General Property Trust
ABN: 58 071 755 609

Annual Financial Report
31 December 2017

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 2017

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 2017. 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 a $12.3 billion diversified portfolio of high quality Australian retail, office and logistics property assets and together with GPT's funds management platform the Group has $21.5 billion of property assets under management (AUM).

GPT owns 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 $9.2 billion. GPT is one of the top 50 listed stocks on the ASX by market capitalisation as at 31 December 2017.

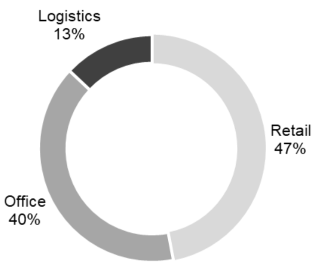
GPT's strategy is focused on leveraging its extensive real estate experience to deliver strong returns through disciplined investment, asset management and development. The development capability has a focus on creating value for securityholders through the enhancement of the core investment portfolio 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 2017 GPT achieved a Total Return of 15.2 per cent.

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 2017 GPT achieved an MER of 34 basis points.

GPT focuses 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 2017 the Weighted Average Cost of Debt was 4.2 per cent with net gearing at 24.4 per cent at year end.

GPT Portfolio



Retail Portfolio	**Office Portfolio**	**Logistics Portfolio**
13 shopping centres	22 assets	28 assets
940,000 sqm GLA*	1,110,000 sqm NLA**	780,000 sqm GLA
3,200 + tenants	470 + tenants	70 + tenants
$5.9b portfolio	$4.9b portfolio	$1.5b portfolio
$9.6b AUM	**$10.4b AUM**	**$1.5b 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 issued by the Property Council of Australia.

DIRECTORS' REPORT
Year ended 31 December 2017

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

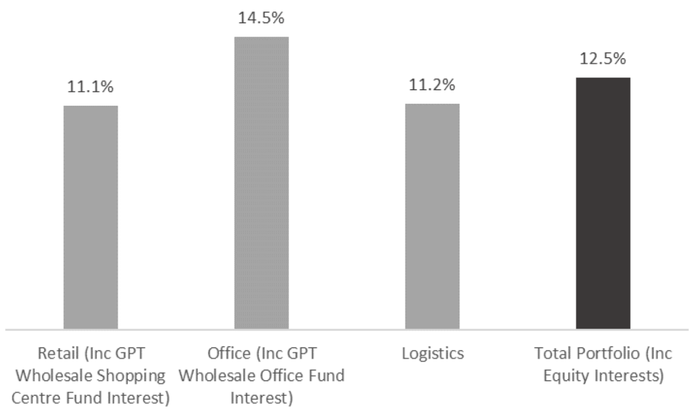
	31 Dec 17 $M	31 Dec 16 $M	Change %
Retail			
- Operations net income	**313.1**	288.3	8.6%
- Development net income	**5.3**	5.8	(8.6%)
	318.4	294.1	8.3%
Office			
- Operations net income	**247.8**	223.9	10.7%
- Development net income	**1.1**	1.1	0.0%
	248.9	225.0	10.6%
Logistics			
- Operations net income	**93.3**	92.7	0.6%
- Development net income	**0.7**	2.7	(74.1%)
	94.0	95.4	(1.5%)
Funds management net income	**37.0**	61.0	(39.3%)
Corporate management expenses	**(30.6)**	(29.8)	(2.7%)
Net finance costs	**(102.4)**	(100.0)	(2.4%)
Income tax expense	**(11.1)**	(14.0)	20.7%
Non-core	**-**	5.3	(100.0%)
Funds from Operations (FFO)	**554.2**	537.0	3.2%
Other non-FFO items:			
Valuation increase	**717.7**	611.6	17.3%
Financial instruments mark to market and net foreign exchange loss	**(2.9)**	(23.0)	87.4%
Other items(1)	**0.1**	27.1	(99.6%)
Net profit after tax	**1,269.1**	1,152.7	10.1%
FFO per ordinary stapled security (cents)	**30.77**	29.88	3.0%
Funds from Operations (FFO)	**554.2**	537.0	3.2%
Maintenance capex	**(54.4)**	(45.4)	(19.8%)
Lease incentives	**(53.5)**	(70.1)	23.7%
Adjusted Funds from Operations (AFFO)	**446.3**	421.5	5.9%
Distribution paid and payable	**443.2**	420.7	5.3%
Distribution per ordinary stapled security (cents)	**24.6**	23.4	5.1%

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

Operating result
GPT delivered FFO of $554.2 million for the 2017 financial year, an increase of 3.2 per cent on the prior year. This translated into FFO per security of 30.77 cents, up 3.0 per cent. The result was driven by strong contributions from the investment portfolio of high quality Australian retail, office and logistics properties.

GPT's statutory net profit after tax is $1,269.1 million, an increase of 10.1 per cent on the prior year, driven by $717.7 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 12.5 per cent for 2017 with the split between portfolios detailed in the following chart.



GPT has maintained strong metrics across its core portfolios:

	Overall Portfolios	Retail Portfolio	Office Portfolio	Logistics Portfolio
Value of Portfolio		$5.85 billion portfolio including GPT's equity interest in the GPT Wholesale Shopping Centre Fund (2016: $5.32 billion)	$4.90 billion portfolio including GPT's equity interest in the GPT Wholesale Office Fund (2016: $4.34 billion)	$1.55 billion portfolio (2016: $1.40 billion)
Occupancy	96.8% (2016: 97.1%)	99.6% (2016: 99.6%)	95.2% (2016: 97.0%)	96.1% (2016: 95.3%)
Weighted average lease expiry (WALE)	5.2 years (2016: 5.1 years)	4.1 years * (2016: 4.0 years)	5.6 years (2016: 5.5 years)	7.6 years (2016: 7.9 years)
Structured rental reviews		74% of speciality income subject to average increases of 4.7% (2016: 74% subject to average increases of 4.7%)	91% of income subject to average increases of 3.9% (2016: 90% subject to average increases of 3.9%)	91% of income subject to average increases of 3.3% (2016: 93% subject to average increases of 3.3%)
Comparable income growth	4.4% (2016: 4.5%)	3.8% (2016: 3.8%)	5.0% (2016: 6.3%)	4.0% (2016: 1.4%)
Weighted average capitalisation rate	5.27% (2016: 5.58%)	5.10% (2016: 5.39%)	5.18% (2016: 5.55%)	6.31% (2016: 6.54%)

*The methodology to determine WALE at December 2017 has been revised to exclude holdovers.

Retail

(i) Operations net income

The retail portfolio achieved a net revaluation uplift of $281.4 million in 2017, including GPT's equity interest in the GPT Wholesale Shopping Centre Fund (GWSCF). The positive revaluation is predominantly the result of favourable valuations at Melbourne Central, Highpoint Shopping Centre and Westfield Penrith, in addition to the contribution from GWSCF. 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 per cent was driven by structured rental increases and continued strength in leasing metrics including a focus on active remixing. Retail sales have moderated over the 12 month period to December 2017 consistent with the broader market, with total centre sales up 1.7 per cent and specialty annual sales up 0.3 per cent. The portfolio remains well leased with occupancy at 99.6 per cent.

(ii) Development net income

The retail development team has focused on master planning and delivery of development opportunities within its $1.6 billion development pipeline. In 2017, this includes the delivery of the $68.0 million repositioning of Wollongong Central. The remix has introduced David Jones to the asset and was completed on schedule in October 2017. The $422.0 million (GPT share $211.0 million) Sunshine Plaza retail expansion is expected to be completed in the last quarter of 2018.

During 2017, retail development contributed $5.3 million to GPT's FFO (2016: $5.8 million) from the sale of residential land parcels at Rouse Hill.

Office

(i) Operations net income

The office portfolio achieved a net revaluation uplift of $374.1 million in 2017, including GPT's equity interest in the GPT Wholesale Office Fund (GWOF), as a result of continued high occupancy levels, market rental growth and firming investment metrics. The positive revaluation has been driven by favourable valuations at MLC Centre, Citigroup Centre, Australia Square and Farrer Place.

Like for like income growth of 5.0 per cent was achieved as a result of leasing success leading to strong rental growth and continued high levels of occupancy at 95.2 per cent (including signed leases). The assets which were the main contributors to income growth were Citigroup Centre, MLC Centre and One One One Eagle Street.

(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 MLC Centre 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 9,240sqm to the Rural Fire Service, construction has commenced on a 15,680sqm campus building on the 4 Murray Rose site at Sydney Olympic Park. Completion is expected in late 2018.

The acquisition of an office development site of 2,439sqm in the heart of Parramatta's commercial district settled in March 2017. This site will provide the opportunity to develop an office building of over 26,000sqm, with the development application submitted.

Logistics

(i) Operations net income

The logistics portfolio achieved a net revaluation uplift of $62.1 million in 2017. This uplift is attributed to continued investor interest in quality logistics assets which led to a firming of investment metrics combined with positive leasing outcomes. The weighted average lease expiry has been maintained at a long duration of 7.6 years.

(ii) Development net income
In 2017 the logistics development business completed construction of four new logistics facilities totalling 70,000sqm at Seven Hills, Eastern Creek and Huntingwood in Sydney and Wacol in Brisbane. 100 per cent of this space has been leased. At the Huntingwood site, construction has commenced to develop an 11,000sqm warehouse on the adjoining land parcel to the existing building recently leased to IVE Group for 10 years. Planning approval is also in place and earthworks completed on Lot 21 Old Wallgrove Road site at Eastern Creek for a 30,000sqm facility.

Funds Management

As at and for the year ended 31 December 2017	GWOF	GWSCF	Total
Funds under Management	$7.1b	$4.9b	$12.0b
Number of Assets	17	8	25
GPT Interest	24.95%	28.80%	-
GPT Investment	$1,409.7m	$1,008.2m	$2,417.9m
One year Equity IRR (post-fees)	13.4%	12.5%	N/A
Share of profit - FFO	$68.8m	$46.5m	$115.3m
Funds Management fee income	$33.4m	$17.3m	$50.7m

The performance of the Wholesale Funds was strong, with GWOF achieving a one year equity IRR of 13.4 per cent and GWSCF achieving a one year equity IRR of 12.5 per cent.

GWOF
GWOF's portfolio value increased to $7.1 billion, up $0.5 billion compared to 2016. The management fee income earned from GWOF decreased by $23.0 million as compared to 2016, primarily due to performance fee income of $28.1 million being earned in 2016 which will not be earned in future in accordance with the revised Fund Terms. This was partially offset by higher base management fee income of $5.1 million due to strong upward revaluations across the portfolio, net new asset acquisitions and a higher base management fee structure compared with 2016.

In June 2017, GPT acquired a further 16.3 million securities in GWOF for $23.2 million, increasing GPT's ownership interest from 24.53 per cent to 24.95 per cent.

GWSCF
GWSCF's portfolio value increased to $4.9 billion, up $1.1 billion compared to 2016. This was primarily due to the acquisition of an additional 25 per cent interest in September 2017 in Highpoint Shopping Centre for $660.0 million and Homemaker City, Maribyrnong for $20.0 million coupled with upward revaluations across the portfolio. Management fee income earned from GWSCF of $17.3 million has remained stable as compared to 2016.

In May 2017, GPT acquired a further 115.6 million securities in GWSCF for $116.6 million, increasing GPT's ownership interest from 25.29 per cent to 28.80 per cent.

Fund Terms Review
On 20 February 2017, GWSCF held an Extraordinary General Meeting (EGM) in relation to changes in the terms of GWSCF. At the EGM, investors approved all seven resolutions put to the meeting.

The key changes included:
- removal of the performance fee structure from 1 April 2017;
- introduction of an Investor Representation Committee; and
- other amendments to operational policies and investor rights.

Investor Liquidity Review
On 31 March 2017, the first investor 10 year liquidity review concluded which allowed GWSCF securityholders to notify GPT Funds Management Limited (as Responsible Entity of GWSCF) whether they required liquidity. The outcome of the review was that binding requests for liquidity for a total of 78,474,213 securities, being 2.4 per cent of securities on issue, were submitted. This equated to $79.8 million at the 31 March 2017 current unit value of $1.0174. All requests for liquidity were met within the June 2017 quarter.

Management expenses
Management expenses increased to $73.4 million (2016: $71.0 million) predominantly caused by lower intercompany income elimination and moderate expense increases. In 2017 GPT achieved an MER of 34 basis points (2016: 37 basis points).

Non-core operations
Joint venture
In October 2017, GPT received a return of capital of $10.7 million in respect of its 5.3 per cent interest in BGP Holding Plc (BGP). BGP was classified as an available for sale financial asset with a carrying value of $9.3 million at 31 December 2016. In 2017, following the return of capital the asset has been revalued and derecognised in the Consolidated Statement of Financial Position and $10.7 million has been recognised in the Consolidated Statement of Comprehensive Income as profit on derecognition of available for sale financial asset.

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

For the financial year ended 31 December 2017, distributions paid and payable to stapled securityholders totalled $443.2 million (2016: $420.7 million), representing an annual distribution of 24.6 cents, up 5.1 per cent on 2016 (2016: 23.4 cents). This includes 12.3 cents ($221.6 million) in respect of the second half of 2017, which was declared on 20 December 2017 and is expected to be paid on 28 February 2018. The payout ratio for the year ended 31 December 2017 is 99.3 per cent (2016: 99.8 per cent).

DIRECTORS' REPORT
Year ended 31 December 2017

Financial position

	Net Assets 31 Dec 17 $M	Net Assets 31 Dec 16 $M	Change %
Core			
Retail	**5,938.4**	5,391.4	10.1%
Office	**4,885.5**	4,327.9	12.9%
Logistics	**1,639.3**	1,485.4	10.4%
Total core assets	**12,463.2**	11,204.7	11.2%
Non-core	**-**	39.7	(100.0%)
Financing and corporate assets	**495.2**	573.5	(13.7%)
Total assets	**12,958.4**	11,817.9	9.7%
Borrowings	**3,300.6**	2,996.6	10.1%
Other liabilities	**550.8**	539.1	2.2%
Total liabilities	**3,851.4**	3,535.7	8.9%
Net assets	**9,107.0**	8,282.2	10.0%
Total number of ordinary stapled securities (million)	**1,801.6**	1,798.0	0.2%
NTA ($)	**5.04**	4.59	9.8%

Balance sheet
- Total Return of 15.2 per cent (2016: 15.5 per cent) being the growth of NTA per stapled security of 45 cents to $5.04 plus the distribution paid / payable per stapled security of 24.6 cents, divided by the opening NTA per stapled security.
- Total core assets increased by 11.2 per cent primarily due to development capital expenditure, positive property revaluations and further investment in the wholesale funds.
- Total borrowings increased by $304.0 million due to net asset investments offset by fair value adjustments of $63.2 million to the carrying value of foreign currency debt.

Capital management

	31 Dec 17	31 Dec 16	Change
Cost of debt	**4.20%**	4.25%	Down by 5bps
Net gearing	**24.4%**	23.7%	Up by 70bps
Weighted average debt maturity	**7.1 years**	6.5 years	Up 0.6 years
Hedging	**76%**	57%	Up 19%
S&P / Moody's credit rating	**A stable / A2 stable**	A stable / A3 stable	Upgrade

GPT continues to maintain a strong focus on capital management, key highlights for the year include:
- Reduced weighted average cost of debt by 5 basis points due to lower fixed and floating interest rates offset by higher margins.
- Upgrade of GPT's long term Moody's rating from A3 (stable) to A2 (stable).
- Net gearing[1] increased to 24.4 per cent (2016: 23.7 per cent), which is slightly below GPT's target gearing range of 25 to 35 per cent. This was a result of net asset investments and development expenditure during the year.
- Available liquidity through cash and undrawn facilities (inclusive of forward starting facilities available to GPT) is $1,095.1 million (2016: $785.8 million).
- Investment capacity at 30 per cent net gearing is $1,030.0 million (2016: $1,040.0 million).
- Net tangible assets were impacted by a $12.5 million loss on net mark to market movements on derivatives and borrowings. This is due to a decrease in market swap rates during the period and different valuation methodologies on the fair value of foreign debt and their associated hedging contracts.

[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 2017

Cash flows
The cash balance as at December 2017 decreased to $49.9 million (2016: $56.3 million).

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

For the year ended	31 Dec 17 $M	31 Dec 16 $M	Change %
FFO	**554.2**	537.0	3.2%
(Less) / add: non-cash items included in FFO	**(17.2)**	2.7	(737.0%)
Less: interest capitalised on developments	**(8.6)**	(8.5)	(1.2%)
Less: net movement in inventory	**(19.0)**	(5.3)	(258.5%)
Timing difference in receivables and payables	**26.1**	0.3	Lge
Net cash inflows from operating activities	**535.5**	526.2	1.8%
Add: interest capitalised on developments	**8.6**	8.5	1.2%
Add: net movement in inventory	**19.0**	5.3	258.5%
Less: dividend income from available for sale investment	**(30.4)**	-	100.0%
Less: maintenance capex	**(54.4)**	(45.4)	(19.8%)
Less: lease incentives (excluding rent free)	**(27.0)**	(41.5)	34.9%
Free cash flow	**451.3**	453.1	(0.4%)

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.

Prospects
(i) Group
GPT is well positioned with high quality assets and high levels of occupancy. As at 31 December 2017, the Group's balance sheet is in a strong position, with a smooth, long debt expiry profile and net gearing slightly below the Group's target range of 25 to 35 per cent.

(ii) Retail
Australian retail sales grew 2.7 per cent for the year to 31 December 2017 led by the Eastern states. This has supported the performance of the GPT portfolio with more than 85 per cent of the portfolio located in NSW and VIC. Total centre sales grew 1.7 per cent whilst specialties sales per square metre grew 2.2 per cent.

(iii) Office
The Sydney and Melbourne office markets continued to deliver exceptional growth in net effective rents and asset valuations. The Sydney office market is expected to continue to enjoy favourable leasing conditions as supply remains limited through until 2020. The Melbourne office market is expected to see an elevated level of supply over the next 3 years however absorption is also expected to remain strong keeping vacancy rates low and upward pressure on net effective rents. 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 24 months, with quality assets and portfolios transacting at yields firmer than at previous market peaks. Despite a modest rental growth outlook and increasing supply, assets with long WALE, good rent 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.

(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 2018
In 2018 GPT expects to deliver approximately 3 per cent growth in FFO per ordinary security and approximately 3 per cent growth in distribution per ordinary security. Achieving this target is subject to risks detailed in the following section.

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 Sustainability and Risk Committee and the Audit Committee support the Board and are responsible for overseeing and reviewing the effectiveness of the risk management framework.

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.

Employees, contractors, the Leadership Team, the Sustainability and Risk Committee, the Audit Committee and through them, the Board:

- Report on or receive reports on GPT's risk management practices and control systems including the effectiveness of GPT's management of its material business risks.
- Promote risk awareness and assess the risk management culture.
- Develop and maintain internal specialist risk management expertise.

- Identify and assess risks in a timely and consistent manner.
- Design, embed and assess the effectiveness of controls.
- Provide transparency and assurance that the risk profile is aligned with GPT's strategy, values and risk appetite.

The risk appetite considers the most significant, material risks to which GPT is exposed. The following table sets out material risks and issues, the potential strategic impact to GPT and the ways in which they may be mitigated:

Risk Category	Risk / Issue	Potential Strategic Impact	Mitigation
Investment mandate	Investments do not perform in line with forecast	• Investments deliver lower investment performance than target • Credit rating 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, including competition and digital disruption	• Investments deliver lower investment returns than target	• Holistic capital management • Large multi asset portfolio • Monitoring of asset concentration • Digital strategy
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, including macro-economic factors	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	Incidents causing injury to tenants, visitors to the properties, employees and/or contractors	• Criminal/civil 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 and provide an inclusive workplace	• Limits the ability to deliver the business objectives and strategy	• Competitive remuneration • Structured development planning • Succession planning and talent management • Diversity & Inclusion Working Group • Diversity & Inclusion policies, guidelines and training
Environmental and Social Sustainability	Inability to continue operating in a manner that does not compromise the health of ecosystems and meets accepted social norms This includes the consideration of climate change, energy (initiatives, security and cost), community and supply chain	• Limits the ability to deliver the business objectives and strategy • Criminal/civil 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
Information security	Risk of loss of data, breach of confidentiality, regulatory breach (privacy) and/or reputational impact including as a result from a cyber attack	• Limits the ability to deliver the business objectives and strategy • Criminal/civil proceedings and resultant reputation damage • Financial impact of remediation and restoration	• Technology risk management framework • Privacy policy, guidelines and procedures

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 to 30 June each year. 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 each year. GPT has submitted its report to the Department of Climate Change and Energy Efficiency for the period ended 30 June 2017 within the required timeframe.

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

3. EVENTS SUBSEQUENT TO REPORTING DATE

On 24 January 2018, GPT acquired 4 logistics assets in Sunshine, Victoria for a total consideration of $74.0 million.

Other than the above, the Directors are not aware of any matter or circumstances occurring since 31 December 2017 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 343,264 GPT stapled securities.

Brendan Crotty
Brendan was appointed to the Board in December 2009 and is also a member of the Audit Committee and the Sustainability and Risk 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) and Chairman of Cloud FX Pte Ltd. Brendan resigned from his role as Chairman of Western Sydney Parklands Trust on 31 December 2017.

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 and Risk Committee and a member of the Nomination and Remuneration and Audit Committees. 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 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)

Eileen was also previously 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 Committee and the Sustainability and Risk 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.

DIRECTORS' REPORT
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Swe Guan is currently Chairman of Cromwell European REIT in Singapore (since 2017), 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 15,800 GPT stapled securities.

Michelle Somerville
Michelle was appointed to the Board in December 2015 and is also the Chair of the Audit Committee and a member of the Sustainability and Risk 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 16,157 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.

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 Committee		Nomination and Remuneration Committee		Sustainability and Risk 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	12	12	-	-	6	6	-	-
Robert Johnston	12	12	-	-	-	-	-	-
Brendan Crotty	12	12	4	4	-	-	4	4
Eileen Doyle	12	12	3	3	6	6	4	4
Swe Guan Lim	12	12	4	4	-	-	4	4
Michelle Somerville	12	12	4	4	-	-	3	3
Gene Tilbrook	12	12	-	-	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 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 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 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 GPT under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. GPT is an entity to which the Instrument applies.

DIRECTORS' REPORT
Year ended 31 December 2017

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 align performance measures 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 securityholders; 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 2017

Platform component	Key decisions and outcomes
Base pay (Fixed)	Implemented the annual review of employee base pay effective 1 January 2017, with an average increase of 3.6%. Implemented an average increase of 3.0% in Non-Executive Director base fees effective 1 January 2017. This was the first review of base fees since 1 January 2015.
Short term incentive compensation (STIC)	The Group achieved an EPS growth outcome of 3.0% which generated a STIC pool of $13.8 million.
Long term incentive (LTI) compensation	The Group achieved a compound annual Total Return[2] for the 2015-17 period of 14.05%, exceeding the maximum target of 9.75%, and delivered a Total Securityholder Return (TSR)[3] of 44.34% which ranked 5th against the comparator group. As a result, the vesting outcome for the 2015-17 LTI plan was 83.29% of the performance rights for each of the 23 participants in the LTI plan. Launched the 2017-2019 LTI with two performance measures, Total Return and Relative TSR. Strengthened the performance hurdle for vesting under the Total Return measure to commence at 8.5% and reach maximum at 10%.
Other employee ownership plans	Continued the General Employee Security Ownership Plan (GESOP) for 137 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 281 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 (or $1,000 cash (less tax) at the election of the individual).
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[4].
Diversity	Completed an organisation wide gender pay equity audit and launched GPT's Gender Equality Policy. GPT's CEO Bob Johnston is a member of the Property Male Champions of Change, and was also appointed a Gender Pay Equity Ambassador by the Workplace Gender Equality Agency (WGEA). Increased the percentage of females in senior leadership roles from 36.7% at the end of 2016 to 41.4%. Maintained participation of First Nations employees in the permanent workforce at 1%. Launched GPT's LGBTI Strategy and established an ally network.

[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.
[4] During 2017, no remuneration recommendations in relation to Key Management Personnel, as defined by Division 1 of Part 1.2 of Chapter 1 of the *Corporations Act 2001*, were made by these or other consultants.

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 Securityholder 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 securityholder 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 from the allocation date or cessation of employment (or $1,000 cash (less tax) at the election of the individual).

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 securityholder 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 2017 remuneration arrangements were as follows: **Fixed pay**: $1,435,000. **STIC**: $0 to $1,793,750 (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 one year after the conclusion of the performance year. **LTI**: A grant of performance rights with the face value at time of grant of $2,152,500 (i.e. 150% of base pay) with vesting outcomes dependent 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.
Clawback Policy	All GPT employees who participate in STIC and LTI are subject to remuneration being clawed back if the recipient has acted fraudulently, dishonestly, or where there has been a material misstatement or omission in the Group's financial statements leading to the receipt of an unfair benefit.

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	$820,000	$750,000
STIC[5]	$0 to $820,000	$0 to $750,000
LTI	$0 to $820,000	$0 to $750,000

3. Compensation mix at maximum STIC and LTI outcomes

Executive KMP	Fixed remuneration	Variable or "at risk" remuneration[6]	
	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%

[5] 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.
[6] 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

		2017	2016	2015	2014	2013
Total Securityholder Return (TSR)	%	**6.6**	10.1	15.4	34.5	4.1
Total Return	%	**15.2**	15.5	11.5	9.6	8.5
NTA (per security)	$	**5.04**	4.59	4.17	3.94	3.79
FFO (per security)[7]	cents	**30.8**	29.9	28.3	26.8	25.7
Security price at end of calendar year	$	**5.11**	5.03	4.78	4.35	3.40

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.	70%	The Group delivered EPS of 30.8 cents and EPS growth of 3.0% for 2017. This was consistent with budget but below the stretch objective set by the Board.
Strategy	Strategy objectives focused 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.	15%	Strategy plans have been developed and updated for each division, approved by the Board, and implementation of plans is on-track. Acquisition opportunities consistent with strategy were targeted throughout the year but the Group was unsuccessful in securing major new opportunities that met the Group's return expectations.
Performance	Operational objectives focused on driving performance of the investment portfolio and on fund term reviews, fund performance, key milestones in the development pipeline, and other projects.	Focus on delivery of investment and fund performance, conversion of the development pipeline and operational efficiency to optimise GPT's performance.	10%	GWSCF performance was a 1 year equity IRR of 12.5%, and fund terms were successfully renewed. GWOF performance was a 1 year equity IRR of 13.4%, and GPT acquired a further $23.2m worth of units to take the Group's position to 25%. The expansion of the Rouse Hill Town Centre was delayed due to changing retail market conditions and authority delays have hampered progress on the mixed-use opportunities at Sydney Olympic Park and Camellia. The Darling Park Stage 4 opportunity has been further advanced. $88.5m of Logistics development projects were completed at Seven Hills, Huntingwood and Wacol, with a further $126.5m of projects underway. The Sunshine Plaza redevelopment is expected to be completed successfully in the 4th Quarter of 2018. The Group has also successfully completed the repositioning of Wollongong Central.
People	People objectives centred on increasing employee engagement, driving our diversity and inclusion agenda, and leadership team performance.	Maintaining a high performing executive team and achieving engagement and diversity goals is key to GPT's performance.	5%	Employee engagement has been independently assessed and the Group's sustainable engagement score increased 3% to 82%. Gender diversity remained a focus for 2017 with female representation in senior leadership roles increasing to 41.4%. Aboriginal and Torres Strait Islander representation in the permanent workforce has remained steady at 1%. Strategies have been implemented to ensure that GPT is an inclusive organisation for all including our LGBTI, Aboriginal and Torres Strait Islander employees. The Leadership Team and senior cohort completed Hogan Profiles as part of leadership development activities to help drive business performance.

3. 2017 STIC Framework

The CEO objectives are cascaded (in full or in part) to KMP and all STIC participants where applicable. Performance measures and weightings may vary according to areas of responsibility for each STIC participant. Group and segment financial KPI's and performance KPI's in relation to occupancy, leasing, progress on developments, investment performance and operational efficiency are included. Performance objectives are then measured to determine performance outcomes and recommended STIC.

For the Group, EPS Growth performance hurdles are set for the year. For 2017, with the Group delivering an EPS Growth outcome of 3.0%, an amount of $13.8 million was derived for the STIC pool, representing 64 per cent of the aggregate of STIC participants' maximum STIC potential (2016: 69 per cent). The proportion of the available STIC pool for each individual participant is then determined by the performance of the individual and their business unit/team against Group and individual KPI's.

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7 Represents Realised Operating Income (ROI) until 2013.

Final allocation of the STIC pool for 2017 among the balance of the eligible employees[8] is to occur post the issue of the 2017 Remuneration Report in March 2018. The following table shows the distribution of 2016 STIC outcomes as a percentage of the individuals' maximum STIC opportunity.

2016 STIC Received as a % of STIC potential	0-50%	50-60%	60-70%	70-80%	80-90%	90-100%
Percentage of STIC participants	6.0%	6.9%	31.9%	44.9%	10.3%	0.0%

4. 2017 STIC outcomes by Executive KMP[9]

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)[10]
Bob Johnston	Chief Executive Officer and Managing Director	$1,142,000	63.67%	36.33%	$571,000	119,958
Anastasia Clarke	Chief Financial Officer	$500,000	66.67%	33.33%	$250,000	52,521
Mark Fookes	Chief Operating Officer	$540,000	65.85%	34.15%	$270,000	56,723

5. Group performance measures for LTI Plans

LTI	LTI performance measurement period	Performance measure	Performance measure hurdle	Weighting	Results	Vesting % by performance measure
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%	TSR of 44.34%. Relative TSR of 5th out of 11 participants, placing GPT at the 58.96th percentile.	66.58%
		Total Return	25% of rights vest at 9% Total Return, up to 100% at 9.75% Total Return (pro-rata vesting in between)	50%	Compound TR of 14.05%	100%
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%	N/A	N/A
2017	2017-19	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 8.5% Total Return, up to 100% at 10.0% Total Return (pro-rata vesting in between)	50%	N/A	N/A

[8] i.e. excluding the KMP.
[9] Excluding the impact of movements in the GPT security price on deferred STIC value received.
[10] The number of deferred GPT securities granted are calculated by dividing 50% of the Actual STIC awarded by GPT's Q4 2016 VWAP of $4.76. The deferred GPT securities will vest subject to service on 31 December 2018.

6. 2015-2017 LTI outcomes by Executive KMP

Senior Executive	Position	Performance rights granted	Performance rights vested	Performance rights lapsed
Bob Johnston	Chief Executive Officer and Managing Director	430,476	358,543	71,933
Anastasia Clarke	Chief Financial Officer	104,981	87,439	17,542
Mark Fookes	Chief Operating Officer	194,747	162,205	32,542

7. LTI outcomes – fair value and maximum value recognised in future years[11]

Executive KMP		Grant date	Fair value per performance right	Performance rights granted as at 31 Dec 17	Vesting date	Maximum value to be recognised in future years
Bob Johnston	**2017**	**22 May 2017**	**$2.66**	**452,206**	**31 Dec 19**	**$955,709**
Chief Executive Officer and Managing Director	2016	16 May 2016	$2.96	450,257	31 Dec 18	$903,120
Anastasia Clarke	**2017**	**21 February 2017**	**$2.66**	**157,563**	**31 Dec 19**	**$293,563**
Chief Financial Officer	2016	16 May 2016	$2.96	139,365	31 Dec 18	$314,439
Mark Fookes	**2017**	**21 February 2017**	**$2.66**	**172,269**	**31 Dec 19**	**$320,962**
Chief Operating Officer	2016	16 May 2016	$2.96	171,527	31 Dec 18	$387,004

8. Reported remuneration – Executive KMP – Actual Amounts Received[12]

		Fixed pay		Variable or "at risk"[13]			
Executive KMP		Base pay	Superannuation	Other[14]	STIC	LTI	Total
Bob Johnston	**2017**	**$1,415,168**	**$19,832**	**$3,299**	**$1,195,801**	**$1,867,471**	**$4,501,571**
Chief Executive Officer and Managing Director	2016	$1,300,883	$19,462	$5,677	$1,143,136	-	$2,469,158
Anastasia Clarke	**2017**	**$730,168**	**$19,832**	**$2,480**	**$523,556**	**$455,426**	**$1,731,462**
Chief Financial Officer	2016	$630,538	$19,462	$2,334	$481,107	$517,555	$1,650,996
Mark Fookes	**2017**	**$800,168**	**$19,832**	**$4,326**	**$565,442**	**$844,845**	**$2,234,613**
Chief Operating Officer	2016	$780,538	$19,462	$6,999	$571,233	$979,499	$2,357,731
Total	**2017**	**$2,945,504**	**$59,496**	**$10,105**	**$2,284,799**	**$3,167,742**	**$8,467,646**
	2016	$2,711,959	$58,386	$15,010	$2,195,476	$1,497,054	$6,477,885

[11] 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.
[12] 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.
[13] 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; 2017: $5.2085 (2016: $4.76).
[14] Other may include death & total/permanent disability insurance premiums, service awards, GPT superannuation plan administration fees, and/or other benefits.

9. Reported remuneration – Executive KMP – AIFRS Accounting[15]

Executive KMP		Fixed pay		Variable or "at risk"				
		Base pay	Superannuation	Other	STIC (cash plus accrual)[16]	LTI award accrual[17]	Grant or vesting of non STI or LTI performance rights[18]	Total
Bob Johnston	**2017**	**$1,376,680**	**$19,832**	**$3,299**	**$1,219,543**	**$1,166,796**	**-**	**$3,786,150**
Chief Executive Officer and Managing Director	2016	$1,390,757	$19,462	$5,677	$936,837	$694,626	$64,319	$3,111,678
Anastasia Clarke	**2017**	**$775,348**	**$19,832**	**$2,480**	**$569,961**	**$382,324**	**-**	**$1,749,945**
Chief Financial Officer	2016	$633,714	$19,462	$2,334	$495,523	$290,933	-	$1,441,966
Mark Fookes	**2017**	**$840,325**	**$19,832**	**$4,326**	**$669,971**	**$515,208**	**-**	**$2,049,662**
Chief Operating Officer	2016	$784,411	$19,462	$6,999	$720,099	$481,598	-	$2,012,569
Total	**2017**	**$2,992,353**	**$59,496**	**$10,105**	**$2,459,475**	**$2,064,328**	**-**	**$7,585,757**
	2016	$2,808,882	$58,386	$15,010	$2,152,459	$1,467,157	$64,319	$6,566,213

10. GPT security ownership – Executive KMP as at 31 December 2017

Executive KMP	GPT Holdings (start of period)[19]	Sign on performance rights converting in 2017	Employee Security Schemes (ESS)			Purchase /(Sales) during period[20]	GPT Holdings (end of period)[21]	Gross Value of GPT Holdings[22]	MSHR Guideline[23]
			2017 DSTIC	2015-17 LTI	TOTAL ESS for 2017				
Bob Johnston Chief Executive Officer and Managing Director	330,695	12,569	119,958	358,543	478,501	-	821,765	$4,280,163	$2,152,500
Anastasia Clarke Chief Financial Officer	486,402	-	52,521	87,439	139,960	(163,777)	462,585	$2,409,374	$750,000
Mark Fookes Chief Operating Officer	1,008,431	-	56,723	162,205	218,928	(109,091)	1,118,268	$5,824,499	$820,000

11. GPT performance rights – Executive KMP

Executive KMP	Performance rights	
	Performance rights that lapsed in 2017[24] (# of rights)	Performance rights still on foot at 31/12/17[25] (# of rights)
Bob Johnston Chief Executive Officer and Managing Director	140,394	902,463
Anastasia Clarke Chief Financial Officer	43,802	296,928
Mark Fookes Chief Operating Officer	61,953	343,796

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[15] This table provides a breakdown of remuneration for executive KMP in accordance with statutory requirements and Australian accounting standards.
[16] The accrual accounting valuation of the deferred securities in Mr. Johnston's 2015 STIC are included in the 2016 number as they were approved for issue at the 2016 AGM.
[17] 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.
[18] Grant or vesting of one-off non STI or LTI performance rights includes an accounting valuation of the sign on package for Mr. Johnston.
[19] GPT Holdings (start of period) may include GPT securities obtained as sign on grants (Mr Johnston only), DSTIC up to and including 2016, LTI plans up to and including the 2014-16 LTI plan, and private holdings.
[20] Movement in GPT security holdings as a result of the sale of vested, unrestricted security holdings and/or the sale or purchase of additional private holdings on the individuals own account during the 2017 calendar year.
[21] GPT Holdings (end of period) is the sum of GPT Holdings (start of the period) plus DSTIC and LTI securities obtained under ESS and adjusted for any purchases or sales during the period.
[22] The GPT Holdings (end of period) multiplied by GPT's fourth quarter 2017 VWAP of $5.2085 to derive a dollar value.
[23] 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 four years from commencement of employment to achieve the MSHR before it is assessed for the first time.
[24] The sum of performance rights that were awarded to a participant in the 2015 LTI that did not vest at the end of the 2015-2017 performance period, and as a result, lapsed and/or performance rights granted under the 2017 DSTIC that also lapsed.
[25] The total of unvested performance rights currently on foot excluding any GPT securities or performance rights that may have lapsed up to 31 December 2017. 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 the 2016-18 and 2017-19 LTI plans on foot; 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.

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 securityholders 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[26,27]

		Board Base Fee	Audit Committee	Sustainability and Risk Committee	Nomination and Remuneration Committee
Chairman	**2017**	**$380,000**	**$36,000**	**$30,000**	**$30,000**
	2016	$362,500	$36,000	$30,000	$30,000
Members	**2017**	**$148,000**	**$18,000**	**$15,000**	**$15,000**
	2016	$145,000	$18,000	$15,000	$15,000

[26] 'Chairman' used in this sense may refer to the chairperson of the board or a particular committee.
[27] 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.

DIRECTORS' REPORT

Year ended 31 December 2017

2. Reported remuneration – Non-Executive Directors – AIFRS accounting[28,29]

		Fixed pay			Total
Non-Executive Director - Current		Salary & fees	Superannuation	Other[30]	
Rob Ferguson	**2017**	**$380,000**	**$19,832**	**-**	**$399,832**
Chairman	2016	$362,500	$19,462	-	$381,962
Brendan Crotty	**2017**	**$181,000**	**$17,195**	**-**	**$198,195**
	2016	$181,333	$17,227	-	$198,560
Eileen Doyle	**2017**	**$203,500**	**$19,333**	**-**	**$222,833**
	2016	$190,000	$18,050	-	$208,050
Swe Guan Lim	**2017**	**$181,000**	**$17,195**	**$287**	**$198,482**
	2016	$178,000	$16,910	$615	$195,525
Michelle Somerville	**2017**	**$192,750**	**$18,311**	**-**	**$211,061**
	2016	$174,723	$16,599	-	$191,322
Gene Tilbrook	**2017**	**$178,000**	**$16,910**	**$380**	**$195,290**
	2016	$175,000	$16,625	$767	$192,392
Non-Executive Director – Former					
Anne McDonald[31]	**2017**	**-**	**-**	**-**	**-**
	2016	$62,422	$5,930	$641	$68,993
Total	**2017**	**$1,316,250**	**$108,776**	**$667**	**$1,425,693**
	2016	$1,323,978	$110,803	$2,023	$1,436,804

3. Non-Executive Director – GPT security holdings

	Private holdings (# of securities)			Minimum security holding requirement (MSHR)	
Non-Executive Director	Balance 31/12/16	Purchase/(Sale)	Balance 31/12/17	Gross value[32]	MSHR guideline[33]
Rob Ferguson	207,628	-	207,628	$1,081,430	$380,000
Brendan Crotty	67,092	-	67,092	$349,449	$148,000
Eileen Doyle	45,462	-	45,462	$236,789	$148,000
Swe Guan Lim	-	15,800	15,800	$82,294	$148,000
Michelle Somerville	2,912	13,245	16,157	$84,154	$148,000
Gene Tilbrook	48,546	-	48,546	$252,852	$148,000

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
13 February 2018

[28] This table provides a breakdown of remuneration for Non-Executive Directors in accordance with statutory requirements and Australian accounting standards.
[29] No termination benefits were paid during the financial year.
[30] Other may include death & total/permanent disability insurance premiums and/or GPT superannuation plan administration fees.
[31] Ms. McDonald retired from the GPT Board on 4 May 2016.
[32] Non-Executive Directors holdings multiplied by GPT's fourth quarter 2017 VWAP of $5.2085 to derive a dollar value.
[33] The MSHR for Non-Executive Directors is equal to 100% of base fees. Individuals have four 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 2017, 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
13 February 2018

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	Note	**31 Dec 17 $M**	31 Dec 16 $M
Revenue			
Rent from investment properties		**610.6**	584.1
Property and fund management fees		**70.2**	96.7
Development revenue		**15.0**	22.4
Development management fees		**10.8**	2.0
		706.6	705.2
Other income			
Fair value gain on investment properties		**481.0**	418.1
Share of after tax profit of equity accounted investments		**443.9**	375.4
Interest revenue		**1.3**	2.6
Dividend income		**-**	30.4
Derecognition of available for sale financial asset		**10.7**	-
Net profit on disposal of assets		**-**	12.8
Gain on financial liability at amortised cost		**2.2**	1.6
Reversal of prior period impairment expense		**-**	0.4
		939.1	841.3
Total revenue and other income		**1,645.7**	1,546.5
Expenses			
Property expenses and outgoings		**158.3**	157.3
Management and other administration costs		**71.7**	69.1
Development costs		**14.4**	13.1
Depreciation expense		**1.7**	1.9
Amortisation expense		**6.0**	5.4
Impairment expense		**5.4**	6.0
Finance costs		**103.7**	102.6
Net loss on fair value movements of derivatives		**5.7**	26.6
Net impact of foreign currency borrowings and associated hedging loss / (gain)		**0.2**	(2.2)
Net foreign exchange loss		**-**	0.1
Total expenses		**367.1**	379.9
Profit before income tax expense		**1,278.6**	1,166.6
Income tax expense	9(a)	**10.3**	22.4
Profit after income tax expense		**1,268.3**	1,144.2
Profit from discontinued operations		**0.8**	8.5
Net profit for the year		**1,269.1**	1,152.7
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)	**(9.4)**	14.5
Revaluation of available for sale financial asset	10(b)	**(7.1)**	(1.5)
Net foreign exchange translation adjustments	10(b)	**-**	(0.8)
Total other comprehensive income		**(16.5)**	12.2
Total comprehensive income for the year		**1,252.6**	1,164.9
Total comprehensive income for the year from continuing operations		**1,251.8**	1,157.2
Total comprehensive income for the year from discontinued operations		**0.8**	7.7
Net profit attributable to:			
- Securityholders of the Trust		**1,249.3**	1,048.8
- Securityholders of other entities stapled to the Trust		**19.8**	103.9
Total comprehensive income attributable to:			
- Securityholders of the Trust		**1,239.9**	1,061.5
- Securityholders of other entities stapled to the Trust		**12.7**	103.4
Basic earnings per unit attributable to ordinary securityholders of the Trust			
Earnings per unit (cents per unit) - profit from continuing operations	11(a)	**69.3**	57.9
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)	**70.4**	63.7

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 2017

	Note	31 Dec 17 $M	31 Dec 16 $M
ASSETS			
Current assets			
Cash and cash equivalents		**49.9**	56.3
Loans and receivables	4	**118.9**	149.2
Inventories	6	**11.8**	4.5
Derivative assets	14(a)	**3.4**	-
Prepayments		**7.0**	4.7
Other assets		**-**	9.3
Total current assets		**191.0**	224.0
Non-current assets			
Investment properties	2	**8,745.7**	7,944.9
Equity accounted investments	3	**3,562.9**	3,120.2
Intangible assets	5	**30.9**	35.3
Inventories	6	**140.4**	131.4
Property, plant and equipment		**9.9**	13.5
Derivative assets	14(a)	**257.7**	337.2
Deferred tax assets	9	**16.9**	7.5
Other assets		**3.0**	3.9
Total non-current assets		**12,767.4**	11,593.9
Total assets		**12,958.4**	11,817.9
LIABILITIES			
Current liabilities			
Payables	7	**374.9**	378.3
Current tax liabilities	9	**8.6**	-
Borrowings	13	**19.9**	48.8
Derivative liabilities	14(a)	**9.1**	-
Provisions	8	**37.9**	30.5
Total current liabilities		**450.4**	457.6
Non-current liabilities			
Borrowings	13	**3,280.7**	2,947.8
Derivative liabilities	14(a)	**118.0**	128.5
Provisions	8	**2.3**	1.8
Total non-current liabilities		**3,401.0**	3,078.1
Total liabilities		**3,851.4**	3,535.7
Net assets		**9,107.0**	8,282.2
EQUITY			
Securityholders of the Trust (parent entity)			
Contributed equity	10(a)	**7,814.8**	7,804.3
Reserves	10(b)	**(40.6)**	(31.2)
Retained earnings	10(c)	**1,829.5**	1,022.8
Total equity of Trust securityholders		**9,603.7**	8,795.9
Securityholders of other entities stapled to the Trust			
Contributed equity	10(a)	**325.7**	325.5
Reserves	10(b)	**57.0**	59.5
Accumulated losses	10(c)	**(879.4)**	(898.7)
Total equity of other stapled securityholders		**(496.7)**	(513.7)
Total equity		**9,107.0**	8,282.2

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 2017

		General Property Trust				Other entities stapled to the General Property Trust				
		Contributed equity	Reserves	Retained earnings	Total	Contributed equity	Reserves	Accumulated losses	Total	Total equity
	Note	$M	$M	$M	$M	$M	$M	$M	$M	$M
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
Equity attributable to Securityholders										
At 1 January 2017		**7,804.3**	**(31.2)**	**1,022.8**	**8,795.9**	**325.5**	**59.5**	**(898.7)**	**(513.7)**	**8,282.2**
Movement in available for sale reserve net of tax	10(b)	**-**	**-**	**-**	**-**	**-**	**(7.1)**	**-**	**(7.1)**	**(7.1)**
Cash flow hedge reserve	10(b)	**-**	**(9.4)**	**-**	**(9.4)**	**-**	**-**	**-**	**-**	**(9.4)**
Other comprehensive income for the year		**-**	**(9.4)**	**-**	**(9.4)**	**-**	**(7.1)**	**-**	**(7.1)**	**(16.5)**
Profit for the year		**-**	**-**	**1,249.3**	**1,249.3**	**-**	**-**	**19.8**	**19.8**	**1,269.1**
Total comprehensive income for the year		**-**	**(9.4)**	**1,249.3**	**1,239.9**	**-**	**(7.1)**	**19.8**	**12.7**	**1,252.6**
Transactions with Securityholders in their capacity as Securityholders										
Issue of stapled securities	10(a)	**10.5**	**-**	**-**	**10.5**	**0.2**	**-**	**-**	**0.2**	**10.7**
Movement in employee incentive scheme reserve net of tax	10(b)	**-**	**-**	**-**	**-**	**-**	**4.6**	**-**	**4.6**	**4.6**
Reclassification of employee incentive security scheme reserve to retained earnings / accumulated losses	10(c)	**-**	**-**	**0.6**	**0.6**	**-**	**-**	**(0.5)**	**(0.5)**	**0.1**
Distributions paid and payable	12	**-**	**-**	**(443.2)**	**(443.2)**	**-**	**-**	**-**	**-**	**(443.2)**
At 31 December 2017		**7,814.8**	**(40.6)**	**1,829.5**	**9,603.7**	**325.7**	**57.0**	**(879.4)**	**(496.7)**	**9,107.0**

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 2017

	Note	31 Dec 17 $M	31 Dec 16 $M
Cash flows from operating activities			
Receipts in the course of operations (inclusive of GST)		**733.8**	769.2
Payments in the course of operations (inclusive of GST)		**(267.3)**	(273.7)
Proceeds from sale of inventories		**7.6**	12.6
Payment for inventories		**(25.1)**	(16.1)
Distributions received from equity accounted investments		**171.7**	119.1
Dividend received from available for sale investment		**30.4**	-
Interest received		**1.3**	23.7
Income taxes paid		**(6.9)**	-
Finance costs paid		**(110.0)**	(108.6)
Net cash inflows from operating activities	15	**535.5**	526.2
Cash flows from investing activities			
Acquisition of investment properties		**(33.0)**	(70.4)
Payments for operating capital expenditure on investment properties		**(84.1)**	(82.9)
Payments for development capital expenditure on investment properties		**(205.3)**	(124.6)
Proceeds from disposal of assets		**5.5**	283.0
Payments for property, plant and equipment		**(1.1)**	(0.7)
Payments for intangibles		**(4.8)**	(4.8)
Investment in equity accounted investments		**(158.3)**	(384.0)
Capital return from available for sale financial asset		**10.7**	-
Proceeds from disposal of equity accounted investments		**-**	48.2
Proceeds from loan repayments		**-**	156.7
Loans advanced		**-**	(1.6)
Net cash outflows from investing activities		**(470.4)**	(181.1)
Cash flows from financing activities			
Proceeds from borrowings		**1,434.1**	2,464.7
Repayment of borrowings		**(1,066.9)**	(2,407.0)
Payment for termination of derivatives		**(3.1)**	(1.5)
Purchase of securities for the employee incentive scheme		**-**	(1.2)
Distributions paid to securityholders		**(435.6)**	(413.1)
Net cash outflows from financing activities		**(71.5)**	(358.1)
Net decrease in cash and cash equivalents		**(6.4)**	(13.0)
Cash and cash equivalents at the beginning of the year		**56.3**	69.3
Cash and cash equivalents at the end of the year		**49.9**	56.3

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

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. Additional information has also been provided 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 makers monitor 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 in accordance with guidelines issued by the Property Council of Australia.

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 2017

(a) Segment financial information

31 December 2017
The segment financial information provided to the chief operating decision maker for the year ended 31 December 2017 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)	360.1	239.2	112.5	-	-	**711.8**	**-**	**711.8**
Property expenses and outgoings	b(iii)	(98.8)	(57.6)	(17.4)	-	-	**(173.8)**	**-**	**(173.8)**
Income from Funds	b(iv)	46.5	68.8	-	-	-	**115.3**	**-**	**115.3**
Fee income		15.0	4.4	0.1	50.7	-	**70.2**	**-**	**70.2**
Management & administrative expenses	b(v)	(9.7)	(7.0)	(1.9)	(13.7)	(30.6)	**(62.9)**	**-**	**(62.9)**
Operations Net Income		**313.1**	**247.8**	**93.3**	**37.0**	**(30.6)**	**660.6**	**-**	**660.6**
Development fees		9.0	1.6	0.2	-	-	**10.8**	**-**	**10.8**
Development revenue	b(vi)	10.8	-	10.4	-	-	**21.2**	**-**	**21.2**
Development costs		(5.2)	-	(9.2)	-	-	**(14.4)**	**-**	**(14.4)**
Development management expenses	b(v)	(9.3)	(0.5)	(0.7)	-	-	**(10.5)**	**-**	**(10.5)**
Development Net Income		**5.3**	**1.1**	**0.7**	**-**	**-**	**7.1**	**-**	**7.1**
Interest income		-	-	-	-	1.3	**1.3**	**-**	**1.3**
Finance costs		-	-	-	-	(103.7)	**(103.7)**	**-**	**(103.7)**
Net Finance Costs		**-**	**-**	**-**	**-**	**(102.4)**	**(102.4)**	**-**	**(102.4)**
Segment Result Before Tax		**318.4**	**248.9**	**94.0**	**37.0**	**(133.0)**	**565.3**	**-**	**565.3**
Income tax expense	b(vii)	-	-	-	-	(11.1)	**(11.1)**	**-**	**(11.1)**
Funds from Operations (FFO)	b(i)	**318.4**	**248.9**	**94.0**	**37.0**	**(144.1)**	**554.2**	**-**	**554.2**

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	-	-	11.8	-	179.2	**191.0**	**-**	**191.0**
Total current assets	**-**	**-**	**11.8**	**-**	**179.2**	**191.0**	**-**	**191.0**
Non-current assets								
Investment properties	4,818.7	2,379.4	1,547.6	-	-	**8,745.7**	**-**	**8,745.7**
Equity accounted investments	1,047.1	2,505.8	-	-	10.0	**3,562.9**	**-**	**3,562.9**
Inventories	62.4	-	78.0	-	-	**140.4**	**-**	**140.4**
Other non-current assets	10.2	0.3	1.9	-	306.0	**318.4**	**-**	**318.4**
Total non-current assets	**5,938.4**	**4,885.5**	**1,627.5**	**-**	**316.0**	**12,767.4**	**-**	**12,767.4**
Total assets	**5,938.4**	**4,885.5**	**1,639.3**	**-**	**495.2**	**12,958.4**	**-**	**12,958.4**
Current and non-current liabilities	-	-	-	-	3,851.4	**3,851.4**	**-**	**3,851.4**
Total liabilities	**-**	**-**	**-**	**-**	**3,851.4**	**3,851.4**	**-**	**3,851.4**
Net assets	**5,938.4**	**4,885.5**	**1,639.3**	**-**	**(3,356.2)**	**9,107.0**	**-**	**9,107.0**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

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	Office	Logistics	Funds Management	Corporate	Total Core	Non-Core	Total
		$M	$M	$M	$M	$M	**$M**	$M	**$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	Office	Logistics	Funds Management	Corporate	Total Core	Non-Core	Total
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 2017

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

	31 Dec 17 $M	31 Dec 16 $M
(i) FFO to Net profit for the year		
Segment result		
FFO	**554.2**	537.0
Adjustments		
Fair value gain on investment properties	**481.0**	418.1
Fair value gain and other adjustments to equity accounted investments	**263.9**	223.0
Amortisation of lease incentives and costs	**(38.9)**	(43.1)
Straightlining of leases	**11.7**	13.6
Valuation increase	**717.7**	611.6
Net loss on fair value movement of derivatives	**(5.7)**	(26.6)
Net impact of foreign currency borrowings and associated hedging loss	**(0.2)**	2.2
Net foreign exchange loss	**0.8**	(0.2)
Gain on financial liability at amortised cost	**2.2**	1.6
Financial instruments mark to market and net foreign exchange loss	**(2.9)**	(23.0)
Dividend income	**-**	30.4
Net gain on disposal of assets	**10.7**	15.9
Impairment expense	**(5.4)**	0.6
Other items	**(5.2)**	(19.8)
Total other items	**0.1**	27.1
Consolidated Statement of Comprehensive Income		
Net profit for the year	**1,269.1**	1,152.7
(ii) Rent from investment properties		
Segment result		
Rent from investment properties	**711.8**	678.4
Less: share of rent from investment properties in equity accounted investments	**(74.0)**	(64.8)
Adjustments		
Amortisation of lease incentives and costs	**(38.9)**	(43.1)
Straightlining of leases	**11.7**	13.6
Consolidated Statement of Comprehensive Income		
Rent from investment properties	**610.6**	584.1
(iii) Property expenses and outgoings		
Segment result		
Property expenses and outgoings	**(173.8)**	(170.8)
Less: share of property expenses and outgoings in equity accounted investments	**15.5**	13.5
Consolidated Statement of Comprehensive Income		
Property expenses and outgoings	**(158.3)**	(157.3)
(iv) Share of after tax profit of equity accounted investments		
Segment result		
Income from Funds	**115.3**	99.5
Share of rent from investment properties in equity accounted investments	**74.0**	64.8
Share of property expenses and outgoings in equity accounted investments	**(15.5)**	(13.5)
Share of profit from associate	**-**	0.1
Development revenue	**6.2**	1.5
Adjustment		
Fair value gain and other adjustments to equity accounted investments	**263.9**	223.0
Consolidated Statement of Comprehensive Income		
Share of after tax profit of equity accounted investments	**443.9**	375.4
(v) Management and administration expenses		
Segment result		
Operations	**(62.9)**	(67.7)
Development	**(10.5)**	(3.3)
Less: depreciation expense	**1.7**	1.9
Consolidated Statement of Comprehensive Income		
Management and administration expenses	**(71.7)**	(69.1)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

	31 Dec 17 $M	31 Dec 16 $M
(vi) Development revenue		
Segment result		
Development revenue	**21.2**	23.9
Share of after tax profit of equity accounted investments	**(6.2)**	(1.5)
Consolidated Statement of Comprehensive Income		
Development revenue	**15.0**	22.4
(vii) Income tax expense		
Segment result		
Income tax expense	**(11.1)**	(14.0)
Adjustment		
Tax impact of reconciling items from segment result to net profit for the year	**0.8**	(8.4)
Consolidated Statement of Comprehensive Income		
Income tax expense	**(10.3)**	(22.4)

(c) Net profit on disposal and derecognition of assets

	Non-core $M	**31 Dec 17 $M**	31 Dec 16 $M
Details of disposals / capital returns during the year:			
Cash consideration	10.7	**10.7**	336.0
Less: transaction costs	-	**-**	(4.2)
Net consideration	10.7	**10.7**	331.8
Carrying amount of net assets sold / derecognised	(10.7)	**(10.7)**	(316.7)
Foreign exchange gain realised on disposal / derecognition	-	**-**	0.8
Transfer from reserves	10.7	**10.7**	-
Profit on sale and derecognition before income tax	10.7	**10.7**	15.9
The carrying amounts of assets and liabilities as at the date of disposal / derecognition were:			
Investment properties	-	**-**	270.5
Equity accounted investments	-	**-**	39.2
Other assets	10.7	**10.7**	8.3
Other liabilities	-	**-**	(1.3)
Net assets	10.7	**10.7**	316.7

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. 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 17 $M	31 Dec 16 $M
Retail	(a)	**4,818.7**	4,468.6
Office	(b)	**2,306.8**	2,068.1
Logistics	(c)	**1,498.6**	1,317.3
Properties under development	(d)	**121.6**	90.9
Total investment properties	(e)	**8,745.7**	7,944.9

	Ownership interest [5] %	Acquisition date	Fair value 31 Dec 17 $M	Fair value 31 Dec 16 $M	Latest independent valuation date	Valuer
(a) Retail						
Casuarina Square, NT	50.0	Oct 1973	**322.6**	313.0	Sep 2017	CB Richard Ellis Pty Ltd
Charlestown Square, NSW	100.0	Dec 1977	**924.8**	885.5	Jun 2017	M3 Property
Pacific Highway, Charlestown, NSW	100.0	Oct 2002 / Jul 2003	**6.6**	7.1	Jun 2017	M3 Property
Highpoint Shopping Centre, VIC	16.7	Aug 2009	**434.2**	373.4	Sep 2017	Savills Australia
Homemaker City, Maribyrnong, VIC	16.7	Aug 2009	**11.7**	9.8	Sep 2017	Savills Australia
Westfield Penrith, NSW	50.0	Jun 1971	**669.5**	636.2	Jun 2017	Knight Frank Valuations
Sunshine Plaza, QLD	** 50.0	Dec 1992 / Sep 2004	**449.3**	380.5	Dec 2017	M3 Property
Plaza Parade, QLD	50.0	Jun 1999	**10.0**	10.3	Dec 2017	M3 Property
Rouse Hill Town Centre, NSW	100.0	Dec 2005	**606.8**	578.8	Dec 2017	M3 Property
Melbourne Central, VIC - retail portion [1]	100.0	May 1999 / May 2001	**1,383.2**	1,274.0	Dec 2017	CB Richard Ellis Pty Ltd
Total Retail			**4,818.7**	4,468.6		
(b) Office						
Australia Square, Sydney, NSW	50.0	Sep 1981	**444.2**	402.6	Jun 2017	Colliers International
MLC Centre, Sydney, NSW	50.0	Apr 1987	**662.2**	531.5	Jun 2017	Knight Frank Valuations
One One One Eagle Street, Brisbane, QLD	33.3	Apr 1984	**293.7**	284.2	Dec 2017	CB Richard Ellis Pty Ltd
Melbourne Central, VIC - office portion [1]	100.0	May 1999 / May 2001	**546.7**	513.5	Jun 2017	Jones Lang LaSalle
Corner of Bourke and William, VIC	50.0	Oct 2014	**360.0**	336.3	Dec 2017	Jones Lang LaSalle
Total Office			**2,306.8**	2,068.1		

(1) Melbourne Central: 71.7% Retail and 28.3% Office (31 Dec 2016: 71.3% Retail and 28.7% Office). Melbourne Central – Retail Includes 100% of Melbourne Central car park and 100% of 202 Little Lonsdale Street.

	Ownership interest [5] %	Acquisition date	Fair value 31 Dec 17 $M	Fair value 31 Dec 16 $M	Latest independent valuation date	Valuer
(c) Logistics						
Citi-West Industrial Estate, Altona North, VIC	100.0	Aug 1994	**81.6**	70.6	Dec 2017	CB Richard Ellis Pty Ltd
Quad 1, Sydney Olympic Park, NSW	* 100.0	Jun 2001	**24.0**	23.4	Jun 2017	M3 Property
Quad 4, Sydney Olympic Park, NSW	* 100.0	Jun 2004	**51.5**	49.3	Jun 2017	M3 Property
6 Herb Elliott Avenue, Sydney Olympic Park, NSW	* 100.0	Jun 2010	**12.0**	11.1	Jun 2017	Knight Frank Valuations
8 Herb Elliott Avenue, Sydney Olympic Park, NSW	* 100.0	Aug 2004	**11.7**	11.3	Jun 2017	Knight Frank Valuations
3 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Apr 2013	**24.5**	24.0	Jun 2017	Knight Frank Valuations
5 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2005	**26.7**	26.5	Jun 2017	Knight Frank Valuations
7 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2004	**15.3**	15.0	Jun 2017	Knight Frank Valuations
Rosehill Business Park, Camellia, NSW	100.0	May 1998	**81.4**	79.4	Dec 2017	CB Richard Ellis Pty Ltd
16-34 Templar Road, Erskine Park, NSW	100.0	Jun 2008	**58.3**	54.5	Dec 2017	Colliers International
67-75 Templar Road, Erskine Park, NSW	100.0	Jun 2008	**24.2**	23.5	Dec 2017	Savills Australia
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	**170.5**	165.4	Dec 2017	Jones Lang LaSalle
4 Holker Street, Newington, NSW	100.0	Mar 2006	**33.0**	29.0	Dec 2017	CB Richard Ellis Pty Ltd
372-374 Victoria Street, Wetherill Park, NSW	100.0	Jul 2006	**24.8**	21.8	Dec 2017	CB Richard Ellis Pty Ltd
18 - 24 Abbott Road, Seven Hills, NSW [2]	100.0	Oct 2006	**34.6**	-	Jun 2017	CB Richard Ellis Pty Ltd
Citiport Business Park, Port Melbourne, VIC	100.0	Mar 2012	**75.8**	71.0	Jun 2017	Savills Australia
83 Derby Street, Silverwater, NSW	100.0	Aug 2012	**34.8**	31.8	Dec 2017	Jones Lang LaSalle
10 Interchange Drive, Eastern Creek, NSW	100.0	Aug 2012	**33.2**	32.0	Dec 2017	Jones Lang LaSalle
407 Pembroke Road, Minto, NSW	50.0	Oct 2008	**25.5**	26.5	Jun 2017	Jones Lang LaSalle
Corner Pine Road and Loftus Road, Yennora, NSW	100.0	Nov 2013	**52.9**	52.2	Jun 2017	M3 Property
16-28 Quarry Road, Yatala, QLD	100.0	Nov 2013	**44.3**	43.2	Dec 2017	CB Richard Ellis Pty Ltd
Toll NQX, Karawatha, QLD	100.0	Dec 2012	**108.0**	102.5	Jun 2017	CB Richard Ellis Pty Ltd
TNT, 29-55 Lockwood Road, Erskine Park, NSW	100.0	Jun 2008	**98.1**	85.5	Jun 2017	Savills Australia
RAND, 36-52 Templar Road, Erskine Park, NSW	100.0	Jun 2008	**98.3**	97.0	Jun 2017	Jones Lang LaSalle
RRM, 54-70 Templar Road, Erskine Park, NSW	100.0	Jun 2008	**145.0**	138.0	Jun 2017	M3 Property
1 Huntingwood Drive, Huntingwood, NSW	100.0	Oct 2016	**50.9**	32.8	Jun 2017	CB Richard Ellis Pty Ltd
Loscam Metroplex, Wacol, QLD [2]	100.0	Dec 2016	**15.0**	-	Jun 2017	Jones Lang LaSalle
Lot 2012 Eastern Creek Drive, Eastern Creek, NSW [2]	100.0	Apr 2016	**42.7**	-	Dec 2017	CB Richard Ellis Pty Ltd
Total Logistics			**1,498.6**	1,317.3		

	Ownership interest [5] %	Acquisition date	Fair value 31 Dec 17 $M	Fair value 31 Dec 16 $M	Latest independent valuation date	Valuer
(d) Properties under development						
Erskine Park, NSW [3]	100.0	Jun 2008	**-**	5.5	Jun 2015	CB Richard Ellis Pty Ltd
407 Pembroke Rd, Minto, NSW	50.0	Oct 2008	**5.6**	5.5	Jun 2016	M3 Property
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	**21.7**	19.4	Dec 2017	Jones Lang LaSalle
18 - 24 Abbott Road, Seven Hills, NSW [2]	100.0	Oct 2006	**-**	14.7	Jun 2017	CB Richard Ellis Pty Ltd
4 Murray Rose Drive, Sydney Olympic Park, NSW	* 100.0	May 2002	**33.0**	3.4	Dec 2017	CB Richard Ellis Pty Ltd
Lot 2012 Eastern Creek Drive, Eastern Creek, NSW [2]	100.0	Apr 2016	**-**	18.9	Dec 2017	CB Richard Ellis Pty Ltd
Lot 21 Old Wallgrove Road, Eastern Creek, NSW	100.0	Jun 2016	**21.7**	17.1	-	-
Loscam Metroplex, Wacol, QLD [2]	100.0	Dec 2016	**-**	6.4	Jun 2017	Jones Lang LaSalle
32 Smith, Parramatta, NSW [4]	100.0	Mar 2017	**39.6**	-	-	-
Total Properties under development			**121.6**	90.9		

(2) Following practical completion in April, May and October 2017 respectively, 18-24 Abbott Road, Seven Hills, Loscam Metroplex, Wacol and Lot 2012 Eastern Creek Drive, Eastern Creek have been reclassified from properties under development to investment property in the Logistics portfolio.
(3) On 8 February 2017 GPT sold its 100% interest in Lot 101, 16 Lockwood Road, Erskine Park for a consideration of $5.5 million.
(4) On 17 March 2017 GPT acquired a 100% interest in 32 Smith, Parramatta for a total consideration for $33.0 million (including transaction costs of $1.8 million).
(5) 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 17 $M	31 Dec 16 $M
Carrying amount at the beginning of the year	4,468.6	2,068.1	1,317.3	90.9	**7,944.9**	7,372.8
Additions - operating capital expenditure	22.9	19.5	8.5	-	**50.9**	38.4
Additions - development capital expenditure	91.6	27.1	23.4	73.7	**215.8**	128.8
Additions - interest capitalised (1)	2.9	-	1.3	4.4	**8.6**	4.5
Asset acquisitions	-	-	-	33.0	**33.0**	71.3
Transfers from properties under development	-	-	76.1	(76.1)	**-**	-
Transfers from inventory	-	-	2.8	-	**2.8**	(30.1)
Lease incentives	14.3	14.4	7.6	-	**36.3**	47.3
Amortisation of lease incentives and costs	(11.4)	(21.4)	(6.1)	-	**(38.9)**	(42.5)
Disposals	-	-	-	(5.5)	**(5.5)**	(82.4)
Fair value adjustments	223.6	197.7	58.5	1.2	**481.0**	417.5
Leasing costs	3.7	0.8	0.6	-	**5.1**	5.7
Straightlining of leases	2.5	0.6	8.6	-	**11.7**	13.6
Carrying amount at the end of the year	4,818.7	2,306.8	1,498.6	121.6	**8,745.7**	7,944.9

(1) A capitalisation interest rate of 5.4% (2016: 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 straightline 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 17 $M	Consolidated entity 31 Dec 16 $M
Due within one year	**467.5**	460.4
Due between one and five years	**1,285.6**	1,234.5
Due after five years	**979.9**	942.2
Total operating lease receivables	**2,733.0**	2,637.1

3. EQUITY ACCOUNTED INVESTMENTS

	Note	31 Dec 17 $M	31 Dec 16 $M
Investments in joint ventures	(a)(i)	**1,135.0**	1,004.4
Investments in associates	(a)(ii)	**2,427.9**	2,115.8
Total equity accounted investments		**3,562.9**	3,120.2

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

(a) Details of equity accounted investments

Name	Principal Activity	Ownership Interest			
		31 Dec 17	31 Dec 16	**31 Dec 17**	31 Dec 16
		%	%	**$M**	$M
(i) Joint ventures					
2 Park Street Trust [(1)]	Investment property	50.00	50.00	**630.1**	547.9
1 Farrer Place Trust [(1)]	Investment property	50.00	50.00	**465.9**	424.1
Horton Trust	Investment property	50.00	50.00	**27.0**	26.6
Lendlease GPT (Rouse Hill) Pty Limited [(1) (2)]	Property development	50.00	50.00	**11.9**	5.7
DPT Operator Pty Limited	Management	50.00	50.00	**0.1**	0.1
Total investment in joint venture entities				**1,135.0**	1,004.4
(ii) Associates					
GPT Wholesale Office Fund [(1) (3)]	Investment property	24.95	24.53	**1,409.7**	1,283.1
GPT Wholesale Shopping Centre Fund [(1) (4)]	Investment property	28.80	25.29	**1,008.2**	822.7
GPT Funds Management Limited	Funds management	100.00	100.00	**10.0**	10.0
Total investments in associates				**2,427.9**	2,115.8

(1) The entity has a 30 June balance date.
(2) 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.
(3) In June 2017, GPT acquired an additional 16.3 million units in GWOF.
(4) In May 2017, GPT acquired an additional 115.6 million units in GWSCF.

(b) Summarised financial information for associates and joint ventures
The information disclosed reflects the amounts presented in the 31 December 2017 financial results 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		1 Farrer Place Trust		Others		Total	
	31 Dec 17	31 Dec 16	**31 Dec 17**	31 Dec 16	**31 Dec 17**	31 Dec 16	**31 Dec 17**	31 Dec 16
	$M	$M	**$M**	$M	**$M**	$M	**$M**	$M
Current assets								
Cash and cash equivalents	**9.8**	5.5	**10.9**	12.3	**17.6**	17.1	**38.3**	34.9
Other current assets	**1.8**	1.2	**7.1**	4.9	**8.2**	1.4	**17.1**	7.5
Total current assets	**11.6**	6.7	**18.0**	17.2	**25.8**	18.5	**55.4**	42.4
Total non-current assets	**1,260.0**	1,109.0	**953.5**	870.2	**63.9**	67.6	**2,277.4**	2,046.8
Current liabilities								
Financial liabilities (excluding trade payables, other payables and provisions)	**9.4**	19.9	**33.0**	33.3	**2.8**	13.2	**45.2**	66.4
Other current liabilities	**2.0**	-	**6.7**	5.9	**0.1**	-	**8.8**	5.9
Total current liabilities	**11.4**	19.9	**39.7**	39.2	**2.9**	13.2	**54.0**	72.3
Non-current liabilities								
Financial liabilities (excluding trade payables, other payables and provisions)	**-**	-	**-**	-	**8.8**	8.1	**8.8**	8.1
Total non-current liabilities	**-**	-	**-**	-	**8.8**	8.1	**8.8**	8.1
Net assets	**1,260.2**	1,095.8	**931.8**	848.2	**78.0**	64.8	**2,270.0**	2,008.8
Reconciliation to carrying amounts:								
Opening net assets 1 January	**1,095.8**	984.9	**848.2**	730.8	**64.8**	61.6	**2,008.8**	1,777.3
Profit for the year	**197.6**	151.7	**109.6**	124.3	**16.0**	5.6	**323.2**	281.6
Issue of equity	**24.6**	8.9	**11.4**	27.4	**-**	-	**36.0**	36.3
Distributions paid / payable	**(57.8)**	(49.7)	**(37.4)**	(34.3)	**(2.8)**	(2.4)	**(98.0)**	(86.4)
Closing net assets	**1,260.2**	1,095.8	**931.8**	848.2	**78.0**	64.8	**2,270.0**	2,008.8
GPT's share	**630.1**	547.9	**465.9**	424.1	**39.0**	32.4	**1,135.0**	1,004.4
Summarised statement of comprehensive income								
Revenue	**73.0**	60.4	**62.4**	76.8	**4.6**	23.2	**140.0**	160.4
Profit for the year	**197.6**	151.7	**109.6**	124.3	**16.0**	5.6	**323.2**	281.6
Total comprehensive income	**197.6**	151.7	**109.6**	124.3	**16.0**	5.6	**323.2**	281.6

(ii) Associates

	GPT Wholesale Office Fund		GPT Wholesale Shopping Centre Fund		Others		Total	
	31 Dec 17	31 Dec 16	**31 Dec 17**	31 Dec 16	**31 Dec 17**	31 Dec 16	**31 Dec 17**	31 Dec 16
	$M	$M	**$M**	$M	**$M**	$M	**$M**	$M
Total current assets	**72.6**	137.3	**51.8**	44.5	**10.0**	10.0	**134.4**	191.8
Total non-current assets	**7,032.8**	6,461.4	**4,799.6**	3,714.3	**-**	-	**11,832.4**	10,175.7
Total current liabilities	**156.5**	163.8	**129.4**	326.9	**-**	-	**285.9**	490.7
Total non-current liabilities	**1,299.1**	1,204.2	**1,221.5**	178.9	**-**	-	**2,520.6**	1,383.1
Net assets	**5,649.8**	5,230.7	**3,500.5**	3,253.0	**10.0**	10.0	**9,160.3**	8,493.7
Reconciliation to carrying amounts:								
Opening net assets 1 January	**5,230.7**	4,797.8	**3,253.0**	3,082.5	**10.0**	287.0	**8,493.7**	8,167.3
Profit for the year	**688.6**	685.7	**400.6**	348.6	**-**	33.0	**1,089.2**	1,067.3
Issue / (sale) of equity	**-**	-	**7.2**	-	**-**	(287.0)	**7.2**	(287.0)
Distributions paid / payable	**(269.5)**	(252.8)	**(160.3)**	(178.1)	**-**	(23.0)	**(429.8)**	(453.9)
Closing net assets	**5,649.8**	5,230.7	**3,500.5**	3,253.0	**10.0**	10.0	**9,160.3**	8,493.7
GPT's share	**1,409.7**	1,283.1	**1,008.2**	822.7	**10.0**	10.0	**2,427.9**	2,115.8
Summarised statement of comprehensive income								
Revenue	**500.3**	507.9	**294.9**	304.3	**-**	18.1	**795.2**	830.3
Profit for the year	**688.6**	685.7	**400.6**	348.6	**-**	33.0	**1,089.2**	1,067.3
Total comprehensive income	**688.6**	685.7	**400.6**	348.6	**-**	33.0	**1,089.2**	1,067.3
Distributions received / receivable from their associates	**39.5**	44.8	**-**	-	**-**	-	**39.5**	44.8

4. LOANS AND RECEIVABLES

	31 Dec 17	31 Dec 16
	$M	$M
Current assets		
Trade receivables	**10.6**	8.5
Less: impairment of trade receivables	**(0.9)**	(1.0)
	9.7	7.5
Distributions receivable from joint ventures	**12.9**	22.5
Distributions receivable from associates	**26.3**	29.4
Dividends receivable from investments	**-**	30.4
Related party receivables [(1)]	**21.3**	17.8
Levies asset	**15.1**	13.9
Other receivables	**33.6**	27.7
Total current loans and receivables	**118.9**	149.2

(1) The related party receivables are on commercial terms and conditions.

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

	31 Dec 17					31 Dec 16				
	0-30 days	**31-60 days**	**61-90 days**	**90+ days**	**Total**	0-30 days	31-60 days	61-90 days	90+ days	Total
	$M	**$M**	**$M**	**$M**	**$M**	$M	$M	$M	$M	$M
Current receivables	**116.3**	**0.8**	**0.1**	**2.6**	**119.8**	146.3	0.5	0.1	3.3	150.2
Impairment of current receivables	**-**	**-**	**-**	**(0.9)**	**(0.9)**	-	-	-	(1.0)	(1.0)
Total loans and receivables	**116.3**	**0.8**	**0.1**	**1.7**	**118.9**	146.3	0.5	0.1	2.3	149.2

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 $M	IT development and software $M	Total $M
Costs			
Balance as at 31 December 2015	55.8	61.9	117.7
Additions	-	5.2	5.2
Balance as at 31 December 2016	55.8	67.1	122.9
Additions	**-**	**4.7**	**4.7**
Disposals	**-**	**(11.4)**	**(11.4)**
Transfers	**-**	**2.8**	**2.8**
Balance as at 31 December 2017	**55.8**	**63.2**	**119.0**
Accumulated amortisation and impairment			
Balance as at 31 December 2015	(44.8)	(37.4)	(82.2)
Amortisation	(0.3)	(5.1)	(5.4)
Balance as at 31 December 2016	(45.1)	(42.5)	(87.6)
Amortisation	**(0.3)**	**(5.7)**	**(6.0)**
Impairment	**-**	**(5.9)**	**(5.9)**
Disposals	**-**	**11.4**	**11.4**
Balance as at 31 December 2017	**(45.4)**	**(42.7)**	**(88.1)**
Carrying amounts			
Balance as at 31 December 2016	10.7	24.6	35.3
Balance as at 31 December 2017	**10.4**	**20.5**	**30.9**

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 straightline 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 17 $M	31 Dec 16 $M
Development properties	**11.8**	4.5
Current inventories	**11.8**	4.5
Development properties	**140.4**	131.4
Non-current inventories	**140.4**	131.4
Total inventories	**152.2**	135.9

Development properties held as inventory to be sold 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 reversal of $0.4 million has been recognised for the year ended 31 December 2017 (2016: Impairment expense of $6.0 million).

7. PAYABLES

	31 Dec 17	31 Dec 16
	$M	$M
Trade payables and accruals	**124.5**	133.1
GST payables	**1.1**	1.1
Distribution payable to stapled securityholders	**221.6**	214.0
Interest payable	**17.6**	18.0
Other payables	**10.1**	12.1
Total payables	**374.9**	378.3

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 17	31 Dec 16
	$M	$M
Current provisions		
Employee benefits	**10.1**	9.0
Provision for levies	**15.1**	13.9
Other	**12.7**	7.6
Total current provisions	**37.9**	30.5
Non-current provisions		
Employee benefits	**2.3**	1.8
Total non-current provisions	**2.3**	1.8

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 17	31 Dec 16
	$M	$M
Employee benefits expenses	**114.5**	115.1

9. TAXATION

	31 Dec 17 $M	31 Dec 16 $M
(a) Income tax expense		
Current income tax expense	**20.0**	-
Deferred income tax (credit) / expense	**(9.7)**	22.4
Income tax expense in the Statement of Comprehensive Income	**10.3**	22.4
Income tax expense attributable to:		
Profit from continuing operations	**10.3**	22.4
Profit from discontinued operations	**-**	-
Aggregate income tax expense	**10.3**	22.4
(b) Reconciliation of accounting proft to income tax expense and current tax liability		
Net profit for the year excluding income tax expense	**1,279.4**	1,175.1
Less: Trust profit not subject to tax	**(1,274.5)**	(1,132.6)
Profit which is subject to taxation	**4.9**	42.5
Prima facie income tax at 30% tax rate (2016: 30%)	**1.5**	12.8
Tax effect of amounts not deductible / assessable in calculating income tax expense:		
Adjustments for income tax for prior years	**0.2**	0.5
Previously unrecognised tax losses	**(0.4)**	(15.2)
Revaluation and amortisation	**10.0**	26.2
Non assessable income	**(6.1)**	(4.0)
Other tax adjustments	**5.1**	2.1
Income tax expense	**10.3**	22.4
Add / (less) amounts to reconcile to current tax liability:		
Temporary differences:		
Employee benefits	**0.7**	0.7
Provisions and accruals	**(0.3)**	0.3
Dividends received / (receivable)	**9.1**	(9.1)
Other deferred tax asset charged to income	**1.9**	(0.9)
Movement in reserves	**(1.7)**	(0.3)
Opening balance:		
Tax losses transferred from deferrred tax asset	**(2.0)**	-
Tax losses and adjustments:		
Tax losses recognised	**-**	15.2
Prior tax losses utilised	**-**	(27.8)
Movement in reserves	**(2.5)**	-
Prior year adjustments	**-**	(0.5)
Tax payments made to tax authorities	**(6.9)**	-
Current tax liability	**8.6**	-
(c) Deferred tax assets		
Employee benefits	**15.4**	14.7
Provisions and accruals	**2.9**	3.2
Other	**(1.4)**	(12.4)
Tax losses recognised	**-**	2.0
Net deferred tax asset	**16.9**	7.5

	31 Dec 17 $M	31 Dec 16 $M
Movement in temporary differences during the year		
Opening balance at beginning of the year	**7.5**	30.2
Credited to the Statement of Comprehensive Income	**9.7**	6.6
Movement in reserves	**1.7**	(0.3)
Utilisation of tax losses	**(2.0)**	(29.0)
Closing balance at end of the year	**16.9**	7.5

(d) Effective tax rate

Adoption of Voluntary Tax Transparency Code
The Board of Taxation has released a voluntary Tax Transparency Code (TTC). The TTC sets out a recommended set of principles and minimum standards regarding the disclosure of tax information for businesses. GPT is committed to the TTC. The non-IFRS income tax disclosures below and in note 9(b) include the recommended additional disclosures.

The Australian Accounting Standards Board have issued a Draft Appendix to the TTC outlining the method to calculate the effective tax rate as shown in the table below, using:
- accounting profit before tax adjusted to exclude transactions which are not reflected in the calculation of income tax expense; and
- tax expense adjusted to exclude carry forward tax losses that have been recognised and prior year under/overstatements.

	31 Dec 17 $M	31 Dec 16 $M
Net profit for the year excluding income tax expense	**1,279.4**	1,175.1
Less: Trust profit not subject to tax	**(1,274.5)**	(1,132.6)
Add: non-deductible revaluation items in the Company	**34.1**	81.8
Less: equity accounted profits from joint ventures in the Company	**(6.2)**	(1.5)
Profit used to calculate effective tax rate	**32.8**	122.8
Income tax expense	**10.3**	22.4
Add: carry forward tax losses recognised	**0.4**	15.2
Less: prior year under/overstatements	**(0.2)**	(0.5)
Income tax expense used to calculate effective tax rate	**10.5**	37.1
Effective tax rate	**32%**	30%

Trusts
Property investments are held by the Trust for the purposes of earning rental income. Under current tax legislation, the Trust is not liable for income tax provided the taxable income of the Trust including realised capital gains is attributed in full to its securityholders each financial year. Securityholders are subject to income tax at their own marginal tax rates on amounts attributable to them.

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

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 cost 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.

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 per cent (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 2017, GPT is credit rated A (stable) / A2 (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

		Trust	Other entities stapled to GPT	Total
	Number	$M	$M	$M
(i) Ordinary stapled securities				
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
Opening securities on issue as at 1 January 2017	**1,797,955,568**	**7,804.3**	**325.5**	**8,129.8**
Securities issued - Long Term Incentive Plan	**2,763,052**	**6.0**	**0.1**	**6.1**
Securities issued - Deferred Short Term Incentive Plan	**855,355**	**4.2**	**0.1**	**4.3**
Securities issued - Broad Based Employee Security Ownership Plan	**54,338**	**0.2**	**-**	**0.2**
Securities issued - Employee Incentive Plan	**12,569**	**0.1**	**-**	**0.1**
Closing securities on issue as at 31 December 2017	**1,801,640,882**	**7,814.8**	**325.7**	**8,140.5**
(ii) Exchangeable securities				
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	-	-	-	-
Total contributed equity - 31 December 2016	-	7,804.3	325.5	8,129.8
Total contributed equity - 31 December 2017	**-**	**7,814.8**	**325.7**	**8,140.5**

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 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, net of tax	-	-	-	-	-	0.9	-	-	-	0.9
Balance at 31 December 2016	(26.4)	35.1	(4.8)	-	-	17.3	-	7.1	(31.2)	59.5
Balance at 1 January 2017	**(26.4)**	**35.1**	**(4.8)**	**-**	**-**	**17.3**	**-**	**7.1**	**(31.2)**	**59.5**
Revaluation of available for sale financial asset, net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.0**	**-**	**1.0**
Derecognition of available for sale financial asset, net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(8.1)**	**-**	**(8.1)**
Changes in the fair value of cash flow hedges	**-**	**-**	**(9.4)**	**-**	**-**	**-**	**-**	**-**	**(9.4)**	**-**
Security-based payment transactions, net of tax	**-**	**-**	**-**	**-**	**-**	**4.6**	**-**	**-**	**-**	**4.6**
Balance at 31 December 2017	**(26.4)**	**35.1**	**(14.2)**	**-**	**-**	**21.9**	**-**	**-**	**(40.6)**	**57.0**

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 inclusive of share of cash flow hedge reserve of equity accounted investments.

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 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	(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
Balance at 1 January 2017		**1,022.8**	**(898.7)**	**124.1**
Net profit for the financial year		**1,249.3**	**19.8**	**1,269.1**
Less: Distributions paid/payable to ordinary stapled securityholders	12	**(443.2)**	**-**	**(443.2)**
Reclassification of employee incentive security scheme reserve to retained earnings / accumulated losses		**0.6**	**(0.5)**	**0.1**
Balance at 31 December 2017		**1,829.5**	**(879.4)**	**950.1**

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

11. EARNINGS PER STAPLED SECURITY

	31 Dec 17 Cents	31 Dec 17 Cents	31 Dec 16 Cents	31 Dec 16 Cents
(a) Attributable to ordinary securityholders of the Trust	**Basic**	**Diluted**	Basic	Diluted
Basic and diluted earnings per security - profit from continuing operations	**69.3**	**69.2**	57.9	57.8
Basic and diluted earnings per security - profit from discontinued operations	**-**	**-**	0.5	0.5
Total basic and diluted earnings per security attributable to ordinary securityholders of the Trust	**69.3**	**69.2**	58.4	58.3
(b) Attributable to ordinary stapled securityholders of GPT Group				
Basic and diluted earnings per security - profit from continuing operations	**70.4**	**70.3**	63.7	63.6
Basic and diluted earnings per security - profit from discontinued operations	**-**	**-**	0.5	0.5
Total basic and diluted earnings per security attributable to ordinary stapled securityholders of The GPT Group	**70.4**	**70.3**	64.2	64.1

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	**1,248.5**	**1,248.5**	1,040.4	1,040.4
Net profit from discontinued operations attributable to the securityholders of the Trust	**0.8**	**0.8**	8.4	8.4
Basic and diluted earnings of the Trust	**1,249.3**	**1,249.3**	1,048.8	1,048.8
Add: Net profit from continuing operations attributable to the securityholders of other stapled entities	**19.8**	**19.8**	103.8	103.8
Add: Net profit from discontinued operations attributable to the securityholders of other stapled entities	**-**	**-**	0.1	0.1
Basic and diluted earnings of the Company	**19.8**	**19.8**	103.9	103.9
Basic and diluted earnings of The GPT Group	**1,269.1**	**1,269.1**	1,152.7	1,152.7

(d) WANOS	**Millions**	**Millions**	Millions	Millions
WANOS used as the denominator in calculating basic earnings per ordinary stapled security	**1,801.1**	**1,801.1**	1,797.4	1,797.4
Performance security rights at weighted average basis (1)		**2.4**		2.7
WANOS used as the denominator in calculating diluted earnings per ordinary stapled security		**1,803.5**		1,800.1

(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.

12. DISTRIBUTIONS PAID AND PAYABLE

Distributions are paid to GPT stapled securityholders half yearly.

	Cents per stapled security	**Total amount $M**
Distributions paid / payable		
2017		
6 month period ended 30 June 2017	**12.3**	**221.6**
6 month period ended 31 December 2017 (1)	**12.3**	**221.6**
Total distributions paid / payable for the year	**24.6**	**443.2**
2016		
6 month period ended 30 June 2016	11.5	206.7
6 month period ended 31 December 2016	11.9	214.0
Total distributions paid / payable for the year	23.4	420.7

(1) December 2017 half yearly distribution of 12.3 cents per stapled security has been declared on 20 December 2017 and is expected to be paid on 28 February 2018 based on the record date of 29 December 2017.

13. BORROWINGS

	31 Dec 17 $M	31 Dec 16 $M
Current borrowings at amortised cost - unsecured	-	30.0
Current borrowings at amortised cost - secured	**19.9**	18.8
Current borrowings	**19.9**	48.8
Non-current borrowings at amortised cost - unsecured	**1,911.9**	1,920.5
Non-current borrowings at fair value - unsecured	**1,280.5**	940.0
Non-current borrowings at amortised cost - secured	**88.3**	87.3
Non-current borrowings	**3,280.7**	2,947.8
Total borrowings(1) - carrying amount	**3,300.6**	2,996.6
Total borrowings(2) - fair value	**3,347.8**	3,014.4

(1) Including unamortised establishment costs, 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	32.2	20.0	12.2
Due between one and five years	2,178.5	1,495.5	683.0
Due after five years	1,606.8	1,606.8	-
	3,817.5	**3,122.3**	**695.2**
Cash and cash equivalents			**49.9**
Total financing resources available at the end of the year			**745.1**

(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 are a further $350 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 per cent 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 2017 and no breaches were identified.

14. FINANCIAL RISK MANAGEMENT

The GPT Board approve GPT’s treasury 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 2017 on interest bearing borrowings as well as the net effect of interest rate risk management transactions. This excludes unamortised establishment costs and fair value and other adjustments.

	Gross exposure		**Net exposure**	
	31 Dec 17	31 Dec 16	**31 Dec 17**	31 Dec 16
	$M	$M	$M	$M
Fixed rate interest-bearing borrowings	**2,056.8**	1,653.3	**2,370.0**	1,575.0
Floating rate interest-bearing borrowings	**1,065.5**	1,098.4	**752.3**	1,176.7
	3,122.3	2,751.7	**3,122.3**	2,751.7

Interest rate risk – sensitivity analysis
The impact on interest expense and interest revenue of a 1 per cent 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 per cent 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.

	31 Dec 17	**31 Dec 17**	31 Dec 16	31 Dec 16
	(+1%)	**(-1%)**	(+1%)	(-1%)
	$M	**$M**	$M	$M
Impact on statement of comprehensive income				
Impact on interest revenue increase / (decrease)	**0.5**	**(0.5)**	0.7	(0.7)
Impact on interest expense (increase) / decrease	**(7.5)**	**7.5**	(11.8)	11.8

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 17	31 Dec 16
	$M	$M
Current derivative assets	**3.4**	-
Non-current derivative assets	**257.7**	337.2
Total derivative assets	**261.1**	337.2
Subject to master netting but not offset	**95.9**	113.0
Net derivative assets post offset	**165.2**	224.2
Current derivative liabilities	**9.1**	-
Non-current derivative liabilities	**118.0**	128.5
Total derivative liabilities	**127.1**	128.5
Subject to master netting but not offset	**95.9**	113.0
Net derivative liabilities post offset	**31.2**	15.5

All of GPT'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.

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 17					31 Dec 16				
	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	**374.9**	**-**	**-**	**-**	**374.9**	378.3	-	-	-	378.3
Current tax liabilities	**8.6**	**-**	**-**	**-**	**8.6**	-	-	-	-	-
Borrowings	**20.0**	**513.5**	**982.0**	**1,606.8**	**3,122.3**	48.8	375.0	1,074.6	1,253.3	2,751.7
Projected finance cost on borrowings(1)	**128.2**	**114.2**	**279.1**	**433.6**	**955.1**	110.4	109.6	231.9	338.7	790.6
Derivatives										
Projected finance cost on derivative liabilities(1)(2)	**23.8**	**21.7**	**36.5**	**6.8**	**88.8**	20.0	24.9	47.4	17.3	109.6
Total liabilities	**555.5**	**649.4**	**1,297.6**	**2,047.2**	**4,549.7**	557.5	509.5	1,353.9	1,609.3	4,030.2
Less cash and cash equivalents	**49.9**	**-**	**-**	**-**	**49.9**	56.3	-	-	-	56.3
Total liquidity exposure	**505.6**	**649.4**	**1,297.6**	**2,047.2**	**4,499.8**	501.2	509.5	1,353.9	1,609.3	3,973.9
Projected interest income on derivative assets(2)	**34.3**	**31.6**	**59.5**	**64.4**	**189.8**	14.5	22.1	35.7	42.2	114.5
Net liquidity exposure	**471.3**	**617.8**	**1,238.1**	**1,982.8**	**4,310.0**	486.7	487.4	1,318.2	1,567.1	3,859.4

(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 2017 and 31 December 2016 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 2017, 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 17	31 Dec 16	**31 Dec 17**	31 Dec 16	**31 Dec 17**	31 Dec 16
	$M	$M	**$M**	$M	**$M**	$M
Assets						
Cash and cash equivalents	**1.2**	1.2	**0.1**	0.2	**-**	-
Interests in unlisted investments	**-**	9.3	**-**	-	**-**	-
Derivative financial instruments	**-**	-	**118.2**	178.6	**24.1**	35.8
	1.2	10.5	**118.3**	178.8	**24.1**	35.8
Liabilities						
Other liabilities	**0.3**	0.3	**-**	-	**-**	-
Borrowings [(1)]	**-**	-	**1,096.1**	746.2	**186.9**	196.6
	0.3	0.3	**1,096.1**	746.2	**186.9**	196.6

(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 2017 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 FLOW INFORMATION

(a) Cash flows from operating activities
Reconciliation of net profit after tax to net cash inflows from operating activities:

	31 Dec 17	31 Dec 16
	$M	$M
Net profit for the year	**1,269.1**	1,152.7
Fair value gain on investment properties	**(481.0)**	(418.1)
Fair value loss on derivatives	**5.7**	26.6
Net impact of foreign currency borrowings and associated hedging loss/(gain)	**0.2**	(2.2)
Gain on financial liability at amortised cost	**(2.2)**	(1.6)
Impairment expense	**5.4**	6.0
Share of after tax profit of equity accounted investments (net of distributions)	**(285.0)**	(236.9)
Derecognition of available for sale financial asset	**(10.7)**	-
Net gain on disposal of assets	**-**	(15.9)
Depreciation and amortisation	**7.7**	7.3
Non-cash employee benefits - security based payments	**13.2**	11.9
Non-cash revenue adjustments	**8.5**	14.8
Interest capitalised	**(8.6)**	(8.5)
Profit on sale of inventory	**(1.5)**	(1.8)
Proceeds from sale of inventory	**7.6**	12.6
Payment for inventories	**(25.1)**	(16.1)
Decrease in operating assets	**21.3**	2.4
Increase/(decrease) in operating liabilities	**5.6**	(9.0)
Net foreign exchange (gain)/loss	**(0.8)**	0.2
Reversal of prior period impairment	**-**	(0.4)
Other	**6.1**	2.2
Net cash inflows from operating activities	**535.5**	526.2

(b) Net debt reconciliation

Reconciliation of net debt movements during the financial year:

	Cash $M	Borrowings due within 1 year $M	Borrowings due after 1 year $M	Total $M
Net debt as at 31 December 2016	56.3	(48.8)	(2,947.8)	(2,940.3)
Cash flows	(6.4)	28.8	(396.0)	(373.6)
Foreign exchange adjustments	-	-	63.2	63.2
Other non-cash movements	-	0.1	(0.1)	-
Net debt as at 31 December 2017	**49.9**	**(19.9)**	**(3,280.7)**	**(3,250.7)**

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 17 $M	31 Dec 16 $M
Retail	**101.2**	144.7
Office	**23.1**	40.4
Logistics	**6.1**	4.6
Properties under development	**48.3**	9.9
Corporate	**1.4**	0.4
Total capital expenditure commitments	**180.1**	200.0

(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.

	$M	$M
Due within one year	**3.2**	2.8
Due between one and five years	**6.2**	8.2
Over five years	**-**	-
Total operating lease commitments	**9.4**	11.0

(c) Commitments relating to equity accounted investments

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

	31 Dec 17 $M	31 Dec 16 $M
Capital expenditure	**31.8**	22.6
Total joint ventures and associates' commitments	**31.8**	22.6

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 2017, 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 per cent 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 or $1,000 cash 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 per cent in cash and 50 per cent 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 and 2017 plans, 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:

	2017 LTI	2017 DSTI
Fair value of rights	$2.66	$4.86
Security price at valuation date	$4.88	$5.11
Total Securityholder Return	6.6%	N/A
Grant dates	21 February 2017	21 February 2017
Expected vesting dates	31 December 2019	31 December 2018
Security Price at the grant date	$4.88	$4.88
Expected life	3 years (2 years remaining)	2 years (1 year remaining)
Distribution yield	4.8%	4.8%
Risk free interest rate	2.0%	N/A
Volatilty (1)	18.4%	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 1 January 2016	1,282,432	8,917,888	10,200,320
Rights granted during 2016	1,313,947	3,024,264	4,338,211
Rights forfeited during 2016	(345,461)	(977,775)	(1,323,236)
Rights converted to GPT stapled securities during 2016 (1)	(1,038,279)	(2,356,843)	(3,395,122)
Rights outstanding at 31 December 2016	1,212,639	8,607,534	9,820,173
Rights outstanding at 1 January 2017	1,212,639	8,607,534	9,820,173
Rights granted during 2017	1,338,498	2,854,675	4,193,173
Rights forfeited during 2017	(357,284)	(323,771)	(681,055)
Rights converted to GPT stapled securities during 2017 (2)	(855,355)	(2,792,225)	(3,647,580)
Rights outstanding at 31 December 2017	1,338,498	8,346,213	9,684,711

(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.
(2) Rights under the 2016 DSTI plan were converted to GPT stapled securities on 20 March 2017 and rights under the 2014 LTI Plan were converted to GPT stapled securities on 14 February 2017.

	Number of stapled securities		
	GESOP	BBESOP	Total
Securities outstanding at 1 January 2016	67,728	53,846	121,574
Securities granted during 2016	72,985	57,400	130,385
Securities vested during 2016	(79,957)	(18,485)	(98,442)
Securities outstanding at 31 December 2016	60,756	92,761	153,517
Securities outstanding at 1 January 2017	60,756	92,761	153,517
Securities granted during 2017	53,982	48,480	102,462
Securities vested during 2017	(60,756)	(17,688)	(78,444)
Securities outstanding at 31 December 2017	53,982	123,553	177,535

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 17	31 Dec 16
	$'000	$'000
Short term employee benefits	**6,778.9**	6,302.4
Post employment benefits	**168.3**	169.2
Long term incentive award accrual	**2,064.3**	1,467.2
Other long term benefits	**-**	64.3
Total key management personnel compensation	**9,011.5**	8,003.1

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 17	31 Dec 16
	$'000	$'000
Transactions with related parties other than associates and joint ventures		
Expenses		
Contributions to superannuation funds on behalf of employees	**(5,704.0)**	(5,766.6)
Transactions with associates and joint ventures		
Revenue and expenses		
Responsible Entity fees from associates	**50,744.1**	46,800.5
Property management fees	**15,660.8**	14,622.4
Development management fees from associates	**6,963.9**	6,200.4
Rent expense	**(597.3)**	(462.5)
Management fees from associates	**6,441.7**	6,003.3
Performance fee from associate	**-**	28,121.6
Distributions received / receivable from joint ventures	**48,783.5**	44,472.3
Distributions received / receivable from associates	**110,030.9**	95,284.1
Payroll costs recharged to associates	**9,396.8**	9,065.3
Other transactions		
Loans advanced to joint ventures	**-**	(1,593.9)
Loan repayments from joint ventures	**146.0**	18,700.0
Increase in units in joint ventures	**(17,915.2)**	(18,078.4)
Increase in units in associates	**(139,818.3)**	(365,966.6)
Divestment of units in associate	**-**	38,998.2

20. AUDITOR'S REMUNERATION

	31 Dec 17 $'000	31 Dec 16 $'000
Audit services		
PricewaterhouseCoopers Australia		
Statutory audit and review of financial reports	**1,245.2**	1,142.8
Total remuneration for audit services	**1,245.2**	1,142.8
Other assurance services		
PricewaterhouseCoopers Australia		
Regulatory and contractually required audits	**208.5**	220.7
Total remuneration for other assurance services	**208.5**	220.7
Total remuneration for audit and assurance services	**1,453.7**	1,363.5
Non audit related services		
PricewaterhouseCoopers Australia		
Other services	**58.0**	18.0
Taxation services	**3.5**	-
Total remuneration for non audit related services	**61.5**	18.0
Total auditor's remuneration	**1,515.2**	1,381.5

21. PARENT ENTITY FINANCIAL INFORMATION

	Parent entity	
	31 Dec 17 $M	31 Dec 16 $M
Assets		
Current assets	**148.2**	161.5
Non-current assets	**12,965.3**	11,775.7
Total assets	**13,113.5**	11,937.2
Liabilities		
Current liabilities	**383.8**	439.2
Non-current liabilities	**3,424.6**	3,019.0
Total liabilities	**3,808.4**	3,458.2
Net assets	**9,305.1**	8,479.0
Equity		
Equity attributable to secutityholders of the parent entity		
Contributed equity	**7,833.9**	7,816.1
Reserves	**(13.5)**	(4.8)
Retained earnings	**1,484.7**	667.7
Total equity	**9,305.1**	8,479.0
Profit attributable to members of the parent entity	**1,259.4**	1,217.8
Total comprehensive income for the year, net of tax, attributable to members of the parent entity	**1,259.4**	1,217.8
Capital expenditure commitments		
Retail	**92.4**	141.9
Office	**11.8**	26.5
Logistics	**3.9**	2.5
Properties under development	**48.3**	-
Total capital expenditure commitments	**156.4**	170.9

As at 31 December 2017, the parent entity had a deficiency of current net assets of $235.6 million (2016: $277.7 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 $1,045.2 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 2017	Unobservable inputs 31 Dec 2016
Retail [2]	Level 3	Discounted cash flow (DCF) and income	10 year average specialty market rental growth	3.0% - 3.7%	3.2% - 3.9%
		capitalisation method	Gross market rent (per sqm p.a.)	$1,280 - $2,252	$1,254 - $2,127
			Adopted capitalisation rate	4.3% - 5.5%	4.8% - 5.8%
			Adopted terminal yield	4.5% - 5.8%	5.0% - 6.0%
			Adopted discount rate	6.3% - 7.3%	7.3% - 7.8%
Office	Level 3	DCF and income	Net market rent (per sqm p.a.)	$420 - $1,450	$400 - $1,400
		capitalisation method	10 year average market rental growth	3.1% - 4.0%	3.2% - 4.1%
			Adopted capitalisation rate	5.0% - 5.5%	5.2% - 5.8%
			Adopted terminal yield	5.3% - 5.8%	5.6% - 6.1%
			Adopted discount rate	6.6% - 7.0%	6.8% - 7.3%
			Lease incentives (gross)	23.3% - 35.0%	23.3% - 37.5%
Logistics	Level 3	DCF and income	Net market rent (per sqm p.a.)	$68- $385	$63- $500
		capitalisation method	10 year average market rental growth	2.8% - 3.4%	2.8% - 3.7%
			Adopted capitalisation rate	5.5% - 8.0%	5.8% - 8.3%
			Adopted terminal yield	6.0% - 8.3%	6.3% - 8.5%
			Adopted discount rate	7.0% - 8.5%	7.3% - 8.5%
			Lease incentives (gross)	10.0% - 25.0%	10.0% - 25.0%
Properties	Level 3	Income capitalisation	Net market rent (per sqm p.a.)	$115 - $410	$53 - $410
under		method, or land rate	Adopted capitalisation rate	5.8% - 6.8%	6.0% - 6.8%
development			Land rate (per sqm)	$122 - $945	$108 - $672
Derivative financial instruments	Level 2	Discounted cash flow	Interest rates		
		(DCF) (adjusted for	Basis		
		counterparty	CPI	Not applicable - all inputs are market observable inputs	
		creditworthiness)	Volatility		
			Foreign exchange rates		
	Level 3		Interest rates	Not applicable - market observable input	
			CPI volatility	0.91%	0.94%
Foreign currency borrowings	Level 2	DCF	Interest rates	Not applicable - all inputs are market observable inputs	
			Foreign exchange rates		
Available for sale financial assets	2016: Level 3	DCF	Discount rate	Not applicable	20%
			Foreign exchange rates	Not applicable	Not applicable - market 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.

GPT has a Valuation Committee (committee) which is comprised of the Chief Operating Officer, Chief Financial Officer, Head of Funds Management and Head of Capital Transactions.

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 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.

	Available for sale financial asset $M	Derivative liabilities $M	Total $M
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)
Opening balance 1 January 2017	**9.3**	**(12.3)**	**(3.0)**
Fair value movements in profit or loss	-	**7.2**	**7.2**
Transfers from level 3 to level 2	**(9.3)**	**-**	**(9.3)**
Closing balance 31 December 2017	**-**	**(5.1)**	**(5.1)**

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 17 $M	31 Dec 16 $M
Fair value of level 3 derivatives		**(5.1)**	(12.3)
	1% increase in interest rates - gain	**1.4**	3.5
	1% decrease in interest rates - loss	**(1.5)**	(3.5)
Fair value of level 3 available for sale financial asset		**-**	9.3
	5% increase in discount rate - loss	**-**	(0.6)
	5% decrease in discount rate - gain	**-**	0.6

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 2017 of $259.4 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 $1,045.2 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 13 February 2018.

(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 24.95% equity interest in GPT Wholesale Office Fund (GWOF) and 28.80% equity interest in GPT Wholesale Shopping Centre Fund (GWSCF) as at 31 December 2017. 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 2017
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 2017.

(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 (expected credit loss) model and changes in presentation. When adopted, this could change the classification and measurement of financial assets and financial liabilities. The new expected credit loss model for calculating impairment on financial assets will not have a material impact on the provision for doubtful debts. 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. Debt modifications where the impact results in a change in the present value of expected cashflows of less than 10%, taking into account other qualitative factors, will be taken immediately through the Consolidated Statement of Comprehensive Income unless the modifications are reset or entered at market rates. This will not have a material impact for GPT, as all previous modifications have been entered at market rates. GPT will apply the standard from 1 January 2018.	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 will apply the standard from 1 January 2018. It is not expected that the application	1 January 2018

	of this standard will have a material impact on the financial results, however some changes in the presentation of certain revenue items and additional disclosures will be required. The disclosure changes will have a greater impact on GPT from 1 January 2019 as there are certain revenue streams such as outgoings income that will continue to be accounted for under AASB 117 Leases until the adoption of AASB 16 *Leases* from 1 January 2019.	
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. Where GPT is the lessee, this new treatment will result in recognition of a right of use asset along with the associated lease liability in the balance sheet and both a depreciation and interest charge in the Consolidated Statement of Comprehensive Income. In contrast, lessor accounting will remain similar to current practice. The new leasing model requires the recognition of operating leases on the balance sheet. If GPT had adopted the new standard from 1 January 2017, management estimates that net profit before tax for the 12 months to 31 December 2017 would decrease by approximately $0.1 million. Assets at 31 December 2017 would increase by approximately $4.0 million and liabilities would increase by $6.3 million.	1 January 2019

24. EVENTS SUBSEQUENT TO REPORTING DATE

On 24 January 2018, GPT acquired 4 logistics assets in Sunshine, Victoria for a total consideration of $74.0 million.

Other than the above, the Directors are not aware of any matter or circumstance occurring since 31 December 2017 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 2017

In the Directors of the Responsible Entity's opinion:

(a) The consolidated financial statements and notes set out on pages 23 to 57 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 2017 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 2017 of $259.4 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 $1,045.2 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
13 February 2018

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 2017 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 financial report comprises:

- the consolidated statement of financial position as at 31 December 2017
- 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 consolidated 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 this 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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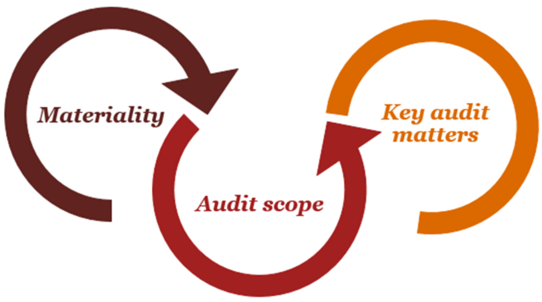
Our audit approach

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 materiality of $27.7 million, which represents approximately 5% of the Group's Funds from Operations (FFO).
- 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 FFO because, in our view, it is the key performance indicator used by security holders to measure the performance of the Group. An explanation of what is included in FFO is located in Note 1, Segment information.

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 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.

Key audit matters

- Amongst other relevant topics, we communicated the following key audit matters to the Audit Committee:
  - Valuation of investment properties (including those under development)
  - Valuation of derivatives
- These are further described in the *Key audit matters* section of this report.

- We selected 5% based on our professional judgement noting it is also within the range of commonly accepted profit related thresholds.
- Our audit focused on where the Group 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. The auditors of these funds ("component auditors") assisted in performing procedures on behalf of the Group engagement team.
- We determined the level of involvement we needed to have in the audit work performed by the component auditors 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

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 properties (including those under development) *$8,745.7 million (2016: $7,944.9 million) (Refer to note 2, pages 32 to 34)* The Group's investment property portfolio is comprised of office, retail and logistics properties including properties under development in those categories. Investment properties are valued at fair value at reporting date using either the income capitalisation approach or the discounted cash flow approach. The	We obtained the latest independent property market reports to develop an understanding of the prevailing market conditions in which the Group invests. We compared historical valuations against current year valuations, and noted that the movements appeared to be in line with overall shifts in the market. We discussed the specifics of selected individual properties with management including, new leases entered into during the year, lease expiries, capital expenditure and vacancy rates. We also held discussions with one of the valuation firms that

Key audit matter	*How our audit addressed the key audit matter*
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. • Discount rate. In accordance with the Group's valuation policy, all investment properties must be externally valued by an independent valuation expert at least once every 12 months. If a property is not externally valued at balance date, an internal tolerance check is performed. 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 considered this a key audit 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 assumptions in the valuation methodology. • Sensitivity of valuations to key input assumptions, specifically capitalisation and discount rates.	performed external valuations for the Group regarding the properties they had valued, to assess the competence and experience of the valuer, and the process they undertook in performing the valuations. 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 was consistent with tenant leases. We compared the Group's market capitalisation rates and discount rates by location and asset grade to a range we determined reasonable based on benchmark market data. Where capitalisation rates and discount rates fell outside of our anticipated ranges, we discussed, with management, the rationale for the adopted metric. We found that typically the variances related to the relative age, or size/location of the individual property in comparison to the market. In the context of the specific properties identified, we found the reasons for variances appropriate. In addition to the above, for selected properties under development we: • Compared key inputs in the 'as if complete' valuation to underlying support; and • On a sample basis, compared key assumptions used within the development's 'cost to complete' schedule to underlying support, for example, expected future costs to subcontractor agreements. **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. • Agreed the fair value per the final valuation reports 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 the prior

Key audit matter	How our audit addressed the key audit matter
	period. For a sample of internal tolerance checks, we compared key inputs and performed recalculations over the internal tolerance check models.
Valuation of derivatives *$134.0 million (2016: $208.7 million) (net valuation including current assets, non-current assets, current liabilities and non-current liabilities) Refer to note 14, pages 44 to 47* The Group issues debt denominated in both foreign and domestic currencies as part of its funding strategy and enters into derivative contracts to manage the associated foreign exchange and interest rate risk. The Group currently holds a portfolio of cross currency interest rate swaps (CCIRS), interest rate swaps (IRS), interest rate options and CPI linked swaps. The Group does not apply hedge accounting to the majority of its derivatives, except for CCIRS held to hedge its foreign denominated loans. The CCIRS 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 required by the Group in forecasting future interest and foreign exchange rates. • Complexity involved in the application of hedge accounting in accordance with Australian Accounting Standards.	We developed an understanding of the movements in the derivative balances during the year and 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 derivative balances to test based on instrument type. For each sample: • We agreed the key terms of the derivatives back to the individual third party contracts. • Together with 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 and inspection of the Group's hedge documentation which is required under Australian Accounting Standards for each hedge relationship, we determined that new hedge relationships were entered into during the financial year. To test the application of hedge accounting in accordance with Australian Accounting Standards, we performed the following procedures in conjunction with PwC treasury specialists: • Discussed with management and inspected the Group's hedge accounting model noting that no changes were made to the Group's hedge accounting policy during the year. • Reconciled the Group's derivative and hedge accounting journal entries by reconciling cash flow hedge reserves to the fair value of derivatives. The appropriate presentation of gains and losses was agreed to the consolidated statement of comprehensive income. We inspected the key terms and

Key audit matter	*How our audit addressed the key audit matter*
	hedging relationship as documented by management to assess compliance with the requirements of Australian Accounting Standards. • Considered whether the derivative in the hedge relationship had key terms that will be effective (as defined by Australian Accounting Standards) in hedging the underlying risk by comparing the terms of the derivative to the terms of the debt. At key accounting periods we compared the actual movement of the derivative against the hedged risk to assess whether the hedging relationship had been effective over the year.

For the year ended 31 December 2016, the carrying value of inventory was included as a key audit matter. At 31 December 2017 we did not consider this to be a key audit matter on the basis that the matter was not one of most significance in our audit of the financial report for the current period.

Other information

The directors of the responsible entity of GPT, GPT RE Limited, (the directors) are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2017, including the Directors' Report, 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 or the financial report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and *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 have 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_responsibilities/ar1.pdf. This description forms part of our auditor's report.

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 2017.

In our opinion, the remuneration report of The GPT Group for the year ended 31 December 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors 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

Buckman

Bianca Buckman
Partner

Sydney
13 February 2018