

Sustainability Report

GPT is committed to advancing sustainability practice and performance of all its assets. For GPT, sustainability means meeting the development needs of the present without compromising the needs of future generations.

More specifically, it means optimising the environmental, social and economic value of our activities, in a manner that recognises our corporate responsibility to our stakeholders. Every day GPT provides office and industrial accommodation, eco-tourism and retail experiences to over 470,000 people, so this impact can be substantial.

The Importance of Sustainability

By adopting and committing to sustainable business practices, GPT is able to secure and promote the following benefits for Unitholders and the tenants and users of GPT's assets:

- reduced building operating and maintenance costs;
- improved risk minimisation;
- enhanced asset value;
- improved brand integrity and competitive advantage;
- improved access to capital;
- access to better decision making; and
- enhanced partnerships with stakeholders.

GPT's Approach to Sustainability

Because sustainability is a rapidly evolving area, GPT has chosen to take a strategic approach that commits to the following:

- identify, understand and measure our ongoing 'footprint' on the environment;
- innovate new management practices and initiatives to reduce our environmental impact;
- proactively benchmark and report on our triple bottom line (ie environmental, social and economic) performance through the internationally recognised Global Reporting Initiative, which is focussed on developing globally applicable Sustainability Reporting Guidelines;
- improve our economic return and reduce our environmental impact in investment decision making;
- empower stakeholders to act more sustainably in their day-to-day activities and in their transactions with GPT; and
- seek sustainable solutions to managing and operating our assets to drive long-term environmental, social and economic returns.

These objectives provide a framework to develop a Sustainability Business Plan for each of GPT's portfolios. Implementing these plans throughout 2004 has shown tangible results.

Achievements in 2004

Reflecting the diverse nature of GPT's assets, a number of different initiatives were undertaken across each of GPT's property portfolios over 2004.

Retail Portfolio

During 2004, the retail management team focussed on developing a strategic sustainable investment platform, based on the Global Reporting Initiative (see www.globalreporting.org).

Key achievements over the year included:

- Dandenong Plaza became the first shopping centre to be Eco-recycle certified for its integrated and leading approach to waste management. As the National Waste management strategy is implemented across GPT's centres, annual savings are expected to be realised and will be reported. www.ecorecycle.vic.gov.au.
- Lend Lease Property Management (Aust) became the first property company in Australia to sign a Sustainability Covenant with the Environmental Protection Agency (EPA) of Victoria. The Covenant provides significant support and expertise from the EPA in sustainability commitments and activities planned for the Retail Portfolio. See www.epa.vic.gov.au/Sustainability_Covenants for more information.
- The Retail Portfolio was jointly awarded the Keep Australia Beautiful Plastic Bag Initiatives Reduction Award (commercial category) for distributing over 70,000 re-usable bags. See www.kabnsw.org.au for details.
- A comprehensive water audit and response strategy for Macarthur Square identified opportunities to reduce water costs by approximately \$54,000 a year. This work is now being applied to other centres and significant operating cost reductions are expected in 2005/06.
- The "Working Towards a Greener Environment" campaign was initiated in both Victoria and New South Wales in an effort to encourage customers to take action to improve the environmental performance of their homes. Environment tips by way of poster and fridge magnets, water saving devices and energy efficient light globes were among the contributions provided to the community. A large number of local partnerships assisted in supporting this initiative, details of which can be found at www.lendleaseshopping.com.

- At Macarthur Square, a youth partnership has been established with Mission Australia to increase access to employment and other training opportunities for local youth.
- In the last two years we have reported on the environmental initiatives integrated into the Erina Fair redevelopment. In 2004, the performance of the passive air-conditioning initiative has been successfully confirmed. While in absolute terms, the energy, greenhouse and operating cost savings are small, the space has proved highly successful with our customers, with over 70% of customers acknowledging that the redevelopment positively contributes to their visit to the Centre (Research International, 2004).
- As part of the redevelopment of Penrith Plaza, an Eco-leasing suite is being created to provide resources and training for retailers to integrate sustainability initiatives into their fit-out design and operations. An Incident and Injury Free (IIF) centre training program for all retailers will also be supported in this dedicated space.
- Developments underway at Penrith Plaza and Macarthur Square are targeting improvements in energy consumption and greenhouse performance. Improved water consumption is also being targeted at these developments through the use of initiatives including waterless sanitary fittings and "A4" rated water fittings.

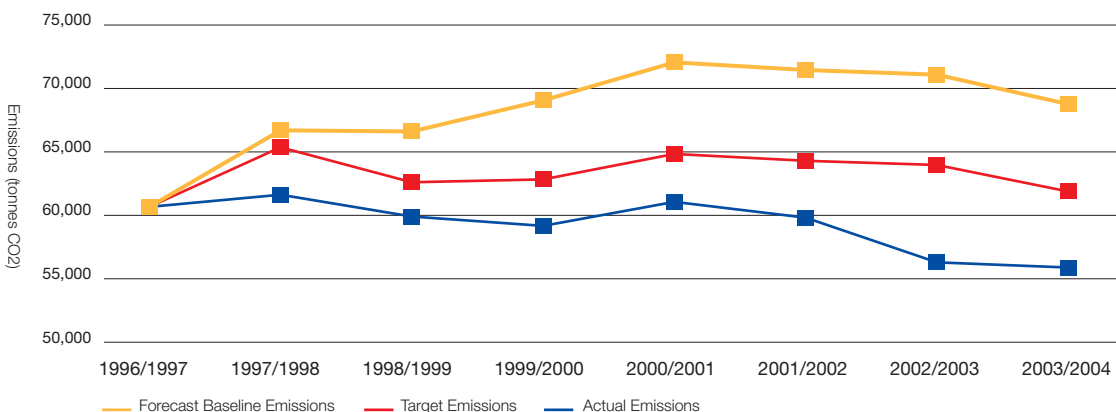
In 2005 the Retail Portfolio will define social and economic dimensions in order to identify appropriate measures and potential improvements. These measures will be reported in future reports.

Office Portfolio

During 2004 the Office Portfolio continued its focus on developing a sustainable investment platform and achieved solid results through a number of established initiatives.

- The Office Portfolio again delivered significant energy and greenhouse savings through participation in the Greenhouse Challenge program. In 2004, the Portfolio saved over 12,000 tonnes of CO₂. Since joining the program in 1997, the Portfolio has saved over 70,000 tonnes of CO₂, the equivalent of taking over 16,000 cars off Australian roads for 12 months. This focus on reducing energy use has saved over \$5.9 million over the life of the program (based on average energy rates).
- Towards the end of 2004, GPT commissioned a 'whole of portfolio Australian Building Greenhouse Rating (ABGR) accredited process' which has involved pursuing an ABGR 4.5 star commitment agreement for the Darling Park 3 base building. It is anticipated that the agreement will be executed in the first quarter of 2005.
- The two National@Docklands buildings at Victoria Harbour were designed to meet a minimum ABGR of 4.0 stars for the base building. The verification of the rating performance is expected in early 2006.
- The Australia Square "Waste Minimisation Plan – Turning Rubbish into a Resource" achieved "Best Practice in the CBD" status from the Waste Audit Consultancy Services (NSW) in July 2002 and remains a benchmark. In 2004 similar waste recycling programs were installed in 580 George Street, Citigroup Centre and 530 Collins Street. This state-of-the-art initiative will be tailored and

Forecast Baselines, Target Emissions, Actual Emissions



Source: EMET Consultants Pty Limited

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implemented across the whole Portfolio through 2005. The total amount of waste recycled in 2004 was in excess of 5,600 tonnes, being over 58% of waste generation. This is equivalent to about 3,500 average Australian households' annual garbage.

- The Queensland EPA agreed to provide a grant of \$20,000 to assist the installation of water saving devices in the Riverside Centre. This initiative will be implemented, where possible, into all other assets in the Office Portfolio.

The Office Portfolio will continue to drive the commitment to sustainability through the adoption of a Sustainability Strategy and Roadmap. This means developing and implementing systems to strategically manage and improve the Portfolio's performance across the triple bottom line. Initial activities include assessing existing performance in the areas of energy, water and waste consumption. These baseline measurements will be used to establish targets and allow the Portfolio to report on continual improvement. As an example, GPT will commit to the ABGR methodology to obtain new or updated ABGR base building performance accredited ratings for the whole Portfolio, where possible, by the second quarter of 2005.

Hotel/Tourism Portfolio

The Hotel/Tourism Portfolio has a dual approach to sustainability, recognising the fact that GPT owns city properties and eco-tourism resorts. For the CBD hotels, the Portfolio liaises with GPT's Office Portfolio due to the similar characteristics of these properties.

Voyages, the manager of GPT's resort assets, is responsible for sustainability initiatives across these assets. As the eco-tourism properties are located in areas of natural and cultural significance, sustainability is an area of ongoing focus for management. Ayers Rock Resort, Alice Springs Resort, Cape Tribulation Resort and Silky Oaks Lodge are all currently eco-tourism accredited resorts.

- Ayers Rock won the Keep Australia Beautiful Northern Territory Division Tidy Towns Award for 2004 (see www.kab.org.au for more information).
- The 2004 Power & Water Corporation Environmental Excellence Award was won by the Ayers Rock Resort laundry for its effort to reduce water and wastewater from laundry functions.
- Also consistent with the eco-tourism certification is Ayers Rock Resort management's implementation of internal ecology initiatives, including use of recycled paper and vegetable inks for printed material, developing a purchasing policy and a plastics recycling program.

- A plastic bag reduction initiative at Ayers Rock Resort retail centre resulted in a drop in the number of plastic bags used by about 1,000 per day. Since program inception, about 30,000 bags have been "saved". Biodegradable and calico bags are available for purchase by customers.

During 2005, the Hotel/Tourism Portfolio will focus on implementing a more consistent system for measurement of resource usage and waste. This will form the basis for analysis and, hence, the identification of future strategies for reducing environmental impacts. Adopting appropriate processes across the Voyages Lodges assets (acquired in July 2004) will also be a focus for the management team during 2005.

Industrial/Business Park Portfolio

Across the Industrial/Business Park Portfolio GPT's assets include traditional industrial warehouse investments (with a low office content) and non-CBD business park investments (with a high office content). Strategies for these assets therefore vary.

Key initiatives include:

- Connection of Quad 3 and 7 Figtree Drive to the Sydney Olympic Park Water Reclamation and Management System (WRAMS) which collects and treats sewerage and stormwater from a number of buildings at Sydney Olympic Park and then supplies high quality recycled water back for use in the toilets and landscape irrigation. Quad 3 uses over 90% recycled water and 7 Figtree Drive uses 70%. Plans have been made for Quads 1 and 2 and 8 Herb Elliott Avenue to be connected in future periods.
- The completion of Quad 3 and design of Quad 4 with a 4.3 AGBR base building design.

Given the small scale and varying assets of the Industrial/Business Park Portfolio future initiatives will focus on identifying and implementing initiatives for individual assets.

GPT's Focus for 2005

During 2005, GPT will work to further strengthen its sustainable investment management practices to ensure there is a strong focus on major issues and that progress is made towards delivery of more consistent measurement and performance reporting. A major focus will be demonstrating business returns from sustainability strategies.