- sufficient to ensure market competitiveness; and
- effectively structured between fixed and at risk remuneration components.

The Board also sought advice from Freehills to ensure Mr Cameron's contract terms were consistent with best practice. The key terms of Mr Cameron's remuneration arrangements and contract include the following:

Details	Comments
Benchmark group for setting/reviewing remuneration	The Board benchmarks the remuneration of CEOs in businesses with comparable market capitalisation and/or revenue, but gives the greatest weight to comparable roles within the ASX A-REIT index.
Remuneration mix	<p>In 2009, Mr Cameron's remuneration mix was as follows (with actual amounts received pro-rated for only 8 months employment):</p> <p>Base: \$1,200,000</p> <p>STI: \$0 to \$1,500,000 based on performance. Half of any STI received will be deferred into equity, half of which will vest 2 years after receipt, and the other half three years after receipt, subject to ongoing employment. Further details on STI terms (including performance measures) are set out on pages 17 to 18 of this Remuneration Report.</p> <p>LTI: \$0 to \$900,000 (\$1,200,000 in a full year) based on performance and continued service. Further details on LTI terms (including performance measures) are set out on pages 19 to 20 of this Remuneration Report</p> <p>Mr Cameron's 2009 Total Remuneration package is less than his predecessor Mr Lyons.</p> <p>In 2010, the Board elected to demonstrate restraint on Mr Cameron's Base and STI elements but decided to increase his LTI opportunity as follows:</p> <p>LTI: \$0 to \$1,800,000</p> <p>In the Board's view this adjustment to the LTI potential would result in a more optimal overall mix of rewards and provide greater incentive for sustained performance over the longer term.</p>
Contract duration	A rolling 12 month contract
Termination entitlements	Termination entitlements vary depending on the circumstances, however any separation payment is capped at 12 months of base (fixed) remuneration
Sign-on payment	<p>Mr Cameron received a sign on payment equivalent to \$300,000 in the form of Performance Rights that will convert to GPT securities at no cost. If Mr Cameron is still employed on 30 June 2011, 288,406 Performance Rights will vest. If Mr Cameron is still employed on 30 June 2012, a further 288,406 rights will vest.</p> <p>The Board felt it was important that Mr Cameron be aligned with security holder interests from the commencement of his employment, and hence offered the sign on payment. To balance the reward mix, Mr Cameron's 2009 LTI potential was reduced by an amount equivalent to the sign-on payment value.</p>

Key terms of employment agreements of other Senior Executives are contained under section 3.3 of the Remuneration Report.

**Implementation of LTI program**

At the 2009 AGM, security holders approved the introduction of a new LTI scheme (the scheme). The new scheme is a Performance Rights based LTI which is more consistent with current market practice, far simpler, and more appropriately adapted to the long-term goals of the Group and its security holders, than previous Group LTI programs.

At the end of 2008, the Board determined to launch the 2009 LTI plan subject to a single performance measure, Total Shareholder Return (TSR). The Board noted that the use of a single performance measure was a transitory step and that when market conditions stabilised, and GPT's revised strategy was fully implemented, additional performance measures would be introduced.

In August 2009, Michael Cameron announced GPT's new strategy and, in his presentation to the market, set out a comprehensive vision of GPT's business. Mr Cameron articulated a number of measures by which GPT, and real estate assets more broadly should be measured, including:

- Growth of funds from operations in excess of CPI
- Total return in excess of through the cycle weighted average cost of capital (WACC).

**DIRECTORS' REPORT**

For the year ended 31 December 2009

**3. REMUNERATION REPORT (continued)**

As a result, to ensure that GPT's 2010 LTI is aligned to the new strategy, the following equally weighted measures of performance will be proposed to security holders at the 2010 AGM:

- Relative TSR;
- Earnings per security (EPS) in excess of inflation (as measured by the Consumer Price Index); and
- Total Return in excess of WACC.

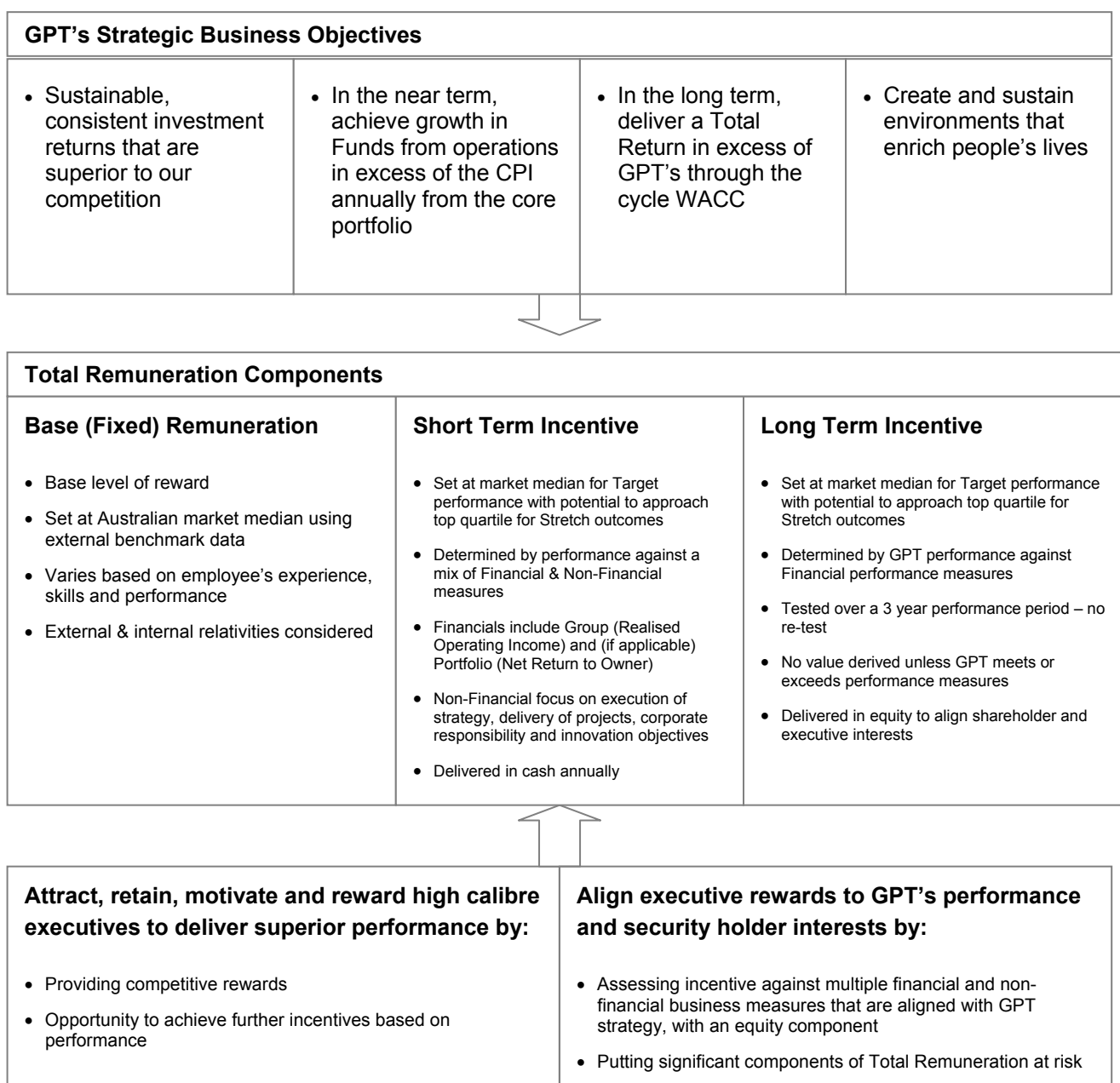
Page 19 of the Remuneration Report contains details of the new LTI scheme.

**3.3 Remuneration – CEO and Senior Executives**

**GPT's Remuneration Strategy**

The Board is conscious of the need to set a remuneration strategy that not only supports but drives the achievement of the strategic objectives of the business. By establishing a remuneration structure that attracts, retains, motivates and rewards executives for achieving targets linked to GPT's strategy and business objectives, the Board is confident that its remuneration strategy focuses GPT employees on delivering sustainable, superior shareholder returns in line with the Group's strategic intent.

The diagram below shows the key objectives of GPT's remuneration policy for Executives and how these are implemented through our remuneration structures.





**DIRECTORS' REPORT**

For the year ended 31 December 2009

**3. REMUNERATION REPORT (continued)****3.3 Remuneration – CEO and Senior Executives (continued)****Total Remuneration Mix**

As depicted above, GPT's Executive remuneration is structured as a mixture of Base (fixed) remuneration and variable remuneration, through "at risk" short term incentive (STI) and long term incentive (LTI) components.

While the Base remuneration is designed to provide for predictable base level of remuneration, the STI and LTI components reward executives when certain pre-determined performance conditions are met or exceeded.

The Total Remuneration mix of components for those Executives with ongoing employment at the end of 2009 are set out in the following table.

Senior Executives	Position	Fixed Remuneration	Variable or "At Risk" Remuneration <sup>1</sup>	
		Base Pay	STI	LTI
Michael Cameron <sup>2</sup>	Chief Executive Officer	39%	39%	22%
Donna Byrne	Head of Corporate Affairs & Communications	53%	21%	26%
Tony Cope	Head of Office	50%	25%	25%
James Coyne	General Counsel/Secretary	53%	21%	26%
Mark Fookes	Head of Retail	50%	25%	25%
Victor Georos	Head of Industrial & Business Parks	50%	25%	25%
Nicholas Harris	Head of Wholesale	44%	34%	22%
Jonathan Johnstone	Head of Europe	44%	34%	22%
Michael O'Brien	Chief Financial Officer	43%	35%	22%
Phil Taylor	Head of People & Culture	53%	21%	26%

<sup>1</sup> The percentage of each component of Total Remuneration is calculated with reference to "Target" performance outcomes in both STI and LTI – for more information on performance measurement levels see the following sections on STI and LTI.

<sup>2</sup> M. Cameron's percentages in 2009 reflect the fact that he received a component of his remuneration in the form of a Sign-on grant of Performance Rights. The Board believes his 2010 percentage structure of 36% / 36% / 28% (Base / STI / LTI) is a more optimal structure.

**Base (fixed) Remuneration**

Base remuneration is reviewed annually through a process that ensures an executive's fixed remuneration remains competitive in the market place and reflects their skills, knowledge, responsibility and general performance. This process involves market-based reviews conducted by independent experts benchmarking GPT executives against comparable peers in companies in the A-REIT and broader ASX 200 sectors. GPT generally aims to pay around market median base salary.

<b>What is included in Base (fixed) remuneration?</b>	Base remuneration includes cash, compulsory superannuation, and any salary sacrifice items (including Fringe Benefits Tax).
<b>When and how is Base remuneration reviewed?</b>	Base remuneration is reviewed annually effective 1 January. The Committee oversees the review process to ensure that all employees are paid fairly and competitively in relation to their skills, experience, responsibilities and performance. The Committee also ensures that overall review outcomes are restrained and affordable.
<b>What market benchmark is applied?</b>	The Committee commissions external benchmarking of CEO and Executive salaries annually by Ernst & Young, much of it focussed on publicly available data from annual reports. More broadly, the business relies on benchmarking relevant to the property sector including the Avdiev survey. For more specialist functional roles management will source multiple benchmarks from recruitment agencies and other informed sources.

**DIRECTORS' REPORT**

For the year ended 31 December 2009

**3. REMUNERATION REPORT (continued)****3.3 Remuneration – CEO and Senior Executives (continued)****Short Term Incentives (STI) (variable component)**

GPT employees have an opportunity to receive an STI based on calendar year performance. STI levels are set as part of the process of benchmarking the Total Remuneration opportunity for each role. GPT generally aims to set STI opportunity at market median for Target performance with potential to approach top quartile for Stretch outcomes.

<b>What is the STI plan?</b>	The STI is an 'at-risk' incentive awarded annually in the form of cash (or a mixture of cash & GPT securities in the case of the CEO) subject to performance against agreed financial and non-financial Key Performance Indicators (KPIs).												
<b>Who participates in the STI plan?</b>	A uniform performance management system is used across GPT. The system provides all permanent GPT employees with the opportunity to receive an STI.												
<b>Why does the Board consider the STI an appropriate incentive?</b>	Having a component of the Total Remuneration at risk in the form of an STI creates the ability for the Board and management to align and focus employees on desired objectives and behaviours, co-ordinating effort in pursuit of the overall business strategy.												
<b>Are both target and stretch performance conditions set?</b>	Yes. Stretch performance conditions can reward exceptional performance beyond the acceptable Target outcomes, and can motivate individuals to strive for the mutual benefit of themselves and the business.												
<b>What is the value of the STI opportunity?</b>	<p>The STI opportunity is expressed as a percentage of Base (fixed) remuneration, and varies depending on the overall Total Remuneration levels for particular roles, but the following table can be considered indicative of the possible ranges:</p> <table border="1"> <thead> <tr> <th>Level</th> <th>Target Incentive Range</th> <th>Stretch Incentive Range*</th> </tr> </thead> <tbody> <tr> <td>CEO</td> <td>100%</td> <td>125%</td> </tr> <tr> <td>Executives</td> <td>50-75%</td> <td>62.5-100%</td> </tr> <tr> <td>General employees</td> <td>12-30%</td> <td>15-37.5%</td> </tr> </tbody> </table> <p>If a minimum or Threshold level of objective achievement is not delivered the STI could be of zero value.</p> <p>(*In 2009, the Stretch Incentive Range could be up to 100% of the Target Incentive Range; in 2010 the Board has reduced the maximum STI incentive to 25% more than Target).</p>	Level	Target Incentive Range	Stretch Incentive Range*	CEO	100%	125%	Executives	50-75%	62.5-100%	General employees	12-30%	15-37.5%
Level	Target Incentive Range	Stretch Incentive Range*											
CEO	100%	125%											
Executives	50-75%	62.5-100%											
General employees	12-30%	15-37.5%											
<b>What are the performance conditions?</b>	<p>While all employees have a common Group financial performance condition, whether there are other additional performance conditions depends on the individual role, as does the (indicative) mix between financial and non financial measures:</p> <table border="1"> <thead> <tr> <th>Level</th> <th>Financial Measures</th> <th>Non-Financial Measures</th> </tr> </thead> <tbody> <tr> <td>CEO</td> <td>70%</td> <td>30%</td> </tr> <tr> <td>Executives</td> <td>60%</td> <td>40%</td> </tr> <tr> <td>General employees</td> <td>20%</td> <td>80%</td> </tr> </tbody> </table> <p>Financial measures are applied at the Group, Portfolio, and even Asset level. Non-Financial measures focus on execution of strategy, delivery of projects, corporate responsibility and innovation objectives</p>	Level	Financial Measures	Non-Financial Measures	CEO	70%	30%	Executives	60%	40%	General employees	20%	80%
Level	Financial Measures	Non-Financial Measures											
CEO	70%	30%											
Executives	60%	40%											
General employees	20%	80%											
<b>Why were these conditions chosen?</b>	The STI performance conditions were chosen at the end of 2008 for the 2009 calendar year because at the time they were assessed by Management and the Board as the most accurate representation of GPT's short term strategic objectives at that time. To ensure internal alignment with GPT's business strategy, the CEO's performance objectives are set by the Board first and are then cascaded into the business via the performance objectives of all executives and employees.												
<b>How is performance measured?</b>	Financial and non-financial KPIs are determined at the start of each calendar year and set out in a formal performance agreement. This agreement is reviewed at the end of each calendar year for every eligible employee to determine what (if any) STI they may receive.												
<b>Who assesses performance against targets?</b>	The Board assesses the performance of the CEO, who in turn assesses the performance of his direct reports among the Executive team.												

**DIRECTORS' REPORT**

For the year ended 31 December 2009

**3. REMUNERATION REPORT (continued)****3.3 Remuneration – CEO and Senior Executives (continued)****Long Term Incentives (LTI) (variable component)**

GPT Executives who have the most ability to influence the long term commercial performance of the Group are invited by the Board to participate in an equity-based LTI scheme under which awards may vest if specified performance conditions are achieved over a 3 year performance period. Combined with the Base remuneration and STI potential, the LTI provides a further opportunity to achieve Total Remuneration around market median for Target performance, with potential to approach top quartile for Stretch performance outcomes.

**2009 LTI Scheme**

At the May 2009 Annual General Meeting GPT stapled securityholders approved the introduction of a new Performance Rights LTI Plan (the 2009 LTI scheme) which was subsequently implemented.

<b>What is the purpose of the LTI plan?</b>	The purpose of the LTI plan is to align Senior Executive rewards with sustained improvement in security holder value over time.
<b>Who participates in the LTI plan?</b>	The CEO, Executives and a limited number of other employees. In 2009, 26 individuals participated.
<b>Is there a limit on the number of LTIs issued?</b>	Employee equity holdings under the LTI cannot exceed 5% of the total number of issued securities.
<b>What is the value of the LTI opportunity?</b>	The size of grants under the 2009 LTI is based on a percentage of the participants' Base remuneration with the maximum (Stretch) opportunity in 2009 as follows: <ul style="list-style-type: none"> <li>• for the CEO it was 100% (full year equivalent), in 2010 it will be 150%</li> <li>• for the Senior Executives it was 100%</li> <li>• for all other participants it was 75%</li> </ul>
<b>How is reward delivered under the LTI program?</b>	Each grant consists of Performance Rights (Rights) to receive GPT securities for no cost. The number of Rights granted was determined by dividing GPT's first quarter 2009 volume weighted average security price (VWAP) of 52cps into the grant value. Rights vest subject to satisfaction of performance and service conditions.
<b>Do executives pay for the LTI instruments?</b>	No. Rights that vest convert to GPT securities at no cost to the executive.
<b>What rights are attached to LTIs?</b>	Rights do not carry any voting rights or receive dividends, however GPT securities allocated on the vesting of Rights carry the same rights as any other GPT security.
<b>Are there restrictions on dealing with securities allocated under the LTI plan?</b>	Yes, all GPT employees sign a policy on personal dealing (Policy) which, in addition to restrictions on insider trading, restricts dealing in GPT securities to certain trading windows. The Policy also precludes hedging or entering into any other financial derivatives in relation to unvested Rights.
<b>What happens when an executive leaves the Company?</b>	Broadly, unvested Rights will lapse, unless the Board in its discretion decides otherwise.
<b>What is the performance hurdle?</b>	In 2009 the performance hurdle was the Total Shareholder Return (TSR) performance of the GPT Group compared to the TSR performance of the individual entities that comprise the S&P ASX 200 A-REIT Index (excluding the GPT Group) at the beginning of the performance period. On a relative TSR basis, if GPT's performance over the 2009-2011 calendar year period is: <ul style="list-style-type: none"> <li>• Below the 51<sup>st</sup> percentile - no Rights will vest;</li> <li>• At the 51<sup>st</sup> percentile - 50% of Rights will vest;</li> <li>• Between the 51<sup>st</sup> and 75<sup>th</sup> percentile - there is pro-rata straight line vesting between 50% and 100% of Rights;</li> <li>• At or above the 75<sup>th</sup> percentile - 100% of Rights vest.</li> </ul>
<b>Are Rights subject to retesting if they do not vest on initial testing?</b>	No. There is no retesting of Rights that do not vest after being first tested for satisfaction against the performance conditions at the end of the 3 year period.
<b>Will there be any additional performance hurdles for subsequent LTI grants?</b>	Additional performance measures for the 2010 LTI grants will be proposed to security holders at the 2010 AGM as follows: <ul style="list-style-type: none"> <li>• Relative TSR;</li> <li>• Adjusted earnings per security (EPS) in excess of inflation (as measured by the Consumer Price Index); and</li> <li>• Total Return in excess of Weighted Average Cost of Capital (WACC)</li> </ul> <p>The Board is of the view that the additional performance measures will better align executive remuneration with GPT's strategy and security holder interests.</p>

**DIRECTORS' REPORT**

For the year ended 31 December 2009

**3. REMUNERATION REPORT (continued)****3.3 Remuneration – CEO and Senior Executives (continued)****Long Term Incentives (LTI) (variable component) (continued)****2009 LTI Scheme (continued)**

The table below summarises the grants of Performance Rights made to Executives under the 2009 LTI scheme.

Senior Executives	Position	LTI Scheme	Performance Rights		Fair Value per		Vesting Date <sup>1</sup>	Maximum Value Recognised in Future Years <sup>2</sup>
			Granted in 2009	Grant Date	Performance Right			
<b>Executives</b>								
<b>Michael Cameron</b>	Chief Executive Officer	2009	1,730,436	30-Jun-09	\$	0.17	31-Dec-11	217,439
	Head of Corporate Affairs & Communications	2009	711,402	30-Jun-09	\$	0.20	31-Dec-11	111,365
<b>Donna Byrne</b>	Head of Office	2009	1,038,262	30-Jun-09	\$	0.20	31-Dec-11	162,532
<b>Tony Cope</b>	General Counsel/Secretary	2009	903,672	30-Jun-09	\$	0.20	31-Dec-11	141,463
<b>James Coyne</b>	Head of Retail	2009	1,345,895	30-Jun-09	\$	0.20	31-Dec-11	210,690
<b>Mark Fookes</b>								
<b>Victor Georos</b>	Head of Industrial & Business Parks	2009	865,218	30-Jun-09	\$	0.20	31-Dec-11	135,444
<b>Nicholas Harris</b>	Head of Wholesale	2009	1,153,624	30-Jun-09	\$	0.20	31-Dec-11	180,591
<b>Jonathan Johnstone</b>	Head of Europe	2009	961,354	30-Jun-09	\$	0.20	31-Dec-11	150,493
<b>Michael O'Brien</b>	Chief Financial Officer	2009	1,538,166	30-Jun-09	\$	0.20	31-Dec-11	240,789
<b>Phil Taylor</b>	Head of People & Culture	2009	634,493	30-Jun-09	\$	0.20	31-Dec-11	99,325
<b>Former Executives</b>								
<b>Kieran Pryke</b> <sup>3</sup>	Chief Financial Officer	2009	1,442,030	30-Jun-09	\$	0.20	-	-
<b>Hadyn Stephens</b> <sup>4</sup>	Head of Corporate Transactions	2009	961,354	30-Jun-09	\$	0.20	-	-
<b>Neil Tobin</b> <sup>5</sup>	Head of JV	2009	1,345,895	30-Jun-09	\$	0.20	-	-

<sup>1</sup> Vesting date notes the date that marks the end of the 3-year LTI period. At this point the Performance Condition will be assessed against the performance hurdle to see if any Performance Rights vest.

<sup>2</sup> This represents the maximum value of the rights yet to be vested which have been determined by the amount of the grant date fair value that is yet to be expensed.

<sup>3</sup> K. Pryke's employment ended on 1 September 2009 and the Board determined that his Performance Rights lapsed.

<sup>4</sup> H. Stephen's employment ended on 31 December 2009 and the Board determined that his Performance Rights lapsed.

<sup>5</sup> N. Tobin's employment ended on 31 August 2009 and the Board determined that his Performance Rights lapsed.

**DIRECTORS' REPORT**

For the year ended 31 December 2009

**3. REMUNERATION REPORT (continued)****3.3 Remuneration – CEO and Senior Executives (continued)****Long Term Incentives (LTI) (variable component) (continued)****Pre 2009 Legacy LTI Schemes**

GPT's 2008 Remuneration Report described significant changes that were made to the 2006, 2007 and 2008 LTI schemes (collectively, the legacy schemes). Broadly, grants under the LTI legacy scheme consisted of loans provided to certain executives to acquire GPT securities.

The 2007 LTI scheme concluded at the end of 2009 and no performance conditions were satisfied, hence no LTI awards were made under the 2007 LTI scheme. The 2008 LTI scheme is the last of the legacy schemes and will conclude at the end of 2010.

The performance conditions and current participant positions are summarised in the tables below:

LTI Scheme	LTI Performance Measurement Period	Performance Condition	Performance Condition Hurdle	Weighting
2007	2007-2009	Growth in Earnings per GPT stapled security (EPS) measured as the percentage increase in the base earnings per GPT stapled security. EPS is the base earnings per security adjusted for significant items and other items determined by the Board and as disclosed in GPT's Income Statement for the financial years ended 31 December 2007, 2008 and 2009.	If EPS growth is below 4% on average over the three year period, no part of LTI available for this performance measure will be awarded. If EPS growth is above 4%, pro-rated awards will occur up to a stretch outcome of 6%.	50%
		Return on contributed equity (RoE) measures the total return on equity employed and takes into account both capital appreciation of the assets of GPT and cash distributions of income.	If RoE is below 8.5% on average over the three year period, no part of the LTI available for this performance measure will be awarded. If RoE is above 8.5%, pro-rated awards will occur up to a stretch outcome of 12.5%.	30%
		Performance relative to Listed Property Trust Index (LPT Index). A LPT Index award may be granted if GPT outperforms against the S&P ASX 200 Listed Property Trust Index. Due to the size of GPT within this Index, GPT and its performance is excluded for the purpose of calculating the LPT Index and its performance.	Below Index performance, no part of the total LTI available for this performance measure will be awarded. Above Index performance, pro-rated awards will occur up to the stretch outcome of 2% out performance. The Board may substitute another Index if there is a material change in the composition of the LPT Index during the measurement period.	20%
2008	2008-2010	Growth in Earnings per GPT stapled security (EPS) measured as the percentage increase in the base earnings per GPT stapled security. EPS is the base earnings per security adjusted for significant items and other items determined by the Board and as disclosed in GPT's Income Statement for the financial years ended 31 December 2008, 2009 and 2010.	If EPS growth is below 4% on average over the three year period, no part of LTI available for this performance measure will be awarded. If EPS growth is above 4%, pro-rated awards will occur up to a stretch outcome of 6%.	50%
		Return on contributed equity measures the total return on equity employed and takes into account both capital appreciation of the assets of GPT and cash distributions of income.	If RoE is below 8.5% on average over the three year period, no part of the LTI available for this performance measure will be awarded. If RoE is above 8.5%, pro-rated awards will occur up to a stretch outcome of 12.5%.	30%
		Performance relative to Listed Property Trust Index (LPT Index). A LPT Index award may be granted if GPT outperforms against the S&P ASX 200 Listed Property Trust Index. Due to the size of GPT within this Index, GPT and its performance is excluded for the purpose of calculating the LPT Index and its performance.	Below Index performance, no part of the total LTI available for this performance measure will be awarded. Above Index performance, pro-rated awards will occur up to the stretch outcome of 2% out performance. The Board may substitute another Index if there is a material change in the composition of the LPT Index during the measurement period.	20%

THE GPT GROUP

**DIRECTORS' REPORT**

For the year ended 31 December 2009

**3. REMUNERATION REPORT (continued)**

**3.3 Remuneration – CEO and Senior Executives (continued)**

**Long Term Incentives (LTI) (variable component) (continued)**

**Pre 2009 Legacy LTI Schemes (continued)**

Senior Executives	Year of LTI Loan <sup>1</sup>	Loans granted under LTI scheme	GPT stapled security purchase price	Number of securities acquired under LTI scheme	2009 Opening Loan Balance <sup>2</sup>	Interest Costs <sup>3</sup>	GPT stapled security price at	Total net value of employee equity at	2008 LTI Scheme award accrual <sup>4</sup>	2009 Closing Loan Balance
					1-Jan-09	31 Dec 2009	31 Dec 2009	31 Dec 2009	31 Dec 2009	31 Dec 2009
<b>D. Byrne</b>	2007	\$138,134	\$5.11	27,108	\$845,950	\$9,673	\$0.605	(\$733,575)	\$0	\$845,950
Head of Corporate Affairs & Communications	2006	\$666,663	\$4.20	158,635						
<b>T. Cope</b>	2007	\$165,568	\$5.11	32,384	\$1,025,453	\$11,729	\$0.605	(\$889,252)	\$0	\$1,025,453
Head of Office	2006	\$809,998	\$4.20	192,742						
<b>J. Coyne</b>	2007	\$209,302	\$5.11	40,938	\$817,910	\$9,186	\$0.605	(\$711,244)	\$0	\$817,910
General Counsel/ Co. Secretary	2006	\$568,888	\$4.20	135,369						
<b>M. Fookes</b>	2007	\$484,347	\$5.11	94,735	\$1,595,071	\$17,746	\$0.605	(\$1,388,996)	\$0	\$1,595,071
Head of Retail	2006	\$1,033,331	\$4.20	245,885						
<b>V. Georos</b>	2007	\$166,519	\$5.11	32,570	\$973,885	\$11,119	\$0.605	(\$844,770)	\$0	\$973,885
Head of Industrial & Business Parks	2006	\$759,997	\$4.20	180,844						
<b>N. Harris</b>	2007	\$256,742	\$5.11	50,217	\$1,211,868	\$12,548	\$0.605	(\$1,066,157)	\$0	\$1,211,868
Head of Wholesale	2006	\$888,887	\$4.66	190,627						
<b>J. Johnstone</b>	2007	\$218,453	\$5.11	42,728	\$1,023,764	\$11,593	\$0.605	(\$889,142)	\$0	\$1,023,764
Head of Europe	2006	\$755,555	\$4.20	179,787						
<b>M. O'Brien</b>	2007	\$1,301,977	\$5.11	254,658	\$2,664,129	\$28,558	\$0.605	(\$2,332,508)	\$0	\$2,664,129
CFO	2006	\$1,233,333	\$4.20	293,476						
<b>P. Taylor</b>	2007	\$126,625	\$5.11	24,767	\$562,861	\$6,359	\$0.605	(\$489,013)	\$0	\$562,861
Head of People & Culture	2006	\$408,886	\$4.20	97,296						
<b>Total</b>		<b>\$10,193,204</b>		<b>2,274,766</b>	<b>\$10,720,891</b>	<b>\$118,511</b>		<b>(9,344,658)</b>	<b>\$0</b>	<b>\$10,720,891</b>

<sup>1</sup> Year of LTI loan means the year in which a loan was made to the individual to acquire GPT stapled securities under the LTI scheme. No additional loans were made to any of the key management personnel from calendar year 2008 onwards.

<sup>2</sup> 2009 Opening Loan Balance reflects the balance of the loan less net distributions for the period 2006-2008 plus capitalised interest costs for the period 2006-2008.

<sup>3</sup> Interest costs for 2009 were set at a level equivalent to the net distributions received. This was a change in scheme design for 2009 recognising that with employee equity positions substantially 'underwater' and with the loans converted to limited recourse there was no sense charging a commercial rate of interest which would further exacerbate the negative equity position.

<sup>4</sup> As a result of GPT's performance to date and the fact that no LTI award in the form of a loan waiver had been achieved or is likely to be achieved for the remaining 2008 LTI (which runs to the end of 2010) no award accrual is applicable.

**DIRECTORS' REPORT**

For the year ended 31 December 2009

**3. REMUNERATION REPORT (continued)**

**3.3 Remuneration – CEO and Senior Executives (continued)**

**Service Agreements**

All employees have service agreements in place that set out the basic terms and conditions of employment. In 2009 the Board took steps to increase the notice periods for all Senior Executives to a minimum of 3 months. No notice provisions apply where termination occurs as a result of misconduct or serious or persistent breach of the agreement.

Remuneration arrangements for early termination of an Executive's contract for reasons outside the control of the individual or where the Executive is made redundant may give rise to a severance payment at law. In the absence of any express entitlement, these payments would vary between individuals.

The Board has approved a policy with respect to severance entitlements specifically capping the maximum severance payment that would be made to twelve months base remuneration. In addition the executive may be entitled to any STI and LTI at the end of the relevant period subject to the achievement of key performance indicators that had been set.

In response to the passing of the *Corporations Amendment (Improving Accountability on Terminations Payments) Act 2009* (Cth) into law on 16 November 2009 the Board is currently taking steps to ensure that GPT executive entitlements to termination benefits (as defined by the Act) do not exceed the new limits put in place.

The terms of Michael Cameron's contract were outlined on pages 15. Set out below is a summary of the terms of the service agreements for Executives (other than the CEO) who were employed by the Group at 31 December 2009:

	<b>D. Byrne</b>	<b>T.Cope</b>	<b>J. Coyne</b>	<b>M. Fookes</b>	<b>V.Georos</b>	<b>N. Harris</b>	<b>J. Johnstone</b>	<b>M. O'Brien</b>	<b>P.Taylor</b>
Date of agreement	1 June 2005	1 June 2005	1 June 2005	1 June 2005	1 June 2005	25 July 2006	16 June 2005	1 June 2005	10 June 2005
Term of agreement	Open-ended	Open-ended	Open-ended	Open-ended	Open-ended	Open-ended	Open-ended	Open-ended	Open-ended
Non-solicitation of other personnel	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months
Termination notice (employee)	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months
Termination notice (GPT)	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months

**DIRECTORS' REPORT**

For the year ended 31 December 2009

**3. REMUNERATION REPORT (continued)**

**3.3 Remuneration – CEO and Senior Executives (continued)**

**GPT Performance Outcomes**

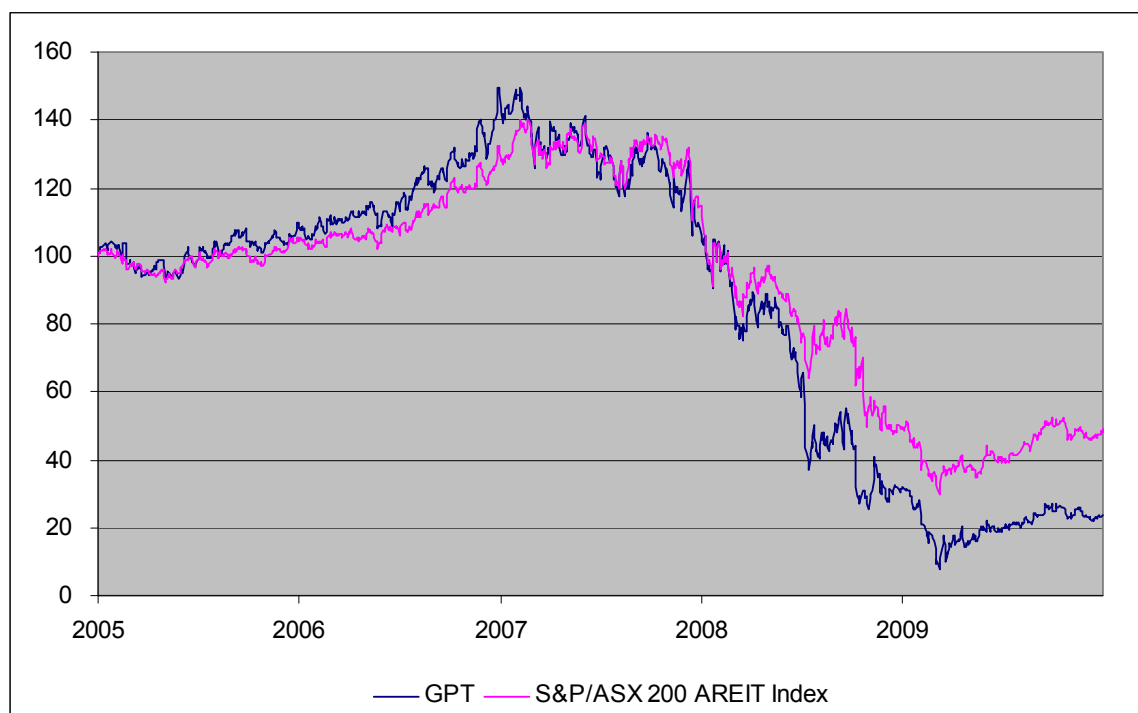
In 2009, economic conditions continued to be extremely challenging and GPT's returns to security holders were unsatisfactory. The table below shows GPT's performance against a number of key metrics over the last 5 years, with GPT's TSR performance versus the ASX 200A-REIT index depicted in the following chart.

		2009	2008	2007	2006	2005
Realised operating income	(\$ millions)	375.8	468.8	605.1	558.6	492.3
Total securityholder return (TSR)	%	(17.9%)	(64.8%)	(22.8%)	43.2%	15.9%
Annualised three year TSR <sup>1</sup>	%	(35.1%)	(14.8%)	12.1%	30.5%	18.7%
Underlying earnings per security (EPS) <sup>2</sup>	cents	4.8	17.7	29.4	27.5	24.4
EPS growth	%	(72.9%)	(39.8%)	6.9%	12.7%	10.9%
Underlying adjusted earnings per security (EPS) <sup>2</sup>	cents	4.8	15.4	19.9	18.6	16.5
Adjusted EPS growth	%	(68.8%)	(22.7%)	6.9%	12.7%	10.9%
Distributions per security (DPS) <sup>2</sup>	cents	4.5	17.7	28.9	27.5	24.4
NTA (per security) <sup>2</sup>	\$	0.69	1.43	3.86	3.60	3.16
3 year average total return <sup>3</sup>	\$	(23.5%)	(2.9%)	16.9%	18.0%	14.9%
Security price at beginning of calendar year	\$	\$0.92	\$4.04	\$5.60	\$4.10	\$3.74
Security price at end of calendar year	\$	\$0.61	\$0.92	\$4.04	\$5.60	\$4.10

<sup>1</sup> Three year average annual return

<sup>2</sup> Unadjusted per security figures

<sup>3</sup> Three year arithmetic average measured as (Adjusted DPS plus change in adjusted NTA)/Opening adjusted NTA



As noted elsewhere in this report, to address the Group's performance, the Board and Management implemented a program of renewal which commenced in 2008 and continued into 2009, and launched GPT's new strategy under new CEO Michael Cameron in August 2009.

Accountability for the less-than-desirable Group performance of the Group has been reflected in the remuneration actions implemented by the Board in 2009, including:

- No increase in Executive base remuneration in 2009, and only a modest review of 3% for 2010
- No increase in Non-Executive Director fees in 2009 and 2010
- Executive's electing to forego any STI in 2008, which would have been payable in 2009, and the Board restricting the 2009 STI pool to a modest level
- Reducing the overall STI opportunity for employees in 2010
- No LTI being paid to Executives in the period 2006-2009.



**DIRECTORS' REPORT**

For the year ended 31 December 2009

**3. REMUNERATION REPORT (continued)****3.3 Remuneration – CEO and Senior Executives (continued)****Short-term incentive outcomes**

In 2009, GPT was able to exceed forecast Realised Operating Income targets for 2009. This resulted directly from the implementation of the new Group strategy as communicated to the market in August 2009, the efforts of the new CEO and Executive team over the course of the year, and the dedication and commitment of GPT's employees, the vast majority of whom are employed in activities relating to the core portfolio of high quality Australian Retail, Commercial and Industrial real estate.

Ensuring that GPT employees are retained and motivated to perform is critical not only to the process of recovery, but the day-to-day operations of the business. As a result, the Board felt it appropriate to provide for a modest level of STI incentive for 2009. The Board is of the view that this award recognises the substantial efforts to restore GPT's balance sheet and implement the new strategy, and hence provide a strong, unified platform for further recovery in 2010. In providing an award, the table below outlines the degree of restraint exhibited by the Board by depicting the percentage of maximum STI award forfeited by GPT Executives:

	<i>Actual STI Awarded (A\$'000s)</i>	<i>Actual STI Awarded as a % of Maximum STI</i>	<i>% of Maximum STI Award Forfeited</i>
<b>Executives</b>			
Michael Cameron (from 1 May 2009)	933.3	93.3%	6.7%
Donna Byrne	72.1	24.4%	75.6%
Tony Cope	294.7	54.6%	45.4%
James Coyne	89.3	23.7%	76.3%
Mark Fookes	310.0	44.0%	56.0%
Victor Georos	173.0	38.0%	62.0%
Nicholas Harris	405.2	45.0%	55.0%
Jonathan Johnstone	625.0	83.3%	16.7%
Michael O'Brien	465.0	36.3%	63.7%
Phil Taylor	62.7	23.7%	76.3%

## DIRECTORS' REPORT

For the year ended 31 December 2009

## 3. REMUNERATION REPORT (continued)

## 3.3 Remuneration – CEO and Senior Executives (continued)

## Senior Executive Remuneration Disclosures – Statutory Accounting Basis

The following table provides a breakdown of GPT's senior executive remuneration in accordance with statutory requirements and accounting standards. The Board considers that the table on page 12 of the 2009 Remuneration in Brief is more meaningful because it shows cash remuneration actually received by GPT's executives.

	Fixed Pay			Variable or "At Risk"	Variable or "At Risk Pay" - Long Term			Cash Payment on Termination	Waiver of Full Recourse Loan on Termination <sup>5</sup>	Total
	Salary & Fees	Superannuation	Non-Monetary <sup>1</sup>	STI Bonus	LTI Award Accrual <sup>2</sup>	Grant of Performance Rights <sup>3</sup>	Accounting (non-cash) Limited recourse amendment <sup>4</sup>			
<b>Executives</b>										
<b>M. Cameron<sup>6</sup></b>										
Chief Executive Officer										
31 December 2009	\$837,589	\$9,521	\$5,445	\$933,333	-	\$50,346	-	-	-	\$1,836,234
31 December 2008	-	-	-	-	-	-	-	-	-	-
<b>D. Byrne</b>										
Head of Corporate Affairs & Communications										
31 December 2009	\$355,684	\$14,103	\$2,125	\$72,150	-	-	-	-	-	\$444,062
31 December 2008	\$382,228	\$13,437	\$1,641	-	(\$86,000)	-	\$675,149	-	-	\$986,455
<b>T. Cope</b>										
Head of Office										
31 December 2009	\$510,811	\$14,103	\$2,805	\$294,657	-	-	-	-	-	\$822,376
31 December 2008	\$490,882	\$13,437	\$8,848	\$208,111	(\$86,400)	-	\$818,337	-	-	\$1,453,215
<b>J. Coyne</b>										
General Counsel/Co. Secretary										
31 December 2009	\$461,519	\$14,103	\$6,329	\$89,347	-	-	-	-	-	\$571,298
31 December 2008	\$486,770	\$13,437	\$2,346	-	(\$42,533)	-	\$655,708	-	-	\$1,115,728
<b>M. Fookes</b>										
Head of Retail										
31 December 2009	\$665,314	\$14,103	\$4,421	\$310,000	-	-	-	-	-	\$993,838
31 December 2008	\$748,977	\$13,437	\$2,822	-	(\$80,000)	-	\$1,281,701	-	-	\$1,966,937
<b>V. Georos</b>										
Head of Industrial & Business Parks										
31 December 2009	\$434,557	\$14,103	\$2,445	\$173,016	-	-	-	-	-	\$624,121
31 December 2008	\$418,361	\$13,437	\$2,572	\$237,375	(\$92,400)	-	\$777,544	-	-	\$1,356,889
<b>N. Harris</b>										
Head of Wholesale										
31 December 2009	\$593,323	\$14,103	\$3,045	\$405,180	-	-	-	-	-	\$1,015,651
31 December 2008	\$610,470	\$13,437	\$1,202	-	(\$69,333)	-	\$990,292	-	-	\$1,546,068
<b>J. Johnstone<sup>7</sup></b>										
Head of Europe										
31 December 2009	\$852,900	\$14,103	\$2,645	\$625,000	(\$32,000)	-	-	-	-	\$1,462,648
31 December 2008	\$1,038,331	\$13,437	\$5,331	-	\$32,000	-	\$819,051	-	-	\$1,908,150
<b>M. O'Brien</b>										
Chief Financial Officer										
31 December 2009	\$813,689	\$14,103	\$3,845	\$465,000	(\$24,000)	\$64,450	-	-	-	\$1,337,087
31 December 2008	\$894,795	\$13,437	\$1,897	-	\$24,000	-	\$2,159,845	-	-	\$3,093,974
<b>P. Taylor</b>										
Head of People & Culture										
31 December 2009	\$322,305	\$14,103	\$1,965	\$62,700	-	-	-	-	-	\$401,073
31 December 2008	\$331,732	\$13,437	\$1,353	-	(\$32,133)	-	\$450,563	-	-	\$764,952
<b>Former Executives</b>										
<b>R. Croft<sup>8</sup></b>										
CEO GPT Halverton										
31 December 2009	\$169,442	\$8,472	\$606	-	-	-	-	\$171,112	-	\$349,632
31 December 2008	\$761,520	\$32,566	-	-	-	-	-	-	-	\$794,086
<b>N. Lyons<sup>9</sup></b>										
Chief Executive Officer										
31 December 2009	-	-	-	-	-	-	-	-	-	-
31 December 2008	\$1,155,148	\$11,146	\$3,053	-	(\$1,297,333)	-	-	\$975,000	\$8,290,281	\$9,137,295
<b>K. Pryke<sup>10</sup></b>										
Chief Financial Officer										
31 December 2009	\$533,630	\$10,488	\$5,866	\$125,342	-	-	-	\$770,000	-	\$1,445,326
31 December 2008	\$878,334	\$13,437	\$2,083	-	(\$73,333)	-	\$1,229,598	-	-	\$2,050,119
<b>H. Stephens<sup>11</sup></b>										
Head of Corporate Transactions										
31 December 2009	\$483,388	\$14,103	\$7,629	\$500,000	-	-	-	\$539,231	-	\$1,544,351
31 December 2008	\$503,326	\$13,437	\$975	-	(\$33,333)	-	\$816,837	-	-	\$1,301,242
<b>N. Tobin<sup>12</sup></b>										
General Manager - JV										
31 December 2009	\$492,588	\$9,283	\$3,445	\$116,507	-	-	-	\$720,000	-	\$1,341,823
31 December 2008	\$700,678	\$13,437	\$2,219	-	(\$58,666)	-	\$1,282,866	-	-	\$1,940,534
<b>Total</b>										
31 December 2009	\$7,526,739	\$178,794	\$52,616	\$4,172,232	(\$6,000)	\$114,796	\$0	\$2,200,343	\$0	\$14,189,520
31 December 2008	\$9,401,552	\$204,956	\$36,342	\$445,486	(1,895,464)	\$0	\$11,957,491	\$975,000	\$8,290,281	\$29,415,644

<sup>1</sup> The amount set out under 'Non-monetary' may include administration fees associated with membership of the GPT Superannuation Plan, Death & Total/Permanent Disability Insurance Premiums and/or the taxable value of the benefit of discounted staff rates at Voyages Hotels & Resorts.

<sup>2</sup> The purpose of the LTI Award Accrual column is to record the status of accruals for LTI awards under the 2007, 2008, and 2009 LTI plans based on GPT performance against the respective award conditions. As a result, the numbers noted in the table generally represent the reversals of any remaining historical accruals for the 2007 LTI (which at the end of the 3 year performance period 2007-2009 did not reach threshold performance levels) or the 2008 and 2009 LTI's (neither of which are presently tracking above threshold levels of performance, hence no accrual for a potential LTI award is recorded).

**DIRECTORS' REPORT**

For the year ended 31 December 2009

**3. REMUNERATION REPORT (continued)**

**3.3 Remuneration – CEO and Senior Executives (continued)**

**Senior Executive Remuneration Disclosures (continued)**

<sup>3</sup> One off grants of Performance Rights were made in 2009 as follows:

Name	Reason for the Grant	Initial Value of the Grant	Number of Performance Rights (calculated by dividing the initial value of the grant by GPT's first quarter 2009 volume weighted average price of 52.01cps)	Vesting Condition
Michael Cameron	A sign on package on appointment to the role of Managing Director and CEO on 1 May 2009	\$300,000	576,812	Service; 50% of performance rights will convert to GPT securities for nil consideration on 30 June 2011, with the remaining 50% converting to GPT securities on 30 June 2012
Michael O'Brien	Recognition of 7 month's service as Acting CEO	\$200,000	384,541	Service; 50% of performance rights will convert to GPT securities for nil consideration on 1 July 2010, with the remaining 50% converting to GPT securities on 1 July 2011

<sup>4</sup> The Accounting (non-cash) Limited Recourse Amendment refers to the accounting implications of the change from full recourse to limited recourse loans in GPT's Legacy LTI schemes which occurred on 31 December 2008. As such, it should be noted that it did not represent a cash payment to participants.

<sup>5</sup> The loss on termination of full recourse loan was as a result of exiting the GPT Employee Incentive Scheme – Long Term Incentive, and did not represent a cash payment to Mr Lyons. It comprised a shortfall arising because the value of his equity was accepted in full satisfaction of the outstanding loan giving rise to a loss realised on the loan principal of \$3,867,043 plus accumulated interest of \$568,211 and the Fringe Benefits Tax paid (\$3,855,026).

<sup>6</sup> M. Cameron joined GPT on 1 May 2009.

<sup>7</sup> The salary & fees amount for J. Johnstone in 2009 includes a significant component associated with his expatriate assignment to the United Kingdom, including rental accommodation, school fees, and cost of living adjustments. This assignment concluded at the end of 2009 with the divestment of GPTHalverton.

<sup>8</sup> R. Croft's employment ended on 14 April 2009.

<sup>9</sup> N. Lyons' employment was discontinued on 23 October 2008.

<sup>10</sup> K. Pryke's employment ended on 1 September 2009.

<sup>11</sup> H. Stephen's employment ended on 31 December 2009.

<sup>12</sup> N. Tobin's employment ended on 31 August 2009.

**DIRECTORS' REPORT**

For the year ended 31 December 2009

**3. REMUNERATION REPORT (continued)**

**3.4 Remuneration – Non-Executive Directors**

**Remuneration Policy**

The Board determines the remuneration structure for Non-Executive Directors based on recommendations from the Nomination and Remuneration Committee. The principal features of this policy are as follows:

- Non-Executive Directors are paid one fee for participation as a Director in all GPT related companies (principally GPT RE Limited, the Responsible Entity of General Property Trust and GPT Management Holdings Limited).
- Non-Executive Director remuneration is composed of three main elements:
  - Main Board fees
  - Committee fees
  - Superannuation contributions at the statutory Superannuation Guarantee Levy (SGL) rate.
- Differences in workloads of Non-Executive Directors arise mainly because of differing involvement in Board Committees, which is in addition to main Board work. This additional workload is rewarded via Committee fees in addition to main Board fees.
- Non-Executive Directors do not participate in any incentive or performance based arrangements.
- Non-Executive Directors are not entitled to any retirement benefits other than compulsory superannuation.
- Non-Executive Director remuneration is set by reference to comparable entities listed on the Australian Securities Exchange (based on GPT's industry sector and market capitalisation).
- External independent advice on reasonable remuneration for Non-Executive Directors is sought at least every 3 years. Between such reviews, remuneration is monitored against market movements as is the time being spent by Directors in performing their duties. Any increase resulting from this review is effective from the 1st of January each year and advised in the ensuing Remuneration Report.

**Remuneration arrangements**

As noted above, the Board determined that there would be no increase in Non-Executive Director fees for 2009. The Board has also determined that this policy will extend to Non-Executive Director fees for 2010.

The Chairman is paid a main board fee which is 250% more than the other Non-Executive Directors to reflect additional workload and responsibility, however does not receive Committee fees.

Fees (including superannuation) paid to Non-Executive Directors are drawn from a remuneration pool of \$1,500,000 per annum which was approved by GPT securityholders at the Annual General Meeting on 9 May 2007. As an executive director, Michael Cameron did not receive fees from this pool but was remunerated as one of GPT's Senior Executives. As noted above, there will be no increase in Non-Executive Director fees for 2010.

Annual Board and Board Committees fees (excluding compulsory superannuation) for the year ended 31 December 2009 are as follows:

		<b>Board</b>	<b>Audit and Risk Management Committee</b>	<b>Nomination and Remuneration Committee</b>	<b>Corporate Responsibility Committee</b>
<b>Chairman</b> <sup>1</sup>	<b>2009</b>	\$346,500	\$34,650	\$23,100	\$23,100
	2008	\$346,500	\$34,650	\$23,100	\$23,100
<b>Members</b>	<b>2009</b>	\$138,600	\$17,325	\$11,550	\$11,550
	2008	\$138,600	\$17,325	\$11,550	\$11,550

<sup>1</sup> 'Chairman' used in this sense may refer to the Chairman of the Board or the Chairman of a particular committee.

<sup>2</sup> The Corporate Responsibility Committee was discontinued in 2009 and its function assumed by the Board.

In addition to the above fees, all Non-Executive Directors receive reimbursement for reasonable travel, accommodation and other expenses incurred while undertaking GPT business.

The nature and amount of each element of remuneration paid to GPT's Non-Executive Directors for the current financial and comparative year are as follows:

**DIRECTORS' REPORT**

For the year ended 31 December 2009

**3. REMUNERATION REPORT (continued)****3.4 Remuneration – Non-Executive Directors**

	Fixed Pay			Total
	Salary & Fees	Superannuation <sup>1</sup>	Non-Monetary <sup>2</sup>	
<b>Directors</b>				
<b>K. Moss <sup>3</sup></b>				
<b>Chairman</b>				
<b>31 December 2009</b>	<b>\$270,834</b>	<b>\$14,103</b>	-	<b>\$284,937</b>
31 December 2008	\$155,925	\$13,437	-	\$169,362
<b>B. Crotty <sup>4</sup></b>				
<b>31 December 2009</b>	<b>\$3,038</b>	<b>\$273</b>	-	<b>\$3,311</b>
31 December 2008	-	-	-	-
<b>R. Ferguson <sup>5</sup></b>				
<b>31 December 2009</b>	<b>\$90,475</b>	<b>\$8,143</b>	-	<b>\$98,618</b>
31 December 2008	-	-	-	-
<b>E. Goodwin</b>				
<b>31 December 2009</b>	<b>\$167,475</b>	<b>\$14,103</b>	-	<b>\$181,578</b>
31 December 2008	\$167,475	\$13,437	-	\$180,912
<b>L.S. Guan <sup>6</sup></b>				
<b>31 December 2009</b>	<b>\$107,795</b>	<b>\$9,702</b>	-	<b>\$117,497</b>
31 December 2008	-	-	-	-
<b>I. Martin</b>				
<b>31 December 2009</b>	<b>\$161,700</b>	<b>\$14,103</b>	-	<b>\$175,803</b>
31 December 2008	\$161,700	\$13,437	-	\$175,137
<b>A. McDonald</b>				
<b>31 December 2009</b>	<b>\$173,250</b>	<b>\$14,103</b>	<b>\$1,393</b>	<b>\$188,746</b>
31 December 2008	\$173,250	\$13,437	\$2,641	\$189,328
<b>Former Directors</b>				
<b>P. Joseph <sup>7</sup></b>				
<b>31 December 2009</b>	<b>\$138,156</b>	<b>\$5,480</b>	-	<b>\$143,636</b>
31 December 2008	\$346,500	\$13,437	-	\$359,937
<b>M. Latham <sup>8</sup></b>				
<b>31 December 2009</b>	<b>\$69,078</b>	<b>\$5,480</b>	<b>\$650</b>	<b>\$75,208</b>
31 December 2008	\$173,250	\$13,437	\$1,192	\$187,879
<b>E. Nosworthy <sup>9</sup></b>				
<b>31 December 2009</b>	-	-	-	-
31 December 2008	\$100,100	\$8,817	\$4,381	\$113,298
<b>Total</b>				
<b>31 December 2009</b>	<b>\$1,181,801</b>	<b>\$85,490</b>	<b>\$2,043</b>	<b>\$1,269,334</b>
31 December 2008	\$1,278,200	\$89,439	\$8,214	\$1,375,853

No termination benefits were paid during the financial year.

<sup>1</sup> Refers to compulsory superannuation only; non-compulsory superannuation salary sacrifices are included in Salary & Fees.<sup>2</sup> The amount set out under 'Non-monetary' may include administration fees associated with membership of the GPT Superannuation Plan, Death & Total/Permanent Disability Insurance Premiums (A. McDonald & E. Nosworthy) or Parking (M. Latham).<sup>3</sup> K. Moss was appointed Chairman effective 25 May 2009.<sup>4</sup> B. Crotty was appointed to the Board on 22 December 2009.<sup>5</sup> R. Ferguson was appointed to the Board in the role of Deputy Chairman on 25 May 2009.<sup>6</sup> L.S. Guan was appointed to the Board on 21 April 2009.<sup>7</sup> P. Joseph retired from the role of Chairman of the Board on 25 May 2009.<sup>8</sup> M. Latham retired as a Director on 25 May 2009.<sup>9</sup> E. Nosworthy resigned as a Director on 21 August 2008.

## DIRECTORS' REPORT

For the year ended 31 December 2009

### 4. OTHER DISCLOSURES

#### 4.1 Indemnification and Insurance of Directors and Officers

GPT provides a Deed of Indemnity and Access (Deed) in favour of each of the Directors and Secretary of GPT and its subsidiary companies and each person who acts or has acted as a representative of GPT serving as an officer of another entity at the request of GPT. The Deed indemnifies these persons on a full indemnity basis to the extent permitted by law for losses, liabilities, costs and charges incurred as a Director or Officer of GPT, its subsidiaries or such other entities.

Subject to specified exclusions, the liabilities insured are for costs that may be incurred in defending civil or criminal proceedings that may be brought against directors and officers in their capacity as Directors and Officers of GPT, its subsidiary companies or such other entities, and other payments arising from liabilities incurred by the Directors and Officers in connection with such proceedings. The Auditors are in no way indemnified out of the assets of GPT.

During the financial year, GPT paid insurance premiums to insure the Directors and Officers of GPT and its subsidiary companies. The terms of the contract prohibit the disclosure of the premiums paid.

#### 4.2 Proceedings on behalf of the Trust

No proceedings have been brought or intervened in on behalf of GPT with leave of the Court under section 237 of the *Corporations Act 2001*.

#### 4.3 Non-Audit Services

During the year PricewaterhouseCoopers, GPT's auditor, has performed other services in addition to their statutory duties. Details of the amount paid to the auditor, which includes amounts paid for non-audit services and other assurance services, are set out in note 30 to the financial statements.

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

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

#### 4.4 Rounding of Amounts

The GPT Group is of a kind referred to in the Australian Securities & Investments Commission Class Order 98/0100. Accordingly, amounts in the Directors' Report have been rounded to the nearest tenth of a million dollars in accordance with the Class Order, unless stated otherwise.

#### 4.5 Auditor

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

#### 4.6 Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Signed in accordance with a resolution of the Directors.



Ken Moss  
Chairman



Michael Cameron  
Managing and Executive Director

Sydney  
22 February 2010

PricewaterhouseCoopers  
ABN 52 780 433 757

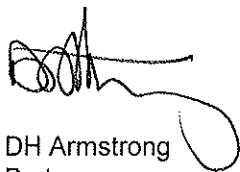
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## Auditor's Independence Declaration

As lead auditor for the audit of the GPT Group for the year ended 31 December 2009, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of General Property Trust and the entities it controlled during the period.



DH Armstrong  
Partner  
PricewaterhouseCoopers

Sydney  
22 February 2010

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Note	Consolidated entity		Parent entity	
		31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
		\$M	\$M	\$M	\$M
<b>Revenue</b>					
Rent from property investments		503.1	494.9	301.6	295.4
Property and fund management fees		37.4	56.3	-	-
Distributions from controlled entities, associates and joint ventures		-	-	371.0	410.6
Development project revenue		6.4	190.1	-	-
		<b>546.9</b>	<b>741.3</b>	<b>672.6</b>	<b>706.0</b>
<b>Other income</b>					
Fair value adjustments to investment properties		(532.5)	(81.6)	(332.5)	57.8
Fair value adjustments of controlled entities, associates and joint ventures		-	-	(813.8)	(791.4)
Share of after tax profit / (loss) of investments in associates and joint ventures		(115.3)	(283.5)	-	-
Interest revenue - joint venture investment arrangements		7.6	10.1	59.1	131.6
Interest revenue - cash and short term money market securities		15.7	21.7	13.1	15.7
Net foreign exchange gain		238.6	-	112.6	-
Net gain on fair value of derivatives	5(c)	463.3	-	463.3	-
Net gain on disposal of assets		-	5.3	-	1.2
		<b>77.4</b>	<b>(328.0)</b>	<b>(498.2)</b>	<b>(585.1)</b>
<b>Total revenue and other income</b>		<b>624.3</b>	<b>413.3</b>	<b>174.4</b>	<b>120.9</b>
<b>Expenses</b>					
Property expenses and outgoings		139.0	127.1	81.4	77.6
Cost of sales from development projects		-	137.8	-	-
Management and other administration costs		73.3	76.2	11.3	9.1
Depreciation and amortisation expense	5(a)	9.2	8.9	-	-
Finance costs	5(b)	190.8	262.2	186.9	249.4
Impairment expense - loan and receivables		11.0	30.3	1,175.8	957.4
Impairment expense - interest		-	-	34.0	-
Impairment expense - other		11.8	9.0	-	2.3
Net loss on fair value of derivatives	5(c)	-	875.7	-	874.9
Net loss on disposal of assets		64.0	-	58.4	-
Net foreign exchange loss		-	540.2	-	266.7
Responsible Entity's fee		-	-	27.3	33.7
<b>Total expenses</b>		<b>499.1</b>	<b>2,067.4</b>	<b>1,575.1</b>	<b>2,471.1</b>
<b>Profit / (Loss) before income tax expense</b>		<b>125.2</b>	<b>(1,654.1)</b>	<b>(1,400.7)</b>	<b>(2,350.2)</b>
Income tax expense	6(a)	(7.9)	(19.9)	-	-
<b>Profit / (Loss) after income tax expense</b>		<b>117.3</b>	<b>(1,674.0)</b>	<b>(1,400.7)</b>	<b>(2,350.2)</b>
Loss from discontinued operations	2(a)	(1,187.9)	(1,579.5)	-	-
<b>Net loss for the year</b>		<b>(1,070.6)</b>	<b>(3,253.5)</b>	<b>(1,400.7)</b>	<b>(2,350.2)</b>
<b>Other comprehensive income</b>					
Devaluations of assets, net of tax		-	(15.0)	-	-
Net foreign exchange translation adjustments, net of tax		(337.5)	406.0	-	-
Effective portion of changes in fair value of cashflow hedges, net of tax		-	(11.5)	-	-
<b>Total comprehensive loss for the year</b>		<b>(1,408.1)</b>	<b>(2,874.0)</b>	<b>(1,400.7)</b>	<b>(2,350.2)</b>
<b>Net loss attributable to:</b>					
- Securityholders of the Trust		(937.0)	(2,556.3)		
- Securityholders of other entities stapled to the Trust (non-controlling interest)		(132.1)	(696.5)		
- External non-controlling interest		(1.5)	(0.7)		
<b>Total comprehensive loss attributable to:</b>					
- Securityholders of the Trust		(1,305.6)	(2,149.8)		
- Securityholders of other entities stapled to the Trust (non-controlling interest)		(101.0)	(723.5)		
- External non-controlling interest		(1.5)	(0.7)		
<b>Basic and diluted earnings per ordinary security of the Trust</b>					
Earnings per security (cents per security) for profit / (loss) from continuing operations	4(a)	0.3	(47.6)		
Earnings per security (cents per security) for profit / (loss) from discontinued operations	4(a)	(13.4)	(25.7)		
Earnings per security (cents per security)	4(a)	(13.1)	(73.3)		

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



THE GPT GROUP

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2009

	Note	Consolidated entity		Parent entity	
		31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
		\$M	\$M	\$M	\$M
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	26(b)	40.3	961.9	17.8	871.1
Loans and receivables	8	60.1	261.5	143.3	389.8
Inventories	9	-	454.2	-	-
Derivative assets	10	-	16.5	-	16.5
Tax receivables		3.2	-	-	-
Prepayments		9.5	15.1	4.4	6.9
		<b>113.1</b>	<b>1,709.2</b>	<b>165.5</b>	<b>1,284.3</b>
Non-current assets classified as held for sale	7(e)	635.7	-	-	-
<b>Total Current Assets</b>		<b>748.8</b>	<b>1,709.2</b>	<b>165.5</b>	<b>1,284.3</b>
<b>Non-Current Assets</b>					
Investment properties	11	6,023.6	6,696.1	4,047.2	4,028.7
Investments in associates and joint ventures	12	2,236.7	2,762.9	2,144.8	2,565.2
Property, plant & equipment	14	21.3	452.0	-	-
Loans and receivables	8	87.7	1,308.5	11.8	947.5
Other assets	13	0.2	2.7	3,189.3	3,721.5
Intangible assets	15	16.2	48.6	-	-
Derivative assets	10	4.4	31.3	4.4	31.3
Deferred tax assets	6(b)	24.5	18.5	-	-
<b>Total Non-Current Assets</b>		<b>8,414.6</b>	<b>11,320.6</b>	<b>9,397.5</b>	<b>11,294.2</b>
<b>Total Assets</b>		<b>9,163.4</b>	<b>13,029.8</b>	<b>9,563.0</b>	<b>12,578.5</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Payables	16	181.3	284.0	664.8	317.6
Borrowings	17	1,699.9	547.0	1,699.9	173.8
Derivative liabilities	10	1.5	40.7	1.5	24.2
Current tax liabilities		-	18.5	-	-
Provisions	18	6.7	12.4	-	-
		<b>1,889.4</b>	<b>902.6</b>	<b>2,366.2</b>	<b>515.6</b>
Non-current liabilities classified as held for sale	7(e)	18.4	-	-	-
<b>Total Current Liabilities</b>		<b>1,907.8</b>	<b>902.6</b>	<b>2,366.2</b>	<b>515.6</b>
<b>Non-Current Liabilities</b>					
Borrowings	17	483.8	4,466.3	406.8	4,390.4
Derivative liabilities	10	98.5	843.4	98.5	843.4
Provisions	18	3.9	5.2	-	-
Deferred tax liabilities	6(c)	1.0	-	-	-
<b>Total Non-Current Liabilities</b>		<b>587.2</b>	<b>5,314.9</b>	<b>505.3</b>	<b>5,233.8</b>
<b>Total Liabilities</b>		<b>2,495.0</b>	<b>6,217.5</b>	<b>2,871.5</b>	<b>5,749.4</b>
<b>Net Assets</b>		<b>6,668.4</b>	<b>6,812.3</b>	<b>6,691.5</b>	<b>6,829.1</b>
<b>EQUITY</b>					
<b>Equity attributable to securityholders of the Trust (parent entity)</b>					
Contributed equity	19	8,155.3	6,525.6	8,155.3	6,525.6
Reserves	20	37.8	405.3	-	-
Retained profits/(accumulated losses)	21	(1,014.6)	289.0	(1,463.8)	303.5
<b>Total equity of GPT Trust securityholders</b>		<b>7,178.5</b>	<b>7,219.9</b>	<b>6,691.5</b>	<b>6,829.1</b>
<b>Equity attributable to securityholders of other entities stapled to the Trust</b>					
Contributed equity	19	324.7	324.7	-	-
Reserves	20	13.8	(17.3)	-	-
Retained profits/(accumulated losses)	21	(848.6)	(716.5)	-	-
<b>Total equity of other stapled securityholders</b>		<b>(510.1)</b>	<b>(409.1)</b>	<b>-</b>	<b>-</b>
<b>Equity attributable to non-controlling interests - external</b>					
Contributed equity	19	-	-	-	-
Reserves	20	-	-	-	-
Retained profits	21	-	1.5	-	-
<b>Total equity of external non-controlling interests</b>		<b>-</b>	<b>1.5</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>6,668.4</b>	<b>6,812.3</b>	<b>6,691.5</b>	<b>6,829.1</b>

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

THE GPT GROUP

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2009

Consolidated Entity													Parent Entity					
Note	Attributable to the Securityholders of the General Property Trust				Attributable to the Securityholders of other entities stapled to the General Property Trust				Attributable to the Securityholders of external non-controlling interests				Total equity \$M	Contributed equity \$M	Reserves \$M	Retained earnings \$M	Total \$M	
	Contributed equity \$M	Reserves \$M	Retained earnings \$M	Total \$M	Contributed equity \$M	Reserves \$M	Retained earnings \$M	Total \$M	Contributed equity \$M	Reserves \$M	Retained earnings \$M	Total \$M						
<b>Balance at 1 January 2008</b>	4,648.6	(3.6)	3,341.2	7,986.2	317.5	9.5	(20.0)	307.0	-	-	2.2	2.2	8,295.4	4,648.6	-	3,149.6	7,798.2	
Movement in asset revaluation reserve	20(a)	-	(15.0)	(15.0)	-	-	-	-	-	-	-	-	(15.0)	-	-	-	-	
Movement in foreign currency translation reserve	20(b)	-	421.5	421.5	-	(15.5)	-	(15.5)	-	-	-	-	406.0	-	-	-	-	
Movement in cash flow hedge reserve	20(e)	-	-	-	-	(11.5)	-	(11.5)	-	-	-	-	(11.5)	-	-	-	-	
<b>Net income / (loss) recognised directly in equity</b>		-	406.5	406.5	-	(27.0)	-	(27.0)	-	-	-	-	379.5	-	-	-	-	
Profit / (loss) for the financial year	21	-	-	(2,556.3)	(2,556.3)	-	(696.5)	(696.5)	-	-	(0.7)	(0.7)	(3,253.5)	-	-	(2,350.2)	(2,350.2)	
<b>Total comprehensive income / (loss) for the financial year</b>		-	406.5	(2,556.3)	(2,149.8)	-	(27.0)	(696.5)	(723.5)	-	-	(0.7)	(0.7)	(2,874.0)	-	-	(2,350.2)	(2,350.2)
<b>Transactions with Securityholders in their capacity as Securityholders:</b>																		
Issue of share capital	19	1,877.0	-	-	1,877.0	7.2	-	-	7.2	-	-	-	-	1,884.2	1,877.0	-	-	1,877.0
Non-controlling interest in acquisition of subsidiary	21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement in treasury stock reserve	20(c)	-	1.3	-	1.3	-	0.2	-	0.2	-	-	-	-	1.5	-	-	-	-
Movement in employee incentive security scheme reserve	20(d)	-	1.1	-	1.1	-	-	-	-	-	-	-	-	1.1	-	-	-	-
Distribution paid or payable	3	-	-	(495.9)	(495.9)	-	-	-	-	-	-	-	(495.9)	-	-	(495.9)	(495.9)	
<b>Balance at 31 December 2008</b>		6,525.6	405.3	289.0	7,219.9	324.7	(17.3)	(716.5)	(409.1)	-	-	1.5	1.5	6,812.3	6,525.6	-	303.5	6,829.1
<b>Balance at 1 January 2009</b>		6,525.6	405.3	289.0	7,219.9	324.7	(17.3)	(716.5)	(409.1)	-	-	1.5	1.5	6,812.3	6,525.6	-	303.5	6,829.1
Movement in asset revaluation reserve	20(a)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement in foreign currency translation reserve	20(b)	-	(368.6)	-	(368.6)	-	31.1	-	31.1	-	-	-	(337.5)	-	-	-	-	-
Movement in cash flow hedge reserve	20(e)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net income / (loss) recognised directly in equity</b>		-	(368.6)	-	(368.6)	-	31.1	-	31.1	-	-	-	(337.5)	-	-	-	-	-
Profit / (loss) for the financial year	21	-	-	(937.0)	(937.0)	-	-	(132.1)	(132.1)	-	-	(1.5)	(1.5)	(1,070.6)	-	-	(1,400.7)	(1,400.7)
<b>Total comprehensive income / (loss) for the financial year</b>		-	(368.6)	(937.0)	(1,305.6)	-	31.1	(132.1)	(101.0)	-	-	(1.5)	(1.5)	(1,408.1)	-	-	(1,400.7)	(1,400.7)
<b>Transactions with Securityholders in their capacity as Securityholders:</b>																		
Issue of share capital	19	1,629.7	-	-	1,629.7	-	-	-	-	-	-	-	-	1,629.7	1,629.7	-	-	1,629.7
Non-controlling interest in acquisition of subsidiary	21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement in treasury stock reserve	20(c)	-	0.2	-	0.2	-	-	-	-	-	-	-	-	0.2	-	-	-	-
Movement in employee incentive security scheme reserve	20(d)	-	0.9	-	0.9	-	-	-	-	-	-	-	-	0.9	-	-	-	-
Distribution paid or payable	3	-	-	(366.6)	(366.6)	-	-	-	-	-	-	-	(366.6)	-	-	(366.6)	(366.6)	
<b>Balance at 31 December 2009</b>		8,155.3	37.8	(1,014.6)	7,178.5	324.7	13.8	(848.6)	(510.1)	-	-	-	-	6,668.4	8,155.3	-	(1,463.8)	6,691.5

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

THE GPT GROUP

**CONSOLIDATED STATEMENTS OF CASH FLOW**

For the year ended 31 December 2009

	Note	Consolidated entity		Parent entity	
		31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
		\$M	\$M	\$M	\$M
<b>Cash flows from operating activities</b>					
Cash receipts in the course of operations (inclusive of GST)		850.0	895.1	312.2	276.2
Cash payments in the course of operations (inclusive of GST)		(406.2)	(475.6)	(168.5)	(243.3)
Distributions received from associates and joint ventures		146.7	169.1	143.0	149.7
Distributions received from controlled entities		-	-	229.7	263.7
Interest received		40.1	111.7	41.7	97.8
Income taxes paid		(23.7)	(10.3)	-	-
Payments for derivatives		(307.4)	(2.6)	(305.0)	(1.8)
		<b>299.5</b>	<b>687.4</b>	<b>253.1</b>	<b>542.3</b>
Finance costs		(187.6)	(320.5)	(176.6)	(274.7)
<b>Net cash inflows from operating activities</b>	26(a)	<b>111.9</b>	<b>366.9</b>	<b>76.5</b>	<b>267.6</b>
<b>Cash flows from investing activities</b>					
Payments for investment properties		(281.1)	(256.5)	(229.7)	(136.7)
Proceeds from disposal of investment properties		367.1	95.6	110.3	61.1
Payments for properties under development		(277.0)	(157.4)	(218.1)	(116.1)
Proceeds from the disposal of properties under development		-	83.6	-	-
Payments for property, plant and equipment		(18.8)	(26.1)	-	-
Proceeds from sale of property, plant & equipment		60.0	-	-	-
Payments for intangibles		(0.1)	(1.6)	-	-
Proceeds from sale of intangibles		7.5	-	-	-
Payments for development inventories		-	(74.3)	-	-
Payment for warehoused property investments		-	(104.9)	-	-
Proceeds from sale of warehoused property investments		-	13.6	-	-
Net investment in joint ventures and associates		(21.6)	(27.2)	-	-
Proceeds from disposal of controlled entities and associates		115.6	80.0	141.8	-
Loan (to)/from joint ventures and associates		(5.2)	(18.5)	16.0	90.3
Capital repayment from associate		4.2	-	-	-
Payments for controlled entities (net of cash acquired), associates and joint ventures		-	(44.8)	-	-
Investment in controlled entities		-	-	(57.0)	(212.7)
Loan advanced (to)/from controlled entities		-	-	220.2	(232.0)
Payments for cost to sell on assets held for sale		(4.3)	-	-	-
(Increase)/decrease in other loans		-	(65.5)	(1.8)	12.5
Payments for other assets		-	(3.2)	-	-
<b>Net cash outflows from investing activities</b>		<b>(53.7)</b>	<b>(507.2)</b>	<b>(18.3)</b>	<b>(533.6)</b>
<b>Cash flows from financing activities</b>					
Repayment of net bank facilities		(2,058.3)	326.5	(2,003.3)	425.5
Repayments of net short and medium term notes		(173.8)	(926.2)	(173.8)	(926.2)
Repayments of CPI coupon indexed bond		-	(37.8)	-	(37.8)
Repayment / (payment) of employee incentive scheme loans, net of distributions		-	(1.3)	-	-
Proceeds from the issue of securities		1,629.7	1,782.3	1,629.7	1,776.7
Distributions paid to securityholders		(366.7)	(391.6)	(364.1)	(393.2)
<b>Net cash (outflow) / inflows from financing activities</b>		<b>(969.1)</b>	<b>751.9</b>	<b>(911.5)</b>	<b>845.0</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(910.9)</b>	<b>611.6</b>	<b>(853.3)</b>	<b>579.0</b>
Cash and cash equivalents at the beginning of the financial year		961.9	350.3	871.1	292.1
		<b>51.0</b>	<b>961.9</b>	<b>17.8</b>	<b>871.1</b>
<b>Less: Cash balance classified as Non-current assets held for sale</b>		<b>(10.7)</b>	-	-	-
<b>Cash and cash equivalents at the end of the financial year</b>	26(b)	<b>40.3</b>	<b>961.9</b>	<b>17.8</b>	<b>871.1</b>

The above Consolidated Statements of Cash Flow should be read in conjunction with the accompanying notes

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

### 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for the Parent entity, General Property Trust (Trust) as an individual entity and the GPT Group (GPT), consisting of the Trust and its controlled entities (Consolidated entity).

#### (a) Basis of preparation

This general purpose financial report has been prepared in accordance with the Trust's Constitution, Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

##### *Compliance with IFRS*

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

##### *New accounting standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year, apart from the adoption of the following Standards and Interpretations which are mandatory for annual reporting periods beginning on or after 1 January 2009:

- Australian Accounting Standards newly released or existing standards to which amendments have been made in the past year are: 1, 2, 4, 5, 7, 8, 101, 102, 107, 108, 110, 111, 116, 118, 119, 120, 121, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023, 1038, 1039 and 1049.
- UIG Interpretations newly released or amended are: 1, 12, 13, 15 and 16.

The adoption of the Standards and Interpretations above that have a significant impact on the financial statements or performance of GPT or the Trust in the financial year are:

- AASB 8 *Operating Segments* – refer to note 1(h)
- AASB 140 *Investment Property* - refer to note 1(p)
- AASB 7 *Financial Instruments: Disclosures*

The amended Standard requires additional disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a three-level fair value measurement hierarchy. It also requires disclosure of remaining contractual maturities of derivatives if the maturities are essential for an understanding of the timing of the cashflows. The entity also has to disclose a maturity analysis of financial assets it holds for managing liquidity risk if relevant to evaluate the nature and extent of liquidity risk. The adoption of this amendment does not impact on profit but results in additional disclosures presented in note 29.

- AASB 101 *Presentation of Financial Statements*

The revised Standard has resulted in the Group renaming the Income Statement to the Statement of Comprehensive Income. This revised Standard also separates owner and non-owner changes in equity. The Statement of Changes in Equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the Statement of Comprehensive Income. The Group has elected to present all items of recognised income and expense in one Statement of Comprehensive Income. The adoption of this standard impacts only presentation aspects and has no impact on profit.

GPT has not elected to early adopt any new or amended standards that are not mandatory for the financial year ended 31 December 2009. A preliminary assessment indicates they are unlikely to significantly impact GPT's current financial performance or position except for:

- AASB 9 *Financial Instruments*

AASB 9 simplifies the classification of financial assets into those to be carried at amortised cost and those to be carried at fair value and replaces the recognition and measurement requirements of financial assets in AASB 139. This standard is required for application from the 1 January 2013. GPT is still currently assessing the impact of this standard however some financial assets carried at amortised cost may need to be fair valued.

##### *Capital management*

The Consolidated entity has a current asset deficiency of \$1,159.1 million which is mainly caused by borrowings drawn under Tranche A and B of the Euro Syndicated Facility maturing 26 October 2010 being classified as current borrowings. However, Tranche C of the Euro Multi-option Syndicated Facility, which matures 26 October 2012, remains undrawn by the amount required to refinance Tranche A and B. The Syndicate banks which invest in GPT's Euro Syndicated facility have an equal amount of exposure to GPT under both tranches. There is no legal impediment to drawing Tranche C to refinance Tranche A and B. GPT remain drawn in Tranche A and B, as opposed to Tranche C, to save interest expense due to different credit margins.

##### *Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation for financial assets and liabilities (including derivatives) at fair value through profit and loss, certain classes of property, plant and equipment and investment property.

The financial statements were approved by the Board of Directors on 22 February 2010.

#### (b) Accounting for the GPT Group

In accordance with AASB Interpretation 1002 *Post-date of Transition Stapling Arrangements*, the stapled entity reflects the Consolidated entity. Equity attributable to other stapled entities is a form of minority interest in accordance with AASB Interpretation 1002 and in the Consolidated entity column, represents the contributed equity of GPT Management Holdings Limited (the Company).

As a result of the stapling, investors in GPT will receive payments from each component of the stapled security comprising distributions from the Trust and dividends from the Company.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

### 1. Summary of significant accounting policies (continued)

#### (c) Principles of consolidation

##### (i) Controlled entities

The consolidated financial statements comprise the assets and liabilities of all controlled entities and the results of all controlled entities for the financial year. The Trust and its controlled entities are collectively referred to in this financial report as GPT or the Consolidated entity.

Controlled entities are all entities (including special purpose entities) over which GPT has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether GPT controls another entity.

Controlled entities are fully consolidated from the date control commenced and de-consolidated from the date that control ceased.

The purchase method of accounting is used to account for the acquisition of controlled entities by GPT (refer to note 1(d)). All inter-entity transactions, balances and unrealised gains on transactions between GPT entities have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Non-controlling interests (previously referred as Minority interest) not held by GPT are allocated their share of net profit after income tax expense in the Statement of Comprehensive Income and are presented within equity in the Statement of Financial Position, separately from the Trust's equity.

##### (ii) Associates

Associates are entities over which GPT has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the Trust's Statement of Financial Position as financial assets held at fair value through profit and loss and in the Consolidated Statement of Financial Position using the equity method. Under this method, GPT's share of the associates' post acquisition net profits after income tax expense is recognised in the Consolidated Statement of Comprehensive Income and its share of post acquisition movements in reserves is recognised in reserves in the Consolidated Statement of Financial Position. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions and dividends received from associates are recognised in the Trust's Statement of Comprehensive Income while in the consolidated financial statements they reduce the carrying amount of the investment. GPT's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer note 12).

Where GPT's share of losses in associates equals or exceeds its interest in the associate, including any other unsecured receivables, GPT does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associate.

All balances and effects of transactions between each associate and GPT have been eliminated to the extent of GPT's interest in the associate.

##### (iii) Joint Ventures

###### *Joint venture operations*

GPT has significant co-ownership interests in a number of properties through unincorporated joint ventures. These interests are held directly and jointly as tenants in common. GPT's proportionate share of revenues, expenses, assets and liabilities in property interests held as tenants in common are included in their respective items of the Consolidated Statement of Financial Position and Statement of Comprehensive Income.

###### *Joint venture entities*

Investments in joint venture entities are accounted for in the Trust's Statement of Financial Position as financial assets held at fair value through profit and loss.

Investments in joint venture entities are accounted for in the Consolidated Statement of Financial Position using the equity method. Under this method, GPT's share of the joint ventures' post acquisition net profits after income tax expense is recognised in the Consolidated Statement of Comprehensive Income and its share of post acquisition movements in reserves including cash flow hedge reserve, is recognised in reserves in the Consolidated Statement of Financial Position. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions and dividends received from joint ventures are recognised in the Trust's Statement of Comprehensive Income while in the consolidated financial statements they reduce the carrying amount of the investment.

All balances and effects of transactions between joint ventures and GPT have been eliminated to the extent of GPT's interest in the joint venture.

Where controlled entities, associates or joint ventures adopt accounting policies which differ from the Parent entity, adjustments have been made so as to ensure consistency within the GPT Group.

#### (d) Accounting for acquisitions and business combinations

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. Transaction costs arising on the issue of equity instruments are recognised directly in equity. The excess of the cost of acquisition over the fair value of GPT's share of the net identifiable assets acquired represents goodwill (refer note 1(t)(i)). If the cost of acquisition is less than GPT's share of the fair value of the net assets of the entity acquired, the difference is recognised directly in the Statement of Comprehensive Income, but only after a reassessment of the identification and measurement of net assets acquired.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is GPT's incremental borrowing rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

### 1. Summary of significant accounting policies (continued)

#### (e) Foreign currency translation

##### (i) Functional and presentation currency

Items included in the financial statements of each of the GPT entities are measured using the currency of the primary economic environment in which they operate ('the functional currency'). The consolidated financial statements are presented in Australian Dollars, which is the Trust's functional and presentation currency.

##### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

##### (iii) Foreign operations

Non-monetary items that are measured in terms of historical cost are converted using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences of non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

Exchange differences arising on monetary items that form part of the net investment in a foreign operation are taken to the profit and loss in the Parent entity and against a foreign currency translation reserve on consolidation.

Where forward foreign exchange contracts are entered into to cover any anticipated excesses of revenue less expenses within foreign joint venture entities, they are converted at the ruling rates of exchange at the reporting period. The resulting foreign exchange gains and losses are taken to the Statement of Comprehensive Income.

#### (f) Income Tax

##### (i) Trusts

Under current tax legislation, Trusts are not liable for income tax, provided their taxable income and taxable realised gains are fully distributed to securityholders each financial year.

##### (ii) Company and other taxable entities

Income tax expense/benefit for the financial year is the tax payable/receivable on the current year's taxable income based on the national income tax rate for each jurisdiction. This is adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

##### (iii) Tax consolidation – Australia

GPT Management Holdings Limited (the head entity) and its wholly owned Australian controlled entities implemented the tax consolidation legislation as of 1 January 2006. Each member in the tax consolidated group continues to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right. On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement, which in the opinion of the directors, limits the joint and several liability of the wholly owned entities in the case of a default of the head entity, GPT Management Holdings Limited.

The Company has also entered into a tax funding agreement under which the wholly owned entities fully compensate GPT Management Holdings Limited for any current tax payable assumed and are compensated by GPT Management Holdings Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to GPT Management Holdings Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the financial statements.

Assets and liabilities arising under the tax funding agreement with the tax consolidated entities are recognised as amounts receivables or payables and these amounts are due upon demand from the head entity. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments and the funding amounts are recognised as intercompany receivables or payables. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

### 1. Summary of significant accounting policies (continued)

#### (g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST (or equivalent tax in overseas locations) except where the GST incurred on purchase of goods and services is not recoverable from the tax authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated inclusive of the amount of GST. The net amount of GST receivable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis in the Statement of Cash flows. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### (h) Segment reporting

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

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, investment properties, inventory, property, plant and equipment and intangible assets, net of related provisions. Assets used jointly by two or more different segments are allocated based on a reasonable estimate of usage. Segment liabilities consist primarily of trade creditors and accruals. Segment assets and liabilities do not include income taxes.

Operating segments are identified based on the information provided to the chief operating decision makers – being the Chief Executive Officer (CEO) and also with consideration to other factors including the existence of a Portfolio Head/Manager and the level of segment information presented to the Board of Directors.

Operating segments that meet the quantitative criteria prescribed by AASB 8 are reported separately. Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

#### *Change in accounting policy effective in the financial year*

The Group has adopted AASB 8 Operating Segments from 1 January 2009. AASB 8 replaced AASB 114 Segment Reporting and requires a 'management approach' under which segment information is presented on a similar basis to that used for internal reporting purposes. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114. The AASB 8 disclosures are shown in note 2.

#### (i) Revenue recognition

Rental revenue from operating leases is recognised 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. When GPT provides lease incentives to tenants, the costs of the incentives are recognised over the lease term, on a straight line basis, as a reduction of property rent revenue. Contingent rental income is recognised as revenue in the period in which it is earned.

Property and fund management fee revenue is recognised on an accruals basis, in accordance with the terms of the relevant contracts. Revenue from development projects is recognised on settlement of an unconditional contract for sale.

Revenue from dividends and distributions are recognised when they are declared. Interest income is recognised on an accruals basis using the effective interest method.

Gain or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the Statement of Comprehensive Income in the year of disposal. Where revenue is obtained from the sale of properties or assets, it is recognised when the significant risks and rewards have transferred to the buyer. This will normally take place on exchange of unconditional contracts.

If not received at reporting date, revenue is included in the Statement of Financial Position as a receivable and carried at fair value.

#### (j) Finance costs

Finance costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of and 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 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. As all funds are borrowed by GPT, the capitalisation rate used to determine the amount of finance costs capitalised is the weighted average interest applicable to GPT's outstanding borrowings during the year.

#### (k) Expenses

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

#### (l) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, at bank and short term money market deposits with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

### 1. Summary of significant accounting policies (continued)

#### (m) Receivables

Trade and sundry debtors are recognised at amortised cost, which in the case of GPT, is the original invoice amount less a provision for doubtful debts. Trade debtors are due within thirty days. 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 GPT will not be able to collect the amounts due according to the original terms of the receivables. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows.

#### *Other loans and receivables*

Loans and receivables are recognised at amortised cost using the effective interest rate method. Under this method, fees, costs, discounts and premiums directly related to the loans and receivables are recognised in the Statement of Comprehensive Income over the expected life of the loans and receivables. All loans and receivables with maturities greater than 12 months after balance date are classified as non-current assets.

#### (n) Inventory

Inventory is stated at the lower of cost and net realisable value. Hotel merchandise costs are assigned on the basis of weighted average costs and net realisable value is the estimated selling price in the ordinary course of business. A provision is raised when it is believed that the costs incurred will not be recovered on the ultimate sale of the inventory.

Warehoused investment property is investment property which has been acquired for a proposed fund by entities in the GPT Group to ultimately sell to external investors once the final portfolio has been identified and the terms have been agreed. Costs on the warehoused investment property include the costs of acquisition. Gains and losses on the sale of the fund is recognised in the Statement of Comprehensive Income when the significant risks and rewards of the fund or assets/inventory have transferred to external investors.

#### (o) Non-current assets classified as held for sale and discontinued operations

Non current assets are classified as held for sale and, except for investment properties, measured at the lower of their carrying amount or fair value less costs to sell. They will also be recovered principally through a sale transaction instead of use. They are not depreciated or amortised. For an asset or disposal group to be classified as held for use, it must be available for immediate use in its present condition and its sale must be highly probable. Investment properties included as non-current assets classified as held for sale are measured at fair value as set out in note 1(p).

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a part of GPT's business that:

- it has disposed or has classified as held for sale and that represents a major line of its business or geographical area of operations
- is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the Statement of Comprehensive Income and the assets and liabilities are presented separately on the face of the Statement of Financial Position.

#### (p) Investment property

##### (i) Investment properties

Property, including land and buildings, held for long-term rental yields which are not occupied by a GPT entity 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. As from 1 January 2009, investment property also includes property that is being developed for future use as investment property.

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

Subsequent to initial acquisition, investment property is stated at fair value with changes in fair value recorded in the Statement of Comprehensive Income.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses an appropriate valuation method which may include discounted cash flow projections and the capitalisation method. Discount rates and capitalisation rates are determined based upon the Trust's industry knowledge and expertise and where possible, direct comparison to third party rates for similar assets in a comparable location. The fair value reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. It also reflects any cash outflows (excluding those relating to future capital expenditure) that could be expected in respect of the property.

Fair value measurement on property under development is only applied if the fair value is considered to be reliably measured. In order to evaluate whether the fair value of an investment property under development can be determined reliably, management considers the following factors, among others:

- the stage of completion
- whether the project/property is standard (typical for the market) or non-standard
- the level of reliability of cash inflows after completion
- the development risk specific to the property
- past experience with similar developments
- status of development/construction permits
- the provisions of the construction contract.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 1. Summary of significant accounting policies (continued)

## (p) Investment property (continued)

## (i) Investment properties (continued)

The Responsible Entity of the Trust reviews the fair value of each investment property every six months, or earlier where the Responsible Entity believes there may be a material change in the carrying value of the property and where the carrying value differs materially from the Responsible Entity's assessment of fair value, an adjustment to the carrying value is recorded as appropriate. Independent valuations on all investment properties are carried out at least every three years on a rolling basis to ensure that the carrying amount of each investment property does not differ materially from its fair value.

Subsequent expenditure is charged to the investment property only when it is probable that future economic benefits of the expenditure will flow to GPT and the cost can be measured reliably.

Investment property for sale is classified as non-current assets held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations.

Some property investments are held in joint ownership arrangements (joint venture operations). The proportionate interests in the assets, liabilities, revenues and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings (refer to note 1(c)(iii)).

*Change in accounting policy effective in the financial year*

Investment property now also includes properties that are under construction for future use as investment properties. The change in policy was necessary following changes made to AASB 140 *Investment Property* as a result of the IASB's 2008 Improvements Standard. Refer to note 1(q) for further details and the effects of adoption of this amendment.

## (ii) Owner Occupied Property

Owner occupied property is property that is held for use by GPT entities for the supply of GPT services. Certain hotel properties are classified and accounted for as investment property in the Trust's financial statements and classified as owner-occupied property and accounted for as property, plant and equipment in the consolidated financial statements as GPT owns and operates the hotels (refer to note 1(q)).

## (iii) Warehoused Investment Property

Investment property which has been acquired for a proposed fund is accounted for as inventory (refer to note 1(n)).

## (q) Property, plant and equipment

In the Consolidated entity, certain owner occupied hotel properties (refer note 1(p)(ii)) are classified as property, plant and equipment and stated at fair value less accumulated depreciation for the buildings. The basis of fair value is the same as outlined in the investment property note 1(p). Any accumulated depreciation at the date of revaluation is eliminated against the carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increments in the carrying amounts arising from revaluation on hotels are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognised in the Statement of Comprehensive Income, the increase is first recognised in the Statement of Comprehensive Income. Decreases that reverse previous increases of the same asset are first charged against the asset revaluation reserve to the extent of the remaining reserve attributable to the asset; and all other decrements are recognised in the Statement of Comprehensive Income.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to its acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to GPT and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

## Depreciation and amortisation

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their expected useful lives, as follows:

• Buildings	up to 40 years
• Motor Vehicles	4 – 7 years
• Office fixtures, fittings and operating equipment	5 – 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Comprehensive Income. When revalued assets are sold, any amount in the asset revaluation reserve in respect of those assets is transferred to retained earnings.

*Change in accounting policy effective in the financial year*

From 1 January 2009, property under development for future use as investment property is no longer measured at cost and classified as property, plant and equipment. Instead, property under development is measured at fair value with changes in fair value being recognised in the Statement of Comprehensive Income. As a result of the adoption of this amendment, investment properties under construction have been transferred from property, plant and equipment to investment properties at 1 January 2009 at their carrying amount of \$152 million for the Consolidated entity and \$116.1 million for the Parent entity. They have subsequently been fair valued at 31 December 2009. All fair value gains or losses in respect of investment property under development have been recognised in the Statement of Comprehensive Income for the financial year ended 31 December 2009.

## (r) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Net rental payments, excluding contingent payments, are recognised as an expense in the Statement of Comprehensive Income on a straight line basis over the period of the lease.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2009

**1. Summary of significant accounting policies (continued)****(s) Lease incentives**

Incentives such as cash, rent free periods, lessee or lessor owned fit outs 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 revenue. The carrying amount of the lease incentives is reflected in the fair value of investment properties.

**(t) Intangible assets****(i) Goodwill**

Goodwill on acquisition represents the excess of purchase consideration, including incidental expenses associated with the acquisition, over the fair value of GPT's share of the identifiable net assets of the acquired entity. Goodwill on acquisition of controlled entities is included in intangible assets and goodwill on acquisition of associates/joint ventures is included in investments in associates/joint ventures.

Goodwill is not amortised, instead it is tested for impairment annually, whenever there is an indication that the carrying value may be impaired, and is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to cash generating units (CGUs) that are expected to benefit from the acquisition. GPT has determined that each operating segment set out in note 2 is a CGU. Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates.

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

**(ii) Other intangible assets**

Operating lease rights relating to the resort operation at Lizard Island Resort and property management rights have been assessed to have a maximum useful life of 28 years respectively. They are carried at cost less accumulated amortisation and impaired losses. Amortisation is calculated using the straight line method to allocate the cost of the operating lease rights and property management rights over their useful life.

Intangible assets are tested for impairment annually (refer to note 1(v)).

**(u) Other investments**

Other investments, excluding investments in controlled entities, are classified as available for sale assets. Unlisted investments are stated at the fair value of GPT's interest in the underlying assets which approximate fair value. Gains or losses on available-for-sale investments are recognised in the asset revaluation reserve in the Statement of Financial Position until the investment is sold or impaired, at which time the cumulative changes in fair value recognised in the asset revaluation reserve are recognised in the Statement of Comprehensive Income. Investments in controlled entities are held at the lower of cost or recoverable amount.

**(v) Impairment**

Goodwill, which has an indefinite useful life, is not subject to amortisation and is tested annually for impairment. All other assets, including financial assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where an indicator of impairment or objective evidence exists, an estimate of the asset's recoverable amount is made. An impairment loss is recognised in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

**(w) Financial assets and liabilities**

Classification of financial assets and liabilities depends on the purpose for which the assets and liabilities were acquired.

GPT's classification is set out below:

Financial asset/liability	Classification	Valuation basis	
Cash	Fair value through profit and loss	Fair value	Refer to note 1(l)
Receivables	Loans and receivables	Amortised cost	Refer to note 1(m)
Derivative assets	Fair value through profit and loss	Fair value	Refer to note 1(x)
Other assets			
Investment in unlisted entities	Available for sale financial assets	Fair value	Refer to note 1(u)
Payables	Financial liability at amortised cost	Amortised cost	Refer to note 1(y)
Borrowings	Financial liability at amortised cost	Amortised cost	Refer to note 1(aa)
Derivative liabilities	Fair value through profit and loss	Fair value	Refer to note 1(x)

**Derecognition of financial instruments**

Financial assets are recognised on the date the Consolidated or Parent entity commits to purchase or sell the asset and derecognised when GPT no longer controls the contractual rights that comprise the financial instrument which is normally the case when the instrument is sold or all risks and rewards of ownership have transferred to an independent third party.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

### 1. Summary of significant accounting policies (continued)

#### (x) Derivatives

GPT uses derivative financial instruments to manage its exposure to fluctuations in interest rates, foreign currency rates and the volatility of financial outcomes that arise as part of normal business operations. GPT's treasury and risk management policy sets out the policies, limits, monitoring and reporting requirements on the use of financial instruments, including derivatives, to hedge the exposures and these are discussed in detail at note 29.

Derivatives (including those embedded in other contractual arrangements) are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value.

GPT is exposed to changes in interest rates and foreign exchange rates and uses interest rate swaps, forward interest rate swaps, options, and forward foreign exchange contracts to hedge these risks. Such derivative financial instruments are carried in the Statement of Financial Position at fair value and classified according to their contractual maturity. Changes in the fair value of any derivative instruments are recognised immediately in the Statement of Comprehensive Income. All derivatives are disclosed as assets when fair value is positive and disclosed as liabilities when fair value is negative.

Gains and losses on maturity or close-out of derivatives are recognised in the Statement of Comprehensive Income.

#### (y) Payables

Trade payables are unsecured liabilities for goods and services provided to GPT prior to the end of the financial year but which remain unpaid at reporting date. They are recognised at amortised cost, which in the case of GPT, is the fair value of consideration to be paid in the future for the goods and services received.

##### *Loans payable*

Loans payable to related parties are recognised at amortised cost using the effective interest rate method. Under this method, fees, costs, discounts and premiums directly related to the loans are recognised in the Statement of Comprehensive Income over the expected life of the borrowings. Interest payable is recognised on an accruals basis. All loans payable with maturities greater than 12 months after reporting date are classified as non-current liabilities.

#### (z) Provisions

Provisions are recognised when GPT has a present legal, equitable or constructive obligation as a result of past transactions or events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Refer to note 1(ad) for provisions for distributions.

#### (aa) Borrowings

Borrowings are recognised at amortised cost using the effective interest rate method or at their fair value at the time of acquisition in the case of assumed liabilities in a business combination. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in the Statement of Comprehensive Income over the expected life of the borrowings. All loans and receivables with maturities greater than twelve months after reporting date are classified as non-current liabilities. Refer to note 1(j) on finance costs.

#### (ab) Employee benefits

##### (i) Wages, salaries, annual leave and long service leave

Liabilities for wages and salaries (including non monetary benefits) and annual leave are recognised in the provisions for employee benefits and measured at the amounts to be expected to be paid when the liabilities are settled. Liabilities for non-accumulated sick leave are recognised when leave is taken and measured at the rates paid or payable.

The employee benefit liability expected to be settled within 12 months from balance date is recognised in current liabilities. The non-current provision relates to entitlements, including long service leave, which are expected to be payable after twelve months from balance date and are measured as the present value of expected future payments to be made in respect of services provided by employees up to balance date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at balance date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

##### (ii) Retirement benefit obligations

All employees of GPT are entitled to benefits on retirement, disability or death from the GPT Group Superannuation Plan. The GPT Group Superannuation Plan has a defined contribution section within its plan. The defined contribution section receives fixed contributions and GPT's legal and constructive obligation is limited to these contributions. The employees of GPT are all members of the defined contribution section of the GPT Group Superannuation Plan.

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

##### (iii) Profit sharing and bonus plans

GPT recognises a liability and expense for profit sharing and bonuses based on a formula that takes into consideration the profit attributable to GPT's securityholders after certain adjustments. A provision is recognised where contractually obliged or where there is a past practice that has created a constructive obligation.

##### (iv) Share based payments

Information relating to the Employee Incentive Scheme (EIS) is set out in note 24.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

### 1. Summary of significant accounting policies (continued)

#### (ab) Employee benefits (continued)

##### Employee Incentive Scheme

Security based compensation benefits are provided to employees via the schemes comprising the Employee Incentive Scheme.

##### (1) General Scheme

The non-recourse loans, which are used to acquire GPT stapled securities on market, create a synthetic option. The notional fair value of the implied option in respect of the loans is recognised as an employee benefit expense with a corresponding increase in the employee incentive scheme reserve in equity. The fair value at grant date is calculated using the Monte Carlo pricing model and recognised over the period during which the employees become unconditionally entitled to the GPT stapled securities.

##### (2) Legacy LTI Scheme

A full recourse loan based scheme which has been converted to limited recourse effective 31 December 2008 (the date of conversion). While the loan remained in place, the participant was committed only to the value of the underlying securities. The interest charge on the loans to participants was set at a level to approximate the net distributions receivables. The outstanding loan balance is included in the treasury stock reserve.

##### (3) GPT Group Stapled Security Rights Plan

Performance rights (rights) are issued to employees under the Stapled Security Rights Plan ("Plan"). Under the Plan, each participating employee will be granted a certain number of rights which will vest into GPT stapled securities at no cost, if all vesting conditions are satisfied.

The fair value of the rights is recognised as an employee benefit expense with a corresponding increase in the employee incentive scheme reserve in equity. Fair value is measured at grant date, recognised over the period during which the employees become unconditionally entitled to the rights and is adjusted to reflect market vesting conditions. Non-market vesting conditions are included in assumptions about the number of rights that are expected to become vested. At each reporting date, GPT revises its estimate of the number of performance rights that are expected to be exercisable and the employee benefit expense recognised each reporting period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the Statement of Comprehensive Income with a corresponding adjustment to equity.

Fair value is independently determined using Monte Carlo and Binomial tree pricing models. These models take into account the expected life of the rights, the security price at grant date, expected price volatility of the underlying security, expected distribution yield and the risk free interest rate for the term of the rights.

#### (ac) Contributed equity

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

#### (ad) Distributions and dividends

Distributions and dividends are paid to GPT stapled securityholders each quarter. A provision for distribution or dividend is made for the amount of any distribution or dividend declared on or before the end of the financial year but not distributed at reporting date.

#### (ae) Earnings per stapled security (EPS)

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

### 1. Summary of significant accounting policies (continued)

#### (af) Critical accounting estimates and judgements

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

The key estimates 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) Current market conditions

The global market for many types of real estate was severely affected by the volatility in global financial markets over the last 18 months. The lower levels of liquidity and volatility in the banking sector translated into a general weakening of market sentiment towards real estate and the number of real estate transactions reduced significantly.

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is not a forced seller prepared to sell at any price. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition. The availability of liquidity to property trusts has started to increase over the last six months leading to a greater number of real estate transactions taking place in this time. However the volume of sales of property assets, particularly premium assets, is still lower than experienced historically. This means that there is still a shortage of comparable market evidence relating to pricing assumptions and market drivers compared to 'normal' levels. This means that some uncertainty remains in regard to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be prolonged.

The fair value of investment property accounted has been updated to reflect market conditions at the end of the reporting period. While this represents best estimates as at the balance sheet date the current market uncertainty means that if investment property is sold in future the price achieved may be higher or lower than the most recent valuation.

##### (ii) Valuation of property investments

Critical judgements are made by GPT in respect of the fair values of investments in associates and joint ventures (note 1(c)), investment properties including investment properties under development (note 1(p)) and hotel properties that are classified as non-current assets held for sale at 31 December 2009 (note 1(q)). 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 receipt of contractual rents, expected future market rentals, maintenance requirements, discount rates that reflect current market uncertainties and current and recent property investment prices. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of property investments may differ.

##### (iii) 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 GPT's derivatives are set out in note 1(x) however the fair values of derivatives reported at 31 December 2009 may differ if there is volatility in market rates, indexes, equity prices or foreign exchange rates in future periods.

##### (iv) Valuation of indemnities and guarantees included in contracts of sale

Fair value of indemnities and guarantees provided by entities in the GPT Group are estimated based on future events which are reasonably likely, but which may not occur. The critical assumptions underlying management's estimates of the disclosure and/or recognition of the indemnities and guarantees relate to the likelihood of the whether the guarantee or indemnity will be drawn on. The amount of the liability recognised in the Statement of Financial Position may differ if the assumptions or the market conditions used differ over the time period when the indemnity or guarantee are applicable.

##### (v) Impairment of loans and receivables

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

##### (vi) Share based payment transactions

The Group measures the cost of equity settled securities allocated to employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Monte Carlo method which includes a number of assumptions. The related assumptions are detailed in note 24. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact, the share based payment expense and equity.

#### (ag) Rounding of amounts

The GPT Group is of a kind referred to in the Australian Securities & Investments Commission Class Order 98/0100. Accordingly, amounts in the financial report have been rounded to the nearest tenth of a million dollars in accordance with the Class Order, unless stated otherwise.

#### (ah) Other Comprehensive Income

Other comprehensive income in the Statement of Comprehensive Income reflects the remeasurements of certain assets or balances as a result of movements in price or valuation. In the case of GPT, these items will commonly include foreign exchange translation adjustments on foreign subsidiaries, changes in the fair value of available for sale financial assets and in prior years, changes in the fair value of financial instruments in a cash flow hedge. Where the underlying item giving rise to the foreign currency translation adjustments is sold or realised, the foreign currency translation adjustments recognised in other comprehensive income are then recognised again in earnings (or comprehensive income) in the Statement of Comprehensive Income.

THE GPT GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

2. Segment Reporting

(a) Financial Performance by Segment

The segment information provided to the CEO for the reportable segments (discussed at note 2(e)) for the year ended 31 December 2009 is below.

31 December 2009

	Retail	Office	Industrial	US Senior Housing	Funds Management Australia	All other segments	Total continuing operations	Discontinued operation - Joint Venture	Discontinued operation - Hotels / Tourism	Discontinued operation - Funds Management Europe	Total discontinued operations	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Revenue</b>												
Rent from investment properties	357.1	104.9	60.2	-	-	-	522.2	-	16.1	24.8	40.9	563.1
Revenue from hotel operations	-	-	-	-	-	-	-	-	181.4	-	181.4	181.4
Property and fund management fees	13.6	-	-	-	23.2	-	36.8	-	-	26.1	26.1	62.9
Development project revenue	3.8	2.6	-	-	-	-	6.4	-	-	-	-	6.4
Development profits	-	-	-	-	-	2.5	2.5	-	-	-	-	2.5
<b>Total segment revenue</b>	<b>374.5</b>	<b>107.5</b>	<b>60.2</b>	<b>-</b>	<b>23.2</b>	<b>2.5</b>	<b>567.9</b>	<b>-</b>	<b>197.5</b>	<b>50.9</b>	<b>248.4</b>	<b>816.3</b>
<b>Other income</b>												
Share of after tax profits of investments in associates and joint ventures	8.4	43.4	-	15.5	89.3	-	156.6	-	1.3	4.4	5.7	162.3
Interest revenue - associates and other investments	-	-	-	7.6	-	-	7.6	-	-	2.9	2.9	10.5
<b>Total other income</b>	<b>8.4</b>	<b>43.4</b>	<b>-</b>	<b>23.1</b>	<b>89.3</b>	<b>-</b>	<b>164.2</b>	<b>-</b>	<b>1.3</b>	<b>7.3</b>	<b>8.6</b>	<b>172.8</b>
<b>Total segment revenue and other income</b>	<b>382.9</b>	<b>150.9</b>	<b>60.2</b>	<b>23.1</b>	<b>112.5</b>	<b>2.5</b>	<b>732.1</b>	<b>-</b>	<b>198.8</b>	<b>58.2</b>	<b>257.0</b>	<b>989.1</b>
<b>Segment result before Management and other administration costs, depreciation &amp; amortisation expense, finance costs, net realised losses on derivatives and income tax expense</b>	<b>281.0</b>	<b>123.4</b>	<b>50.6</b>	<b>23.1</b>	<b>112.5</b>	<b>2.5</b>	<b>593.1</b>	<b>-</b>	<b>45.5</b>	<b>52.2</b>	<b>97.7</b>	<b>690.8</b>
Management and other administration costs	(13.1)	(2.9)	(0.7)	(2.5)	(13.5)	(34.6)	(67.3)	(1.0)	(0.9)	(61.5)	(63.4)	(130.7)
Depreciation and amortisation expense	-	-	-	-	-	(2.1)	(2.1)	-	-	(1.0)	(1.0)	(3.1)
Finance costs	-	-	-	-	-	(175.1)	(175.1)	-	0.3	(9.6)	(9.3)	(184.4)
Income tax (expense) / benefits	(1.4)	(0.3)	-	(2.0)	(3.4)	3.0	(4.1)	-	8.4	(1.1)	7.3	3.2
<b>Segment result for the year *</b>	<b>266.5</b>	<b>120.2</b>	<b>49.9</b>	<b>18.6</b>	<b>95.6</b>	<b>(206.3)</b>	<b>344.5</b>	<b>(1.0)</b>	<b>53.3</b>	<b>(21.0)</b>	<b>31.3</b>	<b>375.8</b>
Fair value adjustments to investment properties	(338.2)	(125.1)	(69.2)	-	-	-	(532.5)	-	(19.3)	-	(19.3)	(551.8)
Fair value and other adjustments to investments in associates and joint ventures	(23.0)	(58.2)	-	(37.8)	(141.9)	(11.0)	(271.9)	-	(0.6)	(20.2)	(20.8)	(292.7)
Revaluation of Hotel Properties	-	-	-	-	-	-	-	-	(49.0)	-	(49.0)	(49.0)
Depreciation and amortisation expense - management rights and hotels & tourism	(7.1)	-	-	-	-	-	(7.1)	-	(11.7)	(0.2)	(11.9)	(19.0)
Impairment expense - warehoused property investments	-	-	-	-	-	-	-	-	-	(40.6)	(40.6)	(40.6)
Impairment expense - loan and receivables	-	-	-	-	-	(11.0)	(11.0)	(1,092.9)	(0.1)	(18.3)	(1,111.3)	(1,122.3)
Impairment expense - other	(11.8)	-	-	-	-	-	(11.8)	-	(5.2)	-	(5.2)	(17.0)
Fair value movement of derivatives	-	-	-	-	-	463.3	463.3	-	-	(6.8)	(6.8)	456.5
Net foreign exchange gain / (loss)	-	-	-	-	-	238.6	238.6	-	-	-	-	238.6
Impairment expense - interest	-	-	-	-	-	-	-	(40.2)	-	-	(40.2)	(40.2)
Interest revenue - joint venture investment arrangements	-	-	-	-	-	-	-	40.2	-	-	40.2	40.2
Net gain / (loss) on disposal of assets	(2.0)	-	(1.3)	-	(58.4)	(2.3)	(64.0)	137.5	(42.5)	(36.8)	58.2	(5.8)
Cost to sell for Non-current assets and liabilities held for sale	-	-	-	-	-	-	-	(0.7)	(12.0)	-	(12.7)	(12.7)
Development profit - adjustment	-	-	-	-	-	(2.5)	(2.5)	-	-	-	-	(2.5)
Non-cash IFRS revenue adjustments	(12.7)	(5.6)	(0.8)	-	-	-	(19.1)	-	-	-	-	(19.1)
Share based payment expense	-	-	-	-	-	(3.9)	(3.9)	-	-	-	-	(3.9)
Redundancy costs	-	-	-	-	-	(2.1)	(2.1)	(2.1)	-	-	(2.1)	(4.2)
Tax impact on reconciling items from Segment result to Net loss for the year	0.1	-	-	-	-	(3.9)	(3.8)	0.4	0.5	2.7	3.6	(0.2)
Other	-	-	-	0.6	-	-	0.6	(1.2)	-	(0.1)	(1.3)	(0.7)
<b>Net gain/(loss) for the year</b>	<b>(128.2)</b>	<b>(68.7)</b>	<b>(21.4)</b>	<b>(18.6)</b>	<b>(104.7)</b>	<b>458.9</b>	<b>117.3</b>	<b>(960.0)</b>	<b>(86.6)</b>	<b>(141.3)</b>	<b>(1,187.9)</b>	<b>(1,070.6)</b>

\* The segment result is based on Realised Operating Income (ROI).

ROI is a financial measure that is based on the profit under Australian Accounting Standards adjusted for certain unrealised items, non-cash items, gains or losses on investments or other items the Directors determine to be non-recurring or capital in nature. ROI is not prescribed by any Australian Accounting Standards. The adjustments that reconcile the Segment Result to the net loss for the year may change from time to time, depending on changes in accounting standards and/or the Directors' assessment of items that are non-recurring or capital in nature. A description of the material adjustments are included in note 2(b) and (c).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

2. Segment Reporting (continued)

(a) Financial Performance by Segment (continued)

The segment information provided to the CEO for the reportable segments (discussed at note 2(e)) for the year ended 31 December 2008 is below.

31 December 2008

	Retail	Office	Industrial	US Senior Housing	Funds Management Australia	All other segments	Total continuing operations	Discontinued operation - Joint Venture	Discontinued operation - Hotels / Tourism	Discontinued operation - Funds Management Europe	Total discontinued operations	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Revenue</b>												
Rent from investment properties	338.8	103.1	60.5	-	-	-	502.4	-	17.9	39.6	57.5	559.9
Revenue from hotel operations	-	-	-	-	-	-	-	-	209.3	-	209.3	209.3
Property and fund management fees	18.2	4.2	-	-	31.7	2.2	56.3	-	0.1	32.1	32.2	88.5
Proceeds from the sale of warehoused property investments	-	-	-	-	-	-	-	-	-	13.6	13.6	13.6
<b>Total segment revenue</b>	<b>357.0</b>	<b>107.3</b>	<b>60.5</b>	<b>-</b>	<b>31.7</b>	<b>2.2</b>	<b>558.7</b>	<b>-</b>	<b>227.3</b>	<b>85.3</b>	<b>312.6</b>	<b>871.3</b>
<b>Other income</b>												
Share of after tax profits of investments in associates and joint ventures	8.6	43.7	-	7.2	94.9	(2.2)	152.2	(9.8)	2.1	7.0	(0.7)	151.5
Dividend from investments	-	-	-	-	-	-	-	-	0.5	0.4	0.9	0.9
Interest revenue - joint venture investment arrangements	-	-	-	6.9	-	3.2	10.1	119.6	-	5.5	125.1	135.2
<b>Total other income</b>	<b>8.6</b>	<b>43.7</b>	<b>-</b>	<b>14.1</b>	<b>94.9</b>	<b>1.0</b>	<b>162.3</b>	<b>109.8</b>	<b>2.6</b>	<b>12.9</b>	<b>125.3</b>	<b>287.6</b>
<b>Total segment revenue and other income</b>	<b>365.6</b>	<b>151.0</b>	<b>60.5</b>	<b>14.1</b>	<b>126.6</b>	<b>3.2</b>	<b>721.0</b>	<b>109.8</b>	<b>229.9</b>	<b>98.2</b>	<b>437.9</b>	<b>1,158.9</b>
<b>Segment result before Development profits, Management and other administration costs, depreciation &amp; amortisation expense, finance costs, net realised gains on derivatives and income tax expense</b>	<b>276.5</b>	<b>121.7</b>	<b>51.6</b>	<b>15.5</b>	<b>126.6</b>	<b>3.3</b>	<b>595.2</b>	<b>109.7</b>	<b>53.3</b>	<b>74.7</b>	<b>237.7</b>	<b>832.9</b>
<b>Development Profit</b>	<b>-</b>	<b>31.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.2</b>	<b>32.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32.6</b>
Management and other administration costs	(14.5)	(4.2)	(0.8)	(1.0)	(11.5)	(34.5)	(66.5)	(2.5)	(1.1)	(75.0)	(78.6)	(145.1)
Depreciation and amortisation expense	-	-	-	-	-	(1.8)	(1.8)	-	-	(1.4)	(1.4)	(3.2)
Finance costs	-	-	-	-	-	(240.5)	(240.5)	-	0.8	(24.1)	(23.3)	(263.8)
Realised net exchange gains on derivatives	-	-	-	-	-	6.4	6.4	-	-	-	-	6.4
Net realised gains on property derivative	-	-	-	-	-	8.7	8.7	-	-	-	-	8.7
Income tax expense	(1.4)	(0.4)	-	(1.9)	(6.1)	2.3	(7.5)	1.5	9.3	(3.0)	7.8	0.3
<b>Segment result for the financial year *</b>	<b>260.6</b>	<b>148.5</b>	<b>50.8</b>	<b>12.6</b>	<b>109.0</b>	<b>(254.9)</b>	<b>326.6</b>	<b>108.7</b>	<b>62.3</b>	<b>(28.8)</b>	<b>142.2</b>	<b>468.8</b>
Fair value adjustments to investment properties	(94.2)	48.8	(36.2)	-	-	-	(81.6)	-	1.8	-	1.8	(79.8)
Fair value and other adjustments to investments in associates and joint ventures	(4.7)	(82.1)	-	(158.9)	(190.0)	-	(435.7)	(347.8)	(2.1)	(34.2)	(384.1)	(819.8)
Fair value movement of derivatives	-	-	-	-	-	(839.1)	(839.1)	-	-	(15.6)	(15.6)	(854.7)
Net realised loss on derivatives - adjustments	-	-	-	-	-	(51.7)	(51.7)	-	-	-	-	(51.7)
Net foreign exchange loss	-	-	-	-	-	(540.2)	(540.2)	-	-	(4.4)	(4.4)	(544.6)
Impairment expenses	-	-	(3.7)	(3.7)	-	(31.8)	(39.2)	(840.7)	(13.8)	(258.5)	(1,113.0)	(1,152.2)
Revaluation of Hotel Properties	-	-	-	-	-	-	-	-	(191.8)	-	(191.8)	(191.8)
Net profit on disposal of assets	-	-	-	-	-	5.3	5.3	-	-	-	-	5.3
Depreciation and amortisation expense - non-corporate offices	(7.1)	-	-	-	-	-	(7.1)	-	(13.2)	(0.7)	(13.9)	(21.0)
Non-cash IFRS revenue adjustments	(6.8)	(3.6)	2.9	-	-	-	(7.5)	-	-	-	-	(7.5)
Reversal of Development profit adjustments included in Segment result	-	(31.4)	-	-	-	51.1	19.7	-	-	-	-	19.7
Redundancy costs	-	-	-	-	-	(9.7)	(9.7)	-	-	-	-	(9.7)
Impact of external minority interest	-	-	-	-	-	-	-	-	-	(0.7)	(0.7)	(0.7)
Tax impact on reconciling items from Segment result to Net loss for the year	-	-	-	-	-	(12.4)	(12.4)	-	-	-	-	(12.4)
Other	-	-	-	(1.4)	-	-	(1.4)	-	-	-	-	(1.4)
<b>Net loss for the year</b>	<b>147.8</b>	<b>80.2</b>	<b>13.8</b>	<b>(151.4)</b>	<b>(81.0)</b>	<b>(1,683.4)</b>	<b>(1,674.0)</b>	<b>(1,079.8)</b>	<b>(156.8)</b>	<b>(342.9)</b>	<b>(1,579.5)</b>	<b>(3,253.5)</b>

\* The segment result is based on Realised Operating Income (ROI).

ROI is a financial measure that is based on the profit under Australian Accounting Standards adjusted for certain unrealised items, non-cash items, gains or losses on investments or other items the Directors determine to be non-recurring or capital in nature. ROI is not prescribed by any Australian Accounting Standards. The adjustments that reconcile the Segment Result to the net loss for the year may change from time to time, depending on changes in accounting standards and/or the Directors' assessment of items that are non-recurring or capital in nature. A description of the material adjustments are included in note 2(b) and (c).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 2. Segment Reporting (continued)

## (b) Reconciliation of Segment Revenue and Result to the Statement of Comprehensive Income – Continuing Operations

31 December 2009

	Note	Reportable segment \$M	All other segment \$M	Total continuing operations \$M	ROI adjustments \$M	Total Statement of Comprehensive income \$M
<b>Revenue</b>						
Rent from investment properties		522.2	-	522.2	-	522.2
Revenue from hotel operations		-	-	-	-	-
Property and fund management fees		36.8	-	36.8	-	36.8
Development project revenue		6.4	-	6.4	-	6.4
Development profits		-	2.5	2.5	-	2.5
<b>Total segment revenue</b>		565.4	2.5	567.9	-	567.9
Less: Non-cash IFRS adjustments	2 (c)(i)	-	-	-	(21.0)	(21.0)
		565.4	2.5	567.9	(21.0)	546.9
<b>Other income</b>						
Share of after tax profits of investments in associates and joint ventures		156.6	-	156.6		156.6
Less: Fair value adjustments to investments in associates and joint ventures	2 (c)(ii)	-	-	-	(271.9)	(271.9)
Interest revenue - associates and other investments		7.6	-	7.6	-	7.6
Add: Interest revenue - cash and short term money market securities	2 (c)(vii)	-	-	-	15.7	15.7
Less: Fair value adjustments to investment properties		-	-	-	(532.5)	(532.5)
Add: Net foreign exchange gain		-	-	-	238.6	238.6
Add: Net gain on fair value of derivatives	2 (c)(iii)	-	-	-	463.3	463.3
<b>Total other income</b>		164.2	-	164.2	(86.8)	77.4
<b>Total segment revenue and other income</b>		729.6	2.5	732.1	(107.8)	624.3
<b>Segment result before Management and other administration costs, depreciation &amp; amortisation expense, finance costs, net realised losses on derivatives and income tax expense</b>		590.6	2.5	593.1	(107.8)	485.3
Management and other administration costs		(32.7)	(34.6)	(67.3)	-	(67.3)
Add: Shared based payment expense	2 (c)(v)	-	-	-	(3.9)	(3.9)
Add: Redundancy costs	2 (c)(iv)	-	-	-	(2.1)	(2.1)
Depreciation and amortisation expense		-	(2.1)	(2.1)	-	(2.1)
Add: Amortisation expense - intangibles	2 (c)(vi)	-	-	-	(7.1)	(7.1)
Finance costs		-	(175.1)	(175.1)	-	(175.1)
Less: Interest revenue included in segments	2 (c)(vii)	-	-	-	(15.7)	(15.7)
Net loss on disposal of assets		-	-	-	-	-
Add: Net gain / (loss) on disposal of assets		-	-	-	(64.0)	(64.0)
Income tax (expense) / benefits		(7.1)	3.0	(4.1)	-	(4.1)
Add: Tax impact on reconciling items from Segment result to Net loss for year		-	-	-	(3.8)	(3.8)
<b>Segment result for the year</b>		550.8	(206.3)	344.5	(204.4)	140.1
Impairment expense - loan and receivables		-	-	-	(11.0)	(11.0)
Impairment expense - other		-	-	-	(11.8)	(11.8)
<b>Net profit / (loss) for the year</b>		550.8	(206.3)	344.5	(227.2)	117.3



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2009

**2. Segment Reporting (continued)**

**(b) Reconciliation of Segment Revenue and Result to the Statement of Comprehensive Income – Continuing Operations (continued)**

**31 December 2008**

	Note	Reportable segment \$M	All other segment \$M	Total continuing operations \$M	ROI adjustments \$M	Total Statement of Comprehensive income \$M
<b>Revenue</b>						
Rent from investment properties		502.4	-	502.4	-	502.4
Revenue from hotel operations		-	-	-	-	-
Property and fund management fees		54.1	2.2	56.3	-	56.3
Proceeds from the sale of warehoused property investments		-	-	-	-	-
<b>Total segment revenue</b>		<b>556.5</b>	<b>2.2</b>	<b>558.7</b>	<b>-</b>	<b>558.7</b>
Add: Development revenue and non-cash IFRS adjustments	2 (c)(i)	-	-	-	182.6	182.6
		556.5	2.2	558.7	182.6	741.3
<b>Other income</b>						
Share of after tax profits of investments in associates and joint ventures		154.4	(2.2)	152.2	-	152.2
Less: Fair value adjustments to investments in associates and joint ventures	2 (c)(ii)	-	-	-	(435.7)	(435.7)
Dividend from investments		-	-	-	-	-
Interest revenue - joint venture investment arrangements		6.9	3.2	10.1	-	10.1
Add: Interest revenue - cash and short term money market securities	2 (c)(vii)	-	-	-	21.7	21.7
Less: Fair value adjustments to investment properties		-	-	-	(81.6)	(81.6)
Add: Net gain on disposal of assets		-	-	-	5.3	5.3
<b>Total other income</b>		<b>161.3</b>	<b>1.0</b>	<b>162.3</b>	<b>(490.3)</b>	<b>(328.0)</b>
<b>Total segment revenue and other income</b>		<b>717.8</b>	<b>3.2</b>	<b>721.0</b>	<b>(307.7)</b>	<b>413.3</b>
<b>Segment result before Development profits, Management and other administration costs, depreciation &amp; amortisation expense, finance costs, net realised gains on derivatives and income tax expense)</b>						
		591.9	3.3	595.2	(309.1)	286.1
<b>Development Profit</b>						
		31.4	1.2	32.6	-	32.6
Less: Development profit recognised in ROI		-	-	-	(32.6)	(32.6)
Add: Cost of sales from development projects		-	-	-	(137.8)	(137.8)
<b>Management and other administration costs</b>		<b>(32.0)</b>	<b>(34.5)</b>	<b>(66.5)</b>	<b>-</b>	<b>(66.5)</b>
Less: Redundancy costs	2 (c)(iv)	-	-	-	(9.7)	(9.7)
Depreciation and amortisation expense		-	(1.8)	(1.8)	-	(1.8)
Less: Amortisation expense	2 (c)(vi)	-	-	-	(7.1)	(7.1)
Finance costs		-	(240.5)	(240.5)	-	(240.5)
Add: Interest revenue included in segments		-	-	-	(21.7)	(21.7)
Net realised gains on interest rate derivatives		-	-	-	-	-
Realised net exchange gains on derivatives		-	6.4	6.4	-	6.4
Net realised gains on property derivative		-	8.7	8.7	-	8.7
Less: Net loss on fair value of derivatives	2 (c)(iii)	-	-	-	(890.8)	(890.8)
Income tax expense		(9.8)	2.3	(7.5)	-	(7.5)
Add: Tax impact on reconciling items from Segment result to Net loss for the year		-	-	-	(12.4)	(12.4)
<b>Segment result for the financial year</b>		<b>581.5</b>	<b>(254.9)</b>	<b>326.6</b>	<b>(1,421.2)</b>	<b>(1,094.6)</b>
Net foreign exchange loss		-	-	-	(540.2)	(540.2)
Impairment expenses		-	-	-	(39.2)	(39.2)
<b>Net profit / (loss) for the year</b>		<b>581.5</b>	<b>(254.9)</b>	<b>326.6</b>	<b>(2,000.6)</b>	<b>(1,674.0)</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

### 2. Segment Reporting (continued)

#### (c) Description of adjustments from Segment Result ("ROI") to Net loss for the year

The CEO assesses the performance of the operating segments on a ROI basis. The material adjustments to the Segment Result to arrive at the net profit/(loss) shown in the financial statements are set out below:

- (i) **Non-cash IFRS adjustments** comprise primarily amounts for straightlining rental revenue and amortising lease incentives (refer to note 1(i) and 1(s) for further details). These are required for IFRS purposes but are non-cash amounts and therefore have been excluded from ROI to better reflect revenue on a cash basis in ROI.
- (ii) **Fair value and other adjustments to investments in associates and joint ventures** comprise the movements in the value of GPT's investments in joint ventures and associates as required by IFRS (refer to note 1(c)(ii) and (iii)) but do not reflect the cash distributions received from these investments. As such, GPT has excluded these amounts from ROI to better reflect a cash basis in ROI.
- (iii) **Fair value movement of derivatives** comprise mark-to-market movements required by IFRS for valuation purposes (refer to note 1(x)) and are non-cash. Refer to note 10 and 29 for further details. Therefore, GPT has excluded this amount from ROI to better reflect a cash basis in ROI.
- (iv) **Redundancy costs** comprise the redundancy payments for senior executives. For the 2009 financial year, these costs relate to Kieran Pryke and Neil Tobin who departed GPT as a result of the simplification of the business. As these costs are one-off and non-recurring in nature, GPT has excluded this amount from ROI.
- (v) **Share based payment expense** comprises of a notional cost arising from the GPT Employee Incentive Scheme. In October 2009, the General Scheme (refer to note 24(a)(i)) was terminated. As this is a notional cost required by IFRS (refer to note 1(ab)(iv)) GPT has excluded this amount from ROI.
- (vi) **Amortisation expense** is required for IFRS and is a non-cash transaction. GPT has therefore excluded this amount from ROI to better reflect a cash basis in ROI.
- (vii) **Finance costs** are presented net of interest revenue from cash at bank and short term money markets in the Segment Result. This adjustment is required to reconcile to the finance costs shown in the Statement of Comprehensive Income.

The accounting policies used by the Group in reporting segments internally are the same as those in note 1 to the financial statements and in the prior years.

Revenues are derived from a large number of tenants and no single tenant or group under common control contributes more than 10% of the Group's revenues.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 2. Segment Reporting (continued)

## (d) Reconciliation of Segment Assets and Liabilities to the Statement of Financial Position

The amounts provided to the CEO in respect of total assets and total liabilities are:

- measured in a manner consistent with that of the financial statements; and
- allocated based on the operations of the segment and physical location of the assets.

Given some of the assets and liabilities relate mainly to Corporate activities and have not been allocated to a reportable segment, a reconciliation of the reportable segments' assets and liabilities to total assets and liabilities for the years ended 31 December 2008 and 31 December 2009 is set out below:

## 31 December 2009

	Retail	Office	Industrial	US Senior Housing	Funds Management Australia	All other segments	Total continuing operations	Discontinued operation - Joint Venture	Discontinued operation - Hotels / Tourism	Discontinued operation - Funds Management Europe	Total discontinued operations	Total
<b>Current Assets</b>												
Non-current assets classified as held for sale	222.0	-	-	-	-	-	222.0	-	346.2	67.5	413.7	635.7
Other current assets	-	-	-	-	-	113.1	113.1	-	-	-	-	113.1
<b>Total Current Assets</b>	<b>222.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113.1</b>	<b>335.1</b>	<b>-</b>	<b>346.2</b>	<b>67.5</b>	<b>413.7</b>	<b>748.8</b>
<b>Non-Current Assets</b>												
Investment properties	4,072.2	1,170.8	780.6	-	-	-	6,023.6	-	-	-	-	6,023.6
Investments in associates and joint ventures	144.9	654.0	-	79.2	1,346.0	12.6	2,236.7	-	-	-	-	2,236.7
Property, plant and equipment	-	-	-	-	-	21.3	21.3	-	-	-	-	21.3
Loans and receivables	-	-	-	73.2	-	14.5	87.7	-	-	-	-	87.7
Intangible assets	16.2	-	-	-	-	-	16.2	-	-	-	-	16.2
Other non-current assets	-	-	-	-	-	29.1	29.1	-	-	-	-	29.1
<b>Total Non-Current Assets</b>	<b>4,233.3</b>	<b>1,824.8</b>	<b>780.6</b>	<b>152.4</b>	<b>1,346.0</b>	<b>77.5</b>	<b>8,414.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,414.6</b>
<b>Total Assets</b>	<b>4,455.3</b>	<b>1,824.8</b>	<b>780.6</b>	<b>152.4</b>	<b>1,346.0</b>	<b>190.6</b>	<b>8,749.7</b>	<b>-</b>	<b>346.2</b>	<b>67.5</b>	<b>413.7</b>	<b>9,163.4</b>
Non-current liabilities classified as held for sale	-	-	-	-	-	-	-	-	18.4	-	18.4	18.4
Other current and non-current liabilities	-	-	-	-	-	2,476.6	2,476.6	-	-	-	-	2,476.6
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,476.6</b>	<b>2,476.6</b>	<b>-</b>	<b>18.4</b>	<b>-</b>	<b>18.4</b>	<b>2,495.0</b>
<b>Net Assets</b>	<b>4,455.3</b>	<b>1,824.8</b>	<b>780.6</b>	<b>152.4</b>	<b>1,346.0</b>	<b>(2,286.0)</b>	<b>6,273.1</b>	<b>-</b>	<b>327.8</b>	<b>67.5</b>	<b>395.3</b>	<b>6,668.4</b>

## 31 December 2008

<b>Current Assets</b>												
Inventories	-	-	-	-	-	-	-	-	7.5	446.7	454.2	454.2
Other current assets	-	-	-	-	-	1,208.0	1,208.0	-	-	47.0	47.0	1,255.0
<b>Total Current Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,208.0</b>	<b>1,208.0</b>	<b>-</b>	<b>7.5</b>	<b>493.7</b>	<b>501.2</b>	<b>1,709.2</b>
<b>Non-Current Assets</b>												
Investment properties	4,396.6	1,256.2	818.9	-	-	-	6,471.7	-	224.4	-	224.4	6,696.1
Investments in associates and joint ventures	163.3	712.4	-	109.3	1,688.1	21.7	2,694.8	-	9.2	58.9	68.1	2,762.9
Property, plant and equipment	-	-	-	-	-	19.8	19.8	-	432.2	-	432.2	452.0
Loans and receivables	-	-	-	93.5	-	40.8	134.3	1,159.3	-	14.9	1,174.2	1,308.5
Intangible assets	35.2	-	-	-	-	-	35.2	-	13.4	-	13.4	48.6
Other non-current assets	-	-	-	-	-	52.5	52.5	-	-	-	-	52.5
<b>Total Non-Current Assets</b>	<b>4,595.1</b>	<b>1,968.6</b>	<b>818.9</b>	<b>202.8</b>	<b>1,688.1</b>	<b>134.8</b>	<b>9,408.3</b>	<b>1,159.3</b>	<b>679.2</b>	<b>73.8</b>	<b>1,912.3</b>	<b>11,320.6</b>
<b>Total Assets</b>	<b>4,595.1</b>	<b>1,968.6</b>	<b>818.9</b>	<b>202.8</b>	<b>1,688.1</b>	<b>1,342.8</b>	<b>10,616.3</b>	<b>1,159.3</b>	<b>686.7</b>	<b>567.5</b>	<b>2,413.5</b>	<b>13,029.8</b>
Current and non-current liabilities	-	-	-	-	-	5,844.3	5,844.3	-	-	373.2	373.2	6,217.5
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,844.3</b>	<b>5,844.3</b>	<b>-</b>	<b>-</b>	<b>373.2</b>	<b>373.2</b>	<b>6,217.5</b>
<b>Net Assets</b>	<b>4,595.1</b>	<b>1,968.6</b>	<b>818.9</b>	<b>202.8</b>	<b>1,688.1</b>	<b>(4,501.5)</b>	<b>4,772.0</b>	<b>1,159.3</b>	<b>686.7</b>	<b>194.3</b>	<b>2,040.3</b>	<b>6,812.3</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2009

**2. Segment Reporting (continued)****(e) Identification of Reportable Segments**

The Group's operating segments as described in note 1(h) and which are based on internal reports reviewed by the Chief Executive Officer are:

<b>Segment</b>	<b>Types of products and services which generate segment revenues</b>
<b>Retail</b>	Regional, sub-regional and community shopping centres, Homemaker City (bulky goods) centres, retail re-developments and new retail developments as well as property management of retail assets.
<b>Office</b>	Office space with associated retail space and office developments.
<b>Industrial</b>	Traditional industrial and business park assets with capacity for organic growth through the expansion of vacant land as well as industrial re-developments.
<b>Funds Management – Australia</b>	Asset and funds management of Australian wholesale fund vehicles, investments by the Group in GPT Wholesale Shopping Centre Fund and GPT Wholesale Office Fund.
<b>US Senior Housing</b>	Investments in a portfolio of established seniors housing assets in the United States of America as well as an interest in the manager of these assets.
<b>All Other Segments</b>	Costs associated with the funds management of General Property Trust, foreign exchange gains and losses, finance costs and company operating costs.
<b>Discontinued operation - Joint Venture</b>	Investments in the Babcock & Brown Joint Venture in Europe, the United States of America, New Zealand and Australia. GPT has divested most of its investments in the Joint Venture during 2009 and management intends to exit this segment in the next twelve months.
<b>Discontinued operation - Hotel / Tourism</b>	Investments in nature-based resorts and hotel assets. GPT has divested all of its resorts, with the exception of the Ayers Rock Resort, as at 31 December 2009. Management intends to exit this segment in the next twelve months.
<b>Discontinued operation - Funds Management – Europe</b>	Asset and funds management in Europe and investments in various funds through the GPTHalverton and Hamburg Trust platforms up until their sale in 2009.

**(f) Segment Revenues and Assets by geographic location**

GPT now operates predominantly in Australia but also in the United States of America through the US Senior Housing portfolio and, during the 2009 financial year, also operated in Europe.

Revenues from external customers by geographical location along with an analysis of the location of total assets is as follows:

	<b>Segment revenues</b>		<b>Segment assets</b>	
	<b>31 Dec 09</b>	<b>31 Dec 08</b>	<b>31 Dec 09</b>	<b>31 Dec 08</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
Australia	<b>765.4</b>	786.0	<b>8,752.9</b>	9,805.6
Europe	<b>50.9</b>	85.3	<b>67.5</b>	1,480.0
United States of America	-	-	<b>152.4</b>	401.4
	<b>816.3</b>	871.3	<b>8,972.8</b>	11,687.0
Unallocated	-	-	<b>190.6</b>	1,342.8
<b>Total</b>	<b>816.3</b>	871.3	<b>9,163.4</b>	13,029.8

<b>Location</b>	<b>Products and services by location</b>
<b>Australia</b>	Retail, office, industrial and hotel operations of the main operating entity, General Property Trust and the hotel & tourism business, urban communities as well as the Australian funds management operations of GPT Management Holdings Limited.
<b>Europe</b>	Operations carried out throughout Europe but predominantly in the Czech Republic, Denmark, Finland, France, Germany, Poland, the Netherlands, Sweden and the United Kingdom by the Joint Venture as well as by GPTHalverton, being the European platform of the European funds management operation. With GPT announcing the sale of the European Joint Venture and GPTHalverton during the second half of the year, the segment consists of investments in 2 European property funds and a preferred loan in a residential portfolio.
<b>United States of America</b>	US Senior housing and up until the sale of the Joint Venture in 2009, retail and residential businesses.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2009

**2. Segment Reporting (continued)**

**(g) Share of after tax profits/(losses) from joint ventures and associates – Consolidated entity**

GPT invests in joint ventures and associates in all reportable segments except Industrial. The share of after tax profits/(losses) from those joint ventures and associates and the extent to which they have contributed to the overall net profit/(loss) of the Group in the financial year, split between continuing operations and discontinuing operations, is set out below:

**(1) Share of after tax profits/(losses) from joint ventures and associates – by reportable segment**

	Retail	Office	Industrial	US Senior Housing	Funds Management Australia	All other segments	Total continuing operations	Discontinued operation - Joint Venture	Discontinued operation - Hotels / Tourism	Discontinued operation - Funds Management Europe	Total discontinued operations	Total
<b>31 December 2009</b>												
Revenue and other income	11.3	54.3	-	177.0	112.0	(17.6)	337.0	47.1	6.3	14.7	68.1	405.1
Expenses	25.9	69.1	-	199.3	164.6	-	458.9	187.0	5.9	30.1	223.0	681.9
Profit/(loss) before income tax expense	(14.6)	(14.8)	-	(22.3)	(52.6)	(17.6)	(121.9)	(139.9)	0.4	(15.4)	(154.9)	(276.8)
Income tax credit	-	-	-	-	-	-	-	(0.3)	(0.3)	0.4	(0.2)	(0.2)
	(14.6)	(14.8)	-	(22.3)	(52.6)	(17.6)	(121.9)	(139.6)	0.7	(15.8)	(154.7)	(276.6)
Share of accumulated losses not recognised	-	-	-	-	-	6.6	6.6	139.6	-	-	139.6	146.2
Share of after tax losses of equity accounted investments	(14.6)	(14.8)	-	(22.3)	(52.6)	(11.0)	(115.3)	-	0.7	(15.8)	(15.1)	(130.4)

**31 December 2008**

Revenue and other income	6.6	53.7	-	199.8	70.7	(2.2)	328.6	246.1	7.1	15.5	268.7	597.3
Expenses	2.8	92.0	-	351.5	165.8	-	612.1	1,027.9	7.1	42.7	1,077.7	1,689.8
Profit/(loss) before income tax expense	3.8	(38.3)	-	(151.7)	(95.1)	(2.2)	(283.5)	(781.8)	-	(27.2)	(809.0)	(1,092.5)
Income tax credit	-	-	-	-	-	-	-	(3.8)	-	-	(3.8)	(3.8)
	3.8	(38.3)	-	(151.7)	(95.1)	(2.2)	(283.5)	(778.0)	-	(27.2)	(805.2)	(1,088.7)
Negative net assets not recognised	-	-	-	-	-	-	-	420.3	-	-	420.3	420.3
Share of after tax losses of equity accounted investments	3.8	(38.3)	-	(151.7)	(95.1)	(2.2)	(283.5)	(357.7)	-	(27.2)	(384.9)	(668.4)

**(2) Share of after tax profits/(losses) from joint ventures and associates – by geographic location**

The analysis below sets out GPT's share of after tax losses from its associates and joint ventures by the geographic location they operate in:

	Australia		Europe		United States		Total	
	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Share of net profits/(losses) of joint venture and associate interests</b>								
Revenue and other income	180.4	147.7	14.4	218.9	210.3	230.7	405.1	597.3
Expenses	297.1	302.0	30.1	815.8	354.7	572.0	681.9	1,689.8
Profit before income tax expense	(116.7)	(154.3)	(15.7)	(596.9)	(144.4)	(341.3)	(276.8)	(1,092.5)
Income tax expense / (credit)	(0.7)	0.3	0.4	(4.1)	0.1	-	(0.2)	(3.8)
	(116.0)	(154.6)	(16.1)	(592.8)	(144.5)	(341.3)	(276.6)	(1,088.7)
Share of accumulated losses not recognised	24.0	10.8	-	286.4	122.2	123.1	146.2	420.3
Share of net profits / (losses) of joint ventures and associate interests	(92.0)	(143.8)	(16.1)	(306.4)	(22.3)	(218.2)	(130.4)	(668.4)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 2. Segment Reporting (continued)

## (i) Share of joint venture and associates' assets and liabilities – Consolidated entity

GPT invests in joint ventures and associates in all reportable segments except Industrial. The underlying assets and liabilities of the joint ventures and associates shown in the Consolidated Statement of Financial Position, split between continuing operations and discontinuing operations, is set out below:

## (1) Share of joint venture and associates' assets and liabilities – by reportable segment

	Retail	Office	Industrial	US Senior Housing	Funds Management Australia	All other segments	Total continuing operations	Discontinued operation - Joint Venture	Discontinued operation - Hotels / Tourism	Discontinued operation - Funds Management Europe	Total discontinued operations	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>31 December 2009</b>												
Cash and cash equivalents	1.4	1.5	-	19.7	8.7	2.4	33.7	6.0	0.3	2.7	9.0	42.7
Other assets	0.2	2.6	-	26.9	5.1	19.4	54.2	11.4	2.0	2.6	16.0	70.2
Property investments and loans	146.3	660.0	-	693.7	1,663.9	30.2	3,194.1	188.2	3.8	135.2	327.2	3,521.3
<b>Total assets</b>	<b>147.9</b>	<b>664.1</b>	<b>-</b>	<b>740.3</b>	<b>1,677.7</b>	<b>52.0</b>	<b>3,282.0</b>	<b>205.6</b>	<b>6.1</b>	<b>140.5</b>	<b>352.2</b>	<b>3,634.2</b>
Other liabilities	3.0	10.1	-	50.5	51.9	1.9	117.4	31.3	1.2	14.8	47.3	164.7
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
- The GPT Group	-	-	-	69.6	-	21.6	91.2	201.5	-	-	201.5	292.7
- External - current	-	-	-	1.0	-	-	1.0	-	-	-	-	1.0
- External - non-current	-	-	-	540.0	279.8	22.5	842.3	215.5	-	95.1	310.6	1,152.9
<b>Total liabilities</b>	<b>3.0</b>	<b>10.1</b>	<b>-</b>	<b>661.1</b>	<b>331.7</b>	<b>46.0</b>	<b>1,051.9</b>	<b>448.3</b>	<b>1.2</b>	<b>109.9</b>	<b>559.4</b>	<b>1,611.3</b>
<b>Net assets</b>	<b>144.9</b>	<b>654.0</b>	<b>-</b>	<b>79.2</b>	<b>1,346.0</b>	<b>6.0</b>	<b>2,230.1</b>	<b>(242.7)</b>	<b>4.9</b>	<b>30.6</b>	<b>(207.2)</b>	<b>2,022.9</b>
Negative net assets not recognised	-	-	-	-	-	6.6	6.6	242.7	-	-	242.7	249.3
<b>Net assets after write back</b>	<b>144.9</b>	<b>654.0</b>	<b>-</b>	<b>79.2</b>	<b>1,346.0</b>	<b>12.6</b>	<b>2,236.7</b>	<b>-</b>	<b>4.9</b>	<b>30.6</b>	<b>35.5</b>	<b>2,272.2</b>
<b>31 December 2008</b>												
Cash and cash equivalents	1.6	0.9	-	25.3	23.6	1.8	53.2	85.9	3.3	4.0	93.2	146.4
Other assets	0.2	3.7	-	20.4	3.1	32.9	60.3	179.5	2.3	3.4	185.2	245.5
Property investments and loans	163.6	718.2	-	825.4	2,024.6	53.6	3,785.4	2,863.4	10.0	185.5	3,058.9	6,844.3
<b>Total assets</b>	<b>165.4</b>	<b>722.8</b>	<b>-</b>	<b>871.1</b>	<b>2,051.3</b>	<b>88.3</b>	<b>3,898.9</b>	<b>3,128.8</b>	<b>15.6</b>	<b>192.9</b>	<b>3,337.3</b>	<b>7,236.2</b>
Other liabilities	2.1	10.4	-	55.9	76.9	32.7	178.0	278.8	3.8	15.6	298.2	476.2
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
- The GPT Group	-	-	-	88.2	-	16.6	104.8	1,000.0	-	-	1,000.0	1,104.8
- External - current	-	-	-	-	-	-	-	735.9	-	-	735.9	735.9
- External - non-current	-	-	-	617.7	286.3	17.3	921.3	1,534.4	2.6	118.4	1,655.4	2,576.7
<b>Total liabilities</b>	<b>2.1</b>	<b>10.4</b>	<b>-</b>	<b>761.8</b>	<b>363.2</b>	<b>66.6</b>	<b>1,204.1</b>	<b>3,549.1</b>	<b>6.4</b>	<b>134.0</b>	<b>3,689.5</b>	<b>4,893.6</b>
<b>Net assets</b>	<b>163.3</b>	<b>712.4</b>	<b>-</b>	<b>109.3</b>	<b>1,688.1</b>	<b>21.7</b>	<b>2,694.8</b>	<b>(420.3)</b>	<b>9.2</b>	<b>58.9</b>	<b>(352.2)</b>	<b>2,342.6</b>
Negative net assets not recognised	-	-	-	-	-	-	-	420.3	-	-	420.3	420.3
<b>Net assets after write back</b>	<b>163.3</b>	<b>712.4</b>	<b>-</b>	<b>109.3</b>	<b>1,688.1</b>	<b>21.7</b>	<b>2,694.8</b>	<b>-</b>	<b>9.2</b>	<b>58.9</b>	<b>68.1</b>	<b>2,762.9</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2009

**2. Segment Reporting (continued)**

**(i) Share of joint venture and associates' assets and liabilities – Consolidated entity (continued)**

**(2) Share of joint ventures and associates' assets and liabilities – by geographic location**

The analysis below sets out, by geographic location, the underlying assets and liabilities of the associates and joint ventures shown in the Consolidated Statement of Financial Position. Key asset and liability categories have been individually presented for further detail.

	Australia		Europe		United States		Total	
	31 Dec 09 \$M	31 Dec 08 \$M	31 Dec 09 \$M	31 Dec 08 \$M	31 Dec 09 \$M	31 Dec 08 \$M	31 Dec 09 \$M	31 Dec 08 \$M
Cash and cash equivalents	14.4	31.4	2.7	74.6	25.6	40.4	42.7	146.4
Other assets	31.8	42.3	2.6	179.5	35.8	23.7	70.2	245.5
Property investments and loans	2,518.1	2,998.5	135.3	2,642.5	867.9	1,203.3	3,521.3	6,844.3
<b>Total assets</b>	<b>2,564.3</b>	<b>3,072.2</b>	<b>140.6</b>	<b>2,896.6</b>	<b>929.3</b>	<b>1,267.4</b>	<b>3,634.2</b>	<b>7,236.2</b>
Other liabilities	75.7	130.4	14.9	271.6	74.1	74.2	164.7	476.2
Borrowings								
- The GPT Group	56.2	51.7	-	742.6	236.5	310.5	292.7	1,104.8
- External - current	-	-	-	697.6	1.0	38.3	1.0	735.9
- External - non-current	302.3	306.2	95.1	1,412.3	755.5	858.2	1,152.9	2,576.7
<b>Total liabilities</b>	<b>434.2</b>	<b>488.3</b>	<b>110.0</b>	<b>3,124.1</b>	<b>1,067.1</b>	<b>1,281.2</b>	<b>1,611.3</b>	<b>4,893.6</b>
<b>Net assets</b>	<b>2,130.1</b>	<b>2,583.9</b>	<b>30.6</b>	<b>(227.5)</b>	<b>(137.8)</b>	<b>(13.8)</b>	<b>2,022.9</b>	<b>2,342.6</b>
<b>Negative net assets not recognised</b>	<b>32.3</b>	<b>10.8</b>	<b>-</b>	<b>286.4</b>	<b>217.0</b>	<b>123.1</b>	<b>249.3</b>	<b>420.3</b>
<b>Net assets after write back</b>	<b>2,162.4</b>	<b>2,594.7</b>	<b>30.6</b>	<b>58.9</b>	<b>79.2</b>	<b>109.3</b>	<b>2,272.2</b>	<b>2,762.9</b>

**(j) Other segment disclosures**

	Retail	Office	Industrial	US Senior Housing	Funds Management Australia	All other segments	Total continuing operations	Discontinued operation - Joint Venture	Discontinued operation - Hotels / Tourism	Discontinued operation - Funds Management Europe	Total discontinued operations	Total
<b>31 December 2009</b>												
Acquisition of investment properties	217.9	-	24.5	-	-	-	242.4	-	-	-	-	242.4
Acquisition of property, plant and equipment & intangibles	-	-	-	-	-	15.1	15.1	-	3.8	-	3.8	18.9
<b>31 December 2008</b>												
Acquisition of investment properties	29.8	-	131.9	-	-	-	161.7	-	-	-	-	161.7
Acquisition of property, plant and equipment & intangibles	-	-	-	-	-	14.8	14.8	-	22.0	-	22.0	36.8

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2009

**3. Distributions paid and payable**

	Consolidated Entity		Parent Entity	
	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
	\$M	\$M	\$M	\$M
<b>(a) Stapled Securityholders</b>				
<b>(i) Distributions paid</b>				
Quarter ended December 2008: 2.1 cents per stapled security paid 27 March 2009 (7.3 cents per stapled security paid 28 March 2008)	93.8	153.3	93.8	153.3
Quarter ended March 2009: 1.6 cents per stapled security paid 29 May 2009 (7.2 cents per stapled security paid 27 May 2008)	71.5	154.7	71.5	154.7
Quarter ended June 2009: 0.9 cents per stapled security paid 25 September 2009 (4.2 cents per stapled security paid 26 September 2008)	83.5	92.4	83.5	92.4
Quarter ended September 2009: 1.0 cents per stapled security paid 27 November 2009 (4.2 cents per stapled security paid 27 November 2008)	92.8	93.1	92.8	93.1
<b>Total distributions paid</b>	<b>341.6</b>	<b>493.5</b>	<b>341.6</b>	<b>493.5</b>
<b>(ii) Distributions proposed and not recognised as a liability*</b>				
Quarter ended December 2009: 1.0 cent per stapled security (2.1 cents per stapled security paid 27 March 2009)	92.8	93.8	92.8	93.8
<b>(b) Exchangeable Securityholders **</b>				
<b>(i) Distributions paid</b>				
Period from 27 November 2008 to 27 November 2009 10% per exchangeable security	25.0	-	25.0	-
<b>(ii) Distributions payable</b>				
Period from 27 November 2009 to 31 December 2009 10% per exchangeable security	2.5	2.4	2.5	2.4

\*The December quarter distribution of 1.0 cent per stapled security is expected to be paid on 26 March 2010. No provision for this distribution has been recognised in the balance sheet at 31 December 2009 as the distribution had not been declared by the end of the financial year.

\*\*Refer to note 19 (b)(ii) for further information on the Exchangeable Securities.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 4. Earnings per stapled security

	Note	Consolidated Entity	
		31 Dec 09 Cents	31 Dec 08 Cents
<b>(a) Attributable to ordinary securityholders of the Trust</b>			
Basic and diluted earning per share - loss from continuing operations		0.3	(47.6)
Basic and diluted earning per share - Loss from discontinued operations		(13.4)	(25.7)
Total basic and diluted earning per share attributable to ordinary securityholders of the Trust		(13.1)	(73.3)
<b>(b) Attributable to stapled securityholders of The GPT Group</b>			
Basic and diluted earning per share - Loss from continuing operations		1.3	(48.0)
Basic and diluted earning per share - Loss from discontinued operations		(16.1)	(45.2)
Total basic and diluted earning per share attributable to stapled securityholders of The GPT Group		(14.8)	(93.2)
The earnings and securities used in the calculations of basic and diluted earnings per ordinary/stapled security are as follows:			
<b>(c) Reconciliation of earnings used in calculating earnings per ordinary / stapled security</b>			
		31 Dec 09	31 Dec 08
		\$M	\$M
Net Loss from continuing operations attributable to the ordinary securityholders of the Trust		49.1	(1,659.3)
Net Loss from discontinued operations attributable to the unitholders of the Trust		(986.1)	(897.0)
		(937.0)	(2,556.3)
Less: distribution to the holders of Exchangeable Securities **	3(b)(i)	(25.0)	(2.4)
<b>Basic and diluted earnings of the Trust</b>		(962.0)	(2,558.7)
Add: Net Loss from continuing operations attributable to the securityholders of other stapled entities (minority interest)		69.7	(14.0)
Add: Net Loss from discontinued operations attributable to the securityholders of other stapled entities (minority interest)		(201.8)	(682.5)
<b>Basic and diluted earnings of the Company</b>		(132.1)	(696.5)
<b>Basic and diluted earnings of the Trust and other entities stapled to the Trust (The GPT Group)</b>		(1,094.1)	(3,255.2)
Add: Net Loss attributable to external minority interest		(1.5)	(0.7)
<b>Basic and diluted earnings of The Group</b>		(1,095.6)	(3,255.9)
		No. of securities	No. of securities
		millions	millions
<b>(d) Weighted average number of ordinary/stapled securities</b>		31 Dec 09	31 Dec 08*
Weighted average number of ordinary stapled securities used as the denominator in calculating:			
Basic earnings per ordinary stapled security - Trust and The Group		7,360.5	3,493.6
Adjustments for calculation of diluted earnings per share:			
Performance rights (weighted average basis)	4(e)	-	-
Weighted average number of ordinary stapled securities and potential ordinary stapled securities used as the denominator in calculating diluted earnings per ordinary stapled security:		7,360.5	3,493.6

\* Prior period weighted average number of securities and EPSs have been adjusted for the bonus factor effect of the securities issued during the year at a price lower than the market value as required by the AASB 133 *Earning per Share*.

\*\* These securities are not considered as dilutive as the distribution per exchangeable security is higher than the basic EPS per stapled security.

**(e) Information concerning the classification of securities****Performance Rights**

22,783,839 Performance Rights were granted to certain Senior Executives under the Stapled Security Rights Plan during 2009. Details relating to these Rights are set out in note 24(a)(ii)(2). Only 305,041 Rights have met the vesting conditions and are considered dilutive. As such, only 305,041 Rights have been included in the determination of diluted earnings per security. The remaining 22,478,798 Performance Rights have not been included in the calculation of diluted earnings per security because their vesting conditions are not satisfied for the financial year ended 31 December 2009. These Rights could potentially dilute basic earnings per share in the future. No Performance Rights have been included in the determination of basic earnings per share.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

	Note	Consolidated Entity		Parent Entity	
		31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
		\$M	\$M	\$M	\$M
<b>5. Expenses</b>					
<b>(a) Depreciation and amortisation</b>					
Depreciation of hotel properties	14(a)	9.9	11.1	-	-
Depreciation of plant and equipment	14(a)	4.1	4.6	-	-
Amortisation of management rights & operating rights	15(a)	8.1	8.1	-	-
Amortisation of leasing fees		-	0.4	-	-
Less: Depreciation and amortisation - Discontinued operations		(12.9)	(15.3)	-	-
<b>Total depreciation and amortisation</b>		<b>9.2</b>	<b>8.9</b>	<b>-</b>	<b>-</b>
<b>(b) Finance costs</b>					
External entities		221.0	305.3	207.5	256.5
Interest capitalised*		(20.6)	(18.4)	(20.6)	(7.1)
Less: Finance costs - Discontinued operations		(9.6)	(24.7)	-	-
<b>Total finance costs</b>		<b>190.8</b>	<b>262.2</b>	<b>186.9</b>	<b>249.4</b>
<b>(c) Net loss / (gain) on fair value of derivatives</b>					
Interest rate derivatives		(365.0)	706.7	(371.8)	689.5
Foreign currency derivatives		(91.5)	102.3	(91.5)	102.3
Property derivative		-	83.1	-	83.1
Less: Net loss on fair value of derivatives - Discontinued operations		(6.8)	(16.4)	-	-
<b>Total net loss / (gain) on fair value of derivatives</b>		<b>(463.3)</b>	<b>875.7</b>	<b>(463.3)</b>	<b>874.9</b>

\* A capitalisation rate of 7.5% (2008: 8.0%) has been applied when capitalising interest on qualifying assets.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

	Consolidated Entity		Parent Entity	
	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
	\$M	\$M	\$M	\$M
<b>6. Tax</b>				
<b>(a) Income tax expense</b>				
Current income tax (benefit)/expense	(1.0)	17.3	-	-
Deferred income tax benefit	(2.0)	(5.2)	-	-
<b>Income tax benefit in the Statement of Comprehensive Income</b>	<b>(3.0)</b>	<b>12.1</b>	<b>-</b>	<b>-</b>
Income tax (benefit)/expense attributable to:				
Profit from continuing operations	7.9	19.9	-	-
Loss from discontinued operations	(10.9)	(7.8)	-	-
<b>Aggregate income tax (benefit)/expense</b>	<b>(3.0)</b>	<b>12.1</b>	<b>-</b>	<b>-</b>
Net loss before income tax expense	(1,073.6)	(3,241.4)	(1,400.7)	(2,350.2)
Less: profit attributed to entities not subject to tax	935.9	2,553.6	1,400.7	2,350.2
Net loss before income tax expense	(137.7)	(687.8)	-	-
Prima facie income tax credit at 30% tax rate (31 December 2008: 30%)	(41.3)	(206.3)	-	-
Tax effect of amounts not deductible (taxable) in calculating income tax credit:				
Overhead costs	21.9	58.1	-	-
Impairment of investment	32.7	37.7	-	-
Dividend income	-	(1.4)	-	-
Gain on loan forgiveness	(39.6)	-	-	-
Controlled foreign company attribution tax	0.9	5.9	-	-
Withholding tax	1.1	2.7	-	-
Share of after tax (profits)/losses of investments in associates and joint ventures	10.8	104.3	-	-
Foreign subsidiary losses not deductible for tax	2.7	11.1	-	-
Expenses and losses arising on disposal of foreign assets	7.8	-	-	-
<b>Income tax (benefit)/expense</b>	<b>(3.0)</b>	<b>12.1</b>	<b>-</b>	<b>-</b>
Deferred tax assets and liabilities are attributable to the following:				
<b>(b) Deferred tax assets</b>				
Employee benefits	10.7	12.2	-	-
Overhead costs	7.9	3.7	-	-
Provisions and accruals	1.3	1.3	-	-
Tax losses recognised	3.1	-	-	-
Other	1.5	1.3	-	-
<b>Net deferred tax asset</b>	<b>24.5</b>	<b>18.5</b>	<b>-</b>	<b>-</b>
<b>Movement in temporary differences during the financial year</b>				
Opening balance at beginning of the financial year	18.5	13.2	-	-
Credited to the income statement	2.9	5.3	-	-
Unutilised tax losses	3.1	-	-	-
<b>Closing balance at end of the financial year</b>	<b>24.5</b>	<b>18.5</b>	<b>-</b>	<b>-</b>
<b>(c) Deferred Tax Liability</b>				
Depreciation and amortisation	0.8	-	-	-
Other	0.2	-	-	-
<b>Net deferred tax liability</b>	<b>1.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Movement in temporary differences during the financial year</b>				
Opening balance at beginning of the financial year	-	-	-	-
Credited/(charged) to the income statement	1.0	-	-	-
<b>Closing balance at end of the financial year</b>	<b>1.0</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

### 7. Non-current assets held for sale, discontinued operations and other disposals

#### (a) Details of discontinued operations

At 31 December 2009, there are three discontinued operations: the Hotel / Tourism Portfolio, the Joint Venture and the Funds Management - Europe. The disposals and remaining investments at 31 December 2009, along with their impact on the Statement of Comprehensive Income and Statement of Financial Position for each discontinued operation, is discussed in detail below.

#### (i) Hotel / Tourism

On 18 July 2008, GPT announced its intention to sell the Hotel/Tourism Portfolio consisting of the Voyages Hotels & Resorts, the Voyages hotel management business and the Four Points by Sheraton Hotel.

During the year ended 31 December 2009, the following hotels and resorts were sold to third parties for a total consideration of \$255.3 million:

- Cradle Mountain Lodge (13 July 2009)
- Silky Oaks Lodge (31 July 2009)
- Dunk Island Resort (21 September 2009)
- Bedarra Island Resort (21 September 2009)
- Lizard Island Resort (13 November 2009)
- Heron & Wilson Island Resort (13 November 2009)
- Kings Canyon Resort (GPT's 46% interest) (11 November 2009)
- Alice Springs Resort (11 November 2009)
- Wrotham Park Lodge (5 November 2009)
- Four Points by Sheraton Hotel (22 December 2009)

GPT sold 100% of its ownership interests in the above properties, which were settled on the above dates.

GPT has also entered into sale contracts to sell 100% of the ownership interests in the following two assets with settlement due to complete by the end of first quarter of 2010, providing conditions precedent are met:

- El Questro Resort
- Brampton Island Resort

The carrying value for both these Resorts as at 31 December 2009 reflect the contractual selling price less costs to sell.

At the date of this report, the sale process for the Ayers Rock Resort continues to progress. The carrying value of this Resort as at 31 December 2009 is based on an internal valuation.

#### Hotel assets included as non-current assets classified as held for sale at 31 December 2009

As a result of the above:

- El Questro, Brampton Island Resort and Ayers Rock Resort as property, plant and equipment;
  - Kings Canyon (Watarrka) Resort Trust, a trust owned 46% by GPT which held the Kings Canyon Resort until the Resort's sale on 11 November 2009;
  - 161 Sussex Street Pty Limited (40% GPT ownership) and manager of the Four Points Sheraton hotel; and
  - the Voyages hotel management business
- remain unsold as at 31 December 2009 and have been included as non-current assets classified as held for sale in the Statement of Financial Position.

#### (ii) Joint Venture

On 7 May 2009, GPT announced its intention to accelerate its exit from the Group's Joint Venture with Babcock & Brown and this involved the:

- disposal of the European Joint Venture with the disposal of BGP Investment Sarl on 21 August 2009 (refer note (ii)(1) for details); and
- disposal of the US retail property assets held in the Babcock & Brown GPT REIT Inc (refer note (ii)(2) for details).

#### 1. Disposal of BGP Investment Sarl

On 31 July 2009, GPT announced its exit of the European component of the Joint Venture with Babcock & Brown by way of an inspecie dividend in BGP Holdings (previously GPT MaltaCo 1 Limited) to GPT Securityholders. BGP Holdings was the vehicle through which the Group held its ordinary equity and preferred capital interest in the European Joint Venture. In the financial statements, BGP Holdings is included in the joint venture investment of BGP Investment Sarl, a Luxembourg based company that indirectly owns the Joint Venture's European investments.

#### Inspecie dividend

The inspecie dividend of ordinary shares to GPT Securityholders for €10,000 (AUD \$16,000) in BGP Holdings (previously GPT MaltaCo 1 Limited) was made on 12 August 2009. This was equal to the value of the ordinary equity in BGP Holdings. This dividend was paid out of the current year profits of GPT Management Holdings Limited and the value of shares issued to shareholders inspecie represented 94.7% of the total capital, voting and dividend rights of BGP Holdings. GPT Management Holdings Limited will hold the remaining 5.3% of the ordinary equity and also one non-participating and non-voting Class B share in BGP Holdings 2 Limited (formerly GPT MaltaCo2 Limited), a subsidiary of BGP Holdings. Both these investments will be held at zero as the expectation to receive any dividends or capital returns from them is very remote.

The dividend provides GPT stapled securityholders from 12 August 2009 with a beneficial interest in BGP Holdings on a 1 to 1 basis. The beneficial interest will be held through a bare trustee, Trust Company Ltd. BGP Holdings is an unlisted, public limited company incorporated in Malta, which owns GPT's interest in the European Joint Venture.

The dividend provided GPT with the opportunity to exit the European component of its Joint Venture with Babcock & Brown.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

### 7. Non-current assets held for sale, discontinued operations and other disposals (continued)

#### (a) Details of discontinued operations (continued)

##### (ii) Joint Venture (continued)

##### 2. Disposal of Babcock & Brown GPT REIT Inc

GPT's 50% investment in the Babcock & Brown GPT REIT Inc (US REIT) owns retail property assets in the United States of America through B&B Greenfield Holdings LP (Greenfield) and Marelda Retail Holdings LLC (Marelda). At 31 December 2009, GPT's investment in the US REIT was held at nil. During the current financial year, GPT entered into sale agreements with external parties to sell the retail property assets held in Marelda and Greenfield structures and which also involved the purchasers taking on all existing debt obligations.

##### Marelda Assets

On 31 December 2009, the US REIT entered into a sale agreement to sell 100% of the shares in the following companies (and their associated companies and properties) for cash consideration of USD\$10:

- Marelda Retail Holdings LLC;
- Babcock&Brown Pinnacle LLC;
- Babcock&Brown Promenade LLC; and
- Babcock&Brown Tutwiler HD LLC.

As such all assets, mortgage liabilities and all other liabilities will transfer to the purchasers.

The sale is conditional on the lender consents over the US retail property assets being granted, so as to enable the transfer of the mortgages on the retail property assets. Settlement is scheduled to occur within seven days after the final consent is provided, however the sale agreement can be terminated by either the US REIT or the purchaser if the lender consents cannot be achieved.

Once this sale settles, it provides GPT RE Limited and the US REIT (which GPT owns 50%) with an unconditional and irrevocable release from all obligations and liabilities related to the assets owned by the above companies. As at 31 December 2009, the transaction does not qualify as a sale under the Australian Accounting Standards in accordance with note 1(i). As such, the Marelda assets are held within the 50% joint venture, Babcock & Brown GPT REIT Inc (refer to note 12(a)) with a carrying value of nil.

In addition, a put option exists enabling GPT (through the US REIT) to require the purchaser to acquire 100% of the shares in the US REIT for a nominal amount, providing the lender consents have been obtained.

##### US REIT

On 31 December 2009, the US REIT sold its 50% interest in B&B Greenfield Holdings LP to an external party for a nominal amount. As part of the terms of the sale, the purchaser took on all existing debt obligations and GPT divested itself of all risks relating to ownership of the retail assets. The sale transaction requires lender consents for all properties so as to enable the transfer of the mortgages on the retail property assets to the purchaser. Of the seven retail property assets acquired by the purchaser, four lender consents have been received as at 31 December 2009 and the date of this report.

The terms and conditions of the sale results in GPT having no liability or obligation to contribute to any costs (including capital costs) nor contribute to any further debt funding. At 31 December 2009, the sale is unconditional as GPT holds no voting rights or significant risks and rewards and qualifies as a sale under Australian Accounting Standards in accordance with note 1(i).

##### Joint Venture investments included as non-current assets classified as held for sale at 31 December 2009

As a result of the above, the following investments detailed in note 12(a) have been included as non-current assets classified as held for sale in the Statement of Financial Position at 31 December 2009:

- BGA Real Estate Finance Trust ;
- Babcock & Brown GPT REIT Inc;
- B&B GPT Alliance 1 LLC;
- B&B GPT Alliance 2 LLC; and
- B&B GPT Holdings (No.1) LLC.

The loans related to the Joint Venture (refer note 8(i)) continue to be worked through in order to maximise the best commercial outcomes and these loans do not meet the criteria to be classified as held for sale.

Note 22 sets out the details of entities which GPT lost control of during the financial year as a result of the divestments in the Discontinued Operations discussed above.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

### 7. Non-current assets held for sale, discontinued operations and other disposals (continued)

#### (a) Details of discontinued operations (continued)

##### (iii) Funds Management - Europe

On 6 August 2009, GPT refined its strategic direction announced it was ultimately focusing on Australian assets, with all overseas and non-core investments exited over time. As a result, a significant number of investments within the Funds Management Europe Portfolio have been disposed and settled during the year, including:

- GPTHalverton and its wholly owned subsidiaries;
- Hamburg Trust;
- H20 Portfolio (H20); and
- Scandinavian Active Fund (SAF).

In addition, a sale agreement has been entered into to sell the investment in the Dutch Active Fund Propco BV (DAF).

Details of each of the disposals are set out below:

##### 1. GPTHalverton

The European Funds Management platform comprising GPTHalverton and all its wholly owned subsidiaries was sold and settled on 11 December 2009 for a nominal sum. The acquirer purchased 100% of the shares and deferred shares in GPTHalverton along with the business including GPTHalverton's employees and working capital of approximately €7 million.

Given the acquirer already had an existing management and financial services company, the Group did not dispose of the following four entities: GPTHalverton Financial Services Limited, Halverton Investments Limited and HBI Lux PropCo A Sarl and Woolomooloo Investments B.V (refer to note 22) and are currently preparing these entities for liquidation. As such, GPT has recognised the assets and liabilities of these entities in GPT's Statement of Financial Position and there were no fair value adjustments or contingencies recognised as liabilities on recognition.

##### 2. Hamburg Trust

On 11 November 2009, GPT sold its 100% ownership interest in Hamburg Trust Alliance Fund (refer to note 9) for a nominal amount, based on the Fund's valuation of nil as at 31 December 2008.

Hamburg Trust Alliance Fund (Hamburg Trust) also owned an investment in Hamburg Trust Bergedorf Objekt KG Fund (the Fund) (refer to note 9). During the current financial year, Hamburg Trust successfully marketed the Fund to new investors which raised new capital. As a result, new shares were issued in the Fund during the current financial year with a value of €2,207,300 and this had the effect of significantly diluting Hamburg Trust's ownership interest in the Fund to a negligible amount.

##### 3. H20

On 7 May 2009, GPT sold its 100% ownership interest in the H20 Portfolio (previously warehoused within the GPT Halverton platform) for the carrying value of the debt secured against the portfolio (\$231 million as at 31 December 2008) resulting in nil consideration.

##### 4. SAF

On 7 August 2009, the 100% ownership interest in the SAF portfolio (previously warehoused within the GPT Halverton platform) comprising 7 assets located in Sweden was sold for \$24.4m. The sale resulted in a nominal gain on sale.

##### 5. DAF

GPT Management Holdings Limited has issued an indemnity to 'qualifying' investors in DAF to indemnify them against any resulting tax loss arising from the loss of Dutch REIT status. This indemnity is up to a maximum aggregate liability of €20million over the eight year life of DAF, assuming REIT status is never achieved. GPT was granted until 8 August 2009 by the Dutch tax authorities to rebalance the mix of investors in DAF and have at least 75% of 'qualifying investors' to achieve REIT status.

Effective from 8 August 2009, GPT Europe 2 Sarl (a wholly owned entity of GPT) legally sold its 38.04% shareholding in DAF to two 'qualifying' investors (the purchasers) for a total consideration of €10 cash. The sale entitles the purchasers to unrestricted legal and beneficial rights of ownership including full voting rights and distributions from DAF.

In addition, GPT Europe 2 Sarl also provided the following to the purchasers:

- loans totalling €28 million with interest payable at 8% per annum. These loans are only repayable to GPT Europe 2 Sarl should the DAF shareholding be on-sold to a third party by the purchasers. These loans are in effect a facility to allow simultaneous settlement to occur by the purchasers in the event of any future sale of the DAF shareholding or by way of funding any breach of the Sale & Purchase agreement by GPT Europe 2 Sarl. As at 31 December 2009, the €28 million loan was not drawdown;
- an entitlement to 50% of any excess over a set price should the DAF investment be successfully on-sold to a third party and this sale was arranged by the investors.

It is the Director's expectation that the legal sale of the DAF shareholding to qualifying investors will enable DAF to achieve REIT status and by doing so remove or significantly reduce the amount potentially payable under the indemnity to the other 'qualifying' investors in DAF.

The sale transaction is subject to two regulatory consents, one of which is the Dutch tax authority. These are in progress but have not been received at the date of this report. Until these consents are received, the sale remains conditional. Therefore, at 31 December 2009, GPT Europe 2 Sarl continues to recognise a 38.04% investment in DAF for \$30.6 million (refer to note 7(e)), as the transaction does not qualify as a sale under Australian Accounting Standards in accordance with note 1(i).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 7. Non-current assets held for sale, discontinued operations and other disposals (continued)

## (a) Details of discontinued operations (continued)

## (iii) Funds Management - Europe (continued)

**Funds Management Europe investments included as non-current assets classified as held for sale at 31 December 2009**

As a result of the above, the following investments have been included as non-current assets classified as held for sale in the Statement of Financial Position at 31 December 2009:

- Dutch Active Fund Propco BV (DAF);
- investment in German Retail Fund (GRP); and
- a loan to Babcock & Brown Residential Operating Partnership LP.

Note 22 sets out the details of entities which GPT lost control of during the financial year as a result of the divestments in the Discontinued Operations discussed above.

**(iv) US Senior Housing and Funds Management-Europe Portfolio does not qualify as Discontinued Operations**

The US Senior Housing Portfolio is not classified as a discontinued operation at 31 December 2009 as it was not actively marketed and therefore does not qualify in accordance with note 1(o).

**(b) Non-Current Assets classified as Held for Sale**

In addition to the assets reclassified as held for sale in the Hotel / Tourism and Joint Venture Portfolios as set out above, the following assets are also included as non-current assets classified as held for sale in the Statement of Financial Position as at 31 December 2009:

*Investment Properties*

- Homemaker City Bankstown
- Homemaker City Jindalee
- Homemaker City Aspley
- Homemaker City Fortitude Valley

These assets are non-core to GPT's strategy and are being actively marketed for sale by GPT at a range of reasonable prices. GPT has received offers, and due diligence has been conducted, for several of the properties. As such, there is an expectation that it is likely these assets will be sold within the next 12 months. These assets are held in the Retail portfolio.

**(c) Details of Disposals not related to Discontinued Operations**

As part of GPT's strategy to exit non-core assets, and in addition to the disposals in the discontinued operation portfolios of Hotel / Tourism, Joint Venture and Funds Management-Europe (which are discussed in note 7(a)(i), 7(a)(ii) and 7(a)(iii)), the Group also disposed of the following assets/investments during the year:

	Note	Date of disposal (settlement)	Principal Activity	Ownership interest disposed	Total Consideration \$M
<b>Retail Portfolio</b>					
<b>Core Assets</b>					
Floreat Forum, WA		1-Jul-09	Investment property	100%	100.0
Minor properties attached to Charlestown Square, NSW		29-May-09	Investment property	100%	0.6
<b>Non-Core Assets</b>					
Homemaker Cannon Hill, QLD		25-May-09	Investment property	100%	17.3
Homemaker, Mt Gravatt, QLD		18-Dec-09	Investment property	100%	22.4
Homemaker, Windsor, QLD		11-Sep-09	Investment property	100%	20.2
<b>Industrial Portfolio</b>					
<b>Core Assets</b>					
120 Miller Road, Villawood, NSW		21-Jan-09	Investment property	100%	17.5
973 Fairfield Road, Yeerongpilly, QLD		27-Mar-09	Investment property	100%	9.1
91-93 Doherty's Road, Altona North, VIC		23-Nov-09	Investment property	100%	1.7
Minor parcel of land at Somerton, VIC		21-Aug-09	Investment property	100%	0.1
<b>Funds Management - Australia Portfolio</b>					
GPT Wholesale Office Fund	(i)	27 April to 28 April 2009	Associate	3.60%	
GPT Wholesale Shopping Centre Fund	(i)	27 April to 30 April 2009	Associate	6.20%	

**(i) GWOFF and GWSCF**

On 15 April 2009, GPT announced the sale of its interests in GWOFF and GWSCF, which is consistent with GPT's strategy to vary its holdings in the Funds as a capital management tool but to always maintain a minimum 20% co-investment.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2009

**7. Non-current assets held for sale, discontinued operations and other disposals (continued)**

**(d) Details of all disposals in the Statement of Comprehensive Income and Statement of Financial Position**

The net gain/(loss) on the sale of assets in discontinued operations and in the general course of business during the financial year were:

	Consolidated entity		Parent entity	
	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
	\$M	\$M	\$M	\$M
Cash considerations (net of transaction costs)	573.9	95.6	252.1	61.1
Carrying amount of net assets sold	(740.3)	(90.3)	(310.5)	(59.9)
Foreign exchange gain realised on disposal	160.6	-	-	-
<b>Gain / (Loss) on sale before income tax</b>	<b>(5.8)</b>	<b>5.3</b>	<b>(58.4)</b>	<b>1.2</b>
Income tax expense	-	-	-	-
<b>Gain / (Loss) on sale after income tax</b>	<b>(5.8)</b>	<b>5.3</b>	<b>(58.4)</b>	<b>1.2</b>

The carrying amounts of assets and liabilities as at the date of disposal were:

Cash at bank and at call	28.8	-	-	-
Trade receivables	8.8	-	-	-
Inventories	380.3	-	-	-
Investment properties	412.1	90.3	110.4	59.9
Investments in associates and joint ventures	200.1	-	200.1	-
Property, plant and equipment	63.4	-	-	-
Intangibles	7.4	-	-	-
Other assets	0.6	-	-	-
<b>Total assets</b>	<b>1,101.5</b>	<b>90.3</b>	<b>310.5</b>	<b>59.9</b>
Trade payables and accruals	30.1	-	-	-
Derivative liabilities	20.9	-	-	-
External debt	310.2	-	-	-
Other liabilities	-	-	-	-
<b>Total liabilities</b>	<b>361.2</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>740.3</b>	<b>90.3</b>	<b>310.5</b>	<b>59.9</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 7. Non-current assets held for sale, discontinued operations and other disposals (continued)

## (e) Details of Assets and Liabilities of Discontinued Operations and Assets Classified as Held for Sale

The table below sets out the assets and liabilities that continue to be owned by the Group at 31 December 2009 (as discussed in note 7(a)(i), 7(a)(ii), 7(a)(iii) and 7(b)). Note 2(d) shows these assets and liabilities as an aggregate amount on the lines "non-current assets and liabilities held for sale" in the Statement of Financial Position. As such, the table below splits out the major classes comprising those aggregate assets and liabilities.

	Note	Hotels /	Funds Management	Joint	Retail	Total	Total
		Tourism	Europe	Venture			
		31 Dec 09	31 Dec 09	31 Dec 09	31 Dec 09	31 Dec 09	31 Dec 08
		\$M	\$M	\$M	\$M	\$M	\$M
<b>Assets classified as held for sale</b>							
Cash at bank and at call		10.7		-	-	10.7	-
Loans and receivables		13.8	36.9	-	-	50.7	-
Inventories		4.4		-	-	4.4	-
Investment properties							
- Homemaker City, Aspley, QLD	(i), 11(b)	-	-	-	47.0	47.0	-
- Homemaker City, Bankstown, NSW	(ii), 11(b)	-	-	-	24.0	24.0	-
- Homemaker City, Fortitude Valley, QLD	(iii), 11(b)	-	-	-	102.0	102.0	-
- Homemaker City, Jindalee, QLD	(iv), 11(b)	-	-	-	49.0	49.0	-
Investments in associates and joint ventures		4.9	30.6	-	-	35.5	-
Property, plant and equipment		311.2	-	-	-	311.2	-
Intangible assets		-	-	-	-	-	-
Deferred tax assets		-	-	-	-	-	-
Other assets		1.2	-	-	-	1.2	-
<b>Total assets classified as held for sale</b>	2(d)	<b>346.2</b>	<b>67.5</b>	<b>-</b>	<b>222.0</b>	<b>635.7</b>	<b>-</b>
<b>Liabilities classified as held for sale</b>							
Trade payables and accruals		16.0	-	-	-	16.0	-
Provision for employee benefits		2.4	-	-	-	2.4	-
Other liabilities		-	-	-	-	-	-
<b>Total liabilities classified as held for sale</b>	2(d)	<b>18.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18.4</b>	<b>-</b>

(i) Acquisition date: November 2001. GPT has a 100% ownership interest. Fair value is the value shown above (2008: \$56.0 million).

Latest independent valuation was 31 December 2009 by CB Richard Ellis Pty Limited.

(ii) Acquisition date: November 2001. GPT has a 100% ownership interest. Fair value is the value shown above (2008: \$30.7 million).

Latest independent valuation was 31 December 2008 by CB Richard Ellis Pty Limited.

(iii) Acquisition date: December 2001. GPT has a 100% ownership interest. Fair value is the value shown above (2008: \$110.5 million).

Latest independent valuation was 31 December 2008 by Knight Frank Valuations.

(iv) Acquisition date: November 2001. GPT has a 100% ownership interest. Fair value is the value shown above (2008: \$54.0 million).

Latest independent valuation was 31 December 2009 by Knight Frank Valuations.

## (f) Details of financial performance and cashflow information relating to Discontinued Operations

The table below sets out the financial performance and cash flow information up to the date of disposal and for the financial year ended 31 December 2009 (where the operations/assets or liabilities remain at the end of the year). These results relate to discontinued operations of Hotel / Tourism, Joint Venture and Funds Management-Europe and are shown at note 2(a). Prior year comparatives have been restated and are also included.

	Note	Consolidated entity		Parent entity	
		31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
		\$M	\$M	\$M	\$M
Revenue		257.0	438.6	-	-
Share of after tax profit /(loss) of investments in associates and joint ventures		(15.1)	(384.8)	-	-
Expenses		(1,440.7)	(1,641.1)	-	-
Loss before income tax		(1,198.8)	(1,587.3)	-	-
Income tax benefit		10.9	7.8	-	-
<b>Loss after income tax of discontinued operations</b>	2(a)	<b>(1,187.9)</b>	<b>(1,579.5)</b>	<b>-</b>	<b>-</b>
Net cash inflow from operating activities		29.5	17.5	-	-
Net cash outflow from investing activities		(7.2)	(87.1)	-	-
Net cash outflow from financing activities		(1.0)	(40.0)	-	-
<b>Net increase / (decrease) in cash generated by discontinued operations</b>		<b>21.3</b>	<b>(109.6)</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 8. Loans and receivables

	Note	Consolidated entity		Parent entity	
		31 Dec 09 \$M	31 Dec 08 \$M	31 Dec 09 \$M	31 Dec 08 \$M
<b>Current assets</b>					
Trade receivables		15.1	54.5	0.6	3.0
less: impairment of trade receivables		(0.6)	(1.5)	(0.1)	-
		<b>14.5</b>	<b>53.0</b>	<b>0.5</b>	<b>3.0</b>
Distributions receivable from associates		22.8	24.9	22.8	24.9
Distributions receivable from joint ventures		8.7	8.3	8.7	8.3
Interest receivable from joint ventures		0.8	94.6	3.3	82.7
Other debtors		13.3	33.7	52.3	53.9
Loan to Babcock & Brown Residential Operating Partnership LP	(iii)	-	47.0	-	-
Loans to related parties		-	-	55.7	217.0
<b>Total current loans and receivables</b>		<b>60.1</b>	<b>261.5</b>	<b>143.3</b>	<b>389.8</b>
<b>Non-Current assets</b>					
GPT's investment in joint ventures and associates comprise equity investments (refer note 11) and also the following loans set out below.					
<b>Australian dollar denominated loans with associates and joint ventures</b>					
BGA Real Estate Finance Trust	(i)	-	23.8	-	-
Lend Lease GPT (Rouse Hill) Pty Limited		14.5	34.1	-	-
		<b>14.5</b>	<b>57.9</b>	<b>-</b>	<b>-</b>
<b>New Zealand dollar denominated loans with associates and joint ventures</b>					
BGA Real Estate Finance Trust	(i)	-	24.4	-	-
<b>Euro denominated loans with associates and joint ventures</b>					
BGP Investment SARL	(i)	-	912.5	-	912.5
<b>US dollar denominated loans with associates and joint ventures</b>					
Babcock & Brown GPT REIT Inc	(i)	-	169.0	-	-
B&B GPT Holdings (No. 1) LLC	(i)	-	29.6	-	-
Benchmark GPT LLC	(ii)	70.9	90.6	-	-
B-VII Operations Holding Co LLC	(ii)	1.6	2.0	-	-
Benchmark Assisted Living LLC	(ii)	0.7	0.9	-	-
		<b>73.2</b>	<b>292.1</b>	<b>-</b>	<b>-</b>
Loans to employees	(v)	-	6.7	-	-
Loan to German Retail Fundco SARL	(vi)	-	14.9	11.8	14.9
Loan to Voyages Hotels & Resorts Pty Limited	(iv)	-	-	-	20.1
<b>Total non-current loans and receivables</b>		<b>87.7</b>	<b>1,308.5</b>	<b>11.8</b>	<b>947.5</b>

(i) This is the preferred capital provided to entities in the Babcock & Brown joint venture as part of the funding of the joint venture arrangement (refer to note 12(a)(i)). These loans were impaired to nil during the year ended 31 December 2009 (2008: USD \$139.6 million, Euro €458.8 million, NZ \$29.6 million and AUD \$23.8 million).

(ii) These are loans provided to the Benchmark entities as part of the funding of the Benchmark joint venture arrangement. The interest on the loans is paid monthly at 9% for Benchmark GPT LLC and B-VII Operations Holding Co LLC, paid quarterly at 8% for Benchmark Assisted Living LLC.

(iii) This US dollar preferred capital of USD \$52.5 million (AUD \$68.1 million) has been provided for a portfolio of 22 residential properties and apartments. GPT is entitled to an 8% return. During the year ended 31 December 2009, the loan has been impaired by USD \$35.5 million (AUD \$49.2 million) (2008: USD \$17.0 million, AUD \$21.1 million) to USD \$17.0 million (AUD \$18.9 million). As at 31 December 2009, this loan has been classified as "non-current assets held for sale" (refer to note 7(e)).

(iv) These loans were provided for working capital purposes and with the sale of a number of resorts, the loans were impaired to nil during the year ended 31 December 2009.

(v) Loans to employees have been classified as Treasury Stock Reserve (refer to note 20(c)).

(vi) This loan is GPT's 7.3% investment in German Retail Partnership Fund for Euro €9.2million (Dec 2008: Euro €8.2million). GPT is entitled to a 5.38% return, which is equivalent to the distributions paid by the Fund. As at 31 December 2009, this loan has been classified as "non-current assets held for sale" (refer to note 7(e)).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

	Note	Consolidated entity		Parent entity	
		31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
		\$M	\$M	\$M	\$M
<b>9. Inventories</b>					
Hotel merchandise:	(i)				
General supplies - at cost		-	1.1	-	-
Food and beverage - at cost		-	2.3	-	-
Retail - at cost		-	3.8	-	-
Other - at cost		-	0.3	-	-
Warehoused property investments:					
Scandinavian Active Fund	(ii)	-	64.3	-	-
H2O Fund	(ii)	-	259.9	-	-
Hamburg Trust Alliance Fund	(ii)	-	116.0	-	-
Hamburg Trust Bergedorf Objekt KG Fund	(ii)	-	6.5	-	-
<b>Total inventories</b>		<b>-</b>	<b>454.2</b>	<b>-</b>	<b>-</b>

(i) Hotel merchandise of \$4.4 million have been included as non-current assets classified as held for sale (refer to note 7(e)).

(ii) All warehoused property investments have been disposed of during the year ended 31 December 2009 (refer to note 7(a)(iii)).

**10. Derivative financial instruments****Current assets**

Interest Rate Swaps	-	12.2	-	12.2
Foreign Currency Swaps	-	4.3	-	4.3
<b>Total current derivative assets</b>	<b>-</b>	<b>16.5</b>	<b>-</b>	<b>16.5</b>

**Non-current assets**

Interest Rate Swaps	4.4	26.6	4.4	26.6
Interest Rate Options	-	4.7	-	4.7
<b>Total non-current derivative assets</b>	<b>4.4</b>	<b>31.3</b>	<b>4.4</b>	<b>31.3</b>

**Current liabilities**

Interest Rate Swaps	0.4	18.8	0.4	2.3
Interest Rate Options	1.1	21.9	1.1	21.9
<b>Total current derivative liabilities</b>	<b>1.5</b>	<b>40.7</b>	<b>1.5</b>	<b>24.2</b>

**Non-current liabilities**

Interest Rate Swaps	62.7	423.5	62.7	423.5
Interest Rate Options	35.8	300.2	35.8	300.2
Foreign Currency Swaps	-	119.7	-	119.7
<b>Total non-current derivative liabilities</b>	<b>98.5</b>	<b>843.4</b>	<b>98.5</b>	<b>843.4</b>

During the 2009 financial year, GPT completed the unwinding of foreign interest rate and foreign currency derivatives as they were excess to requirements as a result of the Group's exit from the majority of its offshore assets. Refer to note 29 for further details on GPT's financial risk management of derivative financial instruments.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

11. Investment properties

	Note	Consolidated entity		Parent entity	
		31 Dec 09 \$M	31 Dec 08 \$M	31 Dec 09 \$M	31 Dec 08 \$M
Retail	11(b)	4,072.2	4,396.6	2,847.5	2,771.9
Office	11(c)	1,170.8	1,256.2	718.1	748.7
Industrial	11(d)	658.0	666.9	394.3	392.0
Hotel & Tourism	11(e)	-	224.4	-	-
Properties under development	11(f)	122.6	152.0	87.3	116.1
<b>Total investment properties</b>		<b>6,023.6</b>	<b>6,696.1</b>	<b>4,047.2</b>	<b>4,028.7</b>

(a) Reconciliation

A reconciliation of the carrying amount of investment properties at the beginning and end of the financial year is as follows:

	\$M	\$M	\$M	\$M
Carrying amount at start of the year	6,696.1	6,500.1	4,028.7	3,779.3
Additions - operating capex	29.4	57.7	5.9	38.2
Additions - interest capitalised	20.4	6.5	19.5	6.5
Additions - development capex	224.1	131.7	218.6	206.9
Acquisitions	242.4	161.7	223.7	-
Transfer to non-current assets classified as held for sale	7(e) (222.0)	-	-	-
Lease incentives	6.3	12.2	4.8	5.9
Amortisation of lease incentives	(21.2)	(17.2)	(9.0)	(7.5)
Disposals	(401.1)	(77.7)	(112.0)	(56.4)
Net losses from fair value adjustments	(551.8)	(79.8)	(332.4)	55.1
Leasing costs	1.0	0.9	(0.6)	0.7
<b>Carrying amount at end of the year</b>	<b>6,023.6</b>	<b>6,696.1</b>	<b>4,047.2</b>	<b>4,028.7</b>

Details of GPT's Investment Properties

(b) Retail

	Ownership Interest <sup>(1)</sup>	Acquisition Date	Fair Value 31 Dec 09	Fair Value 31 Dec 08	Latest Valuer Independent Valuation Date
	%		\$M	\$M	
Casuarina Square, NT	100.0	Oct 1973	433.4	431.6	Aug 2008 Knight Frank Valuations
Charlestown Square, NSW	100.0	Dec 1977	642.2	531.8	Mar 2009 Knight Frank Valuations
Pacific Highway, Charlestown, NSW	100.0	Oct 2002 / Jul 2003	12.0	15.2	Mar 2009 Knight Frank Valuations
Dandenong Plaza, VIC	100.0	Dec 1993 / Dec 1999	201.0	236.2	Oct 2009 CB Richard Ellis Pty Limited
Erina Fair, NSW <sup>(2)</sup>	33.3	Jun 1992	250.3	281.8	Oct 2009 CB Richard Ellis Pty Limited
Highpoint Shopping Centre, VIC <sup>(11)</sup>	16.7	Aug 2009	200.0	-	-
Homemaker City, Maribyrnong, VIC <sup>(11)</sup>	16.7	Aug 2009	8.8	-	-
Floreat Forum, WA <sup>(3)</sup>	-	Jul 1996	-	112.0	Dec 2008 CB Richard Ellis Pty Limited
Westfield Penrith, NSW	50.0	Jun 1971	493.6	513.7	Sep 2009 CB Richard Ellis Pty Limited
Sunshine Plaza, QLD	50.0	Dec 1992 / Sep 2004	310.2	335.9	Sep 2009 CB Richard Ellis Pty Limited
Plaza Parade, QLD	50.0	Jun 1999	10.0	13.6	Sep 2009 CB Richard Ellis Pty Limited
Westfield Woden, ACT	* 50.0	Feb 1986	286.0	300.0	Mar 2009 CB Richard Ellis Pty Limited
<b>Total Parent entity</b>			<b>2,847.5</b>	<b>2,771.9</b>	
Homemaker City, Aspley, QLD <sup>(9)</sup>	100.0	Nov 2001	-	56.0	Dec 2009 CB Richard Ellis Pty Limited
Homemaker City, Bankstown, NSW <sup>(9)</sup>	100.0	Nov 2001	-	30.7	Dec 2008 CB Richard Ellis Pty Limited
Homemaker City, Cannon Hill, QLD <sup>(4)</sup>	-	Nov 2001	-	17.5	Mar 2008 CB Richard Ellis Pty Limited
Homemaker City, Fortitude Valley, QLD <sup>(9)</sup>	100.0	Dec 2001	-	110.5	Dec 2008 CB Richard Ellis Pty Limited
Homemaker City, Jindalee, QLD <sup>(9)</sup>	100.0	Nov 2001	-	54.0	Dec 2009 Knight Frank Valuations
Homemaker City, Mt Gravatt, QLD <sup>(4)</sup>	-	Nov 2001	-	22.6	Mar 2008 Knight Frank Valuations
Homemaker City, Windsor, QLD <sup>(4)</sup>	-	Nov 2001	-	21.0	Mar 2008 CB Richard Ellis Pty Limited
Rouse Hill Town Centre	100.0	Dec 2005	475.0	519.8	Dec 2009 CB Richard Ellis Pty Limited
Newcastle CBD, NSW	100.0	Jun 2007	47.0	66.5	Dec 2008 Knight Frank Valuations
Melbourne Central, VIC - retail portion <sup>(5)</sup>	100.0	May 1999 / May 2001	702.7	726.1	Jun 2009 Colliers International
<b>Total Consolidated entity</b>			<b>4,072.2</b>	<b>4,396.6</b>	

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

11. Investment properties (continued)

	Ownership Interest <sup>(1)</sup>	Acquisition Date	Fair Value 31 Dec 09	Fair Value 31 Dec 08	Latest Valuer	Independent Valuation Date
	%		\$M	\$M		
<b>(c) Office</b>						
Australia Square, Sydney, NSW	50.0	Sep 1981	269.1	290.1	Mar 2009	CB Richard Ellis Pty Limited
MLC Centre, Sydney, NSW	50.0	Apr 1987	379.5	410.1	Mar 2009	Knight Frank Valuations
One One One Eagle Street, Brisbane <sup>(6)</sup>	33.3	Apr 1984	69.5	48.5	Dec 2009	Knight Frank Valuations
<b>Total Parent entity</b>			<b>718.1</b>	<b>748.7</b>		
Melbourne Central, VIC - office portion <sup>(5)</sup>	100.0	May 1999 / May 2001	338.7	380.0	Jun 2009	Colliers International
818 Bourke St, Victoria Harbour, VIC	100.0	Jun 2006	114.0	127.5	Dec 2009	CB Richard Ellis Pty Limited
<b>Total Consolidated entity</b>			<b>1,170.8</b>	<b>1,256.2</b>		

**(d) Industrial**

2-4 Harvey Road, Kings Park, NSW	100.0	May 1999	44.0	46.0	Jun 2008	Colliers Pty Limited
Citi-West Industrial Estate, Altona North, VIC	100.0	Aug 1994	68.5	68.9	Mar 2009	Jones Lang LaSalle
Quad 1, Sydney Olympic Park, NSW	* 100.0	Jun 2001	18.8	20.5	Jun 2007	CB Richard Ellis Pty Limited
Quad 2, Sydney Olympic Park, NSW	* 100.0	Dec 2001	20.0	21.7	Jun 2007	CB Richard Ellis Pty Limited
Quad 3, Sydney Olympic Park, NSW	* 100.0	Mar 2003	20.2	21.9	Dec 2009	Jones Lang LaSalle
Quad 4, Sydney Olympic Park, NSW	* 100.0	June 2004	32.4	32.7	Dec 2009	Jones Lang LaSalle
8 Herb Elliott, Sydney Olympic Park, NSW	* 100.0	Aug 2004	8.3	8.6	Jun 2007	CB Richard Ellis Pty Limited
5 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2005	18.6	19.2	Jun 2008	Colliers Pty Limited
7 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2004	10.0	10.5	Jun 2007	CB Richard Ellis Pty Limited
7 Parkview Drive, Sydney Olympic Park, NSW	* 100.0	May 2002	17.0	20.5	Dec 2009	Jones Lang LaSalle
Rosehill Business Park, Camellia, NSW	100.0	May 1998	64.0	71.4	Sep 2009	CB Richard Ellis Pty Limited
15 Berry Street, Granville, NSW	100.0	Nov 2000	12.0	14.0	Sep 2009	CB Richard Ellis Pty Limited
19 Berry Street, Granville, NSW	100.0	Dec 2000	24.5	26.6	Sep 2009	CB Richard Ellis Pty Limited
973 Fairfield Road, Yeerongpilly, QLD <sup>(7)</sup>	-	Dec 2005	-	9.5	Dec 2008	Jones Lang LaSalle
Erskine Park, NSW (Stage 1)	100.0	Jun 2006	36.0	-	Jun 2009	Knight Frank Valuations
<b>Total Parent entity</b>			<b>394.3</b>	<b>392.0</b>		
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	139.7	141.4	Oct 2009	Jones Lang LaSalle
134-140 Fairbairn Road, Sunshine West, VIC	100.0	Mar 2006	13.0	13.6	Dec 2008	Jones Lang LaSalle
116 Holt Street, Pinkenba, QLD	100.0	Mar 2006	15.2	15.2	Dec 2008	Jones Lang LaSalle
4 Holker Street, Silverwater, NSW	100.0	Mar 2006	30.0	32.6	Dec 2008	Jones Lang LaSalle
120 Miller Road, Villawood, NSW <sup>(7)</sup>	-	Apr 2006	-	17.7	Dec 2008	Jones Lang LaSalle
372-374 Victoria Street, Wetherill Park, NSW	100.0	Jul 2006	18.0	21.5	Jun 2009	Knight Frank Valuations
18 - 24 Abbott Road, Seven Hills, NSW	100.0	Oct 2006	13.5	13.5	Dec 2008	Jones Lang LaSalle
Lots 42 & 44 Ocean Steamers Drive, Port Adelaide, SA	50.0	Jul 2006	7.0	7.9	Jun 2009	Colliers International
407 Pembroke Rd, Minto NSW	50.0	Oct 2008	27.3	11.5	-	-
<b>Total Consolidated entity</b>			<b>658.0</b>	<b>666.9</b>		

**(e) Hotel & Tourism**

Four Points by Sheraton Hotel, Sydney, NSW	-	May 2000	-	232.8	Mar 2008	CB Richard Ellis Pty Limited
Less: Security deposit held by GPT				(8.4)		
<b>Total Consolidated entity <sup>(8)</sup></b>				<b>224.4</b>		

**(f) Properties under development**

17 Berry St, Granville <sup>(10)</sup>	100.0	Sep 2009	5.8	-	-	-
Erskine Park, NSW	100.0	Jun 2006	81.5	116.1	Jun 2009	Knight Frank Valuations
<b>Total Parent entity</b>			<b>87.3</b>	<b>116.1</b>		
407 Pembroke Rd, Minto NSW	100.0	Oct 2008	7.1	4.3	-	-
21 Talavera Rd, Macquarie Park, NSW	100.0	Jun 2006	12.2	16.0	Jun 2009	Jones Lang LaSalle
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	16.0	15.6	Oct 2009	Jones Lang LaSalle
<b>Total Consolidated entity</b>			<b>122.6</b>	<b>152.0</b>		

(1) Freehold, unless otherwise marked with a \* which denotes leasehold.

(2) Erina Fair is 33.3% directly owned by the Trust. A further 16.7% is owned through a 50% share of Erina Property Trust, a joint venture with APPF (refer note 12(a)(i)).

(3) Floreat Forum property was sold on 1 July 2009 with a consideration of \$100.0 million (refer to note 7(c)).

(4) Homemaker City Cannon Hill, Mt Gravatt and Windsor in QLD were sold for a total consideration of \$59.9 million (refer to note 7(c)).

(5) Melbourne Central: 67.5% Retail and 32.5% Office (December 2008: 65.6% Retail and 34.4% Office).

(6) Currently under redevelopment. An external valuation ("as if complete") was obtained at 31 December 2009 of \$650.0 million and the capitalisation rate used was 6.75%.

From this, an internal "as is" valuation was calculated to arrive at the fair value of One One One Eagle Street.

(7) 120 Miller Road, Villawood and 973 Fairfield Road, Yeerongpilly were sold on 12 January 2009 and 27 March 2009 for a consideration of \$17.5 million and \$9.1 million respectively (refer to note 7(c)).

(8) Four Points by Sheraton Hotel was sold on 22 December 2009 for a consideration of \$184.5 million (refer to note 7(a)(i)).

(9) These investment properties were transferred to non-current assets held for sale in 2009 (refer to note 7(b) and 7(e)).

(10) 17 Berry Street, Granville was acquired on 22 September for \$5.8 million including transaction costs.

(11) GPT purchased 16.67% of Highpoint Shopping Centre and the adjacent Homemaker City Maribyrnong for \$205.8 million (excluding transaction costs).

Investment properties held in associates and joint ventures are set out in note 12.

**NOTES TO THE FINANCIAL STATEMENTS**

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**11. Investment properties (continued)**

**(g) Key assumptions**

The key assumptions (on the basis of weighted averages) used in the valuations of investment properties as at 31 December are below:

	Consolidated entity	
	31 Dec 09	31 Dec 08
<b>Retail portfolio -</b>		
Weighted average Cap Rate (%) <sup>(1)</sup>	6.3%	6.0%
Total Portfolio Retail Occupancy Rate (%) <sup>(1)</sup>	99.6%	99.5%
Total Portfolio Specialty MAT (\$psm) <sup>(2)</sup>	9,114	8,838
Total Portfolio Specialty Occupancy Cost (%) <sup>(2)</sup>	16.8%	16.6%
<b>Office portfolio -</b>		
Weighted average Cap Rate (%) <sup>(3)</sup>	7.3%	6.6%
Total Portfolio Occupancy Rate (%) <sup>(3)</sup>	95.9%	99.0%
Weighted Average Lease Term by Area (Years) <sup>(3)</sup>	5.2	5.2
<b>Industrial portfolio -</b>		
Weighted average Cap Rate (%)	8.4%	7.9%
Total Portfolio Occupancy Rate (%)	96.5%	100.0%
Weighted Average Lease Term by Income (Years)	7.2	7.2

(1) Includes GPT's interest in GPT Wholesale Shopping Centre Fund and excludes Homemaker Portfolio

(2) Includes GPT Wholesale Shopping Centre Fund centres and excludes Homemaker Portfolio

(3) Includes GPT's interest in GPT Wholesale Office Fund. Occupancy represents committed space.

	Consolidated entity		Parent entity	
	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
	\$M	\$M	\$M	\$M

**(h) Operating lease receivables**

The investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable under non-cancellable operating leases of investment properties are as follows:

Due within one year	501.1	529.8	258.5	256.1
Due between one and five years	1,423.6	1,240.0	694.8	630.3
Due after five years	859.8	639.4	400.8	275.4
	<b>2,784.5</b>	<b>2,409.2</b>	<b>1,354.1</b>	<b>1,161.8</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 12. Investments in associates and joint ventures

	Note	Consolidated entity		Parent entity	
		31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
		\$M	\$M	\$M	\$M
Investments in joint ventures	(a)(i)	877.8	994.9	798.8	877.1
Investments in associates	(a)(ii)	1,358.9	1,768.0	1,346.0	1,688.1
<b>Total investments in associates and joint ventures</b>		<b>2,236.7</b>	<b>2,762.9</b>	<b>2,144.8</b>	<b>2,565.2</b>

## (a) Details of GPT's Joint Ventures and Associates

Name	Principal Activity	Ownership Interest		31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
		Dec 2009	Dec 2008				
		%	%				
<b>(i) Joint Ventures</b>							
<b>Entities incorporated in Australia</b>							
1 Farrer Place Trust <sup>(1)</sup>	Investment property	50.00	50.00	309.4	339.7	309.4	340.7
2 Park Street Trust <sup>(1)</sup>	Investment property	50.00	50.00	344.5	372.6	344.5	372.6
DPT Operator Pty Limited <sup>(1)</sup>	Managing property	50.00	50.00	0.1	0.1	-	-
Erina Property Trust <sup>(1)</sup>	Investment property	50.00	50.00	123.8	140.5	123.8	141.0
Horton Trust <sup>(1)</sup>	Investment property	50.00	50.00	21.1	22.8	21.1	22.8
BGA Real Estate Finance Trust <sup>(3)</sup>	Mezzanine loan	50.00	50.00	-	-	-	-
Lend Lease GPT (Rouse Hill) Pty Limited <sup>(1)</sup>	Property development	50.00	50.00	-	10.3	-	-
<b>Entities incorporated in the United States</b>							
Babcock & Brown GPT REIT Inc <sup>(3)</sup>	Property investment	50.00	50.00	-	-	-	-
B&B GPT Alliance 1 LLC <sup>(3)</sup>	Property investment	50.00	50.00	-	-	-	-
B&B GPT Alliance 2 LLC <sup>(3)</sup>	Mezzanine loan	50.00	50.00	-	-	-	-
Benchmark GPT LLC <sup>(2)</sup>	Property investment	95.00	95.00	76.3	96.3	-	-
B-VII Operations Holding Co LLC <sup>(2)</sup>	Property investment	95.00	95.00	2.6	12.6	-	-
B&B GPT Holdings (No. 1) LLC <sup>(3)</sup>	Mezzanine loan	50.00	50.00	-	-	-	-
<b>Entities incorporated in Luxembourg</b>							
BGP Investment SARL <sup>(4)</sup>	Property investment	-	50.00	-	-	-	-
<b>Total investment in joint ventures</b>				<b>877.8</b>	<b>994.9</b>	<b>798.8</b>	<b>877.1</b>
<b>(ii) Associates</b>							
<b>Entities incorporated in Australia</b>							
161 Sussex St Pty Limited <sup>(6)</sup>	Property investment	40.00	40.00	-	4.3	-	-
GPT Wholesale Office Fund <sup>(1)(7)</sup>	Property investment	34.13	38.01	753.3	953.0	753.3	953.0
GPT Wholesale Shopping Centre Fund <sup>(1)(7)</sup>	Property investment	33.46	39.70	592.7	735.1	592.7	735.1
Kings Canyon (Watarrka) Resort Trust <sup>(1)(6)</sup>	Investment property	46.00	46.00	-	4.9	-	-
Lend Lease (Twin Waters) Pty Limited <sup>(1)</sup>	Property development	49.00	49.00	12.6	11.4	-	-
<b>Entities incorporated in the United States</b>							
Benchmark Assisted Living LLC <sup>(2)</sup>	Property management	20.00	20.00	0.3	0.4	-	-
<b>Entities incorporated in The Netherlands</b>							
Dutch Active Fund Propco BV <sup>(5)</sup>	Investment property	38.04	38.04	-	58.9	-	-
<b>Total investments in associates</b>				<b>1,358.9</b>	<b>1,768.0</b>	<b>1,346.0</b>	<b>1,688.1</b>

(1) The entity has a 30 June balance date.

(2) GPT has a 95% economic interest in Benchmark GPT LLC and B-VII Operations Holding Co LLC, entities which both own seniors housing assets and a 20% interest in the manager of the portfolio, Benchmark Assisted Living LLC. GPT has equal representation and voting rights on the Board of Benchmark GPT LLC and B-VII Operations Holding Co LLC with all major decisions regarding the joint venture requiring unanimous approval from both parties, resulting in joint control with BE Capital LLC. Accordingly, Benchmark GPT LLC and B-VII Operations Holding Co LLC have been accounted for as a joint venture. Funding of the joint venture is by way of both ordinary equity and loans (refer to note 8).

(3) The entities are within the joint venture arrangement with Babcock & Brown Limited. These investments have been included as non-current assets classified as held for sale (refer to note 7(e)).

(4) The investment in BGP Investment Sarl has been disposed during the year ended 31 December 2009 (refer to note 7(a)(ii)(1)).

(5) The investment in Dutch Active Fund Propco BV has been included as non-current assets classified as held for sale (refer to note 7(e)).

(6) Investments in 161 Sussex St Pty Limited and Kings Canyon (Watarrka) Resort Trust to the value of \$4.9 million have been included as non-current assets classified as held for sale (refer to note 7(e)).

(7) A 3.6% interest in GPT Wholesale Office Fund and a 6.2% interest in GPT Wholesale Shopping Centre Fund were sold in April/May 2009 with a total consideration of \$143.2 million (refer to note 7 (c)).

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

12. Investments in associates and joint ventures (continued)

(b) Share of joint ventures and associates' assets and liabilities – Consolidated entity

Further details of the property investments, investment property and mezzanine loans listed as the principal activity of associates and joint ventures in part (a) are set out below.

Investments in associates and joint ventures	Investment property/ portfolio, loans and other assets	Consolidated entity	
		31 Dec 09 \$M	31 Dec 08 \$M
<b>Australia</b>			
Erina Property Trust	Erina Fair, NSW	125.1	140.8
Horton Trust	Horton Parade and Maroochydore Superstore Plaza, QLD	21.2	22.8
DPT Operator Pty Limited	Property Management	-	-
GPT Wholesale Shopping Centre Fund	Various retail assets	672.4	820.6
<b>Total Retail</b>		<b>818.7</b>	<b>984.2</b>
<b>Office</b>			
2 Park Street Trust	Citigroup Centre, NSW	350.0	377.5
1 Farrer Place Trust	1 Farrer Place, NSW	310.0	340.7
GPT Wholesale Office Fund	Various office buildings	991.5	1,204.0
<b>Total Office</b>		<b>1,651.5</b>	<b>1,922.2</b>
<b>Hotel &amp; Tourism</b>			
Kings Canyon (Watarrka) Resort Trust	Kings Canyon (Watarrka) Resort, NT	-	5.8
161 Sussex Street Pty Limited	Four Points by Sheraton Hotel	-	4.1
<b>Total Hotel &amp; Tourism</b>		<b>-</b>	<b>9.9</b>
<b>Corporate &amp; Joint Venture</b>			
Lend Lease GPT (Rouse Hill) Pty Ltd	Residential land - Rouse Hill, NSW	19.6	41.4
Lend Lease GPT (Twin Waters) Pty Ltd)	Land, Twin Waters, QLD	-	12.3
BGA Real Estate Finance Trust	Mezzanine loan (international)*	-	28.5
<b>Total Corporate &amp; Joint Venture</b>		<b>19.6</b>	<b>82.2</b>
<b>Total Australia</b>		<b>2,489.8</b>	<b>2,998.5</b>
<b>Europe</b>			
BGP Investment SARL	German Residential	-	1,086.6
	European Office	-	28.5
	European Light Industrial	-	791.2
	European Retail	-	550.7
Dutch Active Fund Propco BV	Dutch office, light industrial & logistics buildings	-	185.6
<b>Total Europe</b>		<b>-</b>	<b>2,642.6</b>
<b>United States</b>			
Babcock & Brown GPT REIT Inc	Shopping Centre	-	361.6
B&B GPT Holdings (No. 1) LLC	Commercial real estate loan portfolio*	-	16.3
Benchmark GPT LLC and B-VII Operations Holding Co LLC	Seniors Housing	693.7	825.3
<b>Total United States</b>		<b>693.7</b>	<b>1,203.2</b>
<b>Total property investments, investment properties and mezzanine loans</b>		<b>3,183.5</b>	<b>6,844.3</b>

Investment property unless otherwise marked with a "\*" which denotes loans and receivables.

(c) Share of joint ventures and associates' commitments

GPT's share of its associates and joint ventures' capital expenditure commitments for the purchase of property, plant and equipment which have been approved but not provided for at 31 December 2009 and operating lease commitments are set out below:

	Australia		Europe		United States		Total	
	31 Dec 09 \$M	31 Dec 08 \$M	31 Dec 09 \$M	31 Dec 08 \$M	31 Dec 09 \$M	31 Dec 08 \$M	31 Dec 09 \$M	31 Dec 08 \$M
Capital expenditure	80.2	92.2	6.4	1.2	1.8	90.4	88.4	183.8
Operating lease	-	-	-	96.6	0.1	0.3	0.1	96.9
Other	-	-	-	0.2	-	-	-	0.2
<b>Total joint venture and associates' commitments</b>	<b>80.2</b>	<b>92.2</b>	<b>6.4</b>	<b>98.0</b>	<b>1.9</b>	<b>90.7</b>	<b>88.5</b>	<b>280.9</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 12. Investments in associates and joint ventures (continued)

## (d) Reconciliation of the carrying amount of equity accounted investments – Consolidated entity

Reconciliations of the carrying amount of joint ventures and associates at the beginning and end of the current financial year by geographic segment are set out below:

	Australia		Europe		United States		Total	
	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Consolidated entity</b>								
<b>(i) Joint ventures</b>								
Carrying amount at beginning of the financial year	886.0	964.7	-	317.5	108.9	271.8	994.9	1,554.0
Additions	6.5	10.7	-	-	15.1	26.6	21.6	37.3
Transfers in from investments in associates	-	11.9	-	-	-	-	-	11.9
Acquisitions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Share of joint ventures' net operating profit	(41.6)	(48.4)	-	(279.1)	(22.4)	(218.0)	(64.0)	(545.5)
Share of decrement in joint ventures' reserves	-	-	-	(11.5)	-	-	-	(11.5)
Distributions received/receivable from joint ventures	(52.0)	(52.8)	-	-	(2.9)	(8.6)	(54.9)	(61.4)
Repayment of capital	-	-	-	(43.5)	-	-	-	(43.5)
Foreign exchange rate differences on translation	-	(0.1)	-	16.6	(19.8)	37.1	(19.8)	53.6
<b>Carrying amount at end of the financial year</b>	<b>798.9</b>	<b>886.0</b>	<b>-</b>	<b>-</b>	<b>78.9</b>	<b>108.9</b>	<b>877.8</b>	<b>994.9</b>
<b>(ii) Associates</b>								
Carrying amount at beginning of the financial year	1,708.7	1,912.1	58.9	49.0	0.4	4.4	1,768.0	1,965.5
Additions	-	0.1	-	33.2	-	-	-	33.3
Acquisitions	-	-	-	-	-	-	-	-
Transfers out to investments in joint ventures	-	(11.9)	-	-	-	-	-	(11.9)
Investments classified as held for sale	(9.2)	-	(58.9)	-	-	-	(68.1)	-
Disposals	(200.2)	-	-	-	-	-	(200.2)	-
Share of associates' net operating profit	(51.4)	(95.4)	-	(27.3)	0.1	(0.2)	(51.3)	(122.9)
Impairment expenses	-	-	-	-	-	(3.7)	-	(3.7)
Distributions received/receivable from associates	(89.3)	(96.2)	-	(7.9)	-	(0.3)	(89.3)	(104.4)
Repayment of capital	-	-	-	-	-	-	-	-
Foreign exchange rate differences on translation	-	-	-	11.9	(0.2)	0.2	(0.2)	12.1
<b>Carrying amount at end of the financial year</b>	<b>1,358.6</b>	<b>1,708.7</b>	<b>-</b>	<b>58.9</b>	<b>0.3</b>	<b>0.4</b>	<b>1,358.9</b>	<b>1,768.0</b>

## 13. Other assets

	Note	Consolidated entity		Parent entity	
		31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
		\$M	\$M	\$M	\$M
<b>Available for sale investments</b>					
Investments in unlisted entities - at fair value*		0.2	2.7	-	-
<b>Total available for sale financial assets</b>		<b>0.2</b>	<b>2.7</b>	<b>-</b>	<b>-</b>
<b>Other assets</b>					
Investments in controlled entities	22	-	-	3,189.3	3,721.5
<b>Total non-current other assets</b>		<b>0.2</b>	<b>2.7</b>	<b>3,189.3</b>	<b>3,721.5</b>

\* Available for sale investments comprise investments in ordinary shares in companies and units in trusts and have no fixed maturity date.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

	Consolidated entity		Parent entity	
	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
	\$M	\$M	\$M	\$M
<b>14. Property, plant and equipment</b>				
Hotel properties				
At fair value	-	432.2	-	-
<b>Total hotel properties</b>	<b>-</b>	<b>432.2</b>	<b>-</b>	<b>-</b>
Office fixtures, fittings & operating equipment				
At cost	36.9	31.3	-	-
less: accumulated depreciation and impairment	(15.6)	(11.5)	-	-
<b>Total office fixtures, fittings &amp; operating equipment</b>	<b>21.3</b>	<b>19.8</b>	<b>-</b>	<b>-</b>
<b>Total property, plant and equipment</b>	<b>21.3</b>	<b>452.0</b>	<b>-</b>	<b>-</b>

**(a) Reconciliations**

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

	Note	Property under Development \$M	Hotel Properties \$M	Office fixtures, fittings and operating equipment \$M	Total \$M
<b>Consolidated entity</b>					
<b>Year ended 31 December 2008</b>					
Carrying amount at beginning of the financial year		512.9	629.6	20.6	1,163.1
Additions (including capitalisations)		163.3	20.5	14.8	198.6
Disposals		-	-	(9.2)	(9.2)
Depreciation charge	5(a)	-	(11.1)	(4.6)	(15.7)
Transfer to investment properties		(520.4)	-	-	(520.4)
Properties under development reclassified to investment properties	11(f)	(152.0)	-	-	(152.0)
Revaluations/(devaluations)		(3.8)	(206.8)	-	(210.6)
Foreign exchange rate differences on translation		-	-	(1.8)	(1.8)
<b>Carrying amount at end of the financial year</b>		<b>-</b>	<b>432.2</b>	<b>19.8</b>	<b>452.0</b>
<b>Year ended 31 December 2009</b>					
Carrying amount at beginning of the financial year		-	432.2	19.8	452.0
Additions (including capitalisations)		-	3.7	15.1	18.8
Disposals		-	(62.6)	(3.5)	(66.1)
Depreciation charge	5(a)	-	(9.9)	(4.1)	(14.0)
Transfer to non-current assets classified as held for sale	(b)	-	(306.0)	(5.2)	(311.2)
Cost to sell		-	(8.4)	-	(8.4)
Revaluations/(devaluations)		-	(49.0)	-	(49.0)
Foreign exchange rate differences on translation		-	-	(0.8)	(0.8)
<b>Carrying amount at end of the financial year</b>		<b>-</b>	<b>-</b>	<b>21.3</b>	<b>21.3</b>

(b) Hotel properties of \$311.2 million have been included as non-current assets classified as held for sale in 2009 as GPT announced the sale of the Hotel / Tourism Portfolio (refer to note 7(e)).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

	Note	Consolidated entity		Parent entity	
		31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
		\$M	\$M	\$M	\$M
<b>15. Intangible assets</b>					
Management rights					
At cost		54.2	54.2	-	-
less: accumulated amortisation and impairment		(38.0)	(19.0)	-	-
<b>Total management rights</b>	(b)	<b>16.2</b>	<b>35.2</b>	<b>-</b>	<b>-</b>
Operating lease rights - Lizard Island Resort					
At cost	(c)	-	44.8	-	-
less: accumulated amortisation and impairment		-	(31.4)	-	-
<b>Total operating rights</b>		<b>-</b>	<b>13.4</b>	<b>-</b>	<b>-</b>
<b>Total intangible assets</b>		<b>16.2</b>	<b>48.6</b>	<b>-</b>	<b>-</b>

**(a) Reconciliations**

Reconciliations of the carrying amount of each class of intangible at the beginning and end of the current financial year are set out below:

Consolidated entity	Note	Goodwill	Management Rights	Operating Rights	Total
		\$M	\$M	\$M	\$M
<b>Year ended 31 December 2008</b>					
Carrying amount at beginning of the financial year		121.8	42.3	26.8	190.9
Additions (including capitalisations)		-	-	1.5	1.5
Impairment expense		(121.8)	-	(13.9)	(135.7)
Amortisation expense	5(a)	-	(7.1)	(1.0)	(8.1)
<b>Carrying amount at end of the financial year</b>		<b>-</b>	<b>35.2</b>	<b>13.4</b>	<b>48.6</b>
<b>Year ended 31 December 2009</b>					
Carrying amount at beginning of the financial year		-	35.2	13.4	48.6
Additions (including capitalisations)		-	-	0.1	0.1
Disposals		-	-	(7.4)	(7.4)
Impairment expense		-	(11.8)	(5.2)	(17.0)
Amortisation expense	5(a)	-	(7.2)	(0.9)	(8.1)
<b>Carrying amount at end of the financial year</b>		<b>-</b>	<b>16.2</b>	<b>-</b>	<b>16.2</b>

**(b) Management rights**

The management rights include asset, property and development management rights of retail shopping centres. The useful life of the rights range between 7.5 to 10 years and are amortised over the life of the rights.

**(c) Operating lease rights**

The Lizard Island Resort operating lease rights were purchased on 30 June 2005 as part of the acquisition of Voyages Hotels &amp; Resorts Pty Limited by GPT. During the financial year, the Lizard Island Resort operating lease rights were sold for a consideration of \$7.5 million.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

	Note	Consolidated entity		Parent entity	
		31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
		\$M	\$M	\$M	\$M
<b>16. Payables</b>					
Trade payables and accruals		154.2	270.0	63.9	91.1
Tax payable		1.6	-	0.2	-
Other payables		1.5	1.1	0.4	0.7
Distribution payable		2.5	2.4	2.5	2.4
Related party payables		21.5	10.5	597.8	223.4
<b>Total payables</b>		<b>181.3</b>	<b>284.0</b>	<b>664.8</b>	<b>317.6</b>
<b>17. Borrowings</b>					
<b>Current - unsecured</b>					
Bank facilities					
Bridge facility - US Dollar	(a)(ii)	-	42.6	-	-
Bank borrowings					
Multi option syndicated facility - US Dollar	(a)(i)	144.9	-	144.9	-
Multi option syndicated facility - Australian Dollar	(a)(i)	1,330.0	-	1,330.0	-
Medium term notes	(b)(ii)	225.0	173.8	225.0	173.8
<b>Total current borrowings - unsecured</b>		<b>1,699.9</b>	<b>216.4</b>	<b>1,699.9</b>	<b>173.8</b>
<b>Current - secured</b>					
Bank facilities					
US Dollar	(a)(vi)(2)	-	97.4	-	-
Euro	(a)(vi)(3)	-	194.0	-	-
Danish Kroner	(a)(vi)(3)	-	32.8	-	-
Swedish Kroner	(a)(vi)(4)	-	6.4	-	-
<b>Total current borrowings - secured</b>		<b>-</b>	<b>330.6</b>	<b>-</b>	<b>-</b>
<b>Total current borrowings</b>		<b>1,699.9</b>	<b>547.0</b>	<b>1,699.9</b>	<b>173.8</b>
<b>Non-Current - unsecured</b>					
Bank borrowings					
Multi option syndicated facility - Euro	(a)(i)	-	2,340.5	-	2,340.5
Multi option syndicated facility - US Dollar	(a)(i)	-	921.3	-	921.3
Multi option syndicated facility - Australian Dollar	(a)(i)	90.0	555.0	90.0	555.0
Multi option syndicated facility - New Zealand Dollar	(a)(i)	-	52.7	-	52.7
Medium term notes	(b)(ii)	212.0	436.2	212.0	436.2
CPI coupon indexed bond	(c)	85.0	84.7	85.0	84.7
<b>Total non-current borrowings - unsecured</b>		<b>387.0</b>	<b>4,390.4</b>	<b>387.0</b>	<b>4,390.4</b>
<b>Non-Current - secured</b>					
Bank facilities - Somerton					
Bank facility - One One One Eagle Street	(a)(vii)	19.8	-	19.8	-
<b>Total non-current borrowings - secured</b>		<b>96.8</b>	<b>75.9</b>	<b>19.8</b>	<b>-</b>
<b>Total non-current borrowings</b>		<b>483.8</b>	<b>4,466.3</b>	<b>406.8</b>	<b>4,390.4</b>
<b>Total borrowings</b>		<b>2,183.7</b>	<b>5,013.3</b>	<b>2,106.7</b>	<b>4,564.2</b>
The maturity profile of the above current and non-current borrowings is:					
Due within one year*		1,699.9	547.0	1,699.9	173.8
Due between one and five years		398.8	4,381.6	321.8	4,305.7
Due after five years		85.0	84.7	85.0	84.7
		<b>2,183.7</b>	<b>5,013.3</b>	<b>2,106.7</b>	<b>4,564.2</b>

\* Despite the borrowings drawn under Tranches A & B under the Euro multi-option syndicated facility maturing 26 October 2010, and therefore being classified as a current liability in the Statement of Financial Position, there is no legal impediment to drawing Tranche C of this facility which matures 26 October 2012 to refinance Tranches A & B. However, at present GPT remains drawn in Tranches A & B opposed to Tranche C to save interest expense due to different credit margins.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2009

**17. Borrowings (continued)**

**(a) Bank facilities**

**Unsecured**

**(i) Euro multi option syndicated facility**

A EUR €2,010 million (AUD \$3,209.8 million) multi option syndicated facility became available to the Consolidated entity on 26 October 2007.

The facility has two maturity tranches as follows:

- Tranche A and B: EUR €1,005 million maturing 26 October 2010, and
- Tranche C: EUR €1,005 million maturing 26 October 2012.

At 31 December 2009, the tranches are drawn to USD \$130.0 million (AUD \$144.9 million) and AUD \$1,420.0 million (2008: EUR €1,180 million (AUD \$2,346.9 million), USD \$647.4 million (AUD \$921.3 million), AUD \$555 million and NZD \$64 million (AUD \$52.7 million)).

Tranche C remains undrawn by the amount required to refinance Tranche A and B. The Syndicate banks which invest in GPT's Euro Syndicated facility have equal exposure amount to GPT under both tranches. There is no legal impediment to drawing Tranche C to refinance Tranche A and B. GPT remain drawn in Tranche A and B as opposed to Tranche C, to save interest expense due to different credit margins.

In addition, a EUR €100 million Bilateral Facility with a maturity date of March 2013, has been entered into and will be made available to the Consolidated entity from 26 October 2010 to partly refinance the Tranche A & B.

**(ii) Bridge facility**

A USD \$30.0 million (AUD \$33.4 million) bridge facility was repaid by Hamburg Trust in May 2009 (2008: USD \$30.0 million (AUD \$42.6 million)).

This facility is no longer available.

**(iii) Underwriting facilities**

At 31 December 2008, GPT had the benefit of a committed bank offer to underwrite Commercial Paper or Medium Term Notes under the terms of the Euro Medium Term Note Programme or on any other terms the Underwriter and GPT may agree, up to a limit of AUD \$300 million. During 2009, this facility was canceled and is no longer available to GPT.

**Secured**

**(iv) Bank loan**

An AUD \$200 million bank loan which is secured by a mortgage over Australia Square, Quad 3 and Quad 4 of Sydney Olympic Park, is available to the Consolidated entity. This loan has been extended to 4 September 2011 at GPT's option. At 31 December 2009, the facility is undrawn.

**(v) Multi option facility**

A multi-option facility of AUD \$275 million, which may be drawn in AUD, EUR, USD or NZD is available to the Consolidated entity. The facility has two maturity tranches which are as follows:

- 2 years (AUD \$175 million) maturing 22 August 2011, and;
- 2 years (AUD \$100 million) maturing 30 September 2011.

This facility was secured on 30 September 2008 by a mortgage over Casuarina Square and 818 Bourke Street, Victoria Harbour. 818 Bourke Street mortgage was released on 15 January 2010. At 31 December 2009, the facility is undrawn.

An additional multi-option facility of AUD \$200 million is available to the Consolidated entity. The facility matures on 30 September 2011. Should the facility be drawn down security will be granted over the MLC Centre, Sydney. At 31 December 2009 the facility is undrawn.

**(vi) Bank facilities**

(1) A floating rate bill facility originally for AUD \$115 million was established in March 2004 for the GPT/Austrak Joint Venture to fund the capital expenditure requirements of the Austrak Business Park, Somerton, Victoria. At 31 December 2009 the limit on this facility has been increased to AUD \$155 million (GPT 50% share: AUD \$77.5 million). The facility matures on 31 March 2011 and is secured by a mortgage over Austrak Business Park, Somerton, Victoria. As at 31 December 2009, the facility is drawn to AUD \$154.0 million (GPT 50% share: \$77.0 million) (2008: AUD \$151.9 million (GPT 50% share: \$75.9 million)).

(2) The sale of GPT's interest in the Alliance portfolio (previously warehoused within the Hamburg Trust platform) was settled to a syndicate of private investors in November 2009 (refer to note 7(d) for further details). The USD \$72.0 million (AUD \$80.2 million) (2008: USD \$72.0 million (AUD \$102.5 million)) bank facility was transferred to the purchasers upon settlement in November 2009.

(3) In May 2009, GPT sold its interest in the H20 portfolio to Sasori S.a.r.l (refer to note 7(d) for further details). GPT's obligation under the borrowings of EUR €99.3 million (AUD \$158.6 million) and DKK 124.5 million (AUD \$26.7 million) from the H20 facility was taken on by Sasori S.a.r.l. in May 2009 as part of the sale.

(4) In August 2009, GPT sold its interest in the Scandinavian Active Fund, a fund that was owned by GPT and managed by GPT Halverton (refer to note 7(d) for further details). The SEK 32.6 million (AUD \$5.1 million) facility was transferred with the sale.

(5) As part of the disposal of HTBO Bergedorf Objekt KG Fund in June 2009, an undrawn EUR €16.6 million facility (AUD \$26.5 million) is no longer available to the Hamburg Trust (2008: facility limit EUR €16.6 million (AUD \$33.0 million)), which has also been sold (refer to note 7(a)(iii)(2) for further details).

**(vii) One One One Eagle Street**

An AUD \$164.0 million bank facility was established in May 2008 and was reduced to \$150.5m in February 2009. This facility is for the purpose of funding GPT's one third share of the construction of One One One Eagle Street, Brisbane, QLD and is secured by a mortgage over the One One One Eagle Street Property (among other security granted by other co-owners). At 31 December 2009, the facility is drawn to AUD \$19.8 million (2008: undrawn) and matures on 30 November 2011.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2009

**17. Borrowings (continued)**

**(b) Short Term Notes (STNs)/Medium Term Notes (MTNs) program**

The Short Term and Medium Term Note Programme is a revolving, non-underwritten debt programme which was established in 1999 to provide flexible funding to enable GPT to fund short term and medium term commitments and act promptly on investment opportunities. The value of the Notes issued under the Programme is limited by the gearing level stated in the Trust Constitution discussed in note 17(g).

**(i) Short Term Notes (STNs)**

At 31 December 2009, there were no short term notes on issue.

**(ii) Medium Term Notes (MTNs)**

At 31 December 2009, fixed rate MTNs have a principal value of AUD \$300.0 million (2008: AUD \$374.7 million) and floating rate MTNs have a principal value of AUD \$137.0 million (2008: \$236.1 million) with maturities ranging from November 2010 to 22 August 2013. On 30 March 2009 floating MTNs of AUD \$173.8 million matured and were repaid.

**(c) CPI coupon indexed bonds**

GPT issued a CPI coupon indexed bond in December 1999 with a current coupon of 8.22% per annum (2008: 8.07%) payable quarterly in arrears and indexed by the maximum CPI since September 1999. At 31 December 2009, the principal value is AUD \$85 million (2008: \$85 million). The CPI coupon indexed bonds mature on 10 December 2029.

**(d) Financing Facilities**

A summary of GPT's finance facilities is below:

	Note	31 December 2009		
		Total facility \$M	Used facility \	Unused facility \$M
Euro multi option syndicated facility - multi currency	(a)(i)	3,209.8	1,564.9	1,644.9
Bank borrowings		-	-	
Bank loan	(a)(iv)	200.0	-	200.0
Multi option facilities	(a)(v)	475.0	-	475.0
Bank facilities - Somerton	(a)(vi)	77.5	77.0	0.5
Bank facilities - One One One Eagle Street	(a)(vii)	150.5	19.8	130.7
Medium Term Notes	(b)(ii)	437.0	437.0	-
CPI coupon indexed bonds	(c)	85.0	85.0	-
<b>Total financing facilities</b>		<b>4,634.8</b>	<b>2,183.7</b>	<b>2,451.1</b>
Cash and cash equivalents				40.3
<b>Total financing resources available at end of year</b>				<b>2,491.4</b>

**(e) Maturity profile of financing facilities**

	Consolidated entity	
	31 Dec 09 \$M	31 Dec 08 \$M
Due within one year	1,829.9	556.2
Due between one and five years	2,719.9	5,712.6
Due after five years	85.0	118.0
<b>Total financing facilities</b>	<b>4,634.8</b>	<b>6,386.8</b>

**(f) Gearing Ratios**

**(i) Headline Gearing**

At 31 December 2009, the percentage of debt to total tangible assets is 23.9% (2008: 38.6%) and the percentage on a net debt basis is 23.5% (2008: 33.7%).

**(ii) Look through Gearing**

In calculating the 'look through' gearing, GPT's interest in joint ventures and associates are proportionately consolidated based on GPT's ownership interest. At 31 December 2009, the percentage of 'look through' debt to total assets is 31.8% (2008: 49.7%) and the percentage on a net debt basis is 31.6% (2008: 46.6%).

**(g) Debt Covenants**

GPT's borrowings are subject to a range of covenants, according to the specific purpose and nature of the loans. Most facilities include one or more of the following covenants:

- a 40% maximum threshold limit on the percentage of GPT debt to total tangible assets.
- a 55% maximum threshold limit on the percentage of GPT debt to total assets on a "look through" basis; and
- a minimum interest cover ratio of 2 times, being EBIT divide finance costs..

A breach of these covenants for individual facilities may trigger consequences ranging from rectifying and/or repricing to repayment of outstanding amounts. The Group performed a review of debt covenants as at 31 December 2009 and no breaches were identified.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

	Consolidated entity		Parent entity	
	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
	\$M	\$M	\$M	\$M
<b>18. Provisions</b>				
<b>Current Provisions</b>				
Employee benefits	4.1	7.8	-	-
Other	2.6	4.6	-	-
<b>Total Current Provisions</b>	<b>6.7</b>	<b>12.4</b>	<b>-</b>	<b>-</b>
<b>Non Current Provisions</b>				
Employee benefits	3.9	5.2	-	-
<b>Total Non Current Provisions</b>	<b>3.9</b>	<b>5.2</b>	<b>-</b>	<b>-</b>

**19. Contributed equity**

	Note	GPT Stapled Securities Number	GPT \$M	Other entities stapled to GPT \$M	Non-controlling interest \$M	Total \$M
<b>(i) Ordinary stapled securities</b>						
1 Jan 2008		2,099,613,942	4,648.6	317.5	-	4,966.1
28 Mar 2008	(a)(i)	9,059,869	27.3	0.7	-	28.0
28 Mar 2008	(a)(ii)	40,613,601	122.4	2.9	-	125.3
27 May 2008	(a)(i)	13,353,787	40.5	1.0	-	41.5
27 May 2008	(a)(ii)	36,492,741	110.6	2.6	-	113.2
26 Sep 2008	(a)(i)	18,599,258	32.5	-	-	32.5
11 Nov 2008	(b)(i)	1,697,973,421	1,018.8	-	-	1,018.8
28 Nov 2008	(b)(i)	551,657,181	331.0	-	-	331.0
			(46.7)	-	-	(46.7)
31 Dec 2008		4,467,363,800	6,285.0	324.7	-	6,609.7
1 Jan 2009		4,467,363,800	6,285.0	324.7	-	6,609.7
27 May 2009	(c)	4,091,926,477	1,432.2	-	-	1,432.2
16 Jun 2009	(c)	718,294,466	251.4	-	-	251.4
			(53.9)	-	-	(53.9)
31 Dec 2009		9,277,584,743	7,914.7	324.7	-	8,239.4
<b>(ii) Exchangeable securities</b>						
1 Jan 2008		-	-	-	-	-
27 Nov 2008	(b)(ii)	2,500	250.0	-	-	250.0
			(9.4)	-	-	(9.4)
31 Dec 2008		2,500	240.6	-	-	240.6
1 Jan 2009		2,500	240.6	-	-	240.6
31 Dec 2009		2,500	240.6	-	-	240.6
<b>Total Contributed Equity</b>			<b>8,155.3</b>	<b>324.7</b>	<b>-</b>	<b>8,480.0</b>

**Terms and conditions of contributed equity****(a) Ordinary stapled securities**

Each stapled security comprises one unit in the Trust and one share in the Company. They cannot be traded or dealt with separately. Stapled securities entitle the securityholder to receive distributions/dividends as declared and, in the event of winding up GPT, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on securities held. Stapled securities entitle their holder to one vote, either in person, or by proxy, at a meeting of GPT.

Refer to note 1(b) for further details on the stapling of GPT securities.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

### 19. Contributed equity (Continued)

#### Terms and conditions of contributed equity (continued)

##### (i) Distribution Reinvestment Plan

GPT introduced a Distribution Reinvestment Plan (DRP) to eligible securityholders in March 2007. The DRP was suspended from the September 2008 quarter with the announcement of \$1.6 billion equity raising.

##### (ii) Underwriting the Distribution Reinvestment Plan

GPT also entered into an underwriting agreement on 17 October 2007. Under this agreement GPT has the option to elect before each quarterly distribution payment whether to have that distribution underwritten. The terms of the agreement provide that the underwriter fully underwrites distribution payments in exchange for GPT stapled securities of the securityholders who had not elected to participate in the DRP. As at 31 December 2009, the underwriting agreement is no longer in force.

##### (b) Equity raising - 2008

The continued deterioration of capital markets and the sharp depreciation of Australian dollars adversely affected GPT's ability to sell assets at acceptable prices, increased the gearing ratios levels significantly and reduced the amount of headroom under debt covenants. On 23 October 2008, GPT announced a major balance sheet recapitalisation through an accelerated non-renounceable entitlement offer and the placement of exchangeable securities to an affiliate of GIC Real Estate Pty Limited ("GIC RE"). These raised total proceeds of \$1.6 billion which were used to repay debt and fund GPT's business plan.

##### (i) Entitlement offer

The entitlement offer resulted in the issue of 2,249,630,602 stapled securities at 60 cents each raising \$1,350 million before transaction costs of \$46.7 million were applied.

##### (ii) Exchangeable Securities

The exchangeable securities were issued to GIC RE. The securities are exchangeable into the staples securities at GIC RE's option subject to obtaining necessary approvals at an initial exchange price of \$0.7766 (Dec 08: \$0.9628) per stapled security raising \$250 million before transaction costs of \$9.4 million were applied. They offer discretionary distributions of 10% per annum and carry voting rights in GPT.

##### (c) Equity raising - 2009

In order to further strengthen GPT's Statement of Financial Position, improve the liquidity position and allow GPT to seek to accelerate its exit from the Babcock & Brown Joint Venture, GPT announced a capital raising on 7 May 2009 at an offer price of 35 cents per stapled security. The capital raising comprised a \$120 million institutional placement and a non-renounceable 1 for 1 pro-rata entitlement offer to eligible securityholders which had an institutional component of \$1,270.8 million and a retail component of \$292.8 million. A total of \$1.7 billion was raised with total transaction costs of \$53.9 million.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 20. Reserves

	Note	Consolidated entity		Parent entity	
		31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
		\$M	\$M	\$M	\$M
Asset revaluation reserve	(a)	-	-	-	-
Foreign currency translation reserve	(b)	52.3	389.8	-	-
Treasury stock reserve	(c)	(3.9)	(4.1)	-	-
Employee incentive scheme reserve	(d)	3.2	2.3	-	-
Cashflow hedge reserve	(e)	-	-	-	-
<b>Total reserves</b>		<b>51.6</b>	<b>388.0</b>	<b>-</b>	<b>-</b>

## Reconciliation

Reconciliations of each type of reserve at the beginning and end of the current financial year are set out below:

	Note	Consolidated entity			Total
		GPT	Other entities stapled to GPT	External minority interest	
		\$M	\$M	\$M	\$M
<b>(a) Asset revaluation reserve</b>					
Balance at 1 January 2008		15.0	-	-	15.0
Revaluations/(devaluations) of assets, net of tax		(15.0)	-	-	(15.0)
Balance at 31 December 2008		-	-	-	-
As at 31 December 2009, the closing balance of the asset revaluation reserve is nil and there were no movements during the financial year.					
<b>(b) Foreign currency translation reserve</b>					
Balance at 1 January 2008		(14.4)	(1.9)	-	(16.3)
Net foreign exchange translation adjustments, net of tax		421.5	(15.4)	-	406.1
Balance at 31 December 2008		407.1	(17.3)	-	389.8
Balance at 1 January 2009		407.1	(17.3)	-	389.8
Net foreign exchange translation adjustments, net of tax		(368.6)	31.1	-	(337.5)
<b>Balance at 31 December 2009</b>		<b>38.5</b>	<b>13.8</b>	<b>-</b>	<b>52.3</b>
<b>(c) Treasury stock reserve</b>					
Balance at 1 January 2008		(5.3)	(0.2)	-	(5.5)
On-market purchase of GPT stapled securities	24 (a)	(2.8)	0.2	-	(2.6)
Sale of GPT stapled securities and loan repayments	24 (a)	1.6	-	-	1.6
Impairment on stapled securities	24 (a)	2.4	-	-	2.4
Balance at 31 December 2008		(4.1)	-	-	(4.1)
Balance at 1 January 2009		(4.1)	-	-	(4.1)
On-market purchase of GPT stapled securities	24 (a)	(6.8)	-	-	(6.8)
Sale of GPT stapled securities and loan repayments	24 (a)	10.9	-	-	10.9
Impairment on stapled securities	24 (a)	(3.9)	-	-	(3.9)
<b>Balance at 31 December 2009</b>		<b>(3.9)</b>	<b>-</b>	<b>-</b>	<b>(3.9)</b>
<b>(d) Employee incentive scheme reserve</b>					
Balance at 1 January 2008		1.2	-	-	1.2
Employee incentive schemes expense, net of tax	24 (a)	1.1	-	-	1.1
Balance at 31 December 2008		2.3	-	-	2.3
Balance at 1 January 2009		2.3	-	-	2.3
Employee incentive scheme expenses, net of tax	24 (a)	0.9	-	-	0.9
<b>Balance at 31 December 2009</b>		<b>3.2</b>	<b>-</b>	<b>-</b>	<b>3.2</b>
<b>(e) Cashflow hedge reserve</b>					
Balance at 1 January 2008		-	11.5	-	11.5
Effective portion of changes in fair value of cashflow hedges, net of tax		-	(11.5)	-	(11.5)
Balance at 31 December 2008		-	-	-	-
As at 31 December 2009, the closing balance of the cashflow hedge reserve is nil and there were no movements during the financial year.					
Total balance at 31 December 2008		405.3	(17.3)	-	388.0
<b>Total balance at 31 December 2009</b>		<b>37.8</b>	<b>13.8</b>	<b>-</b>	<b>51.6</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2009

**20. Reserves (continued)****Nature and purpose of reserves****Foreign currency translation reserve**

The foreign currency translation reserve is used to record exchange differences arising on translation of foreign controlled entities and associated funding of foreign controlled entities as described in note 1(e). The movement in the foreign currency reserve is recognised in the Statement of Comprehensive Income when the net investment in the foreign controlled entity is disposed.

**Treasury stock reserve**

The treasury stock reserve is used to record the issue and repayment of securities under the Employee Incentive Scheme – General Scheme and the Legacy Long Term Incentive Scheme. Refer to note 24(a)(i) and (ii) for further details.

**Employee incentive scheme reserve**

The employee incentive scheme reserve is used to recognise the notional fair value of the implied option in respect of the securities issued under the Employee Incentive Scheme – General Scheme and performance rights issued under the GPT Group Stapled Security Rights Plan (refer to New Performance Rights LTI Plan in this report), as described in note 24(a)(ii).

**21. Retained profits**

	GPT	Other entities stapled to GPT	Non- controlling interest	Total
Note	\$M	\$M	\$M	\$M
<b>Consolidated entity</b>				
Balance at 1 January 2008	3,341.2	(20.0)	2.2	3,323.4
Non-controlling interest on acquisition of controlled entities	-	-	-	-
Net profit for the financial year	(2,556.3)	(696.5)	(0.7)	(3,253.5)
less: Distributions paid to ordinary stapled securityholders	3(a) (493.5)	-	-	(493.5)
less: Distributions paid/payable to exchangeable securityholder	3(b) (2.4)	-	-	(2.4)
Balance at 31 December 2008	<u>289.0</u>	<u>(716.5)</u>	<u>1.5</u>	<u>(426.0)</u>
Balance at 1 January 2009	<b>289.0</b>	<b>(716.5)</b>	<b>1.5</b>	<b>(426.0)</b>
Non-controlling interest on acquisition of controlled entities	-	-	-	-
Net profit for the financial year	<b>(937.0)</b>	<b>(132.1)</b>	<b>(1.5)</b>	<b>(1,070.6)</b>
less: Distributions paid to ordinary stapled securityholders	3(a) <b>(341.6)</b>	-	-	<b>(341.6)</b>
less: Distributions paid/payable to exchangeable securityholder	3(b) <b>(25.0)</b>	-	-	<b>(25.0)</b>
<b>Balance at 31 December 2009</b>	<b><u>(1,014.6)</u></b>	<b><u>(848.6)</u></b>	<b><u>-</u></b>	<b><u>(1,863.2)</u></b>
<b>Parent entity</b>				
Balance at 1 January 2008	3,149.6	-	-	3,149.6
Net profit for the financial year	(2,350.2)	-	-	(2,350.2)
less: Distributions paid to ordinary stapled securityholders	3(a) (493.5)	-	-	(493.5)
less: Distributions paid/payable to exchangeable securityholder	3(b) (2.4)	-	-	(2.4)
Balance at 31 December 2008	<u>303.5</u>	<u>-</u>	<u>-</u>	<u>303.5</u>
Balance at 1 January 2009	<b>303.5</b>	<b>-</b>	<b>-</b>	<b>303.5</b>
Net profit for the financial year	<b>(1,400.7)</b>	<b>-</b>	<b>-</b>	<b>(1,400.7)</b>
less: Distributions paid to ordinary stapled securityholders	3(a) <b>(341.6)</b>	<b>-</b>	<b>-</b>	<b>(341.6)</b>
less: Distributions paid to exchangeable securityholder	3(b) <b>(25.0)</b>	<b>-</b>	<b>-</b>	<b>(25.0)</b>
<b>Balance at 31 December 2009</b>	<b><u>(1,463.8)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(1,463.8)</u></b>

**THE GPT GROUP**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2009

**22. Controlled entities**

The following entities were controlled as at the end of the financial year (unless specified otherwise). The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note 1(c).

Name of entity	Country of of incorporation	Consolidated Entity		Parent Entity	
		2009 %	2008 %	2009 %	2008 %
Australian Resorts Pty Limited	Australia	100.0	100.0	-	-
Ayers Rock Resort Trust	Australia	100.0	100.0	-	-
Bedarra Hideaway Pty Limited	Australia	100.0	100.0	-	-
Bedarra Island Pty Limited	Australia	100.0	100.0	-	-
Brampton Island Pty Limited	Australia	100.0	100.0	-	-
Destinations & Voyages Travel Pty Limited	Australia	100.0	100.0	-	-
Dunk Island Pty Limited	Australia	100.0	100.0	-	-
GPT BM Investment Trust	Australia	100.0	100.0	100.0	100.0
GPT BM Loan Trust	Australia	100.0	100.0	100.0	100.0
GPT Commercial Subsidiary Trust	Australia	100.0	100.0	100.0	100.0
GPT Development Custodian Pty Limited	Australia	100.0	100.0	-	-
GPT Development Pty Limited	Australia	100.0	100.0	-	-
GPT Finance Pty Limited	Australia	100.0	100.0	100.0	100.0
GPT Funds Management 2 Pty Limited	Australia	100.0	100.0	100.0	100.0
GPT Funds Management Limited	Australia	100.0	100.0	-	-
GPT Hamilton Island Trust	Australia	100.0	100.0	-	-
GPT Hotel (Darling Harbour) Trust	Australia	100.0	100.0	-	-
GPT Hotel Trust	Australia	100.0	100.0	99.9	99.9
GPT Hunter Custodian Pty Limited (formerly Oyl Pty Limited)	Australia	100.0	100.0	100.0	100.0
GPT Industrial (Somerton) Trust	Australia	100.0	100.0	-	-
GPT Industrial Subsidiary Trust	Australia	100.0	100.0	-	-
GPT Industrial Subsidiary Trust No.2	Australia	100.0	100.0	-	-
GPT Industrial Trust	Australia	100.0	100.0	99.9	99.9
GPT International Pty Limited	Australia	100.0	100.0	-	-
GPT Investment Trust No. 1	Australia	100.0	100.0	100.0	100.0
GPT Management (Custodian) Pty Limited	Australia	100.0	100.0	100.0	100.0
GPT Management Holdings Limited	Australia	100.0	100.0	-	-
GPT Nominees Pty Limited	Australia	100.0	100.0	100.0	100.0
GPT Property Management Pty Limited	Australia	100.0	100.0	-	-
GPT Pty Limited	Australia	100.0	100.0	100.0	100.0
GPT RE Limited	Australia	100.0	100.0	-	-
GPT Residential (Hunter) Pty Limited	Australia	100.0	100.0	-	-
GPT Residential (Rouse Hill) Trust	Australia	100.0	100.0	-	-
GPT Residential (Twin Waters) Trust	Australia	100.0	100.0	-	-
GPT Residential Pty Limited	Australia	100.0	100.0	-	-
GPT Residential Trust	Australia	100.0	100.0	99.9	99.9
GPT Retail (Rouse Hill) Trust	Australia	100.0	100.0	100.0	100.0
GPT Subsidiary Holding Trust	Australia	100.0	100.0	100.0	100.0
Hamburg Trust Australia 1 <sup>(2)</sup>	Australia	-	80.0	-	-
Heron Island Pty Limited	Australia	100.0	100.0	-	-
Homemaker Property Management Pty Limited	Australia	100.0	100.0	-	-
Homemaker Retail Management Pty Limited	Australia	100.0	100.0	99.9	99.9
Homemaker Retail Property Trust	Australia	100.0	100.0	-	-
Homemaker Retail Property Trust No. 2	Australia	100.0	100.0	100.0	100.0
Hunter Trust	Australia	100.0	100.0	-	-
Lizard Island Pty Limited	Australia	100.0	100.0	-	-
Melbourne Central Custodian Pty Ltd	Australia	100.0	100.0	100.0	100.0
Melbourne Central Holdings Pty Ltd	Australia	100.0	100.0	100.0	100.0
Melbourne Central Unit Trust	Australia	100.0	100.0	50.0	50.0
Silky Oaks Pty Limited	Australia	100.0	100.0	-	-
Subsidiary Trust	Australia	100.0	100.0	100.0	100.0
The Mutitjulu Foundation Limited	Australia	100.0	100.0	-	-
The Mutitjulu Foundation Trust	Australia	100.0	100.0	-	-
Voyages Hotels & Resorts Pty Limited	Australia	100.0	100.0	-	-
Voyages Lodges Pty Limited	Australia	100.0	100.0	-	-
Voyages Mountain & Marine Pty Limited	Australia	100.0	100.0	-	-
Voyages Pty Limited	Australia	100.0	100.0	-	-
Wrotham Park Lodge Pty Limited	Australia	100.0	100.0	-	-
818 Bourke Street Trust	Australia	100.0	100.0	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 22. Controlled entities (continued)

Name of entity	Country of of incorporation	Consolidated Entity		Parent Entity	
		2009	2008	2009	2008
		%	%	%	%
Alliance HT Limited Partnership <sup>(2)</sup>	United States	-	74.4	-	-
Alliance HT Mezz Limited Partnership <sup>(2)</sup>	United States	-	74.4	-	-
Alliance HT Mezz LLC <sup>(2)</sup>	United States	-	74.4	-	-
Alliance HTFL GP LLC <sup>(2)</sup>	United States	-	74.4	-	-
Alliance HTFL Limited Partnership <sup>(2)</sup>	United States	-	74.4	-	-
Alliance HTTX GP LLC <sup>(2)</sup>	United States	-	74.4	-	-
Alliance HTTX Limited Partnership <sup>(2)</sup>	United States	-	74.4	-	-
GPT BM Investment LLC	United States	100.0	100.0	-	-
GPT US Holdings LLC <sup>(1)</sup>	United States	100.0	-	-	-
GPT US Inc	United States	100.0	100.0	-	-
GPTI BBR LLC <sup>(1)</sup>	United States	100.0	-	-	-
GPTMH BM Investment LLC	United States	100.0	100.0	-	-
BGP (UK) Investments Limited	United Kingdom	100.0	100.0	-	-
Colinsco Limited Partnership <sup>(2)</sup>	United Kingdom	-	100.0	-	-
EB8 Investments Limited <sup>(2)</sup>	United Kingdom	-	100.0	-	-
GPT Halverton Financial Services Limited	United Kingdom	100.0	100.0	-	-
GPT Halverton Limited <sup>(2)</sup>	United Kingdom	-	100.0	-	-
GPT UK Limited	United Kingdom	100.0	100.0	-	-
Halverton Co-investment Limited <sup>(2)</sup>	United Kingdom	-	100.0	-	-
Halverton EB8 Limited <sup>(2)</sup>	United Kingdom	-	100.0	-	-
Halverton Investment (GRP) Limited <sup>(2)</sup>	United Kingdom	-	100.0	-	-
Halverton Investments (GO) Limited <sup>(2)</sup>	United Kingdom	-	100.0	-	-
Halverton Investments Limited	United Kingdom	100.0	100.0	-	-
Halverton Management Limited <sup>(2)</sup>	United Kingdom	-	100.0	-	-
Halverton Secretaries Limited <sup>(2)</sup>	United Kingdom	-	100.0	-	-
JO Property Consulting Limited <sup>(2)</sup>	United Kingdom	-	100.0	-	-
Roofgold Limited <sup>(2)</sup>	United Kingdom	-	100.0	-	-
GPT Halverton GmbH <sup>(1)(2)</sup>	Germany	-	100.0	-	-
GPT USA 3 General Partner GmbH <sup>(1)</sup>	Germany	100.0	-	-	-
GPT USA 3 GmbH & Co KG <sup>(1)</sup>	Germany	99.0	-	-	-
Hamburg Trust Asset Management HTAM GmbH <sup>(2)</sup>	Germany	-	80.0	-	-
Hamburg Trust Beteiligungsmanagement HTB GmbH <sup>(2)</sup>	Germany	-	80.0	-	-
Hamburg Trust Grundvermögen and Anlage GmbH <sup>(2)</sup>	Germany	-	80.0	-	-
Hamburg Trust HTG Australien 1 GmbH & Co KG <sup>(2)</sup>	Germany	-	80.0	-	-
Hamburg Trust HTG Australien 2 GmbH & Co KG <sup>(2)</sup>	Germany	-	80.0	-	-
Hamburg Trust HTG Australien 3 GmbH & Co KG <sup>(2)</sup>	Germany	-	80.0	-	-
Hamburg Trust HTG Deutschland 2 GmbH & Co KG <sup>(2)</sup>	Germany	-	80.0	-	-
Hamburg Trust HTG Deutschland 3 GmbH & Co KG <sup>(2)</sup>	Germany	-	80.0	-	-
Hamburg Trust HTG USA 1 GmbH & Co KG <sup>(2)</sup>	Germany	-	80.0	-	-
Hamburg Trust HTG USA 3 GmbH & Co KG <sup>(2)</sup>	Germany	-	80.0	-	-
Hamburg Trust HTG USA 4 GmbH & Co KG <sup>(2)</sup>	Germany	-	80.0	-	-
Hamburg Trust Treuhand HTT GmbH <sup>(2)</sup>	Germany	-	80.0	-	-
Hamburg Trust Verwaltung HTV Asien GmbH <sup>(2)</sup>	Germany	-	80.0	-	-
Hamburg Trust Verwaltung HTV Europa GmbH <sup>(2)</sup>	Germany	-	80.0	-	-
Hamburg Trust Verwaltung HTV USA GmbH <sup>(2)</sup>	Germany	-	80.0	-	-
HT HTG Australien 1 Beteiligungs GmbH & Co KG <sup>(2)</sup>	Germany	-	80.0	-	-
HT HTG Australien 2 Beteiligungs GmbH & Co KG <sup>(2)</sup>	Germany	-	80.0	-	-
HTBO Bergedorf Objekt GmbH & Co KG <sup>(2)</sup>	Germany	-	80.0	-	-
HTBO Bergedorf Objektbeteiligungs GmbH <sup>(2)</sup>	Germany	-	80.0	-	-
EB8 France Propco Aps <sup>(2)</sup>	Denmark	-	100.0	-	-
GPT Halverton ApS <sup>(2)</sup>	Denmark	-	51.0	-	-
H20 Am Moosfield ApS <sup>(2)</sup>	Denmark	-	97.4	-	-
H20 Berlin Charlottenburg ApS <sup>(2)</sup>	Denmark	-	97.4	-	-
H20 Denmark PropCo ApS <sup>(2)</sup>	Denmark	-	97.4	-	-
H20 France HoldCo ApS <sup>(2)</sup>	Denmark	-	97.4	-	-
H20 France PropCo ApS <sup>(2)</sup>	Denmark	-	97.4	-	-
H20 Gaertringen ApS <sup>(2)</sup>	Denmark	-	97.4	-	-
H20 Germany HoldCo ApS <sup>(2)</sup>	Denmark	-	97.4	-	-
H20 Krefeld Fichtenhain ApS <sup>(2)</sup>	Denmark	-	97.4	-	-
H20 Munster ApS <sup>(2)</sup>	Denmark	-	97.4	-	-
H20 Offenburg ApS <sup>(2)</sup>	Denmark	-	97.4	-	-
H20 Puchheim ApS <sup>(2)</sup>	Denmark	-	97.4	-	-
H20 Sinisheim ApS <sup>(2)</sup>	Denmark	-	97.4	-	-

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2009

**22. Controlled entities (continued)**

Name of entity	Country of incorporation	Consolidated Entity		Parent Entity	
		2009 %	2008 %	2009 %	2008 %
German Retail Property Fund Manager SARL <sup>(2)</sup>	Luxembourg	-	100.0	-	-
GPT Europe 2 SARL	Luxembourg	100.0	100.0	-	-
GPT Europe Finance SA	Luxembourg	100.0	100.0	-	-
GPT Europe SARL <sup>(2)</sup>	Luxembourg	-	100.0	-	-
GPT Halverton SARL <sup>(2)</sup>	Luxembourg	-	100.0	-	-
H20 Finland LuxCo SARL <sup>(2)</sup>	Luxembourg	-	97.4	-	-
H20 FundCo SARL	Luxembourg	100.0	100.0	-	-
H20 LuxCo SARL <sup>(2)</sup>	Luxembourg	-	97.4	-	-
HBI Lux PropCo A SARL	Luxembourg	100.0	100.0	-	-
NELI Management SARL <sup>(3)</sup>	Luxembourg	-	100.0	-	-
H20 Finland HoldCo OY <sup>(2)</sup>	Finland	-	97.4	-	-
H20 Propco One OY <sup>(2)</sup>	Finland	-	97.4	-	-
Benelux Industrial Partnership General Partner BV <sup>(2)</sup>	The Netherlands	-	100.0	-	-
GPT Halverton BV <sup>(2)</sup>	The Netherlands	-	100.0	-	-
H20 Amsterdam BV <sup>(2)</sup>	The Netherlands	-	99.7	-	-
H20 Dutch BV <sup>(2)</sup>	The Netherlands	-	97.4	-	-
Woolloomooloo Investments BV	The Netherlands	100.0	100.0	-	-
Halverton SAS <sup>(2)</sup>	France	-	100.0	-	-
GPT Halverton AB <sup>(2)</sup>	Sweden	-	70.0	-	-
GPT Halverton Storm AB <sup>(2)</sup>	Sweden	-	100.0	-	-
MAV Fastighets AB <sup>(2)</sup>	Sweden	-	100.0	-	-
Scandinavian Active Fund Holdco AB (formerly Goldcup D2668 AB) <sup>(2)</sup>	Sweden	-	100.0	-	-
Scandinavian Active Fund Propco AB <sup>(2)</sup>	Sweden	-	100.0	-	-
GPT MaltaCo 1 Limited <sup>(2)</sup>	Malta	-	100.0	-	-
GPT MaltaCo 2 Limited <sup>(2)</sup>	Malta	-	100.0	-	-

1 Controlled entities acquired during the current financial year.

2 Controlled entities sold during the current financial year. The ownership interest sold is the % shown for 2008 (refer to note 7 for further details).

3 Controlled entities liquidated during the current financial year.

**23. Key management personnel disclosures**

**(a) Details of Key Management Personnel**

**(i) Directors**

The Directors of GPT Management Holdings Limited and GPT RE Limited during the financial year and up to the date of this report were:

**Chairman – Non Executive Director**

Ken Moss (appointed Chairman on 25 May 2009)  
Peter Joseph (retired 25 May 2009)

**Non-Executive Directors**

Brendan Crotty (appointed 22 December 2009)  
Rob Ferguson (appointed 25 May 2009, Deputy Chairman)  
Eric Goodwin  
Lim Swe Guan (appointed 21 April 2009)  
Malcolm Latham (retired 25 May 2009)  
Anne McDonald  
Ian Martin

**Executive Director**

Michael Cameron (appointed 1 May 2009)

**(ii) Other key management personnel**

In addition to the Directors, the following persons also had the greatest authority for the strategic direction and management of GPT, directly or indirectly, during the financial year:

Michael O'Brien Chief Operating Officer and Chief Financial Officer (from 1 September 2009)  
Kieran Pryke Chief Financial Officer (until 31 August 2009)  
Neil Tobin General Manager - Joint Venture (until 31 August 2009)  
Jonathan Johnstone Head of Europe  
Mark Fookes Head of Retail  
Nicholas Harris Head of Wholesale  
James Coyne General Counsel and Secretary

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 23. Key management personnel disclosures (continued)

## (b) Key management personnel compensation

	Consolidated entity		Parent entity	
	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
	\$'000	\$'000	\$'000	\$'000
Short term employee benefits	9,539.1	8,582.4	9,539.1	8,582.4
Post employment benefits	185.3	227.2	185.3	227.2
Other long term benefits	58.8	6,853.9	58.8	6,853.9
Termination benefits	1,490.0	9,265.2	1,490.0	9,265.2
<b>Total key management personnel compensation</b>	<b>11,273.2</b>	<b>24,928.7</b>	<b>11,273.2</b>	<b>24,928.7</b>

Information regarding individual Directors' and Senior Executives' remuneration is provided in the Remuneration Report on page 11 to 29 of the Directors' Report.

## (c) Equity instrument disclosures relating to key management personnel

(i) The number of GPT stapled securities held during the financial year by each key management personnel, including their personally-related parties, are set out below:

	Balance 1 Jan 2008	Purchases/ (Sales)	Balance 31 Dec 2008	Purchases/ (Sales)	Balance 31 Dec 2009
<b>Directors</b>					
Peter Joseph <sup>(2)</sup>	50,000	50,000	100,000	-	-
Ken Moss	26,241	26,241	52,482	65,603	118,085
Rob Ferguson	-	-	-	1,020,409	1,020,409
Michael Cameron	-	-	-	-	-
Eric Goodwin	11,775	855	12,630	65,288	77,918
Malcolm Latham <sup>(2)</sup>	13,195	13,195	26,390	-	-
Ian Martin	51,241	51,241	102,482	128,103	230,585
Anne McDonald	10,500	10,500	21,000	26,250	47,250
Lim Swe Guan	-	-	-	-	-
Brendan Crotty	-	-	-	-	-
<b>Senior Executives</b>					
Michael O'Brien	553,134	5,000	558,134	12,500	570,634
Kieran Pryke <sup>(1)</sup>	330,148	260,172	590,320	-	-
Neil Tobin <sup>(1)</sup>	342,598	-	342,598	-	-
Jonathan Johnstone	222,015	223,015	445,030	(222,515)	222,515
Mark Fookes	346,620	346,620	693,240	47,380	740,620
Nicholas Harris	240,844	-	240,844	-	240,844
James Coyne	176,307	-	176,307	-	176,307

(ii) During the current financial year, certain Senior Executives of The GPT Group were granted Performance Rights (refer to note 24(a)(ii)(2) for further details). The number of GPT performance rights held by the GPT Group Stapled Securities Rights Plan during the financial year by each key management personnel, including their personally-related parties, are set out below:

## Performance rights

	Grant date	Vesting date	Exercise price	Granted	Lapsed	Balance 31 Dec 2009	Vested at 31 Dec 2009
<b>Director</b>			\$				
Michael Cameron	29 April 2009	From 30 June 2011 to 30 June 2012	-	2,307,249	-	2,307,249	-
<b>Senior Executives</b>							
Michael O'Brien	30 June 2009	31 December 2011	-	1,538,166	-	1,538,166	-
	16 July 2009	1 July 2011	-	384,541	-	384,541	-
Kieran Pryke <sup>(1)</sup>	30 June 2009	31 December 2011	-	1,442,030	(1,442,030)	-	-
Neil Tobin <sup>(1)</sup>	30 June 2009	31 December 2011	-	1,345,895	(1,345,895)	-	-
Jonathan Johnstone	30 June 2009	31 December 2011	-	961,354	-	961,354	-
Mark Fookes	30 June 2009	31 December 2011	-	1,345,895	-	1,345,895	-
Nicholas Harris	30 June 2009	31 December 2011	-	1,153,624	-	1,153,624	-
James Coyne	30 June 2009	31 December 2011	-	903,672	-	903,672	-

(1) Kieran Pryke and Neil Tobin's employment ended on 1 September 2009 and 31 August 2009 respectively.

(2) Peter Joseph and Malcolm Latham retired on 25 May 2009.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 23. Key management personnel disclosures (continued)

## (d) Loans to key management personnel

All loans are pursuant to the Employee Incentive Scheme (EIS) which is discussed in detail at note 24(a).

Details of loans made during the financial year to each key management personnel are set out below:

	Opening balance 1/01/2009 <sup>(1)</sup>	Total accumulated interest costs capitalised as part of the loan	Loans made during the year	Interest charged for the year	Interest not charged for the year <sup>(2)</sup>	Closing Balance 31 Dec 2009	Highest indebtedness during the year
	\$	\$	\$	\$	\$	\$	\$
Michael O'Brien	2,363,566	300,563	-	28,558	225,867	2,664,129	2,664,129
James Coyne	716,484	101,426	-	9,186	68,925	817,910	817,910
Kieran Pryke <sup>(3)</sup>	1,343,631	189,607	-	17,195	129,229	-	1,533,238
Neil Tobin <sup>(3)</sup>	1,402,701	189,613	-	17,524	134,542	-	1,592,314
Mark Fookes	1,400,934	194,137	-	17,746	134,583	1,595,071	1,595,071
Jonathan Johnstone	894,720	129,044	-	11,593	86,176	1,023,764	1,023,764
Nicholas Harris	1,068,690	143,178	-	12,548	103,185	1,211,868	1,211,868

(1) On 31 December 2008, the term of these loans have been converted from full recourse to limited recourse as discussed in note 24 (a)(ii).

(2) The amounts shown for interest not accrued represent the difference between the amount paid and payable for the financial year and interest that would have been charged on an arm's length basis.

(3) Kieran Pryke and Neil Tobin's employment ended on 1 September 2009 and 31 August 2009 respectively.

## (e) Other transactions with key management personnel

There have been no transactions with key management personnel other than those transactions detailed in note 23.

## 24. Share based payments

## (a) Employee Incentive Scheme

The Employee Incentive Scheme (EIS) is a scheme under which GPT stapled securities are issued or purchased on-market on behalf of GPT employees for no cash consideration.

The EIS has two qualifying levels – the 'General Scheme' which applies to all GPT employees (other than certain Senior Executives) and the 'Long Term Incentive (LTI) Scheme' where participation is only offered to certain Senior Executives recommended by the GPT Board.

The LTI Scheme may be divided into two broad categories:

1. Legacy LTI plans still operable covering the period 2007 to 2010, and
2. The new Performance Rights Plan approved by GPT Group securityholders at the AGM in May 2009 and covering the period 2009-11.

## (i) The General Scheme

Under the General Scheme, all permanent employees (excluding Non-Executive Directors) who are continuously employed by GPT for greater than one year are eligible to participate. Purchase of GPT stapled securities is by employee loan, which is made available to participating employees by the Scheme Administrator, to fund the acquisition of GPT stapled securities. The Scheme Administrator must use the loan proceeds to acquire GPT stapled securities on-market or to subscribe for the issue of new GPT stapled securities.

The employee loans made under the Scheme are interest free, have no fixed term and are non-recourse. The interest component is a cost to GPT. After deducting amounts for tax on the participating employee's income, the loans are repaid using net distributions from GPT stapled securities and while the employee loan remains outstanding, the GPT stapled securities are held subject to a holding lock and are not able to be transferred or otherwise dealt with.

## Fair value of security based payment

Under the requirements of AASB 2, loans granted under the General Scheme are accounted for as 'options' because the loans are non-recourse. The assessed fair value is expensed to the Statement of Comprehensive Income as the stapled securities vest immediately. Fair value at grant date has been independently determined using the Monte Carlo pricing model that takes into account grant date, security price at grant date, the current price of the GPT stapled securities, staff turnover rate, voluntary exercise rate, the risk free interest rate, expected dividend yield, impact of dilution and expected volatility of the GPT stapled securities for the term of the GPT stapled security. The fair value of the 'options' was calculated as 95.0c per stapled security (2008: 95.0c per security).

In 2009, the Board recognised the need to rationalise the number of GPT's other equity based schemes. Changes to the Federal tax/regulatory environment regarding employee share schemes during 2009 accelerated this process. As a result, the General Scheme is considered no longer an effective vehicle to promote employee alignment with security holders or provide rewards to employees in any reasonable timeframe. Consequently, the General Scheme was terminated on 8 October 2009. The stapled securities held under the scheme were sold at market price and the sales proceed was used to repay the non-recourse employee loans. The difference between the sales proceed and the carrying value of the employee loans (AUD\$ 3.9 millions) has been included in Statement of Comprehensive Income.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

### 24. Share based payments (continued)

#### (a) Employee Incentive Scheme (continued)

#### (ii) The Long Term Incentive (LTI) Scheme

##### (1) Legacy LTI Scheme

As detailed in the 2008 Remuneration Report, the unprecedented dislocation in global financial markets and the A-REIT sector in particular highlighted a number of flaws in the loan based LTI scheme that had significant unintended consequences for GPT. Recognising that the scheme was no longer best practice or operating in the interests of either GPT or participants, the Board decided to convert the existing scheme loans from full recourse to the individual to limited recourse effective 31 December 2008 (the date of conversion), such that while the loan remained in place the participant was committed only to the value of the underlying securities. In addition, for 2009 onwards, the interest charge on the loans to participants was set at a level to approximate the net distributions receivables.

As at 31 December 2009, none of the performance targets have been met since inception and as a result no LTI awards to GPT employees have been made to date. It is the intention of the Board that the legacy LTI scheme will be wound up at the end of calendar year 2010 on the conclusion of the final 3-year performance period.

##### (2) GPT Group Stapled Security Rights Plan (referred to as the New Performance Rights LTI Plan)

At the May 2009 Annual General Meeting GPT securityholders approved the introduction of a more contemporary Performance Rights LTI Plan (the 2009 LTI scheme).

The new plan covers the 3 year period 2009-11. Awards under the plan to eligible participants will be in the form of Performance Rights which convert to GPT stapled securities for nil consideration if specified service / performance conditions for the applicable 3 year period are satisfied. Please refer to Remuneration Report for detail on the service / performance conditions.

The Board determined those executives eligible to participate in the LTI scheme and, for each participating executive, granted a number of Performance Rights calculated as a percentage of their base salary divided by GPT's first quarter 2009 volume weighted average price (VWAP) of 52.01cps.

Under the requirements of AASB 2, the fair value of these Performance Rights will be amortised over the period starting from the grant date to the vesting date. Fair value at grant date has been independently determined using the Monte Carlo and Binomial tree pricing models that take into account the following inputs:

- (a) Rights were granted for no consideration and vest based on the TSR of GPT compared to the TSR of each peer group constituent for the purpose of determining the rank of GPT
- (b) Rights granted for no consideration and vest based on service conditions
- (c) Grant dates: 29 April 2009 – 16 July 2009
- (d) Share price at grant dates: 45.5 cents – 52 cents
- (e) Expected vesting dates: 1 July 2010 – 30 June 2012
- (f) Expected dividend yield: 8% - 12%
- (g) Risk free interest rate: 3.16% - 4.33%

The fair value of these Performance Rights ranges from \$0.168 to \$0.481 per performance right depending on the vesting conditions. Total share based payment expense recognised during the year ended 31 December 2009 was \$870,845.



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2009

**24. Share based payments (continued)****(b) Other Share-based Incentive Scheme****(i) The GPT Group All Employee Stapled Security Plan (AESSP)**

Implemented in March 2008, the AESSP allows eligible participants to salary sacrifice \$1,000 to purchase GPT Group stapled securities on market. GPT stapled securities acquired under the AESSP must be held for a minimum of 3 years (or earlier if employment ceases) during which time they cannot be sold or otherwise dealt with.

**(ii) The GPT Group Deferred Stapled Security Plan (DSSP)**

Implemented in September 2008, the DSSP allows eligible participants to salary sacrifice amounts to purchase GPT Group stapled securities on market. GPT stapled securities acquired under the DSSP may be held for up to 10 years (or earlier if employment ceases) on an income tax deferred basis during which time they cannot be sold or otherwise dealt with. This plan has been terminated in 2009 due to changes to the Federal tax/regulatory environment regarding employee share schemes.

**(iii) The GPT Group Non-Executive Director Stapled Security Plan (NEDSSP)**

Implemented in September 2008, the DSSP allows eligible non-executive directors to salary sacrifice amounts to purchase GPT Group stapled securities on market. GPT stapled securities acquired under the DSSP may be held for up to 10 years (or earlier if employment ceases) on an income tax deferred basis during which time they cannot be sold or otherwise dealt with. This plan has been terminated in 2009 due to changes to the Federal tax/regulatory environment regarding employee share schemes.

The GPT stapled securities / Rights issued under all Employee Incentive Schemes to participating employees is set out below:

	<b>Number of GPT stapled securities issued during the year</b>		<b>Total number of GPT stapled securities issued</b>	
	<b>31 Dec 2009</b>	<b>31 Dec 2008</b>	<b>31 Dec 2009</b>	<b>31 Dec 2008</b>
GPT stapled securities issued under the 'General Scheme'	-	1,113,974	-	1,868,281
GPT stapled securities issued under the 'Long Term Incentive Scheme'	-	328,154	<b>6,114,598</b>	7,301,313
GPT stapled securities issued under the 'The GPT Group All Employee Stapled Security Plan'	<b>11,240</b>	19,264	<b>27,408</b>	19,264
GPT stapled securities issued under the 'The GPT Group Deferred Stapled Security Plan'	<b>141,706</b>	31,442	<b>173,148</b>	31,442
GPT stapled securities issued under the 'The GPT Group Non-Executive Director Stapled Security Plan'	-	-	-	-
	<b>Number of GPT share rights issued during the year</b>		<b>Total number of GPT share rights issued</b>	
	<b>31 Dec 2009</b>	<b>31 Dec 2008</b>	<b>31 Dec 2009</b>	<b>31 Dec 2008</b>
GPT performance rights issued under GPT Group Stapled Securities Rights Plan	<b>22,783,839</b>	-	<b>22,783,839</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 25. Related party transactions

## (a) Ultimate Parent

General Property Trust is the ultimate Parent entity.

## (b) Controlled entities, joint ventures and associates

Equity interests in controlled entities, joint ventures and associates are set out in notes 22 and 12. Loans provided to joint ventures and associates as part of the funding of those arrangements are set out in note 8. Details of the Parent entity interests in controlled entities are set out in note 22.

## (c) Key management personnel

Disclosures relating to key management personnel and remuneration paid to directors of the ultimate Parent entity are set out in note 23. Included within note 23(a) in 'other key management personnel' is Ian Martin who was a director of Babcock &amp; Brown Limited, with whom GPT has a joint venture arrangement. Mr Martin resigned as a director of Babcock &amp; Brown Limited on 29 April 2009 and the remuneration he received was transacted at arms length.

## (d) Transactions with related parties

	Consolidated entity		Parent entity	
	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
	\$M	\$M	\$M	\$M
<b>Transactions with related parties other than associates and joint ventures</b>				
<b>Revenues</b>				
Distributions received / receivable from controlled entities	-	-	220.2	265.2
Rent revenue from the Company	-	-	1.5	1.4
<b>Expenses</b>				
Responsible Entity fees paid to GPT RE Limited	-	-	(27.3)	(33.7)
Responsible Entity fees paid to GPT RE Limited (capitalised)	-	-	(6.0)	(7.1)
Property management fee to the Company	-	-	(9.8)	(13.2)
Development management fee paid to the Company	-	-	(12.1)	(11.5)
Management costs recharged from the Company	-	-	(4.1)	(6.9)
Payroll costs recharged from the Company	-	-	(7.2)	(8.0)
Contributions to superannuation funds on behalf of employees	(5.5)	(9.3)	-	-
<b>Other transactions</b>				
Loan advanced to the Company	-	-	(70.3)	(94.5)
Loans advanced to controlled entities	-	-	(116.1)	(137.5)
Interest received on loan from the Company	-	-	-	19.8
Interest received on loans from controlled entities	-	-	-	18.6
Increase in units in controlled entities	-	-	(57.0)	(212.7)
Redemption of units in controlled entities	-	-	-	-
Payments for loans under the Employee Incentive Scheme	-	(3.8)	-	-
<b>Transactions with associates and joint ventures</b>				
<b>Revenues</b>				
Responsible Entity fees from associates	30.5	31.7	-	-
Development management fees from associates	4.6	6.8	-	-
Property Management fees from associate	-	7.2	-	-
Distributions received/receivables from joint ventures	54.9	61.9	52.0	52.1
Distributions received/receivables from associates	90.1	112.8	89.3	94.8
Interest revenue from joint ventures	40.2	127.6	-	-
Interest revenue from associates	7.6	-	-	-
Payroll costs recharged to associate	3.2	5.0	-	-
Proceeds on sale of workplace <sup>b</sup> from associate	-	83.6	-	-
Proceeds on sale of interest in associate	141.7	-	141.7	-
Proceeds on sale of 111 Eagle Street from associate	-	58.0	-	58.0
<b>Other transactions</b>				
Loans advanced to joint ventures	(19.6)	(25.7)	-	-
Loans advanced to associates	-	-	-	-
Loan repayments from joint ventures	9.9	-	-	-
Loan repayments from associates	4.5	7.2	-	-
Increase in units in joint ventures	-	-	-	-
Decrease in units in joint ventures	-	-	-	-
Increase in units in joint ventures	(21.6)	(6.2)	-	-
Increase in units in associates	-	(21.0)	-	-
Interest paid to GWOF	-	(7.2)	-	-
Rental guarantee for workplace <sup>b</sup>	-	(1.5)	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

	Note	Consolidated entity		Parent entity	
		31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
		\$M	\$M	\$M	\$M
<b>26. Notes to the Statements of Cashflow</b>					
<b>(a) Reconciliation of net loss after income tax expense to net cash inflows from operating activities</b>					
Net loss for the financial year		(1,070.6)	(3,253.5)	(1,400.7)	(2,350.2)
Fair value adjustments to investment properties		551.8	79.8	332.5	(57.8)
Share of after tax profits of investments in associates and joint ventures		275.4	834.2	813.8	791.4
Fair value adjustments to derivatives		(456.5)	844.8	(463.3)	841.3
Net foreign exchange gain		(238.6)	544.6	(112.6)	266.7
Impairment expense		1,220.1	1,152.2	1,209.8	959.7
Payment for early termination of derivatives		(263.3)	-	(260.9)	-
Revaluation of hotel properties		49.0	191.8	-	-
Net loss on disposal of assets		5.8	(58.6)	58.4	(1.2)
Cost to sell for non-current assets held for sale		12.7	-	-	-
Depreciation and amortisation		22.1	24.2	11.3	-
Non-cash employee benefits - share based payments		9.9	3.5	-	-
Non-cash revenue adjustments		19.1	7.5	6.9	4.6
Non cash expense adjustments		11.3	22.8	-	(2.2)
Interest capitalised		(20.6)	(18.4)	(20.6)	(7.1)
Impairment of trade receivables		0.6	0.9	0.1	0.1
Change in operating assets and liabilities					
Decrease / (increase) in receivables		14.8	(7.4)	(24.8)	(60.6)
Decrease in payables		(31.1)	(1.5)	(73.4)	(117.1)
<b>Net cash inflows from operating activities</b>		<b>111.9</b>	<b>366.9</b>	<b>76.5</b>	<b>267.6</b>

**(b) Reconciliation of cash**

Reconciliation of cash at the end of the financial year (as shown in the Statement of Cashflow) to the related item in the financial statements as follows:

Cash at bank and on hand	40.3	961.9	17.8	871.1
<b>Total cash at end of the financial year</b>	<b>40.3</b>	<b>961.9</b>	<b>17.8</b>	<b>871.1</b>

**(c) Non-cash financing and investing activities**

There are no non-cash financing and investing activities for the year ended 31 December 2009.

**27. Contingent Liabilities**

Except for the matters below, there are no other material contingent assets or liabilities at reporting date.

**Indemnity to shareholders in Dutch Active Fund (DAF)**

GPT Management Holdings has issued an indemnity to 'qualifying' investors in DAF to indemnify them against any resulting tax loss arising from the loss of Dutch REIT status up to a maximum aggregate liability of €20million over the eight year life of DAF assuming REIT status is never achieved. During the current financial year, GPT legally sold its shareholding in DAF to two external parties for €10 effective of 8 August 2009. The entities that acquired DAF are qualifying investors for the purposes of Dutch tax law. It is the Director's expectation that the legal sale of the DAF shareholding to qualifying investors will enable DAF to achieve REIT status and by doing so remove or significantly reduce the amount potentially payable under the indemnity to the other 'qualifying' investors in DAF (refer to note 7(a)(iii)(5) for further details).

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2009

**28. Commitments****(a) Capital expenditure commitments**

At 31 December 2009, GPT has commitments principally relating to the purchase of property, plant and equipment which have been approved but not recognised as liabilities in the Statement of Financial Position as set out below:

	Consolidated entity		Parent entity	
	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
	\$M	\$M	\$M	\$M
Due within 1 year	338.5	369.6	297.2	225.0
Due between 1 and 5 years	103.2	409.2	61.0	316.9
Over 5 years	11.8	-	-	-
<b>Total capital expenditure commitments</b>	<b>453.5</b>	<b>778.8</b>	<b>358.2</b>	<b>541.9</b>

**(b) Operating lease commitments**

At 31 December 2009, future minimum rentals payable under non-cancellable operating leases are as follows:

Due within 1 year	5.2	12.9	0.1	0.1
Due between 1 and 5 years	14.2	43.3	0.5	0.5
Over 5 years and expiry date of leases.	20.3	116.5	1.7	1.9
<b>Total operating lease commitments</b>	<b>39.7</b>	<b>172.7</b>	<b>2.3</b>	<b>2.5</b>

GPT has entered into commercial leases on motor vehicles, office equipment and office premises.

**(c) Other commitments**

Aggregate amount of other commitments agreed or contracted but not recognised in the Statement of Financial Position are as follows:

Due within 1 year	0.5	24.0	-	-
Due between 1 and 5 years	1.1	2.8	-	-
Over 5 years	-	0.1	-	-
<b>Total other commitments</b>	<b>1.6</b>	<b>26.9</b>	<b>-</b>	<b>-</b>

**(d) Commitments relating to associate and joint venture investments**

The above commitments include GPT's share of commitments relating to associate and joint venture investments. Refer to note 12(c) for the share of associates and joint venture entities' commitments.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

### 29. Capital and financial risk management disclosures

GPT's Treasury Risk Management Committee (TRMC) oversees the establishment and implementation of the capital and financial risk management system including compliance with GPT treasury policy and reporting to the Audit and Risk Management Committee (ARMC) and, through the ARMC, to the GPT Group Board. The ARMC and the GPT Group Board approve GPT's treasury policy which establishes a framework for the management of treasury risks, defines the role of GPT's treasury and details risk management policies for cash, borrowing, liquidity, credit risk, foreign exchange, interest rate and derivative instruments. GPT's treasury policy applies to the Trust and all controlled entities in the GPT Group.

To manage capital and financial risks GPT uses bank loans, Medium Term Notes (MTN's), CPI bonds and coupon indexed bonds (CPI's), derivative financial instruments.

#### (a) Capital and interest expense risk management

GPT'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 – concerned with the capital mix of equity and debt and GPT maintaining gearing levels in line with its desired "A category" investment grade credit rating. GPT is able to increase equity in the capital mix by issuing new stapled securities, activating the DRP, adjusting the amount of distributions paid to stapled security holders or selling assets to reduce borrowings.
- Statement of Comprehensive Income management – concerned with supporting the delivery of financial targets by protecting GPT's exposure to interest rate volatility through the use of interest rate derivatives, which provide GPT with a known interest expense.

As the global financial markets deterioration into the beginning of the 2009 year continued to effect asset prices, gearing covenant headroom and liquidity, GPT issued a second non-renounceable 1 for 1 pro-rata entitlement offer to address these concerns. GPT raised total equity proceeds of \$1.7 billion, reducing GPT's gearing levels to amongst the lowest in the Australian REIT sector, and decreased net funding requirements. Further, GPT's credit ratings were upgraded and an accelerated exit from its Joint Venture with Babcock & Brown was achieved.

The Group's significant reduction in outstanding debt and the exit of the Joint Venture led to the early termination of GPT's excess foreign hedges. In addition to simplifying the Group's financial position, the removal of excess foreign hedge instruments also lessened the potential for substantial mark to market volatility and significantly reduces interest costs in future periods. The strength of the Australian dollar against the US dollar and the Euro provided an opportunity to unwind the hedge instruments at a substantially lower cost than earlier in the year. GPT now has a natural liability hedge position for its remaining offshore assets as discussed in (g)(iii) below and no other foreign interest rate or foreign derivative positions.

#### (i) Capital Structure, Financial Policy and Credit Rating Impact

GPT completed a capital management policy review in December 2009. As a result of the review, the Group will implement revised distribution payout and gearing policies from 2010 onwards. This will more effectively align GPT's capital management framework with its refined business strategy, reflect a more sustainable distribution level, and ensure a prudent approach to managing the Group's gearing through cycles.

Under the revised distribution payout policy, GPT will distribute the greater of 70-80% of realised operating income (excluding development profits), and taxable income.

GPT will manage gearing within a range of 25% to 35% (based on debt to total tangible assets). The policy includes flexibility to increase gearing beyond 30% if required, provided a reduction back to 30% or below is achieved. Whilst credit markets remain challenging and borrowing costs remain relatively high, GPT is comfortable maintaining gearing at or below the lower end of this range.

GPT is credit rated BBB+/A-2 and positive outlook by Standard and Poor's and Baa1/P-2 and stable outlook by Moody's Investors Services. The ratings are important as they reflect the investment grade credit rating of GPT which allows access to global capital markets to fund its development pipeline and future acquisition investment opportunities. The stronger ratings improve both the availability of capital, in terms of amount and tenor and reduce the cost at which it can be secured.

Further upgrades of GPT's credit ratings may occur if the following is achieved:

- Continued progress in the sale of non-core assets, without contingent liabilities;
- Evidence of refinancing in part, the Euro Syndicated Tranche A&B A\$1.6 billion facility (drawn A\$1.5 billion) maturing 26 October 2010;
- Continued GPT commitment to GPT's business strategy and financial policies;
- Improvement in credit metrics as the cost of debt capital reduces; and
- Domestic portfolio performs in line with expectations.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

### 29. Capital and financial risk management disclosures (continued)

#### (b) Financial risk management

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

GPT's ARMC approved a revised treasury policy on 17 December 2009 with immediate effect. The revised treasury policy changes and enhances the previous policy as follows:

- Incorporates new cash management, liquidity and borrowing, corporate guarantees, treasury operations and related party policies;
- Enhances interest rate risk management and limits types of authorised derivative instruments, being the use of options; and
- Increases reporting, compliance and breach escalation.

The revised treasury policy matches GPT's simplified business strategy and lower appetite for risk. Forecast interest expense and financial instruments mark to market asset/liability positions will be significantly less volatile as GPT transition the interest rate hedge positions to meet the requirements of the revised treasury policy.

Comprehensive quarterly treasury reporting is required, which measures and details the management of treasury risks. Included throughout the treasury policy are prescribed stress tests to assist GPT in understanding its sensitivities to the following:

- Increases and decreases in interest rates and foreign exchange rates;
- Impact of changes in interest rates on GPT's hedge coverage and hedge duration;
- Adverse changes in business flows (including available credit) and the impact on liquidity headroom; and
- Credit metrics and potential impacts on GPT's credit ratings.

#### (c) 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 GPT. The GPT Consolidated and Parent entity's have exposure to credit risk on all financial assets included in their statements of financial position.

GPT manages this risk by:

- establishing credit limits for customers and financial institutions to ensure that GPT only trades and invests with approved counterparties to enable it to manage its exposure to individual entities;
- investing and transacting derivatives with multiple counterparties that have a long term credit rating of A (or its equivalent) from S&P, Moody's or Fitch;
- providing loans as an investment into joint ventures, associates and third parties where it is comfortable with the underlying property exposure within that entity;
- regularly monitoring loans and receivables balances on an ongoing basis;
- regularly monitoring the performance of its associates, joint ventures and third parties on an ongoing basis; and
- obtaining collateral as security (where appropriate). Security is normally held through bank guarantees.

Receivables are reviewed regularly during the year. Provision for Doubtful Debts is made where collection is deemed uncertain. Part of GPT's policy is to hold collateral as security over tenants via bank guarantees (or less frequently used collateral such as bond deposits or cash).

The maximum exposure to credit risk as at 31 December 2009 is the carrying amounts of financial assets recognised in the Statement of Financial Position of the Consolidated entity and Parent entity.

GPT has significant loans and receivables with related parties being joint ventures and associates. A number of these loans and receivables have been further impaired in the current year as a result of the impact from the global financial crisis on the underlying asset values. Total impairments of loans and receivables at 31 December 2009 was \$1,931.8 million (2008: \$893.0 million) in the Consolidated entity and \$2,066.2 million (2008: \$957.4 million) in the Parent entity.

Other than the above, there were no significant financial assets that were past due as at 31 December 2009 and 31 December 2008. Additionally, there are no other significant financial assets that would otherwise be past due or impaired if relevant terms have not been renegotiated. GPT consistently monitor the credit quality of all financial assets in order to identify any future potential adverse changes in the credit quality.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 29. Capital and financial risk management disclosures (continued)

## (c) Credit risk (continued)

The table below shows the aging analysis of loans and receivables and the financial assets that are determined to be impaired in both the Consolidated entity and Parent entity:

## Consolidated entity

	31 December 2009						31 December 2008					
	Not Due 2009	0-30	31-60	61-90	90+	Total 2009	Not Due 2008	0-30	31-60	61-90	90+	Total 2008
		days	days	days	days			days	days	days	days	
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Receivables	-	57.3	0.6	-	2.8	60.7	-	149.4	3.1	3.6	60.0	216.1
Impairment of receivables	-	-	-	-	(0.6)	(0.6)	-	-	-	-	(1.5)	(1.5)
Current loans Impairment	21.1	-	-	-	-	21.1	68.0	-	-	-	-	68.0
Non current loans and receivables Impairment	(21.1)	-	-	-	-	(21.1)	(21.1)	-	-	-	-	(21.1)
	1,998.4	-	-	-	-	1,998.4	2,180.4	-	-	-	-	2,180.4
	(1,910.7)	-	-	-	-	(1,910.7)	(871.9)	-	-	-	-	(871.9)
<b>Total loans and receivables</b>	<b>87.7</b>	<b>57.3</b>	<b>0.6</b>	<b>-</b>	<b>2.2</b>	<b>147.8</b>	<b>1,355.4</b>	<b>149.4</b>	<b>3.1</b>	<b>3.6</b>	<b>58.5</b>	<b>1,570.0</b>

## Parent Entity

	31 December 2009						31 December 2008					
	Not Due 2009	0-30	31-60	61-90	90+	Total 2009	Not Due 2008	0-30	31-60	61-90	90+	Total 2008
		days	days	days	days			days	days	days	days	
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Receivables	-	87.3	0.1	-	0.3	87.7	-	131.6	-	-	41.1	172.7
Impairment of receivables	-	-	-	-	(0.1)	(0.1)	-	-	-	-	-	-
Current loans Impairment	311.3	-	-	-	-	311.3	400.0	-	-	-	-	400.0
Non current loans and receivables Impairment	(255.6)	-	-	-	-	(255.6)	(183.0)	-	-	-	-	(183.0)
	1,822.4	-	-	-	-	1,822.4	1,721.9	-	-	-	-	1,721.9
	(1,810.6)	-	-	-	-	(1,810.6)	(774.4)	-	-	-	-	(774.4)
<b>Total loans and receivables</b>	<b>67.5</b>	<b>87.3</b>	<b>0.1</b>	<b>-</b>	<b>0.2</b>	<b>155.1</b>	<b>1,164.5</b>	<b>131.6</b>	<b>-</b>	<b>-</b>	<b>41.1</b>	<b>1,337.2</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 29. Capital and financial risk management disclosures (continued)

## (d) Liquidity risk

Liquidity risk includes the risk that GPT, 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 17), the ability to close out market positions, and the option to raise funds through the issue of new stapled securities or DRP, as discussed in note 19(a)(i) and (ii).

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

## Consolidated entity

	31 December 2009					31 December 2008				
	1 Year or less	Over 1 year to 2 years	Over 2 year to 5 years	Over 5 years	Total	1 Year or less	Over 1 year to 2 years	Over 2 year to 5 years	Over 5 years	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Liabilities</b>										
<b>Non-Derivatives</b>										
Payables	181.3	-	-	-	181.3	284.0	-	-	-	284.0
Borrowings*	1,699.9	96.8	302.0	85.0	2,183.7	216.4	2,101.7	2,279.9	415.3	5,013.3
Forecast interest cost borrowings**	100.5	28.5	41.4	49.2	219.6	207.4	161.2	256.8	193.6	819.0
Capital commitments	396.9	117.9	21.5	11.8	548.1	369.6	262.8	146.4	-	778.8
	<b>2,378.6</b>	<b>243.2</b>	<b>364.9</b>	<b>146.0</b>	<b>3,132.7</b>	<b>1,077.4</b>	<b>2,525.7</b>	<b>2,683.1</b>	<b>608.9</b>	<b>6,895.1</b>
<b>Derivatives</b>										
Forecast interest cost derivatives**	13.4	6.7	9.0	4.2	33.3	59.6	90.4	138.9	80.0	368.9
Forecast payments forward exchange contracts	-	-	-	-	-	7.6	1.9	6.1	0.7	16.3
	<b>13.4</b>	<b>6.7</b>	<b>9.0</b>	<b>4.2</b>	<b>33.3</b>	<b>67.2</b>	<b>92.3</b>	<b>145.0</b>	<b>80.7</b>	<b>385.2</b>
<b>Total liabilities</b>	<b>2,392.0</b>	<b>249.9</b>	<b>373.9</b>	<b>150.2</b>	<b>3,166.0</b>	<b>1,144.6</b>	<b>2,618.0</b>	<b>2,828.1</b>	<b>689.6</b>	<b>7,280.3</b>
Less Cash	40.3	-	-	-	40.3	961.9	-	-	-	961.9
<b>Total</b>	<b>2,351.7</b>	<b>249.9</b>	<b>373.9</b>	<b>150.2</b>	<b>3,125.7</b>	<b>182.8</b>	<b>2,618.0</b>	<b>2,828.1</b>	<b>689.6</b>	<b>6,318.4</b>

## Parent entity

	31 December 2009					31 December 2008				
	1 Year or less	Over 1 year to 2 years	Over 2 year to 5 years	Over 5 years	Total	1 Year or less	Over 1 year to 2 years	Over 2 year to 5 years	Over 5 years	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Liabilities</b>										
<b>Non-Derivatives</b>										
Payables	664.8	-	-	-	664.8	317.6	-	-	-	317.6
Borrowings*	1,699.9	19.8	302.0	85.0	2,106.7	173.8	2,101.7	2,204.0	84.7	4,564.2
Forecast interest cost borrowings**	100.5	28.5	41.4	49.2	219.6	191.8	147.6	215.3	166.8	721.5
Capital commitments	297.2	59.5	1.5	-	358.2	225.0	254.1	62.8	-	541.9
	<b>2,762.4</b>	<b>107.8</b>	<b>344.9</b>	<b>134.2</b>	<b>3,349.3</b>	<b>908.2</b>	<b>2,503.4</b>	<b>2,482.1</b>	<b>251.5</b>	<b>6,145.2</b>
<b>Derivatives</b>										
Forecast interest cost derivatives**	13.4	6.7	9.0	4.2	33.3	54.8	84.9	120.1	68.4	328.2
Forecast payments forward exchange contracts	-	-	-	-	-	7.6	1.9	6.1	0.7	16.3
	<b>13.4</b>	<b>6.7</b>	<b>9.0</b>	<b>4.2</b>	<b>33.3</b>	<b>62.4</b>	<b>86.8</b>	<b>126.2</b>	<b>69.1</b>	<b>344.5</b>
<b>Total liabilities</b>	<b>2,775.8</b>	<b>114.5</b>	<b>353.9</b>	<b>138.4</b>	<b>3,382.6</b>	<b>970.6</b>	<b>2,590.2</b>	<b>2,608.3</b>	<b>320.6</b>	<b>6,489.7</b>
Less Cash	17.8	-	-	-	17.8	871.1	-	-	-	871.1
<b>Total</b>	<b>2,758.0</b>	<b>114.5</b>	<b>353.9</b>	<b>138.4</b>	<b>3,364.8</b>	<b>99.5</b>	<b>2,590.2</b>	<b>2,608.3</b>	<b>320.6</b>	<b>5,618.6</b>

\* The contractual maturities of borrowings differ from note 17 as borrowings associated with the warehoused property investments have been reclassified to their contractual maturities.

\*\* Forecast is based on the likely outcome of contracts given the interest rates, margins, forecast exchange rates and interest rate forward curve as at 31 December 2009 up until the contractual maturity of the contract. The forecast is based on future non-discounted cash flows and does not ascribe any value to optionality on any instrument which may be included in the current market values shown in note 10.

As shown in the table above, there is \$1.7 billion in borrowings due within 1 year. Of this amount, \$1.5 billion is tranche A&B of the Euro multi-option syndicated facility which is due in October 2010. Tranche C \$1.6 billion of the Euro multi-option syndicated facility, is drawn to \$90 million as at 31 December 2009. This tranche C and other undrawn debt liquidity totalling \$2.5 billion is sufficient headroom to repay all current maturing debt over the next three years up to the end of 2012. In addition, GPT has been proactively refinancing the tranche A & B loan maturity by agreeing terms on three new bilateral loan agreements in December 2009, which total \$600 million.

The recently revised treasury policy ensures the continuity of undrawn committed debt facilities, by requiring debt maturity concentration risk to be minimised as follows:

- Debt expiry no greater than 20% of total forecast debt;
- Maximum \$1 billion maturing debt in forward rolling twelve month periods; and
- Minimum weighted average tenor target of four years.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

### 29. Capital and financial risk management disclosures (continued)

#### (e) 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 GPT's credit margins and interest cost. Refinancing risk arises when GPT is required to obtain debt to fund existing and new debt positions.

GPT 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. GPT manages this risk by spreading maturities of borrowings in order to minimise debt concentration risk, allowing to both average credit margins over time and reduce refinance amounts.

The revised GPT treasury policy further enhances refinancing risk by applying standards to all GPT borrowing facilities, in order to control GPT's debt obligations, including the risk of cross default in associates or joint ventures. The objective of the borrowing policy is to maximise GPT borrowing capacity from global sources with the least amount of borrowing restrictions in terms of covenants and at the minimum cost.

#### (f) 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.

#### (i) Interest rate risk contracts – loan receivables

The income and the associated operating cash flows of GPT's assets are substantially independent of changes in market interest rates. GPT's loans are primarily provided at arms length fixed rates with periodic reset clauses to investments in joint ventures and associates, as a means of obtaining an underlying property exposure. Loans are also provided to associates on a long term basis where all investors contribute to the associate in the same debt and equity ratio. Refer to note 8 for terms and interest rates.

Please refer to credit risk section (c) which notes a number of the loans provided by GPT have been impaired.

#### (ii) Interest rate risk contracts – borrowings

GPT's primary interest rate risk arises from long term borrowings. Borrowings issued at floating rates expose GPT to cash flow interest rate risk. Borrowings issued at fixed rates expose GPT to fair value interest rate risk.

GPT manages the cash flow effect of interest rate risk by entering into interest rate swap agreements 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, GPT agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

GPT had entered into interest rate swap agreements that are used to convert fixed interest rate debt to floating. Such interest rate swaps were entered into to give GPT the flexibility to utilise existing hedge positions.

Some of GPT's interest rate swaps have embedded options, such as knock-outs, caps, collars and callable options. The options lower GPT's cost of borrowings in exchange for some risk of the interest rate swap ceasing to be a hedge. Under certain interest rate swaps the fixed contract rate is indexed by CPI. The CPI indexed cost of borrowings is a natural hedge against anticipated CPI indexed rental revenue.

Interest rate swap contracts have been recorded on the Statement of Financial Position at their fair value in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. The AIFRS documentation, designation and effectiveness requirements cannot be met in all circumstances, as a result derivatives do not qualify for hedge accounting and are recorded at fair value through the Statement of Comprehensive Income. Refer accounting policy at note 1(x).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 29. Capital and financial risk management disclosures (continued)

## (f) Interest rate risk (continued)

## (ii) Interest rate risk contracts – borrowings (continued)

The following table provides (in each currency) a summary of GPT's gross interest rate risk exposure on interest bearing borrowings together with the net effect of interest rate risk management transactions which have been entered into to manage these exposures.

31 December 2009

	Gross exposure (before the effect of derivatives)		Net exposure (after the effect of derivatives)	
	2009 \$M	2008 \$M	2009 \$M	2008 \$M
<b>Australian Dollar</b>				
Fixed rate interest-bearing borrowings	385.0	459.7	1,312.0	1,216.7
Floating rate interest-bearing borrowings	1,653.8	867.0	726.8	110.0
	<b>2,038.8</b>	<b>1,326.7</b>	<b>2,038.8</b>	<b>1,326.7</b>
Average Rate (%)			7.20%	7.50%
<b>Euro</b>				
Fixed rate interest-bearing borrowings	-	-	-	1,038.7
Floating rate interest-bearing borrowings	-	1,279.3	-	240.6
	-	1,279.3	-	1,279.3
Average Rate (%)				4.30%
<b>US Dollar</b>				
Fixed rate interest-bearing borrowings	-	72.0	-	682.0
Floating rate interest-bearing borrowings	130.0	677.4	130.0	67.4
	<b>130.0</b>	<b>749.4</b>	<b>130.0</b>	<b>749.4</b>
Average Rate (%)			1.46%	4.60%
<b>Danish Kroner</b>				
Fixed rate interest-bearing borrowings	-	-	-	124.5
Floating rate interest-bearing borrowings	-	124.5	-	-
	-	124.5	-	124.5
Average Rate (%)				4.70%
<b>Swedish Kroner</b>				
Fixed rate interest-bearing borrowings	-	-	-	35.0
Floating rate interest-bearing borrowings	-	35.0	-	-
	-	35.0	-	35.0
Average Rate (%)				4.70%

The average rate depicted in the table above represents the cost of funds for that currency. At balance date, the fair value of interest rate derivatives were an asset of \$4.4 million (2008: \$43.5 million) and a liability of \$100.0 million (2008: \$764.4 million) as disclosed in note 10. In the year ended 31 December 2009, the gain in the Statement of Comprehensive Income from the decrease in fair value of the net liability during the year is \$365.0 million (2008: loss \$706.7 million).

## (iii) Interest rate risk – sensitivity analysis

*Sensitivity on interest expense*

The impact on unhedged interest expense of a 50 basis point increase or decrease in market interest rates is shown below. Interest expense is sensitive to movements in market interest rates on floating rate debt, which is not hedged by derivatives.

*Sensitivity on changes in fair value of interest rate swaps*

The impact of changes in the fair value of interest rate swaps for a 50 basis points increase or decrease in market interest rates is shown below. The sensitivity on the fair value arises from the impact that changes in market rates will have on the mark-to-market valuation of the interest rate swaps. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows for each derivative, based on the forward market interest rate curve. Gains or losses arising from changes in the fair value are reflected in the Statement of Comprehensive Income, as GPT do not apply hedge accounting, even though an economic hedge exists.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 29. Capital and financial risk management disclosures (continued)

## (f) Interest rate risk (continued)

## (iii) Interest rate risk – sensitivity analysis (continued)

## Consolidated and Parent entity

	Consolidated Entity		Parent Entity	
	2009 (+/-) \$M	2008 (+/-) \$M	2009 (+/-) \$M	2008 (+/-) \$M
Sensitivity on interest expense	4.3	3.7	4.3	3.7
Sensitivity on change in fair value of interest rate swaps	22.8	40.5	22.8	40.5

## (g) Foreign exchange risk

Foreign exchange risk refers to the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates. GPT's foreign exchange risk arises primarily from:

- borrowings denominated in foreign currencies;
- firm commitments of highly probable forecast transactions for receipts and payments settled in foreign currencies or with prices dependent on foreign currencies; and
- investments in foreign operations.

## (i) Foreign currency assets and liabilities

GPT traditionally managed its foreign exchange risk for its assets and liabilities denominated in foreign currency by borrowing in the same functional currency of its investment to form a natural economic hedge against any foreign currency fluctuations. GPT's policy was not to hedge unrealised fair value increases/decreases which may have occurred in its foreign currency assets.

For accounting purposes, net foreign operations and interests in the joint ventures and associates are revalued at the end of each reporting period with the fair value movement reflected in equity as a movement in the foreign currency translation reserve. The interests in joint ventures and associates are then equity accounted to reflect the underlying net assets of the entities with changes reflected in the Statement of Comprehensive Income as share of after tax profits of associates and joint ventures, refer accounting policy note 1(e)(iii).

The loans to the joint ventures are re-valued at the end of each reporting period with the fair value movement reflected in equity as a movement in the foreign currency translation reserve. Borrowings are re-valued at the end of each reporting period with the fair value movement reflected in the Statement of Comprehensive Income as exchange gains or losses on foreign currency borrowings, refer accounting policy note 1(e)(ii).

The following table shows the Australian dollar equivalents of GPT's investments denominated in foreign currencies.

## Consolidated entity

	Euros		United States Dollars		Danish Kroner		Swedish Kroner		New Zealand Dollars	
	2009 A\$M	2008 A\$M	2009 A\$M	2008 A\$M	2009 A\$M	2008 A\$M	2009 A\$M	2008 A\$M	2009 A\$M	2008 A\$M
<b>Assets</b>										
Cash	1.6	35.5	1.4	46.7	-	3.0	0.1	0.9	0.3	0.8
Warehoused property	-	229.2	-	116.0	-	37.2	-	64.3	-	-
Interests in equity accounted investments	-	58.9	79.2	109.3	-	-	-	-	-	-
Loans and receivables	0.8	1,056.7	73.2	370.2	-	-	-	-	-	24.4
Other assets including goodwill	-	-	-	-	-	-	-	-	-	-
Forward exchange contracts	-	-	-	-	-	-	-	4.3	-	-
	2.4	1,380.3	153.8	642.2	-	40.2	0.1	69.5	0.3	25.2
<b>Liabilities</b>										
Borrowings	-	2,534.5	144.9	1,061.4	-	32.8	-	6.4	-	52.7
Payables	4.7	52.4	2.8	7.7	-	-	-	-	-	-
Forward exchange contracts	-	-	-	-	-	-	-	-	-	-
	4.7	2,586.9	147.7	1,069.1	-	32.8	-	6.4	-	52.7
<b>Net assets/(liabilities)</b>	(2.3)	(1,206.6)	6.1	(426.9)	-	7.4	0.1	63.1	0.3	(27.5)

## Parent entity

	Euros		United States Dollars		Danish Kroner		Swedish Kroner		New Zealand Dollars	
	2009 A\$M	2008 A\$M	2009 A\$M	2008 A\$M	2009 A\$M	2008 A\$M	2009 A\$M	2008 A\$M	2009 A\$M	2008 A\$M
<b>Assets</b>										
Cash	0.8	14.9	1.2	38.8	-	-	0.1	-	0.3	0.8
Loans and receivables	70.8	1,135.1	-	0.2	-	-	-	35.1	-	-
	71.6	1,150.0	1.2	39.0	-	-	0.1	35.1	0.3	0.8
<b>Liabilities</b>										
Borrowings	-	2,340.5	144.9	921.3	-	-	-	-	-	52.7
Forward exchange contracts	-	-	-	-	-	-	-	4.3	-	-
	-	2,340.5	144.9	921.3	-	-	-	4.3	-	52.7
<b>Net assets/(liabilities)</b>	71.6	(1,190.5)	(143.7)	(882.3)	-	-	0.1	30.8	0.3	(51.9)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 29. Capital and financial risk management disclosures (continued)

## (g) Foreign exchange risk (continued)

## (ii) Forward exchange contracts to hedge net foreign cash flows

GPT manages the foreign exchange risk of income (net of funding costs) derived from its foreign operations and investments in joint ventures and associates by entering into forward foreign exchange contracts. These contracts may be simple forward agreements or may involve contracts with market triggers (such as knock outs).

Contracts are entered into based on forecast distributions from the entities for the ensuing financial years. The contracts are timed to mature at the end of each quarter when the distribution is expected to be received from the entities. Contracts are deferred or closed out where distributions are deferred.

Management has completed its review of its forecast net foreign income and borrowings and has terminated all existing foreign currency derivative contracts apart from a USD\$130 million interest rate swap as discussed in note 29(a).

At 31 December 2009 there are no forward exchange contracts. A comparison with 31 December 2008 is set out in the following table.

## Consolidated and Parent entity

## EURO/AUD Contracts

	Buy Australian Dollars		Sell euro		Average exchange rate	
	2009	2008	2009	2008	2009	2008
	\$M	\$M	\$M	\$M		
Maturity						
Less than 1 year	-	94.9	-	52.7	-	0.5548
1 - 2 years	-	128.8	-	71.3	-	0.5535
2 - 3 years	-	145.4	-	80.7	-	0.5547
3 - 4 years	-	123.3	-	67.7	-	0.5488
4 - 5 years	-	65.7	-	35.7	-	0.5434
Over 5 years	-	102.6	-	55.8	-	0.5438
Total	-	660.7	-	363.9		

## USD/AUD Contracts

	Buy Australian Dollars		Sell US Dollars		Average exchange rate	
	2009	2008	2009	2008	2009	2008
	\$M	\$M	\$M	\$M		
Maturity						
Less than 1 year	-	6.9	-	4.9	-	0.7060
1 - 2 years	-	7.6	-	5.3	-	0.7018
2 - 3 years	-	3.7	-	2.7	-	0.7346
3 - 4 years	-	-	-	-	-	-
4 - 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Total	-	18.2	-	12.9		

## EURO/SEK Contracts

	Buy SEK		Sell Euro		Average exchange rate	
	2009	2008	2009	2008	2009	2008
	\$M	\$M	\$M	\$M		
Maturity						
Less than 1 year	-	19.1	-	185.7	-	9.7260
Total	-	19.1	-	185.7		

At 31 December 2009 the fair value of forward exchange contracts for Statement of Financial Position and net cash flow hedging were an asset of nil (2008: \$4.3 million) and a liability of nil (2008: \$119.7 million). In the year ended 31 December 2009, the gain in the Statement of Comprehensive Income from the decrease in fair value of the net assets and liabilities is \$91.5 million (2008: loss \$102.3 million).

## (iii) Equity and cash flow at risk analysis

GPT monitors the impact of adverse or favourable movements in foreign exchange rates and the impact this may have on its capital management and cash flow. Adverse versus favourable movements are determined relative to the underlying exposure.

As a result of management's decision to terminate all remaining foreign currency hedges, GPT has a remaining USD natural economic foreign hedge position. The fair value of USD investments is matched with USD borrowings outstanding totalling USD\$130 million. If USD investments were to be disposed, GPT expect the proceeds to be received in USD, which would fully meet GPT's USD debt outstanding, resulting in substantially no USD proceeds being expected to be received in Australia. With a net nil USD exposure on a relative small investment amount, a quantitative sensitivity analysis is not required.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 29. Capital and financial risk management disclosures (continued)

## (h) Fair value

As of 1 January 2009, GPT has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires the classification of fair value measurements into the following hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- 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 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the Consolidated and Parent entity's assets and liabilities measured and recognised as at fair value at 31 December 2009. Comparative information has not been provided as permitted by the transitional provisions of the new amendments.

## Consolidated entity

	Level 1	Level 2	Level 3	Total
	31 Dec 09	31 Dec 09	31 Dec 09	31 Dec 09
	\$M	\$M	\$M	\$M
<b>Current</b>				
Derivative assets	-	-	-	-
Derivative liabilities				
Interest Rate Swaps	-	(0.4)	-	(0.4)
Interest Rate Options	-	-	(1.1)	(1.1)
	-	(0.4)	(1.1)	(1.5)
<b>Total Current</b>	-	(0.4)	(1.1)	(1.5)
<b>Non-Current</b>				
Derivative assets				
Interest Rate Swaps	-	0.6	3.8	4.4
Derivative liabilities				
Interest Rate Swaps	-	(31.3)	(31.4)	(62.7)
Interest Rate Options	-	-	(35.8)	(35.8)
	-	(31.3)	(67.2)	(98.5)
<b>Total Non-Current</b>	-	(30.7)	(63.4)	(94.1)

## Parent entity

	Level 1	Level 2	Level 3	Total
	31 Dec 09	31 Dec 09	31 Dec 09	31 Dec 09
	\$M	\$M	\$M	\$M
<b>Current</b>				
Derivative assets	-	-	-	-
Derivative liabilities				
Interest Rate Swaps	-	(0.4)	-	(0.4)
Interest Rate Options	-	-	(1.1)	(1.1)
	-	(0.4)	(1.1)	(1.5)
<b>Total Current</b>	-	(0.4)	(1.1)	(1.5)
<b>Non-Current</b>				
Derivative assets				
Interest Rate Swaps	-	0.6	3.8	4.4
Derivative liabilities				
Interest Rate Swaps	-	(31.3)	(31.4)	(62.7)
Interest Rate Options	-	-	(35.8)	(35.8)
	-	(31.3)	(67.2)	(98.5)
<b>Total Non-Current</b>	-	(30.7)	(63.4)	(94.1)

GPT holds no level 1 derivatives. Level 2 derivatives that GPT has at 31 December 2009 include Float to Float, Fixed to Float, Knock Out and Vanilla derivatives. Level 3 derivatives that GPT has at 31 December 2009 include Sold Receiver Option, Extendible, Callable and CPI derivatives. These differ to the level 2 derivatives as the banks will use their own proprietary assumptions to determine whether to exercise any options or not, which are not observable, rather than the triggers being based primarily on the forward market curve.

Given the complex nature of these instruments and various assumptions that are used in calculating the MTM values, GPT relies on the counterparties' valuations for derivative values. The counterparties' valuation methodologies are usually based on mid-market rates and are calculated using four main variables which includes the yield curve, time, volatility and the level of derivative related to the yield curve.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 29. Capital and financial risk management disclosures (continued)

## (h) Fair value (continued)

The fair value of GPT's derivatives has been determined as follows:

- forward foreign exchange contracts – fair valued using quoted forward exchange rates at reporting date
- Interest rate swaps - fair valued by discounting the present value of the estimated future cash flows based on the forward price curve of interest rates.
- Fair value of all derivative contracts has been confirmed with counterparties.

GPT executes all instruments at fair value and therefore has no significant day one gains or losses on any financial instruments.

The following table is a reconciliation of the movements in derivatives classified as Level 3 for the year ended 31 December 2009. Comparative information has not been provided as permitted by the transitional provisions of the new rules. Amounts represented as 'fair value movement through profit and loss – no longer held' reflect the movement in value of the derivatives from the beginning of the financial year to the date of settlement/termination.

## Consolidated entity

	Derivative assets Dec-09 \$M	Derivative Liabilities Dec-09 \$M	Total Dec-09 \$M
<b>Opening balance 31 December 2008</b>	<b>27.0</b>	<b>(751.6)</b>	<b>(724.6)</b>
Fair value movement through profit and loss			-
- Still held	(23.2)	117.8	94.6
- No longer held	-	293.5	293.5
Purchases	-	-	-
Sales	-	-	-
Issues	-	35.0	35.0
Settlements	-	-	-
Terminations	-	237.0	237.0
Transfers out of level 3	-	-	-
Transfers into level 3	-	-	-
<b>Closing Balance 31 December 2009</b>	<b>3.8</b>	<b>(68.3)</b>	<b>(64.5)</b>

## Parent entity

	Derivative assets Dec-09 \$M	Derivative Liabilities Dec-09 \$M	Total Dec-09 \$M
<b>Opening balance 31 December 2008</b>	<b>27.0</b>	<b>(751.6)</b>	<b>(724.6)</b>
Fair value movement through profit and loss			-
- Still held	(23.2)	117.8	94.6
- No longer held	-	293.5	293.5
Purchases	-	-	-
Sales	-	-	-
Issues	-	35.0	35.0
Settlements	-	-	-
Terminations	-	237.0	237.0
Transfers out of level 3	-	-	-
Transfers into level 3	-	-	-
<b>Closing Balance 31 December 2009</b>	<b>3.8</b>	<b>(68.3)</b>	<b>(64.5)</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

## 30. Auditors' remuneration

During the financial year the following amounts were paid or payable for services provided by the auditor of the Trust, PricewaterhouseCoopers, or any other entity in the Consolidated entity and its related parties:

	Consolidated entity		Parent entity	
	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
	\$'000	\$'000	\$'000	\$'000
<b>Audit services</b>				
<b>PricewaterhouseCoopers Australia</b>	<b>1,692.0</b>	<b>2,241.6</b>	<b>1,144.8</b>	<b>1,530.6</b>
Statutory audit and review of financial reports				
<b>Affiliates of PricewaterhouseCoopers Australian firm including overseas firms</b>				
Audit and review of financial reports and other statutory audit work	<b>361.1</b>	443.6	-	-
<b>Total remuneration for audit services</b>	<b>2,053.1</b>	<b>2,685.2</b>	<b>1,144.8</b>	<b>1,530.6</b>
<b>Other assurance services</b>				
<b>PricewaterhouseCoopers Australian firm</b>				
Regulatory and contractually required audits	<b>141.0</b>	103.0	-	-
Due diligence services	<b>1,042.0</b>	1,100.0	<b>1,042.0</b>	1,100.0
Other services	-	267.7	-	-
<b>Affiliates of PricewaterhouseCoopers Australian firm including overseas firms</b>				
Due diligence services	-	135.4	-	-
<b>Total remuneration for other assurance services</b>	<b>1,183.0</b>	<b>1,606.1</b>	<b>1,042.0</b>	<b>1,100.0</b>
<b>Total remuneration for audit and assurance services</b>	<b>3,236.1</b>	<b>4,291.3</b>	<b>2,186.8</b>	<b>2,630.6</b>
<b>Non audit related services</b>				
<b>PricewaterhouseCoopers Australian firm</b>				
Taxation services	-	48.7	-	-
<b>Affiliates of PricewaterhouseCoopers Australian firm including overseas firms</b>				
Taxation services	<b>39.2</b>	87.4	-	-
<b>Total remuneration for non audit related services</b>	<b>39.2</b>	<b>136.1</b>	<b>-</b>	<b>-</b>
<b>Total auditor's remuneration</b>	<b>3,275.3</b>	<b>4,427.4</b>	<b>2,186.8</b>	<b>2,630.6</b>

## 31. Net tangible asset backing

	Consolidated entity	
	31 Dec 09	31 Dec 08
	\$	\$
Net tangible asset backing per stapled security/unit	<b>0.69</b>	1.43

Net tangible asset backing per security is calculated by dividing the sum of net assets less intangible assets by the total number of potential stapled securities, assuming the conversion of the exchangeable securities at an exchange price of \$0.7766 (Dec 08: \$0.9628).

## 32. Events subsequent to reporting date

## Declaration of December quarter distribution

On 22 February 2010, a distribution of 1.0 cents per stapled security (\$92.8 million) was declared for the quarter ended 31 December 2009 (refer to note 3(a)(ii)).

## Directors' Declaration

For the year ended 31 December 2009

In the directors of the Responsible Entity's opinion:

- (a) the financial statements and notes set out on pages 32 to 103 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 Trust's and GPT Group's financial position as at 31 December 2009 and of their performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Trust 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.



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Ken Moss  
Chairman

GPT RE Limited

Sydney  
22 February 2010



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Michael Cameron  
Managing and Executive Director



**Independent auditor's report to the unitholders of  
General Property Trust**

**Report on the financial report**

We have audited the accompanying financial report of General Property Trust (the Trust), which comprise the statement of financial position as at 31 December 2009, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both General Property Trust and the GPT Group (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled at the year's end or from time to time during the financial year, including GPT Management Holdings Limited and its controlled entities.

*Directors' responsibility for the financial report*

The directors of GPT RE Limited (the responsible entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

*Auditor's responsibility*

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

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

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

**Independent auditor's report to the unitholders of  
General Property Trust (continued)**

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

*Independence*

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

*Auditor's opinion*

In our opinion:

- (a) the financial report of General Property Trust is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Trust's and consolidated entity's financial position as at 31 December 2009 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 11 to 29 of the directors' report for the year ended 31 December 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

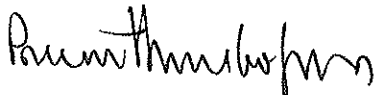
*Auditor's opinion*

In our opinion, the Remuneration Report of General Property Trust for the year ended 31 December 2009, complies with section 300A of the *Corporations Act 2001*.

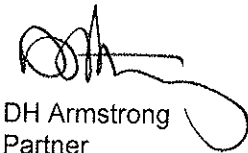
**Independent auditor's report to the unitholders of  
General Property Trust (continued)**

*Matters relating to the electronic presentation of the audited financial report*

This auditor's report relates to the financial report and remuneration report of General Property Trust (the Trust) for the year ended 31 December 2009 included on GPT's web site. The company's directors are responsible for the integrity of the GPT's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.



PricewaterhouseCoopers



DH Armstrong  
Partner

Sydney  
22 February 2010