General Property Trust
ABN: 58 071 755 609

Annual Financial Report
31 December 2016

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
Year ended 31 December 2016

The Directors of GPT RE Limited, the Responsible Entity of General Property Trust, present their report together with the financial statements of the General Property Trust (the Trust) and its controlled entities (the consolidated entity) for the financial year ended 31 December 2016. The consolidated entity together with GPT Management Holdings Limited and its controlled entities form the stapled entity, The GPT Group (GPT).

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

1. OPERATING AND FINANCIAL REVIEW

About GPT
GPT is an owner and manager of an $11.1 billion diversified portfolio of high quality Australian retail, office and logistics property assets and together with GPT's funds management platform the Group has $19.2 billion of property assets under management.

GPT owns and manages some of Australia's most significant real estate assets, including the MLC Centre and Australia Square in Sydney, Melbourne Central and Highpoint Shopping Centre in Melbourne and One One One Eagle Street in Brisbane.

Listed on the Australian Securities Exchange (ASX) since 1971, GPT is today one of Australia's largest diversified listed property groups with a market capitalisation of approximately $9.0 billion. GPT is one of the top 50 listed stocks on the ASX by market capitalisation as at 31 December 2016.

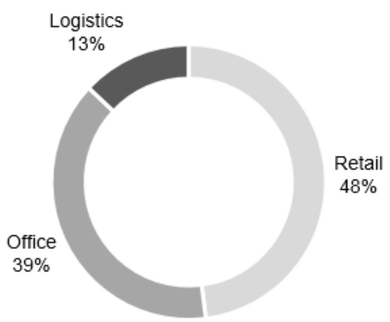
GPT's strategy is focussed on leveraging its extensive real estate experience to deliver strong returns through disciplined investment, asset management and development. The development capability has a focus on creating value for securityholders through the enhancement of the core investment portfolio and in the creation of new investment assets.

A key performance measure for GPT is Total Return. Total Return is calculated as the change in Net Tangible Assets (NTA) per security plus distributions per security declared over the year, divided by the NTA per security at the beginning of the year. This focus on Total Return is aligned with securityholders' long term investment aspirations. In 2016 GPT achieved a Total Return of 15.5%.

GPT targets a Management Expense Ratio (MER) of less than 45 basis points. MER is calculated as management expenses as a percentage of assets under management. In 2016 GPT achieved an MER of 37 basis points.

GPT focusses on maintaining a strong balance sheet. GPT has moderate gearing and significant investment capacity giving it the flexibility to execute on investment opportunities as they arise. In 2016 the Weighted Average Cost of Debt was 4.25% with net gearing at 23.7%.

GPT Portfolio



Retail Portfolio	Office Portfolio	Logistics Portfolio
13 shopping centres	23 assets	24 assets
930,000 sqm GLA*	1,120,100 sqm NLA**	710,000 sqm GLA
3,200 + tenants	460 + tenants	60 + tenants
$5.3b direct investment	$4.3b direct investment	$1.4b direct investment
$8.2b AUM	**$9.6b AUM**	**$1.4b AUM**

*Gross lettable area
**Net lettable area

Review of operations
Funds from Operations (FFO) represents GPT's underlying and recurring earnings from its operations. This is determined by adjusting statutory net profit after tax under Australian Accounting Standards for certain items which are non-cash, unrealised or capital in nature. FFO has been determined in accordance with the guidelines established by the Property Council of Australia.

DIRECTORS' REPORT
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The reconciliation of FFO to net profit after tax is set out below:

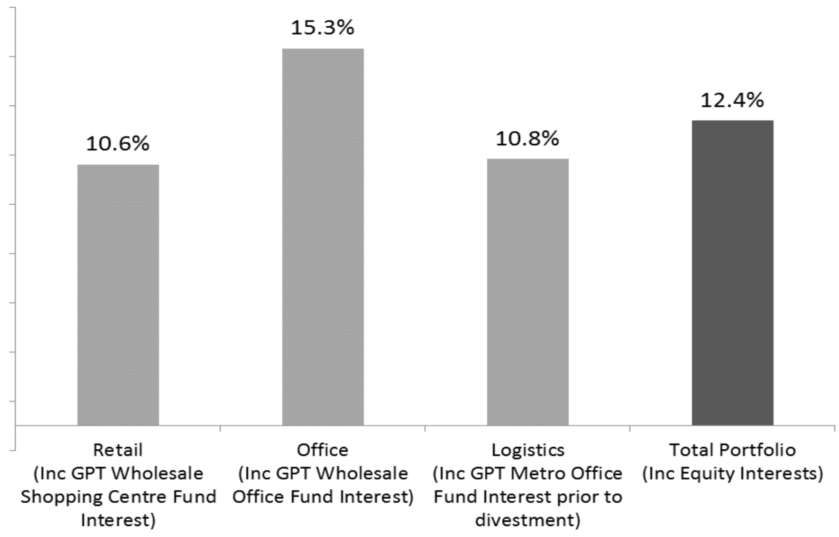
	31 Dec 16 $M	31 Dec 15 $M	Change %
Retail			
- Operations net income	**288.3**	294.7	(2.2%)
- Development net income	**5.8**	0.8	625.0%
	294.1	295.5	(0.5%)
Office			
- Operations net income	**223.9**	209.5	6.9%
- Development net income	**1.1**	1.0	10.0%
	225.0	210.5	6.9%
Logistics			
- Operations net income	**92.7**	92.4	0.3%
- Development net income	**2.7**	2.2	22.7%
	95.4	94.6	0.8%
Funds management	**61.0**	44.6	36.8%
Corporate management expenses	**(29.8)**	(33.1)	10.0%
Net finance costs	**(100.0)**	(115.9)	13.7%
Tax expenses	**(14.0)**	(4.9)	(185.7%)
Non-core	**5.3**	12.1	(56.2%)
Less: distribution to exchangeable securities	**-**	(1.7)	100.0%
Funds from Operations (FFO)	**537.0**	501.7	7.0%
Other non-FFO items:			
Valuation increase	**611.6**	432.1	41.5%
Financial Instruments mark to market and net foreign exchange loss	**(23.0)**	(74.0)	68.9%
Other items(1)	**27.1**	6.6	310.6%
Add back distributions on exchangeable securities in FFO	**-**	1.7	(100.0%)
Net profit after tax	**1,152.7**	868.1	32.8%
FFO per ordinary stapled security (cents)	**29.88**	28.28	5.6%
Distribution per ordinary stapled security (cents)	23.4	22.5	4.0%
Distribution paid and payable	**420.7**	401.9	4.7%

(1) Other items include amortisation of intangibles, profit on disposal of assets, impairment expenses, offshore dividend income and related tax impact.

Operating result
GPT delivered FFO of $537.0 million for the 2016 financial year, an increase of 7.0% on the prior year. This translated into FFO per security of 29.88 cents, up 5.6%. The result was driven by solid contributions from the investment portfolio of high quality Australian retail, office and logistics properties, increased funds management fees driven by the GPT Wholesale Office Fund performance fee and lower average cost of debt funding.

GPT's statutory net profit after tax is $1,152.7 million, an increase of 32.8% on the prior year, driven by $611.6 million in property valuation increases and a lower negative mark to market and net foreign exchange movement of financial instruments.

Total Return at the direct investment portfolio level was 12.4% for 2016 with the split between portfolios detailed in the following chart.



DIRECTORS' REPORT
Year ended 31 December 2016

GPT has maintained strong metrics across its core portfolios:

	Overall Portfolios	Retail Portfolio	Office Portfolio	Logistics Portfolio
Value of Portfolio		$5.32 billion portfolio including GPT's equity interest in the GPT Wholesale Shopping Centre Fund (2015: $5.04 billion)	$4.34 billion portfolio including GPT's equity interest in the GPT Wholesale Office Fund (2015: $3.71 billion)	$1.40 billion portfolio (2015: $1.35 billion including GPT's equity interest in the GPT Metro Office Fund)
Occupancy	97.1% (2015: 95.3%)	99.6% (2015: 99.2%)	97.0% (2015: 96.0%)	95.3% (2015: 92.3%)
Weighted average lease expiry (WALE)	5.1 years (2015: 5.3 years)	4.0 years (2015: 4.0 years)	5.5 years (2015: 5.8 years)	7.9 years (2015: 8.2 years)
Structured rental reviews		74% of specialty tenants subject to average increases of 4.7% (2015: 72% subject to average increases of 4.5%)	90% of tenants subject to average increases of 3.9% (2015: 87% subject to average increases of 3.8%)	93% of tenants subject to average increases of 3.3% (2015: 92% subject to average increases of 3.3%)
Comparable income growth	4.5% (2015: 3.8%)	3.8% (2015: 3.0%)	6.3% (2015: 6.3%)	1.4% (2015: 0.7%)
Weighted average capitalisation rate	5.58% (2015: 5.90%)	5.39% (2015: 5.58%)	5.55% (2015: 5.94%)	6.54% (2015: 7.03%)

Retail
(i) Operations net income
The retail portfolio achieved a net revaluation uplift of $230.8 million in 2016, including GPT's equity interest in the GPT Wholesale Shopping Centre Fund (GWSCF). The positive revaluation is predominantly the result of favourable valuations at Highpoint Shopping Centre, Melbourne Central, Rouse Hill and Westfield Penrith. The positive revaluation across the portfolio has been driven by a combination of net income growth and firming in valuation metrics.

Like for like income growth of 3.8% was driven by a high proportion of structured rental increases and continued strength in leasing metrics including a continued focus on active remixing. Retail sales have moderated over the 12 month period to December 2016 consistent with what was anticipated and on trend with ABS retail sales, with weighted total centre sales up 3.2% and specialty annual sales up 2.6%. The portfolio remains well leased with occupancy at 99.6%.

(ii) Development net income
The retail development team has focused on master planning and delivery of development opportunities within its $2.0 billion development pipeline. In 2016, this has included the opening of the $34.0 million Leisure and Entertainment precinct at Casuarina Square, the commencement of a $400.0 million retail expansion of Sunshine Plaza and a $68.0 million remix that will include the introduction of David Jones at Wollongong Central. Additionally, we continue to progress the master planning for the expansion of Rouse Hill Town Centre.

During 2016, the business unit contributed $5.8 million to GPT's FFO (2015: $0.8 million) driven by the sale of land parcels at Rouse Hill.

Office
(i) Operations net income
The office portfolio achieved a net revaluation uplift of $336.5 million in 2016, including GPT's equity interest in the GPT Wholesale Office Fund (GWOF), as a result of improved occupancy, market rental growth and firming investment metrics. The positive revaluation has been driven by favourable valuations at Australia Square, MLC Centre, Two Park Street, Farrer Place and Melbourne Central Tower.

Like for like income growth of 6.3% was achieved as a result of occupancy increasing 1.0% to 97.0% (including signed leases) due to continued leasing success across the portfolio. The main contribution to income growth was from MLC Centre, Melbourne Central and Farrer Place.

(ii) Development net income
The team has focused on progressing a number of repositioning projects at Melbourne Central Tower, CBW and 750 Collins Street in Melbourne and 580 George Street in Sydney. Progress is also being made on the planning approval for a new tower at Darling Park.

Following the successful pre-commitment lease of 9,000sqm to the Rural Fire Service, GPT has committed to complete the construction of a 15,680sqm campus building on the 4 Murray Rose site at Sydney Olympic Park. Completion is expected in late 2018.

The team exchanged on the acquisition of an office development site of 2,439sqm in the heart of Parramatta's commercial district. This site will provide the opportunity for an office building of over 28,000sqm.

Logistics
(i) Operations net income
The logistics portfolio achieved a net revaluation uplift of $38.9 million in 2016. This uplift is attributed to firming investment metrics and the sale of King's Park and the units in GPT Metro Office Fund (GMF). Occupancy has increased to 95.3%. The increased occupancy has been due to significant leasing activity over the second half of 2016. The weighted average lease expiry has been maintained at a long duration of 7.9 years.

(ii) Development net income

In 2016 the development logistics business unit has commenced construction of speculative logistics facilities at Lot 2012 Eastern Creek and Abbott Road Seven Hills. Site works have been completed at Berrinba and the stage 4 subdivision at Metroplex Wacol. GPT has also acquired a 2.3 hectare site located at Metroplex for a total consideration of $6.4 million, where a pre-commitment to a purpose built facility for Loscam Australia has been secured. The value on completion is expected to be $14.0 million.

The development pipeline has been increased with the acquisition of three land opportunities during 2016. All three acquisitions were in key industrial estates in outer Western Sydney. Of these, two land parcels are in Eastern Creek being, Lot 2012 Eastern Creek Road and Lot 21 Old Wallgrove Road and the third is located in the industrial precinct of Huntingwood.

Funds Management

As at and for the year ended 31 December 2016	GWOF	GWSCF	GMF	Total
Funds under Management	$6.6bn	$3.8bn	-	$10.4bn
Number of Assets	18	8	-	26
GPT Interest	24.53%	25.29%	-	N/A
GPT Investment	$1,283.1m	$822.7m	-	$2,105.8m
One year Equity IRR (post-fees)	14.5%	11.5%	N/A	N/A
Share of profit - FFO	$59.4m	$38.7m	$1.4m	$99.5m
Funds Management fee income	$28.3m	$17.2m	$2.0m	$47.5m
Performance fee income	$28.1m	-	-	$28.1m

The performance of the Wholesale Funds was strong, with GWOF achieving a one year equity IRR of 14.5% and GWSCF achieving a one year equity IRR of 11.5%.

GWOF

GWOF's funds under management have grown to $6.6 billion, up $0.8 billion compared to 2015. The management fee income earned from GWOF increased by $18.0 million compared to 2015, primarily due to increased performance fee income of $14.2 million and higher base management fee income due to strong upward revaluations across the portfolio along with a change in the management fee structure.

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

Fund Terms Review

On 22 June 2016, GWOF held an Extraordinary General Meeting (EGM) in relation to changes to the terms of GWOF. At the EGM, investors were asked to vote on three resolutions. All three resolutions put to the meeting were approved by the requisite majority of Securityholders.
The key changes included:

- an increase in the base management fee from 45 basis points to 50 basis points of the gross asset value of GWOF up to $6.0 billion, with 45 basis points thereafter;
- removal of the performance fee structure from 1 July 2016;
- a pay-out of accrued over performance;
- pipeline rights amended to move to a rotational basis, with both GPT and GWOF sharing access to both established assets and developments;
- GPT's minimum holding requirement in GWOF amended to 15% (previously 20%), effective from 1 July 2017; and
- the introduction of an Investor Representation Committee.

Investor Liquidity Review

On 21 July 2016, the investor liquidity review concluded which allowed GWOF Securityholders to notify GPT Funds Management Limited (as Responsible Entity of GWOF) whether they required liquidity or wished to purchase additional securities. The outcome of the review was that binding requests for liquidity for a total of 92,924,217 securities, being 2.4% of securities on issue, were submitted. This equated to $122.8 million at the 30 June 2016 current unit value of $1.3217. Additionally, Securityholders indicated demand for $150.0 million of securities. All requests for liquidity were met within the September 2016 quarter.

GWSCF

GWSCF's funds under management of $3.8 billion and the management fee income earned from GWSCF of $17.2 million have both remained stable as compared to 2015.

During September 2016, GPT acquired an additional 164.2 million securities in GWSCF for $157.0 million, increasing GPT's ownership interest from 20.22 per cent to 25.29 per cent.

Fund Terms Review

It is anticipated an investor vote on new GWSCF fund terms will take place on 20 February 2017, ahead of the 31 March 2017 liquidity review.

Investor Liquidity Review

GWSCF's 10 year liquidity event occurs on 31 March 2017.

GMF

On 1 July 2016, Growthpoint Properties Australia Limited, as responsible entity of Growthpoint Properties Australia Trust (Growthpoint) announced a takeover of GMF. On 27 September 2016, GMF held an Extraordinary General Meeting at which Growthpoint was voted in as the new manager with effect on 30 September 2016. GPT earned Funds Management fee income from GMF up until 30 September 2016 of $2.0 million, along with a facilitation fee of $9.0 million.

Management expenses

Management expenses decreased to $71.0 million (2015: $73.6 million) predominantly driven by active expense management. In 2016 GPT achieved an MER of 37 basis points (2015: 40 basis points).

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Non-core operations
Hotel
GPT received $90.0 million in March 2016 and $65.0 million in July 2016 as repayments of the deferred consideration for the sale of Ayers Rock Resort to the Indigenous Land Corporation (ILC) in May 2011.

Joint venture
The European component of the joint venture with Babcock & Brown (B&B JV) was set up in 2005 to hold the equity interest in GPT's joint venture investment in Europe. On 31 July 2009, GPT announced its exit of the B&B JV by way of an in-specie dividend in BGP Holdings Plc to GPT securityholders. The dividend provided GPT stapled securityholders with a 94.7 per cent beneficial interest in BGP Holdings Plc (BGP) on a one to one basis. GPT's remaining 5.3 per cent interest in BGP was classified as an available for sale financial asset with a carrying value of $8.6 million as at 31 December 2015.

On 23 October 2016, BGP announced the sale of 100 per cent interest in the assets held by BGP Investment S.à r.l. After the completion of the sale and the repayment of debt, the estimated funds available for distribution are expected to be up to AUD45.0 million for GPT's 5.3 per cent interest. The transaction reached financial close on 14 November 2016 and an interim dividend was declared in December 2016. As a result, GPT has recognised a dividend receivable of AUD30.4 million and restated the fair value of the 5.3 per cent interest to $9.3 million as at 31 December 2016.

Distribution
GPT's distribution policy is a payout ratio of approximately 95-105% of Adjusted Funds from Operations (AFFO) which is defined as FFO less maintenance capex and lease incentives.

For the financial year ended 31 December 2016, distributions paid and payable to stapled securityholders totalled $420.7 million (2015: $401.9 million), representing an annual distribution of 23.4 cents, up 4.0% on 2015 (2015: 22.5 cents). This includes 11.9 cents ($214.0 million) in respect of the second half of 2016, which was declared on 21 December 2016 and is expected to be paid on 28 February 2017. The payout ratio for the year ended 31 December 2016 is 99.8% (2015: 104.9%).

Financial position

	Net Assets 31 Dec 16 $M	Net Assets 31 Dec 15 $M	Change %
Core			
Retail	**5,391.4**	5,100.2	5.7%
Office	**4,327.9**	3,701.7	16.9%
Logistics	**1,485.4**	1,427.7	4.0%
Total core assets	**11,204.7**	10,229.6	9.5%
Non-core	**39.7**	162.5	(75.6%)
Financing and corporate assets	**573.5**	614.4	(6.7%)
Total assets	**11,817.9**	11,006.5	7.4%
Borrowings	**2,996.6**	2,948.0	1.6%
Other liabilities	**539.1**	533.4	1.1%
Total liabilities	**3,535.7**	3,481.4	1.6%
Net assets	**8,282.2**	7,525.1	10.1%
Total number of ordinary stapled securities (million)	**1,798.0**	1,794.8	0.2%
NTA ($)	**4.59**	4.17	9.9%

Balance sheet
- Total Return of 15.5% (2015: 11.5%) being the growth of NTA per stapled security of 42 cents to $4.59 plus the distribution paid / payable per stapled security of 23.4 cents, divided by the opening NTA per stapled security.
- Total core assets increased by 9.5% primarily due to development capital expenditure, positive property revaluations and further investment in the wholesale funds.
- Total borrowings increased by $48.6 million due to net asset investments offset by fair value gains of $9.4 million to the carrying value of foreign currency debt.

Capital management

	31 Dec 16	31 Dec 15	Change
Cost of debt	**4.25%**	4.60%	Down by 35bps
Net gearing	**23.7%**	24.8%	Down by 110bps
Weighted average debt maturity	**6.5 years**	5.1 years	Up 1.4 years
S&P/Moody's credit rating	**A stable / A3 stable**	A- positive / A3 stable	Upgrade

GPT continues to maintain a strong focus on capital management, key highlights for the year include:
- Upgrade of GPT's long term rating with Standard and Poor's from A- (positive) to A (stable). Moody's rating remains unchanged.
- Reduced weighted average cost of debt by 35 basis points due to lower fixed and floating interest rates offset by higher margins.
- Net gearing(1) decreased to 23.7% (2015: 24.8%), which is slightly below GPT's target gearing range of 25% to 35%. This was a result of property revaluations.
- Available liquidity through cash and undrawn facilities is $785.8 million (2015: $393.4 million).

(1) Calculated net of cash and excludes any fair value adjustment on foreign bonds and their associated cross currency derivative asset positions

DIRECTORS' REPORT
Year ended 31 December 2016

- Investment capacity at 30% net gearing is $1,040.0 million (2015: $570.0 million).
- Net tangible assets were impacted by an $8.3 million loss on net mark to market movements on derivatives and foreign bonds largely due to a decrease in market swap rates during the period.

Cash flows
The cash balance as at December 2016 decreased to $56.3 million (2015: $69.3 million).

Operating activities
The following table shows the reconciliation from FFO to the cash flow from operating activities:

	31 Dec 16 $M	31 Dec 15 $M	Change %
FFO	**537.0**	501.7	7.0%
Add back: distribution to exchangeable securities included in FFO	**-**	1.7	(100.0%)
Add back: non-cash items included in FFO	**2.7**	(4.9)	(155.1%)
Less: interest capitalised on developments	**(8.5)**	(5.7)	49.1%
Less: net movement on inventory	**(5.3)**	(49.6)	(89.3%)
Timing difference in receivables and payables	**0.3**	(0.9)	(133.3%)
Net cash inflows from operating activities	**526.2**	442.3	19.0%
Add: interest capitalised on developments	**8.5**	5.7	49.1%
Add: net movement on inventory	**5.3**	49.6	(89.3%)
Less: maintenance capex	**(45.4)**	(45.7)	(0.7%)
Less: lease incentives	**(41.5)**	(51.7)	(19.7%)
Less: distribution to exchangeable securities	**-**	(1.7)	(100.0%)
Free cash flow	**453.1**	398.5	13.7%

The Non-IFRS information included above has not been audited in accordance with Australian Auditing Standards, but has been derived from note 1 and note 15 of the accompanying financial statements.

Investing activities
Investing cash inflows include proceeds from disposals and proceeds from the repayment of loans, offset by acquisitions, further investment into the wholesale funds, maintenance and development capital expenditures.

Financing activities
Significant financing cash outflows during the year included distributions paid and net repayment of borrowings.

Prospects
(i) Group
GPT is well positioned with high quality assets and high levels of occupancy. As at 31 December 2016, the Group's balance sheet is in a strong position, with a smooth debt expiry profile and net gearing slightly below the Group's target range of 25% to 35%.

(ii) Retail
Australian retail sales grew 3.7 per cent for the year to 31 December 2016 led by the Eastern states. This has supported the performance of the GPT portfolio, which is strongly weighted to these states, with total centre sales up 3.2 per cent for the 12 months to 31 December 2016. Retail sales growth has been stronger across the Eastern seaboard in 2016 and we expect to continue to see this trend going forward with employment growth being stimulated by government and infrastructure investment across these states. GPT's retail assets are well positioned with 85% of the portfolio located in NSW and Victoria.

(iii) Office
The Eastern Seaboard office markets in particular Sydney and Melbourne have continued to strengthen in 2016 with office demand in each market exceeding forecasts from 12 months prior. The markets are passing a peak in their respective supply cycles and have a limited supply outlook for the next two years. With demand forecast to remain positive during this period, vacancy rates are expected to contract and rental growth to strengthen in the short to medium term. GPT's office portfolio weighting in the Sydney and Melbourne markets should benefit from these favourable market conditions.

(iv) Logistics
The investment market for institutional grade product has been strong over the past 18-24 months, with landmark assets and portfolios transacting at yields firmer than at previous market peaks. Despite a modest growth outlook and increasing supply side issues, assets with long WALE, good review structures and secure covenants have been well sought after. The medium term outlook is for a stabilisation of yields as this investment activity tapers off, while rents are likely to remain stable. GPT's desire to increase exposure to the sector will see a continued focus on development of the existing land bank.

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

(vi) Guidance for 2017
In 2017 GPT expects to deliver approximately 2% growth in FFO per ordinary security and approximately 5% growth in distribution per ordinary security. Achieving this target is subject to risks detailed in the following section.

DIRECTORS' REPORT
Year ended 31 December 2016

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

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

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

The Board sets the risk framework via the organisation's risk appetite. The risk appetite considers the most significant, material risks to which GPT is exposed and provides the Board with ongoing monitoring of risk exposures, with particular regard to the following categories:

Level	Risk Description	Strategic Impact	Mitigation
Investment mandate	Investments do not perform in line with forecast	• Investments deliver lower investment performance than target • Credit downgrade	• Formal deal management process • Active asset management including regular forecasting and monitoring of performance • High quality property portfolio • Development program to enhance asset returns • Comprehensive asset insurance program
	Volatility and speed of adverse changes in market conditions	• Investments deliver lower investment returns than target	• Holistic capital management • Large multi asset portfolio • Monitoring of asset concentration
Development	Developments do not perform in line with forecast	• Developments deliver lower returns than target	• Formal development approval and management process
Leasing	Inability to lease assets in line with forecast	• Investments deliver lower investment performance than target	• Large and diversified tenant base • High quality property portfolio • Experienced leasing team • Development program to enhance asset returns
Capital management	Re-financing and liquidity risk	• Limits ability to meet debt maturities • Constrains future growth • Limits ability to execute strategy • May impact distributions • Failure to continue as a going concern	• Diversity of funding sources and spreading of debt maturities with a long weighted average debt term • Maintaining a minimum liquidity buffer in cash and surplus committed credit facilities for the forward rolling twelve-month period
	Interest rate risk – higher interest rate cost than forecast	• Detrimental impact to investment performance • Adversely affect GPT's operating results	• Interest rate exposures are actively hedged
Health and safety	Risk of incidents, causing injury to tenants, visitors to the properties, employees and contractors	• Criminal/civic proceedings and resultant reputation damage • Financial impact of remediation and restoration	• Formalised Health and Safety management system including policies and procedures for managing safety • Training and education of staff and contractors
People	Inability to attract, retain and develop talented people	• Limits the ability to deliver the business objectives	• Competitive remuneration • Structured development planning • Succession planning and talent management
Environment and Sustainability	Inability to continue operating in a manner that does not compromise the health of ecosystems and meets accepted social norms	• Limits the ability to deliver the business objectives • Criminal/civic proceedings and resultant reputation damage • Financial impact of remediation and restoration	• Formalised Environment and Sustainability management system including policies and procedures for managing environmental and social sustainability risks

2. 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 the National Greenhouse and Energy Reporting Act 2007 ("NGER Act"). The NGER Act requires GPT to report its annual greenhouse gas emissions and energy use. The measurement period for GPT is 1 July 2016 to 30 June 2017. 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 2016. GPT has submitted its report to the Department of Climate Change and Energy Efficiency for the period ended 30 June 2016.

More information about the GPT's participation in the NGER program is available at www.gpt.com.au.

3. EVENTS SUBSEQUENT TO REPORTING DATE

The Directors are not aware of any matter or circumstances occurring since 31 December 2016 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.

4. DIRECTORS AND SECRETARY

Information on directors

Rob Ferguson – Chairman
Rob joined the Board in May 2009 and is also a member of the Nomination and Remuneration Committee. He brings a wealth of knowledge and experience in finance, investment management and property as well as corporate governance.

Rob currently holds Non-Executive directorships in the following listed and other entities:
- Primary Health Care Limited (since 2009) – Chairman
- Watermark Market Neutral Fund Limited (since 2013)
- Tyro Payments Limited (since 2005)
- Smartward Limited (since 2012)

He was also a Non-Executive Chairman of IMF Bentham Limited from 2004 to January 2015.

As at the date of this report, he holds 207,628 GPT stapled securities.

Robert Johnston – Chief Executive Officer and Managing Director
Bob was appointed to the Board as Chief Executive Officer and Managing Director in September 2015. He has 29 years experience in the property sector including investment, development, project management and construction in Australia, Asia, the US and UK. Prior to joining GPT, Bob was the Managing Director of listed Australand Property Group which became Frasers Australand in September 2014.

As at the date of this report, he holds 168,543 GPT stapled securities.

Brendan Crotty
Brendan was appointed to the Board in December 2009 and is also a member of the Audit and Risk Management Committee and the Sustainability Committee. He brings extensive property industry experience to the Board, including 17 years as Managing Director of Australand until his retirement in 2007.

Brendan is currently a director of Brickworks Limited (since 2008), Chairman of Cloud FX Pte Ltd, as well as being the Chairman of Western Sydney Parklands Trust. Brendan is also a member of the Investment Committee of CIMB Trust Cap Advisors.

As at the date of this report, he holds 67,092 GPT stapled securities.

Eileen Doyle
Eileen was appointed to the Board in March 2010. She is also the Chair of the Sustainability Committee and a member of the Nomination and Remuneration Committee. She has diverse and substantial business experience having held senior executive roles and directorships in a wide range of industries, including research, financial services, building and construction, steel, mining, logistics and export. Eileen is also a Fellow of the Australian Institute of Company Directors and the Australian Academy of Technological Sciences and Engineering.

Eileen currently holds the position of Non-Executive Director in the following listed and other entities:
- Boral Limited (since 2010)
- Oil Search Limited (since 2016)
- Hunter Valley Research Foundation (Chairman)

Eileen was also a director of Bradken Limited from 2011 to November 2015.

As at the date of this report, she holds 45,462 GPT stapled securities.

Swe Guan Lim
Swe Guan was appointed to the Board in March 2015 and is also a member of the Audit and Risk Management Committee and the Sustainability Committee. Swe Guan brings significant Australian real estate skills and experience and capital markets knowledge to the Board, having spent most of his executive career as a Managing Director in the Government Investment Corporation (GIC) in Singapore.

Swe Guan is currently a director of Sunway Berhad in Malaysia (since 2011) and Global Logistics Properties in Singapore (since 2012). Swe Guan is also a member of the Investment Committee of CIMB Trust Cap Advisors.

As at the date of this report, he holds no GPT stapled securities.

Anne McDonald (retired on 4 May 2016)
Anne was appointed to the Board in August 2006 and retired from the Board in May 2016. She was the Chair of the Audit and Risk Management Committee up until the date of her retirement as a director of GPT. She 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.

Anne currently holds the position of Non-Executive Director in the following listed and other entities:
- Specialty Fashion Group Limited (since 2007)
- Spark Infrastructure Group (since 2009)
- Sydney Water Corporation (since 2013)

As at the date of her retirement as a director of GPT Group, Anne owned 23,364 GPT stapled securities.

Michelle Somerville
Michelle was appointed to the Board in December 2015 and is also the Chair of the Audit and Risk Management Committee. She was previously a partner of KPMG for nearly 14 years specialising in external audit and advising Australian and international clients both listed and unlisted primarily in the financial services market in relation to business, finance risk and governance issues.

Michelle currently holds the position of Non-Executive Director in the following entities.
- Bank Australia Limited (since 2014)
- Challenger Retirement and Investment Services Ltd (since 2014)
- Save the Children (Australia) (since 2012)
- Down Syndrome Australia (since 2011)

Michelle is also an independent consultant to the UniSuper Ltd Audit, Risk and Compliance Committee since 2015.

As at the date of this report, she holds 2,912 GPT stapled securities.

Gene Tilbrook
Gene was appointed to the Board in May 2010 and is also the Chair of the Nomination and Remuneration Committee. He brings extensive experience in finance, corporate strategy, investments and capital management.

Gene currently holds the position of Non-Executive Director in the following listed entities:
- Orica Limited (since 2013)
- Woodside Petroleum Limited (since 2014)

Gene was also a Director of listed entities Transpacific Industries Group Limited from 2009 to 2013, Fletcher Building Limited from 2009 to April 2015, and Aurizon Holdings Limited from 2010 to February 2016.

As at the date of this report, he holds 48,546 GPT stapled securities.

James Coyne – General Counsel and Company Secretary
James is responsible for the legal, compliance and company secretarial activities of GPT. He was appointed as the General Counsel and Company Secretary of GPT in 2004. His previous experience includes company secretarial and legal roles in construction, infrastructure, and the real estate funds management industry (listed and unlisted).

Lisa Bau – Senior Legal Counsel and Company Secretary
Lisa was appointed as a Company Secretary of GPT in September 2015. Her previous experience includes legal roles in mergers and acquisitions, capital markets, funds management and corporate advisory.

DIRECTORS' REPORT

Year ended 31 December 2016

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
Chair	Rob Ferguson		Michelle Somerville		Gene Tilbrook		Eileen Doyle	
Rob Ferguson	14	14	-	-	6	6	-	-
Robert Johnston	14	14	-	-	-	-	-	-
Brendan Crotty	14	14	4	4	-	-	4	4
Eileen Doyle	14	14	-	-	6	6	4	4
Swe Guan Lim	14	14	4	4	-	-	4	4
Anne McDonald	5	5	1	1	-	-	-	-
Michelle Somerville	13	14	4	4	-	-	-	-
Gene Tilbrook	13	14	-	-	6	6	-	-

5. OTHER DISCLOSURES

Indemnification and insurance of directors, officers and auditor

GPT provides a Deed of Indemnity and Access (Deed) in favour of each of the Directors and Officers 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.

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 20 to the financial statements.

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

- the Audit & Risk Management Committee reviewed the non-audit services and other assurance services at the time of appointment to ensure that they did not impact upon the integrity and objectivity of the auditor;
- the Board's own review conducted in conjunction with the Audit and Risk Management Committee concluded that the auditor independence was not compromised, 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.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 22 and forms part of the Directors' Report.

Rounding of amounts

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

6. REMUNERATION REPORT

The Nomination & Remuneration Committee (the Committee) of the Board presents the Remuneration Report (Report) for the GPT Group. This Report has been audited in accordance with section 308(3C) of the *Corporations Act 2001.*

The Board aims to communicate the remuneration outcomes with full transparency, demonstrate that the GPT Group's remuneration platform is both market competitive and fair to all stakeholders, and has performance measures aligned to the achievement of GPT's strategic objectives.

Governance

Who are the members of the Committee?	The Committee consists of 3 Non-Executive Directors: • Gene Tilbrook (Committee Chairman) • Eileen Doyle • Rob Ferguson
What is the scope of work of the Committee?	The Committee provides advice and recommendations to the Board on: • Criteria for selection of Directors; • Nominations for appointment of Directors; • Criteria for reviewing the performance of Directors individually and the GPT Board collectively; • Remuneration policies for Directors and Committee members; • Remuneration amounts for Directors from within the overall Directors fee cap approved by security holders; • Remuneration policy for the Chief Executive Officer (CEO) and employees; • Incentive plans for the CEO and employees, including exercising discretion where appropriate in determining Short term incentive compensation (STIC) and Long term incentive compensation (LTI) outcomes; and • Any other related matters regarding executives or the Board[1].
Who is included in the Remuneration Report?	GPT's Key Management Personnel (KMP) are the individuals responsible for planning, controlling and managing the GPT Group (being the Non-Executive Directors, CEO, Chief Financial Officer (CFO), and the Chief Operating Officer (COO)).

Committee key decisions and remuneration outcomes in 2016

Platform component	Key decisions and outcomes
Base pay (Fixed)	• Implemented the annual review of employee base pay effective 1 January 2016, with an average increase of 2.2%. • Maintained the current level of Non-Executive Director fees which were set on 1 January 2015.
Short term incentive compensation (STIC)	• Implemented Earnings per Security (EPS) growth as the primary measure of Group financial performance. • The Group achieved an EPS growth outcome of 5.6% which generated a STIC pool of $14.02 million. • Simplified the deferred equity component of STIC to vest in one tranche at the end of the year following the conclusion of the performance period.
Long term incentive (LTI) compensation	• The Group achieved a compound annual Total Return[2] for the 2014-16 period of 12.2%, exceeding the maximum target of 9.75%, and delivered a Relative Total Security holder Return (Relative TSR)[3] of 59.5%, which ranked 4th against the comparator group and exceeded the threshold target for vesting. • As a result, the vesting outcome for the 2014-16 LTI plan was 94.8% of the performance rights for each of the 28 participants in the LTI plan. • Launched the 2016-2018 LTI with two performance measures, Total Return and Relative TSR. • Implemented a new benchmark in the 2016-2018 LTI to assess Relative TSR – the ASX200 AREIT Accumulation Index (including GPT) – and a revised vesting scale.
Other employee ownership plans	• Continued the General Employee Security Ownership Plan (GESOP) for 105 STIC eligible employees not in the LTI. Under GESOP each participant receives an amount equal to 10% of their STIC (less tax) delivered in GPT securities, which must be held for at least 1 year. • Continued the Broad Based Employee Security Ownership Plan (BBESOP) for 278 employees ineligible for GESOP. Under BBESOP, participants receive $1,000 worth of GPT securities that cannot be transferred or sold until the earlier of 3 years from the allocation date or cessation of employment.
Policy & governance	• Utilised external advice on market compensation benchmarks and practice, prevailing regulatory and governance standards, and drafting of incentive plan documentation from Ernst & Young and Conari Partners.
Diversity	• Increased the percentage of females in senior leadership roles slightly from 35.7% at the end of 2015 to 36.7%. • Increased the participation of First Nations employees in the permanent workforce to 1%.

[1] 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).
[2] Total Return is defined as the sum of the change in Net Tangible Assets (NTA) plus distributions over the performance period, divided by the NTA at the beginning of the performance period.
[3] TSR represents an investor's return, calculated as the percentage difference between an 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.

DIRECTORS' REPORT

Year ended 31 December 2016

GPT's vision and financial goals linked to remuneration structures

GPT's vision & financial goals			
To be the most respected property company in Australia in the eyes of our Investors, People, Customers and Communities	**Total Return > 8.5%**	**Generate competitive Relative Total Security holder Return**	**Generate competitive EPS growth**

Total remuneration components			
Base pay (Fixed) • Base level of reward. • Set around Australian market median using external benchmark data (including AON Hewitt and the Financial Institutions Remuneration Group (FIRG)). • Reviewed based on employee's responsibilities, experience, skill and performance. • External & internal relativities considered.	**STIC (variable)** • Discretionary, at risk, and with aggregate STIC funding aligned to overall Group financial outcomes. • Set around market median for target performance with potential to achieve top quartile for stretch outcomes. • Determined by GPT and individual performance against a mix of balanced scorecard measures which include financial & non-financial measures. • Financial measures include EPS growth, portfolio, fund and/or property level metrics. • Non-financial objectives focus on execution of strategy, delivery of key projects and developments, and people and culture objectives. • Delivered in cash, or (for senior executives), a combination of cash and equity with deferred vesting for 1 year.	**LTI (variable)** • Discretionary, at risk, and aligned to overall Group financial outcomes. • Set around market median for target performance with potential to achieve top quartile for Stretch outcomes. • Vesting determined by GPT performance against Total Return and Relative TSR financial performance. • Relative TSR is measured against ASX200 AREIT Accumulation Index (including GPT). • Assessed over a 3 year performance period, no re-testing. • No value derived unless GPT meets or exceeds defined performance measures. • Delivered in GPT securities to align executive and security holder interests.	**Other employee ownership plans (variable)** **GESOP** • For STIC eligible individuals who are ineligible for LTI. • Equal to 10% of their STIC (less tax) delivered in GPT securities, which must be held for at least 1 year. **BBESOP** • For individuals ineligible for STIC or LTI. • GPT must achieve at least Target outcome on annual EPS growth. • A grant of $1,000 worth of GPT securities which must be held until the earlier of 3 years or end of employment.

Attract, retain, motivate and reward high calibre executives to deliver superior performance by providing: • Competitive rewards. • Opportunity to achieve incentives beyond base pay based on high performance.	**Align executive rewards to GPT's performance and security holder interests by:** • Assessing incentives against financial and non-financial business measures that are aligned with GPT strategy. • Delivering a meaningful component of executive remuneration in the form of equity subject to performance hurdles being achieved.

Employment Terms

1. Employment terms – Chief Executive Officer and Managing Director

Term	Conditions
Contract duration	Open ended.
Termination by Executive	6 months' notice. GPT may elect to make a payment in lieu of notice.
Remuneration Package	Bob Johnston's 2016 remuneration arrangements were as follows: • Fixed pay: $1,400,000. • STIC: $0 to $1,750,000 (i.e. 0% to 125% of base pay) based on performance and paid in an equal mix of cash and deferred GPT securities, with the securities component vesting 1 year after the conclusion of the performance year. • LTI: A grant of performance rights with the face value at time of grant of $2,100,000 (i.e. 150% of base pay) with vesting outcomes based on performance and continued service, and delivered in restricted GPT securities.
Termination by Company for cause	No notice requirement or termination benefits (other than accrued entitlements).
Termination by Company (other)	12 months' notice. Treatment of unvested STIC and LTI will be at the Board's discretion under the terms of the relevant plans and GPT policy.
Post-employment restraints	6 months non-compete, and 12 months non-solicitation of GPT employees.
External Directorships	Bob Johnston is a Director on the Boards of the Property Industry Foundation (PIF) and the Property Council of Australia (PCA). He does not receive remuneration for these roles.

2. Employment terms – Executive KMP

Term	Conditions
Contract duration	Open ended.
Termination by Executive	3 months' notice. GPT may elect to make a payment in lieu of notice.
Remuneration Package	(see table below)
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 and capped at the three year average of the executive's annual base (fixed) pay. Treatment of unvested STIC and LTI will be at the Board's discretion under the terms of the relevant plans and GPT policy.
Post-employment restraints	12 months non-solicitation of GPT employees.

Remuneration Package:

Component	Mark Fookes	Anastasia Clarke
Fixed pay	$800,000	$650,000
STIC[4]	$0 to $800,000	$0 to $650,000
LTI	$0 to $800,000	$0 to $650,000

3. Compensation mix at maximum STIC and LTI outcomes

Executive KMP	Fixed remuneration	Variable or "at risk" remuneration[5]	
	Base pay	STI	LTI
Bob Johnston Chief Executive Officer and Managing Director	26.7%	33.3%	40.0%
Anastasia Clarke Chief Financial Officer	33.4%	33.3%	33.3%
Mark Fookes Chief Operating Officer	33.4%	33.3%	33.3%

[4] The STIC is paid in an equal mix of cash and deferred GPT securities, with the securities component vesting 1 year after the conclusion of the performance year.
[5] The percentage of each component of total remuneration is calculated with reference to maximum or stretch potential outcomes as set out under Remuneration Package in Tables 1 and 2 above.

Group Financial Performance & Incentive Outcomes

1. Five year Group financial performance

		2016	2015	2014	2013	2012
Total Shareholder Return (TSR)	%	**10.1**	15.4	34.5	4.1	26.9
Total Return	%	**15.5**	11.5	9.6	8.5	9.5
NTA (per security)	$	**4.59**	4.17	3.94	3.79	3.73
FFO (per security)[6]	cents	**29.9**	28.3	26.8	25.7	24.2
Security price at end of calendar year	$	**5.03**	4.78	4.35	3.40	3.68

2. Summary of CEO Objectives and Performance Outcomes

	Performance measure	Reason chosen	Weighting	Performance outcomes
Financial	Earnings per security (EPS) and EPS growth targets.	EPS is a key financial measure of GPT's performance.	55%	The Group delivered EPS of 29.9 cents and EPS growth of 5.6% for 2016.
Strategy	Strategy objectives focussed on exploring growth opportunities for GPT group, as well as development & implementation of strategy plans for each division.	Developing, communicating and implementing GPT's strategy will underpin GPT's medium term activities.	30%	Strategy plans have been developed and updated for each division, approved by the Board, and implementation of plans is on-track. Additional growth opportunities have also been assessed.
Operational	Operational objectives focussed on review of organisational overheads, fund term reviews, and review of development pipeline, including specific projects.	Focus on delivery of key projects, business transformation, and operational efficiency will optimise GPT's performance.	10%	Organisational overheads were reduced. Fund term reviews have been completed for GWOF and are in progress for GWSCF. The development pipeline has been reviewed and additional resourcing put in place. Progress has been made on retail mixed-use opportunities at Rouse Hill, Sydney Olympic Park and Camellia. The initial planning process is underway for Darling Park Stage 4, logistics land has been acquired in Sydney, and the Sunshine Plaza development has commenced. The Group has also maintained focus on Wollongong Central, including securing major tenants.
People	People objectives centred on establishing the new management team, driving our diversity and inclusion agenda, and assessing employee engagement.	Maintaining a high performing executive team and achieving engagement and diversity goals is key to high performance.	5%	The new leadership team has been established. Employee engagement has been independently assessed and a sustainable engagement score of 79% achieved. Gender diversity in senior leadership has improved slightly from 35.7% at the end of 2015 to 36.7%. Aboriginal and Torres Strait Islander representation in the permanent workforce has improved and is now greater than 1%.

3. 2016 STIC outcomes by Executive KMP[7]

Executive KMP	Position	Actual STIC awarded ($)	Actual STIC awarded as a % of maximum STIC	% of maximum STIC award forfeited	Cash component ($)	Equity component (# of GPT securities)[8]
Bob Johnston	Chief Executive Officer and Managing Director	$1,131,000	65%	35%	$565,500	121,352
Anastasia Clarke	Chief Financial Officer	$476,000	73%	27%	$238,000	51,073
Mark Fookes	Chief Operating Officer	$565,169	71%	29%	$282,585	60,640

[6] Represents Realised Operating Income (ROI) until 2013.
[7] Excluding the impact of movements in the GPT security price on deferred STIC value received.
[8] The number of deferred GPT securities granted are calculated by dividing 50% of the Actual STIC awarded by GPT's Q4 2015 VWAP of $4.66. The deferred GPT securities will vest subject to service on 31 December 2017.

4. Group performance measures for LTI Plans

LTI	LTI performance measurement period	Performance measure	Performance measure hurdle	Weighting	Results	Vesting % by performance measure
2014	2014-16	Relative TSR versus comparator group	50% of rights vest at 51st percentile, up to 100% at the 75th percentile (pro rata vesting in between)	50%	59.5%, which ranked 4th out of 11	89.6%
		Total Return	25% of rights vest at 9% Total Return, up to 100% at 9.75% Total Return (pro-rata vesting in between)	50%	12.2%	100%
2015	2015-17	Relative TSR versus comparator group	50% of rights vest at 51st percentile, up to 100% at the 75th percentile (pro rata vesting in between)	50%	n/a	n/a
		Total Return	25% of rights vest at 9% Total Return, up to 100% at 9.75% Total Return (pro-rata vesting in between)	50%		
2016	2016-18	Relative TSR versus ASX200 AREIT Accumulation Index (including GPT)	10% of rights vest at Index performance, up to 100% at Index plus 10% (pro rata vesting in between)	50%	n/a	n/a
		Total Return	0% of rights vest at 8% Total Return, up to 100% at 9.5% Total Return (pro-rata vesting in between)	50%		

5. 2014-2016 LTI outcomes by Executive KMP[9]

Senior Executive	Position	Performance rights granted	Performance rights vested	Performance rights lapsed
Anastasia Clarke	Chief Financial Officer	114,706	108,730	5,976
Mark Fookes	Chief Operating Officer	217,087	205,777	11,310

6. LTI outcomes – fair value and maximum value recognised in future years[10]

Executive KMP	LTI Outcome	Grant date	Fair value per performance right	Performance rights granted as at 31 Dec 16	Vesting date	Maximum value to be recognised in future years
Bob Johnston	**2016**	**16 May 16**	**$2.96**	**450,257**	**31 Dec 18**	**$903,120**
Chief Executive Officer and Managing Director	2015	8 Sept 15	$2.21	430,476	31 Dec 17	$410,195
Anastasia Clarke	**2016**	**16 May 16**	**$2.96**	**139.365**	**31 Dec 18**	**$314,439**
Chief Financial Officer	2015	18 May 15	$2.48	104,981	31 Dec 17	$99,235
Mark Fookes	**2016**	**16 May 16**	**$2.96**	**171,527**	**31 Dec 18**	**$387,004**
Chief Operating Officer	2015	18 May 15	$2.48	194,747	31 Dec 17	$184,088

[9] This excludes Mr. Johnston as he was not a participant in the 2014-16 LTI plan.
[10] For the avoidance of doubt, the GPT incentive plans (i.e. STIC and LTI) use face value grants of performance rights based on the volume weighted average security price (VWAP) of GPT securities for specified periods; reference to fair value per performance right is included in this table to comply with accounting standards.

7. Reported remuneration – Executive KMP – Actual Amounts Received[11]

Executive KMP		Fixed pay			Variable or "at risk"[12]			
		Base pay	Superannuation	Other[13]	STIC	LTI	Grant of non STI or LTI performance rights	Total
Bob Johnston[14]	**2016**	**$1,300,883**	**$19,462**	**$5,677**	**$1,143,136**	**-**	**-**	**$2,469,158**
Chief Executive Officer and Managing Director	2015	$419,518	$4,827	$634	$361,633	-	$608,100	$1,394,712
Anastasia Clarke	**2016**	**$630,538**	**$19,462**	**$2,334**	**$481,107**	**$517,555**	**-**	**$1,650,996**
Chief Financial Officer	2015	$562,204	$19,046	$2,314	$427,076	$361,437	-	$1,372,077
Mark Fookes	**2016**	**$780,538**	**$19,462**	**$6,999**	**$571,233**	**$979,499**	**-**	**$2,357,731**
Chief Operating Officer	2015	$780,954	$19,046	$9,599	$854,148	$803,192	-	$2,466,939
Former KMP								
Michael Cameron[15]	**2016**	-	-	-	-	-	-	-
Chief Executive Officer and Managing Director	2015	$1,380,845	$14,219	$13,279	-	-	-	$1,408,343
Carmel Hourigan[16]	**2016**	-	-	-	-	-	-	-
Chief Investment Officer	2015	$675,400	$19,046	$3,521	-	-	-	$697,967
Total	**2016**	**$2,711,959**	**$58,386**	**$15,010**	**$2,195,476**	**$1,497,054**	**-**	**$6,477,885**
	2015	$3,818,921	$76,184	$29,347	$1,642,857	$1,164,629	$608,100	$7,340,038

[11] This table discloses the cash and other benefit amounts actually received by GPT's executive KMP, as distinct from the accounting expense. As a result, it does not align to Australian Accounting Standards.
[12] Gross dollar values for the equity components have been calculated by multiplying the number of securities by GPT's fourth quarter VWAP for the applicable year; 2016: $4.76, 2015: $4.6645.
[13] Other may include death & total/permanent disability insurance premiums, service awards, GPT superannuation plan administration fees, and/or other benefits.
[14] Mr. Johnston commenced employment with GPT on 7 September 2015.
[15] Mr. Cameron resigned on 2 September 2015
[16] Ms. Hourigan resigned on 30 October 2015.

8. Reported remuneration – Executive KMP – AIFRS Accounting[17]

Executive KMP		Fixed pay		Variable or "at risk"				Total
		Base pay	Superannuation	Other	STIC (cash plus accrual)[18]	LTI award accrual[19]	Grant or vesting of non STI or LTI performance rights[20]	
Bob Johnston	**2016**	**$1,390,757**	**$19,462**	**$5,677**	**$936,837**	**$694,626**	**$64,319**	**$3,111,678**
Chief Executive Officer and Managing Director	2015	$458,781	$4,827	$634	$176,500	$128,116	$552,086	$1,320,944
Anastasia Clarke	**2016**	**$633,714**	**$19,462**	**$2,334**	**$495,523**	**$290,933**	**-**	**$1,441,966**
Chief Financial Officer	2015	$594,237	$19,046	$2,314	$348,719	$233,384	-	$1,197,700
Mark Fookes	**2016**	**$784,411**	**$19,462**	**$6,999**	**$720,099**	**$481,598**	**-**	**$2,012,569**
Chief Operating Officer	2015	$780,626	$19,046	$9,599	$679,759	$465,467	-	$1,954,497
Former KMP								
Michael Cameron	**2016**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Chief Executive Officer and Managing Director	2015	$1,380,845	$14,219	$13,279	-	-	-	$1,408,343
Carmel Hourigan	**2016**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Chief Investment Officer	2015	$675,400	$19,046	$3,521	-	-	-	$697,967
Total	**2016**	**$2,808,882**	**$58,386**	**$15,010**	**$2,152,459**	**$1,467,157**	**$64,319**	**$6,566,213**
	2015	$3,889,889	$76,184	$29,347	$1,204,978	$826,967	$552,086	$6.579,451

9. GPT security ownership – Executive KMP as at 31 December 2016

Executive KMP	Employee Security Schemes (ESS)			Private Holdings				Minimum Security Holding Requirement (MSHR)		
	Vested, restricted security holding[21]	Deferred security holding[22]	Total	Vested, unrestricted security holding[23]	Private holdings at start of period[24]	Purchase /(Sales)[25]	Total	TOTAL: ESS + Private Holdings	Gross Value ($)[26]	MSHR Guideline ($)[27]
Bob Johnston Chief Executive Officer and Managing Director	128,849	141,199	270,048	19,847	-	40,800	60,647	330,695	$1,574,108	$2,100,000
Anastasia Clarke Chief Financial Officer	309,945	75,416	385,361	124,150	3,546	(26,655)	101,041	486,402	$2,315,274	$650,000
Mark Fookes Chief Operating Officer	666,200	109,327	775,527	274,221	3,546	(44,863)	232,904	1,008,431	$4,800,132	$800,000

[17] This table provides a breakdown of remuneration for executive KMP in accordance with statutory requirements and Australian accounting standards.
[18] This column includes the cash value of the STIC award and an accounting valuation of the deferred equity component, with the exception of the 2015 figure for Mr. Johnston which is cash only. The accrual accounting valuation of the deferred securities from Mr. Johnston's 2015 STIC have been included in the 2016 number as the securities were only approved for issue at the 2016 AGM.
[19] This column records 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 or the face value grant method.
[20] Grant or vesting of one off non STI or LTI performance rights includes an accounting valuation of the sign on package for Mr. Johnston.
[21] LTI plans that have vested and are still restricted - up to and including the 2014-16 LTI - and/or sign on grants of GPT securities (Mr. Johnston only).
[22] Deferred STIC - up to and including 2016 STIC - that is still dependent on service conditions being met to vest.
[23] GPT security holdings obtained under employee security schemes (i.e. either LTI or deferred STIC) which have satisfied their vesting or deferral conditions.
[24] Private holdings that the individual may have obtained on their own account i.e. it does not include GPT securities obtained under any employee security scheme.
[25] Movement in GPT security holdings as a result of the sale of vested, unrestricted security holdings and/or the purchase of additional private holdings on the individuals own account during the 2016 calendar year.
[26] The total of the executives ESS and private holdings multiplied by GPT's fourth quarter 2016 VWAP of $4.76 to derive a dollar value.
[27] GPT's MSHR guideline requires the CEO to acquire and maintain a holding equal to 150% of base salary. For Leadership Team members the holding requirement is equal to 100% of base salary. Individuals have three years from commencement of employment to achieve the MSHR before it is assessed for the first time.

10. GPT performance rights – Executive KMP

Executive KMP	Performance rights: Performance rights that lapsed in 2016[28] (# of rights)	Performance rights: Performance rights still on foot at 31/12/16[29] (# of rights)
Bob Johnston Chief Executive Officer and Managing Director	66,255	893,302
Anastasia Clarke Chief Financial Officer	24,586	244,346
Mark Fookes Chief Operating Officer	36,433	366,274

Remuneration – Non-Executive Directors

What are the key elements of the Non-Executive Director Remuneration Policy?

- The Board determines the remuneration structure for Non-Executive Directors based on recommendations from the Committee.
- 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 contribution rate.
- Non-Executive Directors do not participate in any short or long term incentive arrangements and 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 ASX (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.
- Fees (including superannuation) paid to Non-Executive Directors are subject to an aggregate limit of $1,800,000 per annum, which was approved by GPT security holders at the Annual General Meeting on 5 May 2015. As an executive director, Mr. Johnston does not receive fees from this pool as he is remunerated as one of GPT's senior executives.

1. Board and committee fees[30,31]

		Board	Audit and Risk Management Committee	Sustainability Committee	Nomination and Remuneration Committee	Project Control Group[32]
Chairman	**2016**	**$362,500**	**$36,000**	**$30,000**	**$30,000**	**$20,000**
	2015	$362,500	$36,000	$30,000	$30,000	$20,000
Members	**2016**	**$145,000**	**$18,000**	**$15,000**	**$15,000**	**n/a**
	2015	$145,000	$18,000	$15,000	$15,000	n/a

[28] The sum of performance rights that were awarded to a participant in the 2014 LTI that did not vest at the end of the 2014-2016 performance period, and as a result, lapsed and/or performance rights granted under the 2016 STIC that also lapsed.
[29] The total of unvested performance rights currently on foot excluding any GPT securities or performance rights that may have lapsed up to 31 December 2016. It may include LTI plans and/or sign on rights (Mr. Johnston only). This represents the current maximum number of additional GPT securities to which the individual may become entitled subject to satisfying the applicable performance measures in various plans; as such, these performance rights represent the incentive opportunity over multiple future years, are subject to performance and hence "at risk", and as a result may never vest.
[30] 'Chairman' used in this sense may refer to the chairperson of the board or a particular committee.
[31] In addition to the fees noted in the table, all non-executive directors receive reimbursement for reasonable travel, accommodation and other expenses incurred while undertaking GPT business.
[32] At the end of the 2016 calendar year there were no non-executive directors receiving the Project Control Group fee.

DIRECTORS' REPORT
Year ended 31 December 2016

2. Reported remuneration – Non-Executive Directors – AIFRS accounting[33,34]

		Fixed pay			Total
Non-Executive Director - Current		**Salary & fees**	**Superannuation**	**Other[35]**	
Rob Ferguson	**2016**	**$362,500**	**$19,462**	**-**	**$381,962**
Chairman	2015	$362,500	$19,046	-	$381,546
Brendan Crotty	**2016**	**$181,333**	**$17,227**	**-**	**$198,560**
	2015	$198,000	$18,797	-	$216,797
Eileen Doyle	**2016**	**$190,000**	**$18,050**	**-**	**$208,050**
	2015	$190,000	$18,050	-	$208,050
Swe Guan Lim[36]	**2016**	**$178,000**	**$16,910**	**$615**	**$195,525**
	2015	$129,154	$12,270	$551	$141,975
Michelle Somerville[37]	**2016**	**$174,723**	**$16,599**	**-**	**$191,322**
	2015	$13,583	$1,291	-	$14,874
Gene Tilbrook	**2016**	**$175,000**	**$16,625**	**$767**	**$192,392**
	2015	$175,000	$16,625	$1,446	$193,071
Non-Executive Director – Former					
Eric Goodwin[38]	**2016**	**-**	**-**	**-**	**-**
	2015	$68,285	$6,480	-	$74,765
Anne McDonald[39]	**2016**	**$62,422**	**$5,930**	**$641**	**$68,993**
	2015	$181,000	$17,195	$3,350	$201,545
Total	**2016**	**$1,323,978**	**$110,803**	**$2,023**	**$1,436,804**
	2015	$1,317,522	$109,754	$5,347	$1,432,623

3. Non-Executive Director – GPT security holdings

	Private holdings (# of securities)			Minimum security holding requirement (MSHR)	
Non-Executive Director	**Balance 31/12/15**	**Purchase/(sale)**	**Balance 31/12/16**	**Gross value ($)[40]**	**MSHR guideline ($)[41]**
Rob Ferguson	207,628	-	207,628	$988,309	$362,500
Brendan Crotty	67,092	-	67,092	$319,358	$145,000
Eileen Doyle	41,597	3,865	45,462	$216,399	$145,000
Swe Guan Lim	-	-	-	$0	$145,000
Michelle Somerville	-	2,912	2,912	$13,861	$145,000
Gene Tilbrook	48,546	-	48,546	$231,079	$145,000

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

Rob Ferguson
Chairman

Bob Johnston
Chief Executive Officer and Managing Director

Sydney
10 February 2017

[33] This table provides a breakdown of remuneration for non-executive directors in accordance with statutory requirements and Australian accounting standards.
[34] No termination benefits were paid during the financial year.
[35] Other may include death & total/permanent disability insurance premiums and/or GPT superannuation plan administration fees.
[36] Mr. Lim joined the GPT Board on 23 March 2015.
[37] Ms. Somerville joined the GPT Board on 1 December 2015.
[38] Mr. Goodwin retired from the GPT Board on 5 May 2015.
[39] Ms. McDonald retired from the GPT Board on 4 May 2016.
[40] Non-Executive Directors holdings multiplied by GPT's fourth quarter 2016 VWAP of $4.76 to derive a dollar value.
[41] The MSHR for non-executive directors is equal to 100% of base fees. Individuals have three years from commencement of employment to achieve the MSHR before it is assessed for the first time.

Auditor's Independence Declaration

As lead auditor for the audit of General Property Trust for the year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Matthew Lunn
Partner
PricewaterhouseCoopers

Sydney
10 February 2017

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FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	Note	31 Dec 16 $M	31 Dec 15 $M
Revenue			
Rent from investment properties		**584.1**	588.5
Property and fund management fees		**96.7**	79.9
Development revenue		**22.4**	16.0
Development management fees		**2.0**	4.0
		705.2	688.4
Other income			
Fair value gain on investment properties		**418.1**	322.8
Share of after tax profit of equity accounted investments		**375.4**	279.9
Interest revenue		**2.6**	1.8
Dividend income		**30.4**	-
Net impact of foreign currency borrowings and associated hedging gain / (loss)		**2.2**	(0.8)
Net foreign exchange gain		**-**	0.1
Net profit on disposal of assets		**12.8**	9.8
Gain / (loss) on financial liability at amortised cost		**1.6**	(41.1)
Reversal of prior period impairment expense		**0.4**	12.7
		843.5	585.2
Total revenue and other income		**1,548.7**	1,273.6
Expenses			
Property expenses and outgoings		**157.3**	163.8
Management and other administration costs		**69.1**	71.3
Development costs		**13.1**	9.5
Depreciation expense		**1.9**	2.3
Amortisation expense		**5.4**	6.8
Impairment expense		**6.0**	5.9
Finance costs		**102.6**	117.7
Fair value loss of unlisted equity investments		**-**	6.0
Net loss on fair value movements of derivatives		**26.6**	25.5
Loss on redemption of financial liability		**-**	5.6
Net foreign exchange loss		**0.1**	-
Total expenses		**382.1**	414.4
Profit before income tax expense		**1,166.6**	859.2
Income tax expense	9(a)	**22.4**	2.4
Profit after income tax expense		**1,144.2**	856.8
Profit from discontinued operations		**8.5**	11.3
Net profit for the year		**1,152.7**	868.1
Other comprehensive income			
Items that may be reclassified to profit or loss, net of tax			
Changes in the fair value of cash flow hedges	10(b)	**14.5**	(7.8)
Revaluation of available for sale financial asset	10(b)	**(1.5)**	8.6
Net foreign exchange translation adjustments	10(b)	**(0.8)**	0.5
Total other comprehensive income		**12.2**	1.3
Total comprehensive income for the year		**1,164.9**	869.4
Total comprehensive income for the year from continuing operations		**1,157.2**	857.6
Total comprehensive income for the year from discontinued operations		**7.7**	11.8
Net profit attributable to:			
- Securityholders of the Trust		**1,048.8**	847.8
- Securityholders of other entities stapled to the Trust		**103.9**	20.3
Total comprehensive income attributable to:			
- Securityholders of the Trust		**1,061.5**	840.4
- Securityholders of other entities stapled to the Trust		**103.4**	29.0
Basic earnings per unit attributable to ordinary securityholders of the Trust			
Earnings per unit (cents per unit) - profit from continuing operations	11(a)	**57.9**	47.1
Basic earnings per stapled security attributable to ordinary stapled securityholders of the GPT Group			
Earnings per stapled security (cents per stapled security) - profit from continuing operations	11(b)	**63.7**	48.2

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

THE GPT GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	31 Dec 16 $M	31 Dec 15 $M
ASSETS			
Current assets			
Cash and cash equivalents		**56.3**	69.3
Loans and receivables	4	**149.2**	200.9
Inventories	6	**4.5**	-
Prepayments		**4.7**	7.3
Other assets		**9.3**	-
		224.0	277.5
Assets classified as held for sale		**-**	197.2
Total current assets		**224.0**	474.7
Non-current assets			
Investment properties	2	**7,944.9**	7,372.8
Equity accounted investments	3	**3,120.2**	2,538.2
Loans and receivables	4	**2.0**	82.2
Intangible assets	5	**35.3**	35.5
Inventories	6	**131.4**	101.5
Property, plant & equipment		**13.5**	14.1
Derivative assets	14(a)	**337.2**	342.5
Deferred tax assets	9	**7.5**	30.2
Other assets		**1.9**	14.8
Total non-current assets		**11,593.9**	10,531.8
Total assets		**11,817.9**	11,006.5
LIABILITIES			
Current liabilities			
Payables	7	**378.3**	390.8
Borrowings	13	**48.8**	6.7
Derivative liabilities	14(a)	**-**	0.3
Provisions	8	**30.5**	24.8
Total current liabilities		**457.6**	422.6
Non-current liabilities			
Borrowings	13	**2,947.8**	2,941.3
Derivative liabilities	14(a)	**128.5**	115.6
Provisions	8	**1.8**	1.9
Total non-current liabilities		**3,078.1**	3,058.8
Total liabilities		**3,535.7**	3,481.4
Net assets		**8,282.2**	7,525.1
EQUITY			
Securityholders of the Trust (parent entity)			
Contributed equity	10(a)	**7,804.3**	7,709.4
Reserves	10(b)	**(31.2)**	(43.9)
Retained earnings	10(c)	**1,022.8**	477.8
Total equity of Trust securityholders		**8,795.9**	8,143.3
Securityholders of other entities stapled to the Trust			
Contributed equity	10(a)	**325.5**	325.3
Reserves	10(b)	**59.5**	59.1
Accumulated losses	10(c)	**(898.7)**	(1,002.6)
Total equity of other stapled securityholders		**(513.7)**	(618.2)
Total equity		**8,282.2**	7,525.1

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2016

		General Property Trust				Other entities stapled to the General Property Trust				
	Note	Contributed equity $M	Reserves $M	Retained earnings $M	Total $M	Contributed equity $M	Reserves $M	Accumulated losses $M	Total $M	Total equity $M
Equity attributable to Securityholders										
At 1 January 2015		7,585.1	(34.2)	29.7	7,580.6	319.3	57.5	(1,025.7)	(648.9)	6,931.7
Revaluation of available for sale financial asset	10(b)	-	-	-	-	-	8.6	-	8.6	8.6
Foreign currency translation reserve	10(b)	-	0.4	-	0.4	-	0.1	-	0.1	0.5
Cash flow hedge reserve	10(b)	-	(7.8)	-	(7.8)	-	-	-	-	(7.8)
Other comprehensive income for the year		-	(7.4)	-	(7.4)	-	8.7	-	8.7	1.3
Profit for the year		-	-	847.8	847.8	-	-	20.3	20.3	868.1
Total comprehensive income for the year		-	(7.4)	847.8	840.4	-	8.7	20.3	29.0	869.4
Transactions with Securityholders in their capacity as Securityholders										
Issue of stapled securities	10(a)	449.4	-	-	449.4	6.0	-	-	6.0	455.4
Redemption of exchangeable securities	10(a)	(325.1)	-	-	(325.1)	-	-	-	-	(325.1)
Movement in employee incentive scheme reserve net of tax	10(b)	-	(2.3)	-	(2.3)	-	(7.1)	-	(7.1)	(9.4)
Reclassification of employee incentive security scheme reserve to retained earnings / accumulated losses	10(c)	-	-	3.9	3.9	-	-	2.8	2.8	6.7
Distributions paid and payable	12	-	-	(403.6)	(403.6)	-	-	-	-	(403.6)
At 31 December 2015		7,709.4	(43.9)	477.8	8,143.3	325.3	59.1	(1,002.6)	(618.2)	7,525.1
Equity attributable to Securityholders										
At 1 January 2016		**7,709.4**	**(43.9)**	**477.8**	**8,143.3**	**325.3**	**59.1**	**(1,002.6)**	**(618.2)**	**7,525.1**
Revaluation of available for sale financial asset net of tax	10(b)	**-**	**-**	**-**	**-**	**-**	**(1.5)**	**-**	**(1.5)**	**(1.5)**
Foreign currency translation reserve	10(b)	**-**	**(1.8)**	**-**	**(1.8)**	**-**	**1.0**	**-**	**1.0**	**(0.8)**
Cash flow hedge reserve	10(b)	**-**	**14.5**	**-**	**14.5**	**-**	**-**	**-**	**-**	**14.5**
Other comprehensive income for the year		**-**	**12.7**	**-**	**12.7**	**-**	**(0.5)**	**-**	**(0.5)**	**12.2**
Profit for the year		**-**	**-**	**1,048.8**	**1,048.8**	**-**	**-**	**103.9**	**103.9**	**1,152.7**
Total comprehensive income for the year		**-**	**12.7**	**1,048.8**	**1,061.5**	**-**	**(0.5)**	**103.9**	**103.4**	**1,164.9**
Transactions with Securityholders in their capacity as Securityholders										
Issue of stapled securities	10(a)	**10.4**	**-**	**-**	**10.4**	**0.2**	**-**	**-**	**0.2**	**10.6**
Reclassification of redemption deficit of exchangeable securities to retained earnings	10(a)	**84.5**	**-**	**(84.5)**	**-**	**-**	**-**	**-**	**-**	**-**
Movement in employee incentive scheme reserve net of tax	10(b)	**-**	**-**	**-**	**-**	**-**	**0.9**	**-**	**0.9**	**0.9**
Reclassification of employee incentive security scheme reserve to retained earnings / accumulated losses	10(c)	**-**	**-**	**1.4**	**1.4**	**-**	**-**	**-**	**-**	**1.4**
Distributions paid and payable	12	**-**	**-**	**(420.7)**	**(420.7)**	**-**	**-**	**-**	**-**	**(420.7)**
At 31 December 2016		**7,804.3**	**(31.2)**	**1,022.8**	**8,795.9**	**325.5**	**59.5**	**(898.7)**	**(513.7)**	**8,282.2**

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

THE GPT GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	Note	31 Dec 16 $M	31 Dec 15 $M
Cash flows from operating activities			
Receipts in the course of operations (inclusive of GST)		**769.2**	738.9
Payments in the course of operations (inclusive of GST)		**(273.7)**	(277.4)
Proceeds from sale of inventories		**12.6**	-
Payment for inventories		**(16.1)**	(49.6)
Distributions received from equity accounted investments		**119.1**	139.5
Interest received		**23.7**	11.2
Finance costs paid		**(108.6)**	(120.3)
Net cash inflows from operating activities	15	**526.2**	442.3
Cash flows from investing activities			
Acquisition of investment properties		**(70.4)**	(47.7)
Payments for operating capital expenditure on investment properties		**(82.9)**	(54.0)
Payments for development capital expenditure on investment properties		**(124.6)**	(143.7)
Proceeds from disposal of assets		**283.0**	110.2
Payments for property, plant and equipment		**(0.7)**	(2.3)
Payments for intangibles		**(4.8)**	(4.6)
Investment in equity accounted investments		**(384.0)**	(53.1)
Proceeds from disposal of equity accounted investments		**48.2**	-
Proceeds from loan repayments		**156.7**	4.6
Loans advanced		**(1.6)**	(0.2)
Net cash outflows from investing activities		**(181.1)**	(190.8)
Cash flows from financing activities			
Proceeds from issue of stapled securities net of transaction costs		**-**	443.8
Payment for the redemption of exchangeable securities including transaction costs		**-**	(325.1)
Proceeds from borrowings		**2,464.7**	839.9
Repayment of borrowings		**(2,407.0)**	(737.1)
Redemption of CPI bonds		**-**	(15.6)
Payment for entering, termination and restructure of derivatives		**(1.5)**	(70.2)
Purchase of securities for the employee incentive scheme		**(1.2)**	(0.3)
Distributions paid to securityholders		**(413.1)**	(380.0)
Net cash outflows from financing activities		**(358.1)**	(244.6)
Net (decrease) / increase in cash and cash equivalents		**(13.0)**	6.9
Cash and cash equivalents at the beginning of the year		**69.3**	62.4
Cash and cash equivalents at the end of the year		**56.3**	69.3

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

These are the consolidated financial statements of the consolidated entity, GPT Group (GPT), which consists of General Property Trust (the Trust), GPT Management Holdings Limited (the Company) and their controlled entities.

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

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

Note 1 - Result for the year: focuses on results and performance of GPT.
Notes 2 to 9 - Operating assets and liabilities: provides information on the assets and liabilities used to generate GPT's trading performance.
Notes 10 to 14 - Capital structure: outlines how GPT manages its capital structure and various financial risks.
Notes 15 to 24 - Other disclosure items: provides information on other items that must be disclosed to comply with Australian Accounting Standards and other regulatory pronouncements.

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

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

Area of judgements and estimates	Assumptions underlying	Note
Management rights with indefinite life	Impairment trigger and recoverable amounts	5
IT development and software	Impairment trigger and recoverable amounts	5
Inventories	Lower of cost and net realisable value	6
Deferred tax assets	Recoverability	9
Security based payments	Fair value	18
Investment properties	Fair value	22
Derivatives	Fair value	22
Investment in equity accounted investments	Assessment of control versus disclosure guidance	23(b)

RESULT FOR THE YEAR

1. SEGMENT INFORMATION

GPT's operating segments are described in the table below. The chief operating decision maker monitors the performance of the business on the basis of Funds from Operations (FFO) for each segment. FFO represents GPT's underlying and recurring earnings from its operations, and is determined by adjusting the statutory net profit after tax for items which are non-cash, unrealised or capital in nature. FFO has been determined based on guidelines established by the Property Council of Australia.

In late 2015, GPT announced a business restructure which moves from an operational model to a functional, sector-based approach. As a result, the presentation of the segment note for 2016 has been updated accordingly to reflect the revised operating segments. The comparatives have been restated to be consistent with the presentation of current period.

Segment	Types of products and services which generate the segment result
Retail	Ownership, development (including mixed use) and management of predominantly regional and sub-regional shopping centres as well as GPT's equity investment in GPT Wholesale Shopping Centre Fund.
Office	Ownership, development (including mixed use) and management of prime CBD office properties with some associated retail space as well as GPT's equity investment in GPT Wholesale Office Fund.
Logistics	Ownership, development (including mixed use) and management of logistics and business park assets as well as GPT's equity investment in GPT Metro Office Fund until GPT divested its interest on 1 July 2016.
Funds Management	Management of two Australian wholesale property funds in the retail and office sectors. And management of one Australian listed property fund in the metropolitan office and business park sector until 30 September 2016.
Corporate	Cash and other assets and borrowings and associated hedges plus resulting net finance costs, management operating costs and income tax expense.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2016

(a) Segment financial information

31 December 2016
The segment financial information provided to the chief operating decision maker for the year ended 31 December 2016 is set out below.

Financial performance by segment

	Note	Retail $M	Office $M	Logistics $M	Funds Management $M	Corporate $M	Total Core $M	Non-Core $M	Total $M
Rent from investment properties	b(ii)	348.9	220.4	109.1	-	-	**678.4**	-	**678.4**
Property expenses and outgoings	b(iii)	(102.2)	(52.6)	(16.0)	-	-	**(170.8)**	-	**(170.8)**
Income from Funds	b(iv)	38.7	59.4	1.4	-	-	**99.5**	-	**99.5**
Fee income		14.6	5.7	0.8	47.5	-	**68.6**	-	**68.6**
Performance Fee income		-	-	-	28.1	-	**28.1**	-	**28.1**
Management & administrative expenses	b(v)	(11.7)	(9.0)	(2.6)	(14.6)	(29.8)	**(67.7)**	-	**(67.7)**
Operations Net Income		**288.3**	**223.9**	**92.7**	**61.0**	**(29.8)**	**636.1**	**-**	**636.1**
Development fees		0.3	1.6	0.1	-	-	**2.0**	-	**2.0**
Development revenue	b(vi)	8.1	-	15.8	-	-	**23.9**	-	**23.9**
Development costs		(2.3)	-	(10.8)	-	-	**(13.1)**	-	**(13.1)**
Share of profit from associate	b(iv)	-	-	0.1	-	-	**0.1**	-	**0.1**
Development management expenses	b(v)	(0.3)	(0.5)	(2.5)	-	-	**(3.3)**	-	**(3.3)**
Development Net Income		**5.8**	**1.1**	**2.7**	**-**	**-**	**9.6**	**-**	**9.6**
Interest income		-	-	-	-	2.6	**2.6**	**5.3**	**7.9**
Finance costs		-	-	-	-	(102.6)	**(102.6)**	-	**(102.6)**
Net Finance Costs		**-**	**-**	**-**	**-**	**(100.0)**	**(100.0)**	**5.3**	**(94.7)**
Segment Result Before Tax		**294.1**	**225.0**	**95.4**	**61.0**	**(129.8)**	**545.7**	**5.3**	**551.0**
Income tax expense	b(vii)	-	-	-	-	(14.0)	**(14.0)**	-	**(14.0)**
Funds from Operations (FFO)	b(i)	**294.1**	**225.0**	**95.4**	**61.0**	**(143.8)**	**531.7**	**5.3**	**537.0**

Reconciliation of segment assets and liabilities to the Consolidated Statement of Financial Position

	Retail $M	Office $M	Logistics $M	Funds Management $M	Corporate $M	Total Core $M	Non-Core $M	Total $M
Current assets								
Current assets	-	-	4.5	-	179.8	**184.3**	**39.7**	**224.0**
Total current assets	**-**	**-**	**4.5**	**-**	**179.8**	**184.3**	**39.7**	**224.0**
Non-current assets								
Investment properties	4,468.6	2,071.5	1,404.8	-	-	**7,944.9**	-	**7,944.9**
Equity accounted investments	855.0	2,255.2	-	-	10.0	**3,120.2**	-	**3,120.2**
Inventories	57.4	-	74.0	-	-	**131.4**	-	**131.4**
Other non-current assets	10.4	1.2	2.1	-	383.7	**397.4**	-	**397.4**
Total non-current assets	**5,391.4**	**4,327.9**	**1,480.9**	**-**	**393.7**	**11,593.9**	**-**	**11,593.9**
Total assets	**5,391.4**	**4,327.9**	**1,485.4**	**-**	**573.5**	**11,778.2**	**39.7**	**11,817.9**
Current and non-current liabilities	-	-	-	-	3,535.7	**3,535.7**	-	**3,535.7**
Total liabilities	**-**	**-**	**-**	**-**	**3,535.7**	**3,535.7**	**-**	**3,535.7**
Net assets	**5,391.4**	**4,327.9**	**1,485.4**	**-**	**(2,962.2)**	**8,242.5**	**39.7**	**8,282.2**

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2016

31 December 2015
The segment financial information provided to the chief operating decision maker for the year ended 31 December 2015 is set out below.

Financial performance by segment

	Note	Retail	Office	Logistics	Funds Management	Corporate	Total Core	Non-Core	Total
		$M	$M	$M	$M	$M	**$M**	$M	**$M**
Rent from investment properties	b(ii)	360.7	204.8	108.2	-	-	**673.7**	**-**	**673.7**
Property expenses and outgoings	b(iii)	(109.0)	(51.0)	(16.8)	-	-	**(176.8)**	**-**	**(176.8)**
Income from Funds	b(iv)	36.9	58.5	2.8	-	-	**98.2**	**-**	**98.2**
Fee income		15.9	5.0	0.7	44.4	-	**66.0**	**-**	**66.0**
Performance Fee income		-	-	-	13.9	-	**13.9**	**-**	**13.9**
Management & administrative expenses	b(v)	(9.8)	(7.8)	(2.5)	(13.7)	(33.1)	**(66.9)**	**(0.1)**	**(67.0)**
Operations Net Income		**294.7**	**209.5**	**92.4**	**44.6**	**(33.1)**	**608.1**	**(0.1)**	**608.0**
Development fees		2.7	1.3	-	-	-	**4.0**	**-**	**4.0**
Development revenue	b(vi)	-	-	16.0	-	-	**16.0**	**-**	**16.0**
Development costs		-	-	(9.5)	-	-	**(9.5)**	**-**	**(9.5)**
Share of profit from associate	b(iv)	-	-	0.2	-	-	**0.2**	**-**	**0.2**
Development management expenses	b(v)	(1.9)	(0.3)	(4.5)	-	-	**(6.7)**	**-**	**(6.7)**
Development Net Income		**0.8**	**1.0**	**2.2**	**-**	**-**	**4.0**	**-**	**4.0**
Interest income		-	-	-	-	1.8	**1.8**	**12.8**	**14.6**
Finance costs		-	-	-	-	(117.7)	**(117.7)**	**-**	**(117.7)**
Net Finance Costs		**-**	**-**	**-**	**-**	**(115.9)**	**(115.9)**	**12.8**	**(103.1)**
Segment Result Before Tax		**295.5**	**210.5**	**94.6**	**44.6**	**(149.0)**	**496.2**	**12.7**	**508.9**
Income tax expense	b(vii)	-	-	-	-	(4.9)	**(4.9)**	**(0.6)**	**(5.5)**
Distributions on exchangeable securities		-	-	-	-	(1.7)	**(1.7)**	**-**	**(1.7)**
Funds from Operations (FFO)	b(i)	**295.5**	**210.5**	**94.6**	**44.6**	**(155.6)**	**489.6**	**12.1**	**501.7**

Reconciliation of segment assets and liabilities to the Consolidated Statement of Financial Position

	Retail	Office	Logistics	Funds Management	Corporate	Total Core	Non-Core	Total
Current assets								
Current assets	197.0	-	-	-	187.5	**384.5**	**90.2**	**474.7**
Total current assets	**197.0**	**-**	**-**	**-**	**187.5**	**384.5**	**90.2**	**474.7**
Non-current assets								
Investment properties	4,197.7	1,862.4	1,312.7	-	-	**7,372.8**	**-**	**7,372.8**
Equity accounted investments	653.9	1,838.3	36.0	-	10.0	**2,538.2**	**-**	**2,538.2**
Inventories	22.6	-	78.9	-	-	**101.5**	**-**	**101.5**
Other non-current assets	29.0	1.0	0.1	-	416.9	**447.0**	**72.3**	**519.3**
Total non-current assets	**4,903.2**	**3,701.7**	**1,427.7**	**-**	**426.9**	**10,459.5**	**72.3**	**10,531.8**
Total assets	**5,100.2**	**3,701.7**	**1,427.7**	**-**	**614.4**	**10,844.0**	**162.5**	**11,006.5**
Current and non-current liabilities	-	-	-	-	3,481.4	**3,481.4**	**-**	**3,481.4**
Total liabilities	**-**	**-**	**-**	**-**	**3,481.4**	**3,481.4**	**-**	**3,481.4**
Net assets	**5,100.2**	**3,701.7**	**1,427.7**	**-**	**(2,867.0)**	**7,362.6**	**162.5**	**7,525.1**

(b) Reconciliation of segment result to the Consolidated Statement of Comprehensive Income

	31 Dec 16 $M	31 Dec 15 $M
(i) FFO to Net profit for the year		
Segment result		
FFO	**537.0**	501.7
Adjustments		
Fair value gain on investment properties	**418.1**	322.8
Fair value gain and other adjustments to equity accounted investments	**223.0**	132.7
Amortisation of lease incentives and costs	**(43.1)**	(32.4)
Straightlining of leases	**13.6**	9.0
Valuation increase	**611.6**	432.1
Net loss on fair value movement of derivatives	**(26.6)**	(25.5)
Net impact of foreign currency borrowings and associated hedging gain / (loss)	**2.2**	(0.8)
Net foreign exchange loss	**(0.2)**	(1.0)
Gain / (loss) on financial liability at amortised costs	**1.6**	(41.1)
Loss on redemption of financial liability	**-**	(5.6)
Financial instruments mark to market and net foreign exchange loss	**(23.0)**	(74.0)
Dividend income	**30.4**	-
Net gain on disposal of assets	**15.9**	9.8
Reversal of prior year impairment	**0.6**	12.7
Other items	**(19.8)**	(15.9)
Total other items	**27.1**	6.6
Exclude distributions on exchangeable securities included in FFO	**-**	1.7
Consolidated Statement of Comprehensive Income		
Net profit for the year	**1,152.7**	868.1
(ii) Rent from investment properties		
Segment result		
Rent from investment properties	**678.4**	673.7
Less: share of rent from investment properties in equity accounted investments	**(64.8)**	(61.8)
Adjustments		
Amortisation of lease incentives and costs	**(43.1)**	(32.4)
Straightlining of leases	**13.6**	9.0
Consolidated Statement of Comprehensive Income		
Rent from investment properties	**584.1**	588.5
(iii) Property expenses and outgoings		
Segment result		
Property expenses and outgoings	**(170.8)**	(176.8)
Less: share of property expenses and outgoings in equity accounted investments	**13.5**	13.0
Consolidated Statement of Comprehensive Income		
Property expenses and outgoings	**(157.3)**	(163.8)
(iv) Share of after tax profit of equity accounted investments		
Segment result		
Income from Funds	**99.5**	98.2
Share of rent from investment properties in equity accounted investments	**64.8**	61.8
Share of property expenses and outgoings in equity accounted investments	**(13.5)**	(13.0)
Share of profit from associate	**0.1**	0.2
Development revenue	**1.5**	-
Adjustment		
Fair value gain and other adjustments to equity accounted investments	**223.0**	132.7
Consolidated Statement of Comprehensive Income		
Share of after tax profit of equity accounted investments	**375.4**	279.9
(v) Management and administration expenses		
Segment result		
Operations	**(67.7)**	(66.9)
Development	**(3.3)**	(6.7)
Less: depreciation expense	**1.9**	2.3
Consolidated Statement of Comprehensive Income		
Management and administration expenses	**(69.1)**	(71.3)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2016

	31 Dec 16	31 Dec 15
	$M	$M
(vi) Development revenue		
Segment result		
Development revenue	**23.9**	16.0
Share of after tax profit of equity accounted investments	**(1.5)**	-
Consolidated Statement of Comprehensive Income		
Development revenue	**22.4**	16.0
(vii) Income tax expense		
Segment result		
Income tax expense	**(14.0)**	(4.9)
Adjustment		
Tax impact of reconciling items from segment result to net profit for the year	**(8.4)**	2.5
Consolidated Statement of Comprehensive Income		
Income tax expense	**(22.4)**	(2.4)

(c) Net profit / (loss) on disposal of assets

	Retail	Logistics	Total Core	Non-core	31 Dec 16	31 Dec 15
	$M	$M	$M	$M	$M	$M
Details of disposals during the year:						
Cash consideration	234.5	100.2	334.7	1.3	**336.0**	111.9
Less: transaction costs	(0.8)	(3.4)	(4.2)	-	**(4.2)**	(1.6)
Net consideration	233.7	96.8	330.5	1.3	**331.8**	110.3
Carrying amount of net assets sold	(228.4)	(89.3)	(317.7)	1.0	**(316.7)**	(100.5)
Foreign exchange gain realised on disposal	-	-	-	0.8	**0.8**	-
Profit on sale before income tax	5.3	7.5	12.8	3.1	**15.9**	9.8
The carrying amounts of assets and liabilities as at the date of disposal were:						
Investment properties	220.2	50.3	270.5	-	**270.5**	100.5
Equity accounted investments	-	39.0	39.0	0.2	**39.2**	-
Other assets	8.2	-	8.2	0.1	**8.3**	-
Other liabilities	-	-	-	(1.3)	**(1.3)**	-
Net assets	228.4	89.3	317.7	(1.0)	**316.7**	100.5

Revenue
Rental revenue from investment properties is recognised on a straight line basis over the lease term. An asset is also recognised as a component of investment properties relating to fixed increases in operating lease rentals in future periods. When GPT provides lease incentives to tenants, any costs are recognised on a straight line basis over the lease term. Contingent rental income is recognised as revenue in the period in which it is earned.

Property, development and fund management fee revenue is recognised on an accruals basis, in accordance with the terms of the relevant contracts.

Development revenue is recognised as and when GPT is entitled to the benefits.

Revenue from dividends and distributions is recognised when they are declared.

Interest income is recognised on an accruals basis using the effective interest method.

Profit or loss on disposal of an asset is recognised as the difference between the carrying amount and the net proceeds from 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.

Expenses
Property expenses and outgoings which include rates, taxes and other property outgoings, are recognised on an accruals basis.

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 under development which generally takes a substantial period of time to bring to its intended use or sale. Finance costs incurred for the acquisition and construction of a qualifying asset are capitalised to the cost of the asset for the period of time that is required to complete the asset. Where funds are borrowed specifically for a development project, finance costs associated with the development facility are capitalised. Conversely, where funds are used from group borrowings, finance costs are capitalised using an appropriate capitalisation rate.

OPERATING ASSETS AND LIABILITIES

2. INVESTMENT PROPERTIES

	Note	31 Dec 16 $M	31 Dec 15 $M
Retail	(a)	**4,468.6**	4,141.8
Office	(b)	**2,068.1**	1,862.4
Logistics	(c)	**1,317.3**	1,271.1
Properties under development	(d)	**90.9**	97.5
Total investment properties	(e)	**7,944.9**	7,372.8

	Ownership interest [8] %	Acquisition date	Fair value 31 Dec 16 $M	Fair value 31 Dec 15 $M	Latest independent valuation date	Valuer
(a) Retail						
Casuarina Square, NT	50.0	Oct 1973	**313.0**	285.5	Dec 2016	CB Richard Ellis Pty Ltd
Charlestown Square, NSW	100.0	Dec 1977	**885.5**	853.5	Jun 2016	M3 Property
Pacific Highway, Charlestown, NSW	100.0	Oct 2002 / Jul 2003	**7.1**	5.7	Jun 2016	M3 Property
Highpoint Shopping Centre, VIC	16.7	Aug 2009	**373.4**	335.7	Dec 2016	Savills Australia
Homemaker City, Maribyrnong, VIC	16.7	Aug 2009	**9.8**	9.0	Dec 2016	Savills Australia
Westfield Penrith, NSW	50.0	Jun 1971	**636.2**	591.8	Jun 2016	Knight Frank Valuations
Sunshine Plaza, QLD	** 50.0	Dec 1992 / Sep 2004	**380.5**	379.1	Dec 2016	M3 Property
Plaza Parade, QLD	50.0	Jun 1999	**10.3**	10.2	Dec 2016	M3 Property
Rouse Hill Town Centre, NSW	100.0	Dec 2005	**578.8**	542.0	Dec 2016	M3 Property
Melbourne Central, VIC - retail portion [1]	100.0	May 1999 / May 2001	**1,274.0**	1,129.3	Dec 2016	CB Richard Ellis Pty Ltd
Total Retail			**4,468.6**	4,141.8		
(b) Office						
Australia Square, Sydney, NSW	50.0	Sep 1981	**402.6**	342.4	Jun 2016	Savills Australia
MLC Centre, Sydney, NSW	50.0	Apr 1987	**531.5**	459.8	Jun 2016	Knight Frank Valuations
One One One Eagle Street, Brisbane, QLD	33.3	Apr 1984	**284.2**	273.7	Dec 2016	Colliers International
Melbourne Central, VIC - office portion [1]	100.0	May 1999 / May 2001	**513.5**	469.0	Jun 2016	Jones Lang LaSalle
Corner of Bourke and William, VIC	50.0	Oct 2014	**336.3**	317.5	Dec 2016	Jones Lang LaSalle
Total Office			**2,068.1**	1,862.4		

(1) Melbourne Central: 71.3% Retail and 28.7% Office (31 Dec 2015: 70.7% Retail and 29.3% Office). Melbourne Central – Retail Includes 100% of Melbourne Central car park and 100% of 202 Little Lonsdale Street.

	Ownership interest [8] %	Acquisition date	Fair value 31 Dec 16 $M	Fair value 31 Dec 15 $M	Latest independent valuation date	Valuer
(c) Logistics						
2-4 Harvey Road, Kings Park, NSW[2]	100.0	May 1999	**-**	46.7	Jun 2014	Savills Australia
Citi-West Industrial Estate, Altona North, VIC	100.0	Aug 1994	**70.6**	66.6	Dec 2016	CB Richard Ellis Pty Ltd
Quad 1, Sydney Olympic Park, NSW	* 100.0	Jun 2001	**23.4**	24.9	Jun 2016	Savills Australia
Quad 4, Sydney Olympic Park, NSW	* 100.0	Jun 2004	**49.3**	41.4	Jun 2016	Savills Australia
6 Herb Elliott Avenue, Sydney Olympic Park, NSW	* 100.0	Jun 2010	**11.1**	13.2	Jun 2016	Knight Frank Valuations
8 Herb Elliott Avenue, Sydney Olympic Park, NSW	* 100.0	Aug 2004	**11.3**	10.6	Jun 2016	Knight Frank Valuations
3 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Apr 2013	**24.0**	21.0	Jun 2016	Knight Frank Valuations
5 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2005	**26.5**	23.8	Jun 2016	Knight Frank Valuations
7 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2004	**15.0**	13.8	Jun 2016	Knight Frank Valuations
Rosehill Business Park, Camellia, NSW	100.0	May 1998	**79.4**	79.0	Dec 2016	CB Richard Ellis Pty Ltd
16-34 Templar Road, Erskine Park, NSW	100.0	Jun 2008	**54.5**	51.5	Jun 2016	CB Richard Ellis Pty Ltd
67-75 Templar Road, Erskine Park, NSW	100.0	Jun 2008	**23.5**	22.5	Dec 2016	Savills Australia
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	**165.4**	155.0	Dec 2016	M3 Property
4 Holker Street, Newington, NSW	100.0	Mar 2006	**29.0**	30.5	Dec 2016	CB Richard Ellis Pty Ltd
372-374 Victoria Street, Wetherill Park, NSW	100.0	Jul 2006	**21.8**	19.0	Dec 2016	CB Richard Ellis Pty Ltd
Citiport Business Park, Port Melbourne, VIC	100.0	Mar 2012	**71.0**	68.4	Jun 2016	Savills Australia
83 Derby Street, Silverwater, NSW	100.0	Aug 2012	**31.8**	29.3	Dec 2016	Jones Lang LaSalle
10 Interchange Drive, Eastern Creek, NSW	100.0	Aug 2012	**32.0**	30.8	Dec 2016	Knight Frank Valuations
407 Pembroke Road, Minto, NSW	50.0	Oct 2008	**26.5**	25.0	Jun 2016	M3 Property
Corner Pine Road and Loftus Road, Yennora, NSW	100.0	Nov 2013	**52.2**	50.5	Jun 2016	CB Richard Ellis Pty Ltd
16-28 Quarry Road, Yatala, QLD	100.0	Nov 2013	**43.2**	47.4	Dec 2016	CB Richard Ellis Pty Ltd
Toll NQX, Karawatha, QLD	100.0	Dec 2012	**102.5**	98.6	Jun 2016	CB Richard Ellis Pty Ltd
TNT, 29-55 Lockwood Road, Erskine Park, NSW	100.0	Jun 2008	**85.5**	81.5	Jun 2016	CB Richard Ellis Pty Ltd
RAND, 36-52 Templar Road, Erskine Park, NSW	100.0	Jun 2008	**97.0**	84.3	Jun 2016	CB Richard Ellis Pty Ltd
RRM, 54-70 Templar Road, Erskine Park, NSW	100.0	Jun 2008	**138.0**	135.8	Jun 2016	Jones Lang LaSalle
1 Huntingwood Drive, Huntingwood, NSW[3]	100.0	Oct 2016	**32.8**	-		
Total Logistics			**1,317.3**	1,271.1		
(d) Properties under development						
Erskine Park, NSW	100.0	Jun 2008	**5.5**	3.4	Jun 2015	CB Richard Ellis Pty Ltd
407 Pembroke Rd, Minto, NSW	50.0	Oct 2008	**5.5**	4.7	Jun 2016	M3 Property
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	**19.4**	21.4	Dec 2016	M3 Property
18 - 24 Abbott Road, Seven Hills, NSW	100.0	Oct 2006	**14.7**	9.0	Jun 2016	CB Richard Ellis Pty Ltd
4 Murray Rose Drive, Sydney Olympic Park, NSW	* 100.0	May 2002	**3.4**	3.1	Dec 2014	CB Richard Ellis Pty Ltd
Rouse Hill Land, NSW [4]	100.0	Apr 2015	**-**	55.9	Dec 2016	Knight Frank Valuations
Lot 2012 Eastern Creek Drive, Eastern Creek, NSW[5]	100.0	Apr 2016	**18.9**	-	-	-
Lot 21 Old Wallgrove Road. Eastern Creek, NSW [6]	100.0	Jun 2016	**17.1**	-	-	-
Loscam, Metroplex[7]	100.0	Dec 2016	**6.4**	-	-	-
Total Properties under development			**90.9**	**97.5**		

(2) On 4 July 2016 GPT sold its 100% interest in 2-4 Harvey Road, Kings Park, for a consideration of $50.3 million.
(3) On 28 October 2016, GPT acquired a 100% interest in 1 Huntingwood Drive, Huntingwood for a total consideration of $33.5 million.
(4) On 15 April 2016 GPT sold its 100% interest in Lots 14 and 15 which formed part of the Rouse Hill Land, for a consideration of $23.0 million. The remaining balance has been transferred to Rouse Hill Town Centre and inventory.
(5) On 26 April 2016 GPT acquired a 100% interest in Lot 2012 Eastern Creek Drive, Eastern Creek for a total consideration of $15.3 million.
(6) On 24 June 2016 GPT acquired a 100% interest in Lot 21 Old Wallgrove Road, Eastern Creek for a total consideration of $16.1 million.
(7) On 20 December 2016, GPT acquired a 100% in Loscam, Metroplex for a total consideration of $6.4 million.
(8) Freehold, unless otherwise marked with a * which denotes leasehold and ** denotes a combination of freehold and leasehold respectively.

(e) Reconciliation

	Retail $M	Office $M	Logistics $M	Properties under development $M	31 Dec 16 $M	31 Dec 15 $M
Carrying amount at the beginning of the year	4,141.8	1,862.4	1,271.1	97.5	**7,372.8**	7,093.5
Additions - operating capital expenditure	21.7	8.8	7.9	-	**38.4**	37.5
Additions - development capital expenditure	86.6	18.5	(1.6)	25.3	**128.8**	144.2
Additions - interest capitalised [(1)]	1.2	-	0.2	3.1	**4.5**	3.8
Asset acquisitions	-	-	33.5	37.8	**71.3**	47.7
Transfers to assets held for sale	-	-	-	-	**-**	(197.0)
Transfers to / (from) properties under development	19.6	-	2.0	(21.6)	**-**	-
Transfer to inventory	-	-	-	(30.1)	**(30.1)**	(4.1)
Lease incentives	15.2	16.5	15.6	-	**47.3**	44.2
Amortisation of lease incentives and costs	(10.2)	(26.5)	(5.5)	(0.3)	**(42.5)**	(32.4)
Disposals	(9.1)	-	(50.3)	(23.0)	**(82.4)**	(100.3)
Fair value adjustments	200.9	181.8	32.5	2.3	**417.5**	322.8
Leasing costs	1.3	2.8	1.6	-	**5.7**	3.9
Straightlining of rental income	(0.4)	3.8	10.3	(0.1)	**13.6**	9.0
Carrying amount at the end of the year	4,468.6	2,068.1	1,317.3	90.9	**7,944.9**	7,372.8

(1) A capitalisation interest rate of 5.3% has been applied when capitalising interest on qualifying assets.

Land and buildings which are held to earn rental income or for capital appreciation or for both, and which are not wholly occupied by GPT, are classified as investment properties.

Investment properties are initially recognised at cost and subsequently stated at fair value at each balance date. Fair value is based on the latest independent valuation adjusting for capital expenditure and capitalisation and amortisation of lease incentives since the date of the independent valuation report. Any change in fair value is recognised in the Consolidated Statement of Comprehensive Income in the period.

Properties under development are 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 properties undergoing development are included in the cost of the development.

Lease incentives provided by GPT to lessees are included in the measurement of fair value of investment property and are amortised over the lease term using a straight-line basis.

Critical judgements are made by GPT in respect of the fair values of investment properties. Fair values are reviewed regularly by management with reference to independent property valuations, recent offers and market conditions, using generally accepted market practices. The valuation process, critical assumptions underlying the valuations and information on sensitivity are disclosed in note 22.

(f) Operating lease receivables

Non-cancellable operating lease receivables not recognised in the financial statements at balance date are as follows:

	Consolidated entity 31 Dec 16 $M	Consolidated entity 31 Dec 15 $M
Due within one year	**460.4**	474.6
Due between one and five years	**1,234.5**	1,328.9
Due after five years	**942.2**	1,098.9
Total operating lease receivables	**2,637.1**	2,902.4

3. EQUITY ACCOUNTED INVESTMENTS

	Note	31 Dec 16 $M	31 Dec 15 $M
Investments in joint ventures	(i)	**1,004.4**	888.7
Investments in associates	(ii)	**2,115.8**	1,649.5
Total equity accounted investments		**3,120.2**	2,538.2

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2016

(a) Details of equity accounted investments

Name	Principal Activity	Ownership Interest 31 Dec 16 %	31 Dec 15 %	31 Dec 16 $M	31 Dec 15 $M
(i) Joint ventures					
2 Park Street Trust [(1)]	Investment property	50.00	50.00	**547.9**	492.5
1 Farrer Place Trust [(1)]	Investment property	50.00	50.00	**424.1**	365.4
Horton Trust	Investment property	50.00	50.00	**26.6**	26.5
Lendlease GPT (Rouse Hill) Pty Limited [(1) (2)]	Property development	50.00	50.00	**5.7**	4.2
DPT Operator Pty Limited [(1)]	Management	50.00	50.00	**0.1**	0.1
Total investment in joint venture entities				**1,004.4**	888.7
(ii) Associates					
GPT Wholesale Office Fund [(1) (3)]	Investment property	24.53	20.43	**1,283.1**	980.3
GPT Wholesale Shopping Centre Fund [(1) (4)]	Investment property	25.29	20.22	**822.7**	623.2
GPT Metro Office Fund [(1) (5)]	Investment property	-	12.98	**-**	36.0
GPT Funds Management Limited	Funds management	100.00	100.00	**10.0**	10.0
Total investments in associates				**2,115.8**	1,649.5

(1) The entity has a 30 June balance date.
(1) GPT has a 50% interest in Lendlease GPT (Rouse Hill) Pty Limited, a joint venture developing residential and commercial land at Rouse Hill, in partnership with Urban Growth and the NSW Department of Planning.
(2) On 9 September 2016, GPT acquired an additional 158.1 million units in GWOF.
(3) On 14 September 2016, GPT acquired an additional 164.2 million units in GWSCF.
(4) On 1 July 2016, GPT sold its 12.98% investment in GPT Metro Office Fund.

(b) Summarised financial information for associates and joint ventures
The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not GPT's share of those amounts. They have been amended to reflect adjustments made by GPT when using the equity method, including fair value adjustments and modifications for differences in accounting policies.

(i) Joint ventures

	2 Park Street Trust 31 Dec 16 $M	31 Dec 15 $M	1 Farrer Place Trust 31 Dec 16 $M	31 Dec 15 $M	Others 31 Dec 16 $M	31 Dec 15 $M	Total 31 Dec 16 $M	31 Dec 15 $M
Current assets								
Cash and cash equivalents	**5.5**	9.7	**12.3**	8.5	**17.1**	68.5	**34.9**	86.7
Other current assets	**1.2**	-	**4.9**	1.5	**1.4**	0.9	**7.5**	2.4
Total current assets	**6.7**	9.7	**17.2**	10.0	**18.5**	69.4	**42.4**	89.1
Total non-current assets	**1,109.0**	980.0	**870.2**	755.3	**67.6**	55.7	**2,046.8**	1,791.0
Current liabilities								
Financial liabilities (excluding trade payables, other payables and provisions)	**19.9**	4.6	**33.3**	30.3	**13.2**	4.4	**66.4**	39.3
Other current liabilities	**-**	0.2	**5.9**	4.2	**-**	2.0	**5.9**	6.4
Total current liabilities	**19.9**	4.8	**39.2**	34.5	**13.2**	6.4	**72.3**	45.7
Non-current liabilities								
Financial liabilities (excluding trade payables, other payables and provisions)	**-**	-	**-**	-	**8.1**	57.1	**8.1**	57.1
Total non-current liabilities	**-**	-	**-**	-	**8.1**	57.1	**8.1**	57.1
Net assets	**1,095.8**	984.9	**848.2**	730.8	**64.8**	61.6	**2,008.8**	1,777.3
Reconciliation to carrying amounts:								
Opening net assets 1 January	**984.9**	863.5	**730.8**	674.1	**61.6**	44.6	**1,777.3**	1,582.2
Profit for the year	**151.7**	140.5	**124.3**	67.7	**5.6**	19.7	**281.6**	227.9
Issue of equity	**8.9**	29.2	**27.4**	25.5	**-**	-	**36.3**	54.7
Distributions paid / payable	**(49.7)**	(48.3)	**(34.3)**	(36.5)	**(2.4)**	(2.7)	**(86.4)**	(87.5)
Closing net assets	**1,095.8**	984.9	**848.2**	730.8	**64.8**	61.6	**2,008.8**	1,777.3
GPT's share	**547.9**	492.5	**424.1**	365.4	**32.4**	30.8	**1,004.4**	888.7
Summarised statement of comprehensive income								
Revenue	**60.4**	60.8	**76.8**	45.8	**23.2**	87.4	**160.4**	194.0
Profit for the year	**151.7**	140.5	**124.3**	67.7	**5.6**	19.7	**281.6**	227.9
Total comprehensive income	**151.7**	140.5	**124.3**	67.7	**5.6**	19.7	**281.6**	227.9

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2016

(ii) Associates

	GPT Wholesale Office Fund		GPT Wholesale Shopping Centre Fund		Others		Total	
	31 Dec 16	31 Dec 15	**31 Dec 16**	31 Dec 15	**31 Dec 16**	31 Dec 15	**31 Dec 16**	31 Dec 15
	$M	$M	**$M**	$M	**$M**	$M	**$M**	$M
Total current assets	**137.3**	332.3	**44.5**	39.4	**10.0**	21.1	**191.8**	392.8
Total non-current assets	**6,461.4**	5,512.7	**3,714.3**	3,727.0	**-**	406.4	**10,175.7**	9,646.1
Total current liabilities	**163.8**	147.6	**326.9**	119.5	**-**	15.6	**490.7**	282.7
Total non-current liabilities	**1,204.2**	899.6	**178.9**	564.4	**-**	124.9	**1,383.1**	1,588.9
Net assets	**5,230.7**	4,797.8	**3,253.0**	3,082.5	**10.0**	287.0	**8,493.7**	8,167.3
Reconciliation to carrying amounts:								
Opening net assets 1 January	**4,797.8**	4,372.4	**3,082.5**	3,097.4	**287.0**	254.1	**8,167.3**	7,723.9
Profit for the year	**685.7**	644.1	**348.6**	136.5	**33.0**	54.7	**1,067.3**	835.3
Issue / (sale) of equity	**-**	57.1	**-**	29.8	**(287.0)**	1.2	**(287.0)**	88.1
Distributions paid / payable	**(252.8)**	(275.8)	**(178.1)**	(181.2)	**(23.0)**	(23.0)	**(453.9)**	(480.0)
Closing net assets	**5,230.7**	4,797.8	**3,253.0**	3,082.5	**10.0**	287.0	**8,493.7**	8,167.3
GPT's share	**1,283.1**	980.3	**822.7**	623.2	**10.0**	46.0	**2,115.8**	1,649.5
Summarised statement of comprehensive income								
Revenue	**507.9**	525.1	**304.3**	321.0	**18.1**	33.7	**830.3**	879.8
Profit for the year	**685.7**	644.1	**348.6**	136.5	**33.0**	54.7	**1,067.3**	835.3
Total comprehensive income	**685.7**	644.1	**348.6**	136.5	**33.0**	54.7	**1,067.3**	835.3
Distributions received from their associates	**44.8**	44.8	**-**	-	**-**	-	**44.8**	44.8

4. LOANS AND RECEIVABLES

	31 Dec 16	31 Dec 15
	$M	$M
Current assets		
Trade receivables	**8.5**	9.8
Less: impairment of trade receivables	**(1.0)**	(0.6)
	7.5	9.2
Distributions receivable from joint ventures	**22.5**	9.0
Distributions receivable from associates	**29.4**	23.5
Dividends receivable from investments	**30.4**	-
Related party receivables [(1)]	**17.8**	32.5
Loan receivables [(2)]	**-**	90.0
Levies asset	**13.9**	13.6
Other receivables	**27.7**	23.1
Total current loans and receivables	**149.2**	200.9
Non-current assets		
Loan receivables [(2)]	**2.0**	63.7
Loan advanced to Lendlease GPT (Rouse Hill) Pty Limited	**-**	18.5
Total non-current loans and receivables	**2.0**	82.2

(1) The related party receivables are on commercial terms and conditions.
(2) 2015 includes $153.7 million deferred consideration from the Indigenous Land Corporation (ILC) relating to the sale of Ayers Rock Resort. This was received in full during 2016.

The table below shows the ageing analysis of GPT's loans and receivables.

	31 Dec 16						31 Dec 15					
	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	**-**	**146.3**	**0.5**	**0.1**	**3.3**	**150.2**	-	106.7	1.2	0.2	3.4	111.5
Impairment of current receivables	**-**	**-**	**-**	**-**	**(1.0)**	**(1.0)**	-	-	-	-	(0.6)	(0.6)
Current loans and receivables	**-**	**-**	**-**	**-**	**-**	**-**	90.0	-	-	-	-	90.0
Non current loans and receivables	**2.0**	**-**	**-**	**-**	**-**	**2.0**	82.2	-	-	-	-	82.2
Total loans and receivables	**2.0**	**146.3**	**0.5**	**0.1**	**2.3**	**151.2**	172.2	106.7	1.2	0.2	2.8	283.1

Loans and receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method less any allowance for impairment. All loans and receivables with maturities greater than 12 months after balance date are classified as non-current assets.

Recoverability of trade receivables
Recoverability of trade receivables is assessed on an ongoing basis. Impairment is recognised in the Consolidated Statement of Comprehensive Income when there is objective evidence that GPT will not be able to collect the debts. Financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation and default or delinquency in payments are considered objective evidence of impairment. See note 14(e) for more information on management of credit risk relating to trade receivables.

The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. Debts that are known to be uncollectable are written off when identified.

5. INTANGIBLE ASSETS

	Management rights	IT development and software	Total
	$M	$M	$M
Costs			
Balance as at 31 December 2014	78.2	57.5	135.7
Additions	0.1	4.4	4.5
Balance as at 31 December 2015	78.3	61.9	140.2
Additions	**-**	**5.2**	**5.2**
Balance as at 31 December 2016	**78.3**	**67.1**	**145.4**
Accumulated amortisation and impairment			
Balance as at 31 December 2014	(67.0)	(25.0)	(92.0)
Amortisation	(0.3)	(6.5)	(6.8)
Impairment	-	(5.9)	(5.9)
Balance as at 31 December 2015	(67.3)	(37.4)	(104.7)
Amortisation	**(0.3)**	**(5.1)**	**(5.4)**
Balance as at 31 December 2016	**(67.6)**	**(42.5)**	**(110.1)**
Carrying amounts			
Balance as at 31 December 2015	11.0	24.5	35.5
Balance as at 31 December 2016	**10.7**	**24.6**	**35.3**

Management rights
Management rights include property management and development management rights. Rights are initially measured at cost and subsequently amortised over their useful life, which ranges from 5 to 10 years.

For the management rights of Highpoint Shopping Centre, management considers the useful life as indefinite as there is no fixed term included in the management agreement. Therefore, GPT tests for impairment at balance date. Assets are impaired if the carrying value exceeds their recoverable amount. The recoverable amount is determined using a multiples approach. A range of multiples from 10-15x have been used in the calculation.

IT development and software
Costs incurred in developing systems and acquiring software and licenses that will contribute future financial benefits are capitalised. These include external direct costs of materials and services and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over the length of time over which the benefits are expected to be received, generally ranging from 3 to 10 years.
IT development and software are assessed for impairment at each reporting date by evaluating if any impairment triggers exist. Where impairment triggers exist, management calculate the recoverable amount. The asset will be impaired if the carrying value exceeds the recoverable amount. Critical judgements are made by GPT in setting appropriate impairment triggers and assumptions used to determine the recoverable amount.

6. INVENTORIES

	31 Dec 16 $M	31 Dec 15 $M
Development properties held for resale	**4.5**	-
Current inventories	**4.5**	-
Development properties held for resale	**131.4**	101.5
Non-current inventories	**131.4**	101.5
Total inventories	**135.9**	101.5

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

Cost
Cost includes the cost of acquisition, development, finance costs and all other costs directly related to specific projects including an allocation of direct overhead expenses. Post completion of the development, finance costs and other holding charges are expensed as incurred.

Net realisable value (NRV)
The NRV is the estimated selling price in the ordinary course of business less estimated costs to sell. At each reporting date, management reviews these estimates by taking into consideration:
- the most reliable evidence; and
- any events which confirm conditions existing at the year end and cause any fluctuations of selling price and costs to sell.

The amount of any write-down is recognised as an impairment expense in the Consolidated Statement of Comprehensive Income. An impairment expense of $6.0 million has been recognised for the year ended 31 December 2016 (2015: nil).

7. PAYABLES

	31 Dec 16 $M	31 Dec 15 $M
Trade payables and accruals	**133.1**	152.8
GST payables	**1.1**	0.4
Distribution payable to stapled securityholders	**214.0**	206.4
Interest payable	**18.1**	18.4
Related party payables	**-**	7.6
Other payables	**12.0**	5.2
Total payables	**378.3**	390.8

Trade payables and accruals represent liabilities for goods and services provided to GPT prior to the end of the financial year which are unpaid. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

8. PROVISIONS

	31 Dec 16 $M	31 Dec 15 $M
Current provisions		
Employee benefits	**9.0**	7.0
Provision for levies	**13.9**	13.6
Other	**7.6**	4.2
Total current provisions	**30.5**	24.8
Non-current provisions		
Employee benefits	**1.8**	1.9
Total non-current provisions	**1.8**	1.9

Provisions are recognised when:
- GPT has a present obligation (legal or constructive) as a result of a past event,
- it is probable that resources will be expended to settle the obligation and
- a reliable estimate can be made of the amount of the obligation.

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

Provision for employee benefits
The provision for employee benefits represents annual leave and long service leave entitlements accrued for employees. The employee benefit liability expected to be settled within twelve months after the end of the reporting period is recognised in current liabilities.

Employee benefits expenses in the Consolidated Statement of Comprehensive Income

	31 Dec 16	31 Dec 15
	$M	$M
Employee benefits expenses	**115.1**	122.5

9. TAXATION

	31 Dec 16	31 Dec 15
	$M	$M
(a) Income tax expense		
Deferred income tax expense	**22.4**	2.4
Income tax expense in the Statement of Comprehensive Income	**22.4**	2.4
Income tax expense attributable to:		
Profit from continuing operations	**22.4**	2.4
Profit from discontinued operations	**-**	-
Aggregate income tax expense	**22.4**	2.4
Reconciliation of Income tax expense / (credit) to prima facie tax payable:		
Net profit before income tax expense	**1,175.1**	870.5
Less: profit attributed to entities not subject to tax	**(1,132.6)**	(838.4)
Net profit before income tax expense	**42.5**	32.1
Prima facie income tax at 30% tax rate (2015: 30%)	**12.8**	9.6
Non-deductible / (Non-assessable) items	**24.3**	(7.0)
Deferred tax asset not recognised	**-**	3.8
Prior years adjustments	**0.5**	-
Previously unrecognised tax losses used to reduce deferred tax expense and reserves	**(15.2)**	(4.0)
Income tax expense	**22.4**	2.4
(b) Deferred tax assets		
Employee benefits	**14.7**	14.0
Provisions and accruals	**3.2**	2.9
Tax losses recognised	**2.0**	15.8
Other	**(12.4)**	(2.5)
Net deferred tax asset	**7.5**	30.2
Movement in temporary differences during the year		
Opening balance at beginning of the year	**30.2**	32.4
Charged to the income statement	**6.6**	1.5
Charged to the reserves	**(0.3)**	0.3
Tax losses utilised	**(29.0)**	(4.0)
Closing balance at end of the year	**7.5**	30.2

Trusts
Under current tax legislation, Trusts are not liable for income tax, provided their security holders are presently entitled to the taxable income of the Trust including realised capital gains each financial year.

Company and other taxable entities
Income tax expense / credit for the financial year is the tax payable / receivable on the current year's taxable income. This is adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax liabilities and assets - recognition
Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax assets and unused tax losses, to the extent it is probable that taxable profit will be available to utilise them. The carrying amount of deferred income tax assets is reviewed and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilise them.

Deferred income tax liabilities and assets – measurement
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.
Deferred income tax is provided on temporary differences at the reporting date between accounting carrying amounts and the tax bases of assets and liabilities, other than for the following:

- Where taxable temporary differences relate to investments in subsidiaries, associates and interests in joint ventures:
  - Deferred tax liabilities are not recognised if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
  - Deferred tax assets are not recognised if it is not probable that the temporary differences will reverse in the foreseeable future and taxable profit will not be available to utilise the temporary differences. Unused tax losses for which no deferred tax asset has been recognised are nil (2015: deferred tax asset of $13.5 million equivalent to tax losses of $45.0 million, at a tax rate of 30%).

Tax relating to equity items
Income taxes relating to items recognised directly in equity are recognised in equity and not in the Consolidated Statement of Comprehensive Income.

CAPITAL STRUCTURE

Capital is defined as the combination of securityholders' equity, reserves and net debt (borrowings less cash). The Board is responsible for monitoring and approving the capital management framework within which management operates. The purpose of the framework is to safeguard GPT's ability to continue as a going concern while optimising its debt and equity structure. GPT aims to maintain a capital structure which includes net gearing levels within a range of 25% to 35% (based on net debt, less fair value adjustment on foreign bonds to total tangible assets, less cash and cross currency derivative assets) that is consistent with a stable investment grade credit rating in the "A category".

At 31 December 2016, GPT is credit rated A (stable) / A3 stable 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.

GPT is able to vary the capital mix by:

- issuing stapled securities;
- buying back stapled securities;
- activating the distribution reinvestment plan;
- adjusting the amount of distributions paid to stapled security holders;
- selling assets to reduce borrowings; or
- increasing borrowings.

10. EQUITY AND RESERVES

(a) Contributed equity

	Number	Trust $M	Other entities Stapled to GPT $M	Total $M
(i) Ordinary stapled securities				
Opening securities on issue as at 1 January 2015	1,685,460,955	7,344.5	319.3	7,663.8
Securities issued - institutional placement (1)	76,832,152	321.0	4.0	325.0
Transaction costs	-	(5.5)	(0.1)	(5.6)
Securities issued - Long Term Incentive Plan	2,169,649	6.2	0.1	6.3
Securities issued - Security Purchase Plan (1)	11,820,458	49.3	0.7	50.0
Securities issued - Deferred Short Term Incentive Plan	1,236,353	5.0	0.1	5.1
Securities issued - Broad Based Employee Security Ownership Plan	59,514	0.3	-	0.3
Distribution reinvestment plan for 6 month period ended 30 June 2015 (2)	17,237,448	73.1	1.2	74.3
Closing securities on issue as at 31 December 2015	1,794,816,529	7,793.9	325.3	8,119.2
Opening securities on issue as at 1 January 2016	**1,794,816,529**	**7,793.9**	**325.3**	**8,119.2**
Securities issued - Long Term Incentive Plan	**2,102,805**	**5.6**	**0.1**	**5.7**
Securities issued - Deferred Short Term Incentive Plan	**978,834**	**4.5**	**0.1**	**4.6**
Securities issued - Broad Based Employee Security Ownership Plan	**57,400**	**0.3**	**-**	**0.3**
Closing securities on issue as at 31 December 2016	**1,797,955,568**	**7,804.3**	**325.5**	**8,129.8**
(ii) Exchangeable securities				
Opening securities on issue as at 1 January 2015	2,500	240.6	-	240.6
Redemption	(2,500)	(325.0)	-	(325.0)
Transaction costs	-	(0.1)	-	(0.1)
Closing securities on issue as at 31 December 2015(3)	-	(84.5)	-	(84.5)
Opening securities on issue as at 1 January 2016	**-**	**(84.5)**	**-**	**(84.5)**
Transfer to retained earnings	**-**	**84.5**	**-**	**84.5**
Closing securities on issue as at 31 December 2016(3)	**-**	**-**	**-**	**-**
Total Contributed Equity - 31 December 2015	-	7,709.4	325.3	8,034.7
Total Contributed Equity - 31 December 2016	**-**	**7,804.3**	**325.5**	**8,129.8**

(1) Securities issued – institutional placement and stapled security purchase plan
Equity raising comprised a $325.0 million institutional placement and a $50.0 million security purchase plan. The funding was used to fund the redemption of exchangeable securities. Refer to note (3) below.

(2) Distribution reinvestment plan
The distribution reinvestment plan was activated for the six months to 30 June 2015 distribution at a 1.0% discount to the volume weighted average GPT trading price for a period of 15 business days commencing from the business day following the record date (30 June 2015).

(3) 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 were 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 offered discretionary distributions of 10% per annum and carried voting rights in GPT. On 28 January 2015, GPT redeemed the ES with GIC for $325.0 million, plus the accrued distribution. During 2016, the redemption deficit of $84.5 million was transferred to retained earnings.

Ordinary stapled securities 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.

(b) Reserves

	Foreign currency translation reserve		Cash flow hedge reserve		Employee incentive scheme reserve		Available for sale reserve		Total reserve	
	Trust $M	Other entities stapled to GPT $M	Trust $M	Other entities stapled to GPT $M	Trust $M	Other entities stapled to GPT $M	Trust $M	Other entities stapled to GPT $M	Trust $M	Other entities stapled to GPT $M
Balance at 1 January 2015	(25.0)	34.0	(11.5)	-	2.3	23.5	-	-	(34.2)	57.5
Revaluation of available for sale financial asset	-	-	-	-	-	-	-	8.6	-	8.6
Net foreign exchange translation adjustments	0.4	0.1	-	-	-	-	-	-	0.4	0.1
Changes in the fair value of cash flow hedges	-	-	(7.8)	-	-	-	-	-	(7.8)	-
Security-based payment transactions	-	-	-	-	(2.3)	(7.1)	-	-	(2.3)	(7.1)
Balance at 31 December 2015	(24.6)	34.1	(19.3)	-	-	16.4	-	8.6	(43.9)	59.1
Balance at 1 January 2016	**(24.6)**	**34.1**	**(19.3)**	**-**	**-**	**16.4**	**-**	**8.6**	**(43.9)**	**59.1**
Revaluation of available for sale financial asset, net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1.5)**	**-**	**(1.5)**
Net foreign exchange translation adjustments	**(1.8)**	**1.0**	**-**	**-**	**-**	**-**	**-**	**-**	**(1.8)**	**1.0**
Changes in the fair value of cash flow hedges	**-**	**-**	**14.5**	**-**	**-**	**-**	**-**	**-**	**14.5**	**-**
Security-based payment transactions	**-**	**-**	**-**	**-**	**-**	**0.9**	**-**	**-**	**-**	**0.9**
Balance at 31 December 2016	**(26.4)**	**35.1**	**(4.8)**	**-**	**-**	**17.3**	**-**	**7.1**	**(31.2)**	**59.5**

Nature and purpose of reserves

Foreign currency translation reserve
The reserve is used to record exchange differences arising on translation of foreign controlled entities and associated funding of foreign controlled entities. The movement in the reserve is recognised in the net profit when the investment in the foreign controlled entity is disposed.

Cash flow hedge reserve
The reserve records the portion of the unrealised gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge relationship.

Employee incentive scheme reserve
The reserve is used to recognise the fair value of equity-settled security based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 18 for further details of the security based payments.

Available for sale reserve
The reserve is used to recognise the changes in the fair value of the available for sale financial assets.

(c) Retained earnings / accumulated losses

	Note	Trust $M	Other entities stapled to GPT $M	Total $M
Consolidated entity				
Balance at 1 January 2015		29.7	(1,025.7)	(996.0)
Net profit for the financial year		847.8	20.3	868.1
Less: Distributions paid/payable to ordinary stapled securityholders	12(a)	(401.9)	-	(401.9)
Less: Distributions paid/payable to exchangeable securities securityholders	12(b)	(1.7)	-	(1.7)
Reclassification of employee incentive security scheme reserve to retained earnings / accumulated losses		3.9	2.8	6.7
Balance at 31 December 2015		477.8	(1,002.6)	(524.8)
Balance at 1 January 2016		**477.8**	**(1,002.6)**	**(524.8)**
Net profit for the financial year		**1,048.8**	**103.9**	**1,152.7**
Less: Distributions paid/payable to ordinary stapled securityholders	12(a)	**(420.7)**	**-**	**(420.7)**
Reclassification of redemption deficit of exchangeable securities to retained earnings		**(84.5)**	**-**	**(84.5)**
Reclassification of employee incentive security scheme reserve to retained earnings / accumulated losses		**1.4**	**-**	**1.4**
Balance at 31 December 2016		**1,022.8**	**(898.7)**	**124.1**

11. EARNINGS PER STAPLED SECURITY

	31 Dec 16 Cents Basic	31 Dec 16 Cents Diluted	31 Dec 15 Cents Basic	31 Dec 15 Cents Diluted
(a) Attributable to ordinary securityholders of the Trust				
Basic and diluted earnings per security - profit from continuing operations	**57.9**	**57.8**	47.1	47.0
Basic and diluted earnings per security - profit from discontinued operations	**0.5**	**0.5**	0.6	0.6
Total basic and diluted earnings per security attributable to ordinary securityholders of the Trust	**58.4**	**58.3**	47.7	47.6
(b) Attributable to ordinary stapled securityholders of GPT Group				
Basic and diluted earnings per security - profit from continuing operations	**63.7**	**63.6**	48.2	48.1
Basic and diluted earnings per security - profit from discontinued operations	**0.5**	**0.5**	0.6	0.6
Total basic and diluted earnings per security attributable to ordinary stapled securityholders of The GPT Group	**64.2**	**64.1**	48.8	48.7

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

(c) Reconciliation of earnings used in calculating earnings per ordinary stapled security	**$M**	**$M**	$M	$M
Net profit from continuing operations attributable to the securityholders of the Trust	**1,040.4**	**1,040.4**	836.4	836.4
Net profit from discontinued operations attributable to the securityholders of the Trust	**8.4**	**8.4**	11.4	11.4
	1,048.8	**1,048.8**	847.8	847.8
Less: distribution to the holders of Exchangeable Securities	**-**	**-**	(1.7)	(1.7)
Basic and diluted earnings of the Trust	**1,048.8**	**1,048.8**	846.1	846.1
Add: Net profit from continuing operations attributable to the securityholders of other stapled entities	**103.8**	**103.8**	20.4	20.4
Add: Net profit from discontinued operations attributable to the securityholders of other stapled entities	**0.1**	**0.1**	(0.1)	(0.1)
Basic and diluted earnings of the Company	**103.9**	**103.9**	20.3	20.3
Basic and diluted earnings of The GPT Group	**1,152.7**	**1,152.7**	866.4	866.4

(d) WANOS	**Millions**	**Millions**	Millions	Millions
WANOS used as the denominator in calculating basic earnings per ordinary stapled security	**1,797.4**	**1,797.4**	1,773.9	1,773.9
Performance security rights at weighted average basis (1)	**2.7**	**2.7**	3.8	3.8
WANOS used as the denominator in calculating diluted earnings per ordinary stapled security	**1,800.1**	**1,800.1**	1,777.7	1,777.7

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

Calculation of earnings per stapled security

Basic earnings per stapled security is calculated as net profit attributable to ordinary stapled securityholders of GPT, divided by the weighted average number of ordinary stapled securities outstanding during the financial year which is adjusted for bonus elements in ordinary stapled securities issued during the financial year. Diluted earnings per stapled security is calculated as net profit attributable to ordinary stapled securityholders of GPT divided by the weighted average number of ordinary stapled securities and dilutive potential ordinary stapled securities. 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 ordinary security is used.

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12. DISTRIBUTIONS PAID AND PAYABLE

Distributions are paid to GPT stapled securityholders and exchangeable securities securityholders half yearly.

(a) Stapled Securityholders

	Cents per stapled security	Total amount $M
Distributions paid / payable		
2016		
6 months period ended 30 June 2016	**11.5**	**206.7**
6 months period ended 31 December 2016 (1)	**11.9**	**214.0**
Total distributions paid / payable for the year	**23.4**	**420.7**
2015		
6 months period ended 30 June 2015	11.0	195.5
6 months period ended 31 December 2015	11.5	206.4
Total distributions paid / payable for the year	22.5	401.9

(b) Exchangeable Securities Securityholders (2)

		31 Dec 16	31 Dec 15
(i) Distributions paid		**$M**	$M
Period from 28 November 2014 to 28 January 2015	10% per exchangeable security	**-**	1.7

(1) December 2016 half yearly distribution of 11.9 cents per stapled security has been declared on 21 December 2016 and is expected to be paid on 28 February 2017 based on the record date of 30 December 2016.
(2) The exchangeable securities were redeemed on 28 January 2015 for $325.0 million, plus accrued distribution.

13. BORROWINGS

	31 Dec 16 $M	31 Dec 15 $M
Current borrowings - unsecured	**30.0**	-
Current borrowings - secured	**18.8**	6.7
Current borrowings	**48.8**	6.7
Non-current borrowings - unsecured	**2,860.5**	2,840.4
Non-current borrowings - secured	**87.3**	100.9
Non-current borrowings	**2,947.8**	2,941.3
Total borrowings(1) - carrying amount	**2,996.6**	2,948.0
Total borrowings(2) - fair value	**3,014.4**	2,958.3

(1) Including unamortised establishment costs, and fair value and other adjustments
(2) For the majority of the borrowings, the carrying amount is a reasonable approximation of fair value. Where material difference arises, the fair value is calculated using market observable inputs (level 2) and unobservable inputs (level 3). This excludes unamortised establishment costs.

Borrowings are either initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method or at their fair value. Under the amortised cost method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in the Consolidated Statement of Comprehensive Income over the expected life of the borrowings unless there is an effective fair value hedge of the borrowings, in which case a fair value adjustment will be applied based on the mark to market movement in the benchmark component of the borrowings and this movement is recognised in the Consolidated Statement of Comprehensive Income.

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

The maturity profile of borrowings is as follows:

	Total facility(1) (2) $M	Used facility(1) $M	Unused facility(2) $M
Due within one year	50.3	48.8	1.5
Due between one and five years	2,027.6	1,449.6	578.0
Due after five years	1,253.3	1,253.3	-
	3,331.2	**2,751.7**	**579.5**
Cash and cash equivalents			**56.3**
Total financing resources available at the end of the year			**635.8**

(1) Excluding unamortised establishment costs, and fair value and other adjustments. This reflects the contractual cashflows payable on maturity of the borrowings taking into account historical exchange rates under cross currency swaps entered into to hedge the foreign currency denominated borrowings.
(2) There is a further $150 million of forward starting facilities available to GPT.

Cash and cash equivalents includes cash on hand, cash at bank and short term money market deposits.

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

- Gearing: total debt must not exceed 50% of total tangible assets; and
- Interest coverage: the ratio of earnings before interest and taxes (EBIT) to finance costs is not to be less than 2 times.

A breach of these covenants may trigger consequences ranging from rectifying and/or repricing to repayment of outstanding amounts. GPT performed a review of debt covenants as at 31 December 2016 and no breaches were identified.

14. FINANCIAL RISK MANAGEMENT

The GPT Board approve GPT's treasury and risk management policy which:

- establishes a framework for the management of risks inherent to the capital structure,
- defines the role of GPT's treasury, and
- sets out the policies, limits, monitoring and reporting requirements for cash, borrowings, liquidity, credit risk, foreign exchange, interest rate and other derivative instruments.

(a) Interest rate risk
Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. GPT's primary interest rate risk arises from borrowings. The table below provides a summary of GPT's gross interest rate risk exposure as at 31 December 2016 on interest bearing borrowings together with the net effect of interest rate risk management transactions. This excludes unamortised establishment costs and fair value and other adjustments.

	Gross exposure		**Net exposure**	
	2016	2015	**2016**	2015
	$M	$M	$M	$M
Fixed rate interest-bearing borrowings	**1,653.3**	1,055.4	**1,575.0**	1,700.0
Floating rate interest-bearing borrowings	**1,098.4**	1,632.7	**1,176.7**	988.1
	2,751.7	2,688.1	**2,751.7**	2,688.1

Interest rate risk – sensitivity analysis
The impact on interest expense and interest revenue 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 derivatives).

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

	2016 (+1%) $M	**2016 (-1%) $M**	2015 (+1%) $M	2015 (-1%) $M
Impact on statement of comprehensive income				
Impact on interest revenue increase / (decrease)	**0.7**	**(0.7)**	0.8	(0.8)
Impact on interest expense (increase) / decrease	**(11.8)**	**11.8**	(9.9)	9.9

Hedging interest rate risk
Interest rate risk inherent on borrowings issued at floating rates is managed by entering into interest rate swaps that are used to convert a portion of floating interest rate borrowings to fixed interest rates, which reduces GPT's exposure to interest rate volatility.

The derivative financial instruments used to hedge interest rate risk which are presented in the Consolidated Statement of Financial Position comprise the following:

	31 Dec 16 $M	31 Dec 15 $M
Non-current derivative assets	**337.2**	342.5
Total derivative assets	**337.2**	342.5
Subject to master netting but not offset	**113.0**	111.9
Net derivative assets post offset	**224.2**	230.6
Current derivative liabilities	**-**	0.3
Non-current derivative liabilities	**128.5**	115.6
Total derivative liabilities	**128.5**	115.9
Subject to master netting but not offset	**113.0**	111.9
Net derivative liabilities post offset	**15.5**	4.0

All of the Group's derivatives were valued using market observable inputs (level 2) with the exception of a year on year inflation swap. For additional fair value disclosures refer to note 22.

Derivative financial assets and liabilities are not offset in the Consolidated Statement of Financial Position. Agreements with derivative counterparties are based on the ISDA (International Swap Derivatives Association) Master Agreement, which in certain circumstances (such as default) confers a right to set-off the position owing/receivable to a single counterparty to a net position as long as all outstanding derivatives with that counterparty are terminated. As GPT does not presently have a legally enforceable right to set-off, these amounts have not been offset in the Consolidated Statement of Financial Position, but have been presented separately.

Derivatives are carried in the Consolidated Statement of Financial Position at fair value and classified according to their contractual maturities. If they do not qualify for hedge accounting, changes in fair value are recognised in the Consolidated Statement of Comprehensive Income including gains or losses on maturity or close-out. Where derivatives qualify for hedge accounting and are designated in hedge relationships, the recognition of any gain or loss depends on the nature of the item being hedged. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. For cash flow hedges, the effective portion of changes in the fair value of derivatives is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

GPT applies hedge accounting to borrowings denominated in foreign currencies only. GPT designates and documents the relationship between hedging instruments and hedged items and the proposed effectiveness of the risk management objective the hedge relationship addresses. On an ongoing basis, GPT documents its assessment of retrospective and prospective hedge effectiveness.

Hedge accounting is discontinued when the hedging instrument expires, is terminated, or is no longer in an effective hedge relationship.

(b) Liquidity risk

Liquidity risk is 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.

GPT manages liquidity risk by:

- maintaining sufficient cash,
- maintaining an adequate amount of committed credit facilities,
- maintaining a minimum liquidity buffer in cash and surplus committed facilities for the forward rolling twelve month period,
- minimising debt maturity concentration risk by diversifying sources and spreading maturity dates of committed credit facilities and maintaining a minimum weighted average debt maturity of 4 years, and
- maintaining the ability to close out market positions.

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The following table provides an analysis of the undiscounted contractual maturities of liabilities which forms part of GPT's assessment of liquidity risk.

	31 Dec 16					31 Dec 15				
	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	**378.3**	**-**	**-**	**-**	**378.3**	390.8	-	-	-	390.8
Borrowings	**48.8**	**375.0**	**1,074.6**	**1,253.3**	**2,751.7**	6.7	518.6	1,507.4	655.4	2,688.1
Projected finance cost on borrowings(1)	**110.4**	**109.6**	**231.9**	**338.7**	**790.6**	109.4	99.1	178.6	282.9	670.0
Derivatives										
Projected finance cost on derivative liabilities(1)(2)	**20.0**	**24.9**	**47.4**	**17.3**	**109.6**	15.8	16.4	51.5	17.7	101.4
Total liabilities	**557.5**	**509.5**	**1,353.9**	**1,609.3**	**4,030.2**	522.7	634.1	1,737.5	956.0	3,850.3
Less cash and cash equivalents	**56.3**	**-**	**-**	**-**	**56.3**	69.3	-	-	-	69.3
Total liquidity exposure	**501.2**	**509.5**	**1,353.9**	**1,609.3**	**3,973.9**	453.4	634.1	1,737.5	956.0	3,781.0
Projected interest income on derivative assets(2)	**14.5**	**22.1**	**35.7**	**42.2**	**114.5**	13.3	13.5	53.8	56.9	137.5
Net liquidity exposure	**486.7**	**487.4**	**1,318.2**	**1,567.1**	**3,859.4**	440.1	620.6	1,683.7	899.1	3,643.5

(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 2016 and 31 December 2015 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. Projected interest on foreign currency borrowings is shown after the impact of associated hedging.

(2) 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.

(c) Refinancing risk

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

As at 31 December 2016, GPT's exposure to refinancing risk can be monitored by the spreading of its contractual maturities on borrowings in the liquidity risk table above or with the information in note 13.

(d) 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 exchange 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.

The foreign exchange risk arising from borrowings denominated in foreign currency is managed with cross currency interest rate swaps which convert foreign currency exposures into Australian dollar exposures. Sensitivity to foreign exchange is deemed insignificant.

Foreign currency assets and liabilities

The following table shows the Australian dollar equivalents of amounts within the Consolidated Statement of Financial Position which are denominated in foreign currencies.

	Euros		**United States Dollars**		**Hong Kong Dollars**	
	31 Dec 16	31 Dec 15	**31 Dec 16**	31 Dec 15	**31 Dec 16**	31 Dec 15
	$M	$M	**$M**	$M	**$M**	$M
Assets						
Cash and cash equivalents	**1.2**	1.3	**0.2**	0.2	**-**	-
Interests in unlisted investments	**9.3**	8.6	**-**	-	**-**	-
Derivative financial instruments	**-**	-	**178.6**	162.6	**35.8**	44.5
	10.5	9.9	**178.8**	162.8	**35.8**	44.5
Liabilities						
Other liabilities	**0.3**	0.3	**-**	-	**-**	-
Borrowings (1)	**-**	-	**746.2**	616.4	**196.6**	137.9
	0.3	0.3	**746.2**	616.4	**196.6**	137.9

(1) Excluding unamortised establishment costs

(e) 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. GPT has exposure to credit risk on all financial assets included on the Consolidated Statement of Financial Position.

GPT manages this risk by:
- establishing credit limits for financial institutions and monitoring credit exposures for customers to ensure that GPT only trades and invests with approved counterparties;
- 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, minimising exposure to any one counterparty;
- providing loans into joint ventures, associates and third parties, only where GPT is comfortable with the underlying property exposure within that entity;
- regularly monitoring loans and receivables balances;
- regularly monitoring the performance of its associates, joint ventures and third parties; 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. 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 2016 is the carrying amounts of financial assets recognised on GPT's Consolidated Statement of Financial Position. For more information refer to note 4.

OTHER DISCLOSURE ITEMS

15. CASH FLOWS FROM OPERATING ACTIVITIES

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

	31 Dec 16 $M	31 Dec 15 $M
Net profit for the year	**1,152.7**	868.1
Fair value gain on investment properties	**(418.1)**	(322.8)
Fair value loss on derivatives	**26.6**	25.5
Net impact of foreign currency borrowings and associated hedging (gain) / loss	**(2.2)**	0.8
(Gain) / loss on financial liability at amortised cost	**(1.6)**	41.1
Loss on redemption of financial liability	**-**	5.6
Impairment expense	**6.0**	5.9
Share of after tax profit of equity accounted investments (net of distributions)	**(236.9)**	(140.1)
Fair value loss of unlisted equity investments	**-**	6.0
Net gain on disposal of assets	**(15.9)**	(9.8)
Depreciation and amortisation	**7.3**	9.1
Non-cash employee benefits - security based payments	**11.9**	5.8
Non-cash revenue adjustments	**14.8**	9.6
Interest capitalised	**(8.5)**	(5.7)
Profit on sale of inventory	**(1.8)**	-
Proceeds from sale of inventory	**12.6**	-
Payment for inventories	**(16.1)**	(49.6)
Increase in operating assets	**2.4**	(16.7)
Increase in operating liabilities	**(9.0)**	18.2
Net foreign exchange loss	**0.2**	1.0
Reversal of prior year impairment	**(0.4)**	(12.7)
Other	**2.2**	3.0
Net cash inflows from operating activities	**526.2**	442.3

16. COMMITMENTS

(a) Capital expenditure commitments

Commitments arising from contracts principally relating to the purchase and development of investment properties contracted for at balance date but not recognised on the Consolidated Statement of Financial Position.

	31 Dec 16	31 Dec 15
	$M	$M
Retail	**144.7**	36.1
Office	**40.4**	54.7
Logistics	**5.2**	11.5
Properties under development	**9.3**	-
Corporate	**0.4**	-
Total capital expenditure commitments	**200.0**	102.3

(b) Operating lease commitments

Operating lease commitments are contracted non-cancellable future minimum lease payments expected to be payable but not recognised on the Consolidated Statement of Financial Position.

	31 Dec 16	31 Dec 15
	$M	$M
Due within one year	**2.8**	2.3
Due between one and five years	**8.2**	9.5
Over five years	**-**	0.7
Total operating lease commitments	**11.0**	12.5

(c) Commitments relating to equity accounted investments

GPT's share of equity accounted investments' commitments at balance date are set out below:

Capital expenditure	**22.6**	62.1
Total joint ventures and associates' commitments	**22.6**	62.1

17. CONTINGENT LIABILITIES

A contingent liability is a liability that is not sufficiently certain to qualify for recognition as a provision where uncertainty may exist regarding the outcome of future events.

As at the end of 2016, GPT has no material contingent liabilities which need to be disclosed.

18. SECURITY BASED PAYMENTS

GPT currently has four employee security schemes – the General Employee Security Ownership Plan (GESOP), the Broad Based Employee Security Ownership Plan (BBESOP), the Deferred Short Term Incentive Plan (DSTI) and the Long Term Incentive (LTI) Scheme.

(a) GESOP

The Board believes in creating ways for employees to build an ownership stake in the business. As a result, the Board introduced the GESOP in March 2010 for individuals who do not participate in the LTI.

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

(b) BBESOP

Under the plan individuals who are not eligible to participate in any other employee security scheme may receive $1,000 worth of GPT securities if GPT achieves at least target level performance. Securities must be held for the earlier of 3 years or the end of employment.

(c) DSTI

Since 2014, STIC is delivered to the senior executives as 50% in cash and 50% in GPT stapled securities (a deferred component). The deferred component is initially awarded in the form of performance rights, with the rights converting to restricted GPT stapled securities to the extent the performance conditions are met. For the 2014 and 2015 plans, half of the awarded stapled securities will vest one year after conversion with the remaining half vesting two years after conversion, subject to continued employment up to the vesting dates. For the 2016 plan, all the awarded stapled securities will vest one year after conversion, subject to continued employment up to the vesting date.

(d) LTI

At the 2009 AGM, GPT securityholders approved the introduction of a LTI plan based on performance rights. Any subsequent amendments to the LTI plan have been approved by GPT securityholders.

The LTI plan covers each 3 year period. Awards under the LTI to eligible participants are in the form of performance rights which convert to GPT stapled securities for nil consideration if specified performance conditions for the applicable 3 year period are satisfied. Please refer to the Remuneration Report for detail on the performance conditions.

The Board determines those executives eligible to participate in the plan and, for each participating executive, grants a number of performance rights calculated as a percentage of their base salary divided by GPT's volume weighted average price (VWAP) for the final quarter of the year preceding the plan launch.

Fair value of performance rights issued under DSTI and LTI
The fair value of the performance rights is recognised as an employee benefit expense with a corresponding increase in the employee security 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 be 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 Consolidated Statement of Comprehensive Income with a corresponding adjustment to equity.

Fair value of the performance rights issued under LTI is determined using the Monte Carlo simulation and the Black Scholes methodologies then applying a discount on lack of marketability. Fair value of the performance rights issued under DSTI is determined using the security price then applying a discount on lack of marketability. The following key inputs are taken into account:

	2016 LTI	2016 DSTI
Fair value of rights	$2.96	$4.78
Security price at valuation date	$5.25	$5.03
Total Securityholder Return	10.1%	N/A
Grant dates	16 May 2016	5 May 2016
Expected vesting dates	31 December 2018	31 December 2017
Security Price at the grant date	$5.25	$5.17
Expected life	3 years (2 years remaining)	2 years (1 year remaining)
Distribution yield	4.7%	4.7%
Risk free interest rate	1.8%	N/A
Volatilty (1)	18.6%	N/A

(1) The volatility is based on the historic volatility of the security.

(e) Summary table of all employee security schemes

	Number of rights		
	DSTI	LTI	Total
Rights outstanding at the beginning of the year	1,282,432	8,917,888	10,200,320
Rights granted during the year	1,313,947	3,024,264	4,338,211
Rights forfeited during the year	(345,461)	(977,775)	(1,323,236)
Rights converted to GPT stapled securities during the year (1)	(1,038,279)	(2,356,843)	(3,395,122)
Rights outstanding at the end of the year	1,212,639	8,607,534	9,820,173

(1) Rights under the 2015 DSTI plan were converted to GPT stapled securities on 21 March 2016 and rights under the 2013 LTI Plan were converted to GPT stapled securities on 18 February 2016.

	Number of stapled securities		
	GESOP	BBESOP	Total
Securities outstanding at the beginning of the year	67,728	53,846	121,574
Securities granted during the year	72,985	57,400	130,385
Securities vested during the year	(79,957)	(18,485)	(98,442)
Securities outstanding at the end of the year	60,756	92,761	153,517

19. RELATED PARTY TRANSACTIONS

General Property Trust is the ultimate parent entity.

Equity interests in joint ventures and associates are set out in note 3. Loans provided to joint ventures and associates as part of the funding of those arrangements are set out in note 4.

Key management personnel
Key management personnel compensation was as follows.

	31 Dec 16	31 Dec 15
	$'000	$'000
Short term employee benefits	**6,302.4**	6,447.1
Post employment benefits	**169.2**	185.9
Long term incentive award accrual	**1,467.2**	827.0
Other long term benefits	**64.3**	552.1
Total key management personnel compensation	**8,003.1**	8,012.1

Information regarding individual Directors' and Senior Executives' remuneration is provided in the Remuneration Report .

There have been no other transactions with key management personnel during the year.

Transactions with related parties

	Consolidated entity	
	31 Dec 16	31 Dec 15
	$'000	$'000
Transactions with related parties other than associates and joint ventures		
Expenses		
Contributions to superannuation funds on behalf of employees	**(5,766.6)**	(6,110.4)
Transactions with associates and joint ventures		
Revenue and expenses		
Responsible Entity fees from associates	**46,800.5**	44,433.8
Property management fees	**14,622.4**	15,208.5
Development management fees from associates	**6,200.4**	4,520.7
Development revenue from associate	**-**	15,965.1
Site Access Fee Paid	**-**	(785.6)
Rent expense	**(462.5)**	-
Management fees from associates	**6,003.3**	6,402.9
Performance fee from associate	**28,121.6**	13,926.0
Distributions received / receivable from joint ventures	**44,472.3**	43,871.7
Distributions received / receivable from associates	**95,284.1**	95,971.0
Payroll costs recharged to associates	**9,065.3**	10,653.0
Other transactions		
Loans advanced to joint ventures	**(1,593.9)**	(391.2)
Loan repayments from joint ventures	**18,700.0**	-
Increase in units in joint ventures	**(18,078.4)**	(27,363.9)
Increase in units in associates	**(365,966.6)**	(25,695.6)
Divestment of units in associate	**38,998.2**	-

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2016

20. AUDITOR'S REMUNERATION

	31 Dec 16	31 Dec 15
	$'000	$'000
Audit services		
PricewaterhouseCoopers Australia		
Statutory audit and review of financial reports	**1,142.8**	1,126.3
Total remuneration for audit services	**1,142.8**	1,126.3
Other assurance services		
PricewaterhouseCoopers Australia		
Regulatory and contractually required audits	**220.7**	215.6
Total remuneration for other assurance services	**220.7**	215.6
Total remuneration for audit and assurance services	**1,363.5**	1,341.9
Non audit related services		
PricewaterhouseCoopers Australia		
Other Services	**18.0**	-
Taxation services	**-**	5.1
Total remuneration for non audit related services	**18.0**	5.1
Total auditor's remuneration	**1,381.5**	1,347.0

21. PARENT ENTITY FINANCIAL INFORMATION

	Parent entity	
	31 Dec 16	31 Dec 15
	$M	$M
Assets		
Current assets	**161.5**	133.1
Non-current assets	**11,775.7**	10,907.9
Total assets	**11,937.2**	11,041.0
Liabilities		
Current liabilities	**439.2**	428.6
Non-current liabilities	**3,019.0**	2,955.9
Total liabilities	**3,458.2**	3,384.5
Net assets	**8,479.0**	7,656.5
Equity		
Equity attributable to secutityholders of the parent entity		
Contributed equity	**7,816.1**	7,716.3
Reserves	**(4.8)**	(19.3)
Retained earnings / (accumulated losses)	**667.7**	(40.5)
Total equity	**8,479.0**	7,656.5
Profit attributable to members of the parent entity	**1,217.8**	1,161.9
Total comprehensive income for the year, net of tax, attributable to members of the parent entity	**1,217.8**	1,161.9
Capital expenditure commitments		
Retail	**141.9**	33.9
Office	**26.5**	40.3
Logistics	**2.5**	6.8
Total capital expenditure commitments	**170.9**	81.0

As at 31 December 2016, the parent entity had a deficiency of current net assets of $277.7 million (2015: $295.5 million) arising as a result of the inclusion of the provision for distribution payable to stapled securityholders. The parent has access to undrawn financing facilities of $728.0 million as set out in note 13.

22. FAIR VALUE DISCLOSURES

The most significant categories of assets for which fair values are used are investment properties and financial instruments. Information about how those values are calculated, including the valuation process, critical assumptions underlying the valuations, information on sensitivity and other information required by the accounting standards, is provided in this note.

(i) Fair value measurement, valuation techniques and inputs

A description of the valuation techniques and key inputs are included in the table below:

Class of assets / liabilities	Fair value hierarchy[1]	Valuation technique	Inputs used to measure fair value	Unobservable inputs 31 Dec 2016	Unobservable inputs 31 Dec 2015
Retail [2]	Level 3	Discounted cash flow (DCF) and income capitalisation method	10 year average specialty market rental growth	3.2% - 3.9%	3.5% - 4.2%
			Gross market rent (per sqm p.a.)	$1,254 - $2,127	$1,175 - $2,068
			Adopted capitalisation rate	4.8% - 5.8%	5.1% - 5.8%
			Adopted terminal yield	5.0% - 6.0%	5.3% - 6.0%
			Adopted discount rate	7.3% - 7.8%	8.0% - 8.5%
Office	Level 3	DCF and income capitalisation method	Net market rent (per sqm p.a.)	$400 - $1,400	$380 - $1,344
			10 year average market rental growth	3.2% - 4.1%	2.9% - 4.0%
			Adopted capitalisation rate	5.2% - 5.8%	5.5% - 6.3%
			Adopted terminal yield	5.6% - 6.1%	5.8% - 6.5%
			Adopted discount rate	6.8% - 7.3%	7.4% - 7.8%
			Lease incentives (gross)	23.3% - 37.5%	23.3% - 34.5%
Logistics	Level 3	DCF and income capitalisation method	Net market rent (per sqm p.a.)	$63- $500	$60 - $500
			10 year average market rental growth	2.8% - 3.7%	3.0% - 3.6%
			Adopted capitalisation rate	5.8% - 8.3%	6.0% - 9.0%
			Adopted terminal yield	6.3% - 8.5%	6.5% - 9.8%
			Adopted discount rate	7.3% - 8.5%	7.5% - 10.0%
			Lease incentives (gross)	10.0% - 25.0%	7.0% - 25.0%
Properties under development	Level 3	Income capitalisation method, or land rate	Net market rent (per sqm p.a.)	$53 - $410	$65 - $395
			Adopted capitalisation rate	6.00% - 6.75%	6.25% - 7.25%
			Land rate (per sqm)	$108 - $672	$108 - $646
Derivative financial instruments	Level 2	DCF (adjusted for counterparty creditworthiness)	Interest rates Basis CPI Volatility Foreign exchange rates	Not applicable - all inputs are market observable inputs	
	Level 3		Interest rates	Not applicable - market observable input	
			CPI Volatility	0.94%	0.96%
Available for sale financial assets	Level 3	DCF	Discount rate	20%	30%
			Foreign exchange rates	Not applicable - observable input	Not applicable - observable input

(1) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).
(2) Excludes Homemaker City, Maribyrnong in order not to skew the range of inputs.

DCF method	Under the DCF method, the fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the assets' or liabilities' life including an exit or terminal value. The DCF method involves the projection of a series of cash flows from the assets or liabilities. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the cash flow stream associated with the assets or liabilities.
Income capitalisation method	This method involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value, with allowances for capital expenditure and reversions.
Gross market rent	A gross market rent is the estimated amount of rent for which a property or space within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. The gross market rent is all inclusive and takes into account outgoings and potential turnover rent.
Net market rent	A net market rent is the estimated amount for which a property or space within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. In a net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable).
10 year average specialty market rental growth	An average of a 10 year period of forecast annual percentage growth rates in Retail specialty tenancy rents. Specialty tenants are those tenancies with a gross lettable area of less than 400 square metres (excludes ATMs and kiosks).

10 year average market rental growth	The expected annual rate of change in market rent over a 10 year forecast period.
Adopted capitalisation rate	The rate at which net market income is capitalised to determine the value of a property. The rate is determined with regards to market evidence and the prior external valuation.
Adopted terminal yield	The capitalisation rate used to convert income into an indication of the anticipated value of the property at the end of the holding period when carrying out a discounted cash flow calculation. The rate is determined with regards to market evidence and the prior external valuation
Adopted discount rate	The rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it should reflect the opportunity cost of capital, that is, the rate of return the capital can earn if put to other uses having similar risk. The rate is determined with regards to market evidence and the prior external valuation.
Land rate (per sqm)	The land rate is the market land value per sqm.
Lease incentives	A lease incentive is often provided to a lessee upon the commencement of a lease. Incentives can be a combination of, or, one of the following; a rent free period, a fit-out contribution, a cash contribution or rental abatement.
Counterparty credit worthiness	Credit value adjustments are applied to derivatives assets based on that counterparty's credit risk using the observable credit default swaps curve as a benchmark for credit risk. Debit value adjustments are applied to derivatives liabilities based on GPT's credit risk using GPT's credit default swaps curve as a benchmark for credit risk.

(ii) Valuation process – investment properties
GPT manages the semi-annual valuation process to ensure that investment properties are held at fair value in GPT's accounts and that GPT is compliant with applicable regulations (for example the Corporations Act 2001 and ASIC regulations), the GPT RE Constitution and Compliance Plan.

During the year, a Valuation Committee (committee) which is comprised of the Chief Operating Officer, Chief Financial Officer, Head of Funds Management and Head of Capital Transactions, was formed.

The purpose of the committee is to:

- Approve the panel of independent valuers;
- Review valuation inputs and assumptions;
- Provide an escalation process where there are differences of opinion from various team members responsible for the valuation;
- Oversee the finalisation of the valuations; and
- Review the external valuation sign-off and any comments that have been noted.

All external valuations and internal tolerance checks are reviewed by the valuation committee prior to these being presented to the Board for approval.

External valuations
GPT's external valuations are performed by independent professionally qualified valuers who hold recognised relevant professional qualifications and have specialised expertise in the investment properties being valued. Selected independent valuation firms form part of a panel approved by the Valuation Committee. Each valuation firm is limited to undertaking consecutive valuations of a property for a maximum period of two years.

The Valuation Policy requires an external valuation at least annually for all completed investment properties. Properties under development with value of $100 million or greater are externally valued at least every six months. Unimproved land is externally valued at least every three years.

Internal tolerance checks
Every six months, with the exception of properties externally valued, an internal tolerance check is prepared. The internal tolerance check involves the preparation of a DCF and income capitalisation valuation for each investment property. These are produced using a capitalisation rate, terminal yield and discount rates based on comparable market evidence and recent external valuation parameters. The tolerance measurement will typically be a mid-point of these two approaches.

These internal tolerance checks are used to determine whether the book value is in line with the fair value or whether an external valuation is required.

The valuation of the properties under development is determined by a development feasibility analysis for each parcel of land within each asset. The development feasibility is prepared on an "as if complete" basis and is a combination of the income capitalisation method and where appropriate, the discounted cash flow method. The cost to complete the development includes development costs, finance costs and an appropriate profit and risk margin. These costs are deducted from the "as if complete" valuation to determine the "as is" basis or "current fair value."
Fair value of vacant land parcels is based on the market land value per square metre.

Highest and best use
Fair value for investment properties is calculated for the highest and best use whether or not current use reflects highest and best use. For all GPT investment properties current use equates to the highest and best use, with the exception of the following:

- 3 Figtree Drive, Sydney Olympic Park
- 7 Figtree Drive, Sydney Olympic Park
- 6 Herb Elliott Avenue, Sydney Olympic Park
- 8 Herb Elliott Avenue, Sydney Olympic Park

After the zoning application is approved, the underlying zoning of 3 and 7 Figtree Drive and 6 and 8 Herb Elliott Avenue, all located at Sydney Olympic Park, will allow for mixed use development which would provide significantly higher floor space ratio than what is currently being achieved. These properties are currently being leased and any potential redevelopment is subject to the expiry of these leases.

(iii) Sensitivity information – investment properties

Significant inputs	Fair value measurement sensitivity to significant increase in input	Fair value measurement sensitivity to significant decrease in input
Net market rent 10 year average specialty market rental growth 10 year average market rental growth	Increase	Decrease
Adopted capitalisation rate Adopted terminal yield Adopted discount rate Lease incentives	Decrease	Increase

Generally, if the assumption made for the adopted capitalisation rate changes, the adopted terminal yield will change in the same direction. The adopted capitalisation rate forms part of the income capitalisation approach and the adopted terminal yield forms part of the discounted cash flow approach. The mid-point of the two valuations is then typically adopted.

Discounted cash flow approach
When assessing a discounted cash flow, the adopted discount rate and adopted terminal yield have a strong interrelationship because the discount rate will determine the rate at which the terminal value is discounted to the present value. In theory, an increase (softening) in the adopted discount rate and a decrease (tightening) in the adopted terminal yield could potentially offset the impact on fair value, and vice versa. If both the discount rate and terminal yield moved in the same direction, the impact on fair value would be magnified.

Income capitalisation approach
When calculating income capitalisation, the net market rent has a strong interrelationship with the adopted capitalisation rate. This is because the methodology involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value. In theory, an increase in the net market rent and an increase (softening) in the adopted capitalisation rate could potentially offset the impact to the fair value, and vice versa. If the net market rent increases but the capitalisation rate goes down (or vice versa), this may magnify the impact on fair value.

(iv) Financial instruments
The following table presents the changes in level 3 instruments for recurring fair value measurements. GPT's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

	Unlisted equity securities $M	Available for sale financial asset $M	Derivative liabilities $M	Total $M
Opening balance 1 January 2015	6.0	-	(22.6)	(16.6)
Fair value movements in profit or loss	(6.0)	-	4.2	(1.8)
Fair value movements in other comprehensive income	-	8.6	-	8.6
Closing balance 31 December 2015	-	8.6	(18.4)	(9.8)
Opening balance 1 January 2016	**-**	**8.6**	**(18.4)**	**(9.8)**
Fair value movements in profit or loss	-	-	**6.1**	**6.1**
Fair value movements in other comprehensive income	**-**	**0.7**	**-**	**0.7**
Closing balance 31 December 2016	**-**	**9.3**	**(12.3)**	**(3.0)**

Sensitivities
The table below summarises the impact from the change of significant inputs on GPT's profit and on equity for the year.

	Change of significant input	31 Dec 16 $M	31 Dec 15 $M
Fair value of level 3 derivatives		**(12.3)**	(18.4)
	1% increase in interest rates - gain	**3.5**	5.5
	1% decrease in interest rates - loss	**(3.5)**	(5.6)
Fair value of level 3 available for sale financial asset		**9.3**	8.6
	5% increase in discount rate - loss	**(0.6)**	(1.8)
	5% decrease in discount rate - gain	**0.6**	2.3

23. ACCOUNTING POLICIES

(a) Basis of preparation

The financial report has been prepared:

- in accordance with the requirements of the Trust's Constitution, *Corporations Act 2001*, Australian Accounting Standards (AAS) and other authoritative pronouncements of the Australian Accounting Standards Board and International Financial Reporting Standards;
- on a going concern basis in the belief that GPT will realise its assets and settle its liabilities and commitments in the normal course of business and for at least the amounts stated in the financial statements. The net deficiency of current assets over current liabilities at 31 December 2016 of $233.6 million arises as a result of the inclusion of the provision for distribution payable to stapled securityholders. GPT has access to undrawn financing facilities of $729.5 million as set out in note 13;
- under the historical cost convention, as modified by the revaluation for financial assets and liabilities and investment properties at fair value through the Consolidated Statement of Comprehensive Income;
- using consistent accounting policies with adjustments to bring into line any dissimilar accounting policies being adopted by the controlled entities, associates or joint ventures; and
- in Australian dollars with all values rounded in the nearest hundred thousand dollars in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, unless otherwise stated.

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 and, in the consolidated entity column, represents the contributed equity of 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.

The financial report was approved by the Board of Directors on 10 February 2017.

(b) Basis of consolidation

Controlled entities

The consolidated financial statements of GPT report the assets, liabilities and results of all controlled entities for the financial year.

Controlled entities are all entities over which GPT has control. GPT controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Controlled entities are consolidated from the date on which control is obtained to the date on which control is disposed. The acquisition of controlled entities is accounted for using the acquisition method of accounting. All intercompany balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated.

Associates

Associates are entities over which GPT has significant influence but not control, generally accompanying a shareholding of between 10% and 50% of the voting rights. Management considered if GPT controls its associates (GPT Wholesale Shopping Centre Fund and GPT Wholesale Office Fund) and concluded that it does not based on the following considerations.

GPT has a 24.53% equity interest in GPT Wholesale Office Fund (GWOF) and 25.29% equity interest in GPT Wholesale Shopping Centre Fund (GWSCF) as at 31 December 2016. GPT Funds Management Limited (GPTFM), which is wholly owned by the GPT Group is the responsible entity (RE) of the Funds. The Board of GPT FM comprises six directors, of which GPT can only appoint two. As a result, the Group has significant influence over GPT FM and accordingly accounts for it as an associate using the equity method. The Group also has significant influence over the Fund's and accounts for its interests in them using the equity method.

Investments in associates are accounted for using the equity method. Under this method, GPT's investment in associates is carried in the Consolidated Statement of Financial Position at cost plus post acquisition changes in GPT's share of net assets. GPT's share of the associates' result is reflected in the Consolidated Statement of Comprehensive Income. 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.

Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. GPT has assessed the nature of its joint arrangements and determined it has both joint operations and joint ventures.

Joint operations

GPT has significant co-ownership interests in a number of properties through unincorporated joint ventures. These interests are held directly and jointly as tenants in common. GPT recognises its direct share of jointly held assets, liabilities, revenues and expenses in the consolidated financial statements under the appropriate headings. The investment properties that are directly owned as tenants in common are disclosed in note 2.

Joint ventures

Investments in joint ventures are accounted for in the Consolidated Statement of Financial Position using the equity method which is the same method adopted for associates.

(c) Other accounting policies

Significant accounting policies that summarise the recognition and measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Other accounting policies include:

(i) Available for sale financial assets

Available for sale financial assets are recognised at fair value. Gains/losses arising from changes in the fair value of the carrying amount of available for sale financial assets are recognised in other comprehensive income.

(ii) Foreign currency translation
Functional and presentation currency
Items included in the financial statements of each of the GPT entities are measured using the currency of the primary economic environment in which they operate ('the functional currency').

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 Consolidated Statement of Comprehensive Income.

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 ventures, they are converted at the ruling rates of exchange at the reporting period. The resulting foreign exchange gains and losses are taken to the Consolidated Statement of Comprehensive Income.

(iii) 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 Consolidated 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.

(d) New and amended accounting standards and interpretations adopted from 1 January 2016
There are no significant changes to GPT's financial performance and position as a result of the adoption of the new and amended accounting standards and interpretations effective for annual reporting periods beginning on or after 1 January 2016.

(e) New accounting standards and interpretations issued but not yet adopted
The following standards and amendments to standards are relevant to GPT.

Reference	Description	Application of Standard
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces expanded disclosure requirements, a new impairment model and changes in presentation. When adopted, this could change the classification and measurement of financial assets and financial liabilities. The new hedging rules align hedge accounting more closely with the reporting entity's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss must now be presented in other comprehensive income. GPT intends to apply the standard from 1 January 2018. It is not expected that the application of this standard will have a material impact on any of the amounts recognised in the financial statements but will require disclosure of additional information.	1 January 2018
AASB 15 *Revenue from Contracts with Customers*	AASB 15 will replace AASB 118 *Revenue* and AASB 111 *Construction Contracts*. It is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. It contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract–based five-step analysis of transactions to determine whether, how much and when revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts. It requires reporting entities to provide users of financial statements with more informative and relevant disclosures. GPT is in the process of assessing any implications of this new standard to its operation and financial results and does not expect a material impact from its application.	1 January 2018

AASB 16 Leases	AASB 16 will change the way lessees account for leases by eliminating the current dual accounting model which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there will be a single, on-balance sheet accounting model that is similar to the current finance lease accounting. This new treatment will result in both a depreciation and interest charge in the Statement of Comprehensive Income. In contrast, lessor accounting will remain similar to current practice. The impact of the standard has been assessed and the impact has been identified as not being material.	1 January 2019

24. EVENTS SUBSEQUENT TO REPORTING DATE

The Directors are not aware of any matter or circumstance occurring since 31 December 2016 that has significantly or may significantly affect the operations of GPT, the results of those operations or the state of affairs of GPT in subsequent financial years.

DIRECTORS' DECLARATION

Year ended 31 December 2016

In the Directors of the Responsible Entity's opinion:

(a) The consolidated financial statements and notes set out on pages 23 to 58 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 GPT's financial position as at 31 December 2016 and of its performance for the financial year ended on that date; and

(b) the consolidated financial statements and notes comply with International Financial Reporting Standards as disclosed in note 23 to the financial statements.

(c) There are reasonable grounds to believe that GPT will be able to pay its debts as and when they become due and payable. The net deficiency of current assets over current liabilities at 31 December 2016 of $233.6 million arises as a result of the inclusion of the provision for distribution payable to stapled securityholders. GPT has access to undrawn financing facilities of $729.5 million as set out in note 13 to the financial statements.

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 a resolution of the Directors.

Rob Ferguson
Chairman

GPT RE Limited

Bob Johnston
Chief Executive Officer and Managing Director

Sydney
10 February 2017

Independent auditor's report

To the stapled security holders of The GPT Group

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of General Property Trust (GPT) (the Registered Scheme) and its controlled entities (together the Group or the GPT Group) is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group's financial report comprises:

- the consolidated statement of financial position as at 31 December 2016
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the director's declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality

- For the purpose of our audit we used overall Group quantitative materiality of $38.6 million, which represents 5% of the Group's adjusted Group profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose adjusted Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We adjusted Group profit before tax for fair value movements in investment property, fair value adjustments in unlisted equity investments, fair value changes in derivatives and foreign exchange movements because they are non-cash fair value movements that are generally excluded when assessing the financial performance of a property investment group.

Audit scope

- The structure of the Group is commonly referred to as a 'stapled group'. In a stapled group the securities of two or more entities are 'stapled' together and cannot be traded separately. In the case of the Group the units in GPT have been stapled to the shares in GPT Management Holdings Limited (GPTMH). For the purposes of consolidation accounting GPT is the 'deemed' parent and the consolidated financial report reflects the consolidation of GPT and its controlled entities and GPTMH and its controlled entities. We audited each of the stapled entities that form the Group as well as the consolidation of the Group.
- Our audit focused on areas where the directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group holds equity accounted investments in two wholesale real estate investment funds. We instructed the auditor of these funds ("the component auditor") to audit these investments due the size of the investment property balance held within each of the funds and because the valuation of investment property is subject to estimation uncertainty.
- We determined the level of involvement we needed to have in the audit work performed by the component auditor to be able to conclude whether sufficient appropriate audit evidence had been obtained. This included written instructions and active dialogue throughout the year.

Key audit matters

- Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee:
  - Valuation of investment property (including those under development)
  - Carrying value of inventory
  - Valuation of derivatives

  They are further described in the *Key audit matters* section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment property (including those under development) *(Refer to note 2, pages 32 – 34)* The Group's investment property portfolio is comprised of office, retail and logistics investment properties as well as properties under development. At 31 December 2016 the carrying value of the Group's total investment property portfolio (excluding investment properties held in equity accounted investments) was $7,944.9 million (2015: $7,372.8 million). Investment properties are valued at fair value at reporting date using either the income capitalisation approach or the discounted cash flow approach. The value of investment properties is dependent on the valuation methodology adopted and the inputs into the valuation model. Factors such as prevailing market conditions, the individual nature, condition and location of each property and the expected future income for each property directly impact fair values. Amongst others, the following assumptions are key in establishing fair value: - capitalisation rate - adopted discount rate At the end of each reporting period, the Group determines the fair value of its investment property portfolio in accordance with the Group's valuation policy. This policy requires all properties to be externally valued by an independent valuation expert at least once every 12 months. If a property is not externally valued at balance date, the value is supported by an internal tolerance check. If this internal tolerance check differs from the book value (most recent external valuation plus capital expenditure incurred) by 3% or more, an independent valuation is required for the current period. We focused on this matter because of the: • Relative size of the investment property balances in the Consolidated Statement of Financial Position • Quantum of revaluation gains that directly impact the Consolidated Statement of Comprehensive Income through the net fair value gain of investment properties • Inherently subjective nature of investment property valuations due to the use of	We obtained the latest independent property market reports to understand the prevailing market conditions in which the Group invests. We compared historical valuations against current year valuations, and noted that the movements appear to be in line with overall shifts in the market. We met with management and discussed the specifics of selected individual properties including, amongst other things, any new leases entered into during the year, lease expiries, capital expenditure and vacancy rates. We also met one of the valuation firms that performed external valuations for the Group to discuss the properties they had valued for the Group. For a sample of leases, we compared the rental income used in both the external valuation and internal tolerance check models to the tenancy schedule. We found that the data used in the samples tested were accurate and consistent with tenant leases. We compared market capitalisation rates and discount rates by location and asset grade to a reasonable range determined based on benchmark market data for these assumptions. Where capitalisation rates and discount rates fell outside of our anticipated ranges, we challenged the rationale supporting the rate applied in the valuation by discussing with management the reasons to support the adopted metric. Typically the variances related to the relative age, or size/location. In the context of the specific properties identified, the reasons for variances were appropriate. **External valuations** For a sample of external valuations we: • Assessed the competency and capabilities of the external valuer and confirmed that the Group followed its policy of rotating valuation firms at least every two years. • Read the valuer's terms of engagement - we did not identify any clauses that might affect their objectivity or impose limitations on their work. • Inspected the final valuation reports and agreed the fair value to the Group's accounting records noting no exceptions. **Internal tolerance check** We confirmed with management that the capitalisation and discounted cash flow models utilised for the internal tolerance checks were consistent with prior

Key audit matter	How our audit addressed the key audit matter
assumptions in the valuation methodology • Sensitivity of valuations to key input assumptions, specifically capitalisation and discount rates.	period. We assessed the integrity of the valuation software used to perform the internal tolerance check calculations. The Group utilises an off-the-shelf software package for internal tolerance checks. We assessed the design of the key controls over the continued integrity of the valuation system. This involved assessing change management and access controls and was performed through a combination of enquiry and inspection. We found that the software was suitable in determining fair values.
Carrying value of Inventory *(Refer to note 6, page 38)* The Group develops a portfolio of sites for future sale. This portfolio is classified as inventory by the Group as outlined in Note 6 Inventories. At 31 December 2016 the carrying value of the Group's inventory balance was $135.9 million (2015: $101.5 million). The Group's inventories are held at the lower of the cost and net realisable value for each inventory project. The cost of the inventory is calculated using actual land acquisition costs, construction costs, development related costs and interest capitalised for eligible projects. We considered the valuation of inventory a key audit matter given the relative size of the balance in the Consolidated Statement of Financial Position and the significant judgement involved in estimating future selling prices, costs to complete projects and selling costs. These judgments may have a material impact on the calculation of net realisable value and therefore in determining whether the value of a project should be written down (impaired).	For each project we obtained the Group's latest feasibility models and discussed with management matters such as the overall project strategy, internal rate of return movements and claims (where applicable). Using the information gained from these discussions and our prior year knowledge of the business, we used a risk based approach to select a sample of projects to perform net realisable value testing. For the sample of selected projects we: • Further discussed with management the life cycle of the project, key project risks, changes to project strategy, current and future estimated sales prices, construction progress and costs and any new and previous impairments. • Compared the estimated selling prices to market sales data in similar locations or to recent sales in the project. We found these to be consistent. • Compared the forecasted costs to complete the project to the relevant construction contracts (if applicable) or the construction contract proposals. We found no material differences. • Compared the carrying value to the net realisable value (NRV). We found the NRV to be higher than the tested cost on all assets. • We obtained the transfer agreement for the development site transferred from investment property to inventory during the year and agreed the price in the agreement to the external valuation obtained to support the transfer value; and • We traced a sample of additions to the cost of the projects (e.g. build costs) to invoices and found they were valid costs that could be capitalised under AASB 102 Inventories.

Valuation of derivative financial instruments
(Refer to note 14, pages 45 – 48)

The Group issues foreign currency and domestic debt as one of its sources of funding and enters into derivative contracts to manage foreign exchange risk and interest rate risk associated with the debt. The Group currently holds a portfolio of cross currency interest rate swaps (CCIRS), interest rate swaps (IRS), interest rate options and CPI linked swaps.

At 31 December 2016 the carrying value of the Group's derivatives (including current assets, non-current assets, current liabilities and non-current liabilities) was in a net asset position of $208.7 million (2015: $226.6 million).

At present, the Group has decided not to apply hedge accounting for the majority of its derivatives except for the cross currency interest rate swaps held to hedge its foreign denominated loans. The cross currency interest rate swaps are in hedge accounting relationships with the foreign currency (HKD and USD) bonds disclosed in the Consolidated Statement of Financial Position.

We considered the valuation of derivatives to be a key audit matter because of the:

- nature and complexity involved in valuing derivative instruments
- relative size of the derivative balances and potential for variability in the size of these balances year on year
- judgement involved in determining key assumptions including forecasting future interest rates, foreign exchange rates and expected volatilities of these assumptions used in the valuation
- complexity involved in the application of hedge accounting in accordance with AASB 139 *Financial Instruments: recognition and measurement*.

We obtained an understanding of the movements within the derivative balances across the year and independently recreated a movement schedule to reconcile the opening and closing derivative balances in the Consolidated Statement of Financial Position. We obtained independent counterparty confirmations to confirm the existence of each derivative at year end.

We selected a sample of derivatives to test based on instrument type, being vanilla interest rate swaps (pay fixed), vanilla interest rate swaps (pay float), cross currency interest rate swaps and CPI-linked swaps. For each sample:

- We agreed the key terms of the derivatives back to the individual third party contracts.
- Together with our PwC treasury specialists we recalculated the fair value of the derivatives independently sourcing market data inputs used in the valuation calculations.
- We compared these fair values to those calculated by the Group and assessed these against the daily movement in foreign currency and interest rates over the last twelve months to determine an acceptable level of difference. Our test results showed that the derivative values for the sample tested were within the tolerable difference thresholds selected.

Through inquiry with management we determined that new hedge relationships were entered into during the financial year. We corroborated this through inspection of the Group's hedge documentation which is required under AASB 139 for each hedge relationship.

To test the application of hedge accounting in accordance with AASB 139 we performed the following procedures in conjunction with PwC treasury specialists:

- Confirmed through enquiry of management and inspection of the hedge accounting model that no changes were made to the Group's hedge accounting policy during the year.
- Reconciled the derivative and hedge accounting journal entries. This involved a reconciliation of cash flow hedge reserves to the fair value of derivatives. The appropriate presentation of gains and losses was agreed to the income statement. We inspected the key terms and hedging relationship as documented by management to ensure its compliance with the requirements of AASB 139.
- We formed a view about whether the derivative in the hedge relationship had key terms that will be effective (as defined by AASB 139) in hedging the underlying risk by comparing the terms of the derivative to the terms of the debt. At key accounting periods we checked the actual movement of the derivative against the hedged

	risk to ensure the hedging relationship has been effective over the year.

Other information

The directors of the responsible entity of GPT, the registered scheme, GPT RE Limited (the responsible entity) (the directors of the responsible entity) are responsible for the other information. The other information comprises the Directors' Report included in the Group's annual report for the year ended 31 December 2016 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_files/ar2.pdf

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 13 to 21 of the Directors' Report for the year ended 31 December 2016.

In our opinion, the remuneration report of The GPT Group, for the year ended 31 December 2016 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the responsible entity of the registered scheme 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Matthew Lunn
Partner

Sydney
10 February 2017