General Property Trust

ABN: 58 071 755 609

Annual Financial Report
31 December 2011

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.

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DIRECTORS' REPORT
For the year ended 31 December 2011

The Directors of GPT RE Limited, the Responsible Entity of General Property Trust, present their report together with the financial report of the General Property Trust (the Trust) and its controlled entities (Consolidated entity) for the financial year ended 31 December 2011. 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 51, 19 Martin Place, Sydney NSW 2000.

1. OPERATIONS AND ACTIVITIES

1.1 Principal Activities
The principal activities of the GPT Group remain unchanged from 31 December 2010 and are:

- investment in income producing retail, office and industrial assets;
- development of retail, office and industrial properties;
- property funds management; and
- property management.

After completing the sale of the US Senior Housing Portfolio on 29 March 2011, GPT operates almost entirely in Australia.

1.2 Review of Operations
The following provides a summary of GPT's performance for the year ended 31 December 2011. Further information is provided in the Annual Review which is available on GPT's website www.gpt.com.au. Hard copies are also available on request.

To provide information that reflects the Directors' assessment of the net profit 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 reconciliation of Realised Operating Income (ROI) to Net profit after tax is useful as ROI is the measure of how GPT's profitability is assessed.

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 ROI to Net profit after tax 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. The ROI results are included in the Segment note (page 41) which forms part of the financial report.

The Net profit after tax for the year ended 31 December 2011 is $246.2 million (2010: $707.3 million).

The reconciliation of ROI to Net profit after tax is set out below:

	Consolidated entity	
	2011	2010
	$M	$M
Core operations	569.6	530.8
Non-core operations	31.9	57.7
Financing and corporate overheads	(162.7)	(178.5)
Realised Operating Income	438.8	410.0
Change in fair value of assets (non-cash):		
Valuation increase / (decrease)		
Core Domestic Portfolio and Funds Management (Australia)	84.7	102.8
Hotel/Tourism Portfolio	(24.7)	(4.4)
Funds Management Europe	(14.3)	(9.5)
US Seniors Housing	-	245.9
Joint Venture	-	4.8
Release of Foreign Currency Translation Reserve	(47.6)	39.6
Financial Instruments mark to market value and net foreign exchange gain / (loss)	(150.3)	5.2
Other items*	(40.4)	(87.1)
Net profit after tax	246.2	707.3

*Other items include non-cash IFRS adjustments, profit / loss on sale, impairment expense of assets and relevant tax impact.

DIRECTORS' REPORT
For the year ended 31 December 2011

1. OPERATIONS AND ACTIVITIES (continued)

1.2 Review of Operations (continued)

Financial results

- Realised operating income increased by 7.0% to $438.8 million (2010: $410.0 million)
- Profit after tax decreased by 65.2% to a profit of $246.2 million (2010: $707.3 million)
- Total assets decreased by 4.8% to $9,278.8 million (2010: $9,751.7 million)
- Total borrowings decreased by 12.6% to $2,144.1 million (2010: $2,452.5 million)
- Headline gearing (net debt basis) decreased to 22.9% (Dec 10: 24.9%). Look through gearing (net debt basis) decreased to 24.4% (2010: 29.9%).
- ROI per ordinary stapled security increased by 8.1% to 22.4 cents (2010: 20.7 cents*)
- Distribution per ordinary stapled security increased by 9.2% to 17.8 cents (2010: 16.3 cents*)
- Net tangible assets per stapled security** decreased to $3.59 (2010: $3.60)

* Prior period comparatives are calculated on the basis of post 5 to 1 consolidation of the stapled securities.

** Includes the impact of potential securities assuming the conversion of the exchangeable securities at an exchange price of $3.883 (2010: $3.883).

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 Operating Income 2011 $M**	Realised Operating Income 2010 $M	**Total Assets 2011 $M**	Total Assets 2010 $M
Core					
Retail	1.2 (a)	**310.1**	267.3	**4,918.4**	4,789.1
Office	1.2 (b)	**118.7**	114.8	**1,938.1**	1,863.6
Industrial	1.2 (c)	**56.6**	54.4	**832.5**	791.9
Funds Management - Australia	1.2 (f)	**84.2**	94.3	**1,021.7**	1,291.5
Non-core					
Discontinued operation - US Seniors Housing	1.2 (e)	**8.6**	23.7	**0.2**	351.9
Discontinued operation - Funds Management - Europe		**2.3**	4.4	**9.0**	23.0
Discontinued operation - Hotel / Tourism	1.2 (d)	**21.0**	29.6	**223.9**	317.1
Financing and corporate overheads					
Corporate		**(162.7)**	(178.5)	**335.0**	323.6
Total		**438.8**	410.0	**9,278.8**	9,751.7

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 report.

(a) Retail Portfolio
The Retail Portfolio delivered comparable income growth of 3.6% (excluding the Homemaker assets). This was despite a relatively subdued sales environment, particularly in the second half of the year which was reflected in comparable retail sales growth of 0.3% for total centre and 1.2% for specialty stores. Income growth was underpinned by structured rental increases and strong performance at Melbourne Central as a result of increases achieved on lease renewals.

Occupancy for the portfolio declined slightly to 99.4% but still remains high despite a number of retailers going into administration throughout the year. The high quality nature of the portfolio means that there is ongoing demand for vacated space as well as opportunities for the retail mix to be invigorated. Arrears remain low at 0.5%.

(b) Office Portfolio
The Office Portfolio continued its solid performance during the year, with comparable income growth of 4.0%. This performance was driven by GPT's high quality property fundamentals, including structured rental increases, low expiry by area and high average occupancy throughout the year.

Occupancy for the portfolio declined slightly to 96.5% but remains well above the market average of 92.8%. The weighted average lease expiry for the portfolio is 4.7 years.

DIRECTORS' REPORT
For the year ended 31 December 2011

1. OPERATIONS AND ACTIVITIES (continued)

1.2 Review of Operations (continued)

(c) Industrial & Business Park Portfolio
The Industrial Portfolio delivered comparable income growth for the year of 2.8%, driven by structured rental increases, low vacancy and limited downtime periods. The Industrial Portfolio maintained its high levels of occupancy of 98.4% and long lease expiry of 6.2 years.

(d) Hotel/Tourism Portfolio
On 23 May 2011, GPT completed the sale of Ayers Rock Resort to the Indigenous Land Corporation. Total consideration for the sale was $300 million, to be received in three instalments with $81 million paid on settlement, $81 million to be received 12 months after settlement and $138 million to be received five years after settlement. Proceeds from the first instalment were used to reduce borrowings. GPT has been provided with security guaranteeing the deferred payments and will receive interest on the deferred payments at a rate of 6.5% per annum. GPT will share in 46% of the increase in capital value of Ayers Rock Resort over $300 million plus capital expenditure committed over the period with a minimum guaranteed payment to GPT of $17 million at the end of the five year period. GPT will accrue increments of the $17 million guaranteed payment over the five year period resulting in an additional 2% return per annum bringing the total return to 8.5% per annum. As part of the sale agreement, GPT will contribute $25 million towards capital expenditure.

(e) US Seniors Housing Portfolio
On 29 March 2011 GPT completed the sale of the US Seniors Housing Portfolio to Health Care REIT Inc (HCN). The US Seniors Housing Portfolio, which consisted of a 95% interest in 34 senior living communities, was sold to HCN for US $890 million with the proceeds used to reduce borrowings.

(f) Funds management
Australian platform
GPT Wholesale Office Fund (GWOF) has ownership interests in 14 assets with a value of $3.3 billion. GPT Wholesale Shopping Centre Fund (GWSCF) has ownership interests in 9 assets with a value of $2.2 billion.

The performance across the Funds' assets continues to be solid, with GWOF achieving a total return of 8.8% and GWSCF a total return of 10.3% for the year. This reflects stable income growth and continuing high levels of occupancy for both portfolios.

Since late 2010, GPT has completed a $517.4 million sell down of its investments in both GWOF and GWSCF. As a result, GPT's investments in GWOF and GWSCF have reduced to 22.9% and 20.2% respectively at 31 December 2011. Completion of this sell down enables GPT to receive a higher return on the capital it invests in the funds in the future.

(g) Developments
GPT currently has five developments underway; One One One Eagle Street in Brisbane, 161 Castlereagh Street in Sydney, expansions of Highpoint Shopping Centre in Melbourne and Wollongong Central, and 5 Murray Rose Ave, Sydney Olympic Park.

GPT retains a $3.2 billion pipeline of projects underway and future development opportunities for the medium term, subject to approvals and an appropriate level of pre-commitments.

(h) Reconciliation items from Realised Operating Income to Net profit after tax
These items comprise of 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.

The total of the reconciliation items decreased to a loss of $192.6 million (2010: a profit of $297.3 million). This is caused by mark-to-market fair value movement of financial instruments (a loss of $147.0 million) and release of foreign currency translation reserve of $47.6m. Prior year comparative included revaluation of US Senior Housing Portfolio up to the selling price ($245.9 million gain).

(i) Capital Management

Highlights
At 31 December 2011
- GPT's percentage of net debt to total tangible assets is 22.9% (2010: 24.9%)
- GPT's cost of debt has reduced from 7.4% in 2010 to 6.6% in 2011.

Debt facilities
At 31 December 2011, GPT had $216.4 million of liquidity available in cash and committed but undrawn debt facilities. For further details refer to note 14(d).

Gearing
The current level of gearing in the Group net of cash is 22.9% at 31 December 2011. The Group's gearing policy, announced on 18 December 2010, aims to manage gearing within a range of 25% to 35% (based on debt to total tangible assets). The policy provides 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 and risk profile and enhances the Group's ability to gain access to a range of funding sources through market cycles.

Credit rating
GPT has retained a Standard & Poor's rating of A- (stable) and Moody's rating of A3 (stable) during 2011.

DIRECTORS' REPORT

For the year ended 31 December 2011

1. OPERATIONS AND ACTIVITIES (continued)

1.3 Distributions

Distributions paid/payable to stapled securityholders for the financial year ended 31 December 2011 totalled $326.4 million (2010: $302.5 million). This represented an annual distribution of 17.8 cents (2010: 16.3 cents post 5 to 1 consolidation of securities). This distribution includes 4.9 cents ($88.7 million) in respect of the quarter ended December 2011, which is expected to be paid on 16 March 2012. Further detail on quarterly distributions is set out in note 3 of the financial report.

Distribution policy

GPT will distribute the greater of 70-80% of realised operating income (excluding development profits) and taxable income. For the 2011 year, GPT will distribute 80% of Realised Operating Income.

1.4 Significant Changes in State of Affairs

Significant changes in the state of the affairs of the Group during the financial year, apart from those discussed under section 1.2, were as follows:

- On-market buy-back: On 11 May 2011, GPT announced an on-market buy-back of up to 5% of the Group's ordinary securities. As at 31 December 2011, Group has bought back 41.8 million of ordinary stapled securities for the total consideration of $126.8 million. This represents 2.3% of the total ordinary stapled securities.

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.

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 ("EEO") and the National Greenhouse and Energy Reporting Act 2007 ("NGER").

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 is registered with the Department of Resources, Energy and Tourism as a participant entity. GPT has collated energy data and identified energy opportunities for the 1 July 2010 to 30 June 2011 period and has disclosed the Energy Efficiency Opportunities data on the GPT website by the required date of 31 December 2011.

The National Greenhouse and Energy Reporting Act 2007 require GPT to report its annual greenhouse gas emissions and energy use. The measurement period for GPT is 1 July 2010 to 30 June 2011. GPT has implemented systems and processes for the collection and calculation of the data required for submission of its report to the Department of Climate Change and Energy Efficiency within the legislative deadline of 31 October 2011.

More information about the GPT Group's participation in the EEO and NGER programs is available at www.gpt.com.au.

1.7 Events Subsequent to Reporting Date

On 12 January 2012, GPT completed the settlement of La Trobe Street car park at Melbourne Central sale for $29.2 million.

On 17 January 2012, GPT priced $150 million fixed rate Medium Term Notes (MTNs) debt issue for a term of 7 years providing additional liquidity to fund short and medium term capital requirements. These MTNs were settled on 24 January 2012.

On 1 February 2012, GPT signed $100 million loan facility with Commonwealth Bank of Australia with a term of 1 year expiring on 1 February 2013.

On 3 February 2012, GPT completed the settlement of 42&44 Ocean Steamers Drive, Port Adelaide sale for $7 million.

Post 31 December 2011, GPT continued with the on-market buy-back of the Group's ordinary stapled securities. At 17 February 2012, the GPT Group has bought back 4.3 million ordinary stapled securities for the total consideration of $13.3 million. This represents 0.2% of the total ordinary stapled securities.

On 17 February 2012, a distribution of 4.9 cents per stapled security ($88.7 million) was declared for the quarter ended 31 December 2011 (refer to note 3(a)(ii)).

Other than above, the Directors are not aware of any matter or circumstance occurring since 31 December 2011 that has significantly or may significantly affect the operations of GPT, the results of those operations or the state of affairs of GPT in the subsequent financial years.

DIRECTORS' REPORT
For the year ended 31 December 2011

2. DIRECTORS AND SECRETARY

2.1 DIRECTORS

(i) Chairman - Non-Executive Director

Rob Ferguson

(ii) Non-Executive Directors

Brendan Crotty

Eileen Doyle

Eric Goodwin

Lim Swe Guan

Anne McDonald

Gene Tilbrook

(iii) Executive Director

Michael Cameron

2.2 Information on Directors

Rob Ferguson – Chairman

Mr Ferguson was Managing Director and Chief Executive Officer 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 Non-Executive Director of MoneySwitch Limited. Prior Board positions include Chairman of Vodafone Australia, Nexgen Limited and Bankers Trust Australia Ltd.

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 joined the Board on 25 May 2009 and is a member of the Nomination and Remuneration Committee.

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 and RPS Australia Asia Pacific and a director of the Barangaroo Delivery Authority.

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 being a member of the Planning Institute of Australia.

Mr Crotty is a member of the Nomination and Remuneration Committee and the Sustainability Committee.

Eileen Doyle

Dr Doyle was appointed to the Board on 1 March 2010.

Dr Doyle has over two decades of diverse business experience. She has held senior executive roles and Non-Executive Director roles in a wide range of industries, including research, financial services, building and construction, steel, mining, logistics and export. Currently, Dr Doyle's directorships include Boral Limited, Hunter Valley Research Foundation (Chairman), Bradken Limited and CSIRO.

Dr Doyle holds tertiary qualifications in mathematics, applied statistics (PhD) and business administration. She is a Fellow of the Australian Institute of Company Directors.

Dr Doyle is Chair of the Sustainability Committee and a member of the Nomination and Remuneration Committee.

DIRECTORS' REPORT
For the year ended 31 December 2011

2. DIRECTORS AND SECRETARY (continued)

2.2 Information on Directors (continued)

Eric Goodwin
Mr Goodwin was appointed to the Board in November 2005. He brings to the board extensive experience in design, construction and project management, general management and funds management. His experience includes funds 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 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 the Australian operation, the US and he was the inaugural manager of the Group's Asian operations.

Mr Goodwin is a member of the Audit and Risk Management Committee and a member of the Sustainability Committee.

Lim Swe Guan
Mr Lim was appointed to the Board in April 2009.

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.

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 join the Government of Singapore Investment Corporation, as Managing Director of GIC Real Estate until February 2011.

Mr Lim sits on the boards of Thakral Holdings Group in Australia, Sunway City Berhad in Malaysia and Global Logistic Properties in Singapore.

Mr Lim is a member of the Audit and Risk Management Committee.

Anne McDonald
Ms McDonald was appointed to the Board on 2 August 2006. Ms McDonald is currently a Non-Executive Director of listed entities, Spark Infrastructure Group and Specialty Fashion Group. She is also a Non-Executive Director of Westpac's Life and General Insurance businesses.

Ms McDonald holds a Bachelor of Economics, is a fellow of the Institute of Chartered Accountants and a Graduate of the Australian Institute of Company Directors.

Ms McDonald is a chartered accountant and was previously a partner of Ernst & Young for 15 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 and Health Super.

Ms McDonald is Chair of the Audit and Risk Management Committee.

Gene Tilbrook
Mr Tilbrook was appointed to the Board on 11 May 2010.

He has extensive experience in corporate strategy, finance, investment and capital management. Mr Tilbrook spent the majority of his executive career at Wesfarmers Limited, including roles as Finance Director and Director of Business Development.

Mr Tilbrook is currently Non-Executive Chairman of Transpacific Industries Group Ltd; and a Non-Executive Director of Fletcher Building Ltd, NBN Co Limited and QR National Limited. He is a councillor of the Australian Institute of Company Directors (WA Division) and Curtin University and a member of the board of the UWA Perth International Arts Festival. Mr Tilbrook has previously held directorship roles in the private equity, infrastructure and property sectors.

Mr Tilbrook is Chair of the Nomination and Remuneration Committee.

DIRECTORS' REPORT
For the year ended 31 December 2011

2. DIRECTORS AND SECRETARY (continued)

2.2 Information on Directors (continued)

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 its 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. He is also a Director of the Great Barrier Reef Foundation.

James Coyne - Company Secretary
Mr Coyne is responsible for the legal, compliance 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 unlisted).

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

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 Committee**		**Nomination and Remuneration Committee**		**Sustainability Committee**	
	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**	**Number of meetings attended**	**Number of meetings eligible to attend**
Chairman	Rob Ferguson		Anne McDonald		Gene Tilbrook		Eileen Doyle	
Rob Ferguson	9	9	-	-	5	5	-	-
Michael Cameron	9	9	-	-	-	-	-	-
Brendan Crotty	9	9	-	-	4	5	4	4
Eileen Doyle	9	9	-	-	5	5	4	4
Eric Goodwin	9	9	6	6	-	-	4	4
Lim Swe Guan	9	9	6	6	-	-	-	-
Anne McDonald	9	9	6	6	-	-	-	-
Gene Tilbrook	9	9	-	-	5	5	-	-

DIRECTORS' REPORT
For the year ended 31 December 2011

2. DIRECTORS AND SECRETARY (continued)

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
Rob Ferguson	204,082
Michael Cameron	470,991 Stapled Securities 1,369,626 Performance Rights
Brendan Crotty	30,000
Eileen Doyle	1,600
Eric Goodwin	15,584
Lim Swe Guan	Nil
Anne McDonald	9,450
Gene Tilbrook	20,000

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 2011 and the period for which each directorship was held are set out below:

Rob Ferguson	IMF (Australia) Limited (since 2004) Primary Health Care Limited (since 2009)
Brendan Crotty	Brickworks Limited (since 2008) Trafalgar Corporate Group (from 2007 to 2009)
Eileen Doyle	One Steel Limited (from 2000 until 2010) Boral Limited (since 2010) Ross Human Directions Limited (from 2005 until 2010) Bradken Limited (since 2011)
Eric Goodwin	AMPCI Macquarie Infrastructure Management 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)
Anne McDonald	Speciality Fashion Group Limited (since 2007) Spark Infrastructure Group (since 2009)
Gene Tilbrook	Transpacific Industries Limited (since 2009) Fletcher Buildings Limited (since 2009) QR National Limited (since 2010) Westfarmers Limited (from 2002 to 2009)

DIRECTORS' REPORT
For the year ended 31 December 2011

3. 2011 REMUNERATION REPORT

3.1 Remuneration in Brief

The Board is committed to clear and transparent communication of GPT's remuneration arrangements. This section, the 2011 Remuneration in Brief, outlines the key remuneration decisions taken by GPT during the year, and shows the actual cash value of remuneration paid to GPT's key management personnel (KMP) and the five highest paid executives. The full Remuneration Report for 2011, starting on page 13, provides more detail regarding the remuneration strategy, structures, decisions and outcomes at GPT in 2011 in accordance with statutory obligations and accounting standards.

Key remuneration drivers and actions in 2011

In 2011 the Board continued to take a conservative approach to executive remuneration. The Board actively engaged with GPT investors and stakeholders and was proactive about ensuring that there was strong alignment between GPT's performance and executive reward outcomes. Each of these actions is outlined below and in greater detail in the Remuneration Report.

Base (Fixed) Pay
The disciplined execution of GPT's strategy during the year which focussed on owning and actively managing quality Australian property assets generated pleasing financial results for investors in 2011. The Board maintained a prudent approach to executive remuneration, the growth of which continued to be moderate. In the review of employee base salaries in December 2010, the Board decided to:

- Implement only a modest review of base pay, effective 1 January 2011, averaging 3%; and
- Maintain the freeze on Non-Executive Director fees in 2011 for the 4th successive year.

Short Term Incentives
The Board also continued to maintain a focus on ensuring that the quantum of short term incentives (STI) received by executives was:

- market based and appropriate;
- aligned to GPT's performance; and
- demanding of performance that was sufficiently challenging.

In line with the financial performance delivered by management in 2011, actual STI's received by management were towards the upper end of potential.

Underlining GPT's achievement based culture, the Board and management took the decision to reduce the level of short term incentives provided for Threshold performance (i.e. the minimum standard of performance deemed appropriate to be rewarded with an incentive payment) from 75% of the individuals' Target short term incentive level down to 50%. This change, which will be implemented in the 2012 calendar year, has the effect of steepening the reward curve for performance below Target levels such that short term incentive rewards diminish rapidly if Targets are not delivered.

Long Term Incentives
The Board sought and received approval from GPT security holders at the 2011 Annual General Meeting to continue the existing Performance Rights based long-term incentive (LTI) scheme. The scheme has three performance measures of GPT's performance, each of equal weight:

- **Total Shareholder Return (TSR)** - TSR represents an investor's return, calculated as the percentage difference between the initial amount invested in Stapled Securities and the final value of those Stapled Securities at the end of the relevant period, assuming distributions were reinvested, or such other method of calculation as determined by the Board.
- **Adjusted Earnings per Security Growth (EPS Growth) relative to the Consumer Price Index (CPI) -** This performance measure sets an EPS growth range (EPS excluding fair value adjustments) for each Performance Period calculated by reference to the CPI; and
- **Total Return (TR)** - Total Return is defined as the sum of the change in Net Tangible Assets excluding movements in GPT's equity base arising from capital raisings or capital returns (NTA), plus distributions over the Performance Period, divided by the NTA at the beginning of the Performance Period.

Taking into account feedback from investors and other stakeholders, and to ensure that performance levels were sufficiently challenging for executives, the Board increased the threshold level of performance required for an LTI award in both the EPS Growth and TR measures in the 2012 LTI. These enhancements will be detailed in the Notice of Meeting for GPT's forthcoming Annual General Meeting (AGM) in May 2012, and will be subject to security holder approval.

The 2009 LTI covering GPT's performance for the three calendar years of 2009-2011 concluded at the end of 2011. The threshold performance measure was not achieved and as a result all performance rights granted to executives under the plan lapsed and no LTI awards were made to executives.

Employee Ownership
The Board believes in creating ways for employees to build an ownership stake in the business, and the benefits that this 'culture of ownership' brings in terms of loyalty, commitment and discretionary effort. For executives, and based on performance, this is achieved through the LTI.

Employees who are not eligible for the LTI may participate in the General Employee Security Ownership Plan (GESOP). Under GESOP individuals receive an additional benefit equivalent to 10% of their STI which is - after the deduction of income tax - invested in GPT securities to be held for a minimum of 1 year. Under the plan, 323 GPT employees received 169,504 GPT securities in 2011.

External environment
In setting and reviewing its remuneration arrangements, GPT has regard to the external environment, and is actively monitoring the tax, regulatory and governance activities impacting remuneration. In 2011, the Board sought external advice on market practice and prevailing regulatory and governance standards from Ernst & Young and Freehills. The Board did not receive any Remuneration Recommendations from Remuneration Consultants as defined under the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011*.

DIRECTORS' REPORT
For the year ended 31 December 2011

3. 2011 REMUNERATION REPORT (continued)

3.1 Remuneration in Brief (continued)

2011 Remuneration outcomes and GPT security ownership positions for GPT's Key Management Personnel

The disclosed remuneration of GPT's KMP and five highest paid executives in the Remuneration Report on (page 21) is calculated in accordance with statutory obligations and accounting standards. As a result, it is based on accounting principles and includes accounting values for current and prior years' LTI grants which have not been (and may never be) realised as they are dependent on performance measures being met.

To provide a clearer picture, GPT has chosen to include in the Remuneration in Brief the following table (Table 1) which discloses the actual Cash and Other Benefits received by GPT's KMP and five highest paid executives during GPT's financial year, as distinct from the accounting expense. It also includes an outline of the current and potential GPT security ownership position of executives effective 31 December 2011 that has been established during their career to date with GPT.

Table 1 - Actual Cash and Other Benefits received by GPT's KMP and five highest paid executives

		Cash & Other Benefits actually received by executives in 2011					*Current GPT security ownership at 31/12/11*	*Future GPT securities subject to performance at 31/12/11*
Senior Executive	**Position**	**Base (Fixed) Pay** ($'000)	**STI** ($'000)	**LTI [1]** ($'000)	**Other [2]** ($'000)	**Total** ($'000)	**Vested GPT Security Holding [3]** (# of securities)	**Unvested GPT Securities & Performance Rights [4]** (# of securities & rights)
Michael Cameron	*Managing Director and Chief Executive Officer*	1,350.0	1,598.0	-	222.5	3,170.5	66,103	1,774,515
James Coyne	*General Counsel / Company Secretary*	480.0	284.1	-	3.5	767.6	-	323,189
Mark Fookes	*Head of Investment Management*	775.0	682.0	-	4.1	1,461.1	-	518,913
Nicholas Harris	*Head of Wholesale*	623.0	534.6	-	3.8	1,161.4	-	419,466
Jonathan Johnstone	*Head of Transactions*	575.0	495.3	-	1.1	1,071.4	-	391,080
Anthony McNulty	*Head of Development*	550.0	354.7	-	2.8	907.5	-	328,019
Michael O'Brien	*Chief Financial Officer*	830.0	827.5	-	121.9	1,779.4	76,909	562,877
Michelle Tierney	*Head of Property & Asset Management*	500.0	330.2	-	3.6	833.8	-	296,635

[1] The performance measures for the 2009 LTI were not satisfied at the end of the 3 year performance period on 31 December 2011, hence the performance rights granted under the scheme lapsed. As a result no GPT executive received any LTI award in 2011.

[2] Other includes the value of performance rights that vested in 2011 (Michael Cameron and Michael O'Brien), Death & Total/Permanent Disablement insurance premiums, superannuation plan administration fees, executive health assessments, and other benefits.

[3] Vested GPT Security Holding is the actual number of GPT securities held as a result of the individuals' employment with GPT over the years. This excludes GPT securities that may have been granted to date but are as yet unvested due to service or performance measures and also excludes GPT securities bought privately by the individual. As a result it represents the true current ownership stake held by the executive arising from their employment with the Group. All securities listed here vested in 2011 with the exception of 38,454 of Michael O'Brien's which vested in 2010.

[4] Unvested GPT Securities and Performance Rights includes the total unvested GPT securities and performance rights received over the years that are currently on foot and excludes any GPT securities or rights that may have lapsed up to 31 December 2011. This number comprises sign on rights that are yet to vest (Michael Cameron), deferred STI into equity that is yet to vest (Michael Cameron) and grants of performance rights under the various LTI schemes that are subject to the various performance measures and are yet to vest (all executives). This highlights the current maximum number of additional GPT securities to which the individual may become entitled subject to satisfying the various applicable performance measures; as such, any securities or performance rights listed in this column should be considered "at risk", are not guaranteed, and indeed may never vest.

DIRECTORS' REPORT
For the year ended 31 December 2011

3. 2011 REMUNERATION REPORT (continued)

3.2 Introduction

The Board presents the Remuneration Report for GPT for the year ended 31 December 2011, which forms part of the Directors Report and has been prepared in accordance with section 300A of the Corporations Act for the Group for the year ended 31 December 2011.

This Remuneration Report outlines GPT's remuneration philosophy and practices together with details of the specific remuneration arrangements that apply to GPT's key management personnel (KMP) 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 2011. The data provided in the Remuneration Report was audited as required under section 308(3C) of the Corporations Act.

In 2011 the Nomination & Remuneration Committee (the Committee) comprised 4 Non-Executive Directors:

- Gene Tilbrook (Chairman)
- Brendan Crotty
- Eileen Doyle
- Rob Ferguson

The Committee provides advice and recommendations to the Board on:

- criteria for selection of Directors;
- nominations for appointment as Directors (either between AGMs or to stand for election);
- criteria for reviewing the performance of Directors individually and the GPT Board collectively;
- remuneration policies for Directors and Committee members;
- remuneration policy for senior executives;
- incentive plans for employees; and
- any other related matters regarding executives or the Board.

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).

3.3 Key Issues and Changes made in 2011

Remuneration Outcomes aligned to GPT's Performance

In 2011 GPT continued to resolutely pursue the Group's articulated strategy of owning and actively managing quality Australian property assets. While the financial performance was pleasing, market conditions remained cautious and growth in executive pay levels moderated. Against that background the Board continued to exercise restraint with regard to executive remuneration. The main areas of activity in 2011 are outlined in the Table 2, below:

Table 2 – Main areas of activity in 2011

Issue	Who is affected?	Explanation
Maintain restraint on executive salaries	Leadership Team and other employees	Base remuneration increases for 2011 were capped at an average 3% across the business.
Freeze on Directors' fees	Non-Executive Directors	The overall Non-Executive Director fee pool was increased from $1,500,000 to $1,650,000 on 11 May 2011. This was done to provide room to manage Non-Executive Director transitions on and off the Board in future without exceeding the cap. At the individual level, there were no increases in fees in 2011 for Non-Executive Directors for the 4th successive year.
Reduction in 2012 Threshold STI Opportunity	All employees	The Board and management took the decision to reduce the level of short term incentive provided for Threshold performance (ie the minimum standard of performance deemed appropriate to be rewarded with an incentive payment) from 75% of the individuals' Target short term incentive level down to 50%. To be implemented in the 2012 calendar year, this has the effect of steepening the reward curve for performance below Target levels such that short term incentive rewards diminish rapidly if Targets are not delivered.
Strengthened 2012 LTI Performance Measures	Leadership Team and other executives (limited to the top 25 in total)	To more tightly align with GPT's articulated financial performance objectives, the Board decided to increase the Threshold level of performance required for an LTI award in both the EPS and TR measures in the 2012 LTI. These adjustments will be set out in the Explanatory Memorandum to the Notice of Meeting for the AGM and subject to security holder vote.
Continued initiative to build culture of ownership	All employees excluding the LTI participants	Under the General Employee Security Ownership Plan (GESOP) an amount equivalent to 10% of an individuals' STI was (after the deduction of income tax) invested in GPT securities to be held for a minimum of 1 year. Under the plan, 323 GPT employees received 169,504 GPT securities in 2011.

DIRECTORS' REPORT
For the year ended 31 December 2011

3. 2011 REMUNERATION REPORT (continued)

3.3 Key Issues and Changes made in 2011 (continued)

CEO Remuneration Structure and Contract Terms

The key terms of Mr Cameron's remuneration arrangements and contract include the following:

Table 3 – Key terms of Michael Cameron's Remuneration Arrangements

Details	Comments
Benchmark group for setting/reviewing remuneration	The Board benchmarks the remuneration of the CEO against: • CEOs in businesses with comparable market capitalisation; and • CEOs in comparable roles within the ASX A-REIT index. •
Remuneration mix	In 2011, Mr Cameron's remuneration mix was as follows: Base (Fixed) Pay: $1,350,000. STI: $0 to $1,687,500 based on performance and paid in cash (ie 0 to 125% of base pay). Further details on STI terms are set out on page 17 to 18. LTI: $0 to $2,025,000 based on performance and continued service and paid in GPT securities (ie 0 to 150% of base pay). Further details on LTI terms (including performance measures) are set out on pages 18 to 20.
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) pay

3.4 GPT's Remuneration Strategy

Alignment of GPT's Remuneration Strategy and Business Strategy

The Board is conscious of the need to set a remuneration strategy that supports and drives achievement of the strategic objectives of the business. By establishing a remuneration structure that attracts, retains, motivates and rewards executives for achieving challenging 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 (Diagram 1) 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 2011

3. 2011 REMUNERATION REPORT (continued)

3.4 GPT's Remuneration Strategy (continued)

Diagram 1 – GPT's Strategic Goals and the link to Remuneration Structures

GPT's Strategic Goals

• Leading relative Total Shareholder Return (TSR)	• Average EPS Growth > CPI plus 1%	• In the long term, deliver Total Returns > 9% per annum	• Create and sustain environments that enrich people's lives

Total Remuneration Components

Base (Fixed) Pay

- Base level of reward
- Set around Australian market median using external benchmark data
- Varies based on employee's experience, skills and performance
- External & internal relativities considered

Short Term Incentive

- Set around market median for Target performance with potential to approach top quartile for Stretch outcomes
- Determined by performance against a mix of Balanced Scorecard measures which include Financial & Non-Financial measures (eg Customer, Internal process, People & Knowledge)
- Financials include Group Earnings (Realised Operating Income) per Security and (if applicable) Portfolio (Net Return to Owner) or Property level metrics
- Non-Financial objectives also focus on execution of strategy, delivery of key projects and developments, culture change, sustainability, innovation, people management and development, and IT.
- Delivered in cash annually

Long Term Incentive

- Set at market median for Target performance with potential to achieve top quartile for Stretch outcomes
- Determined by GPT performance against Financial performance measures
- Tested over a 3 year performance period – no re-test
- No value derived unless GPT meets or exceeds challenging performance measures
- Delivered in equity to align long term shareholder and executive interests

Attract, retain, motivate and reward high calibre executives to deliver superior performance by:

- Providing competitive rewards
- Opportunity to achieve incentives beyond base pay based on performance

Align executive rewards to GPT's performance and security holder interests by:

- Assessing incentives against multiple financial and non-financial business measures that are aligned with GPT strategy, with an equity component
- Putting significant components of Total Remuneration at risk

Total Remuneration Mix

As depicted in Diagram 1 above, GPT's Executive remuneration is structured as a mixture of Base (fixed) pay and variable "at risk" short term incentive (STI) and long term incentive (LTI) components.

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

The Total Remuneration mix of components for those executives with ongoing employment at the end of 2011 is set out in Table 4, below:

DIRECTORS' REPORT
For the year ended 31 December 2011

3. 2011 REMUNERATION REPORT (continued)

3.4 GPT's Remuneration Strategy (continued)

Table 4 – Total Remuneration Mix of Fixed and At Risk Remuneration

Senior Executive	Position	Fixed Remuneration	Variable or "At Risk" Remuneration [1]	
		Base Pay	STI	LTI
Michael Cameron	*Managing Director and Chief Executive Officer*	36%	36%	28%
James Coyne	*General Counsel/Secretary*	50%	25%	25%
Mark Fookes	*Head of Investment Management*	43%	35%	22%
Nicholas Harris	*Head of Wholesale*	44%	33%	23%
Jonathan Johnstone	*Head of Transactions*	44%	33%	23%
Anthony McNulty	*Head of Development*	48%	29%	23%
Michael O'Brien	*Chief Financial Officer*	43%	35%	22%
Michelle Tierney	*Head of Property & Asset Management*	48%	29%	23%

[1] 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.

Base (Fixed) Pay

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, where relevant, broader ASX 200 sectors. GPT generally aims to pay around market median base salary.

Table 5 – Base Pay

What is included in Base (Fixed) Pay?	Base pay includes cash, compulsory superannuation, and any salary sacrifice items (including Fringe Benefits Tax).
When and how is Base Pay reviewed?	Base pay 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 appropriate and affordable.
What market benchmark is applied?	The Committee commissions external benchmarking of the CEO and Leadership Team 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 Property Industry Remuneration Report. For more specialist functional roles management will source multiple benchmarks from reputable recruitment agencies and other informed sources.

DIRECTORS' REPORT
For the year ended 31 December 2011

3. 2011 REMUNERATION REPORT (continued)

3.4 GPT's Remuneration Strategy (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.

Table 6 – GPT's STI Plan

<table>
<tr><td>What is the STI plan?</td><td>The STI is an 'at-risk' incentive awarded annually in the form of cash subject to performance against agreed financial and non-financial Key Performance Indicators (KPIs).</td></tr>
<tr><td>Who participates in the STI plan?</td><td>All permanent GPT employees with greater than 3 months service at the end of the applicable calendar year are eligible – subject to performance – to receive an STI.</td></tr>
<tr><td>Why does the Board consider the STI an appropriate incentive?</td><td>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.</td></tr>
<tr><td>Are both target and stretch performance measures set?</td><td>Yes. Stretch performance measures can reward exceptional performance beyond the acceptable Target outcomes, and can motivate individuals to strive for the mutual benefit of themselves and the business.</td></tr>
<tr><td>What is the value of the STI opportunity?</td><td>The STI opportunity is expressed as a percentage of Base (fixed) pay, and varies depending on the overall Total Remuneration levels for particular roles, but the following table can be considered indicative of the possible ranges:
<table>
<tr><th>Level</th><th>Target Incentive Range</th><th>Stretch Incentive Range</th></tr>
<tr><td>CEO</td><td>100%</td><td>125%</td></tr>
<tr><td>Executives</td><td>50-80%</td><td>62.5-100%</td></tr>
<tr><td>General employees</td><td>10-30%</td><td>12.5-37.5%</td></tr>
</table>
If a minimum or Threshold level of objective achievement is not delivered then STI would be nil. STI outcomes are capped at the Stretch level.</td></tr>
<tr><td>What are the Financial performance measures?</td><td>In 2011 the main Group Financial performance measure was Earnings (Realised Operating Income) per Ordinary Security and based on Board discretion of:
Threshold: 21.2cps (ie 2% growth on the 2010 result)
Target: 21.6cps (4% growth on the 2010 result)
Stretch: 22.3cps (7% growth on the 2010 result)
While all employees have a common Group Financial performance measure, whether there are other additional performance measures depends on the individuals' role, as does the (indicative) mix between Financial and Non-Financial measures:
<table>
<tr><th>Level</th><th>Financial Measures</th><th>Non-Financial Measures</th></tr>
<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>
</table>
Financial measures are applied at the Group, Portfolio, and Asset level.</td></tr>
<tr><td>What are the Non-financial performance measures?</td><td>Non-Financial measures include Balanced Scorecard items focussed on the Customer, Internal processes, and People & Knowledge perspectives.

In addition, they may also focus on execution of strategy, delivery of key projects and developments, culture change, sustainability, innovation, people management and development, and information technology.</td></tr>
<tr><td>How is performance measured?</td><td>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.</td></tr>
<tr><td>Who assesses performance against targets?</td><td>The Board assesses the performance of the CEO, who in turn assesses the performance of his direct reports among the Leadership Team.</td></tr>
</table>

Short Term Incentive Outcomes

In 2011 GPT achieved an Earnings (Realised Operating Income) per Ordinary Security result of 22.4 cps which exceeded the Stretch level of performance on the GPT Group Financial measure. This translated into the realisation of short term incentive compensation amounts toward the upper end of an individuals' maximum STI potential:

DIRECTORS' REPORT
For the year ended 31 December 2011

3. 2011 REMUNERATION REPORT (continued)

3.4 GPT's Remuneration Strategy (continued)

Table 7 – Short Term Incentive Outcomes

Senior Executive	Position	Actual STI Awarded ($'000)	Actual STI Awarded as a % of Maximum STI	% of Maximum STI Award Forfeited
Michael Cameron	Managing Director and Chief Executive Officer	$1,598.0	94.69%	5.31%
James Coyne	General Counsel/Secretary	$284.1	94.69%	5.31%
Mark Fookes	Head of Investment Management	$682.0	88.00%	12.00%
Nicholas Harris	Head of Wholesale	$534.6	91.53%	8.47%
Jonathon Johnstone	Head of Transactions	$495.3	91.88%	8.12%
Anthony McNulty	Head of Development	$354.7	86.00%	14.00%
Michael O'Brien	Chief Financial Officer	$827.5	99.69%	0.31%
Michelle Tierney	Head of Property & Asset Management	$330.2	88.06%	11.94%

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 measures are achieved over a 3 year performance period. Combined with the Base pay 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.

Table 8 – GPT's LTI Plan

What is the purpose of the LTI plan?	The purpose of the LTI plan is to align senior executive rewards with sustained improvement in security holder value over time.
Who participates in the LTI plan?	The CEO, his direct reports, and a small number of other senior executives with the greatest ability to impact on the long term performance of GPT. In 2011, 23 individuals participated.
Is there a limit on the number of LTIs issued?	Employee equity holdings under the LTI cannot exceed 5% of the total number of issued securities.
What is the value of the LTI opportunity?	The size of grants under the 2011 LTI is based on a percentage of the participants' Base pay with the maximum (Stretch) opportunity in 2011 as follows: • for the CEO it was equivalent to 150% of base pay • for Leadership Team members it was 100% of base pay • for all other participants it was equivalent to 75% of base pay
How is reward delivered under the LTI program?	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 last quarter 2010 volume weighted average security price (VWAP) of $2.8383cps into the grant value.
Do executives pay for the LTI instruments?	No. Rights that vest convert to GPT securities at no cost to the executive.
What rights are attached to LTIs?	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.
Are there restrictions on dealing with securities allocated under the LTI plan?	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.
What happens when an executive leaves the Company?	Broadly, unvested Rights will lapse, unless the Board in its discretion decides otherwise.
What are the performance hurdles?	See the table below.
Are Rights subject to retesting if they do not vest on initial testing?	No. There is no retesting of Rights that do not vest after being first tested for satisfaction against the performance measures at the end of the 3 year period.

DIRECTORS' REPORT
For the year ended 31 December 2011

3. 2011 REMUNERATION REPORT (continued)

3.4 GPT's Remuneration Strategy (continued)

The performance measures and hurdles for GPT's LTI plan, which have been approved by GPT security holders, are summarised in table 9, below.

Table 9 – GPT LTI Plan Performance Measures & Hurdles

LTI	LTI Performance Measurement Period	Performance Measure	Performance Measure Hurdle	Weighting	Status
2009	2009-2011	Relative TSR versus the ASX 200 Property Index (excluding GPT)	50% of rights vest at 51st percentile, up to 100% at the 75th percentile (pro rata vesting in between).	100%	Lapsed, no awards paid to executives
2010	2010-2012	Relative TSR versus the top 80% of the ASX 200 Property Index	50% of rights vest at 51st percentile, up to 100% at the 75th percentile (pro rata vesting in between).	One third each	On foot
		Earnings per security growth (EPS) vs the CPI [1]	50% of rights vest if EPS growth = CPI, up to 100% if EPS growth = CPI plus 1% percentile (pro rata vesting in between).		
		Total Return (TR) versus the Weighted Average Cost of Capital (WACC).	0% of rights vest at 8% TR, up to 100% at 9% TR (pro-rata vesting in between).		
2011	2011-2013	Relative TSR versus the top 80% of the ASX 200 Property Index	50% of rights vest at 51st percentile, up to 100% at the 75th percentile (pro rata vesting in between).	One third each	On foot
		Earnings per security growth (EPS) vs the CPI [1]	50% of rights vest if EPS growth = CPI, up to 100% if EPS growth = CPI plus 1% percentile (pro rata vesting in between).		
		Total Return (TR) versus the Weighted Average Cost of Capital (WACC).	0% of rights vest at 8% TR, up to 100% at 9% TR (pro-rata vesting in between).		

[1] The EPS growth calculation for 2010 relies on a rebased 2009 EPS figure of 21.30cps versus the 2010 result of 20.74cps. The rebasing of 2009 was required to adjust the 2009 EPS result of 23.83cps (4.77 cps on a pre 5:1 consolidation basis) to take into account the dilutive effect of the capital raising. The approach is to assume the raising happened on 1 January 2009, that is, the interest saving from reducing debt starts on 1 January 2009 rather than 17 June 2009, with the adjusted earnings for the 2009 year divided by the greater number of average shares.

Table 10 (below) sets out the executives' LTI plan participation level (i.e. in terms of grant size), fair value, and the maximum recognised value in future years (see footnote 2 to table 10 for an explanation of these concepts):

Table 10 – LTI Plan Participation Levels and Fair Value

Senior Executive	Position	LTI Scheme	Performance Rights Granted	Grant Date	Fair Value	Vesting Date [1]	Maximum Recognised Value in Future Years [2]
Michael Cameron	*Managing Director and Chief Executive Officer*	2009	396,617	30-Jun-09	$0.85	31-Dec-11	$0
		2010	590,068	19-May-10	$2.06	31-Dec-12	$463,607
		2011	713,455	08-Jun-11	$2.38	31-Dec-13	$1,322,900
James Coyne	*General Counsel/Secretary*	2009	180,735	30-Jun-09	$1.00	31-Dec-11	$0
		2010	154,074	19-May-10	$2.06	31-Dec-12	$121,054
		2011	169,115	08-Jun-11	$2.38	31-Dec-13	$313,576
Mark Fookes	*Head of Investment Management*	2009	269,179	30-Jun-09	$1.00	31-Dec-11	$0
		2010	245,862	19-May-10	$2.06	31-Dec-12	$193,170
		2011	273,051	08-Jun-11	$2.38	31-Dec-13	$506,295
Nicholas Harris	*Head of Wholesale*	2009	230,725	30-Jun-09	$1.00	31-Dec-11	$0
		2010	199,968	19-May-10	$2.06	31-Dec-12	$157,112
		2011	219,498	08-Jun-11	$2.38	31-Dec-13	$406,996
Jonathan Johnstone	*Head of Transactions*	2009	192,271	30-Jun-09	$1.00	31-Dec-11	$0
		2010	188,494	19-May-10	$2.06	31-Dec-12	$148,097
		2011	202,586	08-Jun-11	$2.38	31-Dec-13	$375,638
Anthony McNulty	*Head of Development*	2009	152,856	30-Jun-09	$1.00	31-Dec-11	$0
		2010	134,241	19-May-10	$2.06	31-Dec-12	$105,471
		2011	193,778	08-Jun-11	$2.38	31-Dec-13	$359,306
Michael O'Brien	*Chief Financial Officer*	2009	307,634	30-Jun-09	$1.00	31-Dec-11	$0
		2010	270,448	19-May-10	$2.06	31-Dec-12	$212,487
		2011	292,429	08-Jun-11	$2.38	31-Dec-13	$542,226
Michelle Tierney	*Head of Property & Asset Management*	2009	137,714	30-Jun-09	$1.00	31-Dec-11	$0
		2010	120,473	19-May-10	$2.06	31-Dec-12	$94,654
		2011	176,162	08-Jun-11	$2.38	31-Dec-13	$326,642

DIRECTORS' REPORT
For the year ended 31 December 2011

3. 2011 REMUNERATION REPORT (continued)

3.4 GPT's Remuneration Strategy (continued)

[1] Vesting date is the date that marks the end of the 3-year LTI period. At this point the performance measure will be assessed against the performance hurdle to see if any Performance Rights vest. Note that the Performance Rights granted under the 2009 LTI Scheme did not vest at 31 December 2011 as the minimum performance measure was not achieved.
[2] This represents the fair value of rights as at grant date that are yet to be expensed. "Fair value" is independently determined on the grant date of each tranche of rights using Monte Carlo and Binomial tree pricing models which take into account the following factors: 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. As a result, the figures derived, while accurate for the valuation requirements of the relevant accounting standards, do not bear any resemblance to the actual gross value that may or may not be realised by a participating executive. The LTI accrual numbers in the Senior Executive Remuneration Disclosures in Table 13 on page 21 represent the current (2011) year expenses whereas the maximum recognised value in future years represents the expenses which will be recognised from an accounting perspective in the future until the end of the relevant LTI plan performance period.

Pre 2009 Legacy LTI Schemes

As set out in the 2010 Remuneration Report, the pre 2009 legacy LTI scheme performance period concluded on 31 December 2010 with no LTI awards made to executives. The scheme was formally wound up on 28 February 2011 during GPT's post annual results trading window. A sale price of $3.10 per GPT security was obtained for all the holdings and the funds arising were returned to GPT in full satisfaction of the non-recourse loans provided under the scheme. Full details of the loans in place at the conclusion of the scheme were set out in the 2010 Remuneration Report. There are no further loans to GPT employees on foot as at 31 December 2011.

GPT Performance Outcomes

Table 11 (below) shows GPT's performance against key metrics over the last 5 years. It should be noted that during FY2010 GPT undertook a five for one unit consolidation.

Table 11 – GPT's 5 Year Performance

		2007	2008	2009	2010	2011
Realised operating income	$m	605.1	468.8	375.8	410.0	438.8
Total securityholder return (TSR)	%	-23.4	-74.9	-14.4	2.9	10.5
Earnings (Realised Operating Income) per security (EPS) [1]	cents	29.4	17.7	4.8	20.7	22.4
EPS growth	%	7.0	-37.1	-74.2	-13.0	8.1
Distributions per security (DPS) [1]	cents	28.9	17.7	4.5	16.3	17.8
NTA (per security) [1]	$	3.86	1.43	0.69	3.60	3.59
Security price at end of calendar year	$	4.04	0.92	0.61	2.94	3.07

[1] Unadjusted for security consolidation

GPT's performance for security holders was strong in 2011 with eps growth of 8.1% and total security holder return well above both the ASX 200 and ASX 200 AREIT indices. In prior years earnings and distributions per security, as well as the company's NTA, were impacted by significant equity raisings in 2008 and 2009 which increased the number of securities on issue. In 2010 GPT undertook a 5 for 1 security consolidation.

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.

The terms of Mr Cameron's contract are outlined on page 14. The material terms of the service agreements for the remainder of the KMP (i.e. other than the CEO) who were employed by the Group at 31 December 2011 are set out in Table 12 (below):

Table 12 – Material terms of service agreements for the KMP and five highest paid executives

Term	Conditions
Duration	Open ended.
Termination by Executive	3 months notice. GPT may elect to make a payment in lieu of notice.
Termination by Company for cause	No notice requirement or termination benefits (other than accrued entitlements).
Termination by Company (other)	3 months notice. Severance payments may be made subject to GPT policy. Treatment of unvested STI and LTI will be at Board and management discretion under the terms of the relevant plans.
Post-employment restraints	Non-solicitation of GPT employees for 12 months post-employment.

DIRECTORS' REPORT
For the year ended 31 December 2011

3. 2011 REMUNERATION REPORT (continued)

3.4 GPT's Remuneration Strategy (continued)

Senior Executive Remuneration Disclosures

The following table provides a breakdown of GPT's KMP and the five highest paid executives in accordance with statutory requirements and accounting standards. It should be noted that of the Variable or "At Risk" components, STI Bonus show actual cash payments made to executives, whereas the LTI Award Accrual and the Grant or Vesting of Performance Rights are accounting valuations and may only be payable to executives under certain performance conditions or circumstances (as per the footnotes). The Board considers that Table 1 on page 12 is a clearer indication of the actual cash and other benefits received by GPT's KMP and five highest paid executives in 2011.

Table 13 – Senior Executive Remuneration Disclosures

	Fixed Pay			*Variable or "At Risk"*				
Senior Executive	**Base Pay**	**Superanuation**	**Non-Monetary [1]**	**STI Bonus**	**LTI Award Accrual [2]**	**Grant or Vesting of Performance Rights [3,4]**	**Cash Payment on Termination**	**Total**
Michael Cameron								
Managing Director and Chief Executive Officer								
31 December 2011	1,382,201	15,487	13,542	1,597,955	989,895	74,873	-	4,073,953
31 December 2010	1,245,889	14,830	5,445	1,415,592	397,045	74,701	-	3,153,502
J. Coyne								
General Counsel/Co. Secretary								
31 December 2011	488,781	15,487	3,523	284,081	280,703	-	-	1,072,575
31 December 2010	422,283	14,830	3,427	281,627	146,017	-	-	868,184
M. Fookes								
Head of Investment Management								
31 December 2011	808,044	15,487	4,128	682,000	442,081	-	-	1,951,740
31 December 2010	786,601	14,830	2,710	672,287	225,481	-	-	1,701,909
N. Harris								
Head of Wholesale								
31 December 2011	650,263	15,487	3,835	534,618	362,816	-	-	1,567,019
31 December 2010	617,570	14,830	3,085	454,968	188,006	-	-	1,278,459
J. Johnstone								
Head of Transactions								
31 December 2011	590,318	15,487	1,095	495,264	329,860	-	-	1,432,024
31 December 2010	602,161	14,830	46,315	512,109	167,350	-	-	1,342,765
A. McNulty								
Head of Development								
31 December 2011	553,592	15,487	2,761	354,750	267,177	-	-	1,193,767
31 December 2010	520,697	14,830	2,147	273,147	125,415	-	-	936,236
M. O'Brien								
Chief Financial Officer								
31 December 2011	841,513	15,487	2,761	827,452	486,635	21,730	-	2,195,578
31 December 2010	850,290	14,830	3,945	801,264	252,544	91,670	-	2,014,543
M. Tierney								
Head of Property & Asset Management								
31 December 2011	500,518	15,487	3,597	330,233	241,172	-	-	1,091,007
31 December 2010	519,749	14,830	1,993	273,969	112,762	-	-	923,303
Total								
31 December 2011	5,815,230	123,896	35,242	5,106,353	3,400,339	96,603	-	14,577,663
31 December 2010	5,565,240	118,640	69,067	4,684,963	1,614,620	166,371	-	12,218,901

[1] 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, tax equalisation on a UK assignment (J. Johnstone in 2010 only) and termination payments.
[2] The purpose of the LTI Award Accrual column is to record the amount of the fair value of performance rights under the various LTI plans expensed in the relevant financial years, and does not represent actual LTI awards made to executives. .

DIRECTORS' REPORT
For the year ended 31 December 2011

3. 2011 REMUNERATION REPORT (continued)

3.4 GPT's Remuneration Strategy (continued)

[3] 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	Vesting Condition
Michael Cameron	A sign on package on appointment to the role of Managing Director and CEO on 1 May 2009	$300,000	115,363	Service: 50% of the performance rights converted to GPT securities for nil consideration on 30 June 2011. The remaining 50% convert to GPT securities on 30 June 2012
Michael O'Brien	Recognition of 7 month's service as Acting CEO	$200,000	76,909	Service: 50% of performance rights converted to GPT securities for nil consideration on 1 July 2010. The remaining 50% converted to GPT securities on 1 July 2011

[4] Additional grants of Performance Rights were made in 2010 as follows:

Name	Reason for the Grant	Initial Value of the Grant (based on fair value)	Number of Performance Rights	Vesting Condition
Michael Cameron	To address the impact of the May 2009 one for one rights issue on Mr Cameron's sign-on grant of rights (see detailed explanation in the 2010 Remuneration Report)	$34,697	16,843	Service; 50% of performance rights converted to GPT securities for nil consideration on 30 June 2011, with the remaining 50% converting to GPT securities on 30 June 2012

DIRECTORS' REPORT
For the year ended 31 December 2011

3. 2011 REMUNERATION REPORT (continued)

3.5 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 remunerated via Committee fees in addition to main Board fees.
- Non-Executive Directors do not participate in any short or long term incentive 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 remuneration levels for Non-Executive Directors is sought on an annual basis. In the event that a review is conducted, the new Board and Committee fees are effective from the 1st of January in the applicable year and advised in the ensuing Remuneration Report.

Remuneration Arrangements

As noted earlier in the Remuneration Report, the Board determined that there would be no increase in Non-Executive Director fees for 2011, continuing the freeze on Non-Executive Director fees that commenced in 2008.

The Chair is paid a main board fee which is 2.5 times the standard Board member fee to reflect the additional workload and responsibilities associated with the role. The Chairman does not receive fees for any Committees on which he serves.

Fees (including superannuation) paid to Non-Executive Directors are drawn from a remuneration pool of $1,650,000 per annum which was approved by GPT security holders at the Annual General Meeting on 11 May 2011. As an executive director, Michael Cameron did not receive fees from this pool but was remunerated as one of GPT's Senior Executives.

Annual Board and Board Committees fees (excluding compulsory superannuation) for the year ended 31 December 2011 are as follows:

Table 14 – Board and Board Committee Fees

		Board	Audit and Risk Management Committee	Sustainability Committee	Nomination and Remuneration Committee
Chairman [1]					
	2011	$346,500	$34,650	$11,000	$23,100
	2010	$346,500	$34,650	$11,000	$23,100
Members					
	2011	$138,600	$17,325	$8,000	$11,550
	2010	$138,600	$17,325	$8,000	$11,550

[1] 'Chairman' used in this sense may refer to the Chairman of the Board or the Chairman of a particular committee.

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 2011 and 2010 calendar years is as follows:

DIRECTORS' REPORT
For the year ended 31 December 2011

3. 2011 REMUNERATION REPORT (continued)

3.5 Non-Executive Remuneration Disclosures (continued)

The following table provides a breakdown of Non-Executive Director remuneration in accordance with statutory requirements and accounting standards.

Table 15 – Non-Executive Remuneration Disclosures

Director	Year	Salary & Fees	Superannuation [1]	Non-Monetary [2]	Total
R. Ferguson [3]	**2011**	**$346,500**	**$15,487**	-	**$361,987**
Chairman	2010	$276,771	$14,494	-	$291,265
B. Crotty	**2011**	**$158,150**	**$14,442**	-	**$172,592**
	2010	$158,770	$14,081	-	$172,851
E. Doyle [4]	**2011**	**$161,150**	**$14,503**	-	**$175,653**
	2010	$130,625	$11,756	-	$142,381
E. Goodwin	**2011**	**$163,925**	**$14,753**	-	**$178,678**
	2010	$154,150	$14,179	-	$168,329
S. G. Lim	**2011**	**$155,925**	-	-	**$155,925**
	2010	$156,925	-	-	$156,925
A. McDonald	**2011**	**$173,250**	**$15,396**	**$1,343**	**$189,989**
	2010	$173,250	$14,830	$1,271	$189,351
G. Tilbrook [5]	**2011**	**$161,700**	**$14,533**	**$1,300**	**$177,533**
	2010	$100,396	$9,036	$1,246	$110,678
Former Director					
I. Martin [6]	**2011**	**-**	**-**	-	-
	2010	$57,632	$5,154	-	$62,786
K. Moss [7]	**2011**	**-**	**-**	-	-
	2010	$123,496	$5,154	-	$128,650
Total					
31 December 2011		**$1,320,600**	**$89,114**	**$2,643**	**$1,412,357**
31 December 2010		$1,332,015	$88,684	$2,517	$1,423,216

No termination benefits were paid during the financial year.

1 Refers to compulsory superannuation only; non-compulsory superannuation salary sacrifices are included in Salary & Fees.
2 The amount set out under 'Non-monetary' may include administration fees associated with membership of the GPT Superannuation Plan and Death & Total/Permanent Disability Insurance Premiums.
3 R. Ferguson became Chairman on 11 May 2010.
4 E. Doyle was appointed to the Board on 1 March 2010.
5 G. Tilbrook was appointed to the Board on 11 May 2010.
6 I. Martin retired as a Director on 10 May 2010.
7 K. Moss retired from the role of Chairman of the Board on 10 May 2010.

DIRECTORS' REPORT
For the year ended 31 December 2011

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. GPT has agreed to indemnify the auditors out of the assets of GPT if GPT has breached the agreement under which the auditors are appointed.

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
In October 2008, Slater and Gordon announced an intention to bring a class action against GPT. At Slater & Gordon's invitation, GPT entered into mediation discussions on a without prejudice basis in an attempt to determine whether the parties could reach agreement in relation to the dispute. Failing an agreed resolution of the matter, Slater & Gordon has now commenced proceedings on behalf of certain persons who claim that they purchased GPT securities from 27 February 2008 and held securities on 7 July 2008. The allegations surround the adequacy and timing of disclosures to the market in this period.

GPT rejects the allegations and intends to defend the claim. GPT does not expect that any payment it could be required to make would have a material adverse effect on the Group's operational or strategic objectives, or its financial strength.

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 amounts paid to the auditor, which includes amounts paid for non-audit services and other assurance services, are set out in note 27 to the financial report.

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; and
- 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 Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Signed in accordance with a resolution of the Directors.

Rob Ferguson Chairman	Michael Cameron Managing Director and Chief Executive Officer

Sydney
17 February 2012

Auditor's Independence Declaration

As lead auditor for the audit of The GPT Group for the year ended 31 December 2011, 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.

AJ Loveridge
Partner
PricewaterhouseCoopers

17 February 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011

	Note	Consolidated entity 31 Dec 11 $M	31 Dec 10 $M
Revenue			
Rent from property investments		**573.8**	520.8
Property and fund management fees		**34.7**	38.6
Development project revenue		**9.0**	8.9
		617.5	568.3
Other income			
Fair value adjustments to investment properties		**63.1**	62.3
Share of after tax profit of equity accounted investments		**158.1**	185.3
Interest revenue - cash and short term money market securities		**2.0**	1.8
Net foreign exchange gain		**2.5**	14.8
		225.7	264.2
Total revenue and other income		**843.2**	832.5
Expenses			
Property expenses and outgoings		**156.9**	148.6
Management and other administration costs		**92.4**	79.6
Depreciation and amortisation expense	4(a)	**7.3**	7.3
Finance costs	4(b)	**133.9**	151.6
Impairment expense - loan and receivables		**5.6**	0.9
Impairment expense - other		**-**	3.6
Net loss on fair value of derivatives	4(c)	**147.0**	6.4
Net (gain) / loss on disposal of assets		**(2.3)**	1.4
Total expenses		**540.8**	399.4
Profit before income tax expense		**302.4**	433.1
Income tax (credit) / expense	5(a)	**(6.8)**	2.6
Profit after income tax expense		**309.2**	430.5
(Loss) / Profit from discontinued operations	2(a),6(d)	**(63.0)**	276.8
Net profit for the year		**246.2**	707.3
Other comprehensive income			
Net foreign exchange translation adjustments, net of tax		**52.1**	(90.0)
Total comprehensive income for the year		**298.3**	617.3
Net profit / (loss) attributable to:			
- Securityholders of the Trust		**300.5**	769.7
- Securityholders of other entities stapled to the Trust		**(54.3)**	(62.4)
Total comprehensive income / (loss) attributable to:			
- Securityholders of the Trust		**351.8**	662.4
- Securityholders of other entities stapled to the Trust		**(53.5)**	(45.1)
Basic and diluted earnings per security attributable to ordinary securityholders of the Trust			
Earnings per unit (cents per unit) - profit from continuing operations	28(a)	**17.7**	26.2
Earnings per unit (cents per unit) - (loss) / profit from discontinued operations	28(a)	**(2.8)**	13.9
Earnings per unit (cents per unit)	28(a)	**14.9**	40.1
Basic and diluted earnings per security attributable to ordinary stapled securityholders of the GPT Group			
Earnings per security (cents per security) - profit from continuing operations	28(b)	**15.4**	21.8
Earnings per security (cents per security) - (loss) / profit from discontinued operations	28(b)	**(3.4)**	14.9
Earnings per security (cents per security)	28(b)	**12.0**	36.7

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2011

	Note	Consolidated entity 31 Dec 11 $M	31 Dec 10 $M
ASSETS			
Current Assets			
Cash and cash equivalents	23(b)	**42.0**	41.1
Loans and receivables	7	**142.7**	62.0
Derivative assets	8	**0.2**	0.2
Tax receivables		**34.9**	-
Prepayments		**5.6**	6.1
		225.4	109.4
Non-current assets classified as held for sale	6	**440.6**	741.1
Total Current Assets		**666.0**	850.5
Non-Current Assets			
Investment properties	9	**6,423.6**	6,562.5
Investments in associates and joint ventures	10	**1,859.6**	2,125.0
Property, plant & equipment	11	**12.8**	5.7
Loans and receivables	7	**150.9**	13.2
Other assets		**0.2**	0.2
Intangible assets	12	**51.3**	51.8
Derivative assets	8	**78.2**	115.0
Deferred tax assets	5(b)	**36.2**	27.8
Total Non-Current Assets		**8,612.8**	8,901.2
Total Assets		**9,278.8**	9,751.7
LIABILITIES			
Current Liabilities			
Payables	13	**199.2**	193.4
Borrowings	14	**512.6**	34.3
Derivative liabilities	8	**1.0**	0.4
Current tax liabilities		**-**	2.1
Provisions	15	**16.6**	15.5
		729.4	245.7
Non-current liabilities classified as held for sale	6	**2.6**	8.2
Total Current Liabilities		**732.0**	253.9
Non-Current Liabilities			
Payables		**-**	-
Borrowings	14	**1,631.5**	2,418.2
Derivative liabilities	8	**127.5**	96.0
Provisions	15	**1.4**	1.1
Deferred tax liabilities	5(c)	**-**	28.0
Total Non-Current Liabilities		**1,760.4**	2,543.3
Total Liabilities		**2,492.4**	2,797.2
Net Assets		**6,786.4**	6,954.5
EQUITY			
Equity attributable to securityholders of the Trust (parent entity)			
Contributed equity	16	**8,030.2**	8,155.3
Reserves	17	**(15.2)**	(69.7)
Accumulated losses	18	**(625.8)**	(578.2)
Total equity of GPT Trust securityholders		**7,389.2**	7,507.4
Equity attributable to securityholders of other entities stapled to the Trust			
Contributed equity	16	**323.0**	324.7
Reserves	17	**41.1**	35.0
Accumulated losses	18	**(966.9)**	(912.6)
Total equity of other stapled securityholders		**(602.8)**	(552.9)
Total Equity		**6,786.4**	6,954.5

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

		Consolidated Entity								
		Attributable to the Securityholders of the General Property Trust				Attributable to the Securityholders of other entities stapled to the General Property Trust				
	Note	Contributed equity $M	Reserves $M	Accumulated losses $M	Total $M	Contributed equity $M	Reserves $M	Accumulated losses $M	Total $M	Total equity $M
Balance at 1 January 2010		8,155.3	36.9	(1,013.0)	7,179.2	324.7	14.7	(850.2)	(510.8)	6,668.4
Movement in foreign currency translation reserve	17	-	(107.3)	-	(107.3)	-	17.3	-	17.3	(90.0)
Net income / (loss) recognised directly in equity		-	(107.3)	-	(107.3)	-	17.3	-	17.3	(90.0)
Profit / (loss) for the financial year	18	-	-	769.7	769.7	-	-	(62.4)	(62.4)	707.3
Total comprehensive income / (loss) for the financial year		-	(107.3)	769.7	662.4	-	17.3	(62.4)	(45.1)	617.3
Transactions with Securityholders in their capacity as Securityholders:										
Movement in treasury stock reserve	17	-	0.7	-	0.7	-	-	-	-	0.7
Movement in employee incentive security scheme reserve	17	-	-	-	-	-	3.0	-	3.0	3.0
Distribution paid or payable	3	-	-	(334.9)	(334.9)	-	-	-	-	(334.9)
Balance at 31 December 2010		8,155.3	(69.7)	(578.2)	7,507.4	324.7	35.0	(912.6)	(552.9)	6,954.5
Balance at 1 January 2011		**8,155.3**	**(69.7)**	**(578.2)**	**7,507.4**	**324.7**	**35.0**	**(912.6)**	**(552.9)**	**6,954.5**
Movement in foreign currency translation reserve	17	**-**	**51.3**	**-**	**51.3**	**-**	**0.8**	**-**	**0.8**	**52.1**
Net income recognised directly in equity		**-**	**51.3**	**-**	**51.3**	**-**	**0.8**	**-**	**0.8**	**52.1**
Profit / (loss) for the financial year	18	**-**	**-**	**300.5**	**300.5**	**-**	**-**	**(54.3)**	**(54.3)**	**246.2**
Total comprehensive income / (loss) for the financial year		**-**	**51.3**	**300.5**	**351.8**	**-**	**0.8**	**(54.3)**	**(53.5)**	**298.3**
Transactions with Securityholders in their capacity as Securityholders:										
On-market securities buy-back	16	**(125.1)**	**-**	**-**	**(125.1)**	**(1.7)**	**-**	**-**	**(1.7)**	**(126.8)**
Movement in treasury stock reserve	17	**-**	**3.2**	**-**	**3.2**	**-**	**(0.6)**	**-**	**(0.6)**	**2.6**
Movement in employee incentive security scheme reserve	17	**-**	**-**	**-**	**-**	**-**	**5.9**	**-**	**5.9**	**5.9**
Distribution paid or payable	3	**-**	**-**	**(348.1)**	**(348.1)**	**-**	**-**	**-**	**-**	**(348.1)**
Balance at 31 December 2011		**8,030.2**	**(15.2)**	**(625.8)**	**7,389.2**	**323.0**	**41.1**	**(966.9)**	**(602.8)**	**6,786.4**

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

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 December 2011

	Note	Consolidated entity 31 Dec 11 $M	31 Dec 10 $M
Cash flows from operating activities			
Cash receipts in the course of operations (inclusive of GST)		**731.9**	736.1
Cash payments in the course of operations (inclusive of GST)		**(319.8)**	(332.9)
Distributions received from associates and joint ventures		**140.2**	147.5
Dividend income		**-**	0.3
Interest received		**12.5**	10.1
Income taxes received / (paid)		**(0.5)**	2.4
		564.3	563.5
Finance costs		**(151.1)**	(176.7)
Net cash inflows from operating activities	23(a)	**413.2**	386.8
Cash flows from investing activities			
Payments for investment properties		**(61.1)**	(83.7)
Proceeds from disposal of investment properties		**4.3**	37.2
Payments for properties under development		**(135.0)**	(254.1)
Payments for property, plant and equipment		**(10.0)**	(2.3)
Proceeds from sale of property, plant & equipment		**81.0**	13.9
Payments for intangibles		**(4.6)**	(26.8)
Investment in joint ventures and associates		**(6.2)**	(141.4)
Proceeds from disposal of controlled entities and associates		**301.0**	216.4
Proceeds from disposal of assets in US Seniors Housing Portfolio (net of tax)		**230.3**	-
Proceeds from disposal of other assets		**-**	20.4
Loan to joint ventures and associates		**(2.7)**	-
Loan repayment from associate		**60.0**	10.7
Payments for cost to sell on assets held for sale		**(9.1)**	(9.5)
Net cash inflows / (outflows) from investing activities		**447.9**	(219.2)
Cash flows from financing activities			
Proceeds / (repayment) of bank facilities		**(312.0)**	502.0
Repayments of net short and medium term notes		**-**	(222.5)
Repayment of employee incentive scheme loans		**2.1**	2.4
Payments on termination and restructure of derivatives		**(78.1)**	(120.8)
Payments for the on-market buy back of securities		**(126.8)**	-
Distributions paid to securityholders		**(348.1)**	(334.9)
Net cash outflow from financing activities		**(862.9)**	(173.8)
Net decrease in cash and cash equivalents		**(1.8)**	(6.2)
Cash and cash equivalents at the beginning of the year		**44.8**	51.0
		43.0	44.8
Less: Cash balance classified as assets held for sale		**(1.0)**	(3.7)
Cash and cash equivalents at the end of the year	23(b)	**42.0**	41.1

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

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 is for the consolidated entity, GPT Group (GPT), consisting of General Property Trust, GPT Management Holdings Limited and their subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with the Trust's Constitution, Australian Accounting Standards, 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

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective for annual reporting periods beginning on or after 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, this could change the classification and measurement of financial assets and financial liabilities. GPT does not plan to adopt this standard early and the extent of the impact has not yet been determined.

In December 2011, the IASB delayed the application date of IFRS 9 to 1 January 2015. The AASB is expected to make an equivalent amendment to AASB 9 shortly.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)

In November 2010, the AASB made amendments to AASB 7 *Financial Instruments: Disclosures* which introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on GPT's disclosures.

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and separate financial statements*, and SIC-12 *Consolidation – special purpose entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. While GPT does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of various investees that may or may not be controlled under the new rules.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account for their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. GPT is yet to evaluate its joint arrangements in light of the new guidance.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 128. Application of this standard by GPT will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to GPT's investments.

AASB 127 is renamed *Separate Financial Statements* and is now a standard dealing solely with separate financial statements. Application of this standard by GPT will not affect any of the amounts recognised in the financial statements.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. GPT is still assessing the impact of these amendments.

GPT does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual report ending 31 December 2013.

AASB 13 Fair value measurement (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The consolidated entity has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The consolidated entity does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective 1 July 2013)
On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial reports. GPT is a disclosing entity and is not eligible to adopt the new Australian Accounting Standards - Reduced Disclosure Requirements. The two standards will have no impact on the financial report of GPT.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (effective 1 July 2012)
In September 2011, the AASB made an amendment to AASB 101 *Presentation of Financial Statements* which requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This will not affect the measurement of any of the items recognised in the statement of financial position or the profit or loss in the current period. GPT intends to adopt the new standard from 1 January 2013.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 July 2013)
In July 2011 the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The *Corporations Act* requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future. GPT intends to adopt the new standard from 1 January 2014.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) and Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) (effective 1 January 2014 and 1 January 2013 respectively)
In December 2011, the IASB made amendments to the application guidance in IAS 32 Financial Instruments: Presentation, to clarify some of the requirements for offsetting financial assets and financial liabilities in the balance sheet. These amendments are effective from 1 January 2014. They are unlikely to affect the accounting for any of the GPT's current offsetting arrangements. However, the IASB has also introduced more extensive disclosure requirements into IFRS 7 which will apply from 1 January 2013. The AASB is expected to make equivalent changes to IAS 32 and AASB 7 shortly. When they become applicable, the group will have to provide a number of additional disclosures in relation to its offsetting arrangements. GPT intends to apply the new rules for the first time in the financial year commencing 1 January 2013.

Historical cost convention

This financial report has 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 report was approved by the Board of Directors on 17 February 2012.

(b) Accounting for the GPT Group
In accordance with Australian Accounting Standards, the stapled entity reflects the Consolidated entity. Equity attributable to other stapled entities is a form of non-controlling interest in accordance with Australian Accounting Standards 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.

(c) Parent entity financial information
The financial information for the parent entity of GPT, General Property Trust, is disclosed in note 19 and has been prepared on the same basis as the consolidated financial report, except as set out below.

Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial report of General Property Trust. Distributions received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(d) Principles of consolidation

(i) Controlled entities
The consolidated financial report comprises 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 acquisition method of accounting is used to account for the acquisition of controlled entities by GPT. All inter-entity transactions, balances and unrealised gains on transactions between GPT entities have been eliminated in full. Unrealised losses are eliminated.

Non-controlling interests (previously referred to 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

1. Summary of significant accounting policies (continued)

(d) Principles of consolidation (continued)

(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 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 consolidated financial report as a reduction of the carrying amount of the investment. GPT's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

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

(iii) Joint Ventures
Joint venture assets
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 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 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 venture entities are recognised in the consolidated financial report as a reduction of the carrying amount of the investment.

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.

(e) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial report 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 report is 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

1. Summary of significant accounting policies (continued)

(f) Income Tax

(i) Trusts

Under current tax legislation, Trusts are not liable for income tax, provided their securityholders are presently entitled to the taxable income of the Trust including realised capital gains 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 standalone 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 report.

Assets and liabilities arising under the tax funding agreement with the tax consolidated entities are recognised as amounts receivable or payable 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.

(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 maker – 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".

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

1. Summary of significant accounting policies (continued)

(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 amortised cost.

(j) Finance costs

Finance costs include interest, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. Finance costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset 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.

(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.

(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 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 sale, 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, or
- is part of a single co-ordinated plan to dispose of such a line of business or area of operations.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

1. Summary of significant accounting policies (continued)

(p) Investment property

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. 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.

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 report under the appropriate headings (refer to note 1(d)(iii)).

(q) Property, plant and equipment

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:

- 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.

(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 2011

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) Management rights

The management rights include asset and property development management rights of retail shopping centres. The useful life of the rights ranges between 5 years to the expected period of economic benefit. The rights are amortised over the useful life.

(ii) IT development and software

Costs incurred in developing systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over the period, which is the length of time over which the benefits are expected to be received, generally ranging from 3 to 10 years.

(u) Other investments

Unlisted investments are stated at the fair value of GPT's interest in the underlying assets which approximate fair value.

(v) 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)
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)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

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 26.

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. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

1. Summary of significant accounting policies (continued)

(ab) Employee benefits (continued)

(iv) Share based payments

Security based compensation benefits are provided to employees via the schemes comprising the Employee Incentive Scheme (EIS). Refer to note 21 for further detail on EIS.

(1) 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 receivable. This scheme has been wound up on 20 February 2011 at the conclusion of the final 3-year performance period.

(2) GPT Group Stapled Security Rights Plan

Performance rights (rights) are issued to employees under the Stapled Security Rights Plan ("the 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 and buy back 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 ordinary 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 ordinary 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.

(af) Critical accounting estimates and judgements

The preparation of the financial reports requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial reports. 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 results 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 reports are:

(i) Valuation of property investments

Critical judgements are made by GPT in respect of the fair values of investments in associates and joint ventures, investment properties including investment properties under development and those that are classified as assets held for sale at 31 December 2011. 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. Major assumptions used in valuation of property investments are disclosed in note 9(f).

(ii) Valuation of financial instruments

The fair value of derivative assets and liabilities are based on assumptions of future events and involve significant estimates. The basis of valuation for GPT's derivatives are set out in note 1(x) however the fair values of derivatives reported at 31 December 2011 may differ if there is volatility in market rates, indexes, equity prices or foreign exchange rates in future periods. The valuation techniques are discussed in detail at note 26(h) and have been developed in compliance with requirements of AASB 139 *Financial Instruments: Recognition and Measurement*.

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

1. Summary of significant accounting policies (continued)

(af) Critical accounting estimates and judgements (continued)

(iv) 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. For the GPT Group Stapled Security Rights Plan, the fair value of the performance share rights is determined using Monte-Carlo simulation and Binomial tree pricing models. The related assumptions are detailed in note 21. 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 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 mainly include foreign exchange translation adjustments on foreign subsidiaries. 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 in earnings (or comprehensive income) in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

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 2011 is set out below.

31 December 2011

	Core operations						Non-Core operations				
	Retail	Office	Industrial	Funds Management Australia	All other segments	**Total Core operations**	Discontinued operation - US Seniors Housing	Discontinued operation - Joint Venture	Discontinued operation - Funds Management Europe	Discontinued operation - Hotels & Tourism	**Total**
	$M	$M	$M	$M	$M	**$M**	$M	$M	$M	$M	**$M**
Revenue											
Rent from investment properties	422.2	108.6	69.2	-	-	**600.0**	-	-	-	-	**600.0**
Revenue from hotel operations	-	-	-	-	-	**-**	-	-	-	40.8	**40.8**
Property and fund management fees	10.8	-	-	23.9	-	**34.7**	-	-	-	-	**34.7**
Development project revenue	6.8	2.2	-	-	-	**9.0**	-	-	-	-	**9.0**
Total external segment revenue	439.8	110.8	69.2	23.9	-	**643.7**	-	-	-	40.8	**684.5**
Other income											
Share of after tax profits of equity accounted investments	9.0	46.0	-	76.4	-	**131.4**	5.3	-	2.6	-	**139.3**
Interest revenue - associates and other investments	-	-	-	-	-	**-**	1.3	-	0.6	11.6	**13.5**
Total other income	9.0	46.0	-	76.4	-	**131.4**	6.6	-	3.2	11.6	**152.8**
Total segment revenue and other income	448.8	156.8	69.2	100.3	-	**775.1**	6.6	-	3.2	52.4	**837.3**
Less:											
Property expenses and outgoings	(118.5)	(26.9)	(11.5)	-	-	**(156.9)**	-	-	-	-	**(156.9)**
Expenses from hotel operations	-	-	-	-	-	-	-	-	-	(34.0)	**(34.0)**
Segment result before management and other administration costs, depreciation & amortisation expense, finance costs, and income tax expense	330.3	129.9	57.7	100.3	-	**618.2**	6.6	-	3.2	18.4	**646.4**
Management and other administration costs	(21.7)	(13.8)	(1.2)	(11.6)	(37.2)	**(85.5)**	0.7	-	(0.5)	-	**(85.3)**
Depreciation and amortisation expense	-	-	-	-	(2.2)	**(2.2)**	-	-	-	-	**(2.2)**
Income tax (expense) / benefits	1.5	2.6	0.1	(4.5)	8.6	**8.3**	1.3	-	(0.4)	2.6	**11.8**
Finance costs	-	-	-	-	(131.9)	**(131.9)**	-	-	-	-	**(131.9)**
Segment result for the year *	310.1	118.7	56.6	84.2	(162.7)	**406.9**	8.6	-	2.3	21.0	**438.8**
Fair value adjustments to investment properties	64.7	(0.6)	(1.0)	-	-	**63.1**	-	-	-	-	**63.1**
Fair value and other adjustments to equity accounted investments	1.9	(0.6)	-	25.4	-	**26.7**	(3.3)	-	(14.3)	0.3	**9.4**
Revaluation of Hotel Properties	-	-	-	-	-	**-**	-	-	-	(22.9)	**(22.9)**
Depreciation and amortisation expense - management rights and hotels & tourism	(1.1)	-	-	-	(4.0)	**(5.1)**	-	-	-	(2.1)	**(7.2)**
Impairment expense - loan and receivables	-	-	-	-	(5.6)	**(5.6)**	-	-	-	-	**(5.6)**
Fair value movement of derivatives	-	-	-	-	(147.0)	**(147.0)**	-	-	-	-	**(147.0)**
Net foreign exchange gain / (loss)	-	-	-	-	2.5	**2.5**	(5.7)	-	(0.1)	-	**(3.3)**
Net gain / (loss) on disposal of assets	2.5	-	-	-	(0.2)	**2.3**	(51.6)	-	(0.2)	0.4	**(49.1)**
Non-cash IFRS revenue adjustments	(15.1)	(9.3)	(1.8)	-	-	**(26.2)**	-	-	-	-	**(26.2)**
Tax impact on reconciling items from Segment result to Net profit / (loss) for the year	(1.2)	-	-	-	(0.3)	**(1.5)**	5.0	-	-	(0.3)	**3.2**
Others	(2.1)	-	(2.2)	-	(2.6)	**(6.9)**	-	-	-	(0.1)	**(7.0)**
Net profit / (loss) for the year	359.7	108.2	51.6	109.6	(319.9)	**309.2**	(47.0)	-	(12.3)	(3.7)	**246.2**

* 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 profit / (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 2011

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 2010 is set out below.

31 December 2010

	Core operations						Non-Core operations				
	Retail	Office	Industrial	Funds Management Australia	All other segments	**Total Core operations**	Discontinued operation - US Seniors Housing	Discontinued operation - Joint Venture	Discontinued operation - Funds Management Europe	Discontinued operation - Hotels & Tourism	**Total**
	$M	$M	$M	$M	$M	**$M**	$M	$M	$M	$M	**$M**
Revenue											
Rent from investment properties	372.3	101.2	66.2	-	-	**539.7**	-	-	-	-	**539.7**
Revenue from hotel operations	-	-	-	-	-	**-**	-	-	-	109.1	**109.1**
Property and fund management fees	15.8	0.1	-	22.7	-	**38.6**	-	-	-	-	**38.6**
Development project revenue	6.1	2.8	-	-	-	**8.9**	-	-	-	-	**8.9**
Total external segment revenue	394.2	104.1	66.2	22.7	-	**587.2**	-	-	-	109.1	**696.3**
Other income											
Share of after tax profits of equity accounted investments	8.9	43.9	-	86.8	-	**139.6**	21.8	-	4.5	-	**165.9**
Dividend from investment	-	-	-	-	-	**-**	-	-	-	0.3	**0.3**
Interest revenue - associates and other investments	-	-	-	-	-	**-**	6.4	-	1.0	-	**7.4**
Total other income	8.9	43.9	-	86.8	-	**139.6**	28.2	-	5.5	0.3	**173.6**
Total segment revenue and other income	403.1	148.0	66.2	109.5	-	**726.8**	28.2	-	5.5	109.4	**869.9**
Less:											
Property expenses and outgoings	(112.4)	(25.5)	(10.7)	-	-	**(148.6)**	-	-	-	-	**(148.6)**
Expenses from hotel operations	-	-	-	-	-	-	-	-	-	(85.3)	**(85.3)**
Segment result before management and other administration costs, depreciation & amortisation expense, finance costs, and income tax expense	290.7	122.5	55.5	109.5	-	**578.2**	28.2	-	5.5	24.1	**636.0**
Management and other administration costs	(23.0)	(8.7)	(1.2)	(11.5)	(32.0)	**(76.4)**	(3.2)	-	(1.1)	-	**(80.7)**
Depreciation and amortisation expense	-	-	-	-	(2.4)	**(2.4)**	-	-	-	-	**(2.4)**
Income tax (expense) / benefits	(0.4)	1.0	0.1	(3.7)	5.7	**2.7**	(1.3)	-	-	5.2	**6.6**
Finance costs	-	-	-	-	(149.8)	**(149.8)**	-	-	-	0.3	**(149.5)**
Segment result for the year *	267.3	114.8	54.4	94.3	(178.5)	**352.3**	23.7	-	4.4	29.6	**410.0**
Fair value adjustments to investment properties	75.8	(11.8)	(1.7)	-	-	**62.3**	-	-	-	-	**62.3**
Fair value and other adjustments to equity accounted investments	(0.1)	19.1	-	26.7	-	**45.7**	245.9	-	(14.2)	-	**277.4**
Revaluation of Hotel Properties	-	-	-	-	-	**-**	-	-	-	5.4	**5.4**
Depreciation and amortisation expense - management rights and hotels & tourism	(4.2)	-	-	-	(0.7)	**(4.9)**	-	-	-	(5.9)	**(10.8)**
Reversal of prior year impairment	-	-	-	-	-	**-**	-	4.8	4.7	-	**9.5**
Impairment expense - loan and receivables	-	-	-	-	(0.9)	**(0.9)**	-	-	-	-	**(0.9)**
Impairment expense - other	-	-	-	(1.0)	(2.6)	**(3.6)**	-	-	-	(3.9)	**(7.5)**
Fair value movement of derivatives	-	-	-	-	(6.4)	**(6.4)**	-	-	-	-	**(6.4)**
Net foreign exchange gain / (loss)	-	-	-	-	14.8	**14.8**	-	-	(3.2)	-	**11.6**
Net gain / (loss) on disposal of assets	0.2	-	(0.6)	0.3	(1.3)	**(1.4)**	-	33.1	4.6	(1.9)	**34.4**
Cost to sell for assets and liabilities held for sale	-	-	-	-	-	**-**	(20.1)	-	-	(2.2)	**(22.3)**
Non-cash IFRS revenue adjustments	(13.1)	(3.4)	(2.4)	-	-	**(18.9)**	-	-	-	-	**(18.9)**
Tax impact of reconciling items from Segment result to Net profit for the year	0.6	-	-	-	(5.9)	**(5.3)**	(27.5)	(0.8)	-	0.4	**(33.2)**
Others	-	-	-	-	(3.2)	**(3.2)**	-	-	(0.1)	-	**(3.3)**
Net profit / (loss) for the year	326.5	118.7	49.7	120.3	(184.7)	**430.5**	222.0	37.1	(3.8)	21.5	**707.3**

* 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 profit / (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 2011

2. Segment Reporting (continued)

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

31 December 2011

	Note	Core operations	All other segments	**Total continuing operations**	ROI adjustments	**Total Statement of Comprehensive income**
		$M	$M	**$M**	$M	**$M**
Revenue						
Rent from investment properties		600.0	-	**600.0**	-	**600.0**
Property and fund management fees		34.7	-	**34.7**	-	**34.7**
Development project revenue		9.0	-	**9.0**	-	**9.0**
Total segment revenue		643.7	-	**643.7**	-	**643.7**
Less: Non-cash IFRS adjustments	2(c)(i)	-	-	**-**	(26.2)	**(26.2)**
		643.7	-	**643.7**	(26.2)	**617.5**
Other income						
Share of after tax profits of investments in associates and joint ventures (excluding fair value adjustments)		131.4	-	**131.4**	-	**131.4**
Fair value adjustments to investments in associates and joint ventures	2(c)(ii)	-	-	**-**	26.7	**26.7**
Interest revenue - cash and short term money market securities	2(c)(vi)		-	**-**	2.0	**2.0**
Fair value adjustments to investment properties	2(c)(iii)		-	**-**	63.1	**63.1**
Net foreign exchange gain		-	-	**-**	2.5	**2.5**
Total other income		131.4	-	**131.4**	94.3	**225.7**
Total segment revenue and other income		775.1	-	**775.1**	68.1	**843.2**
Less:						
Property expenses and outgoings		(156.9)	-	**(156.9)**	-	**(156.9)**
Segment result before management and other administration costs, depreciation & amortisation expense, finance costs and income tax expense		618.2	-	**618.2**	68.1	**686.3**
Management and other administration costs		(48.3)	(37.2)	**(85.5)**	-	**(85.5)**
Other expenses		-	-	**-**	(6.9)	**(6.9)**
Depreciation and amortisation expense (excluding intangibles)		-	(2.2)	**(2.2)**	-	**(2.2)**
Amortisation expense - intangibles	2(c)(v)	-	-	**-**	(5.1)	**(5.1)**
Finance costs			(131.9)	**(131.9)**	-	**(131.9)**
Less: Interest revenue included in finance costs	2(c)(vi)	-	-	**-**	(2.0)	**(2.0)**
Net loss on fair value of derivatives	2(c)(iv)	-	-	**-**	(147.0)	**(147.0)**
Net loss on disposal of assets	2(c)(viii)	-	-	**-**	2.3	**2.3**
Imapairment expense	2(c)(vii)	-	-	**-**	(5.6)	**(5.6)**
Income tax (expense) / benefits		(0.3)	8.6	**8.3**	-	**8.3**
Add: Tax impact of reconciling items from Segment result to Net profit for the year		-	-	**-**	(1.5)	**(1.5)**
Segment result for the year		569.6	(162.7)	**406.9**		
Net profit / (loss) for the year from continuing operations					(97.7)	**309.2**

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For the year ended 31 December 2011

2. Segment Reporting (continued)

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

31 December 2010

	Note	Core operations $M	All other segments $M	**Total continuing operations $M**	ROI adjustments $M	**Total Statement of Comprehensive income $M**
Revenue						
Rent from investment properties		539.7	-	**539.7**	-	**539.7**
Property and fund management fees		38.6	-	**38.6**	-	**38.6**
Development project revenue		8.9	-	**8.9**	-	**8.9**
Total segment revenue		587.2	-	**587.2**	-	**587.2**
Less: Non-cash IFRS adjustments	2(c)(i)	-	-	**-**	(18.9)	**(18.9)**
		587.2	-	**587.2**	(18.9)	**568.3**
Other income						
Share of after tax profits of investments in associates and joint ventures (excluding fair value adjustments)		139.6	-	**139.6**	-	**139.6**
Fair value adjustments to investments in associates and joint ventures	2(c)(ii)	-	-	**-**	45.7	**45.7**
Interest revenue - cash and short term money market securities	2(c)(vi)	-	-	**-**	1.8	**1.8**
Fair value adjustments to investment properties	2(c)(iii)	-	-	**-**	62.3	**62.3**
Net foreign exchange gain		-	-	**-**	14.8	**14.8**
Total other income		139.6	-	**139.6**	124.6	**264.2**
Total segment revenue and other income		726.8	-	**726.8**	105.7	**832.5**
Less:						
Property expenses and outgoings		(148.6)	-	**(148.6)**	-	**(148.6)**
Segment result before management and other administration costs, depreciation & amortisation expense, finance costs and income tax expense		578.2	-	**578.2**	105.7	**683.9**
Management and other administration costs		(44.4)	(32.0)	**(76.4)**	-	**(76.4)**
Other expenses		-	-	**-**	(3.2)	**(3.2)**
Depreciation and amortisation expense (excluding intangibles)		-	(2.4)	**(2.4)**	-	**(2.4)**
Amortisation expense - intangibles	2(c)(v)	-	-	**-**	(4.9)	**(4.9)**
Finance costs		-	(149.8)	**(149.8)**	-	**(149.8)**
Less: Interest revenue included in finance costs	2(c)(vi)	-	-	**-**	(1.8)	**(1.8)**
Net loss on fair value of derivatives	2(c)(iv)	-	-	**-**	(6.4)	**(6.4)**
Net loss on disposal of assets	2(c)(viii)	-	-	**-**	(1.4)	**(1.4)**
Impairment expense - loan and receivables	2(c)(vii)	-	-	**-**	(0.9)	**(0.9)**
Impairment expense - other	2(c)(vii)	-	-	**-**	(3.6)	**(3.6)**
Income tax (expense) / benefits		(3.0)	5.7	**2.7**	-	**2.7**
Add: Tax impact of reconciling items from Segment result to Net profit for year		-	-	**-**	(5.3)	**(5.3)**
Segment result for the year		530.8	(178.5)	**352.3**		
Net profit for the year from continuing operations					78.2	**430.5**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

2. Segment Reporting (continued)

(c) Description of adjustments from Segment Result ("ROI") to Net profit 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 reports are set out below:

(i) **Non-cash IFRS adjustments** primarily comprise amounts for straightlining rental revenue and amortising lease incentives. These are required for Australian Accounting Standards purposes but are non-cash amounts, therefore have been excluded from ROI to better reflect revenue on a cash basis in ROI.

(ii) **Fair value and other adjustments to equity accounted investments** comprise the movements in the value of the underlying assets of GPT's investments in joint ventures and associates as required by Australian Accounting Standards. These 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 adjustments to investment properties** comprise movements in fair value of investment properties required by Australian Accounting Standards for valuation purposes and are non-cash. Therefore, GPT has excluded this amount from ROI to better reflect a cash basis in ROI.

(iv) **Fair value movement of derivatives** comprise mark-to-market movements required by Australian Accounting Standards for valuation purposes and are non-cash. Therefore, GPT has excluded this amount from ROI to better reflect a cash basis in ROI.

(v) **Amortisation expense** is required for Australian Accounting Standards and is a non-cash transaction. Therefore, GPT has excluded this amount from ROI to better reflect a cash basis in ROI.

(vi) **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 Statement of Comprehensive Income.

(vii) **Impairment expense** is required for Australian Accounting Standard and is non-cash transaction. Therefore, GPT has excluded this amount from ROI to better reflect a cash basis in ROI.

(viii) **Net profit / (loss) on disposal** is capital in nature therefore GPT has excluded this amount from ROI.

The accounting policies used by the Group in reporting segments internally are the same as those in note 1 to the financial report 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 2011

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 report; 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 2010 and 31 December 2011 is set out below:

		Core operations						Non-Core operations				
		Retail	Office	Industrial	Funds Management Australia	All other segments	**Total Core operations**	Discontinued operation - US Seniors Housing	Discontinued operation - Joint Venture	Discontinued operation - Funds Management Europe	Discontinued operation - Hotels & Tourism	**Total**
	Note	$M	$M	$M	$M	$M	**$M**	$M	$M	$M	$M	**$M**
31 December 2011												
Current Assets												
Other current assets		39.2	373.2	16.7	-	144.4	**573.5**	0.2	-	9.0	83.3	**666.0**
Total Current Assets		39.2	373.2	16.7	-	144.4	**573.5**	0.2	-	9.0	83.3	**666.0**
Non-Current Assets												
Investment properties		4,720.3	887.5	815.8	-	-	**6,423.6**	-	-	-	-	**6,423.6**
Equity accounted investments		147.9	677.4	-	1,021.7	12.6	**1,859.6**	-	-	-	-	**1,859.6**
Property, plant and equipment		-	-	-	-	12.8	**12.8**	-	-	-	-	**12.8**
Loans and receivables		-	-	-	-	10.3	**10.3**	-	-	-	140.6	**150.9**
Intangible assets		11.0	-	-	-	40.3	**51.3**	-	-	-	-	**51.3**
Other non-current assets		-	-	-	-	114.6	**114.6**	-	-	-	-	**114.6**
Total Non-Current Assets		4,879.2	1,564.9	815.8	1,021.7	190.6	**8,472.2**	-	-	-	140.6	**8,612.8**
Total Assets		**4,918.4**	1,938.1	832.5	1,021.7	335.0	**9,045.7**	0.2	-	9.0	223.9	**9,278.8**
Other current and non-current liabilities		-	-	-	-	2,489.8	**2,489.8**	0.5	-	-	2.1	**2,492.4**
Total Liabilities		-	-	-	-	2,489.8	**2,489.8**	0.5	-	-	2.1	**2,492.4**
Net Assets		4,918.4	1,938.1	832.5	1,021.7	(2,154.8)	**6,555.9**	(0.3)	-	9.0	221.8	**6,786.4**
31 December 2010												
Current Assets												
Other current assets		49.1	-	-	-	109.4	**158.5**	351.9	-	23.0	317.1	**850.5**
Total Current Assets		49.1	-	-	-	109.4	**158.5**	351.9	-	23.0	317.1	**850.5**
Non-Current Assets												
Investment properties		4,582.3	1,188.3	791.9	-	-	**6,562.5**	-	-	-	-	**6,562.5**
Equity accounted investments		145.6	675.3	-	1,291.5	12.6	**2,125.0**	-	-	-	-	**2,125.0**
Property, plant and equipment		-	-	-	-	5.7	**5.7**	-	-	-	-	**5.7**
Loans and receivables		-	-	-	-	13.2	**13.2**	-	-	-	-	**13.2**
Intangible assets		12.1	-	-	-	39.7	**51.8**	-	-	-	-	**51.8**
Other non-current assets		-	-	-	-	143.0	**143.0**	-	-	-	-	**143.0**
Total Non-Current Assets		4,740.0	1,863.6	791.9	1,291.5	214.2	**8,901.2**	-	-	-	-	**8,901.2**
Total Assets		4,789.1	1,863.6	791.9	1,291.5	323.6	**9,059.7**	351.9	-	23.0	317.1	**9,751.7**
Other current and non-current liabilities		-	-	-	-	2,761.5	**2,761.5**	27.5	-	-	8.2	**2,797.2**
Total Liabilities		-	-	-	-	2,761.5	**2,761.5**	27.5	-	-	8.2	**2,797.2**
Net Assets		4,789.1	1,863.6	791.9	1,291.5	(2,437.9)	**6,298.2**	324.4	-	23.0	308.9	**6,954.5**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

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:

Segment	Types of products and services which generate segment revenues
Retail	Regional, sub-regional and community shopping centres, Homemaker City (bulky goods) centres, retail re-developments and new retail developments as well as development and property management of retail assets.
Office	Office space with associated retail space and office developments.
Industrial	Traditional industrial and business park assets with capacity for organic growth through the development of vacant land as well as industrial re-developments.
Funds Management – Australia	Asset and funds management of Australian wholesale fund vehicles, investments by the Group in GPT Wholesale Shopping Centre Fund and GPT Wholesale Office Fund.
All Other Segments	Finance, principally interest costs, Group operating costs and foreign exchange gains and losses.
Discontinued operation - US Seniors Housing	Investment 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. GPT completed the sale of this portfolio on 29 March 2011.
Discontinued operation - Joint Venture	Investments in the Babcock & Brown Joint Venture in Europe, the United States of America, New Zealand and Australia. GPT has divested of the majority of its interest in the Joint Venture with all remaining interests written down to nil.
Discontinued operation - Funds Management – Europe	Equity investments in two small closed-end funds (a legacy of GPT's ownership of GPT Halverton) managed by Internos Real Investors.
Discontinued operation - Hotel / Tourism	Investments in nature-based resorts and hotel assets. GPT has divested all of its resorts after completing the sale of Ayers Rock Resort on 23 May 2011.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

2. Segment Reporting (continued)

(f) Share of after tax profits/(losses) from joint ventures and associates – Consolidated entity
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 discontinued operations, is set out below:

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

	Core operations						Non-Core operations				
	Retail	Office	Industrial	Funds Management Australia	All other segments	**Total Core operations**	Discontinued operation - US Seniors Housing	Discontinued operation - Joint Venture	Discontinued operation - Funds Management Europe	Discontinued operation - Hotels & Tourism	**Total**
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
31 December 2011											
Revenue and other income	14.2	58.2	-	153.1	13.8	**239.3**	53.3	-	9.6	0.4	**302.6**
Expenses	(3.3)	(12.8)	-	(51.3)	(10.1)	**(77.5)**	(51.3)	(3.4)	(21.3)	(0.1)	**(153.6)**
Profit/(loss) before income tax expense	10.9	45.4	-	101.8	3.7	**161.8**	2.0	(3.4)	(11.7)	0.3	**149.0**
Income tax expense / (credit)	-	-	-	-	-	**-**	-	-	-	-	**-**
	10.9	45.4	-	101.8	3.7	**161.8**	2.0	(3.4)	(11.7)	0.3	**149.0**
Share of accumulated losses not recognised	-	-	-	-	(3.7)	**(3.7)**	-	3.4	-	-	**(0.3)**
Share of net profits/(losses) of joint venture and associate interests	10.9	45.4	-	101.8	-	**158.1**	2.0	-	(11.7)	0.3	**148.7**
31 December 2010											
Revenue and other income	12.1	74.4	-	164.0	12.6	**263.1**	455.2	14.1	11.9	5.5	**749.8**
Expenses	(3.3)	(11.4)	-	(50.5)	(18.1)	**(83.3)**	(192.0)	(14.1)	(21.5)	(5.2)	**(316.1)**
Profit/(loss) before income tax expense	8.8	63.0	-	113.5	(5.5)	**179.8**	263.2	-	(9.6)	0.3	**433.7**
Income tax expense / (credit)	-	-	-	-	(0.9)	**(0.9)**	-	-	-	0.3	**(0.6)**
	8.8	63.0	-	113.5	(4.6)	**180.7**	263.2	-	(9.6)	-	**434.3**
Share of accumulated losses not recognised	-	-	-	-	4.6	**4.6**	4.4	-	-	-	**9.0**
Share of net profits/(losses) of joint venture and associate interests	8.8	63.0	-	113.5	-	**185.3**	267.6	-	(9.6)	-	**443.3**

(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 profit / (loss) from its associates and joint ventures by the geographic location they operate in:

	Australia		**Europe**		**United States**		**Total**	
	31 Dec 11	31 Dec 10	**31 Dec 11**	31 Dec 10	**31 Dec 11**	31 Dec 10	**31 Dec 11**	31 Dec 10
	$M	$M	**$M**	$M	**$M**	$M	**$M**	$M
Revenue and other income	**239.7**	268.6	**9.6**	11.9	**53.3**	469.3	**302.6**	749.8
Expenses	**(77.6)**	(88.5)	**(21.3)**	(21.5)	**(54.7)**	(206.1)	**(153.6)**	(316.1)
Profit before income tax expense	**162.1**	180.1	**(11.7)**	(9.6)	**(1.4)**	263.2	**149.0**	433.7
Income tax expense / (credit)	**-**	(0.6)	**-**	-	**-**	-	**-**	(0.6)
	162.1	180.7	**(11.7)**	(9.6)	**(1.4)**	263.2	**149.0**	434.3
Share of accumulated losses not recognised	**(3.7)**	4.6	**-**	-	**3.4**	4.4	**(0.3)**	9.0
Share of net profits / (losses) of joint ventures and associate interests	**158.4**	185.3	**(11.7)**	(9.6)	**2.0**	267.6	**148.7**	443.3

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

2. Segment Reporting (continued)

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

The underlying assets and liabilities of the joint ventures and associates shown in the Consolidated Statement of Financial Position, split between continuing operations and discontinued operations, is set out below:

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

	Core operations						Non-Core operations				
	Retail	Office	Industrial	Funds Management Australia	All other segments	**Total Core operations**	Discontinued operation - US Seniors Housing	Discontinued operation - Joint Venture	Discontinued operation - Funds Management Europe	Discontinued operation - Hotels & Tourism	**Total**
	$M	$M	$M	$M	$M	**$M**	$M	$M	$M	$M	**$M**
31 December 2011											
Cash and cash equivalents	2.4	6.9	-	4.5	1.5	**15.3**	5.9	-	2.6	-	**23.8**
Property investments and loans	148.5	685.7	-	1,201.1	49.6	**2,084.9**	-	-	80.1	-	**2,165.0**
Other assets	0.3	0.5	-	6.2	9.1	**16.1**	-	-	2.9	-	**19.0**
Total assets	151.2	693.1	-	1,211.8	60.2	**2,116.3**	5.9	-	85.6	-	**2,207.8**
Other liabilities	3.3	15.7	-	41.7	22.4	**83.1**	5.7	8.2	13.2	-	**110.2**
Borrowings											
- The GPT Group	-	-	-	-	32.9	**32.9**	-	32.3	-	-	**65.2**
- External - non-current	-	-	-	148.4	-	**148.4**	-	-	72.4	-	**220.8**
Total liabilities	3.3	15.7	-	190.1	55.3	**264.4**	5.7	40.5	85.6	-	**396.2**
Net assets	147.9	677.4	-	1,021.7	4.9	**1,851.9**	0.2	(40.5)	-	-	**1,811.6**
Negative net assets not recognised	-	-	-	-	7.7	**7.7**	-	40.5	-	-	**48.2**
Net assets after write back	147.9	677.4	-	1,021.7	12.6	**1,859.6**	0.2	-	-	-	**1,859.8**
31 December 2010											
Cash and cash equivalents	1.4	0.1	-	43.8	5.3	**50.6**	19.7	-	2.2	1.6	**74.1**
Property investments and loans	146.0	681.5	-	1,472.9	39.5	**2,339.9**	836.9	-	97.8	-	**3,274.6**
Other assets	0.4	2.7	-	6.8	12.5	**22.4**	24.3	-	1.8	3.7	**52.2**
Total assets	147.8	684.3	-	1,523.5	57.3	**2,412.9**	880.9	-	101.8	5.3	**3,400.9**
Other liabilities	2.2	9.0	-	41.2	25.6	**78.0**	41.0	4.9	12.2	0.5	**136.6**
Borrowings											
- The GPT Group	-	-	-	-	30.3	**30.3**	60.0	32.3	-	-	**122.6**
- External - non-current	-	-	-	190.8	-	**190.8**	472.3	-	76.1	-	**739.2**
Total liabilities	2.2	9.0	-	232.0	55.9	**299.1**	573.3	37.2	88.3	0.5	**998.4**
Net assets	145.6	675.3	-	1,291.5	1.4	**2,113.8**	307.6	(37.2)	13.5	4.8	**2,402.5**
Negative net assets not recognised	-	-	-	-	11.2	**11.2**	4.4	37.2	-	-	**52.8**
Net assets after write back	145.6	675.3	-	1,291.5	12.6	**2,125.0**	312.0	-	13.5	4.8	**2,455.3**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

2. Segment Reporting (continued)

(g) 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 11	31 Dec 10	**31 Dec 11**	31 Dec 10	**31 Dec 11**	31 Dec 10	**31 Dec 11**	31 Dec 10
	$M	$M	**$M**	$M	**$M**	$M	**$M**	$M
Share of joint venture and associates' assets and liabilities								
Cash and cash equivalents	**15.3**	52.2	**2.6**	2.2	**5.9**	19.7	**23.8**	74.1
Property investments and loans	**2,084.9**	2,339.9	**80.1**	97.8	**-**	836.9	**2,165.0**	3,274.6
Other assets	**16.1**	26.0	**2.9**	1.8	**-**	24.4	**19.0**	52.2
Total assets	**2,116.3**	2,418.1	**85.6**	101.8	**5.9**	881.0	**2,207.8**	3,400.9
Other liabilities	**83.1**	78.4	**13.2**	12.2	**13.9**	46.0	**110.2**	136.6
Borrowings								
- The GPT Group	**32.9**	30.3	**-**	-	**32.3**	92.3	**65.2**	122.6
- External - non-current	**148.4**	190.8	**72.4**	76.1	**-**	472.3	**220.8**	739.2
Total liabilities	**264.4**	299.5	**85.6**	88.3	**46.2**	610.6	**396.2**	998.4
Net assets	**1,851.9**	2,118.6	**-**	13.5	**(40.3)**	270.4	**1,811.6**	2,402.5
Negative net assets not recognised	**7.7**	11.2	**-**	-	**40.5**	41.6	**48.2**	52.8
Net assets after write back	**1,859.6**	2,129.8	**-**	13.5	**0.2**	312.0	**1,859.8**	2,455.3

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

3. Distributions paid and payable

		Consolidated Entity	
		31 Dec 11	31 Dec 10
		$M	$M
(a) Stapled Securityholders			
(i) Distributions paid			
Quarter ended December 2010:	4.6 cents per stapled security paid on 25 March 2011 (1.0 cent per stapled security paid on 26 March 2010 - pre 5 to 1 consolidation of stapled securities) (2)	**85.4**	92.8
Quarter ended March 2011:	4.2 cents per stapled security paid on 27 May 2011 (0.7 cent per stapled security paid on 28 May 2010 - pre 5 to 1 consolidation of stapled securities) (2)	**77.9**	64.9
Quarter ended June 2011:	4.3 cents per stapled security paid on 23 September 2011 (4.1 cents per stapled security paid on 24 September 2010)	**79.1**	76.1
Quarter ended September 2011:	4.4 cents per stapled security paid on 18 November 2011 (4.1 cents per stapled security paid on 26 November 2010)	**80.7**	76.1
Total distributions paid		**323.1**	309.9
(ii) Distributions proposed and not recognised as a liability (1)			
Quarter ended December 2011:	4.9 cents per stapled security to be paid on 16 March 2012 (4.6 cents per stapled security paid on 25 March 2011)	**88.7**	85.4
(b) Exchangeable Securities Securityholders (3)			
(i) Distributions paid			
Period from 28 November 2010 to 27 November 2011	10% per exchangeable security	**25.0**	25.0
(ii) Distributions payable			
Period from 28 November 2011 to 31 December 2011	10% per exchangeable security	**2.5**	2.5

(1) The December quarter distribution of 4.9 cents per stapled security is expected to be paid on 16 March 2012. No provision for the distribution has been recognised in the Statement of Financial Position as at 31 December 2011 as the distribution had not been declared by that date. This distribution is based on the number of securities at 16 February 2012 and will be finalised on the record date of 29 February 2012, taking into account further on-market buy-back activity up until that date.
(2) On 10 May 2010, the securityholders of GPT Group approved the consolidation of every 5 stapled securities into 1 stapled security. Refer to note 16(a) for further detail.
(3) Refer to note 16(c) for further information on the Exchangeable Securities.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

4. Expenses

	Note	Consolidated Entity 31 Dec 11 $M	31 Dec 10 $M
(a) Depreciation and amortisation expense			
Depreciation of hotel properties		**2.1**	5.4
Depreciation of plant and equipment	11(a)	**2.2**	2.9
Amortisation of intangibles	12(a)	**5.1**	4.9
Less: Depreciation and amortisation - Discontinued operations		**(2.1)**	(5.9)
Total depreciation and amortisation expense		**7.3**	7.3
(b) Finance costs			
External entities		**147.2**	180.9
Interest capitalised*		**(13.3)**	(29.3)
Total finance costs		**133.9**	151.6
(c) Net loss on fair value of derivatives			
Interest rate derivatives		**134.5**	(3.0)
Foreign currency derivatives		**12.5**	9.4
Total net loss on fair value of derivatives		**147.0**	6.4

*A capitalisation rate of 7.0% (2010: 7.5%) has been applied when capitalising interest on qualifying assets.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

5. Tax

	Consolidated Entity	
	31 Dec 11	31 Dec 10
	$M	$M
(a) Income tax expense		
Current income tax expense / (credit)	**7.4**	2.0
Deferred income tax (credit) / expense	**(22.4)**	24.6
Income tax (credit) / expense in the Statement of Comprehensive Income	**(15.0)**	26.6
Income tax (credit) / expense attributable to:		
Profit / (loss) from continuing operations	**(6.8)**	2.6
(Loss) / profit from discontinued operations	**(8.2)**	24.0
Aggregate income tax (credit) / expense	**(15.0)**	26.6
Reconciliation of Income tax expense to prima facie tax payable:		
Net profit / (loss) before income tax expense	**231.2**	733.9
Less: (profit) / loss attributed to entities not subject to tax	**(293.1)**	(800.4)
Net loss before income tax expense	**(61.9)**	(66.5)
Prima facie income tax credit at 30% tax rate (31 December 2010: 30%)	**(18.6)**	(20.0)
Tax effect of amounts not deductible (taxable) in calculating income tax credit:		
Overhead costs	**4.1**	10.0
Impairment expenses	**1.7**	-
Withholding tax (credit) / expense	**(0.7)**	1.3
Share of after tax (profits)/losses of investments in associates and joint ventures	**(0.8)**	3.7
Foreign subsidiary losses not deductible for tax	**2.7**	3.3
Adjustments in respect of current income tax of previous years	**(7.1)**	-
Tax (credit) / expenses arising on disposal of foreign assets	**(5.0)**	28.3
Impairment of deferred tax asset	**8.7**	-
Income tax (credit) / expense	**(15.0)**	26.6

Deferred tax assets and liabilities are attributable to the following:

(b) Deferred tax assets		
Employee benefits	**9.0**	10.9
Overhead costs	**7.6**	10.6
Provisions and accruals	**0.9**	1.0
Tax losses recognised	**18.1**	4.0
Other	**0.6**	1.3
Net deferred tax asset	**36.2**	27.8
Movement in temporary differences during the financial year		
Opening balance at beginning of the financial year	**27.8**	24.5
(Charged) / credited to the income statement	**(5.7)**	2.4
Tax losses recognised	**14.1**	0.9
Closing balance at end of the financial year	**36.2**	27.8
(c) Deferred tax liability		
Depreciation and amortisation	**-**	0.5
Tax expenses arising on disposal of foreign assets	**-**	27.5
Net deferred tax liability	**-**	28.0
Movement in temporary differences during the financial year		
Opening balance at beginning of the financial year	**28.0**	1.0
Charged to the income statement	**(28.0)**	27.0
Closing balance at end of the financial year	**-**	28.0

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

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

(a) Details of discontinued operations
At 31 December 2011, there are four discontinued operations: Hotel/ Tourism, Joint Venture, Funds Management – Europe and US Seniors Housing Portfolios.

As part of GPT's commitment to the active ownership, management and development of high quality Australian real estate (Retail, Office and Industrial sectors), management has continued with its plans to exit from the Hotel/Tourism sector and offshore assets and further disposals have been completed in 2011. An update on the progress of these disposals post 31 December 2010 and the remaining investments for each discontinued operation as at 31 December 2011 is discussed in detail below.

(i) Hotel / Tourism
The sale contract was exchanged for the Ayers Rock Resort in October 2010 and settlement occurred on 23 May 2011 with a total consideration of $300 million and a gain on sale after tax of $0.4 million at 31 December 2011. The consideration for the sale will be received in the following instalments:
- $81 million payment received on settlement;
- $81 million payment to be received twelve months after settlement; and
- $138 million payment to be received five years after settlement.

GPT has been provided with security guaranteeing the deferred payments and will receive interest on the deferred payments at a rate of 6.5% per annum. GPT will share in 46% of the increase in capital value of Ayers Rock Resort over $300 million plus capital expenditure committed over the period with a minimum guaranteed payment to GPT of $17 million at the end of the five year period. GPT will accrue increments of the $17 million guaranteed payment over the five year period resulting in an additional 2% return per annum bringing the total return to 8.5% per annum. As part of the sale agreement, GPT will contribute $25 million towards capital expenditure.

As a result of this transaction, GPT has substantially completed its exit from the Hotel/Tourism portfolio.

(ii) Funds Management - Europe
Dutch Active Fund Propco BV (DAF)
Following regulatory consent of the legal sale of GPT Europe 2 Sarl's 38.04% shareholding in DAF, an unconditional legal sale of the investment became effective from 6 July 2010. However, until the 38.04% shareholding in DAF is on-sold to a third party by the new owners or GPT, the risks and benefits of owning this investment still remain with GPT and do not qualify as a sale under Australian Accounting Standards. As a result, at 31 December 2011 GPT Europe 2 Sarl continues to recognise the 38.04% investment in DAF which carrying value is nil.

(iii) US Seniors Housing
On 29 March 2011, GPT completed the sale of its US Seniors Housing portfolio to Health Care REIT Inc for a total consideration of US$890 million. The accumulated reduction on the value of the portfolio because of the strengthening of the Australian dollar against the US dollar, totalling $47.6m, was taken to the Foreign Currency Translation Reserve (FCTR) while the Group owned the asset. As the holding entity, Benchmark GPT LLC, has now been liquidated, the negative currency movement, previously not recognised in the statutory profit, is now recognised in the Group's statutory profit.

(b) Assets classified as held for sale
In addition to the residual assets and liabilities classified as held for sale in the Hotel / Tourism, Funds Management Europe and US Seniors Housing Portfolios, certain investment properties under Retail, Office and Industrial segments are also included as assets classified as held for sale in the Statement of Financial Position as at 31 December 2011.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

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

(c) Details of assets and liabilities 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 2011 (discussed in (a) and (b) above). These assets and liabilities are presented as an aggregate amount on the lines 'assets and liabilities held for sale' in the Statement of Financial Position.

		Consolidated entity					
		Discontinued Operations					
		Hotels / Tourism	Funds Management Europe	US Seniors Housing	Assets held for sale	Total	Total
		31 Dec 11	31 Dec 11	31 Dec 11	31 Dec 11	31 Dec 11	31 Dec 10
	Note	$M	$M	$M	$M	$M	$M
Assets classified as held for sale							
Cash at bank and at call		**1.0**	**-**	**-**	**-**	**1.0**	3.7
Loans and receivables	(ii)	**1.3**	**9.0**	**-**	**-**	**10.3**	81.0
Inventories		**-**	**-**	**-**	**-**	**-**	3.8
Investment properties	(i)	**-**			**429.1**	**429.1**	49.1
Investments in associates and joint ventures	(iii)	**-**	**-**	**0.2**	**-**	**0.2**	310.2
Property, plant and equipment		**-**	**-**	**-**	**-**	**-**	293.3
Other assets	(iv)	**-**	**-**	**-**		**-**	-
Total assets classified as held for sale	2(d)	**2.3**	**9.0**	**0.2**	**429.1**	**440.6**	741.1
Liabilities classified as held for sale							
Trade payables and accruals		**2.1**	**-**	**0.5**	**-**	**2.6**	6.1
Provision for employee benefits		**-**	**-**	**-**	**-**	**-**	2.1
Total liabilities directly associated with assets classified as held for sale	2(d)	**2.1**	**-**	**0.5**	**-**	**2.6**	8.2

(i) This includes certain investment properties under Retail, Office and Industrial segments, mainly MLC Centre.

(ii) Loans and receivables mainly comprise of a loan receivable of $9.0 million from German Retail Fundco SARL.

(iii) Investments in associates and joint ventures comprise:
- the 38.04% investment in DAF held at nil carrying value. Refer to note 6(a)(ii) for further details;
- the 46% investment in Kings Canyon (Watarrka) Resort Trust held at nil carrying value as at 31 December 2011;
- the 50% investment in B&B GPT Alliance 1 LLC and B&B GPT Alliance 2 LLC with nil carrying value at 31 December 2011; and
- the 95% investment in B-VII Operations Holding Co LLC, which properties held by this entity had been sold on 29 March 2011 and it is in the process of being liquidated. This investment is held at $0.2 million as at 31 December 2011.

(iv) Other assets comprise 5.3% interest in GPT MaltaCo 1 with nil carrying value as at 31 December 2011.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

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

(d) Details of financial performance and cash flow information relating to discontinued operations
The table below sets out the financial performance and cash flow information up to 31 December 2011 for the discontinued operations that continue to be owned by the Group at reporting date. For assets which have been divested during the year, the relevant financial performance and cash flow information up to the date of disposal have been included. These results are shown at note 2(a) within the Discontinued Operations segments.

		Consolidated entity	
		31 Dec 11	31 Dec 10
	Note	**$M**	$M
Revenue		**54.3**	116.8
Share of after tax profit of investments in associates and joint ventures		**7.9**	26.3
Expenses		**(33.8)**	(89.3)
Income tax credit		**3.5**	3.9
Segment result for discontinued operations		**31.9**	57.7
Items excluded from Segment result		**(99.6)**	247.0
Tax impact of reconciling items from Segment result to Net profit / (loss) for the year		**4.7**	(27.9)
Net (loss) / profit after income tax of discontinued operations	2(a)	**(63.0)**	276.8
Net cash inflow from operating activities		**31.6**	**17.0**
Net cash inflow / (outflow) from investing activities		**290.8**	**(3.9)**
Net increase in cash generated by discontinued operations		**322.4**	**13.1**

(e) Details of disposals
As part of GPT's strategy to reduce its investment in the GPT managed wholesale funds to 20% over time, GPT also disposed of the following investments during the year:

	Date of disposal (settlement)	Principal Activity	Ownership interest disposed	Total Consideration $M
Funds Management - Australian Portfolio				
GPT Wholesale Office Fund	8 April to 23 December 2011	Property investment	10.41%	267.8
GPT Wholesale Shopping Centre Fund	8 April to 2 May 2011	Property investment	1.89%	33.2

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

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

(f) Details of disposals including disposals in discontinued operations
The net profit / (loss) on sale of disposals in discontinued operations and in the general course of business during the year were:

	Consolidated entity	
	31 Dec 11	31 Dec 10
	$M	$M
Details of disposals during the year:		
Cash consideration - net of transaction costs	**384.9**	284.6
Deferred consideration	**219.0**	-
Total consideration	**603.9**	284.6
Carrying amount of net assets sold	**(605.4)**	(289.8)
Foreign exchange loss realised on disposal	**(47.6)**	39.6
(Loss) / profit on sale before income tax	**(49.1)**	34.4
Income tax expense	**-**	**-**
(Loss) / profit on sale after income tax	**(49.1)**	34.4
The carrying amounts of assets and liabilities as at the date of disposal were:		
Cash at bank and at call	**0.4**	-
Loans and receivables	**0.4**	21.8
Inventories	**3.6**	-
Investment properties	**1.9**	37.4
Equity accounted investments	**301.6**	216.4
Property, plant and equipment	**300.0**	16.8
Other assets	**0.8**	-
Total assets	**608.7**	292.4
Trade payables and accruals	**1.4**	-
Other liabilities	**1.9**	2.6
Total liabilities	**3.3**	2.6
Net assets	**605.4**	289.8

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

7. Loans and receivables

	Consolidated entity	
	31 Dec 11	31 Dec 10
	$M	$M
Current assets		
Trade receivables	**7.9**	7.1
less: impairment of trade receivables	**(0.6)**	(0.3)
	7.3	6.8
Distributions receivable from associates	**18.6**	23.3
Distributions receivable from joint ventures	**12.6**	7.2
Interest receivable	**0.5**	0.2
Deferred consideration receivables	**81.0**	-
Other debtors	**12.1**	10.4
Related party receivables [1]	**10.6**	14.1
Total current loans and receivables	**142.7**	62.0
Non-Current assets		
Deferred consideration receivables	**140.6**	-
Loan advanced to Lend Lease GPT (Rouse Hill) Pty Limited	**10.3**	13.2
	150.9	13.2
Total non-current loans and receivables	**150.9**	13.2

(1) The related party receivables are on commercial terms and conditions with collection expected in 30 days.

8. Derivative financial instruments

	Consolidated entity	
	31 Dec 11	31 Dec 10
	$M	$M
Current assets		
Interest rate swaps	**0.1**	0.1
Interest rate options	**-**	0.1
Foreign exchange contracts	**0.1**	-
Total current derivative assets	**0.2**	0.2
Non-current assets		
Interest rate swaps	**77.9**	114.0
Interest rate options	**0.3**	1.0
Total non-current derivative assets	**78.2**	115.0
Current liabilities		
Interest rate swaps	**0.8**	-
Interest rate options	**-**	0.4
Foreign exchange contracts	**0.2**	-
Total current derivative liabilities	**1.0**	0.4
Non-current liabilities		
Interest rate swaps	**26.8**	50.3
Interest rate options	**100.7**	45.7
Total non-current derivative liabilities	**127.5**	96.0

GPT does not speculatively trade in derivative financial instruments and the terms and conditions of the derivative financial instruments are similar to the terms and conditions of the underlying items being economically hedged.

Refer to note 26 for further details on GPT's financial risk management of derivative financial instruments.

At 31 December 2011, GPT has hedges (fixed debt and swaps) in place to cover 70.6% of its total debt and the hedges have an average fixed rate of 4.38% (2010: 81.2% hedged, hedges had an average fixed rate of 5.13%).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

9. Investment properties

		Consolidated entity	
		31 Dec 11	31 Dec 10
	Note	**$M**	$M
Retail	9(b)	**4,720.3**	4,582.3
Office	9(c)	**740.2**	1,088.3
Industrial	9(d)	**693.0**	693.0
Properties under development	9(e)	**270.1**	198.9
Total investment properties		**6,423.6**	6,562.5

(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
Carrying amount at the beginning of the financial year	**6,562.5**	6,023.6
Additions - operating capex	**39.9**	16.5
Additions - interest capitalised	**13.3**	29.3
Additions - development capex	**124.1**	261.9
Asset acquisitions	**-**	12.9
Transfers from / (to) non-current assets classified as held for sale	**(419.1)**	172.9
Lease incentives	**29.3**	40.3
Amortisation of lease incentives	**(21.5)**	(22.9)
Disposals	**(0.1)**	(37.6)
Fair value adjustments	**100.6**	62.1
Leasing costs (net of amortisation)	**(5.4)**	3.5
Carrying amount at the end of the financial year	**6,423.6**	6,562.5

(b) Retail

	Ownership Interest [(1)] %	Acquisition Date	Fair Value 31 Dec 11 $M	Fair Value 31 Dec 10 $M	Latest Independent Valuation Date	Valuer
Casuarina Square, NT	100.0	Oct 1973	455.6	448.1	Jun 2010	Knight Frank Valuations
Charlestown Square, NSW	100.0	Dec 1977	830.3	817.5	Dec 2010	Jones Lang LaSalle
Pacific Highway, Charlestown, NSW	100.0	Oct 2002 / Jul 2003	9.9	9.9	Dec 2010	Jones Lang LaSalle
Dandenong Plaza, VIC	100.0	Dec 1993 / Dec 1999	180.2	190.0	Jun 2011	CB Richard Ellis Pty Limited
Erina Fair, NSW [(2)]	33.3	Jun 1992	252.2	251.8	Oct 2009	CB Richard Ellis Pty Limited
Highpoint Shopping Centre, VIC	16.7	Aug 2009	233.1	208.3	Sep 2011	CB Richard Ellis Pty Limited
Homemaker City, Maribyrnong, VIC	16.7	Aug 2009	9.1	9.2	Dec 2011	CB Richard Ellis Pty Limited
Westfield Penrith, NSW	50.0	Jun 1971	519.2	516.5	Dec 2010	CB Richard Ellis Pty Limited
Sunshine Plaza, QLD	50.0	Dec 1992 / Sep 2004	326.1	312.0	Jun 2011	Knight Frank Valuations
Plaza Parade, QLD	50.0	Jun 1999	9.3	10.0	Jun 2011	Knight Frank Valuations
Westfield Woden, ACT	* 50.0	Feb 1986	321.5	320.0	Dec 2010	Knight Frank Valuations
Homemaker City, Aspley, QLD	100.0	Nov 2001	47.7	46.5	Dec 2011	Colliers International
Homemaker City, Fortitude Valley, QLD	100.0	Dec 2001	100.1	100.5	Dec 2011	Jones Lang LaSalle
Homemaker City, Jindalee, QLD	100.0	Nov 2001	50.0	48.4	Dec 2011	Colliers International
Rouse Hill Town Centre	100.0	Dec 2005	460.0	481.1	Dec 2009	CB Richard Ellis Pty Limited
Melbourne Central, VIC - retail portion [(3)]	100.0	May 1999 / May 2001	916.0	812.5	Jun 2011	CB Richard Ellis Pty Limited
Total consolidated entity			**4,720.3**	**4,582.3**		

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

9. Investment properties (continued)

	Ownership Interest [1] %	Acquisition Date	Fair Value 31 Dec 11 $M	Fair Value 31 Dec 10 $M	Latest Independent Valuation Date	Valuer
(c) Office						
Australia Square, Sydney, NSW	50.0	Sep 1981	278.8	272.8	Dec 2011	Savills
MLC Centre, Sydney, NSW [4]	50.0	Apr 1987	-	385.0	Jun 2011	Colliers International
Melbourne Central, VIC - office portion [3]	100.0	May 1999 / May 2001	334.0	304.9	Jun 2011	CB Richard Ellis Pty Limited
818 Bourke St, Victoria Harbour, VIC	100.0	Jun 2006	127.4	125.6	Mar 2011	Savills
Total consolidated entity			**740.2**	**1,088.3**		
(d) Industrial						
2-4 Harvey Road, Kings Park, NSW	100.0	May 1999	44.0	44.1	Jun 2011	Savills Australia
Citi-West Industrial Estate, Altona North, VIC	100.0	Aug 1994	66.3	66.1	Mar 2009	Jones Lang LaSalle
Quad 1, Sydney Olympic Park, NSW	* 100.0	Jun 2001	20.4	19.7	Jun 2010	CB Richard Ellis Pty Limited
Quad 2, Sydney Olympic Park, NSW	* 100.0	Dec 2001	20.4	20.3	Jun 2010	CB Richard Ellis Pty Limited
Quad 3, Sydney Olympic Park, NSW	* 100.0	Mar 2003	21.3	21.3	Dec 2009	Jones Lang LaSalle
Quad 4, Sydney Olympic Park, NSW	* 100.0	Jun 2004	35.6	34.1	Dec 2009	Jones Lang LaSalle
6 Herb Elliott, Sydney Olympic Park, NSW	* 100.0	Jun 2010	12.1	12.0	Dec 2010	Jones Lang LaSalle
8 Herb Elliott, Sydney Olympic Park, NSW	* 100.0	Aug 2004	9.4	9.3	Jun 2010	CB Richard Ellis Pty Limited
5 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2005	18.8	18.7	Jun 2011	Colliers Pty Limited
7 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2004	10.5	10.0	Jun 2010	CB Richard Ellis Pty Limited
7 Parkview Drive, Sydney Olympic Park, NSW	* 100.0	May 2002	17.8	17.5	Jun 2011	Jones Lang LaSalle
Rosehill Business Park, Camellia, NSW	100.0	May 1998	67.3	66.5	Sep 2009	CB Richard Ellis Pty Limited
15 Berry Street, Granville, NSW	100.0	Nov 2000	12.9	12.6	Sep 2009	CB Richard Ellis Pty Limited
19 Berry Street, Granville, NSW	100.0	Dec 2000	25.7	25.7	Sep 2009	CB Richard Ellis Pty Limited
Erskine Park, NSW (Stage 1)	100.0	Jun 2008	39.0	38.6	Jun 2009	Knight Frank Valuations
Erskine Park, NSW (Stage 2)	100.0	Jun 2008	19.1	19.0	Sep 2010	Knight Frank Valuations
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	140.9	140.0	Oct 2009	Jones Lang LaSalle
134-140 Fairbairn Road, Sunshine West, VIC	100.0	Mar 2006	13.2	13.0	Dec 2011	CB Richard Ellis
116 Holt Street, Pinkenba, QLD	100.0	Mar 2006	13.3	13.4	Jun 2011	Jones Lang LaSalle
4 Holker Street, Silverwater, NSW	100.0	Mar 2006	30.4	30.1	Dec 2011	CB Richard Ellis
372-374 Victoria Street, Wetherill Park, NSW	100.0	Jul 2006	18.1	18.1	Jun 2009	Knight Frank Valuations
18 - 24 Abbott Road, Seven Hills, NSW	100.0	Oct 2006	13.6	14.0	Dec 2011	CB Richard Ellis
Lots 42 & 44 Ocean Steamers Drive, Port Adelaide, SA [5]	50.0	Jul 2006	-	6.0	Jun 2011	Colliers International
407 Pembroke Rd, Minto NSW	50.0	Oct 2008	22.9	22.9	Dec 2010	Knight Frank Valuations
Total consolidated entity			**693.0**	**693.0**		

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

9. Investment properties (continued)

(e) Properties under development

	Ownership Interest [(1)] %	Acquisition Date	Fair Value 31 Dec 11 $M	Fair Value 31 Dec 10 $M	Latest Independent Valuation Date	Valuer
Office						
One One One Eagle Street, Brisbane [(6)]	33.3	Apr 1984	147.3	100.0	Dec 2010	Jones Lang LaSalle
Industrial						
17 Berry St, Granville	100.0	Sep 2009	5.2	5.0	Sep 2010	Knight Frank Valuations
7 Parkview Drive, Sydney Olympic Park, NSW [(7)]	* 100.0	May 2002	41.0	7.1	Jun 2011	Jones Lang LaSalle
Erskine Park, NSW [(8)]	100.0	Jun 2008	53.9	64.0	Jun 2009	Knight Frank Valuations
407 Pembroke Rd, Minto NSW	50.0	Oct 2008	5.2	5.2	Dec 2010	Knight Frank Valuations
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	17.5	17.6	Oct 2009	Jones Lang LaSalle
Total consolidated entity			**270.1**	**198.9**		

(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 10(a)(i)).

(3) Melbourne Central: 73.3% Retail and 26.7% Office (Dec 10: 72.7% Retail and 27.3% Office). La Trobe Street car park at Melbourne Central (Retail) has been reclassified as an asset held for sale as at 31 December 2011.

(4) MLC Centre has been classified as an asset held for sale as at 31 December 2011.

(5) Lots 42 & 44 Ocean Steamers Drive, Port Adelaide, SA has been classified as an asset held for sale as at 31 December 2011.

(6) Currently under development. A Directors valuation of $660 million on 100% ownership ("as if complete" basis) at a capitalisation rate of 6.75% has been used to support the carrying value as at 31 December 2011 (Dec 10: external valuation on 100% ownership and "as if complete" basis was $660 million at a capitalisation rate of 6.75%).

(7) This property under development is now known as 5 Murray Rose, Sydney Olympic Park, NSW.

(8) Erskine Park land parcel has been classified as an asset held for sale as at 31 December 2011.

Investment properties held in associates and joint ventures are set out in note 10.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

9. Investment properties (continued)

(f) Key operating metrics

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

	Consolidated entity	
	31 Dec 11	31 Dec 10
Retail portfolio		
Weighted average Cap Rate (%) (1)	6.2%	6.2%
Total Portfolio Retail Occupancy Rate (%) (1)	99.4%	99.9%
Total Portfolio Specialty MAT ($psm) (2)	8,958	8,801
Total Portfolio Specialty Occupancy Cost (%) (2)	17.6%	17.7%
Office portfolio		
Weighted average Cap Rate (%) (3)	7.1%	7.1%
Total Portfolio Occupancy Rate (%) (3)	96.5%	97.8%
Weighted Average Lease Term by Area (Years) (3)	4.7	5.2
Industrial portfolio		
Weighted average Cap Rate (%)	8.4%	8.5%
Total Portfolio Occupancy Rate (%)	98.4%	98.4%
Weighted Average Lease Term by Income (Years)	6.2	6.5

(1) Includes GPT shopping centres (excludes Homemaker City portfolio) and GPT interest in GWSCF.
(2) 100% of GPT & GWSCF assets, excludes homemaker centres, development impacted centres (Charlestown, Highpoint and Wollongong) and Norton Plaza
(3) Includes GPT owned assets and GPT's interest in GWOF. Occupancy includes committed space.

(g) 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:

	Consolidated entity	
	31 Dec 11	31 Dec 10
	$M	$M
Due within one year	541.3	477.4
Due between one and five years	1,504.9	1,394.9
Due after five years	769.6	715.4
Total operating lease receivables	2,815.8	2,587.7

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10. Investments in associates and joint ventures

		Consolidated entity	
		31 Dec 11	31 Dec 10
	Note	**$M**	$M
Investments in joint ventures	10(a)(i)	**825.3**	820.9
Investments in associates	10(a)(ii)	**1,034.3**	1,304.1
Total investments in associates and joint ventures		**1,859.6**	2,125.0

(a) Details of GPT's joint ventures and associates

Name	Principal Activity	Ownership Interest			
		31 Dec 11	**31 Dec 10**	**31 Dec 11**	31 Dec 10
		%	**%**	**$M**	$M
(i) Joint Ventures					
Entities incorporated in Australia					
1 Farrer Place Trust (1)	Investment property	50.00	50.00	**322.2**	320.6
2 Park Street Trust (1)	Investment property	50.00	50.00	**355.1**	354.6
DPT Operator Pty Limited (1)	Managing property	50.00	50.00	**0.1**	0.1
Erina Property Trust (1)	Investment property	50.00	50.00	**125.7**	124.5
Horton Trust	Investment property	50.00	50.00	**22.2**	21.1
Lend Lease GPT (Rouse Hill) Pty Limited (1) (3)	Property development	50.00	50.00	**-**	-
Total investment in joint ventures				**825.3**	820.9
(ii) Associates					
Entities incorporated in Australia					
GPT Wholesale Office Fund (1) (2)	Property investment	22.86	33.27	**640.9**	897.6
GPT Wholesale Shopping Centre Fund (1) (2)	Property investment	20.19	21.86	**380.8**	393.9
Lend Lease (Twin Waters) Pty Limited (1)	Property development	49.00	49.00	**12.6**	12.6
Total investments in associates				**1,034.3**	1,304.1

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

(2) During the period, GPT has completed a $301.0 million selldown of its investments in both GWOF ($267.8 million) and GWSCF ($33.2 million). These transactions resulted in a decrease in GPT's investments in GWOF to 22.86% and GWSCF to 20.19%.

(3) GPT has a 50% interest in Lend Lease GPT (Rouse Hill) Pty Limited, a joint venture developing residential and commercial land at the New Rouse Hill, in partnership with Landcom and the NSW Department of Planning.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

10. Investments in associates and joint ventures (continued)

(b) Share of joint ventures and associates' assets and liabilities
Further details of the property investments, property development and investment property listed as the principal activity of associates and joint ventures in part (a) are set out below.

	Investment property/ portfolio, loans and other assets	Consolidated entity 31 Dec 11 $M	Consolidated entity 31 Dec 10 $M
Australia			
Erina Property Trust	Erina Fair, NSW	**126.2**	124.9
Horton Trust	Horton Parade and Maroochydore Superstore Plaza, QLD	**22.3**	21.1
DPT Operator Pty Limited	Property Management	**-**	-
GPT Wholesale Shopping Centre Fund	Various retail assets	**444.0**	447.8
Total Retail		**592.5**	593.8
2 Park Street Trust	Citigroup Centre, NSW	**363.0**	360.0
1 Farrer Place Trust	1 Farrer Place, NSW	**322.7**	321.5
GPT Wholesale Office Fund	Various office buildings	**757.1**	1,025.1
Total Office		**1,442.8**	1,706.6
Lend Lease GPT (Rouse Hill) Pty Ltd	Residental land - Rouse Hill, NSW	**36.9**	26.9
Total Corporate & Joint Venture		**36.9**	26.9
Total property investments, property management and investment properties		**2,072.2**	2,327.3

For summary information on share of joint ventures / associates' assets, liabilities, revenue and profit after tax, refer to note 2(f) and (g).

(c) Share of joint ventures and associates' commitments
GPT's share of its joint ventures' and associates' capital expenditure commitments which have been approved but not provided for at 31 December 2011, and operating lease and other commitments are set out below:

	Australia		United States		Total	
	31 Dec 11 $M	31 Dec 10 $M	**31 Dec 11 $M**	31 Dec 10 $M	**31 Dec 11 $M**	31 Dec 10 $M
Capital expenditure commitments	**95.8**	91.7	**-**	1.6	**95.8**	93.3
Operating lease commitments	**-**	-	**-**	0.3	**-**	0.3
Other commitments	**-**	-	**-**	0.6	**-**	0.6
Total joint venture and associates' commitments	**95.8**	91.7	**-**	2.5	**95.8**	94.2

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10. Investments in associates and joint ventures (continued)

(d) Reconciliation of the carrying amount of investments in associates and joint ventures
Reconciliations of the carrying amount of joint ventures and associates at the beginning and end of the financial year by geographic segment are set out below:

	Australia		United States		Total	
	31 Dec 11	31 Dec 10	**31 Dec 11**	31 Dec 10	**31 Dec 11**	31 Dec 10
	$M	$M	**$M**	$M	**$M**	$M
Consolidated entity						
(i) Joint ventures						
Carrying amount at the beginning of the financial year	**820.9**	798.9	**-**	78.9	**820.9**	877.8
Additions	**2.0**	3.1	**-**	-	**2.0**	3.1
Share of joint ventures' net operating profit	**56.3**	71.8	**-**	-	**56.3**	71.8
Distributions received / receivable from joint ventures	**(53.9)**	(52.9)	**-**	-	**(53.9)**	(52.9)
Investments classified as held for sale	**-**	-	**-**	(78.9)	**-**	(78.9)
Carrying amount at the end of the financial year	**825.3**	820.9	**-**	**-**	**825.3**	820.9
(ii) Associates						
Carrying amount at the beginning of the financial year	**1,304.1**	1,358.6	**-**	0.3	**1,304.1**	1,358.9
Acquisitions	**5.8**	135.9	**-**	-	**5.8**	135.9
Disposals	**(301.0)**	(216.1)	**-**	-	**(301.0)**	(216.1)
Share of associates' net operating profit	**101.8**	113.5	**-**	-	**101.8**	113.5
Distributions received / receivable from associates	**(76.4)**	(86.8)	**-**	-	**(76.4)**	(86.8)
Impairment on investment in associates	**-**	(1.0)	**-**	-	**-**	(1.0)
Investments classified as held for sale	**-**	-	**-**	(0.3)	**-**	(0.3)
Carrying amount at the end of the financial year	**1,034.3**	1,304.1	**-**	-	**1,034.3**	1,304.1

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For the year ended 31 December 2011

11. Property, plant and equipment

	Note	Consolidated entity 31 Dec 11 $M	31 Dec 10 $M
Office fixtures, fittings & operating equipment			
At cost		**19.9**	10.6
less: accumulated depreciation and impairment		**(7.1)**	(4.9)
Total property, plant and equipment		**12.8**	5.7

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

		Office fixtures, fittings and operating equipment $M
Consolidated entity		
Year ended 31 December 2010		
Carrying amount at the beginning of the financial year		5.1
Additions		3.0
Disposals		-
Depreciation charge		(2.4)
Carrying amount at the end of the financial year		5.7
Year ended 31 December 2011		
Carrying amount at the beginning of the financial year		**5.7**
Additions		**9.5**
Disposals		**(0.2)**
Depreciation charge	4(a)	**(2.2)**
Carrying amount at the end of the financial year		**12.8**

NOTES TO THE FINANCIAL STATEMENTS
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12. Intangible assets

		Consolidated entity	
		31 Dec 11	31 Dec 10
	Note	**$M**	$M
Management rights			
At cost		**76.7**	76.7
less: accumulated amortisation and impairment		**(65.7)**	(64.6)
Total management rights	(b)	**11.0**	12.1
IT development and software			
At cost		**48.6**	44.0
less: accumulated amortisation and impairment		**(8.3)**	(4.3)
Total IT development and software	(c)	**40.3**	39.7
Total intangible assets		**51.3**	51.8

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

Consolidated entity	Note	Management Rights $M	IT Development & Software $M	Total $M
Year ended 31 December 2010				
Carrying amount at the beginning of the financial year		16.2	16.2	32.4
Additions (including capitalisations)		-	27.9	27.9
Disposals		-	(1.0)	(1.0)
Impairment expense		-	(2.6)	(2.6)
Amortisation expense	4(a)	(4.1)	(0.8)	(4.9)
Carrying amount at the end of the financial year		12.1	39.7	51.8
Year ended 31 December 2011				
Carrying amount at the beginning of the financial year		**12.1**	**39.7**	**51.8**
Additions (including capitalisations)		**-**	**4.6**	**4.6**
Amortisation expense	4(a)	**(1.1)**	**(4.0)**	**(5.1)**
Carrying amount at the end of the financial year		**11.0**	**40.3**	**51.3**

(b) Management rights
The management rights include asset and property management rights of retail shopping centres. The useful life of the rights ranges from 5 years to the expected period of economic benefit. The rights are amortised over the useful life.

The recoverable amount of the Highpoint Management Rights is determined based on a value in use calculation using cash flow projections as at 31 December 2011 based on financial budgets approved by management covering a five-year period. The discount rate applied to these asset-specific cash flow projections is 8% and the growth rate used to extrapolate the cashflows beyond the five year period is 5%.

(c) IT development and software
Costs incurred in developing systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over the period, which is the length of time over which the benefits are expected to be received, generally ranging from 3 to 10 years.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

13. Payables

	Consolidated entity 31 Dec 11 $M	31 Dec 10 $M
Trade payables and accruals	**167.5**	154.4
Tax payable	**0.2**	0.2
Other payables	**5.4**	-
Distribution payable (Exchangeable Securities)	**2.5**	2.5
Related party payables	**12.6**	15.7
Interest payable	**10.1**	19.8
Deposits payable	**0.9**	0.8
Total payables	**199.2**	193.4

14. Borrowings

	Note	Consolidated entity 31 Dec 11 $M	31 Dec 10 $M
Bank borrowings			
Multi option syndicated facility - Australian Dollar	14(a)(i)	**362.6**	-
Bank facilities - Australian Dollar	14(a)(ii)	**150.0**	-
Total current borrowings - unsecured		**512.6**	**-**
Current - secured			
Bank facility - One One One Eagle Street	14(a)(v)	**-**	34.3
Total current borrowings - secured		**-**	34.3
Total current borrowings		**512.6**	**34.3**
Non-Current - unsecured			
Bank borrowings			
Multi option syndicated facility - Australian Dollar	14(a)(i)	**167.5**	1,253.0
Multi option syndicated facility - US Dollar	14(a)(i)	**-**	107.8
Bank facilities - Australian Dollar	14(a)(ii)	**1,092.0**	476.1
Multi option facility - Australian Dollar	14(a)(iii)	**-**	175.0
Medium term notes	14(b)	**211.0**	211.0
CPI Coupon Indexed Bond	14(c)	**85.0**	85.0
Total non-current borrowings - unsecured		**1,555.5**	2,307.9
Non-Current - secured			
Bank facility - Somerton	14(a)(iv)	**76.0**	76.0
Bank facility - One One One Eagle Street	14(a)(v)	**-**	34.3
Total non-current borrowings - secured		**76.0**	110.3
Total non-current borrowings		**1,631.5**	2,418.2
Total borrowings *		**2,144.1**	2,452.5

The maturity profile of the above current and non-current borrowings is:		
Due within one year	**512.6**	34.3
Due between one and five years	**1,139.7**	2,123.9
Due after five years	**491.8**	294.3
	2,144.1	2,452.5

* Net of unamortised establishment costs

14. Borrowings (continued)

(a) Bank facilities

Unsecured

(i) Euro multi option syndicated facility

A €2,010 million multi option syndicated facility became available to the Consolidated entity on 26 October 2007.
The facility had three maturity tranches as follows:

- Tranche A and B: €1,005 million matured 26 October 2010 and is no longer available, and
- Tranche C: €1,005 million maturing 26 October 2012. During the year, the Tranche C limit was reduced to €403 million (AUD $510.3 million).

At 31 December 2011, Tranche C is drawn to AUD $530.1 million (Dec 10: AUD $1,253.0 million and US $110.0 million (AUD $107.8 million)).

The drawn amount in AUD is greater than the restated limit by $19.8m using the 31 December 2011 balance date exchange rate. The AUD drawn amount is within the facility limit, which allows a 5% increase for currency fluctuations.

The contractual maturity of Tranche C has been split into current and non-current after overlaying forward start bank facilities with counterparties within the syndicated group.

(ii) Bank Loans

The Group has the following bank facilities:

1. $500 million bilateral facility. This facility was amended during the year to have 3 maturity tranches as follows:
   - Tranche A: AUD $200 million maturing 26 October 2015.
   - Tranche B: AUD $160 million maturing 1 April 2015.
   - Tranche C: AUD $140 million forward start with a maturity date of 1 April 2016 and is available from 26 October 2012.

   At 31 December 2011, Tranches A and B of this facility are drawn to AUD $326 million (Dec 10: $147 million).
2. $550 million bilateral facility. At 31 December 2011, this facility is drawn to AUD $550 million (Dec 10: $175 million). The three tranches of this facility are as follows:
   - Tranches A and B: AUD $325 million have a maturity date of 26 October 2018 and were used to refinance the $175 million multi option facility and to partly refinance Tranche C of the Euro multi option syndicated facility and the short term bank facilities.
   - Tranche C: AUD $225 million has a maturity date of 15 September 2014.
3. €55 million (AUD $69.6 million) forward start facility. This facility was amended during the year to include an AUD $75 million bilateral facility. The two tranches of this facility are as follows:
   - Tranche A: €55 million (AUD $69.6 million) forward start with a maturity date of 26 October 2017 and is available from 26 October 2012 to partly refinance Tranche C of the Euro multi option syndicated facility and the short term bank facilities. This facility will restate into an AUD denominated limit on the forward start date.
   - Tranche B: AUD $75 million maturing 30 November 2016. At 31 December 2011, this facility is drawn to AUD $66 million.(Dec 10: nil)
4. $300 million bilateral facility comprising two tranches:
   - Tranche A: AUD $150 million maturing 11 November 2017. At 31 December 2011, this facility is undrawn (Dec 10: nil).
   - Tranche B: AUD $150 million forward start with a maturity date of 11 November 2017 and is available from 26 October 2012 to partly refinance Tranche C of the Euro multi option syndicated facility and the short term bank facilities.

   In addition there is an AUD $20 million bank guarantee facility maturing on the 18 October 2012. As at 31 December 2011, bank guarantees totalling a face value of AUD$11.4 million have been issued under the facility.
5. $300 million forward start bilateral facility. This facility has a maturity date of 1 October 2015 and is available from October 2012 to partly refinance Tranche C of the Euro multi option syndicated facility and the short term bank facilities. This facility can commence earlier at the Group's option.
6. $200 million forward start bilateral facility which gives GPT the option to exercise in October 2012 to commence the facility from 26 October 2012 to partly refinance Tranche C of the Euro multi option syndicated facility and the short term bank facilities. If GPT exercises the option to commence the loan, the maturity date is October 2016.

During the year the Group has entered into the following facilities:

1. $150 million bilateral facility. At 31 December 2011, this facility is fully drawn. This facility has a maturity date of 26 October 2012.
2. $150 million bilateral facility. At 31 December 2011, this facility is fully drawn. This facility has a maturity date of 11 March 2013. A quarterly extension is available to extend the maturity date to December 2013.

The Group had the following short term bank facilities which were repaid and cancelled during the year:

1. Two AUD bilateral facilities totalling AUD $440 million with a maturity date of 31 March 2015.
2. An AUD $140 million bilateral facility with a maturity date of 31 March 2013.

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14. Borrowings (continued)

(a) Bank facilities (continued)

(iii) Multi option facility

The Group had a $175 million multi option facility available which matured on 15 September 2011. A new bilateral facility was established which refinanced this facility on maturity (refer to (ii)(2) above) with the same lender.

Secured

(iv) Bank facilities

A floating rate bill facility was established for the GPT/Austrak Joint Venture to fund the capital expenditure requirements of the Austrak Business Park, Somerton, Victoria for $152.4 million (GPT 50% share: AUD $76.2 million). The facility matures on 31 March 2013. The facility is a non-recourse loan to GPT, secured by a mortgage over Austrak Business Park, Somerton, Victoria. As at 31 December 2011, the facility is drawn to $152.0 million (GPT 50% share: $76.0 million) (Dec 10: $152.0 million (GPT 50% share: $76.0 million)).

(v) One One One Eagle Street

$150.5 million facility was available to the Group for the purpose of funding GPT's one third share of the construction of One One One Eagle Street, Brisbane, QLD. The facility was secured by a mortgage over the One One One Eagle Street Property. The facility matured on 30 November 2011 and the mortgage was released.

(b) Medium Term Notes (MTNs) program

At 31 December 2011, fixed rate MTNs have a principal value of AUD $200.0 million (Dec 10: AUD $200.0 million) and floating rate MTNs have principal value of AUD $12.0 million (Dec 10: $12.0 million) maturing in August 2013. GPT Group holds $1.0 million of MTNs, netted against the MTN liabilities. The net principal value at 31 December 2011 is AUD $211.0 million (Dec 10: $211.0 million).

(c) CPI coupon indexed bonds

GPT issued a CPI coupon indexed bond in December 1999 with a current coupon of 8.58% per annum (Dec 2010: 8.29%) payable quarterly in arrears and indexed by the maximum CPI since September 1999. At 31 December 2011, the principal value is AUD $85 million (Dec 10: $85 million). The CPI coupon indexed bonds mature on 10 December 2029. In December 2010, GPT entered into an interest rate derivative to swap from paying fixed rate plus CPI to paying fixed 5%. The CPI bonds still remain outstanding with the effect of the derivative being the removal of GPT's exposure to CPI growth and lowering of the fixed interest rate.

(d) Financing Facilities

A summary of GPT's finance facilities is below:

	Note	Total facility 31 Dec 11 $M	31 Dec 11 Used facility 31 Dec 11 $M	Unused facility 31 Dec 11 $M
Euro multi option syndicated facility - multi currency*	14(a)(i)	**510.3**	**530.1**	**(19.8)**
Bank borrowings				
Bank loans	14(a)(ii)	**1,435.0**	**1,242.0**	**193.0**
Bank facilities - Somerton	14(a)(iv)	**76.2**	**76.0**	**0.2**
Medium Term Notes	14(b)	**212.0**	**211.0**	**1.0**
CPI coupon indexed bonds	14(c)	**85.0**	**85.0**	**-**
		2,318.5	**2,144.1**	**174.4**
Cash and cash equivalents				**42.0**
Total financing resources available at the end of the financial year				**216.4**

*Actual facility headroom under the Euro facility is €3.3m (AUD $4.1m) based on conversion using historical exchange rates on the date of the respective drawdown. The $19.8m shortfall in the table above reflects the restated headroom using the 31 December 2011 balance date exchange rate.

(e) Maturity profile of financing facilities

	Consolidated entity 31 Dec 11 $M	31 Dec 10 $M
Due within one year	**499.1**	75.2
Due between one and five years	**1,180.7**	2,382.8
Due after five years	**638.7**	335.3
Total financing facilities	**2,318.5**	2,793.3

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14. Borrowings (continued)

(f) Gearing Ratios
(i) Headline Gearing

At 31 December 2011, the percentage of debt to total tangible assets is 23.2% (Dec 10: 25.3%) and the percentage on a net debt (net of cash) basis is 22.9% (Dec 10: 24.9%).

(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 2011, the percentage of 'look through' debt to total assets is 24.7% (Dec 10: 30.2%) and the percentage on a net debt (net of cash) basis is 24.4% (Dec 10: 29.9%). The 'look through' gearing covenant only applies to the Euro syndicated loan maturing in October 2012.

(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 50% maximum threshold limit on the percentage of GPT debt to total tangible assets (the Euro syndication loan maturing in October 2012 has a lower limit of 40% of total tangible assets)
- a minimum interest cover ratio of 2 times, being EBIT (Realised Operating Income before taxes and finance costs) divided by 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 2011 and no breaches were identified.

The weighted average interest rate of borrowings as at 31 December 2011 is 5.92% (refer to note 26(f)(i)).

15. Provisions

	Consolidated entity	
	31 Dec 11	31 Dec 10
	$M	$M
Current provisions		
Employee benefits	**8.5**	7.5
Other	**8.1**	8.0
Total Current provisions	**16.6**	15.5
Non Current provisions		
Employee benefits	**1.4**	1.1
Total Non Current provisions	**1.4**	1.1

	Employee benefits	Other	Total
	$M	$M	$M
Year ended 31 December 2011			
Carrying amount at the beginning of the financial year	**8.6**	**8.0**	**16.6**
Arising during the year	**5.8**	**0.5**	**6.3**
Utilised during the year	**(4.5)**	**(0.4)**	**(4.9)**
Carrying amount at the end of the financial year	**9.9**	**8.1**	**18.0**
Year ended 31 December 2010			
Carrying amount at the beginning of the financial year	7.9	2.9	10.8
Arising during the year	5.6	5.5	11.1
Utilised during the year	(4.9)	(0.4)	(5.3)
Carrying amount at the end of the financial year	8.6	8.0	16.6

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16. Contributed equity

		Note	GPT Stapled Securities Number	GPT $M	Other entities stapled to GPT $M	Total $M
(i) Ordinary stapled securities						
1 Jan 2010	Opening securities on issue		9,277,584,743	7,914.7	324.7	8,239.4
19 May 2010	5 to 1 consolidation of stapled securities	16(a)	(7,422,055,312)	-	-	-
31 Dec 2010	Closing securities on issue		1,855,529,431	7,914.7	324.7	8,239.4
1 Jan 2011	Opening securities on issue		**1,855,529,431**	**7,914.7**	**324.7**	**8,239.4**
Jul-Dec 2011	On-market buy-back	16(b)	**(41,762,323)**	**(125.1)**	**(1.7)**	**(126.8)**
31 Dec 2011	Closing securities on issue		**1,813,767,108**	**7,789.6**	**323.0**	**8,112.6**
(ii) Exchangeable securities						
1 Jan 2010	Opening securities on issue		2,500	240.6	-	240.6
31 Dec 2010	Closing securities on issue		2,500	240.6	-	240.6
1 Jan 2011	Opening securities on issue		**2,500**	**240.6**	**-**	**240.6**
31 Dec 2011	Closing securities on issue	16(c)	**2,500**	**240.6**	**-**	**240.6**
Total Contributed Equity				**8,030.2**	**323.0**	**8,353.2**

(a) Consolidation of ordinary stapled securities
On 10 May 2010, the GPT securityholders approved the consolidation of every 5 stapled securities into 1 stapled security. Where the consolidation resulted in a fraction of a security being held by a securityholder, the fraction was rounded up to the nearest whole security. The consolidation took effect and was completed on 19 May 2010. The effect of the consolidation was to reduce the number of stapled securities on issue by 7,422,055,312 on 19 May 2010 to 1,855,529,431.

(b) On-market buy-back
On 11 May 2011, GPT announced an on-market buy-back of up to 5% of the Group's ordinary securities. As at 31 December 2011, the Group has acquired 41.8 million of GPT stapled securities for the total consideration of $126.8 million.

(c) Exchangeable Securities
On 27 November 2008, 2,500 Exchangeable Securities (ES) were issued to an affiliate of GIC Real Estate Pty Limited (GIC RE) at $100,000 per exchangeable security. The ES are exchangeable into stapled securities at GIC RE's option subject to obtaining necessary approvals at an initial exchange price of $3.883 per stapled security in accordance with the terms of the agreement. The ES offer discretionary distributions of 10% p.a and carry voting rights in GPT.

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17. Reserves

		Consolidated entity	
		31 Dec 11	31 Dec 10
	Note	**$M**	$M
Foreign currency translation reserve	17(a)	**14.4**	(37.7)
Treasury stock reserve	17(b)	**(0.6)**	(3.2)
Employee incentive scheme reserve	17(c)	**12.1**	6.2
Total reserves		**25.9**	(34.7)

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

		Consolidated entity		
		GPT	**Other entities stapled to GPT**	**Total**
	Note	**$M**	**$M**	**$M**
(a) Foreign currency translation reserve				
Balance at 1 January 2010		38.5	13.8	52.3
Net foreign exchange translation adjustments		(107.3)	17.3	(90.0)
Balance at 31 December 2010		(68.8)	31.1	(37.7)
Balance at 1 January 2011		**(68.8)**	**31.1**	**(37.7)**
Net foreign exchange translation adjustments		**51.3**	**0.8**	**52.1**
Balance at 31 December 2011		**(17.5)**	**31.9**	**14.4**
(b) Treasury stock reserve				
Balance at 1 January 2010		(3.9)	-	(3.9)
Sale of GPT stapled securities and loan repayments	21	4.5	-	4.5
Impairment on stapled securities	21	(3.8)	-	(3.8)
Balance at 31 December 2010		(3.2)	-	(3.2)
Balance at 1 January 2011		**(3.2)**	**-**	**(3.2)**
Sale of GPT stapled securities and loan repayments	21	**3.2**	**-**	**3.2**
Deferred stapled security plan expense	21	**-**	**(0.6)**	**(0.6)**
Balance at 31 December 2011		**-**	**(0.6)**	**(0.6)**
(c) Employee incentive scheme reserve				
Balance at 1 January 2010		2.3	0.9	3.2
Employee incentive schemes expense	21	-	3.0	3.0
Balance at 31 December 2010		2.3	3.9	6.2
Balance at 1 January 2011		**2.3**	**3.9**	**6.2**
Employee incentive scheme expenses	21	**-**	**6.3**	**6.3**
Purchase of securities		**-**	**(0.4)**	**(0.4)**
Balance at 31 December 2011		**2.3**	**9.8**	**12.1**
Total balance at 31 December 2010		(69.7)	35.0	(34.7)
Total balance at 31 December 2011		**(15.2)**	**41.1**	**25.9**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

17. 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 Legacy Long Term Incentive Scheme and The GPT Group Deferred Stapled Security Plan. Refer to note 21(a)(ii)(1) and (b)(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 Performance Rights LTI Plan in this report), as described in note 21(a)(ii)(2).

18. Accumulated losses

	Note	GPT $M	Other entities stapled to GPT $M	Total $M
Consolidated entity				
Balance at 1 January 2010		(1,013.0)	(850.2)	(1,863.2)
Net profit / (loss) for the financial year		769.7	(62.4)	707.3
less: Distributions paid to ordinary stapled securityholders	3(a)	(309.9)	-	(309.9)
less: Distributions paid/payable to exchangeable securities securityholders	3(b)	(25.0)	-	(25.0)
Balance at 31 December 2010		(578.2)	(912.6)	(1,490.8)
Balance at 1 January 2011		**(578.2)**	**(912.6)**	**(1,490.8)**
Net profit / (loss) for the financial year		**300.5**	**(54.3)**	**246.2**
less: Distributions paid to ordinary stapled securityholders	3(a)	**(323.1)**	**-**	**(323.1)**
less: Distributions paid/payable to exchangeable securities securityholders	3(b)	**(25.0)**	**-**	**(25.0)**
Balance at 31 December 2011		**(625.8)**	**(966.9)**	**(1,592.7)**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

19. Parent entity financial information

(a) Summary financial information
The individual financial reports for the parent entity show the following aggregate amounts:

Balance Sheet

	Parent entity	
	31 Dec 11	31 Dec 10
	$M	$M
ASSETS		
Total Current Assets	**470.5**	41.1
Total Non-Current Assets	**8,885.5**	9,750.5
Total Assets	**9,356.0**	9,791.6
Total Current Liabilities	**614.5**	240.1
Total Non-Current Liabilities	**1,984.4**	2,749.9
Total Liabilities	**2,598.9**	2,990.0
Net Assets	**6,757.1**	6,801.6
EQUITY		
Equity attributable to secutityholders of the Trust (parent entity)		
Contributed equity	**8,030.2**	8,155.3
Accumulated losses	**(1,273.1)**	(1,353.7)
Total equity of GPT Trust securityholders	**6,757.1**	6,801.6

As at 31 December 2011, the Parent entity had a deficiency of current net assets of $144.0m (Dec 10: $199.0m). This position is driven by the timing of intercompany balances. The Parent has sufficient facilities to draw upon as required.

Profit and Loss

Net profit for the year	**428.6**	445.1
Total comprehensive income / (loss) for the year	**428.6**	445.1

(b) Contractual capital commitments

As at 31 December 2011, the parent entity had capital commitments principally relating to the purchase and development of investment properties. These commitments have been approved but not recognised as liabilities as the relevant assets have not yet been received:

Due within 1 year	**68.7**	**97.9**
Due between 1 and 5 years	**41.9**	**17.2**
Over 5 years	**-**	**-**
Total capital expenditure commitments	**110.6**	**115.1**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

20. 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
Rob Ferguson

Non-Executive Directors
Brendan Crotty
Eileen Doyle
Eric Goodwin
Lim Swe Guan
Anne McDonald
Gene Tilbrook

Executive Director
Michael Cameron

(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 Financial Officer
Nicholas Harris	Head of Wholesale
Mark Fookes	Head of Investment Management
Michelle Tierney	Head of Property & Asset Management
Anthony McNulty	Head of Development
James Coyne	General Counsel & Company Secretary

(b) Key management personnel compensation

	Consolidated entity	
	31 Dec 11	31 Dec 10
	$'000	$'000
Short term employee benefits	**11,193.3**	10,493.2
Post employment benefits	**197.5**	192.5
Long term incentive award accrual	**3,070.5**	1,447.3
Other long term benefits	**96.6**	166.4
Termination benefits	**-**	-
Total key management personnel compensation	**14,557.9**	12,299.4

Information regarding individual Directors' and Senior Executives' remuneration is provided in the Remuneration Report on page 11 to 24 of the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

20. Key management personnel disclosures (continued)

(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 2010	Purchases/ (Sales)	Balance 31 Dec 2010	Purchases/ (Sales)*	Balance 31 Dec 2011
Directors					
Rob Ferguson	204,082	-	204,082	-	204,082
Brendan Crotty	-	30,000	30,000	-	30,000
Eileen Doyle	-	1,600	1,600	-	1,600
Eric Goodwin	15,584	-	15,584	-	15,584
Lim Swe Guan	-	-	-	-	-
Anne McDonald	9,450	-	9,450	-	9,450
Gene Tilbrook	-	20,000	20,000	-	20,000
Michael Cameron	-	163,742	163,742	307,249	470,991
Senior Executives					
Michael O'Brien	114,127	38,454	152,581	(71,172)	81,409
James Coyne	35,261	-	35,261	(35,261)	-
Mark Fookes	148,124	-	148,124	(68,124)	80,000
Nicholas Harris	1,083,169	-	1,083,169	(48,169)	1,035,000
Anthony McNulty	-	-	-	-	-
Michelle Tierney	73,029	-	73,029	(36,514)	36,515

*Represents movement of securities due to the winding up of the Legacy LTI Scheme on 20 February 2011.

(ii) During the year, certain Senior Executives of The GPT Group were granted Performance Rights (refer to note 21(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 are set out below:

	Grant date	Vesting date	Exercise price	Granted	Lapsed	Balance 31 Dec 2011	Vested at 31 Dec 2011
Director			$				
Michael Cameron	29 April 2009	From 30 June 2011 to 30 June 2012	-	528,823	(396,617)	66,103	66,103
	19 May 2010	31 December 2012	-	590,068	-	590,068	-
	8 June 2011	31 December 2013	-	713,455	-	713,455	-
Senior Executives					-		
Michael O'Brien	30 June 2009	31 December 2011	-	307,634	(307,634)	-	-
	16 July 2009	1 July 2011	-	38,454	-	-	38,454
	19 May 2010	31 December 2012	-	270,448	-	270,448	-
	8 June 2011	31 December 2013	-	292,429	-	292,429	-
James Coyne	30 June 2009	31 December 2011	-	180,735	(180,735)	-	-
	19 May 2010	31 December 2012	-	154,074	-	154,074	-
	8 June 2011	31 December 2013	-	169,115	-	169,115	-
Mark Fookes	30 June 2009	31 December 2011	-	269,179	(269,179)	-	-
	19 May 2010	31 December 2012	-	245,862	-	245,862	-
	8 June 2011	31 December 2013	-	273,051	-	273,051	-
Nicholas Harris	30 June 2009	31 December 2011	-	230,725	(230,725)	-	-
	19 May 2010	31 December 2012	-	199,968	-	199,968	-
	8 June 2011	31 December 2013	-	219,498	-	219,498	-
Anthony McNulty	30 June 2009	31 December 2011	-	152,856	(152,856)	-	-
	19 May 2010	31 December 2012	-	134,241	-	134,241	-
	8 June 2011	31 December 2013	-	193,778	-	193,778	-
Michelle Tierney	30 June 2009	31 December 2011	-	137,714	(137,714)	-	-
	19 May 2010	31 December 2012	-	120,473	-	120,473	-
	8 June 2011	31 December 2013	-	176,162	-	176,162	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

20. Key management personnel disclosures (continued)

(d) Loans to key management personnel
These loans are pursuant to the Legacy LTI Scheme which is discussed in detail at note 21(a)(ii)(1). This scheme was wound up on 20 February 2011.

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

	Opening balance 1 Jan 2011	Total accumulated interest costs capitalised as part of the loan	Interest charged for the year	Interest not charged for the year (1)	Loan terminated during the year	Closing Balance 31 Dec 2011	Highest indebtedness during the year
	$	$	$	$	$	$	$
Michael O'Brien	2,664,129	300,563	-	37,188	(2,664,129)	-	2,664,129
James Coyne	817,910	101,426	-	11,417	(817,910)	-	817,910
Mark Fookes	1,595,071	194,137	-	22,265	(1,595,071)	-	1,595,071
Nicholas Harris	1,211,868	143,178	-	16,916	(1,211,868)	-	1,211,868
Anthony McNulty	1,021,699	125,651	-	14,262	(1,021,699)	-	1,021,699
Michelle Tierney	909,948	97,361	-	12,702	(909,948)	-	909,948

(1) The amounts shown for interest not charged 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.

This Legacy LTI Scheme was wound up on 20 February 2011 and the residual loan balance has been repaid.

(e) Other transactions with key management personnel
There have been no transactions with key management personnel other than those transactions detailed in this note.

21. 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 Employee Security Ownership Plan and Long Term Incentive (LTI) Scheme.

The LTI Scheme may be divided into two broad categories:

1. Legacy LTI plans has been operable during the period 2007 to February 2011, and
2. The Performance Rights Plan approved at the 2009 AGM in May 2009, revised and approved at the 2010 AGM in May 2010.

(i) The General Employee Security Ownership Plan
The Board believes in creating ways for employees to build an ownership stake in the business. As a result, the Board introduced a basic General Employee Security Ownership Plan (GESOP) in March 2010 for individuals who do not participate in the LTI.

Under the plan individuals who participate will receive an additional benefit equivalent to 10% of their STI which is (after the deduction of income tax) invested in GPT securities to be held for a minimum of 1 year.

(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.

This Legacy LTI Scheme was wound up on 20 February 2011 and the residual loan balance has been repaid.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

21. Share based payments (continued)

(a) Employee Incentive Scheme (continued)

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

(2) GPT Group Stapled Security Rights Plan (referred to as the Performance Rights LTI Plan)
At the 2009 Annual General Meeting GPT securityholders approved the introduction of a more contemporary Performance Rights LTI Plan. At the 2010 Annual General Meeting, the Performance Rights LTI Plan was altered with new performance conditions and was approved by the GPT securityholders.

The Performance Rights LTI Plan ('the Plan') covers each 3 year period. 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 the Remuneration Report for detail on the service / performance conditions.

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

Under the requirements of AASB 2 *Share-based Payment*, 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) Performance conditions
(b) Grant dates
(c) Expected vesting dates
(d) Share price at the grant date
(e) Expected life
(f) Dividend yield
(g) Risk free interest rate

The fair value of these Performance Rights granted during 2011 is $2.38 per Performance right (Dec 10: $2.06 per performance right).

Total share based payment expense recognised during the year ended 31 December 2011 was $6,243,233 (Dec 10: $3,217,189).

(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.

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

	Number of GPT stapled securities issued during the year		**Total number of GPT stapled securities issued**	
	31 Dec 2011	31 Dec 2010	**31 Dec 2011**	31 Dec 2010
GPT stapled securities issued under the General Employee Security Ownership Plan	**169,504**	141,759	**154,520**	141,759
GPT stapled securities issued under the Long Term Incentive Scheme	**-**	-	**-**	1,010,209
GPT stapled securities issued under the The GPT Group All Employee Stapled Security Plan	**-**	-	**2,248**	5,077
GPT stapled securities issued under the The GPT Group Deferred Stapled Security Plan	**241,146**	163,743	**407,454**	166,308

	Number of GPT share rights issued during the year		**Total number of GPT share rights issued**	
GPT performance rights issued under GPT Group Stapled Securities Rights Plan	**4,060,829**	3,818,257	**7,577,189**	8,375,034

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

22. Related party transactions

(a) Ultimate Parent
General Property Trust is the ultimate parent entity.

(b) Controlled entities, joint ventures and associates
Equity interests in joint ventures and associates are set out in note 10. Loans provided to joint ventures and associates as part of the funding of those arrangements are set out in note 7.

(c) Key management personnel
Disclosures relating to key management personnel and remuneration paid to directors of the ultimate parent entity are included in note 20.

(d) Transactions with related parties

	Consolidated entity	
	31 Dec 11	31 Dec 10
	$M	$M
Transactions with related parties other than associates and joint ventures		
Expenses		
Contributions to superannuation funds on behalf of employees	**(4.8)**	(6.1)
Transactions with associates and joint ventures		
Responsible Entity fees from associates	**23.9**	22.7
Property management fees	**8.0**	7.8
Development management fees from associates	**6.8**	4.5
Management fees from associates	**3.6**	3.4
Distributions received/receivable from joint ventures	**363.5**	53.9
Distributions received/receivable from associates	**82.1**	86.8
Interest revenue from associates	**1.3**	6.4
Payroll costs recharged to associate	**4.2**	4.2
Proceeds on sale of interest in associate	**301.0**	216.4
Other transactions		
Loans advanced to joint ventures	**2.7**	-
Loan repayments from joint ventures	**-**	4.8
Loan repayments from associates	**60.0**	5.9
Increase in units in joint ventures	**(2.0)**	(3.0)
Increase in units in associates	**(7.2)**	(138.4)
Capital repayment from associates	**3.0**	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

23. Notes to the Statement of Cashflow

(a) Reconciliation of net profit after income tax expense to net cash inflows from operating activities

	Consolidated entity	
	31 Dec 11	31 Dec 10
	$M	$M
Net profit for the year	**246.2**	707.3
Fair value adjustments to investment properties	**(63.1)**	(62.3)
Share of after tax (profit)/ loss of investments in associates and joint ventures	**(7.4)**	(296.8)
Fair value adjustments to derivatives	**147.0**	6.4
Net foreign exchange loss / (gain)	**3.3**	(11.6)
Reversal of prior year impairment	**-**	(9.5)
Impairment expense	**5.6**	8.4
Revaluation of hotel properties	**22.9**	(5.4)
Net loss / (profit) on disposal of assets	**49.1**	(34.4)
Cost to sell for non-current assets held for sale	**-**	22.3
Depreciation and amortisation	**9.4**	13.2
Non-cash employee benefits - share based payments	**6.5**	1.7
Non-cash revenue adjustments	**21.4**	19.3
Non cash expense adjustments	**3.2**	0.8
Interest capitalised	**(13.3)**	(29.3)
Impairment of trade receivables	**0.5**	0.2
Change in operating assets and liabilities		
(Increase) / decrease in operating assets	**(3.1)**	10.3
(Decrease) / increase in operating liabilities	**(15.0)**	46.2
Net cash inflows from operating activities	**413.2**	386.8

(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 report as follows:

Cash at bank and on hand	**42.0**	41.1
Total cash and cash equivalent at the end of the financial year	**42.0**	41.1

(c) Non-cash financing and investing activities

There are no non-cash financing and investing activities for the year ended 31 December 2011.

24. Contingent assets and liabilities

Class action

In October 2008, Slater and Gordon announced an intention to bring a class action against GPT. At Slater & Gordon's invitation, GPT entered into mediation discussions on a without prejudice basis in an attempt to determine whether the parties could reach agreement in relation to the dispute. Failing an agreed resolution of the matter, Slater & Gordon has now commenced proceedings on behalf of certain persons who claim that they purchased GPT securities from 27 February 2008 and held securities on 7 July 2008. The allegations surround the adequacy and timing of disclosures to the market in this period.

GPT rejects the allegations and intends to defend the claim. GPT does not expect that any payment it could be required to make would have a material adverse effect on the Group's operational or strategic objectives, or its financial strength.

Sale of Ayers Rock Resort

As part of the agreement for the sale of Ayers Rock Resort, GPT has indemnified the purchaser, Indigenous Land Corporation, and its subsidiary, ILC Tourism, as follows:

- for a maximum of $20 million in respect of a breach of the Vendor's Warranties, providing the purchaser makes a claim within 2 years from the date of completion, being 23 May 2011; and
- for a maximum of $2.5 million in respect of any breach of Environmental Law, Contamination or any other Environmental Claim relating to the condition of Ayers Rock Resort on or prior to completion, providing the purchaser notifies the vendor within 2 years from the date of completion. Included in this $2.5 million cap is a maximum of $0.6 million to cover the cost of remediation work by the purchaser in the event it is required as a result of landfill testing.

It is unlikely that any notification will be received in relation to environmental matters and it is not anticipated that a claim will be brought in relation to an alleged breach of the Vendor Warranties.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

24. Contingent assets and liabilities (continued)

Sale of the US Senior Housing Portfolio
As part of the agreement for the sale of US Senior Housing Portfolio, GPT, through its investment in Benchmark GPT LLC and B-VII Operations Holding Co, has provided indemnification to the purchaser, Health Care REIT Inc, for a maximum of US $25 million for any breach of representation, warranties and covenants specified in the Sale Agreement and all obligations arising from any pre settlement liabilities, provided Health Care REIT Inc makes a claim by 28 March 2012.

Highpoint Shopping Centre
Highpoint Property Group has the right to put its 33.33% interest, or a part thereof (but not less than 8.33%), in Highpoint Shopping Centre and the adjacent Maribyrnong Homemaker City Centre to the GPT Wholesale Shopping Centre Fund (GWSCF). GWSCF already has a 50% interest in the property. The option, which was put in place at the time of GPT's acquisition of an interest in the Centre in 2006, passed to GWSCF with the creation of the fund in March 2007. The option is exercisable during a 30 day window each year commencing on 1 July, although notice of the intent to put is required to be given by the Highpoint Property Group by 31 March each year. The interest would be sold to GWSCF and the sale price would be determined by an independent market valuation process. If GWSCF does not acquire the interest and another party is not nominated to acquire it, the GPT Group would be required to do so. The board of the responsible entity of GWSCF would determine whether GWSCF acquires a further interest in Highpoint Shopping Centre and the adjacent Maribyrnong Homemaker City Centre under the put option. The board of the responsible entity of GWSCF is independent from the board of the GPT Group. This put option expires in 2016. No notice of intent to exercise the put option was received by the required date for the current financial year's exercise period.

Apart from the matters referred to above, there are no other material contingent assets or liabilities at reporting date.

25. Commitments

(a) Capital expenditure commitments
At 31 December 2011, GPT has commitments principally relating to the purchase and development of investment properties which have been approved but not recognised as liabilities in the Statement of Financial Position as set out below:

	Consolidated entity	
	31 Dec 11	31 Dec 10
	$M	$M
Due within 1 year	**76.2**	141.1
Due between 1 and 5 years	**43.5**	19.2
Over 5 years	**-**	-
Total capital expenditure commitments	**119.7**	160.3

(b) Operating lease commitments
At 31 December 2011, future minimum rentals payable under non-cancellable operating leases are as follows:

Due within 1 year	**2.3**	3.8
Due between 1 and 5 years	**10.8**	15.7
Over 5 years	**7.3**	27.8
Total operating lease commitments	**20.4**	47.3

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

(c) Commitments relating to associate and joint venture investments
GPT's share of commitments relating to associate and joint venture investments has been included in note 10(c).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

26. 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 Board. The ARMC and the GPT 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) and 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.

(i) Capital Structure, Financial Policy and Credit Rating Impact
GPT implemented revised distribution payout and gearing policies in 2010. These policies 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 within a reasonable timeframe.

GPT is credit rated A-/A3 with stable outlook by Standard and Poor's and Moody's Investor Services respectively. 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 obtained.

(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.

(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 entity has exposure to credit risk on all financial assets included in their Statement 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 minimum 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. A 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 2011 is the carrying amounts of financial assets recognised in the Statement of Financial Position of the Consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

26. Capital and financial risk management disclosures (continued)

(c) Credit risk (continued)

The table below shows the ageing analysis of loans and receivables and the financial assets that are in the Consolidated entity.

31 December 2011	Not Due 2011 $M	0-30 days 2011 $M	31-60 days 2011 $M	61-90 days 2011 $M	90+ days 2011 $M	Total 2011 $M
Current Receivables	**81.0**	**59.0**	**1.2**	**(1.2)**	**4.6**	**144.6**
Impairment of receivables	**-**	**-**	**-**	**-**	**(0.6)**	**(0.6)**
Non current loans and receivables	**184.7**	**-**	**-**	**-**	**-**	**184.7**
Impairment	**(24.8)**	**-**	**-**	**-**	**-**	**(24.8)**
Total loans and receivables	**240.9**	**59.0**	**1.2**	**(1.2)**	**4.0**	**303.9**

31 December 2010	Not Due 2010 $M	0-30 days 2010 $M	31-60 days 2010 $M	61-90 days 2010 $M	90+ days 2010 $M	Total 2010 $M
Current Receivables	-	66.8	1.3	-	2.5	70.6
Impariment of receivables	-	-	-	-	(0.3)	(0.3)
Non current loans and receivables	101.9	-	-	-	-	101.9
Impairment	(19.2)	-	-	-	-	(19.2)
Total loans and receivables	82.7	66.8	1.3	-	2.2	153.0

GPT has been provided with security guaranteeing the deferred payments with respect to the Ayers Rock receivable and therefore the receivable is not considered to pose a credit risk.

The impairment includes a loan which relates to the loan to the Rouse Hill Residential joint venture and is based on the external valuation of development rights of the joint venture as at 31 December 2011.

(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 14), the ability to close out market positions, and the option to raise funds through the issue of new stapled securities.

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 2011					31 December 2010				
	1 year or less	**Over 1 year to 2 years**	**Over 2 years to 5 years**	**Over 5 years**	**Total**	1 year or less	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	Total
	$M	**$M**	**$M**	**$M**	**$M**	$M	$M	$M	$M	$M
Liabilities										
Non-Derivatives										
Payables	**199.2**	**-**	**-**	**-**	**199.2**	193.4	-	-	-	193.4
Borrowings	**512.6**	**437.0**	**702.7**	**491.8**	**2,144.1**	34.3	480.8	1,068.0	874.3	2,457.4
Projected interest cost on borrowings*	**116.6**	**85.8**	**176.9**	**175.2**	**554.5**	169.0	170.2	364.1	263.8	967.1
Capital commitments	**122.6**	**71.3**	**21.6**	**-**	**215.5**	174.2	45.3	34.1	-	253.6
	951.0	**594.1**	**901.2**	**667.0**	**3,113.3**	570.9	696.3	1,466.2	1,138.1	3,871.5
Derivatives										
Projected Interest cost on derivatives*	**22.2**	**35.3**	**64.2**	**47.8**	**169.5**	(2.2)	(5.2)	(33.3)	(82.0)	(122.7)
	22.2	**35.3**	**64.2**	**47.8**	**169.5**	(2.2)	(5.2)	(33.3)	(82.0)	(122.7)
Total liabilities	**973.2**	**629.4**	**965.4**	**714.8**	**3,282.8**	568.7	691.1	1,432.9	1,056.1	3,748.8
Less Cash	**42.0**	**-**	**-**	**-**	**42.0**	41.1	-	-	-	41.1
Total	**931.2**	**629.4**	**965.4**	**714.8**	**3,240.8**	527.6	691.1	1,432.9	1,056.1	3,707.7

* Projection is based on the likely outcome of contracts given the interest rates, margins, forecast exchange rates and interest rate forward curves as at 31 December 2011 and 31 December 2010 up until the contractual maturity of the contract. The projection 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 8.

GPT treasury policy requires debt maturity concentration risk to be minimised as follows:

- Debt expiry no greater than 20% of total forecast debt at any point in time;
- Maximum $1 billion maturing debt in forward rolling twelve month periods;
- Maximum $500 million maturing debt in any calendar quarter; and
- Minimum weighted average tenor target of four years.

As at 31 December 2011, GPT fully comply with the above treasury policy requirements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

26. 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 sources and maturities of borrowings in order to minimise debt concentration risk, allow averaging of credit margins over time and reduce refinance amounts.

The 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. The objective of the borrowing policy is to maximise GPT borrowing capacity from a variety of sources with the least amount of borrowing restrictions in terms of covenants and at the minimum cost.

As at 31 December 2011, GPT's exposure to refinancing risk can be monitored by the spreading of its contractual maturities on borrowings in the liquidity risk table above (refer to note 26(d)).

(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 – 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, 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.

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 requirements under Australian accounting standards in respect of 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).

The following table provides (in each currency) a summary of GPT's gross interest rate risk exposure as at 31 December 2011 on interest bearing borrowings together with the net effect of interest rate risk management transactions which have been entered into to manage these exposures.

	Gross exposure (before the effect of derivatives)		Net exposure (after the effect of derivatives)	
	2011 $M	2010 $M	**2011 $M**	2010 $M
Australian Dollar				
Fixed rate interest-bearing borrowings	**284.0**	284.0	**1,514.0**	1,994.7
Floating rate interest-bearing borrowings	**1,860.1**	2,065.5	**630.1**	354.8
	2,144.1	2,349.5	**2,144.1**	2,349.5
Average Rate (%)			**5.92%**	6.93%
US Dollar				
Floating rate interest-bearing borrowings	**-**	110.0	**-**	110.0
	-	110.0	**-**	110.0
Average Rate (%)				1.61%

The average rate depicted in the table above represents the balance date cost of funds for that currency. At balance date, the fair value of interest rate derivatives were an asset of $78.4 million (2010: $115.2 million) and a liability of $128.5 million (2010: $96.4 million) as disclosed in note 8. In the year ended 31 December 2011, the loss in the Statement of Comprehensive Income from the fair value of the net liability during the year is $147.0 million (2010: loss $6.4 million).

There is no foreign exchange exposure on borrowings as at 31 December 2011.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

26. Capital and financial risk management disclosures (continued)

(f) Interest rate risk (continued)

(ii) Interest rate risk – sensitivity analysis

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

Sensitivity on changes in fair value of interest rate swaps
The impact of changes in the fair value of interest rate swaps for a 1% 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.

A 1% increase or decrease is used for consistency of reporting interest rate risk across the Group and represents management's assessment of the potential change in interest rates.

	Consolidated Entity			
	2011 (+1%) $M	**2011 (-1%) $M**	2010 (+1%) $M	2010 (-1%) $M
Impact on interest expense (increase)/decrease	**(18.6)**	**18.6**	(21.7)	21.7
Impact on change in fair value of interest rate derivatives gain/(loss)	**79.0**	**(82.7)**	86.7	(91.5)
Impact on profit / (loss) after tax	**60.4**	**(64.1)**	65.0	(69.8)

(g) Foreign exchange risk

Foreign exchange risk refers to the risk that the value of a financial commitment, 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 assets.

(i) Foreign currency assets and liabilities

GPT manages 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.

The following table shows the Australian dollar equivalents of GPT's investments denominated in foreign currencies.

Consolidated entity

	Euros		United States Dollars		British Pounds	
	2011 A$M	2010 A$M	**2011 A$M**	2010 A$M	**2011 A$M**	2010 A$M
Assets						
Cash	**0.5**	1.1	**0.4**	0.9	**0.1**	0.4
Interests in equity accounted investments	**-**	13.5	**0.2**	312.0	**-**	-
Loans and receivables	**10.0**	9.5	**34.9**	60.0	**-**	-
	10.5	24.1	**35.5**	372.9	**0.1**	0.4
Liabilities						
Borrowings	**-**	-	**-**	107.8	**-**	-
Payables	**1.0**	0.9	**-**	4.7	**-**	0.5
	1.0	0.9	**-**	112.5	**-**	0.5
Net assets/(liabilities)	**9.5**	23.2	**35.5**	260.4	**0.1**	(0.1)

As at 31 December 2011, there is no USD foreign exchange exposure as the balances are hedged by foreign exchange contracts.

(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 assets and investments in joint ventures and associates by entering into forward foreign exchange contracts.

(h) Fair value

GPT has adopted the classification of fair value measurements into the following hierarchy as required by AASB 7 *Financial Instruments: Disclosures*:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(b) 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
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the Consolidated entity's assets and liabilities measured and recognised at fair value as at 31 December 2011 and 31 December 2010.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

26. Capital and financial risk management disclosures (continued)

(h) Fair value (continued)

Consolidated entity

	Level 1 31 Dec 11 $M	Level 2 31 Dec 11 $M	Level 3 31 Dec 11 $M	Total 31 Dec 11 $M	Level 1 31 Dec 10 $M	Level 2 31 Dec 10 $M	Level 3 31 Dec 10 $M	Total 31 Dec 10 $M
Current								
Derivative assets								
Interest Rate Swaps	-	0.1	-	0.1	-	0.1	-	0.1
Interest Rate Options	-	-	-	-	-	-	0.1	0.1
Foreign Exchange Contracts	-	0.1	-	0.1	-	-	-	-
	-	0.2	-	0.2	-	0.1	0.1	0.2
Derivative liabilities								
Interest Rate Swaps	-	(0.8)	-	(0.8)	-	-	-	-
Interest Rate Options	-	-	-	-	-	-	(0.4)	(0.4)
Foreign Exchange Contracts	-	(0.2)	-	(0.2)	-	-	-	-
	-	(1.0)	-	(1.0)	-	-	(0.4)	(0.4)
Total Current	-	(0.8)	-	(0.8)	-	0.1	(0.3)	(0.2)
Non-Current								
Derivative assets								
Interest Rate Swaps	-	77.9	-	77.9	-	114.0	-	114.0
Interest Rate Options	-	-	0.3	0.3	-	-	1.0	1.0
	-	77.9	0.3	78.2	-	114.0	1.0	115.0
Derivative liabilities								
Interest Rate Swaps	-	(26.8)	-	(26.8)	-	(50.3)	-	(50.3)
Interest Rate Options	-	-	(100.7)	(100.7)	-	-	(45.7)	(45.7)
	-	(26.8)	(100.7)	(127.5)	-	(50.3)	(45.7)	(96.0)
Total Non-Current	-	51.1	(100.4)	(49.3)	-	63.7	(44.7)	19.0

GPT holds no level 1 derivatives. Level 2 derivatives that GPT has at 31 December 2011 include Float to Float, Fixed to Float, Knock Out and Vanilla derivatives. Level 3 derivatives that GPT has at 31 December 2011 include Sold Receiver Swaption, Callable and CPI derivatives.

GPT has historically recorded mark to market on derivatives based on the counterparty valuations. This is largely based on discounted cash flow analysis using midmarket rates with inputs including the bank's market interest rates curves, basis, CPI, volatility and may include the bank's proprietary information and assumptions around convexity of the curves and valuation of the options. The bank valuations do not currently include any debit value or credit value adjustment which takes into account the credit risk of the respective parties.

During the year, GPT management has moved towards valuation of all its derivatives internally rather than relying on bank valuations such that a consistent approach is adopted for the same types of derivatives.

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

Credit value adjustments: these are applied to mark-to-market assets for counterparties with a rating below "AA" (given market rates are reflective of a bank with AA rating) based on that counterparty's credit risk using the observable credit default swaps curve as a benchmark for credit risk.

Debit value adjustments: these are applied to mark-to-market liabilities based on GPT's credit risk using GPT's credit default swaps curve as a benchmark for credit risk.

The following table is a reconciliation of the movements in derivatives classified as Level 3 for the year ended 31 December 2011 and 31 December 2010. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

26. Capital and financial risk management disclosures (continued)

(h) Fair value (continued)

Consolidated entity

	Derivative assets 31 Dec 11 $M	Derivative Liabilities 31 Dec 11 $M	Total 31 Dec 11 $M	Derivative assets 31 Dec 10 $M	Derivative Liabilities 31 Dec 10 $M	Total 31 Dec 10 $M
Opening balance	**1.1**	**(46.1)**	**(45.0)**	3.8	(68.3)	(64.5)
Fair value movement through profit and loss						
- Still held	**(0.7)**	**(64.3)**	**(65.0)**	3.0	(10.5)	(7.5)
- No longer held	**(0.1)**	**(29.1)**	**(29.2)**	-	5.7	5.7
Purchases	**-**	**-**	**-**	2.1	1.6	3.7
Terminations	**-**	**38.8**	**38.8**	-	2.9	2.9
Transfers out of level 3	**-**	**-**	**-**	(7.9)	30.5	22.6
Transfers into level 3	**-**	**-**	**-**	0.1	(8.0)	(7.9)
Closing Balance as at 31 December 2011	**0.3**	**(100.7)**	**(100.4)**	1.1	(46.1)	(45.0)

Sensitivity on changes in fair value of level 3 derivatives

The fair value of derivatives classified as Level 3 are calculated using a generally accepted pricing model based on a discounted cash flow analysis using quoted market inputs such as interest rates, basis, CPI and volatility.

The impact of using reasonably possible alternative assumptions in these models, based on a 1% increase or 1% decrease in interest rates (the most significant input), while holding all other variables constant, is shown in the table below.

Consolidated entity

	2011 (+1%) $M	2011 (-1%) $M
Impact on change in fair value of Level 3 derivatives gain/(loss)	**59.8**	**(63.0)**
Impact on profit / (loss) after tax	**59.8**	**(63.0)**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

27. Auditor's 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	
	31 Dec 11	31 Dec 10
	$'000	$'000
Audit services		
PricewaterhouseCoopers Australia		
Statutory audit and review of financial reports	**1,245.5**	1,315.5
Affiliates of PricewaterhouseCoopers Australia including overseas firms		
Audit and review of financial reports and other statutory audit work	**30.8**	308.2
Total remuneration for audit services	**1,276.3**	1,623.7
Other assurance services		
PricewaterhouseCoopers Australian		
Regulatory and contractually required audits	**171.5**	183.6
Total remuneration for other assurance services	**171.5**	183.6
Total remuneration for audit and assurance services	**1,447.8**	1,807.3
Non audit related services		
PricewaterhouseCoopers Australia		
Other Services	**111.5**	3.8
Affiliates of PricewaterhouseCoopers Australia including overseas firms		
Taxation services	**125.4**	88.3
Total remuneration for non audit related services	**236.9**	92.1
Total auditor's remuneration	**1,684.7**	1,899.4

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

28. Earnings per stapled security

	Note	Consolidated Entity 31 Dec 11 Cents	31 Dec 10 Cents
(a) Attributable to ordinary securityholders of the Trust			
Basic and diluted earning per security - Profit from continuing operations		**17.7**	26.2
Basic and diluted earning per security - (Loss) / profit from discontinued operations		**(2.8)**	13.9
Total basic and diluted earning per security attributable to ordinary securityholders of the Trust		**14.9**	40.1
(b) Attributable to ordinary stapled securityholders of The GPT Group			
Basic and diluted earning per security - Profit from continuing operations		**15.4**	21.8
Basic and diluted earning per security - (Loss) / profit from discontinued operations		**(3.4)**	14.9
Total basic and diluted earning per security attributable to ordinary stapled securityholders of The GPT Group		**12.0**	36.7

The earnings and securities used in the calculations of basic and diluted earnings per ordinary stapled security are as follows:

(c) Reconciliation of earnings used in calculating earnings per ordinary stapled security	31 Dec 11 $M	31 Dec 10 $M
Net profit from continuing operations attributable to the securityholders of the Trust	**351.3**	511.3
Net (loss) / profit from discontinued operations attributable to the securityholders of the Trust	**(50.8)**	258.4
	300.5	769.7
Less: distribution to the holders of Exchangeable Securities *	**(25.0)**	(25.0)
Basic and diluted earnings of the Trust	**275.5**	744.7
Add: Net (loss) from continuing operations attributable to the securityholders of other stapled entities	**(42.1)**	(80.8)
Add: Net (loss) / profit from discontinued operations attributable to the securityholders of other stapled entities	**(12.2)**	18.4
Basic and diluted earnings of the Company	**(54.3)**	(62.4)
Basic and diluted earnings of The Group	**221.2**	682.3

(d) Weighted average number of ordinary stapled securities	Note	No. of securities millions 31 Dec 11	No. of securities millions 31 Dec 10
Weighted average number of ordinary stapled securities used as the denominator in calculating:			
Basic earnings per ordinary stapled security - Trust and The Group		**1,845.2**	1,855.5
Adjustments for calculation of diluted earnings per share:			
Performance rights (weighted average basis)	(e)	**0.7**	0.2
Weighted average number of ordinary stapled securities and potential ordinary stapled securities used as the denominator in calcuating diluted earnings per ordinary stapled security		**1,845.9**	1,855.7

* These securities are not considered dilutive as the distribution per exchangeable security is higher than the basic EPS per stapled security. Refer to note 16(c) for further details on the Exchangeable Securities.

(e) Information concerning the classification of securities
Performance Rights
4,060,829 Performance Rights (Dec 10: 3,818,257 restated for the 5 to 1 consolidation of stapled securities) were granted to certain Senior Executives under the Stapled Security Rights Plan during 2011. 12,503,236 Performance Rights have been issued up until 31 December 2011. However, only 737,303 Performance Rights are considered dilutive. As such, only 737,303 performance Rights have been included in the determination of diluted earnings per security. 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 2011

29. Net tangible asset backing

	Consolidated entity	
	31 Dec 11	31 Dec 10
	$	$
Net tangible asset backing per stapled security/unit	**3.59**	3.60

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 $3.883 (Dec 10: $3.883).

30. Events subsequent to reporting date

On 12 January 2012, GPT completed the settlement of La Trobe Street car park at Melbourne Central sale for $29.2 million.

On 17 January 2012, GPT priced $150 million fixed rate Medium Term Notes (MTNs) debt issue for a term of 7 years providing additional liquidity to fund short and medium term capital requirements. These MTNs were settled on 24 January 2012.

On 1 February 2012, GPT signed $100 million loan facility with Commonwealth Bank of Australia with a term of 1 year expiring on 1 February 2013.

On 3 February 2012, GPT completed the settlement of 42&44 Ocean Steamers Drive, Port Adelaide sale for $7 million.

Post 31 December 2011, GPT continued with the on-market buy-back of the Group's ordinary stapled securities. At 17 February 2012, the GPT Group has bought back 4.3 million ordinary stapled securities for the total consideration of $13.3 million. This represents 0.2% of the total ordinary stapled securities.

On 17 February 2012, a distribution of 4.9 cents per stapled security ($88.7 million) was declared for the quarter ended 31 December 2011 (refer to note 3(a)(ii)).

Other than above, the Directors are not aware of any matter or circumstance occurring since 31 December 2011 that has significantly or may significantly affect the operations of GPT, the results of those operations or the state of affairs of GPT in the subsequent financial years.

Directors' Declaration

For the year ended 31 December 2011

In the directors of the Responsible Entity's opinion:

(a) the financial report and notes set out on pages 27 to 91 are in accordance with the *Corporations Act 2001*, including:
- complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- giving a true and fair view of the GPT Group's financial position as at 31 December 2011 and of its performance for the financial year ended on that date; and

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

Note 1(a) confirms that the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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

Rob Ferguson
Chairman

GPT RE Limited

Michael Cameron
Managing Director and Chief Executive Officer

Sydney
17 February 2012

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 comprises the statement of financial position as at 31 December 2011, 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 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Independent auditor's report to the unitholders of General Property Trust (continued)

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 consolidated entity's financial position as at 31 December 2011 and of its 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 and notes also comply 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 24 of the directors' report for the year ended 31 December 2011. 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 2011, complies with section 300A of the *Corporations Act 2001*.

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 2011 included on The GPT Group's web site. The Responsible Entity's directors are responsible for the integrity of The GPT Group'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 the financial report 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

AJ Loveridge
Partner

17 February 2012