The GPT Group

General Property Trust
ABN: 58 071 755 609

Annual Financial Report
31 December 2012

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 2012

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 2012. 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 2011 and are:

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

1.2 Review of Operations
The following provides a summary of GPT's performance for the year ended 31 December 2012. 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 (note 2) which forms part of the financial report.

The net profit after tax for the year ended 31 December 2012 is $594.5 million (2011: $246.2 million).

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

	Consolidated entity	
	2012	2011
	$M	$M
Core operations	566.3	555.8
Non-core operations	14.5	31.9
Financing and corporate overheads	(124.4)	(148.9)
Realised Operating Income	456.4	438.8
Change in fair value of assets (non-cash):		
Valuation increase / (decrease)		
Core Domestic Portfolio and Funds Management (Australia)	221.0	89.8
Non-Core Operations	0.3	(39.0)
Release of Foreign Currency Translation Reserve	-	(47.6)
Financial Instruments mark to market value movements and net foreign exchange loss	(40.4)	(150.3)
Other items*	(42.8)	(45.5)
Net profit after tax	594.5	246.2

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

DIRECTORS' REPORT
For the year ended 31 December 2012

1. OPERATIONS AND ACTIVITIES (continued)

1.2 Review of Operations (continued)

Financial results

- Realised Operating Income increased by 4.0% to $456.4 million (2011: $438.8 million)
- Profit after tax increased by 141.5% to $594.5 million (2011: $246.2 million)
- Total assets increased by 0.6% to $9,343.2 million (2011: $9,287.6 million)
- Total borrowings decreased by $0.5 million to $2,143.6 million (2011: $2,144.1 million)
- Headline gearing (net debt basis) decreased to 21.7% (2011: 22.9%). Look through gearing (net debt basis) decreased to 23.9% (2011: 24.4%).
- ROI per ordinary stapled security increased by 8.0% to 24.2 cents (2011: 22.4 cents)
- Distribution per ordinary stapled security increased by 8.4% to 19.3 cents (2011: 17.8 cents)
- Net tangible assets per stapled security* increased to $3.73 (2011: $3.59)

* Includes the impact of potential securities assuming the conversion of the exchangeable securities at an exchange price of $3.883 (2011: $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 2012 $M**	Realised Operating Income 2011 $M	**Total Assets 2012 $M**	Total Assets 2011 $M
Core					
Retail	1.2 (a)	**294.0**	295.4	**4,489.9**	4,918.4
Office	1.2 (b)	**125.9**	123.0	**2,085.5**	1,938.1
Logistics and Business Parks	1.2 (c)	**66.3**	55.8	**989.5**	832.5
Funds Management	1.2 (d)	**80.1**	81.6	**1,152.8**	1,021.7
Non-core	1.2 (e)	**14.5**	31.9	**153.2**	233.1
Financing and corporate overheads					
Corporate		**(124.4)**	(148.9)	**472.3**	343.8
Total		**456.4**	438.8	**9,343.2**	9,287.6

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 3.0% (excluding the Homemaker assets), underpinned by a high proportion of structured rental increases. Occupancy for the portfolio remains high at 99.5%.

The retail environment remained subdued in 2012, with comparable retail sales growth of 1.3% for total centre and 1.5% for speciality stores, but showed signs of improvement in the second half.

(b) Office Portfolio
The Office Portfolio continued its solid performance during the year, with comparable income growth of 3.8%. This performance was driven by GPT's high quality property fundamentals, including a high proportion of structured rental increases and low expiry by area.

The portfolio achieved significant leasing activity in 2012, with 135,646 sqm of new leases signed over the period. Occupancy remains high at 95.8% and the weighted average lease expiry for the portfolio increased to 5.4 years.

In 2012, GPT completed the development of One One One Eagle Street in Brisbane which has 84% of floor space committed.

DIRECTORS' REPORT

For the year ended 31 December 2012

1. OPERATIONS AND ACTIVITIES (continued)

1.2 Review of Operations (continued)

(c) Logistics and Business Parks Portfolio
The Logistics and Business Parks Portfolio delivered comparable income growth for the year of 2.7%, maintaining its high levels of occupancy of 98.2% and long lease expiry of 5.8 years. The portfolio increased in size by $157 million throughout the year, primarily as a result of acquisitions and the completion of the 5 Murray Rose development in April 2012.

(d) Funds management
Australian platform
GPT Wholesale Office Fund (GWOF) has ownership interests in 14 assets with a value of $3.6 billion. GPT Wholesale Shopping Centre Fund (GWSCF) has ownership interests in 10 assets with a value of $2.9 billion.

The performance across the Funds' assets continues to be solid, with GWOF achieving a total return of 12.0% and GWSCF a total return of 6.2% for the year, GWSCF was impacted by writing off of stamp duty in relation to the Casuarina and Woden acquisitions at 30 June 2012.

A capital raising for both funds was launched in the September 2012 quarter with GWOF seeking equity of up to $250 million and GWSCF seeking equity of up to $500 million. Due to significant demand the capital raising for GWOF was increased to $275 million, with the raising completed fully subscribed by December 2012. A total of $161 million was raised for GWSCF, including a $100 million investment by GPT.

(e) Non - Core Operations
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 and second instalments 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. GPT has contributed $22.2 million towards capital expenditure in March 2012 in accordance with the sale agreement.

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) Developments
GPT currently has five developments underway (including properties held through GWOF and GWSCF):

- Highpoint Shopping Centre is being expanded by 30,000 sqm bringing the first David Jones to Western Melbourne in additional to approximately 100 specialty shops. The development is fully leased and is due to open in March 2013;
- Wollongong Central, West Kiera is being expanded by 18,000 sqm, addressing a significant undersupply of food retail in Wollongong's city centre. The development is on track for completion in March 2014;
- 161 Castlereagh Street is a new 59,220 sqm premium grade office tower in the Sydney CBD which is on track for completion in mid-2013. The project is 96% leased with a 24 month rental guarantee on the vacant space;
- 150 Collins Street is a new 20,000 sqm A grade office tower with Premium Grade services in the Melbourne CBD due for completion in mid-2014. It is 71% leased to Westpac with a 24 month rental guarantee on the vacant space; and
- Toll NQX in Karawatha QLD is a new 44,000 sqm logistics facility being developed for Toll Group on a 13.4 hectare site. The development is scheduled for completion in early 2014.

GPT retains a $2.3 billion pipeline of projects underway and planned development opportunities for the medium term, subject to approvals and an appropriate level of pre-commitments.

(g) 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 increased to a profit of $138.1 million (2011: a loss of $192.6 million). This is caused by $221.3 million revaluation of properties in the core and non-core portfolios (2011: $50.8 million) and a mark-to-market fair value movement of financial instruments (a loss of $39.9 million, 2011: a loss of $147.0 million)). The prior year comparative also included a loss from the release of the foreign currency translation reserve of $47.6m.

(i) Capital Management

Highlights
At 31 December 2012

- GPT's percentage of net debt to total tangible assets is 21.7% (2011: 22.9%).
- GPT's average cost of debt has reduced from 6.6% in 2011 to 5.6% in 2012.

Debt facilities
At 31 December 2012, GPT had $219.1 million of liquidity available in cash and committed but undrawn debt facilities. For further details refer to note 14(a).

DIRECTORS' REPORT
For the year ended 31 December 2012

1. OPERATIONS AND ACTIVITIES (continued)

1.2 Review of Operations (continued)

(i) Capital Management (continued)

Gearing
At 31 December 2012 the level of gearing net of cash and cash equivalents is 21.7%. GPT aims to manage gearing within a range of 25% to 35% (based on debt to total tangible assets). The range 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 GPT'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 2012.

1.3 Distributions
Distributions paid and payable to stapled securityholders for the financial year ended 31 December 2012 totalled $341.9 million (2011: $326.4 million). This represented an annual distribution of 19.3 cents (2011: 17.8 cents). This distribution includes 5.1 cents ($90.1 million) in respect of the quarter ended December 2012, which is expected to be paid in mid-March 2013. 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.

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:

- In February 2012, the GPT Group internalised the property management function of its 18 wholly owned logistics and office assets. Prior to February 2012, the property management function of these assets had been outsourced to Jones Lang LaSalle (JLL). This internalisation was undertaken to reinforce GPT's core business strategy to own and actively manage quality Australian property assets, as well as delivering great customer experiences and performance outcomes.

- On 30 March 2012, GPT acquired CitiPort Business Park at 650-672 Lorimer Street and 272-310 Salmon Street, Port Melbourne, Victoria for a total consideration of $61.0 million.

- On 11 May 2011, GPT announced an on-market buy-back of up to 5% of the Group's ordinary stapled securities. On 26 April 2012, GPT announced the extension of the on-market buy-back for an additional 12 months from 11 May 2012 and increased the maximum number of securities that can be purchased from 5% to 10% of ordinary stapled securities. As at 31 December 2012, the Group has bought back 88.7 million ordinary stapled securities for a total consideration of $274.7 million. This represents 4.8% of total ordinary stapled securities at the time of the commencement of the buy-back.

- On 25 June 2012, GPT sold a 50% interest in Casuarina shopping centre in Darwin and its 50% interest in Westfield Woden shopping centre in Canberra to the GPT Wholesale Shopping Centre Fund for $229.7 million and $322.5 million respectively.

- On 3 August 2012, GPT acquired 83 Derby Street, Silverwater and 10 Interchange Drive, Eastern Creek in New South Wales for a total consideration of $25.0 million and $28.6 million respectively.

- On 10 December 2012, GPT made an indicative and non-binding proposal to Australand Property Group in relation to the potential acquisition of its investment property portfolio and commercial and industrial business for cash. This offer was rejected by the Australand Property Group.

- On 17 December 2012, GPT acquired Toll NQX, Karawatha in Queensland for a consideration of $28.2 million.

- On 21 December 2012, GPT exchanged contracts for the sale of Homemaker City Aspley and Homemaker City Jindalee for $41.2 million and $50.5 million respectively. The settlement is due to occur in March 2013 for Aspley and April 2013 for Jindalee.

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

DIRECTORS' REPORT
For the year ended 31 December 2012

1. OPERATIONS AND ACTIVITIES (continued)

1.6 Environmental Regulation (continued)

The EEO Act 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 2011 to 30 June 2012 period to ensure that the Energy Efficiency Opportunities data is made available in a public report on the GPT website by the required date of 31 December 2012.

The NGER Act requires GPT to report its annual greenhouse gas emissions and energy use. The measurement period for GPT is 1 July 2011 to 30 June 2012. GPT has implemented systems and processes for the collection and calculation of the data required which enabled submission of its report to the Department of Climate Change and Energy Efficiency within the legislative deadline of 31 October 2012.

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 13 February 2013, a distribution of 5.1 cents per stapled security ($90.1 million) was declared for the quarter ended 31 December 2012 (refer to note 3(a)(ii)).

During January and February 2013, GPT priced HKD 800 million (AUD $100 million) fixed rate Medium Term Notes (MTNs) for a term of 15 years providing additional liquidity to the Group. HKD 600 million of these MTNs were settled on 5 February 2013 and the remaining MTNs will be settled on 22 February 2013.

Other than above, the Directors are not aware of any matter or circumstance occurring since 31 December 2012 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.

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 (retired on 7 May 2012)
Anne McDonald
Gene Tilbrook

(iii) Executive Director

Michael Cameron

2.2 Information on Directors

Rob Ferguson – Chairman
Mr Ferguson joined the Board on 25 May 2009.

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

Mr Ferguson is currently the Non-Executive Chairman of IMF (Australia) Limited, Non-Executive Chairman of Primary Health Care Limited and Non-Executive Director of MoneySwitch Limited.

Mr Ferguson was Managing Director and Chief Executive of Bankers Trust for 15 years and was an independent Non- Executive Director of Westfield for 10 years.

Mr Ferguson is a member of the Nomination and Remuneration Committee.

DIRECTORS' REPORT
For the year ended 31 December 2012

2. DIRECTORS AND SECRETARY (continued)

2.2 Information on Directors (continued)

Michael Cameron – Chief Executive Officer and Managing Director
Mr Cameron joined The GPT Group as CEO and Managing Director on 1 May 2009.

Mr Cameron has over 30 years' experience in Finance and Business, including 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.

More recently Michael was Chief Financial Officer then Group Executive of the Retail Bank Division for the Commonwealth Bank of Australia, and Chief Financial Officer of St George Bank.

Mr Cameron is a Non-Executive Director of the Great Barrier Reef Foundation and a Non-Executive Director of Suncorp Group Limited and its regulated entities.

Eric Goodwin
Mr Goodwin was appointed to the Board in November 2005.

Mr Goodwin has experience in design, construction, and project management, general management and funds management. His experience includes fund management of the MLC Property Portfolio 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 DUET Management No 2 Limited (responsible entity of Diversified Utility and Energy Trust No. 2).

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

Anne McDonald
Ms McDonald was appointed to the Board on 2 August 2006.

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 local companies on governance, risk management and accounting issues.

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 provides an advisory role to the Norton Rose Australian Partnership Council.

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

Lim Swe Guan (retired from the Board on 7 May 2012).
Mr Lim was appointed to the Board on 21 April 2009. Mr Lim has over two decades experience in the real estate sector in Australia and internationally, most recently as Managing Director of GIC Real Estate until February 2011.

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

Brendan Crotty
Mr Crotty was appointed to the Board on 22 December 2009.

Mr Crotty brings extensive property industry expertise to the Board, including 17 years as Managing Director of Australand until his retirement in 2007.

He 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 is a member of the Audit and Risk Management Committee and a member of 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 Hunter Valley Research Foundation (Chairman), CSIRO (Deputy Chairman), Bradken Limited and Boral Limited.

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 2012

2. DIRECTORS AND SECRETARY (continued)

2.2 Information on Directors (continued)

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

Mr Tilbrook brings extensive experience in finance, corporate strategy, investments and capital management.

Mr Tilbrook is a Non-Executive Chairman of Transpacific Industries Group Ltd (retiring in March 2013) and a Non-Executive Director of Fletcher Building Ltd and Aurizon Holdings Limited.

Mr Tilbrook 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 and the Bell Shakespeare Company.

Mr Tilbrook is Chair of the Nomination and Remuneration Committee.

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).

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	12	12	-	-	7	7	-	-
Michael Cameron	12	12	-	-	-	-	-	-
Brendan Crotty[1]	12	12	2	2	4	4	4	4
Eileen Doyle	12	12	-	-	7	7	4	4
Eric Goodwin	12	12	5	5	-	-	4	4
Lim Swe Guan[2]	2	3	2	2	-	-	-	-
Anne McDonald	12	12	5	5	-	-	-	-
Gene Tilbrook	12	12	-	-	7	7	-	-

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	537,094 Stapled Securities 1,997,060 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

[1] Brendan Crotty was appointed to the Audit and Risk Management Committee on 22 June 2012 and retired from the Nomination and Remuneration Committee on 22 June 2012.
[2] Lim Swe Guan retired as a director on 7 May 2012.

DIRECTORS' REPORT
For the year ended 31 December 2012

2. DIRECTORS AND SECRETARY (continued)

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 2012 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)
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	DUET 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 (from 2004 until 2012)
Anne McDonald	Speciality Fashion Group Limited (since 2007) Spark Infrastructure Group (since 2009)
Gene Tilbrook	Transpacific Industries Group Limited (from 2009 to 2013) Fletcher Buildings Limited (since 2009) Aurizon Holdings Limited (since 2010)
Michael Cameron	Suncorp Group Limited (since 2012)

3. 2012 REMUNERATION REPORT

3.1 Remuneration in Brief

The Board is committed to clear and transparent communication of GPT's remuneration arrangements. This section, the 2012 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 executives who – along with the non-executive Directors - comprise the key management personnel (KMP)[3]. The full Remuneration Report for 2012, starting on page 13, provides more detail regarding the remuneration strategy, structures, decisions and outcomes at GPT in 2012 in accordance with statutory obligations and accounting standards.

Key remuneration drivers and actions in 2012

In 2012, 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 throughout the remainder of 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 2012. 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 2011, the Board decided to:

- implement only a modest review of base pay, effective 1 January 2012, averaging 2%; and
- maintain the freeze on Non-Executive Director fees in 2012 for the 5th 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 2012, actual STI's received by management were towards the upper end of potential.

During calendar year 2012 the Committee undertook a review of STI arrangements with a view to:

- ensuring that the targets set continue to represent the appropriate degree of stretch for management; and
- reducing the overall STI pool to reflect a more moderate market for employee Total Compensation.

[3] It should be noted that the KMP also includes the five highest paid executives, and should be interpreted as such throughout this report.

DIRECTORS' REPORT

For the year ended 31 December 2012

3. 2012 REMUNERATION REPORT (continued)

3.1 Remuneration in Brief (continued)

Key remuneration drivers and actions in 2012 (continued)

Short Term Incentives (continued)

With these objectives in mind, in 2013 the Committee will:

- consider the 2012 business results and the 2013 budget in detail before setting the 2013 STI targets. With the consistent strong performance of the business in 2010, 2011 and 2012, both management and the Board are keen to set higher and more challenging targets within our prevailing risk appetite; and
- introduce an STI funding model that will reduce the overall STI outcome at benchmarks, while retaining a potential stretch STI for commensurate performance. The Committee and management are of the view that greater scarcity in STI funds will lead to better performance outcomes and a more merit based differentiation of rewards.

These changes to the STI framework will be outlined in more detail in the 2013 Remuneration Report.

Long Term Incentives

The Board sought and received approval from GPT security holders at the 2012 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 (NTA) excluding movements in GPT's equity base arising from capital raisings or capital returns, 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.

The 2010 LTI, covering GPT's performance for the three calendar years of 2010-2012, concluded at the end of 2012. For the first time since the commencement of LTI plans at GPT the Group's performance exceeded the threshold performance hurdle on two of the three LTI performance measures, leading to the delivery of LTI awards to participants in the form of GPT stapled securities. The Committee believes that achievement of this ownership position by participants further strengthens their alignment with investors.

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, 327 GPT employees received 185,876 GPT securities in 2012.

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 2012, the Board sought external advice on market practice and prevailing regulatory and governance standards from Ernst & Young, Johnson, 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*.

2012 Remuneration outcomes and GPT security ownership positions for GPT's Key Management Personnel

The disclosed remuneration of GPT's KMP in the Remuneration Report on page 22 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 vested (and may never vest) as they are dependent on performance measures being met.

GPT has chosen to include in the Remuneration in Brief the following table (Table 1) on the next page, which discloses the Cash and Other Benefits received by GPT's KMP, as distinct from the accounting expense. As a result, it does not align to Australian Accounting Standards as it is on a cash basis; Table 13 on page 22 details the statutory accounting balances. Table 1 also includes an outline of the current and potential GPT security ownership position of executives effective 31 December 2012 that has been established during their career to date with GPT.

DIRECTORS' REPORT

For the year ended 31 December 2012

3. 2012 REMUNERATION REPORT (continued)

3.1 Remuneration in Brief (continued)

2012 Remuneration outcomes and GPT security ownership positions for GPT's Key Management Personnel (continued)

Table 1 - Cash and Other Benefits received by GPT's KMP

		Cash & Other Benefits actually received by executives in 2012					*Current GPT security ownership at 31/12/12*		*GPT Performance Rights that Lapsed in 2012*	*Future GPT securities subject to performance at 31/12/12*
Senior Executive	**Position**	**Base (Fixed) Pay** ($'000)	**STI** ($'000)	**LTI [1]** ($'000)	**Other [2]** ($'000)	**Total** ($'000)	**Previously Vested GPT Security Holding [3]** (# of securities)	**GPT Securities that Vested in 2012 [4]** (# of securities)	**2010 LTI Performance Rights that Lapsed [5]** (# of rights)	**Unvested GPT Securities & Performance Rights [6]** (# of securities & rights)
Michael Cameron	*Managing Director and Chief Executive Officer*	1,450.0	1,512.9	1,214.6	226.0	4,403.5	66,103	490,940	247,102	1,730,010
James Coyne	*General Counsel / Company Secretary*	480.0	247.2	317.1	3.3	1,047.6	-	89,552	64,522	322,171
Matthew Faddy	*Head of Asset Management*	500.0	438.7	227.7	2.4	1,168.8	-	64,305	46,333	282,307
Mark Fookes [7]	*Chief Financial Officer*	775.0	586.7	506.1	5.3	1,873.1	-	142,902	102,960	520,173
Nicholas Harris	*Head of Funds Management*	725.0	595.5	411.6	4.2	1,736.3	-	116,227	83,741	450,677
Carmel Hourigan [8]	*Head of Investment Management*	104.7	-	-	350.0	454.7	-	-	-	315,690
Anthony McNulty	*Head of Development Retail and Major Projects*	563.7	455.7	276.3	3.0	1,298.7	-	78,024	56,217	369,155
Michael O'Brien [9]	*Group Executive Corporate Development*	830.0	692.8	556.7	3.8	2,083.3	76,909	157,193	113,255	557,089
John Thomas [10]	*Head of Development Commercial and Industrial*	337.2	265.0	-	1.0	603.2	-	-	-	172,720

[1] For the purposes of recording a value in Table 1 for LTI, the number of GPT Group performance rights that vested under the 2010 LTI for each participant have been valued using GPT's fourth quarter 2012 volume weighted average security price (VWAP) of $3.5415. More details about the 2010 LTI and GPT's performance against the various performance measures are set out in Tables 9 and 10.

[2] Other includes the value of sign on Performance Rights from 2009 that vested in 2012 (Michael Cameron), sign on payments (Carmel Hourigan), 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 vested GPT securities held by individuals as a result of their employment that vested prior to 2012. This <u>excludes</u> GPT securities bought privately by the individual.

[4] GPT Securities that Vested in 2012 represent the actual number of GPT securities that have vested to the individual in 2012. For all individuals, this figure represents GPT securities that vested as a result of GPT's performance in the 2010 LTI covering the performance period 2010-2012. For Michael Cameron specifically, the figure comprises

- 342,966 Performance Rights that vested under the 2010 LTI;
- 81,871 deferred securities from his 2009 Short Term Incentive that vested on 31 March 2012; and
- 66,103 Performance Rights from his sign on package at the commencement of his employment on 1 May 2009 that vested on 30 June 2012.

[5] 2010 LTI Performance Rights that Lapsed sets out the number of performance rights that were awarded to a participant in the 2010 LTI that did not vest at the end of the 2010-2012 performance period, and as a result, lapsed.

[6] Unvested GPT Securities and Performance Rights is the total of unvested GPT securities and Performance Rights granted over the years that are currently on foot and <u>excludes</u> any GPT securities or Performance Rights that may have lapsed up to 31 December 2012. This number comprises sign on rights that are yet to vest (Carmel Hourigan), 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.

[7] Mark Fookes was Head of Investment until he was appointed Chief Financial Officer on 1 October 2012.

[8] Carmel Hourigan joined GPT on 8 November 2012.

[9] Michael O'Brien was Chief Financial Officer until he was appointed Group Executive, Corporate Development on 1 October 2012.

[10] John Thomas joined GPT on 20 February 2012 but did not become a KMP until he was appointed Head of Development Commercial and Industrial on 1 July 2012. As a result, the figures in this table only represent earnings attributable to the period from 1 July – 31 December 2012.

DIRECTORS' REPORT
For the year ended 31 December 2012

3. 2012 REMUNERATION REPORT (continued)

3.2 Remuneration Report

Introduction

The Board presents the Remuneration Report for GPT for the year ended 31 December 2012, which forms part of the Directors Report and has been prepared in accordance with section 300A of the Corporations Act 2001 for the Group for the year ended 31 December 2012.

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) – including the five highest paid executives - who are the individuals responsible for planning, controlling and managing the GPT Group (including the non-executive Directors, the CEO and other key Senior Executives). The data provided in the Remuneration Report was audited as required under section 308(3C) of the Corporations Act.

In 2012 the Nomination & Remuneration Committee (the Committee) initially comprised 4 Non-Executive Directors:

- Gene Tilbrook (Chairman)
- Brendan Crotty[4]
- 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).

Key Issues and Changes made in 2012

Remuneration Outcomes aligned to GPT's Performance

In 2012 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 continued to be moderate. Against that background the Board continued to exercise caution with regard to executive remuneration. The main areas of activity in 2012 are outlined in Table 2, below:

Table 2 – Main areas of activity in 2012

Activity	Who is affected?	Explanation
Maintain restraint on executive salaries	Leadership Team and other employees	Base remuneration increases for 2012 were capped at an average 2% across the business.
Freeze on Directors' fees	Non-Executive Directors	There were no increases in fees in 2012 for Non-Executive Directors for the 5th successive year.
Review of STI targets and overall STI quantum	All employees	In 2012 the Committee has worked with management and agreed that in 2013 STI will be driven off higher targets than in 2012. In addition, in 2013 the Group will introduce an STI funding model that will lead to a lower overall potential STI pool; by infusing greater scarcity into STI funding the Board and management believe better performance outcomes can be achieved by a more merit based differentiation of rewards.
Strengthened 2012 LTI Performance Measures	Leadership Team and other participating executives	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 growth and TR measures in the 2012 LTI (see Table 9 on page 19. These adjustments were approved by security holders at the Annual General Meeting in May 2012.
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, 327 GPT employees received 185,876 GPT securities in 2012.

[4] Brendan Crotty left the Committee on 22 June 2012, and as a result the Committee concluded the year with the 3 remaining members.

DIRECTORS' REPORT
For the year ended 31 December 2012

3. 2012 REMUNERATION REPORT (continued)

3.2 Remuneration Report (continued)

Key Issues and Changes made in 2012 (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 2012, Mr Cameron's remuneration mix was as follows: Base (Fixed) Pay: $1,450,000. STI: $0 to $1,812,500 based on performance and paid in cash (ie 0% to 125% of base pay). Further details on STI terms are set out on pages 17 & 18. LTI: $0 to $2,175,000 based on performance and continued service and delivered in GPT stapled securities (ie 0% to 150% of base pay). Further details on LTI terms (including performance measures) are set out on pages 16, 17 and 18.
External Directorships	Under GPT policy Mr Cameron is eligible to take up one external Directorship. In 2012 Mr Cameron was invited to join the Suncorp Group Board. All Board fees received by Mr Cameron associated with this appointment are paid to GPT.
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.

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 following diagram (Diagram 1) shows the key objectives of GPT's remuneration policy and how these are implemented through our remuneration structures.

DIRECTORS' REPORT
For the year ended 31 December 2012

3. 2012 REMUNERATION REPORT (continued)

3.2 Remuneration Report (continued)

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	**Short Term Incentive**	**Long Term Incentive**
• 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	• 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 • 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 process optimisation, as applicable • Delivered in cash annually	• 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:	**Align executive rewards to GPT's performance and security holder interests by:**
• Providing competitive rewards • Opportunity to achieve incentives beyond base pay based on performance	• 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, the remuneration structure at GPT is 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 2012 is set out in Table 4, below:

DIRECTORS' REPORT
For the year ended 31 December 2012

3. 2012 REMUNERATION REPORT (continued)

3.2 Remuneration Report (continued)

GPT's Remuneration Strategy (continued)

***Total Remuneration Mix* (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%**
Matthew Faddy	*Head of Asset Management*	**43%**	**35%**	**22%**
Mark Fookes	*Chief Financial Officer*	**43%**	**35%**	**22%**
Nicholas Harris	*Head of Funds Management*	**43%**	**35%**	**22%**
Carmel Hourigan	*Head of Investment Management*	**43%**	**35%**	**22%**
Anthony McNulty	*Head of Development Retail and Major Projects*	**43%**	**35%**	**22%**
Michael O'Brien	*Group Executive Corporate Development*	**43%**	**35%**	**22%**
John Thomas	*Head of Development Commercial and Industrial*	**40%**	**40%**	**20%**

[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 annually by Ernst & Young, much of it focussed on publicly available data from annual reports. In 2012, the Committee also sought market data on the Leadership team from Johnson. 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 2012

3. 2012 REMUNERATION REPORT (continued)

3.2 Remuneration Report (continued)

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

What is the STI plan?	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).
Who participates in the STI plan?	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.
Why does the Board consider the STI an appropriate incentive?	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.
Are both target and stretch performance measures set?	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.
What is the value of the STI opportunity?	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: **Level** / **Target Incentive Range** / **Stretch Incentive Range** CEO / 100% / 125% Executives / 50-80% / 62.5-100% General employees / 10-30% / 12.5-37.5% 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.
What are the Financial performance measures?	In 2012 the main Group Financial performance measure was Earnings (Realised Operating Income) per Ordinary Security and based on Board discretion of: Threshold: 22.8cps (2% growth on the 2011 result) Target: 23.3cps (4% growth on the 2011 result) Stretch: 23.7cps (6% growth on the 2011 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: **Level** / **Financial Measures** / **Non-Financial Measures** CEO / 70% / 30% Executives / 60% / 40% General employees / 20% / 80% Financial measures are applied at the Group, Portfolio, and Asset level.
What are the Non-financial performance measures?	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 process optimisation.
How is performance measured?	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.
Who assesses performance against targets?	The Board assesses the performance of the CEO, who in turn assesses the performance of his direct reports among the Leadership Team.

Short Term Incentive Outcomes

In 2012 GPT achieved an Earnings (Realised Operating Income) per Ordinary Security growth result of 8% (24.2cps) which would exceed the Stretch target of 6% (23.7cps). However, the Committee exercised its discretion to adjust ROI down by adding back some below the line costs and eliminating the benefits of interest rate hedge changes, and as a result the STI award was based on an adjusted EPS growth of 4.65%.

DIRECTORS' REPORT
For the year ended 31 December 2012

3. 2012 REMUNERATION REPORT (continued)

3.2 Remuneration Report (continued)

GPT's Remuneration Strategy (continued)

Short Term Incentive Outcomes (continued)

Table 7 – Short Term Incentive Outcomes

Senior Executive	Position	Actual STI Awarded ($)	Actual STI Awarded as a % of Maximum STI	% of Maximum STI Award Forfeited
Michael Cameron	Chief Executive Officer	$ 1,512,939	83.47%	16.53%
James Coyne	General Counsel/Secretary	$ 247,174	82.39%	17.61%
Matthew Faddy	Head of Asset Management	$ 438,725	87.75%	12.26%
Mark Fookes	Chief Financial Officer	$ 586,672	75.70%	24.30%
Nicholas Harris	Head of Funds Management	$ 595,483	82.14%	17.86%
Carmel Hourigan [1]	Head of Investment Management			
Anthony McNulty	Head of Development Retail and Major Projects	$ 455,690	80.83%	19.17%
Michael O'Brien	Group Executive Corporate Development	$ 692,822	83.47%	16.53%
John Thomas [2]	Head of Development Commercial and Industrial	$ 264,978	65.23%	34.77%

[1] As Carmel Hourigan joined GPT on 8 November 2012 she was not eligible for an STI in 2012.
[2] As John Thomas joined GPT on 20 February 2012 but did not become a KMP until he was appointed Head of Development Commercial and Industrial on 1 July 2012, his Actual STI Awarded only relates to the period from 1 July – 31 December 2012.

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 (fixed) 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 2012, 29 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 2012 LTI is based on a percentage of the participants' base pay with the maximum (Stretch) opportunity in 2012 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. For the 2012 LTI, the number of Rights granted was determined by dividing GPT's last quarter 2011 volume weighted average security price (VWAP) of $3.1361 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 distributions, 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. During 2012, several executives left the group in 'good leaver' scenarios and were allowed to retain a portion of the performance rights granted to them, pro-rated to their period of service during the life of the applicable plan(s), to be measured at the end of the applicable plan(s) life in the same manner as ongoing employees.
What are the performance hurdles?	See table 9.
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 2012

3. 2012 REMUNERATION REPORT (continued)

3.2 Remuneration Report (continued)

GPT's Remuneration Strategy (continued)

Long Term Incentives (LTI) (variable component) **(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, along with the results for each plan at the end of the applicable three year period (where known).

Table 9 – GPT LTI Plan Performance Measures, Hurdles & Results

LTI	LTI Performance Measurement Period	Performance Measure	Performance Measure Hurdle	Weighting	Results	Percentage of 2010 Performance Rights vesting for each Performance Measure [1] (%)
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).	1/3rd	GPT's TSR performance of 43% ranked 3rd out of the 7 participants, which translated to a percentile of 66.7.	82.70%
		Earnings per security growth (EPS) vs the CPI [2]	50% of rights vest if EPS growth = CPI, up to 100% if EPS growth = CPI plus 1% percentile (pro rata vesting in between).	1/3rd	GPT achieved EPS growth of 10.5% versus CPI of 8% and CPI plus 1% of 11%.	91.67%
		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).	1/3rd	GPT achieved a compound annual TR of 7.32%, which was below the Threshold of 8%.	0%
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).	1/3rd		
		Earnings per security growth (EPS) vs the CPI	50% of rights vest if EPS growth = CPI, up to 100% if EPS growth = CPI plus 1% percentile (pro rata vesting in between).	1/3rd		
		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).	1/3rd		
2012	2012-2014	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).	1/3rd		
		Earnings per security growth (EPS) vs the CPI	50% of rights vest if EPS growth = CPI plus 1%, up to 100% if EPS growth = CPI plus 1.5% percentile (pro rata vesting in between).	1/3rd		
		Total Return (TR) versus the Weighted Average Cost of Capital (WACC).	50% of rights vest at 9% TR, up to 100% at 9.5% TR (pro-rata vesting in between).	1/3rd		

[1] Refer to Table 1 to see how many Performance Rights vested and lapsed for each participant in the 2010 LTI.

[2] 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.

DIRECTORS' REPORT
For the year ended 31 December 2012

3. 2012 REMUNERATION REPORT (continued)

3.2 Remuneration Report (continued)

GPT's Remuneration Strategy (continued)

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

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*	2010	590,068	19-May-10	$2.06	31-Dec-12	$0
		2011	713,455	08-Jun-11	$2.38	31-Dec-13	$661,450
		2012	693,537	08-May-12	$2.34	31-Dec-14	$1,244,433
James Coyne	*General Counsel/Secretary*	2010	154,074	19-May-10	$2.06	31-Dec-12	$0
		2011	169,115	08-Jun-11	$2.38	31-Dec-13	$156,788
		2012	153,056	08-May-12	$2.34	31-Dec-14	$274,633
Matthew Faddy	*Head of Asset Management*	2010	110,638	19-May-10	$2.06	31-Dec-12	$0
		2011	122,873	08-Jun-11	$2.38	31-Dec-13	$113,916
		2012	159,434	08-May-12	$2.34	31-Dec-14	$286,077
Mark Fookes	*Chief Financial Officer*	2010	245,862	19-May-10	$2.06	31-Dec-12	$0
		2011	273,051	08-Jun-11	$2.38	31-Dec-13	$253,147
		2012	247,122	08-May-12	$2.34	31-Dec-14	$443,418
Nicholas Harris	*Head of Funds Management*	2010	199,968	19-May-10	$2.06	31-Dec-12	$0
		2011	219,498	08-Jun-11	$2.38	31-Dec-13	$203,498
		2012	231,179	08-May-12	$2.34	31-Dec-14	$414,811
Carmel Hourigan [3]	*Head of Investment Management*	2010	-	19-May-10	$2.06	31-Dec-12	$0
		2011	-	08-Jun-11	$2.38	31-Dec-13	$0
		2012	160,073	08-Nov-12	$2.34	31-Dec-14	$349,217
Anthony McNulty	*Head of Development Retail and Major Projects*	2010	134,241	19-May-10	$2.06	31-Dec-12	$0
		2011	193,778	08-Jun-11	$2.38	31-Dec-13	$179,653
		2012	175,377	08-May-12	$2.34	31-Dec-14	$314,684
Michael O'Brien	*Group Executive Corporate Development*	2010	270,448	19-May-10	$2.06	31-Dec-12	$0
		2011	292,429	08-Jun-11	$2.38	31-Dec-13	$271,113
		2012	264,660	08-May-12	$2.34	31-Dec-14	$474,887
John Thomas [4]	*Head of Development Commercial and Industrial*	2010	-	19-May-10	$2.06	31-Dec-12	$0
		2011	-	08-Jun-11	$2.38	31-Dec-13	$0
		2012	172,720	01-Jul-12	$2.34	31-Dec-14	$323,155

[1] Vesting date is the date that marks the end of the 3-year LTI performance period. At this point the performance measure will be assessed against the performance hurdle to see if any Performance Rights vest.

[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 Performance Rights using Monte Carlo and Binomial tree pricing models which take into account the following factors: the expected life of the Performance 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 Performance 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 22 represent the current (2012) calendar year expenses of the executives participation in the various plans on foot 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.

[3] Carmel Hourigan joined GPT on 8 November 2012 hence her grant date for the 2012 LTI differs from her peers.

[4] John Thomas joined GPT on 20 February 2012 but did not become a KMP until he was appointed Head of Development Commercial and Industrial on 1 July 2012; as a result his grant date for the 2012 LTI also differs from his peers.

DIRECTORS' REPORT
For the year ended 31 December 2012

3. 2012 REMUNERATION REPORT (continued)

3.2 Remuneration Report (continued)

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

		2008	2009	2010	2011	2012
Realised Operating Income	$m	468.8	375.8	410.0	438.8	456.4
Total Securityholder Return (TSR)	%	(74.9)	(14.4)	2.9	10.5	26.9
Earnings (Realised Operating Income) per Security (EPS) [1]	cents	88.5	24.0	20.7	22.4	24.2
EPS growth	%	(37.1)	(74.2)	(13.0)	8.1	8.0
Distributions per Security (DPS) [1]	cents	88.5	22.5	16.3	17.8	19.3
Total Return	%	(46.6)	(40.7)	9.1	4.9	9.5
NTA (per security) [1]	$	7.15	3.45	3.60	3.59	3.73
Security price at end of calendar year[1]	$	4.60	3.05	2.94	3.07	3.68

[1] Adjusted for 5 to 1 security consolidation in May 2010.

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 were 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 2012 are set out in Table 12 (below):

Table 12 – Material terms of service agreements for the KMP

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 2012

3. 2012 REMUNERATION REPORT (continued)

3.2 Remuneration Report (continued)

Senior Executive Remuneration Disclosures

The following table provides a breakdown of GPT's KMP in accordance with statutory requirements and accounting standards. It should be noted that of the Variable or "At Risk" components, STI Bonus shows 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).

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** [3,4,5]	**Cash Payment on Termination**	**Total**
Michael Cameron Managing Director and Chief Executive Officer								
31 December 2012	**1,455,313**	**16,123**	**9,160**	**1,512,939**	**1,503,501**	**18,220**	**-**	**4,515,256**
31 December 2011	1,382,201	15,487	13,542	1,597,955	989,895	74,873	-	4,073,953
J. Coyne General Counsel/Co. Secretary								
31 December 2012	**469,124**	**16,123**	**3,330**	**247,174**	**361,360**	**-**	**-**	**1,097,111**
31 December 2011	488,781	15,487	3,523	284,081	280,703	-	-	1,072,575
M. Faddy [6] Head of Asset Management								
31 December 2012	**489,457**	**16,123**	**2,405**	**438,725**	**287,842**	**-**	**-**	**1,234,552**
31 December 2011	-	-	-	-	-	-	-	-
M. Fookes [7] Chief Financial Officer								
31 December 2012	**769,030**	**16,123**	**5,288**	**586,672**	**581,165**	**-**	**-**	**1,958,278**
31 December 2011	808,044	15,487	4,128	682,000	442,081	-	-	1,951,740
N. Harris Head of Funds Management								
31 December 2012	**718,219**	**16,123**	**4,192**	**595,483**	**486,758**	**-**	**-**	**1,820,775**
31 December 2011	650,263	15,487	3,835	534,618	362,816	-	-	1,567,019
C. Hourigan [8] Head of Investment Management								
31 December 2012	**100,630**	**4,118**	**350,000**	**-**	**25,354**	**47,068**	**-**	**527,170**
31 December 2011	-	-	-	-	-	-	-	-
A. McNulty Head of Development Retail and Major Projects								
31 December 2012	**547,627**	**16,123**	**2,960**	**455,690**	**380,822**	**-**	**-**	**1,403,222**
31 December 2011	553,592	15,487	2,761	354,750	267,177	-	-	1,193,767
M. O'Brien [9] Group Executive Corporate Development								
31 December 2012	**824,947**	**16,123**	**3,789**	**692,822**	**628,017**	**-**	**-**	**2,165,698**
31 December 2011	841,513	15,487	2,761	827,452	486,635	21,730	-	2,195,578
J. Thomas [10] Head of Development Commercial and Industrial								
31 December 2012	**328,948**	**8,235**	**982**	**264,978**	**81,010**	**-**	**-**	**684,153**
31 December 2011	-	-	-	-	-	-	-	-
Former KMP's [11]								
M. Tierney Fund Manager, GPT Wholesale Shopping Centre Fund								
31 December 2012	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
31 December 2011	500,518	15,487	3,597	330,233	241,172	-	-	1,091,007
J. Johnstone Head of Transactions								
31 December 2012	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
31 December 2011	590,318	15,487	1,095	495,264	329,860	-	-	1,432,024
Total								
31 December 2012	**5,703,295**	**125,214**	**382,106**	**4,794,483**	**4,335,829**	**65,288**	**-**	**15,406,215**
31 December 2011	5,815,230	123,896	35,242	5,106,353	3,400,339	96,603	-	14,577,663

DIRECTORS' REPORT

For the year ended 31 December 2012

3. 2012 REMUNERATION REPORT (continued)

3.2 Remuneration Report (continued)

Senior Executive Remuneration Disclosures (continued)

[1] The amount set out under 'Non-Monetary' may include Death & Total/Permanent Disability Insurance Premiums, superannuation plan administration fees, executive health assessments and other benefits.

[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.

[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% converted to GPT securities for nil consideration 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 for nil consideration on 1 July 2011.

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

Name	Reason for the Grant	Initial Value of the Grant	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. The remaining 50% converted to GPT securities for nil consideration on 30 June 2012.

[5] One off grants of Performance Rights were made in 2012 as follows:

Name	Reason for the Grant	Initial Value of the Grant	Number of Performance Rights	Vesting Condition
Carmel Hourigan	Sign on package	$500,000	155,617	Service; 50% of Performance Rights will convert to GPT securities for nil consideration on 1 September 2013. The remaining 50% will convert to GPT securities for nil consideration on 1 September 2014.

[6] Matt Faddy became a KMP on 1 January 2012.

[7] Mark Fookes was Head of Investment until he was appointed Chief Financial Officer on 1 October 2012.

[8] Carmel Hourigan joined GPT on 8 November 2012.

[9] Michael O'Brien was Chief Financial Officer until he was appointed Group Executive, Corporate Development on 1 October 2012.

[10] John Thomas joined GPT on 20 February 2012 but did not become a KMP until he was appointed Head of Development Industrial and Commercial on 1 July 2012. As a result, the figures in this table only represent earnings attributable to the period from 1 July – 31 December 2012.

[11] Michelle Tierney and Jonathan Johnstone were not KMP in calendar year 2012.

DIRECTORS' REPORT

For the year ended 31 December 2012

3. 2012 REMUNERATION REPORT (continued)

3.2 Remuneration Report (continued)

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 2012, 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 does 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 2012 were as follows:

Table 14 – Board and Board Committee Fees

		Board	Audit and Risk Management Committee	Sustainability Committee	Nomination and Remuneration Committee
Chairman [1]					
	2012	**$346,500**	**$34,650**	**$11,000**	**$23,100**
	2011	$346,500	$34,650	$11,000	$23,100
Members					
	2012	**$138,600**	**$17,325**	**$8,000**	**$11,550**
	2011	$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 2012 and 2011 calendar years is as follows:

DIRECTORS' REPORT
For the year ended 31 December 2012

3. 2012 REMUNERATION REPORT (continued)

3.2 Remuneration Report (continued)

Remuneration – Non-Executive Directors (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

	Fixed Pay			Total
	Salary & Fees	Superannuation [1]	Non-Monetary [2]	
Directors				
R. Ferguson				
Chairman				
31 December 2012	**$ 346,788**	**$ 16,123**	**$ -**	**$ 362,911**
31 December 2011	$ 346,500	$ 15,487	$ -	$ 361,987
B. Crotty				
31 December 2012	**$ 161,182**	**$ 14,506**	**$ -**	**$ 175,688**
31 December 2011	$ 158,150	$ 14,442	$ -	$ 172,592
E. Doyle				
31 December 2012	**$ 161,150**	**$ 14,503**	**$ -**	**$ 175,653**
31 December 2011	$ 161,150	$ 14,503	$ -	$ 175,653
E. Goodwin				
31 December 2012	**$ 163,925**	**$ 14,753**	**$ -**	**$ 178,678**
31 December 2011	$ 163,925	$ 14,753	$ -	$ 178,678
S.G. Lim [3]				
31 December 2012	**$ 54,909**	$ -	**$ -**	**$ 54,909**
31 December 2011	$ 155,925	$ -	$ -	$ 155,925
A. McDonald				
31 December 2012	**$ 173,430**	**$ 15,609**	**$ 1,310**	**$ 190,349**
31 December 2011	$ 173,250	$ 15,396	$ 1,343	$ 189,989
G. Tilbrook				
31 December 2012	**$ 161,700**	**$ 14,553**	**$ 1,265**	**$ 177,518**
31 December 2011	$ 161,700	$ 14,533	$ 1,300	$ 177,533
Total				
31 December 2012	**$ 1,223,084**	**$ 90,047**	**$ 2,575**	**$ 1,315,706**
31 December 2011	$ 1,320,600	$ 89,114	$ 2,643	$ 1,412,357

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] S.G Lim retired from the Board on 7 May 2012.

DIRECTORS' REPORT
For the year ended 31 December 2012

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 which is listed for hearing in 2013. 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 98/0110. 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
13 February 2013

Auditor's Independence Declaration

As lead auditor for the audit of GPT Group for the year ended 31 December 2012, 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 GPT Group and the entities it controlled during the period.

AJ Loveridge
Partner
PricewaterhouseCoopers

Sydney
13 February 2013

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	Note	Consolidated entity 31 Dec 12 $M	31 Dec 11 $M
Revenue			
Rent from property investments		**587.4**	573.8
Property and fund management fees		**42.0**	35.4
Development project revenue		**9.4**	8.3
		638.8	617.5
Other income			
Fair value adjustments to investment properties		**175.1**	63.1
Share of after tax profit of equity accounted investments		**172.1**	158.1
Interest revenue - cash and short term money market securities		**7.3**	2.0
Net foreign exchange gain		**0.1**	2.5
Net profit on disposal of assets		**-**	2.3
		354.6	228.0
Total revenue and other income		**993.4**	845.5
Expenses			
Property expenses and outgoings		**164.5**	156.9
Management and other administration costs		**92.9**	92.4
Depreciation and amortisation expense	4(a)	**7.1**	7.3
Finance costs	4(b)	**111.0**	133.9
Impairment expense - loan and receivables		**-**	5.6
Impairment expense - other		**0.2**	-
Net loss on fair value of derivatives	4(c)	**39.9**	147.0
Net loss on disposal of assets		**4.3**	-
Total expenses		**419.9**	543.1
Profit before income tax expense		**573.5**	302.4
Income tax benefits	5(a)	**-**	6.8
Profit after income tax expense		**573.5**	309.2
Profit / (loss) from discontinued operations	6(d)	**21.0**	(63.0)
Net profit for the year		**594.5**	246.2
Other comprehensive income			
Net foreign exchange translation adjustments, net of tax		**-**	52.1
Total comprehensive income for the year		**594.5**	298.3
Net profit / (loss) attributable to:			
- Securityholders of the Trust		**623.2**	300.5
- Securityholders of other entities stapled to the Trust		**(28.7)**	(54.3)
Total comprehensive income / (loss) attributable to:			
- Securityholders of the Trust		**623.2**	351.8
- Securityholders of other entities stapled to the Trust		**(28.7)**	(53.5)
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)	**32.4**	17.7
Earnings per unit (cents per unit) - profit / (loss) from discontinued operations	28(a)	**1.2**	(2.8)
Earnings per unit (cents per unit) - Total	28(a)	**33.6**	14.9
Basic earnings per security attributable to ordinary stapled securityholders of the GPT Group			
Earnings per security (cents per security) - profit from continuing operations	28(b)	**30.8**	15.4
Earnings per security (cents per security) - profit / (loss) from discontinued operations	28(b)	**1.2**	(3.4)
Earnings per security (cents per security) - Total	28(b)	**32.0**	12.0
Diluted earnings per security attributable to ordinary stapled securityholders of the GPT Group			
Earnings per security (cents per security) - profit from continuing operations	28(c)	**30.8**	15.4
Earnings per security (cents per security) - profit / (loss) from discontinued operations	28(c)	**1.2**	(3.4)
Earnings per security (cents per security) - Total	28(c)	**32.0**	12.0

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 2012

		Consolidated entity	
		31 Dec 12	31 Dec 11
	Note	**$M**	$M
ASSETS			
Current Assets			
Cash and cash equivalents	23(b)	**159.9**	42.0
Loans and receivables	7	**71.7**	151.5
Derivative assets	8	**5.1**	0.2
Tax receivables		**-**	34.9
Prepayments		**4.8**	5.6
		241.5	234.2
Non-current assets classified as held for sale	6(c)	**203.1**	440.6
Total Current Assets		**444.6**	674.8
Non-Current Assets			
Investment properties	9	**6,500.6**	6,423.6
Equity accounted investments	10	**2,010.8**	1,859.6
Property, plant & equipment	11	**10.7**	12.8
Loans and receivables	7	**152.0**	150.9
Other assets		**4.1**	0.2
Intangible assets	12	**49.9**	51.3
Derivative assets	8	**135.7**	78.2
Deferred tax assets	5(b)	**34.8**	36.2
Total Non-Current Assets		**8,898.6**	8,612.8
Total Assets		**9,343.2**	9,287.6
LIABILITIES			
Current Liabilities			
Payables	13	**167.9**	208.0
Borrowings	14	**211.0**	512.6
Derivative liabilities	8	**0.1**	1.0
Provisions	15	**14.0**	16.6
		393.0	738.2
Non-current liabilities classified as held for sale	6(c)	**-**	2.6
Total Current Liabilities		**393.0**	740.8
Non-Current Liabilities			
Borrowings	14	**1,932.6**	1,631.5
Derivative liabilities	8	**140.1**	127.5
Provisions	15	**1.3**	1.4
Total Non-Current Liabilities		**2,074.0**	1,760.4
Total Liabilities		**2,467.0**	2,501.2
Net Assets		**6,876.2**	6,786.4
EQUITY			
Equity attributable to securityholders of the Trust (parent entity)			
Contributed equity	16	**7,883.5**	8,030.2
Reserves	17	**(15.2)**	(15.2)
Accumulated losses	18	**(368.1)**	(625.8)
Total equity of GPT Trust securityholders		**7,500.2**	7,389.2
Equity attributable to securityholders of other entities stapled to the Trust			
Contributed equity	16	**321.8**	323.0
Reserves	17	**49.8**	41.1
Accumulated losses	18	**(995.6)**	(966.9)
Total equity of other stapled securityholders		**(624.0)**	(602.8)
Total Equity		**6,876.2**	6,786.4

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 2012

		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 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(a)	-	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 year	18	-	-	300.5	300.5	-	-	(54.3)	(54.3)	246.2
Total comprehensive income / (loss) for the 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(a)	(125.1)	-	-	(125.1)	(1.7)	-	-	(1.7)	(126.8)
Movement in treasury stock reserve	17(b)	-	3.2	-	3.2	-	(0.6)	-	(0.6)	2.6
Movement in employee incentive security scheme reserve	17(c)	-	-	-	-	-	5.9	-	5.9	5.9
Distribution paid and payable	3(a)(i), (b)(i)	-	-	(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
Balance at 1 January 2012		**8,030.2**	**(15.2)**	**(625.8)**	**7,389.2**	**323.0**	**41.1**	**(966.9)**	**(602.8)**	**6,786.4**
Movement in foreign currency translation reserve	17(a)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net (loss) recognised directly in equity		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit / (loss) for the year	18	**-**	**-**	**623.2**	**623.2**	**-**	**-**	**(28.7)**	**(28.7)**	**594.5**
Total comprehensive income / (loss) for the year		**-**	**-**	**623.2**	**623.2**	**-**	**-**	**(28.7)**	**(28.7)**	**594.5**
Transactions with Securityholders in their capacity as Securityholders:										
On-market securities buy-back	16(a)	**(146.7)**	**-**	**-**	**(146.7)**	**(1.2)**	**-**	**-**	**(1.2)**	**(147.9)**
Movement in treasury stock reserve	17(b)	**-**	**-**	**-**	**-**	**-**	**0.3**	**-**	**0.3**	**0.3**
Movement in employee incentive security scheme reserve	17(c)	**-**	**-**	**-**	**-**	**-**	**8.4**	**-**	**8.4**	**8.4**
Distribution paid and payable	3(a)(i), (b)(i)	**-**	**-**	**(365.5)**	**(365.5)**	**-**	**-**	**-**	**-**	**(365.5)**
Balance at 31 December 2012		**7,883.5**	**(15.2)**	**(368.1)**	**7,500.2**	**321.8**	**49.8**	**(995.6)**	**(624.0)**	**6,876.2**

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 2012

	Note	Consolidated entity 31 Dec 12 $M	31 Dec 11 $M
Cash flows from operating activities			
Cash receipts in the course of operations (inclusive of GST)		**689.1**	731.9
Cash payments in the course of operations (inclusive of GST)		**(296.9)**	(319.8)
Distributions received from equity accounted investments		**129.9**	140.2
Interest received		**18.5**	12.5
Income taxes paid		**-**	(0.5)
		540.6	564.3
Finance costs		**(120.2)**	(151.1)
Net cash inflows from operating activities	23(a)	**420.4**	413.2
Cash flows from investing activities			
Payments for investment properties		**(217.3)**	(61.1)
Proceeds from disposal of investment properties		**614.6**	4.3
Payments for properties under development		**(84.0)**	(135.0)
Payments for property, plant and equipment		**(0.2)**	(10.0)
Proceeds from sale of property, plant & equipment		**58.8**	81.0
Payments for intangibles		**(4.9)**	(4.6)
Investment in unlisted equities		**(3.9)**	-
Investment in equity accounted investments		**(116.6)**	(6.2)
Proceeds from disposal of controlled entities and associates		**-**	301.0
Proceeds from disposal of assets in US Seniors Housing Portfolio (net of tax)		**46.2**	230.3
Loan to joint ventures and associates		**-**	(2.7)
Loan repayment from equity accounted investments		**2.4**	60.0
Payments for cost to sell on assets held for sale		**(0.4)**	(9.1)
Net cash inflows from investing activities		**294.7**	447.9
Cash flows from financing activities			
Net repayment of bank facilities		**(330.6)**	(312.0)
Proceeds from issue of medium term notes		**336.9**	-
Repayments of employee incentive scheme loans, net of distributions		**-**	2.1
Purchase of securities for the employee incentive scheme		**(0.3)**	-
Payments on termination and restructure of derivatives		**(90.7)**	(78.1)
Payments for the on-market buy back of securities		**(147.9)**	(126.8)
Distributions paid to securityholders		**(365.6)**	(348.1)
Net cash (outflows) from financing activities		**(598.2)**	(862.9)
Net increase in cash and cash equivalents		**116.9**	(1.8)
Cash and cash equivalents at the beginning of the year		**43.0**	44.8
		159.9	43.0
Less: Cash balance classified as assets held for sale		**-**	(1.0)
Cash and cash equivalents at the end of the year	23(b)	**159.9**	42.0

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 2012

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 issued but not yet applied

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 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 and 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. GPT has performed a detailed analysis of the new guidance in the context of various investees and does not expect the new standard to have a significant impact on its composition.

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 has performed a detailed analysis of the new guidance in the context of various investees and does not expect the new standard to have a significant impact on its composition.

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. GPT does not expect the new standard to have a significant impact on 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 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 and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (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.

AASB 2012-3 Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132) and AASB 2012-2 Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7) (effective 1 January 2014 and 1 January 2013 respectively)

In June 2012, the AASB made amendments to the application guidance in AASB 132 *Financial Instruments*: Presentation, to clarify some of the requirements for offsetting financial assets and financial liabilities in the statement of financial position. These amendments are effective from 1 January 2014. They are unlikely to affect the accounting for any of GPT's current offsetting arrangements. However, the AASB has also introduced more extensive disclosure requirements into AASB 7 which will apply from 1 January 2013. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

AASB 2012-5 Annual Improvements Project - 2009-2011 cycle (effective for annual periods beginning on or after 1 January 2013)
In June 2012, the AASB made a number of amendments to Australian Accounting Standards as a result of the 2009-2011 annual improvements project. GPT will apply the amendments from 1 January 2013. The group does not expect that any adjustments will be necessary as the result of applying the revised rules.

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and 2012-6 Mandatory Effective Date of AASB 9 and Transition Disclosures (effective for annual reporting periods beginning on or after 1 January 2015)
AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, this could change the classification and measurement of financial assets and financial liabilities. The group does not plan to adopt this standard early and the extent of the impact has not yet been determined.

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. The consolidated entity does not plan to adopt this standard early.

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 and investment property.

The financial report was approved by the Board of Directors on 13 February 2013.

(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 subsidiaries, associates and joint venture entities are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. Summary of significant accounting policies (continued)

(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**.**

(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 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.

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 2012

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 Leadership Team of the consolidated entity 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 2012

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, cash at bank and short term money market deposits. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(m) Receivables

Trade and sundry debtors are initially recognised at fair value and subsequently accounted for at amortised cost. 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 initially recognised at fair value and subsequently accounted for 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) Non-current assets classified as held for sale and discontinued operations

Non-current assets meeting the held for sale criteria outlined below 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(o).

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 of 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 2012

1. Summary of significant accounting policies (continued)

(o) 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 GPT'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.

Investment properties under development are classified as investment property and stated at fair value at each balance date. Fair value is assessed with reference to reliable estimates of future cash flows, status of the development and the associated risk profile. Finance costs incurred on investment properties undergoing development or redevelopment are included in the cost of the development as set out in Note 1(j).

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)).

(p) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and impairment. 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, 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.

(q) 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.

(r) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. Summary of significant accounting policies (continued)

(s) Intangible assets

(i) Management rights

The management rights include property management and development management rights of the properties. The rights are amortised over the useful life, which ranges from 3 years to indefinite.

(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.

(t) Other investments

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

(u) 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.

(v) 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(w)
Payables	Financial liability at amortised cost	Amortised cost	Refer to note 1(x)
Borrowings	Financial liability at amortised cost	Amortised cost	Refer to note 1(z)
Derivative liabilities	Fair value through profit and loss	Fair value	Refer to note 1(w)

(w) 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.

GPT is exposed to changes in interest rates and uses interest rate swaps, caps and options 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.

(x) 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 initially recognised at fair value and subsequently measured 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. Summary of significant accounting policies (continued)

(y) 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(ac) for provisions for distributions.

(z) Borrowings

Borrowings are initially recognised at fair value and subsequently measured 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.

(aa) Employee benefits

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.

(i) 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.

(ii) 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.

(iii) 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 2012 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

1. Summary of significant accounting policies (continued)

(ab) 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.

(ac) 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.

(ad) 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.

(ae) 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 investment properties held in 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 2012. 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(w) however the fair values of derivatives reported at 31 December 2012 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(vi) 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.

(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.

(af) Rounding of amounts
The GPT Group is of a kind referred to in the Australian Securities & Investments Commission Class Order 98/0110. 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.

(ag) 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 2012

2. Segment Reporting

(a) Financial Performance by Segment
The segment information provided to the chief operating decision maker for the reportable segments (discussed at note 2(e)) for the year ended 31 December 2012 is set out below.

31 December 2012

	Core operations							
	Retail	Office	Logistics and Business Parks	Funds Management	Corporate	**Total Core Operations**	**Total Non-Core Operations, Consolidation & Eliminations**	**Total**
	$M	$M	$M	$M	$M	**$M**	**$M**	**$M**
Investment Management								
Rent from investment properties	423.5	177.1	84.1	-	-	**684.7**	**(72.4)**	**612.3**
Share of after tax profits of investments in associates and joint ventures (excluding fair value adjustments)	-	-	-	68.2	-	**68.2**	**58.0**	**126.2**
Other Income	2.8	0.8	0.5	-	-	**4.1**	**(4.1)**	**-**
Revenue from hotel operations	-	-	-	-	-	**-**	**-**	**-**
Property expenses and outgoings	(122.6)	(41.8)	(14.8)	-	-	**(179.2)**	**14.7**	**(164.5)**
Expenses from hotel operations	-	-	-	-	-	**-**	**-**	**-**
Property Net Income	303.7	136.1	69.8	68.2	-	**577.8**	**(3.8)**	**574.0**
								-
Management & Administrative Expenses	(6.3)	(3.8)	(1.5)	(0.9)	(0.5)	**(13.0)**	**4.1**	**(8.9)**
Net Contribution - Investment Management	297.4	132.3	68.3	67.3	(0.5)	**564.8**	**0.3**	**565.1**
Asset Management								
Property management fees	17.9	0.4	1.4	12.4	-	**32.1**	**(17.1)**	**15.0**
Management & Administrative Expenses	(19.1)	(4.6)	(2.7)	(11.7)	-	**(38.1)**	**17.0**	**(21.1)**
Net Contribution - Asset Management	(1.2)	(4.2)	(1.3)	0.7	-	**(6.0)**	**(0.1)**	**(6.1)**
Development								
Development fees	4.7	1.1	1.8	7.8	-	**15.4**	**(6.0)**	**9.4**
Management & Administrative Expenses	(6.9)	(3.3)	(2.5)	(11.7)	-	**(24.4)**	**6.0**	**(18.4)**
Net Contribution - Development	(2.2)	(2.2)	(0.7)	(3.9)	-	**(9.0)**	**-**	**(9.0)**
Funds Management								
Funds management fees	-	-	-	27.0	-	**27.0**	**-**	**27.0**
Other income	-	-	-	0.2	-	**0.2**	**(0.2)**	**-**
Management & Administrative Expenses	-	-	-	(11.2)	-	**(11.2)**	**0.2**	**(11.0)**
Net Contribution - Funds Management	-	-	-	16.0	-	**16.0**	**-**	**16.0**
Support Functions								
Unallocated Management & Administrative Expenses	-	-	-	-	(22.3)	**(22.3)**	**0.1**	**(22.2)**
Interest income	-	-	-	-	35.3	**35.3**	**(12.3)**	**23.0**
Interest expense	-	-	-	-	(138.8)	**(138.8)**	**27.8**	**(111.0)**
Segment Result Before Tax	294.0	125.9	66.3	80.1	(126.3)	**440.0**	**15.8**	**455.8**
Income tax credit	-	-	-	-	1.9	**1.9**	**(1.3)**	**0.6**
Segment Result for the year*	294.0	125.9	66.3	80.1	(124.4)	**441.9**	**14.5**	**456.4**
Fair value adjustments to investment properties	120.6	62.7	(8.2)	-	-	**175.1**	**-**	**175.1**
Fair value and other adjustments to equity accounted investments	3.2	11.6	-	31.1	-	**45.9**	**0.3**	**46.2**
Amortisation expense - intangibles	(0.1)	(0.2)	-	-	(4.5)	**(4.8)**	**-**	**(4.8)**
Impairment expense - other	-	-	-	-	(0.2)	**(0.2)**	**-**	**(0.2)**
Fair value movement of derivatives	-	-	-	-	(39.9)	**(39.9)**	**-**	**(39.9)**
Net foreign exchange gain / (loss)	-	-	-	-	0.1	**0.1**	**(0.6)**	**(0.5)**
Net gain / (loss) on disposal of assets	(3.6)	-	(0.6)	-	(0.1)	**(4.3)**	**1.2**	**(3.1)**
Non-cash IFRS revenue adjustments	(11.6)	(9.9)	(3.4)	-	-	**(24.9)**	**-**	**(24.9)**
Tax impact on reconciling items from Segment result to Net profit / (loss) for the year	-	-	-	-	(1.9)	**(1.9)**	**5.6**	**3.7**
Restructuring costs	-	-	-	-	(6.2)	**(6.2)**	**-**	**(6.2)**
Others	(2.6)	(0.2)	(0.5)	-	(4.0)	**(7.3)**	**-**	**(7.3)**
Net profit / (loss) for the year	399.9	189.9	53.6	111.2	(181.1)	**573.5**	**21.0**	**594.5**

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

In 2012, GPT's management has focused more on the financial performance of each business unit within each of the core operations in order to build up a solid foundation and prepare for future growth. As a result, each of the core operations has been further split into individual business units to provide more relevant and meaningful segment information. The comparatives of segment information have been restated to be consistent with the presentation of current year.

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 2012

2. Segment Reporting (continued)

(a) Financial Performance by Segment (continued)
The segment information provided to the chief operating decision maker 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							
	Retail	Office	Logistics and Business Parks	Funds Management	Corporate	**Total Core Operations**	**Total Non-Core Operations, Consolidation & Eliminations**	**Total**
	$M	$M	$M	$M	$M	**$M**	**$M**	**$M**
Investment Management								
Rent from investment properties	433.3	166.3	69.2	-	-	**668.8**	**(68.8)**	**600.0**
Share of after tax profits of investments in associates and joint ventures (excluding fair value adjustments)	-	-	-	76.4	-	**76.4**	**62.9**	**139.3**
Other Income	-	2.5	2.0	-	-	**4.5**	**(4.5)**	**-**
Revenue from hotel operations	-	-	-	-	-	**-**	**40.8**	**40.8**
Property expenses and outgoings	(120.6)	(38.6)	(11.5)	-	-	**(170.7)**	**13.8**	**(156.9)**
Expenses from hotel operations	-	-	-	-	-	**-**	**(34.0)**	**(34.0)**
Property Net Income	312.7	130.2	59.7	76.4	-	**579.0**	**10.2**	**589.2**
Management & Administrative Expenses	(7.7)	(3.4)	(1.1)	(0.9)	-	**(13.1)**	**4.5**	**(8.6)**
Net Contribution - Investment Management	305.0	126.8	58.6	75.5	-	**565.9**	**14.7**	**580.6**
Asset Management								
Property management fees	13.1	-	-	8.7	-	**21.8**	**(10.3)**	**11.5**
Management & Administrative Expenses	(16.6)	(3.3)	(2.2)	(12.8)	-	**(34.9)**	**10.3**	**(24.6)**
Net Contribution - Asset Management	(3.5)	(3.3)	(2.2)	(4.1)	-	**(13.1)**	**-**	**(13.1)**
Development								
Development fees	9.7	1.9	1.6	6.1	-	**19.3**	**(11.0)**	**8.3**
Management & Administrative Expenses	(15.8)	(2.4)	(2.2)	(11.5)	-	**(31.9)**	**11.1**	**(20.8)**
Net Contribution - Development	(6.1)	(0.5)	(0.6)	(5.4)	-	**(12.6)**	**0.1**	**(12.5)**
Funds Management								
Funds management fees	-	-	-	23.9	-	**23.9**	**-**	**23.9**
Other income	-	-	-	-	-	**-**	**-**	**-**
Management & Administrative Expenses	-	-	-	(8.3)	-	**(8.3)**	**-**	**(8.3)**
Net Contribution - Funds Management	-	-	-	15.6	-	**15.6**	**-**	**15.6**
Support Functions								
Unallocated Management & Administrative Expenses	-	-	-	-	(25.4)	**(25.4)**	**0.2**	**(25.2)**
Interest income	-	-	-	-	34.5	**34.5**	**(19.0)**	**15.5**
Interest expense	-	-	-	-	(166.3)	**(166.3)**	**32.4**	**(133.9)**
Segment Result Before Tax	295.4	123.0	55.8	81.6	(157.2)	**398.6**	**28.4**	**427.0**
Income tax credit	-	-	-	-	8.3	**8.3**	**3.5**	**11.8**
Segment Result for the year*	295.4	123.0	55.8	81.6	(148.9)	**406.9**	**31.9**	**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**	**(17.3)**	**9.4**
Revaluation of Hotel Properties	-	-	-	-	-	**-**	**(22.9)**	**(22.9)**
Amortisation expense - intangibles	(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**	**(5.8)**	**(3.3)**
Net gain / (loss) on disposal of assets	2.5	-	-	-	(0.2)	**2.3**	**(51.4)**	**(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	-	-	-	-	(1.5)	**(1.5)**	**4.7**	**3.2**
Others	(2.1)	-	(2.2)	-	(2.6)	**(6.9)**	**(0.1)**	**(7.0)**
Net profit / (loss) for the year	346.2	112.5	50.8	107.0	(307.3)	**309.2**	**(63.0)**	**246.2**

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

In 2012, GPT's management has focused more on the financial performance of each business unit within each of the core operations in order to build up a solid foundation and prepare for future growth. As a result, each of the core operations has been further split into individual business units to provide more relevant and meaningful segment information. The comparatives of segment information have been restated to be consistent with the presentation of current year.

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 2012

2. Segment Reporting (continued)

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

31 December 2012

	Note	Total Core Operations $M	Consolidation & Eliminations $M	**Total Continuing Operations $M**	ROI Adjustments and Reclassifications $M	**Total Statement of Comprehensive Income $M**
Investment Management						
Rent from investment properties	(i)	684.7	(72.4)	**612.3**		**612.3**
Dividend from investment		-	-	**-**		**-**
Share of after tax profits of investments in associates and joint ventures (excluding fair value adjustments)	(ii)	68.2	58.0	**126.2**		**126.2**
Other Income		4.1	(4.1)	**-**		**-**
Property expenses and outgoings		(179.2)	14.7	**(164.5)**		**(164.5)**
Property Net Income		577.8	(3.8)	**574.0**	-	**574.0**
Management & Administrative Expenses	(iii)	(13.0)	4.1	**(8.9)**		**(8.9)**
Net Contribution - Investment Management		564.8	0.3	**565.1**	-	**565.1**
Asset Management						
Property management fees		32.1	(17.1)	**15.0**		**15.0**
Management & Administrative Expenses	(iii)	(38.1)	17.0	**(21.1)**		**(21.1)**
Net Contribution - Asset Management		(6.0)	(0.1)	**(6.1)**	-	**(6.1)**
Development						
Development fees		15.4	(6.0)	**9.4**		**9.4**
Management & Administrative Expenses	(iii)	(24.4)	6.0	**(18.4)**		**(18.4)**
Net Contribution - Development		(9.0)	-	**(9.0)**	-	**(9.0)**
Funds Management						
Funds management fees		27.0	-	**27.0**		**27.0**
Other income		0.2	(0.2)	**-**		**-**
Management & Administrative Expenses	(iii)	(11.2)	0.2	**(11.0)**		**(11.0)**
Net Contribution - Funds Management		16.0	-	**16.0**	-	**16.0**
Support Functions						
Unallocated Management & Administrative Expenses	(iii), (iv)	(22.3)	-	**(22.3)**		**(22.3)**
Interest income		35.3	(28.0)	**7.3**		**7.3**
Interest expense		(138.8)	27.8	**(111.0)**		**(111.0)**
Segment Result Before Tax		440.0	-	**440.0**	-	**440.0**
Income tax credit	(v)	1.9	-	**1.9**		**1.9**
Segment Result for the year		441.9	-	**441.9**	-	**441.9**
Fair value adjustments to investment properties	2(c)(iii)				175.1	**175.1**
Fair value and other adjustments to equity accounted investments	(ii), 2(c)(ii)				45.9	**45.9**
Amortisation expense - intangibles	(iv), 2(c)(iv)				(4.8)	**(4.8)**
Impairment expense - other	2(c)(v)				(0.2)	**(0.2)**
Fair value movement of derivatives	2(c)(vi)				(39.9)	**(39.9)**
Net foreign exchange gain	2(c)(vii)				0.1	**0.1**
Net loss on disposal of assets	2(c)(viii)				(4.3)	**(4.3)**
Non-cash IFRS adjustments	(i), 2(c)(i)				(24.9)	**(24.9)**
Tax impact on reconciling items from Segment result to Net profit / (loss) for the year	(v)				(1.9)	**(1.9)**
Restructuring costs	(iii)				(6.2)	**(6.2)**
Others	(iii)				(7.3)	**(7.3)**
Net profit / (loss) for the year					131.6	**573.5**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

2. Segment Reporting (continued)

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

31 December 2012

	$M
(i)	
Rent from investment properties	612.3
Less: Non-cash IFRS adjustments	(24.9)
Rent from property investments	587.4
(ii)	
Share of after tax profits of investments in associates and joint ventures (excluding fair value adjustments)	126.2
Fair value and other adjustments to equity accounted investments	45.9
Share of after tax profits of equity accounted investments	172.1
(iii)	
Management & Administrative Expenses (Investment Management)	8.9
Management & Administrative Expenses (Asset Management)	21.1
Management & Administrative Expenses (Development Management)	18.4
Management & Administrative Expenses (Funds Management)	11.0
Unallocated Management & Administrative Expenses	22.3
Less: Depreciation expense - refer to (iv) below	(2.3)
Restructuring costs	6.2
Others	7.3
Management and other administration costs	92.9
(iv)	
Amortisation expense - intangibles	4.8
Depreciation expense - refer to (iii) above	2.3
Depreciation and amortisation expense	7.1
(v)	
Income tax credit	1.9
Tax impact on reconciling items from Segment result to Net profit / (loss) for the year	(1.9)
Income tax credit	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

2. Segment Reporting (continued)

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

31 December 2011

	Note	Total Core Operations	Consolidation & Eliminations	**Total Continuing Operations**	ROI Adjustments and Reclassifications	**Total Statement of Comprehensive Income**
		$M	$M	**$M**	$M	**$M**
Investment Management						
Rent from investment properties	(i)	668.8	(68.8)	**600.0**		**600.0**
Dividend from investment		-	-	**-**		**-**
Share of after tax profits of investments in associates and joint ventures (excluding fair value adjustments)	(ii)	76.4	55.0	**131.4**		**131.4**
Other Income		4.5	(4.5)	**-**		**-**
Property expenses and outgoings		(170.7)	13.8	**(156.9)**		**(156.9)**
Property Net Income		579.0	(4.5)	**574.5**	-	**574.5**
Management & Administrative Expenses	(iii)	(13.1)	4.5	**(8.6)**		**(8.6)**
Net Contribution - Investment Management		565.9	-	**565.9**	-	**565.9**
Asset Management						
Property management fees		21.8	(10.3)	**11.5**		**11.5**
Management & Administrative Expenses	(iii)	(34.9)	10.3	**(24.6)**		**(24.6)**
Net Contribution - Asset Management		(13.1)	-	**(13.1)**	-	**(13.1)**
Development						
Development fees		19.3	(11.0)	**8.3**		**8.3**
Management & Administrative Expenses	(iii)	(31.9)	11.1	**(20.8)**		**(20.8)**
Net Contribution - Development		(12.6)	0.1	**(12.5)**	-	**(12.5)**
Funds Management						
Funds management fees		23.9	-	**23.9**		**23.9**
Other income		-	-	**-**		**-**
Management & Administrative Expenses	(iii)	(8.3)	-	**(8.3)**		**(8.3)**
Net Contribution - Funds Management		15.6	-	**15.6**	-	**15.6**
Support Functions						
Unallocated Management & Administrative Expenses	(iii), (iv)	(25.4)	-	**(25.4)**		**(25.4)**
Interest income		34.5	(32.5)	**2.0**		**2.0**
Interest expense		(166.3)	32.4	**(133.9)**		**(133.9)**
Segment Result Before Tax		398.6	-	**398.6**	-	**398.6**
Income tax credit	(v)	8.3	-	**8.3**		**8.3**
Segment Result for the year		406.9	-	**406.9**	-	**406.9**
Fair value adjustments to investment properties	2(c)(iii)				63.1	**63.1**
Fair value and other adjustments to equity accounted investments	(ii), 2(c)(ii)				26.7	**26.7**
Amortisation expense - intangibles	(iv), 2(c)(iv)				(5.1)	**(5.1)**
Impairment expense - loan and receivables	2(c)(v)				(5.6)	**(5.6)**
Fair value movement of derivatives	2(c)(vi)				(147.0)	**(147.0)**
Net foreign exchange gain	2(c)(vii)				2.5	**2.5**
Net gain on disposal of assets	2(c)(viii)				2.3	**2.3**
Non-cash IFRS revenue adjustments	(i), 2(c)(i)				(26.2)	**(26.2)**
Tax impact on reconciling items from Segment result to Net profit / (loss) for the year	(v)				(1.5)	**(1.5)**
Others	(iii)				(6.9)	**(6.9)**
Net profit / (loss) for the year					(97.7)	**309.2**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

2. Segment Reporting (continued)

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

31 December 2011

	$M
(i)	
Rent from investment properties	600.0
Less: Non-cash IFRS adjustments	(26.2)
Rent from property investments	573.8
(ii)	
Share of after tax profits of investments in associates and joint ventures (excluding fair value adjustments)	131.4
Fair value and other adjustments to equity accounted investments	26.7
Share of after tax profits of equity accounted investments	158.1
(iii)	
Management & Administrative Expenses (Investment Management)	8.6
Management & Administrative Expenses (Asset Management)	24.6
Management & Administrative Expenses (Development Management)	20.8
Management & Administrative Expenses (Funds Management)	8.3
Unallocated Management & Administrative Expenses	25.4
Less: Depreciation expense - refer to (iv) below	(2.2)
Others	6.9
Management and other administration costs	92.4
(iv)	
Amortisation expense - intangibles	5.1
Depreciation expense - refer to (iii) above	2.2
Depreciation and amortisation expense	7.3
(v)	
Income tax credit	8.3
Tax impact on reconciling items from Segment result to Net profit / (loss) for the year	(1.5)
Income tax credit	6.8

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

2. Segment Reporting (continued)

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

The chief operating decision maker 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 straight lining 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) **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.

(v) **Impairment 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) **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.

(vii) **Net foreign exchange gain / (loss)** 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.

(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 2012

2. Segment Reporting (continued)

(d) Reconciliation of Segment Assets and Liabilities to the Statement of Financial Position
The amounts provided to the chief operating decision maker 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 2012 and 31 December 2011 is set out below:

	Core Operations							
	Retail	Office	Logistics and Business Parks	Funds Management	Corporate	**Total Core Operations**	**Total Non-Core Operations**	**Total**
	$M	$M	$M	$M	$M	**$M**	**$M**	**$M**
31 December 2012								
Current Assets								
Current assets	194.0	-	-	-	241.5	**435.5**	**9.1**	**444.6**
Total Current Assets	**194.0**	**-**	**-**	**-**	**241.5**	**435.5**	**9.1**	**444.6**
Non-Current Assets								
Investment properties	4,132.3	1,378.8	989.5	-	-	**6,500.6**	**-**	**6,500.6**
Equity accounted investments	151.6	706.3	-	1,152.8	0.1	**2,010.8**	**-**	**2,010.8**
Property, plant and equipment	-	-	-	-	10.7	**10.7**	**-**	**10.7**
Loans and receivables	-	-	-	-	7.9	**7.9**	**144.1**	**152.0**
Intangible assets	12.0	0.4	-	-	37.5	**49.9**	**-**	**49.9**
Other non-current assets	-	-	-	-	174.6	**174.6**	**-**	**174.6**
Total Non-Current Assets	**4,295.9**	**2,085.5**	**989.5**	**1,152.8**	**230.8**	**8,754.5**	**144.1**	**8,898.6**
Total Assets	**4,489.9**	**2,085.5**	**989.5**	**1,152.8**	**472.3**	**9,190.0**	**153.2**	**9,343.2**
Current and non-current liabilities	-	-	-	-	2,467.0	**2,467.0**	**-**	**2,467.0**
Total Liabilities	-	-	-	-	2,467.0	**2,467.0**	**-**	**2,467.0**
Net Assets	**4,489.9**	**2,085.5**	**989.5**	**1,152.8**	**(1,994.7)**	**6,723.0**	**153.2**	**6,876.2**
31 December 2011								
Current Assets								
Current assets	39.2	373.2	16.7	-	153.2	**582.3**	**92.5**	**674.8**
Total Current Assets	**39.2**	**373.2**	**16.7**	**-**	**153.2**	**582.3**	**92.5**	**674.8**
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**	**343.8**	**9,054.5**	**233.1**	**9,287.6**
Current and non-current liabilities	-	-	-	-	2,498.6	**2,498.6**	**2.6**	**2,501.2**
Total Liabilities	**-**	**-**	**-**	**-**	**2,498.6**	**2,498.6**	**2.6**	**2,501.2**
Net Assets	**4,918.4**	**1,938.1**	**832.5**	**1,021.7**	**(2,154.8)**	**6,555.9**	**230.5**	**6,786.4**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

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.
Logistics and Business Parks	Traditional logistics and business park assets with capacity for organic growth through the development of vacant land as well as logistics and business park re-developments and property management of logistics and business park assets.
Funds Management	Asset and funds management of Australian wholesale fund vehicles, investments by the Group in GPT Wholesale Shopping Centre Fund and GPT Wholesale Office Fund.
Corporate	Finance, principally interest costs and Group operating costs.
Non-Core Operations, Consolidation and Eliminations include:	
Discontinued operation - US Seniors Housing	GPT completed the sale of this portfolio on 29 March 2011 and the balances represent miscellaneous balances that will be realised once liquidation of the remaining entity occurs.
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	GPT has divested all of its resorts after completing the sale of Ayers Rock Resort on 23 May 2011 and now earns interest income on the deferred settlement proceeds. Final proceeds will be received in May 2016. The remaining balances represent miscellaneous balances that will be realised once liquidation of those entities occurs.
Consolidation and Eliminations	Elimination of inter-company transactions and conversion of the proportionally consolidated result from joint ventures and associates to equity accounted results.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

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							
	Retail	Office	Logistics and Business Parks	Funds Management	Corporate	**Total Core Operations**	**Total Non-Core Operations**	**Total**
	$M	$M	$M	$M	$M	**$M**	**$M**	**$M**
31 December 2012								
Revenue and other income	16.4	72.8	-	142.6	18.1	**249.9**	**9.6**	**259.5**
Expenses	(3.8)	(12.6)	-	(43.3)	(21.4)	**(81.1)**	**(26.6)**	**(107.7)**
Profit/(loss) before income tax expense	12.6	60.2	-	99.3	(3.3)	**168.8**	**(17.0)**	**151.8**
Income tax expense / (credit)	-	-	-	-	-	**-**	**-**	**-**
	12.6	60.2	-	99.3	(3.3)	**168.8**	**(17.0)**	**151.8**
Share of accumulated losses not recognised	-	-	-	-	3.3	**3.3**	**17.3**	**20.6**
Share of net profits/(losses) of joint venture and associate interests	12.6	60.2	-	99.3	-	**172.1**	**0.3**	**172.4**
31 December 2011								
Revenue and other income	14.2	58.2	-	153.1	13.8	**239.3**	**63.3**	**302.6**
Expenses	(3.3)	(12.8)	-	(51.3)	(10.1)	**(77.5)**	**(76.1)**	**(153.6)**
Profit/(loss) before income tax expense	10.9	45.4	-	101.8	3.7	**161.8**	**(12.8)**	**149.0**
Income tax credit	-	-	-	-	-	-	**-**	**-**
	10.9	45.4	-	101.8	3.7	**161.8**	**(12.8)**	**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**	**(9.4)**	**148.7**

(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 12	31 Dec 11	**31 Dec 12**	31 Dec 11	**31 Dec 12**	31 Dec 11	**31 Dec 12**	31 Dec 11
	$M	$M	**$M**	$M	**$M**	$M	**$M**	$M
Revenue and other income	**249.9**	239.7	**9.6**	9.6	**-**	53.3	**259.5**	302.6
Expenses	**(81.1)**	(77.6)	**(25.2)**	(21.3)	**(1.4)**	(54.7)	**(107.7)**	(153.6)
Profit before income tax expense	**168.8**	162.1	**(15.6)**	(11.7)	**(1.4)**	(1.4)	**151.8**	149.0
Income tax expense / (credit)	**-**	-	**-**	-	**-**	-	**-**	-
	168.8	162.1	**(15.6)**	(11.7)	**(1.4)**	(1.4)	**151.8**	149.0
Share of accumulated losses not recognised	**3.3**	(3.7)	**15.9**	-	**1.4**	3.4	**20.6**	(0.3)
Share of net profits / (losses) of joint ventures and associate interests	**172.1**	158.4	**0.3**	(11.7)	**-**	2.0	**172.4**	148.7

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

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							
	Retail	Office	Logistics and Business Parks	Funds Management	Corporate	**Total Core Operations**	**Total Non-Core Operations**	**Total**
	$M	$M	$M	$M	$M	**$M**	**$M**	**$M**
31 December 2012								
Cash and cash equivalents	1.2	5.5	-	6.5	2.5	**15.7**	**6.4**	**22.1**
Property investments and loans	152.0	713.4	-	1,424.9	27.7	**2,318.0**	**61.2**	**2,379.2**
Other assets	0.4	3.1	-	6.8	9.3	**19.6**	**3.5**	**23.1**
Total assets	153.6	722.0	-	1,438.2	39.5	**2,353.3**	**71.1**	**2,424.4**
Other liabilities	2.0	15.7	-	40.9	19.8	**78.4**	**24.3**	**102.7**
Borrowings								
- The GPT Group	-	-	-	-	30.6	**30.6**	**31.8**	**62.4**
- External - non-current	-	-	-	244.5	-	**244.5**	**71.2**	**315.7**
Total liabilities	2.0	15.7	-	285.4	50.4	**353.5**	**127.3**	**480.8**
Net assets	151.6	706.3	-	1,152.8	(10.9)	**1,999.8**	**(56.2)**	**1,943.6**
Negative net assets not recognised	-	-	-	-	11.0	**11.0**	**56.3**	**67.3**
Net assets after write back	151.6	706.3	-	1,152.8	0.1	**2,010.8**	**0.1**	**2,010.9**
31 December 2011								
Cash and cash equivalents	2.4	6.9	-	4.5	1.5	**15.3**	**8.5**	**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**	**91.5**	**2,207.8**
Other liabilities	3.3	15.7	-	41.7	22.4	**83.1**	**27.1**	**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**	**131.8**	**396.2**
Net assets	147.9	677.4	-	1,021.7	4.9	**1,851.9**	**(40.3)**	**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**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

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 12	31 Dec 11	**31 Dec 12**	31 Dec 11	**31 Dec 12**	31 Dec 11	**31 Dec 12**	31 Dec 11
	$M	$M	**$M**	$M	**$M**	$M	**$M**	$M
Share of joint venture and associates' assets and liabilities								
Cash and cash equivalents	**15.7**	15.3	**3.0**	2.6	**3.4**	5.9	**22.1**	23.8
Property investments and loans	**2,318.0**	2,084.9	**61.2**	80.1	**-**	-	**2,379.2**	2,165.0
Other assets	**19.6**	16.1	**3.5**	2.9	**-**	-	**23.1**	19.0
Total assets	**2,353.3**	2,116.3	**67.7**	85.6	**3.4**	5.9	**2,424.4**	2,207.8
Other liabilities	**78.4**	83.1	**11.6**	13.2	**12.7**	13.9	**102.7**	110.2
Borrowings								
- The GPT Group	**30.6**	32.9	**-**	-	**31.8**	32.3	**62.4**	65.2
- External - non-current	**244.5**	148.4	**71.2**	72.4	**-**	-	**315.7**	220.8
Total liabilities	**353.5**	264.4	**82.8**	85.6	**44.5**	46.2	**480.8**	396.2
Net assets	**1,999.8**	1,851.9	**(15.1)**	-	**(41.1)**	(40.3)	**1,943.6**	1,811.6
Negative net assets not recognised	**11.0**	7.7	**15.1**	-	**41.2**	40.5	**67.3**	48.2
Net assets after write back	**2,010.8**	1,859.6	**-**	-	**0.1**	0.2	**2,010.9**	1,859.8

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

3. Distributions paid and payable

		Consolidated entity	
		31 Dec 12	31 Dec 11
		$M	$M
(a) Stapled Securityholders			
(i) Distributions paid			
Quarter ended December 2011:	4.9 cents per stapled security paid on 16 March 2012 (4.6 cents per stapled security paid on 25 March 2011)	**88.7**	85.4
Quarter ended March 2012:	4.6 cents per stapled security paid on 25 May 2012 (4.2 cents per stapled security paid on 27 May 2011)	**82.2**	77.9
Quarter ended June 2012:	4.9 cents per stapled security paid on 7 September 2012 (4.3 cents per stapled security paid on 23 September 2011)	**86.6**	79.1
Quarter ended September 2012:	4.7 cents per stapled security paid on 16 November 2012 (4.4 cents per stapled security paid on 18 November 2011)	**83.0**	80.7
Total distributions paid		**340.5**	323.1
(ii) Distributions proposed and not recognised as a liability [(1)]			
Quarter ended December 2012:	5.1 cents per stapled security expected to be paid in mid-March 2013 (4.9 cents per stapled security paid on 16 March 2012)	**90.1**	88.7
(b) Exchangeable Securities Securityholders [(2)]			
(i) Distributions paid			
Period from 28 November 2011 to 27 May 2012	10% per exchangeable security	**25.0**	25.0
(ii) Distributions payable			
Period from 28 November 2012 to 31 December 2012	10% per exchangeable security	**2.4**	2.5

(1) The December quarter distribution of 5.1 cents per stapled security is expected to be paid in mid-March 2013. No provision for the distribution has been recognised in the Statement of Financial Position as at 31 December 2012 as the distribution had not been declared by that date. This distribution is based on the number of securities at the record date of 11 January 2013.
(2) Refer to note 16(b) for further information on the Exchangeable Securities.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

4. Expenses

		Consolidated entity	
		31 Dec 12	31 Dec 11
	Note	**$M**	$M
(a) Depreciation and amortisation expense			
Depreciation of hotel properties		**-**	2.1
Depreciation of plant and equipment	11(a)	**2.3**	2.2
Amortisation of intangibles	12(a)	**4.8**	5.1
Less: Depreciation and amortisation - Discontinued operations		**-**	(2.1)
Total depreciation and amortisation expense		**7.1**	7.3
(b) Finance costs			
External entities		**119.8**	147.2
Interest capitalised*		**(8.8)**	(13.3)
Total finance costs		**111.0**	133.9
(c) Net loss on fair value of derivatives			
Interest rate derivatives		**40.0**	134.5
Foreign currency derivatives		**(0.1)**	12.5
Total net loss on fair value of derivatives		**39.9**	147.0

*A capitalisation rate of 5.6% (2011: 7.0%) has been applied when capitalising interest on qualifying assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

5. Tax

	Consolidated entity	
	31 Dec 12	31 Dec 11
	$M	$M
(a) Income tax (benefit) / expense		
Current income tax (benefit) / expense	**(5.7)**	7.4
Deferred income tax expense / (benefit)	**1.4**	(22.4)
Income tax benefit in the Statement of Comprehensive Income	**(4.3)**	(15.0)
Income tax benefit attributable to:		
Profit from continuing operations	**-**	(6.8)
Profit from discontinued operations	**(4.3)**	(8.2)
Aggregate income tax benefit	**(4.3)**	(15.0)
Reconciliation of Income tax expense to prima facie tax payable:		
Net profit before income tax expense	**590.2**	231.2
Less: profit attributed to entities not subject to tax	**(617.9)**	(293.1)
Net loss before income tax expense	**(27.7)**	(61.9)
Prima facie income tax benefit at 30% tax rate (31 December 2011: 30%)	**(8.3)**	(18.6)
Tax effect of amounts not deductible (taxable) in calculating income tax benefit:		
Overhead costs	**2.8**	4.1
Impairment expenses	**0.2**	1.7
Depreciation not deductible	**2.2**	-
Bad debts deductions denied on related party interest	**1.4**	-
Withholding tax benefit	**-**	(0.7)
Share of after tax profits of investments in associates and joint ventures	**(0.1)**	(0.8)
Foreign subsidiary losses not deductible for tax	**0.3**	2.7
Adjustments in respect of current income tax of previous years	**(3.6)**	(7.1)
Tax benefit arising on disposal of foreign assets	**(5.7)**	(5.0)
Impairment of deferred tax asset	**6.5**	8.7
Income tax benefit	**(4.3)**	(15.0)
Deferred tax assets and liabilities are attributable to the following:		
(b) Deferred tax assets		
Employee benefits	**8.0**	9.0
Overhead costs	**8.3**	7.6
Provisions and accruals	**0.9**	0.9
Tax losses recognised	**17.0**	18.1
Other	**0.6**	0.6
Net deferred tax asset	**34.8**	36.2
Movement in temporary differences during the financial year		
Opening balance at beginning of the financial year	**36.2**	27.8
(Charged) / credited to the income statement	**(0.3)**	(5.7)
Tax losses recognised	**(1.1)**	14.1
Closing balance at end of the financial year	**34.8**	36.2
(c) Deferred tax liability		
Net deferred tax liability	**-**	-
Movement in temporary differences during the financial year		
Opening balance at beginning of the financial year	**-**	28.0
Charged to the income statement	**-**	(28.0)
Closing balance at end of the financial year	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

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

(a) Details of discontinued operations

At 31 December 2012, there are three discontinued operations: Hotel / Tourism portfolio, Funds Management – Europe and US Seniors Housing portfolios.

An update on the remaining investments for each discontinued operation as at 31 December 2012 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.

- $81 million payment received on settlement;
- $81 million payment received on 23 May 2012; 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. GPT has contributed $22.2 million towards capital expenditure in March 2012 in accordance with the sale agreement.

(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 2012 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. Remaining balances represent working capital in B-VII Operations Holding Co LLC, whose properties had been sold on 29 March 2011. The entity is in the process of being liquidated.

(b) Assets classified as held for sale

In addition to the residual assets and liabilities classified as held for sale in the Funds Management Europe and US Seniors Housing Portfolios, certain investment properties are also included as assets classified as held for sale in the Statement of Financial Position as at 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

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 2012 (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	Investment Properties	Total	Total
		31 Dec 12	31 Dec 12	31 Dec 12	31 Dec 12	31 Dec 12	31 Dec 11
	Note	$M	$M	$M	$M	$M	$M
Assets classified as held for sale							
Cash at bank and at call		-	-	-	-	-	1.0
Loans and receivables	(i)	-	9.0	-	-	9.0	10.3
Investment properties	(ii)	-	-	-	194.0	194.0	429.1
Equity accounted investments	(iii)	-	-	0.1	-	0.1	0.2
Other assets	(iv)	-	-	-	-	-	-
Total assets classified as held for sale		-	9.0	0.1	194.0	203.1	440.6
Liabilities classified as held for sale							
Trade payables and accruals		-	-	-	-	-	2.6
Total liabilities directly associated with assets classified as held for sale		-	-	-	-	-	2.6

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

(ii) This includes certain investment properties under the Retail segment.

(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 50% investment in B&B GPT Alliance 1 LLC and B&B GPT Alliance 2 LLC with nil carrying value at 31 December 2012; and
- the 95% investment in B-VII Operations Holding Co LLC, whose 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 $0.1 million as at 31 December 2012.

(iv) Other assets comprise 5.3% interest in GPT MaltaCo 1 with nil carrying value as at 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

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 2012 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 total non-core operations segment.

		Consolidated entity	
		31 Dec 12	31 Dec 11
	Note	**$M**	$M
Revenue		**15.8**	54.3
Share of after tax profit of investments in associates and joint ventures		**-**	7.9
Expenses		**-**	(33.8)
Income tax (expense) / credit		**(1.3)**	3.5
Segment result for discontinued operations		**14.5**	**31.9**
Items excluded from Segment result		**0.9**	(99.6)
Tax impact of reconciling items from Segment result to Net profit for the year		**5.6**	4.7
Net profit / (loss) after income tax of discontinued operations		**21.0**	**(63.0)**
Net cash inflow from operating activities		**12.3**	**31.6**
Net cash inflow from investing activities		**46.0**	**290.8**
Net increase in cash generated by discontinued operations		**58.3**	**322.4**

(e) 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 12	31 Dec 11
	$M	$M
Details of disposals during the year:		
Cash consideration - net of transaction costs	**615.4**	384.9
Deferred consideration	**-**	219.0
Total consideration	**615.4**	603.9
Carrying amount of net assets sold	**(618.5)**	(605.4)
Foreign exchange loss realised on disposal	**-**	(47.6)
Loss on sale before income tax	**(3.1)**	(49.1)
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
Inventories	**-**	3.6
Investment properties	**618.5**	1.9
Equity accounted investments	**-**	301.6
Property, plant and equipment	**-**	300.0
Other assets	**-**	0.8
Total assets	**618.5**	608.7
Trade payables and accruals	**-**	1.4
Other liabilities	**-**	1.9
Total liabilities	**-**	3.3
Net assets	**618.5**	605.4

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

7. Loans and receivables

	Consolidated entity	
	31 Dec 12	31 Dec 11
	$M	$M
Current assets		
Trade receivables	**18.1**	16.7
less: impairment of trade receivables	**(1.1)**	(0.6)
	17.0	16.1
Distributions receivable from associates	**18.5**	18.6
Distributions receivable from joint ventures	**10.1**	12.6
Interest receivable	**0.8**	0.5
Deferred consideration receivables	**-**	81.0
Other debtors	**13.6**	12.1
Related party receivables (1)	**11.7**	10.6
Total current loans and receivables	**71.7**	151.5
Non-Current assets		
Deferred consideration receivables	**144.1**	140.6
Loan advanced to Lend Lease GPT (Rouse Hill) Pty Limited	**7.9**	10.3
Total non-current loans and receivables	**152.0**	150.9

(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 12	31 Dec 11
	$M	$M
Current assets		
Interest rate swaps	**5.1**	0.1
Foreign exchange contracts	**-**	0.1
Total current derivative assets	**5.1**	0.2
Non-current assets		
Interest rate swaps	**132.8**	77.9
Interest rate options	**2.9**	0.3
Total non-current derivative assets	**135.7**	78.2
Current liabilities		
Interest rate swaps	**0.1**	0.8
Foreign exchange contracts	**-**	0.2
Total current derivative liabilities	**0.1**	1.0
Non-current liabilities		
Interest rate swaps	**50.0**	45.0
Interest rate options	**90.1**	82.5
Total non-current derivative liabilities	**140.1**	127.5

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 disclosures on GPT's financial risk management.

At 31 December 2012, GPT has hedges (fixed debt and swaps) in place to cover 66.2% of its total debt and the hedges have an average fixed rate of 3.74% (2011: 70.6% hedged, hedges had an average fixed rate of 4.38%).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

9. Investment properties

	Note	Consolidated entity 31 Dec 12 $M	31 Dec 11 $M
Retail	(b)	**4,132.3**	4,720.3
Office	(c)	**1,378.8**	740.2
Logistics and Business Parks	(d)	**880.5**	693.0
Properties under development	(e)	**109.0**	270.1
Total investment properties		**6,500.6**	6,423.6

(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	**6,423.6**	6,562.5
Additions - operating capex	**24.5**	39.9
Additions - interest capitalised	**8.8**	13.3
Additions - development capex	**72.7**	124.1
Asset acquisitions	**151.4**	-
Transfers from / (to) non-current assets classified as held for sale	**235.1**	(419.1)
Lease incentives	**50.8**	29.3
Amortisation of lease incentives	**(24.9)**	(21.5)
Disposals	**(618.6)**	(0.1)
Fair value adjustments	**175.1**	100.6
Leasing costs (net of amortisation)	**2.1**	(5.4)
Carrying amount at the end of the financial year	**6,500.6**	6,423.6

	Ownership Interest [1] %	Acquisition Date	Fair Value 31 Dec 12 $M	Fair Value 31 Dec 11 $M	Latest Independent Valuation Date	Valuer
(b) Retail						
Casuarina Square, NT [2]	50.0	Oct 1973	239.5	455.6	Dec 2012	CB Richard Ellis
Charlestown Square, NSW	100.0	Dec 1977	840.3	830.3	Dec 2010	Jones Lang LaSalle
Pacific Highway, Charlestown, NSW	100.0	Oct 2002 / Jul 2003	9.7	9.9	Dec 2010	Jones Lang LaSalle
Dandenong Plaza, VIC	100.0	Dec 1993 / Dec 1999	170.0	180.2	Jun 2011	CB Richard Ellis Pty Limited
Erina Fair, NSW [3]	33.3	Jun 1992	262.1	252.2	Jun 2012	Savills Australia
Highpoint Shopping Centre, VIC	16.7	Aug 2009	274.2	233.1	Jun 2012	CB Richard Ellis Pty Limited
Homemaker City, Maribyrnong, VIC	16.7	Aug 2009	7.5	9.1	Sept 2012	CB Richard Ellis Pty Limited
Westfield Penrith, NSW	50.0	Jun 1971	546.4	519.2	Jun 2012	Knight Frank Valuations
Sunshine Plaza, QLD	50.0	Dec 1992 / Sep 2004	350.8	326.1	Jun 2012	Savills Australia
Plaza Parade, QLD	50.0	Jun 1999	9.5	9.3	Jun 2012	Savills Australia
Westfield Woden, ACT [2]	-	Feb 1986	-	321.5	Dec 2010	Knight Frank Valuations
Homemaker City, Aspley, QLD	100.0	Nov 2001	-	47.7	Dec 2011	Colliers
Homemaker City, Fortitude Valley, QLD	100.0	Dec 2001	-	100.1	Dec 2011	Jones Lang LaSalle
Homemaker City, Jindalee, QLD	100.0	Nov 2001	-	50.0	Dec 2011	Colliers
Rouse Hill Town Centre, NSW	100.0	Dec 2005	461.1	460.0	Jun 2012	CB Richard Ellis Pty Limited
Melbourne Central, VIC - retail portion [4]	100.0	May 1999 / May 2001	961.2	916.0	Dec 2012	CB Richard Ellis Pty Limited
Total consolidated entity			**4,132.3**	**4,720.3**		

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

9. Investment properties (continued)

	Ownership Interest [1] %	Acquisition Date	Fair Value 31 Dec 12 $M	Fair Value 31 Dec 11 $M	Latest Independent Valuation Date	Valuer
(c) Office						
Australia Square, Sydney, NSW	50.0	Sep 1981	286.1	278.8	Dec 2011	Savills
MLC Centre, Sydney, NSW [5]	50.0	Apr 1987	381.1	-	Jun 2011	Colliers International
One One One Eagle Street, Brisbane, QLD [6]	33.3	Apr 1984	208.6	-	Mar 2012	Knight Frank
Melbourne Central, VIC - office portion [4]	100.0	May 1999 / May 2001	375.0	334.0	Dec 2012	CB Richard Ellis Pty Limited
818 Bourke St, Victoria Harbour, VIC	100.0	Jun 2006	128.0	127.4	Mar 2011	Savills
Total consolidated entity			**1,378.8**	**740.2**		
(d) Logistics and Business Parks						
2-4 Harvey Road, Kings Park, NSW	100.0	May 1999	44.1	44.0	Jun 2011	Savills Australia
Citi-West Industrial Estate, Altona North, VIC	100.0	Aug 1994	66.7	66.3	Mar 2012	Jones Lang LaSalle
Quad 1, Sydney Olympic Park, NSW	* 100.0	Jun 2001	19.6	20.4	Dec 2012	Knight Frank
Quad 2, Sydney Olympic Park, NSW	* 100.0	Dec 2001	22.5	20.4	Dec 2012	Knight Frank
Quad 3, Sydney Olympic Park, NSW	* 100.0	Mar 2003	23.0	21.3	Dec 2012	Jones Lang LaSalle
Quad 4, Sydney Olympic Park, NSW	* 100.0	Jun 2004	36.1	35.6	Dec 2012	Jones Lang LaSalle
6 Herb Elliott, Sydney Olympic Park, NSW	* 100.0	Jun 2010	12.1	12.1	Dec 2010	Jones Lang LaSalle
8 Herb Elliott, Sydney Olympic Park, NSW	* 100.0	Aug 2004	9.4	9.4	Jun 2010	CB Richard Ellis Pty Limited
5 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2005	20.2	18.8	Jun 2011	Colliers Pty Limited
7 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2004	10.6	10.5	Jun 2010	CB Richard Ellis Pty Limited
7 Parkview Drive, Sydney Olympic Park, NSW	* 100.0	May 2002	19.4	17.8	Jun 2011	Jones Lang LaSalle
5 Murray Rose, Sydney Olympic Park, NSW [7]	* 100.0	May 2002	68.5	-	Jun 2012	M3 Property
Rosehill Business Park, Camellia, NSW	100.0	May 1998	67.6	67.3	Jun 2012	Jones Lang LaSalle
15 Berry Street, Granville, NSW	100.0	Nov 2000	13.3	12.9	Jun 2012	Savills Australia
19 Berry Street, Granville, NSW	100.0	Dec 2000	26.7	25.7	Jun 2012	Savills Australia
Erskine Park, NSW (Stage 1)	100.0	Jun 2008	38.8	39.0	Jun 2012	Knight Frank Valuations
Erskine Park, NSW (Stage 2)	100.0	Jun 2008	19.1	19.1	Sep 2010	Knight Frank Valuations
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	135.4	140.9	Jun 2012	CB Richard Ellis
134-140 Fairbairn Road, Sunshine West, VIC	100.0	Mar 2006	13.2	13.2	Dec 2011	CB Richard Ellis
116 Holt Street, Pinkenba, QLD	100.0	Mar 2006	13.4	13.3	Jun 2011	Jones Lang LaSalle
4 Holker Street, Silverwater, NSW	100.0	Mar 2006	30.4	30.4	Dec 2011	CB Richard Ellis
372-374 Victoria Street, Wetherill Park, NSW	100.0	Jul 2006	18.4	18.1	Jun 2012	Knight Frank Valuations
18 - 24 Abbott Road, Seven Hills, NSW	100.0	Oct 2006	13.7	13.6	Dec 2011	CB Richard Ellis
Citiport Business Park, Port Melbourne, VIC [8]	100.0	Mar 2012	61.5	-	Feb 2012	Jones Lang LaSalle
83 Derby Street, Silverwater, NSW [9]	100.0	Aug 2012	25.2	-	Jun 2012	Knight Frank Valuations
10 Interchange Drive, Eastern Creek, NSW [9]	100.0	Aug 2012	28.6	-	Jul 2012	CB Richard Ellis
407 Pembroke Rd, Minto, NSW	50.0	Oct 2008	23.0	22.9	Dec 2010	Knight Frank Valuations
Total consolidated entity			**880.5**	**693.0**		

NOTES TO THE FINANCIAL STATEMENTS
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9. Investment properties (continued)

(e) Properties under development

	Ownership Interest [1] %	Acquisition Date	Fair Value 31 Dec 12 $M	Fair Value 31 Dec 11 $M	Latest Independent Valuation Date	Valuer
Office						
One One One Eagle Street, Brisbane, QLD [6]	33.3	Apr 1984	-	147.3	Mar 2012	Knight Frank
Logistics and Business Parks						
17 Berry St, Granville, NSW	100.0	Sep 2009	2.9	5.2	Jun 2012	Savills Australia
7 Parkview Drive, Sydney Olympic Park, NSW [7]	100.0	May 2002	-	41.0	Jun 2011	Jones Lang LaSalle
Erskine Park, NSW	100.0	Jun 2008	51.4	53.9	Jun 2012	Knight Frank Valuations
407 Pembroke Rd, Minto, NSW	50.0	Oct 2008	4.7	5.2	Dec 2010	Knight Frank Valuations
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	21.7	17.5	Jun 2012	CB Richard Ellis
Toll NQX, Karawatha, QLD [10]	100.0	Dec 2012	28.3	-	-	-
Total consolidated entity			**109.0**	**270.1**		

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

(2) On 25 June 2012, GPT sold a 50% interest in Casuarina shopping centre in Darwin and its 50% interest in Westfield Woden shopping centre in Canberra to the GPT Wholesale Shopping Centre Fund for $229.7 million and $322.5 million respectively.

(3) 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)).

(4) Melbourne Central: 71.9% Retail and 28.1% Office (2011: 73.3% Retail and 26.7% Office).

(5) This property was reclassified to an investment property from a non-current asset held for sale during the year. GPT management believes that the asset value will be enhanced in the near future through the completion of the façade repairs, leasing activity and repositioning strategies. As a result, it has been determined that the asset is better suited to remain in the portfolio at this time.

(6) Following practical completion in June 2012, One One One Eagle Street had been reclassified from a property under development to an investment property in the Office Portfolio.

(7) This property was classified as a property under development as at 31 December 2011, being that part of 7 Parkview Drive, Sydney Park, NSW which was under development.

(8) On 30 March 2012, GPT acquired CitiPort Business Park at 650-672 Lorimer Street and 272-310 Salmon Street, Port Melbourne, Victoria for a total consideration of $61.0 million.

(9) On 3 August 2012, GPT acquired 83 Derby Street, Silverwater, NSW for $25.1 million and 10 Interchange Drive, Eastern Creek, NSW for $28.6 million.

(10) On 17 December 2012, GPT acquired Toll NQX, Karawatha in Queensland for a consideration of $28.2 million.

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 2012

9. Investment properties (continued)

(f) Key operating metrics

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

Investment Properties:

	Consolidated entity	
	31 Dec 12	31 Dec 11
Retail portfolio		
Weighted average Cap Rate (%) (1)	6.1%	6.2%
Total Portfolio Retail Occupancy Rate (%) (1)	99.5%	99.4%
Total Portfolio Specialty Moving Annual Turnover ($psm) (2)	8,964	8,958
Total Portfolio Specialty Occupancy Cost (%) (2)	17.9%	17.6%
Office portfolio		
Weighted average Cap Rate (%) (3)	6.9%	7.1%
Total Portfolio Occupancy Rate (%) (3)	95.8%	96.5%
Weighted Average Lease Term by Income (Years) (3)	5.4	4.7
Logistics & business parks portfolio		
Weighted average Cap Rate (%)	8.3%	8.4%
Total Portfolio Occupancy Rate (%)	98.2%	98.4%
Weighted Average Lease Term by Income (Years)	5.8	6.2

(1) Includes GPT's interest in GPT Wholesale Shopping Centre Fund. Excludes the QLD Homemaker Portfolio and Newcastle CBD Land Holdings. Occupancy excludes centres under development.
(2) Includes GPT and GPT Wholesale Shopping Centre Fund owned assets. Excludes development impacted assets, Norton Plaza, the QLD Homemaker Portfolio.
(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 12	31 Dec 11
	$M	$M
Due within one year	**521.2**	541.3
Due between one and five years	**1,403.0**	1,504.9
Due after five years	**751.5**	769.6
Total operating lease receivables	**2,675.7**	2,815.8

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

10. Investments in associates and joint venture entities

		Consolidated entity	
		31 Dec 12	31 Dec 11
	Note	**$M**	$M
Investments in joint venture entities	(a)(i)	**858.0**	825.3
Investments in associates	(a)(ii)	**1,152.8**	1,034.3
Total equity accounted investments		**2,010.8**	1,859.6

(a) Details of GPT's associates and joint venture entities

Name	**Principal Activity**	**Ownership Interest**			
		31 Dec 12	**31 Dec 11**	**31 Dec 12**	31 Dec 11
		%	**%**	**$M**	$M
(i) Joint Venture entities					
Entities incorporated in Australia					
1 Farrer Place Trust (1)	Investment property	50.00	50.00	**324.6**	322.2
2 Park Street Trust (1)	Investment property	50.00	50.00	**381.7**	355.1
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	**130.6**	125.7
Horton Trust	Investment property	50.00	50.00	**21.0**	22.2
Lend Lease GPT (Rouse Hill) Pty Limited (1) (3)	Property development	50.00	50.00	**-**	-
Total investment in joint venture entities				**858.0**	825.3
(ii) Associates					
Entities incorporated in Australia					
GPT Wholesale Office Fund (1)	Property investment	20.37	22.86	**671.6**	640.9
GPT Wholesale Shopping Centre Fund (1) (2)	Property investment	23.29	20.19	**481.2**	380.8
Lend Lease (Twin Waters) Pty Limited (4)	Property development	-	49.00	**-**	12.6
Total investments in associates				**1,152.8**	1,034.3

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

(2) During the year, GPT has participated in a capital raising launched by GPT Wholesale Shopping Centre Fund (GWSCF) in September 2012. Consequently, GPT injected $100 million into GWSCF which resulted in an increase in its investment to 23.29%.

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

(4) During the year, a distribution of $7.1 million to GPT was declared and $5.5 million of invested capital has been repaid in June 2012. This was a non-cash transaction which offsets GPT's payable of $12.6 million to this associate. The entity was liquidated on 13 October 2012.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

10. Investments in associates and joint venture entities (continued)

(b) Share of joint venture entities 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 venture entities in part (a) are set out below.

	Investment property/ portfolio, loans and other assets	Consolidated entity 31 Dec 12 $M	31 Dec 11 $M
Australia			
Erina Property Trust	Erina Fair, NSW	**131.1**	126.2
Horton Trust	Horton Parade and Maroochydore Superstore Plaza, QLD	**20.9**	22.3
GPT Wholesale Shopping Centre Fund	Various retail assets	**684.8**	444.0
Total Retail		**836.8**	592.5
2 Park Street Trust	Citigroup Centre, NSW	**385.0**	363.0
1 Farrer Place Trust	1 Farrer Place, NSW	**328.4**	322.7
GPT Wholesale Office Fund	Various office buildings	**740.1**	757.1
Total Office		**1,453.5**	1,442.8
Lend Lease GPT (Rouse Hill) Pty Ltd	Residental land - Rouse Hill, NSW	**27.7**	36.9
Total Corporate & Joint Venture		**27.7**	36.9
Total property investments, property management and investment properties		**2,318.0**	2,072.2

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

(c) Share of joint venture entities and associates' commitments
GPT's share of its joint venture entities' and associates' capital expenditure commitments which have been approved but not provided for at 31 December 2012, and operating lease and other commitments are set out below:

	Australia 31 Dec 12 $M	31 Dec 11 $M
Capital expenditure	**80.5**	95.8
Operating lease	**-**	-
Other	**-**	-
Total joint venture entities and associates' commitments	**80.5**	95.8

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

10. Investments in associates and joint venture entities (continued)

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

	Australia	
	31 Dec 12	31 Dec 11
	$M	$M
Consolidated entity		
(i) Joint venture entities		
Carrying amount at the beginning of the financial year	**825.3**	820.9
Additions	**16.6**	2.0
Share of joint venture entities' net operating profit	**72.8**	56.3
Distributions received / receivable from joint venture entities	**(56.7)**	(53.9)
Carrying amount at the end of the financial year	**858.0**	825.3
(ii) Associates		
Carrying amount at the beginning of the financial year	**1,034.3**	1,304.1
Acquisitions	**100.0**	5.8
Disposals	**-**	(301.0)
Share of associates' net operating profit	**99.3**	101.8
Distributions received / receivable from associates	**(75.3)**	(76.4)
Repayment of capital	**(5.5)**	-
Carrying amount at the end of the financial year	**1,152.8**	1,034.3

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

11. Property, plant and equipment

	Note	Consolidated entity 31 Dec 12 $M	Consolidated entity 31 Dec 11 $M
Office fixtures, fittings & operating equipment			
At cost		**20.1**	19.9
less: accumulated depreciation and impairment		**(9.4)**	(7.1)
Total property, plant and equipment		**10.7**	12.8

(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 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
Year ended 31 December 2012		
Carrying amount at the beginning of the financial year		**12.8**
Additions		**0.2**
Disposals		**-**
Depreciation charge	4(a)	**(2.3)**
Carrying amount at the end of the financial year		**10.7**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

12. Intangible assets

	Note	Consolidated entity 31 Dec 12 $M	31 Dec 11 $M
Management rights			
At cost		**77.3**	76.7
less: accumulated amortisation and impairment		**(66.0)**	(65.7)
Total management rights	(b)	**11.3**	11.0
IT development and software			
At cost		**51.4**	48.6
less: accumulated amortisation and impairment		**(12.8)**	(8.3)
Total IT development and software	(c)	**38.6**	40.3
Total intangible assets		**49.9**	51.3

(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 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
Year ended 31 December 2012				
Carrying amount at the beginning of the financial year		**11.0**	**40.3**	**51.3**
Additions (including capitalisations)		**0.6**	**2.8**	**3.4**
Amortisation expense	4(a)	**(0.3)**	**(4.5)**	**(4.8)**
Carrying amount at the end of the financial year		**11.3**	**38.6**	**49.9**

(b) Management rights

The management rights include property management and development management rights of the properties. The rights are amortised over the useful life, which ranges from 3 years to indefinite.

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 2012 based on financial budgets approved by management covering a five-year period. The discount rate applied to these asset-specific cash flow projections is 8.1% and the growth rate used to extrapolate the cashflows beyond the five year period is 3.8%.

(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 2012

13. Payables

	Consolidated entity	
	31 Dec 12	31 Dec 11
	$M	$M
Trade payables and accruals	**144.4**	176.5
Other payables	**4.4**	5.4
Distribution payable (Exchangeable Securities)	**2.4**	2.5
Related party payables	**-**	12.6
Interest payable	**16.5**	10.1
Deposits payable	**0.2**	0.9
Total payables	**167.9**	208.0

14. Borrowings

		Consolidated entity	
		31 Dec 12	31 Dec 11
	Note	**$M**	$M
Current - unsecured			
Bank borrowings			
Syndicated facility - Australian Dollar	(a)(i)	**-**	362.6
Bank facilities - Australian Dollar	(a)(ii)	**-**	150.0
Medium Term Notes	(b)	**211.0**	-
Total current borrowings - unsecured		**211.0**	512.6
Total current borrowings		**211.0**	512.6
Non-Current - unsecured			
Bank borrowings			
Syndicated facility - Australian Dollar	(a)(i)	**-**	167.5
Bank facilities - Australian Dollar	(a)(iv-x)	**1,442.0**	1,092.0
Medium Term Notes	(b)	**330.0**	211.0
CPI Indexed Bonds	(c)	**85.0**	85.0
Total non-current borrowings - unsecured		**1,857.0**	1,555.5
Non-Current - secured			
Bank facility - Somerton	(a)(iii)	**75.6**	76.0
Total non-current borrowings - secured		**75.6**	76.0
Total non-current borrowings		**1,932.6**	1,631.5
Total borrowings *		**2,143.6**	2,144.1

The maturity profile of the above current and non-current borrowings is:		
Due within one year	**211.0**	512.6
Due between one and five years	**1,222.6**	1,139.7
Due after five years	**710.0**	491.8
	2,143.6	2,144.1

* Net of unamortised establishment costs

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

14. Borrowings (continued)

(a) Financing facilities
A summary of borrowings and financing facilities included in the statement of financial position is provided below:

		Consolidated entity 31 Dec 12			
		Used facility $M	Facility limit $M	Unused facility $M	Maturity Date
Unsecured					
Bank facilities					
Bank bilateral	(a)(iv)	150.0	150.0	-	11-Mar-14
Bank bilateral	(a)(x)	175.0	175.0	-	26-Oct-18
Bank bilateral	(a)(x)	150.0	150.0	-	26-Oct-18
Bank bilateral	(a)(x)	225.0	225.0	-	15-Sep-14
Bank bilateral	(a)(viii)	160.0	160.0	-	01-Apr-15
Bank bilateral	(a)(viii)	198.0	200.0	2.0	26-Oct-15
Bank bilateral	(a)(viii)	140.0	140.0	-	01-Apr-16
Bank bilateral	(a)(ix)	26.0	75.0	49.0	30-Nov-16
Bank bilateral	(a)(vii)	68.0	75.0	7.0	26-Oct-17
Bank bilateral	(a)(v)	150.0	150.0	-	01-Jan-14
Total Bank facilities		**1,442.0**	**1,500.0**	**58.0**	
Issues in debt capital markets					
Medium Term Notes	(b)	211.0	212.0	1.0	22-Aug-13
Medium Term Notes	(b)(i)	250.0	250.0	-	24-Jan-19
Medium Term Notes	(b)(ii)	50.0	50.0	-	16-Aug-22
Medium Term Notes	(b)(iii)	30.0	30.0	-	19-Nov-17
CPI Indexed Bonds	(c)	85.0	85.0	-	10-Dec-29
Total Issues in debt capital markets		**626.0**	**627.0**	**1.0**	
Secured					
Bank facility - Somerton	(a)(iii)	76.0	76.2	0.2	31-Mar-16
Total Borrowings *		**2,144.0**	**2,203.2**	**59.2**	
Cash and cash equivalents				159.9	
Total financing resources available at the end of the year				**219.1**	

* Gross of unamortised establishment costs

Comparative information and further details on the changes to GPT's borrowings and financing facilities as presented in Statement of Financial Position are provided below:

i. During the year, GPT converted the €403 million multi option syndicated facility from Euro to Australian Dollars, cancelled the excess limit and removed the multi option feature to draw down in foreign currencies. The outstanding balance was repaid upon maturity on 26 October 2012 (2011: outstanding principal: $530.1 million).
ii. A $150.0 million bilateral facility was repaid upon maturity on 26 October 2012 (2011 outstanding principal: $150.0 million).
iii. During the year the maturity date of the $152.4 million facility (GPT 50% share: $76.2 million) was extended to 31 March 2016. The facility is secured by a mortgage over Austrak Business Park, Somerton, Victoria (2011 outstanding principal: $76.0 million).
iv. During the year the maturity date for this Bank facility was extended from 11 March 2013 to 11 March 2014 (2011 outstanding principal: $150.0 million).
v. During the year, GPT amended the maturity date on the facility from 1 October 2015 to 1 January 2014 (2011 outstanding principal: $nil).
vi. A new $100 million Bank facility commenced on 1 February 2012 for a term of 1 year. This was cancelled and repaid on 5 November 2012. In addition, GPT restructured the existing bank guarantee facility associated with this Bank facility to reduce the facility limit to $10.0 million (2011: $20.0 million) and extended the maturity date from 18 October 2012 to 18 October 2013. Bank guarantees not included in the statement of financial position have a face value of $6.2 million at 31 December 2012 (2011: $11.4 million).
vii. This facility was amended during the year to restate from a Euro denominated forward start limit to an AUD denominated forward start limit. The facility commenced on 26 October 2012.
viii. At 31 December 2011, Tranches A and B of this facility were drawn to $326.0 million and Tranche C was undrawn.
ix. At 31 December 2011, this facility was drawn to $66.0 million.
x. At 31 December 2011, Tranches A, B and C of this facility were drawn to $550.0 million.

NOTES TO THE FINANCIAL STATEMENTS
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14. Borrowings (continued)

(b) Medium Term Notes

During the year, GPT issued the following Medium Term Notes (MTNs) by way of new issue and/or tap of existing MTNs:

i. $250.0 million fixed rate MTNs maturing in January 2019,
ii. $50.0 million fixed rate MTNs maturing in August 2022; and
iii. $30.0 million floating rate MTNs maturing in November 2017.

At 31 December 2012, total fixed rate MTN's have a principal value of AUD $500.0 million (2011: $200.0 million) and floating rate MTNs have a principal value of $42.0 million (2011: $12.0 million) maturing between August 2013 and August 2022. GPT holds $1.0 million of MTNs which are netted against the floating MTN liabilities. The net principal value of MTNs at 31 December 2012 is $541.0 million (2011: $211.0 million).

(c) CPI Indexed Bonds

GPT issued a CPI coupon indexed bond in December 1999 with a current coupon of 8.76% per annum (2011: 8.58%) payable quarterly in arrears and indexed by the maximum CPI since September 1999. At 31 December 2012, the principal value is AUD $85.0 million (2011: $85.0 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) Maturity profile of financing facilities

The table below provides the maturity profile of financing facilities included in the statement of financial position and in note 14(a):

	31 Dec 12 $M	31 Dec 11 $M
Due within one year	**212.0**	499.1
Due between one and five years	**1,281.2**	1,180.7
Due after five years	**710.0**	638.7
Total financing facilities	**2,203.2**	2,318.5

(e) Forward start financing facilities

A summary of forward start financing facilities is provided below:

		Start date	**Maturity date**	**Facility limit $M**
Unsecured				
Bank facilities				
Bank bilateral	(e)(i)	11-Dec-13	11-Dec-14	150.0
Bank bilateral	(e)(ii)	31-Jan-14	31-Jan-18	100.0
Bank bilateral	(e)(iii)	31-Jul-14	31-Jul-18	100.0
Bank bilateral	(e)(iv)	22-Aug-13	11-Nov-17	150.0
Bank bilateral	(e)(v)	22-Aug-13	11-Nov-17	150.0
Total forward start Bank facilities				**650.0**

i. During the year GPT restructured the facility to push out the forward start date from October 2012 to 11 December 2013 and shorten the maturity date from October 2015 to 11 December 2014. This facility can commence earlier at GPT's option.
ii. During the year GPT restructured Tranche A of this Bank facility to push out the forward start date from 26 October 2012 to 31 January 2014 and extend the facility maturity date from 26 October 2016 to 31 January 2018.
iii. During the year GPT restructured Tranche B of this Bank facility to push out the forward start date from 26 October 2012 to 31 July 2014 and extend the facility maturity date from 26 October 2016 to 31 July 2018.
iv. During the year GPT restructured Tranche A of this Bank facility to convert it into a forward start facility available from 22 August 2013. The maturity date remains unchanged.
v. During the year GPT restructured Tranche B of this Bank Facility to push out the forward start date from 26 October 2012 to 22 August 2013. The maturity date remains unchanged.

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14. Borrowings (continued)
(f) Gearing Ratios

(i) Headline Gearing

At 31 December 2012, the percentage of debt to total tangible assets is 23.1% (2011: 23.2%) and the percentage on a net debt (net of cash and cash equivalents) basis is 21.7% (2011: 22.9%).

(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 2012, the percentage of 'look through' debt to total assets is 25.4% (2011: 24.7%) and the percentage on a net debt (net of cash and cash equivalents) basis is 23.9% (2011: 24.4%).

(g) Debt Covenants

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

- a 50% maximum threshold limit on the percentage of GPT debt to 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 2012 and no breaches were identified.

The weighted average interest rate of borrowings as at 31 December 2012 is 5.1% (2011: 5.9%) (refer to note 26(b)(iv)).

15. Provisions

	Consolidated entity	
	31 Dec 12	31 Dec 11
	$M	$M
Current provisions		
Employee benefits	**6.7**	8.5
Other	**7.3**	8.1
Total Current provisions	**14.0**	16.6
Non Current provisions		
Employee benefits	**1.3**	1.4
Total Non Current provisions	**1.3**	1.4

	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 2012			
Carrying amount at the beginning of the financial year	**9.9**	**8.1**	**18.0**
Arising during the year	**6.6**	**0.8**	**7.4**
Utilised during the year	**(8.5)**	**(1.6)**	**(10.1)**
Carrying amount at the end of the financial year	**8.0**	**7.3**	**15.3**

NOTES TO THE FINANCIAL STATEMENTS
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16. Contributed equity

		Note	Number	GPT $M	Other entities stapled to GPT $M	Total $M
(i) Ordinary stapled securities						
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	(a)	(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
1 Jan 2012	Opening securities on issue		**1,813,767,108**	**7,789.6**	**323.0**	**8,112.6**
Jan-Dec 2012	On-market buy-back	(a)	**(46,982,033)**	**(146.7)**	**(1.2)**	**(147.9)**
31 Dec 2012	Closing securities on issue		**1,766,785,075**	**7,642.9**	**321.8**	**7,964.7**
(ii) Exchangeable securities						
1 Jan 2011	Opening securities on issue		2,500	240.6	-	240.6
31 Dec 2011	Closing securities on issue		2,500	240.6	-	240.6
1 Jan 2012	Opening securities on issue		**2,500**	**240.6**	**-**	**240.6**
31 Dec 2012	Closing securities on issue	(b)	**2,500**	**240.6**	**-**	**240.6**
Total Contributed Equity				**7,883.5**	**321.8**	**8,205.3**

(a) On-market buy-back
On 26 April 2012, GPT announced the extension of the existing on market buy-back for an additional 12 months from 11 May 2012 and increased the maximum number of securities that can be bought back from 5% to 10% of ordinary securities. As at 31 December 2012, GPT has acquired 88.7 million GPT stapled securities for a total consideration of $274.7 million.

(b) 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.

17. Reserves

		Consolidated entity	
		31 Dec 12	31 Dec 11
	Note	**$M**	$M
Foreign currency translation reserve	(a)	**14.4**	14.4
Treasury stock reserve	(b)	**(0.3)**	(0.6)
Employee incentive scheme reserve	(c)	**20.5**	12.1
Total reserves		**34.6**	25.9

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

17. Reserves (continued)

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 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
Balance at 1 January 2012		**(17.5)**	**31.9**	**14.4**
Net foreign exchange translation adjustments		**-**	**-**	**-**
Balance at 31 December 2012		**(17.5)**	**31.9**	**14.4**
(b) Treasury stock reserve				
Balance at 1 January 2011		(3.2)	-	(3.2)
Sale of GPT stapled securities and loan repayments	21	3.2	-	3.2
Impairment on stapled securities	21	-	(0.6)	(0.6)
Balance at 31 December 2011		-	(0.6)	(0.6)
Balance at 1 January 2012		-	**(0.6)**	**(0.6)**
Sale of GPT stapled securities and loan repayments	21	**-**	**-**	**-**
Deferred stapled security plan expense	21	**-**	**0.3**	**0.3**
Balance at 31 December 2012		**-**	**(0.3)**	**(0.3)**
(c) Employee incentive scheme reserve				
Balance at 1 January 2011		2.3	3.9	6.2
Employee incentive schemes expense	21	-	6.3	6.3
Purchase of securities		-	(0.4)	(0.4)
Balance at 31 December 2011		2.3	9.8	12.1
Balance at 1 January 2012		**2.3**	**9.8**	**12.1**
Employee incentive scheme expenses	21	**-**	**8.7**	**8.7**
Purchase of securities		**-**	**(0.3)**	**(0.3)**
Balance at 31 December 2012		**2.3**	**18.2**	**20.5**
Total balance at 31 December 2011		(15.2)	41.1	25.9
Total balance at 31 December 2012		**(15.2)**	**49.8**	**34.6**

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(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).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

18. Accumulated losses

	Note	GPT $M	Other entities stapled to GPT $M	Total $M
Consolidated entity				
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)
Balance at 1 January 2012		**(625.8)**	**(966.9)**	**(1,592.7)**
Net profit / (loss) for the financial year		**623.2**	**(28.7)**	**594.5**
less: Distributions paid to ordinary stapled securityholders	3(a)	**(340.5)**	**-**	**(340.5)**
less: Distributions paid/payable to exchangeable securities securityholders	3(b)	**(25.0)**	**-**	**(25.0)**
Balance at 31 December 2012		**(368.1)**	**(995.6)**	**(1,363.7)**

19. Parent entity financial information

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

Statement of Financial Position

	Parent entity 31 Dec 12 $M	 31 Dec 11 $M
ASSETS		
Total Current Assets	**168.0**	470.5
Total Non-Current Assets	**9,292.3**	8,885.5
Total Assets	**9,460.3**	9,356.0
Total Current Liabilities	**311.6**	614.5
Total Non-Current Liabilities	**2,380.5**	1,984.4
Total Liabilities	**2,692.1**	2,598.9
Net Assets	**6,768.2**	6,757.1
EQUITY		
Equity attributable to secutityholders of the Trust (parent entity)		
Contributed equity	**7,883.5**	8,030.2
Accumulated losses	**(1,115.3)**	(1,273.1)
Total equity of GPT Trust securityholders	**6,768.2**	6,757.1

As at 31 December 2012, the Parent entity had a deficiency of current net assets of $143.6m (2011: $144.0m). This position is driven by the timing of intercompany balances. The Parent has sufficient facilities to draw upon as required.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

19. Parent entity financial information (continued)

Statement of Financial Performance

	Parent entity	
	31 Dec 12	31 Dec 11
	$M	$M
Net profit for the year	**523.3**	428.6
Total comprehensive income for the year	**523.3**	428.6

(b) Contractual capital commitments

As at 31 December 2012, 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 one year	**41.6**	68.7
Due between one and five years	**14.1**	41.9
Over five years	**-**	-
Total capital expenditure commitments	**55.7**	110.6

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 (retired on 7 May 2012)
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	Group Executive – Corporate Development
Nicholas Harris	Head of Funds Management
Mark Fookes	Chief Financial Officer
Matthew Faddy	Head of Asset Management
Anthony McNulty	Head of Development – Retail and Major Projects
James Coyne	General Counsel and Company Secretary
Carmel Hourigan	Head of Investment Management
John Thomas	Head of Development – Logistics and Business Parks

(b) Key management personnel compensation

	Consolidated entity	
	31 Dec 12	31 Dec 11
	$'000	$'000
Short term employee benefits	**12,105.5**	11,193.3
Post employment benefits	**215.3**	197.5
Long term incentive award accrual	**4,335.8**	3,070.5
Other long term benefits	**65.3**	96.6
Total key management personnel compensation	**16,721.9**	14,557.9

Information regarding individual Directors' and Senior Executives' remuneration is provided in the Remuneration Report on page 10 to 25 of the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

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 2011	Purchases/ (Sales)*	Balance 31 Dec 2011	Purchases/ (Sales)	Balance 31 Dec 2012
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	307,249	470,991	66,103	537,094
Senior Executives					
Michael O'Brien	152,581	(71,172)	81,409	-	81,409
James Coyne	35,261	(35,261)	-	-	-
Mark Fookes	148,124	(68,124)	80,000	-	80,000
Nicholas Harris	1,083,169	(48,169)	1,035,000	-	1,035,000
Anthony McNulty	-	-	-	-	-
Michelle Tierney**	73,029	(36,514)	36,515	-	-
Matthew Faddy***	-	-	-	-	-
Carmel Hourigan***	-	-	-	-	-
John Thomas	-	-	-	-	-

*Represents movement of securities due to the winding up of the Legacy LTI Scheme on 20 February 2011.
** Michelle Tierney has ceased to be a KMP effective from 1 January 2012.
*** Matthew Faddy and Carmel Hourigan had become KMP effective from 1 January 2012 and 8 November 2012 respectively.

(ii) Certain Senior Executives of The GPT Group were granted with performance rights under the GPT Group Stapled Securities Rights Plan (refer to note 21(a)(ii) for further detail). The table below sets out the number of performance rights issued to each of the key management personnel until 31 December 2012:

	Grant date	Vesting date*	Exercise price	Granted	Lapsed	Balance 31 Dec 2012	Vested at 31/12/2012*
Director			$				
Michael Cameron	29 April 2009	From 30 June 2011 to 30 June 2012	-	528,823	(396,617)	-	66,103
	19 May 2010	31 December 2012	-	590,068	-	590,068	-
	8 June 2011	31 December 2013	-	713,455	-	713,455	-
	23 May 2012	31 December 2014	-	693,537	-	693,537	-
Senior Executives							
Michael O'Brien	19 May 2010	31 December 2012	-	270,448	-	270,448	-
	8 June 2011	31 December 2013	-	292,429	-	292,429	-
	23 May 2012	31 December 2014	-	264,660	-	264,660	-
James Coyne	19 May 2010	31 December 2012	-	154,074	-	154,074	-
	8 June 2011	31 December 2013	-	169,115	-	169,115	-
	23 May 2012	31 December 2014	-	153,056	-	153,056	-
Mark Fookes	19 May 2010	31 December 2012	-	245,862	-	245,862	-
	8 June 2011	31 December 2013	-	273,051	-	273,051	-
	23 May 2012	31 December 2014	-	247,122	-	247,122	-
Nicholas Harris	19 May 2010	31 December 2012	-	199,968	-	199,968	-
	8 June 2011	31 December 2013	-	219,498	-	219,498	-
	23 May 2012	31 December 2014	-	231,179	-	231,179	-
Anthony McNulty	19 May 2010	31 December 2012	-	134,241	-	134,241	-
	8 June 2011	31 December 2013	-	193,778	-	193,778	-
	23 May 2012	31 December 2014	-	175,377	-	175,377	-
Matthew Faddy	19 May 2010	31 December 2012	-	110,638	-	110,638	-
	8 June 2011	31 December 2013	-	122,873	-	122,873	-
	23 May 2012	31 December 2014	-	159,434	-	159,434	-
Carmel Hourigan	8 November 2012	From 1 September 2013 to 1 September 2014	-	155,617	-	155,617	-
John Thomas	1 July 2012	31 December 2014	-	172,720	-	172,720	-

*The vesting decision on the performance rights with 31 December 2012 vesting date will depend on the results of the performance conditions.

(d) Other transactions with key management personnel
During the year, GPT has received $40,000 director fee from Michael Cameron for acting as a Director of Suncorp Group Limited.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

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 is represented by 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

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 and
(h) Volatility

The fair value of these Performance Rights granted during 2012 is $2.34 per performance right (2011: $2.38 per performance right). Total share based payment expense recognised during the year ended 31 December 2012 was $8,612,295 (2011: $6,243,233).

(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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

21. Share based payments (continued)

(b) Other Share-based Incentive Scheme (continued)

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 2012	31 Dec 2011	**31 Dec 2012**	31 Dec 2011
GPT stapled securities issued under the General Employee Security Ownership Plan	**177,490**	169,504	**146,050**	154,520
GPT stapled securities issued under the The GPT Group All Employee Stapled Security Plan	**-**	-	**-**	2,248
GPT stapled securities issued under the The GPT Group Deferred Stapled Security Plan	**-**	241,146	**406,721**	407,454
	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	**4,261,106**	4,060,829	**11,051,770**	7,577,189

22. Related party transactions

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

(b) Controlled entities, joint venture entities and associates
Equity interests in joint venture entities 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 and other transactions with key management personnel are included in note 20.

Transactions with related parties

	Consolidated entity	
	31 Dec 12	31 Dec 11
	$M	$M
Transactions with related parties other than associates and joint ventures		
Expenses		
Contributions to superannuation funds on behalf of employees	**(3.5)**	(4.8)
Transactions with associates and joint ventures		
Responsible Entity fees from associates	**27.0**	23.9
Property management fees	**12.4**	8.7
Development management fees from associates	**7.8**	6.1
Management fees from associates	**3.0**	3.6
Distributions received/receivable from joint ventures	**57.9**	363.5
Distributions received/receivable from associates	**75.8**	82.1
Interest revenue from associates	**-**	1.3
Payroll costs recharged to associate	**4.8**	4.2
Proceeds on sale of interest in associate	**-**	301.0
Other transactions		
Loans advanced to joint ventures	**(6.1)**	(2.7)
Loan repayments from joint ventures	**8.5**	-
Loan repayments from associates	**-**	60.0
Increase in units in joint ventures	**(16.6)**	(2.0)
Increase in units in associates	**(100.2)**	(7.2)
Capital repayment from associates	**-**	3.0
Properties sold to associates	**552.2**	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

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 12	31 Dec 11
	$M	$M
Net profit for the year	**594.5**	246.2
Fair value adjustments to investment properties	**(175.1)**	(63.1)
Share of after tax profit of equity accounted investments (net of distributions)	**(38.7)**	(7.4)
Fair value adjustments to derivatives	**39.9**	147.0
Net foreign exchange loss	**0.5**	3.3
Impairment expense	**(0.2)**	5.6
Revaluation of hotel properties	**-**	22.9
Net (profit) / loss on disposal of assets (net of tax)	**(2.6)**	49.1
Depreciation and amortisation	**7.1**	9.4
Non-cash employee benefits - share based payments	**9.0**	6.5
Non-cash revenue adjustments	**14.8**	21.4
Non-cash expense adjustments	**0.4**	3.2
Interest capitalised	**(8.8)**	(13.3)
Impairment of trade receivables	**0.6**	0.5
Change in operating assets and liabilities:		
Increase in operating assets	**(7.8)**	(3.1)
Decrease in operating liabilities	**(13.2)**	(15.0)
Net cash inflows from operating activities	**420.4**	413.2

(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:

	31 Dec 12	31 Dec 11
	$M	$M
Cash at bank and on hand	**159.9**	42.0
Total cash and cash equivalents at the end of financial year	**159.9**	42.0

(c) Non-cash financing and investing activities

During the year, $5.5 million of invested capital has been repaid by an associate, Lend Lease (Twin Water) Pty Limited in June 2012. This was a non-cash transaction which offsets GPT's payable to this associate.

Other than above, there are no non-cash financing and investing activities for the year ended 31 December 2012.

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 which is listed for hearing in 2013. 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 2012

24. Contingent assets and liabilities (continued)

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 2012, 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 12	31 Dec11
	$M	$M
Due within one year	**92.9**	76.2
Due between one and five years	**23.4**	43.5
Over five years	**-**	-
Total capital expenditure commitments	**116.3**	119.7

(b) Operating lease commitments
At 31 December 2012, future minimum rentals payable under non-cancellable operating leases are as follows:

Due within one year	**2.2**	2.2
Due between one and five years	**9.1**	8.5
Over five years	**6.7**	9.0
Total operating lease commitments	**18.0**	19.7

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 2012

26. Capital and financial risk management disclosures

(a) Capital risk management
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 and risk management 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 and risk management 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 and risk management policy applies to the Trust and all controlled entities in the GPT Group.

To manage capital and financial risks GPT uses bank facilities, debt capital markets and derivative financial instruments.

(i) 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 and fixed rate borrowings, which provide GPT with a known interest expense.

(ii) 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 GPT'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 (S&P) and Moody's Investor Services (Moody's) 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 and risk management policy and focuses on mitigating the impact of volatility in financial markets.

(i) Credit risk
Credit risk is the risk that a contracting entity will not complete its obligations under a contractual agreement, resulting in a financial loss to GPT. The GPT consolidated entity has exposure to credit risk on all financial assets included on 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- from S&P, or equivalent if an S&P rating is not available;
- 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).

Receivables are reviewed regularly throughout 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 collateral such as bond deposits or cash).

The maximum exposure to credit risk as at 31 December 2012 is the carrying amounts of financial assets recognised on the statement of financial position of the consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

26. Capital and financial risk management disclosures (continued)
(b) Financial risk management (continued)

(i) Credit risk (continued)
The table below shows the ageing analysis of loans and receivables that are in the consolidated entity.

Consolidated entity

	31 December 2012						31 December 2011					
	Not Due	0-30 days	31-60 days	61-90 days	90+ days	Total	Not Due	0-30 days	31-60 days	61-90 days	90+ days	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Current Receivables	-	65.6	1.2	0.1	5.9	72.8	81.0	66.5	1.2	(1.2)	4.6	152.1
Impairment of receivables	-	-	-	-	(1.1)	(1.1)	-	-	-	-	(0.6)	(0.6)
Non current loans and receivables	176.8	-	-	-	-	176.8	175.7	-	-	-	-	175.7
Impairment of receivables	(24.8)	-	-	-	-	(24.8)	(24.8)	-	-	-	-	(24.8)
Total loans and receivables	152.0	65.6	1.2	0.1	4.8	223.7	231.9	66.5	1.2	(1.2)	4.0	302.4

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

(ii) 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 2012					31 December 2011				
	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	167.9	-	-	-	167.9	208.0	-	-	-	208.0
Borrowings	211.0	525.0	698.0	710.0	2,144.0	512.6	437.0	702.7	491.8	2,144.1
Projected interest cost on borrowings[1]	102.8	84.9	178.7	166.1	532.5	116.6	85.8	176.9	175.2	554.5
Capital commitments[2]	92.9	21.5	1.9	-	116.3	76.2	27.9	15.6	-	119.7
	574.6	631.4	878.6	876.1	2,960.7	913.4	550.7	895.2	667.0	3,026.3
Derivatives										
Projected interest cost on derivative liabilities[1,3]	37.9	33.1	61.9	22.2	155.1	22.2	35.3	64.2	47.8	169.5
	37.9	33.1	61.9	22.2	155.1	22.2	35.3	64.2	47.8	169.5
Total liabilities	612.5	664.5	940.5	898.3	3,115.8	935.6	586.0	959.4	714.8	3,195.8
Less Cash and cash equivalents	159.9	-	-	-	159.9	42.0	-	-	-	42.0
Total liquidity exposure	452.6	664.5	940.5	898.3	2,955.9	893.6	586.0	959.4	714.8	3,153.8

[1] 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 2012 and 31 December 2011 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.
[2] Excluding GPT's share of capital commitments from investments in associates and joint ventures.
[3] In accordance with AASB 7, the future value of contractual cash flows of non-derivative and derivative liabilities only is to be included in liquidity risk disclosures. As derivatives are exchanges of cash flows, the positive cash flows from derivative assets have been disclosed separately to provide a more meaningful analysis of GPT's net liquidity exposure. The methodology used in calculating projected interest income on derivative assets is consistent with the above liquidity risk disclosures.

Projected interest income on derivative assets	34.0	25.4	55.4	73.5	188.3	15.8	14.0	25.6	79.4	134.8
Net liquidity exposure	418.6	639.1	885.1	824.8	2,767.6	877.8	572.0	933.8	635.4	3,019.0

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

26. Capital and financial risk management disclosures (continued)
(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

GPT treasury and risk management 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 2012, GPT complies with the above treasury and risk management policy requirements.

(iii) Refinancing risk
Refinancing risk is the risk that credit is unavailable or available at unfavourable interest rates and credit market conditions result in an unacceptable increase in 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 and risk management 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 this 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; and
- maintaining a minimum liquidity buffer of $100 million in surplus committed facilities and cash in the forward rolling twelve month period.

As at 31 December 2012, 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(b)(ii)).

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

(1) Interest rate risk – borrowings
GPT's primary interest rate risk arises from borrowings. Borrowings issued at floating rates expose GPT to cash flow interest rate risk.

GPT manages the cash flow effect of interest rate risk by entering into interest rate swaps that are used to convert floating interest rate borrowings to fixed interest rates. Such interest rate swaps are entered into with the objective of hedging the risk of interest rate fluctuations in respect of underlying borrowings. Under the interest rate swaps, 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 an agreed notional principal.

Some of GPT's interest rate swaps have embedded options, such as 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 GPT have elected not to apply hedge accounting and fair value movements are recorded through the statement of comprehensive income even though an economic hedge exists. Refer to accounting policy at note 1(w).

The following table provides a summary of GPT's gross interest rate risk exposure as at 31 December 2012 on interest bearing borrowings together with the net effect of interest rate risk management transactions which have been entered into to manage these exposures.

Consolidated entity

	Gross exposure (before the effect of derivatives)		**Net exposure (after the effect of derivatives)**	
	2012 $M	2011 $M	**2012 $M**	2011 $M
Fixed rate interest-bearing borrowings	**584.0**	284.0	**1,419.0**	1,514.0
Floating rate interest-bearing borrowings	**1,560.0**	1,860.1	**725.0**	630.1
	2,144.0	2,144.1	**2,144.0**	2,144.1
Average Rate (%)			**5.1%**	5.9%

The average rate depicted in the table above represents the balance date cost of funds. As at 31 December 2012, the fair value of interest rate derivatives were an asset of $140.8 million (2011: $78.4 million) and a liability of $140.2 million (2011: $128.5 million) as disclosed in note 8. For the year ended 31 December 2012, the loss in the statement of comprehensive income from the fair value movements of derivatives is $39.9 million (2011: loss $147.0 million).

There is no foreign exchange exposure on borrowings as at 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

26. Capital and financial risk management disclosures (continued)
(b) Financial risk management (continued)

(iv) Interest rate risk (continued)

(2) 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 derivatives
The impact of changes in the fair value of interest rate swaps for a 1% increase or decrease in market interest rates on the statement of comprehensive income is shown 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

	2012 (+1%) $M	**2012 (-1%) $M**	2011 (+1%) $M	2011 (-1%) $M
Impact on interest income (decrease)/increase	**0.5**	**(0.5)**	0.4	(0.4)
Impact on interest expense (increase)/decrease	**(15.6)**	**15.6**	(18.6)	18.6
Impact on change in fair value of interest rate derivatives gain/(loss)	**23.5**	**(18.8)**	79.0	(82.7)
Impact on statement of comprehensive income profit/(loss)	**8.4**	**(3.7)**	60.8	(64.5)

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

(v) 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:
- 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.

(1) Foreign currency assets and liabilities
The following table shows the Australian dollar equivalents of GPT's investments denominated in foreign currencies.

Consolidated entity

	Euros		**United States Dollars**		**British Pounds**	
	2012 $M	2011 $M	**2012 $M**	2011 $M	**2012 $M**	2011 $M
Assets						
Cash and cash equivalents	**1.1**	0.5	**0.4**	0.4	**-**	0.1
Interests in equity accounted investments	**-**	-	**0.1**	0.2	**-**	-
Interests in unlisted investments	**-**	-	**3.9**	-	**-**	-
Loans and receivables	**9.9**	10.0	**-**	34.9	**-**	-
	11.0	10.5	**4.4**	35.5	**-**	0.1
Liabilities						
Payables	**0.3**	1.0	**5.0**	-	**-**	-
	0.3	1.0	**5.0**	-	**-**	-

(2) Hedging foreign currency fluctuations
Given the dollar value of the assets and liabilities in the consolidated entity (above) are not significant, GPT does not enter into any derivatives to hedge net foreign currency exposures.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

26. Capital and financial risk management disclosures (continued)
(b) Financial risk management (continued)

(vi) 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 2012 and 31 December 2011.

Consolidated entity

	31 December 2012				31 December 2011			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	$M	**$M**	**$M**	**$M**	$M	$M	$M	$M
Current								
Derivative assets								
Interest Rate Swaps	**-**	**5.1**	**-**	**5.1**	-	0.1	-	0.1
Interest Rate Options	**-**	**-**	**-**	**-**	-	-	-	-
Foreign Exchange Contracts	**-**	**-**	**-**	**-**	-	0.1	-	0.1
	-	**5.1**	**-**	**5.1**	-	0.2	-	0.2
Derivative liabilities								
Interest Rate Swaps	**-**	**(0.1)**	**-**	**(0.1)**	-	(0.8)	-	(0.8)
Interest Rate Options	**-**	**-**	**-**	**-**	-	-	-	-
Foreign Exchange Contracts	**-**	**-**	**-**	**-**	-	(0.2)	-	(0.2)
	-	**(0.1)**	**-**	**(0.1)**	-	(1.0)	-	(1.0)
Total Current	**-**	**5.0**	**-**	**5.0**	-	(0.8)	-	(0.8)
Non-Current								
Derivative assets								
Interest Rate Swaps	**-**	**132.8**	**-**	**132.8**	-	77.9	-	77.9
Interest Rate Options	**-**	**2.9**	**-**	**2.9**	-	-	0.3	0.3
	-	**135.7**	**-**	**135.7**	-	77.9	0.3	78.2
Derivative liabilities								
Interest Rate Swaps	**-**	**(50.0)**	**-**	**(50.0)**	-	(45.0)	-	(45.0)
Interest Rate Options	**-**	**(2.9)**	**(87.2)**	**(90.1)**	-	-	(82.5)	(82.5)
	-	**(52.9)**	**(87.2)**	**(140.1)**	-	(45.0)	(82.5)	(127.5)
Total Non-Current	**-**	**82.8**	**(87.2)**	**(4.4)**	-	32.9	(82.2)	(49.3)

GPT holds no Level 1 derivatives. Level 2 derivatives held by GPT at 31 December 2012 include Float to Float, Fixed to Float, Vanilla derivatives and Vanilla Callables. Level 3 derivatives held by GPT at 31 December 2012 include Callable and CPI derivatives.

The fair value of the derivatives is determined internally 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 the derivative counterparties current credit worthiness.

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

26. Capital and financial risk management disclosures (continued)
(b) Financial risk management (continued)

(vi) Fair value (continued)

The following table presents the changes in Level 3 instruments for the years 31 December 2012 and 31 December 2011:

Consolidated entity

	Derivative assets $M	Derivative liabilities $M	Total $M
Opening balance 1 January 2011	1.1	(46.1)	(45.0)
Fair value movements in other comprehensive income			
- Still held	(0.7)	(46.1)	(46.8)
- No longer held	(0.1)	(29.1)	(29.2)
Terminations	-	38.8	38.8
Closing balance 31 December 2011	0.3	(82.5)	(82.2)
Fair value movements in other comprehensive income			
- Still held	**-**	**(14.0)**	**(14.0)**
- No longer held	**-**	**(5.5)**	**(5.5)**
Terminations	**-**	**14.8**	**14.8**
Transfer out of Level 3	**(0.3)**	**-**	**(0.3)**
Closing Balance 31 December 2012	**-**	**(87.2)**	**(87.2)**

The fair value of Level 3 derivatives is determined internally using a generally accepted pricing model based on a discounted cash flow analysis (incorporating regression and Monte Carlo analysis) using quoted market inputs such as interest rates, basis, CPI and volatility to adjust for specific features of the instruments and applied debit or credit value adjustments based on GPT or the derivative counterparties current credit worthiness.

Sensitivity on changes in fair value of Level 3 derivatives

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

	2012 (+1%) $M	**2012 (-1%) $M**	2011 (+1%) $M	2011 (-1%) $M
Impact on change in fair value of Level 3 derivatives gain/(loss)	**48.2**	**(46.1)**	(26.6)	(119.6)
Impact on statement of comprehensive income profit/(loss)	**48.2**	**(46.1)**	(26.6)	(119.6)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

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 12	31 Dec 11
	$'000	$'000
Audit services		
PricewaterhouseCoopers Australia		
Statutory audit and review of financial reports	**1,229.3**	1,245.5
Affiliates of PricewaterhouseCoopers Australia including overseas firms		
Audit and review of financial reports and other statutory audit work	**-**	30.8
Total remuneration for audit services	**1,229.3**	1,276.3
Other assurance services		
PricewaterhouseCoopers Australia		
Regulatory and contractually required audits	**228.1**	171.5
Total remuneration for other assurance services	**228.1**	171.5
Total remuneration for audit and assurance services	**1,457.4**	1,447.8
Non audit related services		
PricewaterhouseCoopers Australia		
Other Services	**197.6**	111.5
Affiliates of PricewaterhouseCoopers Australia including overseas firms		
Taxation services	**12.0**	125.4
Total remuneration for non audit related services	**209.6**	236.9
Total auditor's remuneration	**1,667.0**	1,684.7

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

28. Earnings per stapled security

	Note	Consolidated entity 31 Dec 12 Cents	31 Dec 11 Cents
(a) Attributable to ordinary securityholders of the Trust			
Basic and diluted earnings per security - profit from continuing operations		**32.4**	17.7
Basic and diluted earnings per security - profit / (loss) from discontinued operations		**1.2**	(2.8)
Total basic and diluted earnings per security attributable to ordinary securityholders of the Trust		**33.6**	14.9
(b) Attributable to ordinary stapled securityholders of The GPT Group			
Basic earnings per security - profit from continuing operations		**30.8**	15.4
Basic earnings per security - profit / (loss) from discontinued operations		**1.2**	(3.4)
Total basic earnings per security attributable to ordinary stapled securityholders of The GPT Group		**32.0**	12.0
(c) Attributable to ordinary stapled securityholders of The GPT Group			
Diluted earnings per security - profit from continuing operations		**30.8**	15.4
Diluted earnings per security - profit / (loss) from discontinued operations		**1.2**	(3.4)
Total diluted earnings per security attributable to ordinary stapled securityholders of The GPT Group		**32.0**	12.0

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

(d) Reconciliation of earnings used in calculating earnings per ordinary stapled security	**31 Dec 12 $M**	31 Dec 11 $M
Net profit from continuing operations attributable to the securityholders of the Trust	**602.4**	351.3
Net profit / (loss) from discontinued operations attributable to the securityholders of the Trust	**20.8**	(50.8)
	623.2	300.5
Less: distribution to the holders of Exchangeable Securities *	**(25.0)**	(25.0)
Basic and diluted earnings of the Trust	**598.2**	275.5
Add: Net (loss) from continuing operations attributable to the securityholders of other stapled entities	**(28.9)**	(42.1)
Add: Net (loss) from discontinued operations attributable to the securityholders of other stapled entities	**0.2**	(12.2)
Basic and diluted earnings of the Company	**(28.7)**	(54.3)
Basic and diluted earnings of The GPT Group	**569.5**	221.2

(e) Weighted average number of ordinary stapled securities		**No. of securities millions 31 Dec 12**	No. of securities millions 31 Dec 11
Weighted average number of ordinary stapled securities used as the denominator in calculating:			
Basic earnings per ordinary stapled security - Trust and The Group		**1,780.6**	1,845.2
Adjustments for calculation of diluted earnings per share:			
Performance rights (weighted average basis)	(f)	**1.9**	0.7
Weighted average number of ordinary stapled securities and potential ordinary stapled securities used as the denominator in calcuating diluted earnings per ordinary stapled security		**1,782.5**	1,845.9

* 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(b) for further details on the Exchangeable Securities.

(f) Performance Rights
During 2012, 4,261,106 Performance Rights (2011: 4,060,829) were granted to certain Senior Executives under the Stapled Security Rights Plans. Cumulatively, 12,207,565 Performance Rights relating to the existing plans have been issued up until 31 December 2012. However, only 1,927,146 Performance Rights are considered as dilutive. As such, only 1,927,146 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.

29. Net tangible asset backing

	Consolidated entity	
	31 Dec 12	31 Dec 11
	$	$
Net tangible asset backing per stapled security/unit	**3.73**	3.59

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 (2011: $3.883).

30. Events subsequent to reporting date

On 13 February 2013, a distribution of 5.1 cents per stapled security ($90.1 million) was declared for the quarter ended 31 December 2012 (refer to note 3(a)(ii)).

During January and February 2013, GPT priced HKD 800 million (AUD $100 million) fixed rate Medium Term Notes (MTNs) for a term of 15 years providing additional liquidity to the Group. HKD 600 million of these MTNs were settled on 5 February 2013 and the remaining MTNs will be settled on 22 February 2013.

Other than above, the Directors are not aware of any matter or circumstance occurring since 31 December 2012 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 2012

In the directors of the Responsible Entity's opinion:

(a) the financial report and notes set out on pages 28 to 90 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 2012 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

Michael Cameron
Managing Director and Chief Executive Officer

GPT RE Limited

Sydney
13 February 2013

Independent auditor's report to the stapled unitholders of The GPT Group

Report on the financial report

We have audited the accompanying financial report of The GPT Group (the consolidated stapled entity), which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration. The consolidated stapled entity, as described in Note 1 to the financial report, comprises General Property Trust (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 the entities it controlled at the year's end or from time to time during the financial year.

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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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 The GPT Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated stapled entity's financial position as at 31 December 2012 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 10 to 25 of the directors' report for the year ended 31 December 2012. The directors of the responsible entity 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 The GPT Group for the year ended 31 December 2012, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

AJ Loveridge

AJ Loveridge
Partner

Sydney
13 February 2013