

**GPT**  
ANNUAL FINANCIAL REPORT **2010**

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we create  
and sustain  
environments  
that enrich  
people's lives.

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# Corporate Governance

## 1. Introduction

The GPT Group (GPT or the Group) comprises GPT Management Holdings Limited (ACN 113 510 188) (GPTMHL) and General Property Trust (Trust). GPT RE Limited (ACN 107 426 504) (GPTRE) AFSL (286511) is the Responsible Entity of the Trust. GPT's stapled securities are listed on the Australian Securities Exchange (ASX).

The ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations' (Principles),

provide a framework for good corporate governance. GPT has complied with the Principles for the 2010 year. A table summarising the Group's compliance is provided at the end of this statement.

GPT's website has a Corporate Governance section containing further information on GPT's governance practices together with copies of relevant policies such as Board and Committee Charters, Code of Conduct, Continuous Disclosure Policy, Whistleblower Policy

and Personal Dealing Policy.

In 2010 the ASX Corporate Governance Council issued a revised version of the Principles which includes amongst other things, diversity requirements. GPT intends to make an early transition to the revised Principles during the 2011 year.

Unless otherwise stated this statement reflects information as at 31 December 2010.

## 2. GPT's Approach to Corporate Governance

GPT regards good corporate governance as being of critical importance to all of GPT's stakeholders and a fundamental component of GPT's commitment to

Securityholders. GPT's Board strives to ensure that GPT meets high standards of governance across its operations. This is an ongoing commitment, requiring

continual review, modification and enhancement from time to time.

## 3. Principle 1: Lay Solid Foundations for Management and Oversight

### 3.1 Role and Responsibilities of the Board and Delegation to Management

As a result of the stapling of GPTRE and GPTMHL, both entities operate as a coordinated group. For example, the entities must, to the extent possible, ensure the Boards of GPTRE and GPTMHL have the same composition and that meetings are held concurrently or consecutively. References to the "Board" in this statement are references to the Board of GPTRE (as responsible entity of the Trust) and GPTMHL.

The Board is accountable to Securityholders for GPT's performance and is responsible for the overall management and governance of GPT.

The Board is responsible for overseeing all of GPT's businesses, including:

- setting strategic direction and ensuring it is followed;
- approving and monitoring business plans to execute strategy;
- approving major investments and

- commitments above \$20 million;
- reviewing and ratifying systems of risk management, internal compliance and control and legal compliance and codes of conduct;
- reviewing Chief Executive Officer performance and results;
- reviewing Director and Senior Executive compensation and benefits; and
- approving and monitoring financial and other reporting.

The Board has established a formal Charter setting out its main responsibilities and functions.

**A copy of the Board Charter can be obtained from GPT's website.**

All matters not specifically reserved for the Board and necessary for the day-to-day management of GPT, are delegated to management. The Board has approved delegated authority limits for management in this context. The Board has also delegated specific responsibilities to Board Committees to deal with

particular matters.

These Committees are discussed in more detail below.

All new Directors have formal agreements governing their employment. These agreements prescribe:

- term of appointment – subject to Securityholder approval;
- remuneration;
- expectations in relation to attendance at meetings;
- expectations and procedures in relation to other directorships;
- procedures in relation to conflicts of interest;
- insurance and indemnity arrangements;
- compliance with governance policies (including Code of Conduct, Board and Committee Charters, Personal Dealing Policy and Conflicts Management Policy);
- access to independent advice; and
- confidentiality and access to information.

## 4. Principle 2: Structure of the Board to Add Value

### 4.1 Composition of the Board

The Boards of GPTRE and GPTMHL have the same Directors, comprising seven Non-Executive Directors and one Executive Director.

The Board represents a broad range of skills and experience to assist with decision making and leading GPT. Members of the Board have significant experience in various fields, including funds management, property investment, financial markets, accounting and general management. Details concerning the membership of the Board, the period of office and the experience and expertise of the Directors of the Board are set out in the Directors' Report.

### 4.2 Director Independence

The Board is responsible for determining the independence of each Director. In determining each Director's independence, the Board refers to the following criteria adapted from the Principles and set out in the Board Charter:

- the Director must be non-executive;
- the Director cannot be a substantial Securityholder of GPT;
- the Director must not have been employed in an executive capacity with GPT within the last three years;
- the Director must not have been a principal or employee of a material professional adviser or consultant to GPT within the last three years;
- the Director must not have been a material supplier or customer to GPT;
- the Director has no material contractual relationship with GPT other than as a Director;
- the Director has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of GPT;
- the Director is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of GPT;
- the Director's past performance (if applicable) in their role as a Director.

The Board recognises that the above principles are relevant in determining independence, but considers that independence is a matter of judgement having regard to all the facts and circumstances of particular relationships or circumstances.

The Board considers that of the matters set out above, the most relevant consideration for determining the independence of GPT's Directors is that a Director be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of GPT. This principle is also used when considering issues such as the materiality of any identified interest, business or relationship.

The Board evaluates the materiality of any interests or relationships that could be perceived as to compromise independence on a case by case basis having regard to the circumstances of each Director.

Lim Swe Guan is not considered independent as he is a nominee of GIC Real Estate.

Based on the criteria above and having taken in account the matters noted below, the Board considers all other Non-Executive Directors to be independent.

### 4.3 Notification of Interests and Conflicts

Directors are required to notify the Chairman of any contract, office (including other directorships) or interest which might involve a conflict of interest and a list of interests is included at the front of the Agenda for each Board meeting.

The Board has developed a Conflicts Management Policy to provide guidance in the event of a conflict of interest arising. The Conflicts Management Policy provides guidance principally in respect of conflicts arising from the existence of obligations owed by certain Directors to other corporate entities, but also in respect of conflicts arising from any material personal interests held by the Directors. In particular, where a conflict of interest may exist, Directors will not take part in discussions or vote on the matter being considered.

**A copy of GPT's Conflicts Management Policy is available on GPT's website.**

### 4.4 Attendance at Board Meetings by Directors

The number of Board meetings and Directors' attendance at those meetings during the financial year is set out in the Directors' Report.

### 4.5 Access to Information and Independent Advice

Each Director enters into an Access and Indemnity Deed with GPT to ensure seven years access to documents after their

retirement as a Director.

The Board collectively, and each Director individually, has the right to seek independent professional advice in the performance of their duties as a Director.

### 4.6 Induction and Training

On commencement of employment, all Directors and employees undertake an induction program which includes information on GPT's values, Code of Conduct, OH&S and employment practices and procedures.

General compliance training is provided to all employees and specific training is provided depending on job function (eg to meet licensing requirements, or to meet specific industry or professional body accreditation requirements). GPT has also built an in-house learning and development capability to support the maintenance and development of required employee capabilities.

Ongoing training for Directors involves education programs which are incorporated into the Board program, visits to GPT's offices or assets and presentations on developments impacting the business. In 2010, the Directors visited a majority of GPT's assets throughout Australia.

### 4.7 Review of Board Performance

The Board is committed to enhancing its own and management's effectiveness through a combined process of continuing education and performance management.

The Board considers that reviewing its performance is essential to good governance. This review process is designed to help enhance performance by providing a mechanism to raise and resolve issues and to provide recommendations to assist the Board to enhance its effectiveness.

An evaluation of the Board's performance was undertaken in 2010. It was conducted in accordance with the principles set out in this statement.

### 4.8 Board Renewal

In 2009 and 2010, GPT undertook a process of Board renewal and succession planning. As part of this process:

- Ken Moss (Chairman) and Ian Martin retired from the Board at the Annual General Meeting on 10 May 2010.
- Rob Ferguson's appointment as a Non-Executive Director in 2009 was approved by Securityholders at the Annual General Meeting on 10 May 2010 (Previously the Deputy Chairman), Rob was appointed

Chairman of the Board with effect from 10 May 2010;

- Brendan Crotty was appointed as a Non-Executive Director on 22 December 2009. This appointment was approved by Securityholders at the Annual General Meeting on 10 May 2010;
- Eileen Doyle was appointed as a Non-Executive Director on 1 March 2010. This appointment was approved by Securityholders at the Annual General Meeting on 10 May 2010; and
- Gene Tilbrook was appointed as Non-Executive Director on 11 May 2010 subject to approval of his appointment by Securityholders at the 2011 Annual General Meeting.

#### 4.9 Review of Performance of Senior Executives

GPT has implemented a uniform performance management system to provide employees with clear financial and personal performance objectives. Components of this system include GPT or business unit financial and non financial key performance indicators as well as an assessment of performance measured against GPT's values and culture.

These key performance indicators are initially set by the Board for the Chief Executive Officer and are then cascaded into the business.

The Nomination and Remuneration Committee conducts a performance review of the Chief Executive Officer annually and makes recommendations to the Board. In turn, the Chief Executive Officer conducts performance reviews of the Senior Executive team and reports on their performance to the Nomination and Remuneration Committee.

The performance of the Chief Executive Officer and Senior Executives during 2010 was reviewed in accordance with these principles.

**Further details can be found in the remuneration report on pages 20 to 38 of the Directors' Report**

#### 4.10 Committees of the Board

The Board has established the Audit and Risk Management Committee, Nomination and Remuneration Committee and Sustainability Committee to assist it in carrying out its responsibilities.

The Chairman of each Committee is an Independent Director with the appropriate qualifications and experience to carry out that role. Members of the Committees must all be Non-Executive Directors.

Each of the Committees has a formal Charter setting out its responsibilities and functions.

**Copies of these Charters can be obtained from GPT's website.**

#### 4.11 Nomination and Remuneration Committee

GPT's Nomination and Remuneration Committee was established with responsibility for identifying and making recommendations to the Board regarding the appointment of Non-Executive Directors and reviewing and making recommendations to the Board regarding remuneration of Non-Executive Directors and Senior Executives.

Before making a recommendation to the Board regarding the appointment of a new Director, the Nomination and Remuneration Committee will assess the appropriate mix of skills, experience and expertise required on the Board, any future succession planning needs and diversity on the Board in accordance with GPT's policy on the Selection and Appointment of Directors. An external professional recruitment search firm may also be employed.

Members of the Nomination and Remuneration Committee during 2010 were:

- Gene Tilbrook (Chairman)
- Brendan Crotty
- Eileen Doyle
- Rob Ferguson
- Ian Martin (retired on 10 May 2010)
- Ken Moss (retired on 10 May 2010)

The attendance record for the Nomination and Remuneration Committee in 2010 is set out in the Directors' Report.

**A copy of GPT's policy on the Selection and Appointment of Directors is available on GPT's website.**

#### 4.12 Audit and Risk Management Committee

The Board has established the Audit and Risk Management Committee to give assurance regarding the quality and reliability of financial information used by the Board and to review and report on financial statements issued by GPT.

In addition, the Audit and Risk Management Committee performs a range of advisory services to the Board, including:

- review of compliance with statutory responsibilities relating to financial disclosure;
- review of ongoing compliance with laws and regulations;
- review of ongoing compliance with the Trust's Compliance Plan;
- overseeing the establishment and implementation of internal controls and a risk management system that incorporates a system of

assurance confirming GPT's risks are being considered and appropriate management plans are in place; and

- providing advice to the Board on whether the provision of non-audit services by the external auditor is compatible with the standards of independence required by the Corporations Act, 2001.

Members of the Audit and Risk Management Committee during 2010 were:

- Anne McDonald (Chairman)
- Eric Goodwin
- Lim Swe Guan

The Audit and Risk Management Committee meets a minimum of four times per year. The attendance record for the Audit and Risk Management Committee in 2010 is set out in the Directors' Report.

#### 4.13 Sustainability Committee

GPT is also committed to operating a sustainable business delivering long-term shareholder value. In 2010 the Board established a Sustainability Committee with an initial focus on:

- The environment as it impacts on and is impacted by GPT's business.
- Engagement of GPT's stakeholder communities (employees, tenants, suppliers and the communities within which GPT's assets are located)
- Legal and regulatory requirements in relation to environmental matters, Socially responsible initiatives, and health and safety issues including the health and safety of employees, tenants and visitors to the assets managed and owned by GPT

Members of the Sustainability Committee during 2010 were:

- Eileen Doyle (Chairman)
- Brendan Crotty
- Eric Goodwin

The Sustainability Committee meets a minimum of two times per year. The attendance record for the Sustainability Committee in 2010 is set out in the Directors' Report.



# 5. Principle 3: Promote Ethical and Responsible Decision-Making

Funds management is a business based to a large extent upon integrity and mutual trust where the interests of all stakeholders are recognised. GPT has established a Code of Conduct to assist Directors and employees to ensure that their conduct and the conduct of GPT meets the highest ethical and professional standards.

## 5.1 Code of Conduct

All Directors and employees are committed to, and bound by, GPT's Code of Conduct. The Code of Conduct does not seek to provide prescriptive rules on every ethical issue that may be faced by Directors or employees. Rather it provides a benchmark for ethical behaviour to assist GPT to maintain the trust and confidence of all of GPT's stakeholders. The Code of Conduct also articulates the consequences for Directors and employees if they do not perform to the standards that are expected of them.

The Code of Conduct deals with:

- ethical behaviour;
- conflicts of interest;
- prohibition on insider trading;
- prohibition on making unauthorised gains;
- non-disclosure of confidential information;
- equal opportunity;
- fair dealing;
- health and safety;
- protection and use of company assets;
- prohibition on making unauthorised public statements.

GPT also has a Whistleblower Policy which deals with reporting and investigating unethical behaviour.

All employees receive Code of Conduct training on commencement of employment with GPT and routine refresher training thereafter.

**Copies of GPT's Code of Conduct and Whistleblower Policy can be obtained from GPT's website.**

## 5.2 Diversity

GPT promotes an inclusive workplace where employee differences like gender, age, culture, disability and lifestyle choice are valued. The unique skills, perspectives and experience that our employees possess promotes greater creativity and innovation that better reflects and serves the needs of our diverse customer base,

ultimately driving improved business performance.

GPT recognises that encouraging workplace diversity is not just the socially responsible course of action but is also a source of competitive advantage for the Group.

On a macro level, GPT acknowledges that females are underrepresented in senior leadership roles and as members of boards across Australia. GPT endorses the Revised ASX Corporate Governance Principles and Recommendations regarding diversity and is committed to improving gender diversity throughout the business with a particular focus on what can be achieved to improve the number of females in senior leadership roles.

As an equal opportunity employer, GPT is proud to have an employee population which is 56% female. Female representation amongst our Board of Directors stands at 25%, and in the Leadership Team at 21%, with both these levels having increased during 2010.

The GPT Leadership team and Board of Directors is committed to developing a comprehensive Gender Diversity Strategy in 2011 and will publish our progress and performance against key metrics in the 2011 Annual Report. To date, GPT has developed a Diversity Policy which is available on GPT's website. Additional reporting regarding diversity can also be found on GPT's website.

**A copy of GPT's Diversity Policy can be obtained from GPT's website.**

## 5.3 Trading in Securities and Hedging

In addition to its responsibilities under the Corporations Act, the Board has established a policy for Directors and employees trading in GPT Securities. This policy provides that:

- subject to specific exemptions set out in GPT's Personal Dealing Policy, Directors and employees are only permitted to trade in GPT Securities in the six week period beginning three days after the announcement of GPT's half year, full year results or the provision by the Board of forecasts in an offer document released to the market. In addition to this trading window Link Market Services Limited (as administrator of the GPT Employee Incentive Scheme) may acquire Securities on behalf of employees

who participate in the GPT Employee Incentive Scheme;

- even during the permitted trading window, no Director or employee may deal in GPT Securities if he or she has information which, if publicly available, would affect the price of those Securities;
- entering into transactions in products which have their primary aim of limiting the economic risk of holding GPT Securities acquired as part of the GPT Employee Incentive Scheme is prohibited;
- dealing in financial products over GPT Securities created by third parties (e.g. options and warrants), is prohibited.

GPT's Code of Conduct also sets out an explanation and prohibition of insider trading.

**A full copy of the Personal Dealing Policy can be obtained from GPT's website.**

## 5.4 Political Donations

Having undertaken a review of GPT's policy on Political Donations, GPT's new policy is that of making no political donations.

## 5.6 Governance for Externally Managed Funds

GPT recognises that as the manager of an externally managed vehicle, conflicts or potential conflicts may arise from time to time between GPT and the externally managed funds.

Therefore effective and transparent governance procedures are vital to ensure that the interests of investors in the fund are being protected.

GPT has adopted the following basic principles for managing conflicts of interest that may arise:

- regular reporting in relation to conflicts;
- training of executives on their responsibilities in providing services to externally managed funds as part of a funds management business;
- clear delineation of the matters that require investor consent in the operation of the funds; and
- fees paid to GPT by the funds are as stipulated in the documentation establishing the fund or otherwise on an "arm's length" basis.

GPT's funds management business in Australia currently comprises the GPT Wholesale Office Fund and the GPT Wholesale Shopping Centre Fund (Funds). GPT Funds Management Limited, a subsidiary of GPTMHL, is the Responsible Entity of these Funds. The Board of the Responsible Entity is responsible for all

decisions in respect of the Funds and, if there is a conflict between the investors' interests and the interests of GPT, the Board of the Responsible Entity must give priority to the investors' interests. Under the arrangements entered into between GPT and investors, it has been agreed that the Board of the Responsible

Entity will be comprised of a majority of independent directors and transactions between the Funds and GPT are to be approved by the Board of the Responsible Entity (comprised only of its independent directors).

## 6. Principle 4: Safeguard Integrity in Financial Reporting

### 6.1 Audit and Risk Management Committee

The Board has established the Audit and Risk Management Committee. The Audit and Risk Management Committee is comprised only of Non-Executive Directors all of whom are independent.

At least one member of the Audit and Risk Management Committee has relevant accounting qualifications and experience and all members have a good understanding of financial reporting and risk management.

**Further details of the structure and responsibilities of the Audit and Risk Management Committee are set out under Principle 2.**

### 6.2 External Auditor

GPT's external Auditor is PricewaterhouseCoopers (PWC). Under the Board's guidelines for the engagement of, and dealing with, GPT's Auditor:

- the Auditor's appointment will be reviewed every five years and the lead audit and review partner must be rotated every five years;
- any major non-audit work to be undertaken by the Auditor must be approved by the Audit and Risk Management Committee; and
- the Audit and Risk Management Committee regularly monitors the type of non-audit work undertaken by the Auditor and the fees paid for such work and provides advice to the Board on the independence of the Auditor.

The Audit and Risk Management Committee is responsible for making recommendations to the Board on

the appointment, reappointment, replacement, and remuneration of external Auditors.

All fees paid to the Auditors are disclosed in GPT's Annual Financial Report. In relation to the audit of the Annual Financial Report of GPT for the year ended 31 December 2010.

PWC has provided written confirmation to the Board that, to the best of its knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001; and
- any applicable code of professional conduct.

**A copy of PWC's independence declaration is included at page 41 of the Directors' Report.**

## 7. Principle 5: Make Timely and Balanced Disclosure

### 7.1 Continuous Disclosure Policy

The Board is committed to ensuring that all stakeholders are fully informed in a timely manner so that trading in GPT Securities takes place in an informed and competitive market.

GPT has a Continuous Disclosure Policy which outlines the concepts and principles of continuous disclosure, how they apply in practice, the obligations on GPT personnel to keep the market informed at all times,

the procedures to be followed in the case of a disclosable event and the penalties for contravening continuous disclosure obligations. All employees receive training on GPT's obligations to ensure disclosure of material information.

The Company Secretary is responsible for communication with the Australian Securities Exchange in relation to listing rule obligations including continuous disclosure.

**A copy of the Continuous Disclosure Policy can be obtained from the GPT website.**

## 8. Principle 6: Respect the Rights of Shareholders

The Board is committed to effective communication with GPT's stakeholders on all major developments and events concerning GPT's operations and financial results. To achieve this, GPT has designed a communications policy which outlines GPT's procedures for disclosure of information to the market.

### 8.1 Communication with Stakeholders

In addition to complying with the continuous disclosure obligations required by the Australian Securities Exchange, timely and accurate information is made available to all stakeholders. Announcements are:

- released to the Australian Securities Exchange in the case of market sensitive information;
- posted to the 'News and Media' section of the GPT website (additionally, interested parties can register for GPT's 'Alert Service' to receive an emailed message following new announcements);

- distributed to major media and investor contacts.

Major communication forums, such as Annual and Mid Year results briefings and the Annual General Meeting, are also webcast.

GPT maintains an extensive website which includes the following information:

- copies of Annual Reports (from 1971);
- historical information in relation to distributions including all distributions paid since 1985;
- detailed property information;
- Board and Committee charters and policies.

Executives also meet with investors and their representatives on a regular basis to discuss GPT's performance.

### 8.2 Annual General Meeting

GPT's Annual General Meeting is held each year, typically in April/May. In addition to formal business, the meeting is an opportunity for Securityholders to be briefed on GPT's activities and to ask questions of the Board and management.

A Notice of Meeting and accompanying Explanatory Memorandum on proposed resolutions is provided to Securityholders well in advance of any meeting of Securityholders. It is also posted on GPT's website and lodged with the Australian Securities Exchange.

Securityholders who are not able to attend GPT's Annual General Meeting are able to vote by proxy in accordance with the Corporations Act.

The Auditor attends the Annual General Meeting and is available to answer Securityholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

The Annual General Meeting is webcast via GPT's website for those Securityholders who are unable to attend in person. Additionally, the Chairman's address is immediately announced to the Australian Securities Exchange.

## 9. Principle 7: Recognise and Manage Risk

### 9.1 Risk Management Compliance Framework

Whilst GPT recognises that risk is inherent in all enterprises, GPT adopts a pro-active risk management approach directed toward realising potential opportunities whilst managing possible adverse effects. GPT also recognises that risk management is not static and systems and procedures must be able to respond to the demands of a rapidly changing market.

GPT's approach to risk management follows the 'International Standard on Risk Management ISO31000:2009'. It is also guided by the Enterprise Risk Management Integrated Framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

The Board has adopted a Risk Management Policy outlining GPT's objectives, strategies and resources to identify, evaluate, treat, monitor, quantify and report significant risks to the Audit and Risk Management Committee and, through the Audit and Risk Management Committee, to the Board. Management, through the Chief Executive Officer, is

responsible for designing, implementing and reporting on the adequacy of GPT's risk management and internal control system.

The objectives of GPT's approach are to provide effective identification, assessment and management of risks that may impact on Securityholder value. Specifically:

- strategic and operational risks are reviewed at least annually by all core portfolios/businesses;
- operational risk profiles are also reviewed more frequently by portfolio risk committees;
- executive management committees also meet regularly to deal with specific areas of risk such as OH&S and Treasury.

Underpinning this system is the recognition that while the Board retains ultimate responsibility, each level of the business is responsible for risk management, not just within GPT, but also through GPT's associated entities, service providers and business partners.

In addition, GPT's risk management system incorporates a system of

assurance and internal audit activities to confirm that GPT's risk management system is functioning, key risks are being considered and appropriate management plans are being implemented to minimise key risks. GPT has an internal risk management team who assist the Chief Risk Officer in undertaking these assurance and internal audit activities.

An annual work program of assurance and internal audit activities is prepared based on the results of GPT's annual risk review. Results of assurance and internal audit reviews are reported to the Audit and Risk Management Committee and, through the Committee, to the Board.

Reporting to the General Counsel, the Compliance Manager promotes a compliance culture across GPT, while assisting management to comply with the regulatory framework within which GPT operates. This includes monitoring compliance with the Trust's Compliance Plan and other key compliance policies and procedures of GPT. Reports on compliance activities are provided to the Audit and Risk Management Committee and, through the Committee, to the Board.



The Audit and Risk Management Committee and, through it the Board, receive reports on GPT's risk management practices and control systems and the effectiveness of GPT's management of its material business risks.

## 9.2 Integrity in Financial Reporting, Risk Management and Internal Control

For the period ended 31 December 2010, the Board has received written assurance from the Chief Executive Officer and Chief Financial Officer that the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk

management and internal compliance and control which, in all material respects, implements the policies adopted by the Board and that this system is operating effectively and efficiently in all material respects in relation to financial reporting. Since 31 December 2010 nothing has come to the attention of the Chief Executive Officer and Chief Financial Officer that would indicate any material change to these statements.

# 10. Principle 8: Remunerate Fairly and Responsibly

## 10.1 Nomination and Remuneration Committee

GPT's Nomination and Remuneration Committee is responsible for:

- reviewing and making recommendations to the Board on remuneration policies (including performance management and short and long term incentive schemes) applicable to GPT employees;
- reviewing the Chief Executive Officer's performance and remuneration annually, and reporting to and making recommendations to the Board thereon;
- making recommendations to the Board on remuneration policies and packages applicable to Board members.

**Further information concerning the Nomination and Remuneration Committee is set out above under Principle 2.**

## 10.2 Remuneration Policy

GPT is a performance-based culture that creates opportunities for market competitive rewards to employees in line with their performance. As a result, GPT's remuneration strategy is focused on aligning and rewarding superior employee performance. GPT's remuneration processes are also designed to demonstrate a clear and direct link between GPT's performance and an individual's performance and remuneration.

The Board, with the assistance of the Nomination and Remuneration Committee, aims to create a remuneration system that:

- is transparent;
- is fair and market competitive;
- encourages superior performance by aligning employee rewards with the interests of all stakeholders;
- attracts, motivates, retains and rewards talented and skilled directors, executives and employees;
- rewards employees who align their conduct and performance with the core values and culture of GPT.

Non-Executive Directors receive fees which reflect their skills, responsibility and time commitment in the discharge of their duties. There is no performance link, in that fees are fixed with no short or long term incentive schemes in place. Non-Executive Directors do not receive any retirement benefits.

GPT's philosophy and the policies and procedures that are applied to determine the nature and amount of remuneration paid to Directors and employees of GPT are set out in the Remuneration section of the Directors' Report (pages 20 to 38).

All Senior Executives have formal agreements governing their employment. These agreements prescribe:

- job description;
- remuneration\*;
- compliance with governance policies (including Code of Conduct, Personal Dealing Policy and Conflicts Management Policy);
- confidentiality; and
- notice and rights on termination\*.

\* Further details on these in relation to the Key Management Personnel are set out in the Remuneration section of the Directors' Report.

Requirement/recommendations		Reference	Comply
<b>1</b>	<b>Lay Solid Foundations for Management and oversight</b>	3	Yes
1.1	Establish functions reserved to the Board and those delegated to senior executives and disclose those functions	3.1 Board Charter Directors' Report	Yes
1.2	Disclose the process for evaluating the performance of senior executives	4.6, 4.7, 4.9, 10.1, 10.2	Yes
1.3	Provide information indicated in the Guide to reporting on Principle 1.	3, 3.1, 4.7, 4.9, 10.1, 10.2 Board Charter Directors' Report	Yes
<b>2</b>	<b>Structure the Board to add value</b>	4	Yes
2.1	A majority of the board should be independent directors	4.1, 4.2, 4.3 Board Charter Directors' Report	Yes
2.2	Chair should be an independent director	4.1, 4.2, 4.3 Board Charter Directors' Report	Yes
2.3	Roles of the chair and chief executive officer should not be exercised by the same individual	4.1, 4.2, 4.3 Board Charter Directors' Report	Yes
2.4	The Board should establish a nomination committee	4.8, 4.11, 10.1, Nomination and Remuneration Committee Charter Directors' Report	Yes
2.5	Disclose the process for evaluating the performance of the Board, its committee and individual directors	4.5, 4.6, 4.7, Board Charter	
2.6	Provide the information indicate din the Guide to Reporting in Principle 2	4, 4.1, 4.2, 4.3, 4.5, 4.6, 4.7, 4.8, 4.11, Nomination and Remuneration Committee Charter, Directors' Report	Yes
<b>3</b>	<b>Promote ethical and responsible decision-making</b>	5	Yes
3.1	Establish a code of conduct and disclose the code or a summary of the code	5.1	Yes
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and the progress in achieving them	5.2	Yes (i)
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them	N/A	No. (ii) GPT has until 2012 to comply
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior positions and women on the board	5.2	Yes (iii)
3.5	Provide the information indicated in the Guide to Reporting in Principle 3.	5, 5.1, 5.2	Yes (iv)

- (i) These Requirements/Recommendations are only operative in respect of GPT's 2012 Annual Report. However, where possible GPT has sought to comply early.
- (ii) These Requirements/Recommendations are only operative in respect of GPT's 2012 Annual Report. However, where possible GPT has sought to comply early.
- (iii) These Requirements/Recommendations are only operative in respect of GPT's 2012 Annual Report. However, where possible GPT has sought to comply early.
- (iv) These Requirements/Recommendations are only operative in respect of GPT's 2012 Annual Report. However, where possible GPT has sought to comply early.

Requirement/recommendations	Reference	Comply
<b>4 Safeguard integrity in financial reporting</b>	6	Yes
4.1 Board should establish an audit committee	4.10, 4.12, 6.1	Yes
4.2 Audit committee should be structured so that: <ul style="list-style-type: none"> <li>■ Consists only of non-executive directors</li> <li>■ Consists of a majority of independent directors</li> <li>■ Is chaired by an independent chair, who is not a chair of the Board</li> <li>■ Has at least 3 members</li> </ul>	4.12, 6.1 Audit Committee Charter, Directors' Report	Yes
4.3 Audit committee should have a formal charter	4.10, 4.12	Yes
4.4 Provide the information indicated in the Guide to reporting on Principle 4	4.10, 4.12, 6.1, 6.2, Audit Committee Charter, Directors' Report	Yes
<b>5 Make timely and balance disclosure</b>	7, 8	Yes
5.1 Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	Introduction, 5.3, 7.1, Directors' Report	Yes
5.2 Provide the information indicated in the Guide to Reporting on Principle 5	Introduction, 5.3, 7, 8 Directors' Report	Yes
<b>6 Respect the rights of shareholders</b>	8	Yes
6.1 Design a communications policy for promoting effective communications with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy	Introduction, 8.1, 8.2	Yes
6.2 Provide the information indicated in Guide to Reporting on Principle 6	Introduction, 8, 8.1, 8.2	Yes
<b>7 Recognise and manage risk</b>	9	Yes
7.1 Establish policies for the oversight and management of material business risks and disclose summary of those policies	9.1	Yes
7.2 Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	9.1, 9.2	Yes
7.3 Board should disclose whether it has received assurances from the chief financial officer that the declaration provided in accordance with s295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks	9.2	Yes
7.4 Provide the information indicated in Guide to Reporting on Principle 7	9, 9.1, 9.2	Yes
<b>8 Remunerate fairly and responsibly</b>	10	Yes
8.1 Board should establish a remuneration committee	4.10, 4.11, 10.1	Yes
8.2 The remuneration committee should be structured so that it: <ul style="list-style-type: none"> <li>■ Consists of a majority of independent directors</li> <li>■ Is chaired by an independent chair</li> <li>■ Has at least three members</li> </ul>	4.11 Nomination and Remuneration Committee Charter, Directors' Report	Yes
8.3 Clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives	10.2	Yes
8.3 Provide the information indicated in Guide to Reporting on Principle 8	4.10, 4.11, 10	Yes

# ANNUAL FINANCIAL REPORT OF GENERAL PROPERTY TRUST

For the year ended 31 December 2010 – THE GPT GROUP

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

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

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

The Directors of GPT RE Limited, the Responsible Entity of General Property Trust, present their report together with the financial report of the General Property Trust (the Trust) and its controlled entities (Consolidated entity) for the financial year ended 31 December 2010. The Consolidated entity together with GPT Management Holdings Limited and its controlled entities form the stapled entity, the GPT Group (GPT or the Group).

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

## 1. Operations and Activities

### 1.1 Principal Activities

The principal activities of the GPT Group remain unchanged from 31 December 2009 and are:

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

GPT operates predominantly in Australia but also in the United States of America through an investment in a Seniors Housing Portfolio.

### 1.2 Review of Operations

The following provides a summary of GPT's performance in the year ended 31 December 2010. Further information is provided in the Annual Review which is available on GPT's website [www.gpt.com.au](http://www.gpt.com.au). Hard copies are also available on request.

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

	Consolidated entity	
	2010 \$M	2009 \$M
Core operations	530.8	534.2
Non-core operations	57.7	49.9
Financing and corporate overheads	(178.5)	(208.3)
<b>Realised Operating Income</b>	<b>410.0</b>	<b>375.8</b>
<b>Change in fair value of assets (non-cash):</b>		
<b>Valuation increase / (decrease)</b>		
Core Domestic Portfolio and Funds Management (Australia)	102.8	(774.5)
Hotel/Tourism Portfolio	(4.4)	(85.9)
Funds Management European	(9.5)	(79.3)
US Seniors Housing	245.9	(37.8)
Joint Venture	4.8	(1,092.9)
<b>Profit / (loss) on disposals</b>	<b>12.1</b>	<b>(18.5)</b>
<b>Financial Instruments marked to period end market value</b>	<b>5.2</b>	<b>695.1</b>
<b>Other items</b>	<b>(59.6)</b>	<b>(52.6)</b>
<b>Net profit / (loss) after tax</b>	<b>707.3</b>	<b>(1,070.6)</b>



### 1. Operations and Activities (continued)

#### 1.2 Review of Operations (continued)

##### Financial results

- Realised operating income increased by 9.1% to \$410.0 million (2009: \$375.8 million)
- Profit / (loss) after tax increased by 166.1% to a profit of \$707.3 million (2009: loss of \$1,070.6 million)
- Total assets increased by 6.4% to \$9,751.7 million (2009: \$9,163.4 million)
- Total borrowings increased by 12.3% to \$2,452.5 million (2009: \$2,183.7 million)
- Headline gearing (net debt basis) increased to 24.9% (Dec 09: 23.5%). Look through gearing (net debt basis) decreased to 29.9% (Dec 09: 31.6%).
- ROI per ordinary stapled security decreased by 13.0% to 20.7 cents\* (Dec 09: 23.8 cents\*)
- Distribution per ordinary stapled security decreased by 27.6% to 16.3 cents\* (Dec 09: 22.5 cents)
- Net tangible assets per stapled security\*\* increased to \$3.60 (Dec 09: \$3.46)

\* excludes distribution on Exchangeable Securities and calculated on the basis of post 5 to 1 consolidation of the stapled securities for both current period and prior period comparatives.

\*\* includes the impact of potential additional securities assuming the conversion of the exchangeable securities at an exchange price of \$3.883 on the basis of post 5 to 1 consolidation of the stapled securities (Dec 09: \$0.7766).

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

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

Portfolio/Segment		Realised	Realised	Total	Total
		Operating	Operating	Assets	Assets
		Income	Income		
		2010	2009	2010	2009
		\$M	\$M	\$M	\$M
<b>Core</b>					
Retail	1.2 (a)	267.3	268.3	4,789.1	4,494.3
Office	1.2 (b)	114.8	115.4	1,863.6	1,785.8
Industrial	1.2 (c)	54.4	49.9	791.9	780.6
Funds Management - Australia	1.2 (f)	94.3	98.6	1,291.5	1,346.0
<b>Non-core</b>					
Discontinued operation - US Seniors Housing	1.2 (e)	23.7	18.6	351.9	152.4
Discontinued operation - Funds Management - Europe		4.4	(21.0)	23.0	67.5
Discontinued operation - Joint Venture		-	(1.0)	-	-
Discontinued operation - Hotel / Tourism	1.2 (d)	29.6	53.3	317.1	346.2
<b>Financing and corporate overheads</b>		<b>(178.5)</b>	<b>(206.3)</b>	<b>323.6</b>	<b>190.6</b>
<b>Total</b>		<b>410.0</b>	<b>375.8</b>	<b>9,751.7</b>	<b>9,163.4</b>

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

##### (a) Retail Portfolio

The Retail Portfolio delivered comparable income growth of 4.7% (excluding the Homemaker assets), reflecting solid performance for the year despite relatively weak sales growth particularly in the first half. Retail sales growth for the portfolio was positive at 0.7% (total centre).

The Group opened the expanded Charlestown Square Shopping Centre at the end of 2010 following a \$470 million redevelopment. In September 2010, GPT commenced a \$30 million redevelopment of Melbourne Central.

The non-core asset sale program continued throughout the year with the sale of Homemaker City Bankstown in May 2010. The remaining five Homemaker assets will be sold over time to ensure value is maximised.

Revaluations across the GPT owned assets and GPT's interest in jointly owned assets resulted in a net revaluation of \$84.8 million.

## 1. Operations and Activities (continued)

### 1.2 Review of Operations (continued)

#### Financial results – portfolio/operational highlights (continued)

##### (b) Office Portfolio

The Managed Office Portfolio continued its solid performance during the year, with comparable income growth of 1.6%.

In April 2010, GPT Wholesale Office Fund (GWOFF) acquired a 50% interest in the development of a premium grade office building at 161 Castlereagh Street in Sydney. GWOFF subsequently disposed of 179 Elizabeth Street in August 2010. Construction of One One One Eagle Street in Brisbane was impacted by the floods and is now scheduled for completion in March 2012.

Revaluations across the GPT owned assets and GPT's interest in jointly owned assets resulted in a net revaluation of \$23.6 million.

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

The Industrial Portfolio delivered comparable income growth for the year of 2.7%, maintaining its high levels of occupancy and long lease expiry.

Progress continued at connect@derskine park in NSW with the completion in February 2010 of a 12,700 sqm warehouse for Target. In October 2010, GPT commenced development of a \$60 million 12,200 sqm A grade campus style office building at 5 Murray Rose Ave, Sydney Olympic Park, due for completion in 2012.

GPT sold a non-core asset at 21 Talavera Road for \$10.2 million in December 2010.

Revaluations across the Portfolio resulted in a net devaluation of \$1.7 million.

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

In October 2010 GPT completed its exit from the Hotel and Tourism sector with the exchange of contracts to sell Ayers Rock Resort for \$300 million in a deferred payment structure.

##### (e) US Seniors Housing Portfolio

GPT has a 95% interest in a portfolio of 34 assets, managed by Benchmark Assisted Living. At 31 December 2010, occupancy across the portfolio was 92.6% with an average daily rate of USD \$179 (up from USD \$170 during 2009).

On 16 February 2011 GPT announced the sale of the portfolio to Healthcare REIT Inc with settlement expected in the first half of 2011. The carrying value of GPT's equity investment, net of sales costs and taxes, is \$324 million at 31 December 2010.

##### (f) Funds Management Australia

GWOFF has ownership interests in 14 assets with a value of \$3.1 billion. GPT Wholesale Shopping Centre Fund (GWSCF) has ownership interests in 9 assets with a value of \$2.1 billion.

The performance across the Funds' assets continues to be stable, reflecting resilient retail performance and improved office occupancy of 95.7%.

##### (g) Developments

GPT currently has three developments underway; One One One Eagle Street in Brisbane, a redevelopment of Melbourne Central and 5 Murray Rose Ave, Sydney Olympic Park.

GPT retains a \$3.3 billion pipeline of future development opportunities for the medium term, subject to approvals and pre-commitments.

### 1. Operations and Activities (continued)

#### 1.2 Review of Operations (continued)

#### Financial results – portfolio/operational highlights (continued)

##### (h) Capital Management

##### Highlights

At 31 December 2010

- GPT's percentage of net debt to total tangible assets is 24.9% (2009: 23.5%)
- Weighted average length of headline debt has been extended to 5 years (2009: 3.3 years)
- Credit rating upgrades by both Standard & Poor's (A-) and Moody's (A3) were achieved through the course of the year.

##### Debt facilities

At 31 December 2010, GPT had \$377 million of liquidity available in cash and committed but undrawn debt facilities. For further details refer to note 14(d).

##### Gearing

The current level of gearing in the Group net of cash is 24.9%. The Group's gearing policy, announced on 18 December 2009, aims to manage gearing within a range of 25% to 35% (based on debt to total tangible assets). The policy provides the flexibility to increase gearing beyond 30% if required, provided a reduction to 30% or below is achieved within a reasonable timeframe. This policy provides a conservative approach to gearing consistent with GPT's business strategy and risk profile and enhances the Group's ability to gain access to a range of funding sources through market cycles.

##### Credit rating

GPT's credit rating was upgraded by Standard & Poor's from BBB+ to A- (stable) in May 2010 and by Moody's from Baa1 to A3 (stable) in November 2010. This reflected the progress made throughout the year in extending the Group's average term to maturity of its borrowings, flattening the debt maturity profile and improving the Group's interest coverage through strong operational performance and reducing the cost of debt.

#### 1.3 Distributions

Distributions paid/payable to stapled securityholders for the financial year ended 31 December 2010 totalled \$302.5 million (2009: \$340.6 million). This represented an annual distribution of 16.3 cents (2009: 22.5 cents post 5 to 1 consolidation of securities). This distribution includes 4.6 cents (\$85.4 million) in respect of the quarter ended December 2010, which is expected to be paid on 25 March 2011. Further detail on quarterly distributions is set out in note 3 of the financial report.

##### Distribution policy

GPT will distribute the greater of 70-80% of realised operating income (excluding development profits) and taxable income. For the 2010 year, GPT will distribute 80% of Realised Operating Income.

#### 1.4 Significant Changes in State of Affairs

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

##### ■ Consolidation of stapled securities

At the AGM held on 10 May 2010, the GPT securityholders approved the consolidation of every 5 stapled securities into 1 stapled security. Where the consolidation resulted in a fraction of a security being held by a securityholder, the fraction was rounded up to the nearest whole stapled security. The consolidation took effect and was complete on 19 May 2010. Upon completion, GPT had 1,855,529,431 stapled securities on issue (Dec 09: 9,277,584,743).

##### ■ Changes in the Board of Directors

During the year, two additional non-executive directors have been appointed. Ms Eileen Doyle and Mr Gene Tilbrook were appointed on 1 March and 11 May 2010 respectively. Mr Rob Ferguson was appointed Chairman on 10 May 2010. Mr Ken Moss and Mr Ian Martin retired on 10 May 2010.

#### 1.5 Likely Developments and Expected Results of Operations

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

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

## 1. Operations and Activities (continued)

### 1.6 Environmental Regulation

GPT has policies and procedures in place that are designed to ensure that where operations are subject to any particular and significant environmental regulation under a law of Australia (for example property development and property management), those obligations are identified and appropriately addressed. This includes obtaining and complying with conditions of relevant authority consents and approvals and obtaining necessary licences. GPT is not aware of any breaches of any environmental regulations under the laws of the Commonwealth of Australia or of a State or Territory of Australia and has not incurred any significant liabilities under any such environmental legislation.

GPT is also subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 ("EEO") and the National Greenhouse and Energy Reporting Act 2007 ("NGER").

The Energy Efficiency Opportunities Act 2006 requires GPT to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities and to report publicly on the assessments undertaken; including what action GPT intends to take as a result. As required under this act, GPT is registered with the Department of Resources, Energy and Tourism as a participant entity. GPT has collated energy data and identified energy opportunities for the 1 July 2009 to 30 June 2010 period ensuring the Energy Efficiency Opportunities data was made available in a Public Report on the GPT website by the required 31 December 2010.

The National Greenhouse and Energy Reporting Act 2007 requires GPT to report its annual greenhouse gas emissions and energy use. The second measurement period for GPT was 1 July 2009 to 30 June 2010. GPT has implemented systems and processes for the collection and calculation of the data required and submitted its report to the Department of Climate Change and Energy Efficiency within the legislative deadline of 31 October 2010.

More information about the GPT Group's participation in the NGER and EEO programs is available at [www.gpt.com.au](http://www.gpt.com.au)

### 1.7 Events Subsequent to Reporting Date

On 24 February 2011, a distribution of 4.6 cents per stapled security (\$85.4 million) was declared for the quarter ended 31 December 2010 (refer to note 3(a)(ii)).

During January 2011, the state of Queensland experienced major flooding impacting three of the GPT Group's assets, Homemaker Fortitude Valley, Riverside Centre (held through the GPT Wholesale Office Fund) and One One One Eagle Street. The total cost and impact of the damage is still being assessed and we do not believe the impact will be material to the GPT Group.

On 16 February 2011 GPT announced the sale of the US Seniors Housing portfolio to Healthcare REIT Inc with settlement expected in the first half of 2011. The carrying value of GPT's equity investment, net of sale costs and taxes, is \$324m at 31 December 2010.

Other than the above, the Directors are not aware of any matter or circumstance occurring since 31 December 2010 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.

## 2. Directors and Secretary

### 2.1 Directors

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

Ken Moss (retired 10 May 2010)

Rob Ferguson (an existing director, was appointed Chairman on 10 May 2010)

#### (ii) Non-Executive Directors

Brendan Crotty

Eileen Doyle (appointed 1 March 2010)

Eric Goodwin

Lim Swe Guan

Anne McDonald

Ian Martin (retired 10 May 2010)

Gene Tilbrook (appointed 11 May 2010)

#### (iii) Executive Director

Michael Cameron

### 2.2 Information on Directors

#### Rob Ferguson – Deputy Chairman

Rob Ferguson – Chairman

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

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

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

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

#### Brendan Crotty

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

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

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

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

#### Eileen Doyle

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

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

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

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



## 2. Directors and Secretary (continued)

### 2.2 Information on Directors (continued)

#### **Eric Goodwin**

Mr Goodwin was appointed to the Board in November 2004. He brings to the board extensive experience in design construction and project management, general management and funds management. His experience includes fund management of the MLC Property Portfolio during the 1980s and he was the founding Fund Manager of the Australian Prime Property Fund.

Mr Goodwin is a Non-Executive Director of Eureka Funds Management Limited, Lend Lease Global Properties SICAF and AMPCI Macquarie Infrastructure Management No 2 Limited (responsible entity of Diversified Utility and Energy Trust No. 2).

Mr Goodwin joined Lend Lease in 1963 as a cadet engineer and during his 42 year career with Lend Lease held a number of senior executive and subsidiary board positions in the Australian operation, the US and he was the inaugural manager of the Group's Asian operations.

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

#### **Lim Swe Guan**

After graduating with an honours degree in Estate Management in 1979, Mr Lim was employed as Lands Officer for the Urban Redevelopment Authority of Singapore.

He left URA in 1980 to work as a securities analyst, initially for Kim Eng Securities (1980 -1982) and later for Alfa-Pacific Securities (1982 - 1983).

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

Mr Lim returned to Singapore in December 1997 to join the Government of Singapore Investment Corporation, most recently as Managing Director of GIC Real Estate.

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

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

#### **Anne McDonald**

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

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

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

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

#### **Gene Tilbrook**

Mr Tilbrook spent the majority of his executive career at Wesfarmers Limited, most recently as Finance Director and Director of Business Development. During his time at Wesfarmers, Mr Tilbrook was involved in many of the transactions that made Wesfarmers a successful diversified group; as well as corporate strategy, finance, investments and capital management. From 2001 to 2005 he was a director of Bunnings Property Management Limited, the responsible entity for the ASX listed Bunnings Warehouse Property Trust.

Mr Tilbrook's current directorships include Transpacific Industries Group Ltd (Chairman), Fletcher Building Ltd, NBN Co Limited and QR National Limited. Mr Tilbrook is a councillor of the Australian Institute of Company Directors (WA Division) and also a member of the boards of the UWA Perth International Arts Festival and Curtin University. Mr Tilbrook has also held directorship roles in the private equity, infrastructure and rail sectors.

Mr Tilbrook holds tertiary qualifications in science, computing science and business administration (MBA) and has completed the Advanced Management Program at the Harvard Business School. He is a Fellow of the Australian Institute of Company Directors.

Mr Tilbrook joined the Board on 11 May 2010 and is Chair of the Nomination and Remuneration Committee.

## 2. Directors and Secretary (continued)

### 2.2 Information on Directors (continued)

#### Michael Cameron

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

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

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

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

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

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

#### James Coyne - Company Secretary

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

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

### 2.3 Attendance of Directors at Meetings

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

	Board		Audit and Risk Committee		Nomination and Remuneration Committee		Sustainability Committee	
	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend
<b>Chairman</b>	Rob Ferguson		Anne McDonald		Gene Tilbrook		Eileen Doyle	
Rob Ferguson	9	9	-	-	6	6	-	-
Michael Cameron	9	9	-	-	-	-	-	-
Brendan Crotty	9	9	-	-	5	5	2	2
Eileen Doyle	7	8	-	-	2	3	2	2
Eric Goodwin	9	9	6	6	-	-	2	2
Lim Swe Guan	9	9	6	6	-	-	-	-
Ian Martin	3	3	-	-	3	3	-	-
Anne McDonald	9	9	6	6	-	-	-	-
Ken Moss	3	3	-	-	3	3	-	-
Gene Tilbrook	6	6	-	-	3	3	-	-

## 2. Directors and Secretary (continued)

### 2.4 Directors' Relevant Interests

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

	<b>Number of GPT Stapled Securities</b>
Rob Ferguson	204,082
Michael Cameron	163,742 - Stapled Securities 1,118,891 - Performance Rights
Brendan Crotty	30,000
Eileen Doyle	1,600
Eric Goodwin	15,584
Lim Swe Guan	Nil
Anne McDonald	9,450
Gene Tilbrook	20,000

### 2.5 Directors' Directorships of Other Listed Companies

Details of all directorships of other listed entities held by each current Director in the three years immediately before 31 December 2010 and the period for which each directorship was held are set out below:

Rob Ferguson	IMF (Australia) Limited (since 2004) Primary Health Care Limited (since 2009)
Brendan Crotty	Brickworks Limited (since 2008) Trafalgar Corporate Group (from 2007 to 2009)
Eileen Doyle	One Steel Limited (from 2000 until 2010) Boral Limited (since 2010) Ross Human Directions Limited (from 2005 until 2010)
Eric Goodwin	AMPCI Macquarie Infrastructure Management No. 2 Limited as Responsible Entity of the Diversified Utility and Energy Trust No. 2 (one of the stapled entities within the DUET Group) (since 2004)
Lim Swe Guan	Thakral Holdings Limited (since 2004)
Anne McDonald	Speciality Fashion Group Limited (since 2007) Spark Infrastructure Group (since 2009)
Gene Tilbrook	Transpacific Industries Limited (since 2009) Fletcher Building Limited (since 2009) QR National Limited (since 2010) Westfarmers Limited (from 2002 to 2009)

### 3. Remuneration Report

#### 2010 Remuneration in brief

The Board is committed to clear and transparent communication of GPT's remuneration arrangements. This section, the 2010 Remuneration In Brief, outlines the key remuneration decisions taken by GPT during the year, and discloses the actual value of remuneration paid to GPT's senior executives. The full Remuneration Report for 2010, starting on page 22, provides more detail regarding the remuneration strategy, structures, decisions and outcomes at GPT in 2010 in accordance with statutory obligations and accounting standards.

In 2010 the Board continued to maintain restraint on executive base salaries commensurate with a prudent approach to managing GPT's cost base during what continues to be uncertain economic conditions. The Board also continued an active role overseeing additional changes to the management team to ensure GPT is well positioned to continue to build on the financial performance delivered during the year.

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

#### Key remuneration drivers and actions in 2010

##### *Base (Fixed) Pay*

The initial progress in implementing GPT's new corporate strategy in 2009 gained significant momentum in 2010, and the Board is pleased with the financial performance delivered by management. However, the Board is mindful that economic conditions remain challenging. Growth in executive remuneration has moderated. Against this background, the Board has continued to adopt a restrained approach to executive remuneration. Specifically the Board decided in late 2009 to:

- Implement only a modest review of base pay for 2010 of 3%; and
- Maintain the freeze on Non-Executive Director fees for 2010.

##### *Short Term Incentives*

The Board also reduced the maximum or stretch potential Short Term Incentive (STI) opportunity for all employees from double their target opportunity down to only 25% more than target opportunity. The Board believes this is consistent with GPT's new corporate strategy, the reduced gearing in the business, and a more conservative approach to both risk and cost management.

Within these constraints, and in line with the financial performance delivered by the management team in 2010, actual STI's received represent an increase on recent years.

##### *Long Term Incentives*

As foreshadowed in 2009, and with the confirmation of GPT's new corporate strategy and the stabilisation of the business, the Board sought and received approval from GPT security holders at the 2010 Annual General Meeting to continue the existing Performance Rights based long-term incentive (LTI) scheme with the addition of two further performance measures with the result that the scheme now has three of equal weight:

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

These measures will be continued in the 2011 LTI scheme and detailed in the Notice of Meeting for GPT's forthcoming Annual General Meeting in May 2011, and will be subject to security holder approval.

Separately, the legacy loan-based LTI scheme concluded at the end of 2010, which was the final year of the 2008-2010 long term incentive plan. No LTI awards have ever been realised by employees since the inception of this scheme.

##### *Employee Ownership*

In addition to the base (fixed) pay, STI and LTI, the Board believes in creating ways for employees to build an ownership stake in the business, and the benefits that this 'culture of ownership' bring in terms of loyalty, commitment and discretionary effort. In March 2010 the Board introduced a basic General Employee Security Ownership Plan (GESOP) for individuals who do not participate in the LTI.

Under the plan individuals who participated received an additional benefit equivalent to 10% of their STI which was - after the deduction of income tax - invested in GPT securities to be held for a minimum of 1 year. The plan resulted in 277 GPT employees receiving 156,536 GPT securities at a cost to GPT of \$435,210.

##### *External environment*

In setting and reviewing its remuneration arrangements, GPT has regard to the external environment, and is actively monitoring the tax, regulatory and governance activities impacting remuneration. In 2010, the Board sought external advice on market practice and prevailing regulatory and governance standards from Ernst & Young and Freehills.

### 3. Remuneration Report (continued)

#### 2010 Remuneration in brief (continued)

##### *Board & Management Transition*

At the Board level, Rob Ferguson became Chairman at the May 2010 AGM following the retirement of previous Chairman Ken Moss. Eileen Doyle and Gene Tilbrook joined the Board during 2010, continuing the process of Board renewal commenced in 2009. At the management level, there were also changes associated with a reorganisation of the Group along functional lines, while still retaining the sector focus. Details on the new appointments, departures and retirements in 2010 may be found on page 22.

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

The disclosed remuneration of the CEO and Senior Executives (page 35) is calculated in accordance with statutory obligations and accounting standards. As a result, it is theoretical and includes accounting values for current and prior years' LTI grants which have not been (and may never be) realised as they are dependent on performance measures being met.

The following table discloses the actual cash and other benefits received by GPT's CEO and Leadership Team during 2010, as distinct from theoretical and accounting values.

	Position	Base (Fixed) Pay \$'000	STI \$'000	LTI \$'000	Other <sup>1</sup> \$'000	Total \$'000
<b>Senior Executive</b>						
Michael Cameron	Managing Director and Chief Executive Officer	1,200.0	1,415.6	-	5.4	2,621.0
Tony Cope	Head of Office	575.0	437.0	-	2.9	1,014.9
James Coyne	General Counsel/ Secretary	470.0	281.6	-	3.4	755.0
Mark Fookes	Head of Investment Management	758.3	672.3	-	2.7	1,433.3
Victor Georos	Head of Industrial & Business Parks	475.0	437.8	-	2.5	915.3
Nicholas Harris	Head of Wholesale	610.0	455.0	-	3.1	1,068.1
Jonathan Johnstone	Head of Transactions	575.0	512.1	-	46.3	1,133.4
Anthony McNulty	Head of Development	547.3	273.1	-	2.1	822.5
Michael O'Brien	Chief Financial Officer	825.0	801.3	-	112.7	1,739.0
Michelle Tierney	Head of Retail Property & Asset Management	493.3	274.0	-	2.0	769.3
<b>Former Executives</b>						
Donna Byrne <sup>2</sup>	Head of Corporate Affairs & Communications	275.8	135.2	-	699.6	1,110.6

1 Other includes Death & Total/Permanent disablement insurance premiums, superannuation administration fees, FBT on discounted Voyages holidays, tax equalisation on a UK assignment (J. Johnstone only), equity vesting (M. O'Brien) and termination payments (D. Byrne only - these include notice and severance pay as well as the paid out value of accumulated but untaken annual and long service leave accruals, as applicable).

2 Donna Byrne resigned on 10 September 2010.



### 3. Remuneration Report (continued)

#### 3.1 Introduction

The Board presents the Remuneration Report for GPT for the year ended 31 December 2010, which forms part of the Directors Report and has been prepared in accordance with section 300A of the Corporations Act for the Group for the year ended 31 December 2010.

This Remuneration Report outlines GPT's remuneration philosophy and practices together with details of the specific remuneration arrangements that apply to GPT's key management personnel (KMP) who are the individuals responsible for planning, controlling and managing the GPT Group (including the Non-Executive Directors, the CEO and other key Senior Executives), and the five highest paid executives in 2010. The data provided in the Remuneration Report was audited as required under section 308(3C) of the Corporations Act.

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

Name	Position
<b>Senior Executive</b>	
Michael Cameron	Managing Director and Chief Executive Officer
Tony Cope	Head of Office
James Coyne	General Counsel/Secretary
Mark Fookes	Head of Investment Management
Victor Georos	Head of Industrial & Business Parks
Nicholas Harris	Head of Wholesale
Jonathon Johnstone	Head of Transactions
Anthony McNulty	Head of Development
Michael O'Brien	Chief Financial Officer
Michelle Tierney	Head of Retail Property & Asset Management
<b>Former Executive</b>	
Donna Byrne	Head of Corporate Affairs and Communications (resigned 10 September 2010)

Name	Position
<b>Non-Executive Director</b>	
Rob Ferguson	Chairman (appointed Chairman 10 May 2010)
Brendan Crotty	Director
Eileen Doyle	Director (appointed 1 March 2010)
Eric Goodwin	Director
Lim Swe Guan	Director
Anne McDonald	Director
Gene Tilbrook	Director (appointed 11 May 2010)
<b>Former Non-Executive Director</b>	
Ken Moss	Chairman (retired 10 May 2010)
Ian Martin	Director (retired 10 May 2009)

At the start of 2010 the Nomination & Remuneration Committee (the Committee) consisted of 4 Non-Executive Directors:

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

During 2010, the Committee composition changed with the retirement of Ian Martin and Ken Moss at GPT's Annual General Meeting on 10 May 2010. Eileen Doyle joined the committee after her commencement on 1 March 2010 and the role of Chairman of the Committee was filled after the appointment of Gene Tilbrook on 11 May 2010. At the end of 2010 the Committee once again comprised 4 Non-Executive Directors:

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

The Committee provides advice and recommendations to the Board on:

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

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

### 3. Remuneration Report (continued)

#### 3.2 Key Issues and Changes for 2010

##### Remuneration Management driving GPT's Performance

2010 saw GPT gain further momentum in the implementation of the new Group strategy, a strengthened balance sheet and improved investor confidence in the business. However, market conditions remained challenging.

Against that background the Board continued to exercise restraint and prudence with regard to executive remuneration. The main areas of activity in 2010 are outlined in the table below:

Issue	Who is affected?	Explanation
<b>Maintain restraint on executive salaries</b>	Leadership Team and other employees	Base remuneration increases for 2010 were capped at 3% across the business, a cost increase of \$1.7 million. Michael Cameron's base (fixed) pay for 2010 was maintained at the 2009 level.
<b>Freeze on Directors' fees</b>	Non-Executive Directors	There were no increases in fees in 2010 for Non Executive Directors.
<b>Reduction in 2010 STI Opportunity</b>	All employees	To match GPT's simpler business model and reduced leverage, the Board & Management decided to reduce the maximum STI levels for all employees, substantially reducing 'upside' STI potential in 2010 and managing costs.
<b>Additional LTI Performance Measures</b>	Leadership Team and other executives (limited to the top 25 in total)	In 2010 the Board sought and received approval from GPT security holders at the May Annual General Meeting to continue the existing Performance Rights based long-term incentive (LTI) scheme with the addition of two further performance measures.
<b>Wind up of legacy loan based LTI</b>	Legacy LTI scheme participants	The three year period 1/1/08 to 31/12/10 was the final period of operation of the legacy loan based LTI. The minimum performance measures for the LTI were not satisfied in any 3 year period since inception and as a result no LTI awards were made to participants.
<b>Initiative to build culture of ownership</b>	All employees excluding the LTI participants	Under the General Employee Security Ownership Plan (GESOP) an amount equivalent to 10% of an individual's STI was (after the deduction of income tax) invested in GPT securities to be held for a minimum of 1 year. Under this plan 277 GPT employees received 156,536 GPT securities.

### 3. Remuneration Report (continued)

#### 3.2 Key Issues and Changes for 2010 (continued)

##### CEO Remuneration Structure and Contract Terms

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

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

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

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

Details	Comments
<b>Benchmark group for setting/reviewing remuneration</b>	The Board benchmarks the remuneration of the CEO against: <ul style="list-style-type: none"> <li>■ CEOs in businesses with comparable market capitalisation; and</li> <li>■ CEOs in comparable roles within the ASX A-REIT index.</li> </ul>
<b>Remuneration mix</b>	In 2010, Mr Cameron's remuneration mix was as follows: Base (Fixed) Pay: \$1,200,000 (remaining unchanged since his commencement on 1 May 2009) STI: \$0 to \$1,500,000 based on performance. Half of any STI received is deferred into equity, half of which vests 2 years after receipt, and the other half three years after receipt, subject to ongoing employment. Further details on STI terms are set out on pages 28 to 29. LTI: \$0 to \$1,800,000 based on performance and continued service. Mr Cameron's LTI potential was increased in the remuneration review at the start of 2010 from 100% to 150% of base pay. In the Board's view this adjustment to the LTI potential would result in a more optimal overall mix of rewards and provide greater incentive for sustained performance over the longer term. Further details on LTI terms (including performance measures) are set out on pages 30 to 33.
<b>Contract duration</b>	A rolling 12 month contract.
<b>Termination entitlements</b>	Termination entitlements vary depending on the circumstances, however any separation payment is capped at 12 months of base (fixed) remuneration

On 8 December 2010, as part of the review of remuneration for 2011, the Board made the following adjustments to Mr Cameron's package:

- Discontinuation of deferral of STI to equity – For the 2011 calendar year onwards, any STI that becomes payable to Mr Cameron will be awarded in cash payable in March of the year following the STI performance period. The Board took this decision for several reasons. Firstly, it brought Mr Cameron into alignment with the other executives in the Group, all of whom receive their STI in cash. Secondly, it was the view of the Board that the existing GPT equity positions established for Mr Cameron through his sign on and the deferrals of half of his 2009 and 2010 STI's were of a sufficient quantum to ensure strong alignment with investors. Lastly, the Board sought to simplify reward delivery and rely on the LTI as the primary delivery vehicle for equity based rewards, subject to performance.
- Additional grants of performance rights - The GPT Board recognised that the one for one rights issue (the rights issue) that GPT undertook in the May-June 2009 period following the appointment of Mr Cameron had the effect of reducing the inherent value of the performance rights in the employment package that was negotiated in good faith with him in April 2009 and formalised in his executive employment agreement dated 20 April 2009 (the agreement). The Board engaged Ernst & Young to quantify the impact of the rights issue on Mr Cameron's sign on incentive and 2009 Long Term Incentive performance right grants. As a result, and in order to preserve the value that was negotiated with Mr Cameron at the time of his employment, the committee determined to make additional grants of rights to him as follows:
  - (i) Sign on incentive – an additional 16,843 rights, with 8,422 vesting on 30 June 2011 and 8,421 vesting on 30 June 2012; and
  - (ii) 2009 Long Term Incentive – an additional 50,529 performance rights

The additional grants are governed by the same terms and conditions that apply to the existing performance rights previously granted under the applicable plans.

Key terms of employment agreements of other members of the Leadership Team are contained under section 3.3 of the Remuneration Report.

### 3. Remuneration Report (continued)

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

##### **Enhancement of LTI Performance Measures**

At the 2009 AGM, security holders approved the introduction of a new LTI scheme (the scheme). The new scheme was a Performance Rights based LTI consistent with current market practice.

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

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

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

As a result, to ensure that GPT's 2010 LTI was aligned to the new strategy, two new performance measures (ie in addition to the relative TSR measure) were proposed to security holders at the 2010 AGM:

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

Pages 30 to 31 contains details of the scheme.

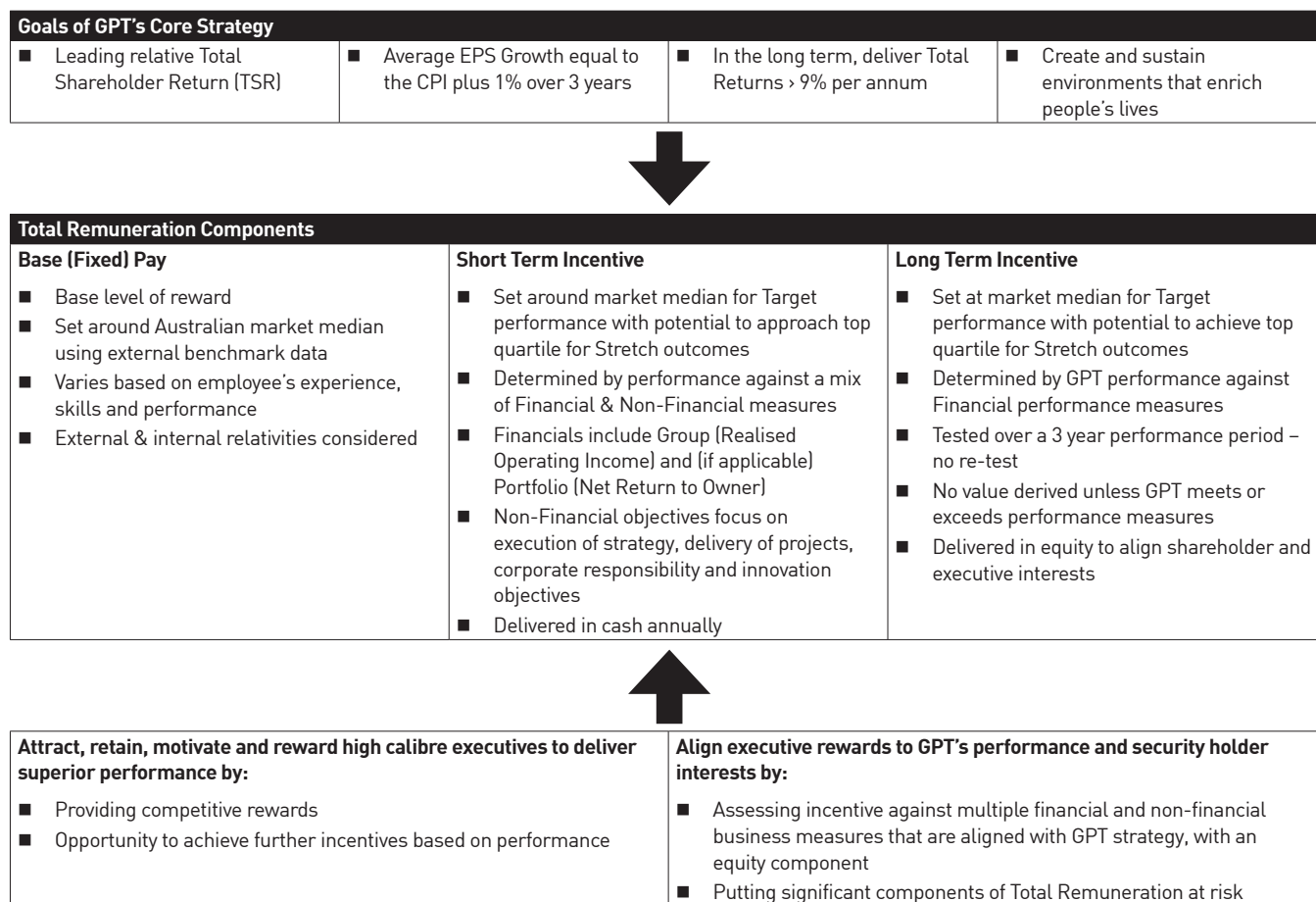
### 3. Remuneration Report (continued)

#### 3.3 Remuneration – CEO and Senior Executives

##### GPT's Remuneration Strategy

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

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



### 3. Remuneration Report (continued)

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

##### Total Remuneration Mix

As depicted on page 26, GPT's Executive remuneration is structured as a mixture of Base (fixed) pay and variable "at risk" short term incentive (STI) and long term incentive (LTI) components.

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

The Total Remuneration mix of components for those Executives with ongoing employment at the end of 2010 are set out in the following table.

Senior Executive	Position	Fixed Remuneration	Variable or "At Risk" Remuneration <sup>1</sup>	
		Base Pay	STI	LTI
Michael Cameron	Managing Director and Chief Executive Officer	36%	36%	28%
Tony Cope	Head of Office	44%	33%	23%
James Coyne	General Counsel/Secretary	50%	25%	25%
Mark Fookes	Head of Investment Management	44%	35%	21%
Victor Georos	Head of Industrial & Business Parks	44%	33%	23%
Nicholas Harris	Head of Wholesale	44%	34%	22%
Jonathan Johnstone	Head of Transactions	44%	33%	23%
Athony McNulty	Head of Development	51%	30%	19%
Michael O'Brien	Chief Financial Officer	43%	35%	22%
Michelle Tierney	Head of Property & Asset Management	51%	30%	19%

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

##### Base (Fixed) Pay

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

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



### 3. Remuneration Report (continued)

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

##### Short Term Incentives (STI) (variable component)

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

<b>What is the STI plan?</b>	The STI is an 'at-risk' incentive awarded annually in the form of cash (or a mixture of cash & GPT securities in the case of the CEO in 2010) subject to performance against agreed financial and non-financial Key Performance Indicators (KPIs).		
<b>Who participates in the STI plan?</b>	All permanent GPT employees with greater than 3 months service at the end of the applicable calendar year are eligible – subject to performance – to receive an STI.		
<b>Why does the Board consider the STI an appropriate incentive?</b>	Having a component of the Total Remuneration at risk in the form of an STI creates the ability for the Board and management to align and focus employees on desired objectives and behaviours, co-ordinating effort in pursuit of the overall business strategy.		
<b>Are both target and stretch performance measures set?</b>	Yes. Stretch performance measures can reward exceptional performance beyond the acceptable Target outcomes, and can motivate individuals to strive for the mutual benefit of themselves and the business.		
<b>What is the value of the STI opportunity?</b>	The STI opportunity is expressed as a percentage of Base (fixed) pay, and varies depending on the overall Total Remuneration levels for particular roles, but the following table can be considered indicative of the possible ranges:		
	<b>Level</b>	<b>Target Incentive Range</b>	<b>Stretch Incentive Range*</b>
	CEO	100%	125%
	Executives	50 - 80%	62.5 - 100%
	General employees	12 - 30%	15 - 37.5%
	If a minimum or Threshold level of objective achievement is not delivered the STI could be of zero value.		
<b>What are the performance measures?</b>	While all employees have a common Group financial performance condition, whether there are other additional performance measures depends on the individual role, as does the (indicative) mix between Financial and Non Financial measures:		
	<b>Level</b>	<b>Financial Measures</b>	<b>Non-Financial Measures</b>
	CEO	70%	30%
	Executives	60%	40%
	General employees	20%	80%
	Financial measures are applied at the Group, Portfolio, and even Asset level. Non-Financial measures focus on execution of strategy, delivery of projects, corporate responsibility and innovation objectives.		
<b>How is performance measured?</b>	Financial and non-financial KPIs are determined at the start of each calendar year and set out in a formal Performance Agreement. This agreement is reviewed at the end of each calendar year for every eligible employee to determine what (if any) STI they may receive.		
<b>Who assesses performance against targets?</b>	The Board assesses the performance of the CEO, who in turn assesses the performance of his direct reports among the Leadership Team.		

### 3. Remuneration Report (continued)

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

##### Short-term incentive outcomes

In 2010 GPT exceeded our forecast Realised Operating Income targets. This performance was the result of disciplined execution of the Reinvigorating GPT strategy announced to the market in August 2009 which has moved rapidly through the clean up and stabilisation phases.

Ensuring that GPT employees are retained and incentivised to perform is critical to driving further performance in the business as GPT moves through the optimisation phase of the strategy towards the objective of being Australia's 'best performing' property group. In recognition of the performance of the Leadership Team in 2010 STI awards have improved on previous years. This is evident in the following table, which depicts not only the actual STI awarded in 2010 but what this amount represents as a proportion of the individual's maximum STI potential:

Senior Executive	Position	Actual STI Awarded (\$'000)	Actual STI Awarded as a % of Maximum STI	% of Maximum STI Award Forfeited
<b>Michael Cameron</b>	Managing Director and Chief Executive Officer	1,415.6	94.4%	5.6%
<b>Tony Cope</b>	Head of Office	437.0	81%	19%
<b>James Coyne</b>	General Counsel/Secretary	281.6	95.9%	4.1%
<b>Mark Fookes</b>	Head of Investment Management	672.3	92.5%	7.5%
<b>Victor Georos</b>	Head of Industrial & Business Parks	437.8	98.3%	1.7%
<b>Nicholas Harris</b>	Head of Wholesale	455.0	79.6%	20.4%
<b>Jonathan Johnstone</b>	Head of Transactions	512.1	95%	5%
<b>Anthony McNulty</b>	Head of Development	273.1	85.5%	14.5%
<b>Michael O'Brien</b>	Chief Financial Officer	801.3	97.1%	2.9%
<b>Michelle Tierney</b>	Head of Retail Property & Asset Management	274.0	95%	5%

### 3. Remuneration Report (continued)

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

##### Long Term Incentives (LTI) (variable component)

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

##### LTI Scheme

At the May 2009 Annual General Meeting GPT security holders approved the introduction of a new Performance Rights LTI Plan (the LTI scheme) which was subsequently implemented. The plan was then continued in 2010 with a further grant of Performance Rights to participants.

<b>What is the purpose of the LTI plan?</b>	The purpose of the LTI plan is to align Senior Executive rewards with sustained improvement in security holder value over time.
<b>Who participates in the LTI plan?</b>	The CEO, his direct reports, and a small number of other senior executives with the greatest ability to impact on the long term performance of GPT. In 2010, 24 individuals participated.
<b>Is there a limit on the number of LTIs issued?</b>	Employee equity holdings under the LTI cannot exceed 5% of the total number of issued securities.
<b>What is the value of the LTI opportunity?</b>	The size of grants under the 2010 LTI is based on a percentage of the participants' Base pay with the maximum (Stretch) opportunity in 2010 as follows: <ul style="list-style-type: none"> <li>■ for the CEO it was equivalent to 1.5 times base pay (= \$1,800,000);</li> <li>■ for Leadership Team members it was 1 times base pay; and</li> <li>■ for all other participants it was equivalent to 75% of base pay.</li> </ul>
<b>How is reward delivered under the LTI program?</b>	Each grant consists of Performance Rights (Rights) to receive GPT securities for no cost. The number of Rights granted was determined by dividing GPT's last quarter 2009 volume weighted average security price (VWAP) of 61.01cps into the grant value. The number of performance rights was subsequently adjusted (reduced) in line with the 5 for 1 consolidation of GPT stapled securities. Rights vest subject to satisfaction of performance and service conditions.
<b>Do executives pay for the LTI instruments?</b>	No. Rights that vest convert to GPT securities at no cost to the executive.
<b>What rights are attached to LTIs?</b>	Rights do not carry any voting rights or receive dividends, however GPT securities allocated on the vesting of Rights carry the same rights as any other GPT security.
<b>Are there restrictions on dealing with securities allocated under the LTI plan?</b>	Yes, all GPT employees sign a policy on personal dealing (Policy) which, in addition to restrictions on insider trading, restricts dealing in GPT securities to certain trading windows. The Policy also precludes hedging or entering into any other financial derivatives in relation to unvested Rights.
<b>What happens when an executive leaves the Company?</b>	Broadly, unvested Rights will lapse, unless the Board in its discretion decides otherwise.
<b>What are the performance hurdles?</b>	See the table below.
<b>Are Rights subject to retesting if they do not vest on initial testing?</b>	No. There is no retesting of Rights that do not vest after being first tested for satisfaction against the performance measures at the end of the 3 year period.

## 3. Remuneration Report (continued)

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

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

The performance measures are summarised in the tables below, with the LTI Award Accrued converted into a dollar amount per employee in the Senior Executive Remuneration disclosures on page 35.

LTI	LTI Performance Measurement Period	Performance Condition	Performance Condition Hurdle	Weighting
2009	2009-2011	Relative TSR versus ASX 200 Property Index (excluding GPT)	50% of rights vest at 51st percentile, up to 100% at the 75th percentile (pro rata vesting in between).	100%
2010	2010-2012	Relative TSR versus the top 80% of ASX 200 Property Index	50% of rights vest at 51st percentile, up to 100% at the 75th percentile (pro rata vesting in between).	One third each
		Earnings per security growth (EPS) vs the CPI <sup>1</sup>	50% of rights vest if EPS growth = CPI, up to 100% if EPS growth = CPI plus 1% percentile (pro rata vesting in between).	
		Total Return (TR) versus the Weighted Average Cost of Capital (WACC).	0% of rights vest at 8% TR, up to 100% at 9% TR (pro-rata vesting in between).	

<sup>1</sup> The EPS growth calculation for 2010 relies on a rebased 2009 EPS figure of 21.3cps versus the 2010 result of 20.7cps. The rebasing of 2009 was required to adjust the 2009 EPS result of 23.8cps (4.77 cps on a pre 5:1 consolidation basis) to take into account the dilutive effect of the capital raising undertaken in June 2009. The approach is to assume the raising happened on 1 January 2009, rather than 17 June 2009, with the adjusted earnings for the 2009 year divided by the greater number of average shares.

Position	LTI Scheme	Performance Rights Granted	Grant Date	Fair Value per Performance Right	Vesting Date <sup>1</sup>	Maximum Value Recognised in Future Years <sup>2</sup>
<b>Senior Executives</b>						
<b>Michael Cameron</b>	Managing Director and Chief Executive Officer	2009	396,617	30 Jun 09	\$0.85	\$108,720
		2010	590,068	15 May 10	\$2.06	\$927,214
<b>Tony Cope</b>	Head of Office	2009	207,653	30 Jun 09	\$1.00	\$81,266
		2010	188,494	19 May 10	\$2.06	\$296,194
<b>James Coyne</b>	General Counsel/Secretary	2009	180,735	30 Jun 09	\$1.00	\$70,732
		2010	154,074	19 May 10	\$2.06	\$242,107
<b>Mark Fookes</b>	Head of Investment Management	2009	269,179	30 Jun 09	\$1.00	\$105,345
		2010	245,862	19 May 10	\$2.06	\$386,340
<b>Victor Georos</b>	Head of Industrial & Business Parks	2009	173,044	30 Jun 09	\$1.00	\$67,722
		2010	155,713	19 May 10	\$2.06	\$244,683
<b>Nicholas Harris</b>	Head of Wholesale	2009	230,725	30 Jun 09	\$1.00	\$90,296
		2010	199,968	19 May 10	\$2.06	\$314,223
<b>Jonathan Johnstone</b>	Head of Transactions	2009	192,271	30 Jun 09	\$1.00	\$75,246
		2010	188,494	19 May 10	\$2.06	\$296,194
<b>Anthony McNulty</b>	Head of Development	2009	152,856	30 Jun 09	\$1.00	\$59,821
		2010	134,241	19 May 10	\$2.06	\$210,942
<b>Michael O'Brien</b>	Chief Financial Officer	2009	307,634	30 Jun 09	\$1.00	\$120,394
		2010	270,448	19 May 10	\$2.06	\$424,974
<b>Michelle Tierney</b>	Head of Retail Property & Asset Management	2009	137,714	30 Jun 09	\$1.00	\$53,895
		2010	120,473	19 May 10	\$2.06	\$189,308
<b>Former Executives<sup>3</sup></b>						
<b>Donna Byrne</b>	Head of Corporate Affairs & Communications	2009	142,281	30 Jun 09	\$1.00	\$0
		2010	127,848	19 May 10	\$2.06	\$0

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

<sup>2</sup> This represents the fair value of rights as at grant date that are yet to be expensed.

<sup>3</sup> The Performance Rights of former executives lapse at the end of their employment.

### 3. Remuneration Report (continued)

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

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

###### Pre 2009 Legacy LTI Schemes

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

The 2008 LTI scheme concluded at the end of 2010 and no performance measures were satisfied, hence no LTI awards were made under the scheme. The 2008 LTI scheme is the last of the legacy LTI schemes and will be wound up in 2011 with the sale of participant security holdings under the scheme and the return of these funds to GPT in satisfaction of the limited recourse loans used to purchase them.

The performance measures and participant positions at the end of calendar year 2010 are summarised in the tables below:

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

## 3. Remuneration Report (continued)

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

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

## Pre 2009 Legacy LTI Schemes (continued)

Senior Executives	Year of LTI Loan <sup>1</sup>	Loans granted under LTI scheme	GPT stapled security purchase price	Number of securities acquired under LTI scheme	2010 Opening Loan Balance <sup>2</sup> 1 Jan 10	Interest Costs <sup>3</sup> 31 Dec 10	GPT stapled security price at 31 Dec 10	Total net value of employee equity <sup>4</sup> at 31 Dec 10	2008 LTI Scheme award <sup>5</sup> 31 Dec 10	2010 Closing Loan Balance 31 Dec 10
<b>T. Cope</b> Head of Office	2007 2006	\$165,568 \$809,998	\$5.11 \$4.20	6,477 38,548	\$1,025,453	\$7,519	\$2.94	(\$893,079)	\$0	\$1,025,453
<b>J. Coyne</b> General Counsel/Co.Secretary	2007 2006	\$209,302 \$568,888	\$5.11 \$4.20	8,188 27,074	\$817,910	\$5,889	\$2.94	(\$714,241)	\$0	\$817,910
<b>M. Fookes</b> Head of Investment Management	2007 2006	\$484,347 \$1,033,331	\$5.11 \$4.20	18,947 49,177	\$1,595,071	\$11,377	\$2.94	(\$1,394,786)	\$0	\$1,595,071
<b>V. Georos</b> Head of Industrial & Business Parks	2007 2006	\$166,519 \$759,997	\$5.11 \$4.20	6,514 36,169	\$973,885	\$7,128	\$2.94	(\$848,398)	\$0	\$973,885
<b>N. Harris</b> Head of Wholesale	2007 2006	\$256,742 \$888,887	\$5.11 \$4.66	10,043 38,125	\$1,211,868	\$8,044	\$2.94	(\$1,070,252)	\$0	\$1,211,868
<b>J. Johnstone</b> Head of Transactions	2007 2006	\$218,453 \$755,555	\$5.11 \$4.20	8,546 35,957	\$1,023,764	\$7,432	\$2.94	(\$892,925)	\$0	\$1,023,764
<b>A. McNulty</b> Head of Development	2007 2006	\$283,215 \$688,886	\$5.11 \$4.20	11,079 32,785	\$1,021,699	\$7,325	\$2.94	(\$892,739)	\$0	\$1,021,699
<b>M. O'Brien</b> CFO	2007 2006	\$1,301,977 \$1,233,333	\$5.11 \$4.20	50,932 58,695	\$2,664,129	\$18,308	\$2.94	(\$2,341,826)	\$0	\$2,664,129
<b>M. Tierney</b> Head of Retail Property & Asset Management	2007 2006	\$554,937 \$311,111	\$5.11 \$4.20	14,806 21,709	\$909,948	\$6,098	\$2.94	(\$802,594)	\$0	\$909,948
<b>Total</b>		<b>\$10,691,045</b>		<b>473,771</b>	<b>\$11,243,727</b>	<b>\$79,120</b>		<b>(\$9,850,840)</b>	<b>\$0</b>	<b>\$11,243,727</b>

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

2 2010 Opening Loan Balance reflects the balance of the loan less net distributions for the period 2006-2009 plus capitalised interest costs for the period 2006-2008.

3 Interest costs for 2010 continued to be set at a level equivalent to the net distributions received arising from the change in scheme design in 2009 which recognised that with employee equity positions substantially 'underwater' and with the loans converted to limited recourse there was no sense charging a commercial rate of interest which would further exacerbate the negative equity position.

4 Refer to the 2008 Remuneration Report for a detailed explanation regarding the circumstances relating to the negative equity position.

5 As a result of GPT's performance in the 2008 LTI (covering the three year period 2008-2010) no LTI award was applicable.



### 3. Remuneration Report (continued)

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

##### Service Agreements

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

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

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

The terms of Mr Cameron's contract were outlined on page 24. The material terms of the service agreements for the Leadership Team (other than the CEO) who were employed by the Group at 31 December 2010 are set out below:

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

##### GPT Performance Outcomes

The table below shows GPT's performance against a number of key metrics over the last 5 years.

		2006	2007	2008	2009	2010
Realised operating income	\$m	558.6	605.1	468.8	375.8	410.0
Total securityholder return (TSR)	%	45.2	(23.4)	(74.9)	(14.4)	2.9
Underlying earnings per security (EPS) <sup>1</sup>	cents	27.5	29.4	18.5	4.8	20.7
EPS growth	%	12.7	7.0	(37.1)	(74.2)	(13.0)
Distributions per security (DPS) <sup>1</sup>	cents	27.5	28.9	17.7	4.5	16.3
NTA (per security) <sup>1</sup>	\$	3.60	3.86	1.43	0.69	3.60
Security price at end of calendar year	\$	5.60	4.04	0.92	0.61	2.94

<sup>1</sup> Unadjusted per security figures.

## 3. Remuneration Report (continued)

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

## Senior Executive Remuneration Disclosures

The following table provides a breakdown of GPT's Leadership Team remuneration in accordance with statutory requirements and accounting standards. The Board considers that the table on page 21 is more meaningful because it shows cash remuneration actually received by GPT's executives.

	Fixed Pay			Variable or 'At Risk Pay' - Short Term	Variable or 'At Risk Pay' - Long Term		Cash Payment on Termination	Total
	Base Salary & Fees	Superannuation	Non-Monetary <sup>1</sup>	STI Bonus	LTI Award Accrual <sup>2</sup>	Grant of Performance Rights <sup>3,4</sup>		
<b>Executives</b>								
<b>M. Cameron<sup>5</sup></b> Managing Director and Chief Executive Officer								
<b>31 December 2010</b>	\$1,245,889	\$14,830	\$5,445	\$1,415,592	\$397,045	\$74,701	-	\$3,153,502
31 December 2009	\$837,589	\$9,521	\$5,445	\$933,333	\$73,274	\$50,346	-	\$1,909,508
<b>T. Cope</b> Head of Office								
<b>31 December 2010</b>	\$554,975	\$14,830	\$2,945	\$437,040	\$173,370	-	-	\$1,183,160
31 December 2009	\$510,811	\$14,103	\$2,805	\$294,657	\$40,967	-	-	\$863,343
<b>J. Coyne</b> General Counsel/Co.Secretary								
<b>31 December 2010</b>	\$422,283	\$14,830	\$3,427	\$281,627	\$146,017	-	-	\$868,184
31 December 2009	\$461,519	\$14,103	\$6,329	\$89,347	\$35,656	-	-	\$606,954
<b>M. Fookes</b> Head of Investment Management								
<b>31 December 2010</b>	\$786,601	\$14,830	\$2,710	\$672,287	\$225,481	-	-	\$1,701,909
31 December 2009	\$665,314	\$14,103	\$4,421	\$310,000	\$53,105	-	-	\$1,046,943
<b>V. Georos</b> Head of Industrial & Business Parks								
<b>31 December 2010</b>	\$471,978	\$14,830	\$2,545	\$437,831	\$143,808	-	-	\$1,070,992
31 December 2009	\$434,557	\$14,103	\$2,445	\$173,016	\$34,139	-	-	\$658,260
<b>N. Harris</b> Head of Wholesale								
<b>31 December 2010</b>	\$617,570	\$14,830	\$3,085	\$454,968	\$188,006	-	-	\$1,278,459
31 December 2009	\$593,323	\$14,103	\$3,045	\$405,180	\$45,519	-	-	\$1,061,170
<b>J. Johnstone</b> Head of Transactions								
<b>31 December 2010</b>	\$602,161	\$14,830	\$46,315	\$512,109	\$167,350	-	-	\$1,347,765
31 December 2009	\$852,900	\$14,103	\$2,645	\$625,000	\$5,932	-	-	\$1,500,580
<b>A. McNulty<sup>6</sup></b> Head of Development								
<b>31 December 2010</b>	\$520,697	\$14,830	\$2,147	\$273,147	\$125,415	-	-	\$936,236
31 December 2009								
<b>M. O'Brien</b> Chief Financial Officer								
<b>31 December 2010</b>	\$850,290	\$14,830	\$3,945	\$801,264	\$252,544	\$91,670	-	\$2,014,543
31 December 2009	\$813,689	\$14,103	\$3,845	\$465,000	\$36,692	\$64,450	-	\$1,397,779
<b>M. Tierney<sup>6</sup></b> Head of Retail Property & Asset Management								
<b>31 December 2010</b>	\$519,749	\$14,830	\$1,993	\$273,969	\$112,762	-	-	\$923,303
31 December 2009								
<b>Former Executives</b>								
<b>D. Byrne<sup>7</sup></b> Head of Corporate Affairs & Communications								
<b>31 December 2010</b>	\$261,768	\$14,031	\$2,205	\$135,164	-	-	\$697,374	\$1,110,542
31 December 2009	\$355,684	\$14,103	\$2,125	\$72,150	-	-	-	\$444,062
<b>R. Croft<sup>8</sup></b> CEO GPT Halverton								
<b>31 December 2010</b>	\$169,442	\$8,472	\$606	-	-	-	\$171,112	\$349,632
31 December 2009								
<b>K. Pryke<sup>9</sup></b> Chief Financial Officer								
<b>31 December 2010</b>	\$533,630	\$10,488	\$5,866	\$125,342	-	-	\$770,000	\$1,445,326
31 December 2009								
<b>H. Stephens<sup>10</sup></b> Head of Corporate Transactions								
<b>31 December 2010</b>	\$483,388	\$14,103	\$7,629	\$500,000	-	-	\$539,231	\$1,544,351
31 December 2009								
<b>N. Tobin<sup>11</sup></b> General Manager - JV								
<b>31 December 2010</b>	\$492,588	\$9,283	\$3,445	\$116,507	-	-	\$720,000	\$1,341,823
31 December 2009								
<b>Total</b>								
<b>31 December 2010</b>	\$6,853,961	\$162,331	\$76,762	\$5,694,998	\$1,931,798	\$166,371	\$697,374	\$15,583,595
31 December 2009	\$7,204,434	\$164,691	\$50,651	\$4,109,532	\$325,284	\$114,796	\$2,200,343	\$14,169,731

1 The amount set out under 'Non-monetary' may include administration fees associated with membership of the GPT Superannuation Plan, Death & Total/Permanent Disability Insurance Premiums, the taxable value of the benefit of discounted staff rates at Voyages Hotels & Resorts, tax equalisation on a UK assignment (J. Johnstone only) and termination payments (D. Byrne only - these include notice and severance pay as well as the paid out value of accumulated but untaken annual and long service leave accruals, as applicable).

2 The purpose of the LTI Award Accrual column is to record the status of accruals for LTI awards under the 2008, 2009 and/or 2010 LTI plans based on GPT performance against the respective award measures.

### 3. Remuneration Report (continued)

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

##### Senior Executive Remuneration Disclosures (continued)

3 One off grants of Performance Rights were made in 2009 as follows:

Name	Reason for the Grant	Initial Value of the Grant	Number of Performance Rights	Vesting Condition
Michael Cameron	A sign on package on appointment to the role of Managing Director and CEO on 1 May 2009	\$300,000	115,363	Service; 50% of performance rights will convert to GPT securities for nil consideration on 30 June 2011, with the remaining 50% converting to GPT securities on 30 June 2012.
Michael O'Brien	Recognition of 7 month's service as Acting CEO	\$200,000	76,909	Service; 50% of performance rights will convert to GPT securities for nil consideration on 1 July 2010, with the remaining 50% converting to GPT securities on 1 July 2011.

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

Name	Reason for the Grant	Initial Value of the Grant (based on fair value)	Number of Performance Rights	Vesting Condition
Michael Cameron	To address the impact of the May 2009 one for one rights issue on Mr Cameron's sign on grant of rights (see detailed explanation above on page 25)	\$34,697	16,843	Service; 50% of performance rights will convert to GPT securities for nil consideration on 30 June 2011, with the remaining 50% converting to GPT securities on 30 June 2012.

5 M. Cameron joined GPT on 1 May 2009.

6 A. McNulty and M. Tierney were not KMP in 2009.

7 D. Byrne's employment ended on 10 September 2010.

8 R. Croft's employment ended on 14 April 2009.

9 K. Pryke's employment ended on 1 September 2009.

10 H. Stephen's employment ended on 31 December 2009.

11 N. Tobin's employment ended on 31 August 2009.

#### 3.4 Remuneration – Non-Executive Directors

##### Remuneration Policy

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

- Non-Executive Directors are paid one fee for participation as a Director in all GPT related companies (principally GPT RE Limited, the Responsible Entity of General Property Trust and GPT Management Holdings Limited).
- Non-Executive Director remuneration is composed of three main elements:
  - Main Board fees
  - Committee fees
  - Superannuation contributions at the statutory Superannuation Guarantee Levy (SGL) rate.
- Differences in workloads of Non-Executive Directors arise mainly because of differing involvement in Board Committees, which is in addition to main Board work. This additional workload is remunerated via Committee fees in addition to main Board fees.
- Non-Executive Directors do not participate in any short or long term incentive arrangements.
- Non-Executive Directors are not entitled to any retirement benefits other than compulsory superannuation.
- Non-Executive Director remuneration is set by reference to comparable entities listed on the Australian Securities Exchange (based on GPT's industry sector and market capitalisation).
- External independent advice on remuneration levels for Non-Executive Directors is sought on an annual basis. In the event that a review is conducted, the new Board and Committee fees are effective from the 1st of January in the applicable year and advised in the ensuing Remuneration Report.

### 3. Remuneration Report (continued)

#### 3.4 Remuneration – Non-Executive Directors (continued)

##### Remuneration arrangements

As noted earlier in the Remuneration Report, the Board determined that there would be no increase in Non-Executive Director fees for 2010, continuing the freeze on Non-Executive Director fees that commenced in 2008.

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

Fees (including superannuation) paid to Non-Executive Directors are drawn from a remuneration pool of \$1,500,000 per annum which was approved by GPT securityholders at the Annual General Meeting on 9 May 2007. As an executive director, Michael Cameron did not receive fees from this pool but was remunerated as one of GPT's Senior Executives.

Annual Board and Board Committees fees (excluding compulsory superannuation) for the year ended 31 December 2010 are as follows:

		Board	Audit and Risk Management Committee	Sustainability Committee	Nomination and Remuneration Committee
Chairman <sup>1</sup>	2010	\$346,500	\$34,650	\$11,000	\$23,100
	2009	\$346,500	\$34,650	-	\$23,100
Members	2010	\$138,600	\$17,325	\$8,000	\$11,550
	2009	\$138,600	\$17,325	-	\$11,550

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

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

# DIRECTORS' REPORT

For the year ended 31 December 2010 – THE GPT GROUP

## 3. Remuneration Report (continued)

### 3.4 Remuneration – Non-Executive Directors (continued)

#### Remuneration arrangements (continued)

The nature and amount of each element of remuneration paid to GPT's Non-Executive Directors for the 2010 and 2009 calendar years is as follows:

	Fixed Pay			Total
	Salary & Fees	Superannuation <sup>1</sup>	Non-Monetary <sup>2</sup>	
<b>Directors</b>				
<b>R. Ferguson<sup>3</sup></b>				
Chairman				
<b>31 December 2010</b>	<b>\$276,771</b>	<b>\$14,494</b>	-	<b>\$291,264</b>
31 December 2009	\$90,475	\$8,143	-	\$98,618
<b>B. Crotty<sup>4</sup></b>				
<b>31 December 2010</b>	<b>\$158,770</b>	<b>\$14,081</b>	-	<b>\$172,851</b>
31 December 2009	\$3,038	\$273	-	\$3,311
<b>E. Doyle<sup>5</sup></b>				
<b>31 December 2010</b>	<b>\$130,625</b>	<b>\$11,756</b>	-	<b>\$142,381</b>
31 December 2009				
<b>E. Goodwin</b>				
<b>31 December 2010</b>	<b>\$154,150</b>	<b>\$14,179</b>	-	<b>\$168,329</b>
31 December 2009	\$167,475	\$14,103	-	\$181,578
<b>L.S. Guan<sup>6</sup></b>				
<b>31 December 2010</b>	<b>\$156,925</b>	-	-	<b>\$156,925</b>
31 December 2009	\$117,497	-	-	\$117,497
<b>A. McDonald</b>				
<b>31 December 2010</b>	<b>\$173,250</b>	<b>\$14,830</b>	<b>\$1,271</b>	<b>\$189,351</b>
31 December 2009	\$173,250	\$14,103	\$1,393	\$188,746
<b>G. Tilbrook<sup>7</sup></b>				
<b>31 December 2010</b>	<b>\$100,396</b>	<b>\$9,036</b>	<b>\$1,246</b>	<b>\$110,678</b>
31 December 2009				
<b>Former Directors</b>				
<b>P. Joseph<sup>8</sup></b>				
<b>31 December 2010</b>	-	-	-	-
31 December 2009	\$138,156	\$5,480	-	\$143,636
<b>M. Latham<sup>9</sup></b>				
<b>31 December 2010</b>	-	-	-	-
31 December 2009	\$69,078	\$5,480	\$650	\$75,208
<b>I. Martin<sup>10</sup></b>				
<b>31 December 2010</b>	<b>\$57,632</b>	<b>\$5,154</b>	-	<b>\$62,786</b>
31 December 2009	\$161,700	\$14,103	-	\$175,803
<b>K. Moss<sup>11</sup></b>				
<b>31 December 2010</b>	<b>\$123,496</b>	<b>\$5,154</b>	-	<b>\$128,650</b>
31 December 2009	\$270,834	\$14,103	-	\$284,937
<b>Total</b>				
<b>31 December 2010</b>	<b>\$1,332,015</b>	<b>\$88,684</b>	<b>\$2,517</b>	<b>\$1,423,215</b>
31 December 2009	\$1,191,503	\$75,788	\$2,043	\$1,269,334

No termination benefits were paid during the financial year.

1 Refers to compulsory superannuation only; non-compulsory superannuation salary sacrifices are included in Salary & Fees.

2 The amount set out under 'Non-monetary' may include administration fees associated with membership of the GPT Superannuation Plan, Death & Total/Permanent Disability Insurance Premiums (A. McDonald and G. Tilbrook), or Parking (M. Latham).

3 R. Ferguson joined the Board as deputy Chairman on 25 May 2009 and was appointed Chairman effective 10 May 2010.

4 B. Crotty was appointed to the Board on 22 December 2009.

5 E. Doyle was appointed to the Board on 1 March 2010.

6 L.S. Guan was appointed to the Board on 21 April 2009.

7 G. Tilbrook was appointed to the Board on 11 May 2010.

8 P. Joseph retired from the role of Chairman of the Board on 25 May 2009.

9 M. Latham retired as a Director on 25 May 2009.

10 I. Martin retired as a Director on 10 May 2010.

11 K. Moss retired from the role of Chairman of the Board on 10 May 2010.

## 4. Other Disclosures

### 4.1 Indemnification and Insurance of Directors and Officers

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

Subject to specified exclusions, the liabilities insured are for costs that may be incurred in defending civil or criminal proceedings that may be brought against directors and officers in their capacity as Directors and Officers of GPT, its subsidiary companies or such other entities, and other payments arising from liabilities incurred by the Directors and Officers in connection with such proceedings. GPT has agreed to indemnify the auditors out of the assets of GPT if GPT has breached the agreement under which the auditors are appointed.

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

### 4.2 Proceedings on behalf of the Trust

In October 2008, Slater and Gordon announced an intention to bring a class action against GPT. This is said to be on behalf of certain persons who purchased GPT securities from 27 February 2008 and held securities on 7 July 2008. The allegations surround the adequacy and timing of disclosures to the market in this period. No proceedings have yet been issued. GPT has been invited to enter into discussions, on a without prejudice basis, with Slater and Gordon. Failing an agreed resolution of the matter, Slater and Gordon have confirmed they intend to commence proceedings.

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

### 4.3 Non-Audit Services

During the year PricewaterhouseCoopers, GPT's auditor, has performed other services in addition to their statutory duties. Details of the amount paid to the auditor, which includes amounts paid for non-audit services and other assurance services, are set out in note 27 to the financial report.

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

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

### 4.4 Rounding of Amounts

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

### 4.5 Auditor

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

### 4.6 Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 41.



# DIRECTORS' REPORT

For the year ended 31 December 2010 – THE GPT GROUP

Signed in accordance with a resolution of the Directors.



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Rob Ferguson  
Chairman

Sydney  
24 February 2011



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Michael Cameron  
Managing Director and Chief Executive Officer



## Auditor's Independence Declaration

PricewaterhouseCoopers  
ABN 52 780 433 757

Darling Park Tower 2  
201 Sussex Street  
GPO BOX 2650  
SYDNEY NSW 1171  
DX 77 Sydney  
Australia  
Telephone +61 2 8266 0000  
Facsimile +61 2 8266 9999  
[www.pwc.com/au](http://www.pwc.com/au)

As lead auditor for the audit of the GPT Group for the year ended 31 December 2010, 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.

A handwritten signature in black ink, appearing to read 'DH Armstrong', with a large, stylized flourish at the end.

DH Armstrong  
Partner  
PricewaterhouseCoopers

Sydney  
24 February 2011

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010 – THE GPT GROUP

	Note	Consolidated entity	
		31 Dec 10 \$M	31 Dec 09 \$M
<b>Revenue</b>			
Rent from property investments		520.8	503.1
Property and fund management fees		36.9	36.8
Development project revenue		5.9	6.4
		<b>563.6</b>	<b>546.3</b>
<b>Other income</b>			
Fair value adjustments to investment properties		62.3	(532.5)
Share of after tax profit / (loss) of equity accounted investments		185.3	(93.0)
Interest revenue - cash and short term money market securities		1.8	15.7
Net foreign exchange gain		14.8	238.6
Net gain on fair value of derivatives	4(c)	-	463.3
		<b>264.2</b>	<b>92.1</b>
<b>Total revenue and other income</b>		<b>827.8</b>	<b>638.4</b>
<b>Expenses</b>			
Property expenses and outgoings		148.6	139.0
Management and other administration costs		74.9	70.8
Depreciation and amortisation expense	4(a)	7.3	9.2
Finance costs	4(b)	151.6	190.8
Impairment expense - loan and receivables		0.9	11.0
Impairment expense - other		3.6	11.8
Net loss on fair value of derivatives	4(c)	6.4	-
Net loss on disposal of assets		1.4	64.0
<b>Total expenses</b>		<b>394.7</b>	<b>496.6</b>
<b>Profit before income tax expense</b>		<b>433.1</b>	<b>141.8</b>
Income tax credit / (expense)	5(a)	(2.6)	(5.9)
<b>Profit after income tax expense</b>		<b>430.5</b>	<b>135.9</b>
Profit / (loss) from discontinued operations	2(a), 6	276.8	(1,206.5)
<b>Net profit / (loss) for the year</b>		<b>707.3</b>	<b>(1,070.6)</b>
<b>Other comprehensive income</b>			
Net foreign exchange translation adjustments, net of tax		(90.0)	(337.5)
<b>Total comprehensive income / (loss) for the year</b>		<b>617.3</b>	<b>(1,408.1)</b>
<b>Net profit / (loss) attributable to:</b>			
- Securityholders of the Trust		769.7	(937.0)
- Securityholders of other entities stapled to the Trust		(62.4)	(132.1)
- External non-controlling interest		-	(1.5)
<b>Total comprehensive income / (loss) attributable to:</b>		<b>662.4</b>	<b>(1,305.6)</b>
- Securityholders of the Trust		(45.1)	(101.0)
- Securityholders of other entities stapled to the Trust		-	(1.5)
- External non-controlling interest		-	(1.5)
<b>Basic and diluted earnings per ordinary security of the Trust</b>			
Earnings per security (cents per security) for profit / (loss) from continuing operations	28(a)	26.2	2.2
Earnings per security (cents per security) for profit / (loss) from discontinued operations	28(a)	13.9	(67.6)
Earnings per security (cents per security)	28(a)	40.1	(65.4)

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010 – THE GPT GROUP

	Note	Consolidated entity	
		31 Dec 10 \$M	31 Dec 09 \$M
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	23(b)	41.1	40.3
Loans and receivables	7	62.0	60.1
Inventories		-	-
Derivative assets	8	0.2	-
Tax receivables		-	3.2
Prepayments		6.1	9.5
		<u>109.4</u>	<u>113.1</u>
Non-current assets classified as held for sale	6	741.1	635.7
<b>Total Current Assets</b>		<u>850.5</u>	<u>748.8</u>
<b>Non-Current Assets</b>			
Investment properties	9	6,562.5	6,023.6
Investments in associates and joint ventures	10	2,125.0	2,236.7
Property, plant & equipment	11	5.7	5.1
Loans and receivables	7	13.2	87.7
Other assets		0.2	0.2
Intangible assets	12	51.8	32.4
Derivative assets	8	115.0	4.4
Deferred tax assets	5(b)	27.8	24.5
		<u>8,901.2</u>	<u>8,414.6</u>
<b>Total Non-Current Assets</b>		<u>8,901.2</u>	<u>8,414.6</u>
<b>Total Assets</b>		<u>9,751.7</u>	<u>9,163.4</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	13	196.1	181.3
Borrowings	14	34.3	1,699.9
Derivative liabilities	8	0.4	1.5
Current tax liabilities		2.1	-
Provisions	15	9.7	6.7
		<u>242.6</u>	<u>1,889.4</u>
Non-current liabilities classified as held for sale	6	8.2	18.4
<b>Total Current Liabilities</b>		<u>250.8</u>	<u>1,907.8</u>
<b>Non-Current Liabilities</b>			
Borrowings	14	2,418.2	483.8
Derivative liabilities	8	96.0	98.5
Provisions	15	4.2	3.9
Deferred tax liabilities	5(c)	28.0	1.0
		<u>2,546.4</u>	<u>587.2</u>
<b>Total Non-Current Liabilities</b>		<u>2,546.4</u>	<u>587.2</u>
<b>Total Liabilities</b>		<u>2,797.2</u>	<u>2,495.0</u>
<b>Net Assets</b>		<u>6,954.5</u>	<u>6,668.4</u>
<b>EQUITY</b>			
<b>Equity attributable to securityholders of the Trust (parent entity)</b>			
Contributed equity	16	8,155.3	8,155.3
Reserves	17	(69.7)	36.9
Retained profits/(accumulated losses)	18	(578.2)	(1,013.0)
<b>Total equity of GPT Trust securityholders</b>		<u>7,507.4</u>	<u>7,179.2</u>
<b>Equity attributable to securityholders of other entities stapled to the Trust</b>			
Contributed equity	16	324.7	324.7
Reserves	17	35.0	14.7
Retained profits/(accumulated losses)	18	(912.6)	(850.2)
<b>Total equity of other stapled securityholders</b>		<u>(552.9)</u>	<u>(510.8)</u>
<b>Equity attributable to non-controlling interests - external</b>			
Contributed equity	16	-	-
Reserves	17	-	-
Retained profits	18	-	-
<b>Total equity of external non-controlling interests</b>		<u>-</u>	<u>-</u>
<b>Total Equity</b>		<u>6,954.5</u>	<u>6,668.4</u>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010 - THE GPT GROUP

	Consolidated Entity												
	Attributable to the Securityholders of the General Property Trust				Attributable to the Securityholders of other entities stapled to the General Property Trust				Attributable to the Securityholders of external non-controlling interests				
	Contributed equity \$M	Reserves \$M	Retained earnings \$M	Total \$M	Contributed equity \$M	Reserves \$M	Retained earnings \$M	Total \$M	Contributed equity \$M	Reserves \$M	Retained earnings \$M	Total \$M	
<b>Balance at 1 January 2009</b>	6,525.6	405.3	290.6	7,221.5	324.7	(17.3)	(718.1)	(410.7)	-	-	1.5	1.5	6,812.3
Movement in foreign currency translation reserve	-	(368.6)	-	(368.6)	-	31.1	-	31.1	-	-	-	-	(337.5)
<b>Net income / (loss) recognised directly in equity</b>	-	(368.6)	-	(368.6)	-	31.1	-	31.1	-	-	-	-	(337.5)
Profit / (loss) for the financial year	-	-	(937.0)	(937.0)	-	-	(132.1)	(132.1)	-	-	(1.5)	(1.5)	(1,070.6)
<b>Total comprehensive income / (loss) for the financial year</b>	-	(368.6)	(937.0)	(1,305.6)	-	31.1	(132.1)	(101.0)	-	-	(1.5)	(1.5)	(1,408.1)
<b>Transactions with Securityholders in their capacity as Securityholders:</b>													
Issue of share capital	1,629.7	-	-	1,629.7	-	-	-	-	-	-	-	-	1,629.7
Movement in treasury stock reserve	-	0.2	-	0.2	-	-	-	-	-	-	-	-	0.2
Movement in employee incentive security scheme reserve	-	-	-	-	-	0.9	-	0.9	-	-	-	-	0.9
Distribution paid or payable	-	-	(366.6)	(366.6)	-	-	-	-	-	-	-	-	(366.6)
<b>Balance at 31 December 2009</b>	8,155.3	36.9	(1,013.0)	7,179.2	324.7	14.7	(850.2)	(510.8)	-	-	-	-	6,668.4
<b>Balance at 1 January 2010</b>	8,155.3	36.9	(1,013.0)	7,179.2	324.7	14.7	(850.2)	(510.8)	-	-	-	-	6,668.4
Movement in foreign currency translation reserve	-	(107.3)	-	(107.3)	-	17.3	-	17.3	-	-	-	-	(90.0)
<b>Net income / (loss) recognised directly in equity</b>	-	(107.3)	-	(107.3)	-	17.3	-	17.3	-	-	-	-	(90.0)
Profit / (loss) for the financial year	-	-	769.7	769.7	-	-	(62.4)	(62.4)	-	-	-	-	707.3
<b>Total comprehensive income / (loss) for the financial year</b>	-	(107.3)	769.7	662.4	-	17.3	(62.4)	(45.1)	-	-	-	-	617.3
<b>Transactions with Securityholders in their capacity as Securityholders:</b>													
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement in treasury stock reserve	-	0.7	-	0.7	-	-	-	-	-	-	-	-	0.7
Movement in employee incentive security scheme reserve	-	-	-	-	-	3.0	-	3.0	-	-	-	-	3.0
Distribution paid or payable	-	-	(334.9)	(334.9)	-	-	-	-	-	-	-	-	(334.9)
<b>Balance at 31 December 2010</b>	8,155.3	(69.7)	(578.2)	7,507.4	324.7	35.0	(912.6)	(552.9)	-	-	-	-	6,954.5

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

# CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 December 2010 – THE GPT GROUP

	Note	Consolidated entity	
		31 Dec 10 \$M	31 Dec 09 \$M
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations (inclusive of GST)		736.1	850.0
Cash payments in the course of operations (inclusive of GST)		(332.9)	(406.2)
Distributions received from associates and joint ventures		147.5	146.7
Dividend income		0.3	-
Interest received		10.1	40.1
Income taxes received / (paid)		2.4	(23.7)
		<b>563.5</b>	<b>606.9</b>
Finance costs		(176.7)	(231.7)
<b>Net cash inflows from operating activities</b>	23(a)	<b>386.8</b>	<b>375.2</b>
<b>Cash flows from investing activities</b>			
Payments for investment properties		(83.7)	(281.1)
Proceeds from disposal of investment properties		37.2	367.1
Payments for properties under development		(254.1)	(277.0)
Payments for property, plant and equipment		(2.3)	(18.8)
Proceeds from sale of property, plant & equipment		13.9	60.0
Payments for intangibles		(26.8)	(0.1)
Proceeds from sale of intangibles		-	7.5
Net investment in joint ventures and associates		(141.4)	(21.6)
Proceeds from disposal of controlled entities and associates		216.4	115.6
Proceeds from disposal of other assets		20.4	-
Loan to joint ventures and associates		-	(5.2)
Loan repayment from associate		10.7	4.2
Payments for cost to sell on assets held for sale		(9.5)	(4.3)
<b>Net cash outflows from investing activities</b>		<b>(219.2)</b>	<b>(53.7)</b>
<b>Cash flows from financing activities</b>			
Proceeds / (repayment) of net bank facilities		502.0	(2,058.3)
Repayments of net short and medium term notes		(222.5)	(173.8)
Repayment of employee incentive scheme loans, net of distributions		2.4	-
Payments on termination and restructure of derivatives		(120.8)	(263.3)
Proceeds from the issue of securities		-	1,629.7
Distributions paid to securityholders		(334.9)	(366.7)
<b>Net cash outflow from financing activities</b>		<b>(173.8)</b>	<b>(1,232.4)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(6.2)</b>	<b>(910.9)</b>
Cash and cash equivalents at the beginning of the year		51.0	961.9
		<b>44.8</b>	<b>51.0</b>
Less: Cash balance classified as assets held for sale		(3.7)	(10.7)
<b>Cash and cash equivalents at the end of the year</b>	23(b)	<b>41.1</b>	<b>40.3</b>

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



### 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report is for the consolidated entity, GPT Group (GPT), consisting of General property Trust, GPT Management Holdings Limited and their subsidiaries.

#### (a) Basis of preparation

This general purpose financial report has been prepared in accordance with the Trust's Constitution, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

#### *Compliance with IFRS*

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

#### *New accounting standards and interpretations*

#### **Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)**

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures, which amongst other things, simplifies the definition of a related party. This standard is mandatory for GPT from 1 January 2011 at which time GPT will be required to include additional disclosure by disclosing all transactions between its subsidiaries and associates.

#### **AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)**

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

#### **AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project and AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual periods beginning on or after 1 July 2010/1 January 2011)**

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. GPT will apply the amendments from 1 January 2011 and does not expect that any adjustments will be necessary as the result of applying the revised rules.

#### **AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual periods beginning on or after 1 January 2010)**

In May 2009, the AASB issued a number of improvements to existing Australian Accounting Standards Standards. GPT will apply the revised standards from 1 January 2011 and does not expect that any adjustments will be necessary as the result of applying the revised rules.

#### *Historical cost convention*

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

The financial report was approved by the Board of Directors on 24 February 2011.

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

In accordance with Australian Accounting Standards, the stapled entity reflects the Consolidated entity. Equity attributable to other stapled entities is a form of minority interest in accordance with Australian Accounting Standards and in the Consolidated entity column, represents the contributed equity of GPT Management Holdings Limited (the Company).

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

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

### (c) Parent entity financial information

On 28 June 2010 the Corporations Amendment (Corporate Reporting Reform) Act 2010 (the Act) received Royal Assent. As a result of the amendments, annual reports for financial years ending on or after 30 June 2010 no longer need to include separate columns and associated note disclosures for the parent entity. Instead, the Corporations Regulations now prescribe limited disclosures that will need to be made in the notes to the financial report, which includes disclosure of key financial information for the parent entity and details of any guarantees, contingent liabilities and commitments.

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

#### *Investments in subsidiaries, associates and joint venture entities*

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

### (d) Principles of consolidation

#### (i) Controlled entities

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

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

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

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

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

#### (ii) Associates

Associates are entities over which GPT has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the Consolidated Statement of Financial Position using the equity method. Under this method, GPT's share of the associates' post acquisition net profits after income tax expense is recognised in the Consolidated Statement of Comprehensive Income and its share of post acquisition movements in reserves is recognised in reserves in the Consolidated Statement of Financial Position. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions and dividends received from associates are recognised in the consolidated financial report as a reduction of the carrying amount of the investment. GPT's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer note 10).

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.

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

#### (iii) Joint Ventures

##### *Joint venture assets*

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

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

#### (d) Principles of consolidation (continued)

##### (iii) Joint Ventures (continued)

###### *Joint venture entities*

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

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

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

#### (e) Foreign currency translation

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

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

##### (ii) Transactions and balances

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

##### (iii) Foreign operations

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

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

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

#### (f) Income Tax

##### (i) Trusts

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

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

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

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

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

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

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

### (f) Income Tax (continued)

#### (iii) Tax consolidation – Australia

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

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

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

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

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

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

### (h) Segment reporting

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

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

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

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

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

#### (i) Revenue recognition

Rental revenue from operating leases is recognised on a straight line basis over the lease term. An asset is recognised to represent the portion of operating lease revenue in a reporting period relating to fixed increases in operating lease rentals in future periods. These assets are recognised as a component of investment properties. When GPT provides lease incentives to tenants, the costs of the incentives are recognised over the lease term, on a straight line basis, as a reduction of property rent revenue. Contingent rental income is recognised as revenue in the period in which it is earned.

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

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

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

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

#### (j) Finance costs

Finance costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of and ancillary costs incurred in connection with the arrangement of borrowings. Finance costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, financing costs incurred for the construction of a qualifying asset are capitalised to the cost of the asset for the period of time that is required to complete and prepare the asset for its intended use or sale. As all funds are borrowed by GPT, the capitalisation rate used to determine the amount of finance costs capitalised is the weighted average interest applicable to GPT's outstanding borrowings during the year.

#### (k) Expenses

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

#### (l) Cash and cash equivalents

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

#### (m) Receivables

Trade and sundry debtors are recognised at amortised cost, which in the case of GPT, is the original invoice amount less a provision for doubtful debts. Trade debtors are due within thirty days. Collectability of trade debtors is reviewed regularly and bad debts are written off when identified. A specific provision for doubtful debts is made when there is objective evidence that GPT will not be able to collect the amounts due according to the original terms of the receivables. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows.

#### *Other loans and receivables*

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

#### (n) Inventory

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

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

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

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

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

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

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

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

### (p) Investment property

#### (i) Investment properties

Property, including land and buildings, held for long-term rental yields which are not occupied by a GPT entity is classified as investment property. Land held under an operating lease is classified and accounted for as investment property when the definition of investment property is met. As from 1 January 2009, investment property also includes property that is being developed for future use as investment property.

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

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

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

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

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

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

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

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

#### (p) Investment property (continued)

##### (i) Investment properties (continued)

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

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

##### (ii) Owner Occupied Property

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

#### (q) Property, plant and equipment

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

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

##### **Depreciation and amortisation**

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

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

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

#### (r) Leases

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

#### (s) Lease incentives

Incentives such as cash, rent free periods, lessee or lessor owned fit outs may be provided to lessees to enter into an operating lease. These incentives are capitalised and amortised on a straight line basis over the term of the lease as a reduction of rental revenue. The carrying amount of the lease incentives is reflected in the fair value of investment properties.



1. Summary of significant accounting policies (continued)

**(t) Intangible assets**

***IT development and software***

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

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

**(u) Other investments**

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

**(v) Impairment**

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

**(w) Financial assets and liabilities**

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

GPT's classification is set out below:

Financial asset/liability	Classification	Valuation basis	
Cash	Fair value through profit and loss	Fair value	Refer to note 1(l)
Receivables	Loans and receivables	Amortised cost	Refer to note 1(m)
Derivative assets	Fair value through profit and loss	Fair value	Refer to note 1(x)
Payables	Financial liability at amortised cost	Amortised cost	Refer to note 1(y)
Borrowings	Financial liability at amortised cost	Amortised cost	Refer to note 1(aa)
Derivative liabilities	Fair value through profit and loss	Fair value	Refer to note 1(x)

***Derecognition of financial instruments***

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

**(x) Derivatives**

GPT uses derivative financial instruments to manage its exposure to fluctuations in interest rates, foreign currency rates and the volatility of financial outcomes that arise as part of normal business operations. GPT's treasury and risk management policy sets out the policies, limits, monitoring and reporting requirements on the use of financial instruments, including derivatives, to hedge the exposures and these are discussed in detail at note 26.

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

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

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

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

#### (y) Payables

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

#### *Loans payable*

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

#### (z) Provisions

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

#### (aa) Borrowings

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

#### (ab) Employee benefits

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

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

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

##### (ii) Retirement benefit obligations

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

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

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

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

##### (iv) Share based payments

Information relating to the Employee Incentive Scheme (EIS) is set out in note 21.

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

### (ab) Employee benefits

#### **Employee Incentive Scheme**

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

##### *(1) Legacy LTI Scheme*

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

##### *(2) GPT Group Stapled Security Rights Plan*

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

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

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

### (ac) Contributed equity

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

### (ad) Distributions and dividends

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

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

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

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

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

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

The key estimates and assumptions that have a significant risk of causing a material adjustment within the next financial year to the carrying amounts of assets and liabilities recognised in these financial reports are:

##### (i) Valuation of property investments

Critical judgements are made by GPT in respect of the fair values of investments in associates and joint venture, investment properties including investment properties under development and hotel properties that are classified as assets held for sale at 31 December 2010. The fair value of these investments are reviewed regularly by management with reference to external independent property valuations, recent offers and market conditions existing at reporting date, using generally accepted market practices. The critical assumptions underlying management's estimates of fair values are those relating to the receipt of contractual rents, expected future market rentals, maintenance requirements, discount rates that reflect current market uncertainties and current and recent property investment prices. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of property investments may differ.

##### (ii) Valuation of financial instruments

The fair value of derivative assets and liabilities are based on assumptions of future events and involve significant estimates. The basis of valuation for GPT's derivatives are set out in note 1(x) however the fair values of derivatives reported at 31 December 2010 may differ if there is volatility in market rates, indexes, equity prices or foreign exchange rates in future periods.

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

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

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

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

##### (v) Share based payment transactions

The Group measures the cost of equity settled securities allocated to employees by reference to the fair value of the equity instruments at the date at which they are granted. For the GPT Group Stapled Security Rights Plan, the fair value of the performance share rights is determined using Monte-Carlo simulation and Binomial tree pricing models. The related assumptions are detailed in note 21. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next reporting period but may impact, the share based payment expense and equity.

#### (ag) Rounding of amounts

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

#### (ah) Other Comprehensive Income

Other comprehensive income in the Statement of Comprehensive Income reflects the remeasurements of certain assets or balances as a result of movements in price or valuation. In the case of GPT, these items will mainly include foreign exchange translation adjustments on foreign subsidiaries. Where the underlying item giving rise to the foreign currency translation adjustments is sold or realised, the foreign currency translation adjustments recognised in other comprehensive income are then recognised again in earnings (or comprehensive income) in the Statement of Comprehensive Income.

2. Segment reporting

(a) Financial Performance by Segment

The segment information provided to the CEO for the reportable segments (discussed at note 2(e)) for the year ended 31 December 2010 is below.

31 December 2010

	Core operations					Total Core Operations	Non-Core operations				Total
	Retail	Office	Industrial	Funds Management Australia	All Other Segments		Discontinued operation - US Seniors Housing	Discontinued Operation - Joint Venture	Discontinued Operation - Funds Management Europe	Discontinued operation - Hotels & Tourism	
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Revenue</b>											
Rent from investment properties	372.3	101.2	66.2	-	-	539.7	-	-	-	-	539.7
Revenue from hotel operations	-	-	-	-	-	-	-	-	-	109.1	109.1
Property and fund management fees	14.1	0.1	-	22.7	-	36.9	-	-	-	-	36.9
Development project revenue	3.1	2.8	-	-	-	5.9	-	-	-	-	5.9
<b>Total segment revenue</b>	<b>389.5</b>	<b>104.1</b>	<b>66.2</b>	<b>22.7</b>	<b>-</b>	<b>582.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>109.1</b>	<b>691.6</b>
<b>Other income</b>											
Share of after tax profits of equity accounted investments	8.9	43.9	-	86.8	-	139.6	21.8	-	4.5	-	165.9
Distributions from controlled entities, associates and joint ventures	-	-	-	-	-	-	-	-	-	-	-
Dividend from investment	-	-	-	-	-	-	-	-	-	0.3	0.3
Interest revenue - associates and other investments	-	-	-	-	-	-	6.4	-	1.0	-	7.4
	8.9	43.9	-	86.8	-	139.6	28.2	-	5.5	0.3	173.6
<b>Total segment revenue and other income</b>	<b>398.4</b>	<b>148.0</b>	<b>66.2</b>	<b>109.5</b>	<b>-</b>	<b>722.1</b>	<b>28.2</b>	<b>-</b>	<b>5.5</b>	<b>109.4</b>	<b>865.2</b>
<b>Less:</b>											
Property expenses and outgoings	(112.4)	(25.5)	(10.7)	-	-	(148.6)	-	-	-	-	(148.6)
Expenses from hotel operations	-	-	-	-	-	-	-	-	-	(85.3)	(85.3)
<b>Segment result before management and other administration costs, depreciation &amp; amortisation expense, finance costs, and income tax expense</b>	<b>286.0</b>	<b>122.5</b>	<b>55.5</b>	<b>109.5</b>	<b>-</b>	<b>573.5</b>	<b>28.2</b>	<b>-</b>	<b>5.5</b>	<b>24.1</b>	<b>631.3</b>
Management and other administration costs	(18.3)	(8.7)	(1.2)	(11.5)	(32.0)	(71.7)	(3.2)	-	(1.1)	-	(76.0)
Depreciation and amortisation expense	-	-	-	-	(2.4)	(2.4)	-	-	-	-	(2.4)
Income tax (expense) / benefits	(0.4)	1.0	0.1	(3.7)	5.7	2.7	(1.3)	-	-	5.2	6.6
Finance costs	-	-	-	-	(149.8)	(149.8)	-	-	-	0.3	(149.5)
<b>Segment result for the year *</b>	<b>267.3</b>	<b>114.8</b>	<b>54.4</b>	<b>94.3</b>	<b>(178.5)</b>	<b>352.3</b>	<b>23.7</b>	<b>-</b>	<b>4.4</b>	<b>29.6</b>	<b>410.0</b>
Fair value adjustments to investment properties	75.8	(11.8)	(1.7)	-	-	62.3	-	-	-	-	62.3
Fair value and other adjustments to equity accounted investments	(0.1)	19.1	-	26.7	-	45.7	245.9	-	(14.2)	-	277.4
Revaluation of Hotel Properties	-	-	-	-	-	-	-	-	-	5.4	5.4
Depreciation and amortisation expense - management rights and hotels & tourism	(4.2)	-	-	-	(0.7)	(4.9)	-	-	-	(5.9)	(10.8)
Reversal of prior year impairment	-	-	-	-	-	-	-	4.8	4.7	-	9.5
Impairment expense - loan and receivables	-	-	-	-	(0.9)	(0.9)	-	-	-	-	(0.9)
Impairment expense - other	-	-	-	(1.0)	(2.6)	(3.6)	-	-	-	(3.9)	(7.5)
Fair value movement of derivatives	-	-	-	-	(6.4)	(6.4)	-	-	-	-	(6.4)
Net foreign exchange gain / (loss)	-	-	-	-	14.8	14.8	-	-	(3.2)	-	11.6
Net gain / (loss) on disposal of assets	0.2	-	(0.6)	0.3	(1.3)	(1.4)	-	33.1	4.6	(1.9)	34.4
Cost to sell for assets and liabilities held for sale	-	-	-	-	-	-	(20.1)	-	-	(2.2)	(22.3)
Non-cash IFRS revenue adjustments	(13.1)	(3.4)	(2.4)	-	-	(18.9)	-	-	-	-	(18.9)
Tax impact on reconciling items from Segment result to Net profit for the year	0.6	-	-	-	(5.9)	(5.3)	(27.5)	(0.8)	-	0.4	(33.2)
Others	-	-	-	-	(3.2)	(3.2)	-	-	(0.1)	-	(3.3)
<b>Net profit/(loss) for the year</b>	<b>326.5</b>	<b>118.7</b>	<b>49.7</b>	<b>120.3</b>	<b>(184.7)</b>	<b>430.5</b>	<b>222.0</b>	<b>37.1</b>	<b>(3.8)</b>	<b>21.5</b>	<b>707.3</b>

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

## 2. Segment reporting (continued)

### (a) Financial Performance by Segment (continued)

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

31 December 2009

	Core operations					Total Core Operations	Non-Core operations				Total
	Retail	Office	Industrial	Funds Management Australia	All Other Segments		Discontinued Operation - US Seniors Housing	Discontinued Operation - Joint Venture	Discontinued Operation - Funds Management Europe	Discontinued Operation - Hotels / Tourism	
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Revenue</b>											
Rent from investment properties	361.5	100.5	60.2	-	-	522.2	-	-	24.8	16.1	563.1
Revenue from hotel operations	-	-	-	-	-	-	-	-	-	181.4	181.4
Property and fund management fees	13.6	-	-	23.2	-	36.8	-	-	26.1	-	62.9
Development project revenue	3.8	2.6	-	-	-	6.4	-	-	-	-	6.4
Development profits	-	-	-	-	2.5	2.5	-	-	-	-	2.5
<b>Total segment revenue</b>	<b>378.9</b>	<b>103.1</b>	<b>60.2</b>	<b>23.2</b>	<b>2.5</b>	<b>567.9</b>	<b>-</b>	<b>-</b>	<b>50.9</b>	<b>197.5</b>	<b>816.3</b>
<b>Other Income</b>											
Share of after tax profits of investments in associates and joint ventures	8.4	43.4	-	89.3	-	141.1	15.5	-	4.4	1.3	162.3
Interest revenue - associates and other investments	-	-	-	-	-	-	7.6	-	2.9	-	10.5
<b>Total other income</b>	<b>8.4</b>	<b>43.4</b>	<b>-</b>	<b>89.3</b>	<b>-</b>	<b>141.1</b>	<b>23.1</b>	<b>-</b>	<b>7.3</b>	<b>1.3</b>	<b>172.8</b>
<b>Total segment revenue and other income</b>	<b>387.3</b>	<b>146.5</b>	<b>60.2</b>	<b>112.5</b>	<b>2.5</b>	<b>709.0</b>	<b>23.1</b>	<b>-</b>	<b>58.2</b>	<b>198.8</b>	<b>989.1</b>
<b>Less:</b>											
Property expenses and outgoings	(103.2)	(26.2)	(9.6)	-	-	(139.0)	-	-	(6.0)	(0.3)	(145.3)
Expenses from hotel operations	-	-	-	-	-	-	-	-	-	(153.0)	(153.0)
<b>Segment result before management and other administration costs, depreciation &amp; amortisation expense, finance costs, not realised losses on derivatives and income tax expense</b>	<b>284.1</b>	<b>120.3</b>	<b>50.6</b>	<b>112.5</b>	<b>2.5</b>	<b>570.0</b>	<b>23.1</b>	<b>-</b>	<b>52.2</b>	<b>45.5</b>	<b>690.8</b>
Management and other administration costs	(14.9)	(5.3)	(0.7)	(9.3)	(34.6)	(64.8)	(2.5)	(1.0)	(61.5)	(0.9)	(130.7)
Depreciation and amortisation expense	-	-	-	-	(2.1)	(2.1)	-	-	(1.0)	-	(3.1)
Finance costs	-	-	-	-	(175.1)	(175.1)	-	-	(9.6)	0.3	(184.4)
Income tax (expense) / benefits	(0.9)	(0.4)	-	(4.6)	3.0	(2.1)	(2.0)	-	(1.1)	8.4	3.2
<b>Segment result for the year*</b>	<b>268.3</b>	<b>115.4</b>	<b>49.9</b>	<b>98.6</b>	<b>(206.3)</b>	<b>325.9</b>	<b>18.6</b>	<b>(1.0)</b>	<b>(21.0)</b>	<b>53.3</b>	<b>375.8</b>
Fair value adjustments to investment properties	(338.2)	(125.1)	(69.2)	-	-	(532.5)	-	-	-	(19.3)	(551.8)
Fair value and other adjustments to investments in associates and joint ventures	(23.0)	(58.2)	-	(141.9)	(11.0)	(234.1)	(37.8)	-	(20.2)	(0.6)	(292.7)
Revaluation of Hotel Properties	-	-	-	-	-	-	-	-	-	(49.0)	(49.0)
Depreciation and amortisation expense - management rights and hotel & tourism	(7.1)	-	-	-	-	(7.1)	-	-	(0.2)	(11.7)	(19.0)
Impairment expense - warehoused property investments	-	-	-	-	-	-	-	-	(40.6)	-	(40.6)
Impairment expense - loans and receivables	-	-	-	-	(11.0)	(11.0)	-	(1,092.9)	(18.3)	(0.1)	(1,122.3)
Impairment expense - other	(11.8)	-	-	-	-	(11.8)	-	-	-	(5.2)	(17.0)
Fair value movement of derivatives	-	-	-	-	463.3	463.3	-	-	(6.8)	-	456.5
Net foreign exchange gain / (loss)	-	-	-	-	238.6	238.6	-	-	-	-	238.6
Impairment expense - interest	-	-	-	-	-	-	-	(40.2)	-	-	(40.2)
Interest revenue - joint venture investment arrangements	-	-	-	-	-	-	-	40.2	-	-	40.2
Net gain / (loss) on disposal of assets	(2.0)	-	(1.3)	(58.4)	(2.3)	(64.0)	-	137.5	(36.8)	(42.5)	(5.8)
Cost to sell for Non-current assets and liabilities held for sale	-	-	-	-	-	-	-	(0.7)	-	(12.0)	(12.7)
Development profit - adjustment	-	-	-	-	(2.5)	(2.5)	-	-	-	-	(2.5)
Non-cash IFRS revenue adjustments	(12.7)	(5.6)	(0.8)	-	-	(19.1)	-	-	-	-	(19.1)
Share based payment expense	-	-	-	-	(3.9)	(3.9)	-	-	-	-	(3.9)
Redundancy costs	-	-	-	-	(2.1)	(2.1)	-	(2.1)	-	-	(4.2)
Tax impact on reconciling items from Segment result to Net profit/(loss) for the year	0.1	-	-	-	(3.9)	(3.8)	-	0.4	2.7	0.5	(0.2)
Other	-	-	-	-	-	-	0.6	(1.2)	(0.1)	-	(0.7)
<b>Net profit/(loss) for the year</b>	<b>(126.4)</b>	<b>(73.5)</b>	<b>(21.4)</b>	<b>(101.7)</b>	<b>458.9</b>	<b>135.9</b>	<b>(18.6)</b>	<b>(960.0)</b>	<b>(141.3)</b>	<b>(86.6)</b>	<b>(1,070.6)</b>

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

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

2. Segment reporting (continued)

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

31 December 2010

	Note	Core operations \$M	All Other Segment \$M	Total continuing Operations \$M	ROI Adjustments \$M	Total Statement of Comprehensive Income \$M
<b>Revenue</b>						
Rent from investment properties		539.7	-	539.7	-	539.7
Property and fund management fees		36.9	-	36.9	-	36.9
Development project revenue		5.9	-	5.9	-	5.9
<b>Total segment revenue</b>		582.5	-	582.5	-	582.5
Less: Non-cash IFRS adjustments	2(c)(i)	-	-	-	(18.9)	(18.9)
		582.5	-	582.5	(18.9)	563.6
<b>Other income</b>						
Share of after tax profits of investments in associates and joint ventures		139.6	-	139.6	-	139.6
Less: Fair value adjustments to investments in associates and joint ventures	2(c)(ii)	-	-	-	45.7	45.7
Interest revenue - associates and other investments		-	-	-	-	-
Add: Interest revenue - cash and short term money market securities		-	-	-	1.8	1.8
Less: Fair value adjustments to investment properties	2(c)(iii)	-	-	-	62.3	62.3
Add: Net foreign exchange gain		-	-	-	14.8	14.8
<b>Total other income</b>		139.6	-	139.6	124.6	264.2
<b>Total segment revenue and other income</b>		722.1	-	722.1	105.7	827.8
<b>Less:</b>						
Property expenses and outgoings		(148.6)	-	(148.6)	-	(148.6)
<b>Segment result before Management and other administration costs, depreciation &amp; amortisation expense, finance costs and income tax expense</b>		573.5	-	573.5	105.7	679.2
Management and other administration costs		(39.7)	(32.0)	(71.7)	-	(71.7)
Add: Other Non-ROI expenses		-	-	-	(3.2)	(3.2)
Depreciation and amortisation expense		-	(2.4)	(2.4)	-	(2.4)
Add: Amortisation expense - intangibles	2(c)(vii)	-	-	-	(4.9)	(4.9)
Finance costs		-	(149.8)	(149.8)	-	(149.8)
Add: Interest revenue - cash and short term money market securities		-	-	-	(1.8)	(1.8)
Net loss on derivatives	2(c)(iv)	-	-	-	(6.4)	(6.4)
Income tax (expense) / benefits		(3.0)	5.7	2.7	-	2.7
Add: Tax impact on reconciling items from Segment result to Net loss for year		-	-	-	(5.3)	(5.3)
<b>Segment result for the year</b>		530.8	(178.5)	352.3	-	-
Net loss on disposal of assets		-	-	-	(1.4)	(1.4)
Impairment expense - loan and receivables		-	-	-	(0.9)	(0.9)
Impairment expense - other		-	-	-	(3.6)	(3.6)
<b>Net profit / (loss) for the year</b>		530.8	(178.5)	352.3	78.2	430.5



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

## 2. Segment reporting (continued)

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

31 December 2009

	Note	Care Operations \$M	All Other Segment \$M	Total Continuing Operations \$M	ROI Adjustments \$M	Total Statement of Comprehensive Income \$M
<b>Revenue</b>						
Rent from investment properties		522.2	-	522.2	-	522.2
Property and fund management fees		36.8	-	36.8	-	36.8
Development project revenue		6.4	-	6.4	-	6.4
Development profits		-	2.5	2.5	-	2.5
<b>Total segment revenue</b>		565.4	2.5	567.9	-	567.9
Less: Non-cash IFRS adjustments	2(c)(i)	-	-	-	(21.6)	(21.6)
		565.4	2.5	567.9	(21.6)	546.3
<b>Other income</b>						
Share of after tax profits of investments in associates and joint ventures		141.1	-	141.1	-	141.1
Less: Fair value adjustments to investments in associates and joint ventures	2(c)(ii)	-	-	-	(234.1)	(234.1)
Interest revenue - associates and other investments		-	-	-	-	-
Add: Interest revenue - cash and short term money market securities	2(c)(vii)	-	-	-	15.7	15.7
Less: Fair value adjustments to investment properties	2(c)(iii)	-	-	-	(532.5)	(532.5)
Add: Net foreign exchange gain		-	-	-	238.6	238.6
Add: Net gain on fair value of derivatives	2(c)(iv)	-	-	-	463.3	463.3
<b>Total other income</b>		141.1	-	141.1	(49.0)	92.1
<b>Total segment revenue and other income</b>		706.5	2.5	709.0	(70.6)	638.4
<b>Less:</b>						
Property expenses and outgoings		(139.0)	-	(139.0)	-	(139.0)
<b>Segment result before management and other administration costs, depreciation &amp; amortisation expense, finance costs, net realised losses on derivatives and income tax expense</b>						
		567.5	2.5	570.0	(70.6)	499.4
Management and other administration costs		(30.2)	(34.6)	(64.8)	-	(64.8)
Add: Shared based payment expense	2(c)(vi)	-	-	-	(3.9)	(3.9)
Add: Redundancy costs	2(c)(v)	-	-	-	(2.1)	(2.1)
Depreciation and amortisation expense		-	(2.1)	(2.1)	-	(2.1)
Add: Amortisation expense - intangibles	2(c)(vii)	-	-	-	(7.1)	(7.1)
Finance costs		-	(175.1)	(175.1)	-	(175.1)
Less: Interest revenue included in segments	2(c)(viii)	-	-	-	(15.7)	(15.7)
Net loss on disposal of assets		-	-	-	-	-
Add: Net gain / (loss) on disposal of assets		-	-	-	(64.0)	(64.0)
Income tax (expense) / benefits		(5.1)	3.0	(2.1)	-	(2.1)
Add: Tax impact on reconciling items from Segment results to Net Loss for year		-	-	-	(3.8)	(3.8)
<b>Segment result for the year</b>		532.2	(206.3)	325.9	-	-
Impairment expense - loans and receivables		-	-	-	(11.0)	(11.0)
Impairment expense - other		-	-	-	(11.8)	(11.8)
<b>Net profit/(loss) for the year</b>		532.2	(206.3)	325.9	(190.0)	135.9

## 2. Segment reporting (continued)

### (c) Description of adjustments from Segment Result (“ROI”) to Net profit for the year

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

- (i) **Non-cash IFRS adjustments** comprise primarily amounts for straightlining rental revenue and amortising lease incentives. These are required for Australian Accounting Standards purposes but are non-cash amounts and therefore have been excluded from ROI to better reflect revenue on a cash basis in ROI.
- (ii) **Fair value and other adjustments to investments in associates and joint ventures** comprise the movements in the value of the underlying assets of GPT’s investments in joint ventures and associates as required by Australian Accounting Standards but do not reflect the cash distributions received from these investments. As such, GPT has excluded these amounts from ROI to better reflect a cash basis in ROI.
- (iii) **Fair value adjustments to investment properties** comprise movements in fair value of investment properties required by Australian Accounting Standards for valuation purposes and are non-cash. Therefore, GPT has excluded this amount from ROI to better reflect a cash basis in ROI.
- (iv) **Fair value movement of derivatives** comprise mark-to-market movements required by Australian Accounting Standards for valuation purposes and are non-cash. Refer to note 8 and 26 for further details. Therefore, GPT has excluded this amount from ROI to better reflect a cash basis in ROI.
- (v) **Redundancy costs** comprise the redundancy payments for senior executives. For the 2009 financial year, these costs relate to Kieran Pryke and Neil Tobin, two senior executives who departed GPT in that year. As these costs are one-off and non-recurring in nature, GPT has excluded this amount from ROI.
- (vi) **Share based payment expense** comprises of a notional cost arising from the GPT Employee Incentive Scheme. In October 2009, the General Scheme was terminated. As this is a notional cost required by Australian Accounting Standards, GPT has excluded this amount from ROI.
- (vii) **Amortisation expense** is required for Australian Accounting Standards and is a non-cash transaction. GPT has therefore excluded this amount from ROI to better reflect a cash basis in ROI.
- (viii) **Finance costs** are presented net of interest revenue from cash at bank and short term money markets in the Segment Result. This adjustment is required to reconcile to the Statement of Comprehensive Income.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

## 2. Segment reporting (continued)

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

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

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

Given some of the assets and liabilities relate mainly to Corporate activities and have not been allocated to a reportable segment, a reconciliation of the reportable segments' assets and liabilities to total assets and liabilities for the years ended 31 December 2009 and 31 December 2010 is set out below:

	Note	Core operations					Total Core Operations	Non-Core operations				Total
		Retail	Office	Industrial	Funds Management Australia	All Other Segments		Discontinued Operation - US Seniors Housing	Discontinued Operation - Joint Venture	Discontinued Operation - Funds Management Europe	Discontinued Operation - Hotels / Tourism	
		\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>31 December 2010</b>												
<b>Current Assets</b>												
Non-current assets held for sale	6 (c)	49.1	-	-	-	-	49.1	351.9	-	23.0	317.1	741.1
Other current assets		-	-	-	-	109.4	109.4	-	-	-	-	109.4
<b>Total Current Assets</b>		49.1	-	-	-	109.4	158.5	351.9	-	23.0	317.1	850.5
<b>Non-Current Assets</b>												
Investment properties		4,582.3	1,188.3	791.9	-	-	6,562.5	-	-	-	-	6,562.5
Equity accounted investments		145.6	675.3	-	1,291.5	12.6	2,125.0	-	-	-	-	2,125.0
Property, plant and equipment		-	-	-	-	5.7	5.7	-	-	-	-	5.7
Loans and receivables		-	-	-	-	13.2	13.2	-	-	-	-	13.2
Intangible assets		12.1	-	-	-	39.7	51.8	-	-	-	-	51.8
Other non-current assets		-	-	-	-	143.0	143.0	-	-	-	-	143.0
<b>Total Non-Current Assets</b>		4,740.0	1,863.6	791.9	1,291.5	214.2	8,901.2	-	-	-	-	8,901.2
<b>Total Assets</b>		4,789.1	1,863.6	791.9	1,291.5	323.6	9,059.7	351.9	-	23.0	317.1	9,751.7
<b>Liabilities</b>												
Non-current liabilities classified as held for sale	6 (c)	-	-	-	-	-	-	-	-	-	8.2	8.2
Other current and non-current liabilities		-	-	-	-	2,761.5	2,761.5	27.5	-	-	-	2,789.0
<b>Total Liabilities</b>		-	-	-	-	2,761.5	2,761.5	27.5	-	-	8.2	2,797.2
<b>Net Assets</b>		4,789.1	1,863.6	791.9	1,291.5	(2,437.9)	6,298.2	324.4	-	23.0	308.9	6,954.5
<b>31 December 2009</b>												
<b>Current Assets</b>												
Assets classified as held for sale	6 (c)	222.0	-	-	-	-	222.0	-	-	67.5	346.2	635.7
Other current assets		-	-	-	-	113.1	113.1	-	-	-	-	113.1
<b>Total Current Assets</b>		222.0	-	-	-	113.1	335.1	-	-	67.5	346.2	748.8
<b>Non-Current Assets</b>												
Investment properties		4,111.2	1,131.8	780.6	-	-	6,023.6	-	-	-	-	6,023.6
Investments in associates and joint ventures		144.9	654.0	-	1,346.0	12.6	2,157.5	79.2	-	-	-	2,236.7
Property, plant and equipment		-	-	-	-	5.1	5.1	-	-	-	-	5.1
Loans and receivables		-	-	-	-	14.5	14.5	73.2	-	-	-	87.7
Intangible assets		16.2	-	-	-	16.2	32.4	-	-	-	-	32.4
Other non-current assets		-	-	-	-	29.1	29.1	-	-	-	-	29.1
<b>Total Non-Current Assets</b>		4,272.3	1,785.8	780.6	1,346.0	77.5	8,262.2	152.4	-	-	-	8,414.6
<b>Total Assets</b>		4,494.3	1,785.8	780.6	1,346.0	190.6	8,597.3	152.4	-	67.5	346.2	9,163.4
<b>Liabilities</b>												
Liabilities directly associated with assets classified as held for sale	6 (c)	-	-	-	-	-	-	-	-	-	18.4	18.4
Other current and non-current liabilities		-	-	-	-	2,476.6	2,476.6	-	-	-	-	2,476.6
<b>Total Liabilities</b>		-	-	-	-	2,476.6	2,476.6	-	-	-	18.4	2,495.0
<b>Net Assets</b>		4,494.3	1,785.8	780.6	1,346.0	(2,286.0)	6,120.7	152.4	-	67.5	327.8	6,668.4

2. Segment reporting (continued)

(e) Identification of Reportable Segments

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

Segment	Types of products and services which generate segment revenues
<b>Retail</b>	Regional, sub-regional and community shopping centres, Homemaker City (bulky goods) centres, retail re-developments and new retail developments as well as development and property management of retail assets.
<b>Office</b>	Office space with associated retail space and office developments.
<b>Industrial</b>	Traditional industrial and business park assets with capacity for organic growth through the development of vacant land as well as industrial re-developments.
<b>Funds Management – Australia</b>	Asset and funds management of Australian wholesale fund vehicles, investments by the Group in GPT Wholesale Shopping Centre Fund and GPT Wholesale Office Fund.
<b>All Other Segments</b>	Costs associated with the funds management of General Property Trust, foreign exchange gains and losses, finance costs and company operating costs.
<b>Discontinued Operation - US Seniors Housing</b>	Investments in a portfolio of established seniors housing assets in the United States of America as well as an interest in the manager of these assets.
<b>Discontinued Operation - Joint Venture</b>	Investments in the Babcock & Brown Joint Venture in Europe, the United States of America, New Zealand and Australia. GPT has divested of the majority of its interest in the Joint Venture with all remaining interests written down to zero.
<b>Discontinued Operation – Hotels / Tourism</b>	Investments in nature-based resorts and hotel assets. GPT has divested all of its resorts with the exception of Ayers Rock Resort. Contracts to sell the asset were exchanged on 15 October 2010 with the transaction expected to settle in March 2011.
<b>Discontinued Operation – Funds Management – Europe</b>	Equity investments in two small closed-end funds (a legacy of GPT's ownership of GPT Halverton) managed by Internos Real Investors.

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

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

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

	Core operations					Total Core Operations	Non-Core operations				Total
	Retail	Office	Industrial	Funds Management Australia	All Other Segments		Discontinued Operation - US Seniors Housing	Discontinued Operation - Joint Venture	Discontinued Operation - Funds Management Europe	Discontinued Operation - Hotels / Tourism	
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>31 December 2010</b>											
Revenue and other income	12.1	74.4	-	164.0	12.6	263.1	455.2	14.1	11.9	5.5	749.8
Expenses	(3.3)	(11.4)	-	(50.5)	(18.1)	(83.3)	(192.0)	(14.1)	(21.5)	(5.2)	(316.1)
Profit/(loss) before income tax expense	8.8	63.0	-	113.5	(5.5)	179.8	263.2	-	(9.6)	0.3	433.7
Income tax expense / (credit)	-	-	-	-	(0.9)	(0.9)	-	-	-	0.3	(0.6)
	8.8	63.0	-	113.5	(4.6)	180.7	263.2	-	(9.6)	-	434.3
Share of accumulated losses not recognised	-	-	-	-	4.6	4.6	4.6	4.4	-	-	9.0
Share of net profits/(losses) of joint venture and associate interests	8.8	63.0	-	113.5	-	185.3	267.6	-	(9.6)	-	443.3
<b>31 December 2009</b>											
Revenue and other income	11.3	54.3	-	112.0	(17.6)	160.0	177.0	47.1	14.7	6.3	405.1
Expenses	(25.9)	(69.1)	-	(164.6)	-	(259.6)	(199.3)	(187.0)	(30.1)	(5.9)	(681.9)
Profit/(loss) before income tax expense	(14.6)	(14.8)	-	(52.6)	(17.6)	(99.6)	(22.3)	(139.9)	(15.4)	0.4	(276.8)
Income tax expense / (credit)	-	-	-	-	-	-	-	(0.3)	0.4	(0.3)	(0.2)
	(14.6)	(14.8)	-	(52.6)	(17.6)	(99.6)	(22.3)	(139.6)	(15.8)	0.7	(276.6)
Share of accumulated losses not recognised	-	-	-	-	6.6	6.6	-	139.6	-	-	146.2
Share of after tax losses of equity accounted investments	(14.6)	(14.8)	-	(52.6)	(11.0)	(93.0)	(22.3)	-	(15.8)	0.7	(130.4)

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

## 2. Segment reporting (continued)

### (f) Share of after tax profits/(losses) from joint ventures and associates – Consolidated entity (continued)

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

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

	Australia		Europe		United States		Total	
	31 Dec 10	31 Dec 09	31 Dec 10	31 Dec 09	31 Dec 10	31 Dec 09	31 Dec 10	31 Dec 09
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Share of net profits/(losses) of joint venture and associate interests</b>								
Revenue and other income	268.6	180.4	11.9	14.4	469.3	210.3	749.8	405.1
Expenses	(88.5)	(297.1)	(21.5)	(30.1)	(206.1)	(354.7)	(316.1)	(681.9)
Profit before income tax expense	180.1	(116.7)	(9.6)	(15.7)	263.2	(144.4)	433.7	(276.8)
Income tax expense / (credit)	(0.6)	(0.7)	-	0.4	-	0.1	(0.6)	(0.2)
	180.7	(116.0)	(9.6)	(16.1)	263.2	(144.5)	434.3	(276.6)
Share of accumulated losses not recognised	4.6	24.0	-	-	4.4	122.2	9.0	146.2
Share of net profits / (losses) of joint ventures and associate interests	185.3	(92.0)	(9.6)	(16.1)	267.6	(22.3)	443.3	(130.4)

### 2. Segment reporting (continued)

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

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

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

	Core operations					Total Core Operations	Non-Core operations				Total
	Retail	Office	Industrial	Funds Management Australia	All Other Segments		Discontinued Operation - US Seniors Housing	Discontinued Operation - Joint Venture	Discontinued Operation - Funds Management Europe	Discontinued Operation - Hotels / Tourism	
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>31 December 2010</b>											
Cash and cash equivalents	1.4	0.1	-	43.8	5.3	50.6	19.7	-	2.2	1.6	74.1
Other assets	0.4	2.7	-	6.8	12.5	22.4	24.3	-	1.8	3.7	52.2
Property investments and loans	146.0	681.5	-	1,472.9	39.5	2,339.9	836.9	-	97.8	-	3,274.6
<b>Total Assets</b>	<b>147.8</b>	<b>684.3</b>	<b>-</b>	<b>1,523.5</b>	<b>57.3</b>	<b>2,412.9</b>	<b>880.9</b>	<b>-</b>	<b>101.8</b>	<b>5.3</b>	<b>3,400.9</b>
Other liabilities	2.2	9.0	-	41.2	25.6	78.0	41.0	4.9	12.2	0.5	136.6
Borrowings											
- The GPT Group	-	-	-	-	30.3	30.3	60.0	32.3	-	-	122.6
- External - Current	-	-	-	-	-	-	-	-	-	-	-
- External - Non-Current	-	-	-	190.8	-	190.8	472.3	-	76.1	-	739.2
<b>Total Liabilities</b>	<b>2.2</b>	<b>9.0</b>	<b>-</b>	<b>232.0</b>	<b>55.9</b>	<b>299.1</b>	<b>573.3</b>	<b>37.2</b>	<b>88.3</b>	<b>0.5</b>	<b>998.4</b>
<b>Net Assets</b>	<b>145.6</b>	<b>675.3</b>	<b>-</b>	<b>1,291.5</b>	<b>1.4</b>	<b>2,113.8</b>	<b>307.6</b>	<b>(37.2)</b>	<b>13.5</b>	<b>4.8</b>	<b>2,402.5</b>
<b>Negative Net Assets not recognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11.2</b>	<b>11.2</b>	<b>4.4</b>	<b>37.2</b>	<b>-</b>	<b>-</b>	<b>52.8</b>
<b>Net Assets after write back</b>	<b>145.6</b>	<b>675.3</b>	<b>-</b>	<b>1,291.5</b>	<b>12.6</b>	<b>2,125.0</b>	<b>312.0</b>	<b>-</b>	<b>13.5</b>	<b>4.8</b>	<b>2,455.3</b>
<b>31 December 2009</b>											
Cash and cash equivalents	1.4	1.5	-	8.7	2.4	14.0	19.7	6.0	2.7	0.3	42.7
Other assets	0.2	2.6	-	5.1	19.4	27.3	26.9	11.4	2.6	2.0	70.2
Property investments and loans	146.3	660.0	-	1,663.9	30.2	2,500.4	693.7	188.2	135.2	3.8	3,521.3
<b>Total Assets</b>	<b>147.9</b>	<b>664.1</b>	<b>-</b>	<b>1,677.7</b>	<b>52.0</b>	<b>2,541.7</b>	<b>740.3</b>	<b>205.6</b>	<b>140.5</b>	<b>6.1</b>	<b>3,634.2</b>
Other liabilities	3.0	10.1	-	51.9	1.9	66.9	50.5	31.3	14.8	1.2	164.7
Borrowings											
- The GPT Group	-	-	-	-	44.1	44.1	69.6	201.5	-	-	315.2
- External - Current	-	-	-	-	-	-	1.0	-	-	-	1.0
- External - Non-Current	-	-	-	279.8	-	279.8	540.0	215.5	95.1	-	1,130.4
<b>Total Liabilities</b>	<b>3.0</b>	<b>10.1</b>	<b>-</b>	<b>331.7</b>	<b>46.0</b>	<b>390.8</b>	<b>661.1</b>	<b>448.3</b>	<b>109.9</b>	<b>1.2</b>	<b>1,611.3</b>
<b>Net Assets</b>	<b>144.9</b>	<b>654.0</b>	<b>-</b>	<b>1,346.0</b>	<b>6.0</b>	<b>2,150.9</b>	<b>79.2</b>	<b>(242.7)</b>	<b>30.6</b>	<b>4.9</b>	<b>2,022.9</b>
<b>Negative Net Assets not recognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.6</b>	<b>6.6</b>	<b>-</b>	<b>242.7</b>	<b>-</b>	<b>-</b>	<b>249.3</b>
<b>Net Assets after write back</b>	<b>144.9</b>	<b>654.0</b>	<b>-</b>	<b>1,346.0</b>	<b>12.6</b>	<b>2,157.5</b>	<b>79.2</b>	<b>-</b>	<b>30.6</b>	<b>4.9</b>	<b>2,272.2</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

## 2. Segment reporting (continued)

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

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

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

	Australia		Europe		United States		Total	
	31 Dec 10 \$M	31 Dec 09 \$M	31 Dec 10 \$M	31 Dec 09 \$M	31 Dec 10 \$M	31 Dec 09 \$M	31 Dec 10 \$M	31 Dec 09 \$M
<b>Share of joint venture and associates' assets and liabilities</b>								
Cash and cash equivalents	52.2	14.4	2.2	2.7	19.7	25.6	74.1	42.7
Other assets	26.0	31.8	1.8	2.6	24.4	35.8	52.2	70.2
Property investments and loans	2,339.9	2,518.1	97.8	135.3	836.9	867.9	3,274.6	3,521.3
<b>Total Assets</b>	<b>2,418.1</b>	<b>2,564.3</b>	<b>101.8</b>	<b>140.6</b>	<b>881.0</b>	<b>929.3</b>	<b>3,400.9</b>	<b>3,634.2</b>
<b>Other Liabilities</b>								
Other Liabilities	78.4	75.7	12.2	14.9	46.0	74.1	136.6	164.7
<b>Borrowings</b>								
- The GPT Group	30.3	78.7	-	-	92.3	236.5	122.6	315.2
- External - Current	-	-	-	-	-	1.0	-	1.0
- External - Non-Current	190.8	279.8	76.1	95.1	472.3	755.5	739.2	1,130.4
<b>Total Liabilities</b>	<b>299.5</b>	<b>434.2</b>	<b>88.3</b>	<b>110.0</b>	<b>610.6</b>	<b>1,067.1</b>	<b>998.4</b>	<b>1,611.3</b>
<b>Net Assets</b>	<b>2,118.6</b>	<b>2,130.1</b>	<b>13.5</b>	<b>30.6</b>	<b>270.4</b>	<b>(137.8)</b>	<b>2,402.5</b>	<b>2,022.9</b>
<b>Negative Net Assets not recognised</b>	<b>11.2</b>	<b>32.3</b>	<b>-</b>	<b>-</b>	<b>41.6</b>	<b>217.0</b>	<b>52.8</b>	<b>249.3</b>
<b>Net Assets after write back</b>	<b>2,129.8</b>	<b>2,162.4</b>	<b>13.5</b>	<b>30.6</b>	<b>312.0</b>	<b>79.2</b>	<b>2,455.3</b>	<b>2,272.2</b>



3. Distributions paid and payable

	Consolidated entity	
	31 Dec 10 \$M	31 Dec 09 \$M
<b>(a) Stapled Securityholders</b>		
<b>(i) Distributions paid</b>		
Quarter ended December 2009: 1.0 cents per stapled security paid 26 March 2010 (2.1 cents per stapled security paid 27 March 2009)	92.8	93.8
Quarter ended March 2010: 0.7 cents per stapled security paid 28 May 2010 (1.6 cents per stapled security paid 29 May 2009)	64.9	71.5
Quarter ended June 2010: 4.1 cents per stapled security paid on 24 September 2010 - on the basis of post 5 to 1 consolidation of stapled securities <sup>2</sup> (0.9 cents per stapled security paid 24 September 2009)	76.1	83.5
Quarter ended September 2010: 4.1 cents per stapled security paid on 26 November 2010 - on the basis of post 5 to 1 consolidation of stapled securities <sup>2</sup> (1.0 cents per stapled security paid 27 November 2009)	76.1	92.8
<b>Total distributions paid</b>	<b>309.9</b>	<b>341.6</b>
<b>(ii) Distributions proposed and not recognised as a liability<sup>1</sup></b>		
Quarter ended December 2010: 4.6 cents per stapled security - on the basis of post 5 to 1 consolidation of stapled securities <sup>2</sup> (1.0 cents per stapled security paid 26 March 2010)	85.4	92.8
<b>(b) Exchangeable Securityholders<sup>3</sup></b>		
<b>(i) Distributions paid</b>		
Period from 27 November 2009 to 27 November 2010 10% per exchangeable security	25.0	25.0
<b>(ii) Distributions payable</b>		
Period from 27 November 2010 to 31 December 2010 10% per exchangeable security	2.5	2.5

1 The December quarter distribution of 4.6 cents per stapled security is expected to be paid on 25 March 2011. No provision for this distribution has been recognised in the balance sheet at 31 December 2010 as the distribution had not been declared by the end of the financial year.

2 On 10 May 2010, the securityholders of GPT Group approved the consolidation of every 5 stapled securities into 1 stapled security. Refer to note 16 (b) for further details.

3 Refer to note 16 (c) for further information on the Exchangeable Securities.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

## 4. Expenses

	Note	Consolidated entity	
		31 Dec 10 \$M	31 Dec 09 \$M
<b>(a) Depreciation and amortisation</b>			
Depreciation of hotel properties		5.4	9.9
Depreciation of plant and equipment		2.9	4.1
Amortisation of intangibles	12(a)	4.9	8.1
Less: Depreciation and amortisation - Discontinued operations		(5.9)	(12.9)
<b>Total depreciation and amortisation</b>		<b>7.3</b>	<b>9.2</b>
<b>(b) Finance costs</b>			
External entities		180.9	221.0
Interest capitalised*		(29.3)	(20.6)
Less: Finance costs - Discontinued operations		-	(9.6)
<b>Total finance costs</b>		<b>151.6</b>	<b>190.8</b>
<b>(c) Net loss / (gain) on fair value of derivatives</b>			
Interest rate derivatives		(3.0)	(365.0)
Foreign currency derivatives		9.4	(91.5)
Less: Net loss on fair value of derivatives - Discontinued operations		-	(6.8)
<b>Total net loss / (gain) on fair value of derivatives</b>		<b>6.4</b>	<b>(463.3)</b>

\* A capitalisation rate of 7.5% (2009: 7.5%) has been applied when capitalising interest on qualifying assets.

5. Tax

	Consolidated entity	
	31 Dec 10 \$M	31 Dec 09 \$M
<b>(a) Income tax expense</b>		
Current income tax expense / (benefit)	2.0	(1.0)
Deferred income tax expense / (benefit)	24.6	(2.0)
<b>Income tax expense / (benefit) in the Statement of Comprehensive Income</b>	<b>26.6</b>	<b>(3.0)</b>
Income tax expense / (benefit) attributable to:		
Profit from continuing operations	2.6	5.9
Profit / (loss) from discontinued operations	24.0	(8.9)
<b>Aggregate income tax expense / (benefit)</b>	<b>26.6</b>	<b>(3.0)</b>
Net profit / (loss) before income tax expense	733.9	(1,073.6)
Less: (profit) / loss attributed to entities not subject to tax	(800.4)	935.9
Net loss before income tax expense	(66.5)	(137.7)
Prima facie income tax credit at 30% tax rate (31 December 2009: 30%)	(20.0)	(41.3)
Tax effect of amounts not deductible (taxable) in calculating income tax credit:		
Overhead costs	10.0	21.9
Impairment expenses	-	32.7
Gain on loan forgiveness	-	(39.6)
Controlled foreign company attribution tax	-	0.9
Withholding tax	1.3	1.1
Share of after tax (profits)/losses of investments in associates and joint ventures	3.7	10.8
Foreign subsidiary losses not deductible for tax	3.3	2.7
Tax expenses arising on disposal of foreign assets	28.3	7.8
<b>Income tax expense / (benefit)</b>	<b>26.6</b>	<b>(3.0)</b>
Deferred tax assets and liabilities are attributable to the following:		
<b>(b) Deferred tax assets</b>		
Employee benefits	10.9	10.7
Overhead costs	10.6	7.9
Provisions and accruals	1.0	1.3
Tax losses recognised	4.0	3.1
Other	1.3	1.5
<b>Net deferred tax asset</b>	<b>27.8</b>	<b>24.5</b>
<b>Movement in temporary differences during the financial year</b>		
Opening balance at beginning of the financial year	24.5	18.5
(Charged) / credited to the income statement	2.4	2.9
Tax losses recognised	0.9	3.1
<b>Closing balance at end of the financial year</b>	<b>27.8</b>	<b>24.5</b>
<b>(c) Deferred tax liability</b>		
Depreciation and amortisation	0.5	0.8
Tax expenses arising on disposal of foreign assets	27.5	-
Other	-	0.2
<b>Net deferred tax liability</b>	<b>28.0</b>	<b>1.0</b>
<b>Movement in temporary differences during the financial year</b>		
Opening balance at beginning of the financial year	1.0	-
Charged to the income statement	27.0	1.0
<b>Closing balance at end of the financial year</b>	<b>28.0</b>	<b>1.0</b>

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

#### (a) Non-Current details of discontinued operations

At 31 December 2010, there are four discontinued operations: Hotel / Tourism Portfolio, Joint Venture, Funds Management – Europe and US Seniors Housing portfolios.

As part of GPT's refined strategic direction to focus on Australian assets, management has continued with its plans and further disposals have occurred in the 2010. These disposals and the remaining investments for each discontinued operation at 31 December 2010, along with their impact on the Statement of Comprehensive Income and Statement of Financial Position, are discussed in detail below.

##### (i) Hotel / Tourism

Whilst sale contracts were exchanged for the El Questro Station and Brampton Island Resort last year, settlement occurred this year on 1 March 2010 and 16 June 2010 respectively. As a consequence, the Ayers Rock Resort remains the only hotel asset and is classified as held for sale in the Statement of Financial Position as at 31 December 2010. The sale contract for Ayers Rock Resort has been exchanged on 15 October 2010 and is expected to be settled in March 2011. The carrying value of the Resort at 31 December 2010 is \$300 million (\$293.3 million including cost to sell).

##### (ii) Joint Venture

###### (1) BGA Real Estate Finance Trust

BGA Real Estate Finance Trust provided mezzanine loan financing over an Australian and New Zealand property portfolio and formed part of the Joint Venture.

On 15 June 2010,

- GPT International Pty Limited (GPTI) sold 100% of its ordinary units for a cash consideration of \$10; and
- GPT Funds Management No.2 Pty Limited (GPTFM2) (as trustee of GPT Investment Trust No.1) sold 100% of its ordinary and preferred units for a cash consideration of \$10.

The sales resulted in a nominal net gain, as both the BGA joint venture investment and loans to BGA had a carrying value of nil prior to the sales.

###### (2) Babcock & Brown GPT REIT Inc

The following development has occurred since 31 December 2009 on the US retail property assets held in the Joint Venture via the Babcock & Brown GPT REIT Inc:

##### Marelda Assets

In February 2010, discussions commenced with lenders of each of the eight properties held in the Marelda Retail Holdings LLC structure (referred to as Marelda Assets). At the date of this report, lender consents have been granted and as a result the ownership of the Marelda Assets has been transferred to the buyer. Subsequently, the Babcock & Brown GPT REIT Inc has been sold prior to 31 December 2010.

##### (iii) Funds Management – Europe

###### (1) Dutch Active Fund Propco BV (DAF)

The following developments have occurred since 31 December 2009 in relation to the legal sale of GPT Europe 2 Sarl's 38.04% shareholding in DAF:

- regulatory consent of the sale transaction has been provided by the Dutch Tax Authority with effect from 8 August 2009, resulting in REIT status for DAF; and
- regulatory consent of the sale transaction by HM Revenue and Customs (Charity Commission), was received on 6 July 2010, with the consent confirming that the purchasers' investment in DAF is a qualifying investment under Schedule 20 ICTA 1988 and income arising from the transaction will be exempt for UK income tax purposes.

The consents above result in an unconditional legal sale of the DAF investment effective from 6 July 2010. However, until the 38.04% shareholding in DAF is on-sold to a third party by the new owners or GPT, the risks and benefit of owning this investment still remain with GPT and does not qualify as a sale under Australian Accounting Standards. As a result, at 31 December 2010, GPT Europe 2 Sarl, continues to recognise the 38.04% investment in DAF for \$13.5 million.

###### (2) Babcock & Brown Residential Operating Partnership LP Loan

During the year, GPT entered into a sale agreement to sell its Series D Preferred units (classified as Loans and receivables - asset) in Babcock & Brown Residential Operating Partnership LP (the Partnership) for cash consideration of USD\$20m. The sale was completed on 1 November 2010.

##### (iv) US Seniors Housing

On 16 February 2011 GPT announced the sale of the portfolio to Healthcare REIT Inc with settlement expected in the first half of 2011. The carrying value of GPT's investment (pre selling costs and taxes) is \$351.9m at 31 December 2010.

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

(b) Assets classified as Held for Sale

In addition to the assets classified as held for sale in the Hotel / Tourism, Joint Venture and Funds Management – Europe and US Seniors Portfolios, the Newcastle CBD, a Retail Investment Property is also included as an asset classified as held for sale in the Statement of Financial Position as at 31 December 2010.

On 23 August 2010, GPT announced it was exiting all Newcastle land holdings. In November, GPT commenced marketing the sale of the properties through CBRE. It is expected that these assets will be sold within the next 12 months.

(c) Details of Assets and Liabilities Classified as Held for Sale

The table below sets out the assets and liabilities that continue to be owned by the Group at 31 December 2010 (discussed in note 6(a) and (b) above). These assets and liabilities are presented as an aggregate amount on the lines 'assets and liabilities held for sale' in the Statement of Financial Position.

	Note	Consolidated entity						Total 31 Dec 09 \$M
		Discontinued Operations			Assets held for sale			
		Hotels / Tourism	Funds Management Europe	US Seniors Housing	Retail	Industrial	Total	
		31 Dec 10 \$M	31 Dec 10 \$M	31 Dec 10 \$M	31 Dec 10 \$M	31 Dec 10 \$M	31 Dec 10 \$M	
<b>Assets classified as held for sale</b>								
Cash at bank and at call		3.7	-	-	-	-	3.7	10.7
Loans and receivables	(iii)	11.5	9.5	60.0	-	-	81.0	50.7
Inventories		3.8	-	-	-	-	3.8	4.4
Investment properties								
- Homemaker City, Aspley, QLD	(i)	-	-	-	-	-	-	47.0
- Homemaker City, Bankstown, NSW		-	-	-	-	-	-	24.0
- Homemaker City, Fortitude Valley, QLD	(i)	-	-	-	-	-	-	102.0
- Homemaker City, Jindalee, QLD	(i)	-	-	-	-	-	-	49.0
- Newcastle CBD, NSW	(ii)	-	-	-	49.1	-	49.1	-
Investments in associates and joint ventures	(iv)	4.8	13.5	291.9	-	-	310.2	35.5
Property, plant and equipment	(v)	293.3	-	-	-	-	293.3	311.2
Other assets		-	-	-	-	-	-	1.2
<b>Total assets classified as held for sale</b>	2(d)	<b>317.1</b>	<b>23.0</b>	<b>351.9</b>	<b>49.1</b>	<b>-</b>	<b>741.1</b>	635.7
<b>Liabilities classified as held for sale</b>								
Trade payables and accruals		6.1	-	-	-	-	6.1	16.0
Provision for employee benefits		2.1	-	-	-	-	2.1	2.4
<b>Total liabilities directly associated with assets classified as held for sale</b>	2(d)	<b>8.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.2</b>	18.4

- (i) Reclassified as 'assets held for sale' from Investment Property in December 2009. During 2010, these properties have been removed from the market due to lack of market interest, and therefore do not qualify for recognition as non-current assets held for sale. As a result, these properties have been reclassified back to Investment Property as at 31 December 2010. This has not resulted in any impacts in the Consolidated Statement of Comprehensive Income.
- (ii) On 23 August 2010, GPT announced it was exiting all Newcastle land holdings. In November, GPT commenced marketing the sale of the properties through CBRE. As a consequence, the Newcastle CBD property has been reclassified from 'Investment Property' to 'Non-current assets held for sale' as at 31 December 2010.
- (iii) Loans and receivables comprise:
- loan receivable of \$9.1m from German Retail Fundco SARL was reclassified as an 'asset held for sale' from Loans & Receivables in December 2009; and
  - loan receivables of \$60m from US Seniors Housing Portfolio which is classified as a Discontinued Operation as at 31 December 2010.
- (iv) Investments in associates and joint ventures comprise:
- the 38.04% investment in DAF held at \$13.5m, which was reclassified as an 'asset held for sale' from investments in associates and joint ventures in December 2009. Refer to note 6(a)(iii)(1) for further details;
  - the 40% investments in 161 Sussex St Pty Limited held at \$4.3m and 46% investment in Kings Canyon (Watarrka) Resort Trust held at \$0.5m were reclassified as 'assets held for sale' from investments in associates and joint ventures in December 2009;
  - the 50% investment in B&B GPT Alliance 1 LLC and B&B GPT Alliance 2 LLC which were reclassified as 'asset held for sale' from investments in associates and joint ventures in December 2009. These investments continue to be held at nil at 31 December 2010; and
  - investment in the US Seniors portfolio, including 95% investment in Benchmark GPT LLC, 95% investment in B-VII Operations Holding Co LLC and 20% investment in Benchmark Assisted Living LLC with a total value of \$351.9m.
- (v) Ayers Rock Resort, NT, which was reclassified as an 'asset held for sale' from property, plant & equipment in December 2009. Refer to 6(a)(i) for further details.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

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

### (d) Details of Financial Performance and Cashflow Information relating to Discontinued Operations

The table below sets out the financial performance and cashflow information up to 31 December 2010 for the three discontinued operations that continue to be owned by the Group at reporting date. For assets which have been divested during the period, the relevant financial performance and cashflow information up to the date of disposal have been included. These results are shown at note 2(a) within the Discontinued Operations segments.

	Note	Consolidated entity	
		31 Dec 10 \$M	31 Dec 09 \$M
Revenue		152.6	258.9
Share of after tax profit / (loss) of investments in associates and joint ventures		258.0	(37.4)
Expenses		(109.8)	(1,437.0)
Profit / (loss) before income tax		300.8	(1,215.5)
Income tax expense / (credit)		24.0	(9.0)
<b>Profit / (loss) after income tax of discontinued operations</b>	2(a)	<b>276.8</b>	<b>(1,206.5)</b>
Net cash inflow from operating activities		17.0	18.3
Net cash outflow from investing activities		(3.9)	(22.3)
Net cash outflow from financing activities		-	(1.0)
<b>Net increase / (decrease) in cash generated by discontinued operations</b>		<b>13.1</b>	<b>(5.0)</b>

### (e) Details of Disposals

As part of GPT's strategy to exit non-core assets, and in addition to the disposals in the discontinued operation portfolios, GPT also disposed of the following assets/investments during the year:

	Date of Disposal (Settlement)	Principal Activity	Ownership Interest Disposed	Total Consideration \$M
<b>Retail Portfolio</b>				
Homemaker City, Bankstown, NSW	25 May 2010	Investment property	100%	25.2
<b>Industrial Portfolio</b>				
Unit G17 of 24 - 46 Westgate Drive, Citiwest, Altona North, VIC	12 July 2010	Investment property	100%	3.1
21 Talavera Road, North Ryde, NSW	17 December 2010	Investment property	100%	10.2
<b>Funds Management - Australia Portfolio</b>				
GPT Wholesale Office Fund	14 December 2010	Associate	0.3%	7.9
GPT Wholesale Shopping Centre Fund	14 December 2010	Associate	11.5%	208.5

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

**(f) Details of Disposals including disposals in Discontinued Operations**

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

	Consolidated entity	
	31 Dec 10 \$M	31 Dec 09 \$M
<b>Details of disposals during the year:</b>		
Cash consideration - net of transaction costs	284.6	573.9
Total consideration	284.6	573.9
Carrying amount of net assets sold	(289.8)	(740.3)
Foreign exchange gain realised on disposal	39.6	160.6
<b>Profit / (loss) on sale before income tax</b>	<b>34.4</b>	<b>(5.8)</b>
Income tax expense	-	-
<b>Profit / (loss) on sale after income tax</b>	<b>34.4</b>	<b>(5.8)</b>

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

Cash at bank and at call	-	28.8
Loans and receivables	21.8	8.8
Inventories	-	380.3
Investment properties	37.4	412.1
Equity accounted investments	216.4	200.1
Property, plant and equipment	16.8	63.4
Intangibles	-	7.4
Other assets	-	0.6
<b>Total assets</b>	<b>292.4</b>	<b>1,101.5</b>
Trade payables and accruals	-	30.1
Derivative liabilities	-	20.9
External debt	-	310.2
Other liabilities	2.6	-
<b>Total liabilities</b>	<b>2.6</b>	<b>361.2</b>
<b>Net assets</b>	<b>289.8</b>	<b>740.3</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

## 7. Loans and receivables

	Note	Consolidated entity	
		31 Dec 10 \$M	31 Dec 09 \$M
<b>Current assets</b>			
Trade receivables		7.1	7.2
Less: impairment of trade receivables		(0.3)	(0.6)
		<b>6.8</b>	6.6
Distributions receivable from associates		23.3	22.8
Distributions receivable from joint ventures		7.2	8.7
Interest receivable from related parties		0.2	0.8
Other debtors		10.4	13.3
Related party receivables		14.1	7.9
<b>Total current loans and receivables</b>		<b>62.0</b>	60.1

### Non-Current assets

GPT's investment in joint ventures and associates comprise equity investments (refer note 10) and also the following loans set out below.

#### Australian dollar denominated loans with associates and joint ventures

Lend Lease GPT (Rouse Hill) Pty Limited		13.2	14.5
		<b>13.2</b>	14.5

#### US dollar denominated loans with associates and joint ventures

Benchmark GPT LLC	(i)	-	70.9
B-VII Operations Holding Co LLC	(i)	-	1.6
Benchmark Assisted Living LLC	(i)	-	0.7
		-	73.2
<b>Total non-current loans and receivables</b>		<b>13.2</b>	87.7

(i) Loans advanced to the Benchmark entities have been classified as "Non-current assets classified as held for sale". Please refer to note 6 (c). The interest on these loans is paid monthly at 9% for Benchmark GPT LLC and B-VII Operations Holding Co LLC and paid quarterly at 8% for Benchmark Assisted Living LLC.

## 8. Derivative financial instruments

	Consolidated entity	
	31 Dec 10 \$M	31 Dec 09 \$M
<b>Current assets</b>		
Interest rate swaps	0.2	-
<b>Total current derivative assets</b>	<b>0.2</b>	-
<b>Non-current assets</b>		
Interest rate swaps	114.0	4.4
Interest rate options	1.0	-
<b>Total non-current derivative assets</b>	<b>115.0</b>	4.4
<b>Current liabilities</b>		
Interest rate swaps	-	0.4
Interest rate options	0.4	1.1
<b>Total current derivative liabilities</b>	<b>0.4</b>	1.5
<b>Non-current liabilities</b>		
Interest rate swaps	50.7	62.7
Interest rate options	30.6	35.8
Foreign currency interest rate swaps	14.7	-
<b>Total non-current derivative liabilities</b>	<b>96.0</b>	98.5

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

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

At 31 December 2010, GPT has hedges (fixed debt and swaps) in place to cover 81.2% of its total debt and the hedges have an average fixed rate of 5.13% (2009: 60.1% hedged, hedges had an average fixed rate of 5.74%).

9. Investment properties

	Note	Consolidated entity	
		31 Dec 10 \$M	31 Dec 09 \$M
Retail	9(b)	4,582.3	4,111.2
Office	9(c)	1,088.3	1,062.3
Industrial	9(d)	693.0	658.0
Properties under development	9(e)	198.9	192.1
<b>Total investment properties</b>		<b>6,562.5</b>	<b>6,023.6</b>

(a) Reconciliation

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

	31 Dec 10 \$M	31 Dec 09 \$M
Carrying amount at start of the year	6,023.6	6,696.1
Additions - operating capex	16.5	29.4
Additions - interest capitalised	29.3	20.4
Additions - development capex	261.9	224.1
Asset Acquisitions	12.9	242.4
Transfers from / (to) non-current assets classified as held for sale	172.9	(222.0)
Lease incentives	40.3	6.3
Amortisation of lease incentives	(22.9)	(21.2)
Disposals	(37.6)	(401.1)
Net profit / (loss) on fair value adjustments	62.1	(551.8)
Leasing costs	3.5	1.0
<b>Carrying amount at end of the year</b>	<b>6,562.5</b>	<b>6,023.6</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

## 9. Investment properties (continued)

### (b) Retail

	Ownership Interest <sup>1</sup> %	Acquisition Date	Fair Value 31 Dec 10 \$M	Fair Value 31 Dec 09 \$M	Latest Independent Valuation Date	Valuer
Casuarina Square, NT	100.0	Oct 1973	448.1	433.4	Jun 2010	Knight Frank Valuations
Charlestown Square, NSW	100.0	Dec 1977	817.5	642.2	Dec 2010	Jones Lang LaSalle
Pacific Highway, Charlestown, NSW	100.0	Oct 2002 / Jul 2003	9.9	12.0	Dec 2010	Jones Lang LaSalle
Dandenong Plaza, VIC	100.0	Dec 1993 / Dec 1999	190.0	201.0	Oct 2009	CB Richard Ellis Pty Limited
Erina Fair, NSW <sup>2</sup>	33.3	Jun 1992	251.8	250.3	Oct 2009	CB Richard Ellis Pty Limited
Highpoint Shopping Centre, VIC <sup>3</sup>	16.7	Aug 2009	208.3	200.0	Sep 2010	Jones Lang LaSalle
Homemaker City, Maribyrnong, VIC <sup>3</sup>	16.7	Aug 2009	9.2	8.8	Dec 2010	Jones Lang LaSalle
Westfield Penrith, NSW	50.0	Jun 1971	516.5	493.6	Dec 2010	CB Richard Ellis Pty Limited
Sunshine Plaza, QLD	50.0	Dec 1992 / Sep 2004	312.0	310.2	Sep 2009	CB Richard Ellis Pty Limited
Plaza Parade, QLD	50.0	Jun 1999	10.0	10.0	Sep 2009	CB Richard Ellis Pty Limited
Westfield Woden, ACT	* 50.0	Feb 1986	320.0	286.0	Dec 2010	Knight Frank Valuations
Homemaker City, Aspley, QLD <sup>5</sup>	100.0	Nov 2001	46.5	-	Dec 2009	CB Richard Ellis Pty Limited
Homemaker City, Fortitude Valley, QLD <sup>5</sup>	100.0	Dec 2001	100.5	-	Mar 2010	Knight Frank Valuations
Homemaker City, Jindalee, QLD <sup>5</sup>	100.0	Nov 2001	48.4	-	Dec 2009	Knight Frank Valuations
Rouse Hill Town Centre	100.0	Dec 2005	481.1	475.0	Dec 2009	CB Richard Ellis Pty Limited
Newcastle CBD, NSW	100.0	Jun 2007	-	47.0	Dec 2008	Knight Frank Valuations
Melbourne Central, VIC - retail portion <sup>6</sup>	100.0	May 1999 / May 2001	812.5	741.7	Jun 2009	Colliers International
<b>Total Consolidated entity</b>			<b>4,582.3</b>	<b>4,111.2</b>		

### (c) Office

	Ownership Interest <sup>1</sup> %	Acquisition Date	Fair Value 31 Dec 10 \$M	Fair Value 31 Dec 09 \$M	Latest Independent Valuation Date	Valuer Independent
Australia Square, Sydney, NSW	50.0	Sep 1981	272.8	269.1	Mar 2009	CB Richard Ellis Pty Limited
MLC Centre, Sydney, NSW	50.0	Apr 1987	385.0	379.5	Mar 2009	Knight Frank Valuations
Melbourne Central, VIC - office portion <sup>6</sup>	100.0	May 1999 / May 2001	304.9	299.7	Jun 2009	Colliers International
818 Bourke St, Victoria Harbour, VIC	100.0	Jun 2006	125.6	114.0	Dec 2009	CB Richard Ellis Pty Limited
<b>Total Consolidated entity</b>			<b>1,088.3</b>	<b>1,062.3</b>		

9. Investment properties (continued)

(d) Industrial

	Ownership Interest <sup>1</sup> %	Acquisition Date	Fair Value 31 Dec 10 \$M	Fair Value 31 Dec 09 \$M	Latest Independent Valuation Date	Valuer
2-4 Harvey Road, Kings Park, NSW	100.0	May 1999	44.1	44.0	Jun 2008	Colliers Pty Limited
Citi-West Industrial Estate, Altona North, VIC	100.0	Aug 1994	66.1	68.5	Mar 2009	Jones Lang LaSalle
Quad 1, Sydney Olympic Park, NSW	*100.0	Jun 2001	19.7	18.8	Jun 2010	CB Richard Ellis Pty Limited
Quad 2, Sydney Olympic Park, NSW	*100.0	Dec 2001	20.3	20.0	Jun 2010	CB Richard Ellis Pty Limited
Quad 3, Sydney Olympic Park, NSW	*100.0	Mar 2003	21.3	20.2	Dec 2009	Jones Lang LaSalle
Quad 4, Sydney Olympic Park, NSW	*100.0	June 2004	34.1	32.4	Dec 2009	Jones Lang LaSalle
6 Herb Elliott, Sydney Olympic Park, NSW <sup>7</sup>	*100.0	Jun 2010	12.0	-	Dec 2010	Jones Lang LaSalle
8 Herb Elliott, Sydney Olympic Park, NSW	*100.0	Aug 2004	9.3	8.3	Jun 2010	CB Richard Ellis Pty Limited
5 Figtree Drive, Sydney Olympic Park, NSW	*100.0	Jul 2005	18.7	18.6	Jun 2008	Colliers Pty Limited
7 Figtree Drive, Sydney Olympic Park, NSW	*100.0	Jul 2004	10.0	10.0	Jun 2010	CB Richard Ellis Pty Limited
7 Parkview Drive, Sydney Olympic Park, NSW	*100.0	May 2002	17.5	17.0	Dec 2009	Jones Lang LaSalle
Rosehill Business Park, Camellia, NSW	100.0	May 1998	66.5	64.0	Sep 2009	CB Richard Ellis Pty Limited
15 Berry Street, Granville, NSW	100.0	Nov 2000	12.6	12.0	Sep 2009	CB Richard Ellis Pty Limited
19 Berry Street, Granville, NSW	100.0	Dec 2000	25.7	24.5	Sep 2009	CB Richard Ellis Pty Limited
Erskine Park, NSW (Stage 1)	100.0	Jun 2008	38.6	36.0	Jun 2009	Knight Frank Valuations
Erskine Park, NSW (Stage 2) <sup>8</sup>	100.0	Jun 2008	19.0	-	Sep 2010	Knight Frank Valuations
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	140.0	139.7	Oct 2009	Jones Lang LaSalle
134-140 Fairbairn Road, Sunshine West, VIC	100.0	Mar 2006	13.0	13.0	Dec 2008	Jones Lang LaSalle
116 Holt Street, Pinkenba, QLD	100.0	Mar 2006	13.4	15.2	Dec 2008	Jones Lang LaSalle
4 Holker Street, Silverwater, NSW	100.0	Mar 2006	30.1	30.0	Dec 2008	Jones Lang LaSalle
372-374 Victoria Street, Wetherill Park, NSW	100.0	Jul 2006	18.1	18.0	Jun 2009	Knight Frank Valuations
18 - 24 Abbott Road, Seven Hills, NSW	100.0	Oct 2006	14.0	13.5	Dec 2008	Jones Lang LaSalle
Lots 42 & 44 Ocean Steamers Drive, Port Adelaide, SA	50.0	Jul 2006	6.0	7.0	Jun 2009	Colliers International
407 Pembroke Rd, Minto NSW	50.0	Oct 2008	22.9	27.3	Dec 2010	Knight Frank Valuations
<b>Total Consolidated entity</b>			<b>693.0</b>	<b>658.0</b>		

# NOTES TO THE FINANCIAL STATEMENTS

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## 9. Investment properties (continued)

### (e) Properties under development

	Ownership Interest <sup>1</sup> %	Acquisition Date	Fair Value 31 Dec 10 \$M	Fair Value 31 Dec 09 \$M	Latest Independent Valuation Date	Valuer
<b>Office</b>						
One One One Eagle Street, Brisbane <sup>9</sup>	33.3	Apr 1984	100.0	69.5	Dec 2010	Jones Lang LaSalle
<b>Industrial</b>						
17 Berry St, Granville	100.0	Sep 2009	5.0	5.8	Sep 2010	Knight Frank Valuations
7 Parkview Drive, Sydney Olympic Park, NSW	*100.0	May 2002	7.1	-	Dec 2009	Jones Lang LaSalle
Erskine Park, NSW <sup>8</sup>	100.0	Jun 2008	64.0	81.5	Jun 2009	Knight Frank Valuations
407 Pembroke Rd, Minto NSW	50.0	Oct 2008	5.2	7.1	Dec 2010	Knight Frank Valuations
21 Talavera Rd, Macquarie Park, NSW <sup>10</sup>	100.0	Jun 2006	-	12.2	Jun 2009	Jones Lang LaSalle
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	17.6	16.0	Oct 2009	Jones Lang LaSalle
<b>Total Consolidated entity</b>			<b>198.9</b>	<b>192.1</b>		

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

2 Erina Fair is 33.3% directly owned by the Trust. A further 16.7% is owned through a 50% share of Erina Property Trust, a joint venture with APPF (refer note 10(a)(i)).

3 GPT purchased 16.67% of Highpoint Shopping Centre and the adjacent Homemaker City Maribyrnong for \$205.8 million (excluding transaction costs) on 31 August 2009. The latest independent valuations were commissioned by GPT Wholesale Shopping Centre Fund for its 50% interest and adopted by GPT.

4 Homemaker City Bankstown, was sold for a consideration of \$25.2m (refer to note 6(e)).

5 The remaining Homemaker City Centres have been removed from the market during 2010, and therefore do not qualify for recognition as non-current assets held for sale.

6 For Melbourne Central, 50% of the car park included in Office has been transferred to Retail from 1 January 2010. Consequently, prior period comparatives have been restated: 72.7% Retail and 27.3% Office (December 2009: 71.2% Retail and 28.8% Office).

7 GPT purchased 100% of 6 Herb Elliott, Sydney Olympic Park on 25 June 2010 for \$12 million (excluding transaction costs).

8 Erskine Park, NSW (Stage 2) has been transferred from Properties under development to the Industrial portfolio during the year.

9 Currently under redevelopment. An external valuation on 100% ownership was obtained at 31 December 2010 which resulted in an "as if complete" value of \$660m with a capitalisation rate of 6.75% and an "as is" value of \$320m. In addition, the Directors have further impaired the value on an "as is" basis for additional leasing, marketing and holding costs.

10 21 Talavera Rd North Ryde was sold for a consideration of \$10.2m (refer to note 6(e)).

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

9. Investment properties (continued)

**(g) Key operating metrics**

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

	Consolidated entity	
	31 Dec 10 \$M	31 Dec 09 \$M
<b>Retail portfolio -</b>		
Weighted average Cap Rate (%) <sup>1</sup>	6.2%	6.3%
Total Portfolio Retail Occupancy Rate (%) <sup>1</sup>	99.9%	99.6%
Total Portfolio Specialty MAT (\$psm) <sup>2</sup>	8,801	9,114
Total Portfolio Specialty Occupancy Cost (%) <sup>2</sup>	17.7%	16.8%
<b>Office portfolio -</b>		
Weighted average Cap Rate (%) <sup>3</sup>	7.1%	7.3%
Total Portfolio Occupancy Rate (%) <sup>3</sup>	97.8%	95.9%
Weighted Average Lease Term by Area (Years) <sup>3</sup>	5.2	5.2
<b>Industrial portfolio -</b>		
Weighted average Cap Rate (%)	8.5%	8.4%
Total Portfolio Occupancy Rate (%)	98.4%	96.5%
Weighted Average Lease Term by Income (Years)	6.5	7.2

<sup>1</sup> Includes GPT's interest in GPT Wholesale Shopping Centre Fund and excludes Homemaker Portfolio

<sup>2</sup> Includes GPT Wholesale Shopping Centre Fund centres and excludes Homemaker Portfolio

<sup>3</sup> Includes GPT's interest in GPT Wholesale Office Fund. Occupancy includes committed space.

**(h) Operating lease receivables**

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

	Consolidated entity	
	31 Dec 10 \$M	31 Dec 09 \$M
Due within 1 year	497.2	501.1
Due between 1 and 5 years	1,488.2	1,423.6
Due after 5 years	1,060.3	859.8
Total operating lease receivables	3,045.7	2,784.5

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

## 10. Investments in associates and joint ventures

	Note	Consolidated entity	
		31 Dec 10 \$M	31 Dec 09 \$M
Investments in joint ventures	(a)(i)	820.9	877.8
Investments in associates	(a)(ii)	1,304.1	1,358.9
<b>Total investments in associates and joint ventures</b>		<b>2,125.0</b>	<b>2,236.7</b>

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

Name	Principal Activity	Ownership Interest			
		31 Dec 10 %	31 Dec 09 %	31 Dec 10 \$M	31 Dec 09 \$M
<b>(i) Joint Ventures</b>					
<b>Entities incorporated in Australia</b>					
1 Farrer Place Trust <sup>1</sup>	Investment property	50.00	50.00	320.6	309.4
2 Park Street Trust <sup>1</sup>	Investment property	50.00	50.00	354.6	344.5
DPT Operator Pty Limited <sup>1</sup>	Managing property	50.00	50.00	0.1	0.1
Erina Property Trust <sup>1</sup>	Investment property	50.00	50.00	124.5	123.8
Horton Trust <sup>1</sup>	Investment property	50.00	50.00	21.1	21.1
Lend Lease GPT (Rouse Hill) Pty Limited <sup>1,4</sup>	Property development	50.00	50.00	-	-
<b>Entities incorporated in the United States</b>					
Benchmark GPT LLC <sup>2</sup>	Property investment	95.00	95.00	-	76.3
B-VII Operations Holding Co LLC <sup>2</sup>	Property investment	95.00	95.00	-	2.6
<b>Total investment in joint ventures</b>				<b>820.9</b>	<b>877.8</b>
<b>(ii) Associates</b>					
<b>Entities incorporated in Australia</b>					
GPT Wholesale Office Fund <sup>1,3</sup>	Property investment	33.27	34.13	897.6	753.3
GPT Wholesale Shopping Centre Fund <sup>1</sup>	Property investment	21.86	33.46	393.9	592.7
Lend Lease (Twin Waters) Pty Limited <sup>1</sup>	Property development	49.00	49.00	12.6	12.6
<b>Entities incorporated in the United States</b>					
Benchmark Assisted Living LLC <sup>2</sup>	Property management	20.00	20.00	-	0.3
<b>Total investments in associates</b>				<b>1,304.1</b>	<b>1,358.9</b>

1 The entity has a 30 June balance date.

2 GPT has a 95% economic interest in Benchmark GPT LLC and B-VII Operations Holding Co LLC, entities which jointly own the seniors housing assets, and a 20% interest in the manager of the portfolio, Benchmark Assisted Living LLC. GPT has equal representation and voting rights on the Board of Benchmark GPT LLC and B-VII Operations Holding Co LLC with all major decisions regarding the joint venture requiring unanimous approval from both parties, resulting in joint control with BE Capital LLC. Accordingly, Benchmark GPT LLC and B-VII Operations Holding Co LLC has been accounted for as a joint venture. Funding of the joint venture is by way of both ordinary equity and loans (refer to note 7). These assets have been classified as "Non-current assets held for sale" (refer to note 6 (c)).

3 During the year, GPT participated in the 2010 equity raising of GPT Wholesale Office Fund which resulted in GPT acquiring a further 140,276,633 units in GWOF for a total value of approximately \$135.3 million. GPT has also completed a \$216 million sell-down of its investments in both GWOF (\$7.9 million) and GWSCF (\$208.5 million). Both of these transactions resulted in a decrease in GPT's investments in GWOF (to 33.3%) and in GWSCF (to 21.9%).

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

10. Investments in associates and joint ventures (continued)

**(b) Share of joint ventures and associates' assets and liabilities**

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

	Investment property/ portfolio, loans and other assets	Consolidated entity	
		31 Dec 10 \$M	31 Dec 09 \$M
<b>Australia</b>			
Erina Property Trust	Erina Fair, NSW	124.9	125.1
Horton Trust	Horton Parade and Maroochydhore Superstore Plaza, QLD	21.1	21.2
DPT Operator Pty Limited	Property Management	-	-
GPT Wholesale Shopping Centre Fund	Various retail assets	447.8	672.4
<b>Total Retail</b>		<b>593.8</b>	<b>818.7</b>
2 Park Street Trust	Citigroup Centre, NSW	360.0	350.0
1 Farrer Place Trust	1 Farrer Place, NSW	321.5	310.0
GPT Wholesale Office Fund	Various office buildings	1,025.1	991.5
<b>Total Office</b>		<b>1,706.6</b>	<b>1,651.5</b>
Lend Lease GPT (Rouse Hill) Pty Ltd	Residential land - Rouse Hill, NSW	26.9	19.6
Lend Lease GPT (Twin Waters) Pty Ltd)	Land, Twin Waters, QLD	-	-
BGA Real Estate Finance Trust	Mezzanine loan (international)*	-	-
<b>Total Corporate &amp; Joint Venture</b>		<b>26.9</b>	<b>19.6</b>
<b>Total Australia</b>		<b>2,327.3</b>	<b>2,489.8</b>
<b>United States</b>			
Benchmark GPT LLC and B-VII Operations Holding Co LLC	Seniors Housing	-	693.7
<b>Total United States</b>		<b>-</b>	<b>693.7</b>
<b>Total property investments, investment properties and mezzanine loans</b>		<b>2,327.3</b>	<b>3,183.5</b>

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

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

**(c) Share of joint ventures and associates' commitments**

GPT's share of its associates and joint ventures' capital expenditure commitments for the purchase of property, plant and equipment which have been approved but not provided for at 31 December 2010 and operating lease commitments are set out below:

	Australia		Europe		United States		Total	
	31 Dec 10 \$M	31 Dec 09 \$M	31 Dec 10 \$M	31 Dec 09 \$M	31 Dec 10 \$M	31 Dec 09 \$M	31 Dec 10 \$M	31 Dec 09 \$M
Capital expenditure	91.7	80.2	-	6.4	1.6	1.8	93.3	88.4
Operating lease	-	-	-	-	0.3	0.1	0.3	0.1
Other	-	-	-	-	0.6	1.6	0.6	1.6
<b>Total joint venture and associates' commitments</b>	<b>91.7</b>	<b>80.2</b>	<b>-</b>	<b>6.4</b>	<b>2.5</b>	<b>3.5</b>	<b>94.2</b>	<b>90.1</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

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

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

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

	Australia		Europe		United States		Total	
	31 Dec 10 \$M	31 Dec 09 \$M	31 Dec 10 \$M	31 Dec 09 \$M	31 Dec 10 \$M	31 Dec 09 \$M	31 Dec 10 \$M	31 Dec 09 \$M
<b>Consolidated entity</b>								
<b>(i) Joint ventures</b>								
Carrying amount at start of the year	798.9	886.0	-	-	78.9	108.9	877.8	994.9
Additions	3.1	6.5	-	-	-	15.1	3.1	21.6
Share of joint ventures' net operating profit / (loss)	71.8	(41.6)	-	-	-	(22.4)	71.8	(64.0)
Distributions received / receivable from joint ventures	(52.9)	(52.0)	-	-	-	(2.9)	(52.9)	(54.9)
Foreign exchange rate differences on translation	-	-	-	-	-	(19.8)	-	(19.8)
Investments classified as held for sale	-	-	-	-	(78.9)	-	(78.9)	-
<b>Carrying amount at end of the year</b>	<b>820.9</b>	<b>798.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78.9</b>	<b>820.9</b>	<b>877.8</b>
<b>(ii) Associates</b>								
Carrying amount at start of the year	1,358.6	1,708.7	-	58.9	0.3	0.4	1,358.9	1,768.0
Acquisitions	135.9	-	-	-	-	-	135.9	-
Disposals	(216.1)	(200.2)	-	-	-	-	(216.1)	(200.2)
Share of associates' net operating profit / (loss)	113.5	(51.4)	-	-	-	0.1	113.5	(51.3)
Distributions received / receivable from associates	(86.8)	(89.3)	-	-	-	-	(86.8)	(89.3)
Impairment on investment in associates	(1.0)	-	-	-	-	-	(1.0)	-
Foreign exchange rate differences on translation	-	-	-	-	-	(0.2)	-	(0.2)
Investments classified as held for sale	-	(9.2)	-	(58.9)	(0.3)	-	(0.3)	(68.1)
<b>Carrying amount at end of the year</b>	<b>1,304.1</b>	<b>1,358.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.3</b>	<b>1,304.1</b>	<b>1,358.9</b>

## 11. Property, plant and equipment

	Consolidated entity	
	31 Dec 10 \$M	31 Dec 09 \$M
Office fixtures, fittings & operating equipment		
At cost	10.6	7.6
Less: accumulated depreciation and impairment	(4.9)	(2.5)
Total office fixtures, fittings & operating equipment	5.7	5.1
<b>Total property, plant and equipment</b>	<b>5.7</b>	<b>5.1</b>

**(a) Reconciliations**

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

	Note	Hotel Properties \$M	Office fixtures, fittings and operating equipment \$M	Total \$M
<b>Consolidated entity</b>				
<b>Year ended 31 December 2009</b>				
Carrying amount at beginning of the financial year		432.2	19.8	452.0
Additions (including capitalisations)		3.7	15.1	18.8
Disposals		(62.6)	(3.5)	(66.1)
Depreciation charge	4(a)	(9.9)	(4.1)	(14.0)
Transfer to Non-current assets classified as held for sale		(306.0)	(5.2)	(311.2)
Cost to sell		(8.4)	-	(8.4)
Transfer to Intangibles		-	(16.2)	(16.2)
Revaluations/(devaluations)		(49.0)	-	(49.0)
Foreign exchange rate differences on translation		-	(0.8)	(0.8)
<b>Carrying amount at end of the financial year</b>		<b>-</b>	<b>5.1</b>	<b>5.1</b>
<b>Year ended 31 December 2010</b>				
Carrying amount at beginning of the financial year		-	5.1	5.1
Additions (including capitalisations)		-	3.0	3.0
Disposals		-	-	-
Depreciation charge		-	(2.4)	(2.4)
<b>Carrying amount at end of the financial year</b>		<b>-</b>	<b>5.7</b>	<b>5.7</b>

Hotel properties of \$293.3 million have been included as non-current assets classified as held for sale in 2010 (refer to note 6 (c)).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

## 12. Intangible assets

	Note	Consolidated entity	
		31 Dec 10 \$M	31 Dec 09 \$M
Management rights			
At cost		76.7	76.7
Less: accumulated amortisation and impairment		(64.6)	(60.5)
<b>Total management rights</b>	(c)	<b>12.1</b>	16.2
IT development and software			
At cost	(d)	44.0	17.2
Less: accumulated amortisation and impairment		(4.3)	(0.9)
<b>Total computer software</b>		<b>39.7</b>	16.2
<b>Total intangible assets</b>		<b>51.8</b>	32.4

### (a) Reconciliations

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

Consolidated entity	Note	Operating Rights \$M	Management Rights \$M	IT Development & Software \$M	Total \$M
<b>Year ended 31 December 2009</b>					
Carrying amount at beginning of the financial year		13.4	35.2	-	48.6
Additions (including capitalisations)		0.1	-	-	0.1
Transfer from Property, plant & equipment		-	-	16.2	16.2
Disposals		(7.4)	-	-	(7.4)
Impairment expense		(5.2)	(11.8)	-	(17.0)
Amortisation expense	4(a)	(0.9)	(7.2)	-	(8.1)
<b>Carrying amount at end of the financial year</b>		<b>-</b>	<b>16.2</b>	<b>16.2</b>	<b>32.4</b>
<b>Year ended 31 December 2010</b>					
Carrying amount at beginning of the financial year		-	16.2	16.2	32.4
Additions (including capitalisations)		-	-	27.9	27.9
Disposals		-	-	(1.0)	(1.0)
Impairment expense		-	-	(2.6)	(2.6)
Amortisation expense	4(a)	-	(4.1)	(0.8)	(4.9)
<b>Carrying amount at end of the financial year</b>		<b>-</b>	<b>12.1</b>	<b>39.7</b>	<b>51.8</b>

### (b) Operating lease rights

The Lizard Island Resort operating lease rights were sold for a consideration of \$7.5 million in 2009.

### (c) Management rights

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

### (d) IT development and software

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

### 13. Payables

	Note	Consolidated entity	
		31 Dec 10 \$M	31 Dec 09 \$M
Trade payables and accruals		157.1	137.6
Tax payable		0.2	1.6
Other payables		-	1.5
Distribution payable		2.5	2.5
Related party payables		15.7	21.5
Interest payable		19.8	15.6
Deposits payable		0.8	1.0
<b>Total payables</b>		<b>196.1</b>	<b>181.3</b>

### 14. Borrowings

	Note	Consolidated entity	
		31 Dec 10 \$M	31 Dec 09 \$M
<b>Current - unsecured</b>			
Bank borrowings			
Multi option syndicated facility - Australian Dollar	(a)(i)	-	1,330.0
Multi option syndicated facility - US Dollar	(a)(i)	-	144.9
Medium term notes	(b)(i)	-	225.0
<b>Total current borrowings - unsecured</b>		<b>-</b>	<b>1,699.9</b>
<b>Current - secured</b>			
Bank facility - One One One Eagle Street	(a)(v)	34.3	-
<b>Total current borrowings - secured</b>		<b>34.3</b>	<b>-</b>
<b>Total current borrowings</b>		<b>34.3</b>	<b>1,699.9</b>
<b>Non-Current - unsecured</b>			
Bank borrowings			
Multi option syndicated facility - Australian Dollar	(a)(i)	1,253.0	90.0
Multi option syndicated facility - US Dollar	(a)(i)	107.8	-
Bank facilities - Australian Dollar	(a)(ii)	476.1	-
Multi option facility - Australian Dollar	(a)(iii)	175.0	-
Medium term notes	(b)(i)	211.0	212.0
CPI Coupon Indexed Bond	(c)	85.0	85.0
<b>Total non-current borrowings - unsecured</b>		<b>2,307.9</b>	<b>387.0</b>
<b>Non-Current - secured</b>			
Bank facilities - Somerton	(a)(iv)	76.0	77.0
Bank facility - One One One Eagle Street	(a)(v)	34.3	19.8
<b>Total non-current borrowings - secured</b>		<b>110.3</b>	<b>96.8</b>
<b>Total non-current borrowings</b>		<b>2,418.2</b>	<b>483.8</b>
<b>Total borrowings *</b>		<b>2,452.5</b>	<b>2,183.7</b>

The maturity profile of the above current and non-current borrowings is:

Due within 1 year	34.3	1,699.9
Due between 1 and 5 years	2,123.9	398.8
Due after 5 years	294.3	85.0
	<b>2,452.5</b>	<b>2,183.7</b>

\* Net of unamortised establishment costs

### 14. Borrowings (continued)

#### (a) Bank facilities

##### Unsecured

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

A EUR €2,010 million (AUD \$2,629.17 million) multi option syndicated facility became available to the Consolidated entity on 26 October 2007. The facility had two maturity tranches as follows:

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

At 26 October 2010 Tranches A and B were repaid and are no longer available.

At 31 December 2010, Tranche C is drawn to AUD \$1,253.0 million and USD \$110.0 million (AUD \$107.8 million).

##### (ii) Bank Loans

Two AUD bilateral facilities totalling AUD \$440 million became available to the Group on 31 March 2010. These facilities mature on 31 March 2015 and are drawn to AUD \$194 million at 31 December 2010.

An AUD \$140 million bilateral facility commenced on the 26 October 2010 (previously a EUR €100 million denominated limit which was restated into AUD in October 2010) to partly refinance Tranche A & B of the Euro multi option syndicated facility. This facility has a maturity date of 31 March 2013 and is fully drawn as at 31 December 2010.

An AUD \$200 million bank loan is currently available to the Group and matures on 26 October 2015. The facility was secured in October 2008 by a mortgage over Australia Square and Quad 3 and Quad 4 in Sydney Olympic Park. The mortgages were released on 27 May 2010 and the facility is now unsecured. At 31 December 2010, this facility is drawn to AUD \$147 million.

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

- A \$300 million AUD bilateral facility. This facility has a maturity date of 1 October 2015. This facility remains undrawn as at 31 December 2010.
- A \$300 million AUD forward start bilateral facility with a maturity date of 11 November 2017. Tranche A of this facility is available from 30 November 2011 to refinance \$150 million in One One One Eagle Street and Tranche B from 26 October 2012 to partly refinance Tranche C of the Euro multi option syndicated facility.
- A EUR €55 million (AUD \$71.9 million) forward start bilateral facility. This facility has a maturity date of 26 October 2017 and is available from 26 October 2012 to partly refinance Tranche C of the Euro multi option syndicated facility. This facility will restate into an AUD denominated limit on the forward start date.
- A \$200 million forward start bilateral facility which gives GPT the option to exercise in two years time to commence the facility from 26 October 2012 to partly refinance Tranche C of the Euro multi option syndicated facility. If GPT exercises the option to commence the loan, the maturity date is October 2016.
- A \$325 million bilateral facility with a maturity date of 26 October 2018. Tranche A of this facility is available from 22 August 2011 to refinance the \$175 million multi option facility and Tranche B from 26 October 2012 to partly refinance Tranche C of the Euro multi option syndicated facility.

##### (iii) Multi option facility

On 11 May 2010, the Group cancelled AUD\$100 million of its AUD\$275 million multi option facility. The remaining AUD \$175 million facility matures on 22 August 2011. This facility was secured on 30 September 2008 by a mortgage over Casuarina Square and 818 Bourke Street. The 818 Bourke Street mortgage was released on 9 February 2010 and the mortgage over Casuarina Square was released on 24 June 2010. At 31 December 2010, this facility is fully drawn. A new bilateral facility has been established in 2010 to refinance this facility on maturity (refer to (ii) above) with the same lender, and accordingly has been reclassified as non-current.

On 11 May 2010, the Group also cancelled an additional multi-option facility of AUD \$200 million which, if drawn, would have been secured by mortgages over the MLC Centre, Sydney.

##### Secured

##### (iv) Bank facilities

A floating rate bill facility was established for the GPT/Austrak Joint Venture to fund the capital expenditure requirements of the Austrak Business Park, Somerton, Victoria. On 31 May 2010, the facility was reduced from AUD \$155 million to AUD \$152.4 million (GPT 50% share: AUD \$76.2 million) and its maturity extended by 3 years to 31 March 2013. The facility is a non-recourse loan to GPT, secured by a mortgage over Austrak Business Park, Somerton, Victoria. As at 31 December 2010, the facility is drawn to AUD \$151.97 million (GPT 50% share: \$75.9 million) (Dec 09: AUD \$154.0 million (GPT 50% share: \$77.0 million)).

14. Borrowings (continued)

Secured (continued)

(v) *One One One Eagle Street*

An AUD \$150.5 million facility is available to the Group for the purpose of funding GPT's one third share of the construction of One One One Eagle Street, Brisbane, QLD. The facility is secured by a mortgage over the One One One Eagle Street property. At 31 December 2010, the facility is drawn to AUD \$68.55 million (Dec 09: \$19.8 million) and matures on 30 November 2011. This facility was provided for by two lenders, one of which has provided GPT with a \$150 million forward start unsecured bilateral facility which refinances this facility from the maturity date (refer to (ii) above). Despite this facility having been refinanced from maturity, given the new forward start facility is only provided by one of the lenders, half of the drawn amount as at 31 December 2010 is reflected as current interest bearing liabilities.

(b) **Medium Term Notes (MTNs) program**

At 31 December 2010, fixed rate MTNs have a principal value of AUD \$200 million (Dec 09: AUD \$300.0 million) and floating rate MTNs have a principal value of AUD \$12 million (Dec 09: \$137.0 million) maturing in August 2013. GPT hold \$1 million of MTNs, netted against the MTNs' liabilities. The net principal value at 31 December 2010 is AUD \$211 million (Dec 09: \$433.5 million).

(c) **CPI coupon indexed bonds**

GPT issued a CPI coupon indexed bond in December 1999 with a current coupon of 8.29% per annum (2009: 8.22%) payable quarterly in arrears and indexed by the maximum CPI since September 1999. At 31 December 2010, the principal value is AUD \$85 million (Dec 09: \$85 million). The CPI coupon indexed bonds mature on 10 December 2029. In December 2010, GPT entered into an interest rate derivative to swap from paying fixed rate plus CPI to paying fixed 5%. The CPI bonds still remain outstanding with the effect being the removal of GPT being exposed to CPI growth and a reduced fixed interest rate.

(d) **Financing Facilities**

A summary of GPT's finance facilities is below:

	Note	Total facility 31 Dec 10 \$M	Used facility 31 Dec 10 \$M	Unused facility 31 Dec 10 \$M
Euro multi option syndicated facility - multi currency*	(a)(i)	1,314.6	1,360.8	(46.2)
Bank borrowings				
Bank loan	(a)(ii)	780.0	481.0	299.0
Multi option facilities	(a)(iii)	175.0	175.0	-
Bank facilities - Somerton	(a)(iv)	76.2	76.0	0.2
Bank facilities - One One One Eagle Street	(a)(v)	150.5	68.6	81.9
Medium Term Notes	(b)(i)	212.0	211.0	1.0
CPI coupon indexed bonds	(c)	85.0	85.0	-
		<b>2,793.3</b>	<b>2,457.4</b>	<b>335.9</b>
Cash and cash equivalents				41.1
<b>Total financing resources available at end of year</b>				<b>377.0</b>

\*Actual facility headroom under the Euro facility is EUR €10.9m (AUD \$14.3m) based on conversion using historical exchange rates on the date of the respective drawdown. The \$46.2m shortfall in the table above reflects the restated headroom using the 31 December 2010 balance date exchange rate.

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

	Consolidated entity	
	31 Dec 10 \$M	31 Dec 09 \$M
Due within 1 year	75.5	1,829.9
Due between 1 and 5 years	2,382.8	2,719.9
Due after 5 years	335.0	85.0
<b>Total financing facilities</b>	<b>2,793.3</b>	<b>4,634.8</b>

### 14. Borrowings (continued)

#### Secured (continued)

#### (f) Gearing Ratios

##### (i) Headline Gearing

As at 31 December 2010, the percentage of debt to total tangible assets is 25.3% (2009: 23.9%) and the percentage on a net debt (net of cash) basis is 24.9% (2009: 23.5%).

##### (ii) Look through Gearing

In calculating the 'look through' gearing, GPT's interest in joint ventures and associates are proportionately consolidated based on GPT's ownership interest. At 31 December 2010, the percentage of 'look through' debt to total assets is 30.2% (2009: 31.8%) and the percentage on a net debt (net of cash) basis is 29.9% (2009: 31.6%).

#### (g) Debt Covenants

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

- a 40% maximum threshold limit on the percentage of GPT debt to total tangible assets.
- a 55% maximum threshold limit on the percentage of GPT debt to total tangible assets on a "look through" basis; and
- a minimum interest cover ratio of 2 times, being EBIT (Realised Operating Income before taxes and finance costs) divided by finance costs.

A breach of these covenants for individual facilities may trigger consequences ranging from rectifying and/or repricing to repayment of outstanding amounts. The Group performed a review of debt covenants as at 31 December 2010 and no breaches were identified.

Refer to note 26f(ii) in regards to the weighted average interest rate of borrowings.

### 15. Provisions

	Consolidated entity	
	31 Dec 10 \$M	31 Dec 09 \$M
<b>Current Provisions</b>		
Employee benefits	4.4	4.1
Other	5.3	2.6
<b>Total Current Provisions</b>	<b>9.7</b>	<b>6.7</b>
<b>Non Current Provisions</b>		
Employee benefits	4.2	3.9
<b>Total Non Current Provisions</b>	<b>4.2</b>	<b>3.9</b>

16. Contributed equity

		GPT Stapled Securities	GPT	Other entities stapled to GPT	Non-controlling interest	Total
		Number	\$M	\$M	\$M	\$M
	Note					
<b>(i) Ordinary stapled securities</b>						
1 Jan 2009	Opening securities on issue	4,467,363,800	6,285.0	324.7	-	6,609.7
27 May 2009	Issue of stapled securities	(a) 4,091,926,477	1,432.2	-	-	1,432.2
16 Jun 2009	Issue of stapled securities	(a) 718,294,466	251.4	-	-	251.4
	Less: Transaction costs	-	(53.9)	-	-	(53.9)
31 Dec 2009	Closing securities on issue	9,277,584,743	7,914.7	324.7	-	8,239.4
1 Jan 2010	Opening securities on issue	<b>9,277,584,743</b>	<b>7,914.7</b>	<b>324.7</b>	-	<b>8,239.4</b>
19 May 2010	5 to 1 consolidation of stapled securities	(b) <b>(7,422,055,312)</b>	-	-	-	-
<b>31 Dec 2010</b>	Closing securities on issue	<b>1,855,529,431</b>	<b>7,914.7</b>	<b>324.7</b>	-	<b>8,239.4</b>
<b>(ii) Exchangeable securities</b>						
1 Jan 2009	Opening securities on issue	2,500	240.6	-	-	240.6
31 Dec 2009	Closing securities on issue	2,500	240.6	-	-	240.6
1 Jan 2010	Opening securities on issue	<b>2,500</b>	<b>240.6</b>	-	-	<b>240.6</b>
31 Dec 2010	Closing securities on issue	(c) <b>2,500</b>	<b>240.6</b>	-	-	<b>240.6</b>
<b>Total Contributed Equity</b>			<b>8,155.3</b>	<b>324.7</b>	-	<b>8,480.0</b>

**(a) Equity Raising**

On 7 May 2009, GPT undertook a capital raising at an offer price of 35 cents per stapled security. The capital raising comprised a \$120 million institutional placement and a non-renounceable 1 for 1 pro-rata entitlement offer to eligible securityholders which had an institutional component of \$1,270.8 million and a retail component of \$292.8 million. A total of \$1.7 billion was raised with total transaction costs of \$53.9 million.

**(b) Consolidation of ordinary stapled securities**

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

**(c) Exchangeable Securities**

On 27 November 2008, 2,500 Exchangeable Securities (ES) were issued to an affiliate of GIC Real Estate Pty Limited (GIC RE) at \$100,000 per exchangeable security. The ES are exchangeable into stapled securities at GIC RE's option subject to obtaining necessary approvals at an initial exchange price of \$3.883 (Dec 09: \$0.7766) per stapled security in accordance with the terms of the agreement. The ES offer discretionary distributions of 10% p.a and carry voting rights in GPT.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

## 17. Reserves

	Note	Consolidated entity	
		31 Dec 10	31 Dec 09
		\$M	\$M
Foreign currency translation reserve	(a)	(37.7)	52.3
Treasury stock reserve	(b)	(3.2)	(3.9)
Employee incentive scheme reserve	(c)	6.2	3.2
<b>Total reserves</b>		<b>(34.7)</b>	<b>51.6</b>

### Reconciliation

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

	Note	Consolidated entity			Total
		GPT	Other entities stapled to GPT	External minority interest	
		\$M	\$M	\$M	\$M
<b>(a) Foreign currency translation reserve</b>					
Balance at 1 January 2009		407.1	(17.3)	-	389.8
Net foreign exchange translation adjustments, net of tax		(368.6)	31.1	-	(337.5)
<b>Balance at 31 December 2009</b>		<b>38.5</b>	<b>13.8</b>	<b>-</b>	<b>52.3</b>
Balance at 1 January 2010		<b>38.5</b>	<b>13.8</b>	<b>-</b>	<b>52.3</b>
Net foreign exchange translation adjustments, net of tax		(107.3)	17.3	-	(90.0)
<b>Balance at 31 December 2010</b>		<b>(68.8)</b>	<b>31.1</b>	<b>-</b>	<b>(37.7)</b>
<b>(b) Treasury stock reserve</b>					
Balance at 1 January 2009		(4.1)	-	-	(4.1)
On-market purchase of GPT stapled securities	21	(6.8)	-	-	(6.8)
Sale of GPT stapled securities and loan repayments	21	10.9	-	-	10.9
Impairment on stapled securities	21	(3.9)	-	-	(3.9)
<b>Balance at 31 December 2009</b>		<b>(3.9)</b>	<b>-</b>	<b>-</b>	<b>(3.9)</b>
Balance at 1 January 2010		<b>(3.9)</b>	<b>-</b>	<b>-</b>	<b>(3.9)</b>
On-market purchase of GPT stapled securities	21	-	-	-	-
Sale of GPT stapled securities and loan repayments	21	4.5	-	-	4.5
Impairment on stapled securities	21	(3.8)	-	-	(3.8)
<b>Balance at 31 December 2010</b>		<b>(3.2)</b>	<b>-</b>	<b>-</b>	<b>(3.2)</b>
<b>(c) Employee incentive scheme reserve</b>					
Balance at 1 January 2009		2.3	-	-	2.3
Employee incentive schemes expense, net of tax	21	-	0.9	-	0.9
<b>Balance at 31 December 2009</b>		<b>2.3</b>	<b>0.9</b>	<b>-</b>	<b>3.2</b>
Balance at 1 January 2010		<b>2.3</b>	<b>0.9</b>	<b>-</b>	<b>3.2</b>
Employee incentive scheme expenses, net of tax	21	-	3.0	-	3.0
<b>Balance at 31 December 2010</b>		<b>2.3</b>	<b>3.9</b>	<b>-</b>	<b>6.2</b>
Total balance at 31 December 2009		36.9	14.7	-	51.6
<b>Total balance at 31 December 2010</b>		<b>(69.7)</b>	<b>35.0</b>	<b>-</b>	<b>(34.7)</b>

17. Reserves (continued)

**Nature and purpose of reserves**

**Foreign currency translation reserve**

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

**Treasury stock reserve**

The treasury stock reserve is used to record the issue and repayment of securities under the Employee Incentive Scheme – General Scheme and the Legacy Long Term Incentive Scheme. Refer to note 21(a)(ii)(1) for further details.

**Employee incentive scheme reserve**

The employee incentive scheme reserve is used to recognise the notional fair value of the implied option in respect of the securities issued under the Employee Incentive Scheme – General Scheme and performance rights issued under the GPT Group Stapled Security Rights Plan (refer to New Performance Rights LTI Plan in this report), as described in note 21(a)(ii)(2).

18. Retained profits

	Note	GPT \$M	Other entities stapled to GPT \$M	Non- controlling interest \$M	Total \$M
<b>Consolidated entity</b>					
Balance at 1 January 2009		290.6	(718.1)	1.5	(426.0)
Net loss for the financial year		(937.0)	(132.1)	(1.5)	(1,070.6)
Less: Distributions paid to ordinary stapled securityholders	3(a)	(341.6)	-	-	(341.6)
Less: Distributions paid/payable to exchangeable securityholder	3(b)	(25.0)	-	-	(25.0)
<b>Balance at 31 December 2009</b>		<b>(1,013.0)</b>	<b>(850.2)</b>	<b>-</b>	<b>(1,863.2)</b>
Balance at 1 January 2010		<b>(1,013.0)</b>	<b>(850.2)</b>	<b>-</b>	<b>(1,863.2)</b>
Net profit / (loss) for the financial year		<b>769.7</b>	<b>(62.4)</b>	<b>-</b>	<b>707.3</b>
Less: Distributions paid to ordinary stapled securityholders	3(a)	<b>(309.9)</b>	-	-	<b>(309.9)</b>
Less: Distributions paid/payable to exchangeable securityholder	3(b)	<b>(25.0)</b>	-	-	<b>(25.0)</b>
<b>Balance at 31 December 2010</b>		<b>(578.2)</b>	<b>(912.6)</b>	<b>-</b>	<b>(1,490.8)</b>

19. Parent entity financial information

**(a) Summary financial information**

The individual financial reports for the parent entity show the following aggregate amounts:

<b>Balance Sheet</b>	<b>31 Dec 10 \$M</b>	<b>31 Dec 09 \$M</b>
<b>ASSETS</b>		
<b>Total Current Assets</b>	<b>85.9</b>	165.5
<b>Total Non-Current Assets</b>	<b>9,985.0</b>	9,397.5
<b>Total Assets</b>	<b>10,070.9</b>	9,563.0
<b>Total Current Liabilities</b>	<b>803.6</b>	2,366.2
<b>Total Non-Current Liabilities</b>	<b>2,460.7</b>	505.3
<b>Total Liabilities</b>	<b>3,264.3</b>	2,871.5
<b>Net Assets</b>	<b>6,806.6</b>	6,691.5
<b>EQUITY</b>		
<b>Equity attributable to securityholders of the Trust (parent entity)</b>		
Contributed equity	<b>8,155.3</b>	8,155.3
Accumulated losses	<b>(1,348.7)</b>	(1,463.8)
<b>Total equity of GPT Trust securityholders</b>	<b>6,806.6</b>	6,691.5

As at 31 December 2010, the Parent entity had a deficiency of current net assets of \$717.7m (Dec 09: \$2,200.7m). This position is driven by the timing of intercompany balances. The Parent has sufficient facilities to draw upon as required.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

## 19. Parent entity financial information (continued)

### (a) Summary financial information (continued)

<b>Profit and Loss</b>	<b>31 Dec 10</b>	<b>31 Dec 09</b>
	<b>\$M</b>	<b>\$M</b>
<b>Net profit / (loss) for the year</b>	<b>450.2</b>	<b>(1,400.7)</b>
<b>Total comprehensive income / (loss) for the year</b>	<b>450.2</b>	<b>(1,400.7)</b>

### (b) Contractual capital commitments

As at 31 December 2010, the parent entity had capital commitments principally relating to the purchase of investment properties. These commitments have been approved but not recognised as liabilities as the relevant assets have not yet been received:

Due within 1 year	<b>97.9</b>	297.2
Due between 1 and 5 years	<b>17.2</b>	61.0
Over 5 years	-	-
<b>Total capital expenditure commitments</b>	<b>115.1</b>	<b>358.2</b>

## 20. Key management personnel disclosures

### (a) Details of Key Management Personnel

#### (i) Directors

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

#### **Chairman - Non-Executive Director**

Ken Moss (retired 10 May 2010)

Rob Ferguson (an existing director, was appointed Chairman on 10 May 2010)

#### **Non-Executive Directors**

Brendan Crotty

Eileen Doyle (appointed 1 March 2010)

Eric Goodwin

Lim Swe Guan

Anne McDonald

Ian Martin (retired 10 May 2010)

Gene Tilbrook (appointed 11 May 2010)

#### **Executive Director**

Michael Cameron

#### (ii) Other key management personnel

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

Michael O'Brien Chief Financial Officer

Nicholas Harris Head of Wholesale

Mark Fookes Head of Investment Management

Michelle Tierney Head of Retail Property & Asset Management

Anthony McNulty Head of Development

James Coyne General Counsel and Secretary

20. Key management personnel disclosures (continued)

(b) Key management personnel compensation

	Consolidated entity	
	31 Dec 10	31 Dec 09
	\$M	\$M
Short term employee benefits	10,493.2	9,539.1
Post employment benefits	192.5	185.3
Long term incentive award accrual	1,447.3	250.2
Other long term benefits	166.4	114.8
Termination benefits	-	1,490.0
<b>Total key management personnel compensation</b>	<b>12,299.4</b>	<b>11,579.4</b>

Information regarding individual Directors' and Senior Executives' remuneration is provided in the Remuneration Report on page 20 to 38 of the Directors' Report.

(c) Equity instrument disclosures relating to key management personnel

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

	Balance 1 Jan 2009	Purchases/ (Sales)	Balance 31 Dec 2009	Purchases/ (Sales)	Balance 31 Dec 2010
<b>Directors</b>					
Ken Moss <sup>3</sup>	10,496	13,121	23,617	-	-
Rob Ferguson	-	204,082	204,082	-	204,082
Brendan Crotty	-	-	-	30,000	30,000
Eileen Doyle	-	-	-	1,600	1,600
Eric Goodwin	2,526	13,058	15,584	-	15,584
Lim Swe Guan	-	-	-	-	-
Anne McDonald	4,200	5,250	9,450	-	9,450
Ian Martin <sup>3</sup>	20,496	25,621	46,117	-	-
Gene Tilbrook	-	-	-	20,000	20,000
Michael Cameron	-	-	-	163,742	163,742
Peter Joseph <sup>2</sup>	20,000	-	-	-	-
Malcolm Latham <sup>2</sup>	5,278	-	-	-	-
<b>Senior Executives</b>					
Michael O'Brien	111,627	2,500	114,127	38,454	152,581
James Coyne	35,261	-	35,261	-	35,261
Mark Fookes	138,648	9,476	148,124	-	148,124
Nicholas Harris	48,169	-	48,169	-	48,169
Anthony McNulty	-	-	-	-	-
Michelle Tierney	-	-	-	-	-
Jonathan Johnstone	89,006	(44,503)	44,503	-	44,503
Kieran Pryke <sup>1</sup>	118,064	-	-	-	-
Neil Tobin <sup>1</sup>	68,520	-	-	-	-

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

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

3 Ken Moss and Ian Martin retired on 10 May 2010.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

## 20. Key management personnel disclosures (continued)

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

(ii) During the year, certain Senior Executives of The GPT Group were granted Performance Rights (refer to note 21(a)(ii)(2) for further details). The number of GPT performance rights held by The GPT Group Stapled Securities Rights Plan during the financial year by each key management personnel, including their personally-related parties, are set out below:

Director	Grant date	Vesting date	Exercise price \$	Granted*	Lapsed	Balance 31 Dec 2010	Vested at 31 Dec 2010
		From 30 June 2011 to					
Michael Cameron	29 April 2009	30 June 2012	-	528,823	-	528,823	-
	19 May 2010	31 December 2012	-	590,068	-	590,068	-
<b>Senior Executives</b>							
Michael O'Brien	30 June 2009	31 December 2011	-	307,634	-	307,634	-
	16 July 2009	1 July 2011	-	76,908	-	38,454	38,454
	19 May 2010	31 December 2012	-	270,448	-	270,448	-
James Coyne	30 June 2009	31 December 2011	-	180,735	-	180,735	-
	19 May 2010	31 December 2012	-	154,074	-	154,074	-
Mark Fookes	30 June 2009	31 December 2011	-	269,179	-	269,179	-
	19 May 2010	31 December 2012	-	245,862	-	245,862	-
Nicholas Harris	30 June 2009	31 December 2011	-	230,725	-	230,725	-
	19 May 2010	31 December 2012	-	199,968	-	199,968	-
Anthony McNulty	30 June 2009	31 December 2011	-	152,856	-	152,856	-
	19 May 2010	31 December 2012	-	134,241	-	134,241	-
Michelle Tierney	30 June 2009	31 December 2011	-	137,714	-	137,714	-
	19 May 2010	31 December 2012	-	120,473	-	120,473	-
Jonathan Johnstone	30 June 2009	31 December 2011	-	192,271	-	192,271	-
	19 May 2010	31 December 2012	-	188,494	-	188,494	-

\* Restated for the 5 to 1 consolidation of stapled securities effective as at 19 May 2010.

### (d) Loans to key management personnel

All loans are pursuant to the Employee Incentive Scheme (EIS) which is discussed in detail at note 21(a).

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

	Opening balance 1 Jan 2010	Total accumulated interest costs capitalised as part of the loan	Loans made during the year	Interest charged for the year	Interest not charged for the year <sup>1</sup>	Closing Balance 31 Dec 2010	Highest indebtedness during the year
	\$	\$	\$	\$	\$	\$	\$
Michael O'Brien	2,664,129	300,563	-	18,308	254,499	2,664,129	2,664,129
James Coyne	817,910	101,426	-	5,889	77,865	817,910	817,910
Mark Fookes	1,595,071	194,137	-	11,377	151,959	1,595,071	1,595,071
Nicholas Harris	1,211,868	143,178	-	8,044	116,051	1,211,868	1,211,868
Anthony McNulty	1,021,699	125,651	-	7,325	97,297	1,021,699	1,021,699
Michelle Tierney	909,948	97,361	-	6,098	87,081	909,948	909,948
Jonathan Johnstone	1,023,764	129,044	-	7,432	97,401	1,023,764	1,023,764

<sup>1</sup> The amounts shown for interest not accrued represent the difference between the amount paid and payable for the financial year and interest that would have been charged on an arm's length basis.

### (e) Other transactions with key management personnel

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

## 21. Share based payments

### (a) Employee Incentive Scheme

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

The EIS has two qualifying levels – the General Employee Security Ownership Plan and Long Term Incentive (LTI) Scheme.

The LTI Scheme may be divided into two broad categories:

1. Legacy LTI plans still operable covering the period 2007 to 2010, and
2. The Performance Rights Plan approved at the 2009 AGM in May 2009, revised and approved at the 2010 AGM in May 2010.

### (ii) The General Employee Security Ownership Plan

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

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

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

#### 1 Legacy LTI Scheme

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

As at 31 December 2010, none of the performance targets have been met since inception and as a result no LTI awards to GPT employees have been made to date. The legacy LTI scheme will be wound up in the first quarter of 2011 at the conclusion of the final 3-year performance period.

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

At the 2009 Annual General Meeting GPT securityholders approved the introduction of a more contemporary Performance Rights LTI Plan (the 2009 LTI scheme). At the 2010 Annual General Meeting, the Performance Rights LTI Plan was altered with new performance conditions and was approved by the GPT securityholders (the 2010 LTI scheme).

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

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

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

- (a) Performance conditions
- (b) Grant dates
- (c) Expected vesting dates
- (d) Share price at the grant date
- (e) Dividend yield
- (f) Risk free interest rate

The fair value of these Performance Rights granted during 2010 is \$2.06 per Performance right (Dec 09: ranges from \$0.84 to \$0.98 per performance right depending on the vesting conditions).

Total share based payment expense recognised during the year ended 31 December 2010 was \$3,217,189 (Dec 09: \$870,845).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

## 21. Share based payments (continued)

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

#### (i) The GPT Group All Employee Stapled Security Plan (AESSP)

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

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

Implemented in September 2008, the DSSP allows eligible participants to salary sacrifice amounts to purchase GPT Group stapled securities on market. GPT stapled securities acquired under the DSSP may be held for up to 10 years (or earlier if employment ceases) on an income tax deferred basis during which time they cannot be sold or otherwise dealt with.

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

	Number of GPT stapled securities issued during the year		Total number of GPT stapled securities issued*	
	31 Dec 10	31 Dec 09	31 Dec 10	31 Dec 09
GPT stapled securities issued under the General Employee Security Ownership Plan	141,759	-	141,759	-
GPT stapled securities issued under the Long Term Incentive Scheme	-	-	1,010,209	1,222,920
GPT stapled securities issued under the The GPT Group All Employee Stapled Security Plan	-	2,248	5,077	5,482
GPT stapled securities issued under the The GPT Group Deferred Stapled Security Plan	163,743	28,341	166,308	34,630

	Number of GPT share rights issued during the year		Total number of GPT share rights issued*	
	31 Dec 10	31 Dec 09	31 Dec 10	31 Dec 09
GPT performance rights issued under GPT Group Stapled Securities Rights Plan	3,818,257	4,556,777	8,375,034	4,556,777

\* December 2009 comparative has been restated for the 5 to 1 consolidation of stapled securities.

## 22. Related party transactions

### (a) Ultimate Parent

General Property Trust is the ultimate Parent entity.

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

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

### (c) Key management personnel

Disclosures relating to key management personnel and remuneration paid to directors of the ultimate Parent entity are set out in note 20.

## 22. Related party transactions (continued)

## (d) Transactions with related parties

	Consolidated entity	
	31 Dec 10 \$M	31 Dec 09 \$M
<b>Transactions with related parties other than associates and joint ventures</b>		
<b>Expenses</b>		
Contributions to superannuation funds on behalf of employees	(6.1)	(5.5)
<b>Transactions with associates and joint ventures</b>		
<b>Revenues</b>		
Responsible Entity fees from associates	30.5	30.5
Development management fees from associates	4.5	4.6
Management fees from associates	3.4	3.0
Distributions received/receivables from joint ventures	53.9	54.9
Distributions received/receivables from associates	86.8	90.1
Interest revenue from joint ventures	-	40.2
Interest revenue from associates	6.4	7.6
Payroll costs recharged to associate	4.2	3.2
Proceeds on sale of interest in associate	216.4	141.7
<b>Other transactions</b>		
Loans advanced to joint ventures	-	(19.6)
Loan repayments from joint ventures	4.8	9.9
Loan repayments from associates	5.9	4.5
Decrease in units in joint ventures	(3.0)	(21.6)
Decrease in units in associates	(138.4)	-



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

## 23. Notes to the Statement of Cashflow

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

	Consolidated entity	
	31 Dec 10 \$M	31 Dec 09 \$M
Net profit / (loss) for the year	707.3	(1,070.6)
Fair value adjustments to investment properties	(62.3)	551.8
Share of after tax (profit)/ loss of investments in associates and joint ventures	(296.8)	275.4
Fair value adjustments to derivatives	6.4	(456.5)
Net foreign exchange gain	(11.6)	(238.6)
Reversal of prior year impairment	(9.5)	-
Impairment expense	8.4	1,220.1
Revaluation of hotel properties	(5.4)	49.0
Net (profit) / loss on disposal of assets	(34.4)	5.8
Cost to sell for non-current assets held for sale	22.3	12.7
Depreciation and amortisation	13.2	22.1
Non-cash employee benefits - share based payments	1.7	9.9
Non-cash revenue adjustments	19.3	19.1
Non cash expense adjustments	0.8	11.3
Interest capitalised	(29.3)	(20.6)
Impairment of trade receivables	0.2	0.6
Change in operating assets and liabilities		
Decrease in operating assets	10.3	14.8
Increase / (decrease) in operating liabilities	46.2	(31.1)
<b>Net cash inflows from operating activities</b>	<b>386.8</b>	<b>375.2</b>

### (b) Reconciliation of cash

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

Cash at bank and on hand	41.1	40.3
<b>Total cash at end of the financial year</b>	<b>41.1</b>	<b>40.3</b>

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

There are no non-cash financing and investing activities for the year ended 31 December 2010.

## 24. Contingent Liabilities

In October 2008, Slater and Gordon announced an intention to bring a class action against GPT. This is said to be on behalf of certain persons who purchased GPT securities from 27 February 2008 and held securities on 7 July 2008. The allegations surround the adequacy and timing of disclosures to the market in this period. No proceedings have yet been issued. GPT has been invited to enter into discussions, on a without prejudice basis, with Slater and Gordon. Failing an agreed resolution of the matter, Slater and Gordon have confirmed they intend to commence proceedings.

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

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

## 25. Commitments

### (a) Capital expenditure commitments

At 31 December 2010, GPT has commitments principally relating to the purchase and development of investment properties which have been approved but not recognised as liabilities in the Statement of Financial Position as set out below:

	Consolidated entity	
	31 Dec 10	31 Dec 09
	\$M	\$M
Due within 1 year	141.1	301.7
Due between 1 and 5 years	19.2	63.4
Over 5 years	-	-
<b>Total capital expenditure commitments</b>	<b>160.3</b>	<b>365.1</b>

### (b) Operating lease commitments

At 31 December 2010, future minimum rentals payable under non-cancellable operating leases are as follows:

Due within 1 year	3.8	5.2
Due between 1 and 5 years	15.7	14.2
Over 5 years and expiry date of leases	27.8	20.3
<b>Total operating lease commitments</b>	<b>47.3</b>	<b>39.7</b>

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

### (c) Commitments relating to associate and joint venture investments

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

## 26. Capital and financial risk management disclosures

GPT's Treasury Risk Management Committee (TRMC) oversees the establishment and implementation of the capital and financial risk management system including compliance with GPT treasury policy and reporting to the Audit and Risk Management Committee (ARMC) and, through the ARMC, to the GPT Board. The ARMC and the GPT Board approve GPT's treasury policy which establishes a framework for the management of treasury risks, defines the role of GPT's treasury and details risk management policies for cash, borrowing, liquidity, credit risk, foreign exchange, interest rate and derivative instruments. GPT's treasury policy applies to the Trust and all controlled entities in the GPT Group.

To manage capital and financial risks GPT uses bank loans, Medium Term Notes (MTNs) and derivative financial instruments.

### (a) Capital and interest expense risk management

GPT's objective when managing capital is to maximise the availability and minimise the cost of capital having regard to the relevant real estate market in which it is invested.

Capital and interest expense risk management is monitored in two main ways:

- Statement of Financial Position management – concerned with the capital mix of equity and debt and GPT maintaining gearing levels in line with its desired "A category" investment grade credit rating. GPT is able to increase equity in the capital mix by issuing new stapled securities, activating the DRP, adjusting the amount of distributions paid to stapled securityholders or selling assets to reduce borrowings.
- Statement of Comprehensive Income management – concerned with supporting the delivery of financial targets by protecting GPT's exposure to interest rate volatility through the use of interest rate derivatives, which provide GPT with a known interest expense.

### (i) Capital Structure, Financial Policy and Credit Rating Impact

GPT implemented revised distribution payout and gearing policies in 2010. These policies align GPT's capital management framework with its refined business strategy, reflect a more sustainable distribution level, and ensure a prudent approach to managing the Group's gearing through cycles.

Under the revised distribution payout policy, GPT will distribute the greater of 70-80% of Realised Operating Income (excluding development profits), and taxable income.

GPT will manage gearing within a range of 25% to 35% (based on debt to total tangible assets). The policy includes flexibility to increase gearing beyond 30% if required, provided a reduction back to 30% or below is achieved within a reasonable timeframe.

GPT is credit rated A-/A3 with stable outlook by Standard and Poor's and Moody's Investor Services respectively. The ratings are important as they reflect the investment grade credit rating of GPT which allows access to global capital markets to fund its development pipeline and future acquisition investment opportunities. The stronger ratings improve both the availability of capital, in terms of amount and tenor, and reduce the cost at which it can be obtained.

### 26. Capital and financial risk management disclosures (continued)

#### (b) Financial risk management

The financial risks that result from GPT's activities are credit risk, liquidity risk, refinancing risk and market risk (interest rate and foreign exchange). GPT manages its exposures to these key financial risks in accordance with its treasury policy and focuses on mitigating the impact of volatility in financial markets.

#### (c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a contractual agreement, resulting in a financial loss to GPT. The GPT Consolidated entity has exposure to credit risk on all financial assets included in their Statement of Financial Position.

GPT manages this risk by:

- establishing credit limits for customers and financial institutions to ensure that GPT only trades and invests with approved counterparties to enable it to manage its exposure to individual entities;
- investing and transacting derivatives with multiple counterparties that have a long term credit rating of A- (or its equivalent) from S&P, Moody's or Fitch;
- providing loans as an investment into joint ventures, associates and third parties where it is comfortable with the underlying property exposure within that entity;
- regularly monitoring loans and receivables balances on an ongoing basis;
- regularly monitoring the performance of its associates, joint ventures and third parties on an ongoing basis; and
- obtaining collateral as security (where appropriate). Security is normally held through bank guarantees.

Receivables are reviewed regularly during the year. Provision for Doubtful Debts is made where collection is deemed uncertain. Part of GPT's policy is to hold collateral as security over tenants via bank guarantees (or less frequently used collateral such as bond deposits or cash).

The maximum exposure to credit risk as at 31 December 2010 is the carrying amounts of financial assets recognised in the Statement of Financial Position of the Consolidated entity.

There were no significant financial assets that were past due as at 31 December 2010 and 31 December 2009. Additionally, there are no other significant financial assets that would otherwise be past due or impaired if relevant terms have not been renegotiated. GPT consistently monitor the credit quality of all financial assets in order to identify any future potential adverse changes in the credit quality.

The table below shows the aging analysis of loans and receivables and the financial assets that are determined to be impaired in the Consolidated entity.

#### Consolidated entity

	31 December 2010						31 December 2009						
	Not Due	0-30 days	31-60 days	61-90 days	90+ days	Total 2010	Not Due	0-30 days	31-60 days	61-90 days	90+ days	Total 2009	
	2010	2010	2010	2010	2010	2010	2009	2009	2009	2009	2009	2009	
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	
Receivables	-	66.8	1.3	-	2.5	70.6	Receivables	-	57.3	0.6	-	2.8	60.7
Impairment of receivables	-	-	-	-	(0.3)	(0.3)	Impairment of receivables	-	-	-	-	(0.6)	(0.6)
Current loans	-	-	-	-	-	-	Current loans	21.1	-	-	-	-	21.1
Impairment	-	-	-	-	-	-	Impairment	(21.1)	-	-	-	-	(21.1)
Non current loans and receivables	101.0	-	-	-	-	101.0	Non current loans and receivables	1,998.4	-	-	-	-	1,998.4
Impairment	(18.3)	-	-	-	-	(18.3)	Impairment	(1,910.7)	-	-	-	-	(1,910.7)
<b>Total loans and receivables</b>	<b>82.7</b>	<b>66.8</b>	<b>1.3</b>	<b>-</b>	<b>2.2</b>	<b>153.0</b>	<b>Total loans and receivables</b>	<b>87.7</b>	<b>57.3</b>	<b>0.6</b>	<b>-</b>	<b>2.2</b>	<b>147.8</b>

The impairment of \$1,910.7m in the prior year related to the loans to the Joint Venture which were written down to \$nil at 31 December 2009.

26. Capital and financial risk management disclosures (continued)

(d) Liquidity risk

Liquidity risk includes the risk that GPT, as a result of its operations:

- will not have sufficient funds to settle a transaction on the due date;
- will be forced to sell financial assets at a value which is less than what they are worth; or
- may be unable to settle or recover a financial asset at all.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities (refer to note 14), the ability to close out market positions, and the option to raise funds through the issue of new stapled securities.

GPT's main liquidity risk besides meeting daily working capital requirements is its ability to refinance its current borrowings. The table below shows an analysis of the undiscounted contractual maturities of liabilities and capital expenditure commitments which forms part of GPT's assessment of liquidity risk.

Consolidated entity

	31 December 2010					31 December 2009				
	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
<b>Liabilities</b>										
<b>Non-Derivatives</b>										
Payables	196.1	-	-	-	196.1	181.3	-	-	-	181.3
Borrowings	34.3	1,360.8	768.0	294.3	2,457.4	1,699.9	96.8	302.0	85.0	2,183.7
Projected interest cost on borrowings**	167.2	157.3	161.7	180.9	667.1	100.5	28.5	41.4	49.2	219.6
Capital commitments	174.2	45.3	34.1	-	253.6	338.5	82.8	20.4	11.8	453.5
	<b>571.8</b>	<b>1,563.4</b>	<b>963.8</b>	<b>475.2</b>	<b>3,574.2</b>	<b>2,320.2</b>	<b>208.1</b>	<b>363.8</b>	<b>146.0</b>	<b>3,038.1</b>
<b>Derivatives</b>										
Projected interest cost on derivatives**	(2.2)	(5.2)	(33.3)	(82.0)	(122.6)	13.4	6.7	9.0	4.2	33.3
	<b>(2.2)</b>	<b>(5.2)</b>	<b>(33.3)</b>	<b>(82.0)</b>	<b>(122.6)</b>	<b>13.4</b>	<b>6.7</b>	<b>9.0</b>	<b>4.2</b>	<b>33.3</b>
<b>Total Liabilities</b>	<b>569.6</b>	<b>1,558.2</b>	<b>930.5</b>	<b>393.2</b>	<b>3,451.6</b>	<b>2,333.6</b>	<b>214.8</b>	<b>372.9</b>	<b>150.2</b>	<b>3,071.4</b>
<b>Less Cash</b>	<b>41.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41.1</b>	<b>40.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40.3</b>
<b>Total</b>	<b>528.5</b>	<b>1,558.2</b>	<b>930.5</b>	<b>393.2</b>	<b>3,410.5</b>	<b>2,293.4</b>	<b>214.8</b>	<b>372.9</b>	<b>150.2</b>	<b>3,031.1</b>

After overlaying contractual maturities with other counterparties, the maturity profile lengthens as follows:

	31 December 2010					31 December 2009				
	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
<b>Liabilities</b>										
<b>Non-Derivatives</b>										
Payables	196.1	-	-	-	196.1	181.3	-	-	-	181.3
Borrowings	34.3	480.8	1,068.0	874.3	2,457.4	1,699.9	96.8	302.0	85.0	2,183.7
Projected interest cost on borrowings**	169.0	170.2	364.1	263.8	967.1	100.5	28.5	41.4	49.2	219.6
Capital commitments	174.2	45.3	34.1	-	253.6	338.5	82.8	20.4	11.8	453.5
	<b>573.6</b>	<b>696.3</b>	<b>1,466.2</b>	<b>1,138.1</b>	<b>3,874.2</b>	<b>2,320.2</b>	<b>208.1</b>	<b>363.8</b>	<b>146.0</b>	<b>3,038.1</b>
<b>Derivatives</b>										
Projected Interest cost on derivatives**	(2.2)	(5.2)	(33.3)	(82.0)	(122.7)	13.4	6.7	9.0	4.2	33.3
	<b>(2.2)</b>	<b>(5.2)</b>	<b>(33.3)</b>	<b>(82.0)</b>	<b>(122.7)</b>	<b>13.4</b>	<b>6.7</b>	<b>9.0</b>	<b>4.2</b>	<b>33.3</b>
<b>Total liabilities</b>	<b>571.4</b>	<b>691.1</b>	<b>1,432.9</b>	<b>1,056.1</b>	<b>3,751.5</b>	<b>2,333.6</b>	<b>214.8</b>	<b>372.8</b>	<b>150.2</b>	<b>3,071.4</b>
<b>Less Cash</b>	<b>41.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41.1</b>	<b>40.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40.3</b>
<b>Total</b>	<b>530.3</b>	<b>691.1</b>	<b>1,432.9</b>	<b>1,056.1</b>	<b>3,710.4</b>	<b>2,293.3</b>	<b>214.8</b>	<b>372.8</b>	<b>150.2</b>	<b>3,031.1</b>

\*\* Projection is based on the likely outcome of contracts given the interest rates, margins, forecast exchange rates and interest rate forward curve as at 31 December 2010 and 31 December 2009 up until the contractual maturity of the contract. The projection is based on future non- discounted cash flows and does not ascribe any value to optionality on any instrument which may be included in the current market values shown in note 8.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

## 26. Capital and financial risk management disclosures (continued)

### (d) Liquidity risk (continued)

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

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

As at 31 December 2010, GPT fully complies with the above treasury policy requirements.

### (e) Refinancing risk

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

GPT is exposed to refinancing risks arising from the availability of finance as well as the interest rates and credit margins at which financing is available. GPT manages this risk by spreading sources and maturities of borrowings in order to minimise debt concentration risk, allow averaging of credit margins over time and reduce refinance amounts.

The GPT treasury policy further enhances refinancing risk by applying standards to all GPT borrowing facilities, in order to control GPT's debt obligations, including the risk of cross default in associates or joint ventures. The objective of the borrowing policy is to maximise GPT borrowing capacity from a variety of sources with the least amount of borrowing restrictions in terms of covenants and at the minimum cost.

### (f) Interest rate risk

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

#### (i) Interest rate risk contracts – loan receivables

The income and the associated operating cash flows of GPT's assets are substantially independent of changes in market interest rates. GPT's loans are primarily provided at arms length fixed rates with periodic reset clauses to investments in joint ventures and associates, as a means of obtaining an underlying property exposure. Loans are also provided to associates on a long term basis where all investors contribute to the associate in the same debt and equity ratio. Refer to note 7 for terms and interest rates.

#### (iii) Interest rate risk contracts – borrowings

GPT's primary interest rate risk arises from long term borrowings. Borrowings issued at floating rates expose GPT to cash flow interest rate risk. Borrowings issued at fixed rates expose GPT to fair value interest rate risk.

GPT manages the cash flow effect of interest rate risk by entering into interest rate swap agreements that are used to convert floating interest rate borrowings to fixed interest rates. Such interest rate swaps are entered into with the objective of hedging the risk of interest rate fluctuations in respect of underlying borrowings. Under the interest rate swaps, GPT agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

GPT had entered into interest rate swap agreements that are used to convert fixed interest rate debt to floating. Such interest rate swaps were entered into to give GPT the flexibility to utilise existing hedge positions.

Some of GPT's interest rate swaps have embedded options, such as knock-outs, caps, collars and callable options. The options lower GPT's cost of borrowings in exchange for some risk of the interest rate swap ceasing to be a hedge.

Interest rate swap contracts have been recorded on the Statement of Financial Position at their fair value in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. The AIFRS documentation, designation and effectiveness requirements cannot be met in all circumstances, as a result derivatives do not qualify for hedge accounting and are recorded at fair value through the Statement of Comprehensive Income. Refer accounting policy at note 1(x).

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 31 December 2009 – THE GPT GROUP

### 26. Capital and financial risk management disclosures (continued)

#### (f) Interest rate risk (continued)

##### (iii) Interest rate risk contracts – borrowings (continued)

The following table provides (in each currency) a summary of GPT's gross interest rate risk exposure as at 31 December 2010 on interest bearing borrowings together with the net effect of interest rate risk management transactions which have been entered into to manage these exposures.

	Gross exposure (before the effect of derivatives)		Net exposure (after the effect of derivatives)	
	2010 \$M	2009 \$M	2010 \$M	2009 \$M
<b>Australian Dollar</b>				
Fixed rate interest-bearing borrowings	284.0	385.0	1,994.7	1,312.0
Floating rate interest-bearing borrowings	2,065.5	1,653.8	354.8	726.8
	<b>2,349.5</b>	<b>2,038.8</b>	<b>2,349.5</b>	<b>2,038.8</b>
Average Rate (%)			<b>6.93%</b>	7.20%
<b>US Dollar</b>				
Fixed rate interest-bearing borrowings	-	-	-	-
Floating rate interest-bearing borrowings	110.0	130.0	110.0	130.0
	<b>110.0</b>	<b>130.0</b>	<b>110.0</b>	<b>130.0</b>
Average Rate (%)			<b>1.61%</b>	1.46%

The average rate depicted in the table above represents the balance date cost of funds for that currency. At balance date, the fair value of interest rate derivatives were an asset of \$115.2 million (2009: \$4.4 million) and a liability of \$96.4 million (2009: \$100 million) as disclosed in note 8. In the year ended 31 December 2010, the loss in the Statement of Comprehensive Income from the decrease in fair value of the net liability during the year is \$6.4 million (2009: gain \$463.3 million).

##### (iii) Interest rate risk – sensitivity analysis

###### Sensitivity on interest expense

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

###### Sensitivity on changes in fair value of interest rate swaps

The impact of changes in the fair value of interest rate swaps for a 1% increase or decrease in market interest rates is shown below. The sensitivity on the fair value arises from the impact that changes in market rates will have on the mark-to-market valuation of the interest rate swaps. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows for each derivative, based on the forward market interest rate curve. Gains or losses arising from changes in the fair value are reflected in the Statement of Comprehensive Income, as GPT do not apply hedge accounting, even though an economic hedge exists.

A 100 basis point increase or decrease is used for consistency of reporting interest rate risk across the Group and represents management's assessment of the potential change in interest rates.

	Consolidated entity			
	2010 (+1%) \$M	2010 (-1%) \$M	2009 (+1%) \$M	2009 (-1%) \$M
Impact on interest expense (increase)/decrease	(21.7)	21.7	(8.7)	8.7
Impact on change in fair value of interest rate derivatives gain/(loss)	86.7	(91.5)	45.5	(45.5)
Impact of profit / (loss)	<b>65.0</b>	<b>(69.8)</b>	<b>36.8</b>	<b>(36.8)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

## 26. Capital and financial risk management disclosures (continued)

### (g) Foreign exchange risk

Foreign exchange risk refers to the risk that the value of a financial commitment asset or liability will fluctuate due to changes in foreign currency rates. GPT's foreign exchange risk arises primarily from:

- borrowings denominated in foreign currencies;
- firm commitments of highly probable forecast transactions for receipts and payments settled in foreign currencies or with prices dependent on foreign currencies; and
- investments in foreign assets.

#### (i) Foreign currency assets and liabilities

GPT manages its foreign exchange risk for its assets and liabilities denominated in foreign currency by borrowing in the same functional currency of its investment to form a natural economic hedge against any foreign currency fluctuations.

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

#### Consolidated entity

	Euros		United States Dollars		British Pounds	
	2010 A\$M	2009 A\$M	2010 A\$M	2009 A\$M	2010 A\$M	2009 A\$M
<b>Assets</b>						
Cash	1.1	1.6	0.9	1.4	0.4	-
Interests in equity accounted investments	13.5	30.6	312.0	79.2	-	-
Loans and receivables	9.5	0.8	60.0	73.2	-	-
	<b>24.1</b>	<b>33.0</b>	<b>372.9</b>	<b>153.8</b>	<b>0.4</b>	<b>-</b>
<b>Liabilities</b>						
Borrowings	-	-	107.8	144.9	-	-
Payables	0.9	4.7	4.7	2.8	0.5	-
	<b>0.9</b>	<b>4.7</b>	<b>112.5</b>	<b>147.7</b>	<b>0.5</b>	<b>-</b>
<b>Net assets/(liabilities)</b>	<b>23.2</b>	<b>28.3</b>	<b>260.4</b>	<b>6.1</b>	<b>(0.1)</b>	<b>-</b>

#### (ii) Forward exchange contracts to hedge net foreign cash flows

GPT manages the foreign exchange risk of income (net of funding costs) derived from its foreign assets and investments in joint ventures and associates by entering into forward foreign exchange contracts. There are no outstanding foreign exchange contracts as at 31 December 2010.

#### (iii) Equity and cash flow at risk analysis

GPT monitors the impact of adverse or favourable movements in foreign exchange rates and the impact this may have on its capital management and cash flow. Adverse versus favourable movements are determined relative to the underlying exposure.

As a result of management's decision to terminate all remaining foreign currency hedges, GPT has a remaining partial USD natural economic foreign hedge position. A portion of fair value of USD investments is matched with USD borrowings outstanding totalling USD\$110 million. If USD investments were to be disposed, GPT expect the proceeds to be received in USD, which would fully meet GPT's USD debt outstanding. With USD exposure on asset held for sale, a quantitative sensitivity analysis is not required.

### (h) Fair value

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

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the Consolidated entity's assets and liabilities measured and recognised at fair value as at 31 December 2010 and 31 December 2009.

26. Capital and financial risk management disclosures (continued)

(h) Fair value (continued)

Consolidated entity

	Level 1 31 Dec 10 \$M	Level 2 31 Dec 10 \$M	Level 3 31 Dec 10 \$M	Total 31 Dec 10 \$M	Level 1 31 Dec 09 \$M	Level 2 31 Dec 09 \$M	Level 3 31 Dec 09 \$M	Total 31 Dec 09 \$M
<b>Current</b>								
Derivative assets								
Interest Rate Swaps	-	0.2	-	0.2	-	-	-	-
Derivative liabilities								
Interest Rate Swaps	-	-	-	-	-	(0.4)	-	(0.4)
Interest Rate Options	-	-	(0.4)	(0.4)	-	-	(1.1)	(1.1)
	-	-	(0.4)	(0.4)	-	(0.4)	(1.1)	(1.5)
<b>Total Current</b>	-	0.2	(0.4)	(0.2)	-	(0.4)	(1.1)	(1.5)
<b>Non-Current</b>								
Derivative assets								
Interest Rate Swaps	-	61.4	53.5	114.9	-	0.6	3.8	4.4
Derivative liabilities								
Interest Rate Swaps	-	(50.5)	(14.9)	(65.4)	-	(31.3)	(31.4)	(62.7)
Interest Rate Options	-	-	(30.5)	(30.5)	-	-	(35.8)	(35.8)
	-	(50.5)	(45.4)	(95.9)	-	(31.3)	(67.2)	(98.5)
<b>Total Non-Current</b>	-	10.9	8.1	19.0	-	(30.7)	(63.4)	(94.1)

GPT holds no level 1 derivatives. Level 2 derivatives that GPT has at 31 December 2010 include Float to Float, Fixed to Float, Knock Out and Vanilla derivatives. Level 3 derivatives that GPT has at 31 December 2010 include Sold Receiver Option, Callable and CPI derivatives. These differ to the level 2 derivatives as the banks will use their own proprietary assumptions to determine whether to exercise any options or not, which are not observable, rather than the triggers being based primarily on the forward market curve.

Given the complex nature of these instruments and various assumptions that are used in calculating the mark-to-market values, GPT relies on the counterparties' valuations for derivative values. The counterparties' valuation methodologies are usually based on mid-market rates and are calculated using the main variables including the forward market curve, time and volatility.

The fair value of GPT's derivatives has been determined as follows:

- Interest rate swaps - fair valued by discounting the present value of the estimated future cash flows based on the forward price curve of interest rates.
- Fair value of all derivative contracts has been confirmed with counterparties.

The following table is a reconciliation of the movements in derivatives classified as Level 3 for the year ended 31 December 2010 and 31 December 2009. Amounts represented as 'fair value movement through profit and loss – no longer held' reflect the movement in value of the derivatives from the beginning of the financial year to the date of settlement/termination.

Consolidated entity

	Derivative Assets 31 Dec 10 \$M	Derivative Liabilities 31 Dec 10 \$M	Total 31 Dec 10 \$M	Derivative Assets 31 Dec 09 \$M	Derivative Liabilities 31 Dec 09 \$M	Total 31 Dec 09 \$M
<b>Opening balance</b>	3.8	(68.3)	(64.5)	27.0	(751.6)	(724.6)
Fair value movement through profit and loss	-	-	-	-	-	-
- Still held	3.6	(10.5)	(6.9)	(23.2)	117.8	94.6
- No longer held	-	5.7	5.7	-	293.5	293.5
Purchases	46.2	1.6	47.8	-	-	-
Issues	-	-	-	-	35.0	35.0
Terminations	-	2.9	2.9	-	237.0	237.0
Transfers out of level 3	-	22.7	22.7	-	-	-
<b>Closing balance 31 December 2010</b>	53.6	(45.9)	7.7	3.8	(68.3)	(64.5)



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

## 27. Auditors' remuneration

During the financial year the following amounts were paid or payable for services provided by the auditor of the Trust, PricewaterhouseCoopers, or any other entity in the Consolidated entity and its related parties:

	Consolidated entity	
	31 Dec 10 \$'000	31 Dec 09 \$'000
<b>Audit services</b>		
<b>PricewaterhouseCoopers Australia</b>		
Statutory audit and review of financial reports	1,315.5	1,692.0
<b>Affiliates of PricewaterhouseCoopers Australian firm including overseas firms</b>		
Audit and review of financial reports and other statutory audit work	308.2	361.1
<b>Total remuneration for audit services</b>	<b>1,623.7</b>	<b>2,053.1</b>
<b>Other assurance services</b>		
<b>PricewaterhouseCoopers Australian firm</b>		
Regulatory and contractually required audits	122.5	141.0
Due diligence services	-	1,042.0
<b>Total remuneration for other assurance services</b>	<b>122.5</b>	<b>1,183.0</b>
<b>Total remuneration for audit and assurance services</b>	<b>1,746.2</b>	<b>3,236.1</b>
<b>Non audit related services</b>		
<b>PricewaterhouseCoopers Australian firm</b>		
Other Services	3.8	-
<b>Affiliates of PricewaterhouseCoopers Australian firm including overseas firms</b>		
Taxation services	88.3	39.2
<b>Total remuneration for non audit related services</b>	<b>92.1</b>	<b>39.2</b>
<b>Total auditor's remuneration</b>	<b>1,838.3</b>	<b>3,275.3</b>

28. Earnings per stapled security

	Note	Consolidated entity	
		31 Dec 10 Cents	31 Dec 09 Cents
<b>(a) Attributable to ordinary securityholders of the Trust</b>			
Basic and diluted earning per security - Profit from continuing operations		26.2	2.2
Basic and diluted earning per security - Profit / (Loss) from discontinued operations		13.9	(67.6)
Total basic and diluted earning per security attributable to ordinary securityholders of the Trust		40.1	(65.4)
<b>(b) Attributable to stapled ordinary stapled securityholders of The GPT Group</b>			
Basic and diluted earning per security - Profit from continuing operations		21.8	7.6
Basic and diluted earning per security - Profit / (Loss) from discontinued operations		14.9	(82.0)
Total basic and diluted earning per security attributable to ordinary stapled securityholders of The GPT Group		36.7	(74.4)

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

	31 Dec 10 \$M	31 Dec 09 \$M
<b>(c) Reconciliation of earnings used in calculating earnings per ordinary stapled security</b>		
Net Profit from continuing operations attributable to the securityholders of the Trust	511.3	58.0
Net Profit / (Loss) from discontinued operations attributable to the securityholders of the Trust	258.4	(995.0)
	769.7	(937.0)
Less: distribution to the holders of Exchangeable Securities **	(25.0)	(25.0)
<b>Basic and diluted earnings of the Trust</b>	<b>744.7</b>	<b>(962.0)</b>
Add: Net (Loss) / Profit from continuing operations attributable to the securityholders of other stapled entities	(80.8)	79.4
Add: Net Profit / (Loss) from discontinued operations attributable to the securityholders of other stapled entities	18.4	(211.5)
<b>Basic and diluted earnings of the Company</b>	<b>(62.4)</b>	<b>(132.1)</b>
<b>Basic and diluted earnings of the Trust and other entities stapled to the Trust (The GPT Group)</b>	<b>682.3</b>	<b>(1,094.1)</b>
Add: Net Loss attributable to external minority interest	-	(1.5)
<b>Basic and diluted earnings of The GPT Group</b>	<b>682.3</b>	<b>(1,095.6)</b>

	No. of securities millions	No. of securities millions
	31 Dec 10	31 Dec 09*
<b>(d) Weighted average number of ordinary stapled securities</b>		
Weighted average number of ordinary stapled securities used as the denominator in calculating		
Basic earnings per ordinary stapled security - Trust and The GPT Group	1,855.5	1,472.1
Adjustments for calculation of diluted earnings per share:		
Performance rights (weighted average basis)	(e) 0.2	-
<b>Weighted average number of ordinary stapled securities and potential ordinary stapled securities used as the denominator in calculating diluted earnings per ordinary stapled security:</b>	<b>1,855.7</b>	<b>1,472.1</b>

\* The December 2009 weighted average number of securities and EPSs have been adjusted for the share/stapled security consolidation effective of 19 May 2010. Refer to note 16(b) for further details on the share/stapled security consolidation.

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

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

**Performance Rights**

3,818,257 Performance Rights (restated for the 5 to 1 consolidation of the stapled securities) (Dec 09: 4,556,777 restated for the 5 to 1 consolidation of stapled securities) were granted to certain Senior Executives under the Stapled Security Rights Plan during 2010. Only 243,571 Performance Rights have met the vesting conditions and are considered dilutive. As such, only 243,571 Performance Rights have been included in the determination of diluted earnings per security. The remaining 8,131,463 Performance Rights have not been included in the calculation of diluted earnings per security because their vesting conditions are not satisfied for the year ended 31 December 2010. These Performance Rights could potentially dilute basic earnings per share in the future. No Performance Rights have been included in the determination of basic earnings per share.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – THE GPT GROUP

## 29. Net tangible asset backing

	Consolidated entity	
	31 Dec 10	31 Dec 09*
	\$	\$
Net tangible asset backing per stapled security/unit	3.60	3.46

Net tangible asset backing per security is calculated by dividing the sum of net assets less intangible assets by the total number of potential stapled securities, assuming the conversion of the exchangeable securities at an exchange price of \$3.883 (Dec 09: \$0.7766).

\* Prior period comparative has been restated at the basis of post 5 to 1 consolidation of the stapled securities.

## 30. Events subsequent to reporting date

On 24 February 2011, a distribution of 4.6 cents per stapled security (\$85.4 million) was declared for the quarter ended 31 December 2010 (refer to note 3(a)(ii)).

During January 2011, the state of Queensland experienced major flooding impacting three of GPT Group's assets, Homemaker Fortitude Valley, Riverside Centre (held through the GPT Wholesale Office Fund) and One One One Eagle Street. The total cost and impact of the damage is still being assessed and we do not believe the impact will be material to The GPT Group.

On 16 February 2011 GPT announced the sale of the US Seniors Housing Portfolio to Healthcare REIT Inc with settlement expected in the first half of 2011. The carrying value of GPT's equity investment, net of sale costs and taxes, is \$324m at 31 December 2010.

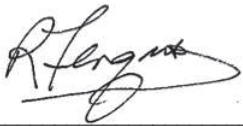
In the directors of the Responsible Entity's opinion:

- (a) the financial report and notes set out on pages 42 to 108 are in accordance with the *Corporations Act 2001*, including:
- complying with the Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - giving a true and fair view of GPT Group's financial position as at 31 December 2010 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that The GPT Group will be able to pay its debts as and when they become due and payable.

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

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

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



Rob Ferguson  
Chairman  
GPT RE Limited  
Sydney  
24 February 2011



Michael Cameron  
Managing Director and Chief Executive Officer



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## **Independent auditor's report to the unitholders of General Property Trust**

### **Report on the financial report**

We have audited the accompanying financial report of General Property Trust (the Trust), which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the GPT Group (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled at the year's end or from time to time during the financial year, including GPT Management Holdings Limited and its controlled entities.

#### *Directors' responsibility for the financial report*

The directors of GPT RE Limited (the responsible entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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



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

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

### *Auditor's opinion*

In our opinion:

- (a) the financial report of General Property Trust is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

### **Report on the Remuneration Report**

We have audited the remuneration report included in pages 20 to 38 of the directors' report for the year ended 31 December 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

### *Auditor's opinion*

In our opinion, the remuneration report of General Property Trust for the year ended 31 December 2010, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

DH Armstrong  
Partner

Sydney  
24 February 2011

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This concise financial report covers both GPT Management Holdings Limited as an individual entity and the consolidated entity consisting of GPT Management Holdings Limited and its controlled entities. The concise financial report is presented in Australian currency.

GPT Management Holdings Limited (the Company) is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 52, MLC Centre, 19 Martin Place, Sydney NSW 2000.

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

## For the year ended 31 December 2010 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

The Directors of GPT Management Holdings Limited (the Company) present their report on the consolidated entity consisting of GPT Management Holdings Limited and its controlled entities for the year ended 31 December 2010. The consolidated entity forms part of the stapled entity, the GPT Group (GPT or the Group).

## 1. Operations and Activities

### 1.1 Principal Activities

GPT Management Holdings Limited is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is MLC Centre, Level 52, 19 Martin Place, Sydney NSW 2000.

During the financial year, the Company continued its strategy to simplify the business and focus on high quality Australian retail, office and industrial assets.

The principal activities of GPT Management Holdings Limited remain unchanged from 31 December 2009 and are:

- management of funds holding income-producing retail, office, industrial and seniors housing properties;
- development of office properties;
- management and administration of the General Property Trust; and
- property management.

The Company predominantly operates in Australia but also in the United States of America through an investment in a Seniors Housing Portfolio.

### 1.2 Review of Operations

The net gain of the Company for the financial year ended 31 December 2010 should be read in conjunction with the financial statements of the GPT Group.

	Consolidated entity	
	31 Dec 10 \$'000	31 Dec 09 \$'000
Profit / (loss) from continued operations before income tax expense	429,996	(37,700)
Income tax expense	(2,575)	(5,900)
Profit / (loss) from discontinued operations	188,256	(90,012)
<b>Net profit / (loss) for the financial year</b>	<b>615,677</b>	<b>(133,612)</b>

#### Financial results – portfolio/operational highlights

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

Portfolio/Segment	Realised Operating Income	Realised Operating Income	Total Assets	Total Assets
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Core				
Funds Management - Australia	7,742	6,662	10,747	11,526
Property Management	(1,617)	2,886	40,518	22,998
Non-core				
Discontinued operation - US Seniors Housing	(7,764)	(9,175)	1,099	3,561
Discontinued operation - Funds Management - Europe	(2,290)	(35,769)	13,487	49,499
Discontinued operation - Joint Venture	-	(1,007)	-	-
Discontinued operation - Hotel / Tourism	(12,046)	(19,112)	20,632	37,871
Financing and corporate overheads				
Corporate	(18,333)	(9,409)	132,557	88,631
<b>Total</b>	<b>(34,308)</b>	<b>(64,924)</b>	<b>219,040</b>	<b>214,086</b>



### 1. Operations and Activities (continued)

#### 1.2 Review of Operations (continued)

##### (a) Funds Management

GPT Wholesale Office Fund (GWOF) has ownership interests in 14 assets with a value of \$3.1 billion. GPT Wholesale Shopping Centre Fund (GWSCF) has ownership interests in 9 assets with a value of \$2.1 billion.

The performance across the Funds' assets continues to be stable, reflecting resilient retail performance and solid office occupancy of 95.7% across the Fund owned assets.

##### (b) Property Management

The property management division made a profit of \$24,820,000 (Dec 2009: Loss of \$1,164,000). Assets include management rights for Highpoint Shopping Centre and Norton Street Plaza.

##### (c) Developments

GPT currently has three major developments underway; One One One Eagle Street in Brisbane, Melbourne Central and 5 Murray Rose. All developments are anticipated to be completed on time and on budget.

GPT retains a \$3.5 billion pipeline of future development opportunities for the medium term, subject to approvals and pre-commitments.

##### (d) Capital Management

###### Credit rating

GPT's credit rating was upgraded by Standard & Poor's from BBB+ to A- in May 2010 and by Moody's to A3 in November 2010. This reflected the progress made throughout the year in extending the debt maturing, flattening the maturing profile and reducing debt costs.

###### Borrowings - Loan Variation

During the year the terms of the Australian subsidiaries' intercompany loans with General Property Trust (the Trust) were varied under individual Deeds of Variation. Under the Deeds of Variation, the Trust's rights to full repayment of the intercompany loans will be limited to the surplus cash of the individual companies at their loan maturity date. This constitutes a substantial modification to each of the loan terms and accordingly the loans have been remeasured under the varied contractual terms and conditions, resulting in a revaluation to the Statement of Comprehensive Income of \$678,035,000 for both continuing and discontinued operations.

Additionally, loans to foreign subsidiaries with a value of \$21.7m were assigned from the Trust to GPT Management Holdings Limited. These loans are eliminated upon consolidation within the GPT Management Holdings Group.

#### 1.3 Dividends

No dividends were declared in the current year.

#### 1.4 Significant Changes in State of Affairs

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

##### ■ Consolidation of stapled securities

At the AGM held on 10 May 2010, the GPT securityholders approved the consolidation of every 5 stapled securities into 1 stapled security. Where the consolidation resulted in a fraction of a security being held by a securityholder, the fraction was rounded up to the nearest whole stapled security. The consolidation took effect and was complete on 19 May 2010. Upon completion, GPT had 1,855,529,431 stapled securities on issue (Dec 09: 9,277,584,743).

##### ■ Changes in the Board of Directors

During the year, two additional non-executive directors have been appointed. Ms Eileen Doyle and Mr Gene Tilbrook were appointed on 1 March and 11 May 2010 respectively.

Mr Rob Ferguson was appointed Chairman on 10 May 2010. Mr Ken Moss and Mr Ian Martin retired on 10 May 2010.

##### ■ Capital Management

As discussed in section 1.2 of this Report

## 1. Operations and Activities (continued)

### 1.5 Likely Developments and Expected Results of Operations

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

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

### 1.6 Environmental Regulation

The Company 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. The Company 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.

The Company is also subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007. The Energy Efficiency Opportunities Act 2006 requires the Company to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the Company intends to take as a result. As required under this Act, the Company has registered with the Department of Resources, Energy and Tourism as a participant entity and reported the results from its initial assessments within the legislative deadline of 31 December 2010.

The National Greenhouse and Energy Reporting Act 2007 requires the Company to report its annual greenhouse gas emissions and energy use. The first measurement period for this Act ran from 1 July 2009 to 30 June 2010. The Company has implemented systems and processes for the collection and calculation of the data required and submitted its report to the Greenhouse and Energy data Officer within the legislative deadline of 31 October 2010.

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

### 1.7 Events Subsequent to Reporting Date

The Directors are not aware of any matter or circumstance occurring since 31 December 2010 not otherwise dealt with in the financial report that has significantly or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

## 2. Directors and Secretary

### 2.1 Directors

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

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

Ken Moss (retired 10 May 2010)

Rob Ferguson (an existing director, was appointed Chairman on 10 May 2010)

#### (ii) Non-Executive Directors

Brendan Crotty

Eileen Doyle (appointed 1 March 2010)

Eric Goodwin

Lim Swe Guan

Anne McDonald

Ian Martin (retired 10 May 2010)

Gene Tilbrook (appointed 11 May 2010)

#### (iii) Executive Director

Michael Cameron

## 2. Directors and Secretary (continued)

### 2.2 Information on Directors

#### **Rob Ferguson – Chairman**

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

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

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

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

#### **Brendan Crotty**

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

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

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

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

#### **Eileen Doyle**

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

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

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

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

#### **Eric Goodwin**

Mr Goodwin was appointed to the Board in November 2004. He brings to the board extensive experience in design construction and project management, general management and funds management. His experience includes fund management of the MLC Property Portfolio during the 1980s and he was the founding Fund Manager of the Australian Prime Property Fund.

Mr Goodwin is a Non-Executive Director of Eureka Funds Management Limited, Lend Lease Global Properties SICAF and AMPCI Macquarie Infrastructure Management No 2 Limited (responsible entity of Diversified Utility and Energy Trust No. 2).

Mr Goodwin joined Lend Lease in 1963 as a cadet engineer and during his 42 year career with Lend Lease held a number of senior executive and subsidiary board positions in the Australian operation, the US and he was the inaugural manager of the Group's Asian operations.

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

## 2. Directors and Secretary (continued)

### 2.2 Information on Directors (continued)

#### **Lim Swe Guan**

After graduating with an honours degree in Estate Management in 1979, Mr Lim was employed as Lands Officer for the Urban Redevelopment Authority of Singapore.

He left URA in 1980 to work as a securities analyst, initially for Kim Eng Securities (1980 -1982) and later for Alfa-Pacific Securities (1982 - 1983).

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

Mr Lim returned to Singapore in December 1997 to join the Government of Singapore Investment Corporation, most recently as Managing Director of GIC Real Estate.

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

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

#### **Anne McDonald**

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

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

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

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

#### **Gene Tilbrook**

Mr Tilbrook spent the majority of his executive career at Wesfarmers Limited, most recently as Finance Director and Director of Business Development. During his time at Wesfarmers, Mr Tilbrook was involved in many of the transactions that made Wesfarmers a successful diversified group; as well as corporate strategy, finance, investments and capital management. From 2001 to 2005 he was a director of Bunnings Property Management Limited, the responsible entity for the ASX listed Bunnings Warehouse Property Trust.

Mr Tilbrook's current directorships include Transpacific Industries Group Ltd (Chairman), Fletcher Building Ltd, NBN Co Limited and QR National Limited. Mr Tilbrook is a councillor of the Australian Institute of Company Directors (WA Division) and also a member of the boards of the UWA Perth International Arts Festival and Curtin University. Mr Tilbrook has also held directorship roles in the private equity, infrastructure and rail sectors.

Mr Tilbrook holds tertiary qualifications in science, computing science and business administration (MBA) and has completed the Advanced Management Program at the Harvard Business School. He is a Fellow of the Australian Institute of Company Directors.

Mr Tilbrook joined the Board on 11 May 2010 and is Chair of the Nomination and Remuneration Committee.

#### **Michael Cameron**

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

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

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

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

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

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

## 2. Directors and Secretary (continued)

### 2.2 Information on Directors (continued)

#### James Coyne - Company Secretary

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

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

### 2.3 Attendance of Directors at Meetings

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

	Board		Audit and Risk Committee		Nomination and Remuneration Committee		Sustainability Committee	
	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend
<b>Chairman</b>	Rob Ferguson		Anne McDonald		Gene Tilbrook		Eileen Doyle	
Rob Ferguson	9	9	-	-	6	6	-	-
Michael Cameron	9	9	-	-	-	-	-	-
Brendan Crotty	9	9	-	-	5	5	2	2
Eileen Doyle	7	8	-	-	2	3	2	2
Eric Goodwin	9	9	6	6	-	-	2	2
Lim Swe Guan	9	9	6	6	-	-	-	-
Ian Martin	3	3	-	-	3	3	-	-
Anne McDonald	9	9	6	6	-	-	-	-
Ken Moss	3	3	-	-	3	3	-	-
Gene Tilbrook	6	6	-	-	3	3	-	-

### 2.4 Directors' Relevant Interests

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

	Number of GPT Stapled Securities
Rob Ferguson	204,082
Michael Cameron	163,742 - Stapled Securities 1,118,891 - Performance Rights
Brendan Crotty	30,000
Eileen Doyle	1,600
Eric Goodwin	15,584
Lim Swe Guan	Nil
Anne McDonald	9,450
Gene Tilbrook	20,000

## 2. Directors and Secretary (continued)

### 2.5 Directors' Directorships of Other Listed Companies

Details of all directorships of other listed entities held by each current Director in the three years immediately before 31 December 2010 and the period for which each directorship was held are set out below:

Rob Ferguson	IMF (Australia) Limited (since 2004) Primary Health Care Limited (since 2009)
Brendan Crotty	Brickworks Limited (since 2008) Trafalgar Corporate Group (from 2007 to 2009)
Eileen Doyle	One Steel Limited (from 2000 until 2010) Boral Limited (since 2010) Ross Human Directions Limited (from 2005 until 2010)
Eric Goodwin	AMPCI Macquarie Infrastructure Management No. 2 Limited as Responsible Entity of the Diversified Utility and Energy Trust No. 2 (one of the stapled entities within the DUET Group) (since 2004)
Lim Swe Guan	Thakral Holdings Limited (since 2004)
Anne McDonald	Speciality Fashion Group Limited (since 2007) Spark Infrastructure Group (since 2009)
Gene Tilbrook	Transpacific Industries Limited (since 2009) Fletcher Buildings Limited (since 2009) QR National Limited (since 2010) Westfarmers Limited (from 2002 to 2009)

### 3. Remuneration Report

#### 2010 Remuneration in brief

The Remuneration Report below is the report for the Group. As the Directors and Senior Executives are remunerated by the Company, the report for the Group has been included in full.

The Board is committed to clear and transparent communication of GPT's remuneration arrangements. This section, the 2010 Remuneration In Brief, outlines the key remuneration decisions taken by GPT during the year, and discloses the actual value of remuneration paid to GPT's senior executives. The full Remuneration Report for 2010, starting on page 120, provides more detail regarding the remuneration strategy, structures, decisions and outcomes at GPT in 2010 in accordance with statutory obligations and accounting standards.

In 2010 the Board continued to maintain restraint on executive base salaries commensurate with a prudent approach to managing GPT's cost base during what continues to be uncertain economic conditions. The Board also continued an active role overseeing additional changes to the management team to ensure GPT is well positioned to continue to build on the financial performance delivered during the year.

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

#### Key remuneration drivers and actions in 2010

##### *Base (Fixed) Pay*

The initial progress in implementing GPT's new corporate strategy in 2009 gained significant momentum in 2010, and the Board is pleased with the financial performance delivered by management. However, the Board is mindful that economic conditions remain challenging. Growth in executive remuneration has moderated. Against this background, the Board has continued to adopt a restrained approach to executive remuneration. Specifically the Board decided in late 2009 to:

- Implement only a modest review of base pay for 2010 of 3%; and
- Maintain the freeze on Non-Executive Director fees for 2010.

##### *Short Term Incentives*

The Board also reduced the maximum or stretch potential Short Term Incentive (STI) opportunity for all employees from double their target opportunity down to only 25% more than target opportunity. The Board believes this is consistent with GPT's new corporate strategy, the reduced gearing in the business, and a more conservative approach to both risk and cost management.

Within these constraints, and in line with the financial performance delivered by the management team in 2010, actual STI's received represent an increase on recent years.

##### *Long Term Incentives*

As foreshadowed in 2009, and with the confirmation of GPT's new corporate strategy and the stabilisation of the business, the Board sought and received approval from GPT security holders at the 2010 Annual General Meeting to continue the existing Performance Rights based long-term incentive (LTI) scheme with the addition of two further performance measures with the result that the scheme now has three of equal weight:

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

These measures will be continued in the 2011 LTI scheme and detailed in the Notice of Meeting for GPT's forthcoming Annual General Meeting in May 2011, and will be subject to security holder approval.

Separately, the legacy loan-based LTI scheme concluded at the end of 2010, which was the final year of the 2008-2010 long term incentive plan. No LTI awards have ever been realised by employees since the inception of this scheme.

##### *Employee Ownership*

In addition to the base (fixed) pay, STI and LTI, the Board believes in creating ways for employees to build an ownership stake in the business, and the benefits that this 'culture of ownership' bring in terms of loyalty, commitment and discretionary effort. In March 2010 the Board introduced a basic General Employee Security Ownership Plan (GESOP) for individuals who do not participate in the LTI.

Under the plan individuals who participated received an additional benefit equivalent to 10% of their STI which was - after the deduction of income tax - invested in GPT securities to be held for a minimum of 1 year. The plan resulted in 277 GPT employees receiving 156,536 GPT securities at a cost to GPT of \$435,210.

##### *External environment*

In setting and reviewing its remuneration arrangements, GPT has regard to the external environment, and is actively monitoring the tax, regulatory and governance activities impacting remuneration. In 2010, the Board sought external advice on market practice and prevailing regulatory and governance standards from Ernst & Young and Freehills.

### 3. Remuneration Report (continued)

#### 2010 Remuneration in brief (continued)

##### *Board & Management Transition*

At the Board level, Rob Ferguson became Chairman at the May 2010 AGM following the retirement of previous Chairman Ken Moss. Eileen Doyle and Gene Tilbrook joined the Board during 2010, continuing the process of Board renewal commenced in 2009. At the management level, there were also changes associated with a reorganisation of the Group along functional lines, while still retaining the sector focus. Details on the new appointments, departures and retirements in 2010 may be found on page 122.

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

The disclosed remuneration of the CEO and Leadership Team (page 135) is calculated in accordance with statutory obligations and accounting standards. As a result, it is theoretical and includes accounting values for current and prior years' LTI grants which have not been (and may never be) realised as they are dependent on performance measures being met.

The following table discloses the actual cash and other benefits received by GPT's CEO and Leadership Team during 2010, as distinct from theoretical and accounting values.

	Position	Base (Fixed) Pay \$'000	STI \$'000	LTI \$'000	Other <sup>1</sup> \$'000	Total \$'000
<b>Senior Executive</b>						
Michael Cameron	Managing Director and Chief Executive Officer	1,200.0	1,415.6	-	5.4	2,621.0
Tony Cope	Head of Office	575.0	437.0	-	2.9	1,014.9
James Coyne	General Counsel/ Secretary	470.0	281.6	-	3.4	755.0
Mark Fookes	Head of Investment Management	758.3	672.3	-	2.7	1,433.3
Victor Georos	Head of Industrial & Business Parks	475.0	437.8	-	2.5	915.3
Nicholas Harris	Head of Wholesale	610.0	455.0	-	3.1	1,068.1
Jonathan Johnstone	Head of Transactions	575.0	512.1	-	46.3	1,133.4
Anthony McNulty	Head of Development	547.3	273.1	-	2.1	822.5
Michael O'Brien	Chief Financial Officer	825.0	801.3	-	112.7	1,739.0
Michelle Tierney	Head of Retail Property & Asset Management	493.3	274.0	-	2.0	769.3
<b>Former Executives</b>						
Donna Byrne <sup>2</sup>	Head of Corporate Affairs & Communications	275.8	135.2	-	699.6	1,110.6

1 Other includes Death & Total/Permanent disablement insurance premiums, superannuation administration fees, FBT on discounted Voyages holidays, tax equalisation on a UK assignment (J. Johnstone only), equity vesting (M. O'Brien) and termination payments (D. Byrne only - these include notice and severance pay as well as the paid out value of accumulated but untaken annual and long service leave accruals, as applicable).

2 Donna Byrne resigned on 10 September 2010.



### 3. Remuneration Report (continued)

#### 3.1 Introduction

The Board presents the Remuneration Report for GPT for the year ended 31 December 2010, which forms part of the Directors Report and has been prepared in accordance with section 300A of the Corporations Act for the Group for the year ended 31 December 2010.

This Remuneration Report outlines GPT's remuneration philosophy and practices together with details of the specific remuneration arrangements that apply to GPT's key management personnel (KMP) who are the individuals responsible for planning, controlling and managing the GPT Group (including the Non-Executive Directors, the CEO and other key Senior Executives), and the five highest paid executives in 2010. The data provided in the Remuneration Report was audited as required under section 308(3C) of the Corporations Act.

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

Name	Position
<b>Senior Executive</b>	
Michael Cameron	Managing Director and Chief Executive Officer
Tony Cope	Head of Office
James Coyne	General Counsel/Secretary
Mark Fookes	Head of Investment Management
Victor Georos	Head of Industrial & Business Parks
Nicholas Harris	Head of Wholesale
Jonathon Johnstone	Head of Transactions
Anthony McNulty	Head of Development
Michael O'Brien	Chief Financial Officer
Michelle Tierney	Head of Retail Property & Asset Management
<b>Former Executive</b>	
Donna Byrne	Head of Corporate Affairs and Communications (resigned 10 September 2010)

Name	Position
<b>Non-Executive Director</b>	
Rob Ferguson	Chairman (appointed Chairman 10 May 2010)
Brendan Crotty	Director
Eileen Doyle	Director (appointed 1 March 2010)
Eric Goodwin	Director
Lim Swe Guan	Director
Anne McDonald	Director
Gene Tilbrook	Director (appointed 11 May 2010)
<b>Former Non-Executive Director</b>	
Ken Moss	Chairman (retired 10 May 2010)
Ian Martin	Director (retired 10 May 2009)

At the start of 2010 the Nomination & Remuneration Committee (the Committee) consisted of 4 Non-Executive Directors:

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

During 2010, the Committee composition changed with the retirement of Ian Martin and Ken Moss at GPT's Annual General Meeting on 10 May 2010. Eileen Doyle joined the committee after her commencement on 1 March 2010 and the role of Chairman of the Committee was filled after the appointment of Gene Tilbrook on 11 May 2010. At the end of 2010 the Committee once again comprised 4 Non-Executive Directors:

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

The Committee provides advice and recommendations to the Board on:

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

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

### 3. Remuneration Report (continued)

#### 3.2 Key Issues and Changes for 2010

##### Remuneration Management driving GPT's Performance

2010 saw GPT gain further momentum in the implementation of the new Group strategy, a strengthened balance sheet and improved investor confidence in the business. However, market conditions remained challenging.

Against that background the Board continued to exercise restraint and prudence with regard to executive remuneration. The main areas of activity in 2010 are outlined in the table below:

Change	Who is affected?	Explanation
<b>Maintain restraint on executive salaries</b>	Leadership Team and other employees	Base remuneration increases for 2010 were capped at 3% across the business, a cost increase of \$1.7 million. Michael Cameron's base (fixed) pay for 2010 was maintained at the 2009 level.
<b>Freeze on Directors' fees</b>	Non-Executive Directors	There were no increases in fees in 2010 for Non Executive Directors.
<b>Reduction in 2010 STI Opportunity</b>	All employees	To match GPT's simpler business model and reduced leverage, the Board & Management decided to reduce the maximum STI levels for all employees, substantially reducing 'upside' STI potential in 2010 and managing costs.
<b>Additional LTI Performance Measures</b>	Leadership Team and other executives (limited to the top 25 in total)	In 2010 the Board sought and received approval from GPT security holders at the May Annual General Meeting to continue the existing Performance Rights based long-term incentive (LTI) scheme with the addition of two further performance measures.
<b>Wind up of legacy loan based LTI</b>	Legacy LTI scheme participants	The three year period 1/1/08 to 31/12/10 was the final period of operation of the legacy loan based LTI. The minimum performance measures for the LTI were not satisfied in any 3 year period since inception and as a result no LTI awards were made to participants.
<b>Initiative to build culture of ownership</b>	All employees excluding the LTI participants	Under the General Employee Security Ownership Plan (GESOP) an amount equivalent to 10% of an individual's STI was (after the deduction of income tax) invested in GPT securities to be held for a minimum of 1 year. Under this plan 277 GPT employees received 156,536 GPT securities.

### 3. Remuneration Report (continued)

#### 3.2 Key Issues and Changes for 2010 (continued)

##### CEO Remuneration Structure and Contract Terms

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

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

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

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

Details	Comments
<b>Benchmark group for setting/reviewing remuneration</b>	The Board benchmarks the remuneration of the CEO against: <ul style="list-style-type: none"> <li>■ CEOs in businesses with comparable market capitalisation; and</li> <li>■ CEOs in comparable roles within the ASX A-REIT index.</li> </ul>
<b>Remuneration mix</b>	In 2010, Mr Cameron's remuneration mix was as follows: Base (Fixed) Pay: \$1,200,000 (remaining unchanged since his commencement on 1 May 2009) STI: \$0 to \$1,500,000 based on performance. Half of any STI received is deferred into equity, half of which vests 2 years after receipt, and the other half three years after receipt, subject to ongoing employment. Further details on STI terms are set out on pages 128 and 129 of this report. LTI: \$0 to \$1,800,000 based on performance and continued service. Mr Cameron's LTI potential was increased in the remuneration review at the start of 2010 from 100% to 150% of base pay. In the Board's view this adjustment to the LTI potential would result in a more optimal overall mix of rewards and provide greater incentive for sustained performance over the longer term. Further details on LTI terms (including performance measures) are set out on pages 130 to 133.
<b>Contract duration</b>	A rolling 12 month contract.
<b>Termination entitlements</b>	Termination entitlements vary depending on the circumstances, however any separation payment is capped at 12 months of base (fixed) remuneration

On 8 December 2010, as part of the review of remuneration for 2011, the Board made the following adjustments to Mr Cameron's package:

- Discontinuation of deferral of STI to equity – For the 2011 calendar year onwards, any STI that becomes payable to Mr Cameron will be awarded in cash payable in March of the year following the STI performance period. The Board took this decision for several reasons. Firstly, it brought Mr Cameron into alignment with the other executives in the Group, all of whom receive their STI in cash. Secondly, it was the view of the Board that the existing GPT equity positions established for Mr Cameron through his sign on and the deferrals of half of his 2009 and 2010 STI's were of a sufficient quantum to ensure strong alignment with investors. Lastly, the Board sought to simplify reward delivery and rely on the LTI as the primary delivery vehicle for equity based rewards, subject to performance.
- Additional grants of performance rights - The GPT Board recognised that the one for one rights issue (the rights issue) that GPT undertook in the May-June 2009 period following the appointment of Mr Cameron had the effect of reducing the inherent value of the performance rights in the employment package that was negotiated in good faith with him in April 2009 and formalised in his executive employment agreement dated 20 April 2009 (the agreement). The Board engaged Ernst & Young to quantify the impact of the rights issue on Mr Cameron's sign on incentive and 2009 Long Term Incentive performance right grants. As a result, and in order to preserve the value that was negotiated with Mr Cameron at the time of his employment, the committee determined to make additional grants of rights to him as follows:
  - (i) Sign on incentive – an additional 16,843 rights, with 8,422 vesting on 30 June 2011 and 8,421 vesting on 30 June 2012; and
  - (ii) 2009 Long Term Incentive – an additional 50,529 performance rights

The additional grants are governed by the same terms and conditions that apply to the existing performance rights previously granted under the applicable plans.

Key terms of employment agreements of other members of the Leadership Team are contained under section 3.3 of the Remuneration Report.

### 3. Remuneration Report (continued)

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

##### **Enhancement of LTI Performance Measures**

At the 2009 AGM, security holders approved the introduction of a new LTI scheme (the scheme). The new scheme was a Performance Rights based LTI consistent with current market practice.

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

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

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

As a result, to ensure that GPT's 2010 LTI was aligned to the new strategy, two new performance measures (ie in addition to the relative TSR measure) were proposed to security holders at the 2010 AGM:

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

Pages 130 to 131 contains details of the scheme.

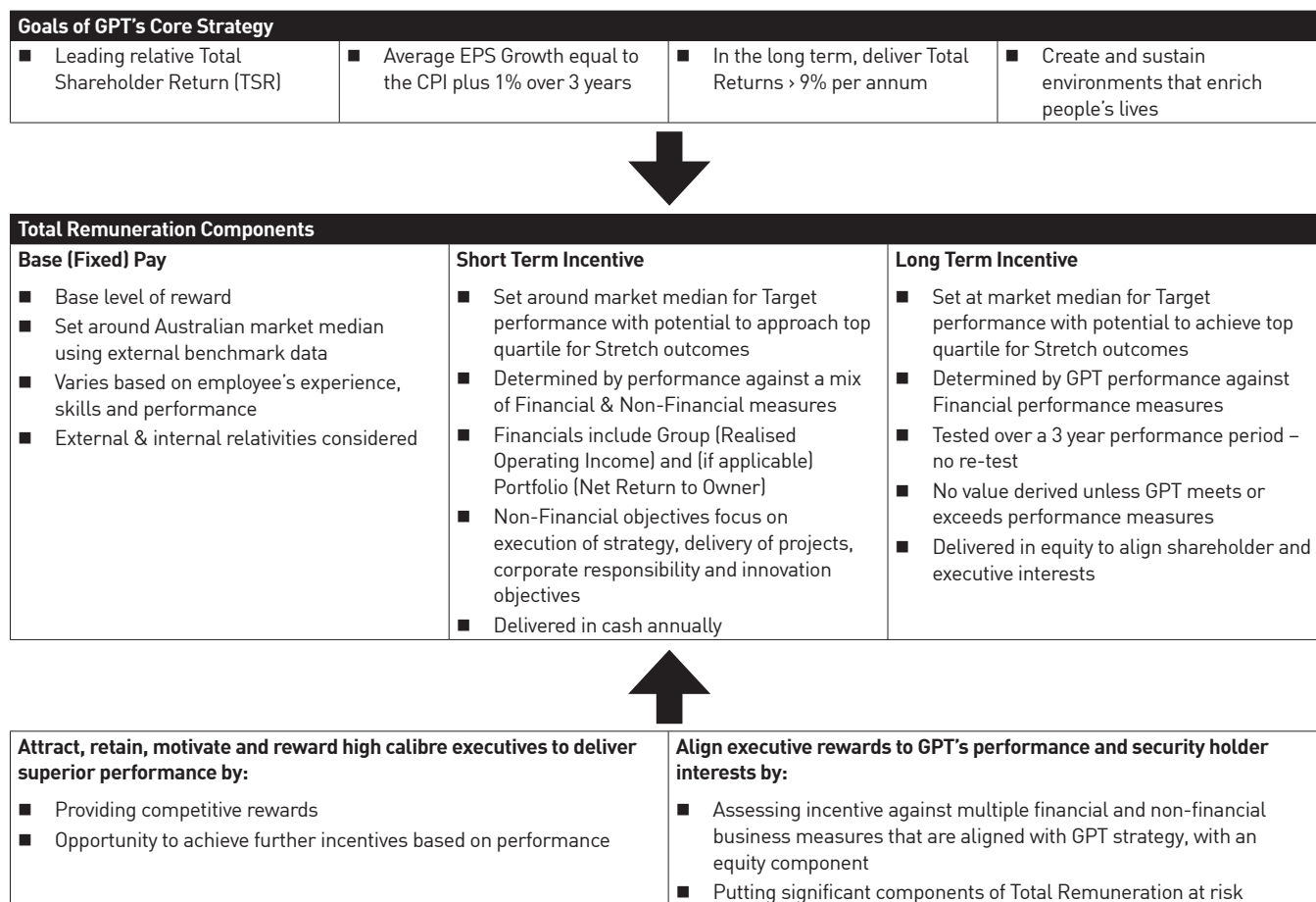
### 3. Remuneration Report (continued)

#### 3.3 Remuneration – CEO and Senior Executives

##### GPT's Remuneration Strategy

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

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



### 3. Remuneration Report (continued)

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

##### Total Remuneration Mix

As depicted on page 126, GPT's Executive remuneration is structured as a mixture of Base (fixed) pay and variable "at risk" short term incentive (STI) and long term incentive (LTI) components.

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

The Total Remuneration mix of components for those Executives with ongoing employment at the end of 2010 are set out in the following table.

Senior Executive	Position	Fixed Remuneration	Variable or "At Risk" Remuneration <sup>1</sup>	
		Base Pay	STI	LTI
Michael Cameron	Managing Director and Chief Executive Officer	36%	36%	28%
Tony Cope	Head of Office	44%	33%	23%
James Coyne	General Counsel/Secretary	50%	25%	25%
Mark Fookes	Head of Investment Management	44%	35%	21%
Victor Georos	Head of Industrial & Business Parks	44%	33%	23%
Nicholas Harris	Head of Wholesale	44%	34%	22%
Jonathan Johnstone	Head of Transactions	44%	33%	23%
Athony McNulty	Head of Development	51%	30%	19%
Michael O'Brien	Chief Financial Officer	43%	35%	22%
Michelle Tierney	Head of Property & Asset Management	51%	30%	19%

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

##### Base (Fixed) Pay

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

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

### 3. Remuneration Report (continued)

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

##### Short Term Incentives (STI) (variable component)

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

<b>What is the STI plan?</b>	The STI is an 'at-risk' incentive awarded annually in the form of cash (or a mixture of cash & GPT securities in the case of the CEO in 2010) subject to performance against agreed financial and non-financial Key Performance Indicators (KPIs).		
<b>Who participates in the STI plan?</b>	All permanent GPT employees with greater than 3 months service at the end of the applicable calendar year are eligible – subject to performance – to receive an STI.		
<b>Why does the Board consider the STI an appropriate incentive?</b>	Having a component of the Total Remuneration at risk in the form of an STI creates the ability for the Board and management to align and focus employees on desired objectives and behaviours, co-ordinating effort in pursuit of the overall business strategy.		
<b>Are both target and stretch performance measures set?</b>	Yes. Stretch performance measures can reward exceptional performance beyond the acceptable Target outcomes, and can motivate individuals to strive for the mutual benefit of themselves and the business.		
<b>What is the value of the STI opportunity?</b>	The STI opportunity is expressed as a percentage of Base (fixed) pay, and varies depending on the overall Total Remuneration levels for particular roles, but the following table can be considered indicative of the possible ranges:		
	<b>Level</b>	<b>Target Incentive Range</b>	<b>Stretch Incentive Range*</b>
	CEO	100%	125%
	Executives	50 - 80%	62.5 - 100%
	General employees	12 - 30%	15 - 37.5%
	If a minimum or Threshold level of objective achievement is not delivered the STI could be of zero value.		
<b>What are the performance measures?</b>	While all employees have a common Group financial performance condition, whether there are other additional performance measures depends on the individual role, as does the (indicative) mix between Financial and Non Financial measures:		
	<b>Level</b>	<b>Financial Measures</b>	<b>Non-Financial Measures</b>
	CEO	70%	30%
	Executives	60%	40%
	General employees	20%	80%
	Financial measures are applied at the Group, Portfolio, and even Asset level. Non-Financial measures focus on execution of strategy, delivery of projects, corporate responsibility and innovation objectives.		
<b>How is performance measured?</b>	Financial and non-financial KPIs are determined at the start of each calendar year and set out in a formal Performance Agreement. This agreement is reviewed at the end of each calendar year for every eligible employee to determine what (if any) STI they may receive.		
<b>Who assesses performance against targets?</b>	The Board assesses the performance of the CEO, who in turn assesses the performance of his direct reports among the Leadership Team.		

### 3. Remuneration Report (continued)

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

##### Short-term incentive outcomes

In 2010 GPT exceeded our forecast Realised Operating Income targets. This performance was the result of disciplined execution of the Reinvigorating GPT strategy announced to the market in August 2009 which has moved rapidly through the clean up and stabilisation phases.

Ensuring that GPT employees are retained and incentivised to perform is critical to driving further performance in the business as GPT moves through the optimisation phase of the strategy towards the objective of being Australia's 'best performing' property group. In recognition of the performance of the Leadership Team in 2010 STI awards have improved on previous years. This is evident in the following table, which depicts not only the actual STI awarded in 2010 but what this amount represents as a proportion of the individual's maximum STI potential:

Senior Executive	Position	Actual STI Awarded (\$'000)	Actual STI Awarded as a % of Maximum STI	% of Maximum STI Award Forfeited
<b>Michael Cameron</b>	Managing Director and Chief Executive Officer	1,415.6	94.4%	5.6%
<b>Tony Cope</b>	Head of Office	437.0	81%	19%
<b>James Coyne</b>	General Counsel/Secretary	281.6	95.9%	4.1%
<b>Mark Fookes</b>	Head of Investment Management	672.3	92.5%	7.5%
<b>Victor Georos</b>	Head of Industrial & Business Parks	437.8	98.3%	1.7%
<b>Nicholas Harris</b>	Head of Wholesale	455.0	79.6%	20.4%
<b>Jonathan Johnstone</b>	Head of Transactions	512.1	95%	5%
<b>Anthony McNulty</b>	Head of Development	273.1	85.5%	14.5%
<b>Michael O'Brien</b>	Chief Financial Officer	801.3	97.1%	2.9%
<b>Michelle Tierney</b>	Head of Retail Property & Asset Management	274.0	95%	5%



### 3. Remuneration Report (continued)

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

##### Long Term Incentives (LTI) (variable component)

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

##### LTI Scheme

At the May 2009 Annual General Meeting GPT security holders approved the introduction of a new Performance Rights LTI Plan (the LTI scheme) which was subsequently implemented. The plan was then continued in 2010 with a further grant of Performance Rights to participants.

<b>What is the purpose of the LTI plan?</b>	The purpose of the LTI plan is to align Senior Executive rewards with sustained improvement in security holder value over time.
<b>Who participates in the LTI plan?</b>	The CEO, his direct reports, and a small number of other senior executives with the greatest ability to impact on the long term performance of GPT. In 2010, 24 individuals participated.
<b>Is there a limit on the number of LTIs issued?</b>	Employee equity holdings under the LTI cannot exceed 5% of the total number of issued securities.
<b>What is the value of the LTI opportunity?</b>	The size of grants under the 2010 LTI is based on a percentage of the participants' Base pay with the maximum (Stretch) opportunity in 2010 as follows: <ul style="list-style-type: none"> <li>■ for the CEO it was equivalent to 1.5 times base pay (= \$1,800,000);</li> <li>■ for Leadership Team members it was 1 times base pay; and</li> <li>■ for all other participants it was equivalent to 75% of base pay.</li> </ul>
<b>How is reward delivered under the LTI program?</b>	Each grant consists of Performance Rights (Rights) to receive GPT securities for no cost. The number of Rights granted was determined by dividing GPT's last quarter 2009 volume weighted average security price (VWAP) of 61.01cps into the grant value. The number of performance rights was subsequently adjusted (reduced) in line with the 5 for 1 consolidation of GPT stapled securities. Rights vest subject to satisfaction of performance and service conditions.
<b>Do executives pay for the LTI instruments?</b>	No. Rights that vest convert to GPT securities at no cost to the executive.
<b>What rights are attached to LTIs?</b>	Rights do not carry any voting rights or receive dividends, however GPT securities allocated on the vesting of Rights carry the same rights as any other GPT security.
<b>Are there restrictions on dealing with securities allocated under the LTI plan?</b>	Yes, all GPT employees sign a policy on personal dealing (Policy) which, in addition to restrictions on insider trading, restricts dealing in GPT securities to certain trading windows. The Policy also precludes hedging or entering into any other financial derivatives in relation to unvested Rights.
<b>What happens when an executive leaves the Company?</b>	Broadly, unvested Rights will lapse, unless the Board in its discretion decides otherwise.
<b>What are the performance hurdles?</b>	See the table on page 131.
<b>Are Rights subject to retesting if they do not vest on initial testing?</b>	No. There is no retesting of Rights that do not vest after being first tested for satisfaction against the performance measures at the end of the 3 year period.

## 3. Remuneration Report (continued)

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

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

## LTI Scheme (continued)

The performance measures are summarised in the tables below, with the LTI Award Accrued converted into a dollar amount per employee in the Senior Executive Remuneration disclosures on page 135.

LTI	LTI Performance Measurement Period	Performance Condition	Performance Condition Hurdle	Weighting
2009	2009-2011	Relative TSR versus ASX 200 Property Index (excluding GPT)	50% of rights vest at 51st percentile, up to 100% at the 75th percentile (pro rata vesting in between).	100%
2010	2010-2012	Relative TSR versus the top 80% of ASX 200 Property Index	50% of rights vest at 51st percentile, up to 100% at the 75th percentile (pro rata vesting in between).	One third each
		Earnings per security growth (EPS) vs the CPI <sup>1</sup>	50% of rights vest if EPS growth = CPI, up to 100% if EPS growth = CPI plus 1% percentile (pro rata vesting in between).	
		Total Return (TR) versus the Weighted Average Cost of Capital (WACC).	0% of rights vest at 8% TR, up to 100% at 9% TR (pro-rata vesting in between).	

<sup>1</sup> The EPS growth calculation for 2010 relies on a rebased 2009 EPS figure of 21.3cps versus the 2010 result of 20.7cps. The rebasing of 2009 was required to adjust the 2009 EPS result of 23.8cps (4.77 cps on a pre 5:1 consolidation basis) to take into account the dilutive effect of the capital raising undertaken in June 2009. The approach is to assume the raising happened on 1 January 2009, rather than 17 June 2009, with the adjusted earnings for the 2009 year divided by the greater number of average shares.

Position	LTI Scheme	Performance Rights Granted	Grant Date	Fair Value per Performance Right	Vesting Date <sup>1</sup>	Maximum Value Recognised in Future Years <sup>2</sup>	
<b>Senior Executives</b>							
Michael Cameron	Managing Director and Chief Executive Officer	2009	396,617	30 Jun 09	\$0.85	31 Dec 11	\$108,720
		2010	590,068	19 May 10	\$2.06	31 Dec 12	\$927,214
Tony Cope	Head of Office	2009	207,653	30 Jun 09	\$1.00	31 Dec 11	\$81,266
		2010	188,494	19 May 10	\$2.06	31 Dec 12	\$296,194
James Coyne	General Counsel/Secretary	2009	180,735	30 Jun 09	\$1.00	31 Dec 11	\$70,732
		2010	154,074	19 May 10	\$2.06	31 Dec 12	\$242,107
Mark Fookes	Head of Investment Management	2009	269,179	30 Jun 09	\$1.00	31 Dec 11	\$105,345
		2010	245,862	19 May 10	\$2.06	31 Dec 12	\$386,340
Victor Georos	Head of Industrial & Business Parks	2009	173,044	30 Jun 09	\$1.00	31 Dec 11	\$67,722
		2010	155,713	19 May 10	\$2.06	31 Dec 12	\$244,683
Nicholas Harris	Head of Wholesale	2009	230,725	30 Jun 09	\$1.00	31 Dec 11	\$90,296
		2010	199,968	19 May 10	\$2.06	31 Dec 12	\$314,223
Jonathan Johnstone	Head of Transactions	2009	192,271	30 Jun 09	\$1.00	31 Dec 11	\$75,246
		2010	188,494	19 May 10	\$2.06	31 Dec 12	\$296,194
Anthony McNulty	Head of Development	2009	152,856	30 Jun 09	\$1.00	31 Dec 11	\$59,821
		2010	134,241	19 May 10	\$2.06	31 Dec 12	\$210,942
Michael O'Brien	Chief Financial Officer	2009	307,634	30 Jun 09	\$1.00	31 Dec 11	\$120,394
		2010	270,448	19 May 10	\$2.06	31 Dec 12	\$424,974
Michelle Tierney	Head of Retail Property & Asset Management	2009	137,714	30 Jun 09	\$1.00	31 Dec 11	\$53,895
		2010	120,473	19 May 10	\$2.06	31 Dec 12	\$189,308
<b>Former Executives<sup>3</sup></b>							
Donna Byrne	Head of Corporate Affairs & Communications	2009	142,281	30 Jun 09	\$1.00	N/A	\$0
		2010	127,848	19 May 10	\$2.06	N/A	\$0

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

<sup>2</sup> This represents the fair value of rights as at grant date that are yet to be expensed.

<sup>3</sup> The Performance Rights of former executives lapse at the end of their employment.

### 3. Remuneration Report (continued)

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

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

###### Pre 2009 Legacy LTI Schemes

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

The 2008 LTI scheme concluded at the end of 2010 and no performance measures were satisfied, hence no LTI awards were made under the scheme. The 2008 LTI scheme is the last of the legacy LTI schemes and will be wound up in 2011 with the sale of participant security holdings under the scheme and the return of these funds to GPT in satisfaction of the limited recourse loans used to purchase them.

The performance measures and participant positions at the end of calendar year 2010 are summarised in the tables below:

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

3. Remuneration Report (continued)

3.3 Remuneration – CEO and Senior Executives (continued)

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

Pre 2009 Legacy LTI Schemes (continued)

Senior Executives	Year of LTI Loan <sup>1</sup>	Loans granted under LTI scheme	GPT stapled security purchase price	Number of securities acquired under LTI scheme	2010 Opening Loan Balance <sup>2</sup> 1 Jan 10	Interest Costs <sup>3</sup> 31 Dec 10	GPT stapled security price at 31 Dec 10	Total net value of employee equity <sup>4</sup> at 31 Dec 10	2008 LTI Scheme award <sup>5</sup> 31 Dec 10	2010 Closing Loan Balance 31 Dec 10
<b>T. Cope</b> Head of Office	2007 2006	\$165,568 \$809,998	\$5.11 \$4.20	6,477 38,548	\$1,025,453	\$7,519	\$2.94	(\$893,079)	\$0	\$1,025,453
<b>J. Coyne</b> General Counsel/Co.Secretary	2007 2006	\$209,302 \$568,888	\$5.11 \$4.20	8,188 27,074	\$817,910	\$5,889	\$2.94	(\$714,241)	\$0	\$817,910
<b>M. Fookes</b> Head of Investment Management	2007 2006	\$484,347 \$1,033,331	\$5.11 \$4.20	18,947 49,177	\$1,595,071	\$11,377	\$2.94	(\$1,394,786)	\$0	\$1,595,071
<b>V. Georos</b> Head of Industrial & Business Parks	2007 2006	\$166,519 \$759,997	\$5.11 \$4.20	6,514 36,169	\$973,885	\$7,128	\$2.94	(\$848,398)	\$0	\$973,885
<b>N. Harris</b> Head of Wholesale	2007 2006	\$256,742 \$888,887	\$5.11 \$4.66	10,043 38,125	\$1,211,868	\$8,044	\$2.94	(\$1,070,252)	\$0	\$1,211,868
<b>J. Johnstone</b> Head of Transactions	2007 2006	\$218,453 \$755,555	\$5.11 \$4.20	8,546 35,957	\$1,023,764	\$7,432	\$2.94	(\$892,925)	\$0	\$1,023,764
<b>A. McNulty</b> Head of Development	2007 2006	\$283,215 \$688,886	\$5.11 \$4.20	11,079 32,785	\$1,021,699	\$7,325	\$2.94	(\$892,739)	\$0	\$1,021,699
<b>M. O'Brien</b> CFO	2007 2006	\$1,301,977 \$1,233,333	\$5.11 \$4.20	50,932 58,695	\$2,664,129	\$18,308	\$2.94	(\$2,341,826)	\$0	\$2,664,129
<b>M. Tierney</b> Head of Retail Property & Asset Management	2007 2006	\$554,937 \$311,111	\$5.11 \$4.20	14,806 21,709	\$909,948	\$6,098	\$2.94	(\$802,594)	\$0	\$909,948
<b>Total</b>		<b>\$10,691,045</b>		<b>473,771</b>	<b>\$11,243,727</b>	<b>\$79,120</b>		<b>(\$9,850,840)</b>	<b>\$0</b>	<b>\$11,243,727</b>

- 1 Year of LTI loan means the year in which a loan was made to the individual to acquire GPT stapled securities under the LTI scheme. No additional loans were made to any of the key management personnel from calendar year 2008 onwards.
- 2 2010 Opening Loan Balance reflects the balance of the loan less net distributions for the period 2006-2009 plus capitalised interest costs for the period 2006-2008.
- 3 Interest costs for 2010 continued to be set at a level equivalent to the net distributions received arising from the change in scheme design in 2009 which recognised that with employee equity positions substantially 'underwater' and with the loans converted to limited recourse there was no sense charging a commercial rate of interest which would further exacerbate the negative equity position.
- 4 Refer to the 2008 Remuneration Report for a detailed explanation regarding the circumstances relating to the negative equity position.
- 5 As a result of GPT's performance in the 2008 LTI (covering the three year period 2008-2010) no LTI award was applicable.

### 3. Remuneration Report (continued)

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

##### Service Agreements

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

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

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

The terms of Mr Cameron's contract were outlined on page 124. The material terms of the service agreements for the Leadership Team (other than the CEO) who were employed by the Group at 31 December 2010 are set out below:

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

##### GPT Performance Outcomes

The table below shows GPT's performance against a number of key metrics over the last 5 years.

		2006	2007	2008	2009	2010
Realised operating income	\$m	558.6	605.1	468.8	375.8	410.0
Total securityholder return (TSR)	%	45.2	(23.4)	(74.9)	(14.4)	2.9
Underlying earnings per security (EPS) <sup>1</sup>	cents	27.5	29.4	18.5	4.8	20.7
EPS growth	%	12.7	7.0	(37.1)	(74.2)	(13.0)
Distributions per security (DPS) <sup>1</sup>	cents	27.5	28.9	17.7	4.5	16.3
NTA (per security) <sup>1</sup>	\$	3.60	3.86	1.43	0.69	3.60
Security price at end of calendar year	\$	5.60	4.04	0.92	0.61	2.94

<sup>1</sup> Unadjusted per security figures.

## For the year ended 31 December 2010 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

## 3. Remuneration Report (continued)

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

## Senior Executive Remuneration Disclosures

The following table provides a breakdown of GPT's Leadership Team remuneration in accordance with statutory requirements and accounting standards. The Board considers that the table on page 121 is more meaningful because it shows cash remuneration actually received by GPT's executives.

	Fixed Pay			Variable or 'At Risk Pay' - Short Term	Variable or 'At Risk Pay' - Long Term		Cash Payment on Termination	Total
	Base	Superannuation	Non-Monetary <sup>1</sup>	STI Bonus	LTI Award Accrual <sup>2</sup>	Grant of Performance Rights <sup>3,4</sup>		
<b>Executives</b>								
<b>M. Cameron<sup>5</sup></b> Managing Director and Chief Executive Officer								
<b>31 December 2010</b>	\$1,245,889	\$14,830	\$5,445	\$1,415,592	\$397,045	\$74,701	-	\$3,153,502
31 December 2009	\$837,589	\$9,521	\$5,445	\$933,333	\$73,274	\$50,346	-	\$1,909,508
<b>T. Cope</b> Head of Office								
<b>31 December 2010</b>	\$554,975	\$14,830	\$2,945	\$437,040	\$173,370	-	-	\$1,183,160
31 December 2009	\$510,811	\$14,103	\$2,805	\$294,657	\$40,967	-	-	\$863,343
<b>J. Coyne</b> General Counsel/Co.Secretary								
<b>31 December 2010</b>	\$422,283	\$14,830	\$3,427	\$281,627	\$146,017	-	-	\$868,184
31 December 2009	\$461,519	\$14,103	\$6,329	\$89,347	\$35,656	-	-	\$606,954
<b>M. Fookes</b> Head of Investment Management								
<b>31 December 2010</b>	\$786,601	\$14,830	\$2,710	\$672,287	\$225,481	-	-	\$1,701,909
31 December 2009	\$665,314	\$14,103	\$4,421	\$310,000	\$53,105	-	-	\$1,046,943
<b>V. Georos</b> Head of Industrial & Business Parks								
<b>31 December 2010</b>	\$471,978	\$14,830	\$2,545	\$437,831	\$143,808	-	-	\$1,070,992
31 December 2009	\$434,557	\$14,103	\$2,445	\$173,016	\$34,139	-	-	\$658,260
<b>N. Harris</b> Head of Wholesale								
<b>31 December 2010</b>	\$617,570	\$14,830	\$3,085	\$454,968	\$188,006	-	-	\$1,278,459
31 December 2009	\$593,323	\$14,103	\$3,045	\$405,180	\$45,519	-	-	\$1,061,170
<b>J. Johnstone</b> Head of Transactions								
<b>31 December 2010</b>	\$602,161	\$14,830	\$46,315	\$512,109	\$167,350	-	-	\$1,347,765
31 December 2009	\$852,900	\$14,103	\$2,645	\$625,000	\$5,932	-	-	\$1,500,580
<b>A. McNulty<sup>6</sup></b> Head of Development								
<b>31 December 2010</b>	\$520,697	\$14,830	\$2,147	\$273,147	\$125,415	-	-	\$936,236
31 December 2009								
<b>M. O'Brien</b> Chief Financial Officer								
<b>31 December 2010</b>	\$850,290	\$14,830	\$3,945	\$801,264	\$252,544	\$91,670	-	\$2,014,543
31 December 2009	\$813,689	\$14,103	\$3,845	\$465,000	\$36,692	\$64,450	-	\$1,397,779
<b>M. Tierney<sup>6</sup></b> Head of Retail Property & Asset Management								
<b>31 December 2010</b>	\$519,749	\$14,830	\$1,993	\$273,969	\$112,762	-	-	\$923,303
31 December 2009								
<b>Former Executives</b>								
<b>D. Byrne<sup>7</sup></b> Head of Corporate Affairs & Communications								
<b>31 December 2010</b>	\$261,768	\$14,031	\$2,205	\$135,164	-	-	\$697,374	\$1,110,542
31 December 2009	\$355,684	\$14,103	\$2,125	\$72,150	-	-	-	\$444,062
<b>R. Croft<sup>8</sup></b> CEO GPT Halverton								
<b>31 December 2010</b>	\$169,442	\$8,472	\$606	-	-	-	\$171,112	\$349,632
31 December 2009								
<b>K. Pryke<sup>9</sup></b> Chief Financial Officer								
<b>31 December 2010</b>	\$533,630	\$10,488	\$5,866	\$125,342	-	-	\$770,000	\$1,445,326
31 December 2009								
<b>H. Stephens<sup>10</sup></b> Head of Corporate Transactions								
<b>31 December 2010</b>	\$483,388	\$14,103	\$7,629	\$500,000	-	-	\$539,231	\$1,544,351
31 December 2009								
<b>N. Tobin<sup>11</sup></b> General Manager - JV								
<b>31 December 2010</b>	\$492,588	\$9,283	\$3,445	\$116,507	-	-	\$720,000	\$1,341,823
31 December 2009								
<b>Total</b>								
<b>31 December 2010</b>	\$6,853,961	\$162,331	\$76,762	\$5,694,998	\$1,931,798	\$166,371	\$697,374	\$15,583,595
31 December 2009	\$7,204,434	\$164,691	\$50,651	\$4,109,532	\$325,284	\$114,796	\$2,200,343	\$14,169,731

1 The amount set out under 'Non-monetary' may include administration fees associated with membership of the GPT Superannuation Plan, Death & Total/Permanent Disability Insurance Premiums, the taxable value of the benefit of discounted staff rates at Voyages Hotels & Resorts, tax equalisation on a UK assignment (J. Johnstone only) and termination payments (D. Byrne only - these include notice and severance pay as well as the paid out value of accumulated but untaken annual and long service leave accruals, as applicable).

2 The purpose of the LTI Award Accrual column is to record the status of accruals for LTI awards under the 2008, 2009 and/or 2010 LTI plans based on GPT performance against the respective award measures.

### 3. Remuneration Report (continued)

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

##### Senior Executive Remuneration Disclosures (continued)

3 One off grants of Performance Rights were made in 2009 as follows:

Name	Reason for the Grant	Initial Value of the Grant	Number of Performance Rights	Vesting Condition
Michael Cameron	A sign on package on appointment to the role of Managing Director and CEO on 1 May 2009	\$300,000	115,363	Service; 50% of performance rights will convert to GPT securities for nil consideration on 30 June 2011, with the remaining 50% converting to GPT securities on 30 June 2012.
Michael O'Brien	Recognition of 7 month's service as Acting CEO	\$200,000	76,909	Service; 50% of performance rights will convert to GPT securities for nil consideration on 1 July 2010, with the remaining 50% converting to GPT securities on 1 July 2011.

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

Name	Reason for the Grant	Initial Value of the Grant (based on fair value)	Number of Performance Rights	Vesting Condition
Michael Cameron	To address the impact of the May 2009 one for one rights issue on Mr Cameron's sign on grant of rights (see detailed explanation above on page 124)	\$34,697	16,843	Service; 50% of performance rights will convert to GPT securities for nil consideration on 30 June 2011, with the remaining 50% converting to GPT securities on 30 June 2012.

5 M. Cameron joined GPT on 1 May 2009.

6 A. McNulty and M. Tierney were not KMP in 2009.

7 D. Byrne's employment ended on 10 September 2010.

8 R. Croft's employment ended on 14 April 2009.

9 K. Pryke's employment ended on 1 September 2009.

10 H. Stephen's employment ended on 31 December 2009.

11 N. Tobin's employment ended on 31 August 2009.

#### 3.4 Remuneration – Non-Executive Directors

##### Remuneration Policy

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

- Non-Executive Directors are paid one fee for participation as a Director in all GPT related companies (principally GPT RE Limited, the Responsible Entity of General Property Trust and GPT Management Holdings Limited).
- Non-Executive Director remuneration is composed of three main elements:
  - Main Board fees
  - Committee fees
  - Superannuation contributions at the statutory Superannuation Guarantee Levy (SGL) rate.
- Differences in workloads of Non-Executive Directors arise mainly because of differing involvement in Board Committees, which is in addition to main Board work. This additional workload is remunerated via Committee fees in addition to main Board fees.
- Non-Executive Directors do not participate in any short or long term incentive arrangements.
- Non-Executive Directors are not entitled to any retirement benefits other than compulsory superannuation.
- Non-Executive Director remuneration is set by reference to comparable entities listed on the Australian Securities Exchange (based on GPT's industry sector and market capitalisation).
- External independent advice on remuneration levels for Non-Executive Directors is sought on an annual basis. In the event that a review is conducted, the new Board and Committee fees are effective from the 1st of January in the applicable year and advised in the ensuing Remuneration Report.

### 3. Remuneration Report (continued)

#### 3.4 Remuneration – Non-Executive Directors (continued)

##### Remuneration arrangements

As noted earlier in the Remuneration Report, the Board determined that there would be no increase in Non-Executive Director fees for 2010, continuing the freeze on Non-Executive Director fees that commenced in 2008.

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

Fees (including superannuation) paid to Non-Executive Directors are drawn from a remuneration pool of \$1,500,000 per annum which was approved by GPT securityholders at the Annual General Meeting on 9 May 2007. As an executive director, Michael Cameron did not receive fees from this pool but was remunerated as one of GPT's Senior Executives.

Annual Board and Board Committees fees (excluding compulsory superannuation) for the year ended 31 December 2010 are as follows:

		Board	Audit and Risk Management Committee	Sustainability Committee	Nomination and Remuneration Committee
Chairman <sup>1</sup>	2010	\$346,500	\$34,650	\$11,000	\$23,100
	2009	\$346,500	\$34,650	-	\$23,100
Members	2010	\$138,600	\$17,325	\$8,000	\$11,550
	2009	\$138,600	\$17,325	-	\$11,550

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

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



### 3. Remuneration Report (continued)

#### 3.4 Remuneration – Non-Executive Directors (continued)

##### Remuneration arrangements (continued)

The nature and amount of each element of remuneration paid to GPT's Non-Executive Directors for the 2010 and 2009 calendar years is as follows:

	Fixed Pay			Total
	Salary & Fees	Superannuation <sup>1</sup>	Non-Monetary <sup>2</sup>	
<b>Directors</b>				
<b>R. Ferguson<sup>3</sup></b>				
Chairman				
<b>31 December 2010</b>	<b>\$276,771</b>	<b>\$14,494</b>	-	<b>\$291,264</b>
31 December 2009	\$90,475	\$8,143	-	\$98,618
<b>B. Crotty<sup>4</sup></b>				
<b>31 December 2010</b>	<b>\$158,770</b>	<b>\$14,081</b>	-	<b>\$172,851</b>
31 December 2009	\$3,038	\$273	-	\$3,311
<b>E. Doyle<sup>5</sup></b>				
<b>31 December 2010</b>	<b>\$130,625</b>	<b>\$11,756</b>	-	<b>\$142,381</b>
31 December 2009	-	-	-	-
<b>E. Goodwin</b>				
<b>31 December 2010</b>	<b>\$154,150</b>	<b>\$14,179</b>	-	<b>\$168,329</b>
31 December 2009	\$167,475	\$14,103	-	\$181,578
<b>L.S. Guan<sup>6</sup></b>				
<b>31 December 2010</b>	<b>\$156,925</b>	-	-	<b>\$156,925</b>
31 December 2009	\$117,497	-	-	\$117,497
<b>A. McDonald</b>				
<b>31 December 2010</b>	<b>\$173,250</b>	<b>\$14,830</b>	<b>\$1,271</b>	<b>\$189,351</b>
31 December 2009	\$173,250	\$14,103	\$1,393	\$188,746
<b>G. Tilbrook<sup>7</sup></b>				
<b>31 December 2010</b>	<b>\$100,396</b>	<b>\$9,036</b>	<b>\$1,246</b>	<b>\$110,678</b>
31 December 2009	-	-	-	-
<b>Former Directors</b>				
<b>P. Joseph<sup>8</sup></b>				
<b>31 December 2010</b>	-	-	-	-
31 December 2009	\$138,156	\$5,480	-	\$143,636
<b>M. Latham<sup>9</sup></b>				
<b>31 December 2010</b>	-	-	-	-
31 December 2009	\$69,078	\$5,480	\$650	\$75,208
<b>I. Martin<sup>10</sup></b>				
<b>31 December 2010</b>	<b>\$57,632</b>	<b>\$5,154</b>	-	<b>\$62,786</b>
31 December 2009	\$161,700	\$14,103	-	\$175,803
<b>K. Moss<sup>11</sup></b>				
<b>31 December 2010</b>	<b>\$123,496</b>	<b>\$5,154</b>	-	<b>\$128,650</b>
31 December 2009	\$270,834	\$14,103	-	\$284,937
<b>Total</b>				
<b>31 December 2010</b>	<b>\$1,332,015</b>	<b>\$88,684</b>	<b>\$2,517</b>	<b>\$1,423,215</b>
31 December 2009	\$1,191,503	\$75,788	\$2,043	\$1,269,334

No termination benefits were paid during the financial year.

1 Refers to compulsory superannuation only; non-compulsory superannuation salary sacrifices are included in Salary & Fees.

2 The amount set out under 'Non-monetary' may include administration fees associated with membership of the GPT Superannuation Plan, Death & Total/Permanent Disability Insurance Premiums (A. McDonald and G. Tilbrook), or Parking (M. Latham).

3 R. Ferguson joined the Board as deputy Chairman on 25 May 2009 and was appointed Chairman effective 10 May 2010.

4 B. Crotty was appointed to the Board on 22 December 2009.

5 E. Doyle was appointed to the Board on 1 March 2010.

6 L.S. Guan was appointed to the Board on 21 April 2009.

7 G. Tilbrook was appointed to the Board on 11 May 2010.

8 P. Joseph retired from the role of Chairman of the Board on 25 May 2009.

9 M. Latham retired as a Director on 25 May 2009.

10 I. Martin retired as a Director on 10 May 2010.

11 K. Moss retired from the role of Chairman of the Board on 10 May 2010.

## 4. Other Disclosures

### 4.1 Indemnification and Insurance of Directors and Officers

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

Subject to specified exclusions, the liabilities insured are for costs that may be incurred in defending civil or criminal proceedings that may be brought against directors and officers in their capacity as Directors and Officers of GPT, its subsidiary companies or such other entities, and other payments arising from liabilities incurred by the Directors and Officers in connection with such proceedings. GPT has agreed to indemnify the auditors out of the assets of GPT if GPT has breached the agreement under which the auditors are appointed.

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

### 4.2 Proceedings on behalf of the Company

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

### 4.3 Non-Audit Services

During the year PricewaterhouseCoopers, GPT's auditor, has performed other services in addition to their statutory duties. Details of the amount paid to the auditor, which includes amounts paid for non-audit services and other assurance services, are set out in note 7 to the financial statements.

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

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

### 4.4 Rounding of Amounts

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

### 4.5 Auditor

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

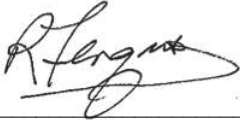
### 4.6 Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 141.

# DIRECTORS' REPORT

For the year ended 31 December 2010 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

Signed in accordance with a resolution of the Directors.



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Rob Ferguson  
Chairman  
Sydney  
24 February 2011



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Michael Cameron  
Managing Director and Chief Executive Officer



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### Auditor's Independence Declaration

As lead auditor for the audit of GPT Management Holdings Limited for the year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of GPT Management Holdings Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'DH Armstrong', with a large, stylized flourish extending from the bottom right.

DH Armstrong  
Partner  
PricewaterhouseCoopers

Sydney  
24 February 2011

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

	Note	Consolidated entity	
		31 Dec 10 \$'000	31 Dec 09 \$'000
<b>Revenue</b>			
Fund management fees		63,315	55,355
Property management fees		24,316	23,945
Development management fees		18,839	18,511
		<b>106,470</b>	<b>97,811</b>
<b>Other income</b>			
Share of after tax (losses) / profit of associates and joint ventures		3	(12,154)
Management costs recharged		6,606	6,859
Interest revenue		814	2,182
Revaluation on borrowings		454,075	-
Net foreign exchange gain		622	1,131
		<b>462,120</b>	<b>(1,982)</b>
<b>Total revenue and other income</b>		<b>568,590</b>	<b>95,829</b>
<b>Expenses</b>			
Remuneration expenses		88,776	75,410
Property rent and outgoings		7,081	5,994
Repairs and maintenance		2,755	1,673
Professional fees		7,599	8,126
Advertising and promotion		-	8
Depreciation and amortisation expense		7,276	6,230
Net loss on disposal of assets		176	-
Impairment expense - loan and receivables		-	8,701
Impairment (reversal) / expense		(992)	-
Finance costs		21,331	11,786
Other expenses		4,592	6,084
<b>Total expenses</b>		<b>138,594</b>	<b>124,012</b>
<b>Profit / (loss) before income tax expense</b>		<b>429,996</b>	<b>(28,183)</b>
<b>Income tax benefit / (expense)</b>		<b>(2,575)</b>	<b>(5,853)</b>
<b>Net profit / (loss) after income tax expense</b>		<b>427,421</b>	<b>(34,036)</b>
Gain / (loss) from discontinued operations	5(c)	188,256	(99,576)
<b>Net profit/(loss) for the year</b>		<b>615,677</b>	<b>(133,612)</b>
<b>Other comprehensive income</b>			
Net foreign exchange translation adjustments, net of tax		17,328	31,053
<b>Total comprehensive profit / (loss) for the year</b>		<b>633,005</b>	<b>(102,559)</b>
<b>Net profit / (loss) attributable to:</b>			
- Members of the Company		616,325	(119,122)
- External non-controlling interest		(648)	(14,490)
<b>Total comprehensive (loss) / income attributable to:</b>		<b>633,653</b>	<b>(88,057)</b>
- Members of the Company		633,653	(88,057)
- External non-controlling interest		(648)	(14,502)
<b>Basic and diluted earnings per ordinary equity holders of the Company</b>			
Basic earnings / (loss) per share (cents per share) from continuing operations	4	23.07	(1.33)
Basic earnings / (loss) per share (cents per share)	4	33.22	(8.09)

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2010 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

	Note	Consolidated entity	
		31 Dec 10 \$'000	31 Dec 09 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		15,084	16,430
Loans and receivables		59,575	20,261
Tax receivable		-	3,229
Prepayments		940	2,305
		<u>75,599</u>	<u>42,225</u>
Assets classified as held for sale	5(b)	35,218	87,370
<b>Total Current Assets</b>		<u>110,817</u>	<u>129,595</u>
<b>Non-Current Assets</b>			
Investments in associates and joint ventures		78	2,944
Loans and receivables		19,122	15,241
Property, plant & equipment		5,661	5,036
Intangible assets		51,758	32,480
Deferred tax assets		27,791	24,509
Other assets		3,813	4,281
		<u>108,223</u>	<u>84,491</u>
<b>Total Non-Current Assets</b>		<u>108,223</u>	<u>84,491</u>
<b>Total Assets</b>		<u>219,040</u>	<u>214,086</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables		46,173	61,218
Provisions		11,348	8,226
Current tax liabilities		257	-
Borrowings		-	160,971
		<u>57,778</u>	<u>230,415</u>
Non-current liabilities classified as held for sale	5(b)	9,288	18,380
<b>Total Current Liabilities</b>		<u>67,066</u>	<u>248,795</u>
<b>Non-Current Liabilities</b>			
Provisions		4,207	3,847
Deferred tax liabilities		495	1,017
Borrowings		-	449,166
		<u>4,702</u>	<u>454,030</u>
<b>Total Non-Current Liabilities</b>		<u>4,702</u>	<u>454,030</u>
<b>Total Liabilities</b>		<u>71,768</u>	<u>702,825</u>
<b>Net Assets</b>		<u>147,272</u>	<u>(488,739)</u>
<b>EQUITY</b>			
Contributed equity		324,771	324,771
Reserves		35,004	14,631
Retained profits / (accumulated losses)	6	(220,028)	(836,353)
<b>Total equity attributable to company members</b>		<u>139,747</u>	<u>(496,951)</u>
Non-controlling interests		7,525	8,212
<b>Total Equity</b>		<u>147,272</u>	<u>(488,739)</u>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010 - GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

	Consolidated entity									
	Attributable to Company members					Attributable to non-controlling interests - external				
	Contributed equity	Reserves	Retained earnings	Total	Contributed equity	Reserves	Retained earnings	Total	Contributed equity	Total equity
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2009</b>	324,755	(17,305)	(717,215)	(409,765)	-	12	22,663	22,675	(387,090)	31,053
Movement in foreign currency translation reserve	-	31,065	-	31,065	-	(12)	-	(12)	-	31,053
<b>Net income / (loss) recognised directly in equity</b>	-	31,065	-	31,065	-	(12)	-	(12)	-	31,053
Profit / (loss) for the financial year	-	-	(119,122)	(119,122)	-	-	(14,490)	(14,490)	(133,612)	(133,612)
<b>Total comprehensive income / (loss) for the financial year</b>	-	31,065	(119,122)	(88,057)	-	(12)	(14,490)	(14,502)	(102,559)	(102,559)
<b>Transactions with Securityholders in their capacity as Securityholders:</b>										
Issue of share capital	16	-	-	16	-	-	-	-	-	16
Movement in employee incentive share scheme reserve	-	871	-	871	-	-	-	-	-	871
Distribution paid or payable	-	-	(16)	(16)	-	-	-	-	-	(16)
<b>Closing balance at 31 December 2009</b>	324,771	14,631	(836,353)	(496,951)	-	-	8,173	8,173	(488,778)	(488,778)
<b>Balance at 1 January 2010</b>										
Movement in asset revaluation reserve	-	-	-	-	-	-	-	-	-	-
Movement in foreign currency translation reserve	-	17,328	-	17,328	-	-	-	-	-	17,328
<b>Net income / (loss) recognised directly in equity</b>	-	17,328	-	17,328	-	-	-	-	-	17,328
Profit / (loss) for the financial year	-	-	616,325	616,325	-	-	(648)	(648)	615,677	615,677
<b>Total comprehensive income / (loss) for the financial year</b>	-	17,328	616,325	633,653	-	-	(648)	(648)	633,005	633,005
<b>Transactions with Securityholders in their capacity as Securityholders:</b>										
Movement in employee incentive security scheme reserve	-	3,045	-	3,045	-	-	-	-	-	3,045
<b>Balance at 31 December 2010</b>	324,771	35,004	(220,028)	139,747	-	-	7,525	7,525	147,272	147,272

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

# CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 December 2010 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

	Consolidated entity	
	31 Dec 10 \$'000	31 Dec 09 \$'000
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations (inclusive of GST)	164,563	344,870
Cash payments in the course of operations (inclusive of GST)	(246,182)	(402,866)
Dividends received	300	4,950
Income tax received / (paid)	3,443	(22,739)
Interest received	1,372	3,297
Payments for derivatives	-	(2,310)
	<b>(76,504)</b>	<b>(74,798)</b>
Finance costs	<b>(7,062)</b>	<b>(10,089)</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(83,566)</b>	<b>(84,887)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(2,991)	(15,226)
Payments for intangibles	(27,125)	-
Proceeds from the sale of property, plant and equipment	-	154
Payments for warehoused property investments	-	25,921
Cash at bank of the disposed entities	-	(28,722)
Proceeds from the disposal of controlled entities	-	(17,221)
Capital repayment from associate	-	4,235
Related party loans	-	(1,610)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(30,116)</b>	<b>(32,469)</b>
<b>Cash flows from financing activities</b>		
Repayment of employee incentive scheme loans, net of distributions	1,095	1,895
Loan repayment	(1,854)	-
Proceeds from related party borrowings	106,134	83,523
Repayment of net banking facilities	-	(1,020)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>105,375</b>	<b>84,398</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(8,307)</b>	<b>(32,958)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>27,102</b>	<b>60,060</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>18,795</b>	<b>27,102</b>

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



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

## 1. Basis of preparation of concise financial report

The concise financial report has been prepared in accordance with the *Corporations Act 2001* and Accounting Standard AASB 1039 *Concise Financial Reports*. The concise financial report and specific disclosures required by AASB 1039 have been derived from the Company's full financial report, and is presented in Australian dollars. A full description of the accountings policies adopted by the consolidated entity is provided in the 2010 financial statements which form part of the full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The Company's accounting policies have been consistently applied to all periods presented in the concise financial report.

## 2. Segment reporting

### (a) Financial Performance by Segment

The segment information provided to the CEO for the reportable segments (discussed at note 2(c)) for the year ended 31 December 2010 is below:

31 December 2010

	Core operations			Total continuing operations	Non-core operations				Total
	Funds Management Australia	Property Management	All other segments		Discontinued operation - US Seniors Housing	Discontinued operation - Funds Management Europe	Discontinued operation - Joint Venture	Discontinued operation - Hotel/Tourism	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>									
Revenue from hotel operations	-	-	-	-	-	-	-	109,054	109,054
Fund management fees	22,749	-	40,566	63,315	-	-	-	866	64,181
Property management fees	-	24,316	-	24,316	-	-	-	(23)	24,293
Development management fees	-	13,143	5,696	18,839	-	-	-	-	18,839
<b>Total segment revenue</b>	<b>22,749</b>	<b>37,459</b>	<b>46,262</b>	<b>106,470</b>	-	-	-	109,897	216,367
<b>Other income</b>									
Share of after tax (losses) / profit of associates and joint ventures	-	-	3	3	(4,588)	4,542	-	-	(43)
Management costs recharged	-	4,670	1,936	6,606	-	-	-	-	6,606
Interest revenue	188	6	620	814	28	267	-	263	1,372
Dividend revenue	-	-	-	-	-	-	-	300	300
	188	4,676	2,559	7,423	(4,560)	4,809	-	563	8,235
<b>Total segment revenue and other income</b>	<b>22,937</b>	<b>42,135</b>	<b>48,821</b>	<b>113,893</b>	<b>(4,560)</b>	<b>4,809</b>	-	110,460	224,602
<b>Expenses</b>									
Remuneration expenses	(4,070)	(35,762)	(45,559)	(85,391)	-	-	-	(40,527)	(125,918)
Rental expenses attributable to hotel operations	-	-	-	-	-	-	-	(37,759)	(37,759)
Cost of sales attributable to hotel operations	-	-	-	-	-	-	-	(21,193)	(21,193)
Property rent and outgoings	(173)	(2,899)	(4,009)	(7,081)	-	-	-	(14,662)	(21,743)
Repairs and maintenance	(229)	(3,579)	1,053	(2,755)	-	-	-	(6,214)	(8,969)
Professional fees	(35)	(853)	(6,711)	(7,599)	-	(132)	-	(384)	(8,115)
Advertising and promotion	-	-	-	-	-	-	-	1,924	1,924
Depreciation and amortisation expense	-	-	(2,366)	(2,366)	-	-	-	-	(2,366)
Finance costs	-	(2,138)	(19,193)	(21,331)	-	(8,133)	-	(3,984)	(33,448)
Other expenses - internal recharges	(6,833)	1,151	9,328	3,646	(3,151)	-	-	(495)	-
Other expenses	(151)	737	(6,483)	(5,897)	-	1,093	-	(4,375)	(9,178)
Income tax (expense) / benefit	(3,704)	(409)	6,786	2,673	(53)	73	-	5,163	7,856
<b>Segment result for the year</b>	<b>7,742</b>	<b>(1,617)</b>	<b>(18,333)</b>	<b>(12,208)</b>	<b>(7,764)</b>	<b>(2,290)</b>	-	<b>(12,046)</b>	<b>(34,308)</b>
Fair value and other adjustments to investments in joint ventures and associates	-	-	-	-	1,803	(14,163)	-	-	(12,360)
Net loss on fair value of derivatives	-	-	-	-	-	-	-	-	-
Net foreign exchange gain / (loss)	-	-	622	622	(180)	(633)	-	-	(191)
Net (gain) / loss on disposal of assets - non-operating	-	-	(176)	(176)	(125)	3,954	(125)	(500)	3,028
Revaluation on borrowings	-	29,994	424,081	454,075	-	105,203	-	118,757	678,035
Cost of sale attributed to assets held for sale	-	-	-	-	-	-	-	-	-
Impairment expenses	-	-	992	992	-	3,568	-	(4,321)	239
Finance costs	-	-	-	-	-	-	-	(3,078)	(3,078)
Depreciation and amortisation expense	-	(4,152)	(758)	(4,910)	-	-	-	(531)	(5,441)
Tax impact on reconciling items from segment result to net loss for the year	-	595	(5,843)	(5,248)	-	-	-	385	(4,863)
ESAP Reserve non deductible	-	-	-	-	-	-	-	-	-
People costs	-	-	(3,385)	(3,385)	-	-	-	368	(3,017)
Surplus lease provision	-	-	-	-	-	-	-	-	-
Other non-operating	-	-	(2,341)	(2,341)	(26)	-	-	-	(2,367)
<b>Net profit / (loss) for the financial year</b>	<b>7,742</b>	<b>24,820</b>	<b>394,859</b>	<b>427,421</b>	<b>(6,292)</b>	<b>95,639</b>	<b>(125)</b>	<b>99,034</b>	<b>615,677</b>

2. Segment reporting (continued)

(a) Financial Performance by Segment (continued)

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

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

31 December 2009

	Core operations			Total continuing operations	Non-core operations				Total
	Funds Management Australia	Property Management	All other segments		Discontinued operation - US Seniors Housing	Discontinued operation - Funds Management Europe	Discontinued operation - Joint Venture	Discontinued operation - Hotel/Tourism	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>									
Revenue from hotel operations	-	-	-	-	-	-	-	181,392	181,392
Revenue from property investments	-	-	-	-	-	24,770	-	-	24,770
Fund management fees	23,235	-	32,120	55,355	-	2,991	10	-	58,356
Property management fees	-	23,945	-	23,945	-	23,034	-	-	46,979
Development management fees	-	13,428	5,083	18,511	-	-	-	-	18,511
<b>Total segment revenue</b>	23,235	37,373	37,203	97,811	-	50,795	10	181,392	330,008
<b>Other income</b>									
Share of after tax (losses) / profits of associates and joint ventures	-	-	-	-	(6,710)	4,787	-	520	(1,403)
Management costs recharged	-	4,814	2,045	6,859	-	-	-	-	6,859
Interest revenue	324	9	1,849	2,182	64	1,809	-	319	4,374
	324	4,823	3,894	4,041	(6,646)	6,596	-	839	9,830
<b>Total segment revenue and other income</b>	23,559	42,196	41,097	106,852	(6,646)	57,391	10	182,231	339,838
<b>Expenses</b>									
Remuneration expenses	(3,531)	(33,754)	(32,137)	(69,422)	-	(31,814)	(657)	(72,073)	(173,966)
Rental expense attributable to hotel operations	-	-	-	-	-	-	-	(52,946)	(52,946)
Cost of sales attributable to hotel operations	-	-	-	-	-	-	-	(36,365)	(36,365)
Property rent and outgoings	(165)	(2,953)	(2,876)	(5,994)	-	(16,170)	(33)	(31,375)	(53,572)
Repairs and maintenance	(141)	(2,205)	673	(1,673)	-	-	(38)	(7,096)	(8,807)
Professional fees	(49)	(835)	(7,242)	(8,126)	-	(11,334)	(153)	(2,578)	(22,191)
Advertising and promotion	-	-	(8)	(8)	-	(282)	-	(2,093)	(2,383)
Depreciation and amortisation expense	-	-	(2,078)	(2,078)	-	(955)	-	-	(3,033)
Finance costs	-	-	(11,786)	(11,786)	-	(26,674)	-	(3,875)	(42,335)
Other expenses - internal recharges	(9,507)	3,008	8,981	2,482	(2,482)	-	-	-	-
Other expenses	(143)	(1,180)	(7,243)	(8,566)	-	(4,860)	(136)	(1,343)	(14,905)
Income tax (expense) / benefit	(3,361)	(1,391)	3,210	(1,542)	(47)	(1,071)	-	8,401	5,741
<b>Segment result for the year</b>	6,662	2,886	(9,409)	139	(9,175)	(35,769)	(1,007)	(19,112)	(64,924)
Fair value and other adjustments to investments in joint ventures and associates	-	-	(12,155)	(12,155)	(970)	(20,901)	-	(592)	(34,618)
Net loss on fair value of derivatives	-	-	-	-	-	(6,787)	-	-	(6,787)
Net foreign exchange gain	-	-	1,132	1,132	-	3,628	-	-	4,760
Net loss on disposal of assets - non-operating	-	-	-	-	-	(42,822)	(556)	(55)	(43,433)
Gain on loan forgiveness	-	-	-	-	-	131,907	-	-	131,907
Impairment expenses	-	-	(8,701)	(8,701)	-	(63,369)	(33,120)	(118)	(105,308)
Depreciation and amortisation expense	-	(4,152)	-	(4,152)	-	(190)	-	(924)	(5,266)
Redundancy	-	-	(2,088)	(2,088)	-	-	(2,080)	-	(4,168)
Tax impact on reconciling items from segment result to net loss for the year	13	102	(4,426)	(4,311)	-	2,584	(422)	458	(1,691)
Share based payment expense	-	-	(3,900)	(3,900)	-	-	-	-	(3,900)
Other - non-operating	-	-	-	-	581	391	(1,156)	-	(184)
<b>Net profit / (loss) for the financial year</b>	6,675	(1,164)	(39,547)	(34,036)	(9,564)	(31,328)	(38,341)	(20,343)	(133,612)

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

## 2. Segment reporting (continued)

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

This reconciliation relates only to revenue and expense items from continuing operations and excludes any amounts comprising the net loss from discontinued operations.

31 December 2010

	Core operations	Corporate	Total continuing operations	ROI adjustments	Total Statement of Comprehensive Income
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>					
Fund management fees	22,749	40,566	63,315	-	63,315
Property management fees	24,316	-	24,316	-	24,316
Development management fees	13,143	5,696	18,839	-	18,839
<b>Total segment revenue</b>	<b>60,208</b>	<b>46,262</b>	<b>106,470</b>	<b>-</b>	<b>106,470</b>
<b>Other income</b>					
Share of after tax (losses) / profit of associates and joint ventures	-	3	3	-	3
Less: Fair value adjustments to investments in associates and joint ventures	-	-	-	-	-
Management costs recharged	4,670	1,936	6,606	-	6,606
Interest revenue	194	620	814	-	814
Revaluation on borrowings	-	-	-	454,075	454,075
Add: Net foreign exchange gain	-	-	-	622	622
	<b>4,864</b>	<b>2,559</b>	<b>7,423</b>	<b>454,697</b>	<b>462,120</b>
<b>Total segment revenue and other income</b>	<b>65,072</b>	<b>48,821</b>	<b>113,893</b>	<b>454,697</b>	<b>568,590</b>
<b>Expenses</b>					
Remuneration expenses	(39,832)	(45,559)	(85,391)	(3,385)	(88,776)
Property rent and outgoings	(3,072)	(4,009)	(7,081)	-	(7,081)
Repairs and maintenance	(3,808)	1,053	(2,755)	-	(2,755)
Professional fees	(888)	(6,711)	(7,599)	-	(7,599)
Depreciation and amortisation expense	-	(2,366)	(2,366)	-	(2,366)
Add: Amortisation expense - intangibles	-	-	-	(4,910)	(4,910)
Add: Net loss on disposal of assets	-	-	-	(176)	(176)
Finance costs	(2,138)	(19,193)	(21,331)	-	(21,331)
Other expenses - internal recharges	(5,682)	9,328	3,646	-	3,646
Other expenses	586	(6,483)	(5,897)	(2,341)	(8,238)
Income tax (expense) / benefit	(4,113)	6,786	2,673	-	2,673
Add: Tax impact on reconciling items from segment result to net loss for the year	-	-	-	(5,248)	(5,248)
<b>Segment result for the year</b>	<b>6,125</b>	<b>(18,333)</b>	<b>(12,208)</b>	<b>438,637</b>	<b>426,429</b>
Impairment expense	-	-	-	992	992
<b>Net profit/(loss) for the year</b>	<b>6,125</b>	<b>(18,333)</b>	<b>(12,208)</b>	<b>439,629</b>	<b>427,421</b>

2. Segment reporting (continued)

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

31 December 2009

	Core operations	Corporate	Total continuing operations	ROI adjustments	Total Statement of Comprehensive Income
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>					
Fund management fees	23,235	32,120	55,355	-	55,355
Property management fees	23,945	-	23,945	-	23,945
Development management fees	13,428	5,083	18,511	-	18,511
<b>Total segment revenue</b>	<b>60,608</b>	<b>37,203</b>	<b>97,811</b>	<b>-</b>	<b>97,811</b>
<b>Other income</b>					
Share of after tax (losses) / profit of associates and joint ventures	-	-	-	-	-
Less: Fair value adjustments to investments in associates and joint ventures	-	-	-	(12,155)	(12,155)
Management costs recharged	4,814	2,045	6,859	-	6,859
Interest revenue	333	1,849	2,182	-	2,182
Add: Net foreign exchange gain	-	-	-	1,132	1,132
	5,147	3,894	9,041	(11,023)	(1,982)
<b>Total segment revenue and other income</b>	<b>65,755</b>	<b>41,097</b>	<b>106,852</b>	<b>(11,023)</b>	<b>95,829</b>
<b>Expenses</b>					
Remuneration expenses	(37,285)	(32,137)	(69,422)	(5,988)	(75,410)
Property rent and outgoings	(3,118)	(2,876)	(5,994)	-	(5,994)
Repairs and maintenance	(2,346)	673	(1,673)	-	(1,673)
Professional fees	(884)	(7,242)	(8,126)	-	(8,126)
Add: Other	-	-	-	-	-
Advertising and promotion	-	(8)	(8)	-	(8)
Depreciation and amortisation expense	-	(2,078)	(2,078)	-	(2,078)
Add: Amortisation expense - intangibles	-	-	-	(4,152)	(4,152)
Add: Net loss on disposal of assets	-	-	-	-	-
Finance costs	-	(11,786)	(11,786)	-	(11,786)
Other expenses - internal recharges	(6,499)	8,981	2,482	-	2,482
Other expenses	(1,323)	(7,243)	(8,566)	-	(8,566)
Income tax (expense) / benefit	(4,752)	3,210	(1,542)	-	(1,542)
Add: Tax impact on reconciling items from segment result to net loss for the year	-	-	-	(4,311)	(4,311)
<b>Segment result for the year</b>	<b>9,548</b>	<b>(9,409)</b>	<b>139</b>	<b>(25,474)</b>	<b>(25,335)</b>
Impairment expense	-	-	-	(8,701)	(8,701)
<b>Net profit/(loss) for the year</b>	<b>9,548</b>	<b>(9,409)</b>	<b>139</b>	<b>(34,175)</b>	<b>(34,036)</b>

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

The CEO assesses the performance of the operating segments on a ROI basis. The material adjustments to the Segment Result to arrive at Net Loss shown in the financial statements are set out below:

- (i) **Fair value and other adjustments to investments in associates and joint ventures** comprise the movements in the value of the Company's investments in joint ventures and associates as required by IFRS but do not reflect the cash distributions received from these investments. As such, the Company has excluded these amounts from the ROI to better reflect a cash basis in ROI.
- (ii) **Share based payment expense** comprises of a notional cost arising from the GPT Employee Incentive Scheme. In October 2009, the General Scheme was terminated. As this is a notional cost required by IFRS the Company has excluded this amount from ROI.
- (iii) **Redundancy costs** comprise the redundancy payments for senior executives. For the 2009 financial year, these costs relate to Kieran Pryke and Neil Tobin who departed the Company as a result of the simplification of the business. As these costs are one-off and non-recurring in nature, the Company has excluded this amount from ROI.
- (iv) **Amortisation expense** is required for IFRS and is a non-cash transaction. The Company has therefore excluded this amount from the ROI to better reflect a cash basis in ROI.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

## 2. Segment reporting (continued)

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

The amounts provided to the CEO in respect of total assets are measured in a manner consistent with that of the financial statements and allocated based on the operations of the segment and physical location of the assets. Given some of the assets and liabilities relate mainly to Corporate activities and have not been allocated to a reportable segment, a reconciliation of the reportable segments' assets to total assets is set out below:

#### 31 December 2010

	Core operations			Total continuing operations	Non-core operations				Total
	Funds Management Australia	Property Management	All Other Segments		Discontinued Operation - US Seniors Housing	Discontinued Operation - Funds Management Europe	Discontinued Operation - Joint Venture	Discontinued Operation - Hotels / Tourism	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current Assets</b>									
Other current assets	10,221	25,079	40,299	75,599	-	-	-	-	75,599
Assets classified as held for sale	-	-	-	-	1,099	13,487	-	20,632	35,218
<b>Total Current Assets</b>	<b>10,221</b>	<b>25,079</b>	<b>40,299</b>	<b>75,599</b>	<b>1,099</b>	<b>13,487</b>	<b>-</b>	<b>20,632</b>	<b>110,817</b>
<b>Non-Current Assets</b>									
Investments in associates and joint ventures	-	-	78	78	-	-	-	-	78
Property, plant and equipment	-	-	5,661	5,661	-	-	-	-	5,661
Loans and receivables	-	-	19,122	19,122	-	-	-	-	19,122
Intangible assets	-	12,091	39,667	51,758	-	-	-	-	51,758
Other non-current assets	526	3,348	27,730	31,604	-	-	-	-	31,604
<b>Total Non-Current Assets</b>	<b>526</b>	<b>15,439</b>	<b>92,258</b>	<b>108,223</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108,223</b>
<b>Total assets</b>	<b>10,747</b>	<b>40,518</b>	<b>132,557</b>	<b>183,822</b>	<b>1,099</b>	<b>13,487</b>	<b>-</b>	<b>20,632</b>	<b>219,040</b>
Other current and non-current liabilities	8,936	14,337	39,207	62,480	-	-	-	-	62,480
Liabilities directly associated with assets classified as held for sale	-	-	-	-	-	-	-	9,288	9,288
<b>Total liabilities</b>	<b>8,936</b>	<b>14,337</b>	<b>39,207</b>	<b>62,480</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,288</b>	<b>71,768</b>
<b>Net assets</b>	<b>1,811</b>	<b>26,181</b>	<b>93,350</b>	<b>121,342</b>	<b>1,099</b>	<b>13,487</b>	<b>-</b>	<b>11,344</b>	<b>147,272</b>

#### 31 December 2009

<b>Current Assets</b>									
Other current assets	11,151	4,886	26,187	42,224	1	-	-	-	42,225
Assets classified as held for sale	-	-	-	-	-	49,499	-	37,871	87,370
<b>Total Current Assets</b>	<b>11,151</b>	<b>4,886</b>	<b>26,187</b>	<b>42,224</b>	<b>1</b>	<b>49,499</b>	<b>-</b>	<b>37,871</b>	<b>129,595</b>
<b>Non-Current Assets</b>									
Investments in associates and joint ventures	-	-	75	75	2,869	-	-	-	2,944
Property, plant and equipment	-	-	5,036	5,036	-	-	-	-	5,036
Loans and receivables	-	-	14,550	14,550	691	-	-	-	15,241
Intangible assets	-	16,244	16,236	32,480	-	-	-	-	32,480
Other non-current assets	375	1,868	26,547	28,790	-	-	-	-	28,790
<b>Total Non-Current Assets</b>	<b>375</b>	<b>18,112</b>	<b>62,444</b>	<b>80,931</b>	<b>3,560</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84,491</b>
<b>Total assets</b>	<b>11,526</b>	<b>22,998</b>	<b>88,631</b>	<b>123,155</b>	<b>3,561</b>	<b>49,499</b>	<b>-</b>	<b>37,871</b>	<b>214,086</b>
Other current and non-current liabilities	10,886	37,667	635,892	684,445	-	-	-	-	684,445
Liabilities directly associated with assets classified as held for sale	-	-	-	-	-	-	-	18,380	18,380
<b>Total liabilities</b>	<b>10,886</b>	<b>37,667</b>	<b>635,892</b>	<b>684,445</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,380</b>	<b>702,825</b>
<b>Net assets</b>	<b>640</b>	<b>(14,669)</b>	<b>(547,261)</b>	<b>(561,290)</b>	<b>3,561</b>	<b>49,499</b>	<b>-</b>	<b>19,491</b>	<b>(488,739)</b>

2. Segment reporting (continued)

(e) Identification of Reportable Segments

The Company's operating segments which are based on internal reports reviewed by the Chief Executive Officer are:

Segment	Types of products and services which generate segment revenues
<b>Funds Management Australia</b>	Asset and funds management of Australian wholesale fund vehicles, GPT Wholesale Shopping Centre Fund and GPT Wholesale Office Fund.
<b>Property Management</b>	Property management of Australian retail assets including the retail assets in the GPT Wholesale Shopping Centre Fund.
<b>All other segments</b>	Costs associated with the funds management of the General Property Trust, foreign exchange gains and losses, finance costs and Company operating costs.
<b>Discontinued operation – US Seniors Housing</b>	Investments in a portfolio of established seniors housing assets in the United States of America as well as an interest in the manager of these assets.
<b>Discontinued operation – Funds Management Europe</b>	Asset and fund management in Europe through a number of small funds and also GPT Halverton and Hamburg Trust up until their sale in 2009.
<b>Discontinued operation – Joint Venture</b>	Investments in the Babcock & Brown Joint Venture in Europe, the United States of America, New Zealand and Australia. GPT has divested its interest in the Joint Venture.
<b>Discontinued operation – Hotels / Tourism</b>	Investments in nature-based resorts and hotel assets. GPT has divested all resorts with the exception of Ayers Rock Resort which sales contract was exchanged on 15 October 2010 and will be settled during March 2011.

(f) Segment Revenues and Assets by geographic location

The Company now operates predominantly in Australia but also in the United States of America through the US Seniors Housing portfolio. Revenues from external customers by geographical location along with an analysis of the location of total assets is as follows:

	Segment revenues		Segment assets	
	31 Dec 10 \$'000	31 Dec 09 \$'000	31 Dec 10 \$'000	31 Dec 09 \$'000
Australia	216,367	279,213	204,454	161,026
Europe	-	50,795	13,487	49,499
United States of America	-	-	1,099	3,561
Total	216,367	330,008	219,040	214,086

Location	Products and services by location
<b>Australia</b>	Retail, office, industrial and hotel operations of the main operating entity, General Property Trust and the hotel & tourism business, urban communities as well as the Australian funds management operations of GPT Management Holdings Limited.
<b>Europe</b>	The segment consists of a preferred loan in a residential portfolio.
<b>United States of America</b>	Seniors Housing and up until the sale of the Joint Venture in 2009, retail and residential businesses.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

## 3. Dividends paid and payable

No dividends have been paid or declared for the financial year. In the prior year, the Company declared an In Specie Dividend of BGP Holdings Limited (formerly GPT MaltaCo 1 Limited) for €10,000 (AUD \$16,000) out of current year profits.

## 4. Earnings / (loss) per share

	Consolidated entity	
	31 Dec 10	31 Dec 09
	Cents	Cents
<b>(a) Basic loss per share</b>		
Basic and diluted earnings per share - loss from continuing operations	23.07	(1.33)
Basic and diluted earnings per share - loss from discontinued operations	10.15	(6.76)
Total basic and diluted earnings per share	33.22	(8.09)
	Number of shares '000s	Number of shares '000s
<b>(b) Weighted average number of ordinary/stapled securities</b>		
Weighted average number of ordinary shares used calculating basic and diluted loss per share	1,855,529	1,472,108
Securities used in the demoninator in calculating diluted earnings per ordinary stapled	1,855,529	1,472,108
	31 Dec 10	31 Dec 09
	\$'000	\$'000
<b>(c) The losses used in the calculation s of the basic loss per share are as follows:</b>		
<b>Losses reconciliation - basic and diluted</b>		
Profit/(loss) from continuing operations	428,069	(19,546)
Profit/(loss) from discontinued operations	188,256	(99,576)
Loss attributed to external non-controlling interest	(648)	(14,490)
	615,677	(133,612)

\* Prior period weighted average number of securities and EPSs have been adjusted for the consolidation of securities that occurred on 19 May 2010 and for the bonus factor effect of the securities issued during the year at a price lower than the market value as required by AASB 133 *Earnings per Share*.

## (d) Information concerning the classification of securities

### Performance Rights

3,818,257 (restated for the 5 to 1 consolidation of the stapled securities) Performance Rights were granted to certain Senior Executives under the Stapled Security Rights Plan during 2010. Only 243,571 Rights have met the vesting conditions and are considered dilutive. As such, only 243,571 Rights have been included in the determination of diluted earnings per security. The remaining 8,131,463 Performance Rights have not been included in the calculation of diluted earnings per security because their vesting conditions are not satisfied for the financial year ended 31 December 2010. These Rights could potentially dilute basic earnings per share in the future. No Performance Rights have been included in the determination of basic earnings per share.

## 5. Non-current assets held for sale and discontinued operations

### (a) Details of discontinued operations

At 31 December 2010, there are four discontinued operations: Hotel / Tourism Portfolio, Joint Venture, Funds Management – Europe and US Seniors Housing portfolios.

As part of GPT's refined strategic direction to focus on Australian assets, management has continued with its plans and further disposals have occurred in the 2010. These disposals and the remaining investments for each discontinued operation at 31 December 2010, along with their impact on the Statement of Comprehensive Income and Statement of Financial Position, are discussed in detail below.

#### (i) Hotel / Tourism

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

The Voyages hotel management business remains unsold as at 31 December 2010 and has been included as non-current assets classified as held for sale in the Statement of Financial Position.

#### (ii) Joint Venture

##### (1) BGA Real Estate Finance Trust

BGA Real Estate Finance Trust provided mezzanine loan financing over an Australian and New Zealand property portfolio and formed part of the Joint Venture.

On 15 June 2010,

- GPT International Pty Limited (GPTI) sold 100% of its ordinary units for a cash consideration of \$10; and
- GPT Funds Management No.2 Pty Limited (GPTFM2) (as trustee of GPT Investment Trust No.1) sold 100% of its ordinary and preferred units for a cash consideration of \$10.

The sales resulted in a nominal net gain, as both the BGA joint venture investment and loans to BGA had a carrying value of nil prior to the sales.

##### (2) Babcock & Brown GPT REIT Inc

The following developments have occurred since 31 December 2009 on the US retail property assets held in the Joint Venture via the Babcock & Brown GPT REIT Inc:

#### Marelda Assets

In February 2010, discussions commenced with lenders of each of the eight properties held in the Marelda Retail Holdings LLC structure (referred to as Marelda Assets). At the date of this report, lender consents have been granted and as a result the ownership of the Marelda Assets has been transferred to the buyer. Subsequently, the Babcock & Brown GPT REIT Inc has been sold prior to 31 December 2010.

##### (3) Babcock & Brown Residential Operating Partnership LP Loan

During the year, GPT entered into a sale agreement to sell its Series D Preferred units (classified as Loans and receivables - asset) in Babcock & Brown Residential Operating Partnership LP (the Partnership) for cash consideration of USD\$20m. The sale was completed on 1 November 2010.

#### (iii) Funds Management - Europe

##### (1) Dutch Active Fund Propco BV (DAF)

The following developments have occurred since 31 December 2009 in relation to the legal sale of GPT Europe 2 Sarl's 38.04% shareholding in DAF:

- regulatory consent of the sale transaction has been provided by the Dutch Tax Authority with effect from 8 August 2009, resulting in REIT status for DAF; and
- regulatory consent of the sale transaction by HM Revenue and Customs (Charity Commission), was received on 6 July 2010, with the consent confirming that the purchasers' investment in DAF is a qualifying investment under Schedule 20 ICTA 1988 and income arising from the transaction will be exempt for UK income tax purposes.

The consents above result in an unconditional legal sale of the DAF investment effective from 6 July 2010. However, until the 38.04% shareholding in DAF is on-sold to a third party by the new owners or GPT, the risks and benefit of owning this investment still remain with GPT and does not qualify as a sale under Australian Accounting Standards. As a result, at 31 December 2010, GPT Europe 2 Sarl, continues to recognise the 38.04% investment in DAF for \$13.5 million.

##### (iv) US Seniors Housing

On 16 February 2011 GPT announced the sale of the portfolio to Healthcare REIT Inc with settlement expected in the first half of 2011.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

## 5. Non-current assets held for sale and discontinued operations (continued)

### (b) Details of Assets and Liabilities of Discontinued Operations

The table below sets out the assets and liabilities that continue to be owned by the Company at 31 December 2010, as discussed in note 5(a)(i), 5(a)(ii), 5(a)(iii) and 5(a)(iv). Note 2(d) shows these assets and liabilities as an aggregate amount on the lines 'non-current assets and liabilities held for sale' in the Statement of Financial Position.

	Funds				Total 31 Dec 10 \$000's	Total 31 Dec 09 \$000's
	US Seniors Housing 31 Dec 10 \$000's	Management Europe 31 Dec 10 \$000's	Hotel/ Tourism 31 Dec 10 \$000's	Joint Venture 31 Dec 10 \$000's		
<b>Assets classified as held for sale</b>						
Cash at bank and at call	-	-	3,711	-	3,711	10,672
Loans and receivables	608	23	12,636	-	13,267	35,913
Inventories	-	-	3,759	-	3,759	4,405
Investments in associates and joint ventures	491	13,464	503	-	14,458	31,141
Property, plant and equipment	-	-	-	-	-	5,200
Other assets	-	-	23	-	23	39
<b>Total Assets classified as held for sale</b>	<b>1,099</b>	<b>13,487</b>	<b>20,632</b>	<b>-</b>	<b>35,218</b>	<b>87,370</b>
<b>Liabilities classified as held for sale</b>						
Trade payables and accruals	-	-	6,142	-	6,142	15,972
Other liabilities	-	-	3,146	-	3,146	2,408
<b>Total Liabilities classified as held for sale</b>	<b>-</b>	<b>-</b>	<b>9,288</b>	<b>-</b>	<b>9,288</b>	<b>18,380</b>

### (c) Financial performance and cashflow information relating to discontinued operations

The financial performance and cash flow information up to the date of disposal and for the financial year ended 31 December 2010 (where the operations remain at year end) is set out below. These results are shown at note 2(a) within the Discontinued Operations segments. Prior year comparatives have been restated and are also included.

	Consolidated entity	
	31 Dec 10 \$000's	31 Dec 09 \$000's
<b>Financial performance and cash flow information:</b>		
Revenue	334,669	368,521
Expenses	(151,981)	(478,000)
Profit/(loss) before income tax	182,688	(109,479)
Income tax credit	5,568	9,903
<b>Profit/(loss) after income tax of discontinued operations</b>	<b>188,256</b>	<b>(99,576)</b>
Net cash outflow from operating activities	(16,258)	(25,446)
Net cash outflow from investing activities	(2,943)	11,371
Net cash outflow from financing activities	(1,885)	(1,020)
<b>Net decrease in cash generated by the discontinued operation</b>	<b>(21,086)</b>	<b>(15,095)</b>

5. Non-current assets held for sale and discontinued operations (continued)

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

The net loss on sale of disposals from discontinued operations and in the general course of business during the financial year were:

	Consolidated entity	
	31 Dec 10 \$'000	31 Dec 09 \$'000
<b>Details of disposals during the year:</b>		
Consideration (net of transaction costs)	20,239	8,700
Total consideration	20,239	8,700
Carrying amount of net assets sold	(20,791)	(51,522)
Foreign exchange gain realised on disposal	3,580	-
<b>Gain / (Loss) on sale before income tax</b>	<b>3,028</b>	<b>(42,822)</b>
Income tax expense	-	-
<b>Gain / (Loss) on sale after income tax</b>	<b>3,028</b>	<b>(42,822)</b>
<b>The carrying amounts of assets and liabilities as at the date of disposal were:</b>		
Cash at bank and at call	-	28,722
Trade receivables	21,806	8,777
Inventories	-	380,337
Property, plant and equipment	1,535	-
Other assets	-	1,467
<b>Total assets</b>	<b>23,341</b>	<b>419,303</b>
Trade payables and accruals	-	30,013
Derivative liabilities	-	20,891
Borrowings	-	316,877
Other liabilities	2,550	-
<b>Total liabilities</b>	<b>2,550</b>	<b>367,781</b>
<b>Net assets</b>	<b>20,791</b>	<b>51,522</b>

Disposals happened throughout the financial year and the table above shows the carrying value of assets and liabilities as at the date of disposals.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

## 6. Retained profits/(accumulated losses)

	Company \$'000	Non-controlling Interest \$'000	Total \$'000
<b>Consolidated entity</b>			
Balance at 1 January 2009	(717,215)	22,663	(694,552)
Net loss for the financial year	(119,122)	(14,490)	(133,612)
Less: in specie dividend	(16)	-	(16)
Balance at 31 December 2009	(836,353)	8,173	(828,180)
Balance at 1 January 2010	<b>(836,353)</b>	<b>8,173</b>	<b>(828,180)</b>
Net profit/(loss) for the financial year	<b>616,325</b>	<b>(648)</b>	<b>615,677</b>
Less: in specie dividend	-	-	-
<b>Balance at 31 December 2010</b>	<b>(220,028)</b>	<b>7,525</b>	<b>(212,503)</b>

## 7. Auditors' remuneration

During the financial year the following amounts were paid or payable for services provided by the auditor of the Trust, PricewaterhouseCoopers, or any other entity in the consolidated entity and its related parties:

	Consolidated entity	
	31 Dec 10 \$	31 Dec 09 \$
<b>Audit services</b>		
<b>PricewaterhouseCoopers Australia</b>		
Statutory audit and review of financial reports	<b>370,000</b>	547,250
<b>Affiliates of PricewaterhouseCoopers Australian firm including overseas firms</b>		
Statutory audit and review of financial reports	<b>308,240</b>	361,073
<b>Total remuneration for audit services</b>	<b>678,240</b>	908,323
<b>Other assurance services</b>		
<b>PricewaterhouseCoopers Australian firm</b>		
Regulatory and contractually required audits	<b>122,500</b>	95,000
<b>Total remuneration for other assurance services</b>	<b>122,500</b>	95,000
<b>Total remuneration for audit and assurance services</b>	<b>800,740</b>	1,003,323
<b>Non audit related services</b>		
<b>PricewaterhouseCoopers Australian firm</b>		
Other Services	<b>3,818</b>	-
<b>Affiliates of PricewaterhouseCoopers Australian firm including overseas firms</b>		
Taxation services	<b>88,283</b>	39,173
<b>Total remuneration for non audit related services</b>	<b>92,101</b>	39,173
<b>Total auditor's remuneration</b>	<b>892,841</b>	1,042,496

## 8. Events subsequent to reporting date

Other than those listed below, the Directors are not aware of any matter or circumstance occurring since the end of the financial year.

During January 2011, the state of Queensland experienced majoring flooding. Two of GPT Wholesale Office Fund's (GWOF) office buildings, Riverside Centre and One One One Eagle Street experienced flooding of the basement, carpark and waterfront restaurants. The total cost and impact of the damage is currently being assessed; however GWOF has adequate insurance cover and any excess payments made on the insurance claim will be immaterial.

On 16 February 2011 GPT announced the sale of the US Seniors Housing portfolio to Healthcare REIT Inc with settlement expected in the first half of 2011.

## For the year ended 31 December 2010 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

The Directors declare that in their opinion, the concise financial report of the consolidated entity for the year ended 31 December 2010 as set out on pages 142 to 156 complies with Accounting Standard AASB 1039 Concise Financial Reports.

The concise financial report is an extract from the full financial report for the year ended 31 December 2010. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide a full understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which is available on request.

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



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Rob Ferguson  
Chairman  
GPT Management Holdings Limited  
Sydney  
24 February 2011



---

Michael Cameron  
Managing Director and Chief Executive Officer



## Independent auditor's report to the members of GPT Management Holdings Limited

**PricewaterhouseCoopers**  
**ABN 52 780 433 757**

Darling Park Tower 2  
201 Sussex Street  
GPO BOX 2650  
SYDNEY NSW 1171  
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Australia  
Telephone +61 2 8266 0000  
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### Report on the concise financial report

The accompanying concise financial report of GPT Management Holdings Limited (the company) comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and related notes, derived from the audited financial report of GPT Management Holdings Limited for the year ended 31 December 2010. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

#### *Directors' responsibility for the concise financial report*

The directors are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of GPT Management Holdings Limited for the year ended 31 December 2010. Our audit report on the financial report for the year was signed on 24 February 2011 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the concise financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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



**Independent auditor's report to the members of  
GPT Management Holdings Limited (continued)**

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Auditor's opinion on the financial report*

In our opinion, the concise financial report of GPT Management Holdings Limited for the year ended 31 December 2010 complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

*Report on the remuneration report*

The following paragraphs are copied from our report on the remuneration report for the year ended 31 December 2010.

We have audited the remuneration report included in pages 120 to 138 of the directors' report for the year ended 31 December 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's opinion*

In our opinion, the remuneration report of GPT Management Holdings Limited for the year ended 31 December 2010 complies with section 300A of the *Corporations Act 2001*.

A large, stylized handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'DH Armstrong'.

DH Armstrong  
Partner

Sydney  
24 February 2011

# Supplementary Information

## Payments to GPT Securityholders

The table below includes payments made for the 2010 calendar year. Details of all payments made after 19 September 1985 are available from GPT's website (at [www.gpt.com.au](http://www.gpt.com.au)) or from the Securityholder Service Centre on Freecall 1800 025 095.

GPT's year end for tax purposes is 31 December, at which time the net Income of the Trust for this period is determined. As a result, the components of the Trust Distribution, against which withholding tax amounts are calculated for each quarter of the current financial year, are estimates only. The final components of each quarterly payment will be set out in the Annual Taxation Statement which is mailed to all investors in July, and will also be published on the website.

3 Months Ended	Date Paid	Distribution (cents per security)	Dividend (cents per security)	Tax Deferred <sup>1</sup> (cents per security)
31 Mar 10 <sup>2</sup>	28 May 10	0.7	0	0.700000
30 Jun 10	24 Sept 10	4.1	0	4.100000
30 Sep 10	26 Nov 10	4.1	0	4.100000
31 Dec 10	25 Mar 11	4.6	0	4.600000

1 The Tax Deferred component, comprising the Depreciation Allowance and distribution of pre-20 September 1985 realised and unrealised capital gain, is non-assessable for income tax. However, in determining the capital gain for CGT purposes, it will reduce the cost base or indexed cost base of units acquired after 19 September 1985. In determining a capital loss, the Tax Deferred component will reduce the cost base of units acquired after 19 September 1985.

2 Distribution payment was made prior to the 5 to 1 security consolidation which took place on 11 May 2010.

## Net Asset Backing of entities in the GPT Group

	NTA Backing per security*	General Property Trust (unit)	GPT Management Holdings Limited (share)
30 Jun 10	\$3.45	\$3.45	-
31 Dec 10	\$3.60	\$3.60	-

\* Excludes provision for June/December quarter distributions respectively.

## GPT Issue of Securities

The following table lists all issues of GPT securities since 1996. A complete list of all securities issued since GPT's inception in 1971 can be obtained from the Group's website (at [www.gpt.com.au](http://www.gpt.com.au)) or by calling the Securityholder Service Centre on Freecall 1800 025 095.

### Securities

Date	Description	No. of Securities	Price \$	Amount \$
19.01.96	Exercise of Options (1996)	2,614,035	1.89	4,930,800
19.04.96	Exercise of Options (1996)	627,294	1.93	1,209,400
27.06.96	Exercise of Options (1996-1998)	83,693,011	1.84	166,022,274
12.07.96	Exercise of Options (1996)	678,834	1.77	1,203,900
15.08.96	GEM Acquisition	312,978,299	2.25	704,201,173
03.09.96	GEM Acquisition	30,636,989	2.24	68,626,855
Various 1996	Manager's Fee Units	3,993,662	Various	9,271,399
01.07.97	Exercise of Options (1996-1998)	76,521,770	2.01	166,053,931
27.11.97	Private Placement	60,000,000	2.50	148,875,000
03.12.97	Ayers Rock Purchase	2,850,196	2.55	7,268,000
Various 1997	Manager's Fee Units	3,151,747	Various	7,847,684
Various 1998	Distribution Reinvestment Plan	38,874,312	Various	107,426,512
Various 1998	Manager's Fee Units	1,763,679	Various	4,913,184
06.07.98	Exercise of Options (1996-1998)	63,808,671	2.41	166,231,132
Various 1999	Distribution Reinvestment Plan	52,208,394	Various	138,119,897
28.04.99	Manager's Fee Units	373,816	2.78	1,039,208
21.05.99	Private Placement	88,709,678	2.48	218,762,401
Various 2000	Distribution Reinvestment Plan	61,230,010	Various	154,088,103
15.06.00	Darling Park Purchase	80,071,710	2.51	200,979,992
30.08.00	Private Placement	76,045,627	2.63	197,500,000
Various 2001	Distribution Reinvestment Plan	66,871,458	Various	175,265,269
02.01.01	Darling Park Purchase	27,600,000	2.38	65,688,000
27.03.01	Darling Park Purchase	17,660,000	2.72	47,998,114
01.01.02	Darling Park Purchase	6,100,000	2.38	14,518,000
Various 2002	Distribution Reinvestment Plan	76,561,979	Various	206,757,361
02.04.04	Private Placement	67,000,000	3.03	203,010,000
08.06.06	Security Purchase Plan	24,813,896	4.03	100,000,000
Various 2007	Distribution Reinvestment Plan	35,864,327	Various	165,527,515
23.11.07	Issue of Securities	22,219,109	4.60	102,167,909
Various 2008	Distribution Reinvestment Plan	118,119,256	Various	333,305,018
11.11.08	Issue of Securities	1,697,973,421	0.60	1,018,784,052
28.11.08	Issue of Securities	551,657,181	0.60	330,994,308
<b>27.05.09</b>	<b>Issue of Securities</b>	<b>4,091,926,477</b>	<b>0.35</b>	<b>\$1,432,172,267</b>
<b>16.06.09</b>	<b>Issue of Securities</b>	<b>718,294,466</b>	<b>0.35</b>	<b>\$251,403,063</b>

### Exchangeable Securities

Date	Description	No. of Securities	Price \$	Amount \$
01.01.08	Opening securities on issue	-	-	-
27.11.08	Issue of exchangeable securities	2,500	240,600,000	240,600,000



## Spread of Securityholders as at 25 January 2011

Holding	GPT No. of Securityholders
1-1,000	23,056
1,001-5,000	21,200
5,001-10,000	4,793
10,001-100,000	3,215
100,001 and over	165
Total number of Securityholders	52,429

The number of security investors holding less than a marketable parcel of 162 securities (\$3.08 on 23/02/2011) is 4,068 and they hold 308,922 securities.

## Substantial Holders in GPT as at 25 January 2011

Securityholder	Number of Securities
Government of Singapore Investment Corporation Pte Ltd and its associates	205,875,282
ING	115,375,582
The Vanguard Group, Inc	105,229,100
Cohen and Steers Inc	102,337,611
Blackrock	102,864,630

\* Includes 64,383,209 votes that would be exercisable by a holder of the total number of Units which would be required to be issued to the Exchangeable Security Holder if the Exchangeable Securities held by that Securityholder had been exchanged on the record date of the relevant meeting. The total number of votes is based on an initial aggregate principal amount of exchangeable securities which is \$250,000,000 to be exchanged at the "Exchange Price" in effect at the relevant "Exchange Date" which at 31 December 2010 was \$0.3883.

## 20 Largest GPT Securityholders as at 25 January 2011

Securityholder	Number of Securities	Percentage of total issued Securities
HSBC Custody Nominees (Australia) Limited	661,475,027	35.65%
National Nominees Limited	303,280,533	16.34%
Citicorp Nominees Pty Limited	136,888,157	7.38%
Citicorp Nominees Pty Limited (CFS WLSE Property Secs Account)	24,595,442	1.33%
J P Morgan Nominees Australia Limited (Cash Income Account)	22,801,224	1.23%
Cogent Nominees Pty Limited	22,354,009	1.20%
AMP Life Limited	20,451,949	1.10%
Citicorp Nominees Pty Limited (CFSIL CFS WS Aust Share Account)	10,777,774	0.58%
Bond Street Custodians Limited (ENH Property Securities Account)	9,608,460	0.52%
Citicorp Nominees Pty Limited (CFSIL CFS WS Index Property Account)	8,446,936	0.46%
Citicorp Nominees Pty Limited (CFSIL CWLTH Property 1 Account)	6,987,891	0.38%
RBC Dexia Investor Services Australia Nominees Pty Limited (APN Account)	6,902,404	0.37%
Cogent Nominees Pty Limited (SL Non Case Collateral Account)	5,890,184	0.32%
Bond Street Custodians Limited (Property Securities Account)	5,706,940	0.31%
Queensland Investment Corporation	5,453,349	0.29%
Citicorp Nominees Pty Limited (CFSIL CWLTH Property 6 Account)	5,368,107	0.29%
RBC Dexia Investor Services Australia Nominees Pty Limited (GSAM Account)	4,935,154	0.27%
Australian Reward Investment Alliance	4,873,868	0.26%
Invia Custodian Pty Limited (GSJBW Managed Account)	4,829,265	0.26%
Citicorp Nominees Pty Limited (CISL LPT No 1 Account)	4,529,024	0.24%
Total	1,276,155,697	68.78%
Total Securities	1,855,529,431	100.00%

## Voting

Securityholders in the GPT Group are entitled to 1 vote for each dollar of the value of the total securities they hold in the Group.

# Directory

**The GPT Group**  
comprising

**GPT Management Holdings Limited**

ACN 113 510 188 and

**GPT RE Limited**

ACN 107 426 504

AFSL 286511

As Responsible Entity for

**General Property Trust**

ARSN 090 110 357

**Registered Office**

Level 52

MLC Centre

19 Martin Place

Sydney NSW 2000

**Directors**

(as at February 2011)

Michael Cameron

Brendan Crotty

Eileen Doyle

Rob Ferguson

Eric Goodwin

Lim Swe Guan

Anne McDonald

Gene Tilbrook

**Secretary**

James Coyne

**Audit and Risk Management Committee**

(as at February 2011)

Anne McDonald

Eric Goodwin

Lim Swe Guan

**Nomination and Remuneration Committee**

(as at February 2011)

**Gene Tilbrook**

Brendan Crotty

Eileen Doyle

Rob Ferguson

**Sustainability Committee**

(as at February 2011)

Eileen Doyle

Brendan Crotty

Eric Goodwin

**Auditors**

PricewaterhouseCoopers

201 Sussex Street

Sydney NSW 2000

**Lawyers**

Allens Arthur Robinson

Level 28, Deutsche Bank Place

Cnr Hunter & Phillip Streets

Sydney NSW 2000

**Principal Registry**

Link Market Services Limited

Level 12

680 George Street

Sydney NSW 2000

**Mail to:**

GPT Security Registrar

Locked Bag A14

Sydney South NSW 1235

**Stock Exchange Quotation**

GPT is listed on Australian Securities Exchange under

ASX Listing Code GPT

For further information, contact GPT's Securityholder Service Centre or visit GPT's website at: [www.gpt.com.au](http://www.gpt.com.au)

- To arrange changes of address, or changes in registration of securities, please call GPT's Securityholder Service Centre on 1800 025 095.
- Please quote your Securityholder Reference Number (SRN)/Holder Identification Number (HIN) in all correspondence. The SRN/HIN is found at the top right hand corner of your holding statement.
- All Securityholders must sign any written enquiries or amendments to holdings.
- Written notification is required for changes of name or address, email is not accepted.

**Cover Stock:**  
300gsm Envi 50/50

**Corporate Governance Stock:**  
100gsm Envi 50/50

**Financials Stock:**  
80gsm Envi 50/50

ENVI Recycled 50/50 Uncoated is a FSC Certified paper which contains 50% recycled fibre. It is made from elemental & process chlorine free pulp derived from well-managed forests and other controlled sources. ENVI Recycled 50/50 Uncoated is certified carbon neutral and Australian paper is an ISO 14001 accredited mill.

**Designed by:**  
The GPT Group - Creative Services Team

**Printed by:**  
GEON Group

