

2008 ANNUAL REPORT



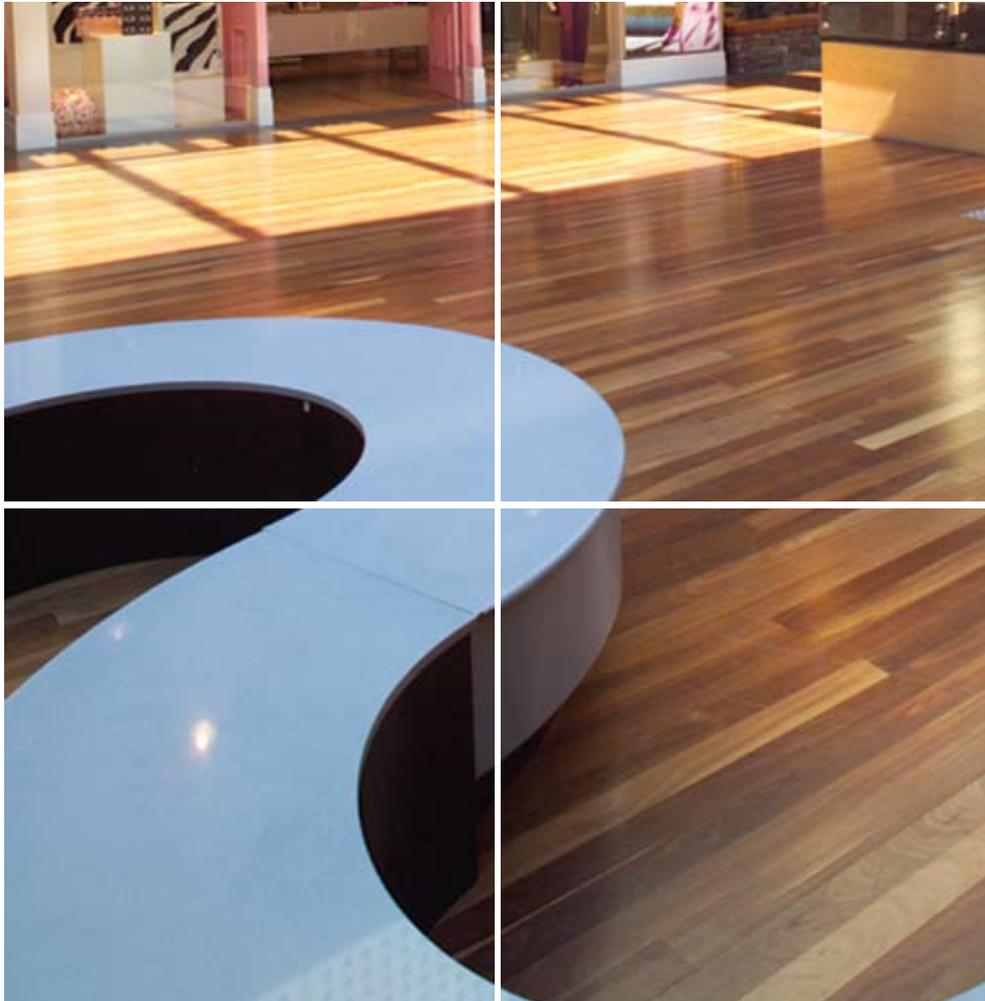
OWNERSHIP
MANAGEMENT
DEVELOPMENT

GPT
The GPT Group

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2008 HEWITT
BEST EMPLOYERS
– HIGHLY
COMMENDED
RATING



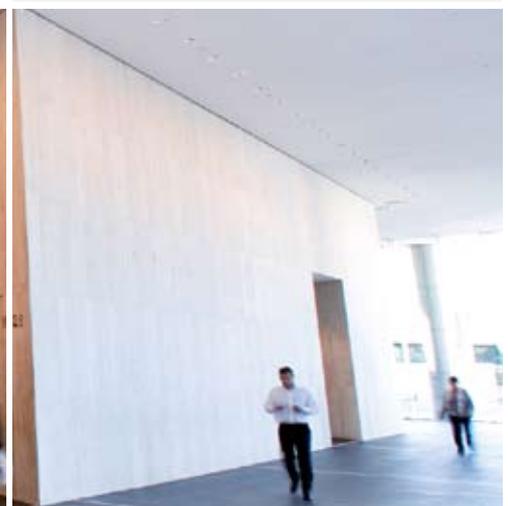
STRONG BASE
OF HIGH QUALITY
AUSTRALIAN
ASSETS

1 Melbourne Central, VIC
2 Riverside Centre, QLD

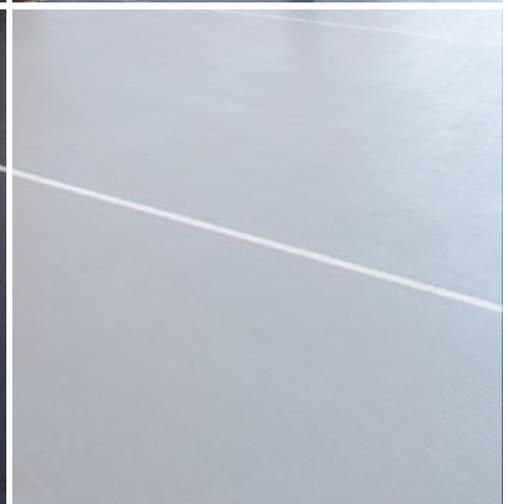
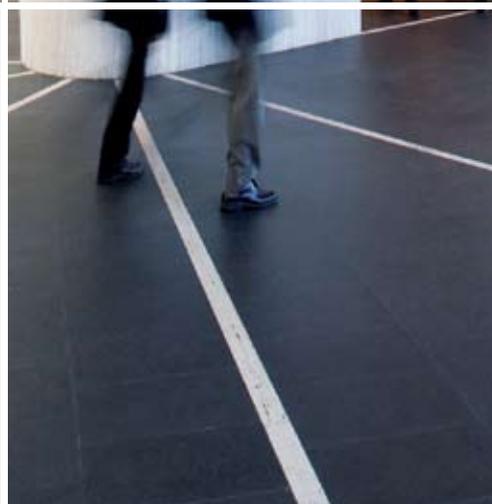
OWNERSHIP MANAGEMENT DEVELOPMENT



BUSINESS
STRATEGY
FOCUSED ON
THE AUSTRALIAN
MARKET



RECENT
DEVELOPMENTS
MEET
SUSTAINABILITY
TARGETS



CHAIRMAN'S REPORT



The past year has turned out to be an extraordinarily challenging one, for the Board, for management and for investors. The property sector in Australia and around the world has been hit extremely hard by the global financial crisis.

While there were early signs of concerns as we began 2008, there was little suggestion of the dramatic market and currency collapse which was to occur as the year progressed. The speed of this collapse was unprecedented, and has led to the biggest cyclical economic downturn in decades.

As the changed market conditions became apparent, we formed the view that achieving development profits in Australia and raising capital in our funds management businesses would be very difficult. In addition, operating conditions in our Hotel/Tourism and US Seniors Housing businesses deteriorated. We concluded that these extremely difficult conditions would continue for some time, and downgraded our forecasts in July.

As we moved into the second half of the year we continued to actively work to respond to a vastly different landscape globally. We raised \$1.6 billion in new equity to strengthen the Group's balance sheet, and refocused GPT's strategy back to our core Australian business, which remains the bulk (80%) of our real estate investments.

In being one of the first property groups to raise capital we addressed the market's concerns about refinancing short term debt expiries and capital expenditure, and restored a buffer between GPT's gearing covenants and current gearing levels. This covenant "headroom" had rapidly eroded in a matter of weeks as the Australian dollar fell in value against the Euro and US dollar. While GPT's debt covenants were a concern, the underlying businesses in Australia have

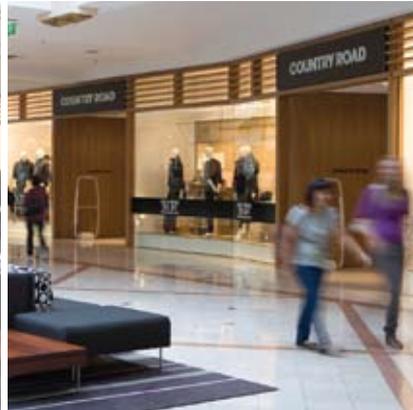
done relatively well. Cash flow is strong and GPT's interest cover ratio is 2.5 times.

Listing the Group's non core assets for sale, making Board and management changes and streamlining GPT's strategy demonstrate our focus on positioning GPT for the future, and what we see as a very different investor market. Balance sheet management in a period of declining values is critical.

I will step down from the Board at or by the Annual General Meeting in May and Malcolm Latham has indicated his intention to retire at that time. Elizabeth Nosworthy resigned as a Director during the year, and we thank her for a long and generous contribution to GPT over more than 10 years. Nic Lyons discontinued as CEO in October and a new CEO will be appointed in due course. Details of these changes will be provided prior to the Annual General Meeting.

In focusing our strategy on Australia, over time we will exit our Joint Venture and the US Seniors Housing business. We will refocus on the ownership, management and development of Australian retail, office and industrial/business park assets, which constitute 80% of our investments and continue to perform well. Through this process we believe GPT will attract future demand. Our core Australian properties represent an irreplaceable portfolio of quality assets which have always been at the heart of GPT, and are expected to provide stable income streams throughout market cycles. We expect the size, high quality and diversity of GPT's Australian assets to appeal to emerging global property investors, and to general equity investors alike.

¹ Peter Joseph, Chairman



The core Australian business delivered 79% of the Group's realised operating income as announced on 27 February 2009. The results for the 2008 calendar year announced on that date were in line with the forecasts contained in the Prospectus and Product Disclosure Statement issued in October 2008.

We enter 2009 with gearing of 33.7% (net of cash) on a headline basis (46.6% on a look through basis) against covenants of 40% and 55% respectively. We continue to forecast realised operating income of \$347 million for 2009 (on the basis set out in the 2008 Prospectus and Product Disclosure Statement) and remain focused on asset sales as a means to further reduce debt and increase our focus on our core business.

Restructuring and repositioning for the benefit of Securityholders is a priority for GPT and is well and truly underway. This cannot be achieved without continuing to make tough decisions in an environment of transparency, honesty and common sense as markets remain unpredictable and the investment landscape has changed, perhaps irretrievably. This will continue to be the way the Board and management operates as we move into 2009.

In closing, I would like to thank investors for their support and patience over the past year.

Peter Joseph
Chairman

**GPT'S CORE AUSTRALIAN PROPERTIES
REPRESENT AN IRREPLACEABLE PORTFOLIO
OF QUALITY ASSETS WHICH HAVE ALWAYS
BEEN AT THE HEART OF GPT**

2 Highpoint Shopping Centre, VIC
3 Rouse Hill Town Centre, NSW

YEAR AT A GLANCE

RESULTS SUMMARY

REALISED OPERATING INCOME \$468.8 MILLION
\$1.43 NET TANGIBLE ASSETS PER SECURITY (NTA)
17.7 CENTS DISTRIBUTED PER SECURITY (DPS)

\$13 BILLION TOTAL ASSETS
\$6 BILLION TOTAL LIABILITIES
33.7% GEARING (HEADLINE)[†]
2,368 MILLION NEW SECURITIES ISSUED

FIVE YEAR PERFORMANCE SUMMARY

YEAR ENDED 31 DECEMBER		2004	2005	2006	2007	2008
Total assets	M	\$9,097.0	\$10,431.7	\$12,001.9	\$13,966.9	\$13,029.8
Total liabilities	M	\$3,003.6	\$4,058.4	\$4,559.8	\$5,671.5	\$6,217.5
Net assets	M	\$6,093.4	\$6,373.3	\$7,442.1	\$8,295.4	\$6,812.3
Realised operating income*	M	\$442.0	\$492.3	\$558.6	\$605.1	\$468.8
Securities in issue	('000)	2,016,717	2,016,717	2,041,531	2,099,614	4,467,363
Distribution per security	cents	22.0	24.4	27.5	28.9	17.7
Distribution per security growth		3.8%	10.9%	12.7%	5.1%	(38.8%)
Borrowings as % of total assets		30%	35%	36%	36%	33.7% [†]
Net asset backing per security		\$3.02	\$3.16	\$3.60	\$3.86	\$1.43
Closing market price at 31 December		\$3.74	\$4.10	\$5.60	\$4.04	\$0.92
GPT one year return		33.6%	16.7%	45.2%	(23.4%)	(74.9%)
LPT ASX one year return		32.0%	12.5%	34.0%	(8.4%)	(54.0%)
All Ordinaries one year return		27.6%	21.1%	25.0%	18.0%	(40.4%)

[†] Based on net debt.

* Adjustments made to reflect historic comparables and to remove the impact of A-IFRS reporting.

workplace⁶, NSW



YEAR IN REVIEW



GPT's focus is on the ownership, management and development of Australian retail, office and industrial/business park assets.

The Group's irreplaceable and high quality Australian real estate portfolio has been built over more than 35 years and is at the heart of the Group's focus and strategy.

Over the course of 2008, the environment in which GPT operates changed dramatically. A crisis in credit markets was rapidly followed by an economic downturn globally, a deteriorating Australian dollar and falling investor confidence and asset values, all of which have affected GPT's business. Unfortunately, listed real estate in general has been hard hit by the global financial crisis.

While the Group performed well in the first quarter, the difficulties facing the global economy started to become more evident as the year progressed. GPT's performance outlook, strategic focus and capital position were reassessed, leading to a series of changes over the second half of the year. These were designed to address not only current investor concerns, but the realities of an increasingly difficult environment that was not expected to improve in the short term, as both financial markets and the general operating environment deteriorated rapidly.

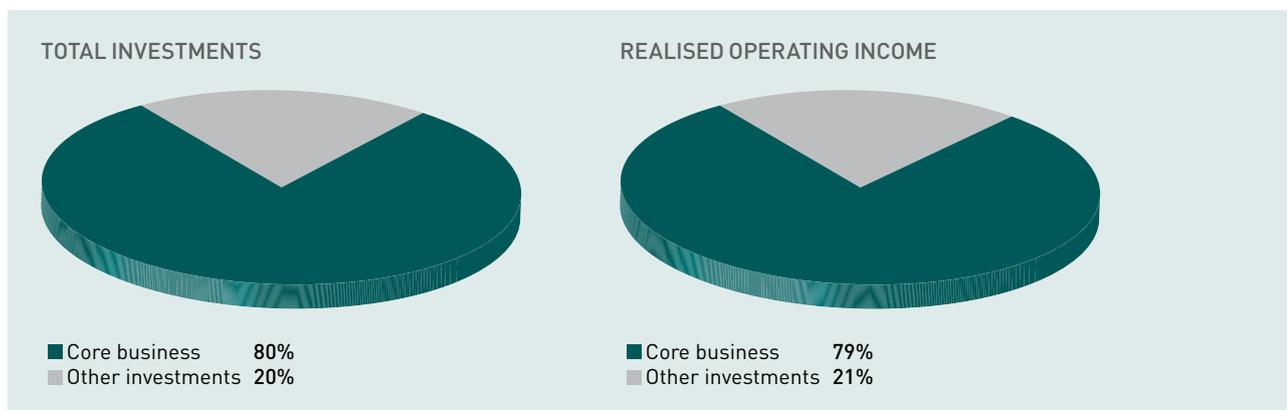
In responding to these challenges, GPT sought to reposition the business for the long term.

This has included:

- Revising forecasts for earnings and distributions and preserving capital in a constrained credit market. The performance of the business in the first half was solid, and the core Australian retail, office and industrial/business park assets continue to deliver strong results. However, several other businesses face deteriorating conditions, including the Australian Hotel/Tourism Portfolio and the Group's international operations. The Joint Venture with Babcock & Brown Pty International Limited (Joint Venture), US Seniors Housing Portfolio and European funds management businesses, combined with a reduction in investment activity, contributed to a reduction in the forecast for the year.
- Refinement of GPT's strategy to focus on the Group's domestic business – the ownership, management and development of quality Australian real estate, which already forms the bulk of the Group's investments and income. In doing so, GPT will, over time, exit the majority of its offshore real estate investments.
- Strengthening the balance sheet and reducing debt in the face of falling asset values and constraints in credit availability, through a \$1.6 billion capital raising. In addition to de-levering the Group's balance sheet, the raising ensured GPT's funding needs to 2010 were met.

**GPT WILL, OVER TIME,
EXIT THE MAJORITY OF ITS
OFFSHORE REAL ESTATE
INVESTMENTS**

¹ Macarthur Square, NSW



Financial Performance

Realised operating income of \$468.8 million for the twelve months to December 2008 was in line with the forecast contained in the Prospectus and Product Disclosure Statement provided to investors in October 2008 but was down on the previous year. This was in line with changes in the global environment which impacted the Group's operations, particularly offshore investments and the funds management business.

Strong performance from the Group's Australian real estate assets highlighted the overall resilience of GPT's large, high quality, diversified domestic Portfolio. These assets continued to deliver income growth despite further deterioration in the operating environment over the second half of the year. GPT's core domestic assets recorded 5.5% comparable income growth versus the previous corresponding period (4.5% for Retail, 7.8% for Office and 3.8% for Industrial/Business Parks).

A \$1.9 billion net reduction in valuations for GPT's property portfolio, coupled with the \$839 million mark-to-market of GPT's derivative positions, was primarily responsible for the disparity between the Group's realised operating income of \$468.8 million and the \$3.2 billion statutory (A-IFRS) loss. The unrealised non cash mark-to-market of derivatives reflects the Group's policy to utilise derivative instruments to reduce volatility in cash flows and to smooth the impact on distributable income from interest rate and currency movements. They do not impact the status of the Group's underlying asset base. Essentially, this non

cash and unrealised position represents the difference between 'locked in' interest and foreign exchange rates and those prevailing on 31 December 2008. As a result, GPT's mark-to-market position moves on a daily basis. By way of comparison, the Group's net statutory profit under A-IFRS in the previous corresponding period was \$1,182.5 million. This comprised underlying realised operating income of \$605.1 million and A-IFRS adjustments of \$577.4 million (primarily related to a \$763.1 million valuation uplift across GPT's investment portfolio).

The distribution for 2008, of 17.7 cents per security, met the Group's October 2008 Prospectus and Product Disclosure Statement forecast, and was down on the previous year's distribution of 28.9 cents per security. In addition to poor market conditions, the distribution per security reflected the issue of 2,368 million additional securities through the year under the underwritten Distribution Reinvestment Plan (DRP) and the \$1.6 billion capital raising undertaken in October 2008.

Net Tangible Assets per security (NTA) decreased to \$1.43 (from \$3.68 at December 2007). While this measure was impacted by a decline in total assets as a result of valuation reductions for real estate generally, the issue of additional securities was the key driver of this dilution. As a result of the capital raising undertaken in October and security issuance under the DRP during the year, securities on issue more than doubled, to 4,467 million, at the close of 2008.

PERFORMANCE FROM THE GROUP'S AUSTRALIAN REAL ESTATE ASSETS HIGHLIGHTED THE OVERALL RESILIENCE OF GPT'S LARGE, HIGH QUALITY, DIVERSIFIED DOMESTIC PORTFOLIO

YEAR IN REVIEW



Capital Management

Capital management was an increasing focus for the market over the course of 2008. During the year GPT moved to reduce total debt, position the balance sheet for an ongoing credit constrained environment, and address investor concerns over refinancing and potential loan covenant issues.

In October 2008 the Group's balance sheet was strengthened and exposure to refinancing risk reduced, with \$1.6 billion raised through an entitlement offer and a placement of perpetual exchangeable securities to an affiliate of GIC Real Estate. The proceeds were used to reduce GPT's debt and strengthen the balance sheet, resulting in net debt of \$4.1 billion at 31 December 2008. This reflects a gearing ratio of 33.7% (net of cash), well below the Group's covenant level of 40%. 'Look-through' gearing (which consolidates the exposure to the Joint Venture and other investments which are not included on GPT's balance sheet) is 46.6% (net of cash), well below the covenant of 55%.

GPT's gearing of 33.7% (net of cash) on a headline basis provides \$1.9 billion in headroom under gearing-related loan covenants.

The Group's DRP raised \$102 million over the year through the issue of 118 million securities. A further \$239 million was raised through the underwriting of this facility (for the December 2007, March 2008 and June 2008 quarters).

At 31 December 2008 GPT's headline borrowings, of \$4.1 billion (net of cash), included Australian, US and Euro denominated debt. The current weighted average interest rate across GPT's debt is 5.24% (after fees and margins) and the weighted average term is 3.1 years. After applying existing cash, GPT has no facilities requiring refinancing in 2009, with the next refinancing due in October 2010. 85 per cent of GPT's debt is hedged for an average of 8.7 years.

Ongoing capital management initiatives to further reduce debt and strengthen the balance sheet include:

- The potential de-consolidation of \$324 million of non-recourse debt related to European warehoused assets which GPT is seeking to sell or rescind control of (approximate gearing reduction of 2%);
- Reactivation of the underwritten DRP to apply from the March quarter 2009. The decision to underwrite the DRP will be dependent on the progress of asset sales;
- A continuing focus on non core asset sales.

As announced in August 2008, GPT will implement a revised distribution policy from 2009, with development profits and earnings from the Joint Venture to be retained and 90-100% of other earnings distributed (subject to the requirement of the Trust to distribute its taxable income).

Given the current market environment, the Group has also reduced its capital requirements, having deferred development projects not already under construction.

¹ 800 and 808 Bourke Street, VIC

Strategy

In August 2008, GPT announced a number of initiatives to simplify the Group's business model over time, reduce leverage and address the realities of a radically different global economic and investment environment. These initiatives include:

- (i) A renewed focus on core domestic operations, namely the ownership, management and development of high quality Australian real estate;
- (ii) Exiting non core investments such as the Hotel/ Tourism and Homemaker City Portfolios and assets warehoused for European funds;
- (iii) Reducing look-through leverage to less than 40% over the medium term; and
- (iv) Adopting a more conservative approach to capital management, including the retention of an appropriate percentage of earnings on an ongoing basis, and a capital allocation policy reflective of GPT's focus on core domestic operations.

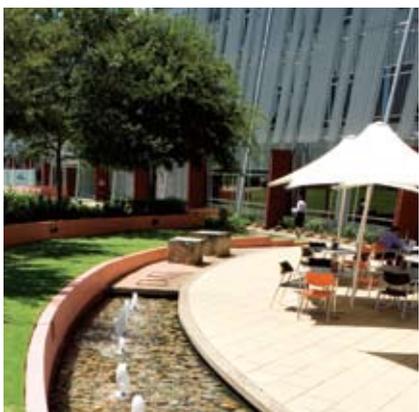
These strategic changes retain GPT's diversity and a broad range of income streams and capital sources. They build on its strong history in Australia of operations which complement each other, and leverage core skills, experience and expertise.

In the latter half of 2008, GPT focused on the implementation of this strategy, in particular reinforcing the strength and positioning of the domestic business, continuing to review the Group's cost base in light of GPT's strategic direction and market conditions, and reinforcing balance sheet strength, as outlined above.

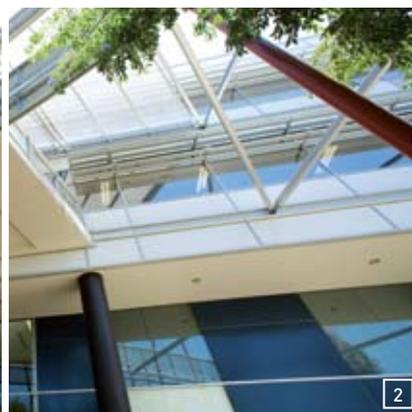
In July 2008, significant cost efficiencies were achieved with the closure of European offices and a reduction in employee numbers of approximately 35% in the GPT Halverton business. Over the course of the second half additional initiatives were implemented to refine the Group's cost base. In aggregate, GPT reduced its employee numbers by approximately 15%. The Group will continue to review resourcing requirements in light of the operating environment and business needs.

The Group made progress on its Corporate Responsibility program over 2008, exceeding the goals set for eco-efficiency performance while continuing to develop and focus on qualitative social development goals, with significant reductions in water use, electricity use and carbon footprint across the Group's Australian assets. GPT also received a Highly Commended rating at the 2008 Hewitt Best Employers Australia and New Zealand study. GPT maintained its position in the Dow Jones Sustainability Index with a silver rating, reflecting a top quartile ranking.

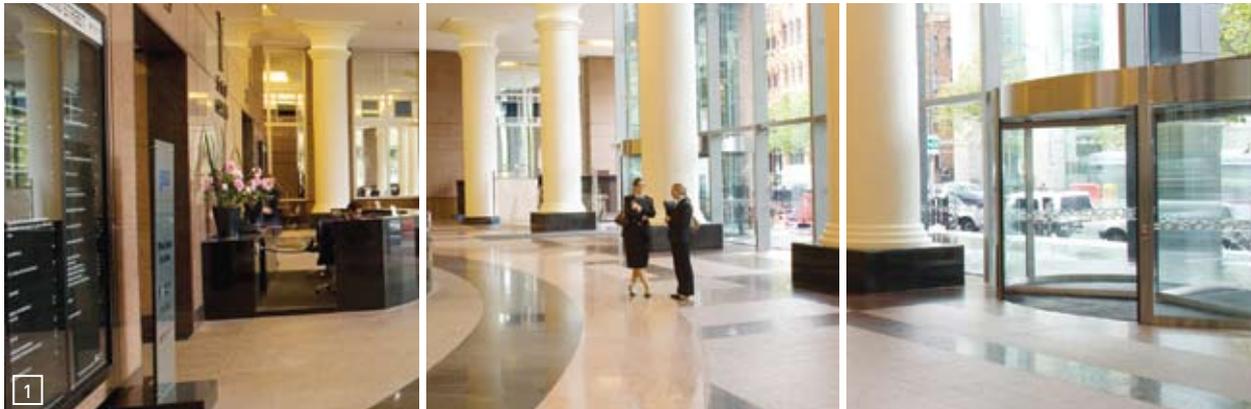
STRATEGIC CHANGES RETAIN GPT'S DIVERSITY AND A BROAD RANGE OF INCOME STREAMS AND CAPITAL SOURCES



2 Quad 2, NSW



YEAR IN REVIEW



Core Business

The simplification of GPT's business model over time recognises GPT's traditional strengths in adding value via the ownership, management and development of high quality Australian retail, office and industrial real estate. This business now accounts for 80% of the Group's real estate investments and contributed 79% of the Group's realised operating income for the 2008 calendar year.

The Retail, Office and Industrial/Business Park Portfolios performed well, with comparable income growth of 4.5%, 7.8% and 3.8% respectively. The quality of the assets, the very high levels of occupancy and the limited expiry in the near term, provides a solid base for future performance.

The Group's Australian Wholesale Funds (GPT Wholesale Office Fund and GPT Wholesale Shopping Centre Fund) delivered stable income performance and continued to attract investment. The establishment of relationships with quality domestic and international institutional capital partners provide GPT with a significant competitive advantage. GPT's co-investment philosophy ensures alignment of interests between GPT's Securityholders and its institutional partners.

Two major developments were completed in 2008 – Rouse Hill Town Centre, a retail and mixed use centre in Sydney's north-west, and workplace⁶, an office building in Pyrmont. workplace⁶ was sold to GWOF, fully leased. GPT realised a profit from the sale of workplace⁶ (completed in 2008) in 2007 and in 2008 sold a two third interest in the recently commenced office development at One One One Eagle Street in Brisbane.

Other Investments

Investments outside the core business represent 20% of the Group's investments and contributed 21% of realised operating income in the period.

While GPT intends to exit the majority of these investments in the short to medium term, market transaction levels remain extremely low and progress on asset sales is slow due to a lack of credit and investor confidence. However, three small non core industrial assets were sold (one subsequent to year end), realising a total of \$38.75 million, and progress is being made in relation to the sale of the \$687 million Hotel/Tourism Portfolio.

GPT has agreed with its US Seniors joint venture partner (Benchmark Assisted Living) to explore ways in which GPT can exit this sector over time, although current market conditions make this a medium term, rather than immediate, focus. The European funds management platform has been downscaled as the business is stabilised and exiting warehoused assets is an immediate priority.

The current focus for the Joint Venture is completing the transition of the asset management function to GPT, and ensuring the assets are managed through to an appropriate medium term exit. A priority for GPT will be reducing the size of the portfolio to a smaller group of assets through which GPT may realise value over time as market conditions improve.

¹ 530 Collins Street, VIC



Outlook

2008 was a challenging year as credit and real estate markets continued to deteriorate. A number of difficult decisions were made which, over time, are expected to return GPT to a position of strength and stability, consistent with the quality of the Group's dominant Australian asset base. These decisions included raising capital to strengthen the balance sheet, prudently managing GPT's cost base and making changes to the Group's strategic focus.

The impact of the credit crisis on the real estate environment, and markets everywhere, has been unprecedented in recent history. Global operating conditions remain extremely challenging. In Australia, the Federal Government has recognised the seriousness of the issues as evidenced by fiscal stimulus initiatives and planned targeted assistance in relation to funding for commercial real estate.

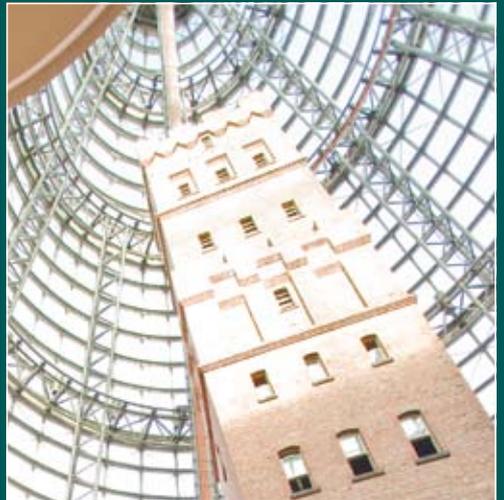
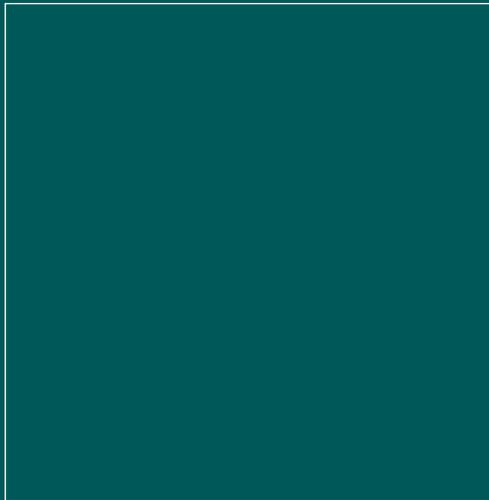
Entering 2009, GPT's balance sheet provides headroom in relation to borrowing covenants and the Group is progressing a range of initiatives to enhance that position, and continues to focus on costs and capital requirements. In addition, the high quality of GPT's dominant domestic business provides a stable base. While the timeframe to execute strategic decisions such as asset sales is longer than in normal market circumstances, GPT remains committed to refocusing the business.

Although an improvement in operating conditions is not anticipated, GPT continues to forecast realised operating income of \$347 million for 2009 on the basis set out in the 2008 Prospectus and Product Disclosure Statement, assuming no material change in market conditions or further unforeseen events.

Michael O'Brien
Acting Chief Executive Officer

2 580 George Street, NSW

CORE BUSINESS



GPT's core business comprises the ownership, management and development of a portfolio of high quality Australian retail, office and industrial property.

GPT **owns** a \$9.1 billion portfolio of Australian assets that have been acquired and developed over more than 35 years. The investments represent 80% of the Group's real estate investments, by book value, as at 31 December 2008.

GPT **manages** \$5.3 billion in assets through its GPT Wholesale Office Fund and GPT Wholesale Shopping Centre Fund.

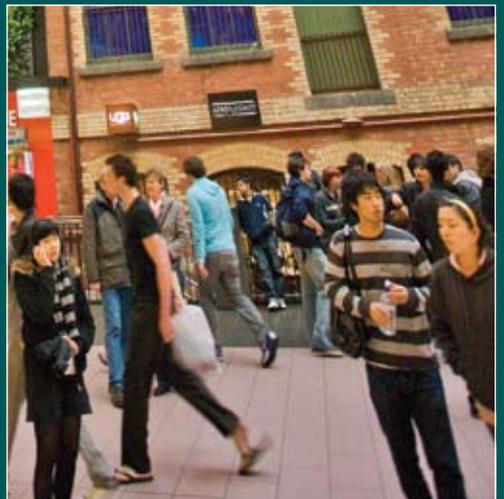
GPT **develops** high quality shopping centres, office buildings and industrial assets that include a focus on investment performance and sustainability.



1 workplace6, NSW

2 Melbourne Central, VIC

FOCUS ON HIGH
QUALITY AUSTRALIAN
REAL ESTATE

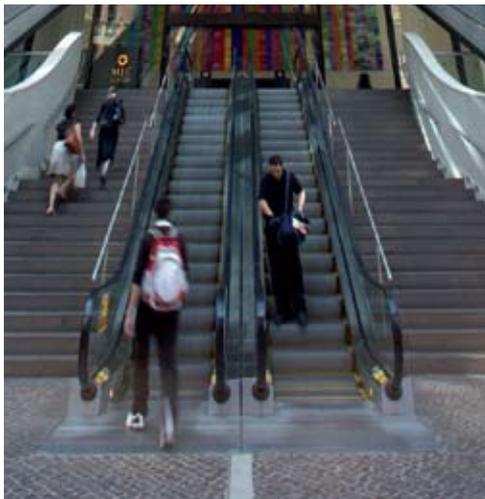


CORE BUSINESS OWNERSHIP OF AUSTRALIAN INVESTMENT PORTFOLIO

HIGH QUALITY
AUSTRALIAN PORTFOLIO
BUILT OVER MORE
THAN 35 YEARS



OWNERSHIP
MANAGEMENT
DEVELOPMENT



The Group's \$9.1 billion Investment Portfolio, which includes interests in assets with a value of over \$5.3 billion owned by GPT's Australian Wholesale Funds, has been built over more than 35 years and includes high quality retail, office and industrial assets. This Portfolio remains the Group's largest investment, providing 79% of the Group's realised operating income in 2008.

Through this Portfolio, investors have exposure to quality Australian real estate, including some of Australia's most productive shopping centres, Premium and A-Grade office buildings in major CBD markets, and a diverse portfolio of industrial and business park assets.

A key area of focus for this Portfolio is the implementation of first class energy, waste and water saving initiatives to drive both operating and environmental efficiencies. This ensures the assets remain attractive to tenants, and the impact on the environment is reduced, whilst driving down operating costs.

With a high level of exposure to these traditional property sectors in the Australian market, GPT's Investment Portfolio provides stability and diversity of income streams for investors.

- 1 MLC Centre, NSW
- 2 2-4 Harvey Road, Kings Park, NSW
- 3 Dandenong Plaza, VIC

OWNERSHIP RETAIL



The GPT Group is one of the largest owners, managers and developers of retail assets in Australia. GPT's investment, through assets held on the Group's balance sheet and a \$735 million investment in the \$2.1 billion GPT Wholesale Shopping Centre Fund (GWSCF), totals \$5.3 billion.

GPT has ownership interests in 18 shopping centres located around Australia and manages 13 shopping centre assets, as well as the Homemaker City portfolio. The Retail Portfolio represents some of the best performing centres in Australia and includes regional, sub-regional and neighbourhood shopping centres and bulky goods centres.

GPT's focus in managing the Portfolio includes:

- a robust research process focused on understanding each centre's trade area which in turn informs management practices, marketing, leasing and development of retail assets;
- partnering with stakeholders to ensure assets meet the needs and aspirations of visitors;
- refurbishment and expansion projects focused on evolving existing shopping centres to deliver sustainable long-term investment performance; and
- operating efficiencies delivered from energy, waste and water saving initiatives across the Portfolio.

Key Activities

The Portfolio delivered solid income growth in 2008, with comparable income up 4.5%. Whilst sales growth across the Retail Portfolio was reasonable in 2008, the pace of growth is slowing. This is expected to continue in 2009.

The net revaluation decrease of the Retail Portfolio, of 3.3%, reflects the current investment market conditions. The high quality of the GPT Retail Portfolio, however, is demonstrating resilience. It continues to perform in line with expectations, with good income growth, strong operating results and solid returns from recent developments.

KEY METRICS: GPT RETAIL PORTFOLIO (at 31 December 2008)*

Total centre moving annual turnover (MAT) (\$sqm)	\$6,626 (up 3.5%)
Specialty MAT (\$sqm)	\$8,838 (up 2.8%)
Specialty occupancy cost	16.6%
Occupancy	99.1%
Outstanding debtors	Less than 0.25% of annual revenue

* GPT and GWSCF owned assets

\$5.3 BILLION INVESTMENT

OVER 1.1 MILLION SQM OF RETAIL SPACE

¹ Rouse Hill Town Centre, NSW

During the year, GPT undertook tenant remixing and small refurbishment projects at a number of assets to increase the attractiveness of each shopping centre within its target demographic area. In addition, rejuvenated asset specific websites and tailored marketing campaigns for each centre were developed to provide an enhanced customer experience.

GPT managed centres continue to strive to improve upon energy, waste and water initiatives to drive operating and environmental efficiencies across the Portfolio. In 2008, reductions in usage across the Portfolio reflected the commitment of the retail team to implement best practice techniques and engage tenants and visitors.

Award Winning Developments

A major highlight of the first half of 2008 was the very successful opening of Rouse Hill Town Centre in North Western Sydney. The asset is trading well and has been embraced by the community, winning the People's Choice award at the 2008 Banksia Awards for environmental excellence. Amongst its industry awards to date, Rouse Hill Town Centre has been recognised by the Australian Institute of Architects, awarded the NSW Lloyd Rees Award for Urban Design and the national Walter Burley Griffin Award for Urban Design, one of the country's highest architectural prizes. Rouse Hill Town Centre is on track to meet its sales and investment targets.

The expansion and upgrade project at Charlestown Square is progressing well with completion expected in late 2010. The development will significantly expand the existing Centre, enhancing the retail mix and delivering a leisure and entertainment offer, through the addition of approximately 41,000 sqm of GLA, bringing the total GLA to approximately 88,000 sqm.

As part of this development, GPT is delivering a range of new community facilities that include the recently launched, state-of-the-art lawn bowling club, new sporting fields, and childcare centre with a youth and community centre to be opened in 2010. Charlestown Square is a prominent part of the community. The development seeks to revitalise the local region and assist in enhancing local economic growth, while enhancing the performance of the asset for investors.

2009 Focus

The focus for 2009 will be to maximise sales across the Portfolio, active operational management and the divestment of non core assets.

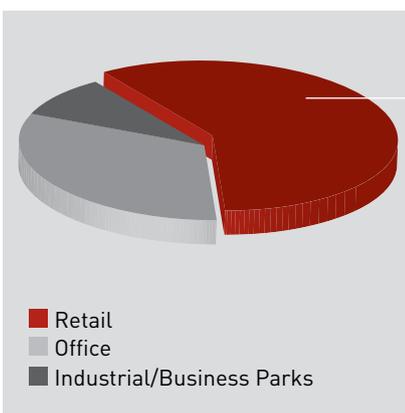
Consistent with the Group's move to streamline its Australian Investment Portfolio, GPT is progressing with the sale of the Homemaker City Portfolio and Floreat Forum in Perth, GPT's smallest retail asset on its balance sheet and its only asset in Western Australia.

The outlook for retail sales is expected to soften in 2009 as the economic climate continues to affect Australian consumers. In what is anticipated to be a challenging year, the retail team is focused on maximising value from the Portfolio, and continues to work closely with tenants to promote sales.

TOTAL SALES \$5.6 BILLION

199 MILLION ANNUAL CUSTOMER VISITS

2 Rouse Hill Town Centre, NSW



RETAIL

59%

OF AUSTRALIAN INVESTMENT PORTFOLIO

OWNERSHIP OFFICE



The Portfolio of high quality Australian office assets managed by GPT and in which GPT investors have an interest, is one of the largest in Australia. It forms part of the Group's core business activities alongside its Australian Retail and Industrial/Business Park Portfolios.

Consisting of interests in 20 assets, the high quality Portfolio comprises over 600,000 sqm of prime quality office space, has a significant weighting to Australia's largest office markets of Sydney and Melbourne, and derives income from a diverse range of tenants. GPT's \$2.9 billion office investment includes a portfolio held on the Group's balance sheet and a \$953 million investment in the \$3.2 billion GPT Wholesale Office Fund (GWOF).

GPT's office team undertakes asset and development management for the GPT and GWOF owned Portfolios and works closely with property managers Jones Lang LaSalle and Dexus, in the day-to-day operations of individual assets. This ensures that operating efficiencies and property returns are maximised. The team seeks to optimise long-term investment performance through leasing strategies, asset repositioning and Portfolio enhancement.

KEY METRICS: GPT MANAGED OFFICE PORTFOLIO (at 31 December 2008)

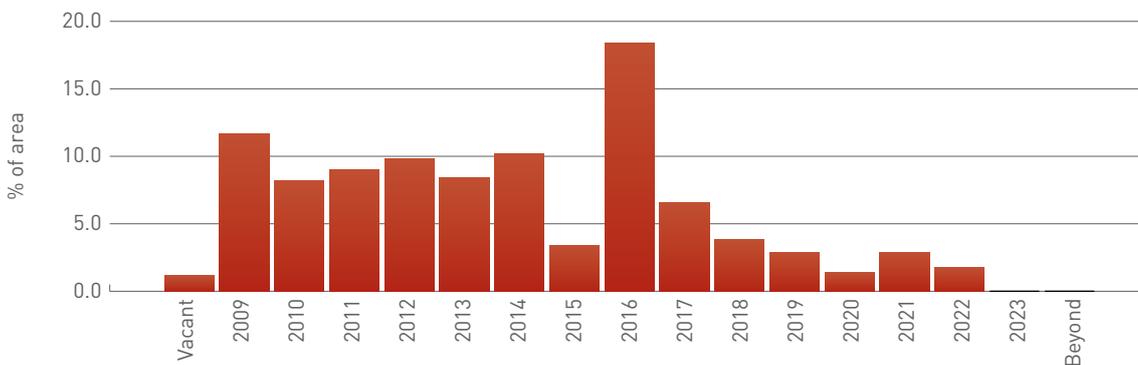
Number of assets	20
Occupancy*	99.0%
Weighted Average Lease Expiry (By Area)	5.2 years

* Committed space, including rental guarantees

Key Activities

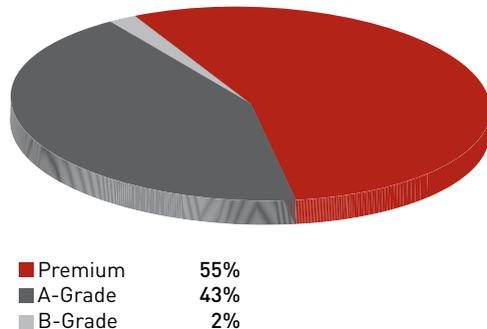
The GPT managed Office Portfolio delivered strong results in 2008, despite the economic downturn, and is well positioned. The Portfolio comprises well leased, high quality assets located in some of Australia's largest office markets.

LEASE EXPIRY BY AREA – GPT MANAGED PORTFOLIO (at 1 January 2009)



1 818 Bourke Street, VIC

GPT MANAGED PORTFOLIO BY QUALITY GRADE
(at 31 December 2008)



Income continued to grow from the Group's high quality Portfolio of office assets, with comparable income up 7.8% for the year. Valuations declined over the year, resulting in a 5.6% decrease in values.

High occupancy of 99% (committed space at 31 December 2008, including rental guarantees) continues to be a key performance indicator for the Portfolio. The Portfolio has a long average lease term of 5.2 years (by area), and fixed increases in the majority of leases (with an average of 4%). Over 92,500 sqm was leased in 2008, maintaining above market occupancy, and reducing vacancy risk, while contributing to secure cash flow.

GPT's ability to attract and maintain high quality tenants was demonstrated through two major long-term leasing agreements signed at existing GWOF owned assets. The Commonwealth Bank of Australia signed a lease to occupy the whole of Tower 1 (51,000 sqm) at Darling Park in stages from July 2008 for a 12.5 year term and post year end, HSBC renewed their 14,000 sqm lease at the HSBC Centre for a further ten years, expiring in 2020.

Consistent with GPT's focus on sustainability, these assets will undergo upgrades to improve the environmental efficiency of each building, a benefit to tenants, GPT and GWOF and a demonstration of GPT's commitment to environmental best practice.

Expanding GPT's Office Investments

The Portfolio of office assets in which investors have an interest was expanded during the year with the completion of three developments owned by GWOF, providing further diversification across the prime CBD locations of Sydney, Melbourne and Brisbane.

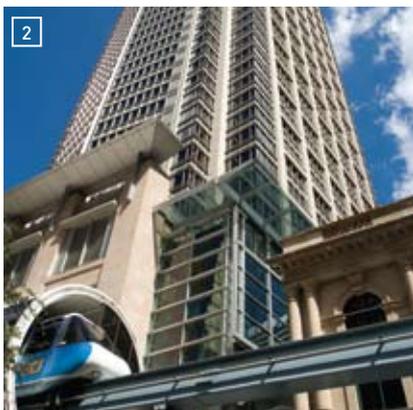
These include the completion of 28 Freshwater Place, Melbourne, and 545 Queen Street, Brisbane (in which GWOF has a 50% and 100% interest respectively). GWOF also added a 100% interest in workplace⁶ in Sydney's Pyrmont, which was developed by GPT, to its Portfolio. In addition to providing a quality asset for the Fund, workplace⁶ delivered GPT's first development profit and is NSW's first 6 Star Green Star Office Design V2 development which represents world leadership for this measure.

One One One Eagle Street, a Premium-Grade office development in Brisbane's "Golden Triangle" precinct, also targeting 6 Star Green Star, commenced in 2008. GPT and GWOF each have a one third interest in the development.

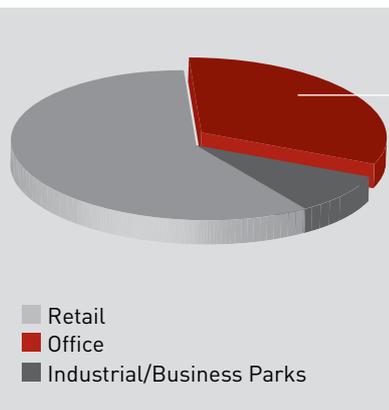
2009 Focus

The focus for the GPT managed Office Portfolio in 2009 will be on continuing to drive returns from the Portfolio's base of high quality Australian office assets. In the current environment, a continued proactive approach to rent reviews and leasing strategies for upcoming expiry will be a key focus, as will continuing to deliver operating performance through asset and property management and ongoing implementation of Portfolio-wide initiatives to generate savings and maintain revenue.

HIGH OCCUPANCY WITH 99% SPACE COMMITTED MANAGEABLE EXPIRY RISK



2 2 Park Street, NSW



OFFICE

32%
OF AUSTRALIAN
INVESTMENT PORTFOLIO

OWNERSHIP INDUSTRIAL/BUSINESS PARK



GPT's Industrial/Business Park Portfolio consists of quality traditional industrial and business park assets located in Australia's major industrial and business park markets. The Industrial/Business Park Portfolio is a key component of GPT's core business and represents 9% of the Australian Investment Portfolio.

The \$819 million Portfolio is focused on owning and developing industrial and business park assets that are:

- modern and located near major transport nodes;
- adaptable, with good technical services;
- leased to good quality tenants; and
- provide for a multitude of uses, increasing the range of potential tenants.

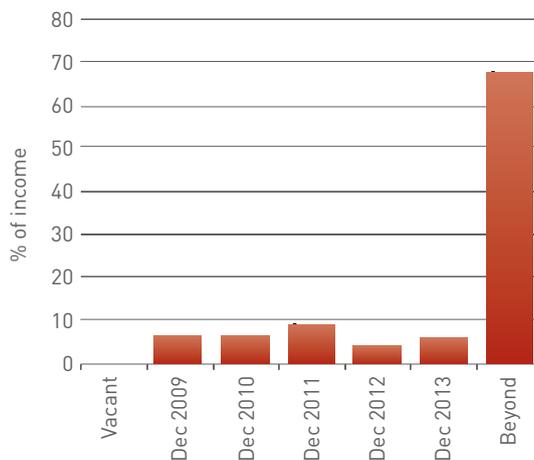
This strategy increases the Portfolio's income security, as the assets are suitable for a large number of tenant types. In reviewing opportunities to continue to expand and develop the Portfolio, GPT's specialist team works closely with tenants to identify and meet their accommodation needs now and into the future.

Key Activities

The Portfolio delivered solid growth in 2008 with comparable income up 3.8% on 2007. The investment assets are 100% occupied by high quality tenants with a long weighted average lease term of more than seven years. The Portfolio saw a net devaluation of 4.7% over the year, reflecting the deterioration of market conditions.

38,400 SQM OF NEW LEASES AND RENEWALS

LEASE EXPIRY BY INCOME (at 31 December 2008)



Leasing activity was strong with 38,400 sqm leased or renewed. Structured or fixed rent reviews across 90% of the Portfolio further underpin income security. The Portfolio has limited exposure to expiries in 2009 (7%) and 2010 (6%) and more than 65% of the Portfolio's space expires in 2013 and beyond.

Consistent with the Group's strategy to focus on its core business, GPT disposed of three non-core archive facilities. The \$38.75 million sale price was in line with book value.

¹ Austrak, VIC

Unlocking Portfolio Potential

GPT's Industrial/Business Park Portfolio has undertaken a number of successful developments including the Quad Business Park in Sydney Olympic Park, NSW. In September 2008 Quad 4, the latest building in the precinct, was completed. The Quad Business Park was awarded the Urban Taskforce Australia Development Excellence Award for Commercial Development in September 2008. The development, which is 100% leased, was recognised for its sustainability features, environmental initiatives and its higher standard of design and facilities for tenants, such as a 90 place childcare centre.

In July 2008, connect@erskine park secured its first pre-lease with the commitment of Goodman Fielder to a 14,000 sqm facility on a 20 year lease. The facility is due to be completed in June 2009.

In September 2008, GPT's Industrial/Business Park team was selected by Macquarie University as the preferred developer to establish a joint venture to explore development opportunities at the Station site at Macquarie University. Partnering with Macquarie University Property Investment Trust (MUPIT), the development plan will be conducted in stages and requires no upfront land payments by GPT. Both parties will have the right to 50% ownership of the project upon completion.

In October GPT acquired a 50% stake in the existing Austrak Business Park in Minto, NSW. The site was acquired with an existing DA approval to develop an intermodal terminal facility. The acquired land will facilitate an expansion of the existing commercial facilities for Unilever and has capacity to develop an additional 30,000 sqm of warehouse space.

During the year the Industrial/Business Parks team continued to expand on plans for the Sydney Olympic Park commercial precinct, gaining endorsement from Sydney Olympic Park Authority for the concept masterplan for the site at 7 Parkview Drive. Preparation and design is underway for lodgement of a development application for Stage 1 as part of a longer term plan to maximise opportunities for these sites.

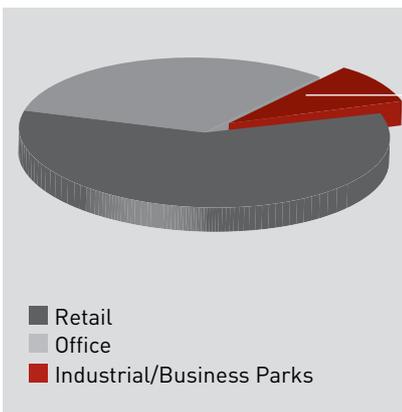
Several assets in the Industrial/Business Park Portfolio comprise adjoining land for future expansion, adding further opportunity to maintain and attract tenants and increase rental income growth, as market opportunities, capital availability and tenant pre-commitments allow.

2009 Focus

The team will continue to focus on leasing in 2009, ensuring the limited short-term lease expiries are renewed or new tenants secured. Opportunities to sell other non core assets will also be evaluated during 2009.

100% PORTFOLIO OCCUPANCY (BY INCOME)

AVERAGE WEIGHTED LEASE TERM OF 7.2 YEARS (BY INCOME)



2 Austrak, VIC

INDUSTRIAL/
BUSINESS PARKS

9%
OF AUSTRALIAN
INVESTMENT PORTFOLIO

CORE BUSINESS

FUNDS MANAGEMENT



**\$5.3 BILLION ASSETS
UNDER MANAGEMENT**

GPT's funds management platform is an integral part of the Group's strategy. It provides the ability to enhance returns while utilising the skills and experience of GPT's team, and access to a range of capital partners. The Group's funds management activities also provide GPT investors with access to a broader range of property investments through a significant co-investment in the Group's two Australian managed funds.

GPT created its funds management platform in July 2006 with the launch of the GPT Wholesale Office Fund (GWOF), followed by the launch of the GPT Wholesale Shopping Centre Fund (GWSCF) in March 2007. Together, these Funds have assets under management of \$5.3 billion (at 31 December 2008).

In entering the funds management business and establishing the Group's Funds, GPT put in place strong corporate governance and management processes and a performance-based fee structure. Both Funds consist of a strong institutional investor base and are focused on quality Australian real estate.

OWNERSHIP
MANAGEMENT
DEVELOPMENT



¹ 28 Freshwater Place, VIC

² Parkmore Shopping Centre, VIC

CORE BUSINESS

AUSTRALIAN FUNDS MANAGEMENT



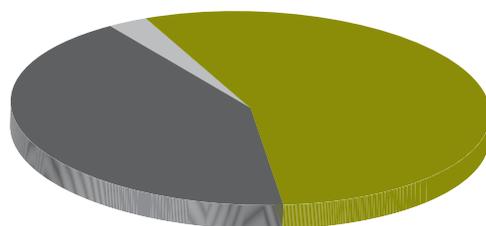
GPT has an interest in the portfolio of assets owned by each of the GPT Wholesale Office Fund (GWOF) and the GPT Wholesale Shopping Centre Fund (GWSCF) through a significant co-investment.

Key Activities

The returns for both GWOF and GWSCF were impacted in 2008 by the volatile investment conditions in Australia. Whilst the Funds' Portfolios have shown income growth throughout the year, decreased valuations have impacted total returns.

Across the two Funds, \$100 million in additional capital was raised over the year. GWOF successfully raised \$54 million of new capital and both Funds raised additional capital through their Distribution Reinvestment Plans (DRPs).

GWOF PORTFOLIO BY QUALITY GRADE
(at 31 December 2008)



■ Premium	55%
■ A-Grade	42%
■ B-Grade	3%

The GPT Wholesale Office Fund

GWOF delivered stable performance for the Fund's investors in 2008. In addition to the Group's base management fee, GPT earned a performance fee as a result of the performance delivered by the Fund in the first half. The Group also derives income from GPT's \$953 million co-investment in the Fund.

During 2008, GWOF's asset base was expanded through the completion of three developments:

- The 100% GWOF owned 545 Queen Street in Brisbane, which completed in October 2008, providing 13,500 sqm of A-Grade office and retail space built to a 4.5 Star NABERS rating;
- The 50% GWOF owned 28 Freshwater Place in Melbourne, which completed in December 2008 providing 34,000 sqm of contemporary office space built to 4.5 NABERS and 4 Star Green Star rating; and
- workplace⁶ in Sydney's Pyrmont, an 18,000 sqm waterfront office complex which was completed in December 2008 and was NSW's first 6 Star Green Star Office Design V2 development.

At 31 December 2008, the Fund had ownership interests in 14 office assets located across Australia's CBD office markets with a value of \$3.2 billion.

¹ workplace⁶, NSW

GWO remains well positioned with committed space of 98.8% across its office assets (including rental guarantees) and a weighted average lease term of 5.3 years (by area).

The Fund has a solid balance sheet with gearing of 18% against a policy range of 30–40% and continues to attract additional capital through an active DRP.

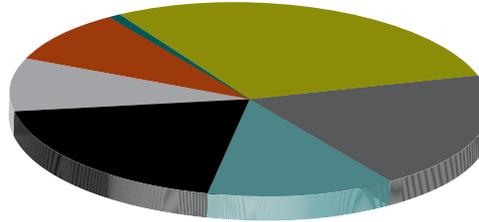
The GPT Wholesale Shopping Centre Fund

GWSCF consists of interests in nine high quality Australian retail assets. In addition to undertaking the funds management role, GPT also undertakes property and development management for the Fund's assets, providing additional income streams for the Group. The Group also derives income from GPT's \$735 million co-investment in the Fund.

GWSCF's Portfolio is of high quality with a value of \$2.1 billion and consists of nine assets diversified by sub-sector as shown in the following graph. The Portfolio continues to experience sales and pedestrian traffic growth and high occupancy of 98.8%.

At 31 December 2008, the Fund was approximately 9% geared and had an active DRP which continued to attract further investment.

GWSCF PORTFOLIO SUB-SECTOR DIVERSITY (at 31 December 2008)



■ Super Regional	29%	■ Sub Regional	9%
■ Major Regional	20%	■ Neighbourhood	9%
■ City Centre	13%	■ Bulky Goods	1%
■ Regional	19%		

2009 Focus

The current focus for GPT is to continue to provide performance for Fund investors in what will be an uncertain investment climate in 2009. The Funds remain well positioned with strong fundamentals, low gearing levels and high quality assets with diversified tenant bases.

\$100 MILLION CAPITAL RAISED

2 Highpoint Shopping Centre, VIC



CORE BUSINESS DEVELOPMENT



1 & 2 One One One Eagle Street, QLD
(Artist's impression)



AWARD WINNING DEVELOPMENTS SETTING NEW BENCHMARKS



1



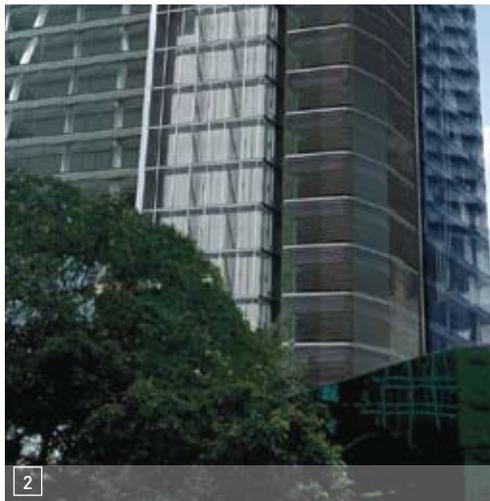
Development of high quality Australian retail, office and industrial/business park real estate for GPT's own balance sheet and its Wholesale Funds is a key component of GPT's strategy and operating platform. The ability to create new assets and enhance existing assets drives the creation of additional income for the Group through improved returns from existing assets, management and development fee streams and the realisation of development profits.

In addition to its experienced retail development team, GPT has created strong teams within the Office and Industrial/Business Parks Portfolios. The Group has a proven track record of identifying and delivering successful developments through projects such as Melbourne Central, Rouse Hill Town Centre, 818 Bourke Street, workplace⁶ and the Quad precinct at Sydney Olympic Park.

The Group has only two significant projects underway – Charlestown Square in NSW and One One One Eagle Street in Brisbane, QLD, which will be complete in 2010 and 2011 respectively. Given current market conditions, including a lack of capital availability and uncertainty around future values, no further development will be commenced in the near term. However the potential to create quality assets through a significant pipeline is a strong advantage when market conditions are favourable.



OWNERSHIP
MANAGEMENT
DEVELOPMENT



2

CORE BUSINESS DEVELOPMENT



Sustainable Solutions

Consistent with a commitment to create sustainable investments, GPT is dedicated to the development of assets incorporating a focus on environmental and social, as well as economic, outcomes. Driven to deliver high quality products and being at the forefront of sustainable design, GPT has set benchmarks across its Portfolios with new technologies and tenant engagement practices. By undertaking extensive research into world best practice for sustainable development, stakeholder engagement initiatives and broad community consultation, GPT delivers sustainable solutions for its stakeholders.

Key Activities

Successful developments completed in 2008 enhanced the GPT and GWOF asset base and are expected to deliver solid long-term investment performance for investors. These projects build on prior success and demonstrate the strategic value of GPT's development pipeline.

In 2008, GPT completed its award winning Rouse Hill Town Centre. The newly created asset opened fully leased in March 2008, has been well received by the community and is on track to meet its sales and investment targets. The development has also received much attention nationally and has won a number of high profile awards for design. It is targeting an ecological footprint that is 25% smaller than a traditional shopping centre of the same size, which is equal with world best practice levels.

Practical completion at workplace⁶ was achieved in November 2008, ahead of schedule, and the sale to GWOF (for \$190 million), which realised a profit in 2007, was completed. The six-level office building of approximately 18,000 sqm, located on the waterfront at Darling Island, Sydney, has achieved a 6 Star Green Star Office Design V2 rating, the first office building in NSW to achieve this rating. The office space is leased to Google and Accenture who moved into the building in March 2009 upon the completion of innovative, sustainable fit-outs.

Developments at 545 Queen Street, Brisbane and 28 Freshwater Place, Melbourne were completed in October and December 2008 respectively for GWOF. Both buildings have tenants secured and have rental guarantees in place over the remaining space.

AWARD WINNING DEVELOPMENTS

EXPERIENCED TEAM WITH TRACK RECORD IN DELIVERING HIGH QUALITY PROJECTS

¹ South Piazza, Charlestown Square, NSW
(Artist's impression)

2009 Focus

Reflecting current market conditions, GPT has limited its development expenditure to existing commitments. The following projects are underway and will be completed over the next three years:

- At Charlestown Square a major expansion, which will increase the Centre from 47,000 sqm to 88,000 sqm, commenced in January 2008 and is anticipated to be complete at the end of 2010. Leasing is underway for the new space and all anchor tenants have been secured, including majors and Reading Cinemas. The development will provide an additional 110 speciality stores, a vibrant fresh food offer, an urban designed streetscape and improved car parking. A new childcare facility, sporting ovals and a new bowling club for the community form part of the development.

Through the expansion, GPT will aim to build on eco-efficiency targets set for Rouse Hill Town Centre by targetting to reduce Charlestown Square's impact on the environment by 30%, as compared to a typical shopping centre of the same size. Environmental initiatives include reducing the use of carbon based energy with the incorporation of co-generated electricity and solar powered airconditioning.

- At One One One Eagle Street, construction has commenced on a 63,000 sqm Premium-Grade 54-level office tower in Brisbane's prime commercial "Golden Triangle" precinct. In May 2008 GPT sold two thirds of the asset to GWOF and an existing capital partner. The transaction realised a development profit of over \$31 million and significantly reduces GPT's capital commitment and risk in relation to this development. The development is expected to complete in late 2011.

The unique design of the building incorporates an organic structural frame working in harmony with a high-performance fully glazed façade, making for highly flexible floor plates and maximising the Brisbane River views, while using the latest technologies to optimise the building's sustainability. The building has been designed to achieve a 6 Star Green Star rating through sustainable design focused on indoor environment quality, energy efficiency and water savings.

- The Industrial/Business Park Portfolio's Erskine Park site, connect@erskinpark, settled in May 2008 and the first pre-lease was secured in July with the commitment of Goodman Fielder to a 14,000 sqm facility on a 20 year lease. The facility will be complete in 2009.
- In May 2008 the New South Wales Department of Planning granted development approval for the GWSCF owned Wollongong Central redevelopment scheme proposed by the Fund. The project will be delivered in two stages, with the larger expansion component of the project deferred until at least 2010. Refurbishment works of the existing Wollongong Central have commenced to improve the ambience and customer experience of the Centre and a new leasing program will improve the retail mix. GPT is managing the development on behalf of the Fund.

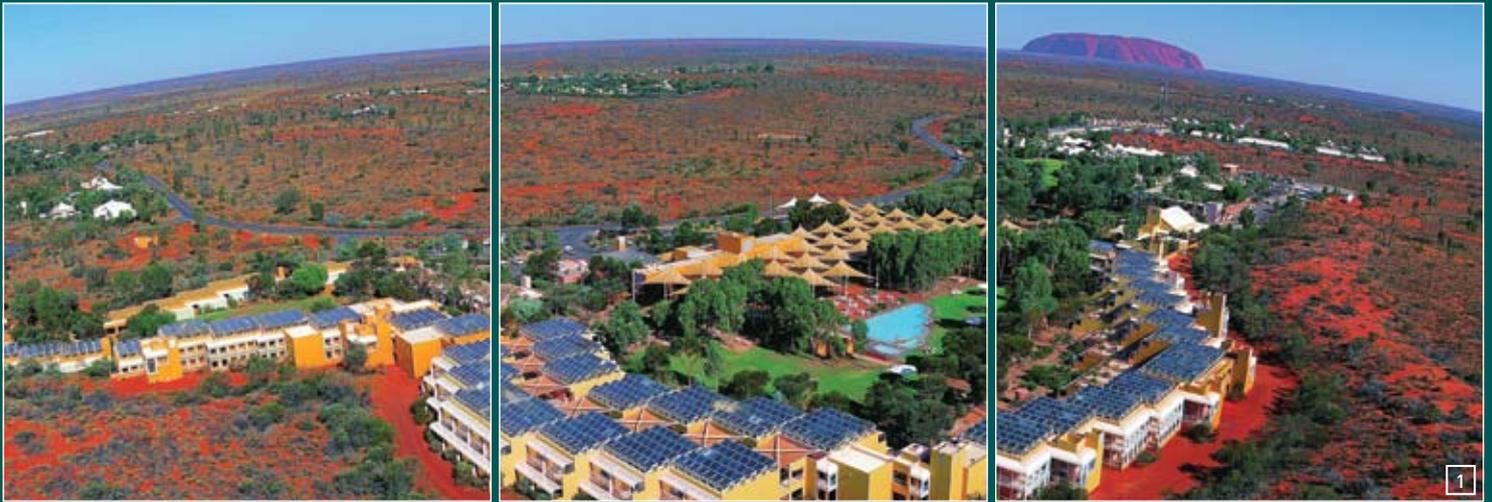
The development environment faces increasing challenges, including the reduced availability and increasing cost of credit, softening capitalisation rates and higher construction costs. In these conditions no significant new projects will be commenced. The Group, however, is well positioned with a very high quality portfolio of future projects which will be timed according to the ability to access capital and achieve value accretive returns measured against the risk profile of each project.

GPT IS COMMITTED TO CREATING SUSTAINABLE INVESTMENTS

2 connect@erskinpark, NSW
(Artist's impression)



OTHER INVESTMENTS

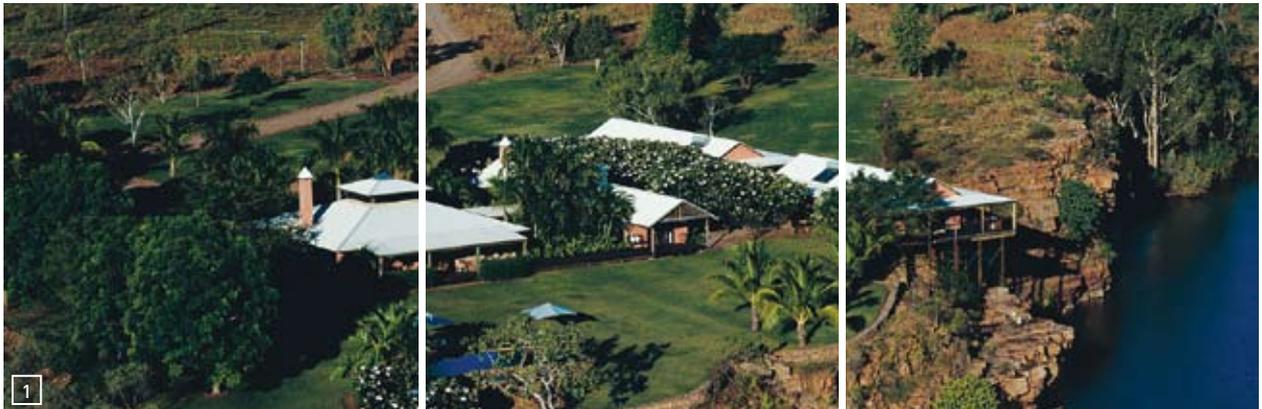


In addition to the Group's core business, GPT has a number of other investments which are not core to the Group's strategy. These investments comprise: the \$687 million Hotel/Tourism Portfolio; a \$200 million investment in the US Seniors Housing Portfolio; a 50% interest in a Joint Venture with Babcock & Brown Pty International Limited; and the European funds management platform.

Consistent with GPT's strategy to focus on its core business of ownership, management and development of high quality Australian real estate, the Group announced in July 2008 its decision to exit the majority of these assets and businesses over time. Currently these investments represent 20% of GPT's real estate investments.

1 Ayers Rock Resort, NT

2 Helmond, Vossenbeemd, The Netherlands



Hotel/Tourism Portfolio

GPT's Hotel/Tourism Portfolio includes Ayers Rock Resort, the Four Points by Sheraton hotel in Sydney and Voyages Lodges. Located in some of Australia's most pristine natural environments, the Lodges portfolio comprises a collection of unique resorts managed by Voyages Hotels and Resorts (GPT's resort management business).

GPT announced in July 2008 its strategic intention to divest the Portfolio in order to refocus on the Group's Australian retail, office and industrial/business park investments.

In 2008, Portfolio revenue and income were above the forecast contained in the October 2008 Prospectus and Product Disclosure Statement but down on 2007, due to difficult tourism conditions including weakness in inbound tourism to Australia and poor weather impacting the Queensland resorts in the first quarter of the year.

Occupancy at Ayers Rock Resort and Voyages Lodges was down by 4.0% and 2.0% respectively.

The Four Points by Sheraton, located in Sydney's Darling Harbour, continued to demonstrate high occupancy (83%) and room rate growth (5.8%).

Reflecting the poor trading performance and weakness in investment markets generally, the Portfolio's value fell to \$687 million at 31 December 2008.

The sale process for the Hotel/Tourism assets continues to progress with separate sales programs occurring for the Four Points Hotel and Voyages resorts. Whilst it is difficult to determine a sales timeframe it is expected that progress will be made in 2009.

Notwithstanding the sale process, GPT continues to work actively to increase occupancy and Portfolio financial performance through tactical marketing programs and by improving operational efficiency.

US Seniors Housing Portfolio

GPT's investment in the US seniors housing market consists of a 95% interest in 34 assets and a 20% interest in the manager of the Portfolio, Benchmark Assisted Living (BAL). The assets, which are located in the New England region of the United States, offer a variety of living situations including Independent Living, Assisted Living and Alzheimer's Assisted Living.

Through an ownership interest in BAL, the largest owner-operator of service-enhanced seniors housing in the New England region, GPT has access to an experienced management team.

As a result of GPT's strategy to focus on the ownership, management and development of high quality Australian real estate, GPT has indicated its intention to exit the US seniors housing sector over time.

At 31 December 2008, year to date occupancy across the 34-asset Portfolio was 88.1% with an average rent per unit per month of US\$5,100 (up from US\$4,800 at 2007).

¹ El Questro Homestead, WA

As the US economy has softened, deteriorating sentiment and general caution is resulting in longer lead times to re-lease vacant apartments through the communities, which resulted in occupancy declining over the year to December 2008.

During the year, 93% of the Portfolio was valued (by value). The new valuations resulted in a decrease in value, reflecting challenging economic conditions in the US and an expectation that this will continue. This is mitigated by having limited equity (\$200 million) invested in the Portfolio.

Over 2009, the focus will be working with BAL to determine an appropriate timeframe and process to exit the Portfolio. As GPT does not expect to sell the assets in the short term, due to global investment and credit market conditions, and the impact of a worsening US economy, continuing to maintain current returns to investors and execute strategic marketing campaigns to preserve the Portfolio's occupancy levels remains a key focus.

European Funds Management

GPT's European funds management platform consists of GPT Halverton and an 80% interest in Hamburg Trust. At 31 December 2008, these businesses had assets under management totalling €2.1 billion (\$4.2 billion).

Hamburg Trust has established two funds and GPT Halverton currently has six established funds. Over 2008 the platform was downsized significantly, reflecting GPT's decision to focus on its Australian business and the management of existing assets rather than launching new funds.

GPT is in the process of exiting warehoused assets in order to further reduce capital allocated to this platform.

Strategically, GPT will look at further consolidation of the cost base in the GPT Halverton business and expects to continue to downscale the Group's on-the-ground

presence in Europe as the warehoused positions and JV assets are exited. The business already manages the Joint Venture's \$1.6 billion light industrial portfolio and will now manage the balance of the JV's European assets.

Joint Venture Fund (JV)

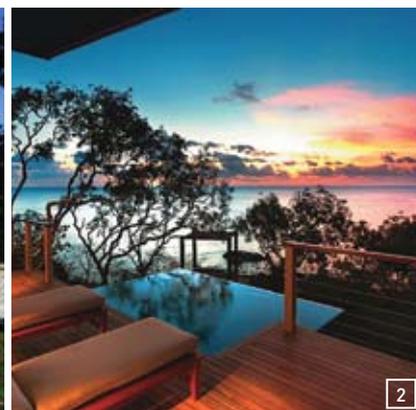
The Joint Venture Fund with Babcock & Brown Pty International Limited (JV) comprises assets valued at \$6.2 billion at 31 December 2008. GPT's current investment represents \$1.16 billion of preferred capital. The Loan to Value ratio (LTV) of the JV as at 31 December 2008 is 80% and the weighted average term to maturity of the JV debt is 5.2 years.

Given the significant changes in global capital and real estate investment markets, the JV is no longer a strategic or core investment for GPT. Accordingly, the Group's intention is to manage the JV for a medium term exit and seek to extract value for Securityholders over time. As such, the strategy for the JV is focused on: stabilising the JV's debt position; rationalising the portfolio where appropriate; and positioning the JV to divest assets into improving real estate and capital markets. Capital items such as loan amortisations, loan re-financings and ongoing capital expenditure will be funded from operating cash flow. GPT will not commit any further capital to the JV and has excluded JV income from future distributions.

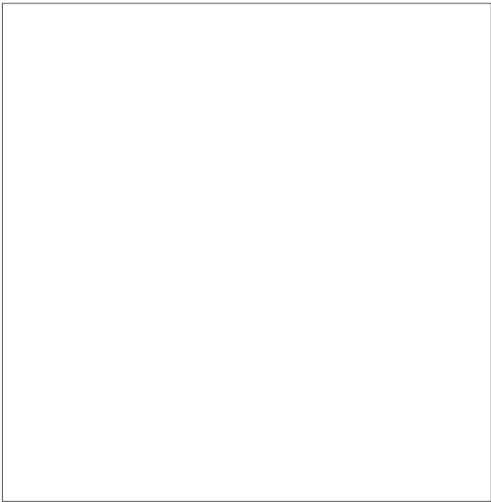
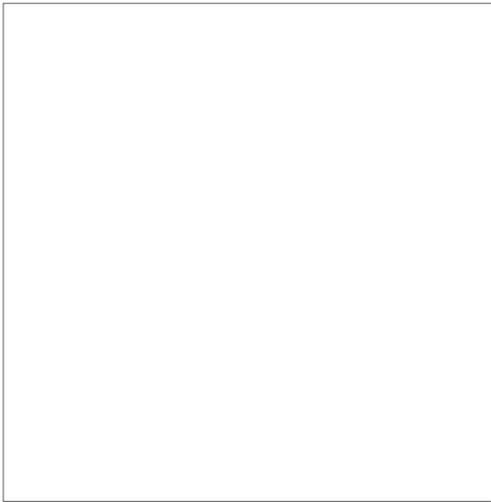
GPT is currently in the process of transitioning management of the JV from Babcock & Brown Pty International Limited to GPT. GPT Halverton will take on all asset management responsibilities in Europe and Greg Greenfield & Associates will continue to manage the US retail portfolio. The management transition is expected to be completed by 30 June 2009.

1 US Seniors Housing

2 Lizard Island, QLD



CORPORATE RESPONSIBILITY



GPT is committed to operating in a manner consistent with best practice corporate responsibility principles and performance. This commitment includes investigating and pursuing pathways to achieve parity between environmental, social and financial returns across GPT's activities.

GPT is also committed to being open and transparent in the way it communicates with stakeholders and has adopted the Global Reporting Initiative (GRI) to guide GPT to best practice in this area.

OWNERSHIP
MANAGEMENT
DEVELOPMENT



1 & 2 Rouse Hill Town Centre, NSW
3 workplace6, NSW

CORPORATE RESPONSIBILITY



ROUSE HILL TOWN CENTRE

- BANKSIA PEOPLE'S CHOICE AWARD FOR ENVIRONMENTAL EXCELLENCE
- AIA LLOYD REES AWARD FOR URBAN DESIGN (NSW)
- AIA WALTER BURLEY GRIFFIN URBAN DESIGN AWARD (NATIONAL)

QUAD 4

- URBAN TASKFORCE AUSTRALIA DEVELOPMENT EXCELLENCE AWARD
- 5 STAR GREEN STAR OFFICE DESIGN V2



AWARDS AND ACCREDITATIONS

DARLING PARK 3

5 STAR NABERS RATING



WORKPLACE⁶

6 STAR GREEN STAR OFFICE DESIGN V2 (WORLD LEADER)



SILVER RATING

DOW JONES SUSTAINABILITY INDEX (TOP 25%)



EMPLOYER OF CHOICE

HIGHLY COMMENDED 2008 HEWITT BEST EMPLOYERS IN AUSTRALIA AND NEW ZEALAND AWARDS



This year's Report features GPT's Australian portfolios in line with the Group's strategy to focus on the ownership, management and development of Australian retail, office and industrial assets which currently represents 80% of the Group's real estate investments.

GPT achieved the majority of its 2008 targets and reset goals to 2012 in line with the revised Group strategy. The Corporate Responsibility Committee adopted the view that execution of corporate responsibility plans for offshore portfolios should be deferred as GPT has announced it will exit the majority of these businesses.

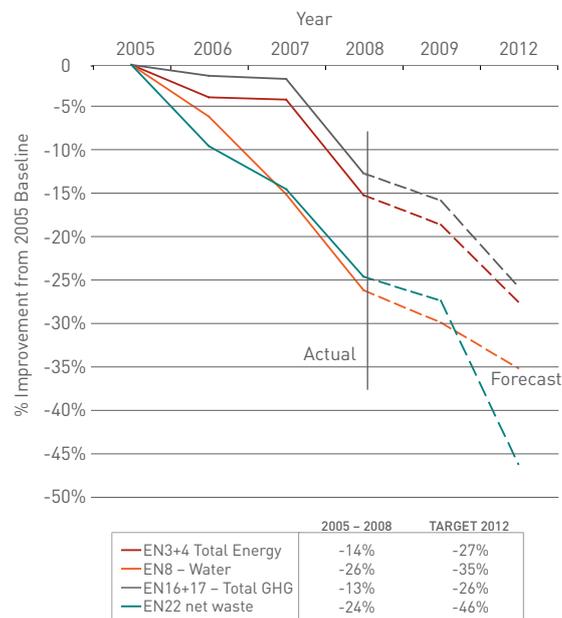
GPT has expanded its assurance this year to incorporate GRI compliance as well as data verification which strengthens GPT's declarations of success against targets.

It is pleasing to report that GPT exceeded some of the eco-efficiency targets for the 2008 year and has progressed in developing its social and community investment strategy with long-term targets.

December 2008 marks the half-way point towards 2012 targets. Since 2005 GPT has reduced the ecological impact of its core Australian operational assets by the equivalent of a small country town through:

- reducing energy use by 14% (equal to taking 2,635 Australian homes off the grid each year);
- reducing water use by 26% (equal to water used each year by 3,686 Australian households);
- reducing carbon footprint by 13% (equal to 4,093 Australian households annually);
- doubling waste recycling rates to 54% of all waste and reducing net waste to landfill by 24%, which is equal to recycling waste material from 2,302 households each year; and
- purchasing 26,620 tonnes of CO₂ offset in the form of 100% accredited Green Power for the Office and Industrial/Business Park Portfolios.

ECO-EFFICIENCY PERFORMANCE IMPROVEMENT*



* Assets include all Australian owned and co-owned assets.

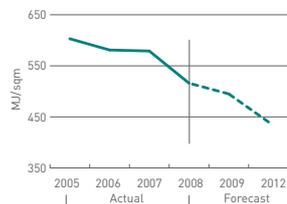
These efficiency gains have been achieved against an increase in customer traffic through GPT shopping centres of 5% and a small increase in office occupancy. More importantly, these improvements mean that many existing assets are now well within reach of the best practice eco-efficiency goals set to be achieved by 2012. In some cases GPT is surpassing current recognised eco-efficiency best practice performance, particularly in the area of water consumption.

1 workplace⁶, NSW

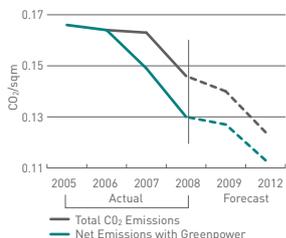
2 Rouse Hill Town Centre, NSW

CORPORATE RESPONSIBILITY

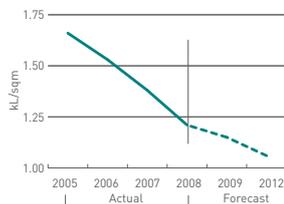
AVERAGE ENERGY CONSUMPTION EN3&4



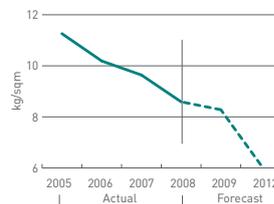
AVERAGE GREENHOUSE EMISSIONS (SCOPE 1 & 2) EN16&17



AVERAGE WATER CONSUMPTION EN8



AVERAGE NET WASTE TO LANDFILL EN22



Assets include all Australian owned and co-owned assets. Assets under construction in 2008 or not having a full year operating figures are not included in 2008 reporting. Waste figures exclude all industrial and some office assets.

From a development perspective, Rouse Hill Town Centre continues to exceed sustainability and community performance targets and expectations. A full verification report will be made available by mid 2009. Rouse Hill Town Centre won the "People's Choice" Banksia Award, determined on the basis of a popular vote and recognising environmental excellence and sustainability.

- **workplace⁶** has set new benchmarks in office sustainability and was completed in November 2008. A key focus in 2009 will be the verification of the operational performance against Green Star targets.
- **Darling Park 3** was accredited with a 5 Star NABERS energy rating. This is the highest possible score under this rating scheme, which was particularly pleasing as it is the first conventional office tower to achieve this level of performance in Australia. In doing so it has set a new benchmark for HVAC engineering design.
- **Charlestown Square and One One One Eagle Street**, which are both now under construction, represent the Group's next evolution of responsible property investments. Charlestown Square has attracted in excess of \$2 million in government funding to support an embedded tri-generation and solar cooling energy plant. When complete, the solar cooling plant, which is being developed in partnership with CSIRO, will be one of the largest of its type in the world. If the pilot proves successful it will confirm its potential for large scale shopping centre application to tackle peak air-conditioning loads. The achievement of targets for One One One Eagle Street will rank it amongst the largest and most highly rated Green Star buildings in Australia.

From a people perspective, GPT was recognised with a Hewitt "Best Employers – Highly Commended" Award. This means that GPT is recognised as having strong internal performance in key human resource areas.

GPTU, GPT's learning and development platform, was established in 2007 and continues to provide GPT employees the opportunity to participate in group or individual learning opportunities to drive capability growth and ongoing career development. GPTU delivered an

average of 32.68 hours of training per employee in 2008, with the variety of development programs offered to employees continuing to grow.

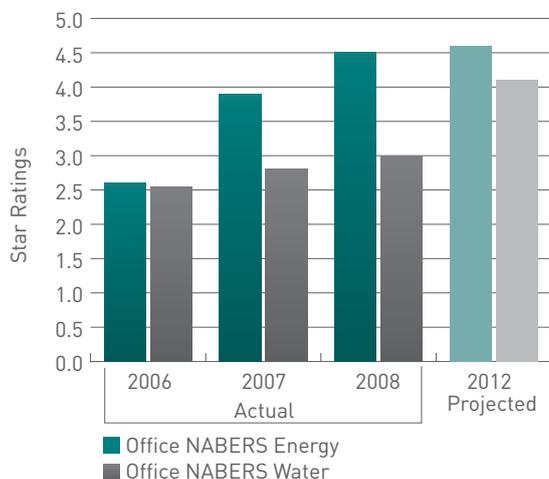
In 2007, GPT reviewed its approach to community and social investment and redirected the Group's efforts in a more focused and strategic manner. In particular, GPT established four main areas of focus where it is better able to leverage the Group's business skills and asset base to make lasting change to some of the social issues facing the communities in which it operates. The four focus areas are:

- GPT Working – focused on creating pathways to employment for people marginalised from the mainstream workforce;
- GPT One Planet – focused on environmental projects and education to improve communities' capacity to live more sustainably;
- GPT Strengthening – focused on building social values and networks and tackling disadvantage and exclusion in communities; and
- Indigenous Wellbeing – represented by the Mutitjulu Foundation and managed by Voyages.

In 2008 GPT undertook 12 projects with a variety of community and social partners. GPT's philosophy involves engaged philanthropy, which utilises the Group's core skills with partners to tackle local issues. Key outcomes include:

- Getting to Work pilot with Mission Australia at Dandenong Plaza resulted in five humanitarian refugees securing full time work at the Centre;
- Support of Djarragun Indigenous College where six students gained sufficient work experience at Dunk Island to obtain their Certificate II in Hospitality;
- Ecological footprinting tools and training have resulted in more than 500 tenants reducing the ecological impact of their retail stores by approximately 40%;
- International peer review of GPT's ecological footprint calculator upgrade was successfully completed with a wide range of stakeholders confirming the validity of

AVERAGE NABERS RATINGS OF GPT MANAGED OFFICE PORTFOLIO



the Group's methodology and that it is setting a leading standard globally;

- The Black Dog Institute's "Bush Bash" awareness raising rally was supported with GPT project management skills;
- Support of Cape York Institute's research work into the carbon economy on Cape York will support the development of new options for indigenous business and livelihoods; and
- Partnership with Bush Heritage Australia and Cape York Institute has attracted sufficient funding to support a full time resource to develop a Land and Sea Centre indigenous business plan in the Cape.

These programs, though small in scale and cost, are helping to define the most effective ways to ensure the projects GPT develops and manages are sensitive to community needs. GPT will continue to build its social investment skills in 2009 with a strong focus on tackling issues through core business practices and supply chains. The full social investment and partnership report for 2008 and projects for 2009 can be found on GPT's website.

In 2008, GPT continued to expand its approach to Corporate Responsibility governance in a number of ways, including:

- Continuing to relate a component of each employees' performance objectives to CR activities with a minimum of 5% of bonus allocation;
- GPT became a signatory to the UN Principles of Responsible Investment (PRI) and continues to play an active role in the PRI property working group;
- In 2008, GPT continued to improve disclosure by increasing the number of Global Reporting Initiative (GRI) Core Indicators used in its annual Corporate Responsibility Report. By increasing the disclosure

against core indicators, GPT is aiming to achieve a GRI Application Level A;

- Maintaining GPT's position in the Dow Jones Sustainability Index (Real Estate list) (DJSI) for the fifth year running;
- Participating in the 2008 Corporate Responsibility (CRI) Index – the results of which are to be announced in May 2009;
- Receiving favourable feedback from a number of financial stakeholders rating GPT's CR approaches as leading amongst its peer group; and
- Disclosing the number of Corporate Responsibility Committee meetings attended by Committee members.

2009 Priorities

GPT most critically defines its future goals and challenges as:

Environment

- Meeting "best in class" eco-efficiency performance for a wide range of core GRI metrics in a challenging financial environment;
- Verifying major new developments and progressing "one planet" scenario setting; and
- Greater Corporate Responsibility engagement with co-owners and tenants.

Community & Society

- Delivering targeted outcomes for social programs;
- Increasing community engagement capabilities of all employees;
- Building the social investment platform to targeted levels; and
- Increasing engagement with key industry and community stakeholders.

Governance

- Achieving an A+ GRI rating;
- Improving GPT's DJSI ranking;
- Continuing to build coverage and depth of CR through the Group's core business;
- Better integration of Corporate Responsibility into risk management and internal audit functions; and
- Launching a new Corporate Responsibility microsite and expanding stakeholder engagement on material issues.

CORPORATE RESPONSIBILITY

These tables show GPT's 2008 GRI disclosure summary and coverage. For a detailed list of indicators and other disclosures refer to www.cr.gpt.com.au and click on the GRI Section.

ECONOMIC INDICATORS

GRI #	Status	Indicator Summary
Economic Performance		
EC1-EC4	■	Direct economic value; financial implications due to climate change; benefit plan obligations; and financial assistance from government.
Market Presence		
EC5-EC7	■	Range of wages; policy on locally-based suppliers; procedures for local hiring.
Indirect Economic Impacts		
EC8-EC9	■	Development of infrastructure investments and services; significant indirect economic impacts, including the extent of impacts.

ENVIRONMENTAL INDICATORS

GRI #	Status	Indicator Summary
Materials		
EN1-EN2	■	Materials used by weight or volume; percentage of materials used that are recycled input materials.
Energy		
EN3-EN4	■	Direct and indirect energy consumption by primary energy source.
EN5-EN7	■	Energy saved due to conservation and initiatives to provide energy-efficient or renewable energy based products and services.
Water		
EN8-EN10	■	Total water withdrawal by source; water sources significantly affected by withdrawal of water; percentage and total volume of water recycled and reused.
Biodiversity		
EN11-15	■	Location and size of land in areas of high biodiversity value; significant impacts on biodiversity; habitats protected or restored; actions, and future plans for managing impacts on biodiversity.
Emissions, Effluents, & Waste		
EN16-25	■	Total direct and indirect greenhouse gas emissions by weight; other emissions and discharge and impacts.

ENVIRONMENTAL INDICATORS (continued)

GRI #	Status	Indicator Summary
Products & Services		
EN26-EN27	■	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation; percentage of products sold and their packaging materials that are reclaimed by category.
Compliance		
EN28	■	Significant fines and non-monetary sanctions for non-compliance with environmental laws and regulations.
Transport		
EN29	■	Significant environmental impacts of transporting products, goods, materials, and members of the workforce.
Overall		
EN30	■	Total environmental protection expenditures and investments by type.

SOCIAL INDICATORS

GRI #	Status	Indicator Summary
Community		
S01	■	Impacts of operations on communities, including the nature, scope, and effectiveness.
Corruption		
S02-S04	■	Business units analysed for risks related to corruption; employees trained in anti-corruption; actions in response to incidents of corruption.
Public Policy		
S05-S06	■	Public policy positions; total value of contributions to political parties, politicians, and related institutions by country.
Anti-Competitive Behaviour/Compliance		
S07	■	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices; fines and non-monetary sanctions for non-compliance.

WORKPLACE AND LABOUR INDICATORS

GRI #	Status	Indicator Summary
Employment		
LA1-LA3	■	Total workforce by employment type, contract, region, turnover and benefits to full-time employees.
Labour/Management Relations		
LA4-LA5	■	Percentage of employees covered by collective bargaining agreements; minimum notice period(s) regarding significant operational changes.
Occupational Health and Safety		
LA6-LA9	■	Workforce represented in formal joint management-worker health/safety committees; rates of injury, occupational diseases, lost days, absenteeism, number of work-related fatalities; risk-control programs; formal agreements with trade unions.
Training and Education		
LA10-LA12	■	Average hours of training per year per employee; programs for skills management and lifelong learning; percentage of employees receiving regular performance and career development reviews.
Diversity and Equal Opportunity		
LA13	■	Composition of governance bodies and indicators of diversity; ratio of basic salary of men to women by employee category.

HUMAN RIGHTS INDICATORS

GRI #	Status	Indicator Summary
Investment and Procurement Practices		
HR1-HR3	□	Number of significant investment agreements that screen for human rights; percentage of suppliers and contractors that have undergone screening on human rights; total hours of employee training on aspects of human rights.
Non-Discrimination		
HR4	■	Total number of incidents of discrimination and actions taken.
Freedom of Association and Collective Bargaining		
HR5	-	Operations identified in which the right to exercise freedom of association and collective bargaining, and actions taken to support.

HUMAN RIGHTS INDICATORS (continued)

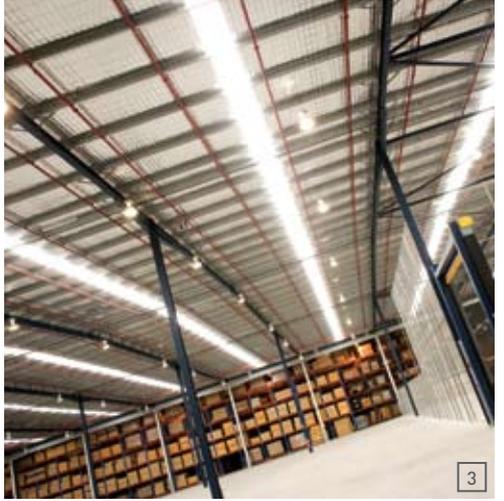
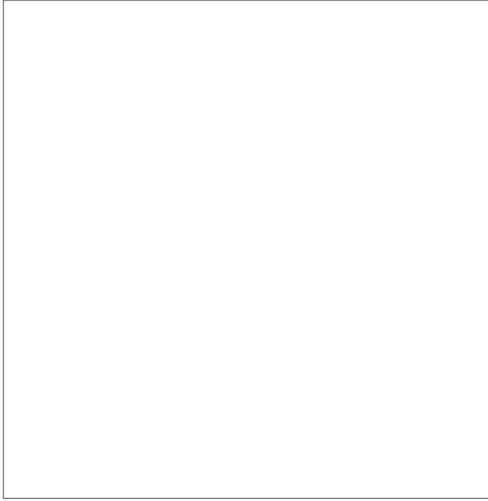
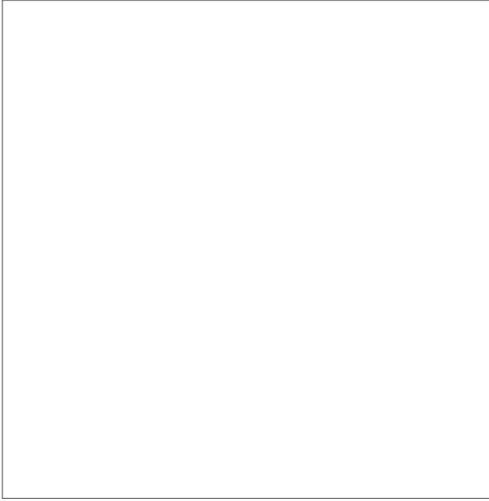
GRI #	Status	Indicator Summary
Child Labour & Forced and Compulsory Labour		
HR6-HR7	-	Operations identified as having significant risk for incidents of child labour, and preventative measures; operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.
Security Practices		
HR8	□	Percentage of security personnel trained in the organization's policies or procedures.
Indigenous Rights		
HR9	■	Total number of incidents of violations involving rights of indigenous people and actions taken.

PRODUCT INDICATORS

GRI #	Status	Indicator Summary
Customer Health and Safety		
PR1-PR2	■	Health and safety impacts are assessed for improvement; incidents of non-compliance.
Products and Service Labelling		
PR3-PR5	■	Product and service information requirements; incidents of non-compliance; practices related to customer satisfaction.
Marketing Communications		
PR6-PR7	□	Programs for adherence to laws and standards related to marketing communications; number of incidents of non-compliance.
Customer Privacy		
PR8	□	Total number of substantiated complaints regarding breaches of customer privacy.
Compliance		
PR9	■	Significant fines for non-compliance with laws and regulations.

Notes	
	Australian business coverage only Does not include Benchmark or GPT Halverton
■	Fully Reported
□	Partially Reported
-	Not Material

INVESTOR RELATIONS AND CORPORATE GOVERNANCE



GPT is committed to ensuring the Group's 50,000 investors are informed about the activities of the Group and have access to detailed information about their investment.

GPT regards good corporate governance as being of critical importance to all of GPT's stakeholders and a fundamental component of its commitment to Securityholders. The Board of GPT strives to ensure that the Group meets high standards of governance across its operations. This is an ongoing commitment, requiring continual review, modification and enhancement.

GPT is also committed to operating in a sustainable manner taking into account the needs of all stakeholders and the impact on the environment and communities in which the Group operates. Further details can be found in the Corporate Responsibility section of this Report and the Corporate Responsibility section of GPT's website.

OWNERSHIP
MANAGEMENT
DEVELOPMENT



1 workplace6, NSW
2 2 Park Street, NSW
3 19 Berry Street, NSW

GPT continues to provide regular communications in conjunction with quarterly distribution payments to Securityholders. These include an Annual Update (December quarter), Mid Year Update (June quarter) and an Investor Newsletter providing an update on recent activities (March and September quarters).

GPT's website, which was relaunched in April 2008, provides a useful source of information for Securityholders. The site is regularly updated with detailed information about GPT's business activities, investment performance and payments. All ASX announcements are posted to the site, in compliance with ASX's continuous disclosure requirements and GPT's internal Disclosure Policy. The new website includes interviews with management, providing an overview of the business.

Copies of past and present Annual and Mid Year Reports, Investor Newsletters, and market update Presentations may be downloaded from the website.

A new microsite housing the Group's Corporate Responsibility reporting and initiatives will be launched in conjunction with the release of this Report and feature: Global Reporting Initiative (GRI) performance and target tables; case studies on the Group's sustainable developments; a list of the Group's partnerships and stakeholders as well as other useful information on GPT's activities in this space.

GPT's website is www.gpt.com.au

Results Briefings

GPT webcasts both Annual and Mid Year Results briefings, as well as other major announcements on the Group's website.

Annual General Meeting

The Group's 2007 Annual General Meeting was held on 1 May 2008 in Sydney.

Securityholders were asked to vote on resolutions pertaining to the re-election of Directors and the adoption of the Remuneration Report. All resolutions were passed by the requisite majorities.

All GPT investors are encouraged to attend the Annual General Meeting and use the opportunity to ask questions of the Board. However, for those investors who are unable to attend, GPT's Annual General Meetings are webcast on www.gpt.com.au and questions for the Board and management can be forwarded in advance for discussion at the Meeting.

Enquiries

GPT is committed to providing a high level of service to all Securityholders. The Group encourages feedback and endeavours to resolve all enquiries and complaints in a timely and satisfactory manner.

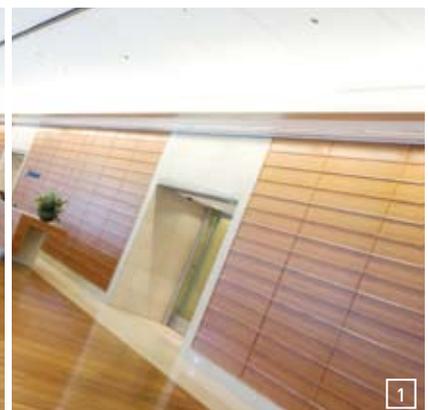
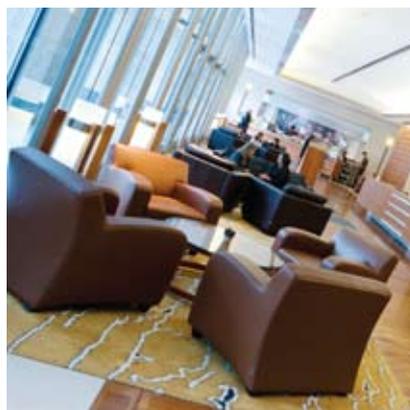
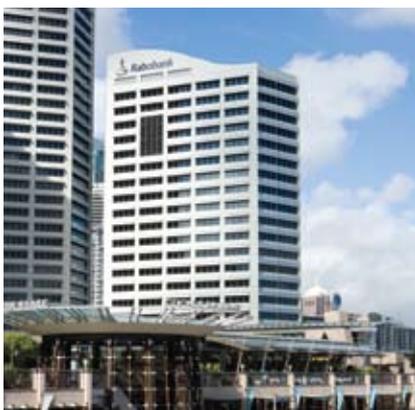
Enquiries about your investment can be directed to the Group's Securityholder Service Centre on the freecall number 1800 025 095. This service is available from 8.30am to 5.30pm (AEST) on all business days. Enquiries may also be emailed via GPT's website (www.gpt.com.au) or Link Market Services' website (www.linkmarketservices.com.au).

Requests for changes to holding details, payment details or general enquires can all be directed to the Securityholder Service Centre.

Information on current investor offers* at some of GPT's hotel/tourism assets can be obtained by contacting Voyages on (toll free in Australia) 1300 134 044, or through Voyages' website www.voyages.com.au/gpt.

* Whilst Portfolio remains owned by GPT.

1 Darling Park 1 and 2, NSW



CORPORATE GOVERNANCE

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) Second Edition August 2007, provide a framework for good corporate governance. This statement complies with the Principles as originally issued and as revised in August 2007.

GPT's website, at www.gpt.com.au, 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.

This statement reflects GPT's corporate governance framework as at February 2009.

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.

GPT is also committed to operating in a sustainable manner taking into account the needs of all stakeholders and the impact on the environment and communities in which the Group operates. Further details concerning this are set out in the Corporate Responsibility section of this Annual Report (pages 30 to 35) and the Corporate Responsibility section of GPT's website.

Principle 1: Lay Solid Foundations For Management And Oversight

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 Limited and GPTMHL have the same composition and that meetings are held concurrently or consecutively. References to the "Board" in this report 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;
- 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 the GPT 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

L-R: Peter Joseph (Chairman),
Eric Goodwin, Malcolm Latham,
Ian Martin, Anne McDonald, Ken Moss



context. These delegated authorities are reviewed on an annual basis. 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 Policy);
- access to independent advice; and
- confidentiality and access to information.

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 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.

Principle 2: Structure of the Board to Add Value

Composition of the Board

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

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 period of office and the experience and expertise of the Directors of the Board are set out in the Directors' Report.

In conjunction with the 2008 capital raising, GPT has invited a representative of GIC Real Estate to join the Board, subject to ratification by Securityholders at the next Annual General Meeting.

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;



CORPORATE GOVERNANCE

- 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.

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

Ian Martin is an independent Non-Executive Director of Babcock & Brown Pty International Limited (BIPL) with whom GPT has a joint venture, however, he is not a BIPL nominee to the Board. I Martin is considered to be conflicted in respect of decisions involving BIPL in accordance with GPT's Conflicts Policy which is discussed below.

In considering this issue and making its determination that I Martin is independent, the Board has had regard to a number of factors, including: the impact the conflicts noted above have on the Directors' ability to take part in the affairs of the Board generally; the materiality of the issues in which the Directors are unable to take part compared to the Directors who do not have these conflicts; Directors' participation and approach at Board and Committee meetings; the fact that most day-to-day decision making with respect to GPT's joint venture with BIPL is undertaken by BIPL executives under the terms of the Joint Venture and the fact that I Martin does not participate in these decisions. Having regard to the above, the Board considers that I Martin's interest could not reasonably be considered to materially interfere with his ability to act in GPT's best interests.

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 Policy to provide guidance in the event of a conflict of interest arising. A copy of GPT's Conflicts Policy is available on GPT's website. The Conflicts 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.

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.

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.

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 (ie 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 to be incorporated into the Board program, visits to GPT's offices or assets and presentations on developments impacting the business.

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.

Having regard to the Board and management changes announced in conjunction with the 2008 capital raising, the Board has determined that the scheduled review process be postponed until those changes have been implemented.

Those Directors who will be offering themselves for re-election at the 2008 Annual General Meeting have received the Board's support for their re-election.

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 2008 was reviewed in accordance with these principles. In light of GPT's short-term performance during 2008, the CEO exited the business, no salary increases were awarded across the Group, other than in exceptional circumstances, and no short-term incentive awards were made to specified Senior Executives. Further details can be found in the remuneration report on pages 59 to 73 of the Directors' Report.

¹ Dandenong Plaza, VIC

Committees of the Board

The Board has established the following Committees to assist it in carrying out its responsibilities:

- Audit and Risk Management Committee;
- Nomination and Remuneration Committee; and
- Corporate Responsibility Committee.

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 the GPT website.

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 and any future succession planning needs to identify potential candidates. An external professional recruitment search firm may also be employed.

Members of the Nomination and Remuneration Committee during 2008 were:

- I Martin (Chairman)
- P Joseph
- M Latham

CORPORATE GOVERNANCE

The attendance record for the Nomination and Remuneration Committee in 2008 is set out in the Directors' Report.

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*.

Members of the Audit and Risk Management Committee during 2008 were:

- A McDonald (Chairman)
- K Moss
- E Goodwin

The attendance record for the Audit and Risk Management Committee in 2008 is set out in the Directors' Report.

Corporate Responsibility Committee

During 2007 the Board established the Corporate Responsibility Committee to assist it in overseeing GPT's commitment to good corporate citizenship and being an ethically and socially responsible organisation.

The Committee's responsibilities include:

- reviewing the strategic direction set by the Board and ensuring that it is followed;
- reviewing the Corporate Responsibility Steering Group's business plans to execute CR strategy;
- making recommendations to the Board on major initiatives;
- reviewing the quality and reliability of the non-financial corporate responsibility reporting processes;

- reviewing and reporting on non-financial corporate responsibility statements issued by GPT or ratings submissions made by GPT; and
- overseeing the risk management, compliance and internal control framework of GPT in the context of Corporate Responsibility initiatives and considering any Corporate Responsibility matters relating to the affairs of GPT that it determines to be desirable.

Members of the Corporate Responsibility Committee during 2008 were:

- M Latham (Chairman)
- E Goodwin
- E Nosworthy (until August)

The attendance record for the Corporate Responsibility Committee in 2008 is set out in the Directors' Report.

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.

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 live up 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 has also instituted a Whistleblower Policy dealing 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 the GPT website.

Trading in Securities and Hedging

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

- Directors and employees are only permitted to trade in GPT Securities in the six weeks after the announcement of GPT's half year and full year results. In addition to this trading window, Link Market Services Limited (as administrator of the GPT Employee Incentive Scheme) may acquire Securities on behalf of executives who are participating in the GPT Employee Incentive Scheme following the Annual General Meeting of Securityholders;
- 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, warrants), is prohibited.

A full copy of this policy can be obtained from the GPT website.

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

Political Donations

GPT's policy in relation to political donations is to ensure that all donations made by the Group are registered and, to the extent practicable, bipartisan. GPT does not use Securityholders' funds to make donations to political parties or individuals holding or standing for office, however, fees may be paid to participate in the business forums of the major political parties which involve discussion of issues relevant to the activities of the Group. A regular review of donations made by the Group is undertaken by the Board. GPT made political donations totalling \$10,750 in 2008.

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.

¹ Carlingford Court, NSW

CORPORATE GOVERNANCE



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 GPT Management Holdings Limited, 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).

GPT's funds management business in Europe currently comprises funds managed by GPT Halverton and Hamburg Trust. In establishing the European funds, various supervisory boards and investor advisory boards or committees have been established as a means by which independent directors and/or a representative group of investors meet regularly with the fund manager to monitor performance and provide a transparent forum for enhanced governance. The formal role of the supervisory board/investor advisory board/committee is set out in the documents establishing each of the funds. It includes a vote to approve transactions involving the funds and the members of GPT and a vote to approve certain material transactions proposed by the fund manager.

Principle 4: Safeguard Integrity in Financial Reporting

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.

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.

¹ Australia Square, NSW

In relation to the audit of the Annual Financial Report of GPT for the year ended 31 December 2008 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 76 of the Directors' Report.

Principle 5: Make Timely and Balanced Disclosure

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 in place which is available on GPT's website. This Policy 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.

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.

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:

- broadcast 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); and
- 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 to 2008);
- historical information in relation to distributions including all distributions paid since 1985;
- detailed property information; and
- Board and Committee charters and policies.

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

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 (ASX).

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 Board encourages participation of Securityholders at the Annual General Meeting. The Chairman encourages questions and comments from Securityholders and the meeting is structured to allow ample opportunity for those present to participate.

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 ASX.

CORPORATE GOVERNANCE

Principle 7: Recognise and Manage Risk

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, such as in 2008 which saw the negative and unforeseen impact of the global credit crisis and general operating conditions on real estate markets around the world.

GPT's approach to risk management follows the 'Australian/New Zealand Standard on Risk Management AS/NZ4360:2004'. 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.

With the acquisition of a number of offshore businesses during 2007, the Board is committed to continuing to ensure that GPT's risk management culture and systems are integrated into these businesses. In addition, GPT works with the offshore businesses and joint ventures in which it has investments but which it does not control, to obtain assurance that the material risks in those businesses and joint ventures are also being managed.

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.

Integrity in Financial Reporting, Risk Management and Internal Control

A test, which is indicative, but not conclusive, of whether a risk management and internal control system is operating effectively in the context of financial reporting, is whether business outcomes are accurately reflected in financial reporting.

In July 2008 GPT announced that earnings per security for the year ended 31 December 2008 would be revised downward and changes would be made to the distribution policy of the Group.

The revision to earnings followed a comprehensive assessment, undertaken in conjunction with GPT's usual half-year evaluation process, of the guidance provided previously to the market.

Subsequent to GPT's announcement, earnings and asset impairments have been announced across the A-REIT sector as the real estate environment around the world has continued to deteriorate in the face of the global financial crisis. GPT has responded to these unprecedented and unforeseen market conditions in seeking to reposition the business through a focus on the ownership, management and development of its high quality Australian real estate, together with a more conservative financial structure. GPT's risk management systems and procedures are not static and are being continually reviewed in light of these changed market circumstances.

For the period ended 31 December 2008, 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 2008 nothing has come to the attention of the Chief Executive Officer and Chief Financial Officer that would indicate any material change to these statements.

Principle 8: Remunerate Fairly and Responsibly

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; and
- 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 1.

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; and
- rewards employees who align their conduct and performance with the core values and culture of GPT.

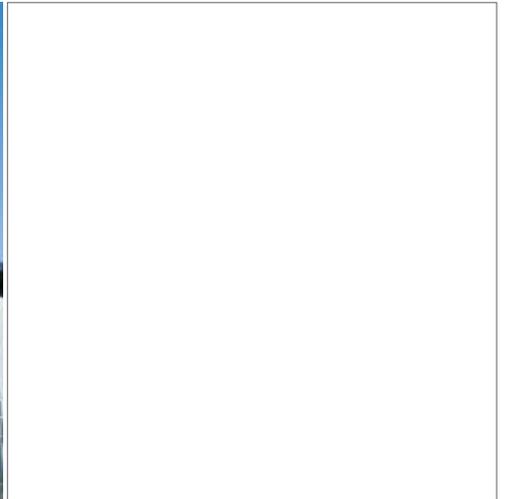
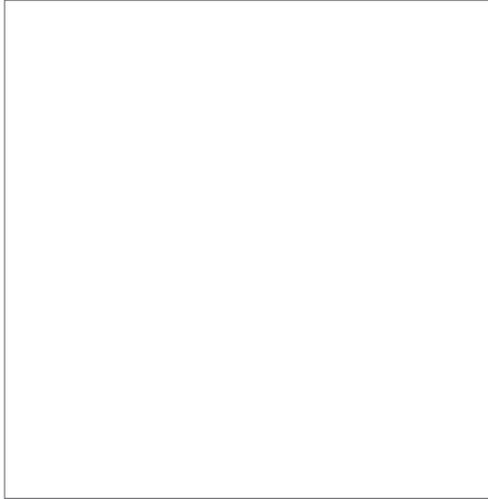
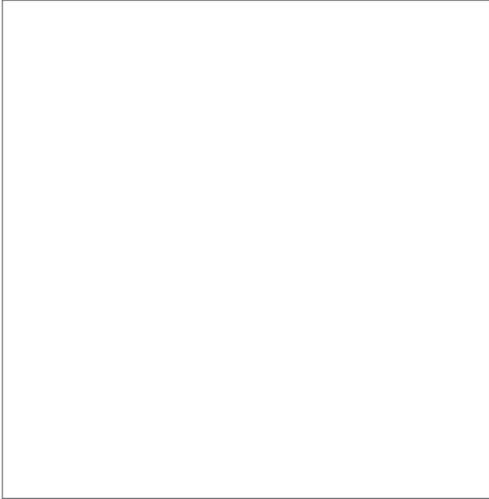
Non-Executive Directors receive fees which reflect their skills, responsibility and time commitment in the discharge of their duties. There is no performance link, in that fees are fixed with no short or long term incentive schemes in place. Non-Executive Directors do not receive any retirement benefits.

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 59 to 73). Specific details concerning the remuneration of Directors and specified Senior Executives of GPT are also contained in this section of the Directors' Report.

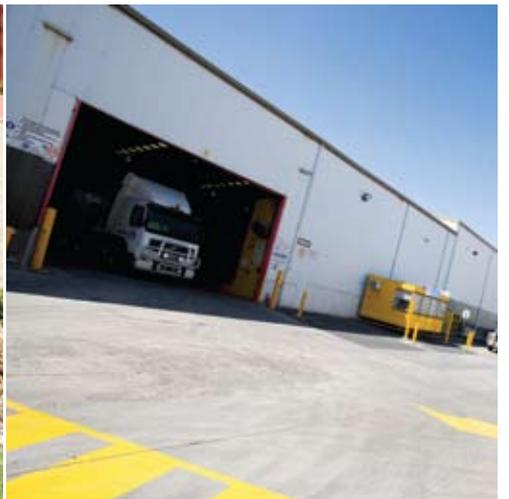
1 Citivest Industrial Estate, VIC



FINANCIAL REPORTS



OWNERSHIP
MANAGEMENT
DEVELOPMENT



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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.

The Directors of GPT RE Limited, the Responsible Entity of General Property Trust, present their report together with the financial statements of General Property Trust (the Trust) and its controlled entities (consolidated entity) for the financial year ended 31 December 2008. The consolidated entity together with GPT Management Holdings Limited and its controlled entities form the stapled entity, the GPT Group (GPT or the Group).

1. Operations and Activities

1.1 Principal Activities

The principal activity of GPT RE Limited during the financial year was acting 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.

The principal activities of GPT during the financial year were:

- investment in income producing retail, office, industrial, business parks and seniors housing properties;
- development of Australian retail, commercial, industrial and business park properties;
- property trust management;
- property management;
- funds management; and
- hotel management.

During the period the Directors announced the marketing of assets in the Hotel/Tourism Portfolio and a small number of non core retail assets as well as the Group's intention to exit its US Seniors Housing and Joint Venture investments over time in order to focus its core business of ownership, management and development of high quality Australian real estate.

GPT continues to operate in Australia, Europe and the United States of America.

1. Operations and Activities (continued)

1.2 Review of Operations

To provide information to stapled securityholders that reflects the Directors' assessment of the profit attributable to stapled securityholders calculated in accordance with AASBs, 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	
	2008 \$M	2007 \$M
Realised Operating Income	468.8	605.1
Certain significant items:		
Fair value adjustments to investment properties	(79.8)	458.5
Fair value adjustments realised – One One One Eagle Street	(31.4)	–
Fair value and other adjustments to equity accounted investments	(818.7)	306.0
JV adjustments – realised	(1.1)	(61.5)
Revaluation of hotel properties	(191.8)	–
workplace ⁶ profit after tax recognised in 2007	21.4	(21.4)
workplace ⁶ associate's share of profit after tax	14.4	–
Unrealised foreign exchange losses on borrowings	(544.6)	3.4
Realised (loss) / profit on derivatives – adjustments	(67.3)	8.4
Unrealised loss on derivatives	(839.0)	(64.3)
Impairment expense – goodwill	(121.8)	–
Impairment expense – warehoused property investments	(112.3)	–
Impairment expense – loans and receivables	(893.0)	–
Impairment expense – other	(25.1)	(1.4)
Depreciation and amortisation expense	(21.0)	(20.3)
Net loss on disposal of assets	5.3	(0.4)
Costs associated with internalisation/merger proposal	–	(4.1)
Non-cash revenue adjustments	(7.5)	(21.3)
Tax allocations	–	2.0
Redundancy costs	(6.8)	–
Minority interest	(0.7)	(2.0)
Other	(1.5)	(4.8)
(Loss) / Profit for the year	(3,253.5)	1,181.9

Financial results

- Realised operating income decreased by 22.5% to \$468.8 million (Dec 2007: \$605.1 million)
- Total assets decreased by 6.7% to \$13,029.8 million (Dec 2007: \$13,966.9 million)
- Headline gearing 33.7% (net debt basis) and look-through gearing 46.6% (net debt basis), significantly reduced following \$1.6 billion capital raising of the Group's balance sheet
- Distribution per stapled security decreased by 38.8% to 17.7 cents* (Dec 2007: 28.9 cents)
- Net tangible assets per stapled security decreased by 63.0% to \$1.43* (Dec 2007: \$3.86)

* Includes the impact of an additional 2,368 million securities issued in 2008 and 260 million potential securities assuming the conversion of the exchangeable securities at an exchange price of \$0.9628.

1. Operations and Activities (continued)

1.2 Review of Operations (continued)

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	Note	Realised	Realised	Total	Total
		Operating	Operating	Assets	Assets
		Income	Income		
		31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
		\$M	\$M	\$M	\$M
Retail	1.2(a)	260.6	262.7	4,595.1	4,507.5
Office	1.2(b)	148.5	127.9	1,968.6	2,086.6
Industrial	1.2(c)	50.8	47.7	818.9	737.8
Hotel & Tourism	1.2(d)	62.3	72.5	686.7	896.1
Seniors Housing	1.2(e)	12.6	19.9	202.8	307.2
Funds Management – Australia	1.2(f)	109.0	105.9	1,688.1	1,877.9
Funds Management – Europe	1.2(f)	(28.8)	(5.1)	567.5	624.7
Joint Venture	1.2(g)	108.7	151.0	1,159.3	2,010.2
Corporate		(254.9)	(177.4)	1,342.8	918.9
Total		468.8	605.1	13,029.8	13,966.9

A description of each segment, further detail on the types of segment income and expenses is set out in note 2 of the financial statements.

(a) Retail Portfolio

The Retail Portfolio continued its solid performance during the year, with comparable income growth of 4.5% across the GPT Group owned assets. Retail sales growth across the managed portfolio was reasonable at 3.5% (total centre). In March the Portfolio was boosted by the successful completion of the Rouse Hill Town Centre development.

In July GPT announced the proposed sale of the non core Homemaker Portfolio and Floreat Forum. Management continue to actively pursue these divestments in 2009.

Revaluations across the GPT owned assets and GPT's interest in the GPT Wholesale Shopping Centre Fund (GWSCF) resulted in a net devaluation of \$181.3 million (3.3%).

(b) Office Portfolio

The Office Portfolio delivered an increase in income (on a comparable basis) for the year of 7.8%, reflecting the benefit of significant leasing across the portfolio. The GPT managed Portfolio was expanded with the completion of three new office developments, workplace⁶ in Sydney, which was developed by GPT and sold to the GPT Wholesale Office Fund (GWOF), 545 Queen Street in Brisbane and Twenty8 Freshwater Place in Melbourne.

Revaluations across the GPT owned assets and GPT's interest in GWOF resulted in a net devaluation \$172.2 million (5.6%).

(c) Industrial/Business Parks Portfolio

The Portfolio was expanded during 2008 with the acquisition of connect@erskine park in NSW. Development of the first stage of the site commenced in July upon securing commitment from Goodman Fielder on a 20 year lease. In October GPT acquired a 50% stake in the existing Austrak Business Park in Minto, NSW. The site was acquired with DA approval to develop an intermodal terminal facility and will facilitate an expansion of existing facilities for Unilever. GPT disposed two non core archive facilities during the year and one post year end totalling \$38.8 million in 2008, in line with book value.

In September GPT and Macquarie University announced their agreement to explore development opportunities on the Station Site at Macquarie University, a key site in the Macquarie Park precinct.

The Portfolio delivered an increase in income (on a comparable basis) for the year of 3.8%. Revaluations across the Portfolio resulted in a net devaluation of \$40 million.

1. Operations and Activities (continued)

1.2 Review of Operations (continued)

(d) Hotel/Tourism Portfolio

Comparable income from the Portfolio demonstrated a decrease on the previous year, largely as a result of trading of the resort assets which were negatively impacted by reduced domestic and international tourism over the period.

In July 2008, the Group announced its intention to sell the Portfolio. Marketing of the assets has commenced.

(e) US Seniors Housing Portfolio

GPT has a 95% interest in a portfolio of 34 assets, managed by Benchmark Assisted Living (BAL). Occupancies across the Portfolio declined slightly from 91.4% in December 2007 to 88.1% at 31 December 2008 as a result of the softening of the US economy and residential housing market. GPT has announced its intention to exit the investment over the medium term.

(f) Funds management

Australian platform

GPT's Australian Funds Management business was further expanded during 2008 with the completion of three developments owned by GWOF offsetting a decline in asset values.

Following completion of workplace⁶, Twenty8 Freshwater Place and 545 Queen Street, GWOF has ownership interests in 14 assets with a value of \$3.2 billion. GWSCF owns a \$2.1 billion portfolio of nine quality retail assets.

The performance across the Funds' assets continues to be stable, reflecting resilient retail figures and ongoing high office occupancy across the Fund owned assets.

European platform

GPT's European funds management platform consists of GPT Halverton and an 80% interest in Hamburg Trust. In July 2008 GPT wrote down the goodwill of the GPT Halverton business to zero due to ongoing losses in the business. The cost base was reduced during the year (by approximately 30%), and significant management changes were implemented. This reflects the changing nature of the platform from an acquisitions and fund establishment business to focus on management of existing assets.

(g) Joint Venture (with Babcock & Brown)

GPT's investment in Joint Venture has been written down to \$1.16 billion. Following Babcock & Brown's decision to exit the real estate sector, the management of the Joint Venture is being transitioned from Babcock & Brown to GPT. The Joint Venture is being positioned for a medium term exit, as capital markets recover. In the meantime, the Group will not contribute any further capital.

(h) Developments

GPT has commenced the expansion of Charlestown Square, NSW and in May commenced development of One One One Eagle Street in Brisbane. GPT sold two thirds of the Eagle Street development to GWOF and an existing capital partner in May, realising a profit of \$31.4 million. Practical completion was achieved at workplace⁶ in November 2008 and tenants, Google and Accenture, will move into the building in March 2009. The sale of the building to GWOF was settled on completion.

GPT retains an extensive pipeline of future development opportunities for the medium term however, given the current challenging capital market environment, will not commence any new projects in the near term.

1. Operations and Activities (continued)

1.2 Review of Operations (continued)

(i) Capital Management

Highlights

At 31 December 2008

- Reduction of headline and look through gearing following successful \$1.6 billion capital raising
- GPT's percentage of net debt to total tangible assets is 33.7% (Dec 2007: 34.6%)
- Weighted average length of headline debt is 3.1 years (Dec 2007: 3.7 years)
- Buy back of AUD\$526.2 million of Medium Term Notes due in March 2009

Equity issuance

On 23 October 2008, GPT launched a major capital raising which raised \$1.6 billion through an accelerated non-renounceable entitlement offer (Entitlement Offer) to retail and institutional investors and a placement of \$250 million perpetual exchangeable securities to an affiliate of GIC Real Estate. The Entitlement Offer comprised the Institutional Offer, which closed on 24 October 2008 and was over subscribed, and the Retail Offer which closed on 17 November 2008. Eligible securityholders were invited to subscribe for one new GPT security for every GPT stapled security owned at the Record Date at the Offer Price of \$0.60.

Following the allotment of new securities under the Offer and the placement of \$250 million perpetual exchangeable securities to an affiliate of GIC Real Estate, GPT repaid some of the Group's debt, reducing overall debt and gearing. In conjunction with the capital raising, the look through gearing covenant in relation to the Group's €2 billion syndicated facility was increased from 50% to 55%.

A profile of GPT's debt is set out in note 16 of the financial statements.

GPT introduced a Distribution Reinvestment Plan (DRP) in March 2007. The DRP applied to the March and June distributions for 2008. Distributions were underwritten from September 2007 through to March 2008 pursuant to an underwriting agreement entered into in October 2007. Following the capital raising the DRP was suspended and did not apply to the September and December 2008 distributions.

During 2008, 118.1 million new stapled securities were issued under the DRP and underwriting agreement, raising \$340.5 million.

Debt facilities

In December 2008 the Group announced the purchase and cancellation of \$526.2 million of its AUD Medium Term Notes due on 30 March 2009.

1.3 Distributions

Total distributions paid/payable to stapled securityholders for the financial year ended 31 December 2008 totalled \$434 million (Dec 2007: \$597.0 million). This represented an annual distribution of 17.7 cents (Dec 2007: 28.9 cents). This distribution includes 2.1 cents (\$93.8 million) in respect of the quarter ended December 2008, which is expected to be paid on 27 March 2009. Further detail on quarterly distributions is set out in note 3 of the financial statements.

Distribution payout ratio

From 2009 distributions will comprise 90 to 100% of realised operating income before any development profits realised in the period and any income received from the Joint Venture (subject to the requirement of the Trust to distribute its taxable income). The exact percentage will be determined based on the composition of operating income, capital management strategies of the Group and general market conditions as well as taking into account taxation consequences for trust distributions.

1. Operations and Activities (continued)

1.4 Significant Changes in State of Affairs

In the opinion of the Directors there were no significant changes in the state of the affairs of GPT during the financial year other than those set out in Section 1.2 Review of Operations and Capital Management and noted below.

On 7 July GPT revised full year operating income guidance to \$464.0 million (distribution per stapled security of 20.0 cents). Subsequent to this announcement Standard & Poor's lowered GPT's credit rating to BBB. There was no change to the credit rating of Baa2 from Moody's.

In August 2008 Elizabeth Nosworthy resigned from the GPT Board following her appointment as Chairman of Babcock & Brown.

In October 2008, it was announced that Nic Lyons would discontinue as the Managing Director and Chief Executive Officer of GPT. Peter Joseph (Chairman) announced that he will not stand for re-election at the Annual General Meeting in April 2009. Malcolm Latham will also retire from the Board upon the expiry of his term in 2009.

1.5 Likely Developments and Expected Results of Operations

The likely developments in GPT's operations in future financial years and the expected results of those operations are described in Section 1.2 Review of Operations. In the opinion of the Directors, disclosure of any further information would be likely to result in unreasonable prejudice to GPT.

1.6 Environmental Regulation

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

The GPT Group complied with the *Energy Efficiency Opportunities Act* program relevant for 2008 and has submitted an Assessment and Reporting Schedule within the legislative deadline of 31 December 2008. GPT complied with its annual reporting obligations for 2008.

More information about the GPT Group's participation in the Energy Efficiency Opportunities program is available at 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 2008 not otherwise dealt with in the financial report or at Section 1.3 above 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

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

Peter Joseph

(ii) Non-Executive Directors

Eric Goodwin

Malcolm Latham

Ian Martin

Anne McDonald

Ken Moss

Elizabeth Nosworthy (1 January 2008 to 21 August 2008)

(iii) Executive Director

Nic Lyons (1 January 2008 to 23 October 2008)

2.2 Information on Directors

Peter Joseph OAM – Chairman

Mr Joseph was appointed to the Board on 30 April 2003. Mr Joseph is a career investment banker and an experienced company director who had a close involvement with the BT Financial Group for over 30 years. Mr Joseph was a Director of the responsible entities of a number of BT funds including some of the BT property trusts. Mr Joseph was also a Director of the Peter Kurts Properties Group for 12 years. Mr Joseph is currently the Chairman of Dominion Mining Limited. Mr Joseph is also Chairman of the St James Ethics Centre and the Black Dog Institute and, until September 2004, was the Chairman of the St Vincent's and Mater Hospitals in Sydney. In 2000, Mr Joseph was awarded a Medal in the Order of Australia. Mr Joseph holds a Bachelor of Commerce degree and a Masters degree in Business Administration. Mr Joseph is a fellow of the Australian Institute of Company Directors. Mr Joseph is a member of the Nomination and Remuneration Committee.

Eric Goodwin

Mr Goodwin was appointed to the Board on 21 November 2004. 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 has 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 member of the Audit and Risk Management Committee and Corporate Responsibility Committee.

Malcolm Latham AM

Mr Latham was appointed to the Board on 21 January 1992 and is currently a director of the Hornery Institute which works throughout Australia. The Institute partners with developers, communities and their governments to enhance the quality of life and the places in which people live, learn, work and play. He has extensive international experience in urban planning and development. Prior to joining the GPT Board, Mr Latham was a senior executive in Lend Lease Corporation. Mr Latham chairs the Corporate Responsibility Committee and is a member of the Nomination and Remuneration Committee.

2. Directors and Secretary (continued)

2.2 Information on Directors (continued)

Ian Martin

Mr Martin was appointed to the Board on 2 June 2005. Mr Martin is currently a Non-Executive Director of Babcock & Brown Limited, Argo Investments Limited and St Vincent's and Mater Health Sydney Limited. Mr Martin is a former Chief Executive Officer of the BT Financial Group and Global Head of Investment Management and Member of the Management Committee of Bankers Trust Corporation. Mr Martin spent eight years as an economist with the Australian Treasury, Canberra, and was the inaugural Chairman of the Investment and Financial Services Association. Mr Martin is Chair of the Nomination and Remuneration Committee.

Anne McDonald

Ms McDonald was appointed to the Board on 2 August 2006. Ms McDonald is currently a Non-Executive Director of Spark Infrastructure Group, Specialty Fashion Group Limited, Westpac's Life and General Insurance companies, Health Super and St Vincent's Health Australia. 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 transaction due diligence, risk management and accounting issues. She was a Board Member of Ernst & Young Australia for seven years and a previous Director of the Private Health Insurance Administration Council and St Vincent's and Mater Health Sydney Limited. Ms McDonald is Chair of the Audit and Risk Management Committee.

Ken Moss

Dr Moss was appointed to the Board on 7 August 2000. Dr Moss is Chairman of Boral Limited and Centennial Coal Company Limited and is a board member of the Australian Brandenburg Orchestra. Prior to August 2000, Dr Moss was Managing Director of Howard Smith Limited. Dr Moss is a member of the Audit and Risk Management Committee.

Company Secretary – James Coyne

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

2.3 Attendance of Directors at Meetings

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

	Board		Audit and Risk Management Committee		Nomination and Remuneration Committee		Corporate Responsibility Committee	
	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held
Peter Joseph	22	22	–	–	9	9	–	–
Eric Goodwin	21	22	8	8	–	–	4	4
Malcolm Latham	21	22	–	–	9	9	4	4
Nic Lyons ¹	17	18	–	–	–	–	–	–
Anne McDonald	22	22	8	8	–	–	–	–
Ian Martin	22	22	–	–	9	9	–	–
Ken Moss	20	22	7	8	–	–	–	–
Elizabeth Nosworthy ²	9	11	–	–	–	–	2	2

¹ N Lyons was an executive member of the Board until 23 October 2008.

² E Nosworthy retired as a director on 21 August 2008

2. Directors and Secretary (continued)

2.4 Directors' Relevant Interests

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

	Number of GPT Stapled Securities
Peter Joseph	100,000
Eric Goodwin	12,630
Malcolm Latham	26,390
Ian Martin	102,482
Anne McDonald	21,000
Ken Moss	52,482

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 2008 and the period for which each directorship was held are set out below:

Director	Directorship of Listed Entity	Period held
Peter Joseph	Dominion Mining Limited	Since 1980
Eric Goodwin	AMPCI Macquarie Infrastructure No 2 Limited (responsible entity of the Diversified Utility and Energy Trust No 2 which is one of the stapled entities within the DUET Group)	Since 2004
Malcolm Latham	Nil	NA
Anne McDonald	Speciality Fashion Group Limited	Since 2007
Ian Martin	Babcock & Brown Limited	Since 2004
	Argo Investments Limited	Since 2004
Ken Moss	Adsteam Marine Limited	2001 to 2007
	Macquarie Capital Alliance Group (including Macquarie Capital Alliance Limited and Macquarie Capital Alliance Management Limited)	2005 to 2008
	Boral Limited	Since 1999
	Centennial Coal Company Limited	Since 2000

3. Remuneration Report

This report outlines GPT's remuneration philosophy and practices together with details of the specific remuneration arrangements that apply to Directors, key management personnel as defined in AASB 124 *Related Party Disclosures* and to the five named executives as defined in section 300A of the *Corporations Act 2001* (collectively 'Senior Executives').

3.1 Overview

As noted elsewhere in the Annual Financial Report, market conditions in 2008 have been unprecedented in modern times, and GPT's short term performance relative to its peer group has not met Board, management or securityholder aspirations. In the circumstances, the Board decided in favour of:

- no increase in GPT employees base remuneration in 2009, other than in exceptional circumstances where an individual's responsibilities have materially changed;
- no Short Term Incentive (STI) awards to the Senior Executive Committee with respect to the 2008 performance period; and
- no increases in Non-Executive Director fees for 2009.

In light of the extreme market conditions, and to bring GPT's executive long-term incentive (LTI) arrangements in line with general market practice, the Board also decided to modify the operation of GPT's loan-based LTI and introduce a new LTI plan. The key changes to GPT's LTI arrangements are as follows:

- existing employee loans under the loan-based LTI scheme have been converted from full recourse to limited recourse (full recourse means that participants are personally liable for any shortfall between the outstanding loan and the value of securities, whereas under a limited recourse loan, the participant's liability is limited to the value of the securities); and
- a new Performance Rights LTI Plan will be introduced under which awards may vest if specified performance conditions are achieved over a 3-year performance period.

These changes, and the rationale for making them, are detailed in the following LTI section and bring GPT in line with its competitors.

While the changes to the existing loan-based LTI plan give rise to an employee benefit from an accounting perspective (shown in Table D – Senior Executives Remuneration (below)), and there is a 'benefit' in the sense that the loans have been converted to limited recourse, it should be noted that because performance conditions have not been met, no GPT employee has received an award under the loan-based LTI since its inception in 2006. Furthermore, it should be noted that the economic cost to GPT, taking into account the change to limited recourse, is not materially different* from what it would have been had the scheme always operated as a limited recourse scheme.

(* The only difference is that before the conversion to limited recourse, in the event a participant left the scheme – for example, as a result of redundancy – GPT incurred FBT charges where the value of the securities was less than the value of the outstanding loan).

3.2 The Nomination and Remuneration Committee

The GPT Board has a Nomination and Remuneration Committee (Committee) to, inter alia, review and make recommendations to the Board on:

- remuneration policies (including performance management and short and long term incentive schemes) applicable to GPT employees;
- the Chief Executive Officer's performance and remuneration; and
- remuneration policies and packages applicable to Board members.

The Committee consists of 3 Non-Executive Directors:

- Ian Martin (Chairman)
- Peter Joseph
- Malcolm Latham

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

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives

GPT's Remuneration Strategy

GPT's remuneration strategy aims to align individual executive performance with business performance by combining:

- a mixture of both fixed and variable or 'at risk' pay, with both short and long term incentive components driven off challenging financial and non-financial key performance indicators (KPIs);
- a rigorous performance management system which clearly establishes GPT's expectations of employees and the potential rewards of superior performance;
- the use of GPT stapled securities to create an ownership culture and create alignment of executive and securityholder interests; and
- research of remuneration market practices and benchmarks in the countries in which GPT has employees.

In the Board's view this approach:

- is transparent to employees and securityholders;
- is fair;
- is informed by market practice;
- creates alignment between executive remuneration and GPT's performance; and
- attracts, aligns, retains and motivates employees at all levels by rewarding contribution to value creation and the execution of GPT's business strategy.

Total Remuneration Package Composition

GPT aims to offer market competitive Total Remuneration package opportunities comprising:

- Base salary (fixed) – this is generally positioned around market median against comparable ASX 200 and A-REIT sector peers on the basis of annual benchmarking.
- Short Term Incentives (STIs) (variable) – GPT provides opportunities for executives to receive short term incentive awards on an annual basis. STI opportunities are expressed as a percentage of base salary and are determined by calendar year performance against agreed financial and non-financial Key Performance Indicators (KPIs).
- Long Term Incentives (LTIs) (variable) – GPT executives are eligible to participate in an equity-based LTI scheme under which awards may vest if specified performance conditions are achieved over a 3 year performance period.

The mix of these components is shown in Table A below:

Table A – Fixed and Variable components of Total Remuneration at "Target" Level Performance

Senior Executives	Position	Base Salary (fixed)	Variable or "At Risk" Remuneration ¹	
			STI	LTI
Nic Lyons ²	Chief Executive Officer	33%	30%	37%
Michael O'Brien	Acting CEO / COO	36%	28%	36%
Kieran Pryke	Chief Financial Officer	48%	24%	28%
Neil Tobin	General Manager – JV	48%	24%	28%
Jonathan Johnstone	Head of Europe	45%	33%	22%
Mark Fookes	Head of Retail	48%	24%	28%
Nicholas Harris	Head of Wholesale	43%	32%	25%
James Coyne	General Counsel/Secretary	53%	21%	26%
R. Croft ³	CEO GPT Halverton	N/A	N/A	N/A

1 The percentage of each component of total remuneration is calculated with reference to "Target" performance outcomes in both STI and LTI – for more information on performance measurement levels see the following sections on Short Term Incentives and Long Term Incentives.

2 N. Lyons employment was discontinued effective 23 October 2008, at which time M. O'Brien became Acting CEO/COO.

3 R.Croft had a discretionary STI – part of a legacy system from the GPT Halverton business – rather than a quantified STI opportunity. As a result it is not possible to provide a breakdown for the components of R.Croft's remuneration.

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives (continued)

Base salary (fixed component)

Base salary is set annually after market-based reviews conducted by independent experts with reference to companies in the A-REIT and broader ASX 200 sectors. GPT generally aims to pay around market median base pay. Base salary levels for calendar year 2008 in Table D were set in March 2008 and then implemented effective 1 January 2008.

As noted above, it was decided not to proceed with the annual pay review in March 2009, but rather to maintain salaries for GPT employees at their current (i.e. 2008) level (other than in a small number of exceptional circumstances where an individual's responsibilities had materially changed).

GPT's Performance Management System and Short Term Incentives (STI) (variable component)

A uniform performance management system is used across GPT. The system provides all employees with clear financial and personal performance objectives and drives STIs on an annual basis. STI awards may be received as cash, or be salary sacrificed to superannuation and other approved benefits.

Although the performance criteria may be different for each executive, the principles are similar and involve assessment of performance across the following areas:

- financial – in relation to GPT financial performance, Corporate Responsibility objectives and the individual's fund/portfolio/business unit achievement of earnings, return on equity and other relevant financial targets;
- personal – achievement of personal objectives related to specific non-financial business targets such as achieving strategic outcomes, operational improvement, performance enhancement and personal and staff development; and
- values – achievement of performance must be consistent with GPT's values.

To ensure internal alignment with GPT's business strategy, the Chief Executive Officer's performance objectives are set by the Board annually and are then cascaded into the business via the performance objectives of all executives and employees.

No STI award is made for a particular goal if performance falls below a minimum threshold level.

At the conclusion of calendar year 2008, as a result of GPT's overall financial performance, an STI was not paid to the key management personnel (see Table D) and certain other senior executives of the Group, regardless of whether fund/portfolio/business unit or personal objectives were achieved.

Long Term Incentives (LTI) (variable component)

GPT has in place long term incentive schemes that have the following core objectives:

- to provide a long-term incentive to create value for stapled securityholders; and
- to attract, retain and motivate key executives and align their interests with those of securityholders

Summary of 2006, 2007 and 2008 LTI Plans

Following approval at the Annual General Meeting on 18 April 2006, the Board implemented a loan-based LTI scheme for Senior Executives. The LTI scheme consisted of a full recourse loan to enable nominated employees to acquire GPT stapled securities under GPT's Employee Incentive Scheme. After deducting amounts for employee income tax from the gross distributions of GPT stapled securities, net distributions were applied to the loan. The loan was subject to interest calculated at GPT's funding cost, which in 2008 was 6.25% (2007: 5.9%). While the loan remained outstanding, the GPT stapled securities could not be transferred or otherwise dealt with.

The Board determined those executives eligible to participate in the LTI scheme and, for each participating executive, their potential LTI award and loan amount, calculated by reference to a percentage of their base salary. Subject to performance over a 3 year period, any LTI award would be applied to reduce the outstanding loan (after deductions for interest and Fringe Benefits Tax (FBT)).

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives (continued)

Summary of 2006, 2007 and 2008 LTI Plans (continued)

The performance conditions that could give rise to a LTI award were determined on grant of each new LTI by the Board (refer Table B) and are tested at the end of each applicable 3 year period. LTI awards and accruals are disclosed in GPT's Remuneration Report. If below threshold performance for a particular performance condition is achieved at the end of the 3 year period, no portion of the LTI award allocated to that performance condition would accrue. For performance above the threshold level, pro-rated awards accrue up to stretch outcomes. Where an LTI award is made, the interest attributable to the loan (the loan cost) would first be deducted from that amount. If the total LTI award is insufficient to cover the loan cost, that part of the remaining loan cost would be capitalised and added to the loan amount. Where the LTI award is greater than the cost of the loan, GPT would reduce the employee's outstanding loan by an amount equal to the remainder of the LTI award, less an amount payable by GPT to meet the related FBT liability. Regardless of whether the performance conditions were met, under the full recourse nature of the loans employees would remain liable for any shortfall between the outstanding loan balance and the value of the underlying securities.

GPT offered employees participation in the loan-based LTI scheme annually in 2006, 2007 and 2008.

The Board adopted the LTI performance measures of Growth in Earnings per GPT stapled security, Return on Contributed Equity and Performance relative to the S&P ASX 200 Listed Property Trust Index (excluding GPT). The performance conditions, hurdles and weightings chosen by the Board were approved by securityholders at the 2006 and 2007 Annual General Meetings. The performance condition hurdles are summarised in Table B, with the LTI scheme positions of participants outlined in Table C. As at 31 December 2008, none of the performance targets have been met.

Table B – LTI Performance Conditions

LTI Scheme	LTI Performance Measurement Period	Performance Condition	Performance Condition Hurdle	Weighting
2006	2006 – 2008	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 2006, 2007 and 2008.	If EPS growth is below 6.2% on average over the three year period, no part of LTI available for this performance measure will be awarded. If EPS growth is above 6.2%, pro-rated awards will occur up to a stretch outcome of 7.5%. ¹	50%
		Return on contributed equity (RoE) 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% outperformance. The Board may substitute another Index if there is a material change in the composition of the LPT Index during the measurement period.	20%

¹ This performance hurdle recognised the one-off uplift averaged over three years in Growth in Earnings per GPT stapled security embedded in the internalisation proposal.

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives (continued)

Summary of 2006, 2007 and 2008 LTI Plans (continued)

Table B – LTI Performance Conditions (continued)

LTI Scheme	LTI Performance Measurement Period	Performance Condition	Performance Condition Hurdle	Weighting
2007	2007 – 2009	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 2007, 2008 and 2009.	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%
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 – Senior Executives (continued)

Summary of 2006, 2007 and 2008 LTI Plans (continued)

Table C – LTI Scheme Participant Positions

Senior Executives	Year of LTI Loan ¹	Loans granted under LTI scheme	GPT stapled security purchase price	Number of securities acquired under LTI scheme	Total net distributions applied to loans since issued	2006 LTI Scheme Awards ²	Closing loan balance 31 Dec 2008	GPT stapled security price at 31 Dec 2008	Total net value of employee equity at ³ 31 Dec 2008	LTI Scheme Award accrual ⁴ 31 Dec 2008	Total accumulated interest costs as at ⁵ 31 Dec 2008
N. Lyons ⁶ Chief Executive Officer	2007 2006	\$2,223,997 \$2,874,997	\$5.11 \$4.20	434,999 684,116	\$335,171	-	\$4,763,822	-	-	-	\$568,211
M. O'Brien Acting CEO / COO	2007 2006	\$1,301,977 \$1,233,333	\$5.11 \$4.20	254,658 293,476	\$171,743	-	\$2,363,566	\$0.92	(\$1,859,283)	\$24,000	\$300,563
K. Pryke Chief Financial Officer	2007 2006	\$403,235 \$1,055,554	\$5.11 \$4.20	78,870 251,173	\$115,158	-	\$1,343,631	\$0.92	(\$1,039,991)	(\$73,333)	\$189,608
N. Tobin General Manager Joint Venture	2007 2006	\$570,689 \$944,444	\$5.11 \$4.20	111,623 224,734	\$112,432	-	\$1,402,702	\$0.92	(\$1,093,253)	(\$58,666)	\$189,613
J. Johnstone Head of Europe	2007 2006	\$218,453 \$755,555	\$5.11 \$4.20	42,728 179,787	\$79,288	-	\$894,720	\$0.92	(\$690,006)	\$32,000	\$129,044
M. Fookes Head of Retail	2007 2006	\$484,347 \$1,033,331	\$5.11 \$4.20	94,735 245,885	\$116,745	-	\$1,400,933	\$0.92	(\$1,087,563)	(\$80,000)	\$194,138
N. Harris Head of Wholesale	2007 2006	\$256,742 \$888,887	\$5.11 \$4.66	50,217 190,627	\$76,938	-	\$1,068,691	\$0.92	(\$847,114)	(\$69,333)	\$143,178
J. Coyne General Counsel/ Secretary	2007 2006	\$209,302 \$568,888	\$5.11 \$4.20	40,938 135,369	\$61,705	-	\$716,485	\$0.92	(\$554,282)	(\$42,533)	\$101,426
R. Croft ⁷ CEO GPT Halverton	-	-	-	-	-	-	-	-	-	-	-
Total		\$15,023,731		3,313,935	\$1,069,180	-	\$13,954,550		(\$7,171,492)	(\$267,865)	\$1,815,781

- 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 in calendar year 2008.
- For the 2006 LTI, GPT performance was not sufficient to meet threshold levels of any of the three performance measures outlined in Table B. Hence, no LTI Award was made for the 2006 LTI.
- Total net value of employee equity at 31 December 2008 is calculated by deducting the closing price of the GPT stapled securities at that date from the closing loan balance.
- Table B outlines GPT's performance against the performance conditions of the 2006, 2007 and 2008 LTI schemes, and this column converts that to an actual dollar amount of LTI award accrual applicable to the senior executive.
- Under the LTI scheme rules, interest is accumulated and applied to the loan balance at the time an LTI award is payable. No LTI award is payable for the 2006 LTI and as a result the Total Accumulated Interest Cost as at 31 December 2008 will be added onto the Closing Loan Balance.
- N. Lyons employment was discontinued effective 23 October 2008, and the balances in the table reflect the position as at this date.
- R. Croft was not part of the key management personnel prior to 2008 and did not participate in the LTI.

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives (continued)

Changes to LTI Arrangements

One unique feature of GPT's LTI scheme is that the loans made under the scheme were "full recourse" to the scheme participants. Full recourse means that should the value of the underlying securities held be less than the outstanding loan balance when the loan is required to be repaid, then the LTI participant is personally liable for any shortfall. In contrast, similar schemes put in place by GPT's competitors involve loans to participants that are limited or non-recourse in nature such that the downside financial risk for employees is limited to the loss of their LTI grant.

Given recent extreme market conditions, and to bring GPT's executive long-term incentive (LTI) arrangements in line with general market practice, the GPT Board considered it in GPT's best interest to modify the scheme to make existing loans limited recourse. The Board also decided to implement a more conventional Performance Rights LTI Scheme, which has been made possible by legislative changes to the tax treatment of such plans for stapled securities since the original loan-based LTI scheme was implemented.

The specific nature of and rationale for these changes is outlined in more detail in the remainder of this section.

History of GPT's Loan Based LTI Scheme

In May 2006, when GPT introduced the GPT Employee Incentive Scheme (which included a loan-based LTI Scheme) stapled securities listed on the Australian Securities Exchange such as those issued by GPT were not included under the definition of ordinary securities eligible for the tax deferral and tax exemption concessions in Division 13A of the *Income Tax Assessment Act 1936*.

As a result, loan-based schemes were prevalent in the A-REIT sector where the regular distributions were used in the scheme design to pay down employee loans. In implementing the loan-based LTI, GPT chose to issue loans on a full recourse basis to participants to acquire GPT stapled securities because it was considered that this would create greater alignment between executives and investors.

With effect from 1 July 2006, amendments were implemented to the taxation legislation that resulted in stapled securities becoming eligible for the tax deferral and tax exemption concessions in the employee share plan income tax provisions. As a result of these changes in the tax rules, other companies in the A-REIT sector – in line with general market practice in Australia – progressively moved to simpler LTI arrangements which provide upside to the participants, but with no downside financial risk to employees. The loan-based schemes that remained, either in full operation or as legacy systems, were characterised by a non-recourse loan structure.

In 2008, with the unprecedented dislocation in global financial markets and the A-REIT sector in particular, GPT's LTI scheme participants had a significant shortfall in the value of their equity versus the value of their loans (outlined in Table C).

The full recourse nature of GPT's loan based LTI scheme has resulted in several undesirable implications for GPT, in particular:

- (i) Rather than being a source of positive incentive and alignment, the scheme position became internally distracting and caused concern about the impact on the financial position of employees, all of whom were prevented (under staff dealing rules) to sell, hedge or ameliorate the security price risk (as other investors could) in the current market environment;
- (ii) There is a clear disparity between GPT's full recourse loans and the non-recourse loans used in plans operated by our competitors, with the difference a potential handicap on GPT's efforts to retain or recruit the best talent; and
- (iii) The full recourse nature of the scheme loans has also created disparities and complications with respect to redundancies, internal promotions, and necessary organisational changes.

Continuation of this scheme would mean GPT was out of step with market practice both relative to its peer group and the ASX 200, being the only company in its sector to have a full recourse loan scheme as its LTI plan. The Board considered that it was the best interest of GPT for GPT employees to be put on an even footing with GPT's competitors but in a manner which is also fair and reasonable to investors. The options considered included:

- converting full recourse loans to limited recourse loans, either at the end of 2008 or some later point, or
- winding up the existing scheme.

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives (continued)

History of GPT's Loan Based LTI Scheme (continued)

As a result, after considering the costs and benefits of each alternative, the Board decided to:

- (i) 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 remains in place the participant is committed only to the value of the underlying securities;
- (ii) Reduce the interest charge on the loans to participants to approximate the net distributions receivable; and
- (iii) Retain the performance conditions associated with 2006, 2007 and 2008 LTIs.

Additional implications of the transition from full recourse to a limited recourse loan arrangement are summarised below:

- (i) The key change for participants is that they are no longer liable for any loan amount not repaid after the sale of securities. However, employee loans **remain outstanding** and **have not been waived** as a result of the transition to limited recourse;
- (ii) From an accounting perspective, on conversion to a limited recourse arrangement, the loans cease to appear as a receivable on the balance sheet and the difference between the loan balance as at the date of conversion and the value of loan securities as at that date represents an impairment expense of \$27,258,339, including a charge of \$3,983,243 for accumulated interest (further details on the accounting implications are summarised in the financial statements), however, as noted above the economic cost to GPT, taking into account the change to limited recourse, is not materially different (excluding FBT on scheme exits) from what it would have been had the scheme always operated as a limited recourse scheme; and
- (iii) The individual impact of this conversion on the disclosed Senior Executives is summarised in Table D in the column Accounting (non-cash) Limited Recourse Amendment.

As noted above in Table B, performance conditions associated with the scheme remain in place and will continue to operate up to the end of 2010, at which time further consideration will be given as to the ongoing operation of the scheme.

New Performance Rights LTI Plan

As noted above, given the legislative changes which occurred since the original loan-based LTI scheme was introduced, and the issues described in relation to that scheme, the Board intends to introduce a more contemporary Performance Rights LTI Plan.

The new plan would run for 3 years during 2009-2011. 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 performance conditions for the applicable 3 year period are satisfied.

Further details of the Performance Rights LTI Plan will be contained in the notice of meeting for the AGM to be held on 30 April 2009.

Other Equity Based Schemes

(1) The GPT Employee Incentive Scheme

Following approval at the Annual General Meeting on 18 April 2006, the Board implemented the GPT Employee Incentive Scheme, which operates at two levels:

- an LTI Scheme for certain Senior Executives – as outlined in previous sections above; and
- a General Scheme for all employees (other than Senior Executives who receive a Long Term Incentive).

The General Scheme was implemented to encourage and build a broad base of employee ownership of GPT stapled securities. It is the view of the Board that the cost of the General Scheme is more than offset by the significant benefits that flow to GPT from the establishment of an ownership culture within the general employee population and the impact of that culture in terms of GPT performance and alignment of employee and stapled securityholder interests.

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives (continued)

Other Equity Based Schemes (continued)

(1) The GPT Employee Incentive Scheme (continued)

Under the General Scheme, employees with a minimum of twelve months service in permanent salaried employment are offered the ability to participate up to a nominated percentage of their base salary (20%). The General Scheme is based on an interest free, limited recourse loan of no fixed term to enable employees to acquire GPT stapled securities. The net cost of the interest component is a cost to the business of implementing the scheme.

The loan must be used to acquire GPT stapled securities that are acquired by the Scheme Administrator on employees' behalf. GPT stapled securities in respect of which a loan is outstanding cannot be sold or transferred. Net distributions (deducting amounts required to pay tax) must be applied to reduce the loan. As at 31 December 2008, 318 employees were participating in the General Scheme with total loans of \$6,005,156.98.

In line with the loans based LTI scheme outlined above, the General Scheme will continue to operate up to the end of 2010 (although no further loans will be made or new employees admitted) at which time further consideration will be given as to the ongoing operation of the scheme.

(2) The GPT 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.

(3) The GPT 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.

Senior Executive Remuneration Disclosures

Table D (following) provides a breakdown of GPT's senior executive remuneration in accordance with statutory obligations and accounting standards. The Board is aware however, of the complexity associated with these disclosures, particularly given the complex accounting treatment of the loans based LTI scheme, and believes the required form of presentation in Table D may make it hard to form an understanding of the actual cash benefits received by GPT key management personnel.

Table E therefore applies a cash accounting approach and shows clearly the cash payments individuals actually received. Mr Nic Lyons (whose employment with GPT was discontinued effective 23 October 2008, after more than 8 years service) received a gross termination payment of \$975,000, representing 9 months pay at the rate of his then current base salary (\$1,300,000). Moreover, and consistent with the Board's decision to change the nature of the LTI from full-recourse to limited recourse, the securities held by Mr Lyons under the LTI scheme were accepted as full consideration of the outstanding loan and accumulated interest (see footnote 6 for further details).

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives (continued)

Senior Executive Remuneration Disclosures (continued)

Table D – Senior Executive's Remuneration – Statutory Accounting Basis

Senior Executives	Fixed Pay			Variable or "At Risk Pay" – Short Term	Variable or "At Risk Pay" – Long Term			Cash Payment on Termination ⁵	Waiver of Full Recourse Loan on Termination ⁶	Total
	Salary & Fees	Super-annuation	Non-Monetary ¹	STI Bonus	LTI Award Accrual ²	Retention ³	Accounting (non-cash) Limited recourse amendment ⁴			
N. Lyons⁷										
Chief Executive Officer										
31 December 2008	\$1,155,148	\$11,146	\$3,053	–	(\$1,297,333)	–	–	\$975,000	\$8,290,281	\$9,137,295
31 December 2007	\$1,143,809	\$12,908	\$1,749	\$808,160	\$864,833	\$297,172	–	–	–	\$3,128,631
M. O'Brien										
Acting CEO / COO										
31 December 2008	\$894,795	\$13,437	\$1,897	–	\$24,000	–	\$2,159,845	–	–	\$3,093,974
31 December 2007	\$724,439	\$12,908	\$1,839	\$465,847	\$391,000	\$221,922	–	–	–	\$1,817,955
K. Pryke										
Chief Financial Officer										
31 December 2008	\$878,334	\$13,437	\$2,083	–	(\$73,333)	–	\$1,229,598	–	–	\$2,050,119
31 December 2007	\$648,295	\$12,908	\$1,749	\$272,381	\$255,001	\$181,299	–	–	–	\$1,371,633
N. Tobin										
General Manager - JV										
31 December 2008	\$700,678	\$13,437	\$2,219	–	(\$58,666)	–	\$1,282,866	–	–	\$1,940,534
31 December 2007	\$698,251	\$12,908	\$1,749	\$269,350	\$251,666	\$176,142	–	–	–	\$1,410,066
J. Johnstone⁸										
Head of Europe										
31 December 2008	\$1,038,331	\$13,437	\$5,331	–	\$32,000	–	\$819,051	–	–	\$1,908,150
31 December 2007	\$943,791	\$12,908	\$2,000	\$228,588	\$174,668	–	–	–	–	\$1,361,955
M. Fookes										
Head of Retail										
31 December 2008	\$748,977	\$13,437	\$2,822	–	(\$80,000)	–	\$1,281,701	–	–	\$1,966,937
31 December 2007	\$692,528	\$12,908	\$1,749	\$378,332	\$259,667	\$188,942	–	–	–	\$1,534,126
N. Harris										
Head of Wholesale										
31 December 2008	\$610,470	\$13,437	\$1,202	–	(\$69,333)	–	\$990,292	–	–	\$1,546,068
31 December 2007	\$486,151	\$12,908	\$1,504	\$477,433	\$206,668	–	–	–	–	\$1,184,664
J. Coyne										
General Counsel/ Secretary										
31 December 2008	\$486,770	\$13,437	\$2,346	–	(\$42,533)	–	\$655,708	–	–	\$1,115,728
31 December 2007	\$408,050	\$12,908	\$2,087	\$145,960	\$136,534	\$134,750	–	–	–	\$840,289
R. Croft⁹										
CEO GPT Halverton										
31 December 2008	\$761,520	\$32,566	–	–	–	–	–	–	–	\$794,086
31 December 2007	–	–	–	–	–	–	–	–	–	–
Total										
31 December 2008	\$7,275,023	\$137,771	\$20,953	–	(\$1,565,198)	–	\$8,419,061	\$975,000	\$8,290,281	\$23,552,891
31 December 2007	\$5,745,314	\$103,264	\$14,426	\$3,046,051	\$2,540,037	\$1,200,227	–	–	–	\$12,649,319

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives (continued)

Senior Executive Remuneration Disclosures (continued)

Table D – Senior Executive's Remuneration – Statutory Accounting Basis (continued)

- 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 and/or the taxable value of the benefit of discounted staff rates at Voyages Hotels & Resorts.
- 2 The LTI Award Accrual contains accruals for LTI awards under the 2006, 2007 and 2008 LTI plans based on GPT performance against the award conditions set out in Table B. The numbers noted in Table D above are substantially down on previous years representing a reversal of the accruals for the 2006 LTI, which at the end of the 3 year performance period 2006–2008 did not reach threshold performance levels. As a result, no LTI award was delivered to participants for the 2006–2008 performance measurement period.
- 3 The amount set out in Retention relates to the final accrual for the Retention award that was paid on 30 June 2007. No retention award was paid or accrued in calendar year 2008.
- 4 The Accounting (Non-cash) Limited Recourse Amendment refers to the accounting implications of the change from full recourse to limited recourse loans as described in the section above – History of GPT's Loan Based LTI Scheme. As such, it should be noted that it does not represent a cash payment to participants.
- 5 A cash payment on termination equivalent to 9 months' base salary was paid to N. Lyons.
- 6 The waiver of full recourse loan on termination was as a result of exiting the GPT Employee Incentive Scheme – Long Term Incentive, and does not represent a cash payment to Mr Lyons. It comprises a waiver of the shortfall of the value of his equity against the outstanding loan (\$3,867,043) plus accumulated interest (\$568,211) and a charge for Fringe Benefits Tax on the combined waiver (\$3,855,026).
- 7 N. Lyons employment was discontinued effective 23 October 2008.
- 8 The salary & fees amount for J. Johnstone in 2008 includes a significant component associated with his expatriate assignment to the United Kingdom, including rental accommodation, school fees, and cost of living adjustments.
- 9 R. Croft was not part of the key management personnel in 2007.

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives (continued)

Senior Executive Remuneration Disclosures (continued)

Table E – Senior Executive's Remuneration – Cash Accounting Basis

Senior Executives	Fixed Pay			Variable or "At Risk Pay" – Short Term	Variable or "At Risk Pay" – Long Term			Cash Payment on Termination ³	Waiver of Full Recourse Loan on Termination	Total
	Salary & Fees ¹	Super-annuation	Non-Monetary	STI Bonus	LTI Award Accrual	Retention Paid ²	Accounting (non-cash) Limited recourse amendment			
N. Lyons										
Chief Executive Officer										
31 December 2008	\$1,463,598	\$11,146	\$3,053	–	–	–	–	\$975,000	–	\$2,452,797
31 December 2007	\$1,122,092	\$12,908	\$1,749	\$808,160	–	\$1,350,783	–	–	–	\$3,295,692
M. O'Brien										
Acting CEO / COO										
31 December 2008	\$786,563	\$13,437	\$1,897	–	–	–	–	–	–	\$801,897
31 December 2007	\$687,092	\$12,908	\$1,839	\$465,847	–	\$1,009,054	–	–	–	\$2,176,740
K. Pryke										
Chief Financial Officer										
31 December 2008	\$736,563	\$13,437	\$2,083	–	–	–	–	–	–	\$752,083
31 December 2007	\$587,092	\$12,908	\$1,749	\$272,381	–	\$824,088	–	–	–	\$1,698,218
N. Tobin										
General Manager - JV										
31 December 2008	\$686,563	\$13,437	\$2,219	–	–	–	–	–	–	\$702,219
31 December 2007	\$612,092	\$12,908	\$1,749	\$269,350	–	\$800,647	–	–	–	\$1,696,746
J. Johnstone										
Head of Europe										
31 December 2008	\$995,233	\$13,437	\$5,331	–	–	–	–	–	–	\$1,014,001
31 December 2007	\$931,771	\$12,908	\$2,000	\$228,588	–	–	–	–	–	\$1,175,267
M. Fookes										
Head of Retail										
31 December 2008	\$689,008	\$13,437	\$2,822	–	–	–	–	–	–	\$705,267
31 December 2007	\$612,092	\$12,908	\$1,749	\$378,332	–	\$858,831	–	–	–	\$1,863,912
N. Harris										
Head of Wholesale										
31 December 2008	\$586,563	\$13,437	\$1,202	–	–	–	–	–	–	\$601,202
31 December 2007	\$462,092	\$12,908	\$1,504	\$477,433	–	–	–	–	–	\$953,937
J. Coyne										
General Counsel/ Secretary										
31 December 2008	\$456,563	\$13,437	\$2,346	–	–	–	–	–	–	\$472,346
31 December 2007	\$387,092	\$12,908	\$2,087	\$145,960	–	\$612,500	–	–	–	\$1,160,547
R. Croft										
CEO GPT Halverton										
31 December 2008	\$761,520	\$32,566	–	–	–	–	–	–	–	\$794,086
31 December 2007	–	–	–	–	–	–	–	–	–	–
Total										
31 December 2008	\$7,162,174	\$137,771	\$20,953	–	–	–	–	\$975,000	–	\$8,295,898
31 December 2007	\$5,401,415	\$103,264	\$14,426	\$3,046,051	–	\$5,455,903	–	–	–	\$14,021,059

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives (continued)

Senior Executive Remuneration Disclosures (continued)

Table E – Senior Executive's Remuneration – Cash Accounting Basis (continued)

- 1 Salary & fees refers to cash salary received only.
- 2 Retention Paid refers to the retention payment that was delivered to certain key management personnel identified as critical to business continuity at the time of GPT's internalisation, and paid in July 2007.
- 3 As noted above, a cash payment on termination equivalent to 9 months' base salary was paid to N. Lyons.

Service Agreements

All employees have service agreements in place that set out the basic terms and conditions of employment.

In 2008 notice periods of one month were in place in all service agreements unless otherwise noted, however, the Board has taken steps to increase the notice periods for all key management personnel in 2009 to a minimum of 3 months in conjunction with the amendments to the LTI scheme referred to above. 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 a Senior 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 salary. In addition the employee may be entitled to any short term and long term incentive at the end of the relevant period subject to the achievement of key performance indicators that had been set.

Set out below is a summary of the terms of the service agreements for the Acting CEO/COO and other Senior Executives as at the end of calendar year 2008:

	M. O'Brien	K. Pryke	N. Tobin	J. Johnstone	M. Fookes	N. Harris	J. Coyne
Date of agreement	1 June 2005	1 June 2005	1 June 2005	16 June 2005	1 June 2005	25 July 2006	1 June 2005
Term of agreement	Open-ended	Open-ended	Open-ended	Open-ended	Open-ended	Open-ended	Open-ended
Non-solicitation of other personnel	12 months	12 months	12 months	12 months	12 months	12 months	12 months
Termination notice	1 Month	1 Month	1 Month	1 Month	1 Month	1 Month	1 Month

3. Remuneration Report (continued)

3.4 Remuneration – Non-Executive Directors

GPT Policy

As noted at the start of this report the Board decided there will be no increase in Non-Executive Director fees for 2009.

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 director 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 rewarded via Committee fees in addition to main Board fees.
- Non-Executive Directors do not participate in any incentive or performance based 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 reasonable remuneration for Non-Executive Directors is sought at least every 3 years. Between such reviews, remuneration is monitored against market movements as is the time being spent by Directors in performing their duties. Any increase resulting from this review is effective from the 1st of January 2009 and will be advised in the next Remuneration Report.

The Chairman is paid a main board fee which is 250% more than the other Non-Executive Directors to reflect additional workload and responsibility, however does not receive Committee fees.

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 stapled securityholders at the Annual General Meeting on 9 May 2007. As an executive director, Nic Lyons did not receive fees from this pool but was remunerated as one of GPT's Senior Executives. As noted above, there will be no increase in Non-Executive Director fees for 2009.

Annual Board and Board Committees fees (excluding compulsory superannuation) for the year ended 31 December 2008 are as follows:

		Board	Audit and Risk Management Committee	Nomination and Remuneration Committee	Corporate Responsibility Committee
Chairman ¹	2008	\$346,500	\$34,650	\$23,100	\$23,100
	2007	\$315,000	\$31,500	\$21,000	\$21,000
Members	2008	\$138,600	\$17,325	\$11,550	\$11,550
	2007	\$126,000	\$15,750	\$10,500	\$10,500

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

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

At the discretion of each Non-Executive Director, they may elect to participate in the GPT Non-Executive Director Stapled Security Plan (NEDSSP). Implemented in September 2008, the NEDSSP allows eligible non-executive directors to salary sacrifice amounts to purchase GPT Group stapled securities on market. GPT stapled securities acquired under the NEDSSP 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.

3. Remuneration Report (continued)

3.4 Remuneration – Non-Executive Directors (continued)

GPT Policy (continued)

The nature and amount of each element of remuneration paid to GPT's Non-Executive Directors for the current financial and comparative year are as follows:

Table F – Non-Executive Directors' Remuneration

Directors	Fixed Pay			Total
	Salary & Fees	Superannuation ¹	Non-Monetary ²	
P. Joseph				
Chairman				
31 December 2008	\$346,500	\$13,437	–	\$359,937
31 December 2007	\$315,000	\$12,911	–	\$327,911
E. Goodwin				
31 December 2008	\$167,475	\$13,437	–	\$180,912
31 December 2007	\$149,625	\$12,908	–	\$162,533
M. Latham				
31 December 2008	\$173,250	\$13,437	\$1,192	\$187,879
31 December 2007	\$152,250	\$12,807	\$2,222	\$167,279
I. Martin				
31 December 2008	\$161,700	\$13,437	–	\$175,137
31 December 2007	\$147,000	\$12,908	–	\$159,908
A. McDonald				
31 December 2008	\$173,250	\$13,437	\$2,641	\$189,328
31 December 2007	\$153,562	\$12,908	\$1,277	\$167,747
K. Moss				
31 December 2008	\$155,925	\$13,437	–	\$169,362
31 December 2007	\$145,688	\$12,899	–	\$158,587
E. Nosworthy³				
31 December 2008	\$100,100	\$8,817	\$4,381	\$113,298
31 December 2007	\$137,818	\$12,545	\$1,252	\$151,615
Total				
31 December 2008	\$1,278,200	\$89,439	\$8,214	\$1,375,853
31 December 2007	\$1,200,943	\$89,886	\$4,751	\$1,295,580

No termination benefits were paid during the financial year.

- 1 Refers to compulsory SGC superannuation only; non-compulsory superannuation salary sacrifices are included in Salary & Fees.
- 2 The amount set out under 'Non-monetary' may include administration fees associated with membership of the GPT Superannuation Plan and Death & Total/Permanent Disability Insurance Premiums (A. McDonald & E. Nosworthy) and parking (M. Latham).
- 3 E. Nosworthy resigned effective 21 August 2008.

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 Secretaries 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. The Auditors are in no way indemnified out of the assets of GPT.

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

Slater and Gordon Lawyers have announced an intention to bring a class action against GPT on behalf of those who purchased shares in the period 28 February 2008 to 6 July 2008. The allegations surround the adequacy of earnings guidance provided to the market in the same period. GPT denies that there is a proper basis for the alleged claim and will defend any class action which may be commenced.

No proceedings have been brought or intervened in on behalf of GPT with leave of the Court under section 237 of the *Corporations Act 2001* other than those mentioned above.

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 29 to the financial statements.

The Board has 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 Board is satisfied that the provision of these services is compatible with, and did not compromise, the auditor's 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. Other Disclosures (continued)

4.4 Rounding of Amounts

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

4.5 Auditor

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

4.6 Auditor's Independence Declaration

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

Signed in accordance with a resolution of the Directors.



Peter Joseph
Chairman



Anne McDonald
Director

Sydney
26 February 2009

AUDITOR'S INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2008

THE GPT GROUP

PRICEWATERHOUSECOOPERS 

PricewaterhouseCoopers
ABN 52 780 433 757

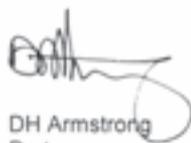
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Auditor's Independence Declaration

As lead auditor for the audit of the GPT Group, for the year ended 31 December 2008, 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.



DH Armstrong
Partner
PricewaterhouseCoopers

Sydney
26 February 2009

Liability limited by a scheme approved under Professional Standards Legislation

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008
THE GPT GROUP

	Note	Consolidated entity		Parent entity	
		31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
Revenue					
Rent from property investments		552.4	497.0	295.4	283.3
Revenue from hotel operations		209.3	220.3	-	-
Property and fund management fees		88.5	65.7	-	-
Distributions from controlled entities, associates and joint ventures		-	-	410.6	396.3
Development project revenue		190.1	-	-	-
Proceeds from the sale of warehoused property investments		13.6	-	-	-
		1,053.9	783.0	706.0	679.6
Other income					
Fair value adjustments to investment properties		(79.8)	458.5	57.8	212.3
Fair value adjustments of controlled entities, associates and joint ventures		-	-	(791.4)	358.2
Share of after tax profits of equity accounted investments	11(b)	(668.4)	468.7	-	-
Interest revenue – joint venture investment arrangements		135.2	97.8	131.6	90.8
Interest revenue – cash and short term money market securities		23.1	15.1	15.7	10.2
Dividend from investments		0.9	0.4	-	-
Net foreign exchange gain		-	23.0	-	32.3
Net gain on fair value of derivatives	5(e)	-	0.6	-	-
Net gain on disposal of assets		5.3	-	1.2	-
		(583.7)	1,064.1	(585.1)	703.8
Total revenue and other income		470.2	1,847.1	120.9	1,383.4
Expenses					
Property expenses and outgoings		139.0	121.1	77.6	73.1
Expenses from hotel operations	5(a)	176.4	172.2	-	-
Cost of sales from development projects		137.8	-	-	-
Cost of sales attributable to warehoused property investments		12.6	-	-	-
Management and other administration costs		154.8	92.4	9.1	7.6
Depreciation and amortisation expense	5(b)	24.2	21.9	-	-
Finance costs	5(c)	330.8	242.9	293.3	222.6
Revaluation of hotel properties		191.8	-	-	-
Impairment expense	5(d)	1,152.2	1.4	959.7	-
Net loss on fair value of derivatives	5(e)	847.4	-	831.0	0.4
Net loss on disposal of assets		-	0.1	-	-
Net foreign exchange loss		544.6	-	266.7	-
Responsible Entity's fee		-	-	33.7	24.0
Costs associated with internalisation/merger proposal		-	4.1	-	3.8
Total Expenses		3,711.6	656.1	2,471.1	331.5
(Loss) / Profit before income tax expense		(3,241.4)	1,191.0	(2,350.2)	1,051.9
Income tax expense	6(a)	12.1	8.5	-	-
Net (loss) / profit for the year		(3,253.5)	1,182.5	(2,350.2)	1,051.9
Net (loss) / profit attributable to:					
- Unitholders of the Trust		(2,556.3)	1,203.7		
- Securityholders of other entities stapled to the Trust (minority interest)		(696.5)	(19.2)		
- External minority interest		(0.7)	(2.0)		
Earnings per unit (cents per unit)					
Basic and diluted earnings per unitholder of the Trust	4(a)	(88.7)	47.0		

The above Consolidated Income Statements should be read in conjunction with the accompanying notes.

BALANCE SHEETS

AS AT 31 DECEMBER 2008

THE GPT GROUP

	Note	Consolidated entity		Parent entity	
		31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
ASSETS					
Current Assets					
Cash and cash equivalents	25(b)	961.9	350.3	871.1	292.1
Loans and receivables	7(a)	261.5	271.2	389.8	359.6
Inventories	8	454.2	462.6	-	-
Derivative assets	9	47.8	143.4	47.8	141.8
Prepayments		15.1	20.6	6.9	13.8
Total Current Assets		1,740.5	1,248.1	1,315.6	807.3
Non-Current Assets					
Investment properties	10	6,548.4	5,987.2	3,912.6	3,779.3
Equity accounted investments	11	2,762.9	3,519.5	2,565.2	2,603.3
Property, plant & equipment	13	599.7	1,163.1	116.1	-
Loans and receivables	7(b)	1,308.5	1,841.3	947.5	1,448.2
Other assets	12	2.7	3.6	3,721.5	4,248.7
Intangible assets	14	48.6	190.9	-	-
Deferred tax assets	6(b)	18.5	13.2	-	-
Total Non-Current Assets		11,289.3	12,718.8	11,262.9	12,079.5
Total Assets		13,029.8	13,966.9	12,578.5	12,886.8
LIABILITIES					
Current Liabilities					
Payables	15	284.0	510.7	317.6	412.6
Borrowings	16	547.0	1,196.9	173.8	795.5
Derivative liabilities	9	884.1	140.7	867.6	140.2
Current tax liabilities		18.5	11.4	-	-
Provisions	17	12.4	9.1	-	-
Total Current Liabilities		1,746.0	1,868.8	1,359.0	1,348.3
Non-Current Liabilities					
Borrowings	16	4,466.3	3,798.1	4,390.4	3,740.3
Provisions	17	5.2	4.6	-	-
Total Non-Current Liabilities		4,471.5	3,802.7	4,390.4	3,740.3
Total Liabilities		6,217.5	5,671.5	5,749.4	5,088.6
Net Assets		6,812.3	8,295.4	6,829.1	7,798.2
EQUITY					
Equity attributable to unitholders of the Trust (parent entity)					
Contributed equity	18	6,525.6	4,648.6	6,525.6	4,648.6
Reserves	19	405.3	(3.6)	-	-
Retained profits	20	289.0	3,341.2	303.5	3,149.6
Total equity of GPT Trust unitholders		7,219.9	7,986.2	6,829.1	7,798.2
Equity attributable to securityholders of other entities stapled to the Trust					
Contributed equity	18	324.7	317.5	-	-
Reserves	19	(17.3)	9.5	-	-
Retained profits/(accumulated losses)	20	(716.5)	(20.0)	-	-
Total equity of other stapled securityholders		(409.1)	307.0	-	-
Equity attributable to minority interests – external					
Contributed equity	18	-	-	-	-
Reserves	19	-	-	-	-
Retained profits	20	1.5	2.2	-	-
Total equity of external minority interests		1.5	2.2	-	-
Total Equity		6,812.3	8,295.4	6,829.1	7,798.2

The above Consolidated Balance Sheets should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

THE GPT GROUP

	Note	Consolidated entity		Parent entity	
		31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
Cash flows from operating activities					
Cash receipts in the course of operations (inclusive of GST)		895.1	807.1	276.2	296.3
Cash payments in the course of operations (inclusive of GST)		(475.6)	(398.1)	(243.3)	(119.8)
Distributions received from associates and joint ventures		169.1	171.6	149.7	124.2
Distributions received from controlled entities		-	-	263.7	253.3
Interest received		111.7	125.8	97.8	108.6
Income taxes paid		(10.3)	(3.7)	-	-
Net receipt from derivatives		(2.6)	51.8	(1.8)	51.8
		687.4	754.5	542.3	714.4
Finance costs		(320.5)	(267.4)	(274.7)	(227.7)
Net cash inflows from operating activities	25(a)	366.9	487.1	267.6	486.7
Cash flows from investing activities					
Payments for investment properties		(256.5)	(89.5)	(136.7)	(203.0)
Proceeds from disposal of investment properties/current assets held for sale		95.6	1,243.7	61.1	-
Payments for properties under development		(157.4)	(429.1)	(116.1)	(336.0)
Deposit received for properties under development		-	106.5	-	-
Proceeds from the disposal of properties under development		83.6	-	-	477.3
Payments for property, plant and equipment		(26.1)	(42.0)	-	-
Payments for intangibles		(1.6)	(4.2)	-	-
Payments for development inventories		(74.3)	-	-	-
Payment for warehoused property investments		(104.9)	(611.8)	-	-
Proceeds from sale of warehoused property investments		13.6	-	-	-
Net investment in joint ventures and associates		(27.2)	(180.1)	-	(7.7)
Proceeds from disposal of controlled entities		80.0	-	-	-
Loan (to)/from joint ventures and associates		(18.5)	(450.2)	90.3	(325.2)
Payments for controlled entities (net of cash acquired), associates and joint ventures		(44.8)	(37.7)	-	-
Investment in controlled entities		-	-	(212.7)	(1,211.6)
Redemption of units in subsidiary		-	-	-	1,674.0
Loan advanced (to)/from controlled entities		-	-	(232.0)	(306.7)
(Increase)/decrease in other loans		(65.5)	(94.4)	12.5	(0.1)
Payments for other assets		(3.2)	(0.1)	-	-
Net cash outflows from investing activities		(507.2)	(588.9)	(533.6)	(239.0)
Cash flows from financing activities					
Proceeds from net bank facilities		326.5	1,545.2	425.5	1,152.8
Repayments of net short and medium term notes		(926.2)	(819.3)	(926.2)	(819.3)
Repayments of CPI coupon indexed bond		(37.8)	-	(37.8)	-
Payment of employee incentive scheme loans, net of distributions		(1.3)	(13.6)	-	-
Proceeds from the issue of securities		1,782.3	102.1	1,776.7	98.1
Distributions paid to securityholders		(391.6)	(421.1)	(393.2)	(427.6)
Net cash inflows from financing activities		751.9	393.3	845.0	4.0
Net increase in cash and cash equivalents		611.6	291.5	579.0	251.7
Cash and cash equivalents at the beginning of the financial year		350.3	58.8	292.1	40.4
Cash and cash equivalents at the end of the financial year	25(b)	961.9	350.3	871.1	292.1

The above Consolidated Cash Flow Statements 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 includes separate financial statements for the parent entity, General Property Trust (Trust) as an individual entity and the GPT Group (GPT), consisting of the Trust and its controlled entities (Consolidated entity).

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with the Trust's Constitution, Australian equivalents to International Financial Reporting Standards (AIFRS), 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

Since 1 January 2008, the Group has adopted the following Standards and Interpretations, mandatory for annual financial reports beginning on or after 1 January 2008. Adoption of these Standards and Interpretations did not have any effect of the financial position or performance of the Group.

A list of Australian Accounting Standards newly released or existing standards to which amendments have been made in the past fiscal year are: 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 124, 127, 128, 129, 131, 132, 133, 134, 136, 137, 138, 139, 140, 141, 1023 & 1038. UIG Interpretations newly released or amended are: 4, 11, 12, 14, 113 and 129.

No material changes are expected to GPT's financial performance, position or accounting principles as a result of the application of the new and amended standards above however the type of information disclosed in future annual financial reports will change. Management's current assessment indicates that the most significant impact will arise from some additional new disclosures required by AASB 8 *Operating Segments* from 1 January 2009, although it is unlikely that any new operating segments, in addition to those disclosed at note 2, will be required. Management has also assessed the impact from the operation of AASB 140 *Investment Property* from 1 January 2009 which requires that the property under developments be stated at fair value and believes it is unlikely to be significant. GPT has also considered the option to proportionately consolidate its investments in joint venture entities in the amendment to UIG 113 and currently will not be consider taking up the option.

GPT has not elected to early adopt any of the new or amended standards and has applied the following standards and interpretations which were mandatory from 1 January 2008:

- UIG Interpretation 4 Determining whether an Arrangement contains a Lease
- UIG Interpretation 11 AASB 2 – Group and Treasury Share Transactions and all consequential amendments in AASB 2007-2 Amendments to Australian Accounting Standards (AASB 1, 117, 118, 120, 121, 127, 131 & 139)
- UIG Interpretation 12 Service Concession Arrangements
- UIG Interpretation 14 AASB 119 – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their interaction
- UIG Interpretation 113 Jointly Controlled Entities – Non-Monetary Contributions by Venturers
- UIG Interpretation 129 Service Concession Arrangements: Disclosures

Adoption of the above Interpretations did not have any effect on the financial position or performance of GPT.

Historical cost convention

These financial statements 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 statements were approved by the Board of Directors on 26 February 2009.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

THE GPT GROUP

1.

Summary of significant accounting policies (continued)

(b) Accounting for the GPT Group

In accordance with AASB Interpretation 1002 *Post-date of Transition Stapling Arrangements*, the stapled entity reflects the Consolidated entity. Equity attributable to other stapled entities is a form of minority interest in accordance with AASB Interpretation 1002 and in the Consolidated entity column, represents the contributed equity of GPT Management Holdings Limited (the Company).

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

(c) Principles of consolidation

(i) Controlled entities

The consolidated financial statements comprise the assets and liabilities of all controlled entities and the results of all controlled entities for the financial year then ended. 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 purchase method of accounting is used to account for the acquisition of controlled entities by GPT (refer to note 1(d)). All inter-entity transactions, balances and unrealised gains on transactions between GPT entities have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Minority interests not held by GPT are allocated their share of net profit after income tax expense in the income statement and are presented within equity in the balance sheet, 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 Trust's balance sheet at cost and in the consolidated balance sheet 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 income statement and its share of post acquisition movements in reserves is recognised in reserves in the consolidated balance sheet. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions and dividends received from associates are recognised in the Trust's income statement while in the consolidated financial statements they reduce the carrying amount of the investment. GPT's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer note 11).

Where GPT's share of losses in associates equals or exceeds its interest in the associate, including any other unsecured 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 operations

GPT has significant co-ownership interests in a number of properties through unincorporated joint ventures. These interests are held directly and jointly as tenants in common. GPT'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 balance sheet and income statement.

1.

Summary of significant accounting policies (continued)

(c) Principles of consolidation (continued)

(iii) Joint Ventures (continued)

Joint venture entities

Investments in joint venture entities are accounted for in the Trust's balance sheet at cost.

Investments in joint venture entities are accounted for in the consolidated balance sheet 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 income statement and its share of post acquisition movements in reserves including cash flow hedge reserve, is recognised in reserves in the consolidated balance sheet. 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 Trust's income statement while in the consolidated financial statements they reduce 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.

(d) Accounting for acquisitions and business combinations

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. Transaction costs arising on the issue of equity instruments are recognised directly in equity. The excess of the cost of acquisition over the fair value of GPT's share of the net identifiable assets acquired represents goodwill (refer note 1(t)(i)). If the cost of acquisition is less than GPT's share of the fair value of the net assets of the entity acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of net assets acquired.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is GPT's incremental borrowing rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the GPT entities are measured using the currency of the primary economic environment in which they operate ('the functional currency'). The consolidated financial statements are 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 income statement.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

THE GPT GROUP

1.

Summary of significant accounting policies (continued)

(e) Foreign currency translation (continued)

(iii) Foreign operations (continued)

Exchange differences arising on monetary items that form part of the net investment in a foreign operation are taken to the profit and loss in the parent entity and 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 income statement.

(f) Income Tax

(i) Trusts

Under current tax legislation, Trusts are not liable for income tax, provided their taxable income and taxable realised gains are fully distributed to securityholders each financial year.

(ii) Company and other taxable entities

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

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

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

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

(iii) Tax consolidation – Australia

GPT Management Holdings Limited (the head entity) and its wholly owned Australian controlled entities implemented the tax consolidation legislation as of 1 January 2006. Each member in the tax consolidated group continues to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a 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 statements.

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

1.

Summary of significant accounting policies (continued)

(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 balance sheet.

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

A business 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 business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. Business segment is the primary reporting format.

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, inventories, 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.

(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 income statement 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 balance sheet as a receivable and carried at fair value.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

THE GPT GROUP

1.

Summary of significant accounting policies (continued)

(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 balance sheet.

(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. Collectibility 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 provision 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 income statement 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.

Warehoused investment property is investment property which has been acquired for a proposed fund by entities in the GPT Group to ultimately sell to external investors once the final portfolio has been identified and the terms have been agreed. Costs on the warehoused investment property include the costs of acquisition. Gains and losses on the sale of the fund is recognised in the income statement when the significant risks and rewards of the fund or assets/inventory have transferred to external investors.

(o) Assets and liabilities classified as held for sale

Non current assets classified as held for sale are stated at fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non current assets are not depreciated or amortised while they are classified as held for sale. Non current assets and liabilities classified as held for sale are presented separately from the other assets and liabilities in the balance sheet.

(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.

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 income statement.

1.

Summary of significant accounting policies (continued)

(p) Investment property (continued)

(i) Investment properties (continued)

Fair value is based on active market prices, adjusted for any difference in the nature, location or condition of the specific asset or where this is not available, 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.

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

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

Investment property held for sale is classified in 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 statements under the appropriate headings (refer to note 1(c)(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 statements and classified as owner-occupied property and accounted for as property, plant and equipment in the consolidated financial statements as GPT owns and operates the hotels (refer to note 1(q)).

(iii) Property Under Development

Property under development is accounted for as property, plant and equipment and stated at historical cost until development is complete (refer to note 1(q)).

(iv) Warehoused Investment Property

Investment property which has been acquired for a proposed fund is accounted for as inventory (refer to note 1(n)).

(q) Property, plant and equipment

In the consolidated entity, certain owner occupied hotel properties (refer note 1(p)(iii)) are classified as property, plant and equipment and stated at fair value less accumulated depreciation 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 income statement, the increase is first recognised in the income statement. 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 income statement.

Property under construction is carried at historical cost until development is complete. All costs of development are capitalised against the property and are not depreciated. Upon completion of development, the assets are classified as investment property.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

THE GPT GROUP

1.

Summary of significant accounting policies (continued)

(q) Property, plant and equipment (continued)

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 income statement 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 income statement. 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 their 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 income statement 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.

(t) Intangible assets

(i) Goodwill

Goodwill on acquisition represents the excess of purchase consideration, including incidental expenses associated with the acquisition, over the fair value of GPT's share of the identifiable net assets of the acquired. Goodwill on acquisition of controlled entities is included in intangible assets and goodwill on acquisition of associates/joint ventures is included in investments in associates/joint ventures.

Goodwill is not amortised, instead it is tested for impairment annually, whenever there is an indication that the carrying value may be impaired, and is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to cash generating units (CGUs) that are expected to benefit from the acquisition. GPT has determined that each primary reporting segment set out in note 2 is a CGU. Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates.

Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity disposed.

(ii) Other intangible assets

Operating lease rights relating to the resort operation at Lizard Island Resort and property management rights have been assessed to have a maximum useful life of 28 years respectively. They are carried at cost less accumulated amortisation and impaired losses. Amortisation is calculated using the straight line method to allocate the cost of the operating lease rights and property management rights over their useful life.

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

1.

Summary of significant accounting policies (continued)

(u) Other investments

Other investments, excluding investments in controlled entities, are classified as available for sale assets. Unlisted investments are stated at the fair value of GPT's interest in the underlying assets which approximate fair value. Gains or losses on available-for-sale investments are recognised in the asset revaluation reserve in the balance sheet until the investment is sold or impaired, at which time the cumulative changes in fair value recognised in the asset revaluation reserve are recognised in the income statement. Investments in controlled entities are held at the lower cost or recoverable amount.

(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 income statement 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)
Other assets			
Investment in unlisted entities	Available for sale financial assets	Fair value	Refer to note 1(u)
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 or parent 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 28.

GPT's major exposure is to interest rate and foreign currency risks arising from borrowings. The derivatives that GPT commonly use to reduce its exposure are forward foreign exchange contracts, interest rate swaps and options. Further details are included in note 28.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

THE GPT GROUP

1.

Summary of significant accounting policies (continued)

(x) Derivatives (continued)

Derivatives, including those embedded in other contractual arrangements, are recognised at fair value. The fair value of interest rate swaps is calculated using the present value of the estimated future cash flows of these instruments. The fair values of forward foreign exchange contracts are determined using quoted forward exchange rates at reporting date. The fair value of barrier interest rate swaps and interest rate option contracts are calculated as the estimated present value of the contract using the relevant market rates and incorporating time value and implied volatility around a number of variables. The fair value of forward exchange trigger contracts are calculated as the estimated present value of the contract using the relevant forward foreign exchange rates and incorporating time value and volatility around a number of variables. Each instrument is discounted at the market interest rate appropriate to the instrument. Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, there are two key variables used:

- Forward price curve (for the relevant underlying interest rates or foreign exchange rates)
- Discount rates

Subsequent changes in the fair value of derivatives are also recognised in the income statement as GPT has not formally designated its derivative assets or liabilities as hedges however the derivatives achieve the economic outcomes of offsetting interest rate and foreign currency exposures in accordance with GPT's treasury and risk management policy. Gains and losses on maturity or close-out of derivatives are recognised in the income statement.

Derivatives with a positive closing fair value at reporting date are presented as assets and derivative liabilities are presented where the closing fair value is negative. All derivatives are classified as current assets or liabilities given the derivatives are not part of a hedge.

(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 income statement 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. 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 income statement 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.

1.

Summary of significant accounting policies (continued)

(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 23.

Employee incentive scheme

Security based compensation benefits are provided to employees via the EIS. The non-recourse loans which are used to acquire GPT stapled securities on market, create a synthetic option. The notional fair value of the implied option in respect of the loans is recognised as an employee benefit expense with a corresponding increase in the employee incentive scheme reserve in equity. The fair value at grant date is calculated using the Monte Carlo pricing model and recognised over the period during which the employees become unconditionally entitled to the GPT stapled securities.

The recourse loans issued to certain GPT employees are included in non-current receivables. Any repayments of the loans by employees reduce the amount of the outstanding loans included in non-current receivables.

(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.

NOTES TO THE FINANCIAL STATEMENTS

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THE GPT GROUP

1.

Summary of significant accounting policies (continued)

(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.

(af) Critical accounting estimates and judgements

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

(i) Current market condition

The global market for many types of real estate has been severely affected by the recent volatility in global financial markets. The lower levels of liquidity and volatility in the banking sector have translated into a challenging operating environment and the number of real estate transactions has significantly reduced.

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is not a forced seller prepared to sell at any price. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

The fair value of investment properties is supported by independent external valuations and detailed internal valuations, and has been adjusted to reflect market conditions at the end of the reporting period. Certain key assumptions in the internal valuations are supported by external opinions as at 31 December 2008, however there has been little transactional activity to corroborate these values.

The ongoing uncertainty in global credit and equity markets may negatively impact asset values in the future, however, these financial statements set out the fair value as at the reporting date. The period of time needed to negotiate a sale in this environment may be significantly prolonged and the emergence of new transactional evidence may impact the fair values in the future.

(ii) Valuation of property investments

Critical judgements are made by GPT in respect of the fair values of investments in associates and joint ventures (note 1(c)), investment properties (note 1(p)), warehoused investment properties (note 1(n)), owner occupied hotel properties (note 1(q)) and property under development (note 1(q)). The fair value of these investments are reviewed regularly by management with reference to external independent property valuations 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.

(iii) Valuation of assets acquired in business combinations

The fair value of assets acquired and liabilities assumed in a business combination as well as the goodwill and intangible assets arising from the business combination requires significant estimates and assumptions particularly concerning the future performance of the assets and business(s) purchased and the fair values for contingent liabilities (if any) which had not been previously required to be recognised or valued by the seller.

1.

Summary of significant accounting policies (continued)

(af) Critical accounting estimates and judgements (continued)

(iv) Valuation of financial instruments

Fair value of indemnities and guarantees provided by GPT are estimated based on future events which are reasonably likely, but which may not occur. 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 2008 may differ if there is volatility in market rates, indexes, equity prices or foreign exchange rates in future periods.

(v) Warehoused investment property assets

GPT classifies its warehoused investment property assets as current inventory and the borrowings related to those properties as current borrowings on the basis that the investment property assets have been acquired to ultimately sell to external investors. The selling of the assets is anticipated to take approximately twelve months, however external factors including global economic conditions could affect the timing of any sale.

(vi) Impairment of loans and receivables

Assets, excluding goodwill, 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.

(vii) Impairment of goodwill

GPT also tests annually whether goodwill is impaired. As goodwill is assigned to CGUs, this requires an estimation of the recoverable amount of the CGUs to which the goodwill is assigned. The assumptions used by GPT when estimating the future cash flows for the CGUs, which are based on future events, are critical in supporting the carrying value of goodwill. These assumptions are detailed in note 14.

When appropriate, independent third party firms are engaged to assist in determining the fair values of assets and entities. These valuations, whether performed by GPT or an independent third party, require the use of management's assumptions, which would not reflect unanticipated events and circumstances that may occur.

(viii) 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. The fair value is determined by an external valuer using the Monte Carlo method, as discussed in note 23.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

THE GPT GROUP

2.

Segment Reporting

Primary reporting format – business segments

GPT is organised on a global basis into activities by business segment as set out below:

(a) Income Statement

31 December 2008

	Retail	Office	Industrial	Hotel & Tourism	Seniors Housing	Funds Management Australia	Funds Management Europe	Joint Venture	Corporate	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Revenue										
Rent from investment properties	332.0	99.5	63.4	17.9	-	-	39.6	-	-	552.4
Revenue from hotel operations	-	-	-	209.3	-	-	-	-	-	209.3
Property and fund management fees	18.2	4.2	-	0.1	-	31.7	32.1	-	2.2	88.5
Development project revenue	-	-	-	-	-	-	-	-	190.1	190.1
Proceeds from the sale of warehoused property investments	-	-	-	-	-	-	13.6	-	-	13.6
	350.2	103.7	63.4	227.3	-	31.7	85.3	-	192.3	1,053.9
Other income										
Fair value adjustments to investment properties	(94.2)	48.8	(36.2)	1.8	-	-	-	-	-	(79.8)
Share of after tax profits of equity accounted investments	3.8	(38.3)	-	-	(151.7)	(95.1)	(27.2)	(357.7)	(2.2)	(668.4)
Dividend from investments	-	-	-	0.5	-	-	0.4	-	-	0.9
Interest revenue – joint venture investment arrangements	-	-	-	-	6.9	-	5.5	119.6	3.2	135.2
Interest revenue – cash and short term money market securities	-	-	-	0.8	-	-	0.6	-	21.7	23.1
Net foreign exchange gain	-	-	-	-	-	-	-	-	-	-
Net gain on fair value of derivatives	-	-	-	-	-	-	-	-	-	-
Net gain on disposal of assets	-	-	-	-	-	-	-	-	5.3	5.3
	(90.4)	10.5	(36.2)	3.1	(144.8)	(95.1)	(20.7)	(238.1)	28.0	(583.7)
Total segment revenue	259.8	114.2	27.2	230.4	(144.8)	(63.4)	64.6	(238.1)	220.3	470.2
Expenses										
Property expenses and outgoings	89.0	29.3	8.9	0.3	-	-	11.5	-	-	139.0
Expenses from hotel operations	-	-	-	176.4	-	-	-	-	-	176.4
Management and other administration costs	14.5	4.2	0.8	1.1	1.0	11.5	75.0	2.5	44.2	154.8
Depreciation and amortisation expense	7.1	-	-	13.2	-	-	2.1	-	1.8	24.2
Finance costs	-	-	-	-	-	-	23.9	-	306.9	330.8
Revaluation of Hotel Properties	-	-	-	191.8	-	-	-	-	-	191.8
Impairment expense	-	-	3.7	13.8	3.7	-	258.5	840.7	31.8	1,152.2
Net foreign exchange loss	-	-	-	-	-	-	4.4	-	540.2	544.6
Cost of sales attributable to warehoused property investments	-	-	-	-	-	-	12.6	-	-	12.6
Cost of sales from development projects	-	-	-	-	-	-	-	-	137.8	137.8
Net loss on fair value of derivatives	-	-	-	-	-	-	16.4	-	831.0	847.4
Net loss on disposal of assets	-	-	-	-	-	-	-	-	-	-
Costs associated with internalisation/merger proposal	-	-	-	-	-	-	-	-	-	-
Total expenses	110.6	33.5	13.4	396.6	4.7	11.5	404.4	843.2	1,893.7	3,711.6
Segment result for the financial year	149.2	80.7	13.8	(166.2)	(149.5)	(74.9)	(339.8)	(1,081.3)	(1,673.4)	(3,241.4)
Income tax expense	-	-	-	-	-	-	-	-	12.1	12.1
Net loss for the financial year										(3,253.5)

2.

Segment Reporting (continued)

Primary reporting format – business segments (continued)

(a) Income Statement (continued)

31 December 2007	Retail	Office	Industrial	Hotel & Tourism	Seniors Housing	Funds Management Australia	Funds Management Europe	Joint Venture	Corporate	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Revenue										
Rent from investment properties	325.7	79.6	54.9	17.0	-	-	19.8	-	-	497.0
Revenue from hotel operations	-	-	-	220.3	-	-	-	-	-	220.3
Property and fund management fees	14.5	-	-	-	-	30.6	19.3	-	1.3	65.7
Development project revenue	-	-	-	-	-	-	-	-	-	-
Proceeds from the sale of warehoused property investments	-	-	-	-	-	-	-	-	-	-
	340.2	79.6	54.9	237.3	-	30.6	39.1	-	1.3	783.0
Other income										
Fair value adjustments to investment properties	231.4	179.7	24.2	23.2	-	-	-	-	-	458.5
Share of after tax profits of equity accounted investments	2.6	166.7	-	1.6	9.5	270.1	(1.7)	20.1	(0.2)	468.7
Dividend from investments	-	-	-	0.4	-	-	-	-	-	0.4
Interest revenue – joint venture investment arrangements	-	-	-	0.1	7.1	-	-	89.5	1.1	97.8
Interest revenue – cash and short term money market securities	-	-	-	0.7	-	-	1.1	-	13.3	15.1
Net foreign exchange gain	-	-	-	-	-	-	(0.2)	-	23.2	23.0
Net gain on fair value of derivatives	-	-	-	-	-	-	1.0	-	(0.4)	0.6
Net gain on disposal of assets	-	-	-	-	-	-	-	-	-	-
	234.0	346.4	24.2	26.0	16.6	270.1	0.2	109.6	37.0	1,064.1
Total segment revenue	574.2	426.0	79.1	263.3	16.6	300.7	39.3	109.6	38.3	1,847.1
Expenses										
Property expenses and outgoings	89.2	22.8	7.3	0.5	-	-	1.3	-	-	121.1
Expenses from hotel operations	-	-	-	172.2	-	-	-	-	-	172.2
Management and other administration costs	9.5	-	-	-	-	11.8	30.8	-	40.3	92.4
Depreciation and amortisation expense	6.8	-	-	13.5	-	-	0.5	-	1.1	21.9
Finance costs	-	-	-	-	-	(1.0)	16.8	-	227.1	242.9
Revaluation of hotel properties	-	-	-	-	-	-	-	-	-	-
Impairment expense	-	-	-	1.4	-	-	-	-	-	1.4
Net loss on fair value of derivatives	-	-	-	-	-	-	-	-	-	-
Net foreign exchange loss	-	-	-	-	-	-	-	-	-	-
Net loss on disposal of assets	0.1	-	-	0.3	-	-	(0.4)	-	0.1	0.1
Costs associated with internalisation/merger proposal	-	-	-	-	-	-	-	-	4.1	4.1
	105.6	22.8	7.3	187.9	-	10.8	49.0	-	272.7	656.1
Total expenses	105.6	22.8	7.3	187.9	-	10.8	49.0	-	272.7	656.1
Segment result for the financial year	468.6	403.2	71.8	75.4	16.6	289.9	(9.7)	109.6	(234.4)	1,191.0
Income tax expense									8.5	8.5
Net profit for the financial year										1,182.5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

THE GPT GROUP

2.

Segment Reporting (continued)

Primary reporting format – business segments (continued)

(b) Balance Sheet

As at 31 December 2008

	Retail	Office	Industrial	Hotel & Tourism	Seniors Housing	Funds Management Australia	Funds Management Europe	Joint Venture	Corporate	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Current Assets										
Inventories	-	-	-	7.5	-	-	446.7	-	-	454.2
Other current assets	-	-	-	-	-	-	47.0	-	1,239.3	1,286.3
Total Current Assets	-	-	-	7.5	-	-	493.7	-	1,239.3	1,740.5
Non-Current Assets										
Investment properties	4,396.6	1,256.2	671.2	224.4	-	-	-	-	-	6,548.4
Equity accounted investments (refer to Note 11)	163.3	712.4	-	9.2	109.3	1,688.1	58.9	-	21.7	2,762.9
Property, plant and equipment	-	-	147.7	432.2	-	-	-	-	19.8	599.7
Loans and receivables	-	-	-	-	93.5	-	14.9	1,159.3	40.8	1,308.5
Intangible assets	35.2	-	-	13.4	-	-	-	-	-	48.6
Other non-current assets	-	-	-	-	-	-	-	-	21.2	21.2
Total Non-Current Assets	4,595.1	1,968.6	818.9	679.2	202.8	1,688.1	73.8	1,159.3	103.5	11,289.3
Total Assets	4,595.1	1,968.6	818.9	686.7	202.8	1,688.1	567.5	1,159.3	1,342.8	13,029.8
Current and non-current liabilities	-	-	-	-	-	-	373.2	-	5,844.3	6,217.5
Total Liabilities	-	-	-	-	-	-	373.2	-	5,844.3	6,217.5
Net Assets	4,595.1	1,968.6	818.9	686.7	202.8	1,688.1	194.3	1,159.3	(4,501.5)	6,812.3

As at 31 December 2007

	Retail	Office	Industrial	Hotel & Tourism	Seniors Housing	Funds Management Australia	Funds Management Europe	Joint Venture	Corporate	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Current Assets										
Inventories	-	58.2	-	7.1	-	-	397.3	-	-	462.6
Other current assets	-	-	-	-	-	-	-	-	785.5	785.5
Total Current Assets	-	58.2	-	7.1	-	-	397.3	-	785.5	1,248.1
Non-Current Assets										
Investment properties	3,828.6	1,235.1	702.2	221.3	-	-	-	-	-	5,987.2
Equity accounted investments (refer to Note 11)	159.3	793.3	-	10.6	232.2	1,877.9	49.0	373.6	23.6	3,519.5
Property, plant and equipment	477.3	-	35.6	629.6	-	-	-	-	20.6	1,163.1
Loans and receivables	-	-	-	-	75.0	-	56.6	1,636.6	73.1	1,841.3
Intangible assets	42.3	-	-	26.8	-	-	121.8	-	-	190.9
Other investments	-	-	-	0.7	-	-	-	-	2.9	3.6
Deferred tax assets	-	-	-	-	-	-	-	-	13.2	13.2
Total Non-Current Assets	4,507.5	2,028.4	737.8	889.0	307.2	1,877.9	227.4	2,010.2	133.4	12,718.8
Total Assets	4,507.5	2,086.6	737.8	896.1	307.2	1,877.9	624.7	2,010.2	918.9	13,966.9
Current and non-current liabilities	-	-	-	-	-	-	384.8	-	5,286.7	5,671.5
Total Liabilities	-	-	-	-	-	-	384.8	-	5,286.7	5,671.5
Net Assets	4,507.5	2,086.6	737.8	896.1	307.2	1,877.9	239.9	2,010.2	(4,367.8)	8,295.4

2.

Segment Reporting (continued)

Primary reporting format – business segments (continued)

(c) Share of joint ventures and associates' net profits / (losses)

	Retail	Office	Industrial	Hotel & Tourism	Seniors Housing	Funds Management Australia	Funds Management Europe	Joint Venture	Corporate	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
As at 31 December 2008										
Revenue and other income	6.6	53.7	-	7.1	199.8	70.7	15.5	246.1	(2.2)	597.3
Expenses	2.8	92.0	-	7.1	351.5	165.8	42.7	1,027.9	-	1,689.8
Profit/(loss) before income tax expense	3.8	(38.3)	-	-	(151.7)	(95.1)	(27.2)	(781.8)	(2.2)	(1,092.5)
Income tax credit	-	-	-	-	-	-	-	(3.8)	-	(3.8)
	3.8	(38.3)	-	-	(151.7)	(95.1)	(27.2)	(778.0)	(2.2)	(1,088.7)
Negative net assets not recognised*	-	-	-	-	-	-	-	420.3	-	420.3
Share of net profits/(losses) of joint venture and associate interests	3.8	(38.3)	-	-	(151.7)	(95.1)	(27.2)	(357.7)	(2.2)	(668.4)
As at 31 December 2007										
Revenue and other income	5.4	173.7	-	29.6	140.1	313.9	(1.7)	295.6	2.4	959.0
Expenses	2.9	6.9	-	28.0	130.6	43.8	-	269.3	2.6	484.1
Profit before income tax expense	2.5	166.8	-	1.6	9.5	270.1	(1.7)	26.3	(0.2)	474.9
Income tax expense	-	-	-	-	-	-	-	6.2	-	6.2
Share of net profits/(losses) of joint venture and associate interests	2.5	166.8	-	1.6	9.5	270.1	(1.7)	20.1	(0.2)	468.7

Refer to note 11(b) for an analysis by geographic segment of GPT's share of net profits/(losses) from joint ventures and associates.

* GPT has not reduced its equity interest below zero as there is no recourse back to GPT from its equity interest in these entities. GPT has however exposure to the negative assets through its preferred capital in these entities as disclosed in note 7. GPT's preference equity has been impaired by USD \$172.9 million, Euro €288.0 million, NZ \$20.2 million and AUD \$5.3 million equivalent of AUD \$840.7 million (Dec 2007: Nil).

NOTES TO THE FINANCIAL STATEMENTS

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THE GPT GROUP

2.

Segment Reporting (continued)

Primary reporting format – business segments (continued)

(d) Share of joint ventures and associates' assets and liabilities

	Retail	Office	Industrial	Hotel & Tourism	Seniors Housing	Funds Management Australia	Funds Management Europe	Joint Venture	Corporate	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
As at 31 December 2008										
Cash and cash equivalents	1.6	0.9	–	3.3	25.3	23.6	4.0	85.9	1.8	146.4
Other assets	0.2	3.7	–	2.3	20.4	3.1	3.4	179.5	33.0	245.6
Property investments and loans	163.6	718.2	–	10.0	825.4	2,024.6	185.5	2,863.4	53.6	6,844.3
Total assets	165.4	722.8	–	15.6	871.1	2,051.3	192.9	3,128.8	88.4	7,236.3
Other liabilities	2.1	10.4	–	3.8	55.9	76.9	15.6	278.8	32.8	476.3
Borrowings										
– The GPT Group	–	–	–	–	88.2	–	–	1,000.0	16.6	1,104.8
– External – current	–	–	–	–	–	–	–	735.9	–	735.9
– External – non-current	–	–	–	2.6	617.7	286.3	118.4	1,534.4	17.3	2,576.7
Total liabilities	2.1	10.4	–	6.4	761.8	363.2	134.0	3,549.1	66.7	4,893.7
Net assets	163.3	712.4	–	9.2	109.3	1,688.1	58.9	(420.3)	21.7	2,342.6
Negative net assets not recognised*	–	–	–	–	–	–	–	420.3	–	420.3
Net assets recognised	163.3	712.4	–	9.2	109.3	1,688.1	58.9	–	21.7	2,762.9
As at 31 December 2007										
Cash and cash equivalents	1.9	3.4	–	3.0	21.4	8.5	4.1	101.9	3.8	148.0
Other assets	0.5	3.9	–	3.3	30.9	61.4	3.4	239.9	29.2	372.5
Property investments and loans	159.6	796.6	–	11.0	795.7	2,066.1	186.9	3,218.4	55.7	7,290.0
Total assets	162.0	803.9	–	17.3	848.0	2,136.0	194.4	3,560.2	88.7	7,810.5
Other liabilities	2.6	10.4	–	3.8	45.4	63.0	7.4	186.4	27.9	346.9
Borrowings										
– The GPT Group	–	–	–	–	70.7	–	–	818.3	18.2	907.2
– External – current	–	–	–	–	–	–	–	136.9	–	136.9
– External – non-current	–	–	–	2.6	499.5	195.5	138.0	2,046.4	18.9	2,900.9
Total liabilities	2.6	10.4	–	6.4	615.6	258.5	145.4	3,188.0	65.0	4,291.9
Net assets	159.4	793.5	–	10.9	232.4	1,877.5	49.0	372.2	23.7	3,518.6

Refer to note 11(c) for an analysis by geographic segment of GPT's share of the joint ventures and associates' balance sheets.

* GPT has not reduced its equity interest below zero as there is no recourse back to GPT from its equity interest in these entities. GPT has however exposure to the negative assets through its preferred capital in these entities as disclosed in note 7. GPT's preference equity has been impaired by USD \$172.9 million, Euro €288.0 million, NZ \$20.2 million and AUD \$5.3 million equivalent of AUD \$840.7 million (Dec 2007: Nil).

2.

Segment Reporting (continued)

Primary reporting format – business segments (continued)

(e) Other disclosures

	Retail	Office	Industrial	Hotel & Tourism	Seniors Housing	Funds Management Australia	Funds Management Europe	Joint Venture	Corporate	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
31 December 2008										
Acquisition of investment properties	29.8	–	15.8	–	–	–	–	–	–	45.6
Acquisition of property, plant and equipment & intangibles	42.9	–	116.1	22.0	–	–	–	–	14.8	195.8
Depreciation and amortisation expense	7.1	–	–	13.2	–	–	2.1	–	1.8	24.2
31 December 2007										
Acquisition of investment properties	71.9	–	–	–	–	–	–	–	–	71.9
Acquisition of property, plant and equipment & intangibles	331.0	100.7	24.2	16.0	–	–	121.8	–	19.2	612.9
Depreciation and amortisation expense	6.8	–	–	13.5	–	–	0.5	–	1.1	21.9

Business Segments description

Retail	segment includes regional, sub-regional and community shopping centres, Homemaker City (bulky goods) centres, retail re-developments and new retail developments as well as property management of retail assets.
Office	segment includes office space with associated retail space and office developments.
Industrial	segment includes quality traditional industrial and business park assets with capacity for organic growth through the expansion of vacant land as well as industrial re-developments.
Hotel & Tourism	segment includes nature-based resorts and hotel assets.
Seniors Housing	segment includes 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.
Funds Management - Australia	segment includes asset and funds management of Australia wholesale fund vehicles, GPT Wholesale Shopping Centre Fund and GPT Wholesale Office Fund.
Funds Management - Europe	segment includes asset and funds managed in Europe through GPT Halverton and Hamburg Trust. European operations commenced in the second half of 2007.
Joint Venture	segment includes investments in the Babcock & Brown joint venture and has assets located in Europe, the United States of America, New Zealand and Australia. Investments include shopping centres and retail formats, light industrial assets, residential assets and office assets.
Corporate	segment includes costs associated with the funds management of General Property Trust, foreign exchange gains and losses, finance costs, company operating costs and seniors housing.

NOTES TO THE FINANCIAL STATEMENTS

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THE GPT GROUP

2.

Segment Reporting (continued)

Secondary reporting format – geographical segments

GPT operates its activities in three main geographical locations as set out below:

	Segment revenues		Segment assets		Acquisition of property, plant and equipment and investment properties	
	31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
Australia	968.5	725.3	9,805.6	10,190.8	239.9	637.5
Europe	85.4	57.7	1,480.0	2,276.8	–	–
United States of America	–	–	401.4	580.4	–	–
	1,053.9	783.0	11,687.0	13,048.0	239.9	637.5
Unallocated	–	–	1,342.8	918.9	–	–
Total	1,053.9	783.0	13,029.8	13,966.9	239.9	637.5

Australia

segment includes the retail, office, industrial and hotel operations of the main operating entity, General Property Trust, the hotel & tourism business, urban communities as well as the Australian funds management operations of GPT Management Holdings Limited.

Europe

segment includes the operations carried out throughout Europe but predominantly in the Czech Republic, Denmark, Finland, France, Germany, Poland, the Netherlands, Sweden and the United Kingdom by the joint venture as well GPT Halverton as the European platform of the funds management operations. It includes a warehouse investment property and a loan receivable in the United States which are managed by the European platform.

United States of America

segment includes mainly retail and residential business, carried out by the joint venture and seniors housing.

3.

Distributions paid and payable

	Consolidated entity		Parent entity		
	31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M	
(a) Stapled Securityholders					
(i) Distributions paid					
Quarter ended December 2007:	7.3 cents per stapled security paid 28 March 2008 (7.0 cents paid 28 March 2007)	153.3	142.9	153.3	142.9
Quarter ended March 2008:	7.2 cents per stapled security paid 27 May 2008 (7.0 cents per stapled security paid 25 May 2007)	154.7	142.9	154.7	142.9
Quarter ended June 2008:	4.2 cents per stapled security paid 26 September 2008 (7.3 cents per stapled security paid 21 September 2007)	92.4	149.9	92.4	149.9
Quarter ended September 2008:	4.2 cents per stapled security paid 27 November 2008 (7.3 cents per stapled security paid 23 November 2007)	93.1	150.9	93.1	150.9
Total distributions paid		493.5	586.6	493.5	586.6
(ii) Distributions proposed and not recognised as a liability*					
Quarter ended December 2008:	2.1 cents per stapled security (7.3 cents per stapled security paid 28 March 2008)	93.8	153.3	93.8	153.3
* The December quarter distribution is expected to be paid on 27 March 2009. No provision for this distribution has been recognised in the balance sheet at 31 December 2008 as the distribution was declared after the end of the financial year.					
(iii) Distribution Reinvestment Plan					
Refer to note 18 (a)(i) for information on the distribution reinvestment plan and note 25 (c) for distributions satisfied by way of the issue of GPT stapled securities under GPT's distribution reinvestment plan.					
(b) Exchangeable Securityholders					
(i) Distributions payable					
Period from 27 November (issue date) to 31 December 2008	10% per exchangeable security	2.4	–	2.4	–

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THE GPT GROUP

4.

Earnings per stapled security

	Consolidated entity	
	31 Dec 08 Cents	31 Dec 07 Cents
(a) Attributable to unitholders of the Trust		
Basic and diluted earnings per share	(88.7)	47.0
(b) Attributable to stapled securityholders of the GPT Group		
Basic and diluted earnings per share	(112.9)	46.3

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

Earnings reconciliation – basic and diluted	31 Dec 08 \$M	31 Dec 07 \$M
Earnings used in calculating:		
Net (loss) / profit attributable to the unitholders of the Trust	(2,556.3)	1,203.7
Less: distributions to the holders of Exchangeable Securities **	(2.4)	–
Basic and diluted earnings of the Trust	(2,558.7)	1,203.7
Add: net (loss) / profit attributable to the securityholders of other stapled entities (minority interest)	(696.5)	(19.2)
Basic and diluted earnings of the Trust and other entities stapled to the Trust (The GPT Group)	(3,255.2)	1,184.5
Add: net profit attributable to external minority interest	(0.7)	(2.0)
Basic and diluted earnings	(3,255.9)	1,182.5

Weighted average number of units/stapled securities used as the denominator

	No. of securities millions 31 Dec 2008	No. of securities millions 31 Dec 2007*
Weighted average number of ordinary securities used in calculating:		
Basic and diluted earnings per unit – Trust	2,883.6	2,559.5
Basic and diluted earnings per stapled security – The GPT Group	2,883.6	2,559.5

* Prior period weighted average number of securities and EPSs have been adjusted for the bonus factor effect of the securities issued during the year at a price lower than the market value as required by the AASB 133 *Earning per Share*

** On 27 November 2008, 2,500 Exchangeable Securities were issued to an affiliate of GIC Real Estate Pty Limited ("GIC RE") at \$100,000 per exchangeable security. These securities are exchangeable into the stapled securities at GIC RE's option subject to obtaining necessary approvals at an initial exchange price of \$0.9628 per stapled security. They offer discretionary distributions of 10% per annum and carry voting rights in GPT.

These securities are not considered as dilutive as the distribution per exchangeable security is higher than the basic EPS per stapled security.

5.

Expenses

	Note	Consolidated entity		Parent entity	
		31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
(a) Expenses from hotel operations					
Costs of sales		49.8	49.2	-	-
Employee costs		84.3	80.6	-	-
Property and other outgoings		35.6	35.1	-	-
Other expenses		6.7	7.3	-	-
Total expenses from hotel operations		176.4	172.2	-	-
(b) Depreciation and amortisation					
Depreciation of hotel properties	13(c)	11.1	11.2	-	-
Depreciation of plant and equipment	13(c)	4.6	2.9	-	-
Amortisation of management rights & operating rights	14(a)	8.1	7.8	-	-
Amortisation of lease incentives		0.4	-	-	-
Total depreciation and amortisation		24.2	21.9	-	-
(c) Finance costs					
External entities		349.2	269.7	300.4	230.1
Interest capitalised*		(18.4)	(26.8)	(7.1)	(7.5)
Total finance costs		330.8	242.9	293.3	222.6
(d) Impairment expense					
Goodwill		121.8	-	-	-
Warehoused property investments		112.3	-	-	-
Loans and receivables		893.0	-	957.4	-
Intangible assets		13.9	1.4	-	-
Other		11.2	-	2.3	-
Total impairment expense		1,152.2	1.4	959.7	-
(e) Net loss / (gain) on fair value of derivatives					
Interest rate derivatives		662.0	36.0	645.6	37.0
Foreign currency derivatives		102.3	(19.0)	102.3	(19.0)
Property derivative		83.1	(17.6)	83.1	(17.6)
Total net loss / (gain) on fair value of derivatives		847.4	(0.6)	831.0	0.4

* A capitalisation rate of 8.0% (2007: 6.5 %) has been applied when capitalising interest on qualifying assets.

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THE GPT GROUP

6.

Tax

	Consolidated entity		Parent entity	
	31 Dec 08	31 Dec 07	31 Dec 08	31 Dec 07
	\$M	\$M	\$M	\$M
(a) Income tax expense				
Current income tax expense	17.3	13.2	-	-
Deferred income tax expense / (credit)	(5.2)	(4.7)	-	-
Income tax expense in the income statement	12.1	8.5	-	-

The prima facie tax on net profit before income tax expense is reconciled to the income tax expense provided in the financial statements as follows:

Net profit / (loss) before income tax expense	(3,241.4)	1,191.0	(2,350.2)	1,051.9
Less: (profit) / loss attributed to entities not subject to tax	2,553.6	(1,205.1)	2,350.2	(1,051.9)
Net profit / (loss) before income tax expense	(687.8)	(14.1)	-	-
Prima facie income tax / (credit) expense at 30% tax rate (31 December 2007: 30%)	(206.3)	(4.2)	-	-

Tax effect of amounts not deductible (taxable) in calculating income tax expense:

Overhead costs	3.9	2.8	-	-
Impairment of investment	37.7	0.4	-	-
Distribution income	(1.4)	-	-	-
Controlled foreign company attribution tax	5.9	10.7	-	-
Withholding tax	2.7	1.4	-	-
Share of after tax (profits)/losses of equity accounted investments	104.3	(4.3)	-	-
Tax losses not recognised	11.1	1.7	-	-
Deferred tax asset not recognised	54.2	-	-	-
Income tax expense/(credit)	12.1	8.5	-	-

Deferred tax assets and liabilities are attributable to the following:

(b) Deferred tax assets				
Employee benefits	12.2	2.3	-	-
Overhead costs	3.7	3.5	-	-
Provisions and accruals	1.3	4.9	-	-
Income received in advance	-	1.8	-	-
Other	1.3	0.7	-	-
Net deferred tax asset	18.5	13.2	-	-

Movement in temporary differences during the financial year

Opening balance at beginning of the financial year	13.2	9.3	-	-
Credited/(charged) to the income statement	5.3	3.9	-	-
Credited/(charged) to equity	-	-	-	-
Acquisition of subsidiary	-	-	-	-
Closing balance at end of the financial year	18.5	13.2	-	-

(c) Deferred Tax Liability

Inventories	-	-	-	-
Depreciation and amortisation	-	-	-	-
Net deferred tax liability	-	-	-	-

Movement in temporary differences during the financial year

Opening balance at beginning of the financial year	-	0.7	-	-
Credited/(charged) to the income statement	-	(0.7)	-	-
Acquisition of subsidiary	-	-	-	-
Closing balance at end of the financial year	-	-	-	-

(d) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	45.2	8.1	-	-
Potential tax benefit @ 30%	13.6	2.4	-	-

All unused tax losses were incurred by overseas entities.

7.

Loans and receivables

	Note	Consolidated entity		Parent entity	
		31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
(a) Current assets					
Trade receivables		54.5	73.2	3.0	5.8
less: provision for doubtful receivables		(1.5)	(0.9)	-	-
		53.0	72.3	3.0	5.8
Distributions receivable from associates		24.9	30.5	24.9	30.5
Distributions receivable from joint ventures		8.3	6.0	8.3	5.5
Interest receivable from joint ventures		94.6	35.0	82.7	33.2
Proceeds from the sale of Dutch Active Fundco BV		-	80.0	-	-
Other debtors		33.7	36.9	53.9	28.6
Loan to Babcock & Brown Residential Operating Partnership LP	(iii)	47.0	-	-	-
Loan to German Retail Fundco SARL		-	10.5	-	-
Loans to related parties		-	-	217.0	256.0
Total current loans and receivables		261.5	271.2	389.8	359.6

(b) Non-Current assets

GPT's investment in joint ventures and associates comprise equity investments (refer note 11) and also the following loans set out below.

Australian dollar denominated loans with associates and joint ventures					
BGA Real Estate Finance Trust	(i)	23.8	29.1	-	-
Lend Lease GPT (Rouse Hill) Pty Limited		34.1	37.1	-	-
		57.9	66.2	-	-
New Zealand dollar denominated loans with associates and joint ventures					
BGA Real Estate Finance Trust	(i)	24.4	43.7	-	-
Euro denominated loans with associates and joint ventures					
BGP Investment SARL	(i)	912.5	1,334.6	912.5	1,334.6
US dollar denominated loans with associates and joint ventures					
Babcock & Brown GPT REIT Inc	(i)	169.0	152.7	-	-
B&B GPT Alliance 1 LLC	(i)	-	16.6	-	-
B&B GPT Alliance 2 LLC	(i)	-	57.4	-	-
B&B GPT Holdings (No. 1) LLC	(i)	29.6	2.5	-	-
Benchmark GPT LLC	(ii)	90.6	72.7	-	-
B-VII Operations Holding Co LLC	(ii)	2.0	1.6	-	-
Benchmark Assisted Living LLC	(ii)	0.9	0.7	-	-
		292.1	304.2	-	-
Loans to employees	23, (v)	6.7	36.0	-	-
Loan to Babcock & Brown Residential Operating Partnership LP	(iii)	-	56.6	-	-
Loan to German Retail Fundco SARL		14.9	-	14.9	-
Loan to GPT Management Holdings Limited		-	-	-	56.3
Loan to Voyages Hotels & Resorts Pty Limited	(iv)	-	-	20.1	57.3
Total non-current loans and receivables		1,308.5	1,841.3	947.5	1,448.2

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THE GPT GROUP

7.

Loans and receivables (continued)

- (i) This is the preferred capital provided to entities in the Babcock & Brown joint venture as part of the funding of the joint venture arrangement (refer to note 11(a)(i)). The interest rate comprises a margin of 280 basis points over the three year swap rate, determined at the time of capital contribution and re-set to market on each third year anniversary. Interest is quarterly in arrears in the loan's functional currency. The average interest rate on the euro loans is 7.08% (Dec 2007: 6.2%), USD loans are 6.55% (Dec 2007: 7.82%) and AUD loan is 10.10% (Dec 2007: 10.10%). These loans are net of an impairment of USD \$172.9 million, Euro €288.0 million, NZ \$20.2 million and AUD \$5.3 million (AUD \$ 840.7 million) as at 31 December 2008.
- (ii) These are loans provided to the Benchmark entities as part of the funding of the Benchmark joint venture arrangement. The loans interest payable at 9% for Benchmark GPT LLC and B-VII Operations Holding Co LLC, 8% for Benchmark Assisted Living LLC compounded monthly.
- (iii) This US dollar preferred capital of USD \$50.0 million (AUD \$68.1 million) has been provided for a portfolio of 22 residential properties and apartments. GPT is entitled to an 8% return with further upside to a higher internal rate of return should certain events occur. The loan has been impaired by USD \$17.0 million (AUD \$21.1 million) as at 31 December 2008. GPT has the right to put the loan back to Babcock & Brown Residential Operating Partnership LP on 30 June 2009 with payment due in December 2009 and accordingly this loan was reclassified to current receivables.
- (iv) The loan, which was provided for working capital purposes, is interest bearing at 7.99% and repayable on 30 June 2011, with an option to extend for three years upon issuing notice to GPT.
- (v) This loan is shown after an impairment of AUD \$31.2m (Dec 2007: nil) as at 31 December 2008.

8.

Inventories

	Note	Consolidated entity		Parent entity	
		31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
Hotel merchandise:					
General supplies – at cost		1.1	1.0	–	–
Food and beverage – at cost		2.3	2.5	–	–
Retail – at cost		3.8	3.3	–	–
Other – at cost		0.3	0.3	–	–
Development inventory:					
workplace ⁶ , Darling Island, NSW	(a)	–	58.2	–	–
Warehoused property investments:	(b), 1(n)				
Scandinavian Active Fund		64.3	8.5	–	–
H20 Fund		259.9	280.6	–	–
Hamburg Trust Alliance Fund		116.0	108.2	–	–
Hamburg Trust Bergedorf Objekt KG Fund		6.5	–	–	–
Total inventories		454.2	462.6	–	–

(a) workplace⁶

The building was completed and sold to a related party on 12 November 2008.

(b) Warehoused property investments

GPT, through its European funds management platform, has acquired investment properties in Europe (Scandinavian Active Fund Holdco AB, H20 Fund and Hamburg Trust Bergedorf Objekt KG Fund) and the United States of America (Hamburg Trust Alliance Fund) with a view to establishing a number of specialised property funds. Due to changes in investor appetite for this type of investment, management's current strategy is to sell these properties in the short term.

9.

Derivative financial instruments

	Note	Consolidated entity		Parent entity	
		31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
Current assets					
Interest Rate Swaps		38.8	75.8	38.8	74.2
Interest Rate Options		4.7	15.8	4.7	15.8
Foreign Currency Swaps		4.3	14.9	4.3	14.9
Property Derivative		-	36.9	-	36.9
Total current derivative assets		47.8	143.4	47.8	141.8
Current liabilities					
Interest Rate Swaps		442.3	86.1	425.8	85.6
Interest Rate Options		322.1	37.0	322.1	37.0
Foreign Currency Swaps		119.7	17.6	119.7	17.6
Total current derivative liabilities		884.1	140.7	867.6	140.2

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 28 for further details.

10.

Investment properties

Retail*	10(b)	4,396.6	3,828.6	2,771.9	2,637.4
Office*	10(c)	1,256.2	1,235.1	748.7	733.9
Industrial	10(d)	671.2	702.2	392.0	408.0
Hotel & Tourism	10(e)	224.4	221.3	-	-
Total investment properties		6,548.4	5,987.2	3,912.6	3,779.3

* Melbourne Central has been allocated 65.6% Retail (\$726.1 million) and 34.4% Office (\$380.0 million) (Dec 2007: 64.6% Retail (\$720.2 million) and 35.4% Office (\$394.4 million)).

(a) Reconciliation

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

Carrying amount at start of the financial year		5,987.2	5,228.6	3,779.3	3,351.3
Additions – operating capex		57.7	56.5	38.2	35.5
Additions – interest capitalised		6.5	-	6.5	7.5
Additions – developments		92.6	19.2	90.8	19.2
Acquisitions		45.6	71.9	-	120.0
Transfer from property, plant and equipment	13 (c)	520.4	156.6	-	30.2
Lease Incentives		12.2	16.0	5.9	11.0
Amortisation of lease incentives		(17.2)	(21.7)	(7.5)	(8.6)
Disposals		(77.7)	-	(56.4)	-
Net (losses)/gains from fair value adjustments		(79.8)	458.5	55.1	212.3
Leasing costs		0.9	1.6	0.7	0.9
Carrying amount at end of the financial year		6,548.4	5,987.2	3,912.6	3,779.3

NOTES TO THE FINANCIAL STATEMENTS

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THE GPT GROUP

10.

Investment properties (continued)

Details of GPT's Investment Properties

(b) Retail

	Ownership Interest ⁽¹⁾ %	Acquisition Date	Fair Value		Latest Independent Valuation Date	Valuer
			31 Dec 08 \$M	31 Dec 07 \$M		
Casuarina Square, NT	100.0	Oct 1973	431.6	415.0	Aug 2008	Knight Frank Valuations
Charlestown Square, NSW	100.0	Dec 1977	531.8	444.5	Mar 2006	Knight Frank Valuations
Pacific Highway, Charlestown, NSW	100.0	Oct 2002 / Jul 2003	15.2	15.2	Mar 2006	Knight Frank Valuations
Dandenong Plaza, VIC	100.0	Dec 1993 / Dec 1999	236.2	225.0	Apr 2008	Colliers Pty Limited
Erina Fair, NSW ⁽⁴⁾	33.3	Jun 1992	281.8	273.2	Sep 2008	Knight Frank Valuations
Floreat Forum, WA	100.0	Jul 1996	112.0	135.0	Dec 2008	CB Richard Ellis Pty Limited
Westfield Penrith, NSW	50.0	Jun 1971	513.7	512.2	Mar 2007	Knight Frank Valuations
Sunshine Plaza, QLD	50.0	Dec 1992 / Sep 2004	335.9	332.6	Mar 2007	Knight Frank Valuations
Plaza Parade, QLD	50.0	Jun 1999	13.6	13.6	Mar 2007	Knight Frank Valuations
Westfield Woden, ACT	* 50.0	Feb 1986	300.0	271.1	Mar 2006	CB Richard Ellis Pty Limited
Total Parent Entity			2,771.9	2,637.4		
Homemaker City, Aspley, QLD	100.0	Nov 2001	56.0	70.0	Dec 2008	CB Richard Ellis Pty Limited
Homemaker City, Bankstown, NSW	100.0	Nov 2001	30.7	50.0	Dec 2008	CB Richard Ellis Pty Limited
Homemaker City, Cannon Hill, QLD	100.0	Nov 2001	17.5	22.0	Mar 2008	CB Richard Ellis Pty Limited
Homemaker City, Fortitude Valley, QLD	100.0	Dec 2001	110.5	140.0	Dec 2008	Knight Frank Valuations
Homemaker City, Jindalee, QLD	100.0	Nov 2001	54.0	69.1	Dec 2008	CB Richard Ellis Pty Limited
Homemaker City, Mt Gravatt, QLD	100.0	Nov 2001	22.6	25.3	Mar 2008	Knight Frank Valuations
Homemaker City, Windsor, QLD	100.0	Nov 2001	21.0	22.7	Mar 2008	CB Richard Ellis Pty Limited
Rouse Hill Town Centre	100.0	Dec 2005	519.8	-	-	-
Newcastle CBD, NSW	100.0	Jun 2007	66.5	71.9	Dec 2008	Knight Frank Valuations
Melbourne Central, VIC - retail portion ⁽²⁾	100.0	May 1999 / May 2001	726.1	720.2	Sep 2007	CB Richard Ellis Pty Limited
Total Consolidated Entity			4,396.6	3,828.6		

(c) Office

Australia Square, Sydney, NSW	50.0	Sep 1981	290.1	300.0	Mar 2008	Colliers Pty Limited
MLC Centre, Sydney, NSW	50.0	Apr 1987	410.1	397.5	Mar 2008	Knight Frank Valuations
One One One Eagle Street, Brisbane, QLD ^{(5) (6)}	33.3	Apr 1984	48.5	36.4	Feb 2008	Knight Frank Valuations
Total Parent Entity			748.7	733.9		
Melbourne Central, VIC - office portion ⁽²⁾	100.0	May 1999 / May 2001	380.0	394.4	Sep 2007	CB Richard Ellis Pty Limited
818 Bourke St, Victoria Harbour, VIC	100.0	Jun 2006	127.5	106.8	Mar 2008	CB Richard Ellis Pty Limited
Total Consolidated Entity			1,256.2	1,235.1		

10.

Investment properties (continued)

Details of GPT's Investment Properties (continued)

(d) Industrial

	Ownership Interest ⁽¹⁾ %	Acquisition Date	Fair Value		Latest Valuer Independent Valuation Date	
			31 Dec 08 \$M	31 Dec 07 \$M		
2-4 Harvey Road, Kings Park, NSW	100.0	May 1999	46.0	47.0	Jun 2008	Colliers Pty Limited
Citi-West Industrial Estate, Altona North, VIC	100.0	Aug 1994	68.9	76.3	Mar 2006	Savills (VIC) Pty Limited
Quad 1, Sydney Olympic Park, NSW	* 100.0	Jun 2001	20.5	19.3	Jun 2007	CB Richard Ellis Pty Limited
Quad 2, Sydney Olympic Park, NSW	* 100.0	Dec 2001	21.7	21.7	Jun 2007	CB Richard Ellis Pty Limited
Quad 3, Sydney Olympic Park, NSW	* 100.0	Mar 2003	21.9	22.7	Sep 2008	Colliers Pty Limited
Quad 4, Sydney Olympic Park, NSW	* 100.0	June 2004	32.7	34.1	Sep 2008	Colliers Pty Limited
8 Herb Elliott, Sydney Olympic Park, NSW	* 100.0	Aug 2004	8.6	9.0	Jun 2007	CB Richard Ellis Pty Limited
5 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2005	19.2	20.4	Jun 2008	Colliers Pty Limited
7 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2004	10.5	10.8	Jun 2007	CB Richard Ellis Pty Limited
7 Parkview Drive, Sydney Olympic Park, NSW	* 100.0	May 2002	20.5	19.1	Jun 2007	CB Richard Ellis Pty Limited
Rosehill Business Park, Camellia, NSW	100.0	May 1998	71.4	73.0	Sep 2006	CB Richard Ellis Pty Limited
15 Berry Street, Granville, NSW	100.0	Nov 2000	14.0	14.6	Sep 2006	CB Richard Ellis Pty Limited
19 Berry Street, Granville, NSW	100.0	Dec 2000	26.6	26.7	Sep 2006	CB Richard Ellis Pty Limited
973 Fairfield Road, Yeerongpilly, QLD	100.0	Dec 2005	9.5	13.3	Dec 2008	Jones Lang LaSalle
Total Parent Entity			392.0	408.0		
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	141.4	144.7	Oct 2008	Jones Lang LaSalle
134-140 Fairbairn Road, Sunshine West, VIC	100.0	Mar 2006	13.6	14.0	Dec 2008	Jones Lang LaSalle
116 Holt Street, Pinkenba, QLD	100.0	Mar 2006	15.2	15.0	Dec 2008	Jones Lang LaSalle
Block 1 & 4 Section 15, Sandford St, Mitchell, ACT ⁽⁷⁾	100.0	Mar 2006	-	9.9	-	-
31 Vision Drive, Burwood East, VIC ⁽⁷⁾	100.0	Mar 2006	-	10.5	-	-
4 Holker Street, Silverwater, NSW	100.0	Mar 2006	32.6	34.3	Dec 2008	Jones Lang LaSalle
120 Miller Road, Villawood, NSW	100.0	Apr 2006	17.7	20.0	Dec 2008	Jones Lang LaSalle
372-374 Victoria Street, Wetherill Park, NSW	100.0	Jul 2006	21.5	22.1	-	-
18 - 24 Abbott Road, Seven Hills, NSW	100.0	Oct 2006	13.5	15.5	Dec 2008	Jones Lang LaSalle
Lots 42 & 44 Ocean Steamers Drive, Port Adelaide, SA	50.0	Jul 2006	7.9	8.2	-	-
407 Pembroke Rd, Minto NSW	50.0	Oct 2008	15.8	-	-	-
Total Consolidated Entity			671.2	702.2		

NOTES TO THE FINANCIAL STATEMENTS

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THE GPT GROUP

10.

Investment properties (continued)

Details of GPT's Investment Properties (continued)

(e) Hotel & Tourism

	Ownership Interest ⁽¹⁾ %	Acquisition Date	Fair Value		Latest Valuer Independent Valuation Date	
			31 Dec 08 \$M	31 Dec 07 \$M		
Four Points by Sheraton Hotel, Sydney, NSW ⁽³⁾	* 100.0	May 2000	232.8	228.3	Mar 2008	CB Richard Ellis Pty Limited
Less: Security deposit held by GPT			(8.4)	(7.0)		
Total Consolidated Entity			224.4	221.3		

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

(2) Melbourne Central: 65.6% Retail and 34.4% Office (December 2007: 64.6% Retail and 35.4% Office).

(3) Security deposit held by GPT.

(4) 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 11(a)(i)).

(5) Currently under going redevelopment.

(6) GPT retains a 33.3% interest in One One One Eagle Street at 31 December 2008 and the 66.7% interest has been sold to existing capital partners on 21 October 2008.

(7) Sandford Street, Mitchell and 31 Vision Drive, Burwood East have been sold on 22 December 2008 for a consideration of \$10.75 million and \$10.5 million respectively.

Investment properties held in equity accounted investments are set out in note 11.

Properties under development are classified as property, plant and equipment – refer note 13.

Hotel investments which are owned and operated by GPT are classified as property, plant and equipment – refer note 13.

The fair value of investment properties is supported by independent external valuations and detailed internal valuations. Certain key assumptions in the internal valuations are supported by external opinions as at 31 December 2008, however there has been little transactional activity to corroborate these values. The ongoing uncertainty in global credit and equity markets may negatively impact asset values in the future, however, these financial statements set out the financial position as at the reporting date. The emergence of new transactional evidence may impact the fair values in the future.

(f) 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		Parent entity	
	31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
Due within one year	529.8	450.4	256.1	233.3
Due between one and five years	1,240.0	1,207.3	630.3	595.9
Due after five years	639.4	658.6	275.4	253.8
	2,409.2	2,316.3	1,161.8	1,083.0

11.

Equity accounted investments

	Note	Consolidated entity		Parent entity	
		31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
Investments in joint ventures	(a)(i)	994.9	1,554.0	877.1	951.8
Investments in associates	(a)(ii)	1,768.0	1,965.5	1,688.1	1,651.5
Total equity accounted investments		2,762.9	3,519.5	2,565.2	2,603.3

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

Name	Principal Activity	Ownership Interest		Consolidated entity		Parent entity	
		2008 %	2007 %	31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
(i) Joint Ventures							
Entities incorporated in Australia							
1 Farrer Place Trust ⁽¹⁾	Investment property	50.00	50.00	339.7	371.1	340.7	371.1
2 Park Street Trust ⁽¹⁾	Investment property	50.00	50.00	372.6	421.4	372.6	421.4
DPT Operator Pty Limited ⁽¹⁾	Managing property	50.00	50.00	0.1	0.8	-	-
Erina Property Trust ⁽¹⁾	Investment property	50.00	50.00	140.5	136.6	141.0	136.6
Horton Trust ⁽¹⁾	Investment property	50.00	50.00	22.8	22.7	22.8	22.7
BGA Real Estate Finance Trust ⁽³⁾	Mezzanine loan	50.00	50.00	-	12.1	-	-
Lend Lease GPT (Rouse Hill) Pty Limited ^{(1) (5)}	Property development	50.00	-	10.3	-	-	-
Entities incorporated in the United States							
Babcock & Brown GPT REIT Inc ⁽³⁾	Property investment	50.00	50.00	-	36.8	-	-
B&B GPT Alliance 1 LLC ⁽³⁾	Property investment	50.00	50.00	-	-	-	-
B&B GPT Alliance 2 LLC ⁽³⁾	Mezzanine loan	50.00	50.00	-	7.2	-	-
Benchmark GPT LLC ⁽²⁾	Property investment	95.00	95.00	96.3	215.3	-	-
B-VII Operations Holding Co LLC ⁽²⁾	Property investment	95.00	95.00	12.6	12.5	-	-
B&B GPT Holdings (No. 1) LLC ⁽³⁾	Mezzanine loan	50.00	50.00	-	-	-	-
Entities incorporated in Luxembourg							
BGP Investment SARL ⁽³⁾	Property investment	50.00	50.00	-	317.5	-	-
Total investment in joint ventures				994.9	1,554.0	877.1	951.8
(ii) Associates							
Entities incorporated in Australia							
161 Sussex St Pty Limited	Property investment	40.00	40.00	4.3	4.1	-	-
GPT Wholesale Office Fund ⁽¹⁾	Property investment	38.01	39.35	953.0	1,060.5	953.0	855.2
GPT Wholesale Shopping Centre Fund ⁽¹⁾	Property investment	39.70	39.92	735.1	817.4	735.1	796.3
Kings Canyon (Watarrka) Resort Trust ⁽¹⁾	Investment property	46.00	46.00	4.9	6.5	-	-
Lend Lease GPT (Rouse Hill) Pty Limited ^{(1) (5)}	Property development	-	49.00	-	11.9	-	-
Lend Lease GPT (Twin Waters) Pty Limited ⁽¹⁾	Property development	49.00	49.00	11.4	11.7	-	-
Entities incorporated in the United States							
Benchmark Assisted Living LLC ⁽²⁾	Property management	20.00	20.00	0.4	4.4	-	-
Entities incorporated in The Netherlands							
Dutch Active Fund Propco BV ⁽⁴⁾	Investment property	38.04	38.04	58.9	49.0	-	-
Total investments in associates				1,768.0	1,965.5	1,688.1	1,651.5

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11.

Equity accounted investments (continued)

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

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 both own 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(b)).
3. The entities are within the joint venture arrangement with Babcock & Brown Limited. Funding of the joint venture is by way of both ordinary equity and preferred loans (refer to note 7(b)) to each of the joint venture entities within the joint venture arrangement.
4. The Dutch Active Fund Propco BV (DAF) is a closed end unlisted fund with an expected life of seven years. GPT has a residual interest of 38% in DAF after its first equity raising closed.
5. GPT acquired an additional 1% interest in this entity and accordingly reclassified the equity accounted investment from an investment in an associate to an investment in a joint venture.

(b) Share of joint ventures and associates' net profits – consolidated entity

GPT's share of net profits after income tax from its equity accounted investments is set out below by the geographic segment they operate in:

	Australia		Europe		United States		Total	
	31 Dec 08 \$M	31 Dec 07 \$M						
Revenue and other income	147.7	525.0	218.9	244.8	230.7	190.3	597.3	960.1
Expenses	302.0	84.3	815.8	224.5	572.0	176.4	1,689.8	485.2
Profit / (loss) before income tax expense	(154.3)	440.7	(596.9)	20.3	(341.3)	13.9	(1,092.5)	474.9
Income tax expense / (credit)	0.3	-	(4.1)	6.2	-	-	(3.8)	6.2
	(154.6)	440.7	(592.8)	14.1	(341.3)	13.9	(1,088.7)	468.7
Negative net assets not recognised*	10.8	-	286.4	-	123.1	-	420.3	-
Share of net profits / (losses) of joint ventures and associate interests	(143.8)	440.7	(306.4)	14.1	(218.2)	13.9	(668.4)	468.7

Refer to note 2(c) for an analysis of GPT's share of net profits from joint ventures and associates by business segment.

* GPT has not reduced its equity interest below zero as there is no recourse back to GPT from its equity interest in these entities. GPT has however exposure to the negative assets through its preferred capital in these entities as disclosed in note 7. GPT's preference equity has been impaired by USD \$172.9 million, Euro €288.0 million, NZ \$20.2 million and AUD \$5.3 million equivalent of AUD \$840.7 million (Dec 2007: Nil).

11.

Equity accounted investments (continued)

(c) Share of joint ventures and associates' assets and liabilities – consolidated entity

GPT's share of its equity accounted investments balance sheet by the geographic location they operate in are set out below.

Key asset and liability categories have been individually presented for further detail.

	Australia		Europe		United States		Total	
	31 Dec 08 \$M	31 Dec 07 \$M						
Cash and cash equivalents	31.4	20.2	74.6	93.5	40.4	34.2	146.4	147.9
Other assets	42.3	100.7	179.5	237.9	23.7	34.2	245.5	372.8
Property investments and loans	2,998.5	3,136.0	2,642.5	2,813.2	1,203.3	1,340.6	6,844.3	7,289.8
Total assets	3,072.2	3,256.9	2,896.6	3,144.6	1,267.4	1,409.0	7,236.2	7,810.5
Other liabilities	130.4	108.1	271.6	176.0	74.2	62.9	476.2	347.0
Borrowings								
– The GPT Group	51.7	54.8	742.6	667.3	310.5	185.1	1,104.8	907.2
– External – current	–	–	697.6	62.4	38.3	74.5	735.9	136.9
– External – non-current	306.2	217.0	1,412.3	1,873.7	858.2	810.1	2,576.7	2,900.8
Total liabilities	488.3	379.9	3,124.1	2,779.4	1,281.2	1,132.6	4,893.6	4,291.9
Net assets	2,583.9	2,877.0	(227.5)	365.2	(13.8)	276.4	2,342.6	3,518.6
Negative net assets not recognised*	10.8	–	286.4	–	123.1	–	420.3	–
Net assets recognised	2,594.7	2,877.0	58.9	365.2	109.3	276.4	2,762.9	3,518.6

Refer to note 2(d) for an analysis of GPT's share of the joint ventures and associates' balance sheets by business segment.

* GPT has not reduced its equity interest below zero as there is no recourse back to GPT from its equity interest in these entities. GPT has however exposure to the negative assets through its preferred capital in these entities as disclosed in note 7. GPT's preference equity has been impaired by USD \$172.9 million, Euro €288.0 million, NZ \$20.2 million and AUD \$5.3 million equivalent of AUD \$840.7 million (Dec 2007: Nil).

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11.

Equity accounted investments (continued)

(d) Share of joint ventures and associates' property investments and loans – consolidated entity

Further details of the property investments, investment property and mezzanine loans listed as the principal activity of equity accounted investments in note 11(a) are set out below.

Equity accounted investment	Investment property/portfolio, loans and other assets	31 Dec 08 \$M	31 Dec 07 \$M
Australia			
Erina Property Trust	Erina Fair, NSW	140.8	136.8
Horton Trust	Horton Parade and Maroochydore Superstore Plaza, QLD	22.8	22.7
DPT Operator Pty Limited	Property Management	–	–
GPT Wholesale Shopping Centre Fund	Various retail assets (9)	820.6	885.8
Total Retail		984.2	1,045.3
2 Park Street Trust	Citigroup Centre, NSW	377.5	425.0
1 Farrer Place Trust	1 Farrer Place, NSW	340.7	371.6
GPT Wholesale Office Fund	Various office buildings (14)	1,204.0	1,180.4
Total Office		1,922.2	1,977.0
Kings Canyon (Watarrka) Resort Trust	Kings Canyon (Watarrka) Resort, NT	5.8	7.3
161 Sussex Street Pty Limited	Four Points by Sheraton Hotel	4.1	3.6
Total Hotel & Tourism		9.9	10.9
Lend Lease GPT (Rouse Hill) Pty Ltd	Residential land - Rouse Hill, NSW	41.4	42.5
Lend Lease GPT (Twin Waters) Pty Ltd	Land - Twin Waters, QLD	12.3	13.2
BGA Real Estate Finance Trust	Mezzanine loan (international)*	28.5	47.1
Total Corporate & Joint Venture		82.2	102.8
Total Australia		2,998.5	3,136.0
Europe			
BGP Investment SARL	German Residential	1,086.6	1,122.3
	European Office	28.5	114.6
	European Light Industrial	791.2	755.4
	European Retail	550.7	608.7
	UK Mezzanine Loan*	–	25.4
Dutch Active Fund Propco BV	Dutch office, light industrial & logistics buildings (40)	185.6	186.9
Total Europe		2,642.6	2,813.3
United States			
Babcock & Brown GPT REIT Inc	Shopping Centre	361.6	343.6
B&B GPT Alliance I LLC	Multifamily	–	9.3
B&B GPT Alliance II LLC	Multifamily mezzanine loan*	–	36.5
B&B GPT Holdings (No. 1) LLC	Commercial real estate loan portfolio*	16.3	155.4
Benchmark GPT LLC and B-VII Operations Holding Co LLC	Seniors Housing	825.3	795.7
Total United States		1,203.2	1,340.5
Total property investments, investment properties and mezzanine loans		6,844.3	7,289.8

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

11.

Equity accounted investments (continued)

(d) Share of joint ventures and associates' property investments and loans – consolidated entity (continued)

The fair value of these assets is supported by independent external valuations and detailed internal valuations. Certain key assumptions in the internal valuations are supported by external opinions as at 31 December 2008, however there has been little transactional activity to corroborate these values. The ongoing uncertainty in global credit and equity markets may negatively impact asset values in the future, however, these financial statements set out the financial position as at the reporting date. The emergence of new transactional evidence may impact the fair values in the future.

(e) Share of joint ventures and associates' commitments

GPT's share of its equity accounted investments' capital expenditure commitments for the purchase of property, plant and equipment which have been approved but not provided for at 31 December 2008 and operating lease commitments are set out below:

	Australia		Europe		United States		Total	
	31 Dec 08 \$M	31 Dec 07 \$M						
Capital expenditure commitments	92.2	106.8	1.2	72.3	90.4	4.4	183.8	183.5
Operating lease commitments	-	-	96.6	79.8	0.3	114.5	96.9	194.3
Other commitments	-	-	0.2	-	-	-	0.2	-
Total joint venture and associates' commitments	92.2	106.8	98.0	152.1	90.7	118.9	280.9	377.8

(f) Reconciliation of the carrying amount of equity accounted investments – consolidated entity

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:

(i) Joint ventures	Australia	Europe	United States	Total				
Carrying amount at beginning of the financial year	964.7	830.8	317.5	268.7	271.8	166.5	1,554.0	1,266.0
Additions	10.7	18.4	-	-	26.6	-	37.3	18.4
Transfers in from investments in associates	11.9	-	-	-	-	-	11.9	-
Acquisitions	-	-	-	57.4	-	116.1	-	173.5
Transfer out to controlled entities	-	-	-	(1.5)	-	-	-	(1.5)
Disposals	-	(2.3)	-	(10.1)	-	-	-	(12.4)
Share of joint ventures' net operating profit	(48.4)	168.9	(279.1)	16.1	(218.0)	11.5	(545.5)	196.5
Share of increment in joint ventures' reserves	-	-	(11.5)	11.5	-	-	(11.5)	11.5
Distributions received/receivable from joint ventures	(52.8)	(51.1)	-	(24.7)	(8.6)	(9.9)	(61.4)	(85.7)
Repayment of capital	-	-	(43.5)	-	-	-	(43.5)	-
Foreign exchange rate differences on translation	(0.1)	-	16.6	0.1	37.1	(12.4)	53.6	(12.3)
Carrying amount at end of the financial year	886.0	964.7	-	317.5	108.9	271.8	994.9	1,554.0

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11.

Equity accounted investments (continued)

(f) Reconciliation of the carrying amount of equity accounted investments – consolidated entity (continued)

	Australia		Europe		United States		Total	
	31 Dec 08 \$M	31 Dec 07 \$M						
(ii) Associates								
Carrying amount at beginning of the financial year	1,912.1	928.7	49.0	-	4.4	4.5	1,965.5	933.2
Additions	0.1	8.3	33.2	-	-	-	33.3	8.3
Acquisitions	-	-	-	-	-	-	-	-
Transfers in from investment properties	-	795.5	-	-	-	-	-	795.5
Transfers in from controlled entities	-	-	-	49.0	-	-	-	49.0
Transfers out to investments in joint ventures	(11.9)	-	-	-	-	-	(11.9)	-
Disposals	-	-	-	-	-	-	-	-
Share of associates' net operating profit	(95.4)	271.8	(27.3)	-	(0.2)	0.4	(122.9)	272.2
Share of increment in associates' reserves	-	-	-	-	-	-	-	-
Impairment expenses	-	-	-	-	(3.7)	-	(3.7)	-
Distributions received/receivable from associates	(96.2)	(92.2)	(7.9)	-	(0.3)	(0.4)	(104.4)	(92.6)
Foreign exchange rate differences on translation	-	-	11.9	-	0.2	(0.1)	12.1	(0.1)
Carrying amount at end of the financial year	1,708.7	1,912.1	58.9	49.0	0.4	4.4	1,768.0	1,965.5

12.

Other assets

	Note	Consolidated entity		Parent entity	
		31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
Available for sale investments					
Investments in unlisted entities – at cost*		2.7	3.6	-	0.1
Total available for sale financial assets		2.7	3.6	-	0.1
Other assets					
Investments in controlled entities – at cost	21	-	-	3,721.5	4,248.6
Total non-current other assets		2.7	3.6	3,721.5	4,248.7

* Available for sale investments comprise investments in ordinary shares in companies and units in trusts and have no fixed maturity date.

13.

Property, Plant and Equipment

	Note	Consolidated entity		Parent entity	
		31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
Property under development					
At cost / net realisable value		147.7	512.9	116.1	-
less: accumulated depreciation and impairment		-	-	-	-
Total property under development	(a)	147.7	512.9	116.1	-
Hotel properties					
At fair value	(b)	432.2	629.6	-	-
Total hotel properties		432.2	629.6	-	-
Office fixtures, fittings & operating equipment					
At cost		31.3	25.7	-	-
less: accumulated depreciation and impairment		(11.5)	(5.1)	-	-
Total office fixtures, fittings & operating equipment		19.8	20.6	-	-
Total property, plant and equipment		599.7	1,163.1	116.1	-

(a) Details of property under development – at cost / net realisable value

	Ownership Interest ⁽¹⁾ %	Acquisition Date	Cost	
			31 Dec 08 \$M	31 Dec 07 \$M
21 Talavera Rd, Macquarie Park, NSW	100.0	Jun 2006	16.0	19.2
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	15.6	16.4
Rouse Hill Town Centre, NSW ⁽¹⁾	100.0	Dec 2005	-	477.3
connect@erskinpark, Erskine Park, NSW	100.0	Jun 2006	116.1	-
Total Consolidated Entity			147.7	512.9

(1) Practical completion on the Rouse Hill Town Centre was achieved in March 2008 and the property was reclassified to investment property (refer note 10(a)).

(b) Details of hotel properties – at fair value

The fair value of the hotel properties is supported by internal valuations at 31 December 2008. The hotel properties were last external valued at 30 June 2008. Certain key assumptions in the internal valuations are supported by external opinions as at 31 December 2008, however there has been little transactional activity to corroborate these values. The ongoing uncertainty in global credit and equity markets may negatively impact asset values in the future, however, these financial statements set out the financial position as at the reporting date. The emergence of new transactional evidence may impact the fair values in the future.

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13.

Property, Plant and Equipment (continued)

(c) Reconciliation

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	Property under Development \$M	Hotel Properties \$M	Office fixtures, fittings and operating equipment \$M	Total \$M
Consolidated entity					
Year ended 31 December 2007					
Carrying amount at beginning of the financial year		271.8	607.1	13.0	891.9
Additions (including capitalisations)		397.7	14.8	19.2	431.7
Disposals		-	-	(10.8)	(10.8)
Acquisition of controlled entities		-	-	2.1	2.1
Depreciation charge	5(b)	-	(11.2)	(2.9)	(14.1)
Transfer to investment properties	10(a)	(156.6)	-	-	(156.6)
Revaluations/(devaluations)		-	18.9	-	18.9
Carrying amount at end of the financial year		512.9	629.6	20.6	1,163.1
Year ended 31 December 2008					
Carrying amount at beginning of the financial year		512.9	629.6	20.6	1,163.1
Additions (including capitalisations)		159.0	20.5	14.8	194.3
Disposals		-	-	(9.2)	(9.2)
Depreciation charge	5(b)	-	(11.1)	(4.6)	(15.7)
Transfer to investment properties	10(a)	(520.4)	-	-	(520.4)
Transfer to inventories		-	-	-	-
Revaluations/(devaluations)		(3.8)	(206.8)	-	(210.6)
Foreign exchange rate differences on translation		-	-	(1.8)	(1.8)
Carrying amount at end of the financial year		147.7	432.2	19.8	599.7
Parent entity					
Year ended 31 December 2007					
Carrying amount at beginning of the financial year		170.4	-	-	170.4
Additions (including capitalisations)		337.1	-	-	337.1
Transfer to investment properties	10(a)	(30.2)	-	-	(30.2)
Transfer to controlled entity		(477.3)	-	-	(477.3)
Carrying amount at end of the financial year		-	-	-	-
Year ended 31 December 2008					
Carrying amount at beginning of the financial year		-	-	-	-
Additions (including capitalisations)		116.1	-	-	116.1
Carrying amount at end of the financial year		116.1	-	-	116.1

14.

Intangible assets

	Note	Consolidated entity		Parent entity	
		31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
Goodwill	(b)	-	121.8	-	-
Management rights					
At cost		54.2	54.2	-	-
less: accumulated amortisation and impairment		(19.0)	(11.9)	-	-
Total management rights	(c)	35.2	42.3	-	-
Operating lease rights – Lizard Island Resort					
At cost		44.8	43.3	-	-
less: accumulated amortisation and impairment		(31.4)	(16.5)	-	-
Total operating rights	(d)	13.4	26.8	-	-
Total intangible assets		48.6	190.9	-	-

(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:

	Note	Goodwill \$M	Management Rights \$M	Operating Rights \$M	Total \$M
Consolidated entity					
Year ended 31 December 2007					
Carrying amount at beginning of the financial year		-	46.1	28.0	74.1
Additions (including capitalisations)		121.8	3.0	1.2	126.0
Impairment expense		-	-	(1.4)	(1.4)
Amortisation charge	5(b)	-	(6.8)	(1.0)	(7.8)
Carrying amount at end of the financial year		121.8	42.3	26.8	190.9
Year ended 31 December 2008					
Carrying amount at beginning of the financial year		121.8	42.3	26.8	190.9
Additions (including capitalisations)		-	-	1.5	1.5
Impairment expense		(121.8)	-	(13.9)	(135.7)
Amortisation charge	5(b)	-	(7.1)	(1.0)	(8.1)
Carrying amount at end of the financial year		-	35.2	13.4	48.6

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14.

Intangible assets (continued)

(b) Impairment of Goodwill

Goodwill arose on the acquisition of Halverton Real Estate Investment Management Limited ('Halverton') and Hamburg Trust Grundvermogen und Anlage GmbH ('Hamburg Trust') in 2007 and has been allocated to the European Funds Management CGU.

As a result of current market conditions, this CGU has been unable to achieve the growth in funds under management envisaged and has incurred losses since acquisition, accordingly an impairment review has been undertaken.

The recoverable amount of the goodwill has been determined based on value in use.

The value in use has been determined using management's forecasts in a 5 year discounted cash flow model. Forecasts were based on projected returns of the business in light of current market conditions. Funds under management has been assumed to grow marginally over the 5 year forecast period reflecting the current challenging market. The performance in year 5 has been used as a terminal value. The cash flows have been discounted at 15% which is the cost of capital attributable to the European Funds Management CGU.

The result has been an impairment loss of \$121.8 million. This has been recorded in the income statement as "Impairment Expense – Goodwill" and this has been allocated into the Funds Management Europe segment in note 2.

(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) Operating rights

The Lizard Island Resort operating rights were purchased on 30 June 2005 as part of the acquisition of Voyages Hotels & Resorts Pty Limited by GPT. The operating rights, under which GPT operates the Lizard Island Resort, expire on 31 August 2033. The cost of the operating rights less any impairment are amortised over the 28 year life of the lease.

15.

Payables

	Note	Consolidated entity		Parent entity	
		31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
Trade payables and accruals		270.0	321.7	91.1	47.7
Payable to Babcock & Brown Limited		-	25.6	-	-
Deposits	(i)	-	106.5	-	-
Other payables		1.1	7.0	0.7	0.5
Deferred purchase consideration		-	44.8	-	-
Distribution payable		2.4	-	2.4	-
Related party payables		10.5	5.1	223.4	364.4
Total payables		284.0	510.7	317.6	412.6

(i) workplace⁶ was completed and sold to the related party on 12 November 2008.

16.

Borrowings

	Note	Consolidated entity		Parent entity	
		31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
Current – unsecured					
Bank facilities					
– Multi option facility – Australian Dollar	(a)(v)	–	50.0	–	50.0
– Short term bank loan – Australian Dollar	(a)(iv)	–	299.8	–	299.8
– Overdraft facility – Euro	(a)(ii)	–	7.8	–	–
– Bridge facility – US Dollar	(a)(iii)	42.6	102.4	–	–
Short term notes	(b)(i)	–	45.8	–	45.8
Medium term notes	(b)(ii)	173.8	399.9	173.8	399.9
Total current borrowings – unsecured		216.4	905.7	173.8	795.5
Current – secured					
Bank facilities					
Australian Dollar	(a)(vi)(1)	–	16.6	–	–
US Dollar	(a)(vi)(2)	97.4	74.4	–	–
Euro	(a)(vi)(3)	194.0	166.0	–	–
Danish Kroner	(a)(vi)(3)	32.8	27.9	–	–
Swedish Kroner	(a)(vi)(3)	6.4	6.3	–	–
Total current borrowings – secured		330.6	291.2	–	–
Total current borrowings		547.0	1,196.9	173.8	795.5
Non-Current – unsecured					
Bank borrowings					
– Multi option syndicated facility – Euro	(a)(i)	2,340.5	1,891.9	2,340.5	1,891.9
– Multi option syndicated facility – US Dollar	(a)(i)	921.3	588.9	921.3	588.9
– Multi option syndicated facility – Australian Dollar	(a)(i)	555.0	–	555.0	–
– Multi option syndicated facility – New Zealand Dollar	(a)(i)	52.7	–	52.7	–
Medium term notes	(b)(ii)	436.2	1,134.9	436.2	1,134.9
CPI coupon indexed bond	(c)	84.7	124.6	84.7	124.6
Total non-current borrowings – non-secured		4,390.4	3,740.3	4,390.4	3,740.3
Non-Current – secured					
Bank facilities – Australian Dollar	(a)(vi)	75.9	57.8	–	–
Total non-current borrowings – secured		75.9	57.8	–	–
Total non-current borrowings		4,466.3	3,798.1	4,390.4	3,740.3
Total borrowings		5,013.3	4,995.0	4,564.2	4,535.8
The maturity profile of the above current and non-current borrowings is:					
Due within one year*		547.0	1,196.9	173.8	795.5
Due between one and five years		4,381.6	3,462.1	4,305.7	3,404.3
Due after five years		84.7	336.0	84.7	336.0
		5,013.3	4,995.0	4,564.2	4,535.8

* Bank facilities of AUD \$330.6 million (Dec 2007: \$274.6 million) in the consolidated entity have been classified as due within one year, which is consistent with the treatment of the secured assets as current inventory. Actual maturity of these facilities is due after five years. Refer note 16(a)(vi).

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16.

Borrowings (continued)

(a) Bank facilities

Unsecured

(i) Multi option syndicated facility

A EUR €2,010 million (AUD \$3,997.6 million) multi option syndicated facility became available to the Trust on 26 October 2007. At 31 December 2008 the facility is drawn to EUR €1,180 million (AUD \$2,346.9 million), USD \$647.4 million (AUD \$921.3 million), AUD \$555 million and NZD \$64 million (AUD \$52.7 million) (Dec 2007: EUR €1,140 million (AUD \$1,900 million) and USD \$515.4 million (AUD \$588.9 million)). The facility has two maturity tranches as follows:

- 2 years (EUR €1,005 million) maturing October 2010, and;
- 4 years (EUR €1,005 million) maturing October 2012.

At GPT's option, EUR €335 million was extended for two years to October 2010 on 26 October 2008. Accordingly the multi option syndicated facility is classified as non-current borrowings.

(ii) Overdraft facility

A EUR €5.5 million (AUD \$10.9 million) overdraft facility was acquired as part of GPT's acquisition of GPT Halverton. At 30 June 2008 the facility was repaid and the overdraft facility is no longer available (Dec 2007: EUR €4.7 million (AUD \$7.8 million)).

(iii) Bridge facility

A USD \$40.0 million (AUD \$56.9 million) (Dec 2007: USD \$40.0 million, AUD \$ 45.8 million) bridge facility was acquired through the Hamburg Trust acquisition. The facility matured on 30 December 2008 and was replaced by a USD \$30.0 million (AUD \$42.6 million) facility in December 2008. This facility expires 31 December 2009. As at 31 December 2008 the facility is fully drawn. The current intention is to repay the facility following the close or sale of the Hamburg Trust Alliance Fund.

A USD \$52.5 million (AUD \$74.7 million) (Dec 2007: USD \$50.5 million (AUD \$57.6 million)) bridge facility matured and was repaid on 30 December 2008.

Secured

(iv) Bank loan

On 23 June 2008 an AUD \$200 million bank loan replaced the AUD \$300 million short term bank loan which was due to mature on 12 October 2008. \$100 million of this facility was refinanced through a draw down from the Multi option syndicated facility. The remaining \$200 million was fully repaid on 17 November 2008 and at 31 December 2008 remains undrawn. The loan matures in September 2009 and may be extended for an additional 2 years at GPT's option. The current intention is to extend this facility to September 2011. Accordingly this facility has been classified as non-current borrowings. This facility was secured by a mortgage over Australia Square, Quad 3 and Quad 4.

(v) Multi option facility

A multi-option facility of AUD \$350 million, which may be drawn in AUD, EUR, USD or NZD is available to the Trust. At 31 December 2008 the facility is undrawn. The facility has two maturity tranches as follows:

- 1 year (AUD \$175 million) maturing September 2009, and;
- 3 years (AUD \$175 million) maturing August 2011.

This facility was secured on 30 September 2008 by a mortgage over Casuarina Square and 818 Bourke Street.

A multi-option facility of AUD \$200 million is available to the Trust. At 31 December 2008 the facility is undrawn. The facility matures on 1 September 2009. Should the facility be drawn down security will be granted over the MLC Centre.

16.

Borrowings (continued)

(a) Bank facilities (continued)

Secured (continued)

(vi) Bank facilities

(1) A floating rate bill facility originally for AUD \$115 million was established in March 2004 for the GPT/Austrak Joint Venture to fund the capital expenditure requirements of the Austrak Business Park, Somerton, Victoria. In January 2007, the facility was increased by AUD \$40 million to AUD \$155 million (GPT 50% share: AUD \$77.5 million). In July 2008 this facility was re-financed and the limit remained \$155 million. The loan matures on 31 March 2011.

At 31 December 2008, the facility is drawn to AUD \$151.9 million (GPT 50% share: \$75.9 million) (Dec 2007: AUD \$148.7 million (GPT 50% share: \$74.4 million)). The facility is secured by a mortgage over Austrak Business Park, Somerton, Victoria. The interest rate for the facility is the applicable bank bill rate.

(2) A USD \$72.0 million (AUD \$102.5 million) (Dec 2007: USD \$72.0 million, (AUD \$82.2 million)) bank facility acquired through the Hamburg Trust acquisition is secured against assets in the Hamburg Trust Alliance Fund (refer note 8). As at 31 December 2008, the facility was fully drawn (Dec 2007: fully drawn) and matures in July 2017. When the assets are sold, the facility may be transferred to the new equity holders. This facility is classified as current borrowings, which is consistent with the treatment of the secured assets as current inventory.

(3) A EUR €99.3 million (AUD \$197.5 million) (Dec 2007: EUR €295.5 million (AUD \$492.5 million)) and DKK 124.5 million (AUD \$33.3 million) (Dec 2007: DKK 297.6 million (AUD \$66.1 million)) bank facility maturing July 2014 is available to the H2O Fund, a fund which is owned by GPT and managed by GPT Halverton. The funds raised under this facility are secured against assets in the fund.

As at 31 December 2008 the EUR and DKK facilities are fully drawn (Dec 2007: EUR €100.9 million (AUD \$166.0 million) and DKK 124.5 million (AUD \$27.9 million)). When the assets are sold, the facility may be transferred to the new equity holders. This facility is classified as current borrowings, which is consistent with the treatment of the secured assets as current inventory.

A SEK 35.0 million (AUD \$6.4 million) (Dec 2007: SEK 244.0 million (AUD \$43.2 million)) bank facility is available to the Scandinavian Active Fund, a fund owned by GPT and managed by GPT Halverton. The funds raised under this facility are secured against assets in the fund. As at 31 December 2008 this facility is fully drawn (Dec 2007: SEK 35.7 million (AUD \$6.3 million)) and matures in February 2015. When the assets are sold, the facility may be transferred to the new equity holders. This facility is classified as current borrowings, which is consistent with the treatment of the secured assets as current inventory.

(4) A EUR €16.6 million (AUD \$33.0 million) bank facility is available to Hamburg Trust. This facility can not be drawn until pre determined project related conditions are met. These conditions are expected to have been met in April 2010. This facility is secured by a mortgage against assets in HTBO Bergedorf Objekt KG Fund and expires in September 2020.

(vii) One One One Eagle Street

An AUD \$150.5 million bank facility was established in May 2008. This facility is for the purpose of funding GPT's one third share of the construction of One One One Eagle Street, Brisbane, QLD and is secured by a mortgage over the One One One Eagle Street Property (among other security granted by other co-owners). The facility is unutilised at 31 December 2008 and matures on 30 November 2011.

(viii) Underwriting facilities

GPT has the benefit of a committed bank offer to underwrite Commercial Paper or Medium Term Notes under the terms of the Euro Medium Term Note Programme or on any other terms the Underwriter and GPT may agree, up to a limit of AUD \$300 million (Dec 2007: AUD \$500 million). This facility has a maximum term of 3 years from the relevant issue or drawdown date. As at 31 December 2008 there were no issues under this facility.

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THE GPT GROUP

16.

Borrowings (continued)

(b) Short Term Notes (STNs)/Medium Term Notes (MTNs) program

The Short Term and Medium Term Note Programme is a revolving, non-underwritten debt programme which was established in 1999 to provide flexible funding to enable GPT to fund short term and medium term commitments and act promptly on investment opportunities. The value of the Notes issued under the Programme is limited by the Trust Constitution.

(i) Short Term Notes (STNs)

At 31 December 2008, there were no short term notes on issue.

(ii) Medium Term Notes (MTNs)

At 31 December 2008, fixed rate MTNs have a principal value of AUD \$374.7 million (Dec 2007: AUD \$785 million) and floating rate MTNs have a principal value of AUD \$236.1 million (Dec 2007: \$752 million) with maturities ranging from March 2009 to August 2013. On 8 December 2008 AUD \$250.3 million fixed rate and AUD \$275.9 million floating rate MTNs maturing 30 March 2009 were repaid early.

(c) CPI coupon indexed bonds

The Trust issued a CPI coupon indexed bond in December 1999 with a principal value of AUD \$125 million and a current coupon of 8.07% per annum (Dec 2007: 7.66%) payable quarterly in arrears and index by the maximum CPI since September 1999. On 23 December 2008 \$40 million of CPI bonds were repaid early leaving a principal value of AUD \$85 million (Dec 2007: \$125 million). The CPI coupon indexed bonds mature on 10 December 2029.

(d) Financing Facilities

A summary of GPT's finance facilities is below:

	Note	31 December 2008		
		Total facility \$M	Used facility* \$M	Unused facility \$M
Multi option syndicated facility – multi currency Bank borrowings	(a)(i)	3,997.6	3,875.9	121.7
– Multi option facilities	(a)(v)	550.0	–	550.0
– Bank loan	(a)(iv)	200.0	–	200.0
– Bridge facilities	(a)(iii)	42.7	42.7	–
– Bank facilities	(a)(vi)	450.2	415.6	34.6
– Bank borrowings – One One One Eagle Street	(a)(vii)	150.5	–	150.5
Underwriting facilities	(a)(viii)	300.0	–	300.0
Medium Term Notes	(b)(ii)	610.8	610.8	–
CPI coupon indexed bond	(c)	85.0	85.0	–
Total financing facilities		6,386.8	5,030.0	1,356.8
Cash and cash equivalents				961.9
Total financing resources available at end of financial year				2,318.7

* The above facilities are stated at the face value of the facility and differ from the total borrowings presented in the balance sheet at 31 December 2008 by \$16.7 million (Dec 2007: \$20.0 million), which represents amortisation of borrowing costs (refer to note 1(j) and note 1(aa)).

(e) Maturity Profile of Financing Facilities

	Consolidated entity	
	31 Dec 08 \$M	31 Dec 07 \$M
Due within one year **	556.2	3,166.4
Due between one and five years	5,712.6	4,335.0
Due after five years	118.0	337.0
Total financing facilities	6,386.8	7,838.4

** Bank facilities of AUD \$339.6 million (Dec 2007: \$684.0 million) in the consolidated entity have been classified as due within one year, which is consistent with the treatment of the secured assets as current inventory. Actual maturity of these facilities is due after five years. Refer note 16(a)(vi)

16.

Borrowings (continued)

(f) Gearing Ratios

At 31 December 2008, the percentage of debt to total tangible assets is 38.6% (Dec 2007: 36.3%) and the percentage on net debt basis is 33.7% (Dec 2007: 34.6%).

GPT is committed to a maximum of 55% debt to total assets on a 'look through basis' (Dec 2007: 50%). In calculating the 'look through' gearing, GPT's interest in the joint ventures and associates are proportionately consolidated based on GPT's ownership interest. At 31 December 2008, the percentage of 'look through' debt to total assets is 49.7% (Dec 2007: 46.8%) and the percentage on net debt basis is 46.6% (Dec 2007: 45.7%).

(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 threshold limit on the percentage of GPT debt to total tangible assets. Under GPT's facilities the maximum debt to total tangible assets ratio limit is 40%
- A threshold limit on the percentage of GPT debt to total assets on a "look through" basis. Under GPT's facilities the maximum "look through" debt to total assets ratio limit is 55%; and
- An interest cover floor. Under GPT's facilities the minimum interest cover ratio is 2 times.

A breach of these covenants for individual facilities may trigger consequences ranging from repricing to repayment of outstanding amounts.

17.

Provisions

	Consolidated entity		Parent entity	
	31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
Current Provisions				
Employee benefits	7.8	6.6	-	-
Other	4.6	2.5	-	-
Total Current Provisions	12.4	9.1	-	-
Non Current Provisions				
Employee benefits	5.2	4.6	-	-
Total Non Current Provisions	5.2	4.6	-	-

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18.

Contributed Equity

	Note	GPT Stapled Securities Number	GPT \$M	Other entities stapled to GPT \$M	External minority interest \$M	Total \$M
Ordinary stapled securities						
1 Jan 2007		2,041,530,506	4,391.5	307.0	–	4,698.5
25 May 2007		12,105,370	56.0	2.4	–	58.4
21 Sep 2007		13,169,408	56.2	2.2	–	58.4
23 Nov 2007		10,589,549	46.8	1.9	–	48.7
23 Nov 2007		22,219,109	98.1	4.0	–	102.1
31 Dec 2007		2,099,613,942	4,648.6	317.5	–	4,966.1
1 Jan 2008		2,099,613,942	4,648.6	317.5	–	4,966.1
28 Mar 2008	(a)(i)	9,059,869	27.3	0.7	–	27.9
28 Mar 2008	(a)(ii)	40,613,601	122.4	2.9	–	125.3
27 May 2008	(a)(i)	13,353,787	40.5	1.0	–	41.5
27 May 2008	(a)(ii)	36,492,741	110.6	2.6	–	113.3
26 Sep 2008	(a)(i)	18,599,258	32.5	–	–	32.5
11 Nov 2008	(b)(i)	1,697,973,421	1,018.8	–	–	1,018.8
28 Nov 2008	(b)(i)	551,657,181	331.0	–	–	331.0
			(46.7)	–	–	(46.7)
		4,467,363,800	6,285.0	324.7	–	6,609.7
Exchangeable securities						
1 Jan 2008		–	–	–	–	–
27 Nov 2008	(b)(ii)	2,500	250.0	–	–	250.0
			(9.4)	–	–	(9.4)
		2,500	240.6	–	–	240.6
Total Contributed Equity			6,525.6	324.7	–	6,850.3

Terms and conditions of contributed equity

(a) Ordinary stapled securities

Each stapled security comprises one unit in the Trust and one share in the Company. They cannot be traded or dealt with separately. Stapled securities entitle the securityholder to receive distributions/dividends as declared and, in the event of winding up GPT, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on securities held. Stapled securities entitle their holder to one vote, either in person, or by proxy, at a meeting of GPT.

Refer to note 1(b) for further details on the stapling of GPT securities.

(i) Distribution Reinvestment Plan

GPT introduced a Distribution Reinvestment Plan (DRP) to eligible securityholders in March 2007. During 2008, the DRP was applied to the December 2007, March and June 2008 quarterly distribution. The DRP was suspended for the September 2008 quarter with the announcement of the \$1.6 billion equity raising.

Under the terms of the DRP, eligible securityholders are able to elect to reinvest all or part of their quarterly distribution in additional stapled securities, free of any brokerage or other transaction costs, rather than being paid in cash. Securities are issued and/or transferred at a predetermined price, less any discount that the Directors may elect to apply from time to time. The DRP issue price was based on the arithmetic average of the daily volume weighted average price of GPT Group stapled securities traded on the Australian Securities Exchange for the ten business days preceding the relevant quarterly distribution record date, adjusted to an ex-dividend rate, of up to 1.5% discount rounded to the nearest cent.

18.

Contributed Equity (continued)

(a) Ordinary stapled securities (continued)

(ii) Underwriting the Distribution Reinvestment Plan

GPT also entered into an underwriting agreement on 17 October 2007. Under this agreement GPT has the option to elect before each quarterly distribution payment whether to have that distribution underwritten. The terms of the agreement provide that the underwriter fully underwrites distribution payments in exchange for GPT stapled securities of the securityholders who had not elected to participate in the DRP. The stapled securities are to be issued at the same price as securities issued under the DRP to other GPT securityholders.

At 31 December 2008, 77,106,342 (Dec 2007: 22,219,109) new stapled securities relating to the distribution for the December 2007 and March 2008 quarters were issued under the underwriting agreement. The DRP for the June 2008 quarter was not underwritten.

(b) Equity raising

The continued deterioration of capital markets and the sharp depreciation of Australian dollars have adversely affected GPT's ability to sell assets at acceptable prices, increased the gearing ratios levels significantly and reduced the amount of headroom under debt covenants. On 23 October 2008, GPT announced a major balance sheet recapitalisation through an accelerated non-renounceable entitlement offer and the placement of exchangeable securities to an affiliate of GIC Real Estate Pty Limited ('GIC RE'). These raised total proceeds of \$1.6 billion which have been used to repay debt and will fund GPT's business plan and debt maturities through January 2010. The effect of this was to reduce the 30 June 2008 balance sheet and look-through gearing ratios (net debt basis) to 28.8% and 41.5% respectively. Subsequent fair value revaluations of investment properties and equity accounted investments have raised the percentages to 33.7% and 46.6% respectively on net debt basis.

(i) Entitlement offer

The entitlement offer resulted in the issue of 2,249,630,602 stapled securities at 60 cents each raising \$1,350 million before transaction costs of \$46.7 million were applied.

(ii) Exchangeable Securities

The exchangeable securities were issued to GIC RE. The securities are exchangeable into the staples securities at GIC RE's option subject to obtaining necessary approvals at an initial exchange price of \$0.9628 per stapled security raising \$250 million before transaction costs of \$9.4 million were applied. They offer discretionary distributions of 10% per annum and carry voting rights in GPT.

19.

Reserves

Note	Consolidated entity		Parent entity	
	31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
Asset revaluation reserve (a)	-	15.0	-	-
Foreign currency translation reserve (b)	389.8	(16.3)	-	-
Long term incentive scheme reserve (c)	(4.1)	(5.5)	-	-
Employee incentive scheme reserve (d)	2.3	1.2	-	-
Cash flow hedge reserve (e)	-	11.5	-	-
Total reserves	388.0	5.9	-	-

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19.

Reserves (continued)

Reconciliations

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
(a) Asset revaluation reserve				
Balance at 1 January 2007	-	-	-	-
Revaluations/(devaluations) of assets, net of tax	15.0	-	-	15.0
Balance at 31 December 2007	15.0	-	-	15.0
Balance at 1 January 2008	15.0	-	-	15.0
Revaluations/(devaluations) of assets, net of tax	(15.0)	-	-	(15.0)
Balance at 31 December 2008	-	-	-	-
(b) Foreign currency translation reserve				
Balance at 1 January 2007	24.1	0.7	-	24.8
Net foreign exchange translation adjustments, net of tax	(38.5)	(2.6)	-	(41.1)
Balance at 31 December 2007	(14.4)	(1.9)	-	(16.3)
Balance at 1 January 2008	(14.4)	(1.9)	-	(16.3)
Net foreign exchange translation adjustments, net of tax	421.5	(15.4)	-	406.1
Balance at 31 December 2008	407.1	(17.3)	-	389.8
(c) Treasury stock reserve				
Balance at 1 January 2007	(3.8)	(1.6)	-	(5.4)
On-market purchase of GPT stapled securities	23(i)	(1.5)	-	(1.5)
Sale of GPT stapled securities and loan repayments	23(i)	-	1.4	1.4
Balance at 31 December 2007	(5.3)	(0.2)	-	(5.5)
Balance at 1 January 2008	(5.3)	(0.2)	-	(5.5)
On-market purchase of GPT stapled securities	23(i)	(2.8)	0.2	(2.6)
Sale of GPT stapled securities and loan repayments	23(i)	1.6	-	1.6
Impairment on stapled securities	23(i)	2.4	-	2.4
Balance at 31 December 2008	(4.1)	-	-	(4.1)
(d) Employee incentive scheme reserve				
Balance at 1 January 2007	0.9	-	-	0.9
Employee incentive scheme expense, net of tax	23(i)	0.3	-	0.3
Balance at 31 December 2007	1.2	-	-	1.2
Balance at 1 January 2008	1.2	-	-	1.2
Employee incentive scheme expense, net of tax	23(i)	1.1	-	1.1
Balance at 31 December 2008	2.3	-	-	2.3
(e) Cashflow hedge reserve				
Balance at 1 January 2007	-	-	-	-
Effective portion of changes in fair value of cashflow hedges, net of tax	-	11.5	-	11.5
Balance at 31 December 2007	-	11.5	-	11.5
Balance at 1 January 2008	-	11.5	-	11.5
Ineffective portion of changes in fair value of cashflow hedges, net of tax	-	(11.5)	-	(11.5)
Balance at 31 December 2008	-	-	-	-

19.

Reserves (continued)

Nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve is used to record revaluation increments and decrements on property, plant and equipment.

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 Income Statement 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 non-recourse scheme of the Employee Incentive Scheme – General. Refer to note 23 (i) 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, as described in note 23(i).

Cash flow hedge reserve

The cash flow hedge reserve is used to record the effective portion of changes in the fair value of derivatives that are designated and qualify as an effective cash flow hedge, as described in note 1(x).

20.

Retained Profits

	Note	GPT	Other entities stapled to GPT	External minority interest	Total
		\$M	\$M	\$M	\$M
Consolidated entity					
Balance at 1 January 2007		2,724.1	(0.8)	–	2,723.3
Minority interest on acquisition of controlled entities		–	–	4.2	4.2
Net profit for the financial year		1,203.7	(19.2)	(2.0)	1,182.5
less: Distributions paid	3(a)	(586.6)	–	–	(586.6)
Balance at 31 December 2007		3,341.2	(20.0)	2.2	3,323.4
Balance at 1 January 2008		3,341.2	(20.0)	2.2	3,323.4
Minority interest on acquisition of controlled entities		–	–	–	–
Net profit for the financial year		(2,556.3)	(696.5)	(0.7)	(3,253.5)
less: Distributions paid	3(a)	(495.9)	–	–	(495.9)
Balance at 31 December 2008		289.0	(716.5)	1.5	(426.0)
Parent entity					
Balance at 1 January 2007		2,684.3	–	–	2,684.3
Net profit for the financial year		1,051.9	–	–	1,051.9
less: Distributions paid		(586.6)	–	–	(586.6)
Balance at 31 December 2007		3,149.6	–	–	3,149.6
Balance at 1 January 2008		3,149.6	–	–	3,149.6
Net profit for the financial year		(2,350.2)	–	–	(2,350.2)
less: Distributions paid		(495.9)	–	–	(495.9)
Balance at 31 December 2008		303.5	–	–	303.5

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21.

Controlled entities

The following entities were controlled as at the end of the financial year. The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note 1(c).

Name of entity	Country of incorporation	Consolidated entity		Parent entity	
		31 Dec 08 %	31 Dec 07 %	31 Dec 08 %	31 Dec 07 %
Australian Resorts Pty Limited	Australia	100.0	100.0	-	-
Ayers Rock Resort Trust	Australia	100.0	100.0	-	-
Bedarra Hideaway Pty Limited	Australia	100.0	100.0	-	-
Bedarra Island Pty Limited	Australia	100.0	100.0	-	-
Brampton Island Pty Limited	Australia	100.0	100.0	-	-
Dunk Island Pty Limited	Australia	100.0	100.0	-	-
Destinations & Voyages Travel Pty Limited	Australia	100.0	100.0	-	-
GPT BM Loan Trust	Australia	100.0	100.0	100.0	100.0
GPT BM Investment Trust	Australia	100.0	100.0	100.0	100.0
GPT Commercial Subsidiary Trust	Australia	100.0	100.0	100.0	100.0
GPT Development Pty Limited	Australia	100.0	100.0	-	-
GPT Development Custodian Pty Limited (Formerly GPT Hotels Pty Limited)	Australia	100.0	100.0	-	-
GPT Finance Pty Limited	Australia	100.0	100.0	100.0	100.0
GPT Funds Management Limited	Australia	100.0	100.0	-	-
GPT Funds Management 2 Pty Limited	Australia	100.0	100.0	100.0	100.0
GPT Hamilton Island Trust	Australia	100.0	100.0	-	-
GPT Hotel Trust	Australia	100.0	100.0	99.9	99.9
GPT Hotel (Darling Harbour) Trust	Australia	100.0	100.0	-	-
GPT Industrial Trust	Australia	100.0	100.0	99.9	99.9
GPT Industrial (Somerton) Trust	Australia	100.0	100.0	-	-
GPT Industrial Subsidiary Trust	Australia	100.0	100.0	-	-
GPT Industrial Subsidiary Trust No.2	Australia	100.0	100.0	-	-
GPT International Pty Limited	Australia	100.0	100.0	-	-
GPT Investment Trust No 1	Australia	100.0	100.0	100.0	100.0
GPT Management (Custodian) Pty Limited	Australia	100.0	100.0	100.0	100.0
GPT Management Holdings Limited	Australia	100.0	100.0	-	-
GPT Nominees Pty Limited	Australia	100.0	100.0	100.0	100.0
GPT Property Management Pty Limited	Australia	100.0	100.0	-	-
GPT Pty Limited	Australia	100.0	100.0	100.0	100.0
GPT RE Limited	Australia	100.0	100.0	-	-
GPT Residential Trust (formerly GPT Office Trust)	Australia	100.0	100.0	99.9	99.9
GPT Residential Pty Limited	Australia	100.0	100.0	-	-
GPT Residential (Hunter) Pty Limited (formerly GPT Energy Pty Limited) ⁽¹⁾	Australia	100.0	-	-	-
GPT Residential (Rouse Hill) Trust	Australia	100.0	100.0	-	-
GPT Residential (Twin Waters) Trust	Australia	100.0	100.0	-	-
GPT Retail (Rouse Hill) Trust	Australia	100.0	100.0	100.0	100.0
GPT Subsidiary Holding Trust	Australia	100.0	100.0	100.0	100.0
Hamburg Trust Australia 1	Australia	80.0	80.0	-	-
Heron Island Pty Limited	Australia	100.0	100.0	-	-

21.

Controlled entities (continued)

Name of entity	Country of incorporation	Consolidated entity		Parent entity	
		31 Dec 08 %	31 Dec 07 %	31 Dec 08 %	31 Dec 07 %
Homemaker Retail Property Trust No 2	Australia	100.0	100.0	100.0	100.0
Homemaker Retail Property Trust	Australia	100.0	100.0	-	-
Homemaker Retail Management Pty Limited	Australia	100.0	100.0	99.9	99.9
Homemaker Property Management Pty Limited	Australia	100.0	100.0	-	-
Hunter Trust	Australia	100.0	100.0	-	-
Lizard Island Pty Limited	Australia	100.0	100.0	-	-
Melbourne Central Unit Trust	Australia	100.0	100.0	50.0	50.0
Melbourne Central Custodian Pty Ltd	Australia	100.0	100.0	100.0	100.0
Melbourne Central Holdings Pty Ltd	Australia	100.0	100.0	100.0	100.0
Oyl Pty Limited	Australia	100.0	100.0	100.0	100.0
Silky Oaks Pty Limited	Australia	100.0	100.0	-	-
Subsidiary Trust	Australia	100.0	100.0	100.0	100.0
The Mutitjulu Foundation Limited	Australia	100.0	100.0	-	-
The Mutitjulu Foundation Trust	Australia	100.0	100.0	-	-
Voyages Pty Limited	Australia	100.0	100.0	-	-
Voyages Hotels & Resorts Pty Limited	Australia	100.0	100.0	-	-
Voyages Lodges Pty Limited	Australia	100.0	100.0	-	-
Voyages Mountain & Marine Pty Limited	Australia	100.0	100.0	-	-
Wrotham Park Lodge Pty Limited	Australia	100.0	100.0	-	-
818 Bourke Street Trust	Australia	100.0	100.0	-	-
Alliance HT Limited Partnership	United States	74.4	74.4	-	-
Alliance HT Mezz, LLC	United States	74.4	74.4	-	-
Alliance HT Mezz Limited Partnership	United States	74.4	74.4	-	-
Alliance HTTX Limited Partnership	United States	74.4	74.4	-	-
Alliance HTFL Limited Partnership	United States	74.4	74.4	-	-
Alliance HTTX GP, LLC	United States	74.4	74.4	-	-
Alliance HTFL GP, LLC	United States	74.4	74.4	-	-
GPT BM Investment LLC	United States	100.0	100.0	-	-
GPTMH BM Investment LLC	United States	100.0	100.0	-	-
GPT US Inc	United States	100.0	100.0	-	-
BGP (UK) Investments Limited	United Kingdom	100.0	100.0	-	-
EB8 Investments 1 Limited	United Kingdom	100.0	100.0	-	-
GPT Halverton Limited	United Kingdom	100.0	100.0	-	-
GPT Halverton Financial Services Limited	United Kingdom	100.0	100.0	-	-
GPT UK Limited	United Kingdom	100.0	100.0	-	-
Halverton Co-investment Limited	United Kingdom	100.0	100.0	-	-
Halverton EB8 Limited	United Kingdom	100.0	100.0	-	-
Halverton Investments Limited	United Kingdom	100.0	100.0	-	-
Halverton Investments (GO) Limited	United Kingdom	100.0	100.0	-	-
Halverton Investment (GRP) Limited	United Kingdom	100.0	100.0	-	-
Halverton Management Limited	United Kingdom	100.0	100.0	-	-
Halverton Secretaries Limited	United Kingdom	100.0	100.0	-	-
Roofgold Limited	United Kingdom	100.0	100.0	-	-
GPT Halverton GmbH	Germany	100.0	100.0	-	-

NOTES TO THE FINANCIAL STATEMENTS

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21.

Controlled entities (continued)

Name of entity	Country of incorporation	Consolidated entity		Parent entity	
		31 Dec 08 %	31 Dec 07 %	31 Dec 08 %	31 Dec 07 %
Hamburg Trust Asset Management HTAM GmbH	Germany	80.0	80.0	-	-
Hamburg Trust Beteiligungsmanagement HTB GmbH	Germany	80.0	80.0	-	-
Hamburg Trust Grundvermögen and Anlage GmbH	Germany	80.0	80.0	-	-
Hamburg Trust HTG Australien 1 GmbH & Co KG	Germany	80.0	80.0	-	-
Hamburg Trust HTG Australien 2 GmbH & Co KG	Germany	80.0	80.0	-	-
Hamburg Trust HTG Australien 3 GmbH & Co KG	Germany	80.0	80.0	-	-
Hamburg Trust HTG Deutschland 2 GmbH & Co KG	Germany	80.0	80.0	-	-
Hamburg Trust HTG Deutschland 3 GmbH & Co KG	Germany	80.0	80.0	-	-
Hamburg Trust HTG USA 1 GmbH & Co KG	Germany	80.0	80.0	-	-
Hamburg Trust HTG USA 3 GmbH & Co KG	Germany	80.0	80.0	-	-
Hamburg Trust HTG USA 4 GmbH & Co KG	Germany	80.0	80.0	-	-
Hamburg Trust Treuhand HTT GmbH	Germany	80.0	80.0	-	-
Hamburg Trust Verwaltung HTV USA GmbH	Germany	80.0	80.0	-	-
Hamburg Trust Verwaltung HTV Europa GmbH	Germany	80.0	80.0	-	-
Hamburg Trust Verwaltung HTV Asien GmbH	Germany	80.0	80.0	-	-
HT HTG Australien 1 Beteiligungs GmbH & Co KG	Germany	80.0	80.0	-	-
HT HTG Australien 2 Beteiligungs GmbH & Co KG	Germany	80.0	80.0	-	-
HTBO Bergedorf Objekt GmbH & Co KG ⁽¹⁾	Germany	80.0	-	-	-
HTBO Bergedorf Objektbeteiligungs GmbH ⁽¹⁾	Germany	80.0	-	-	-
EB8 France Propco Aps	Denmark	100.0	100.0	-	-
GPT Halverton ApS	Denmark	51.0	51.0	-	-
H20 Am Moosfield ApS	Denmark	97.4	97.4	-	-
H20 Berlin Charlottenburg ApS	Denmark	97.4	97.4	-	-
H20 Denmark PropCo ApS	Denmark	97.4	97.4	-	-
H20 France HoldCo ApS	Denmark	97.4	97.4	-	-
H20 France PropCo ApS	Denmark	97.4	97.4	-	-
H20 Gaertringen ApS	Denmark	97.4	97.4	-	-
H20 Germany HoldCo ApS	Denmark	97.4	97.4	-	-
H20 Krefeld Fichtenhain ApS	Denmark	97.4	97.4	-	-
H20 Munster ApS	Denmark	97.4	97.4	-	-
H20 Offenburg ApS	Denmark	97.4	97.4	-	-
H20 Puchheim ApS	Denmark	97.4	97.4	-	-
H20 Sinisheim ApS	Denmark	97.4	97.4	-	-
German Retail Property Fund Manager SARL	Luxembourg	100.0	100.0	-	-
GPT Europe SARL	Luxembourg	100.0	100.0	-	-
GPT Europe 2 SARL	Luxembourg	100.0	100.0	-	-
GPT Europe Finance SA	Luxembourg	100.0	100.0	-	-
GPT Halverton SARL ⁽¹⁾	Luxembourg	100.0	-	-	-
H20 Finland LuxCo SARL	Luxembourg	97.4	97.4	-	-
H20 FundCo SARL	Luxembourg	97.4	97.4	-	-
HBI Lux PropCo A SARL	Luxembourg	100.0	100.0	-	-
H20 LuxCo SARL	Luxembourg	97.4	97.4	-	-
NELI Management SARL ⁽¹⁾	Luxembourg	100.0	-	-	-
H20 Finland HoldCo OY	Finland	97.4	97.4	-	-

21.

Controlled entities (continued)

Name of entity	Country of incorporation	Consolidated entity		Parent entity	
		31 Dec 08 %	31 Dec 07 %	31 Dec 08 %	31 Dec 07 %
H20 Propco One OY	Finland	97.4	97.4	-	-
H20 Amsterdam BV	The Netherlands	99.7	99.7	-	-
H20 Dutch BV	The Netherlands	97.4	97.4	-	-
GPT Halverton BV	The Netherlands	100.0	100.0	-	-
Wooloomooloo Investments BV	The Netherlands	100.0	100.0	-	-
Benelux Industrial Partnership General Partner BV	The Netherlands	100.0	100.0	-	-
Halverton SAS	France	100.0	100.0	-	-
GPT Halverton AB	Sweden	70.0	70.0	-	-
Scandinavian Active Fund Holdco AB (formerly Goldcup D2668 AB)	Sweden	100.0	100.0	-	-
Scandinavian Active Fund Propco AB ⁽¹⁾	Sweden	100.0	-	-	-
MAV Fastighets AB ⁽¹⁾	Sweden	100.0	-	-	-
GPT Halverton Storm AB ⁽¹⁾	Sweden	100.0	-	-	-
OLB-E: Taby AB ⁽²⁾	Sweden	-	100.0	-	-
GPT MaltaCo 1 Limited	Malta	100.0	100.0	-	-
GPT MaltaCo 2 Limited	Malta	100.0	100.0	-	-

1 Controlled entities acquired during the current financial year.

2 This entity merged with Scandinavian Active Fund Propco AB during the year

22.

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:

Peter Joseph

Eric Goodwin

Malcolm Latham

Nic Lyons (1 January 2008 to 23 October 2008)

Ian Martin

Anne McDonald

Ken Moss

Elizabeth Nosworthy (1 January 2008 to 21 August 2008)

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THE GPT GROUP

22.

Key management personnel disclosures (continued)

(a) Details of key management personnel (continued)

(iii) 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	Acting Chief Executive Officer and Chief Operating Officer
Kieran Pryke	Chief Financial Officer
Neil Tobin	General Manager – Joint Venture
Jonathan Johnstone	Head of Europe
Mark Fookes	Head of Retail
Nicholas Harris	Head of Wholesale
James Coyne	General Counsel and Secretary
Richard Croft	CEO GPT Halverton

(b) Key management personnel compensation

	Consolidated entity		Parent entity	
	31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
Short term employee benefits	8,582.4	10,011.4	8,582.4	10,011.4
Post employment benefits	227.2	193.1	227.2	193.1
Other long term benefits	6,853.9	3,740.3	6,853.9	3,740.3
Termination benefits	9,265.2	–	9,265.2	–
Total key management personnel compensation	24,928.7	13,944.8	24,928.7	13,944.8

(c) Equity instrument disclosures relating to key management personnel

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 2007	Purchases/ (Sales)	Balance 31 Dec 2007	Purchases/ (Sales)	Balance 31 Dec 2008
Directors					
Peter Joseph	50,000	–	50,000	50,000	100,000
Eric Goodwin	11,241	534	11,775	855	12,630
Malcolm Latham	13,195	–	13,195	13,195	26,390
Nic Lyons ¹	734,116	434,999	1,169,115	–	–
Ian Martin	51,241	–	51,241	51,241	102,482
Anne McDonald	10,500	–	10,500	10,500	21,000
Ken Moss	26,241	–	26,241	26,241	52,482
Elizabeth Nosworthy ¹	6,241	296	6,537	–	–
Senior Executives					
Michael O'Brien	298,476	254,658	553,134	5,000	558,134
Kieran Pryke	251,226	78,922	330,148	260,172	590,320
Neil Tobin	230,975	111,623	342,598	–	342,598
Mark Fookes	251,885	94,735	346,620	346,620	693,240
Jonathan Johnstone	179,287	42,728	222,015	223,015	445,030
Nicholas Harris	190,627	50,217	240,844	–	240,844
James Coyne	135,369	40,938	176,307	–	176,307
Richard Croft ²	–	–	–	–	–

¹ E Nosworthy resigned and N Lyons's employment was discontinued during the year and their holdings at 31 December 2008 are not shown.

² R Croft is part of the key management personnel in 2008.

22.

Key management personnel disclosures (continued)

(d) Loans to key management personnel

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

	Opening balance 1 Jan 2008 \$	Loans made during the year \$	Interest charged for the year \$	Interest not charged for the year* \$	Closing Balance 31 Dec 2008** \$	Highest indebtedness during the year \$
Nic Lyons ¹	4,891,401	–	245,595	100,066	–	4,844,734
Michael O'Brien	2,440,195	–	150,147	62,461	2,363,566	2,417,338
James Coyne	741,132	–	45,560	18,953	716,484	733,780
Kieran Pryke	1,389,771	–	85,436	35,542	1,343,631	1,376,008
Neil Tobin	1,449,724	–	89,156	37,089	1,402,701	1,435,698
Mark Fookes	1,448,552	–	89,065	37,051	1,400,934	1,434,348
Jonathan Johnstone	925,828	–	56,904	23,672	894,720	916,549
Nicholas Harris	1,102,360	–	67,858	28,229	1,068,690	1,092,317
Richard Croft ²	–	–	–	–	–	–

* 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.

** On 31 December 2008, the term of these loans have been converted from full recourse to limited recourse as discussed in the Remuneration Report and note 23.

1 N. Lyons employment was discontinued effective 23 October 2008. The Waiver of Full Recourse Loan on Termination was as a result of exiting the GPT Group Employee Incentive Scheme – Long Term Incentive, and does not represent a cash payment to N Lyons. It comprises a waiver of the shortfall of the value of his equity against the outstanding loan (\$3,867,043) plus accumulated interest (\$568,211).

2 R Croft is part of the key management personnel in 2008.

All these loans are pursuant to the Employee Incentive Scheme (EIS). Refer to note 23 for details.

(e) Other transactions with key management personnel

There have been no transactions with key management personnel other than those transactions outlined above.

23.

Share based payments

Employee Incentive Scheme

The Employee Incentive Scheme (EIS), which was approved by shareholders at the 2006 annual general meeting, 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 Scheme' which applies to all GPT employees (other than certain Senior Executives) and the 'Long Term Incentive (LTI) Scheme' where participation is only offered to certain Senior Executives by the GPT Board.

Under the General Scheme, all permanent employees (excluding Non-Executive Directors) who are continuously employed by GPT for greater than one year are eligible to participate. Purchase of GPT stapled securities is by employee loan, which is made available to participating employees by the Scheme Administrator, to fund the acquisition of GPT stapled securities. The Scheme Administrator must use the loan proceeds to acquire GPT stapled securities on-market or to subscribe for the issue of new GPT stapled securities.

All GPT stapled securities are acquired on-market at the market price prevailing at the time of acquisition. The market price is determined as the weighted average of GPT stapled securities traded on the ASX during the five trading days up to and including the day the GPT stapled securities are issued.

(i) The General Scheme

Under the General Scheme, employees may participate in the EIS up to a nominated percentage of their Total Package Value (TPV). TPV includes cash, superannuation, other salary sacrifice items and FBT. When an employee's TPV is increased following a remuneration review, the employee loan may increase up to the nominated percentage % of the new TPV. As at 31 December 2008, the nominated percentage is 20%.

The employee loans made under the Scheme are interest free, have no fixed term and are non-recourse. The interest component is a cost to GPT. After deducting amounts for tax on the participating employee's income, the loans are repaid using net distributions from GPT stapled securities and while the employee loan remains outstanding, the GPT stapled securities are held subject to a holding lock and are not able to be transferred or otherwise dealt with.

Fair value of security based payment

Under the requirements of AASB 2, loans granted under the General Scheme are accounted for as 'options' because the loans are non-recourse. The assessed fair value is expensed to the Income Statement as the stapled securities vest immediately. Fair value at grant date has been independently determined using the Monte Carlo pricing model that takes into account grant date, security price at grant date, the current price of the GPT stapled securities, staff turnover rate, voluntary exercise rate, the risk free interest rate, expected dividend yield, impact of dilution and expected volatility of the GPT stapled securities for the term of the GPT stapled security. The fair value of the 'options' was calculated as 95.0c per stapled security (Dec 2007: 95.0c per security).

(ii) The Long Term Incentive (LTI) Scheme

Up to 31 December 2008

The Board of GPT, on the recommendation of the Nomination and Remuneration Committee, determines the GPT Senior Executives eligible to participate in the LTI Scheme and, for each participating Senior Executive, their maximum potential LTI and loan amount, calculated by reference to a percentage of their TPV having regard to the advice received from external remuneration consultants.

The loans have no fixed term and are interest bearing. Interest is calculated on a simple basis at 6.25% (Dec 2007: 5.9%). After deducting amounts for tax on the participating employee's income, the loans are repaid using net distributions from GPT stapled securities and while the employee loan remains outstanding, the GPT stapled securities are held subject to a holding lock and are not able to be transferred or otherwise dealt with.

In implementing the LTI, GPT chose to issue loans on a full recourse basis to participants to acquire GPT Group stapled securities. Where the employee leaves GPT, the employee loan and the accumulated cost of providing the loan at that time must be repaid (either by the sale of securities or some other source of funds).

However, at the discretion of the Board, the loan and outstanding interest may be waived on retirement of the employee, or on death or total permanent disability of the employee, on redundancy without cause of the employee; or on takeover.

23.

Share based payments (continued)

Employee Incentive Scheme (continued)

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

From 31 December 2008

On 26 February 2009, the Board, on the recommendation of the Nomination and Remuneration decided to:

1. 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 remains in place the participant is only obligated to GPT to the value of the underlying securities. However, employee loans remain outstanding and have not been waived as a result of the transition to limited recourse;
2. Reduce the interest charge on the loans to participants to approximate the net distributions receivable; and
3. Retain the performance conditions associated with 2006, 2007 and 2008 LTIs.

The action has been considered necessary by GPT due to the following circumstances:

1. On 1 July 2006, the taxation legislation was amended and consequently, the stapled securities became eligible for the tax deferral and tax exemption concessions in Division 13A. Other companies in the A-REIT sector – in line with general market practice – progressively moved to simpler LTI arrangements which provide upside to the participants, but with no downside financial risk to employees. The loan based schemes that remained, either in full operation or as legacy systems, were characterised by a non-recourse structure.
2. In 2008, with the unprecedented dislocation in global financial markets and the A-REIT sector in particular, GPT's LTI scheme participants had a significant shortfall in the value of their equity versus the value of their loans. While GPT's LTI scheme provided upside potential for participants, it also exposed the individual - through the full recourse nature of the loan - to significant financial risk.

This has resulted in several undesirable implications for the Group, in particular:

- Rather than being a source of positive incentive and alignment, it has become internally distracting and employees have raised concerns about the impact on their overall financial position, especially given they have not had any scope (under staff dealing rules) to hedge or ameliorate that risk in the current market environment
- In that respect, employees have noted the disparity between GPT's full recourse loans and our competitors non-recourse loans
- It has created disparities and complications with respect to redundancies, internal promotions, and the normal, sensible restructuring of the business.

In summary, by making the conversion from full recourse to limited recourse, GPT's LTI Scheme is now consistent with prevalent market practice for loan based plans in Australia.

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.

(iii) The GPT Group Non-Executive Director Stapled Security Plan (NEDSSP)

Implemented in September 2008, the DSSP allows eligible non-executive directors to salary sacrifice amounts to purchase GPT Group stapled securities on market. GPT stapled securities acquired under the DSSP may be held for up to 10 years (or earlier if employment ceases) on an income tax deferred basis during which time they cannot be sold or otherwise dealt with.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

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23.

Share based payments (continued)

Other Share-based Incentive Scheme (continued)

The GPT stapled securities issued under all the Incentive Schemes to participating employees are set out below:

	Number of GPT stapled securities issued during the year		Total number of GPT stapled securities issued	
	31 Dec 08	31 Dec 07	31 Dec 08	31 Dec 07
GPT stapled securities issued under the 'General Scheme'	1,113,974	394,569	1,868,281	1,691,384
GPT stapled securities issued under the 'Long Term Incentive Scheme'	328,154	2,735,376	7,301,313	8,445,708
GPT stapled securities issued under the 'Employee Stapled Security Plan'	19,264	–	19,264	–
GPT stapled securities issued under the 'The GPT Group Deferred Stapled Security Plan'	31,442	–	31,442	–
GPT stapled securities issued under the 'The GPT Group Non-Executive Director Stapled Security Plan'	–	–	–	–

24.

Related party transactions

(a) Ultimate Parent

General Property Trust is the ultimate parent entity.

(b) Controlled entities, joint ventures and associates

Equity interests in controlled entities, joint ventures and associates are set out in notes 21 and 11. Loans provided to joint ventures and associates as part of the funding of those arrangements are set out in note 7. Details of the parent entity interests in controlled entities are set out in note 21.

(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 22. Included within note 22(a) in 'other key management personnel' is Ian Martin who is a director of Babcock & Brown Limited, with whom GPT has a joint venture arrangement. The remuneration he received was transacted at arms length.

24.

Related party transactions (continued)

(d) Transactions with related parties

	Consolidated entity		Parent entity	
	31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
Transactions with related parties other than associates and joint ventures				
Revenues				
Distributions received / receivable from controlled entities	-	-	265.2	253.4
Rent revenue from the Company	-	-	1.4	0.9
Expenses				
Cost associated with internalisation paid to GPT RE Limited	-	-	-	(3.8)
Responsible Entity fees paid to GPT RE Limited	-	-	(33.7)	(24.0)
Responsible Entity fees paid to GPT RE Limited (capitalised)	-	-	(7.1)	(7.0)
Property management fee to the Company	-	-	(13.2)	(16.7)
Development management fee paid to the Company	-	-	(11.5)	(13.5)
Management costs recharged from the Company	-	-	(6.9)	(5.3)
Payroll costs recharged from the Company	-	-	(8.0)	(5.8)
Contributions to superannuation funds on behalf of employees	(9.3)	(7.7)	-	-
Other transactions				
Loan advanced to the Company	-	-	(94.5)	(42.2)
Loans advanced to controlled entities	-	-	(137.5)	(20.9)
Interest received on loan from the Company	-	-	19.8	7.2
Interest received on loans from controlled entities	-	-	18.6	4.6
Increase in units in controlled entities	-	-	(212.7)	(1,211.6)
Redemption of units in controlled entities	-	-	-	1,674.0
Acquisition of Floreat Forum from controlled entity	-	-	-	(120.0)
Disposal of Rouse Hill Town Centre to controlled entity	-	-	-	477.3
Payments for loans under the Employee Incentive Scheme	(3.8)	(15.5)	-	-
Transactions with associates and joint ventures				
Revenues				
Responsible Entity fees from associates	31.7	30.6	-	-
Development management fees from associates	68.4	41.5	-	-
Property Management fees from associate	7.2	6.2	-	-
Distributions received/receivables from joint ventures	61.9	85.7	52.1	50.7
Distributions received/receivables from associates	112.8	92.6	94.8	92.2
Interest revenue from joint ventures	127.6	96.6	95.7	79.0
Interest revenue from associates	-	1.2	-	-
Payroll costs recharged to associate	5.0	4.8	-	-
Proceeds on sale of workplace ⁶ from associate	83.6	-	-	-
Proceeds on sale of One One One Eagle Street from associate	58.0	-	58.0	-
Deposit received from GWOF for workplace ⁶	-	106.5	-	-
Other transactions				
Loans advanced to joint ventures	(25.7)	(465.0)	-	(325.2)
Loans advanced to associates	-	-	-	-
Loan repayments from joint ventures	-	12.8	86.3	-
Loan repayments from associates	7.2	1.9	-	-
Increase in units in joint ventures	-	(192.9)	-	(7.7)
Decrease in units in joint ventures	-	1.0	-	-
Increase in units in joint ventures	(6.2)	-	-	-
Increase in units in associates	(21.0)	(8.3)	-	-
Interest paid to GWOF	(7.2)	-	-	-
Rental guarantee for workplace ⁶	(1.5)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

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25.

Notes to the Statement of Cashflow

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

	Consolidated entity		Parent entity	
	31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
Net (loss) / profit for the financial year	(3,253.5)	1,182.5	(2,350.2)	1,051.9
Fair value adjustments to investment properties	79.8	(458.5)	(57.8)	(212.3)
Fair value adjustments to equity accounted investments	834.2	(296.5)	791.4	(358.2)
Fair value adjustments to derivatives	844.8	51.3	841.3	52.2
Net foreign exchange loss / (gain)	544.6	(23.0)	266.7	(32.3)
Impairment expense	1,152.2	1.4	959.7	-
Revaluation of hotel properties	191.8	-	-	-
Net (gain)/loss on disposal of developments and other properties	(58.6)	0.4	(1.2)	-
Depreciation and amortisation	24.2	21.9	-	-
Non-cash employee benefits – share based payments	3.5	3.8	-	-
Non-cash revenue adjustments	7.5	23.6	4.6	9.7
Non cash expense adjustments	22.8	-	(2.2)	-
Interest capitalised	(18.4)	(26.8)	(7.1)	(7.5)
Provision for doubtful debts	0.9	(0.2)	0.1	(0.2)
Change in operating assets and liabilities				
Increase in receivables	(7.4)	(81.7)	(60.6)	(46.7)
(Decrease)/increase in payables	(1.5)	88.9	(117.1)	30.1
Net cash inflows from operating activities	366.9	487.1	267.6	486.7

(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 statements as follows:

Cash at bank and on hand	961.9	350.3	871.1	292.1
Total cash at end of the financial year	961.9	350.3	871.1	292.1

(c) Non-cash financing and investing activities

Consolidated Entity

\$101.9 million (Dec 2007: \$165.5 million) of distributions satisfied by way of the issue of 41,012,914 (Dec 2007: 35,864,327) GPT stapled securities under the distribution reinvestment plan (DRP) (refer to note 18).

Parent Entity

\$100.3 million (Dec 2007: \$159.0 million) of distributions satisfied by way of the issue of 41,012,914 (Dec 2007: 35,864,327) GPT stapled securities under the distribution reinvestment plan (DRP) (refer to note 18).

26.

Contingent Assets and Liabilities

Except for the matters below, there are no other material contingent assets or liabilities at both reporting dates.

GPT Wholesale Office Fund

As at 31 December 2007, GWOF had outperformed the benchmark over the life of the fund and exceeded the cap for performance fees payable in any given period. This resulted in a discounted outperformance fee of \$44,590,570 being carried forward. As the payment of this amount was contingent on future events not wholly within the control of the Company, the outperformance fee was not recognised as income/a receivable on the balance sheet. In 2008, GWOF underperformed the benchmark after fully utilising the prior period outperformance.

Indemnity to shareholders in Dutch Active Fund (DAF)

GPT Management Holdings has issued an indemnity to 'qualifying' investors in DAF to indemnify them against any resulting tax loss arising from the loss of Dutch REIT status up to a maximum aggregate liability of €20 million over the eight year life of DAF assuming REIT status is never achieved. GPT has until 8 August 2009 to rebalance the mix of investors in DAF to have 75% of 'qualifying' investors before it starts incurring this cost which would be incurred until REIT status is achieved. Currently 62% of investors meet the 'qualifying' requirements (the remaining 38% is GPT's co-investment) GPT is looking to reduce its stake to below 25% within the specified time frame. GPT has made progress with regulators to obtain relief from the regulations to enable GPT to be a 'qualifying' investor which would ensure the triggers in the indemnity would not occur. The indemnity has been assessed to have a nil value at 31 December 2008.

27.

Commitments

Consolidated entity		Parent entity	
31 Dec 08	31 Dec 07	31 Dec 08	31 Dec 07
\$M	\$M	\$M	\$M

(a) Capital expenditure commitments

At 31 December 2008, GPT has commitments principally relating to the purchase of property, plant and equipment which have been approved but not recognised as liabilities in the balance sheet, as set out below:

Due within 1 year	369.6	444.8	225.0	205.0
Due between 1 and 5 years	409.2	12.4	316.9	12.4
Total capital expenditure commitments	778.8	457.2	541.9	217.4

(b) Operating lease commitments

At 31 December 2008, future minimum rentals payable under non-cancellable operating leases are as follows:

Due within 1 year	12.9	27.1	0.1	0.1
Due between 1 and 5 years	43.3	94.6	0.5	0.5
Over 5 years and expiry date of leases.	116.5	187.0	1.9	2.0
Total operating lease commitments	172.7	308.7	2.5	2.6

GPT has entered into commercial leases on motor vehicles, office equipment, office premises, ground leases on certain leasehold properties and hereditary building rights.

The most significant ground lease is \$58.0 million (Dec 2007: \$51.6 million) for the use of Lizard Island, QLD until 2033. The lease payments comprise a turnover rent of 10% of all beverages sold and 20% of all accommodation and meal revenues, calculated semi-annually and a standard monthly rental which is increased every 2 years by an amount that is contingent on movements in the consumer price index relevant for Brisbane, QLD. At 31 December 2008, the contingent rents payable have not been included in the above operating lease commitments.

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27.

Commitments (continued)

(b) Operating lease commitments (continued)

Hereditary building rights of \$96.5 million (Dec 2007: \$76.5 million) relate to Residential properties in Germany which are held in the joint venture, BGP Investment SARL, with durations between 39 and 196 years and have been discounted in the above operating lease commitments.

(c) Other commitments

Estimated aggregate amount of other commitments agreed or contracted but not provided for in the financial report:

	Consolidated entity		Parent entity	
	31 Dec 08 \$M	31 Dec 07 \$M	31 Dec 08 \$M	31 Dec 07 \$M
Due within 1 year	24.0	-	-	-
Due between 1 and 5 years	2.8	-	-	-
Over 5 years and expiry date of leases.	0.1	-	-	-
Total other commitments	26.9	-	-	-

(d) Commitments relating to associate and joint venture investments

The above commitments include GPT's share of commitments relating to associate and joint venture investments. Refer to note 11(e) for the share of associates and joint venture entities' commitments.

28.

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 which identifies, evaluates, classifies, monitors, quantifies and reports significant risks to the Audit and Risk Management Committee (ARMC) and, through the ARMC, to the GPT Group Board. The Trust and all controlled entities in the GPT Group apply this risk management system to manage their own risks.

(a) Capital management

GPT's objective when managing capital is to optimise the cost of capital having regard to the relevant real estate market in which it is invested.

Capital management is monitored in two main ways:

- Balance Sheet management – fundamentally concerned with the capital mix of equity and debt and maintaining its gearing levels in line with its desired investment grade credit rating, as discussed below. GPT is able to alter the capital mix by issuing new stapled securities, activating the DRP and/or electing to have the DRP underwritten, adjusting the amount of distributions paid to stapled security holders or selling assets to reduce borrowings.

The continued deterioration of global financial markets and the sharp depreciation of the Australian dollar adversely affected GPT's ability to sell assets at acceptable prices, increased the gearing ratios significantly and reduced the amount of headroom under debt covenants. To address this issue GPT issued equity through an accelerated non-renounceable entitlement offer and the placement of exchangeable securities to an affiliate of GIC Real Estate. This raised total proceeds of \$1.6 billion which was used to repay debt and fund GPT's business plan and debt maturities through January 2010.

28.

Capital and financial risk management disclosures (continued)

(a) Capital management (continued)

Protection of GPT's equity in foreign denominated assets and liabilities has traditionally been achieved by borrowing in the same functional currency as the investments to form a natural economic hedge against any foreign currency fluctuations and by using forward foreign exchange contracts where funds were borrowed in a different currency. With the deterioration of global financial markets there has also been a negative impact on asset values with GPT's offshore investments. This has introduced foreign currency exposure in GPT's balance sheet as there are now significantly more foreign currency liabilities than assets. Management is currently in a process of restructuring GPT's borrowings to realign with hedge parameters which requires a matching of foreign denominated assets and liabilities.

GPT protects its equity in assets by taking out insurance cover with credit worthy insurers.

- Income Statement management – fundamentally concerned with supporting the delivery of financial targets by protecting GPT's exposure to net foreign income and interest rate volatility through the use of forward foreign exchange contracts and interest rate derivatives.

(i) Rating agency capital guidelines and gearing levels

GPT aims to maintain the capital strength of the Group by reference to a target financial strength rating to as set down by independent ratings agencies. The ratings are important as they reflect the investment grade credit rating of GPT which allows access to global capital markets to fund in particular its development pipeline, the operational capital expenditure needs of the business and future investment opportunities. The stronger ratings improves both the availability of capital and the cost at which it can be secured.

The objective is to retain the financial strength rating of 'BBB' from S&P and 'Baa2' from Moodys. As part of the strategy to achieve this objective, GPT is committed to ensuring:

- At 31 December 2008, the percentage of debt to total tangible assets is 38.6% (Dec 2007: 36.3%) and the percentage on net debt basis is 33.7% (Dec 2007: 34.6%).
- GPT is committed to a maximum of 55% debt to total assets on a 'look through basis' (Dec 2007: 50%). In calculating the 'look through' gearing, GPT's interest in the joint ventures and associates are proportionately consolidated based on GPT's ownership interest. At 31 December 2008, the percentage of 'look through' debt to total assets is 49.7% (Dec 2007: 46.8%) and the percentage on net debt basis is 46.6% (Dec 2007: 45.7%).

(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 risk, foreign exchange risk and price risk). GPT manages its exposures to these key financial risks in accordance with its treasury risk management policy which forms part of the capital risk management system which focuses on mitigating the impact of volatility in financial markets.

As a result of changes in the current market it has been necessary to monitor debtor positions and review credit ratings requirements. GPT uses various methods to measure and manage these types of risks. The main methods include monitoring levels of exposure and conducting sensitivity analysis in the case of interest rate and foreign exchange risks. Aging analysis, monitoring of credit allowances and dealing with financial institutions that have a credit rating of A (or its equivalent) from one of S&P, Moody's or Fitch are methods undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts. The use of these methods may vary from entity to entity within the Group. Derivative financial instruments and non-financial instruments are used to manage these risks, as discussed in (c) to (h) below. GPT's principal financial instruments are set out in note 1(w).

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28.

Capital and financial risk management disclosures (continued)

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a contractual agreement and result in a financial loss. GPT and the parent entity has exposure to credit risk on all financial assets included in their balance sheets.

GPT manages this risk by:

- establishing credit limits for customers that GPT trades with and managing its exposure to individual entities
- transacting with multiple derivative counterparties that have a long term credit rating of at least AA- (or its equivalent) from S&P, Moodys or Fitch (note: at the time of entering into transactions with financial institutions which had a credit rating of A (or its equivalent))
- 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).

The maximum exposure to credit risk as at 31 December 2008 is the carrying amounts of financial assets recognised in the balance sheets of the consolidated entity and parent entity. The consolidated entity and parent entity holds no significant collateral as security and the credit quality of all financial assets that are neither past due nor impaired is consistently monitored in order to identify any potential adverse changes in the credit quality.

Derivative counterparties and cash transactions are limited to financial institutions that meet the treasury risk management policy's minimum credit rating criteria. Credit risk arising on loan and receivable balances is monitored on an ongoing basis. A number of loans and receivables have been impaired in the current year as a result of the impact of the global financial markets on their performance and underlying asset values. Total impairments of loans and receivables at December 2008 was AUD \$893.0 million in GPT and AUD \$957.4 million GPT parent entity, note 7 highlights the significant impairments in 2008. There are no other financial assets that have had renegotiated terms that would otherwise have been past due or impaired. GPT will continue to 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 with their associated impairments in note 7.

Consolidated Entity

	31 December 2008						31 December 2007					
	Not Due 2008	0-30 days 2008	31-60 days 2008	61-90 days 2008	90+ days 2008	Total 2008	Not Due 2007	0-30 days 2007	31-60 days 2007	61-90 days 2007	90+ days 2007	Total 2007
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Receivables	-	149.4	3.1	3.6	60.0	216.1	-	213.4	7.8	1.9	38.5	261.6
Provision for doubtful receivables	-	-	-	-	(1.5)	(1.5)	-	-	-	-	(0.9)	(0.9)
Current loans	68.0	-	-	-	-	68.0	10.5	-	-	-	-	10.5
Impairment	(21.1)	-	-	-	-	(21.1)	-	-	-	-	-	-
Non current loans and receivables	2,180.4	-	-	-	-	2,180.4	1,841.3	-	-	-	-	1,841.3
Impairment	(871.9)	-	-	-	-	(871.9)	-	-	-	-	-	-
Total loans and receivables	1,355.4	149.4	3.1	3.6	58.5	1,570.0	1,851.8	213.4	7.8	1.9	37.6	2,112.5

28.

Capital and financial risk management disclosures (continued)

(c) Credit risk (continued)

Parent Entity

	31 December 2008						31 December 2007					
	Not Due 2008	0-30 days 2008	31-60 days 2008	61-90 days 2008	90+ days 2008	Total 2008	Not Due 2007	0-30 days 2007	31-60 days 2007	61-90 days 2007	90+ days 2007	Total 2007
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Receivables	-	131.6	-	-	41.1	172.7	-	75.0	-	-	28.6	103.6
Provision for doubtful receivables	-	-	-	-	-	-	-	-	-	-	-	-
Current loans	400.0	-	-	-	-	400.0	256.0	-	-	-	-	256.0
Impairment	(183.0)	-	-	-	-	(183.0)	-	-	-	-	-	-
Non current loans and receivables	1,721.9	-	-	-	-	1,721.9	1,448.2	-	-	-	-	1,448.2
Impairment	(774.4)	-	-	-	-	(774.4)	-	-	-	-	-	-
Total loans and receivables	1,164.5	131.6	-	-	41.1	1,337.2	1,704.2	75.0	-	-	28.6	1,807.8

GPT has significant loans and receivables with related parties being joint ventures and associates, refer note 7. There is significant exposure to these entities, in particular Babcock & Brown and Benchmark JVs and through these entities to the property market in Europe and the United States. There is however no significant concentration of credit risk in GPT or the parent entity, on a look through basis to the underlying property exposures in equity accounted investments and related party loans and receivables balances, with the aggregate exposure to tenancies across the portfolio.

The major concentration of credit risk in 2007 arose from transactions in money market instruments, forward foreign currency contracts, cross currency and interest rate swaps. Financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties. In 2008 these derivatives represent liabilities to GPT.

(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 16), the ability to close out market positions, and the option to raise funds through the issue of new stapled securities or DRP, as discussed in note 18(a)(i) and (ii).

GPT's main liquidity risk is its ability to refinance its current borrowings. The table on the next page shows an analysis of the contractual maturities of key assets, liabilities and capital expenditure commitments which forms part of GPT's assessment of liquidity risk.

The funding required to meet contracted maturities in 2009 is available through existing cash balances. Management is working on strategies in line with its capital management policies to refinance debt expiring in 2010.

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28.

Capital and financial risk management disclosures (continued)

(d) Liquidity risk (continued)

31 December 2008					31 December 2007				
1 Year or less \$M	Over 1 year to 2 years \$M	Over 2 year to 5 years \$M	Over 5 years \$M	Total 2008 \$M	1 Year or less \$M	Over 1 year to 2 years \$M	Over 2 year to 5 years \$M	Over 5 years \$M	Total 2008 \$M

Consolidated Entity

Liabilities

Payables	284.0	-	-	-	284.0	510.7	-	-	-	510.7
Borrowings*	216.4	2,101.7	2,279.9	415.3	5,013.3	922.3	814.0	2,648.1	610.6	4,995.0
Forecast interest cost borrowings**	207.4	161.2	256.8	193.6	819.0	283.5	206.6	395.7	280.4	1,166.2
Forecast Interest cost derivatives**	59.6	90.4	138.9	80.0	368.9	(40.2)	(11.8)	(27.2)	(75.3)	(154.5)
Forecast payments forward exchange contracts	7.6	1.9	6.1	0.7	16.3	4.9	0.6	8.5	1.2	15.2
Capital commitments	369.6	262.8	146.4	-	778.8	444.8	-	12.4	-	457.2
Total liabilities	1,144.6	2,618.0	2,828.1	689.6	7,280.3	2,126.0	1,009.4	3,037.5	816.9	6,989.7
Less Cash	961.9	-	-	-	961.9	350.3	-	-	-	350.3
Total	182.7	2,618.0	2,828.1	689.6	6,318.4	1,775.7	1,009.4	3,037.5	816.9	6,639.4

Parent Entity

Liabilities

Payables	317.6	-	-	-	317.6	412.6	-	-	-	412.6
Borrowings*	173.8	2,101.7	2,204.0	84.7	4,564.2	795.5	756.8	2,858.9	124.6	4,535.8
Forecast interest cost borrowings**	191.8	147.6	215.3	166.8	721.5	263.0	195.0	362.1	248.9	1,069.0
Forecast Interest cost derivatives**	54.8	84.9	120.1	68.4	328.2	(39.8)	(15.8)	(40.4)	(82.2)	(178.2)
Forecast payments forward exchange contracts	7.6	1.9	6.1	0.7	16.3	4.9	0.6	8.5	1.2	15.2
Capital commitments	225.0	254.1	62.8	-	541.9	205.0	-	12.4	-	217.4
Total liabilities	970.6	2,590.2	2,608.3	320.6	6,489.7	1,641.2	936.6	3,201.5	292.5	6,071.8
Less Cash	871.1	-	-	-	871.1	292.1	-	-	-	292.1
Total	99.5	2,590.2	2,608.3	320.6	5,618.6	1,349.1	936.6	3,201.5	292.5	5,779.7

* The contractual maturities of borrowings differ from note 16 as borrowings associated with the warehoused property investments have been reclassified to their contractual maturities.

** Forecast 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 2008 up until the contractual maturity of the contract. The forecast does not ascribe any value to optionality on any instrument which may be included in the current market values shown in note 9.

28.

Capital and financial risk management disclosures (continued)

(e) Refinancing risk

Refinancing risk is the risk that unfavourable interest rate 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 maturities of borrowings and interest rate swaps, using interest rate derivatives to hedge known and forecast positions and reviewing potential transactions to understand the impact on the credit rating.

(f) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to 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 to investments in joint ventures and associates as a means of obtaining an underlying property exposure. Loans are at arms length fixed rates and reset every 3 years in the case of the joint venture arrangement with Babcock & Brown Limited, and reset every 10 years in the case of the joint venture arrangement with Benchmark. 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.

GPT does not undertake any specific hedging of loan receivables except to monitor the loan outstanding to strategies in the underlying investment portfolio and the cash flow at risk as a result of interest rate fluctuations on scheduled interest rate resets for the next reporting period. The cash flow at risk in the consolidated entity for the next reporting period is nil (Dec 2007: \$6.0 million). The parent entity's cash flow at risk is the same when taking into account the effect of its controlled entities, which impacts the distributions it receives. This assumes the interest on these loans will be repaid. Please refer to credit risk section (c) which notes a number of these loans have been impaired. Refer to section (iii) for the assumptions used in calculating the cash flow at risk.

(ii) 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. Under certain interest rate swaps the fixed contract rate is indexed by CPI. As at 31 December 2008 the notional amount of these swaps was \$400 million (Dec 2007: \$400.0 million). The CPI indexed cost of borrowings is a natural hedge against anticipated CPI indexed rental revenue. The CPI has been estimated in relation to these swaps in order to disclose underlying fixed interest rate exposure.

Occasionally, GPT also enters into interest rate swap agreements that are used to convert fixed interest rate swaps to floating. Such interest rate swaps are entered into to give GPT the flexibility to utilise existing hedge positions.

GPT also enters into interest rate options. Barrier/trigger option swaps, such as knock-out swaps, caps and currency-linked swaps and sold interest rate options such as callable swaps and sold receiver swaptions, where it is comfortable with the worst case outcome on entering into these transactions on its total cost of borrowings, in return for a reduction in its cost of borrowings. GPT has recorded these interest rate derivatives on balance sheet at their fair value in accordance with *AASB 139 Financial Instruments: Recognition and Measurement*.

Under trigger swaps, the payoff profile may vary during the instrument's life, depending on the level of a given reference rate (i.e. the "trigger"). The reference rate may be the same as the floating rate received by GPT; for example under a knock out swap GPT agrees with other parties that no exchange will occur on an underlying interest rate swap if floating interest rates are above a trigger level (i.e the knock out level) on a specific roll date. However this is not always the case; for example in currency linked swaps the payoff profile is dependent on the level of a nominated currency pair.

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28.

Capital and financial risk management disclosures (continued)

(f) Interest rate risk (continued)

(ii) Interest rate risk contracts – borrowings (continued)

Under a callable swap, GPT pays a known fixed rate for an agreed term at the start of the transaction (usually 3-6 months), thereafter, the counterparty has the right to cancel (or "call") the trade on any payment date at its discretion. Once called, the transaction is completely cancelled and ceases to exist. Under sold receiver swaptions, GPT has given other parties the right but not the obligation, to enter into an interest rate swap at a specified price on a specified date whereby GPT agrees to pay fixed interest rates and receive floating interest rates on the notional amount of the contract.

Interest rate swap contracts have been recorded on Balance Sheet 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 income statement. Refer accounting policy at note 1(x).

The following table depicts (in each currency):

- The outstanding borrowings in their local currency and the weighted average interest rate, including the impact of interest rate swaps and interest rate options at 31 December 2008.
- The notional principal of interest rate swaps, the outstanding fixed rate borrowings in their local currency and the weighted average interest rate of these contracts at 31 December each year.

Consolidated Entity

31 December 2008

	Total Interest bearing liabilities	Fixed rate Interest bearing liabilities					
	2008 \$M	2008 \$M	2009 \$M	2010 \$M	2011 \$M	2012 \$M	2013 \$M
Australian Dollar							
Interest rate swaps		757.0	1,077.0	1,810.7	1,640.0	1,640.0	1,740.0
Borrowings		459.7	385.0	285.0	285.0	285.0	85.0
Total	1,326.7	1,216.7	1,462.0	2,095.7	1,925.0	1,925.0	1,825.0
Average rate	7.5%	5.6%	5.8%	6.0%	6.1%	6.3%	6.4%
Euro							
Interest rate swaps		1,038.7	890.0	1,040.0	890.0	690.0	640.0
Borrowings		–	–	–	–	–	–
Total	1,279.3	1,038.7	890.0	1,040.0	890.0	690.0	640.0
Average rate	4.3%	4.2%	3.7%	3.7%	3.8%	3.8%	3.8%
US Dollar							
Interest rate swaps		610.0	610.0	610.0	780.0	780.0	780.0
Borrowings		72.0	–	–	–	–	–
Total	749.4	682.0	610.0	610.0	780.0	780.0	780.0
Average rate	4.6%	4.1%	4.0%	4.0%	4.1%	4.1%	4.1%
Danish Kroner							
Interest rate swaps		124.5	–	–	–	–	–
Borrowings		–	–	–	–	–	–
Total	124.5	124.5	–	–	–	–	–
Average rate	4.7%	4.7%					
Swedish Kroner							
Interest rate swaps		35.0	–	–	–	–	–
Borrowings		–	–	–	–	–	–
Total	35.0	35.0	–	–	–	–	–
Average rate	4.7%	4.7%					

The forward interest rate curve and forecast exchange rates as at 31 December 2008 has been used to calculate rates above.

28.

Capital and financial risk management disclosures (continued)

(f) Interest rate risk (continued)

(ii) Interest rate risk contracts – borrowings (continued)

Consolidated Entity

31 December 2007

	Total Interest bearing liabilities		Fixed rate Interest bearing liabilities				
	2007 \$M	2007 \$M	2008 \$M	2009 \$M	2010 \$M	2011 \$M	2012 \$M
Australian Dollar							
Interest rate swaps		1,625.0	1,375.0	1,225.0	850.0	650.0	600.0
Borrowings		550.0	550.0	225.0	125.0	125.0	125.0
Total	2,135.5	2,175.0	1,925.0	1,450.0	975.0	775.0	725.0
Average rate	6.0%	6.0%	6.1%	6.3%	6.6%	7.1%	7.5%
Euro							
Interest rate swaps		1,150.9	490.0	390.0	340.0	240.0	140.0
Borrowings		-	-	-	-	-	-
Total	1,245.6	1,150.9	490.0	390.0	340.0	240.0	140.0
Average rate	4.2%	4.2%	3.7%	3.6%	3.6%	3.7%	3.5%
US Dollar							
Interest rate swaps		560.0	700.0	500.0	300.0	250.0	170.0
Borrowings		72.0	-	-	-	-	-
Total	683.7	632.0	700.0	500.0	300.0	250.0	170.0
Average rate	5.0%	4.9%	5.0%	5.1%	5.4%	5.3%	5.4%
Danish Kroner							
Interest rate swaps		124.5	-	-	-	-	-
Borrowings		-	-	-	-	-	-
Total	124.5	124.5	-	-	-	-	-
Average rate	5.0%	5.5%					

At balance date, the fair value of interest rate swaps and interest rate options were an asset of \$43.5 million (Dec 2007: \$91.6 million) and a liability of \$764.4 million (Dec 2007: \$123.1 million) as disclosed in note 9. In the year ended 31 December 2008, the loss in the income statement from the increase in fair value of the net asset together with the net receipts received during the year is \$662.0 million (Dec 2007: loss \$36.0 million).

Parent entity

The parent entity holds the Australian Dollar, Euro and US Dollar financial assets from the previous table with the exception of Euro €98.7 million in swaps and USD \$72 million in borrowings for 2008 (Dec 2007: All balances held in the parent entity the exception of Euro €100.9 million in swaps and USD \$72 million in borrowings).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

THE GPT GROUP

28.

Capital and financial risk management disclosures (continued)

(f) Interest rate risk (continued)

(iii) Cash flow at risk analysis

Under GPT's Treasury Risk Management Policy hedge balances in a 'market forecast' scenario must be in line with hedge parameters outlined in its policy. GPT is currently outside these hedge parameters as:

- the cash received from the issuance of equity has been used to reduce borrowings and interest rate hedge positions have not been reduced to reflect the new borrowing levels, and
- A number of interest rate options have been triggered as a result of the changes in financial markets which were outside forecast parameters.

The policy also requires a 'cash flow at risk' sensitivity analysis be performed to test the impact of upwards and downwards movements in the market interest rates on GPT's hedge position (including the impact of any interest rate options) against forecast debt levels for a set year period and its annual profit forecast for a three year period. The policy requires that the result of the cash flow at risk sensitivity analysis must be within predetermined limits against forecast realised operating income at risk.

The sensitivity applied to the consolidated entity's hedge position over a three year period at 31 December 2008 and 31 December 2007 was:

- AUD interest rates increase by 210 bps and decrease by 190 bps
- EUR, DKK and SEK interest rates increase by 140 bps and decrease by 200 bps
- USD interest rates increase by 190 bps and decrease by 280 bps, provided that the minimum rate applied is not less than zero.

In the case of currency linked trigger swaps, AUD/EUR exchange rates moved up or down by 0.04.

This sensitivity was used as it provides a reasonable sensitivity given the level of debt and currency exposure the Group has and the impact they have to group results and investor expectations.

The results of the cash flow at risk is as follows:

	31 Dec 2008	31 Dec 2007
	\$M	\$M
Year 1	42.6	20.8
Year 2	64.3	39.4
Year 3	107.5	37.0

The parent entity's cash flow at risk is the same when taking into account the effect in its controlled entities, which impacts the distribution it receives.

Management is reviewing its derivative positions to realign with hedge parameters outlined in its policy.

(g) Foreign exchange risk

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

GPT is exposed to foreign exchange risk arising from currency exposures to the Euro and US dollar.

28.

Capital and financial risk management disclosures (continued)

(g) Foreign exchange risk (continued)

(i) Foreign currency assets and liabilities

GPT traditionally managed 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 as well as using forward exchange contracts where funds were borrowed in local currency. GPT's policy was not to hedge unrealised fair value increases/decreases which may have occurred in its foreign currency assets.

With the deterioration of global financial markets there has also been a negative impact on asset values with GPT's offshore investments. This has introduced foreign currency exposure in GPT's balance sheet as there are now significantly more foreign currency liabilities than assets. Refer note (g)(ii). Management is currently in a process of restructuring GPT's borrowings to realign with hedge parameters which will require a matching of foreign denominated assets and liabilities.

For accounting purposes, net foreign operations and interests in the joint ventures and associates are revalued at the end of each reporting period with the fair value movement reflected in equity as a movement in the foreign currency translation reserve. The interests in joint ventures and associates are then equity accounted to reflect the underlying net assets of the entities with changes reflected in the income statement as share of after tax profits of equity accounted entities, refer accounting policy note 1(e) (iii).

The loans to the joint ventures are revalued at the end of each reporting period with the fair value movement reflected in equity as a movement in the foreign currency translation reserve. Borrowings and forward exchange contracts are revalued at the end of each reporting period with the fair value movement reflected in the income statement as exchange gains or losses on foreign currency borrowings and net gains or losses on derivative financial instruments held at fair value respectively, refer accounting policy note 1(e)(ii).

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

Consolidated Entity

	Euros		United States Dollars		Danish Kroner		Swedish Krona		New Zealand Dollars	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Assets										
Cash	35.5	30.9	46.7	13.7	3.0	-	0.9	-	0.8	-
Warehoused property	229.2	252.7	116.0	108.2	37.2	27.9	64.3	8.5	-	-
Interests in equity accounted investments	58.9	366.5	109.3	276.2	-	-	-	-	-	7.8
Loans and receivables	1,056.7	1,463.2	370.2	391.5	-	-	-	-	24.4	43.7
Other assets including goodwill	-	124.7	-	-	-	-	-	-	-	-
Forward exchange contracts	-	-	-	-	-	-	4.3	-	-	-
	1,380.3	2,238.0	642.2	789.6	40.2	27.9	69.5	8.5	25.2	51.5
Liabilities										
Borrowings	2,534.5	2,065.8	1,061.4	765.7	32.8	27.9	6.4	6.3	52.7	-
Payables	52.4	74.9	7.7	10.2	-	-	-	-	-	-
Forward exchange contracts ⁽¹⁾	-	34.6	-	-	-	-	-	-	-	51.8
	2,586.9	2,175.3	1,069.1	775.9	32.8	27.9	6.4	6.3	52.7	51.8
Net assets/(liabilities)	(1,206.6)	62.7	(426.9)	13.7	7.4	-	63.1	2.2	(27.5)	(0.3)

1. GPT had entered into a forward exchange contract to hedge its SEK investment funded by Euros as at 31 December 2008 for SEK 185.7 Million. The forward exchange contract has since been replaced by purchase of SEK from Euro.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

THE GPT GROUP

28.

Capital and financial risk management disclosures (continued)

(g) Foreign exchange risk (continued)

(i) Foreign currency assets and liabilities (continued)

Parent Entity

	Euros		United States Dollars		Danish Kroner		Swedish Krona		New Zealand Dollars	
	2008 \$M	2007 \$M	2008 \$M	2007 \$M	2008 \$M	2007 \$M	2008 \$M	2007 \$M	2008 \$M	2007 \$M
Assets										
Cash	14.9	11.3	38.8	13.7	-	-	-	-	0.8	-
Loans and receivables	1,135.1	1,500.2	0.2	-	-	-	35.1	-	-	-
	1,150.0	1,511.5	39.0	13.7	-	-	35.1	-	0.8	-
Liabilities										
Borrowings	2,340.5	1,891.9	921.3	588.9	-	-	-	-	52.7	-
Forward exchange contracts ⁽¹⁾	-	34.6	-	-	-	-	4.3	-	-	51.8
	2,340.5	1,926.5	921.3	588.9	-	-	4.3	-	52.7	51.8
Net assets/(liabilities)	(1,190.5)	(415.0)	(882.3)	(575.2)	-	-	30.8	-	(51.9)	(51.8)

1. GPT had entered into a forward exchange contract to hedge its SEK investment funded by Euros as at 31 December 2008 for SEK 185.7 Million. The forward exchange contract has since been replaced by purchase of SEK from Euro.

(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 operations and investments in joint ventures and associates by entering into forward foreign exchange contracts. These contracts may be simple forward agreements or may involve contracts with market triggers (such as knock outs).

- A forward exchange contract obliges GPT to sell and the other party to buy a specific foreign currency at a specified price, amount and future date.
- Accumulating knock out contracts are similar to forward exchange contracts, but the transaction is permanently cancelled (i.e. knocked out) when the predetermined level of accumulation points is reached.
- Knock in contracts are as for forward exchange contracts but will only become an active transaction if the exchange rate reaches a pre agreed level.
- Advantage contracts are as for forward exchange contracts but the agreed exchange rate may vary if the currency trades at a certain level in a certain time frame.

Contracts are entered into based on forecast distributions from the entities for the ensuing financial years.

The contracts are timed to mature at the end of each quarter when the distribution is expected to be received from the entities. Contracts are deferred or closed out where distributions are deferred.

The cash flows from GPT's net foreign operations and investments in joint ventures and associates were expected to occur at the various dates outlined on the next page. These investments have been impaired as a result of the impact of the global financial markets on their performance and underlying asset values. As a result, there is now more uncertainty around these cash flows and whether these hedges will be required.

Management is currently in a process of reviewing its forecast net foreign income and borrowings to address the foreign currency exposures.

At 31 December 2008, the details of outstanding contracts under a 'market scenario' are set out in the following table.

28.

Capital and financial risk management disclosures (continued)

(g) Foreign exchange risk (continued)

(ii) Forward exchange contracts to hedge net foreign cash flows (continued)

Parent and Consolidated Entity

EURO/AUD Contracts	Buy Australian Dollars		Sell Euro		Average exchange rate	
	2008	2007	2008	2007	2008	2007
	\$M	\$M	\$M	\$M	\$M	\$M
Maturity						
Less than 1 year	94.9	74.8	52.7	41.4	0.5548	0.5531
1 – 2 years	128.8	90.5	71.3	50.5	0.5535	0.5575
2 – 3 years	145.4	77.0	80.7	43.3	0.5547	0.5624
3 – 4 years	123.3	58.3	67.7	32.6	0.5488	0.5591
4 – 5 years	65.7	41.4	35.7	22.8	0.5434	0.5503
Over 5 years	102.6	14.6	55.8	7.8	0.5438	0.5360
Total	660.7	356.6	363.9	198.4		

USD/AUD Contracts	Buy Australian Dollars		Sell US Dollars		Average exchange rate	
	2008	2007	2008	2007	2008	2007
	\$M	\$M	\$M	\$M	\$M	\$M
Maturity						
Less than 1 year	6.9	5.9	4.9	4.3	0.7060	0.7346
1 – 2 years	7.6	6.7	5.3	4.9	0.7018	0.7346
2 – 3 years	3.7	7.2	2.7	5.3	0.7346	0.7346
3 – 4 years	–	3.7	–	2.7	–	0.7346
4 – 5 years	–	–	–	–	–	–
Over 5 years	–	–	–	–	–	–
Total	18.2	23.5	12.9	17.2		

EUR/SEK Contracts	Buy Swedish Krona		Sell Euro		Average exchange rate	
	2008	2007	2008	2007	2008	2007
	\$M	\$M	\$M	\$M	\$M	\$M
Maturity						
Less than 1 year	19.1	–	185.7	–	9.7260	–
Total	19.1	–	185.7	–		

At balance date fair value of forward exchange contracts for balance sheet and net cash flow hedging were an asset of \$4.3 million (Dec 2007: \$14.9 million) and a liability of \$119.7 million (Dec 2007: \$17.6 million). In the year ended 31 December 2008, the loss in the income statement from the decrease in fair value of the net assets and liabilities together with the net receipts received is a loss \$102.3 million (Dec 2007: gain \$19.0 million).

28.

Capital and financial risk management disclosures (continued)

(g) Foreign exchange risk (continued)

(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. An adverse movement in exchange rates implies an increase in GPT's foreign currency risk exposure and a worsening of GPT's financial position. A favourable movement in exchange rates implies a reduction in GPT's foreign currency risk exposure and an improvement of GPT's financial position.

Under GPT's treasury risk management policy net cash flow hedge balances in a 'market forecast' scenario must be in line with hedge parameters outlined in its policy. The policy also requires a 'cash flow at risk' sensitivity analysis be performed to test the impact of upwards and downwards movements in the market foreign exchange rates on GPT's net cash flow hedge position (including the impact of foreign exchange trigger contracts) against its foreign net cash flow forecast for a three year period. The policy requires that the result of the sensitivity analysis must be within predetermined limits against forecast realised operating income.

GPT is currently outside policy as there is now more uncertainty around these cash flows and whether these hedges will be required. Management is currently in a process of reviewing its forecast net foreign income and borrowings to address the foreign currency exposures.

The sensitivity applied to GPT's hedge position over a three year period at 31 December 2008 and 31 December 2007 was:

- AUD/EUR exchange rate increased/decreased by 0.0400 euro cents
- AUD/USD exchange rate increased/decreased by 0.0700 United States cents
- AUD/NZD exchange rate increased/decreased by 0.1500 New Zealand cents

This sensitivity was used as it provides a reasonable sensitivity given the level of debt and currency exposure the Group has and the impact they have to group results and investor expectations.

An increase/ decrease in foreign exchange rates at 31 December 2008 would have decreased/ increased the net assets of the consolidated entity by AUD \$141.9 million (Dec 2007: 5.3 million) and increased/ decreased the net assets of the parent entity by AUD \$189.0 million (Dec 2007: AUD \$4.0 million). This is an increase/ decrease in the consolidated entity of AUD \$96.0 million (Dec 2007: AUD \$4.2 million) on Euro assets, AUD \$42.5 million (Dec 2007: AUD \$1.1 million) on USD assets and AUD \$3.4 million (Dec 2007: nil) on NZD assets. In the parent entity this is an increase/ decrease in the parent entity of AUD \$94.7 million (Dec 07: AUD \$27.7 million) on Euro assets, AUD \$87.9 million (Dec 07: AUD \$45.9 million) on USD assets and AUD \$6.4 million (Dec 07: AUD \$6.8 million) on NZD assets.

The foreign exchange exposure in the parent is higher than that consolidated entity as the parent entity has raised foreign currency borrowings and on lent these funds to the Company in Australian Dollars to fund its acquisitions of foreign operations and investments in joint ventures and associates.

Had an increase/decrease in the foreign exchange rates occurred for the entire 2008 year the impact on the consolidated entity's realised operating income after considering the impact of net cash flow hedges would have resulted in a decrease/increase of AUD \$5.0 million (Dec 2007: AUD \$4.0 million). The impact on the parent entity's realised operating income after considering the impact of the net cash flow hedges would have resulted in a increase/decrease of AUD \$12.8 million (Dec 2007: AUD \$3.6 million).

This calculation is impacted by the timing of the cash receipts and payments; in particular the cash receipts from investments in joint ventures and associates. Whilst the net income hedges are in place the effect of these hedges is not reflected in realised operating income until the cash is received. The effect however of the deferral of the net income hedges to match the forecast cash flows is however reflected in fair value adjustments of the foreign exchange derivatives.

(h) Price risk

At 31 December 2008 GPT is no longer exposed to property derivatives and equity securities price risk.

In the year ended 31 December 2008, the loss in the income statement from the unwinding of the property derivative together with the net payments during the financial year is AUD \$83.1 million (Dec 2007: AUD \$17.6 million gain)

28.

Capital and financial risk management disclosures (continued)

(i) Fair value

At 31 December 2008, the carrying amounts and fair values of financial assets and financial liabilities are:

	Note	Consolidated entity				Parent entity			
		Carrying Amount 2008 \$M	Fair Value 2008 \$M	Carrying Amount 2007 \$M	Fair Value 2007 \$M	Carrying Amount 2008 \$M	Fair Value 2008 \$M	Carrying Amount 2007 \$M	Fair Value 2007 \$M
Financial assets									
Cash and cash equivalents	25(a)	961.9	961.9	350.3	350.3	871.1	871.1	292.1	292.1
Loans and receivables (current)	7(a)	261.5	261.5	271.2	271.2	389.8	389.8	359.6	359.6
Loans and receivables (non-current)	7(b)	1,308.5	1,308.5	1,841.3	1,835.6	947.5	947.5	1,448.2	1,436.9
Derivative assets	9	47.8	47.8	143.4	143.4	47.8	47.8	141.8	141.8
Available for sale assets	12	-	-	3.6	3.6	-	-	0.1	0.1
Total financial assets		2,579.7	2,579.7	2,609.8	2,604.1	2,256.2	2,256.2	2,241.8	2,230.5
Financial liabilities									
Payables	15	284.0	284.0	510.7	510.7	317.6	317.6	412.6	412.6
Derivative liabilities	9	884.1	884.1	140.7	140.7	867.6	867.6	140.2	140.2
Borrowings						-			
- multi option facility	16(a)(v)	-	-	50.0	50.0	-	-	50.0	50.0
- multi option syndicated facility	16(a)(i)	3,869.5	3,869.5	2,480.8	2,488.9	3,869.5	3,869.5	2,480.8	2,488.9
- short term bank loan	16(a)	-	-	299.8	300.0	-	-	299.8	300.0
- overdraft	16(a)(ii)	-	-	7.8	7.8	-	-	-	-
- bridge facilities	16(a)(iii)	42.6	42.6	102.4	103.4	-	-	-	-
- bank facilities (secured)	16(a)(vi)	406.5	406.5	349.0	356.6	-	-	-	-
- short term notes	16(b)(i)	-	-	45.8	46.0	-	-	45.8	46.0
- medium term notes	16(b)(ii)	609.9	556.9	1,534.8	1,503.0	609.9	556.9	1,534.8	1,503.0
- CPI coupon indexed bonds	16(c)	84.7	83.8	124.6	144.2	84.7	83.8	124.6	144.2
Total financial liabilities		6,181.3	6,127.4	5,646.4	5,651.3	5,749.4	5,695.4	5,088.6	5,084.9
Net financial liabilities		(3,601.6)	(3,547.7)	(3,036.6)	(3,047.2)	(3,493.2)	(3,439.2)	(2,846.8)	(2,854.4)
Unrealised Losses			53.8		(10.6)		53.9		(7.6)

The fair value of interest bearing borrowings (excluding medium term notes and CPI coupon indexed bonds) has been determined by adjusting for transaction costs.

The fair value of medium term notes have been calculated by discounting the expected future cash flows by market swap rates applicable to relevant term of the note, adjusted for transaction costs. The discount rates applied range from 7.76% to 11.17% (Dec 07: 7.90% to 8.49%). The fair value of the CPI coupon indexed bonds have been calculated by discounting the cash flows by a rate derived by reference to a market swap rate of 3.52% (Dec 07: 6.4%) and with reference to the relevant Commonwealth Government indexed bond real yield and appropriate margins for liabilities with similar risk profiles.

The fair value of GPT's derivatives has been determined as follows:

- Forward foreign exchange contracts – fair valued using quoted forward exchange rates at reporting date.
- 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

THE GPT GROUP

28.

Capital and financial risk management disclosures (continued)

(i) Fair value (continued)

GPT executes all instruments at fair value and therefore has no significant day one gains or losses on any financial instruments.

Non-current loans and receivables are based on cash flows discounted at a rate reflecting current market rates adjusted for counterparty credit risk, where applicable. The carrying value of all other financial assets and liabilities approximate their fair values due to their short term nature.

29.

Auditors' Remuneration

During the financial year the following amounts were paid or payable for services provided by the auditor of the Trust or any other entity in the consolidated entity and its related parties:

	Consolidated entity		Parent entity	
	31 Dec 08 \$'000	31 Dec 07 \$'000	31 Dec 08 \$'000	31 Dec 07 \$'000
Audit services				
PricewaterhouseCoopers Australia				
Audit and review of financial reports and other statutory audit work	2,241.6	1,566.0	1,530.6	909.0
Affiliates of PricewaterhouseCoopers Australian firm including overseas firms				
Audit and review of financial reports and other statutory audit work	443.6	392.0	-	-
Total remuneration for audit services	2,685.2	1,958.0	1,530.6	909.0
Other assurance services				
PricewaterhouseCoopers Australian firm				
Regulatory and contractually required audits	103.0	94.8	-	87.6
Due diligence services	1,100.0	160.0	1,100.0	45.0
Other services	267.7	11.0	-	-
Affiliates of PricewaterhouseCoopers Australian firm including overseas firms				
Due diligence services	135.4	-	-	-
Total remuneration for other assurance services	1,606.1	265.8	1,100.0	132.6
Total remuneration for audit and assurance services	4,291.3	2,223.8	2,630.6	1,041.6
Non audit related services				
PricewaterhouseCoopers Australian firm				
Taxation services	48.7	55.8	-	-
Affiliates of PricewaterhouseCoopers Australian firm including overseas firms				
Taxation services	87.4	39.1	-	-
Total remuneration for non audit related services	136.1	94.9	-	-
Total auditor's remuneration	4,427.4	2,318.7	2,630.6	1,041.6

30.

Net Tangible Asset Backing

	Consolidated entity	
	31 Dec 08	31 Dec 07
	\$	\$
Net tangible asset backing per stapled security/unit – adjust no. of stapled securities	1.43	3.86

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 \$0.9628.

31.

Events subsequent to reporting date

Declaration of December quarter distribution

On 26 February 2009, a distribution of 2.1 cents per stapled security (\$93.8 million) was declared for the quarter ended 31 December 2008 (refer to note 3(b)).

Post year end sale

An industrial investment property at 120 Miller Rd, Villawood, NSW has been sold on 12 January 2009 with a consideration of \$17.5 million.

Post year end acquisitions

On 8 January 2009, GPT acquired a 95% interest in the freeholds associated with 4 of the existing US Senior Housing properties for a total acquisition cost of US\$59.5 million. This acquisition was funded with debt.

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2008
THE GPT GROUP

In the directors of the Responsible Entity's opinion:

- (a) the financial statements and notes set out on pages 77 to 157 are in accordance with the *Corporations Act 2001*, including:
- complying with the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - giving a true and fair view of the Trust's and GPT Group's financial position as at 31 December 2008 and of their performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations by the chief executive officer and chief financial officer required by Section 295A of the *Corporations Act 2001*.

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



Peter Joseph
Chairman



Anne McDonald
Director

GPT RE Limited
Sydney
26 February 2009



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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 balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year-ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both General Property Trust and 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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.

INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2008
THE GPT GROUP



For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

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.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

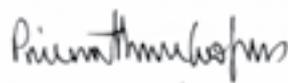
- (a) the financial report of General Property Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Trust's and consolidated entity's financial position as at 31 December 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

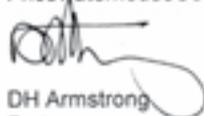
Report on the Remuneration Report

We have audited the Remuneration Report included in pages 59 to 73 of the directors' report for the year ended 31 December 2008. 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 2008, complies with section 300A of the *Corporations Act 2001*.


PricewaterhouseCoopers


DH Armstrong
Partner


SJ Hadfield
Partner

Sydney
26 February 2009

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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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

GPT MANAGEMENT HOLDINGS 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 2008. 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.

The principal activities of GPT Management Holdings Limited were:

- investment in income producing retail, commercial, industrial, office parks, residential and senior housing properties;
- development of commercial properties;
- management and administration of the General Property Trust;
- property management;
- funds management; and
- hotel management.

During the period, the Directors have announced the marketing of assets in the hotel and tourism portfolio and a small number of non core retail assets as well as the Group's intention to exit its US Seniors Housing and Joint Venture investments over time in order to focus on its core business of ownership, management and development of high quality Australian real estate.

The Company continues to operate in Australia, Europe and the United States of America.

1.2 Review of Operations

The net loss of the Company for the financial year ended 31 December 2008 should be read in conjunction with the financial statements of the GPT Group.

	Consolidated entity	
	31 Dec 08	31 Dec 07
	\$'000	\$'000
Loss before income tax expense	(687,817)	(14,145)
Income tax expense	(9,386)	(7,075)
Net loss for the financial year	(697,203)	(21,220)

1. Operations and Activities (continued)

1.2 Review of Operations (continued)

(a) Funds management portfolio

Australian platform

GPT's Australian Funds Management business was further expanded during 2008 with the completion of 3 developments owned by GPT Wholesale Office Fund (GWOF) offsetting a decline in asset values.

Following completion of workplace⁶, Twenty8 Freshwater Place and 545 Queen Street, GWOF has ownership interests in 14 assets with a value of \$3.2 billion. GPT Wholesale Shopping Centre Fund (GWSCF) owns a \$2.1 billion portfolio of 9 quality retail assets.

The performance across the Fund's assets continues to be solid, due to resilient retail figures and ongoing high office occupancy across the Fund owned assets.

European platform

GPT's European funds management platform consists of GPT Halverton and an 80% interest in Hamburg Trust. In July 2008, the Company wrote down the goodwill of the GPT Halverton business to zero due to ongoing losses in the business. The cost base was reduced during the year (by approximately 30%), and significant management changes were implemented. This reflects the changing nature of the platform from an acquisitions and fund establishment business to focus on management of existing assets.

(b) Property Management

The property management division made a loss of \$5,030,315 (Dec 2007: (\$2,083,367)). Assets include management rights for Highpoint Shopping Centre and Norton Street Plaza.

(c) Developments

Practical completion was achieved for workplace⁶ in November 2008 and tenants, Google and Accenture, will move into the building in March 2009. The sale of the building to GWOF was settled on completion.

GPT retains an extensive pipeline of future development opportunities for the medium term however, given the current challenging capital market environment, will not commence any new projects in the near term.

(d) Capital Management

Equity issuance

On 23 October 2008, GPT launched a major capital raising which raised \$1.6 billion through an accelerated non-renounceable entitlement offer (Entitlement Offer) to retail and institutional investors and a placement of \$250,000,000 perpetual exchangeable securities to an affiliate of GIC Real Estate. The exchangeable securities were only issued in the Trust. The Entitlement Offer comprised the Institutional Offer, which closed on 24 October 2008 and was over subscribed, and the Retail Offer which closed 17 November 2008. Eligible securityholders were invited to subscribe for one new GPT security for every GPT stapled security owned at the record date at the offer price of \$0.60. The entitlement offer resulted in the issuance of 2,249,630,602 shares/stapled securities in the Company.

GPT introduced a Distribution Reinvestment Plan (DRP) in March 2007. The DRP applied to the March and June distributions for 2008. Distributions were underwritten from September 2007 through to June 2008 pursuant to an underwriting agreement entered into in October 2007. Following the capital raising the DRP was suspended and did not apply to the September and December 2008 distributions

At 31 December 2008, 118,119,256 new stapled securities relating to 2008 distributions were issued under the DRP and underwriting agreement.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

GPT MANAGEMENT HOLDINGS and its controlled entities

1. Operations and Activities (continued)

1.3 Dividends

The Directors have not declared any dividends for the financial year (Dec 2007: nil).

1.4 Significant Changes in State of Affairs

In the opinion of the Directors, there were no significant changes in the state of the affairs of the Company during the financial year other than those set out in section 1.2 Review of Operations and Capital Management of this report and noted below:

In August 2008, Elizabeth Nosworthy resigned from the GPT Board following her appointment as Chairman of Babcock & Brown.

In October 2008, it was announced that Nic Lyons would discontinue as the Managing Director and Chief Executive Officer of GPT. Peter Joseph (Chairman) announced that he will not stand for re-election at the Annual General Meeting in April 2009 where Malcolm Latham will also retire from the Board upon the expiry of his term.

1.5 Likely Developments and Expected Results of Operations

In the opinion of the Directors, disclosure of any further information would be likely to 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 complied with the Energy Efficiency Opportunities program relevant for 2008 and has submitted an Assessment and Reporting Schedule within the legislative deadline of 31 December 2008. During 2009, the Company will undertake assessments for relevant sites across its Australian divisions of retail, office and hotel & tourism.

More information about the GPT Group's participation in the Energy Efficiency Opportunities program is available at 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 2008 not otherwise dealt with in the financial report or in section 1.3 above 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

Peter Joseph

(ii) Non-Executive Directors

Eric Goodwin

Malcolm Latham

Ian Martin

Anne McDonald

Ken Moss

Elizabeth Nosworthy (1 January 2008 to 21 August 2008)

(iii) Executive Director

Nic Lyons (1 January 2008 to 23 October 2008)

2.2 Information on Directors

Peter Joseph OAM – Chairman

Mr Joseph was appointed to the Board on 30 April 2003. Mr Joseph is a career investment banker and an experienced company director who had a close involvement with the BT Financial Group for over 30 years. Mr Joseph was a Director of the responsible entities of a number of BT funds including some of the BT property trusts. Mr Joseph was also a Director of the Peter Kurts Properties Group for 12 years. Mr Joseph is currently the Chairman of Dominion Mining Limited. Mr Joseph is also Chairman of the St James Ethics Centre and the Black Dog Institute and, until September 2004, was the Chairman of the St Vincent's and Mater Hospitals in Sydney. In 2000, Mr Joseph was awarded a Medal in the Order of Australia. Mr Joseph holds a Bachelor of Commerce degree and a Masters degree in Business Administration. Mr Joseph is a fellow of the Australian Institute of Company Directors. Mr Joseph is a member of the Nomination and Remuneration Committee.

Eric Goodwin

Mr Goodwin was appointed to the Board on 21 November 2004. 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 has 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 member of the Audit and Risk Management Committee and Corporate Responsibility Committee.

2. Directors and Secretary (continued)

2.2 Information on Directors (continued)

Malcolm Latham AM

Mr Latham was appointed to the Board on 21 January 1992 and is currently a director of the Hornery Institute which works throughout Australia. The Institute partners with developers, communities and their governments to enhance the quality of life and the places in which people live, learn, work and play. He has extensive international experience in urban planning and development. Prior to joining the GPT Board, Mr Latham was a senior executive in Lend Lease Corporation. Mr Latham chairs the Corporate Responsibility Committee and is a member of the Nomination and Remuneration Committee.

Ian Martin

Mr Martin was appointed to the Board on 2 June 2005. Mr Martin is currently a Non-Executive Director of Babcock & Brown Limited, Argo Investments Limited and St Vincent's and Mater Health Sydney Limited. Mr Martin is a former Chief Executive Officer of the BT Financial Group and Global Head of Investment Management and Member of the Management Committee of Bankers Trust Corporation. Mr Martin spent eight years as an economist with the Australian Treasury, Canberra, and was the inaugural Chairman of the Investment and Financial Services Association. Mr Martin is Chair of the Nomination and Remuneration Committee.

Anne McDonald

Ms McDonald was appointed to the Board on 2 August 2006. Ms McDonald is currently a Non-Executive Director of Spark Infrastructure Group, Specialty Fashion Group Limited, Westpac's Life and General Insurance companies, Health Super and St Vincent's Health Australia. 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 transaction due diligence, risk management and accounting issues. She was a Board Member of Ernst & Young Australia for seven years and a previous Director of the Private Health Insurance Administration Council and St Vincent's and Mater Health Sydney Limited. Ms McDonald is Chair of the Audit and Risk Management Committee.

Ken Moss

Dr Moss was appointed to the Board on 7 August 2000. Dr Moss is Chairman of Boral Limited and Centennial Coal Company Limited and is a board member of the Australian Brandenburg Orchestra. Prior to August 2000, Dr Moss was Managing Director of Howard Smith Limited. Dr Moss is a member of the Audit and Risk Management Committee.

Company Secretary – James Coyne

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

2. Directors and Secretary (continued)

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 Management Committee		Nomination and Remuneration Committee		Corporate Responsibility Committee	
	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held
Peter Joseph	22	22	–	–	9	9	–	–
Eric Goodwin	21	22	8	8	–	–	4	4
Malcolm Latham	21	22	–	–	9	9	4	4
Nic Lyons ¹	17	18	–	–	–	–	–	–
Anne McDonald	22	22	8	8	–	–	–	–
Ian Martin	22	22	–	–	9	9	–	–
Ken Moss	20	22	7	8	–	–	–	–
Elizabeth Nosworthy ²	9	11	–	–	–	–	2	2

¹ N Lyons was an executive member of the Board until 23 October 2008.

² E Nosworthy retired as a director on 21 August 2008

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
Peter Joseph	100,000
Eric Goodwin	12,630
Malcolm Latham	26,390
Ian Martin	102,482
Anne McDonald	21,000
Ken Moss	52,482

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

GPT MANAGEMENT HOLDINGS and its controlled entities

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 2008 and the period for which each directorship was held are set out below:

Director	Directorship of Listed Entity	Period held
Peter Joseph	Dominion Mining Limited	Since 1980
Eric Goodwin	AMPCI Macquarie Infrastructure No 2 Limited (responsible entity of the Diversified Utility and Energy Trust No 2 which is one of the stapled entities within the DUET Group)	Since 2004
Malcolm Latham	Nil	NA
Anne McDonald	Speciality Fashion Group Limited	Since 2007
Ian Martin	Babcock & Brown Limited	Since 2004
	Argo Investments Limited	Since 2004
Ken Moss	Adsteam Marine Limited	2001 to 2007
	Macquarie Capital Alliance Group (including Macquarie Capital Alliance Limited and Macquarie Capital Alliance Management Limited)	2005 to 2008
	Boral Limited	Since 1999
	Centennial Coal Company Limited	Since 2000

3. Remuneration Report

This report outlines GPT's remuneration philosophy and practices together with details of the specific remuneration arrangements that apply to Directors, key management personnel as defined in AASB 124 *Related Party Disclosures* and to the five named executives as defined in section 300A of the *Corporations Act 2001* (collectively 'Senior Executives').

3.1 Overview

As noted elsewhere in the Annual Financial Report, market conditions in 2008 have been unprecedented in modern times, and GPT's short term performance relative to its peer group has not met Board, management or securityholder aspirations. In the circumstances, the Board decided in favour of:

- no increase in GPT employees base remuneration in 2009, other than in exceptional circumstances where an individual's responsibilities have materially changed;
- no Short Term Incentive (STI) awards to the Senior Executive Committee with respect to the 2008 performance period; and
- no increases in Non-Executive Director fees for 2009.

In light of the extreme market conditions, and to bring GPT's executive long-term incentive (LTI) arrangements in line with general market practice, the Board also decided to modify the operation of GPT's loan-based LTI and introduce a new LTI plan. The key changes to GPT's LTI arrangements are as follows:

- existing employee loans under the loan-based LTI scheme have been converted from full recourse to limited recourse (full recourse means that participants are personally liable for any shortfall between the outstanding loan and the value of securities, whereas under a limited recourse loan, the participant's liability is limited to the value of the securities); and
- a new Performance Rights LTI Plan will be introduced under which awards may vest if specified performance conditions are achieved over a 3-year performance period.

These changes, and the rationale for making them, are detailed in the following LTI section and bring GPT in line with its competitors.

While the changes to the existing loan-based LTI plan give rise to an employee benefit from an accounting perspective (shown in Table D – Senior Executives Remuneration (below)), and there is a 'benefit' in the sense that the loans have been converted to limited recourse, it should be noted that because performance conditions have not been met, no GPT employee has received an award under the loan-based LTI since its inception in 2006. Furthermore, it should be noted that the economic cost to GPT, taking into account the change to limited recourse, is not materially different* from what it would have been had the scheme always operated as a limited recourse scheme.

(* The only difference is that before the conversion to limited recourse, in the event a participant left the scheme – for example, as a result of redundancy – GPT incurred FBT charges where the value of the securities was less than the value of the outstanding loan).

3.2 The Nomination and Remuneration Committee

The GPT Board has a Nomination and Remuneration Committee (Committee) to, inter alia, review and make recommendations to the Board on:

- remuneration policies (including performance management and short and long term incentive schemes) applicable to GPT employees;
- the Chief Executive Officer's performance and remuneration; and
- remuneration policies and packages applicable to Board members.

The Committee consists of 3 Non-Executive Directors:

- Ian Martin (Chairman)
- Peter Joseph
- Malcolm Latham

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

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives

GPT's Remuneration Strategy

GPT's remuneration strategy aims to align individual executive performance with business performance by combining:

- a mixture of both fixed and variable or 'at risk' pay, with both short and long term incentive components driven off challenging financial and non-financial key performance indicators (KPIs);
- a rigorous performance management system which clearly establishes GPT's expectations of employees and the potential rewards of superior performance;
- the use of GPT stapled securities to create an ownership culture and create alignment of executive and securityholder interests; and
- research of remuneration market practices and benchmarks in the countries in which GPT has employees.

In the Board's view this approach:

- is transparent to employees and securityholders;
- is fair;
- is informed by market practice;
- creates alignment between executive remuneration and GPT's performance; and
- attracts, aligns, retains and motivates employees at all levels by rewarding contribution to value creation and the execution of GPT's business strategy.

Total Remuneration Package Composition

GPT aims to offer market competitive Total Remuneration package opportunities comprising:

- Base salary (fixed) – this is generally positioned around market median against comparable ASX 200 and A-REIT sector peers on the basis of annual benchmarking.
- Short Term Incentives (STIs) (variable) – GPT provides opportunities for executives to receive short term incentive awards on an annual basis. STI opportunities are expressed as a percentage of base salary and are determined by calendar year performance against agreed financial and non-financial Key Performance Indicators (KPIs).
- Long Term Incentives (LTIs) (variable) – GPT executives are eligible to participate in an equity-based LTI scheme under which awards may vest if specified performance conditions are achieved over a 3 year performance period.

The mix of these components is shown in Table A below:

Table A – Fixed and Variable components of Total Remuneration at "Target" Level Performance

Senior Executives	Position	Base Salary (fixed)	Variable or "At Risk" Remuneration ¹	
			STI	LTI
Nic Lyons ²	Chief Executive Officer	33%	30%	37%
Michael O'Brien	Acting CEO / COO	36%	28%	36%
Kieran Pryke	Chief Financial Officer	48%	24%	28%
Neil Tobin	General Manager – JV	48%	24%	28%
Jonathan Johnstone	Head of Europe	45%	33%	22%
Mark Fookes	Head of Retail	48%	24%	28%
Nicholas Harris	Head of Wholesale	43%	32%	25%
James Coyne	General Counsel/Secretary	53%	21%	26%
R. Croft ³	CEO GPT Halverton	N/A	N/A	N/A

1 The percentage of each component of total remuneration is calculated with reference to "Target" performance outcomes in both STI and LTI – for more information on performance measurement levels see the following sections on Short Term Incentives and Long Term Incentives.

2 N. Lyons employment was discontinued effective 23 October 2008, at which time M. O'Brien became Acting CEO/COO.

3 R.Croft had a discretionary STI – part of a legacy system from the GPT Halverton business – rather than a quantified STI opportunity. As a result it is not possible to provide a breakdown for the components of R.Croft's remuneration.

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives (continued)

Base salary (fixed component)

Base salary is set annually after market-based reviews conducted by independent experts with reference to companies in the A-REIT and broader ASX 200 sectors. GPT generally aims to pay around market median base pay. Base salary levels for calendar year 2008 in Table D were set in March 2008 and then implemented effective 1 January 2008.

As noted above, it was decided not to proceed with the annual pay review in March 2009, but rather to maintain salaries for GPT employees at their current (i.e. 2008) level (other than in a small number of exceptional circumstances where an individual's responsibilities had materially changed).

GPT's Performance Management System and Short Term Incentives (STI) (variable component)

A uniform performance management system is used across GPT. The system provides all employees with clear financial and personal performance objectives and drives STIs on an annual basis. STI awards may be received as cash, or be salary sacrificed to superannuation and other approved benefits.

Although the performance criteria may be different for each executive, the principles are similar and involve assessment of performance across the following areas:

- financial – in relation to GPT financial performance, Corporate Responsibility objectives and the individual's fund/portfolio/business unit achievement of earnings, return on equity and other relevant financial targets;
- personal – achievement of personal objectives related to specific non-financial business targets such as achieving strategic outcomes, operational improvement, performance enhancement and personal and staff development; and
- values – achievement of performance must be consistent with GPT's values.

To ensure internal alignment with GPT's business strategy, the Chief Executive Officer's performance objectives are set by the Board annually and are then cascaded into the business via the performance objectives of all executives and employees.

No STI award is made for a particular goal if performance falls below a minimum threshold level.

At the conclusion of calendar year 2008, as a result of GPT's overall financial performance, an STI was not paid to the key management personnel (see Table D) and certain other senior executives of the Group, regardless of whether fund/portfolio/business unit or personal objectives were achieved.

Long Term Incentives (LTI) (variable component)

GPT has in place long term incentive schemes that have the following core objectives:

- to provide a long-term incentive to create value for stapled securityholders; and
- to attract, retain and motivate key executives and align their interests with those of securityholders

Summary of 2006, 2007 and 2008 LTI Plans

Following approval at the Annual General Meeting on 18 April 2006, the Board implemented a loan-based LTI scheme for Senior Executives. The LTI scheme consisted of a full recourse loan to enable nominated employees to acquire GPT stapled securities under GPT's Employee Incentive Scheme. After deducting amounts for employee income tax from the gross distributions of GPT stapled securities, net distributions were applied to the loan. The loan was subject to interest calculated at GPT's funding cost, which in 2008 was 6.25% (2007: 5.9%). While the loan remained outstanding, the GPT stapled securities could not be transferred or otherwise dealt with.

The Board determined those executives eligible to participate in the LTI scheme and, for each participating executive, their potential LTI award and loan amount, calculated by reference to a percentage of their base salary. Subject to performance over a 3 year period, any LTI award would be applied to reduce the outstanding loan (after deductions for interest and Fringe Benefits Tax (FBT)).

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives (continued)

Summary of 2006, 2007 and 2008 LTI Plans (continued)

The performance conditions that could give rise to a LTI award were determined on grant of each new LTI by the Board (refer Table B) and are tested at the end of each applicable 3 year period. LTI awards and accruals are disclosed in GPT's Remuneration Report. If below threshold performance for a particular performance condition is achieved at the end of the 3 year period, no portion of the LTI award allocated to that performance condition would accrue. For performance above the threshold level, pro-rated awards accrue up to stretch outcomes. Where an LTI award is made, the interest attributable to the loan (the loan cost) would first be deducted from that amount. If the total LTI award is insufficient to cover the loan cost, that part of the remaining loan cost would be capitalised and added to the loan amount. Where the LTI award is greater than the cost of the loan, GPT would reduce the employee's outstanding loan by an amount equal to the remainder of the LTI award, less an amount payable by GPT to meet the related FBT liability. Regardless of whether the performance conditions were met, under the full recourse nature of the loans employees would remain liable for any shortfall between the outstanding loan balance and the value of the underlying securities.

GPT offered employees participation in the loan-based LTI scheme annually in 2006, 2007 and 2008.

The Board adopted the LTI performance measures of Growth in Earnings per GPT stapled security, Return on Contributed Equity and Performance relative to the S&P ASX 200 Listed Property Trust Index (excluding GPT). The performance conditions, hurdles and weightings chosen by the Board were approved by securityholders at the 2006 and 2007 Annual General Meetings. The performance condition hurdles are summarised in Table B, with the LTI scheme positions of participants outlined in Table C. As at 31 December 2008, none of the performance targets have been met.

Table B – LTI Performance Conditions

LTI Scheme	LTI Performance Measurement Period	Performance Condition	Performance Condition Hurdle	Weighting
2006	2006 – 2008	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 2006, 2007 and 2008.	If EPS growth is below 6.2% on average over the three year period, no part of LTI available for this performance measure will be awarded. If EPS growth is above 6.2%, pro-rated awards will occur up to a stretch outcome of 7.5%. ¹	50%
		Return on contributed equity (RoE) 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% outperformance. 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 – Senior Executives (continued)

Summary of 2006, 2007 and 2008 LTI Plans (continued)

Table B – LTI Performance Conditions (continued)

LTI Scheme	LTI Performance Measurement Period	Performance Condition	Performance Condition Hurdle	Weighting
2007	2007 – 2009	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 2007, 2008 and 2009.	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%
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 – Senior Executives (continued)

Summary of 2006, 2007 and 2008 LTI Plans (continued)

Table C – LTI Scheme Participant Positions

Senior Executives	Year of LTI Loan ¹	Loans granted under LTI scheme	GPT stapled security purchase price	Number of securities acquired under LTI scheme	Total net distributions applied to loans since issued	2006 LTI Scheme Awards ²	Closing loan balance 31 Dec 2008	GPT stapled security price at 31 Dec 2008	Total net value of employee equity at ³ 31 Dec 2008	LTI Scheme Award accrual ⁴ 31 Dec 2008	Total accumulated interest costs as at ⁵ 31 Dec 2008
N. Lyons ⁶ Chief Executive Officer	2007 2006	\$2,223,997 \$2,874,997	\$5.11 \$4.20	434,999 684,116	\$335,171	-	\$4,763,822	-	-	-	\$568,211
M. O'Brien Acting CEO / COO	2007 2006	\$1,301,977 \$1,233,333	\$5.11 \$4.20	254,658 293,476	\$171,743	-	\$2,363,566	\$0.92	(\$1,859,283)	\$24,000	\$300,563
K. Pryke Chief Financial Officer	2007 2006	\$403,235 \$1,055,554	\$5.11 \$4.20	78,870 251,173	\$115,158	-	\$1,343,631	\$0.92	(\$1,039,991)	(\$73,333)	\$189,608
N. Tobin General Manager Joint Venture	2007 2006	\$570,689 \$944,444	\$5.11 \$4.20	111,623 224,734	\$112,432	-	\$1,402,702	\$0.92	(\$1,093,253)	(\$58,666)	\$189,613
J. Johnstone Head of Europe	2007 2006	\$218,453 \$755,555	\$5.11 \$4.20	42,728 179,787	\$79,288	-	\$894,720	\$0.92	(\$690,006)	\$32,000	\$129,044
M. Fookes Head of Retail	2007 2006	\$484,347 \$1,033,331	\$5.11 \$4.20	94,735 245,885	\$116,745	-	\$1,400,933	\$0.92	(\$1,087,563)	(\$80,000)	\$194,138
N. Harris Head of Wholesale	2007 2006	\$256,742 \$888,887	\$5.11 \$4.66	50,217 190,627	\$76,938	-	\$1,068,691	\$0.92	(\$847,114)	(\$69,333)	\$143,178
J. Coyne General Counsel/ Secretary	2007 2006	\$209,302 \$568,888	\$5.11 \$4.20	40,938 135,369	\$61,705	-	\$716,485	\$0.92	(\$554,282)	(\$42,533)	\$101,426
R. Croft ⁷ CEO GPT Halverton	-	-	-	-	-	-	-	-	-	-	-
Total		\$15,023,731		3,313,935	\$1,069,180	-	\$13,954,550		(\$7,171,492)	(\$267,865)	\$1,815,781

- 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 in calendar year 2008.
- 2 For the 2006 LTI, GPT performance was not sufficient to meet threshold levels of any of the three performance measures outlined in Table B. Hence, no LTI Award was made for the 2006 LTI.
- 3 Total net value of employee equity at 31 December 2008 is calculated by deducting the closing price of the GPT stapled securities at that date from the closing loan balance.
- 4 Table B outlines GPT's performance against the performance conditions of the 2006, 2007 and 2008 LTI schemes, and this column converts that to an actual dollar amount of LTI award accrual applicable to the senior executive.
- 5 Under the LTI scheme rules, interest is accumulated and applied to the loan balance at the time an LTI award is payable. No LTI award is payable for the 2006 LTI and as a result the Total Accumulated Interest Cost as at 31 December 2008 will be added onto the Closing Loan Balance.
- 6 N. Lyons employment was discontinued effective 23 October 2008, and the balances in the table reflect the position as at this date.
- 7 R. Croft was not part of the key management personnel prior to 2008 and did not participate in the LTI.

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives (continued)

Changes to LTI Arrangements

One unique feature of GPT's LTI scheme is that the loans made under the scheme were "full recourse" to the scheme participants. Full recourse means that should the value of the underlying securities held be less than the outstanding loan balance when the loan is required to be repaid, then the LTI participant is personally liable for any shortfall. In contrast, similar schemes put in place by GPT's competitors involve loans to participants that are limited or non-recourse in nature such that the downside financial risk for employees is limited to the loss of their LTI grant.

Given recent extreme market conditions, and to bring GPT's executive long-term incentive (LTI) arrangements in line with general market practice, the GPT Board considered it in GPT's best interest to modify the scheme to make existing loans limited recourse. The Board also decided to implement a more conventional Performance Rights LTI Scheme, which has been made possible by legislative changes to the tax treatment of such plans for stapled securities since the original loan-based LTI scheme was implemented.

The specific nature of and rationale for these changes is outlined in more detail in the remainder of this section.

History of GPT's Loan Based LTI Scheme

In May 2006, when GPT introduced the GPT Employee Incentive Scheme (which included a loan-based LTI Scheme) stapled securities listed on the Australian Securities Exchange such as those issued by GPT were not included under the definition of ordinary securities eligible for the tax deferral and tax exemption concessions in Division 13A of the *Income Tax Assessment Act 1936*.

As a result, loan-based schemes were prevalent in the A-REIT sector where the regular distributions were used in the scheme design to pay down employee loans. In implementing the loan-based LTI, GPT chose to issue loans on a full recourse basis to participants to acquire GPT stapled securities because it was considered that this would create greater alignment between executives and investors.

With effect from 1 July 2006, amendments were implemented to the taxation legislation that resulted in stapled securities becoming eligible for the tax deferral and tax exemption concessions in the employee share plan income tax provisions. As a result of these changes in the tax rules, other companies in the A-REIT sector – in line with general market practice in Australia – progressively moved to simpler LTI arrangements which provide upside to the participants, but with no downside financial risk to employees. The loan-based schemes that remained, either in full operation or as legacy systems, were characterised by a non-recourse loan structure.

In 2008, with the unprecedented dislocation in global financial markets and the A-REIT sector in particular, GPT's LTI scheme participants had a significant shortfall in the value of their equity versus the value of their loans (outlined in Table C).

The full recourse nature of GPT's loan based LTI scheme has resulted in several undesirable implications for GPT, in particular:

- (i) Rather than being a source of positive incentive and alignment, the scheme position became internally distracting and caused concern about the impact on the financial position of employees, all of whom were prevented (under staff dealing rules) to sell, hedge or ameliorate the security price risk (as other investors could) in the current market environment;
- (ii) There is a clear disparity between GPT's full recourse loans and the non-recourse loans used in plans operated by our competitors, with the difference a potential handicap on GPT's efforts to retain or recruit the best talent; and
- (iii) The full recourse nature of the scheme loans has also created disparities and complications with respect to redundancies, internal promotions, and necessary organisational changes.

Continuation of this scheme would mean GPT was out of step with market practice both relative to its peer group and the ASX 200, being the only company in its sector to have a full recourse loan scheme as its LTI plan. The Board considered that it was the best interest of GPT for GPT employees to be put on an even footing with GPT's competitors but in a manner which is also fair and reasonable to investors. The options considered included:

- converting full recourse loans to limited recourse loans, either at the end of 2008 or some later point, or
- winding up the existing scheme.

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives (continued)

History of GPT's Loan Based LTI Scheme (continued)

As a result, after considering the costs and benefits of each alternative, the Board decided to:

- (i) 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 remains in place the participant is committed only to the value of the underlying securities;
- (ii) Reduce the interest charge on the loans to participants to approximate the net distributions receivable; and
- (iii) Retain the performance conditions associated with 2006, 2007 and 2008 LTIs.

Additional implications of the transition from full recourse to a limited recourse loan arrangement are summarised below:

- (i) The key change for participants is that they are no longer liable for any loan amount not repaid after the sale of securities. However, employee loans **remain outstanding** and **have not been waived** as a result of the transition to limited recourse;
- (ii) From an accounting perspective, on conversion to a limited recourse arrangement, the loans cease to appear as a receivable on the balance sheet and the difference between the loan balance as at the date of conversion and the value of loan securities as at that date represents an impairment expense of \$27,258,339, including a charge of \$3,983,243 for accumulated interest (further details on the accounting implications are summarised in the financial statements), however, as noted above the economic cost to GPT, taking into account the change to limited recourse, is not materially different (excluding FBT on scheme exits) from what it would have been had the scheme always operated as a limited recourse scheme; and
- (iii) The individual impact of this conversion on the disclosed Senior Executives is summarised in Table D in the column Accounting (non-cash) Limited Recourse Amendment.

As noted above in Table B, performance conditions associated with the scheme remain in place and will continue to operate up to the end of 2010, at which time further consideration will be given as to the ongoing operation of the scheme.

New Performance Rights LTI Plan

As noted above, given the legislative changes which occurred since the original loan-based LTI scheme was introduced, and the issues described in relation to that scheme, the Board intends to introduce a more contemporary Performance Rights LTI Plan.

The new plan would run for 3 years during 2009-2011. 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 performance conditions for the applicable 3 year period are satisfied.

Further details of the Performance Rights LTI Plan will be contained in the notice of meeting for the AGM to be held on 30 April 2009.

Other Equity Based Schemes

(1) The GPT Employee Incentive Scheme

Following approval at the Annual General Meeting on 18 April 2006, the Board implemented the GPT Employee Incentive Scheme, which operates at two levels:

- an LTI Scheme for certain Senior Executives – as outlined in previous sections above; and
- a General Scheme for all employees (other than Senior Executives who receive a Long Term Incentive).

The General Scheme was implemented to encourage and build a broad base of employee ownership of GPT stapled securities. It is the view of the Board that the cost of the General Scheme is more than offset by the significant benefits that flow to GPT from the establishment of an ownership culture within the general employee population and the impact of that culture in terms of GPT performance and alignment of employee and stapled securityholder interests.

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives (continued)

Other Equity Based Schemes (continued)

(1) The GPT Employee Incentive Scheme (continued)

Under the General Scheme, employees with a minimum of twelve months service in permanent salaried employment are offered the ability to participate up to a nominated percentage of their base salary (20%). The General Scheme is based on an interest free, limited recourse loan of no fixed term to enable employees to acquire GPT stapled securities. The net cost of the interest component is a cost to the business of implementing the scheme.

The loan must be used to acquire GPT stapled securities that are acquired by the Scheme Administrator on employees' behalf. GPT stapled securities in respect of which a loan is outstanding cannot be sold or transferred. Net distributions (deducting amounts required to pay tax) must be applied to reduce the loan. As at 31 December 2008, 318 employees were participating in the General Scheme with total loans of \$6,005,156.98.

In line with the loans based LTI scheme outlined above, the General Scheme will continue to operate up to the end of 2010 (although no further loans will be made or new employees admitted) at which time further consideration will be given as to the ongoing operation of the scheme.

(2) The GPT 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.

(3) The GPT 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.

Senior Executive Remuneration Disclosures

Table D (following) provides a breakdown of GPT's senior executive remuneration in accordance with statutory obligations and accounting standards. The Board is aware however, of the complexity associated with these disclosures, particularly given the complex accounting treatment of the loans based LTI scheme, and believes the required form of presentation in Table D may make it hard to form an understanding of the actual cash benefits received by GPT key management personnel.

Table E therefore applies a cash accounting approach and shows clearly the cash payments individuals actually received. Mr Nic Lyons (whose employment with GPT was discontinued effective 23 October 2008, after more than 8 years service) received a gross termination payment of \$975,000, representing 9 months pay at the rate of his then current base salary (\$1,300,000). Moreover, and consistent with the Board's decision to change the nature of the LTI from full-recourse to limited recourse, the securities held by Mr Lyons under the LTI scheme were accepted as full consideration of the outstanding loan and accumulated interest (see footnote 6 for further details).

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives (continued)

Senior Executive Remuneration Disclosures (continued)

Table D – Senior Executive's Remuneration – Statutory Accounting Basis

Senior Executives	Fixed Pay			Variable or "At Risk Pay" – Short Term	Variable or "At Risk Pay" – Long Term			Cash Payment on Termination ⁵	Waiver of Full Recourse Loan on Termination ⁶	Total
	Salary & Fees	Super-annuation	Non-Monetary ¹	STI Bonus	LTI Award Accrual ²	Retention ³	Accounting (non-cash) Limited recourse amendment ⁴			
N. Lyons⁷										
Chief Executive Officer										
31 December 2008	\$1,155,148	\$11,146	\$3,053	–	(\$1,297,333)	–	–	\$975,000	\$8,290,281	\$9,137,295
31 December 2007	\$1,143,809	\$12,908	\$1,749	\$808,160	\$864,833	\$297,172	–	–	–	\$3,128,631
M. O'Brien										
Acting CEO / COO										
31 December 2008	\$894,795	\$13,437	\$1,897	–	\$24,000	–	\$2,159,845	–	–	\$3,093,974
31 December 2007	\$724,439	\$12,908	\$1,839	\$465,847	\$391,000	\$221,922	–	–	–	\$1,817,955
K. Pryke										
Chief Financial Officer										
31 December 2008	\$878,334	\$13,437	\$2,083	–	(\$73,333)	–	\$1,229,598	–	–	\$2,050,119
31 December 2007	\$648,295	\$12,908	\$1,749	\$272,381	\$255,001	\$181,299	–	–	–	\$1,371,633
N. Tobin										
General Manager - JV										
31 December 2008	\$700,678	\$13,437	\$2,219	–	(\$58,666)	–	\$1,282,866	–	–	\$1,940,534
31 December 2007	\$698,251	\$12,908	\$1,749	\$269,350	\$251,666	\$176,142	–	–	–	\$1,410,066
J. Johnstone⁸										
Head of Europe										
31 December 2008	\$1,038,331	\$13,437	\$5,331	–	\$32,000	–	\$819,051	–	–	\$1,908,150
31 December 2007	\$943,791	\$12,908	\$2,000	\$228,588	\$174,668	–	–	–	–	\$1,361,955
M. Fookes										
Head of Retail										
31 December 2008	\$748,977	\$13,437	\$2,822	–	(\$80,000)	–	\$1,281,701	–	–	\$1,966,937
31 December 2007	\$692,528	\$12,908	\$1,749	\$378,332	\$259,667	\$188,942	–	–	–	\$1,534,126
N. Harris										
Head of Wholesale										
31 December 2008	\$610,470	\$13,437	\$1,202	–	(\$69,333)	–	\$990,292	–	–	\$1,546,068
31 December 2007	\$486,151	\$12,908	\$1,504	\$477,433	\$206,668	–	–	–	–	\$1,184,664
J. Coyne										
General Counsel/ Secretary										
31 December 2008	\$486,770	\$13,437	\$2,346	–	(\$42,533)	–	\$655,708	–	–	\$1,115,728
31 December 2007	\$408,050	\$12,908	\$2,087	\$145,960	\$136,534	\$134,750	–	–	–	\$840,289
R. Croft⁹										
CEO GPT Halverton										
31 December 2008	\$761,520	\$32,566	–	–	–	–	–	–	–	\$794,086
31 December 2007	–	–	–	–	–	–	–	–	–	–
Total										
31 December 2008	\$7,275,023	\$137,771	\$20,953	–	(\$1,565,198)	–	\$8,419,061	\$975,000	\$8,290,281	\$23,552,891
31 December 2007	\$5,745,314	\$103,264	\$14,426	\$3,046,051	\$2,540,037	\$1,200,227	–	–	–	\$12,649,319

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives (continued)

Senior Executive Remuneration Disclosures (continued)

Table D – Senior Executive's Remuneration – Statutory Accounting Basis (continued)

- 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 and/or the taxable value of the benefit of discounted staff rates at Voyages Hotels & Resorts.
- 2 The LTI Award Accrual contains accruals for LTI awards under the 2006, 2007 and 2008 LTI plans based on GPT performance against the award conditions set out in Table B. The numbers noted in Table D above are substantially down on previous years representing a reversal of the accruals for the 2006 LTI, which at the end of the 3 year performance period 2006-2008 did not reach threshold performance levels. As a result, no LTI award was delivered to participants for the 2006-2008 performance measurement period.
- 3 The amount set out in Retention relates to the final accrual for the Retention award that was paid on 30 June 2007. No retention award was paid or accrued in calendar year 2008.
- 4 The Accounting (Non-cash) Limited Recourse Amendment refers to the accounting implications of the change from full recourse to limited recourse loans as described in the section above – History of GPT's Loan Based LTI Scheme. As such, it should be noted that it does not represent a cash payment to participants.
- 5 A cash payment on termination equivalent to 9 months' base salary was paid to N. Lyons.
- 6 The waiver of full recourse loan on termination was as a result of exiting the GPT Employee Incentive Scheme – Long Term Incentive, and does not represent a cash payment to Mr Lyons. It comprises a waiver of the shortfall of the value of his equity against the outstanding loan (\$3,867,043) plus accumulated interest (\$568,211) and a charge for Fringe Benefits Tax on the combined waiver (\$3,855,026).
- 7 N. Lyons employment was discontinued effective 23 October 2008.
- 8 The salary & fees amount for J. Johnstone in 2008 includes a significant component associated with his expatriate assignment to the United Kingdom, including rental accommodation, school fees, and cost of living adjustments.
- 9 R. Croft was not part of the key management personnel in 2007.

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives (continued)

Senior Executive Remuneration Disclosures (continued)

Table E – Senior Executive's Remuneration – Cash Accounting Basis

Senior Executives	Fixed Pay			Variable or "At Risk Pay" – Short Term	Variable or "At Risk Pay" – Long Term			Cash Payment on Termination ³	Waiver of Full Recourse Loan on Termination	Total
	Salary & Fees ¹	Super-annuation	Non-Monetary	STI Bonus	LTI Award Accrual	Retention Paid ²	Accounting (non-cash) Limited recourse amendment			
N. Lyons Chief Executive Officer										
31 December 2008	\$1,463,598	\$11,146	\$3,053	–	–	–	–	\$975,000	–	\$2,452,797
31 December 2007	\$1,122,092	\$12,908	\$1,749	\$808,160	–	\$1,350,783	–	–	–	\$3,295,692
M. O'Brien Acting CEO / COO										
31 December 2008	\$786,563	\$13,437	\$1,897	–	–	–	–	–	–	\$801,897
31 December 2007	\$687,092	\$12,908	\$1,839	\$465,847	–	\$1,009,054	–	–	–	\$2,176,740
K. Pryke Chief Financial Officer										
31 December 2008	\$736,563	\$13,437	\$2,083	–	–	–	–	–	–	\$752,083
31 December 2007	\$587,092	\$12,908	\$1,749	\$272,381	–	\$824,088	–	–	–	\$1,698,218
N. Tobin General Manager - JV										
31 December 2008	\$686,563	\$13,437	\$2,219	–	–	–	–	–	–	\$702,219
31 December 2007	\$612,092	\$12,908	\$1,749	\$269,350	–	\$800,647	–	–	–	\$1,696,746
J. Johnstone Head of Europe										
31 December 2008	\$995,233	\$13,437	\$5,331	–	–	–	–	–	–	\$1,014,001
31 December 2007	\$931,771	\$12,908	\$2,000	\$228,588	–	–	–	–	–	\$1,175,267
M. Fookes Head of Retail										
31 December 2008	\$689,008	\$13,437	\$2,822	–	–	–	–	–	–	\$705,267
31 December 2007	\$612,092	\$12,908	\$1,749	\$378,332	–	\$858,831	–	–	–	\$1,863,912
N. Harris Head of Wholesale										
31 December 2008	\$586,563	\$13,437	\$1,202	–	–	–	–	–	–	\$601,202
31 December 2007	\$462,092	\$12,908	\$1,504	\$477,433	–	–	–	–	–	\$953,937
J. Coyne General Counsel/ Secretary										
31 December 2008	\$456,563	\$13,437	\$2,346	–	–	–	–	–	–	\$472,346
31 December 2007	\$387,092	\$12,908	\$2,087	\$145,960	–	\$612,500	–	–	–	\$1,160,547
R. Croft CEO GPT Halverton										
31 December 2008	\$761,520	\$32,566	–	–	–	–	–	–	–	\$794,086
31 December 2007	–	–	–	–	–	–	–	–	–	–
Total										
31 December 2008	\$7,162,174	\$137,771	\$20,953	–	–	–	–	\$975,000	–	\$8,295,898
31 December 2007	\$5,401,415	\$103,264	\$14,426	\$3,046,051	–	\$5,455,903	–	–	–	\$14,021,059

3. Remuneration Report (continued)

3.3 Remuneration – Senior Executives (continued)

Senior Executive Remuneration Disclosures (continued)

Table E – Senior Executive's Remuneration – Cash Accounting Basis (continued)

- 1 Salary & fees refers to cash salary received only.
- 2 Retention Paid refers to the retention payment that was delivered to certain key management personnel identified as critical to business continuity at the time of GPT's internalisation, and paid in July 2007.
- 3 As noted above, a cash payment on termination equivalent to 9 months' base salary was paid to N. Lyons.

Service Agreements

All employees have service agreements in place that set out the basic terms and conditions of employment.

In 2008 notice periods of one month were in place in all service agreements unless otherwise noted, however, the Board has taken steps to increase the notice periods for all key management personnel in 2009 to a minimum of 3 months in conjunction with the amendments to the LTI scheme referred to above. 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 a Senior 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 salary. In addition the employee may be entitled to any short term and long term incentive at the end of the relevant period subject to the achievement of key performance indicators that had been set.

Set out below is a summary of the terms of the service agreements for the Acting CEO/COO and other Senior Executives as at the end of calendar year 2008:

	M. O'Brien	K. Pryke	N. Tobin	J. Johnstone	M. Fookes	N. Harris	J. Coyne
Date of agreement	1 June 2005	1 June 2005	1 June 2005	16 June 2005	1 June 2005	25 July 2006	1 June 2005
Term of agreement	Open-ended	Open-ended	Open-ended	Open-ended	Open-ended	Open-ended	Open-ended
Non-solicitation of other personnel	12 months	12 months	12 months	12 months	12 months	12 months	12 months
Termination notice	1 Month	1 Month	1 Month	1 Month	1 Month	1 Month	1 Month

3. Remuneration Report (continued)

3.4 Remuneration – Non-Executive Directors

GPT Policy

As noted at the start of this report the Board decided there will be no increase in Non-Executive Director fees for 2009.

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 director 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 rewarded via Committee fees in addition to main Board fees.
- Non-Executive Directors do not participate in any incentive or performance based 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 reasonable remuneration for Non-Executive Directors is sought at least every 3 years. Between such reviews, remuneration is monitored against market movements as is the time being spent by Directors in performing their duties. Any increase resulting from this review is effective from the 1st of January 2009 and will be advised in the next Remuneration Report.

The Chairman is paid a main board fee which is 250% more than the other Non-Executive Directors to reflect additional workload and responsibility, however does not receive Committee fees.

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 stapled securityholders at the Annual General Meeting on 9 May 2007. As an executive director, Nic Lyons did not receive fees from this pool but was remunerated as one of GPT's Senior Executives. As noted above, there will be no increase in Non-Executive Director fees for 2009.

Annual Board and Board Committees fees (excluding compulsory superannuation) for the year ended 31 December 2008 are as follows:

		Board	Audit and Risk Management Committee	Nomination and Remuneration Committee	Corporate Responsibility Committee
Chairman ¹	2008	\$346,500	\$34,650	\$23,100	\$23,100
	2007	\$315,000	\$31,500	\$21,000	\$21,000
Members	2008	\$138,600	\$17,325	\$11,550	\$11,550
	2007	\$126,000	\$15,750	\$10,500	\$10,500

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

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

At the discretion of each Non-Executive Director, they may elect to participate in the GPT Non-Executive Director Stapled Security Plan (NEDSSP). Implemented in September 2008, the NEDSSP allows eligible non-executive directors to salary sacrifice amounts to purchase GPT Group stapled securities on market. GPT stapled securities acquired under the NEDSSP 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.

3. Remuneration Report (continued)

3.4 Remuneration – Non-Executive Directors (continued)

GPT Policy (continued)

The nature and amount of each element of remuneration paid to GPT's Non-Executive Directors for the current financial and comparative year are as follows:

Table F – Non-Executive Directors' Remuneration

Directors	Fixed Pay			Total
	Salary & Fees	Superannuation ¹	Non-Monetary ²	
P. Joseph				
Chairman				
31 December 2008	\$346,500	\$13,437	-	\$359,937
31 December 2007	\$315,000	\$12,911	-	\$327,911
E. Goodwin				
31 December 2008	\$167,475	\$13,437	-	\$180,912
31 December 2007	\$149,625	\$12,908	-	\$162,533
M. Latham				
31 December 2008	\$173,250	\$13,437	\$1,192	\$187,879
31 December 2007	\$152,250	\$12,807	\$2,222	\$167,279
I. Martin				
31 December 2008	\$161,700	\$13,437	-	\$175,137
31 December 2007	\$147,000	\$12,908	-	\$159,908
A. McDonald				
31 December 2008	\$173,250	\$13,437	\$2,641	\$189,328
31 December 2007	\$153,562	\$12,908	\$1,277	\$167,747
K. Moss				
31 December 2008	\$155,925	\$13,437	-	\$169,362
31 December 2007	\$145,688	\$12,899	-	\$158,587
E. Nosworthy³				
31 December 2008	\$100,100	\$8,817	\$4,381	\$113,298
31 December 2007	\$137,818	\$12,545	\$1,252	\$151,615
Total				
31 December 2008	\$1,278,200	\$89,439	\$8,214	\$1,375,853
31 December 2007	\$1,200,943	\$89,886	\$4,751	\$1,295,580

No termination benefits were paid during the financial year.

- 1 Refers to compulsory SGC superannuation only; non-compulsory superannuation salary sacrifices are included in Salary & Fees.
- 2 The amount set out under 'Non-monetary' may include administration fees associated with membership of the GPT Superannuation Plan and Death & Total/Permanent Disability Insurance Premiums (A. McDonald & E. Nosworthy) and parking (M. Latham).
- 3 E. Nosworthy resigned effective 21 August 2008.

4. Other Disclosures

4.1 Indemnification and Insurance of Directors and Officers

The GPT Group provides a Deed of Indemnity and Access (Deed) in favour of each of the Directors and Secretaries of the Company and its subsidiary companies and each person who acts or has acted as a representative of the Company serving as an officer of another entity at the request of the Company. 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 the Company, 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 the Company, its subsidiary companies or such other entities, and other payments arising from liabilities incurred by the Directors and Officers in connection with such proceedings. The Auditors are in no way indemnified out of the assets of the Company.

During the financial year, the Company 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

Slater and Gordon Lawyers have announced an intention to bring a class action against GPT on behalf of those who purchased shares in the period 28 February 2008 to 6 July 2008. The allegations surround the adequacy of earnings guidance provided to the market in the same period. GPT denies that there is a proper basis for the alleged claim and will defend any class action which may be commenced.

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, the Company's auditor, has performed certain other services in addition to their statutory duties. Details of the amount paid to the auditor, which includes amounts paid for non-audit and other assurance services, are set out in note 7 to the financial statements.

The Board has 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 Board is satisfied that the provision of these services is compatible with, and did not compromise, the auditor's 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. Other Disclosures (continued)

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 thousand dollars in accordance with the Class Order, unless stated otherwise.

4.5 Auditor

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

4.6 Auditor's Independence Declaration

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

Signed in accordance with a resolution of the Directors.



Peter Joseph
Chairman



Anne McDonald
Director

Sydney
26 February 2009

AUDITOR'S INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2008

GPT MANAGEMENT HOLDINGS and its controlled entities



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

As lead auditor for the audit of GPT Management Holdings Limited for the year ended 31 December 2008, 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.

DH Armstrong
Partner
PricewaterhouseCoopers

Sydney
12 March 2009

The following commentary is to assist the shareholders in reviewing and interpreting the results of the Company for the year ended 31 December 2008, however, as the Company and its controlled entities (the consolidated entity) forms part of the stapled entity, the balance sheet and income statement for the financial year ended 31 December 2008 should be read in conjunction with the financial statements of the GPT Group.

Balance Sheet

As at 31 December 2008, total assets were \$817,907,000 (Dec 2007: \$1,400,405,000), total liabilities were \$1,204,958,000 (Dec 2007: \$1,074,246,000). The negative movement in net assets of \$713,210,000 resulted in the Company being in a net liability position. This is primarily due to the downturn of property markets globally, resulting in significant investment and goodwill impairments.

Specifically, the items that affected the Company's financial position during the financial year were:

- Loans and Receivables – The movement of \$57,023,000 in current loans is mainly due to the receipt of a \$80,022,000 receivable in the prior period for the Dutch Active Fund PropCo BV (Dutch Active Fund) and the reclassification of a loan (see below for further details). The movement in non current loans of \$88,749,000 is due to the reclassification of a loan to Babcock & Brown Residential Operating Partnership LP of USD\$33,000,000 (AUD\$46,962,000) (Dec 2007: USD \$50,000,000 (AUD\$56,580,000)) to current from non current. The loan was subject to an impairment of USD\$17,000,000 (AUD\$21,131,137). A loan of \$37,989,000 (Dec 2007: \$35,964,000) provided to employees for the long term incentive share scheme has also been impaired by \$31,271,000.
- Inventories – The movement of \$8,510,000 includes the completion and sale of the workplace⁶; and the acquisition of further assets for the Scandinavian Active Fund and H20 Fund inclusive of foreign exchange movements.
- Equity accounted investments – The decrease of \$318,413,000 is primarily due to the write down of BGP Investment SARL from \$317,539,000 at the beginning of the year to nil.
- Intangibles – The goodwill purchased as a result of the 2007 acquisition of GPT Halverton Limited (formerly known as Halverton Real Estate Investment Management Limited) was impaired by \$121,841,000 to nil.
- Borrowings – The movement of \$149,317,000 in current borrowings is due mainly to the increase of \$160,907,000 in related party borrowings from the Trust for the European funds management business. The borrowings were used to acquire warehouse property and loan investments.
- Payables – This decreased by \$132,228,000, largely due to the completion of workplace⁶. The Company entered into an agreement with a related party to sell workplace⁶ on completion and received a first instalment of \$106,465,000 of the sales proceeds in 2007. The agreement was conditional on the Company developing workplace⁶ to practical completion, at which point the related party has been provided with a call option on the long term lease of the site at practical completion. The building has been completed and sold to the related party on 12 November 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED 31 DECEMBER 2008

GPT MANAGEMENT HOLDINGS and its controlled entities

Income Statement

The material aspects of the actual net loss result were:

Net profit of \$52,212,000 for the completion and sale of the workplace⁶ development.

A loss of \$319,216,000 for the share of profits from equity accounted investments was due to the impairment of investment properties and loans.

Impairment expense related to goodwill write off of GPT Halverton and Hamburg Trust, warehoused property and loan investments and the loan for the employee long term incentive share scheme.

Increased finance costs due to increases in both related party and external borrowings.

Statement of Cashflows

Net cash outflow from operating activities includes the payment of the Company's expenses incurred in managing the affairs of the Company.

Net cash outflow from investing activities includes inflows of \$80,022,000 and \$83,585,000 respectively for the sell down of the Company's interest in the Dutch Active Fund and sale of workplace⁶. Significant outflows were \$109,985,000 for the final payments of warehouse property investments and \$79,595,000 for the payments of workplace⁶ development inventory.

Net cash inflow from financing activities comprises mainly of proceeds from related party borrowings of \$238,034,000 and repayments of \$144,090,000 for external bank borrowings.

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

GPT MANAGEMENT HOLDINGS and its controlled entities

	Consolidated entity		Parent entity	
	31 Dec 08 \$'000	31 Dec 07 \$'000	31 Dec 08 \$'000	31 Dec 07 \$'000
Revenue				
Revenue from hotel operations	209,343	220,280	-	-
Revenue from property investments	39,635	19,804	-	-
Fund management fees	80,319	68,272	27,191	21,194
Property management fees	46,590	31,815	-	-
Proceeds from sale of warehoused property investments	13,614	-	-	-
Development management fees	19,716	17,931	-	-
Development project revenue	190,050	-	-	-
	599,267	358,102	27,191	21,194
Other income				
Share of after tax profits of equity accounted investments	(319,216)	13,014	32,041	-
Management costs recharged	7,735	9,564	62,921	55,694
Interest income	19,000	4,699	3,112	2,605
Dividend income	858	430	155	3,369
Net gain on disposal of assets	6	285	6	-
Net gain on fair value of derivatives	-	1,024	-	-
Other	-	3,152	36	-
	(291,617)	32,168	98,271	61,668
Total revenue and other income	307,650	390,270	125,462	82,862
Expenses				
Remuneration expenses	201,762	172,613	80,769	76,949
Rental expense attributable to hotel operations	58,523	61,405	-	-
Cost of sales attributable to hotel operations	40,966	41,523	-	-
Cost of sales attributable to warehoused property investments	12,624	-	-	-
Cost of sales attributable to development projects	137,838	-	-	-
Property rent and outgoings	54,957	36,978	1,804	749
Repairs and maintenance	9,544	9,552	(649)	(64)
Professional fees	27,383	19,824	5,191	1,599
Advertising and promotion	5,078	6,391	-	-
Depreciation and amortisation expense	9,059	7,146	1,846	1,352
Impairment expense – goodwill	121,841	-	-	-
Impairment expense – warehoused property investments	112,297	-	-	-
Impairment expense – other	82,518	1,485	498,598	(3,009)
Finance costs	74,240	34,442	24,247	8,778
Net loss on fair value of derivatives	16,453	-	-	-
Net foreign currency exchange loss/(gain)	3,162	2,923	(3,558)	120
Costs associated with internalisation/merger proposal	-	285	-	285
Other expenses	27,222	9,848	5,567	2,944
	995,467	404,415	613,815	89,703
Net loss before income tax expense	(687,817)	(14,145)	(488,353)	(6,841)
Income tax expense	(9,386)	(7,075)	8,444	(7,706)
Net loss for the financial year	(697,203)	(21,220)	(479,909)	(14,547)
Net loss attributable to:				
– Members of the Company	(697,193)	(19,222)	-	-
– External minority interest	(10)	(1,998)	-	-
Earnings per share (cents per share) for loss attributable to the ordinary equityholders of the company				
Basic loss per share	4	(0.28)	(0.01)	

The above Income Statements should be read in conjunction with the accompanying notes.

BALANCE SHEETS

AS AT 31 DECEMBER 2008

GPT MANAGEMENT HOLDINGS and its controlled entities

	Note	Consolidated entity		Parent entity	
		31 Dec 08 \$'000	31 Dec 07 \$'000	31 Dec 08 \$'000	31 Dec 07 \$'000
ASSETS					
Current Assets					
Cash and cash equivalents		60,060	47,875	5,354	4,986
Loans and receivables		100,463	157,486	4,007	13,797
Inventories		454,174	462,684	-	-
Derivative assets		-	1,552	-	-
Prepayments		8,664	5,287	1,184	767
Total Current Assets		623,361	674,884	10,545	19,550
Non-current Assets					
Equity accounted investments	5	87,222	405,635	-	-
Loans and receivables		41,646	130,395	6,706	35,011
Other assets		7,121	9,368	62,693	353,580
Property, plant & equipment		19,713	20,534	8,867	6,230
Intangible assets		20,396	146,390	-	-
Deferred tax assets		18,448	13,199	15,577	8,031
Total Non-Current Assets		194,546	725,521	93,843	402,852
Total Assets		817,907	1,400,405	104,388	422,402
LIABILITIES					
Current Liabilities					
Payables		157,434	289,662	71,343	44,734
Derivative liabilities		16,414	497	-	-
Provisions		12,369	9,012	7,355	5,865
Current tax liabilities		18,516	11,413	5,988	10,159
Borrowings		761,487	612,170	-	-
Total Current Liabilities		966,220	922,754	84,686	60,758
Non-Current Liabilities					
Provisions		5,226	4,636	4,256	3,664
Borrowings		233,512	146,856	219,304	89,271
Total Non-Current Liabilities		238,738	151,492	223,560	92,935
Total Liabilities		1,204,958	1,074,246	308,246	153,693
Net Assets		(387,051)	326,159	(203,858)	268,709
EQUITY					
Equity attributable to members of the Company (parent entity)					
Contributed equity		324,755	317,576	324,755	317,576
Reserves		(17,305)	9,456	-	(163)
Accumulated losses	6	(717,215)	(20,022)	(528,613)	(48,704)
Total equity of Company members		(409,765)	307,010	(203,858)	268,709
Equity attributable to minority interests – external					
Contributed equity		-	-	-	-
Reserves		12	12	-	-
Retained profits	6	22,702	19,137	-	-
Total equity of minority interests – external		22,714	19,149	-	-
Total Equity		(387,051)	326,159	(203,858)	268,709

The above Balance Sheets should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008
GPT MANAGEMENT HOLDINGS and its controlled entities

	Consolidated entity						Parent entity					
	Attributable to Company members			Attributable to minority interests – external			Attributable to Company members			Attributable to Company members		
	Contributed Equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000	Contributed Equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000	Contributed Equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 January 2007	306,995	(835)	(800)	305,360	-	-	-	305,360	306,995	(133)	(34,157)	272,705
Movement in foreign currency translation reserve	-	(2,615)	-	(2,615)	-	12	-	(2,603)	-	-	-	-
Movement in cash flow hedge reserve	-	11,489	-	11,489	-	-	-	11,489	-	-	-	-
Net income recognised directly in equity	-	8,874	-	8,874	-	12	-	8,886	-	-	-	-
Net profit/(loss) for the year	-	-	(19,222)	(19,222)	-	(1,998)	(1,998)	(21,220)	-	-	(14,547)	(14,547)
Total recognised income and expenses for the financial year	-	8,874	(19,222)	(10,348)	-	12	(1,998)	(1,986)	-	-	(14,547)	(14,547)
Transactions with equity holders in their capacity as equity holders:												
Issue of share capital	10,581	-	-	10,581	-	-	-	10,581	10,581	-	-	10,581
Movement in treasury stock reserve	-	1,411	-	1,411	-	-	-	1,411	-	(36)	-	(36)
Movement in employee incentive scheme reserve	-	6	-	6	-	-	-	6	-	6	-	6
Minority interest in acquisition of controlled entity	-	-	-	-	-	-	21,135	21,135	-	-	-	-
Distribution paid or payable	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance at 31 December 2007	317,576	9,456	(20,022)	307,010	-	12	19,137	19,149	317,576	(163)	(48,704)	268,709
Balance at 1 January 2008	317,576	9,456	(20,022)	307,010	-	12	19,137	19,149	317,576	(163)	(48,704)	268,709
Movement in foreign currency translation reserve	-	(15,435)	-	(15,435)	-	-	-	(15,435)	-	-	-	-
Movement in cash flow hedge reserve	-	(11,489)	-	(11,489)	-	-	-	(11,489)	-	-	-	-
Net income recognised directly in equity	-	(26,924)	-	(26,924)	-	-	-	(26,924)	-	-	-	-
Net profit for the year	-	-	(697,193)	(697,193)	-	(10)	(10)	(697,203)	-	-	(479,909)	(479,909)
Total recognised income and expenses for the financial year	-	(26,924)	(697,193)	(724,117)	-	-	(10)	(724,127)	-	-	(479,909)	(479,909)
Transactions with equity holders in their capacity as equity holders:												
Issue of share capital	7,179	-	-	7,179	-	-	-	7,179	7,179	-	-	7,179
Movement in treasury stock reserve	-	212	-	212	-	-	-	212	-	212	-	212
Movement in employee incentive scheme reserve	-	(49)	-	(49)	-	-	-	(49)	-	(49)	-	(49)
Minority interest in acquisition of controlled entity	-	-	-	-	-	-	3,575	3,575	-	-	-	-
Distribution paid or payable	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance at 31 December 2008	324,755	(17,305)	(717,215)	(409,765)	-	12	22,702	22,714	324,755	-	(528,613)	(203,858)

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

GPT MANAGEMENT HOLDINGS and its controlled entities

	Consolidated entity		Parent entity	
	31 Dec 08 \$'000	31 Dec 07 \$'000	31 Dec 08 \$'000	31 Dec 07 \$'000
Cash flows from operating activities				
Cash receipts in the course of operations (inclusive of GST)	422,059	374,784	90,953	87,785
Cash payments in the course of operations (inclusive of GST)	(423,997)	(336,368)	(79,754)	(88,697)
Dividends received	1,203	47,464	500	46,870
Income tax paid	(7,532)	(2,206)	898	(2,883)
Interest received	16,753	2,670	865	572
	8,486	86,344	13,462	43,647
Finance costs	(62,546)	(34,428)	(24,247)	(8,778)
Net cash inflows/(outflows) from operating activities	(54,060)	51,916	(10,785)	34,869
Cash flows from investing activities				
Proceeds from the sale of property, plant and equipment	-	592	24	-
Proceeds from sale of Dutch Active Fund	80,022	-	-	-
Proceeds from workplace ⁶	83,585	-	-	-
Proceeds from sale of warehoused property investments	13,614	-	-	-
Return of capital from joint venture	8,191	-	-	-
Return of capital from investment	500	-	500	-
Deposit received for property, plant and equipment	-	106,465	-	-
Investment in controlled entities	-	-	(44,858)	(149,008)
Investment in joint ventures and associates	(39,445)	(54,685)	8,191	-
Payment for purchase of subsidiary, net of cash acquired	-	(56,003)	-	-
Loan (to)/from joint ventures and associates	10,325	-	-	-
Payments for warehoused property investments	(109,985)	-	-	-
Payments for development inventory	(79,595)	-	-	-
Payments for intangibles	-	(3,000)	-	-
Payments for inventories	-	(612,022)	-	-
Payments for property, plant and equipment	(4,079)	(60,306)	(4,507)	(4,560)
Net cash outflows from investing activities	(36,867)	(678,959)	(40,650)	(153,568)
Cash flows from financing activities				
Proceeds from the issue of shares	7,179	10,581	7,179	10,581
Payment of employee incentive scheme, net of distributions	1,989	(13,582)	2,964	(13,677)
Proceeds from related party borrowings	238,034	319,637	41,660	123,461
Proceeds/(payments) from net bank facilities	(144,090)	-	-	-
Proceeds from external borrowings	-	333,928	-	-
Net cash inflows from financing activities	103,112	650,564	51,803	120,365
Net increase/(decrease) in cash and cash equivalents	12,185	23,521	368	1,666
Cash and cash equivalents at the beginning of the financial year	47,875	24,354	4,986	3,320
Cash and cash equivalents at the end of the financial year	60,060	47,875	5,354	4,986

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

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 2008 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

Business Segments description

Funds Management - Europe	segment includes asset and funds management in Europe through GPT Halverton and Hamburg Trust.
Funds Management - Australia	segment includes asset and funds management in Australia by GPT Funds Management Limited, the Responsible Entity for the Company's wholesale fund business – GPT Wholesale Shopping Centre Fund and GPT Wholesale Office Fund.
Property Management	segment includes property management of Australian retail assets including the retail assets in the GPT Wholesale Shopping Centre Fund.
Hotel & Tourism	segment includes nature-based resorts and hotel assets.
Joint Venture	segment includes investments in the Babcock & Brown joint venture and has assets located in Europe, the United States of America, New Zealand and Australia. Investments include shopping centres and retail formats, light industrial assets, residential assets and office assets.
Seniors Housing	segment includes 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.
Corporate	segment includes costs associated with the funds management of the General Property Trust, foreign exchange gains and losses, finance costs and Company operating costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

GPT MANAGEMENT HOLDINGS and its controlled entities

2.

Segment reporting (continued)

Primary reporting format – business segments

The GPT is organised on a global basis into activities by business segment as set out below:

Income statement – 31 December 2008

	Funds Management Europe \$'000	Funds Management Australia \$'000	Property Management \$'000	Hotel & Tourism \$'000	Joint Venture \$'000	Seniors Housing \$'000	Corporate \$'000	Consolidated \$'000
Revenue								
Revenue from hotel operations	-	-	-	209,343	-	-	-	209,343
Revenue from property investments	39,635	-	-	-	-	-	-	39,635
Fund management fees	9,256	31,656	-	-	-	-	39,407	80,319
Property management fees	22,849	-	23,741	-	-	-	-	46,590
Proceeds from sale of warehoused property investments	13,614	-	-	-	-	-	-	13,614
Development management fees	-	-	15,423	-	-	-	4,293	19,716
Development project revenue	-	-	-	-	-	-	190,050	190,050
	85,354	31,656	39,164	209,343	-	-	233,750	599,267
Other income								
Share of after tax profits of equity accounted investments	(27,213)	-	-	(1,633)	(280,403)	(8,116)	(1,851)	(319,216)
Management costs recharged	-	-	4,438	-	-	-	3,297	7,735
Interest income	5,630	682	6	774	3,721	56	8,131	19,000
Dividend income	358	-	-	-	-	-	500	858
Net gain on disposal of assets	-	-	-	-	-	-	6	6
	(21,225)	682	4,444	(859)	(276,682)	(8,060)	10,083	(291,617)
Total segment revenue	64,129	32,338	43,608	208,484	(276,682)	(8,060)	243,833	307,650
Remuneration expenses	32,276	4,189	35,933	84,484	1,224	-	43,656	201,762
Rental expense attributable to hotel operations	-	-	-	58,523	-	-	-	58,523
Cost of sales attributable to hotel operations	-	-	-	40,966	-	-	-	40,966
Cost of sales attributable to warehoused property investments	12,624	-	-	-	-	-	-	12,624
Cost of sales attributable to development projects	-	-	-	-	-	-	137,838	137,838
Property rent and outgoings	13,124	193	2,959	36,360	20	-	2,301	54,957
Repairs and maintenance	484	148	2,292	6,930	16	-	(326)	9,544
Professional fees	18,884	226	797	2,015	23	-	5,438	27,383
Advertising and promotion	1,266	-	-	3,798	-	-	14	5,078
Depreciation and amortisation expense	2,061	-	4,152	1,000	-	-	1,846	9,059
Impairment expense – goodwill	121,841	-	-	-	-	-	-	121,841
Impairment expense – warehoused property investments	112,297	-	-	-	-	-	-	112,297
Impairment expense – other	22,021	-	-	974	25,402	3,747	30,374	82,518
Finance costs	41,517	-	-	6,110	-	-	26,613	74,240
Net loss on fair value of derivatives	16,453	-	-	-	-	-	-	16,453
Net foreign currency exchange loss / (gain)	4,352	-	-	-	-	-	(1,190)	3,162
Other expenses – internal recharges	2,869	6,391	-	4,264	-	1,004	(14,528)	-
Other expenses	17,536	308	1,134	2,015	50	-	6,179	27,222
Total segment expenses	419,605	11,455	47,267	247,439	26,735	4,751	238,215	995,467
Segment result	(355,476)	20,883	(3,659)	(38,955)	(303,417)	(12,811)	5,618	(687,817)
Income tax (expense) / benefit	(3,027)	(6,206)	(1,371)	10,223	2,530	-	(11,535)	(9,386)
Net profit / (loss) for the financial year	(358,503)	14,677	(5,030)	(28,732)	(300,887)	(12,811)	(5,917)	(697,203)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

GPT MANAGEMENT HOLDINGS and its controlled entities

2.

Segment reporting (continued)

Primary reporting format – business segments (continued)

Income statement – 31 December 2007

	Funds Management Europe \$'000	Funds Management Australia \$'000	Property Management \$'000	Hotel & Tourism \$'000	Joint Venture \$'000	Seniors Housing \$'000	Corporate \$'000	Consolidated \$'000
Revenue								
Revenue from hotel operations	-	-	-	220,280	-	-	-	220,280
Revenue from property investments	19,804	-	-	-	-	-	-	19,804
Fund management fees	7,251	30,649	-	-	-	-	30,372	68,272
Property management fees	8,883	-	22,932	-	-	-	-	31,815
Development management fees	-	-	16,609	-	-	-	1,322	17,931
	35,938	30,649	39,541	220,280	-	-	31,694	358,102
Other income								
Share of after tax profits/(losses) of equity accounted entities	(1,672)	-	-	245	14,139	(127)	429	13,014
Management costs recharged	-	-	3,875	-	-	-	5,689	9,564
Interest income	72	1,011	4	744	-	-	2,868	4,699
Dividend income	-	-	-	-	-	-	430	430
Net gain on disposal of assets	410	-	-	-	-	-	(125)	285
Net gain on fair value of derivatives	1,024	-	-	-	-	-	-	1,024
Other	3,141	-	-	-	-	-	11	3,152
	2,975	1,011	3,879	989	14,139	(127)	9,302	32,168
Total segment revenue	38,913	31,660	43,420	221,269	14,139	(127)	40,996	390,270
Remuneration expenses	17,987	2,669	32,411	80,626	-	-	38,920	172,613
Rental expense attributable to hotel operations	-	-	-	60,004	-	-	1,401	61,405
Cost of sales attributable to hotel operations	-	-	-	41,523	-	-	-	41,523
Property rent and outgoings	1,346	86	2,039	35,147	-	-	(1,640)	36,978
Repairs and maintenance	131	75	1,499	7,700	-	-	147	9,552
Professional fees	12,766	2,107	91	1,521	-	-	3,339	19,824
Advertising and promotion	-	-	-	5,466	-	-	925	6,391
Depreciation and amortisation expense	501	-	3,994	1,299	-	-	1,352	7,146
Finance costs	22,044	-	-	4,580	-	-	7,818	34,442
Impairment expense	-	-	1,485	-	-	-	-	1,485
Net foreign currency exchange loss	225	-	-	-	-	-	2,698	2,923
Costs associated with internalisation/merger proposal	-	-	-	-	-	-	285	285
Other expenses – internal recharges	-	5,354	-	-	-	-	(5,354)	-
Other expenses	804	618	2,377	214	-	-	5,835	9,848
Total segment expenses	55,804	10,909	43,896	238,080	-	-	55,726	404,415
Segment result	(16,891)	20,751	(476)	(16,811)	14,139	(127)	(14,730)	(14,145)
Income tax (expense) / benefit	1,785	(6,227)	(1,606)	5,095	(9,993)	-	3,871	(7,075)
Net profit / (loss) for the year	(15,106)	14,524	(2,082)	(11,716)	4,146	(127)	(10,859)	(21,220)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

GPT MANAGEMENT HOLDINGS and its controlled entities

2.

Segment reporting (continued)

Primary reporting format – business segments (continued)

Balance Sheet – 31 December 2008

	Funds Management Europe \$'000	Funds Management Australia \$'000	Property Management \$'000	Hotel & Tourism \$'000	Joint Venture \$'000	Seniors Housing \$'000	Corporate \$'000	Consolidated \$'000
ASSETS								
Current Assets								
Inventories	446,680	-	-	7,494	-	-	-	454,174
Other current assets	87,075	15,074	3,265	32,975	-	-	30,798	169,187
Total current assets	533,755	15,074	3,265	40,469	-	-	30,798	623,361
Non-Current Assets								
Equity accounted investments	58,950	-	-	4,895	-	13,024	10,353	87,222
Loans and receivables	-	-	-	261	-	882	40,503	41,646
Other assets	2,325	-	-	817	-	-	3,979	7,121
Property, plant & equipment	4,591	-	-	6,254	-	-	8,868	19,713
Intangible assets	-	-	20,396	-	-	-	-	20,396
Deferred tax asset	10	439	2,041	-	-	-	15,958	18,448
Total Non-Current assets	65,876	439	22,437	12,227	-	13,906	79,661	194,546
Total Assets	599,631	15,513	25,702	52,696	-	13,906	110,459	817,907
Total Liabilities	760,083	8,001	11,216	101,737	-	-	323,921	1,204,958
Net Assets / (Liabilities)	(160,452)	7,512	14,486	(49,041)	-	13,906	(213,462)	(387,051)

Balance Sheet – 31 December 2007

	Funds Management Europe \$'000	Funds Management Australia \$'000	Property Management \$'000	Hotel & Tourism \$'000	Joint Venture \$'000	Seniors Housing \$'000	Corporate \$'000	Consolidated \$'000
ASSETS								
Current assets								
Inventories	397,288	-	-	7,153	-	-	58,243	462,684
Other current assets	134,949	21,402	4,666	36,140	-	-	15,043	212,200
Total current assets	532,237	21,402	4,666	43,293	-	-	73,286	674,884
Non-current assets								
Equity accounted investments	49,043	-	-	6,528	320,529	16,873	12,662	405,635
Loans and receivables	56,580	-	-	1,275	-	708	71,832	130,395
Other assets	9,085	-	-	283	-	-	-	9,368
Property, plant & equipment	4,665	-	-	9,637	-	-	6,232	20,534
Intangible assets	121,841	-	24,549	-	-	-	-	146,390
Deferred tax asset	2,172	330	2,033	-	-	-	8,664	13,199
Total Non-current assets	243,386	330	26,582	17,723	320,529	17,581	99,390	725,521
Total Assets	775,623	21,732	31,248	61,016	320,529	17,581	172,676	1,400,405
Total Liabilities	662,264	(5,648)	10,348	86,169	21,716	-	299,397	1,074,246
Net Assets / (Liabilities)	113,359	27,380	20,900	(25,153)	298,813	17,581	(126,721)	326,159

2.

Segment reporting (continued)

Secondary reporting format – geographical segments

	Segment revenues		Segment assets		Acquisition of property, plant and equipment	
	31 Dec 08 \$'000	31 Dec 07 \$'000	31 Dec 08 \$'000	31 Dec 07 \$'000	31 Dec 08 \$'000	31 Dec 07 \$'000
Australia	513,913	320,200	204,370	995,217	11,208	41,986
Europe	85,354	37,902	599,631	401,790	3,585	3,368
United States of America	-	-	13,906	16,873	-	-
Total	599,267	358,102	817,907	1,413,880	14,793	45,354

Australia

segment includes the hotel operations, property and development management of the GPT Group, urban communities and Australian funds management operations of GPT Management Holdings Limited.

Europe

segment includes the operations carried out throughout Europe but predominantly in the Czech Republic, Denmark, Finland, France, Germany, Poland, the Netherlands, Sweden and the United Kingdom by the Joint Venture as well as GPT Halverton as the European platform of the funds management operations.

United States of America

segment includes mainly retail and residential business, carried out by the joint venture and seniors housing.

3.

Dividends paid and payable

No dividends have been paid or declared for the year (Dec 2007: nil).

4.

Earnings per share

	Consolidated entity	
	31 Dec 08 Cents	31 Dec 07* Cents
(a) Basic loss per share		
Basic loss per share	(0.28)	(0.01)
Diluted loss per share	(0.28)	(0.01)
(b) Weighted average number of shares used as the denominator	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	2,520,158,519	2,559,512,104
	2,520,158,519	2,559,512,104
(c) The losses and shares used in the calculations of the basic loss per share are as follows:		
Losses reconciliation – basic and diluted	31 Dec 08 \$'000	31 Dec 07 \$'000
Loss used in calculating basic and diluted loss per share	(697,193)	(19,222)

* Prior period weighted average number of securities and EPSs have been adjusted for the bonus factor effect of the securities issued during the year at a price lower than the market value as required by the AASB 133 *Earning per Share*.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

GPT MANAGEMENT HOLDINGS and its controlled entities

5.

Equity accounted investments

	Note	31 Dec 08 \$'000	31 Dec 07 \$'000
Investments in joint ventures	(i)	12,683	333,801
Investments in associates	(ii)	74,539	71,834
Total equity accounted investments		87,222	405,635

Details of joint ventures and associates

Name	Principal Activity	Ownership Interest			
		2008 %	2007 %		
(i) Joint ventures					
Entity incorporated in Australia					
DPT Operator Pty Limited ¹	Managing property	50	50	73	750
BGA Real Estate Finance Trust	Mezzanine loan	50	50	-	2,990
Entities incorporated in the United States					
B&B GPT Alliance 1 LLC	Property investment	50	50	-	-
B-VII Operations Holding Co LLC ²	Property investment	95	95	12,610	12,522
Entity incorporated in Luxembourg					
BGP Investment SARL	Property investment	50	50	-	317,539
Total investments in joint ventures				12,683	333,801
(ii) Associates					
Entity incorporated in Australia					
Kings Canyon (Watarrka) Resort Trust ¹	Investment property	46	46	4,895	6,528
Lend Lease GPT (Rouse Hill) Pty Limited ³	Investment property	26	25	10,281	11,912
Entity incorporated in The Netherlands					
Dutch Active Fund Propco BV ⁴	Property investment	38	38	58,949	49,043
Entity incorporated in the United States					
Benchmark Assisted Living LLC ²	Property management	20	20	414	4,351
Total investment in associates				74,539	71,834

1 The entity has a 30 June balance date.

2 The Company has a 95% economic interest in B-VII Operations Holding Co LLC and a 20% interest in the manager of the portfolio, Benchmark Assisted Living LLC. The Company has equal representation and voting rights on the Board of 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, B-VII Operations Holding Co LLC has been accounted for as a joint venture.

3 The Company has consolidated 50% Lend Lease GPT (Rouse Hill) Pty Limited as it owns a 52% controlling interest in GPT Residential (Rouse Hill) Trust. Economically it owns 26% of the entity after taking into account minority interest.

4 The Dutch Active Fund PropCo B.V. (DAF) is a closed end unlisted fund with a expected life of seven years. The Company has a residual interest of 38% in DAF after its first equity raising closed.

6.

Retained Profits/(accumulated losses)

	Company \$'000	External Minority Interest \$'000	Total \$'000
Consolidated entity			
Balance at 1 January 2007	(800)	-	(800)
Minority interest on acquisition of controlled entities	-	21,135	21,135
Net loss for the financial year	(19,222)	(1,998)	(21,220)
Balance at 31 December 2007	(20,022)	19,137	(885)
Balance at 1 January 2008	(20,022)	19,137	(885)
Minority interest on acquisition of controlled entities	-	3,575	3,575
Net loss for the financial year	(697,193)	(10)	(697,203)
Balance at 31 December 2008	(717,215)	22,702	(694,513)
Parent entity			
Balance at 1 January 2007	(34,157)	-	(34,157)
Net loss for the financial year	(14,547)	-	(14,547)
Balance at 31 December 2007	(48,704)	-	(48,704)
Balance at 1 January 2008	(48,704)	-	(48,704)
Net loss for the financial year	(479,909)	-	(479,909)
Balance at 31 December 2008	(528,613)	-	(528,613)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

GPT MANAGEMENT HOLDINGS and its controlled entities

7.

Auditors' remuneration

During the financial year the following amounts were paid or payable for services provided by the auditor of the Company or any other entity in the consolidated entity and its related parties:

Note	Consolidated entity		Parent entity	
	31 Dec 08	31 Dec 07	31 Dec 08	31 Dec 07
	\$	\$	\$	\$
Audit services				
PricewaterhouseCoopers Australia				
Statutory audit and review of financial reports	710,997	584,983	353,800	239,918
Affiliates of PricewaterhouseCoopers Australian firm including overseas firms				
Statutory audit and review of financial reports	443,651	392,126	-	-
Total remuneration for audit services	1,154,648	977,109	353,800	239,918
Other assurance services				
PricewaterhouseCoopers Australian firm				
Regulatory and contractually required audits	57,000	52,270	-	-
AIFRS accounting services	-	-	-	-
Due diligence services	-	115,000	-	-
Other services	313,667	11,024	-	-
Affiliates of PricewaterhouseCoopers Australian firm including overseas firms				
Due diligence services	135,436	-	-	-
Total remuneration for other assurance services	506,103	178,294	-	-
Total remuneration for audit and assurance services	1,660,751	1,155,403	353,800	239,918
Non audit related services				
PricewaterhouseCoopers Australian firm				
Taxation services	48,698	55,836	-	-
Affiliates of PricewaterhouseCoopers Australian firm including overseas firms				
Taxation services	87,383	39,077	-	-
Total remuneration for non audit related services	136,081	94,913	-	-
Total auditor's remuneration	1,796,832	1,250,316	353,800	239,918

8.

Events subsequent to reporting date

Declaration of December quarter distribution

On 26 February 2009, a distribution of 2.1 cents per stapled security (\$93,800,000) was declared for the quarter ended 31 December 2008.

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2008
GPT MANAGEMENT HOLDINGS 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 2008 as set out on pages 187 to 200 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 2008. 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.



Peter Joseph
Chairman



Anne McDonald
Director

GPT Management Holdings Limited
Sydney
26 February 2009

INDEPENDENT AUDIT REPORT TO THE MEMBERS

FOR THE YEAR ENDED 31 DECEMBER 2008

GPT MANAGEMENT HOLDINGS and its controlled entities



Independent auditor's report to the members of GPT Management Holdings Limited

PricewaterhouseCoopers
ABN 52 780 433 757

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Report on the concise financial report

The accompanying concise financial report of GPT Management Holdings Limited (the company) comprises the balance sheet as at 31 December 2008, the income statement, statement of changes in equity and cash flow statement 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 2008. 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 2008. Our audit report on the financial report for the year was signed on 26 February 2009 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.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

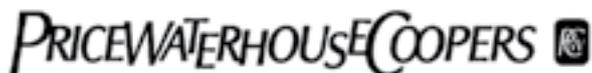
Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

INDEPENDENT AUDIT REPORT TO THE MEMBERS

FOR THE YEAR ENDED 31 DECEMBER 2008

GPT MANAGEMENT HOLDINGS and its controlled entities



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 2008 complies with Australian Accounting Standard AASB 1039: *Concise Financial Reports*.

Auditor's opinion on the remuneration report

In our opinion, the Remuneration Report of GPT Management Holdings Limited for the year ended 31 December 2008 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'DH Armstrong'.

DH Armstrong
Partner

A handwritten signature in black ink, appearing to read 'SJ Hadfield'.

SJ Hadfield
Partner

Sydney
12 March 2009

Payments to GPT Securityholders

The table below includes payments made for the 2008 calendar year. Details of all payments made after 19 September 1985 are available from GPT's website (at 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 May, and will also be published on the website.

3 Months Ended	Date Paid	Distribution (cents per security)	Dividend (cents per security)	Tax Deferred' (cents per security)
31 Mar 08	27 May 08	7.2	0	1.800000
30 Jun 08	26 Sept 08	4.2	0	0.635623
30 Sep 08	27 Nov 08	4.2	0	0.711100
31 Dec 08	27 Mar 09	2.1	0	1.256890

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.

Net Asset Backing of Entities in the GPT Group

	NTA Backing per security*
30 Jun 08	\$3.68
31 Dec 08	\$1.43

* Excludes provision for June/December quarter distributions respectively. 31 December 2008 NTA includes the impact of the issue of an additional 2,367,750,000 stapled securities issued over the course of 2008.

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) 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	972,085,952
28.11.08	Issue of Securities	551,657,181	0.60	330,994,308

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 27 February 2009

Holding	GPT No. of Securityholders
1-1,000	5,607
1,001-5,000	21,691
5,001-10,000	12,558
10,001-100,000	13,030
100,001 and over	513
Total number of Securityholders	53,399

Substantial Holders in GPT as at 27 February 2009

Securityholder	Number of Securities
Deutsche Bank AG	616,390,655
GIC RE SPV	607,377,004*
Stockland Trust Management Limited	437,801,652
Barclays Group	244,890,649

* Includes 259,659,326 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 Security Holder had been exchanged on the record date for the relevant meeting. The initial total number of votes is based on an 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 initially is \$0.9628.

20 Largest GPT Securityholders as at 27 February 2009

Securityholder	Number of Securities	Percentage of total issued Securities
HSBC Custody Nominees	1,017,687,799	22.78%
National Nominees Limited	771,594,313	17.27%
JP Morgan Nominees Australia	537,019,018	12.02%
Pan Australian Nominees Pty	291,960,977	6.54%
Citicorp Nominees Pty Limited	252,513,836	5.65%
ANZ Nominees Limited	126,416,009	2.83%
Cogent Nominees Pty Limited	112,309,000	2.51%
CS Fourth Nominees Pty Ltd	93,223,002	2.09%
AMP Life Limited	69,141,705	1.55%
Citicorp Nominees Pty Limited	60,725,313	1.36%
Cogent Nominees Pty Limited	58,478,442	1.31%
Bainpro Nominees Pty Limited	55,550,000	1.24%
ANZ Nominees Limited	49,450,524	1.11%
Bond Street Custodians Limited	37,543,159	0.84%
Cogent Nominees Pty Limited	35,911,882	0.8%
Citicorp Nominees Pty Limited	33,742,924	0.76%
Queensland Investment	24,537,943	0.55%
Citicorp Nominees Pty Limited	22,687,274	0.51%
Neweconomy Com Au Nominees	22,560,841	0.51%
HSBC Custody Nominees	20,348,710	0.46%
Total	3,693,402,671	82.69%
Total Securities	4,467,363,800	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.

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

Peter Joseph OAM (Chairman)

Eric Goodwin

Malcolm Latham AM

Anne McDonald

Ian Martin

Ken Moss

Secretary

James Coyne

Audit and Risk Management Committee

Anne McDonald (Chairman)

Eric Goodwin

Ken Moss

Nomination and Remuneration Committee

Ian Martin (Chairman)

Peter Joseph OAM

Malcolm Latham

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

Corporate Responsibility Committee

Malcolm Latham (Chairman)

Eric Goodwin

For further information, contact GPT's Securityholder Service Centre or visit GPT's website at: 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: Sourced from sustainable forests, Elemental Chlorine Free and fully EMAS (Eco Management and Audit Scheme) certified

Editorial stock: Australian paper sourced from sustainable forests, Elemental Chlorine Free and manufactured using 92% renewable hydroelectric and wind farm power

Financial stock: Sourced from sustainable forests, Elemental Chlorine Free and manufactured using 70% biomass energy

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