The GPT Group

GPT RE Limited
ABN 27 107 426 504
as Responsible Entity of
General Property Trust
AFSL 286511

GPT Management Holdings Limited
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11 February 2019

Andrew Kabega
Adviser, Issuers (Sydney)
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Andrew

Re: Amended 2018 Annual Financial Report – GPT Group

Please find attached the amended 2018 Annual Financial Report for the GPT Group which includes an additional table on page 48 in Note 14(a)(i) of the report. The table was inadvertently omitted from the version previously released to the ASX.

Yours sincerely

Lisa Bau
Company Secretary

General Property Trust
ABN: 58 071 755 609

Annual Financial Report
31 December 2018

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 GPT's internet site, GPT has ensured that its 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 GPT's website: www.gpt.com.au.

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DIRECTORS' REPORT

Year ended 31 December 2018

The Directors of GPT RE Limited, the Responsible Entity of General Property Trust, present their report together with the financial statements of the General Property Trust (the Trust) and its controlled entities (the consolidated entity) for the financial year ended 31 December 2018. The consolidated entity together with GPT Management Holdings Limited and its controlled entities form the stapled entity, The GPT Group (GPT).

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

1. OPERATING AND FINANCIAL REVIEW

About GPT

GPT is an owner and manager of a $14.0 billion diversified portfolio of high quality Australian retail, office and logistics property assets and together with GPT's funds management platform the Group has $24.0 billion of property assets under management (AUM).

GPT owns some of Australia's most prominent real estate assets, including Melbourne Central and Highpoint Shopping Centre in Melbourne, Australia Square, 1 Farrer Place and Citigroup Centre in Sydney and One One One Eagle Street in Brisbane.

Listed on the Australian Securities Exchange (ASX) since 1971, GPT is today one of Australia's largest diversified listed property groups with a market capitalisation of approximately $9.6 billion. GPT is one of the top 50 listed stocks on the ASX by market capitalisation as at 31 December 2018.

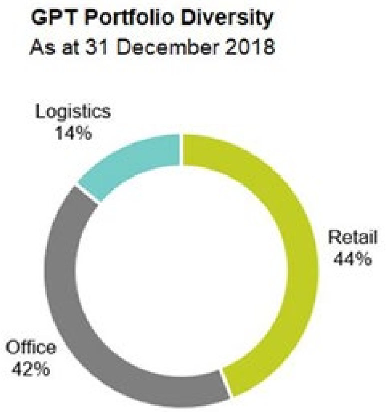
GPT's strategy is focused on leveraging its extensive real estate experience to deliver strong returns through disciplined investment, asset management and development. The development capability has a focus on creating value for securityholders through the enhancement of the core investment portfolio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

A key performance measure for GPT is Total Return. Total Return is calculated as the change in Net Tangible Assets (NTA) per security plus distributions per security declared over the year, divided by the NTA per security at the beginning of the year. This focus on Total Return is aligned with securityholders' long term investment aspirations. In 2018 GPT achieved a Total Return of 15.8 per cent.

GPT targets a Management Expense Ratio (MER) of less than 45 basis points. MER is calculated as management expenses as a percentage of assets under management. In 2018 GPT achieved a MER of 30 basis points.

GPT focuses on maintaining a strong balance sheet. GPT's gearing as at 31 December 2018 was 26.3 per cent and it has maintained a weighted average debt expiry of greater than 6 years. The average cost of debt for 2018 was 4.2 per cent.

GPT Portfolio



Retail Portfolio	Office Portfolio	Logistics Portfolio
13 shopping centres	25 assets	28 assets
940,000 sqm GLA*	1,150,000 sqm NLA**	870,000 sqm GLA*
3,200 + tenants	550 + tenants	80 + tenants
$6.2b portfolio	$5.9b portfolio	$1.9b portfolio
$10.0b AUM	**$12.1b AUM**	**$1.9b AUM**

*Gross lettable area
**Net lettable area

Review of operations

Funds from Operations (FFO) represents GPT's underlying and recurring earnings from its operations. This is determined by adjusting statutory net profit after tax under Australian Accounting Standards for certain items which are non-cash, unrealised or capital in nature. GPT's distribution policy is a payout ratio of approximately 95-105 per cent of Adjusted Funds from Operations (AFFO) which is broadly defined as FFO less maintenance capex and lease incentives. FFO and AFFO have been determined in accordance with the guidelines issued by the Property Council of Australia.

DIRECTORS' REPORT
Year ended 31 December 2018

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

For the year ended	31 Dec 18 $M	31 Dec 17 [1] $M	Change %
Retail			
- Operations net income	**318.6**	313.1	1.8%
- Development net income	**7.6**	5.3	43.4%
	326.2	318.4	2.4%
Office			
- Operations net income	**267.7**	247.8	8.0%
- Development net income	**1.0**	1.1	(9.1%)
	268.7	248.9	8.0%
Logistics			
- Operations net income	**104.8**	93.3	12.3%
- Development net income	**5.1**	0.7	628.6%
	109.9	94.0	16.9%
Funds management net income	**42.6**	37.0	15.1%
Corporate management expenses	**(34.2)**	(30.6)	(11.8%)
Net finance costs	**(124.4)**	(102.4)	(21.5%)
Income tax expense	**(14.2)**	(11.1)	(27.9%)
Funds from Operations (FFO)	**574.6**	554.2	3.7%
Other non-FFO items:			
Valuation increase	**910.7**	717.7	26.9%
Financial instruments mark to market and net foreign exchange loss	**(39.6)**	(2.9)	(1,265.5%)
Other items [2]	**6.0**	(1.0)	700.0%
Net profit for the year after tax	**1,451.7**	1,268.0	14.5%
FFO per ordinary stapled security (cents)	**31.84**	30.77	3.5%
Funds from Operations (FFO)	**574.6**	554.2	3.7%
Maintenance capex	**(53.2)**	(54.4)	2.2%
Lease incentives	**(60.9)**	(53.5)	(13.8%)
Adjusted Funds from Operations (AFFO)	**460.5**	446.3	3.2%
Distribution paid and payable	459.5	443.2	3.7%
Distribution per ordinary stapled security (cents)	25.46	24.60	3.5%

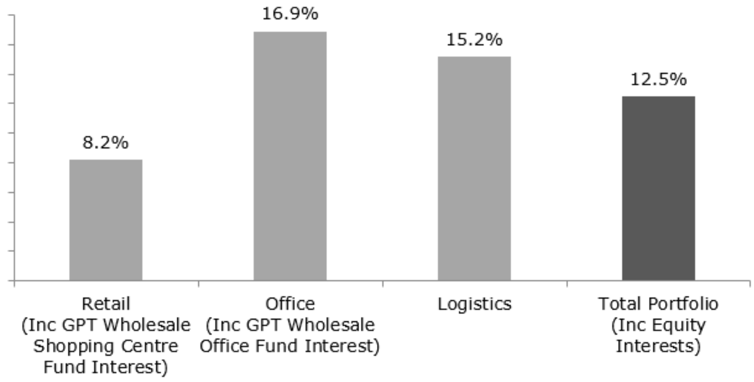
(1) The 31 December 2017 net profit for the year after tax has been restated as a result of the adoption of new accounting standards. Refer to note 24(a).
(2) Other items include impairment expenses, amortisation of intangibles, profit on disposal of assets and related tax impact.

Operating result
GPT delivered FFO of $574.6 million for the 2018 financial year, an increase of 3.7 per cent on the prior year. This translated into FFO per security of 31.84 cents, up 3.5 per cent. The result was driven by strong contributions from the investment portfolio of high quality Australian retail, office and logistics properties.

GPT's statutory net profit after tax is $1,451.7 million, an increase of 14.5 per cent on the prior year, driven by $910.7 million in property valuation increases offset by higher negative mark to market and net foreign exchange movement of financial instruments.

Distribution
For the financial year ended 31 December 2018, distributions paid and payable to stapled securityholders totalled $459.5 million (2017: $443.2 million), representing an annual distribution of 25.46 cents, up 3.5 per cent on 2017 (2017: 24.60 cents). This includes 12.85 cents ($231.9 million) in respect of the second half of 2018, which was declared on 19 December 2018 and is expected to be paid on 28 February 2019. The payout ratio for the year ended 31 December 2018 is 99.8 per cent of AFFO (2017: 99.3 per cent).

Total Return at the direct investment portfolio level was 12.5 per cent for 2018 with the split between portfolios detailed in the following chart.



GPT has maintained strong metrics across its core portfolios:

	Overall Portfolios	Retail Portfolio	Office Portfolio	Logistics Portfolio
Value of Portfolio		$6.20 billion portfolio including GPT's equity interest in the GPT Wholesale Shopping Centre Fund (2017: $5.85 billion)	$5.93 billion portfolio including GPT's equity interest in the GPT Wholesale Office Fund (2017: $4.90 billion)	$1.89 billion portfolio 2017: $1.55 billion)
Occupancy	97.8% (2017: 96.8%)	99.6% (2017: 99.6%)	97.1% (2017: 95.2%)	97.2% (2017: 96.1%)
Weighted average lease expiry (WALE)	4.9 years (2017: 5.2 years)	4.0 years (2017: 4.1 years)	5.2 years (2017: 5.6 years)	7.1 years (2017: 7.6 years)
Structured rental reviews		74% of specialty income subject to average increases of 4.8% (2017: 74% subject to average increases of 4.7%)	85% of income subject to average increases of 3.9% (2017: 91% subject to average increases of 3.9%)	91% of income subject to average increases of 3.3% (2017: 91% subject to average increases of 3.3%)
Comparable income growth	3.8% (2017: 4.4%)	2.2% (2017: 3.8%)	5.8% (2017: 5.0%)	2.8% (2017: 4.0%)
Weighted average capitalisation rate	5.02% (2017: 5.27%)	4.88% (2017: 5.10%)	4.95% (2017: 5.18%)	5.78% (2017: 6.31%)

Retail

(i) Operations net income

The retail portfolio achieved a net revaluation uplift of $161.0 million in 2018, including GPT's equity interest in the GPT Wholesale Shopping Centre Fund (GWSCF). The positive revaluation has been driven by a combination of net income growth and firming in valuation metrics, with favourable valuations achieved on Melbourne Central, Westfield Penrith and Charlestown Square.

Like for like income growth of 2.2 per cent was driven by underlying structured rent increases and ongoing active remixing of the portfolio. Retail sales have improved over the 12 month period to December 2018, with annual weighted total centre sales up 2.4 per cent and total specialty sales up 3.6 per cent. The portfolio remains well leased with occupancy at 99.6 per cent.

(ii) Development net income

During 2018, the focus has been on the delivery of the $432.0 million Sunshine Plaza retail expansion (GPT share: $216.0 million). The development has been delayed due to inclement weather resulting in a staged opening in November 2018 and the major launch scheduled for March 2019.

During 2018, the business unit contributed $7.6 million to FFO (2017: $5.3 million).

Office

(i) Operations net income

The office portfolio achieved a net revaluation uplift of $598.5 million in 2018, including GPT's equity interest in the GPT Wholesale Office Fund (GWOF), as a result of high occupancy, strong market rental growth and continued firming of investment metrics. The positive revaluation has been primarily driven by the Group's Sydney assets, in particular MLC Centre, 2 Park St, Australia Square and Farrer Place.

DIRECTORS' REPORT
Year ended 31 December 2018

Like for like income growth of 5.8 per cent was achieved as a result of leasing success leading to strong rental growth and continued high levels of occupancy at 97.1 per cent (including signed leases). The assets which were the main contributors to income growth were Melbourne Central Tower, Australia Square, Farrer Place and MLC Centre. Also, the September 2018 acquisition of 60 Station Street, Parramatta has had a positive contribution to headline income growth.

(ii) Development net income
During the year the 15,800sqm 4 Murray Rose development was successfully completed at Sydney Olympic Park. The asset was delivered on time and within budget and is 81% leased at the year end with the Rural Fire Service taking 59% of the building. The development has delivered a development yield on cost over 7.5%.

Construction has commenced on the new 26,000sqm tower at 32 Smith Street, Parramatta following the acquisition of the site in 2017. The pre-committed tenant for the new tower is QBE, who will occupy approximately 50% of the building. Practical completion is due in late 2020.

The team is well progressed with a number of repositioning projects in Melbourne at 100 Queen Street, Melbourne Central Tower, CBW and 530 Collins Street.

Logistics
(i) Operations net income
The logistics portfolio achieved a net revaluation uplift of $151.2 million in 2018. This uplift is attributed to continued investor demand for quality logistics assets which led to a firming of investment metrics combined with positive leasing outcomes. The weighted average lease expiry has been maintained at a long duration of 7.1 years and like for like income growth is strong at 2.8 per cent.

(ii) Development net income
During the year the Group continued to successfully develop high quality logistics facilities to increase the portfolio quality and scale. At Huntingwood, the 11,000sqm warehouse reached practical completion in August 2018. The building was leased to Cahill Transport Group. Also, at 50 Old Wallgrove Road in Eastern Creek construction of a 30,000sqm facility was completed in January 2019. By the time of signing this financial report, 100 per cent of the asset has been leased to ACR Supply Partners.

Work continues to develop out and replenish the logistics land bank. This includes the November 2018 acquisition of 8.9 hectares of land in Melbourne which provides the opportunity to develop 48,000sqm of new logistics facilities.

Funds Management

As at and for the year ended 31 December 2018	GWOF	GWSCF	Total
Funds under management	$7.8b	$4.8b	$12.6b
Number of Assets	18	8	26
GPT Interest	23.83%	28.57%	
GPT Investment	$1,524.0m	$1,013.7m	$2,537.7m
One year Equity IRR (post-fees)	12.7%	4.8%	
Share of profit - FFO	$69.8m	$46.3m	$116.1m
Funds Management fee income	$36.3m	$21.9m	$58.2m

GWOF
GWOF's portfolio value increased to $7.8 billion, up $0.7 billion from 2017 and the fund delivered a one year equity IRR of 12.7 per cent. The management fee income earned from GWOF for 2018 increased by $2.9 million as compared to 2017 due to strong upward revaluations across the portfolio.

As a result of GPT not participating in the Fund's Distribution Reinvestment Plan (DRP) and equity raising in December 2018, GPT's ownership reduced to 23.83 per cent (2017: 24.95 per cent).

GWSCF
The fund delivered a one year equity IRR of 4.8 per cent. GWSCF's portfolio value decreased to $4.8 billion, down $0.1 billion from 2017, primarily driven by the sale of GWSCF's 83.33 per cent share in Homemaker City, Maribyrnong in December 2018 offset by upward revaluations. Management fee income earned from GWSCF of $21.9 million has increased by $4.6 million as compared to 2017. This was due to the acquisition of an additional 25 per cent interest in Highpoint Shopping Centre for $660.0 million and Homemaker City, Maribyrnong for $20.0 million in September 2017.

As a result of GPT not participating in the Fund's DRP, GPT's ownership is now 28.57 per cent (2017: 28.80 per cent).

Management expenses
Corporate overheads increased to $34.2 million (2017: $30.6 million) during the year due to increases in regulatory fees and Directors and Officers insurance and higher unallocated technology costs for automation. Total management and administration expenses across all segments slightly reduced to $73.0 million (2017: $73.4 million) resulting in a lower MER of 30 basis points for 2018 (2017: 34 basis points).

DIRECTORS' REPORT

Year ended 31 December 2018

Financial position

	Net Assets 31 Dec 18 $M	Net Assets 31 Dec 17 (1) $M	Change %
Core			
Retail	**6,299.2**	5,938.4	6.1%
Office	**5,921.9**	4,884.4	21.2%
Logistics	**1,958.8**	1,639.3	19.5%
Total core assets	**14,179.9**	12,462.1	13.8%
Financing and corporate assets	**598.1**	495.2	20.8%
Total assets	**14,778.0**	12,957.3	14.1%
Borrowings	**4,114.9**	3,300.6	24.7%
Other liabilities	**562.5**	550.8	2.1%
Total liabilities	**4,677.4**	3,851.4	21.4%
Net assets	**10,100.6**	9,105.9	10.9%
Total number of ordinary stapled securities (million)	**1,804.9**	1,801.6	0.2%
NTA ($)	**5.58**	5.04	10.7%

(1) The 31 December 2017 net assets have been restated as a result of the adoption of new accounting standards. Refer to note 24(a).

Balance sheet

- Total Return of 15.8 per cent (2017: 15.2 per cent) being the growth of NTA per stapled security of 54 cents to $5.58 plus the distribution paid / payable per stapled security of 25.46 cents, divided by the opening NTA per stapled security.
- Total core assets increased by 13.8 per cent primarily due to acquisitions, development capital expenditure and positive property revaluations.
- Total borrowings increased by 24.7 per cent due to acquisitions, development capital expenditure and fair value adjustments of $116.1 million to the carrying value of foreign currency debt.

Capital management

	31 Dec 18	31 Dec 17	Change
Cost of debt	**4.2%**	4.2%	Unchanged
Net gearing	**26.3%**	24.4%	Up by 190bps
Weighted average debt maturity	**6.3 years**	7.1 years	Down 0.8 years
Hedging	**83.0%**	76.0%	Up 7%
S&P / Moody's credit rating	**A stable / A2 stable**	A stable / A2 stable	Unchanged

GPT continues to maintain a strong focus on capital management.

Key highlights for the year include:

- Weighted average cost of debt for the year is 4.2 per cent, unchanged from the previous year;
- Net gearing(1) increased to 26.3 per cent (2017: 24.4 per cent), which is in line with the lower end of GPT's target gearing range of 25 to 35 per cent. This was a result of debt funding acquisitions and development capital expenditure during the period offset by strong revaluation gains;
- Available liquidity through cash and undrawn facilities (inclusive of forward starting facilities available to GPT) is $1,059.5 million (2017: $1,095.1 million); and
- Net tangible assets reduced by a $32.0 million loss on net mark to market movements on derivatives and borrowings.

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

Cash flows

The cash balance as at December 2018 increased to $58.7 million (2017: $49.9 million).

Operating activities

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

For the year ended	31 Dec 18 $M	31 Dec 17 $M	Change %
FFO	**574.6**	554.2	3.7%
(Less) / add: non-cash items included in FFO	**(25.5)**	(17.2)	(48.3%)
Less: interest capitalised on developments	**(13.7)**	(8.6)	(59.3%)
Add / (less): net movement in inventory	**5.8**	(19.0)	130.5%
Timing difference in receivables and payables	**(7.2)**	26.1	(127.6%)
Net cash inflows from operating activities	**534.0**	535.5	(0.3%)
Add: interest capitalised on developments	**13.7**	8.6	59.3%
(Less) / add: net movement in inventory	**(5.8)**	19.0	(130.5%)
Less: dividend income from available for sale investment	**-**	(30.4)	100.0%
Less: maintenance capex	**(53.2)**	(54.4)	2.2%
Less: lease incentives (excluding rent free)	**(39.7)**	(27.0)	(47.0%)
Free cash flow	**449.0**	451.3	(0.5%)

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

Prospects

(i) Group

GPT retains a portfolio of high quality assets with high occupancy levels and structured rental growth. As at 31 December 2018, the Group's balance sheet is in a strong position, with a smooth, long debt expiry profile and net gearing at the lower end of the Group's target range of 25 to 35 per cent.

(ii) Retail

GPT's portfolio delivered total centre sales growth of 2.4 per cent whilst specialties sales per square metre grew 2.5 per cent for the 12 months to 31 December 2018. The retail portfolio is well positioned with 85 per cent located in NSW and VIC and in markets with strong population growth. GPT is planning on capturing this growth by investing in assets to offer engaging places for its customers aimed at driving sales productivity, stimulating retailer demand and delivering long term investment returns. Progress continues to be made with mixed use developments at Melbourne Central and Rouse Hill which will be opportunities for GPT to deliver leading examples on how retail assets need to evolve and adapt to meet the changing needs of today's retail consumer.

(iii) Office

GPT is progressing its future development pipeline in Sydney and Melbourne. Engagement continues with authorities for a proposed new office tower and retail precinct of up to 70,000sqm at Darling Park in Sydney. In Melbourne, the Group is seeking a pre-commitment tenant for a proposed 20,000sqm office tower at Melbourne Central.

The Sydney and Melbourne CBD office markets in Australia experienced solid conditions in 2018, with demand being above long-term averages, low levels of net supply and tightening vacancy rates. Sydney and Melbourne reached vacancy rates of 4.1 per cent and 3.75 per cent respectively. These markets should experience ongoing tight vacancy conditions in 2019 with little new supply to come online and ongoing healthy levels of demand.

(iv) Logistics

An improving industrial economy driven by the growth in e-commerce, continues to fuel the demand for warehousing. New entrants and existing retailers seeking to expand into key locations is adding further pressure on the availability of land resulting in double digit increases of land values in prime locations. The investment market remains strong with assets transacting at yields firmer than previous market peaks. The medium term outlook is for Sydney and Melbourne to continue to benefit as preferred locations, given population nodes and strong and improving infrastructure. GPT will seek to increase exposure to the sector through development opportunities and acquisitions.

(v) Funds management

GPT has a large funds management platform which has experienced significant growth in the value of assets under management over the past five years. The funds management team will continue to actively manage the existing portfolios, with new acquisitions, divestments and developments in line with the relevant investment objectives of each fund.

(vi) Guidance for 2019

In 2019 GPT expects to deliver 4 per cent growth in FFO per ordinary security and 4 per cent growth in distribution per ordinary security. Achieving this target is subject to risks detailed in the following section.

Risks

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

GPT has an active enterprise-wide risk management framework. Within this framework the Board has adopted a policy setting out the principles, objectives and approach established to maintain GPT's commitment to integrated risk management. GPT requires effective risk management as a core capability and consequently all employees are expected to be managers of risk. GPT's risk management approach incorporates culture, people, processes and systems to enable the organisation to realise potential opportunities whilst managing adverse effects. The approach is consistent with AS/NZS ISO 31000:2018: Risk Management.

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

The risk appetite set by the Board considers the most significant, material risks to which GPT is exposed and provides the Board with ongoing monitoring of risk exposures which may arise over the short, medium and long term. The following table sets out material operational risks and issues, the potential impact to GPT and the ways in which they may be mitigated:

Risk Category	Risk/Issue	Potential Strategic Impact	Mitigation
Investment mandate	Investments do not perform in line with forecast	• Lower distributions • Lower NTA • Credit ratings downgrade	• Robust investment approval process • Formal due diligence process • Active asset management • Experienced internal management capability • Diversified multi-asset portfolio • Limit single asset exposure
	Adverse changes in market conditions	• Lower distributions • Lower NTA • Credit ratings downgrade	• Robust capital allocation process • Diversified multi-asset portfolio • Limit single asset exposure
Development	Developments do not perform in line with forecast	• Lower distributions • Lower NTA • Credit ratings downgrade	• Robust investment approval process • Oversight by Project Control Group (PCG) • Experienced internal management capability • Limit exposure to assets under development • Limit exposure to individual contractors • Minimum leasing pre-commitments prior to construction commencement
Leasing	Inability to lease assets in line with forecast	• Lower distributions • Lower NTA • Credit ratings downgrade	• Large and diversified tenant base • Ongoing investment to maintain quality of property portfolio • Experienced leasing team • Limit single tenant exposure
Capital management, including macro-economic factors	Re-financing and liquidity risk	• Ability to meet debt maturities • Limits ability to execute strategy • Credit ratings downgrade • Failure to continue as a going concern	• Diversity of funding sources and spreading of debt maturities with a long weighted average debt term • Maintaining a minimum liquidity buffer in cash and surplus committed credit facilities for the forward rolling twelve-month period
	Interest rate risk – higher interest rate cost than forecast	• Lower distributions	• Interest rate exposures are actively hedged
Health and safety	Incidents causing injury to tenants, visitors to the properties, employees and/or contractors	• Harm to the tenants, visitors to GPT's properties, employees and/or contractors • Criminal/civil proceedings and resultant reputation damage • Financial impact of remediation and restoration	• Formalised Health and Safety management system including policies and procedures for managing safety • Training and education of employees and contractors

Risk Category	Risk/Issue	Potential Strategic Impact	Mitigation
People and culture	Inability to attract, retain and develop talented people and provide an inclusive workplace Inability to maintain a high performing, ethical, and values based workplace This includes the consideration of risk culture and specifically conduct risk	• Failure to provide an environment that enables employees to excel • Failure to provide a safe working environment free of harassment, bullying and discrimination • Limits the ability to achieve business objectives in line with GPT' values	• Background and reference checks on commencement • Whistleblower officer • Annual Performance management process setting objectives to promote clarity and accountability • Remedial performance management and disciplinary action • Monitoring of risk culture and conduct risk • Discretionary incentive system and Clawback Policy • Benchmarking and setting competitive remuneration • Development planning • Succession planning • Talent management processes • Promotion of GPT Values • Code of conduct • Conflicts of interest register • Compliance training • Grievance resolution process • Diversity & Inclusion policies, guidelines and training
Environmental and social sustainability	Inability to operate in a manner that does not compromise the health of ecosystems and meets accepted social norms This includes consideration of climate change, energy intensity, community wellbeing and supply chain integrity	• Negative impact to the communities, the environment and the ecosystems that GPT operates in • Limits the ability to deliver the business objectives and strategy • Criminal/civil proceedings and resultant reputation damage • Financial impact of remediation and restoration	• Formalised Environment and Sustainability management system including policies and procedures for managing environmental and social sustainability risks • Climate related risks and potential financial impacts are assessed within GPT's enterprise-wide risk management framework
Information security	Risk of loss of data, breach of confidentiality, regulatory breach (privacy) and/or reputational impact including as a result from a cyber attack	• Limits the ability to deliver the business objectives and strategy • Criminal/civil proceedings and resultant reputation damage • Financial impact of remediation and restoration	• Technology risk management framework • Privacy policy, guidelines and procedures

2. ENVIRONMENTAL REGULATION

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

In managing the portfolio, GPT monitors and assesses physical and transitional risks arising from climate change. These risks are considered in GPT's investment and portfolio management decisions, as well as decisions to upgrade buildings in anticipation of a low carbon future. GPT discloses emissions data and climate strategy on its website. GPT continues to take an active leadership role in transitioning towards a low carbon future, participating in climate change public policy development through involvement in:

- The Property Council of Australia;
- The Green Building Council of Australia;
- The City of Sydney Better Building Partnership; and
- Demonstration projects partnering with the Australian Renewable Energy Agency.

GPT has achieved a Group-wide reduction of 42% in energy intensity, and a 56% reduction in emissions intensity since 2005. GPT is currently developing its Energy Master Plan which will continue the implementation of energy efficiency programs. GPT will seek to further decouple emissions from its energy requirements through renewable energy purchases, electrification of gas infrastructure and implementation of demand response programs. GPT's comprehensive Climate Change and Energy Policy is available on GPT's website.

GPT is subject to the reporting requirements of the National Greenhouse and Energy Reporting Act 2007 ("NGER Act"). The NGER Act requires GPT to report its annual greenhouse gas emissions and energy use. The measurement period for GPT is 1 July to 30 June each year. GPT has implemented systems and processes for the collection and calculation of the data required which enables submission of its report to the Department of Climate Change and Energy Efficiency within the legislative deadline of 31 October each year. GPT has submitted its report to the Department of Climate Change and Energy Efficiency for the period ended 30 June 2018 within the required timeframe.

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

3. EVENTS SUBSEQUENT TO REPORTING DATE

On 16 January 2019, the Group announced the proposed sale of its 50 per cent share of the MLC Centre. Proceeds from the planned sale will initially repay debt prior to be being reinvested into the development pipeline.

Other than the above, the Directors are not aware of any matter or circumstances occurring since 31 December 2018 that has significantly or may significantly affect the operations of GPT, the results of those operations or the state of affairs of GPT in the subsequent financial years.

4. DIRECTORS AND SECRETARY

Information on Directors

Vickki McFadden – Chairman (appointed as a Non-Executive Director 1 March 2018 and Chairman from 2 May 2018)
Vickki was appointed to the Board on 1 March 2018 and is also a member of the Nomination and Remuneration Committee. She brings a broad range of skills and experience to the Group gained during an 18 year career spanning investment banking, corporate finance and corporate law, and through her current and previous board-level positions.

Vickki currently holds Non-Executive directorships in the following listed entities and other entities:
- Tabcorp Holdings Limited (since 2017);
- Newcrest Mining Limited (since 2016); and
- Myer Family Investments Pty Limited (since 2011).

She is also President of the Takeovers Panel, a Member of Chief Executive Women and a Member of the Advisory Board and Executive Committee of the UNSW Business School.

Vickki was previously Chairman of Eftpos Payments Australia Limited, Chairman of Skilled Group Limited (prior to its acquisition by Programmed Maintenance Services Limited) (Director from 2005 to 2015 and Chairman from 2010 to 2015), a non-executive Director of Leighton Holdings Limited, and a Managing Director of Investment Banking at Merrill Lynch Australia.

As at the date of this report she holds 50,000 GPT stapled securities.

Rob Ferguson – Chairman (retired 2 May 2018)
Rob joined the Board in May 2009 and was also a member of the Nomination and Remuneration Committee. He brings a wealth of knowledge and experience in finance, investment management and property as well as corporate governance.

Rob currently holds Non-Executive directorships in the following listed and other entities:
- Watermark Market Neutral Fund Limited (since 2013); and
- Smartward Limited (since 2012).

He was also a Non-Executive Chairman of IMF Bentham Limited from 2004 to January 2015, Chairman of Primary Health Care Limited from 2009 to July 2018, and a Director of Tyro Payments Limited from 2005 to July 2018.

As at the date of his retirement he held 207,628 GPT stapled securities.

Robert Johnston – Chief Executive Officer and Managing Director
Bob was appointed to the Board as Chief Executive Officer and Managing Director in September 2015. He has 30 years' experience in the property sector including investment, development, project management and construction in Australia, Asia, the US and UK. Prior to joining GPT, Bob was the Managing Director of listed Australand Property Group which became Frasers Australand in September 2014.

As at the date of this report he holds 821,765 GPT stapled securities.

Brendan Crotty (retired on 9 November 2018)
Brendan was appointed to the Board in December 2009 and was also a member of the Audit Committee and the Sustainability and Risk Committee. He brings extensive property industry experience to the Board, including 17 years as Managing Director of Australand until his retirement in 2007.

Brendan is currently the Chairman of the National Housing Finance and Investment Corporation (since 2018), a Director of Brickworks Limited (since 2008) and Chairman of Cloud FX Pte Ltd. Brendan was previously Chairman of Western Sydney Parklands Trust.

As at the date of this retirement he held 67,092 GPT stapled securities.

Eileen Doyle
Eileen was appointed to the Board in March 2010. She is also the Chairman of the Sustainability and Risk Committee and a member of the Audit Committee and Nomination and Remuneration Committee (retired as a member in November 2018). She has diverse and substantial business experience having held senior executive roles and directorships in a wide range of industries, including research, financial services, building and construction, steel, mining, logistics and export. Eileen is also a Fellow of the Australian Academy of Technological Sciences and Engineering.

Eileen currently holds the position of Non-Executive Director in the following listed and other entities:
- Boral Limited (since 2010); and
- Oil Search Limited (since 2016).

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

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

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

Swe Guan is currently Chairman of Cromwell European REIT in Singapore (since 2017) and a Director of Sunway Berhad in Malaysia (since 2011). Swe Guan is also a member of the Investment Committee of CIMB Trust Cap Advisors and was formerly a Director of Global Logistics Property in Singapore until January 2018.

As at the date of this report, he holds 39,000 GPT stapled securities.

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

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

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

As at the date of this report she holds 36,663 GPT stapled securities.

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

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

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

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

Angus McNaughton (appointed 1 November 2018)
Angus was appointed to the Board in November 2018 and is also a member of the Nomination and Remuneration Committee and the Audit Committee. He brings extensive experience in property investment.

Angus was previously the CEO and Managing Director of Vicinity Centres from August 2015 until December 2017. Prior to that time, Angus served as the Managing Director Property for Colonial First State Global Asset Management from 2011, before becoming the CEO and Managing Director of ASX-listed Novion Property Group in 2014. Angus led Novion through to the completion of the merger between Novion and Federation Centres, renamed as Vicinity Centres, in June 2015.

Angus does not currently hold any Non-Executive Director roles in other listed entities.

He was also previously Director, Real Estate of First State Investments in Singapore and Chief Executive Officer of Kiwi Income Property Trust in New Zealand.

As at the date of this report he does not hold GPT stapled securities.

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

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

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

	Board		Audit Committee		Nomination and Remuneration Committee		Sustainability and Risk Committee	
	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended
Vickki McFadden[1]	10	10	-	-	4	4	-	-
Rob Ferguson	3	3	-	-	2	2	-	-
Robert Johnston[1]	11	11	-	-	-	-	-	-
Brendan Crotty	9	9	4	3	-	-	3	3
Eileen Doyle	11	11	5	3	5	5	4	4
Swe Guan Lim	11	11	5	5	-	-	4	4
Angus McNaughton	3	3	1	1	2	2	-	-
Michelle Somerville	11	11	5	5	-	-	4	4
Gene Tilbrook	11	10	-	-	6	6	-	-

(1) Vickki McFadden and Bob Johnston also attended meetings of the Committees as non-members.

5. OTHER DISCLOSURES

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

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

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

Non-audit services
During the year PricewaterhouseCoopers, GPT's auditor, has performed other services in addition to their statutory duties. Details of the amounts paid to the auditor, which includes amounts paid for non-audit services and other assurance services, are set out in note 20 to the financial statements.

The Directors have considered the non-audit services and other assurance services provided by the auditor during the financial year. In accordance with advice received from the Audit Committee, the Directors are satisfied that the provision of non-audit services by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:
- the Audit Committee reviewed the non-audit services and other assurance services at the time of appointment to ensure that they did not impact upon the integrity and objectivity of the auditor;
- the Board's own review conducted in conjunction with the Audit Committee concluded that the auditor independence was not compromised, having regard to the Board's policy with respect to the engagement of GPT's auditor; and
- the fact that none of the non-audit services provided by PricewaterhouseCoopers during the financial year had the characteristics of management, decision-making, self-review, advocacy or joint sharing of risks.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 23 and forms part of the Directors' Report.

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

6. REMUNERATION REPORT

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

The Board aims to ensure that the GPT Group's remuneration platform is both market competitive and fair to all stakeholders; aligns performance measures to the achievement of GPT's strategic objectives; and communicates the remuneration outcomes clearly and transparently.

Governance

Who are the members of the Committee?	The Committee consists of the following three Non-Executive Directors: • Gene Tilbrook (Committee Chairman); • Vickki McFadden; and • Angus McNaughton. 2018 saw renewal and change on the Committee in line with changes to the Board: • Rob Ferguson retired at the GPT AGM on 2 May 2018; • Vickki McFadden joined GPT on 1 March 2018, and was appointed Chairman of GPT from 3 May 2018; • Angus McNaughton joined GPT on 1 November 2018; and • Eileen Doyle stepped down from the Committee on 8 November 2018.
What is the scope of work of the Committee?	In 2018 the Committee undertook the following activities on behalf of the Board: • Oversee the management of culture; • Implement, monitor, evaluate and oversee GPT's remuneration framework; • Review and approve remuneration levels for the Board, Chief Executive Officer and key management personnel; • Review and approve key performance indicators for the Chief Executive Officer and assess the Chief Executive Officer's performance against those key performance indicators; • Review compliance with legal and regulatory requirements associated with the activities of the Committee; • Oversee the succession planning process for the Board, CEO and Leadership Team; • Implement procedures for the evaluation of the performance of the Board and Board committees; • Approve and oversee the implementation of GPT's diversity & inclusion strategy, initiatives and policies; • Approve and oversee initiatives around talent development and employee engagement; and • Any other related matters regarding executives or the Board. Effective 1 January 2019 a Human Resources and Remuneration Committee (HRRC) was formed with the same membership as noted above. In addition, a Nomination Committee was formed consisting of the full Board[1].
Who is included in the Remuneration Report?	GPT's Key Management Personnel (KMP) are the individuals responsible for planning, controlling and managing the GPT Group (being the Non-Executive Directors, CEO, Chief Financial Officer (CFO), and the Chief Operating Officer (COO)).

Committee key decisions and remuneration outcomes in 2018

Platform component	Key decisions and outcomes
Base Pay (Fixed)	• Implemented the annual review of employee base pay effective 1 January 2018, with an average increase of 2.57%. • Following benchmarking, implemented an annual review of Non-Executive Director base and committee fees effective 1 January 2018, with an average increase of 3.12% to bring the Non-Executive Directors' remuneration closer to market.
Short Term Incentive Compensation (STIC)	• Maintained Funds from Operations (FFO) growth per security as the primary measure of Group financial performance. • The Group achieved an FFO growth per security outcome of 3.5% which generated a STIC pool maximum of $15.4 million. • Maintained a deferred equity component of STIC vesting in one tranche at the end of the year following the conclusion of the performance period.
Long Term Incentive (LTI) Compensation	• Achieved a compound annual Total Return[2] for the 2016-18 period of 15.50%, exceeding the benchmark of 9.75% for maximum award, and delivered a Total Securityholder Return (TSR)[3] of 32.76% which exceeded the ASX 200 AREIT Accumulation Index (the Index) performance of 26.60%. • As a result, the vesting outcome for the 2016-18 LTI plan was 82.71% of the performance rights for each of the 24 participants in the LTI plan. • Launched the 2018-2020 LTI with two performance measures, Total Return and Relative TSR. • Maintained the same performance hurdles and ranges as the prior year's LTI plan. • Aligned the vesting schedule for both performance measures such that 10% of the performance rights for each measure vest at Threshold performance, with straight line pro-rata vesting through to 100% at the maximum performance level.

[1] Further information about the role and responsibility of both the HRRC and the Nomination Committees is set out in their respective Charters, which are available on GPT's website (www.gpt.com.au). No additional fees are paid for membership of the Nomination Committee.
[2] Total Return is defined as the sum of the change in Net Tangible Assets (NTA) and distributions over the performance period, divided by the NTA at the beginning of the performance period.
[3] TSR represents an investor's return, calculated as the percentage difference between an initial amount invested in stapled securities and the final value of those stapled securities at the end of the relevant period, assuming distributions were reinvested.

Other employee ownership plans	• Continued the General Employee Security Ownership Plan (GESOP) for 105 STIC eligible employees not in the LTI. Under GESOP each participant receives an amount equal to 10% of their STIC (less tax) delivered in GPT securities, which must be held for at least 1 year. • Continued the Broad Based Employee Security Ownership Plan (BBESOP) for 264 employees ineligible for GESOP. Under BBESOP, subject to GPT achieving the annual FFO growth per security target, participants receive $1,000 worth of GPT securities that cannot be transferred or sold until the earlier of 3 years from the allocation date or cessation of employment (or $1,000 cash (less tax) at the election of the individual).
Policy and governance	• Utilised external advice on market compensation benchmarks and practice, prevailing regulatory and governance standards, and drafting of incentive plan documentation from EY and Conari Partners[4].

GPT's vision and financial goals linked to remuneration structures

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

Total remuneration components			
Base pay (Fixed)	**STIC (variable)**	**LTI (variable)**	**Other employee ownership plans (variable)**
• Base level of reward. • Set around Australian market median using external benchmark data (including AON Hewitt and the Financial Institutions Remuneration Group (FIRG)). • Reviewed based on employee's responsibilities, experience, skill and performance. • External and internal relativities considered.	• Discretionary, at risk, and with aggregate STIC funding aligned to overall Group financial outcomes. • Set around market median for target performance with potential to achieve top quartile for stretch outcomes. • Determined by GPT and individual performance against a mix of balanced scorecard measures which include financial and non-financial measures. • Financial measures include FFO growth per security, and earnings at portfolio, fund and/or property level as relevant. • Non-financial objectives focus on execution of strategy, delivery of key projects and developments, and people and culture objectives. • Delivered in cash, or (for senior executives), a combination of 50% cash and 50% equity with deferred vesting for 1 year.	• Discretionary, at risk, and aligned to overall Group financial outcomes. • Set around market median for target performance with potential to achieve top quartile for stretch outcomes. • Vesting determined by GPT performance against Total Return and Relative TSR financial performance. • Relative TSR is measured against ASX200 AREIT Accumulation Index (including GPT). • Assessed over a 3 year performance period, no re-testing. • No value derived unless GPT meets or exceeds defined performance measures. • Delivered in GPT securities to align executive and securityholder interests.	**GESOP** • For STIC eligible individuals who are ineligible for LTI. • Equal to 10% of their STIC (less tax) delivered in GPT securities, which must be held for at least 1 year. **BBESOP** • For individuals ineligible for STIC or LTI. • GPT must achieve at least Target outcome on annual FFO growth per security. • A grant of $1,000 worth of GPT securities which must be held until the earlier of 3 years from the allocation date or cessation of employment (or $1,000 cash (less tax) at the election of the individual).

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

[4] During 2018, no remuneration recommendations in relation to Key Management Personnel, as defined by Division 1 of Part 1.2 of Chapter 1 of the *Corporations Act 2001*, were made by these or other consultants.

Employment Terms

1. Employment terms – Chief Executive Officer and Managing Director

Term	Conditions
Contract duration	Open ended.
Termination by Executive	6 months' notice. GPT may elect to make a payment in lieu of notice.
Remuneration Package	Bob Johnston's 2018 remuneration arrangements were as follows: **Base pay**: $1,460,000. **STIC**: $0 to $1,825,000 (i.e. 0% to 125% of base pay) based on performance, paid in equal proportions of cash deferred GPT securities, with the securities component vesting one year after the conclusion of the performance year. **LTI**: A grant of performance rights with the face value at time of grant of $2,190,000 (i.e. 150% of base pay) with vesting outcomes dependent on performance and continued service, and delivered in restricted GPT securities.
Termination by Company for cause	No notice requirement or termination benefits (other than accrued entitlements).
Termination by Company (other)	12 months' notice. Treatment of unvested STIC and LTI will be at the Board's discretion under the terms of the relevant plans and GPT policy.
Post-employment restraints	6 months non-compete, and 12 months non-solicitation of GPT employees.
External Directorships	Bob Johnston is a Director on the Boards of the Property Industry Foundation (PIF) and the Property Council of Australia (PCA). He does not receive remuneration for these roles.
Clawback Policy	All GPT employees who participate in STIC and LTI are subject to remuneration being clawed back if the recipient has acted fraudulently, dishonestly, or where there has been a material misstatement or omission in the Group's financial statements leading to the receipt of an unfair benefit.

2. Employment terms – Executive KMP

Term	Conditions
Contract duration	Open ended.
Termination by Executive	3 months' notice. GPT may elect to make a payment in lieu of notice.
Remuneration Package	(see component table below)
Termination by Company for cause	No notice requirement or termination benefits (other than accrued entitlements).
Termination by Company (other)	3 months' notice. Severance payments may be made subject to GPT policy and capped at the three year average of the executive's annual base (fixed) pay. Treatment of unvested STIC and LTI will be at the Board's discretion under the terms of the relevant plans and GPT policy.
Post-employment restraints	12 months non-solicitation of GPT employees.

Remuneration Package:

Component	Mark Fookes	Anastasia Clarke
Base pay	$820,000	$800,000
STIC[5]	$0 to $820,000	$0 to $800,000
LTI	$0 to $820,000	$0 to $800,000

3. Compensation mix at maximum STIC and LTI outcomes

Executive KMP	Fixed remuneration	Variable or "at risk" remuneration[6]	
	Base pay	STI	LTI
Bob Johnston Chief Executive Officer and Managing Director	26.7%	33.3%	40.0%
Anastasia Clarke Chief Financial Officer	33.4%	33.3%	33.3%
Mark Fookes Chief Operating Officer	33.4%	33.3%	33.3%

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

DIRECTORS' REPORT

Year ended 31 December 2018

Group Financial Performance and Incentive Outcomes

1. Five year Group financial performance

		2018	2017	2016	2015	2014
Total Securityholder Return (TSR)	%	**7.0**	6.6	10.1	15.4	34.5
Total Return	%	**15.8**	15.2	15.5	11.5	9.6
NTA (per security)	$	**5.58**	5.04	4.59	4.17	3.94
FFO (per security)	cents	**31.8**	30.8	29.9	28.3	26.8
Security price at end of calendar year	$	**5.34**	5.11	5.03	4.78	4.35

2. Summary of CEO Objectives and Performance Outcomes

	Performance measure	Reason chosen	Weighting	Performance outcomes
Financial	FFO growth per security targets.	FFO growth per security is a key financial measure of GPT's performance.	70%	The Group delivered FFO growth per security of 3.5% in 2018. This was in excess of the Group's target of 3% growth but below the stretch objective set by the Board.
Strategy	Strategy objectives focused on exploring growth opportunities for GPT group, as well as development and implementation of strategic plans for each division.	Developing, communicating and implementing GPT's strategy will underpin GPT's medium term activities.	10%	Management continued to execute on strategies approved by the board. This included securing new acquisitions in the Office and Logistics sector and advancing plans for development opportunities at Melbourne Central. Management did not achieve a successful outcome of the sale of Wollongong Central and progress on unlocking opportunities at Sydney Olympic Park and Camellia was behind target.
Performance	Operational objectives focused on driving performance of the investment portfolio, key milestones in the development pipeline, and other projects.	Focus on delivery of investment and fund performance, conversion of the development pipeline and operational efficiency to optimise GPT's performance.	15%	GPT's Total Shareholder Return was 7.03% versus 3.95% for the ASX AREIT 200 Accumulation Index. Occupancy remains high across the Group's portfolio and like for like Net Operating Income (NOI) growth of 3.8% was achieved, however the like for like NOI growth for the retail portfolio was below target. Office lease expiries in 2020 and 2021 continued to be a focus for management however stretch target objectives were not achieved. Established the Operational Excellence PCG and delivered business efficiencies through the use of technology, streamlined decision making, and enhanced asset management support to the funds management platform. Pre-commitment for the 32 Smith Street development was achieved and Development Approval conditions satisfied allowing the commencement of the project, with the development on plan to deliver targeted returns. Progress was made on the Sunshine Plaza development but final completion has been delayed to the end of Q1 2019.
People	People objectives centred on increasing employee engagement, driving GPT's diversity and inclusion agenda, and operational excellence.	Maintaining a high performing executive team and achieving engagement and diversity goals is key to GPT's performance.	5%	Achieved Workplace Gender Equality Agency (WGEA) Employer of Choice for Gender Equality citation in February 2018 recognising GPT's performance as among the best employers. Increased the percentage of females in the top 50% of the business (measured by remuneration) from 42.24% at the end of 2017 to 45.65%. Launched GPT's second Reconciliation Action Plan (RAP), maintained participation of First Nations employees in the permanent workforce at 1%, and signed a 10 year agreement with Career Trackers to expand its internship program. Increased GPT's score in the Australian Workplace Equality Index (AWEI) survey from 42 to 79, 16 points higher than the property sector average.

3. STIC Framework

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

The 2018 STIC outcomes for the KMP are in Table 4 below, while STIC determination for the balance of the eligible employees[7] is to occur in March 2019, which is post the issue of the 2018 Remuneration Report. For the Group, FFO growth per security performance hurdles are set for the year. For 2017, the Group delivered an FFO growth per security outcome of 3.0 per cent and generated a maximum amount of $13.8 million for the STIC pool, representing 64 per cent of the aggregate of STIC participants' maximum STIC potential, of which $13.4 million was ultimately distributed to employees based on the performance of the individual and their business unit/team against Group and individual KPI's.

The following table shows the distribution of the 2017 STIC outcomes as a percentage of the individual's maximum STIC opportunity.

2017 STIC Received as a % of Maximum STIC potential	0-50%	50-60%	60-70%	70-80%	80-90%	90-100%
Percentage of STIC participants	3.79%	11.36%	71.97%	8.33%	4.55%	0.0%

4. 2018 STIC outcomes by Executive KMP[8]

Executive KMP	Position	Actual STIC awarded	Actual STIC awarded as a % of maximum STIC	% of maximum STIC award forfeited	Cash component	Equity component (# of GPT securities)[9]
Bob Johnston	Chief Executive Officer and Managing Director	$1,227,000	67.23%	32.77%	$613,500	117,788
Anastasia Clarke	Chief Financial Officer	$575,000	71.88%	28.12%	$287,500	55,198
Mark Fookes	Chief Operating Officer	$575,000	70.12%	29.88%	$287,500	55,198

5. Group performance measures for LTI Plans currently relevant

LTI	LTI performance measurement period	Performance measure	Performance measure hurdle	Weighting	Results	Vesting % by performance measure	Overall Plan Vesting Outcome (%)
2016	2016-18	Relative TSR versus ASX200 AREIT Accumulation Index (including GPT) (the Index)	10% of rights vest at Index performance, up to 100% at Index plus 10% (pro rata vesting in between)	50%	GPT's TSR performance exceeded the Index by 6.16%	65.41%	82.71%
		Total Return	0% of rights vest at 8% Total Return, up to 100% at 9.5% Total Return (pro-rata vesting in between)	50%	15.50%	100.00%	
2017	2017-19	Relative TSR versus ASX200 AREIT Accumulation Index (including GPT)	10% of rights vest at Index performance, up to 100% at Index plus 10% (pro rata vesting in between)	50%	N/A	N/A	N/A
		Total Return	0% of rights vest at 8.5% Total Return, up to 100% at 10.0% Total Return (pro-rata vesting in between)	50%	N/A	N/A	
2018	2018-20	Relative TSR versus ASX200 AREIT Accumulation Index (including GPT)	10% of rights vest at Index performance, up to 100% at Index plus 10% (pro rata vesting in between)	50%	N/A	N/A	N/A
		Total Return	10% of rights vest at 8.5% Total Return, up to 100% at 10.0% Total Return (pro-rata vesting in between)	50%	N/A	N/A	

[7] i.e. excluding the KMP.
[8] Excluding the impact of movements in the GPT security price on deferred STIC value received.
[9] The number of deferred GPT securities granted are calculated by dividing 50% of the Actual STIC awarded by GPT's Q4 2017 Volume Weighted Average Security Price (VWAP) of $5.2085. The deferred GPT securities will vest subject to service on 31 December 2019.

6. 2016-2018 LTI outcomes by Executive KMP

Senior Executive	Position	Performance rights granted	Performance rights vested	Performance rights lapsed
Bob Johnston	Chief Executive Officer and Managing Director	450,257	372,385	77,872
Anastasia Clarke	Chief Financial Officer	139,365	115,262	24,103
Mark Fookes	Chief Operating Officer	171,527	141,862	29,665

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

Executive KMP		Grant date	Fair value per performance right	Performance rights granted as at 31 Dec 18	Vesting date	Maximum value to be recognised in future years
Bob Johnston	**2018**	**10 May 2018**	**$2.62**	**420,467**	**31 Dec 20**	**$1,222,712**
Chief Executive Officer and Managing Director	2017	22 May 2017	$2.66	452,206	31 Dec 19	$955,709
Anastasia Clarke	**2018**	**29 March 2018**	**$2.62**	**153,595**	**31 Dec 20**	**$438,169**
Chief Financial Officer	2017	21 February 2017	$2.66	157,563	31 Dec 19	$293,563
Mark Fookes	**2018**	**29 March 2018**	**$2.62**	**157,435**	**31 Dec 20**	**$459,154**
Chief Operating Officer	2017	21 February 2017	$2.66	172,269	31 Dec 19	$320,962

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

		Fixed pay		Variable or "at risk"[12]			
Executive KMP		**Base pay**	**Superannuation**	**Other[13]**	**STIC**	**LTI**	**Total**
Bob Johnston	**2018**	**$1,439,710**	**$20,290**	**$8,354**	**$1,237,259**	**$1,972,002**	**$4,677,615**
Chief Executive Officer and Managing Director	2017	$1,415,168	$19,832	$3,299	$1,195,801	$1,867,471	$4,501,571
Anastasia Clarke	**2018**	**$779,710**	**$20,290**	**$5,275**	**$579,807**	**$610,381**	**$1,995,463**
Chief Financial Officer	2017	$730,168	$19,832	$2,480	$523,556	$455,426	$1,731,462
Mark Fookes	**2018**	**$799,710**	**$20,290**	**$10,585**	**$579,807**	**$751,244**	**$2,161,636**
Chief Operating Officer	2017	$800,168	$19,832	$4,326	$565,442	$844,845	$2,234,613
Total	**2018**	**$3,019,130**	**$60,870**	**$24,214**	**$2,396,873**	**$3,333,627**	**$8,834,714**
	2017	$2,945,504	$59,496	$10,105	$2,284,799	$3,167,742	$8,467,646

[10] For the avoidance of doubt, the GPT incentive plans (i.e. STIC and LTI) use face value grants of performance rights based on the VWAP of GPT securities for specified periods; reference to fair value per performance right is included in this table to comply with accounting standards.
[11] This table discloses the cash and other benefit amounts actually received by GPT's executive KMP, as distinct from the accounting expense. As a result, it does not align to Australian Accounting Standards.
[12] Gross dollar values for the equity components have been calculated by multiplying the number of securities by GPT's fourth quarter VWAP for the applicable year; 2018: $5.2956 (2017: $5.2085).
[13] Other may include death and total/permanent disability insurance premiums, service awards, GPT superannuation plan administration fees, professional memberships, subscriptions and/or other benefits.

9. Reported remuneration – Executive KMP – AIFRS Accounting[14]

Executive KMP		Fixed pay		Variable or "at risk"			Total
		Base pay	Superannuation	Other	STIC (cash plus accrual)	LTI award accrual[15]	
Bob Johnston	**2018**	**$1,520,636**	**$20,290**	**$8,354**	**$1,210,570**	**$1,168,869**	**$3,928,719**
Chief Executive Officer and Managing Director	2017	$1,376,680	$19,832	$3,299	$1,219,543	$1,166,796	$3,786,150
Anastasia Clarke	**2018**	**$794,923**	**$20,290**	**$5,275**	**$548,232**	**$414,417**	**$1,783,137**
Chief Financial Officer	2017	$775,348	$19,832	$2,480	$569,961	$382,324	$1,749,945
Mark Fookes	**2018**	**$825,109**	**$20,290**	**$10,585**	**$559,068**	**$467,160**	**$1,882,212**
Chief Operating Officer	2017	$840,325	$19,832	$4,326	$669,971	$515,208	$2,049,662
Total	**2018**	**$3,140,668**	**$60,870**	**$24,214**	**$2,317,870**	**$2,050,446**	**$7,594,068**
	2017	$2,992,353	$59,496	$10,105	$2,459,475	$2,064,328	$7,585,757

10. GPT security ownership – Executive KMP as at 31 December 2018

Executive KMP	GPT Holdings (start of period)[16]	Employee Security Schemes (ESS)			Purchase /(Sales) during period[17]	GPT Holdings (end of period)[18]	Gross Value of GPT Holdings[19]	MSHR Guideline[20]
		2018 DSTIC	2016-18 LTI	TOTAL ESS for 2018				
Bob Johnston Chief Executive Officer and Managing Director	821,765	117,788	372,385	490,173	-	1,311,938	$6,947,499	$2,190,000
Anastasia Clarke Chief Financial Officer	462,585	55,198	115,262	170,460	(223,839)	409,206	$2,166,991	$800,000
Mark Fookes Chief Operating Officer	1,118,268	55,198	141,862	197,060	(156,013)	1,159,315	$6,139,269	$820,000

11. GPT performance rights – Executive KMP

Executive KMP	Performance rights	
	Performance rights that lapsed in 2018[21] (# of rights)	Performance rights still on foot at 31/12/18[22] (# of rights)
Bob Johnston Chief Executive Officer and Managing Director	135,278	872,673
Anastasia Clarke Chief Financial Officer	45,702	311,158
Mark Fookes Chief Operating Officer	53,184	329,704

[14] This table provides a breakdown of remuneration for executive KMP in accordance with statutory requirements and Australian accounting standards.
[15] This column records the amount of the fair value of performance rights under the various LTI plans expensed in the relevant financial years, and does not represent actual LTI awards made to executives or the face value grant method.
[16] GPT Holdings (start of period) include GPT securities obtained as sign on grants (Mr Johnston only), DSTIC up to and including 2017, LTI plans up to and including the 2015-17 LTI plan, and private holdings.
[17] Movement in GPT security holdings as a result of the sale of vested, unrestricted security holdings and/or the sale or purchase of additional private holdings on the individuals own account during the 2018 calendar year.
[18] GPT Holdings (end of period) is the sum of GPT Holdings (start of the period) plus DSTIC and LTI securities obtained under ESS and adjusted for any purchases or sales during the period. Note that some of the securities do not become actual holdings for the individual until after the conclusion of the performance year when Group results are known which allow the conversion of performance rights under the various plan terms.
[19] The GPT Holdings (end of period) multiplied by GPT's fourth quarter 2018 VWAP of $5.2956 to derive a dollar value.
[20] GPT's Minimum Security Holding Requirement (MSHR) guideline requires the CEO to acquire and maintain a holding equal to 150% of base salary. For other KMP and Leadership Team members the holding requirement is equal to 100% of base salary. Individuals have four years from commencement of employment to achieve the MSHR before it is assessed for the first time.
[21] The sum of performance rights that were awarded to a participant in the 2016-2018 LTI that did not vest at the end of the 2016-2018 performance period, and as a result, lapsed and/or performance rights granted under the 2018 DSTIC that also lapsed.
[22] The total of unvested performance rights currently on foot excluding any GPT securities or performance rights that may have lapsed up to 31 December 2018. This represents the current maximum number of additional GPT securities to which the individual may become entitled subject to satisfying the applicable performance measures in the 2017-19 and 2018-20 LTI plans on foot; as such, these performance rights represent the incentive opportunity over multiple future years, are subject to performance and hence "at risk", and as a result may never vest.

Remuneration – Non-Executive Directors

What are the key elements of the Non-Executive Director Remuneration Policy?	• The Board determines the remuneration structure for Non-Executive Directors based on recommendations from the Committee. • Non-Executive Directors are paid one fee for participation as a Director in all GPT related companies (principally GPT RE Limited, the Responsible Entity of General Property Trust and GPT Management Holdings Limited). • Non-Executive Director remuneration is composed of three main elements: – Main Board fees; – Committee fees; and – Superannuation contributions at the statutory superannuation guarantee contribution rate. • Non-Executive Directors do not participate in any short or long term incentive arrangements and are not entitled to any retirement benefits other than compulsory superannuation. • Non-Executive Director remuneration is set by reference to comparable entities listed on the ASX (having regard to GPT's industry sector and market capitalisation). • External independent advice on remuneration levels for Non-Executive Directors is sought annually. In the event that a review results in changes, the new Board and Committee fees are effective from the 1st of January in the applicable year and advised in the ensuing Remuneration Report. • Fees (including superannuation) paid to Non-Executive Directors are subject to an aggregate limit of $1,800,000 per annum, which was approved by GPT securityholders at the Annual General Meeting on 5 May 2015. As an Executive Director, Mr Johnston does not receive fees from this pool as he is remunerated as one of GPT's senior executives.

1. Board and committee fees[23,24]

		Board Base Fee	Audit Committee	Sustainability and Risk Committee	Nomination and Remuneration Committee
Chairman	**2018**	**$400,000**	**$37,000**	**$31,000**	**$31,000**
	2017	$380,000	$36,000	$30,000	$30,000
Members	**2018**	**$152,000**	**$18,500**	**$15,500**	**$15,500**
	2017	$148,000	$18,000	$15,000	$15,000

2. Reported remuneration – Non-Executive Directors – AIFRS accounting[25,26]

		Fixed pay			Total
Non-Executive Director - Current		**Salary and fees**	**Superannuation**	**Other[27]**	
Vickki McFadden[28]	**2018**	**$289,851**	**$16,481**	**-**	**$306,332**
Chairman	2017	-	-	-	-
Eileen Doyle	**2018**	**$214,596**	**$20,094**	**-**	**$234,690**
	2017	$203,500	$19,333	-	$222,833
Swe Guan Lim	**2018**	**$186,000**	**$17,670**	**$908**	**$204,578**
	2017	$181,000	$17,195	$287	$198,482
Angus McNaughton[29]	**2018**	**$27,917**	**$2,652**	**-**	**$30,569**
	2017	-	-	-	-
Michelle Somerville	**2018**	**$204,500**	**$19,428**	**-**	**$223,928**
	2017	$192,750	$18,311	-	$211,061
Gene Tilbrook	**2018**	**$183,000**	**$17,385**	**$1,103**	**$201,488**
	2017	$178,000	$16,910	$380	$195,290

[23] 'Chairman' used in this sense may refer to the chairperson of the board or a particular committee.
[24] In addition to the fees noted in the table, all non-executive Directors receive reimbursement for reasonable travel, accommodation and other expenses incurred while undertaking GPT business.
[25] This table provides a breakdown of remuneration for Non-Executive Directors in accordance with statutory requirements and Australian accounting standards.
[26] No termination benefits were paid during the financial year.
[27] Other may include death and total/permanent disability insurance premiums and/or GPT superannuation plan administration fees.
[28] Ms McFadden joined GPT on 1 March 2018, and was appointed Chairman of GPT from 3 May 2018.
[29] Mr McNaughton joined GPT on 1 November 2018.

DIRECTORS' REPORT

Year ended 31 December 2018

Non-Executive Director – Former		Fixed pay			Total
		Salary and fees	Superannuation	Other[30]	
Rob Ferguson[31]	**2018**	**$137,949**	**$8,617**	**-**	**$146,566**
	2017	$380,000	$19,832	-	$399,832
Brendan Crotty[32]	**2018**	**$159,292**	**$15,133**	**-**	**$174,425**
	2017	$181,000	$17,195	-	$198,195
Total	**2018**	**$1,403,105**	**$117,460**	**$2,011**	**$1,522,576**
	2017	$1,316,250	$108,776	$667	$1,425,693

3. Non-Executive Director – GPT security holdings

Non-Executive Director	Private holdings (# of securities)			Minimum security holding requirement (MSHR)	
	Balance 31/12/17	Purchase/(Sale)	Balance 31/12/18	Gross value[33]	MSHR guideline[34]
Vickki McFadden	-	50,000	50,000	$264,780	$400,000
Eileen Doyle	45,462	-	45,462	$240,749	$152,000
Swe Guan Lim	15,800	23,200	39,000	$206,528	$152,000
Angus McNaughton	-	-	-	-	$152,000
Michelle Somerville	16,157	20,506	36,663	$194,153	$152,000
Gene Tilbrook	48,546	-	48,546	$257,080	$152,000

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

Vickki McFadden
Chairman

Bob Johnston
Chief Executive Officer and Managing Director

Sydney
11 February 2019

[30] Other may include death and total/permanent disability insurance premiums and/or GPT superannuation plan administration fees.
[31] Mr Ferguson retired from the GPT Board on 2 May 2018.
[32] Mr Crotty retired from the GPT Board on 8 November 2018.
[33] Non-Executive Directors holdings multiplied by GPT's fourth quarter 2018 VWAP of $5.2956 to derive a dollar value.
[34] The MSHR for Non-Executive Directors is equal to 100% of base fees. Individuals have four years from commencement of employment to achieve the MSHR before it is assessed for the first time.

Auditor's Independence Declaration

As lead auditor for the audit of General Property Trust for the year ended 31 December 2018, 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.

Susan Horlin
Partner
PricewaterhouseCoopers

Sydney
11 February 2019

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FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2018

	Note	31 Dec 18 $M	31 Dec 17 (1) $M
Revenue			
Rent from investment properties		**634.1**	610.6
Property and fund management fees		**79.2**	70.2
Development revenue		**34.4**	15.0
Development management fees		**4.8**	10.8
		752.5	706.6
Other income			
Fair value gain on investment properties		**637.2**	481.0
Share of after tax profit of equity accounted investments		**497.8**	442.8
Interest revenue		**1.4**	1.3
Derecognition of available for sale financial asset		**-**	10.7
Net gain on disposal of assets		**1.3**	-
Gain on financial liability at amortised cost		**2.4**	2.2
Net foreign exchange gain		**0.1**	-
		1,140.2	938.0
Total revenue and other income		**1,892.7**	1,644.6
Expenses			
Property expenses and outgoings		**163.2**	158.3
Management and other administration costs		**71.5**	71.7
Development costs		**27.4**	14.4
Depreciation expense		**2.0**	1.7
Amortisation expense		**5.2**	6.0
Impairment expense		**11.3**	5.4
Finance costs		**125.8**	103.7
Net loss on fair value movements of derivatives		**40.0**	5.7
Net impact of foreign currency borrowings and associated hedging loss		**1.5**	0.2
Total expenses		**447.9**	367.1
Profit before income tax expense		**1,444.8**	1,277.5
Income tax expense	9(a)	**9.5**	10.3
Profit after income tax expense		**1,435.3**	1,267.2
Profit from discontinued operations		**16.4**	0.8
Net profit for the year		**1,451.7**	1,268.0
Other comprehensive income			
Items that may be reclassified to profit or loss, net of tax			
Movement in hedging reserve	10(b)	**10.9**	(2.5)
Movement in fair value of cash flow hedges	10(b)	**(3.8)**	(6.9)
Revaluation of available for sale financial asset	10(b)	**-**	(7.1)
Movement in net foreign exchange translation reserve	10(b)	**(16.8)**	-
Total other comprehensive income		**(9.7)**	(16.5)
Total comprehensive income for the year		**1,442.0**	1,251.5
Total comprehensive income for the year from continuing operations		**1,442.4**	1,250.7
Total comprehensive income for the year from discontinued operations		**(0.4)**	0.8
Net profit attributable to:			
- Securityholders of the Trust		**1,417.7**	1,248.2
- Securityholders of other entities stapled to the Trust		**34.0**	19.8
Total comprehensive income attributable to:			
- Securityholders of the Trust		**1,424.8**	1,238.8
- Securityholders of other entities stapled to the Trust		**17.2**	12.7
Basic earnings per unit attributable to ordinary securityholders of the Trust			
Earnings per unit (cents per unit) - profit from continuing operations	11(a)	**77.7**	69.3
Earnings per unit (cents per unit) - profit from discontinued operations	11(a)	**0.9**	-
Earnings per unit (cents per unit) - Total	11(a)	**78.6**	69.3
Basic earnings per stapled security attributable to ordinary stapled securityholders of the GPT Group			
Earnings per stapled security (cents per stapled security) - profit from continuing operations	11(b)	**79.5**	70.4
Earnings per security (cents per security) - profit from discontinued operations	11(b)	**0.9**	-
Earnings per security (cents per security) - Total	11(b)	**80.4**	70.4

(1) The 31 December 2017 Consolidated Statement of Comprehensive Income has been restated as a result of the adoption of new accounting standards. Refer to note 24(a).

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	31 Dec 18 $M	31 Dec 17 (1) $M
ASSETS			
Current assets			
Cash and cash equivalents		**58.7**	49.9
Trade receivables	4(a)	**51.4**	48.4
Other receivables	4(b)	**52.5**	47.5
Inventories	6	**31.0**	11.8
Derivative assets	14(b)	**1.5**	3.4
Prepayments		**12.8**	7.0
Other assets		**22.8**	23.0
Current tax assets	9(b)	**0.8**	-
Total current assets		**231.5**	**191.0**
Non-current assets			
Investment properties	2	**10,128.8**	8,745.7
Equity accounted investments	3	**3,905.9**	3,561.8
Intangible assets	5	**26.8**	30.9
Inventories	6	**113.3**	140.4
Property, plant and equipment		**12.7**	9.9
Derivative assets	14(b)	**338.9**	257.7
Deferred tax assets	9(c)	**20.1**	16.9
Other assets		**-**	3.0
Total non-current assets		**14,546.5**	12,766.3
Total assets		**14,778.0**	12,957.3
LIABILITIES			
Current liabilities			
Payables	7	**411.0**	384.7
Current tax liabilities	9(b)	**-**	8.6
Borrowings	13	**516.0**	19.9
Derivative liabilities	14(b)	**4.0**	9.1
Provisions	8	**26.2**	28.1
Total current liabilities		**957.2**	450.4
Non-current liabilities			
Borrowings	13	**3,598.9**	3,280.7
Derivative liabilities	14(b)	**120.2**	118.0
Provisions	8	**1.1**	2.3
Total non-current liabilities		**3,720.2**	3,401.0
Total liabilities		**4,677.4**	3,851.4
Net assets		**10,100.6**	9,105.9
EQUITY			
Securityholders of the Trust (parent entity)			
Contributed equity	10(a)	**7,825.7**	7,814.8
Reserves	10(b)	**(33.5)**	(40.6)
Retained earnings	10(c)	**2,790.0**	1,828.4
Total equity of the Trust securityholders		**10,582.2**	9,602.6
Securityholders of other entities stapled to the Trust			
Contributed equity	10(a)	**325.9**	325.7
Reserves	10(b)	**37.9**	57.0
Accumulated losses	10(c)	**(845.4)**	(879.4)
Total equity of other stapled securityholders		**(481.6)**	(496.7)
Total equity		**10,100.6**	9,105.9

(1) The 31 December 2017 Consolidated Statement of Financial Position has been restated as a result of the adoption of new accounting standards. Refer to note 24(a).

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

THE GPT GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2018

		General Property Trust				Other entities stapled to the General Property Trust				
	Note	Contributed equity $M	Reserves $M	Retained earnings $M	Total $M	Contributed equity $M	Reserves $M	Accumulated losses $M	Total $M	Total equity $M
Equity attributable to Securityholders										
At 1 January 2017		7,804.3	(31.2)	1,022.8	8,795.9	325.5	59.5	(898.7)	(513.7)	8,282.2
Revaluation of available for sale financial asset net of tax	10(b)	-	-	-	-	-	(7.1)	-	(7.1)	(7.1)
Movement in hedging reserve	10(b)	-	(2.5)	-	(2.5)	-	-	-	-	(2.5)
Movement in fair value of cash flow hedges	10(b)	-	(6.9)	-	(6.9)	-	-	-	-	(6.9)
Other comprehensive income for the year		-	(9.4)	-	(9.4)	-	(7.1)	-	(7.1)	(16.5)
Profit for the year		-	-	1,248.2	1,248.2	-	-	19.8	19.8	1,268.0
Total comprehensive income for the year		-	(9.4)	1,248.2	1,238.8	-	(7.1)	19.8	12.7	1,251.5
Transactions with Securityholders in their capacity as Securityholders										
Issue of stapled securities	10(a)	10.5	-	-	10.5	0.2	-	-	0.2	10.7
Movement in employee incentive scheme reserve net of tax	10(b)	-	-	-	-	-	4.6	-	4.6	4.6
Reclassification of employee incentive security scheme reserve to retained earnings / accumulated losses	10(c)	-	-	0.6	0.6	-	-	(0.5)	(0.5)	0.1
Distributions paid and payable	12	-	-	(443.2)	(443.2)	-	-	-	-	(443.2)
At 31 December 2017 (1)		7,814.8	(40.6)	1,828.4	9,602.6	325.7	57.0	(879.4)	(496.7)	9,105.9
Equity attributable to Securityholders										
At 1 January 2018 (1)		7,814.8	(40.6)	1,828.4	9,602.6	325.7	57.0	(879.4)	(496.7)	9,105.9
Movement in foreign exchange translation reserve	10(b)	-	-	-	-	-	(16.8)	-	(16.8)	(16.8)
Movement in hedging reserve	10(b)	-	10.9	-	10.9	-	-	-	-	10.9
Movement in fair value of cash flow hedges	10(b)	-	(3.8)	-	(3.8)	-	-	-	-	(3.8)
Other comprehensive income for the year		-	7.1	-	7.1	-	(16.8)	-	(16.8)	(9.7)
Profit for the year		-	-	1,417.7	1,417.7	-	-	34.0	34.0	1,451.7
Total comprehensive income for the year		-	7.1	1,417.7	1,424.8	-	(16.8)	34.0	17.2	1,442.0
Transactions with Securityholders in their capacity as Securityholders										
Issue of stapled securities	10(a)	10.9	-	-	10.9	0.2	-	-	0.2	11.1
Movement in employee incentive scheme reserve net of tax	10(b)	-	-	-	-	-	(2.3)	-	(2.3)	(2.3)
Reclassification of employee incentive security scheme reserve to retained earnings / accumulated losses	10(c)	-	-	3.4	3.4		-	-	-	3.4
Distributions paid and payable	12	-	-	(459.5)	(459.5)	-	-	-	-	(459.5)
At 31 December 2018		7,825.7	(33.5)	2,790.0	10,582.2	325.9	37.9	(845.4)	(481.6)	10,100.6

(1) The 31 December 2017 Consolidated Statement of Changes in Equity have been restated as a result of the adoption of new accounting standards. Refer to note 24(a).

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Note	31 Dec 18 $M	31 Dec 17 $M
Cash flows from operating activities			
Receipts in the course of operations (inclusive of GST)		**809.4**	733.8
Payments in the course of operations (inclusive of GST)		**(286.8)**	(267.3)
Proceeds from sale of inventories		**28.9**	7.6
Payments for inventories		**(21.4)**	(25.1)
Distributions received from equity accounted investments		**161.3**	171.7
Dividend received from available for sale investment		**-**	30.4
Interest received		**1.4**	1.3
Income taxes paid		**(20.9)**	(6.9)
Finance costs paid		**(137.9)**	(110.0)
Net cash inflows from operating activities	15(a)	**534.0**	535.5
Cash flows from investing activities			
Payments for acquisition of investment properties		**(419.5)**	(33.0)
Payments for operating capital expenditure on investment properties		**(81.8)**	(84.1)
Payments for development capital expenditure on investment properties		**(270.5)**	(205.3)
Proceeds from disposal of assets		**13.3**	5.5
Payments for property, plant and equipment		**(2.9)**	(1.1)
Payments for intangibles		**(3.4)**	(4.8)
Investment in equity accounted investments		**(10.8)**	(158.3)
Capital return from available for sale asset		**-**	10.7
Capital return from joint venture		**1.9**	-
Net cash outflows from investing activities		**(773.7)**	(470.4)
Cash flows from financing activities			
Proceeds from borrowings		**2,862.1**	1,434.1
Repayment of borrowings		**(2,164.4)**	(1,066.9)
Payment for termination of derivatives		**-**	(3.1)
Distributions paid to securityholders		**(449.2)**	(435.6)
Net cash outflows from financing activities		**248.5**	(71.5)
Net decrease in cash and cash equivalents		**8.8**	(6.4)
Cash and cash equivalents at the beginning of the year		**49.9**	56.3
Cash and cash equivalents at the end of the year		**58.7**	49.9

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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

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

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

Note 1 - Result for the year: focuses on results and performance of GPT.
Notes 2 to 9 - Operating assets and liabilities: provides information on the assets and liabilities used to generate GPT's trading performance.
Notes 10 to 14 - Capital structure: outlines how GPT manages its capital structure and various financial risks.
Notes 15 to 25 - Other disclosure items: provides information on other items that must be disclosed to comply with Australian Accounting Standards and other regulatory pronouncements.

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

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

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

RESULT FOR THE YEAR

1. SEGMENT INFORMATION

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

Segment	Types of products and services which generate the segment result
Retail	Ownership, development (including mixed use) and management of predominantly regional and sub-regional shopping centres as well as GPT's equity investment in GPT Wholesale Shopping Centre Fund.
Office	Ownership, development (including mixed use) and management of prime CBD office properties with some associated retail space as well as GPT's equity investment in GPT Wholesale Office Fund.
Logistics	Ownership, development (including mixed use) and management of logistics assets.
Funds Management	Management of two Australian wholesale property funds in the retail and office sectors.
Corporate	Cash and other assets and borrowings and associated hedges plus resulting net finance costs, management operating costs and income tax expense.

(a) Segment financial information

31 December 2018
The segment financial information provided to the chief operating decision maker for the year ended 31 December 2018 is set out below:

Financial performance by segment

	Note	Retail	Office	Logistics	Funds Management	Corporate	Total
		$M	$M	$M	$M	$M	**$M**
Rent from investment properties	b(ii)	370.5	253.3	127.4	-	-	**751.2**
Property expenses and outgoings	b(iii)	(103.0)	(53.1)	(21.0)	-	-	**(177.1)**
Income from Funds	b(iv)	46.3	69.8	-	-	-	**116.1**
Fee income		15.0	5.8	0.2	58.2	-	**79.2**
Management & administrative expenses	b(v)	(10.2)	(8.1)	(1.8)	(15.6)	(34.2)	**(69.9)**
Operations Net Income		**318.6**	**267.7**	**104.8**	**42.6**	**(34.2)**	**699.5**
Development management fees		2.6	1.7	0.5	-	-	**4.8**
Development revenue	b(vi)	6.6	-	38.5	-	-	**45.1**
Development costs	b(vii)	-	-	(33.1)	-	-	**(33.1)**
Development management expenses	b(v)	(1.6)	(0.7)	(0.8)	-	-	**(3.1)**
Development Net Income		**7.6**	**1.0**	**5.1**	**-**	**-**	**13.7**
Interest income		-	-	-	-	1.4	**1.4**
Finance costs		-	-	-	-	(125.8)	**(125.8)**
Net Finance Costs		**-**	**-**	**-**	**-**	**(124.4)**	**(124.4)**
Segment Result Before Tax		**326.2**	**268.7**	**109.9**	**42.6**	**(158.6)**	**588.8**
Income tax expense	b(viii)	-	-	-	-	(14.2)	**(14.2)**
Funds from Operations (FFO)	b(i)	**326.2**	**268.7**	**109.9**	**42.6**	**(172.8)**	**574.6**

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

	Retail	Office	Logistics	Funds Management	Corporate	Total
Current Assets						
Current assets	16.9	-	14.1	-	200.5	**231.5**
Total Current Assets	**16.9**	**-**	**14.1**	**-**	**200.5**	**231.5**
Non-Current Assets						
Investment properties	5,154.9	3,080.5	1,893.4	-	-	**10,128.8**
Equity accounted investments	1,055.1	2,840.8	-	-	10.0	**3,905.9**
Inventories	62.1	-	51.2	-	-	**113.3**
Other non-current assets	10.2	0.6	0.1	-	387.6	**398.5**
Total Non-Current Assets	**6,282.3**	**5,921.9**	**1,944.7**	**-**	**397.6**	**14,546.5**
Total Assets	**6,299.2**	**5,921.9**	**1,958.8**	**-**	**598.1**	**14,778.0**
Current and non-current liabilities	-	-	-	-	4,677.4	**4,677.4**
Total Liabilities	**-**	**-**	**-**	**-**	**4,677.4**	**4,677.4**
Net Assets	**6,299.2**	**5,921.9**	**1,958.8**	**-**	**(4,079.3)**	**10,100.6**

31 December 2017
The segment financial information provided to the chief operating decision maker for the year ended 31 December 2017 is set out below:

Financial performance by segment

	Note	Retail $M	Office $M	Logistics $M	Funds Management $M	Corporate $M	Total $M
Rent from investment properties	b(ii)	360.1	239.2	112.5	-	-	**711.8**
Property expenses and outgoings	b(iii)	(98.8)	(57.6)	(17.4)	-	-	**(173.8)**
Income from Funds	b(iv)	46.5	68.8	-	-	-	**115.3**
Fee income		15.0	4.4	0.1	50.7	-	**70.2**
Management & administrative expenses	b(v)	(9.7)	(7.0)	(1.9)	(13.7)	(30.6)	**(62.9)**
Operations Net Income		**313.1**	**247.8**	**93.3**	**37.0**	**(30.6)**	**660.6**
Development fees		9.0	1.6	0.2	-	-	**10.8**
Development revenue	b(vi)	10.8	-	10.4	-	-	**21.2**
Development costs	b(vii)	(5.2)	-	(9.2)	-	-	**(14.4)**
Development management expenses	b(v)	(9.3)	(0.5)	(0.7)	-	-	**(10.5)**
Development Net Income		**5.3**	**1.1**	**0.7**	**-**	**-**	**7.1**
Interest income		-	-	-	-	1.3	**1.3**
Finance costs		-	-	-	-	(103.7)	**(103.7)**
Net Finance Costs		**-**	**-**	**-**	**-**	**(102.4)**	**(102.4)**
Segment Result Before Tax		**318.4**	**248.9**	**94.0**	**37.0**	**(133.0)**	**565.3**
Income tax expense	b(viii)	-	-	-	-	(11.1)	**(11.1)**
Funds from Operations (FFO)	b(i)	**318.4**	**248.9**	**94.0**	**37.0**	**(144.1)**	**554.2**

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

	Retail	Office	Logistics	Funds Management	Corporate	Total
Current Assets						
Current assets	-	-	11.8	-	179.2	**191.0**
Total Current Assets	**-**	**-**	**11.8**	**-**	**179.2**	**191.0**
Non-Current Assets						
Investment properties	4,818.7	2,379.4	1,547.6	-	-	**8,745.7**
Equity accounted investments (1)	1,047.1	2,504.7	-	-	10.0	**3,561.8**
Inventories	62.4	-	78.0	-	-	**140.4**
Other non-current assets	10.2	0.3	1.9	-	306.0	**318.4**
Total Non-Current Assets	**5,938.4**	**4,884.4**	**1,627.5**	**-**	**316.0**	**12,766.3**
Total Assets	**5,938.4**	**4,884.4**	**1,639.3**	**-**	**495.2**	**12,957.3**
Current and non-current liabilities	-	-	-	-	3,851.4	**3,851.4**
Total Liabilities	**-**	**-**	**-**	**-**	**3,851.4**	**3,851.4**
Net Assets	**5,938.4**	**4,884.4**	**1,639.3**	**-**	**(3,356.2)**	**9,105.9**

(1) The 31 December 2017 equity accounted investments balance has been restated as a result of the adoption of new accounting standards. Refer to note 24(a).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

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

	31 Dec 18 $M	31 Dec 17 (1) $M
(i) FFO to Net profit for the year		
Segment result		
FFO	**574.6**	554.2
Adjustments		
Fair value gain on investment properties	**637.2**	481.0
Fair value gain and other adjustments to equity accounted investments	**314.1**	263.9
Amortisation of lease incentives and costs	**(46.1)**	(38.9)
Straightlining of rental income	**5.5**	11.7
Valuation increase	**910.7**	717.7
Net loss on fair value movement of derivatives	**(40.0)**	(5.7)
Net impact of foreign currency borrowings and associated hedging loss	**(1.5)**	(0.2)
Net foreign exchange (loss)/gain	**(0.5)**	0.8
Gain on financial liability at amortised cost	**2.4**	2.2
Financial instruments mark to market and net foreign exchange loss	**(39.6)**	(2.9)
Net gain on disposal of assets	**18.3**	10.7
Impairment expense	**(11.4)**	(5.4)
Other items	**(0.9)**	(6.3)
Total other items	**6.0**	(1.0)
Consolidated Statement of Comprehensive Income		
Net profit for the year	**1,451.7**	1,268.0
(ii) Rent from investment properties		
Segment result		
Rent from investment properties	**751.2**	711.8
Less: share of rent from investment properties in equity accounted investments	**(76.5)**	(74.0)
Adjustments		
Amortisation of lease incentives and costs	**(46.1)**	(38.9)
Straightlining of rental income	**5.5**	11.7
Consolidated Statement of Comprehensive Income		
Rent from investment properties	**634.1**	610.6
(iii) Property expenses and outgoings		
Segment result		
Property expenses and outgoings	**(177.1)**	(173.8)
Less: share of property expenses and outgoings in equity accounted investments	**13.9**	15.5
Consolidated Statement of Comprehensive Income		
Property expenses and outgoings	**(163.2)**	(158.3)
(iv) Share of after tax profit of equity accounted investments		
Segment result		
Income from Funds	**116.1**	115.3
Share of rent from investment properties in equity accounted investments	**76.5**	74.0
Share of property expenses and outgoings in equity accounted investments	**(13.9)**	(15.5)
Development revenue - equity accounted investments	**10.7**	-
Development costs - equity accounted investments	**(5.7)**	-
Development revenue	**-**	6.2
Adjustments		
Fair value gain and other adjustments to equity accounted investments	**314.1**	263.9
Transition to AASB 9	**-**	(1.1)
Consolidated Statement of Comprehensive Income		
Share of after tax profit of equity accounted investments	**497.8**	442.8
(v) Management and administration expenses		
Segment result		
Operations	**(69.9)**	(62.9)
Development	**(3.1)**	(10.5)
Less: depreciation expense	**2.0**	1.7
Less: other	**(0.5)**	-
Consolidated Statement of Comprehensive Income		
Management and administration expenses	**(71.5)**	(71.7)

(1) The 31 December 2017 reconciliation of segment result to the statement of comprehensive income has been restated as a result of the adoption of new accounting standards. Refer to note 24(a).

	31 Dec 18 $M	31 Dec 17 $M
(vi) Development revenue		
Segment result		
Development revenue	**45.1**	21.2
Share of after tax profit of equity accounted investments	**(10.7)**	(6.2)
Consolidated Statement of Comprehensive Income		
Development revenue	**34.4**	15.0
(vii) Development costs		
Segment result		
Development costs	**(33.1)**	(14.4)
Development costs - equity accounted investments	**5.7**	-
Consolidated Statement of Comprehensive Income		
Development costs	**(27.4)**	(14.4)
(viii) Income tax expense		
Segment result		
Income tax expense	**(14.2)**	(11.1)
Adjustment		
Tax impact of reconciling items from segment result to net profit for the year	**4.7**	0.8
Consolidated Statement of Comprehensive Income		
Income tax expense	**(9.5)**	(10.3)

(c) Net profit on disposal and derecognition of assets

	31 Dec 18 $M	31 Dec 17 $M
Details of disposals / capital returns during the year:		
Cash consideration	**13.4**	10.7
Less: transaction costs	**(0.1)**	-
Net consideration	**13.3**	10.7
Carrying amount of net assets sold / derecognised	**(12.0)**	(10.7)
Foreign exchange gain realised on disposal / derecognition	**17.0**	-
Transfer from reserves	**-**	10.7
Profit on sale and derecognition before income tax	**18.3**	10.7
The carrying amounts of assets and liabilities as at the date of disposal / derecognition were:		
Investment properties	**12.0**	-
Other assets	**-**	10.7
Net assets	**12.0**	10.7

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

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

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

Refer to note 23(e)(iv) for further information relating to revenue policies adopted under AASB 15 *Revenue from Contracts with Customers*.

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

Finance costs
Finance costs include interest, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. Finance costs are expensed as incurred unless they relate to a qualifying asset.

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

OPERATING ASSETS AND LIABILITIES

2. INVESTMENT PROPERTIES

	Note	31 Dec 18 $M	31 Dec 17 $M
Retail	(a)	**5,154.9**	4,818.7
Office	(b)	**3,018.5**	2,306.8
Logistics	(c)	**1,773.6**	1,498.6
Properties under development	(d)	**181.8**	121.6
Total investment properties	(e)	**10,128.8**	8,745.7

	Ownership interest [1] %	Acquisition date	Fair value 31 Dec 18 $M	Fair value 31 Dec 17 $M	Latest independent valuation date	Valuer
(a) Retail						
Casuarina Square, NT	50.0	Oct 1973	**300.8**	322.6	Dec 2018	Savills Australia
Charlestown Square, NSW	100.0	Dec 1977	**969.3**	924.8	Jun 2018	Knight Frank Valuations
Pacific Highway, Charlestown, NSW	100.0	Oct 2002 / Jul 2003	**8.0**	6.6	Jun 2018	Knight Frank Valuations
Highpoint Shopping Centre, VIC	16.7	Aug 2009	**435.0**	434.2	Dec 2018	CB Richard Ellis Pty Ltd
Homemaker City, Maribyrnong, VIC [2]	16.7	Aug 2009	**-**	11.7	Jun 2018	CB Richard Ellis Pty Ltd
Westfield Penrith, NSW	50.0	Jun 1971	**716.3**	669.5	Jun 2018	M3 Property
Sunshine Plaza, QLD	** 50.0	Dec 1992 / Sep 2004	**564.0**	449.3	Dec 2018	CB Richard Ellis Pty Ltd
Plaza Parade, QLD	50.0	Jun 1999	**13.3**	10.0	Dec 2018	CB Richard Ellis Pty Ltd
Rouse Hill Town Centre, NSW	100.0	Dec 2005	**635.2**	606.8	Dec 2018	CB Richard Ellis Pty Ltd
Melbourne Central, VIC - retail portion [3]	100.0	May 1999 / May 2001	**1,513.0**	1,383.2	Dec 2018	Savills Australia
Total Retail			**5,154.9**	4,818.7		
(b) Office						
Australia Square, Sydney, NSW	50.0	Sep 1981	**557.5**	444.2	Dec 2018	Colliers International
MLC Centre, Sydney, NSW	50.0	Apr 1987	**775.0**	662.2	Dec 2018	Jones Lang LaSalle
One One One Eagle Street, Brisbane, QLD	33.3	Apr 1984	**300.0**	293.7	Dec 2018	CB Richard Ellis Pty Ltd
Melbourne Central, VIC - office portion [3]	100.0	May 1999 / May 2001	**603.0**	546.7	Dec 2018	CB Richard Ellis Pty Ltd
Corner of Bourke and William, VIC	50.0	Oct 2014	**380.0**	360.0	Dec 2018	Savills Australia
60 Station Street, Parramatta, NSW [4]	100.0	Sep 2018	**278.0**	-	Dec 2018	Colliers International
4 Murray Rose Avenue, Sydney Olympic Park, NSW [5]	* 100.0	May 2002	**125.0**	-	Dec 2018	Cushman & Wakefield
Total Office			**3,018.5**	2,306.8		

(1) Freehold, unless otherwise marked with an * which denotes leasehold and ** denotes a combination of freehold and leasehold respectively.
(2) On 12 December 2018 GPT sold its 16.67% interest in Homemaker City, Maribyrnong, for consideration of $13.4 million.
(3) Melbourne Central: 71.5% Retail and 28.5% Office (31 Dec 2017: 71.7% Retail and 28.3% Office). Melbourne Central - Retail Includes 100% of Melbourne Central car park and 100% of 202 Little Lonsdale Street.
(4) On 6 September 2018 GPT acquired a 100% interest in 60 Station Street, Parramatta for total consideration of $292.9 million (including transaction costs of $15.3 million).
(5) Following practical completion in October 2018, 4 Murray Rose Avenue, Olympic Park has been reclassified from properties under development to investment property in the Office portfolio.

	Ownership interest [1] %	Acquisition date	Fair value 31 Dec 18 $M	Fair value 31 Dec 17 $M	Latest independent valuation date	Valuer
(c) Logistics						
Citiwest Industrial Estate, Altona North, VIC	100.0	Aug 1994	**90.0**	81.6	Dec 2018	Savills Australia
Quad 1, Sydney Olympic Park, NSW	* 100.0	Jun 2001	**28.0**	24.0	Dec 2018	M3 Property
Quad 4, Sydney Olympic Park, NSW	* 100.0	Jun 2004	**58.0**	51.5	Dec 2018	M3 Property
Sydney Olympic Park Town Centre, NSW	* 100.0	Jun 2001 - Apr 2013	**121.5**	90.2	Dec 2018	Jones Lang LaSalle
Rosehill Business Park, Camellia, NSW	100.0	May 1998	**86.0**	81.4	Dec 2018	Savills Australia
16-34 Templar Road, Erskine Park, NSW	100.0	Jun 2008	**65.0**	58.3	Dec 2018	Colliers International
67-75 Templar Road, Erskine Park, NSW	100.0	Jun 2008	**26.0**	24.2	Dec 2018	CB Richard Ellis Pty Ltd
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	**182.4**	170.5	Dec 2018	Jones Lang LaSalle
4 Holker Street, Newington, NSW	100.0	Mar 2006	**35.5**	33.0	Dec 2018	Jones Lang LaSalle
372-374 Victoria Street, Wetherill Park, NSW	100.0	Jul 2006	**26.5**	24.8	Dec 2018	M3 Property
18-24 Abbott Road, Seven Hills, NSW	100.0	Oct 2006	**39.3**	34.6	Dec 2018	Savills Australia
Citiport Business Park, Port Melbourne, VIC	100.0	Mar 2012	**82.5**	75.8	Dec 2018	Jones Lang LaSalle
83 Derby Street, Silverwater, NSW	100.0	Aug 2012	**40.0**	34.8	Dec 2018	Savills Australia
10 Interchange Drive, Eastern Creek, NSW	100.0	Aug 2012	**33.3**	33.2	Dec 2018	Jones Lang LaSalle
407 Pembroke Road, Minto, NSW	50.0	Oct 2008	**30.5**	25.5	Dec 2018	CB Richard Ellis Pty Ltd
38 Pine Road, Yennora, NSW	100.0	Nov 2013	**61.0**	52.9	Dec 2018	Colliers International
16-28 Quarry Road, Yatala, QLD	100.0	Nov 2013	**44.8**	44.3	Dec 2018	Savills Australia
59 Forest Way, Karawatha, QLD	100.0	Dec 2012	**114.0**	108.0	Dec 2018	Savills Australia
29-55 Lockwood Road, Erskine Park, NSW	100.0	Jun 2008	**104.5**	98.1	Dec 2018	Savills Australia
36-52 Templar Road, Erskine Park, NSW	100.0	Jun 2008	**107.0**	98.3	Dec 2018	Jones Lang LaSalle
54-70 Templar Road, Erskine Park, NSW	100.0	Jun 2008	**152.0**	145.0	Dec 2018	M3 Property
1A Huntingwood Drive, Huntingwood, NSW	100.0	Oct 2016	**46.0**	41.3	Dec 2018	CB Richard Ellis Pty Ltd
1B Huntingwood Drive, Huntingwood, NSW	100.0	Oct 2016	**25.5**	9.6	Dec 2018	CB Richard Ellis Pty Ltd
55 Whitelaw Place, Wacol, QLD	100.0	Dec 2016	**16.5**	15.0	Dec 2018	Savills Australia
54 Eastern Creek Drive, Eastern Creek, NSW	100.0	Apr 2016	**51.8**	42.7	Dec 2018	CB Richard Ellis Pty Ltd
Sunshine Business Estate, Sunshine, VIC [6]	100.0	Jan 2018	**78.0**	-	Dec 2018	CB Richard Ellis Pty Ltd
396 Mount Derrimut Road, Derrimut, VIC [7]	100.0	Nov 2018	**12.4**	-	Nov 2018	Savills Australia
399 Boundary Road, Truganina, VIC [8]	100.0	Dec 2018	**15.6**	-	Nov 2018	Savills Australia
Total Logistics			**1,773.6**	1,498.6		
(d) Properties under development						
407 Pembroke Rd, Minto, NSW	50.0	Oct 2008	**5.8**	5.6	Dec 2018	CB Richard Ellis Pty Ltd
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	**32.8**	21.7	Dec 2018	Jones Lang LaSalle
50 Old Wallgrove Road, Eastern Creek, NSW	100.0	Jun 2016	**60.2**	21.7	Dec 2018	Savills Australia
4 Murray Rose Avenue, Sydney Olympic Park, NSW [5]	* 100.0	May 2002	**-**	33.0	-	-
32 Smith, Parramatta, NSW	100.0	Mar 2017	**62.0**	39.6	Dec 2018	CB Richard Ellis Pty Ltd
21 Shiny Drive and 2, 6 & 10 Prosperity Street, Truganina, VIC [9]	100.0	Nov 2018	**21.0**	-	Nov 2018	Jones Lang LaSalle
Total Properties under development			**181.8**	121.6		

(6) On 24 January 2018 GPT acquired a 100% interest in four logistics assets in Sunshine, Victoria for total consideration of $78.3 million (including transaction costs of $4.3 million).
(7) On 1 November 2018 GPT acquired a 100% interest in 396 Mount Derrimut Road, Derrimut for total consideration of $13.1 million (including transaction costs of $0.7 million).
(8) On 20 December 2018 GPT acquired a 100% interest in 399 Boundary Road, Truganina for total consideration of $16.7 million (including transaction costs of $1.1 million).
(9) On 16 November 2018 GPT acquired a 100% interest in 21 Shiny Drive and 2, 6 & 10 Prosperity Street, Truganina for total consideration of $22.3 million (including transaction costs of $1.3 million).

(e) Reconciliation

	Retail $M	Office $M	Logistics $M	Properties under development $M	31 Dec 18 $M	31 Dec 17 $M
Carrying amount at the beginning of the year	4,818.7	2,306.8	1,498.6	121.6	**8,745.7**	7,944.9
Additions - operating capital expenditure	26.5	15.8	5.6	-	**47.9**	50.9
Additions - development capital expenditure	148.8	13.6	24.6	86.1	**273.1**	215.8
Additions - interest capitalised (1)	7.1	0.3	0.4	5.9	**13.7**	8.6
Asset acquisitions	-	292.9	108.1	22.3	**423.3**	33.0
Transfers from properties under development	-	125.0	-	(125.0)	**-**	-
Transfer to inventory	(9.0)	-	-	-	**(9.0)**	-
Transfers from inventory	-	-	-	-	**-**	2.8
Disposals	(12.0)	-	-	-	**(12.0)**	(5.5)
Fair value adjustments	168.6	264.5	133.2	70.9	**637.2**	481.0
Lease incentives (includes rent free)	14.0	21.7	5.9	-	**41.6**	36.3
Leasing costs	3.7	3.1	1.1	-	**7.9**	5.1
Amortisation of lease incentives and costs	(12.8)	(24.5)	(8.8)	-	**(46.1)**	(38.9)
Straightlining of leases	1.3	(0.7)	4.9	-	**5.5**	11.7
Carrying amount at the end of the year	5,154.9	3,018.5	1,773.6	181.8	**10,128.8**	8,745.7

(1) A capitalisation interest rate of 4.2% (2017: 5.4%) has been applied when capitalising interest on qualifying assets.

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

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

Properties under development are stated at fair value at each balance date. Fair value is assessed with reference to reliable estimates of future cash flows, status of the development and the associated risk profile. Finance costs incurred on properties undergoing development are included in the cost of the development.

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

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

(f) Lease receivables
Lease amounts to be received not recognised in the financial statements at balance date are as follows:

	Consolidated entity 31 Dec 18 $M	Consolidated entity 31 Dec 17 $M
Due within one year	**523.9**	467.5
Due between one and five years	**1,417.8**	1,285.6
Due after five years	**989.0**	979.9
Total operating lease receivables	**2,930.7**	2,733.0

Lease amounts to be received includes future amounts to be received on non-cancellable operating leases, not recognised in the financial statements at balance date. A proportion of this balance includes amounts receivable for recovery of operating costs on gross and semi-gross leases which will be accounted for as revenue from contracts with customers as this income is earned. The remainder will be accounted for as lease income as it is earned. Amounts receivable under non-cancellable operating leases where GPT’s right to consideration for a service directly corresponds with the value of the service provided to the customer have not been included (for example, variable amounts payable by tenants for their share of the operating costs of the asset).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

3. EQUITY ACCOUNTED INVESTMENTS

	Note	31 Dec 18 $M	31 Dec 17 $M
Investments in joint ventures	(a)(i)	**1,358.2**	1,135.0
Investments in associates [1]	(a)(ii)	**2,547.7**	2,426.8
Total equity accounted investments		**3,905.9**	3,561.8

(a) Details of equity accounted investments

Name	Principal Activity	Ownership Interest 31 Dec 18 %	Ownership Interest 31 Dec 17 %	31 Dec 18 $M	31 Dec 17 $M
(i) Joint ventures					
2 Park Street Trust [2]	Investment property	50.00	50.00	**763.1**	630.1
1 Farrer Place Trust [2]	Investment property	50.00	50.00	**553.6**	465.9
Horton Trust	Investment property	50.00	50.00	**30.1**	27.0
Lendlease GPT (Rouse Hill) Pty Limited [2] [3]	Property development	50.00	50.00	**11.3**	11.9
Erskine Park Joint Venture	Property development	50.00	50.00	**-**	-
DPT Operator Pty Limited	Management	50.00	50.00	**0.1**	0.1
Total investment in joint venture entities				**1,358.2**	1,135.0
(ii) Associates					
GPT Wholesale Office Fund [1] [2] [4]	Investment property	23.83	24.95	**1,524.0**	1,408.6
GPT Wholesale Shopping Centre Fund [2] [5]	Investment property	28.57	28.80	**1,013.7**	1,008.2
GPT Funds Management Limited	Funds management	100.00	100.00	**10.0**	10.0
Total investments in associates				**2,547.7**	2,426.8

(1) The 31 December 2017 balance of investments in associates has been restated as a result of the adoption of new accounting standards. Refer to note 24(a).
(2) The entity has a 30 June balance date.
(3) GPT has a 50% interest in Lendlease GPT (Rouse Hill) Pty Limited, a joint venture developing residential and commercial land at Rouse Hill, in partnership with Urban Growth and the NSW Department of Planning.
(4) Ownership has decreased as a result of GPT not participating in the subsequent Distribution Reinvestment Plan (DRP) during the year and the equity raising in December 2018.
(5) Ownership has decreased as a result of GPT not participating in the subsequent Distribution Reinvestment Plan (DRP) during the year.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

(b) Summarised financial information for associates and joint ventures
The information disclosed reflects the amounts presented in the 31 December 2018 financial results of the relevant associates and joint ventures and not GPT's share of those amounts. They have been amended to reflect adjustments made by GPT when using the equity method, including fair value adjustments and modifications for differences in accounting policies.

(i) Joint ventures

	2 Park Street Trust		**1 Farrer Place Trust**		**Others**		**Total**	
	31 Dec 18	31 Dec 17	**31 Dec 18**	31 Dec 17	**31 Dec 18**	31 Dec 17	**31 Dec 18**	31 Dec 17
	$M	$M	**$M**	$M	**$M**	$M	**$M**	$M
Current assets								
Cash and cash equivalents	**13.7**	9.8	**12.1**	10.9	**12.3**	17.6	**38.1**	38.3
Other current assets	**2.0**	1.8	**5.8**	7.1	**0.1**	8.2	**7.9**	17.1
Total current assets	**15.7**	11.6	**17.9**	18.0	**12.4**	25.8	**46.0**	55.4
Total non-current assets	**1,525.0**	1,260.0	**1,129.1**	953.5	**72.5**	63.9	**2,726.6**	2,277.4
Current liabilities								
Financial liabilities (excluding trade payables, other payables and provisions)	**14.4**	9.4	**32.0**	33.0	**1.9**	2.8	**48.3**	45.2
Other current liabilities	**0.1**	2.0	**7.8**	6.7	**-**	0.1	**7.9**	8.8
Total current liabilities	**14.5**	11.4	**39.8**	39.7	**1.9**	2.9	**56.2**	54.0
Non-current liabilities								
Financial liabilities (excluding trade payables, other payables and provisions)	**-**	-	**-**	-	**-**	8.8	**-**	8.8
Total non-current liabilities	**-**	-	**-**	-	**-**	8.8	**-**	8.8
Net assets	**1,526.2**	1,260.2	**1,107.2**	931.8	**83.0**	78.0	**2,716.4**	2,270.0
Reconciliation to carrying amounts:								
Opening net assets 1 January	**1,260.2**	1,095.8	**931.8**	848.2	**78.0**	64.8	**2,270.0**	2,008.8
Profit for the year	**323.1**	197.6	**202.7**	109.6	**19.1**	16.0	**544.9**	323.2
Capital injection	**-**	-	**-**	-	**1.6**	-	**1.6**	-
Capital reduction	**-**	-	**-**	-	**(3.7)**	-	**(3.7)**	-
Issue of equity	**4.3**	24.6	**15.7**	11.4	**-**	-	**20.0**	36.0
Distributions paid / payable	**(61.4)**	(57.8)	**(43.0)**	(37.4)	**(12.0)**	(2.8)	**(116.4)**	(98.0)
Closing net assets	**1,526.2**	1,260.2	**1,107.2**	931.8	**83.0**	78.0	**2,716.4**	2,270.0
GPT's share	**763.1**	630.1	**553.6**	465.9	**41.5**	39.0	**1,358.2**	1,135.0
Summarised statement of comprehensive income								
Revenue	**67.2**	73.0	**58.0**	62.4	**21.6**	4.6	**146.8**	140.0
Profit for the year	**323.1**	197.6	**202.7**	109.6	**19.1**	16.0	**544.9**	323.2
Total comprehensive income	**323.1**	197.6	**202.7**	109.6	**19.1**	16.0	**544.9**	323.2

(ii) Associates

	GPT Wholesale Office Fund		GPT Wholesale Shopping Centre Fund		GPT Funds Management Limited		Total	
	31 Dec 18	31 Dec 17 [(1)]	**31 Dec 18**	31 Dec 17	**31 Dec 18**	31 Dec 17	**31 Dec 18**	31 Dec 17
	$M	$M	**$M**	$M	**$M**	$M	**$M**	$M
Total current assets	**83.0**	68.1	**34.5**	51.8	**10.0**	10.0	**127.5**	129.9
Total non-current assets	**7,734.5**	7,032.8	**4,809.3**	4,799.6	**-**	-	**12,543.8**	11,832.4
Total current liabilities	**148.4**	156.5	**98.1**	129.4	**-**	-	**246.5**	285.9
Total non-current liabilities	**1,273.4**	1,299.1	**1,197.3**	1,221.5	**-**	-	**2,470.7**	2,520.6
Net assets	**6,395.7**	5,645.3	**3,548.4**	3,500.5	**10.0**	10.0	**9,954.1**	9,155.8
Reconciliation to carrying amounts:								
Opening net assets 1 January	**5,645.3**	5,230.7	**3,500.5**	3,253.0	**10.0**	10.0	**9,155.8**	8,493.7
Profit for the year	**715.1**	684.1	**164.7**	400.6	**-**	-	**879.8**	1,084.7
Issue of equity	**284.6**	-	**28.6**	7.2	**-**	-	**313.2**	7.2
Distributions paid / payable	**(249.3)**	(269.5)	**(145.4)**	(160.3)	**-**	-	**(394.7)**	(429.8)
Closing net assets	**6,395.7**	5,645.3	**3,548.4**	3,500.5	**10.0**	10.0	**9,954.1**	9,155.8
GPT's share	**1,524.0**	1,408.6	**1,013.7**	1,008.2	**10.0**	10.0	**2,547.7**	2,426.8
Summarised statement of comprehensive income								
Revenue	**465.7**	500.3	**325.0**	294.9	**-**	-	**790.7**	795.2
Profit for the year	**715.1**	684.1	**164.7**	400.6	**-**	-	**879.8**	1,084.7
Total comprehensive income	**715.1**	684.1	**164.7**	400.6	**-**	-	**879.8**	1,084.7
Distributions received / receivable from their associates	**37.2**	39.5	**-**	-	**-**	-	**37.2**	39.5

(1) The 31 December 2017 balance of investments in associates has been restated as a result of the adoption of new accounting standards. Refer to note 24(a).

4. TRADE AND OTHER RECEIVABLES

(a) Trade receivables

	31 Dec 18	31 Dec 17
	$M	$M
Current assets		
Trade receivables [(1)]	**15.9**	10.6
Accrued income	**12.6**	17.4
Related party receivables [(2)]	**25.1**	21.3
Less: impairment of trade receivables	**(2.2)**	(0.9)
Total current trade receivables	**51.4**	48.4

(1) This includes trade receivables relating to revenue from contracts with customers. Refer to note 24(b) for the methodology of apportionment between trade receivables relating to AASB 15 revenue and other trade receivables balances.
(2) The related party receivables are on commercial terms and conditions.

The following table shows the ageing analysis of GPT's trade receivables.

	31 Dec 18					31 Dec 17				
	0-30 days	**31-60 days**	**61-90 days**	**90+ days**	**Total**	0-30 days	31-60 days	61-90 days	90+ days	Total
	$M	**$M**	**$M**	**$M**	**$M**	$M	$M	$M	$M	$M
Retail	**3.6**	**0.2**	**(0.1)**	**2.0**	**5.7**	6.9	0.7	-	2.1	9.7
Office	**15.2**	**0.3**	**2.0**	**0.7**	**18.2**	13.2	0.2	0.1	0.5	14.0
Logistics	**1.6**	**0.3**	**-**	**-**	**1.9**	2.5	-	-	0.1	2.6
Corporate	**27.1**	**0.2**	**0.2**	**0.3**	**27.8**	23.0	-	-	-	23.0
Less: impairment of trade receivables	**-**	**-**	**-**	**(2.2)**	**(2.2)**	-	-	-	(0.9)	(0.9)
Total loans and receivables	**47.5**	**1.0**	**2.1**	**0.8**	**51.4**	45.6	0.9	0.1	1.8	48.4

(b) Other receivables

	31 Dec 18	31 Dec 17
	$M	$M
Current assets		
Distributions receivable from associates	**26.7**	26.3
Distributions receivable from joint ventures	**13.7**	12.9
Other receivables	**12.1**	8.3
	52.5	47.5

Loans and receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method less any allowance.

All loans and receivables with maturities greater than 12 months after the balance date are classified as non-current assets.

Refer to note 23(e) (iv) for the accounting policies for trade and other receivables and other information relating to the adoption of AASB 9 *Financial Instruments*.

5. INTANGIBLE ASSETS

	Management rights	IT development and software	Total
	$M	$M	$M
Costs			
Balance as at 31 December 2016	55.8	67.1	122.9
Additions	-	4.7	4.7
Disposals	-	(11.4)	(11.4)
Transfer to other assets	-	2.8	2.8
Balance as at 31 December 2017	55.8	63.2	119.0
Additions	**-**	**1.1**	**1.1**
Balance as at 31 December 2018	**55.8**	**64.3**	**120.1**
Accumulated amortisation and impairment			
Balance as at 31 December 2016	(45.1)	(42.5)	(87.6)
Amortisation	(0.3)	(5.7)	(6.0)
Impairment	-	(5.9)	(5.9)
Disposals	-	11.4	11.4
Balance as at 31 December 2017	(45.4)	(42.7)	(88.1)
Amortisation	**(0.1)**	**(5.1)**	**(5.2)**
Balance as at 31 December 2018	**(45.5)**	**(47.8)**	**(93.3)**
Carrying amounts			
Balance as at 31 December 2017	10.4	20.5	30.9
Balance as at 31 December 2018	**10.3**	**16.5**	**26.8**

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

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

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

6. INVENTORIES

	31 Dec 18 $M	31 Dec 17 $M
Development properties	**31.0**	11.8
Current inventories	**31.0**	11.8
Development properties	**113.3**	140.4
Non-current inventories	**113.3**	140.4
Total inventories	**144.3**	152.2

Development properties held as inventory to be sold are stated at the lower of cost and net realisable value.

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

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

The amount of any write down is recognised as an impairment expense in the Consolidated Statement of Comprehensive Income. An impairment expense of $11.4 million has been recognised for the year ended 31 December 2018 (2017: Impairment expense reversal of $0.4 million).

7. PAYABLES

	31 Dec 18 $M	31 Dec 17 $M
Trade payables and accruals	**128.0**	124.5
GST payables	**2.5**	1.1
Distribution payable to stapled securityholders	**231.9**	221.6
Interest payable	**16.0**	17.6
Levies payable	**17.6**	15.1
Other payables	**15.0**	4.8
Total payables	**411.0**	384.7

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

8. PROVISIONS

	31 Dec 18 $M	31 Dec 17 $M
Current provisions		
Employee benefits	**12.2**	10.1
Other	**14.0**	18.0
Total current provisions	**26.2**	28.1
Non-current provisions		
Employee benefits	**1.1**	2.3
Total non-current provisions	**1.1**	2.3

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

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

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

Employee benefits expenses in the Consolidated Statement of Comprehensive Income

	31 Dec 18	31 Dec 17
	$M	$M
Employee benefits expenses	**115.6**	114.5

9. TAXATION

	31 Dec 18	31 Dec 17
	$M	$M
(a) Income tax expense		
Current income tax expense	**13.2**	20.0
Deferred income tax credit	**(3.7)**	(9.7)
Income tax expense in the Statement of Comprehensive Income	**9.5**	10.3
Income tax expense attributable to:		
Profit from continuing operations	**9.5**	10.3
Aggregate income tax expense	**9.5**	10.3
(b) Reconciliation of accounting proft to income tax expense and current tax (asset) / liability [(1)]		
Net profit for the year excluding income tax expense	**1,461.2**	1,278.3
Less: Trust profit not subject to tax	**(1,488.4)**	(1,273.4)
Profit which is subject to taxation	**(27.2)**	4.9
Prima facie income tax at 30% tax rate (2017: 30%)	**(8.2)**	1.5
Tax effect of amounts not deductible / assessable in calculating income tax expense:		
Adjustments for income tax for prior years	**-**	0.2
Previously unrecognised tax losses	**-**	(0.4)
Non-deductible revaluation items in the Company	**22.5**	10.0
Non-assessable income	**(5.3)**	(6.1)
Other tax adjustments	**0.5**	5.1
Income tax expense	**9.5**	10.3
Add / (less) amounts to reconcile to current tax (asset) / liability:		
Temporary differences:		
Employee benefits	**0.5**	0.7
Provisions and accruals	**-**	(0.3)
Dividends received	**-**	9.1
Other deferred tax asset charged to income	**2.7**	1.9
Movement in reserves	**0.5**	(1.7)
Opening balance:		
Tax losses transferred from deferrred tax asset	**8.6**	(2.0)
Tax adjustments:		
Movement in reserves	**(1.7)**	(2.5)
Tax payments made to tax authorities	**(20.9)**	(6.9)
Current tax (asset) / liability	**(0.8)**	8.6
(c) Deferred tax assets		
Employee benefits	**15.9**	15.4
Provisions and accruals	**2.9**	2.9
Other	**1.3**	(1.4)
Net deferred tax asset	**20.1**	16.9

(1) The 31 December 2017 accounting profit has been restated as a result of the adoption of new accounting standards. Refer to note 24(a).

	31 Dec 18 $M	31 Dec 17 $M
Movement in temporary differences during the year		
Opening balance at beginning of the year	**16.9**	7.5
Credited to the Statement of Comprehensive Income	**3.7**	9.7
Movement in reserves	**(0.5)**	1.7
Utilisation of tax losses	**-**	(2.0)
Closing balance at end of the year	**20.1**	16.9

(d) Effective tax rate

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

The Australian Accounting Standards Board have issued a Draft Appendix to the TTC outlining the method to calculate the effective tax rate as shown in the following table, using:

- accounting profit before tax adjusted to exclude transactions which are not reflected in the calculation of income tax expense, including;
  - Trust taxable income which is attributed in full to its securityholders; and
  - Non tax related material items in the Company; and
- tax expense adjusted to exclude carry forward tax losses that have been recognised and prior year under/overstatements.

	31 Dec 18 $M	31 Dec 17 [(1)] $M
Net profit for the year before income tax expense	**1,461.2**	1,278.3
Exclude:		
Trust profit not subject to tax	**(1,488.4)**	(1,273.4)
Non-deductible revaluation items in the Company	**75.1**	34.1
Amounts released from foreign currency translation reserve	**(17.0)**	-
Equity accounted profits from joint ventures in the Company	**(5.9)**	(6.2)
Distribution received from joint ventures taxable to the Company	**4.8**	-
Profit used to calculate effective tax rate	**29.8**	32.8
Income tax expense	**9.5**	10.3
Exclude:		
Carry forward tax losses recognised	**-**	0.4
Prior year (under)/overstatements	**-**	(0.2)
Income tax expense used to calculate effective tax rate	**9.5**	10.5
Effective tax rate	**32%**	32%

(1) The 31 December 2017 Net profit for the year excluding income tax expense and Trust profit not subject to tax have been restated as a result of the adoption of new accounting standards. Refer to note 24(a).

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

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

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

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

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

- Where taxable temporary differences relate to investments in subsidiaries, associates and interests in joint ventures:
  - Deferred tax liabilities are not recognised if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and

- Deferred tax assets are not recognised if it is not probable that the temporary differences will reverse in the foreseeable future and taxable profit will not be available to utilise the temporary differences.

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

CAPITAL STRUCTURE

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

At 31 December 2018, GPT is credit rated A (stable)/A2 (stable) by Standard and Poor's (S&P) and Moody's Investor Services (Moody's) respectively. The ratings are important as they reflect the investment grade credit rating of GPT which allows access to global capital markets to fund its development pipeline and future acquisition investment opportunities. The stronger ratings improve both the availability of capital, in terms of amount and tenor, and reduce the cost at which it can be obtained.

GPT is able to vary the capital mix by:
- issuing stapled securities;
- buying back stapled securities;
- activating the distribution reinvestment plan;
- adjusting the amount of distributions paid to stapled securityholders;
- selling assets to reduce borrowings; or
- increasing borrowings.

10. EQUITY AND RESERVES

(a) Contributed equity

	Number	Trust $M	Other entities stapled to the Trust $M	Total $M
Ordinary stapled securities				
Opening securities on issue at 1 January 2017	1,797,955,568	7,804.3	325.5	8,129.8
Securities issued - Long Term Incentive Plan	2,763,052	6.0	0.1	6.1
Securities issued - Deferred Short Term Incentive Plan	855,355	4.2	0.1	4.3
Securities issued - Broad Based Employee Security Ownership Plan	54,338	0.2	-	0.2
Securities issued - Employee Incentive Plan	12,569	0.1	-	0.1
Closing securities on issue and contributed equity at 31 December 2017	1,801,640,882	7,814.8	325.7	8,140.5
Opening securities on issue at 1 January 2018	**1,801,640,882**	**7,814.8**	**325.7**	**8,140.5**
Securities issued - Long Term Incentive Plan	**2,332,026**	**6.6**	**0.1**	**6.7**
Securities issued - Deferred Short Term Incentive Plan	**875,344**	**4.1**	**0.1**	**4.2**
Securities issued - Broad Based Employee Security Ownership Plan	**42,174**	**0.2**	**-**	**0.2**
Closing securities on issue and contributed equity at 31 December 2018	**1,804,890,426**	**7,825.7**	**325.9**	**8,151.6**

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

(b) Reserves

	Foreign currency translation reserve		Cash flow hedge reserve		Cost of hedging reserve		Employee incentive scheme reserve		Available for sale reserve		Total reserve	
	Trust $M	Other entities stapled to GPT $M	Trust $M	Other entities stapled to GPT $M	Trust $M	Other entities stapled to GPT $M	Trust $M	Other entities stapled to GPT $M	Trust $M	Other entities stapled to GPT $M	Trust $M	Other entities stapled to GPT $M
Balance at 1 January 2017	(26.4)	35.1	(7.8)	-	3.0	-	-	17.3	-	7.1	(31.2)	59.5
Revaluation of available for sale financial asset, net of tax	-	-	-	-	-	-	-	-	-	1.0	-	1.0
Derecognition of available for sale financial asset, net of tax	-	-	-	-	-	-	-	-	-	(8.1)	-	(8.1)
Movement in hedging reserve	-	-	-	-	(2.5)	-	-	-	-	-	(2.5)	-
Movement in fair value of cash flow hedges	-	-	(6.9)	-	-	-	-	-	-	-	(6.9)	-
Security-based payment transactions, net of tax	-	-	-	-	-	-	-	4.6	-	-	-	4.6
Balance at 31 December 2017	(26.4)	35.1	(14.7)	-	0.5	-	-	21.9	-	-	(40.6)	57.0
Balance at 1 January 2018	**(26.4)**	**35.1**	**(14.7)**	**-**	**0.5**	**-**	**-**	**21.9**	**-**	**-**	**(40.6)**	**57.0**
Net foreign exchange translation adjustments	**-**	**(16.8)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(16.8)**
Movement in hedging reserve	**-**	**-**	**-**	**-**	**10.9**	**-**	**-**	**-**	**-**	**-**	**10.9**	**-**
Movement in fair value of cash flow hedges	**-**	**-**	**(3.8)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3.8)**	**-**
Security-based payment transactions, net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2.3)**	**-**	**-**	**-**	**(2.3)**
Balance at 31 December 2018	**(26.4)**	**18.3**	**(18.5)**	**-**	**11.4**	**-**	**-**	**19.6**	**-**	**-**	**(33.5)**	**37.9**

Nature and purpose of reserves

Foreign currency translation reserve

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

Cash flow hedge reserve

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

Cost of hedging reserve

The reserve records the changes in the fair value of the currency basis spread that is part of cross currency swaps used to hedge foreign denominated borrowings, but is excluded from the hedge designations. This reserve is inclusive of share of cost of hedging reserve of equity accounted investments. Refer to note 23(e)(iv) for further details.

Employee incentive scheme reserve

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

Available for sale reserve

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

(c) Retained earnings / accumulated losses

	Note	Trust $M	Other entities stapled to GPT $M	Total $M
Consolidated entity				
Balance at 1 January 2017		1,022.8	(898.7)	124.1
Net profit for the financial year		1,248.2	19.8	1,268.0
Less: Distributions paid/payable to ordinary stapled securityholders	12	(443.2)	-	(443.2)
Reclassification of employee incentive security scheme reserve to retained earnings / accumulated losses		0.6	(0.5)	0.1
Balance at 31 December 2017 [(1)]		1,828.4	(879.4)	949.0
Balance at 1 January 2018		**1,828.4**	**(879.4)**	**949.0**
Net profit for the financial year		**1,417.7**	**34.0**	**1,451.7**
Less: Distributions paid/payable to ordinary stapled securityholders	12	**(459.5)**	**-**	**(459.5)**
Reclassification of employee incentive security scheme reserve to retained earnings / accumulated losses		**3.4**	**-**	**3.4**
Balance at 31 December 2018		**2,790.0**	**(845.4)**	**1,944.6**

(1) The 31 December 2017 retained earnings / accumulated losses balance has been restated as a result of the adoption of new accounting standards. Refer to note 24(a).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

11. EARNINGS PER STAPLED SECURITY

	31 Dec 18 Cents	31 Dec 18 Cents	31 Dec 17 Cents	31 Dec 17 Cents
(a) Attributable to ordinary securityholders of the Trust	**Basic**	**Diluted**	Basic	Diluted
Basic and diluted earnings per security - profit from continuing operations	**77.7**	**77.5**	69.3	69.2
Basic and diluted earnings per security - profit from discontinued operations	**0.9**	**0.9**	-	-
Total basic and diluted earnings per security attributable to ordinary securityholders of the Trust	**78.6**	**78.4**	69.3	69.2
(b) Attributable to ordinary stapled securityholders of the GPT Group				
Basic and diluted earnings per security - profit from continuing operations	**79.5**	**79.4**	70.4	70.3
Basic and diluted earnings per security - profit from discontinued operations	**0.9**	**0.9**	-	-
Total basic and diluted earnings per security attributable to stapled securityholders of The GPT Group	**80.4**	**80.3**	70.4	70.3

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

(c) Reconciliation of earnings used in calculating earnings per ordinary stapled security	**$M**	**$M**	$M	$M
Net profit from continuing operations attributable to the securityholders of the Trust	**1,401.3**	**1,401.3**	1,247.4	1,247.4
Net profit from discontinued operations attributable to the securityholders of the Trust	**16.4**	**16.4**	0.8	0.8
Basic and diluted earnings of the Trust	**1,417.7**	**1,417.7**	1,248.2	1,248.2
Add: Net profit from continuing operations attributable to the securityholders of other stapled entities	**34.0**	**34.0**	19.8	19.8
Basic and diluted earnings of the Company	**34.0**	**34.0**	19.8	19.8
Basic and diluted earnings of The GPT Group	**1,451.7**	**1,451.7**	1,268.0	1,268.0

(d) WANOS	**Millions**	**Millions**	Millions	Millions
WANOS used as the denominator in calculating basic earnings per ordinary stapled security	**1,804.4**	**1,804.4**	1,801.1	1,801.1
Performance security rights at weighted average basis (1)		**2.7**		2.4
WANOS used as the denominator in calculating diluted earnings per ordinary stapled security		**1,807.1**		1,803.5

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

Calculation of earnings per stapled security

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

12. DISTRIBUTIONS PAID AND PAYABLE

Distributions are paid to GPT stapled securityholders half yearly.

	Cents per stapled security	Total amount $M
Distributions paid / payable		
2018		
6 month period ended 30 June 2018	**12.61**	**227.6**
6 month period ended 31 December 2018 (1)	**12.85**	**231.9**
Total distributions paid / payable for the year	**25.46**	**459.5**
2017		
6 month period ended 30 June 2017	12.30	221.6
6 month period ended 31 December 2017	12.30	221.6
Total distributions paid / payable for the year	24.60	443.2

(1) The December 2018 half yearly distribution of 12.85 cents per stapled security has been declared on 19 December 2018 and is expected to be paid on 28 February 2019 based on the record date of 31 December 2018.

13. BORROWINGS

	31 Dec 18 $M	31 Dec 17 $M
Current borrowings at amortised cost - unsecured	**427.5**	-
Current borrowings at amortised cost - secured	**88.5**	19.9
Current borrowings	**516.0**	19.9
Non-current borrowings at amortised cost - unsecured	**2,101.4**	1,911.9
Non-current borrowings at fair value through profit and loss - unsecured (1)	**1,484.9**	1,280.5
Non-current borrowings at amortised cost - secured	**12.6**	88.3
Non-current borrowings	**3,598.9**	3,280.7
Total borrowings (2) - carrying amount	**4,114.9**	3,300.6
Total borrowings (3) - fair value	**4,170.0**	3,347.8

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

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

When the terms of a financial liability are modified, AASB 9 Financial Instruments requires an entity to perform an assessment to determine whether the modified terms are substantially different from the existing financial liability. Where a modification is substantial, it will be accounted for as an extinguishment of the original financial liability and a recognition of a new financial liability. Where the modification does not result in extinguishment, the difference between the existing carrying amount of the financial liability and the modified cash flows discounted at the original effective interest rate is recognised in the Statement of Comprehensive Income as gain / loss on modification of financial liability. GPT management have assessed the modification of terms requirements within AASB 9 Financial Instruments and have concluded that these will not have a material impact for the Group.

The following table outlines the cumulative amount of fair value hedge adjustments that are included in the carrying amount of borrowings in the statement of financial position.

	31 Dec 18 $M	31 Dec 17 $M
Nominal amount	**1,221.8**	1,131.8
Unamortised borrowing costs	**(4.3)**	(2.5)
Amortised cost	**1,217.5**	1,129.3
Cumulative fair value hedge adjustments	**267.4**	151.2
Carrying amount	**1,484.9**	1,280.5

The maturity profile of borrowings as at 31 December 2018 is as follows:

	Total facility (1)(2)(3) $M	Used facility (1) $M	Unused facility (2)(3) $M
Due within one year	516.0	516.0	-
Due between one and five years	2,692.0	1,513.7	1,178.3
Due after five years	1,796.8	1,796.8	-
	5,004.8	**3,826.5**	**1,178.3**
Cash and cash equivalents			**58.7**
Total financing resources available at the end of the year			**1,237.0**
Less: commercial paper (4)			**(177.5)**
Total financing resources available at the end of the year			**1,059.5**

(1) Excluding unamortised establishment costs, and fair value and other adjustments. This reflects the contractual cashflows payable on maturity of the borrowings taking into account historical exchange rates under cross currency swaps entered into to hedge the foreign currency denominated borrowings.
(2) Drawings on GPT's uncommitted commercial paper program are in addition to GPT's committed facilities and are classified as current borrowings. These drawings may be refinanced by non-current unsecured undrawn bank loan facilities.
(3) Including $200 million of forward starting facilities available to GPT.
(4) GPT's commercial paper program is an uncommitted line with a maturity period of generally three months or less and is therefore excluded from available liquidity.

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

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

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

A breach of these covenants may trigger consequences ranging from rectifying and/or repricing to repayment of outstanding amounts. GPT performed a review of debt covenants as at 31 December 2018 and no breaches were identified.

14. FINANCIAL RISK MANAGEMENT

The GPT Board approve GPT's treasury policy which:

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

(a) Derivatives

GPT enters into derivative transactions to manage exposure to market risks and volatility of financial outcomes that arise as part of normal business operations. GPT's treasury policy requires hedging 100% of its foreign currency exposure in respect to foreign currency borrowings and therefore applies a hedge ratio of 1:1. GPT's policy is for the critical terms of the cross currency swaps to align with the hedged item. GPT determines the existence of an economic relationship between the hedging instrument and the hedged item based on notional amounts, currency, reference interest rates, tenors, maturities and timing of cashflows. GPT assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cashflows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and GPT's own credit risk on the fair value of the swaps, which is not reflected in the fair value of the hedged item; and
- changes in swap rates will impact the fair value of the Australian dollar margin and implied foreign currency margin respectively.

In order to qualify for hedge accounting, prospective hedge effectiveness testing must meet all of the following criteria:

- an economic relationship exists between the hedged item and hedging instrument;
- the effect of credit risk does not dominate the value changes resulting from the economic relationship; and
- the hedge ratio is the same as that resulting from actual amounts of hedged items and hedging instruments for risk management.

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

GPT applies hedge accounting to borrowings denominated in foreign currencies only. Foreign exchange risk arising from borrowings denominated in foreign currency is managed with cross currency interest rate swaps which convert foreign currency exposures into Australian dollar exposures. GPT designates and documents the relationship between hedging instruments and hedged items and the proposed effectiveness of the risk management objective the hedge relationship addresses. On an ongoing basis, GPT documents its assessment of prospective hedge effectiveness. Foreign currency basis spreads have been excluded from GPT's designated fair value and cash flow hedge relationships.

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

The following table shows the carrying amount and nominal amount of each component of borrowings and derivative financial instruments categorised by hedge type.

	31 Dec 18				31 Dec 17			
	Nominal amount $M	**Net Assets $M**	**Net Liabilities (1) $M**	**Movement $M**	Nominal amount $M	Net Assets $M	Net Liabilities (1) $M	Movement $M
Borrowings by hedge designation								
Fair value hedges	**(1,221.8)**	**-**	**(1,489.2)**	**(206.2)**	(1,131.8)	-	(1,283.0)	(340.2)
Derivatives by hedge designation								
Fair value hedges	**1,221.8**	**(21.1)**	**(3.0)**	**(26.6)**	1,131.8	17.4	(14.9)	(2.0)
Cash flow hedges	**1,221.8**	**286.5**	**2.2**	**148.9**	1,131.8	140.0	(0.2)	(70.2)
		265.4	**(0.8)**	**122.3**		157.4	(15.1)	(72.2)

(1) Excludes unamortised establishment costs.

The following table shows the nominal amount of derivatives designated in cash flow and fair value hedge relationships in time bands based on the maturity of the derivatives.

	31 Dec 18				31 Dec 17			
	0 to 12 months $M	**1 to 5 years $M**	**Over 5 years $M**	**Total $M**	0 to 12 months $M	1 to 5 years $M	Over 5 years $M	Total $M
Cross currency interest rate swaps								
Nominal amount	**-**	**-**	**1,221.8**	**1,221.8**	-	-	1,131.8	1,131.8
Average receive fixed interest rate	**-**	**-**	**3.7%**		-	-	3.7%	

(i) Fair value hedges

All changes in the fair value of the underlying item relating to the hedged risk (movements in benchmark interest rates) are recognised in the income statement together with the changes in the fair value of derivatives. The net difference is recorded in the income statement as ineffectiveness. The carrying value of borrowings in effective fair value hedge relationships is adjusted for gains or losses attributable to the risk(s) being hedged.

The following table shows the gain/(loss) recognised in net impact of foreign currency borrowings and associated hedging loss in the Consolidated Statement of Comprehensive Income related to hedge ineffectiveness from fair value hedges.

	31 Dec 18 Gain/(loss) $M	31 Dec 17 Gain/(loss) $M
Change in value of hedged item used to measure ineffectiveness	**(116.1)**	63.2
Change in value of hedging instrument to measure ineffectiveness	**114.6**	(63.4)
Net gain/(loss) from ineffectiveness	**(1.5)**	(0.2)

(ii) Cash flow hedges

The portion of the gain or loss on the hedging instrument that is effective (offsets the movement on the hedged item attributable to interest rates and foreign exchange movements) is recognised directly in the cash flow hedge reserve in equity and any ineffective portion is recognised as net impact of foreign currency borrowings and associated hedging loss directly in the income statement.

No hedge relationships have been discontinued during the year. Therefore there is no balance in the cash flow hedge reserve from any hedge relationship for which hedge accounting is no longer applied. There were no amounts transferred from the cash flow hedge reserve to profit or loss during the year (2017: $nil).

During the current and prior financial years, there was no material impact on profit or loss resulting from ineffectiveness of cash flow hedges.

(b) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. GPT's primary interest rate risk arises from borrowings. The following table provides a summary of GPT's gross interest rate risk exposure as at 31 December 2018 on interest bearing borrowings as well as the net effect of interest rate risk management transactions. This excludes unamortised establishment costs and fair value and other adjustments.

	Gross exposure		**Net exposure**	
	31 Dec 18 $M	31 Dec 17 $M	**31 Dec 18** $M	31 Dec 17 $M
Fixed rate interest-bearing borrowings	**2,346.8**	2,056.8	**3,190.0**	2,370.0
Floating rate interest-bearing borrowings	**1,479.7**	1,065.5	**636.5**	752.3
	3,826.5	3,122.3	**3,826.5**	3,122.3

Interest rate risk – sensitivity analysis

The impact on interest expense and interest revenue of a 1 per cent increase or decrease in market interest rates is shown below. Interest expense is sensitive to movements in market interest rates on floating rate debt (net of any derivatives).

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

	31 Dec 18 (+1%) $M	**31 Dec 18 (-1%) $M**	31 Dec 17 (+1%) $M	31 Dec 17 (-1%) $M
Impact on statement of comprehensive income				
Impact on interest revenue increase / (decrease)	**0.6**	**(0.6)**	0.5	(0.5)
Impact on interest expense (increase) / decrease	**(6.4)**	**6.4**	(7.5)	7.5

Hedging interest rate risk

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

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

	31 Dec 18 $M	31 Dec 17 $M
Current derivative assets	**1.5**	3.4
Non-current derivative assets	**338.9**	257.7
Total derivative assets	**340.4**	261.1
Subject to master netting but not offset	**108.2**	95.9
Net derivative assets post offset	**232.2**	165.2
Current derivative liabilities	**4.0**	9.1
Non-current derivative liabilities	**120.2**	118.0
Total derivative liabilities	**124.2**	127.1
Subject to master netting but not offset	**108.2**	95.9
Net derivative liabilities post offset	**16.0**	31.2

All of GPT's derivatives were valued using market observable inputs (level 2) with the exception of a year on year inflation swap as at 31 December 2017. For additional fair value disclosures refer to note 22.

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

(c) Liquidity risk
Liquidity risk is the risk that GPT, as a result of its operations:

- will not have sufficient funds to settle a transaction on the due date;
- will be forced to sell financial assets at a value which is less than what they are worth; or
- may be unable to settle or recover a financial asset at all.

GPT manages liquidity risk by:

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

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

	31 Dec 18					31 Dec 17				
	1 year or less $M	**Over 1 year to 2 years $M**	**Over 2 years to 5 years $M**	**Over 5 years $M**	**Total $M**	1 year or less $M	Over 1 year to 2 years $M	Over 2 years to 5 years $M	Over 5 years $M	Total $M
Liabilities										
Non-derivatives										
Payables	**411.0**	**-**	**-**	**-**	**411.0**	384.7	-	-	-	384.7
Current tax liabilities	**-**	**-**	**-**	**-**	**-**	8.6	-	-	-	8.6
Borrowings	**516.0**	**312.7**	**1,201.0**	**1,796.8**	**3,826.5**	20.0	513.5	982.0	1,606.8	3,122.3
Projected finance cost on borrowings(1)	**136.3**	**132.2**	**299.4**	**392.3**	**960.2**	128.2	114.2	279.1	433.6	955.1
Derivatives										
Projected finance cost on derivative liabilities(1)(2)	**23.3**	**22.2**	**54.6**	**11.5**	**111.6**	23.8	21.7	36.5	6.8	88.8
Total liabilities	**1,086.6**	**467.1**	**1,555.0**	**2,200.6**	**5,309.3**	565.3	649.4	1,297.6	2,047.2	4,559.5
Less cash and cash equivalents	**58.7**	**-**	**-**	**-**	**58.7**	49.9	-	-	-	49.9
Total liquidity exposure	**1,027.9**	**467.1**	**1,555.0**	**2,200.6**	**5,250.6**	515.4	649.4	1,297.6	2,047.2	4,509.6
Projected interest income on derivative assets(2)	**19.9**	**12.5**	**16.2**	**33.1**	**81.7**	34.3	31.6	59.5	64.4	189.8
Net liquidity exposure	**1,008.0**	**454.6**	**1,538.8**	**2,167.5**	**5,168.9**	481.1	617.8	1,238.1	1,982.8	4,319.8

(1) Projection is based on the likely outcome of contracts given the interest rates, margins, forecast exchange rates and interest rate forward curves as at 31 December 2018 and 31 December 2017 up until the contractual maturity of the contract. The projection is based on future non-discounted cash flows and does not ascribe any value to optionality on any instrument which may be included in the current market values. Projected interest on foreign currency borrowings is shown after the impact of associated hedging.

(2) In accordance with AASB 7, the future value of contractual cash flows of non-derivative and derivative liabilities only is to be included in liquidity risk disclosures. As derivatives are exchanges of cash flows, the positive cash flows from derivative assets have been disclosed separately to provide a more meaningful analysis of GPT's net liquidity exposure. The methodology used in calculating projected interest income on derivative assets is consistent with the above liquidity risk disclosures.

(d) Refinancing risk
Refinancing risk is the risk that credit is unavailable or available at unfavourable interest rates and credit market conditions resulting in an unacceptable increase in GPT's interest cost. Refinancing risk arises when GPT is required to obtain debt to fund existing and new debt positions. GPT manages this risk by spreading sources, counterparties and maturities of borrowings in order to minimise debt concentration risk, allow averaging of credit margins over time and reducing refinance amounts.

As at 31 December 2018, GPT's exposure to refinancing risk can be monitored by the spreading of its contractual maturities on borrowings in the liquidity risk table above or with the information in note 13.

(e) Foreign exchange risk
Foreign exchange risk refers to the risk that the value of a financial commitment, asset or liability will fluctuate due to changes in foreign exchange rates. GPT's foreign exchange risk arises primarily from:

- firm commitments of highly probable forecast transactions for receipts and payments settled in foreign currencies or with prices dependent on foreign currencies; and
- investments in foreign assets.

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

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

	Euros		**United States Dollars**		**Hong Kong Dollars**	
	31 Dec 18	31 Dec 17	**31 Dec 18**	31 Dec 17	**31 Dec 18**	31 Dec 17
	$M	$M	**$M**	$M	**$M**	$M
Assets						
Cash and cash equivalents	**-**	1.2	**-**	0.1	**-**	-
Derivative financial instruments	**-**	-	**211.0**	118.2	**53.6**	24.1
	-	1.2	**211.0**	118.3	**53.6**	24.1
Liabilities						
Other liabilities	**-**	0.3	**-**	-	**-**	-
Borrowings (1)	**-**	-	**1,182.2**	1,096.1	**307.0**	186.9
	-	0.3	**1,182.2**	1,096.1	**307.0**	186.9

(1) Excluding unamortised establishment costs

(f) Credit risk
Credit risk is the risk that a contracting entity will not complete its obligations under a contractual agreement, resulting in a financial loss to GPT. GPT has exposure to credit risk on all financial assets included on the Consolidated Statement of Financial Position.

GPT manages this risk by:

- establishing credit limits for financial institutions and monitoring credit exposures for customers to ensure that GPT only trades and invests with approved counterparties;
- investing and transacting derivatives with multiple counterparties that have a minimum long term credit rating of A- from S&P, or equivalent if an S&P rating is not available, minimising exposure to any one counterparty;
- providing loans into joint ventures, associates and third parties, only where GPT is comfortable with the underlying property exposure within that entity;
- regularly monitoring loans and receivables balances;
- regularly monitoring the performance of its associates, joint ventures and third parties; and
- obtaining collateral as security (where appropriate).

Receivables are reviewed regularly throughout the year. A provision for doubtful debts is recognised at an amount equal to lifetime ECL. Refer to 23 (e) (iv) for the calculation of lifetime ECL. GPT's policy is to hold collateral as security over tenants via bank guarantees (or less frequently collateral such as bond deposits or cash).

The maximum exposure to credit risk as at 31 December 2018 is the carrying amounts of financial assets recognised on GPT's Consolidated Statement of Financial Position. For more information refer to note 4.

OTHER DISCLOSURE ITEMS

15. CASH FLOW INFORMATION

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

	31 Dec 18 $M	31 Dec 17 (1) $M
Net profit for the year	**1,451.7**	1,268.0
Fair value gain on investment properties	**(637.2)**	(481.0)
Fair value loss on derivatives	**40.0**	5.7
Net impact of foreign currency borrowings and associated hedging loss	**1.5**	0.2
Gain on financial liability at amortised cost	**(2.4)**	(2.2)
Impairment expense	**11.3**	5.4
Share of after tax profit of equity accounted investments (net of distributions)	**(335.2)**	(283.9)
Profit on disposal of assets	**(18.3)**	-
Decrecognition of available for sale financial asset	**-**	(10.7)
Depreciation and amortisation	**7.2**	7.7
Non-cash employee benefits - security based payments	**10.7**	13.2
Non-cash revenue adjustments	**24.1**	8.5
Interest capitalised	**(13.7)**	(8.6)
Profit on sale of inventories	**(1.7)**	(1.5)
Proceeds from sale of inventories	**28.9**	7.6
Payment for inventories	**(21.4)**	(25.1)
(Increase)/decrease in operating assets	**(12.0)**	21.3
(Decrease)/increase in operating liabilities	**(6.0)**	5.6
Net foreign exchange loss/(gain)	**0.5**	(0.8)
Other	**6.0**	6.1
Net cash inflows from operating activities	**534.0**	535.5

(1) The 31 December 2017 cash flow reconciliation has been restated as a result of the adoption of new accounting standards. Refer to note 24(a).

(b) Net debt reconciliation

Reconciliation of net debt movements during the financial year:

	Cash $M	Borrowings due within 1 year $M	Borrowings due after 1 year $M	Total $M
Net debt as at 1 January 2017	56.3	(48.8)	(2,947.8)	(2,940.3)
Cash flows	(6.4)	28.8	(396.0)	(373.6)
Foreign exchange adjustments	-	-	63.2	63.2
Other non-cash movements	-	0.1	(0.1)	-
Net debt as at 31 December 2017	49.9	(19.9)	(3,280.7)	(3,250.7)
Net debt as at 1 January 2018	**49.9**	**(19.9)**	**(3,280.7)**	**(3,250.7)**
Cash flows	**8.8**	**(157.5)**	**(540.2)**	**(688.9)**
Foreign exchange adjustments	**-**	**-**	**(116.1)**	**(116.1)**
Other non-cash movements	**-**	**(338.6)**	**338.1**	**(0.5)**
Net debt as at 31 December 2018	**58.7**	**(516.0)**	**(3,598.9)**	**(4,056.2)**

16. COMMITMENTS

(a) Capital expenditure commitments

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

	31 Dec 18 $M	31 Dec 17 $M
Retail	**52.7**	101.2
Office	**44.9**	23.1
Logistics	**14.6**	6.1
Properties under development	**177.7**	48.3
Corporate	**4.9**	1.4
Total capital expenditure commitments	**294.8**	180.1

(b) Operating lease commitments

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

	31 Dec 18	31 Dec 17
	$M	$M
Due within one year	5.7	3.2
Due between one and five years	18.0	6.2
Over five years	14.3	-
Total operating lease commitments	**38.0**	9.4

(c) Commitments relating to equity accounted investments

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

	31 Dec 18	31 Dec 17
	$M	$M
Capital expenditure	108.2	31.8
Total joint ventures and associates' commitments	**108.2**	31.8

17. CONTINGENT LIABILITIES

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

As at the end of 2018, GPT has no material contingent liabilities which need to be disclosed.

18. SECURITY BASED PAYMENTS

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

(a) GESOP

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

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

(b) BBESOP

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

(c) DSTI

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

(d) LTI

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

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

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

Fair value of performance rights issued under DSTI and LTI

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

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

	2018 LTI	2018 DSTI
Fair value of rights	$2.62	$5.34
Security price at valuation date	$4.74	$5.34
Total Securityholder Return	7.0%	N/A
Grant dates	29 March 2018	29 March 2018
Expected vesting dates	31 December 2020	31 December 2019
Security price at the grant date	$4.74	$4.74
Expected life	3 years (2 years remaining)	2 years (1 year remaining)
Distribution yield	5.4%	4.8%
Risk free interest rate	2.1%	N/A
Volatilty (1)	18.0%	N/A

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

(e) Summary table of all employee security schemes

	Number of rights		
	DSTI	LTI (2)	Total
Rights outstanding at 1 January 2017	1,212,639	8,607,534	9,820,173
Rights granted during 2017	1,338,498	2,854,675	4,193,173
Rights forfeited during 2017	(357,284)	(323,771)	(681,055)
Rights converted to GPT stapled securities during 2017 (1)	(855,355)	(2,792,225)	(3,647,580)
Rights outstanding at 31 December 2017	1,338,498	8,346,213	9,684,711
Rights outstanding at 1 January 2018	**1,338,498**	**8,346,213**	**9,684,711**
Rights granted during 2018	**1,308,548**	**2,712,482**	**4,021,030**
Rights forfeited during 2018	**(550,030)**	**(879,580)**	**(1,429,610)**
Rights converted to GPT stapled securities during 2018 (2)	**(875,344)**	**(2,332,026)**	**(3,207,370)**
Rights outstanding at 31 December 2018	**1,221,672**	**7,847,089**	**9,068,761**

(1) Rights under the 2016 DSTI plan were converted to GPT stapled securities on 20 March 2017 and rights under the 2014 LTI Plan were converted to GPT stapled securities on 14 February 2017.
(2) Rights under the 2017 DSTI plan were converted to GPT stapled securities on 19 March 2018 and rights under the 2015 LTI Plan were converted to GPT stapled securities on 13 February 2018.

	Number of stapled securities		
	GESOP	BBESOP	Total
Securities outstanding at 1 January 2017	60,756	92,761	153,517
Securities granted during 2017	53,982	48,480	102,462
Securities vested during 2017	(60,756)	(17,688)	(78,444)
Securities outstanding at 31 December 2017	53,982	123,553	177,535
Securities outstanding at 1 January 2018	**53,982**	**123,553**	**177,535**
Securities granted during 2018	**62,609**	**37,488**	**100,097**
Securities vested during 2018	**(53,982)**	**(46,277)**	**(100,259)**
Securities outstanding at 31 December 2018	**62,609**	**114,764**	**177,373**

19. RELATED PARTY TRANSACTIONS

General Property Trust is the ultimate parent entity.

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

Key management personnel
Key management personnel compensation was as follows:

	31 Dec 18 $'000	31 Dec 17 $'000
Short term employee benefits	**6,943.4**	6,778.9
Post employment benefits	**178.3**	168.3
Long term incentive award accrual	**2,050.4**	2,064.3
Total key management personnel compensation	**9,172.1**	9,011.5

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

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

Transactions with related parties

	31 Dec 18 $'000	31 Dec 17 $'000
Transactions with related parties other than associates and joint ventures		
Expenses		
Contributions to superannuation funds on behalf of employees	**(6,172.5)**	(5,704.0)
Transactions with associates and joint ventures		
Revenue and expenses		
Responsible Entity fees from associates	**58,233.0**	50,744.1
Property management fees	**17,654.2**	15,660.8
Development management fees from associates	**5,196.5**	6,963.9
Rent expense	**1,406.0**	(597.3)
Management fees from associates	**6,356.4**	6,441.7
Distributions received / receivable from joint ventures	**58,183.6**	48,783.5
Distributions received / receivable from associates	**104,331.3**	110,030.9
Payroll costs recharged to associates	**9,519.9**	9,396.8
Other transactions		
Loans (advanced to) / repaid from joint ventures	**1,839.1**	146.0
Increase in units in joint ventures	**(10,926.9)**	(17,915.2)
Increase in units in associates	**-**	(139,818.3)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

20. AUDITOR'S REMUNERATION

	31 Dec 18	31 Dec 17
	$'000	$'000
Audit services		
PricewaterhouseCoopers Australia		
Statutory audit and review of financial reports	**1,266.2**	1,245.2
Total remuneration for audit services	**1,266.2**	1,245.2
Other assurance services		
PricewaterhouseCoopers Australia		
Regulatory and contractually required audits	**197.7**	208.5
Total remuneration for other assurance services	**197.7**	208.5
Total remuneration for audit and assurance services	**1,463.9**	1,453.7
Non-audit related services		
PricewaterhouseCoopers Australia		
Other services	**170.3**	58.0
Taxation services	**-**	3.5
Total remuneration for non audit related services	**170.3**	61.5
Total auditor's remuneration	**1,634.2**	1,515.2

21. PARENT ENTITY FINANCIAL INFORMATION

	Parent entity	
	31 Dec 18	31 Dec 17 (1)
	$M	$M
Assets		
Current assets	**102.3**	148.2
Non-current assets	**15,431.9**	12,964.2
Total assets	**15,534.2**	13,112.4
Liabilities		
Current liabilities	**313.1**	383.8
Non-current liabilities	**4,533.2**	3,424.6
Total liabilities	**4,846.3**	3,808.4
Net assets	**10,687.9**	9,304.0
Equity		
Equity attributable to secutityholders of the parent entity		
Contributed equity	**7,849.1**	7,833.9
Reserves	**(5.9)**	(13.5)
Retained earnings	**2,844.7**	1,483.6
Total equity	**10,687.9**	9,304.0
Profit attributable to members of the parent entity	**1,815.9**	1,258.3
Total comprehensive income for the year, net of tax, attributable to members of the parent entity	**1,815.9**	1,258.3
Capital expenditure commitments		
Retail	**32.7**	92.4
Office	**32.4**	11.8
Logistics	**3.9**	3.9
Properties under development	**177.7**	48.3
Total capital expenditure commitments	**246.7**	156.4

(1) The 31 December 2017 parent entity information has been restated as a result of the adoption of new accounting standards. Refer to note 24(a).

Inter-co loan receivables are considered to be low risk, and therefore the impairment provision is determined as 12 months expected credit losses. Applying the expected credit risk model does not result in any loss allowance being recognised in 2018.

The parent entity had a deficiency of current net assets of $210.8 million (2017: $235.6 million) arising as a result of the inclusion of the provision for distribution payable to stapled securityholders. The parent has access to cash and undrawn financing facilities of $1,059.5 million as set out in note 13.

22. FAIR VALUE DISCLOSURES

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

(i) Fair value measurement, valuation techniques and inputs

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

Class of assets / liabilities	Fair value hierarchy (1)	Valuation technique	Inputs used to measure fair value	Unobservable inputs 31 Dec 2018	Unobservable inputs 31 Dec 2017
Retail	Level 3	Discounted cash flow (DCF) and income	10 year average specialty market rental growth	3.1% - 3.6%	3.0% - 3.7%
		capitalisation method	Gross market rent (per sqm p.a.)	$1,279 - $2,306	$1,280 - $2,252
			Adopted capitalisation rate	4.1% - 5.5%	4.3% - 5.5%
			Adopted terminal yield	4.4% - 5.8%	4.5% - 5.8%
			Adopted discount rate	6.3% - 7.0%	6.3% - 7.3%
Office	Level 3	DCF and income	Net market rent (per sqm p.a.)	$410 - $1,605	$420 - $1,450
		capitalisation method	10 year average market rental growth	3.1% - 4.2%	3.1% - 4.0%
			Adopted capitalisation rate	4.6% - 5.5%	5.0% - 5.5%
			Adopted terminal yield	5.0% - 5.8%	5.3% - 5.8%
			Adopted discount rate	6.4% - 6.8%	6.6% - 7.0%
			Lease incentives (gross)	17.5% - 35.0%	23.3% - 35.0%
Logistics	Level 3	DCF and income	Net market rent (per sqm p.a.)	$56-$490	$68- $385
		capitalisation method	10 year average market rental growth	2.8% - 3.1%	2.8% - 3.4%
			Adopted capitalisation rate	5.25% - 7.25%	5.5% - 8.0%
			Adopted terminal yield	5.50% - 7.50%	6.0% - 8.3%
			Adopted discount rate	6.75% - 7.75%	7.0% - 8.5%
			Lease incentives (gross)	10.0% - 25.0%	10.0% - 25.0%
Properties	Level 3	Income capitalisation	Net market rent (per sqm p.a.)	$118 - $635	$115 - $410
under		method, or land rate	Adopted capitalisation rate	5.1% - 5.5%	5.8% - 6.8%
development			Land rate (per sqm)	$1,122 - $25,425	$122 - $945
Derivative financial instruments	Level 2	Discounted cash flow	Interest rates	Not applicable - all inputs are market observable inputs	
		(DCF) (adjusted for	Basis		
		counterparty	CPI		
		credit worthiness)	Volatility		
			Foreign exchange rates		
	Level 3		Interest rates	Not applicable - market observable input	
			CPI volatility	N/A	0.91%
Foreign currency borrowings	Level 2	DCF	Interest rates	Not applicable - all inputs are market observable inputs	
			Foreign exchange rates		

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

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

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

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

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

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

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

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

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

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

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

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

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

Sydney Olympic Park Town Centre

The masterplan for Sydney Olympic Park provides long term opportunities for the Town Centre to significantly increase the floor space developed within the precinct, subject to development and planning approvals. The assets are currently leased and any future redevelopment is also subject to the expiration of these leases.

(iii) Sensitivity information – investment properties

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

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

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

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

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

	Financial assets at fair value through profit and loss $M	**Derivative liabilities $M**	**Total $M**
Opening balance 1 January 2017	9.3	(12.3)	(3.0)
Fair value movements in profit or loss	-	7.2	7.2
Transfers from level 3 to level 2	(9.3)	-	(9.3)
Closing balance 31 December 2017	-	(5.1)	(5.1)
Opening balance 1 January 2018	**-**	**(5.1)**	**(5.1)**
Fair value movements in profit or loss	**-**	**5.1**	**5.1**
Closing balance 31 December 2018	**-**	**-**	**-**

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

	Change of significant input	**31 Dec 18 $M**	31 Dec 17 $M
Fair value of level 3 derivatives		**-**	(5.1)
	1% increase in interest rates - gain	**-**	1.4
	1% decrease in interest rates - loss	**-**	(1.5)

23. ACCOUNTING POLICIES

(a) Basis of preparation

The financial report has been prepared:

- in accordance with the requirements of the Trust's Constitution, *Corporations Act 2001*, Australian Accounting Standards (AAS) and other authoritative pronouncements of the Australian Accounting Standards Board and International Financial Reporting Standards;
- on a going concern basis in the belief that GPT will realise its assets and settle its liabilities and commitments in the normal course of business and for at least the amounts stated in the financial statements. The net deficiency of current assets over current liabilities at 31 December 2018 of $725.7 million arises as a result of the inclusion of the provision for distribution payable to stapled securityholders and an increase in current borrowings. GPT has access to cash and undrawn financing facilities of $1,059.5 million as set out in note 13;
- under the historical cost convention, as modified by the revaluation for financial assets and liabilities and investment properties at fair value through the Consolidated Statement of Comprehensive Income;
- using consistent accounting policies with adjustments to bring into line any dissimilar accounting policies being adopted by the controlled entities, associates or joint ventures; and
- in Australian dollars with all values rounded in the nearest hundred thousand dollars in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, unless otherwise stated.

In accordance with Australian Accounting Standards, the stapled entity reflects the consolidated entity. Equity attributable to other stapled entities is a form of non-controlling interest and, in the consolidated entity column, represents the contributed equity of the Company.

Comparatives in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and notes to the financial statements have been restated to the current year presentation. There was no effect on the profit for the year.

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

The financial report was approved by the Board of Directors on 11 February 2019.

(b) Basis of consolidation

Controlled entities

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

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

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

Associates

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

GPT has a 23.83 per cent equity interest in GPT Wholesale Office Fund (GWOF) and 28.57 per cent equity interest in GPT Wholesale Shopping Centre Fund (GWSCF) as at 31 December 2018. GPT Funds Management Limited (GPTFM), which is wholly owned by the GPT Group is the Responsible Entity (RE) of the Funds. The Board of GPT FM comprises six Directors, of which GPT can only appoint two. As a result, the Group has significant influence over GPT FM and accordingly accounts for it as an associate using the equity method. The Group also has significant influence over the Funds' and accounts for its interests in them using the equity method.

Investments in associates are accounted for using the equity method. Under this method, GPT's investment in associates is carried in the Consolidated Statement of Financial Position at cost plus post acquisition changes in GPT's share of net assets. GPT's share of the associates' result is reflected in the Consolidated Statement of Comprehensive Income. Where GPT's share of losses in associates equals or exceeds its interest in the associate, including any other unsecured long term receivables, GPT does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associate.

Joint arrangements

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

Joint operations

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

Joint ventures

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

(c) Other accounting policies

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

Other accounting policies include:

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

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

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

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

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

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

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

(d) New and amended accounting standards and interpretations adopted from 1 January 2018
GPT has adopted AASB 9 and AASB 15 at 1 January 2018. AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. AASB 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time.

There have been no significant changes to GPT's financial performance and position as a result of the adoption of the new and amended accounting standards and interpretations effective for annual reporting periods beginning on or after 1 January 2018, with the exception of the adoption of AASB 9. The impact of AASB 9 is a $1.1 million reduction in the value of equity accounted investments and retained earnings in equity. Refer to note 24(a). There has been no financial impact as a result of adopting AASB 15 and new disclosures have been included where required.

(e) Changes in accounting policies

AASB 9 *Financial Instruments*
The requirements of AASB 9 represent a significant change from AASB 139 *Financial Instruments: Recognition and Measurement*. The nature and effects of the key changes to GPT's accounting policies resulting from the adoption of AASB 9 are summarised below.

(i) Classification and measurement of financial assets and financial liabilities
On 1 January 2018 (the date of initial application of AASB 9), GPT's management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate AASB 9 categories. The adoption of AASB 9 has not impacted the carrying value of financial assets but has resulted in classification changes on initial application at 1 January 2018 which is shown in the following table:

	Original classification under AASB 139	New classification under AASB 9	Original carrying amount under AASB 139 31 Dec 17 $M	New carrying amount under AASB 9 31 Dec 17 $M
Financial Assets				
Trade receivables	Loans and receivables	Financial assets at amortised cost	48.4	48.4
Other receivables	Loans and receivables	Financial assets at amortised cost	47.5	47.5
Other assets	Loans and receivables	Financial assets at amortised cost	23.0	23.0
Available for sale financial asset	Available for sale financial asset	Financial assets at fair value through profit and loss	-	-

Loans and receivables are classified and measured at amortised cost. GPT holds these financial assets in order to collect the contractual cash flows, and the contractual terms are solely payments of outstanding principal and interest on the principal amount outstanding. Available for sale financial assets are classified and measured at fair value through profit and loss.

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AASB 9 requires that all financial liabilities be subsequently classified at amortised cost, except in certain circumstances. None of these circumstances apply to GPT and accordingly there is no change to the classification of GPT's payables and borrowings on adoption of AASB 9.

(ii) Impairment of financial assets
AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income (FVOCI), but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139. GPT has assessed the impact of the adoption of an ECL model under AASB 9 and an adjustment to the opening balance has been recognised (see note 24(a)).

(iii) Derivatives and hedge accounting
On 1 January 2018 (the date of initial application of AASB 9), GPT has elected to adopt the new general hedge accounting model in AASB 9. There has been no impact with the adoption of AASB 9 on GPT's derivatives and hedge accounting. GPT's risk management strategies and hedge documentation are aligned with the requirements of AASB 9 and therefore hedging relationships are treated as continuing.

(iv) Accounting policies
Policy applicable from 1 January 2018

AASB 9 contains three principal classification categories for financial assets:
- measured at amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit and loss (FVTPL).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets at amortised cost
Loans and receivables
Loans and receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method less any allowance under the ECL model.

All loans and receivables with maturities greater than 12 months after the balance date are classified as non-current assets.

Recoverability of receivables
At each reporting date, GPT assesses whether financial assets carried at amortised cost are 'credit-impaired'. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

GPT recognises loss allowances at an amount equal to lifetime ECL on trade and other receivables. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the trade receivable and are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to GPT in accordance with the contract and the cash flows that GPT expects to receive). A default on trade receivables is when the counterparty fails to make contractual payments when they fall due and management determines that collection of the debt should no longer be pursued.

GPT analyses the age of outstanding receivable balances and applies historical default percentages adjusted for other current observable data as a means to estimate lifetime ECL. Other current observable data may include:
- forecasts of economic conditions such as unemployment, interest rates, gross domestic product and inflation;
- financial difficulties of a counterparty or probability that a counterparty will enter bankruptcy; and
- conditions specific to the asset to which the receivable relates.

Debts that are known to be uncollectable are written off when identified.

Derivatives and hedge accounting
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. For cash flow hedges, the effective portion of changes in the fair value of derivatives is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

When cross currency interest rate swaps are used to hedge the market risks of borrowings denominated in foreign currencies, GPT does not designate the currency basis spread as part of the hedging instrument within the hedge relationship.

Currency basis spread is a liquidity premium that is charged for exchanging different currencies, and changes over time impacting the fair value of cross currency swaps. The changes in the fair value of currency basis spread are recognised in other comprehensive income in the hedging reserve in equity. Until 31 December 2017, GPT recognised these changes in the cash flow hedge reserve.

(v) Transition
Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively.

The impact on GPT's previously reported financial position at 31 December 2017, as a result of the adoption AASB 9 and its application retrospectively, is detailed in note 24(a).

AASB 15 *Revenue from Contracts with Customers*
The requirements of AASB 15 replace AASB 118 *Revenue* and AASB 111 *Construction Contracts*. AASB 15 is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. It contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts. It requires reporting entities to provide users of financial statements with more informative and relevant disclosures.

(vi) Classification and measurement of revenue

Revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits as the entity performs;
- the customer controls the asset as the entity creates or enhances it; or
- the seller's performance does not create an asset for which the seller has an alternative use and there is a right to payment for performance to date.

Where the above criteria is not met, revenue is recognised at a point in time.

The following table summarises the changes in terminology with respect to the timing of revenue recognition between AASB 111 and AASB 118 compared to AASB 15 and the new revenue recognition policies under AASB 15. From GPT's assessment of when performance obligations are satisfied, there is no change in the timing of revenue recognition when comparing the previous accounting policies to those now under AASB 15.

Type of revenue	Description	Revenue recognition policy under AASB 111, AASB 17 and AASB 118	Revenue recognition policy under AASB 15
Recoveries revenue	The Group recovers the costs associated with general building and tenancy operation from lessees in accordance with specific clauses within lease agreements. These are invoiced monthly based on an annual estimate. The consideration for the current month is due on the first day of the month. Revenue is recognised as the estimated costs are consumed by the tenant. Should any adjustment be required based on actual costs incurred, this is recognised in the statement of financial performance within the same reporting period and billed annually.	Recognised on an accruals basis based on the contract terms	Over time
Recharge revenue	The Group recovers costs for any additional specific services requested by the lessee under the lease agreement. These costs are recovered in accordance with specific clauses within the lease agreements. Revenue from recharges is recognised as the services are provided. The lessee is invoiced on a monthly basis, where applicable. The consideration for the current month is due on the first day of the month.	Revenue recognised when costs are incurred	Over time
Fund management fees	The Company provides fund management services to GPT Wholesale Office Fund (GWOF) and GPT Wholesale Shopping Centre Fund (GWSCF) (the Funds) in accordance with the Funds constitutions. The services are utilised on an ongoing basis and revenue is calculated and recognised in accordance with the relevant constitution. The fees are invoiced on a quarterly basis and consideration is payable within 21 days of the quarter end.	Recognised on an accruals basis based on the contract terms.	Over time
Fee income - property management fees	The Company provides property management services to the owners of property assets in accordance with property services agreements. The services are utilised on an ongoing basis and revenue is calculated and recognised in accordance with the specific agreement. The fees are invoiced monthly with variable payment terms depending on the individual agreements. Should an adjustment, as calculated in accordance with the property services agreement be required, this is recognised in the statement of financial performance within the same reporting period.	Recognised on an accruals basis based on the contract terms.	Over time
Fee income - property management leasing fees - over time	Under some property management agreements, the Company provides a lease management service to the owners. These services are delivered on an ongoing basis and revenue is recognised monthly, calculated in accordance with the property management agreement. The fees are invoiced monthly with variable payment terms depending on the individual agreements.	Recognised on an accruals basis based on the contract terms.	Over time
Fee income - property management leasing fees - point in time	Under some property management agreements, the Company provides a lease management service to the owners. The revenue is recognised when the specific service is delivered (e.g. on lease execution) and consideration is due 30 days from invoice date.	Recognised in the period in which the services are rendered.	Point in time
Development management fees	The Company provides development management services to the owners of property assets in accordance with development management agreements. Revenue is calculated and recognised in accordance with the specific agreement. The fees are invoiced on a monthly basis, in arrears, and consideration is due 30 days from invoice date.	If the agreement includes an hourly fee, the revenue is recognised in the period in which the services are rendered.	Over time
		If the agreement includes a fixed price, the revenue is recognised in proportion to the value of the works as a percentage of the total project cost delivered until the completion of the associated development works.	Over time
Development revenue	The Company provides development management services to the owners of property assets in accordance with development management agreements. Revenue is calculated in accordance with the specific agreement and invoiced in accordance with the contract terms. Consideration is due from the customer based on the specific terms agreed in the contract and is recognised when the Company has control of the benefit.	Recognised in the period in which the services are rendered.	Point in time
Sale of inventory	Proceeds from the sale of inventory are recognised by the Company in accordance with a specific contract entered into with another party for the delivery of inventory. Revenue is calculated in accordance with the contract. Consideration is payable in accordance with the contract. Revenue is recognised when control has been transferred to the buyer.	When significant risk and rewards are transferred.	Point in time

(vii) Transition

Changes in accounting policies resulting from the adoption of AASB 15 have been applied retrospectively. There has been no impact on GPT's previously reported financial position as a result of the adoption AASB 15.

(f) New accounting standards and interpretations issued but not yet adopted

The following standards and amendments to standards are relevant to GPT.

Reference	Description	Application of Standard
AASB 16 *Leases*	AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. AASB 16 will change the way lessees account for leases by eliminating the current dual accounting model which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there will be a single, on-balance sheet accounting model that is similar to the current finance lease accounting. Where GPT is the lessee, this new treatment will result in recognition of a right of use asset along with the associated lease liability in the Consolidated Statement of Financial Position and both a depreciation and interest charge in the Consolidated Statement of Comprehensive Income. In contrast, lessor accounting for lease income is not expected to change with the adoption of the new standard other than the separation of service income from lease income for disclosure purposes as a result of the application of AASB 15. The new leasing model requires the recognition of operating leases on the Consolidated Statement of Financial Position. In relation to these operating leases, if GPT had adopted the new standard from 1 January 2018, management estimates that net profit before tax for the year ended 31 December 2018 would increase by approximately $0.1 million. Assets at 31 December 2018 would increase by approximately $18.9 million and liabilities would increase by approximately $19.9 million. In addition, lease liabilities arising from leasehold arrangements which are currently recognised as a component of Investment Properties will be separately disclosed in the Statement of Financial Position.	1 January 2019

24. ADOPTION OF NEW ACCOUNTING STANDARDS

(a) AASB 9 *Financial Instruments* - impact of adoption

As set out in note 23, GPT has adopted AASB 9. The impact on GPT's 31 December 2018 Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Changes in Equity as a result of applying AASB 9 retrospectively is as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Extract)	31 Dec 17 Prior year $M	Decrease $M	**31 Dec 17 Restated $M**
Other income			
Share of after tax profit of equity accounted investments	443.9	(1.1)	**442.8**
Total other income	939.1	(1.1)	**938.0**
Total revenue and other income	1,645.7	(1.1)	**1,644.6**
Profit before income tax expense	1,278.6	(1.1)	**1,277.5**
Profit after income tax expense	1,268.3	(1.1)	**1,267.2**
Net profit for the year	1,269.1	(1.1)	**1,268.0**
Total comprehensive income for the year	1,252.6	(1.1)	**1,251.5**
Total comprehensive income for the year from continuing operations	1,251.8	(1.1)	**1,250.7**
Net profit attributable to:			
- Securityholders of the Trust	1,249.3	(1.1)	**1,248.2**
Total comprehensive income attributable to:			
- Securityholders of the Trust	1,239.9	(1.1)	**1,238.8**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Extract)	31 Dec 17 Prior year $M	Decrease $M	**31 Dec 17 Restated $M**
ASSETS			
Non-current assets			
Equity accounted investments	3,562.9	(1.1)	**3,561.8**
Total non-current assets	12,767.4	(1.1)	**12,766.3**
Total assets	12,958.4	(1.1)	**12,957.3**
EQUITY			
Securityholders of the Trust (parent entity)			
Retained earnings	1,829.5	(1.1)	**1,828.4**
Total equity of the Trust securityholders	9,603.7	(1.1)	**9,602.6**
Total equity	9,107.0	(1.1)	**9,105.9**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Extract)	**General Property Trust** Retained earnings **$M**	Total equity **$M**	**Consolidated** Total equity **$M**
Year ended 31 Dec 2017			
Equity attributable to Securityholders			
Profit for the year	1,249.3	1,249.3	1,269.1
Decrease	(1.1)	(1.1)	(1.1)
Profit for the year - restated	**1,248.2**	**1,248.2**	**1,268.0**
Total comprehensive income for the year	1,249.3	1,239.9	1,252.6
Decrease	(1.1)	(1.1)	(1.1)
Total comprehensive income for the year - restated	**1,248.2**	**1,238.8**	**1,251.5**
Equity attributable to Securityholders at 31 Dec 2017	1,829.5	9,603.7	9,107.0
Decrease	(1.1)	(1.1)	(1.1)
Equity attributable to Securityholders at 31 Dec 2017 - restated	**1,828.4**	**9,602.6**	**9,105.9**

(b) AASB 15 *Revenue from Contracts with Customers* - impact of adoption

As set out in note 23, GPT has adopted AASB 15. There have been no changes to GPT's financial performance and position as a result of the adoption of this standard.

Lease Revenue

	31 Dec 18				31 Dec 17			
	Retail $M	**Office $M**	**Logistics $M**	**Total $M**	Retail $M	Office $M	Logistics $M	Total $M
Segment Result								
Lease revenue	**286.7**	**145.7**	**117.9**	**550.3**	279.0	136.5	105.1	520.6
Recoveries and recharge revenue	**81.9**	**32.9**	**9.5**	**124.3**	79.3	30.3	7.4	117.0
Share of rent from investment properties in equity accounted investments	**1.9**	**74.7**	**-**	**76.6**	1.8	72.4	-	74.2
	370.5	**253.3**	**127.4**	**751.2**	360.1	239.2	112.5	711.8
Less:								
Share of rent from investment properties in equity accounted investments				**(76.5)**				(74.0)
Amortisation of lease incentives and costs				**(46.1)**				(38.9)
Straightlining of leases				**5.5**				11.7
Consolidated Statement of Comprehensive Income								
Rent from investment properties				**634.1**				610.6

Rent from investment properties
Rent from investment properties is recognised and measured in accordance with AASB 16 *Leases*. In addition to revenue generated directly from the lease, rent from investment properties includes non-lease revenue earned from tenants, predominantly in relation to recovery of asset operating costs, which is recognised and measured under AASB 15 *Revenue from Contracts with Customers*. Details on the classification and measurement of this non-lease revenue is disclosed in note 23(e)(iv).

25. EVENTS SUBSEQUENT TO REPORTING DATE

On 16 January 2019, the Group announced the proposed sale of its 50 per cent share of the MLC Centre. Proceeds from the planned sale will initially repay debt prior to be being reinvested into the development pipeline.

Other than the above, the Directors are not aware of any matter or circumstance occurring since 31 December 2018 that has significantly or may significantly affect the operations of GPT, the results of those operations or the state of affairs of GPT in subsequent financial years.

DIRECTORS' DECLARATION

Year ended 31 December 2018

In the Directors of the Responsible Entity's opinion:

(a) The consolidated financial statements and notes set out on pages 24 to 65 are in accordance with the *Corporations Act 2001*, including:
- complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- giving a true and fair view of GPT's financial position as at 31 December 2018 and of its performance for the financial year ended on that date; and

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

(c) There are reasonable grounds to believe that GPT will be able to pay its debts as and when they become due and payable. The net deficiency of current assets over current liabilities at 31 December 2018 of $725.7 million arises as a result of the inclusion of the provision for distribution payable to stapled securityholders and an increase in current borrowings. GPT has access to cash and undrawn financing facilities of $1,059.5 million as set out in note 13 to the financial statements.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by Section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the Directors.

Vickki McFadden
Chairman

GPT RE Limited

Bob Johnston
Chief Executive Officer and Managing Director

Sydney
11 February 2019

Independent auditor's report

To the stapled security holders of The GPT Group

Report on the audit of the financial report

Our opinion

In our opinion:

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the year then ended

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

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2018
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

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

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

Independence

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

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Our audit approach

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

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

Materiality	Audit scope	Key audit matters
• For the purpose of our audit we used overall Group materiality of $28.7 million, which represents approximately 5% of the Group's Funds from Operations (FFO). • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose FFO because, in our view, it is the key performance indicator used by security holders to measure the performance of the Group. An explanation of what is included in FFO is located in Note 1, Segment information. • We selected 5% based on our	• The structure of the Group is commonly referred to as a 'stapled group'. In a stapled group, the securities of two or more entities are 'stapled' together and cannot be traded separately. In the case of the Group, the units in GPT have been stapled to the shares in GPT Management Holdings Limited (GPT MH). For the purposes of consolidation accounting, GPT is the 'deemed' parent and the financial report reflects the consolidation of GPT and its controlled entities and GPT MH and its controlled entities. • Our audit focused on where the Group made subjective judgements; for example significant accounting estimates involving assumptions and inherently uncertain future events. • The Group holds equity accounted investments in two	• Amongst other relevant topics, we communicated the following key audit matters to the Audit Committee: – Valuation of investment properties (including those under development) – Carrying value of inventories – Valuation of derivatives • These are further described in the *Key audit matters* section of our report.

professional judgement noting it is also within the range of commonly accepted profit related thresholds.	wholesale real estate investment funds. The auditors of these funds ("component auditors") assisted in performing procedures on behalf of the Group engagement team. • We determined the level of involvement we needed to have in the audit work performed by the component auditors to be able to conclude whether sufficient appropriate audit evidence had been obtained. This included written instructions and active dialogue throughout the year.

Key audit matters

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

Key audit matter	***How our audit addressed the key audit matter***
Valuation of investment properties (including those under development) *$10,128.8 million (2017: $8,745.7 million) Refer to note 2* The Group's investment property portfolio is comprised of office, retail and logistics properties including properties under development in those categories. Investment properties are valued at fair value at reporting date using either the income capitalisation approach or the discounted cash flow approach. The value of investment properties is dependent on the valuation methodology adopted and the inputs into the valuation model. Factors such as prevailing market conditions, the individual nature, condition and location of each property and the expected future income for each property directly impact fair values. Amongst others, the following assumptions are key in establishing fair value:	We obtained the latest independent property market reports to develop an understanding of the prevailing market conditions in which the Group invests. We discussed the specifics of the portfolio of properties with management including new leases entered into during the year, lease expiries, capital expenditure, vacancy rates and other specific risk factors to identify specific properties for further testing. For a sample of leases, we compared the rental income used in the external valuation and internal tolerance check models to the tenancy schedule. We compared the Group's market capitalisation rates and discount rates by location and asset grade to a range we determined reasonable based on benchmark market data. Where capitalisation rates and discount rates fell outside of our anticipated ranges, we considered the rationale for the adopted metric. In addition to the above, for selected properties under

• Capitalisation rate

• Discount rate.

In accordance with the Group's valuation policy, all investment properties must be externally valued by an independent valuation expert at least once every 12 months. If a property is not externally valued at balance date, an internal tolerance check is performed to determine whether the book value (most recent valuation plus capital expenditure) is in line with management's estimate of fair value or whether an external valuation is required.

We considered this a key audit matter because of the:

• Relative size of the investment property balance in the consolidated statement of financial position.

• Quantum of revaluation gains that directly impact the consolidated statement of comprehensive income through the fair value gain on investment properties.

• Inherently subjective nature of investment property valuations due to the use of assumptions in the valuation methodology.

• Sensitivity of valuations to key input assumptions, specifically capitalisation and discount rates.

development we:

• Compared key inputs in the 'as if complete' valuation to underlying support; and

• On a sample basis, compared key assumptions used within the development's 'cost to complete' schedule to underlying support, for example, expected future costs to subcontractor agreements.

External valuations

For all properties externally valued, we agreed the fair value per the final valuation reports to the Group's accounting records.

For a sample of external valuations we:

• Assessed the competency and capabilities of management's expert, i.e. the external valuer and confirmed that the Group followed its policy of rotating valuation firms at least every two years.

• Read a sample of the valuers' terms of engagement to identify any clauses that might affect their objectivity or impose limitations on their work.

Internal tolerance check

We confirmed with management that the capitalisation and discounted cash flow models utilised for the internal tolerance checks were consistent with the prior period. For a sample of internal tolerance checks, we compared key inputs to supporting documentation, compared key assumptions to market benchmarking data and performed recalculations over the internal tolerance check models.

Carrying value of inventories

$144.3 million (2017: $152.2 million) Refer to note 6

The Group develops a portfolio of sites for future sale which is classified as inventory. The Group's inventories are held at the lower of the cost and net realisable value for each inventory project.

The cost of the inventory includes the cost of acquisition, development, finance costs and all other costs directly related to specific projects including an allocation of direct overhead expenses.

We considered the carrying value of inventories a key audit matter given the significant judgement required

For each project we obtained the Group's latest feasibility models and discussed with management matters such as the overall project strategy, cost movements and claims (where applicable).

Using the information gained from these discussions and our prior year knowledge of the business, we used a risk based approach to select a sample of projects to perform net realisable value testing. For the sample of selected projects we:

• Further discussed with management the life cycle of the project, key project risks, changes to project strategy, current and future estimated sales prices,

by the Group in estimating future selling prices, costs to complete projects and selling costs. These judgments may have a material impact on the calculation of net realisable value and therefore in determining whether the value of a project should be written down (impaired). During the year ended 31 December 2018 an impairment of $11.4m was recognised.	construction progress and costs and any new and previous impairments. • Compared the estimated selling prices to market sales data in similar locations or to recent sales in the project. • Compared the forecasted costs to complete for the project to the relevant construction contracts (if available) or to construction cost estimates. • Compared the carrying value to the net realisable value (NRV) to identify projects with potential impairments. • Obtained the transfer agreement for the development site transferred from investment property to inventory during the year and agreed the transfer price in the agreement to the external valuation. • Traced a sample of capital expenditure additions to supporting documentation and tested whether they were valid costs that could be capitalised in accordance with the requirements of Australian Accounting Standards.
Valuation of derivatives *$216.2 million ($134.0 million) (net valuation including current assets, non-current assets, current liabilities and non-current liabilities) Refer to note 14* The Group issues debt denominated in both foreign and domestic currencies as part of its funding strategy and enters into derivative transactions to manage the associated foreign exchange and interest rate risk. The Group holds a portfolio of derivative instruments including Cross Currency Interest Rate Swaps (CCIRS), Interest Rate Swaps (IRS) and other derivatives. The Group only applies hedge accounting to the borrowings denominated in foreign currencies. Risk arising from borrowings denominated in foreign currencies is managed with CCIRS. The CCIRS are in hedge accounting relationships with the HKD and USD bonds disclosed in the consolidated statement of financial position. Other derivatives are not in hedge accounting relationships. The Group has transitioned to the hedge accounting	We developed an understanding of the movements in the derivative balances during the year. We obtained independent counterparty confirmations to confirm the existence of each derivative at year end. We selected a sample of derivative balances to test based on material instrument type. For each sample: • We agreed the key terms of the derivatives back to the individual counterparty contracts. • Together with PwC treasury specialists, we independently calculated the fair value of the derivatives, independently sourcing market data inputs used in the valuation calculations. Through inquiry with management and inspection of a sample of hedge documentation, we identified the application of hedge accounting on new and existing derivative instruments. To test the application of hedge accounting in accordance with Australian Accounting Standards, we performed the following procedures in conjunction

requirements under *AASB 9 Financial Instruments* during the period.

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

• Nature and complexity involved in valuing derivative instruments.

• Relative size of the derivative balances and potential for variability in the size of these balances year on year.

• Complexity involved in the application of hedge accounting in accordance with Australian Accounting Standards.

with PwC treasury specialists for a sample of hedge relationships:

• Assessed whether the Group's hedge documentation, designation and effectiveness testing approach was in accordance with the hedge accounting requirements of Australian Accounting Standards.

• Inspected the hedge documentation for new hedge relationships to assess whether hedge accounting criteria were met.

• Assessed whether the hedge effectiveness criteria continued to be met.

• Assessed the appropriateness of hedge accounting journals across the relevant accounts (cash flow hedge reserve, cost of hedging reserve, fair value adjustment of the borrowings and profit or loss) based on changes in fair value of the hedge accounted derivatives and underlying hedged items. The recognition and presentation of gains and losses was agreed to the consolidated statement of comprehensive income.

Other information

The directors of the responsible entity of GPT, GPT RE limited (the directors) are responsible for the other information. The other information comprises the information included in the Group's Annual Financial Report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 14 to 22 of the Directors Report for the year ended 31 December 2018.

In our opinion, the remuneration report of The GPT Group for the year ended 31 December 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Susan Horlin
Partner

Bianca Buckman
Partner

Sydney
11 February 2019