General Property Trust
ABN: 58 071 755 609

Annual Financial Report
31 December 2008

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

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

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

CONTENTS

DIRECTORS' REPORT
For the year ended 31 December 2008

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

1. OPERATIONS AND ACTIVITIES

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

The principal activities of GPT during the financial year were:
- investment in income producing retail, office, industrial, business parks and seniors housing properties;
- development of Australian retail, commercial, industrial and business park properties;
- property trust management;
- property management;
- funds management; and
- hotel management.

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

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

1.2 Review of Operations

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

	Consolidated	
	2008	2007
	$M	$M
Realised Operating Income	468.8	605.1
Certain significant items:		
Fair value adjustments to investment properties	(79.8)	458.5
Fair value adjustments realised - 111 Eagle Street	(31.4)	-
Fair value and other adjustments to equity accounted investments	(818.7)	306.0
JV adjustments - realised	(1.1)	(61.5)
Revaluation of hotel properties	(191.8)	-
workplace[6] profit after tax recognised in 2007	21.4	(21.4)
workplace[6] associate's share of profit after tax	14.4	-
Unrealised foreign exchange losses on borrowings	(544.6)	3.4
Realised (loss) / profit on derivatives - adjustments	(67.3)	8.4
Unrealised loss on derivatives	(839.0)	(64.3)
Impairment expense - goodwill	(121.8)	-
Impairment expense - warehoused property investments	(112.3)	-
Impairment expense - loans and receivables	(893.0)	-
Impairment expense - other	(25.1)	(1.4)
Depreciation and amortisation expense	(21.0)	(20.3)
Net loss on disposal of assets	5.3	(0.4)
Costs associated with internalisation/merger proposal	-	(4.1)
Non-cash revenue adjustments	(7.5)	(21.3)
Tax allocations	-	2.0
Redundancy costs	(6.8)	-
Minority interest	(0.7)	(2.0)
Other	(1.5)	(4.8)
(Loss) / Profit for the year	**(3,253.5)**	1,181.9

DIRECTORS' REPORT

For the year ended 31 December 2008

1.2 Review of Operations (continued)

Financial results

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

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

Financial results – portfolio/operational highlights

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

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

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

(a) Retail Portfolio

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

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

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

(b) Office Portfolio

The Office Portfolio delivered an increase in income (on a comparable basis) for the year of 7.8%, reflecting the benefit of significant leasing across the portfolio. The GPT managed Portfolio was expanded with the completion of three new office developments, workplace[6] in Sydney, which was developed by GPT and sold to the GPT Wholesale Office Fund (GWOF), 545 Queen Street in Brisbane and Twenty8 Freshwater Place in Melbourne.

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

(c) Industrial/Business Parks Portfolio

The Portfolio was expanded during 2008 with the acquisition of connect@erskine park in NSW. Development of the first stage of the site commenced in July upon securing commitment from Goodman Fielder on a 20 year lease. In October GPT acquired a 50% stake in the existing Austrak Business Park in Minto, NSW. The site was acquired with DA approval to develop an intermodal terminal facility and will facilitate an expansion of existing facilities for Unilever. GPT disposed two non-core archive facilities during the year and one post year end totalling $38.75 million in 2008, in line with book value.

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

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

(d) Hotel/Tourism Portfolio

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

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

DIRECTORS' REPORT
For the year ended 31 December 2008

1.2 Review of Operations (continued)

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

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

Following completion of workplace[6], 28 Freshwater Place and 545 Queen Street, GWOF has ownership interests in 14 assets with a value of $3.2 billion. GWSCF owns a $2.1 billion portfolio of nine quality retail assets.

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

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

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

(h) Developments
GPT has commenced the expansion of Charlestown Square, NSW and in May commenced development of One One One Eagle Street in Brisbane. GPT sold two thirds of the Eagle Street development to GWOF and an existing capital partner in May, realising a profit of $31.4 million. Practical completion was achieved at workplace[6] in November 2008 and tenants, Google and Accenture, will move into the building in March 2009. The sale of the building to GWOF was settled on completion.

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

(i) Capital Management

Highlights
At 31 December 2008
- Reduction of headline and look through gearing following successful $1.6 billion capital raising
- GPT's percentage of net debt to total tangible assets is 33.7% (Dec 2007: 34.6%)
- Weighted average length of headline debt is 3.1 years (Dec 2007: 3.7 years)
- Buy back of A$526 million of Medium Term Notes due in March 2009

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

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

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

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

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

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

DIRECTORS' REPORT
For the year ended 31 December 2008

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

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

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

On 7 July GPT revised full year operating income guidance to $464.0 million (distribution per stapled security of 20.0 cents). Subsequent to this announcement Standard & Poor's lowered GPT's credit rating to BBB. There was no change to the credit rating of Baa1 from Moody's.

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

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

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

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

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

More information about the GPT Group's participation in the Energy Efficiency Opportunities program is available at www.gpt.com.au

1.7 Events Subsequent to Reporting Date
The Directors are not aware of any matter or circumstance occurring since 31 December 2008 not otherwise dealt with in the financial report or at Section 1.3 above that has significantly or may significantly affect the operations of GPT, the results of those operations or the state of affairs of GPT in subsequent financial years.

DIRECTORS' REPORT
For the year ended 31 December 2008

DIRECTORS AND SECRETARY

2.1 Directors
The Directors of GPT Management Holdings Limited and GPT RE Limited at any time during or since the end of the financial year are:

(i) Chairman - Non-Executive Director
Peter Joseph

(ii) Non-Executive Directors
Eric Goodwin
Malcolm Latham
Ian Martin
Anne McDonald
Ken Moss
Elizabeth Nosworthy (1 January 2008 to 21 August 2008)

(iii) Executive Director
Nic Lyons (1 January 2008 to 23 October 2008)

2.2 Information on Directors

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

Eric Goodwin
Mr Goodwin was appointed to the Board on 21 November 2004. Mr Goodwin is a Non-Executive Director of Eureka Funds Management Limited, Lend Lease Global Properties SICAF and AMPCI Macquarie Infrastructure Management No 2 Limited (responsible entity of Diversified Utility and Energy Trust No. 2). Mr Goodwin joined Lend Lease in 1963 as a cadet engineer and during his 42 year career with Lend Lease held a number of senior executive and subsidiary board positions in the Australian operation, the US and he was the inaugural manager of the group's Asian operations. Mr Goodwin has experience in design construction and project management, general management and funds management. His experience includes fund management of the MLC Property Portfolio during the 1980s and he was the founding Fund Manager of the Australian Prime Property Fund. Mr Goodwin is a member of the Audit and Risk Management Committee and Corporate Responsibility Committee.

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

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

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

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

Company Secretary - James Coyne
Mr Coyne is responsible for the legal, compliance, risk management and company secretarial activities of GPT. He was appointed the General Counsel/Company Secretary of GPT in 2004. Previous experience includes company secretarial and legal roles in construction, infrastructure and the real estate funds management industry (listed and wholesale). Mr Coyne holds a Bachelor of Arts and Bachelor of Laws (Hons) from the University of Sydney.

DIRECTORS' REPORT
For the year ended 31 December 2008

2.3 Attendance of Directors at Meetings

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

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

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

2 E Nosworthy retired as a director on 21 August 2008

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

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

DIRECTORS' REPORT
For the year ended 31 December 2008

2.5 Directors' Directorships of Other Listed Companies
Details of all directorships of other listed entities held by each current Director in the three years immediately before 31 December 2008 and the period for which each directorship was held are set out below:

Director	*Directorship of Listed Entity*	*Period held*
Peter Joseph	Dominion Mining Limited	Since 1980
Eric Goodwin	AMPCI Macquarie Infrastructure No 2 Limited (responsible entity of the Diversified Utility and Energy Trust No 2 which is one of the stapled entities within the DUET Group)	Since 2004
Malcolm Latham	Nil	NA
Anne McDonald	Speciality Fashion Group Limited	Since 2007
Ian Martin	Babcock & Brown Limited	Since 2004
	Argo Investments Limited	Since 2004
Ken Moss	Adsteam Marine Limited	2001 to 2007
	Macquarie Capital Alliance Group (including Macquarie Capital Alliance Limited and Macquarie Capital Alliance Management Limited	2005 to 2008
	Boral Limited	Since1999
	Centennial Coal Company Limited	Since 2000

3. REMUNERATION REPORT

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

3.1 Overview

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

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

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

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

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

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

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

3.2 The Nomination and Remuneration Committee

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

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

The Committee consists of 3 Non-Executive Directors:

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

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

3.3 Remuneration – Senior Executives

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

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

In the Board's view this approach:

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

3.3 Remuneration – Senior Executives (continued)

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

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

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

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

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

[1] The percentage of each component of total remuneration is calculated with reference to "Target" performance outcomes in both STI and LTI – for more information on performance measurement levels see the following sections on Short Term Incentives and Long Term Incentives.
[2] N. Lyons employment was discontinued effective 23 October 2008, at which time M. O'Brien became Acting CEO/COO.
[3] R.Croft had a discretionary STI – part of a legacy system from the GPT Halverton business - rather than a quantified STI opportunity. As a result it is not possible to provide a breakdown for the components of R.Croft's remuneration.

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

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

GPT's Performance Management System and Short Term Incentives (STI) (variable component)
A uniform performance management system is used across GPT. The system provides all employees with clear financial and personal performance objectives and drives STIs on an annual basis. STI awards may be received as cash, or be salary sacrificed to superannuation and other approved benefits.

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

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

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

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

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

3.3 Remuneration – Senior Executives (continued)

Long Term Incentives (LTI) (variable component)
GPT has in place long term incentive schemes that have the following core objectives:

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

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

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

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

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

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

Table B – LTI Performance Conditions

LTI Scheme	LTI Performance Measurement Period	Performance Condition	Performance Condition Hurdle	Weighting
2006	2006 – 2008	Growth in Earnings per GPT stapled security (EPS) measured as the percentage increase in the base earnings per GPT stapled security. EPS is the base earnings per security adjusted for significant items and other items determined by the Board and as disclosed in GPT's Income Statement for the financial years ended 31 December 2006, 2007 and 2008.	If EPS growth is below 6.2% on average over the three year period, no part of LTI available for this performance measure will be awarded. If EPS growth is above 6.2%, pro- rated awards will occur up to a stretch outcome of 7.5%. [1]	50%
		Return on contributed equity (RoE) measures the total return on equity employed and takes into account both capital appreciation of the assets of GPT and cash distributions of income.	If RoE is below 8.5% on average over the three year period, no part of the LTI available for this performance measure will be awarded. If RoE is above 8.5%, pro-rated awards will occur up to a stretch outcome of 12.5%.	30%
		Performance relative to Listed Property Trust Index (LPT Index). A LPT Index award may be granted if GPT outperforms against the S&P ASX 200 Listed Property Trust Index. Due to the size of GPT within this Index, GPT and its performance is excluded for the purpose of calculating the LPT Index and its performance.	Below Index performance, no part of the total LTI available for this performance measure will be awarded. Above Index performance, pro-rated awards will occur up to the stretch outcome of 2% outperformance. The Board may substitute another Index if there is a material change in the composition of the LPT Index during the measurement period.	20%

DIRECTORS' REPORT
For the year ended 31 December 2008

3.3. Remuneration – Senior Executives (continued)

Table B – LTI Performance Conditions (continued)

LTI Scheme	LTI Performance Measurement Period	Performance Condition	Performance Condition Hurdle	Weighting
2007	2007-2009	Growth in Earnings per GPT stapled security (EPS) measured as the percentage increase in the base earnings per GPT stapled security. EPS is the base earnings per security adjusted for significant items and other items determined by the Board and as disclosed in GPT's Income Statement for the financial years ended 31 December 2007, 2008 and 2009.	If EPS growth is below 4% on average over the three year period, no part of LTI available for this performance measure will be awarded. If EPS growth is above 4%, pro-rated awards will occur up to a stretch outcome of 6%.	50%
		Return on contributed equity measures the total return on equity employed and takes into account both capital appreciation of the assets of GPT and cash distributions of income.	If RoE is below 8.5% on average over the three year period, no part of the LTI available for this performance measure will be awarded. If RoE is above 8.5%, pro-rated awards will occur up to a stretch outcome of 12.5%.	30%
		Performance relative to Listed Property Trust Index (LPT Index). A LPT Index award may be granted if GPT outperforms against the S&P ASX 200 Listed Property Trust Index. Due to the size of GPT within this Index, GPT and its performance is excluded for the purpose of calculating the LPT Index and its performance.	Below Index performance, no part of the total LTI available for this performance measure will be awarded. Above Index performance, pro-rated awards will occur up to the stretch outcome of 2% out performance. The Board may substitute another Index if there is a material change in the composition of the LPT Index during the measurement period.	20%
2008	2008-2010	Growth in Earnings per GPT stapled security (EPS) measured as the percentage increase in the base earnings per GPT stapled security. EPS is the base earnings per security adjusted for significant items and other items determined by the Board and as disclosed in GPT's Income Statement for the financial years ended 31 December 2008, 2009 and 2010.	If EPS growth is below 4% on average over the three year period, no part of LTI available for this performance measure will be awarded. If EPS growth is above 4%, pro-rated awards will occur up to a stretch outcome of 6%.	50%
		Return on contributed equity measures the total return on equity employed and takes into account both capital appreciation of the assets of GPT and cash distributions of income.	If RoE is below 8.5% on average over the three year period, no part of the LTI available for this performance measure will be awarded. If RoE is above 8.5%, pro-rated awards will occur up to a stretch outcome of 12.5%.	30%
		Performance relative to Listed Property Trust Index (LPT Index). A LPT Index award may be granted if GPT outperforms against the S&P ASX 200 Listed Property Trust Index. Due to the size of GPT within this Index, GPT and its performance is excluded for the purpose of calculating the LPT Index and its performance.	Below Index performance, no part of the total LTI available for this performance measure will be awarded. Above Index performance, pro-rated awards will occur up to the stretch outcome of 2% out performance. The Board may substitute another Index if there is a material change in the composition of the LPT Index during the measurement period.	20%

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

DIRECTORS' REPORT
For the year ended 31 December 2008

3.3 Remuneration – Senior Executives (continued)

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

Table C - LTI Scheme Participant Positions

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

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

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

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

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

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

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

3.3 Remuneration – Senior Executives (continued)

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

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

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

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

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

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

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

(i) Convert the existing scheme loans from full recourse to the individual to limited recourse effective 31 December 2008 (the date of conversion), such that while the loan remains in place the participant is committed only to the value of the underlying securities;
(ii) Reduce the interest charge on the loans to participants to approximate the net distributions receivable; and
(iii) Retain the performance conditions associated with 2006, 2007 and 2008 LTIs.

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

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

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

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

The new plan would run for 3 years during 2009-2011. Awards under the plan to eligible participants will be in the form of Performance Rights which convert to GPT stapled securities for nil consideration if specified performance conditions for the applicable 3 year period are satisfied.

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

Other Equity Based Schemes
(1) The GPT Employee Incentive Scheme - Following approval at the Annual General Meeting on 18 April 2006, the Board implemented the GPT Employee Incentive Scheme, which operates at two levels:

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

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

DIRECTORS' REPORT
For the year ended 31 December 2008

3.3 Remuneration – Senior Executives (continued)

Other Equity Based Schemes (continued)

(1) The GPT Employee Incentive Scheme (continued)

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

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

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

(2) The GPT All Employee Stapled Security Plan (AESSP) – Implemented in March 2008, the AESSP allows eligible participants to salary sacrifice $1,000 to purchase GPT Group stapled securities on market. GPT stapled securities acquired under the AESSP must be held for a minimum of 3 years (or earlier if employment ceases) during which time they cannot be sold or otherwise dealt with.

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

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

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

DIRECTORS' REPORT

For the year ended 31 December 2008

3.3 Remuneration – Senior Executives (continued)

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

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

[1] The amount set out under 'Non-monetary' may include administration fees associated with membership of the GPT Superannuation Plan, Death & Total/Permanent Disability Insurance Premiums and/or the taxable value of the benefit of discounted staff rates at Voyages Hotels & Resorts.

[2] The LTI Award Accrual contains accruals for LTI awards under the 2006, 2007 and 2008 LTI plans based on GPT performance against the award conditions set out in Table B. The numbers noted in Table D above are substantially down on previous years representing a reversal of the accruals for the 2006 LTI, which at the end of the 3 year performance period 2006-2008 did not reach threshold performance levels. As a result, no LTI award was delivered to participants for the 2006-2008 performance measurement period.

[3] The amount set out in Retention relates to the final accrual for the Retention award that was paid on 30 June 2007. No retention award was paid or accrued in calendar year 2008.

[4] The Accounting (non-cash) Limited Recourse Amendment refers to the accounting implications of the change from full recourse to limited recourse loans as described in the section above – History of GPT's Loan Based LTI Scheme. As such, it should be noted that it does not represent a cash payment to participants.

[5] A cash payment on termination equivalent to 9 month's base salary was paid to N. Lyons.

[6] The waiver of full recourse loan on termination was as a result of exiting the GPT Employee Incentive Scheme – Long Term Incentive, and does not represent a cash payment to Mr Lyons. It comprises a waiver of the shortfall of the value of his equity against the outstanding loan ($3,867,043) plus accumulated interest ($568,211) and a charge for Fringe Benefits Tax on the combined waiver ($3,855,026).

[7] N. Lyons employment was discontinued effective 23 October 2008.

[8] The salary & fees amount for J. Johnstone in 2008 includes a significant component associated with his expatriate assignment to the United Kingdom, including rental accommodation, school fees, and cost of living adjustments.

[9] R. Croft was not part of the key management personnel in 2007.

DIRECTORS' REPORT
For the year ended 31 December 2008

3.3 Remuneration – Senior Executives (continued)

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

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

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

DIRECTORS' REPORT

For the year ended 31 December 2008

3.3 Remuneration – Senior Executives (continued)

Service Agreements

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

In 2008 notice periods of one month were in place in all service agreements unless otherwise noted, however, the Board has taken steps to increase the notice periods for all key management personnel in 2009 to a minimum of 3 months in conjunction with the amendments to the LTI scheme referred to above. No notice provisions apply where termination occurs as a result of misconduct or serious or persistent breach of the agreement.

Remuneration arrangements for early termination of a Senior Executive's contract for reasons outside the control of the individual or where the executive is made redundant may give rise to a severance payment at law. In the absence of any express entitlement, these payments would vary between individuals. The Board has approved a policy with respect to severance entitlements specifically capping the maximum severance payment that would be made to twelve months base salary. In addition the employee may be entitled to any short term and long term incentive at the end of the relevant period subject to the achievement of key performance indicators that had been set.

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

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

DIRECTORS' REPORT
For the year ended 31 December 2008

3.4 Remuneration – Non-Executive Directors

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

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

- Non-Executive Directors are paid one director fee for participation as a Director in all GPT related companies (principally GPT RE Limited, the Responsible Entity of General Property Trust and GPT Management Holdings Limited).
- Non-Executive Director remuneration is composed of three main elements:
  - Main Board fees
  - Committee fees
  - Superannuation contributions at the statutory Superannuation Guarantee Levy (SGL) rate
- Differences in workloads of Non-Executive Directors arise mainly because of differing involvement in Board committees, which is in addition to main Board work. This additional workload is rewarded via Committee fees in addition to main Board fees.
- Non-Executive Directors do not participate in any incentive or performance based arrangements.
- Non-Executive Directors are not entitled to any retirement benefits other than compulsory superannuation.
- Non-Executive Director remuneration is set by reference to comparable entities listed on the Australian Securities Exchange (based on GPT's industry sector and market capitalisation).
- External independent advice on reasonable remuneration for Non-Executive Directors is sought at least every 3 years. Between such reviews, remuneration is monitored against market movements as is the time being spent by Directors in performing their duties. Any increase resulting from this review is effective from the 1st of January 2009 and will be advised in the next Remuneration Report.

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

Fees (including superannuation) paid to Non-Executive Directors are drawn from a remuneration pool of $1,500,000 per annum which was approved by GPT stapled securityholders at the Annual General Meeting on 9 May 2007. As an executive director, Nic Lyons did not receive fees from this pool but was remunerated as one of GPT's Senior Executives. As noted above, there will be no increase in Non-Executive Director fees for 2009.

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

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

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

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

At the discretion of each Non-Executive Director, they may elect to participate in the GPT Non-Executive Director Stapled Security Plan (NEDSSP). Implemented in September 2008, the NEDSSP allows eligible non-executive directors to salary sacrifice amounts to purchase GPT Group stapled securities on market. GPT stapled securities acquired under the NEDSSP may be held for up to 10 years (or earlier if employment ceases) on an income tax deferred basis during which time they cannot be sold or otherwise dealt with.

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

DIRECTORS' REPORT
For the year ended 31 December 2008

3.4 Remuneration – Non-Executive Directors (continued)

Table F – Non-Executive Directors' Remuneration

	Fixed Pay			
	Salary & Fees	Superannuation [1]	Non-Monetary [2]	Total
Directors				
P. Joseph				
Chairman				
31 December 2008	**$346,500**	**$13,437**	**-**	**$359,937**
31 December 2007	$315,000	$12,911	-	$327,911
E. Goodwin				
31 December 2008	**$167,475**	**$13,437**	**-**	**$180,912**
31 December 2007	$149,625	$12,908	-	$162,533
M. Latham				
31 December 2008	**$173,250**	**$13,437**	**$1,192**	**$187,879**
31 December 2007	$152,250	$12,807	$2,222	$167,279
I. Martin				
31 December 2008	**$161,700**	**$13,437**	**-**	**$175,137**
31 December 2007	$147,000	$12,908	-	$159,908
A. McDonald				
31 December 2008	**$173,250**	**$13,437**	**$2,641**	**$189,328**
31 December 2007	$153,562	$12,908	$1,277	$167,747
K. Moss				
31 December 2008	**$155,925**	**$13,437**	**-**	**$169,362**
31 December 2007	$145,688	$12,899	-	$158,587
E. Nosworthy [3]				
31 December 2008	**$100,100**	**$8,817**	**$4,381**	**$113,298**
31 December 2007	$137,818	$12,545	$1,252	$151,615
Total				
31 December 2008	**$1,278,200**	**$89,439**	**$8,214**	**$1,375,853**
31 December 2007	$1,200,943	$89,886	$4,751	$1,295,580

No termination benefits were paid during the financial year.

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

DIRECTORS' REPORT
For the year ended 31 December 2008

4. OTHER DISCLOSURES

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

Subject to specified exclusions, the liabilities insured are for costs that may be incurred in defending civil or criminal proceedings that may be brought against directors and officers in their capacity as Directors and Officers of GPT, its subsidiary companies or such other entities, and other payments arising from liabilities incurred by the Directors and Officers in connection with such proceedings. The Auditors are in no way indemnified out of the assets of GPT.

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

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

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

4.3 Non-Audit Services
During the year PricewaterhouseCoopers, GPT's auditor, has performed other services in addition to their statutory duties. Details of the amount paid to the auditor, which includes amounts paid for non-audit services and other assurance services, are set out in note 29 to the financial statements.

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

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

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

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

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

Signed in accordance with a resolution of the Directors.

Peter Joseph
Chairman

Anne McDonald
Director

Sydney
26 February 2009

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

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

Auditor's Independence Declaration

As lead auditor for the audit of the GPT Group, for the year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of General Property Trust and the entities it controlled during the period.

DH Armstrong
Partner
PricewaterhouseCoopers

Sydney
26 February 2009

INCOME STATEMENTS
For the year ended 31 December 2008

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

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

BALANCE SHEETS
As at 31 December 2008

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

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

STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 December 2008

		Consolidated Entity													Parent Entity			
		Attributable to the Securityholders of the General Property Trust				Attributable to the Securityholders of other entities stapled to the General Property Trust				Attributable to the Securityholders of external minority interests								
		Contributed equity $M	Reserves $M	Retained earnings $M	Total $M	Contributed equity $M	Reserves $M	Retained earnings $M	Total $M	Contributed equity $M	Reserves $M	Retained earnings $M	Total $M	Total equity $M	Contributed equity $M	Reserves $M	Retained earnings $M	Total $M
Balance at 1 January 2007		4,391.5	21.1	2,724.1	7,136.7	307.0	(0.8)	(0.8)	305.4	-	-	-	-	7,442.1	4,391.5	-	2,684.3	7,075.8
Movement in asset revaluation reserve	19	-	15.0	-	15.0	-	-	-	-	-	-	-	-	15.0	-	-	-	-
Movement in foreign currency translation reserve	19	-	(38.5)	-	(38.5)	-	(2.6)	-	(2.6)	-	-	-	-	(41.1)	-	-	-	-
Movement in cash flow hedge reserve	19	-	-	-	-	-	11.5	-	11.5	-	-	-	-	11.5	-	-	-	-
Net income recognised directly in equity		4,391.5	(2.4)	2,724.1	7,113.2	307.0	8.1	(0.8)	314.3	-	-	-	-	7,427.5	4,391.5	-	2,684.3	7,075.8
Profit / (loss) for the year	20	-	-	1,203.7	1,203.7		-	(19.2)	(19.2)	-	-	(2.0)	(2.0)	1,182.5	-	-	1,051.9	1,051.9
Total recognised income and expenses for the year		4,391.5	(2.4)	3,927.8	8,316.9	307.0	8.1	(20.0)	295.1	-	-	(2.0)	(2.0)	8,610.0	4,391.5	-	3,736.2	8,127.7
Transactions with Securityholders in their capacity as Securityholders:																		
Issue of share capital	18	257.1	-	-	257.1	10.5	-	-	10.5	-	-	-	-	267.6	257.1	-	-	257.1
Minority interest in acquisition of subsidiary	20	-	-	-	-	-	-	-	-	-	-	4.2	4.2	4.2		-	-	-
Movement in treasury stock reserve	19	-	(1.5)	-	(1.5)	-	1.4	-	1.4	-	-	-	-	(0.1)	-	-	-	-
Movement in employee incentive security scheme reserve	19	-	0.3	-	0.3	-	-	-	-	-	-	-	-	0.3	-	-	-	-
Distribution paid or payable	3	-	-	(586.6)	(586.6)	-	-	-	-	-	-	-	-	(586.6)	-	-	(586.6)	(586.6)
Balance at 31 December 2007		4,648.6	(3.6)	3,341.2	7,986.2	317.5	9.5	(20.0)	307.0	-	-	2.2	2.2	8,295.4	4,648.6	-	3,149.6	7,798.2
Balance at 1 January 2008		**4,648.6**	**(3.6)**	**3,341.2**	**7,986.2**	**317.5**	**9.5**	**(20.0)**	**307.0**	**-**	**-**	**2.2**	**2.2**	**8,295.4**	**4,648.6**	**-**	**3,149.6**	**7,798.2**
Movement in asset revaluation reserve	19	**-**	**(15.0)**	**-**	**(15.0)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(15.0)**	**-**	**-**	**-**	**-**
Movement in foreign currency translation reserve	19	**-**	**421.5**	**-**	**421.5**	**-**	**(15.5)**	**-**	**(15.5)**	**-**	**-**	**-**	**-**	**406.0**	**-**	**-**	**-**	**-**
Movement in cash flow hedge reserve	19	**-**	**-**	**-**	**-**	**-**	**(11.5)**	**-**	**(11.5)**	**-**	**-**	**-**	**-**	**(11.5)**	**-**	**-**	**-**	**-**
Net income recognised directly in equity		**4,648.6**	**402.9**	**3,341.2**	**8,392.7**	**317.5**	**(17.5)**	**(20.0)**	**280.0**	**-**	**-**	**2.2**	**2.2**	**8,674.9**	**4,648.6**	**-**	**3,149.6**	**7,798.2**
Loss for the year	20	**-**	**-**	**(2,556.3)**	**(2,556.3)**	**-**	**-**	**(696.5)**	**(696.5)**			**(0.7)**	**(0.7)**	**(3,253.5)**			**(2,350.2)**	**(2,350.2)**
Total recognised income and expenses for the year		**4,648.6**	**402.9**	**784.9**	**5,836.4**	**317.5**	**(17.5)**	**(716.5)**	**(416.5)**	**-**	**-**	**1.5**	**1.5**	**5,421.4**	**4,648.6**	**-**	**799.4**	**5,448.0**
Transactions with Securityholders in their capacity as Securityholders:																		
Issue of share capital	18	**1,877.0**	**-**	**-**	**1,877.0**	**7.2**	**-**	**-**	**7.2**	**-**	**-**	**-**	**-**	**1,884.2**	**1,877.0**	**-**	**-**	**1,877.0**
Minority interest in acquisition of subsidiary	20	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Movement in treasury stock reserve	19	**-**	**1.3**	**-**	**1.3**	**-**	**0.2**	**-**	**0.2**	**-**	**-**	**-**	**-**	**1.5**	**-**	**-**	**-**	**-**
Movement in employee incentive security scheme reserve	19	**-**	**1.1**	**-**	**1.1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.1**	**-**	**-**	**-**	**-**
Distribution paid or payable	3	**-**	**-**	**(495.9)**	**(495.9)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(495.9)**	**-**	**-**	**(495.9)**	**(495.9)**
Balance at 31 December 2008		**6,525.6**	**405.3**	**289.0**	**7,219.9**	**324.7**	**(17.3)**	**(716.5)**	**(409.1)**	**-**	**-**	**1.5**	**1.5**	**6,812.3**	**6,525.6**	**-**	**303.5**	**6,829.1**

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

CASH FLOW STATEMENTS
For the year ended 31 December 2008

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for the parent entity, General Property Trust (Trust) as an individual entity and the GPT Group (GPT), consisting of the Trust and its controlled entities (Consolidated entity).

(a) Basis of preparation
This general purpose financial report has been prepared in accordance with the Trust's Constitution, Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

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

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

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

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

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

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

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

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

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

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

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

1. Summary of significant accounting policies (continued)

(c) Principles of consolidation

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

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

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

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

Minority interests not held by GPT are allocated their share of net profit after income tax expense in the income statement and are presented within equity in the balance sheet, separately from the Trust's equity.

(ii) Associates
Associates are entities over which GPT has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the Trust's balance sheet at cost and in the consolidated balance sheet using the equity method. Under this method, GPT's share of the associates' post acquisition net profits after income tax expense is recognised in the consolidated income statement and its share of post acquisition movements in reserves is recognised in reserves in the consolidated balance sheet. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions and dividends received from associates are recognised in the Trust's income statement while in the consolidated financial statements they reduce the carrying amount of the investment. GPT's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer note 11).

Where GPT's share of losses in associates equals or exceeds its interest in the associate, including any other unsecured receivables, GPT does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

(iii) Joint Ventures
Joint venture operations
GPT has significant co-ownership interests in a number of properties through unincorporated joint ventures. These interests are held directly and jointly as tenants in common. GPT's proportionate share of revenues, expenses, assets and liabilities in property interests held as tenants in common are included in their respective items of the consolidated balance sheet and income statement.

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

Investments in joint venture entities are accounted for in the consolidated balance sheet using the equity method. Under this method, GPT's share of the joint ventures' post acquisition net profits after income tax expense is recognised in the consolidated income statement and its share of post acquisition movements in reserves including cash flow hedge reserve, is recognised in reserves in the consolidated balance sheet. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions and dividends received from joint ventures are recognised in the Trust's income statement while in the consolidated financial statements they reduce the carrying amount of the investment.

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

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

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

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

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

1. Summary of significant accounting policies (continued)

(e) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Foreign operations

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

Exchange differences arising on monetary items that form part of the net investment in a foreign operation are taken to the profit and loss in the parent entity and against a foreign currency translation reserve on consolidation. Where forward foreign exchange contracts are entered into to cover any anticipated excesses of revenue less expenses within foreign joint venture entities, they are converted at the ruling rates of exchange at the reporting period. The resulting foreign exchange gains and losses are taken to the income statement.

(f) Income Tax

(i) Trusts

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

(ii) Company and other taxable entities

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

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

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

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

(iii) Tax consolidation – Australia

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

1. Summary of significant accounting policies (continued)

(g) Goods and Services Tax (GST)

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

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

(h) Segment reporting

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

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

(i) Revenue recognition

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

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

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

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

If not received at reporting date, revenue is included in the balance sheet as a receivable and carried at fair value.

(j) Finance costs

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

(k) Expenses

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

(l) Cash and cash equivalents

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

(m) Receivables

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

Other loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

1. Summary of significant accounting policies (continued)

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

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

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

(p) Investment property
(i) Investment properties
Property, including land and buildings, held for long-term rental yields which are not occupied by a GPT entity is classified as investment property. Land held under an operating lease is classified and accounted for as investment property when the definition of investment property is met.

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

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

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

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

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

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

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

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

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

1. Summary of significant accounting policies (continued)

(q) Property, plant and equipment

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

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

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

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

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

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

(r) Leases

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

(s) Lease incentives

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

(t) Intangible assets

(i) Goodwill

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

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

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

(ii) Other intangible assets

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

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

(u) Other investments

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

1. Summary of significant accounting policies (continued)

(v) Impairment

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

(w) Financial assets and liabilities

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

GPT's classification is set out below:

Financial asset/liability	Classification	Valuation basis	
Cash	Fair value through profit and loss	Fair value	Refer to note 1(l)
Receivables	Loans and receivables	Amortised cost	Refer to note 1(m)
Derivative assets	Fair value through profit and loss	Fair value	Refer to note 1(x)
Other assets Investment in unlisted entities	Available for sale financial assets	Fair value	Refer to note 1(u)
Payables	Financial liability at amortised cost	Amortised cost	Refer to note 1(y)
Borrowings	Financial liability at amortised cost	Amortised cost	Refer to note 1(aa)
Derivative liabilities	Fair value through profit and loss	Fair value	Refer to note 1(x)

Derecognition of financial instruments

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

(x) Derivatives

GPT uses derivative financial instruments to manage its exposure to fluctuations in interest rates, foreign currency rates and the volatility of financial outcomes that arise as part of normal business operations. GPT's treasury and risk management policy sets out the policies, limits, monitoring and reporting requirements on the use of financial instruments, including derivatives, to hedge the exposures and these are discussed in detail at note 28.

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

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

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

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

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

(y) Payables

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

Loans payable

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

1. Summary of significant accounting policies (continued)

(z) Provisions

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

(aa) Borrowings

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

(ab) Employee benefits

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

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

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

(ii) Retirement benefit obligations

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

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

(iii) Profit sharing and bonus plans

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

(iv) Share based payments

Information relating to the Employee Incentive Scheme (EIS) is set out in note 23.

Employee incentive scheme

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

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

(ac) Contributed equity

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

(ad) Distributions and dividends

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

(ae) Earnings per stapled security (EPS)

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

1. Summary of significant accounting policies (continued)

(af) Critical accounting estimates and judgements

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

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

(i) Current market condition

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

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

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

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

(ii) Valuation of property investments

Critical judgements are made by GPT in respect of the fair values of investments in associates and joint ventures (note 1(c)), investment properties (note 1(p)), warehoused investment properties (note 1(n)), owner occupied hotel properties (note 1(q)) and property under development (note 1(q)). The fair value of these investments are reviewed regularly by management with reference to external independent property valuations and market conditions existing at reporting date, using generally accepted market practices. The critical assumptions underlying management's estimates of fair values are those relating to the receipt of contractual rents, expected future market rentals, maintenance requirements, discount rates that reflect current market uncertainties and current and recent property investment prices. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of property investments may differ.

(iii) Valuation of assets acquired in business combinations

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

(iv) Valuation of financial instruments

Fair value of indemnities and guarantees provided by GPT are estimated based on future events which are reasonably likely, but which may not occur. The fair value of derivative assets and liabilities are based on assumptions of future events and involve significant estimates. The basis of valuation for GPT's derivatives are set out in note 1(x) however the fair values of derivatives reported at 31 December 2008 may differ if there is volatility in market rates, indexes, equity prices or foreign exchange rates in future periods.

(v) Warehoused investment property assets

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

(vi) Impairment of loans and receivables

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

(vii) Impairment of goodwill

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

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

(viii) Share based payment transactions

The Group measures the cost of equity settled securities allocated to employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Monte Carlo method, as discussed in note 23.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

1. Summary of significant accounting policies (continued)

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

2. Segment Reporting

Primary reporting format – business segments
GPT is organised on a global basis into activities by business segment as set out below:

(a) Income Statement

31 December 2008

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

2. Segment Reporting (continued)

Primary reporting format – business segments

(a) Income Statement (Continued)

31 December 2007

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

2. Segment Reporting (continued)

Primary reporting format – business segments

(b) Balance Sheet

As at 31 December 2008

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

As at 31 December 2007

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

2. Segment Reporting (continued)

Primary reporting format – business segments

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

As at 31 December 2008

	Retail $M	Office $M	Industrial $M	Hotels & Tourism $M	Seniors Housing $M	Funds Management Australia $M	Funds Management Europe $M	Joint Venture $M	Corporate $M	Total $M
Revenue and other income	**6.6**	**53.7**	**-**	**7.1**	**199.8**	**70.7**	**15.5**	**246.1**	**(2.2)**	**597.3**
Expenses	**2.8**	**92.0**	**-**	**7.1**	**351.5**	**165.8**	**42.7**	**1,027.9**	**-**	**1,689.8**
Profit/(loss) before income tax expense	**3.8**	**(38.3)**	**-**	**-**	**(151.7)**	**(95.1)**	**(27.2)**	**(781.8)**	**(2.2)**	**(1,092.5)**
Income tax credit	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3.8)**	**-**	**(3.8)**
	3.8	**(38.3)**	**-**	**-**	**(151.7)**	**(95.1)**	**(27.2)**	**(778.0)**	**(2.2)**	**(1,088.7)**
Negative net assets not recognised *	**-**	**-**	**-**	**-**	**-**	**-**		**420.3**	**-**	**420.3**
Share of net profits/(losses) of joint venture and associate interests	**3.8**	**(38.3)**	**-**	**-**	**(151.7)**	**(95.1)**	**(27.2)**	**(357.7)**	**(2.2)**	**(668.4)**

As at 31 December 2007

	Retail $M	Office $M	Industrial $M	Hotels & Tourism $M	Seniors Housing $M	Funds Management Australia $M	Funds Management Europe $M	Joint Venture $M	Corporate $M	Total $M
Revenue and other income	5.4	173.7	-	29.6	140.1	313.9	(1.7)	295.6	2.4	**959.0**
Expenses	2.9	6.9	-	28.0	130.6	43.8	-	269.3	2.6	**484.1**
Profit before income tax expense	2.5	166.8	-	1.6	9.5	270.1	(1.7)	26.3	(0.2)	**474.9**
Income tax expense	-	-	-	-	-	-	-	6.2	-	**6.2**
Share of net profits/(losses) of joint venture and associate interests	2.5	166.8	-	1.6	9.5	270.1	(1.7)	20.1	(0.2)	**468.7**

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

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

As at 31 December 2008

	Retail $M	Office $M	Industrial $M	Hotels & Tourism $M	Seniors Housing $M	Funds Management Australia $M	Funds Management Europe $M	Joint Venture $M	Corporate $M	Total $M
Cash and cash equivalents	**1.6**	**0.9**	**-**	**3.3**	**25.3**	**23.6**	**4.0**	**85.9**	**1.8**	**146.4**
Other assets	**0.2**	**3.7**	**-**	**2.3**	**20.4**	**3.1**	**3.4**	**179.5**	**33.0**	**245.6**
Property investments and loans	**163.6**	**718.2**	**-**	**10.0**	**825.4**	**2,024.6**	**185.5**	**2,863.4**	**53.6**	**6,844.3**
Total assets	**165.4**	**722.8**	**-**	**15.6**	**871.1**	**2,051.3**	**192.9**	**3,128.8**	**88.4**	**7,236.3**
Other liabilities	**2.1**	**10.4**	**-**	**3.8**	**55.9**	**76.9**	**15.6**	**278.8**	**32.8**	**476.3**
Borrowings										
- The GPT Group	**-**	**-**	**-**	**-**	**88.2**	**-**	**-**	**1,000.0**	**16.6**	**1,104.8**
- External - current	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**735.9**	**-**	**735.9**
- External - non-current	**-**	**-**	**-**	**2.6**	**617.7**	**286.3**	**118.4**	**1,534.4**	**17.3**	**2,576.7**
Total liabilities	**2.1**	**10.4**	**-**	**6.4**	**761.8**	**363.2**	**134.0**	**3,549.1**	**66.7**	**4,893.7**
Net assets	**163.3**	**712.4**	**-**	**9.2**	**109.3**	**1,688.1**	**58.9**	**(420.3)**	**21.7**	**2,342.6**
Negative net assets not recognised*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**420.3**	**-**	**420.3**
Net assets after write back	**163.3**	**712.4**	**-**	**9.2**	**109.3**	**1,688.1**	**58.9**	**-**	**21.7**	**2,762.9**

As at 31 December 2007

	Retail $M	Office $M	Industrial $M	Hotels & Tourism $M	Seniors Housing $M	Funds Management Australia $M	Funds Management Europe $M	Joint Venture $M	Corporate $M	Total $M
Cash and cash equivalents	1.9	3.4	-	3.0	21.4	8.5	4.1	101.9	3.8	**148.0**
Other assets	0.5	3.9	-	3.3	30.9	61.4	3.4	239.9	29.2	**372.5**
Property investments and loans	159.6	796.6	-	11.0	795.7	2,066.1	186.9	3,218.4	55.7	**7,290.0**
Total assets	162.0	803.9	-	17.3	848.0	2,136.0	194.4	3,560.2	88.7	**7,810.5**
Other liabilities	2.6	10.4	-	3.8	45.4	63.0	7.4	186.4	27.9	**346.9**
Borrowings										
- The GPT Group	-	-	-	-	70.7	-	-	818.3	18.2	**907.2**
- External - current	-	-	-	-	-	-	-	136.9	-	**136.9**
- External - non-current	-	-	-	2.6	499.5	195.5	138.0	2,046.4	18.9	**2,900.9**
Total liabilities	2.6	10.4	-	6.4	615.6	258.5	145.4	3,188.0	65.0	**4,291.9**
Net assets	159.4	793.5	-	10.9	232.4	1,877.5	49.0	372.2	23.7	**3,518.6**

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

2. Segment Reporting (continued)

Primary reporting format – business segments

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

Business Segments description

Retail segment includes regional, sub-regional and community shopping centres, Homemaker City (bulky goods) centres, retail re-developments and new retail developments as well as property management of retail assets.

Office segment includes office space with associated retail space and office developments.

Industrial segment includes quality traditional industrial and business park assets with capacity for organic growth through the expansion of vacant land as well as industrial re-developments.

Hotel & Tourism segment includes nature-based resorts and hotel assets.

Seniors Housing segment includes investments in a portfolio of established seniors housing assets in the United States of America as well as an interest in the manager of these assets.

Funds Management - Australia segment includes asset and funds management of Australia wholesale fund vehicles, GPT Wholesale Shopping Centre Fund and GPT Wholesale office Fund.

Funds Management - Europe segment includes asset and funds managed in Europe through GPT Halverton and Hamburg Trust. European operations commenced in the second half of 2007.

Joint Venture segment includes investments in the Babcock & Brown joint venture and has assets located in Europe, the United States of America, New Zealand and Australia. Investments include shopping centres and retail formats, light industrial assets, residential assets and office assets.

Corporate segment includes costs associated with the funds management of General Property Trust, foreign exchange gains and losses, finance costs, company operating costs and seniors housing.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

2. Segment Reporting (continued)

Secondary reporting format – geographical segments
GPT operates its activities in three main geographical locations as set out below:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

		Consolidated Entity		Parent Entity	
		31 Dec 2008	31 Dec 2007	**31 Dec 2008**	31 Dec 2007
		$M	$M	**$M**	$M

3. Distributions paid and payable

(a) Stapled Securityholders
(i) Distributions paid

		Consolidated 31 Dec 2008 $M	Consolidated 31 Dec 2007 $M	Parent 31 Dec 2008 $M	Parent 31 Dec 2007 $M
Quarter ended December 2007:	7.3 cents per stapled security paid 28 March 2008 (7.0 cents paid 28 March 2007)	**153.3**	142.9	**153.3**	142.9
Quarter ended March 2008:	7.2 cents per stapled security paid 27 May 2008 (7.0 cents per stapled security paid 25 May 2007)	**154.7**	142.9	**154.7**	142.9
Quarter ended June 2008:	4.2 cents per stapled security paid 26 September 2008 (7.3 cents per stapled security paid 21 September 2007)	**92.4**	149.9	**92.4**	149.9
Quarter ended September 2008:	4.2 cents per stapled security paid 27 November 2008 (7.3 cents per stapled security paid 23 November 2007)	**93.1**	150.9	**93.1**	150.9
Total distributions paid		**493.5**	586.6	**493.5**	586.6

(ii) Distributions proposed and not recognised as a liability*

		Consolidated 31 Dec 2008 $M	Consolidated 31 Dec 2007 $M	Parent 31 Dec 2008 $M	Parent 31 Dec 2007 $M
Quarter ended December 2008:	2.1 cents per stapled security (7.3 cents per stapled security paid 28 March 2008)	**93.8**	153.3	**93.8**	153.3

* The December quarter distribution is expected to be paid on 27 March 2009. No provision for this distribution has been recognised in the balance sheet at 31 December 2008 as the distribution was declared after the end of the financial year.

(iii) Distribution Reinvestment Plan

Refer to note 18 (a)(i) for information on the distribution reinvestment plan and note 25 (c) for distributions satisfied by way of the issue of GPT stapled securities under GPT's distribution reinvestment plan.

(b) Exchangeable Securityholders
(i) Distributions payable

		Consolidated 31 Dec 2008 $M	Consolidated 31 Dec 2007 $M	Parent 31 Dec 2008 $M	Parent 31 Dec 2007 $M
Period from 27 November (issue date) to 31 December 2008	10% per exchangeable security	**2.4**	-	**2.4**	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

4. Earnings per stapled security

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

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

Earnings reconciliation - basic and diluted	**31 Dec 08**	31 Dec 2007
	$M	$M
Earnings used in calculating:		
Net (Loss) / Profit attributable to the unitholders of the Trust	**(2,556.3)**	1,203.7
Less: distribution to the holders of Exchangeable Securities **	**(2.4)**	-
Basic and diluted earnings of the Trust	**(2,558.7)**	1,203.7
Add: net (loss) / profit attributable to the securityholders of other stapled entities (minority interest)	**(696.5)**	(19.2)
Basic and diluted earnings of the Trust and other entities stapled to the Trust (The GPT Group)	**(3,255.2)**	1,184.5
Add: net profit attributable to external minority interest	**(0.7)**	(2.0)
Basic and diluted earnings	**(3,255.9)**	1,182.5

	No. of securities millions	No. of securities millions
Weighted average number of units/stapled securities used as the denominator	**31 Dec 08**	31 Dec 2007*
Weighted average number of ordinary securities used in calculating:		
Basic and diluted earnings per unit - Trust	**2,883.6**	2,559.5
Basic and diluted earnings per stapled security - The GPT Group	**2,883.6**	2,559.5

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

**On 27 November 2008, 2,500 Exchangeable Securities were issued to an affiliate of GIC Real Estate Pty Limited (“GIC RE”) at $1,000 per exchangeable security. These securities are exchangeable into the stapled securities at GIC RE’s option subject to obtaining necessary approvals at an initial exchange price of $0.9628 per stapled security. They offer discretionary distributions of 10% per annum and carry voting rights in GPT.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

	Consolidated Entity		Parent Entity	
	31 Dec 2008	31 Dec 2007	**31 Dec 2008**	31 Dec 2007
	$M	$M	**$M**	$M
6. Tax				
(a) Income tax expense				
Current income tax expense	**17.3**	13.2	**-**	-
Deferred income tax expense / (credit)	**(5.2)**	(4.7)	**-**	-
Income tax expense in the income statement	**12.1**	8.5	**-**	**-**
Net profit before income tax expense	**(3,241.4)**	1,191.0	**(2,350.2)**	1,051.9
Less: profit attributed to entities not subject to tax	**2,553.6**	(1,205.1)	**2,350.2**	(1,051.9)
Net profit before income tax expense	**(687.8)**	(14.1)	**-**	-
Prima facie income tax expense at 30% tax rate (31 December 2007: 30%)	**(206.3)**	(4.2)	-	-
Tax effect of amounts not deductible (taxable) in calculating income tax expense:				
Overhead costs	**3.9**	2.8	**-**	-
Impairment of investment	**37.7**	0.4	**-**	-
Distribution income	**(1.4)**	-	**-**	-
Controlled foreign company attribution tax	**5.9**	10.7	**-**	-
Withholding tax	**2.7**	1.4	**-**	-
Share of after tax (profits)/losses of equity accounted investments	**104.3**	(4.3)	**-**	-
Tax losses not recognised	**11.1**	1.7		
Deferred tax asset not recognised	**54.2**			
Income tax expense/(benefit)	**12.1**	8.5	**-**	**-**

Deferred tax assets and liabilities are attributable to the following:

(b) Deferred tax assets				
Employee benefits	**12.2**	2.3	**-**	-
Overhead costs	**3.7**	3.5	**-**	-
Provisions and accruals	**1.3**	4.9	**-**	-
Income received in advance	**-**	1.8	**-**	-
Other	**1.3**	0.7	**-**	-
Net deferred tax asset	**18.5**	13.2	**-**	**-**
Movement in temporary differences during the financial year				
Opening balance at beginning of the financial year	**13.2**	9.3	**-**	-
Credited/(charged) to the income statement	**5.3**	3.9	**-**	-
Credited/(charged) to equity	**-**	-	**-**	-
Acquisition of subsidiary	**-**	-	**-**	-
Closing balance at end of the financial year	**18.5**	13.2	**-**	**-**
(c) Deferred Tax Liability				
Inventories	**-**	-	**-**	-
Depreciation and amortisation	**-**	-	**-**	-
Net deferred tax liability	-	-	**-**	**-**
Movement in temporary differences during the financial year				
Opening balance at beginning of the financial year	**-**	0.7	**-**	-
Credited/(charged) to the income statement	**-**	(0.7)	**-**	-
Acquisition of subsidiary	**-**	-	**-**	-
Closing balance at end of the financial year	**-**	-	**-**	**-**
(d) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	**45.2**	8.1	**-**	-
Potential tax benefit @ 30%	**13.6**	2.4	**-**	**-**

All unused tax losses were incurred by overseas entities.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

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

(b) **Non-Current assets**

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

	Note	Consolidated entity 31 Dec 08 $M	Consolidated entity 31 Dec 07 $M	Parent entity 31 Dec 08 $M	Parent entity 31 Dec 07 $M
Australian dollar denominated loans with associates and joint ventures					
BGA Real Estate Finance Trust	(i)	**23.8**	29.1	**-**	-
Lend Lease GPT (Rouse Hill) Pty Limited		**34.1**	37.1	**-**	-
		57.9	66.2	**-**	-
New Zealand dollar denominated loans with associates and joint ventures					
BGA Real Estate Finance Trust	(i)	**24.4**	43.7	**-**	-
Euro denominated loans with associates and joint ventures					
BGP Investment SARL	(i)	**912.5**	1,334.6	**912.5**	1,334.6
US dollar denominated loans with associates and joint ventures					
Babcock & Brown GPT REIT Inc	(i)	**169.0**	152.7	**-**	-
B&B GPT Alliance 1 LLC	(i)	**-**	16.6	**-**	-
B&B GPT Alliance 2 LLC	(i)	**-**	57.4	**-**	-
B&B GPT Holdings (No. 1) LLC	(i)	**29.6**	2.5	**-**	-
Benchmark GPT LLC	(ii)	**90.6**	72.7	**-**	-
B-VII Operations Holding Co LLC	(ii)	**2.0**	1.6	**-**	-
Benchmark Assisted Living LLC	(ii)	**0.9**	0.7	**-**	-
		292.1	304.2	**-**	-
Loans to employees	23, (v)	**6.7**	36.0	**-**	-
Scandinavian Active Fund Holdco AB		**-**	-	**-**	-
Loan to Babcock & Brown Residential Operating Partnership LP	(iii)	**-**	56.6	**-**	-
Loan to German Retail Fundco SARL		**14.9**	-	**14.9**	-
Loan to GPT Management Holdings Limited		**-**	-	**-**	56.3
Loan to Voyages Hotels & Resorts Pty Limited	(iv)	**-**	-	**20.1**	57.3
Total non-current loans and receivables		**1,308.5**	1,841.3	**947.5**	1,448.2

(i) This is the preferred capital provided to entities in the Babcock & Brown joint venture as part of the funding of the joint venture arrangement (refer to note 11(a)(i)). The interest rate comprises a margin of 280 basis points over the three year swap rate, determined at the time of capital contribution and re-set to market on each third year anniversary. Interest is quarterly in arrears in the loan's functional currency. The average interest rate on the euro loans is 7.08% (Dec 2007: 6.2%), USD loans are 6.55% (Dec 2007: 7.82%) and AUD loan is 10.10% (Dec 2007: 10.10%). These loans are net of an impairment of USD $172.9 million, Euro €288.0 million, NZ $20.2 million and AUD $5.3 million (AUD $ 840.7 million) as at 31 December 2008.

(ii) These are loans provided to the Benchmark entities as part of the funding of the Benchmark joint venture arrangement. The loans interest payable at 9% for Benchmark GPT LLC and B-VII Operations Holding Co LLC, 8% for Benchmark Assisted Living LLC compounded monthly.

(iii) This US dollar preferred capital of USD $50.0 million (AUD $68.1 million) has been provided for a portfolio of 22 residential properties and apartments. GPT is entitled to an 8% return with further upside to a higher internal rate of return should certain events occur. The loan has been impaired by USD $17.0 million (AUD $21.1 million) as at 31 December 2008. GPT has the right to put the loan back to Babcock & Brown Residential Operating Partnership LP on 30 June 2009 with payment due in December 2009 and accordingly this loan was reclassified to current receivables.

(iv) The loan, which was provided for working capital purposes, is interest bearing at 7.99% and repayable on 30 June 2011, with an option to extend for three years upon issuing notice to GPT.

(v) This loan is shown after an impairment of AUD $31.2m (Dec 2007: nil) as at 31 December 2008.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

8. Inventories

	Note	Consolidated entity 31 Dec 08 $M	Consolidated entity 31 Dec 07 $M	Parent entity 31 Dec 08 $M	Parent entity 31 Dec 07 $M
Hotel merchandise:					
General supplies - at cost		**1.1**	1.0	-	-
Food and beverage - at cost		**2.3**	2.5	-	-
Retail - at cost		**3.8**	3.3	-	-
Other - at cost		**0.3**	0.3	-	-
Development inventory:					
workplace6, Darling Island, NSW	(a)	**-**	58.2	-	-
Warehoused property investments:	(b), 1(n)				
Scandinavian Active Fund		**64.3**	8.5	-	-
H20 Fund		**259.9**	280.6	-	-
Hamburg Trust Alliance Fund		**116.0**	108.2	-	-
Hamburg Trust Bergedorf Objekt KG Fund		**6.5**	-	-	-
Total inventories		**454.2**	462.6	**-**	**-**

(a) workplace[6]

The building was completed and sold to a related party on 12 November 2008 (refer to note 13(a)).

(b) Warehoused property investments

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

9. Derivative financial instruments

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

GPT does not speculatively trade in derivative financial instruments and the terms and conditions of the derivative financial instruments are similar to the terms and conditions of the underlying items being economically hedged. Refer to note 28 for further details.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

10. Investment properties

		Consolidated entity		Parent entity	
		31 Dec 08	31 Dec 07	**31 Dec 08**	31 Dec 07
	Note	**$M**	$M	**$M**	$M
Retail*	10(b)	**4,396.6**	3,828.6	**2,771.9**	2,637.4
Office*	10(c)	**1,256.2**	1,235.1	**748.7**	733.9
Industrial	10(d)	**671.2**	702.2	**392.0**	408.0
Hotel & Tourism	10(e)	**224.4**	221.3	**-**	-
Total investment properties		**6,548.4**	5,987.2	**3,912.6**	3,779.3

* Melbourne Central has been allocated 65.6% Retail ($726.1 million) and 34.4% Office ($380.0 million) (Dec 2007: 64.4% Retail ($720.2 million) and 35.4% Office ($394.4 million)).

(a) Reconciliation

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

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

Details of GPT's Investment Properties

(b) Retail

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

10. Investment properties (continued)

	Ownership Interest [1] %	Acquisition Date	Fair Value 31 Dec 2008 $M	Fair Value 31 Dec 2007 $M	Latest Independent Valuation Date	Valuer
(c) Office						
Australia Square, Sydney, NSW	50.0	Sep 1981	290.1	300.0	Mar 2008	Colliers Pty Limited
MLC Centre, Sydney, NSW	50.0	Apr 1987	410.1	397.5	Mar 2008	Knight Frank Valuations
One One One Eagle Street, Brisbane [5] [6]	33.3	Apr 1984	48.5	36.4	Feb 2008	Knight Frank Valuations
Total Parent Entity			**748.7**	**733.9**		
Melbourne Central, VIC - office portion [2]	100.0	May 1999 / May 2001	380.0	394.4	Sep 2007	CB Richard Ellis Pty Limited
818 Bourke St, Victoria Harbour, VIC	100.0	Jun 2006	127.5	106.8	Mar 2008	CB Richard Ellis Pty Limited
Total Consolidated Entity			**1,256.2**	**1,235.1**		
(d) Industrial						
2-4 Harvey Road, Kings Park, NSW	100.0	May 1999	46.0	47.0	Jun 2008	Colliers Pty Limited
Citi-West Industrial Estate, Altona North, VIC	100.0	Aug 1994	68.9	76.3	Mar 2006	Savills (VIC) Pty Limited
Quad 1, Sydney Olympic Park, NSW	* 100.0	Jun 2001	20.5	19.3	Jun 2007	CB Richard Ellis Pty Limited
Quad 2, Sydney Olympic Park, NSW	* 100.0	Dec 2001	21.7	21.7	Jun 2007	CB Richard Ellis Pty Limited
Quad 3, Sydney Olympic Park, NSW	* 100.0	Mar 2003	21.9	22.7	Sep 2008	Colliers Pty Limited
Quad 4, Sydney Olympic Park, NSW	* 100.0	June 2004	32.7	34.1	Sep 2008	Colliers Pty Limited
8 Herb Elliott, Sydney Olympic Park, NSW	* 100.0	Aug 2004	8.6	9.0	Jun 2007	CB Richard Ellis Pty Limited
5 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2005	19.2	20.4	Jun 2008	Colliers Pty Limited
7 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2004	10.5	10.8	Jun 2007	CB Richard Ellis Pty Limited
7 Parkview Drive, Sydney Olympic Park, NSW	* 100.0	May 2002	20.5	19.1	Jun 2007	CB Richard Ellis Pty Limited
Rosehill Business Park, Camellia, NSW	100.0	May 1998	71.4	73.0	Sep 2006	CB Richard Ellis Pty Limited
15 Berry Street, Granville, NSW	100.0	Nov 2000	14.0	14.6	Sep 2006	CB Richard Ellis Pty Limited
19 Berry Street, Granville, NSW	100.0	Dec 2000	26.6	26.7	Sep 2006	CB Richard Ellis Pty Limited
973 Fairfield Road, Yeerongpilly, QLD	100.0	Dec 2005	9.5	13.3	Dec 2008	Jones Lang LaSalle
Total Parent Entity			**392.0**	**408.0**		
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	141.4	144.7	Oct 2008	Jones Lang LaSalle
134-140 Fairbairn Road, Sunshine West, VIC	100.0	Mar 2006	13.6	14.0	Dec 2008	Jones Lang LaSalle
116 Holt Street, Pinkenba, QLD	100.0	Mar 2006	15.2	15.0	Dec 2008	Jones Lang LaSalle
Block 1 & 4 Section 15, Sandford St, Mitchell, ACT [7]	100.0	Mar 2006	-	9.9	-	-
31 Vision Drive, Burwood East, VIC [7]	100.0	Mar 2006	-	10.5	-	-
4 Holker Street, Silverwater, NSW	100.0	Mar 2006	32.6	34.3	Dec 2008	Jones Lang LaSalle
120 Miller Road, Villawood, NSW	100.0	Apr 2006	17.7	20.0	Dec 2008	Jones Lang LaSalle
372-374 Victoria Street, Wetherill Park, NSW	100.0	Jul 2006	21.5	22.1	-	-
18 - 24 Abbott Road, Seven Hills, NSW	100.0	Oct 2006	13.5	15.5	Dec 2008	Jones Lang LaSalle
Lots 42 & 44 Ocean Steamers Drive, Port Adelaide, SA	50.0	Jul 2006	7.9	8.2	-	-
407 Pembroke Rd, Minto NSW	50.0	Oct 2008	15.8	-	-	-
Total Consolidated Entity			**671.2**	**702.2**		
(e) Hotel & Tourism						
Four Points by Sheraton Hotel, Sydney, NSW [3]	* 100.0	May 2000	232.8	228.3	Mar 2008	CB Richard Ellis Pty Limited
			(8.4)	(7.0)		
Total Consolidated Entity			**224.4**	**221.3**		

(1) Freehold, unless otherwise marked with a * which denoted leasehold.
(2) Melbourne Central: 65.6% Retail and 34.4% Office (December 2007: 64.6% Retail and 35.4% Office).
(3) Security deposit held by GPT.
(4) Erina Fair is 33.3% directly owned by the Trust. A further 16.7% is owned through a 50% share of Erina Property Trust, a joint venture with APPF (refer note 11(a)(i)).
(5) Currently under going redevelopment.
(6) GPT retains a 33.3% interest in One One One Eagle Street at 31 December 2008 and the 66.7% interest has been sold to existing capital partners on 21 October 2008.
(7) SandFord Street, Mitchell and 31 Vision Drive, Burwood East have been sold on 22 December 2008 for a consideration of $10.75 and $10.5m respectively.

Investment properties held in equity accounted investments are set out in note 11.
Properties under development are classified as property, plant and equipment – refer note 13.
Hotel investments which are owned and operated by GPT are classified as property, plant and equipment – refer note 13.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

10. Investment properties (continued)

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

(f) Operating lease receivables

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

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

11. Equity accounted investments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

11. Equity accounted investments (continued)

1. The entity has a 30 June balance date.
2. GPT has a 95% economic interest in Benchmark GPT LLC and B-VII Operations Holding Co LLC, entities which both own seniors housing assets and a 20% interest in the manager of the portfolio, Benchmark Assisted Living LLC. GPT has equal representation and voting rights on the Board of Benchmark GPT LLC and B-VII Operations Holding Co LLC with all major decisions regarding the joint venture requiring unanimous approval from both parties, resulting in joint control with BE Capital LLC. Accordingly, Benchmark GPT LLC and B-VII Operations Holding Co LLC has been accounted for as a joint venture. Funding of the joint venture is by way of both ordinary equity and loans (refer to note 7(b)).
3. The entities are within the joint venture arrangement with Babcock & Brown Limited. Funding of the joint venture is by way of both ordinary equity and preferred loans (refer to note 7(b)) to each of the joint venture entities within the joint venture arrangement.
4. The Dutch Active Fund Propco BV (DAF) is a closed end unlisted fund with an expected life of seven years. GPT has a residual interest of 38% in DAF after its first equity raising closed.
5. GPT acquired an additional 1% interest in this entity and accordingly reclassified the equity accounted investment from an investment in an associate to an investment in a joint venture.

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

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

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

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

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

GPT's share of its equity accounted investments balance sheet by the geographic location they operate in are set out below.
Key asset and liability categories have been individually presented for further detail.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

11. Equity accounted investments (continued)

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

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

Equity accounted investment	Investment property/ portfolio, loans and other assets	31 Dec 08 $M	31 Dec 07 $M
Australia			
Erina Property Trust	Erina Fair, NSW	**140.8**	136.8
Horton Trust	Horton Parade and Maroochydore Superstore Plaza, QLD	**22.8**	11.5
DPT Operator Pty Limited	Property Management	**-**	-
GPT Wholesale Shopping Centre Fund	Various retail assets (9)	**820.6**	885.8
Total Retail		**984.2**	1,045.3
2 Park Street Trust	Citigroup Centre, NSW	**377.5**	425.0
1 Farrer Place Trust	1 Farrer Place, NSW	**340.7**	371.6
GPT Wholesale Office Fund	Various office buildings (14)	**1,204.0**	1,180.4
Total Office		**1,922.2**	1,977.0
Kings Canyon (Watarrka) Resort Trust	Kings Canyon (Watarrka) Resort, NT	**5.8**	7.3
161 Sussex Street Pty Limited	Four Points by Sheraton Hotel	**4.1**	3.6
Total Hotel & Tourism		**9.9**	10.9
Lend Lease GPT (Rouse Hill) Pty Ltd	Residental land - Rouse Hill, NSW	**41.4**	42.5
Lend Lease GPT (Twin Waters) Pty Ltd)	Land, Twin Waters, QLD	**12.3**	13.2
BGA Real Estate Finance Trust	Mezzanine loan (international)*	**28.5**	47.1
Total Corporate & Joint Venture		**82.2**	102.8
Total Australia		**2,998.5**	3,136.0
Europe			
BGP Investment SARL	German Residential	**1,086.6**	1,122.3
	European Office	**28.5**	114.6
	European Light Industrial	**791.2**	755.4
	European Retail	**550.7**	608.7
	UK Mezzanine Loan*	**-**	25.4
Dutch Active Fund Propco BV	Dutch office, light industrial & logistics buildings (40)	**185.6**	186.9
Total Europe		**2,642.6**	2,813.3
United States			
Babcock & Brown GPT REIT Inc	Shopping Centre	**361.6**	343.6
B&B GPT Alliance I LLC	Multifamily	**-**	9.3
B&B GPT Alliance II LLC	Multifamily mezzanine loan*	**-**	36.5
B&B GPT Holdings (No. 1) LLC	Commercial real estate loan portfolio*	**16.3**	155.4
Benchmark GPT LLC and B-VII Operations Holding Co LLC	Seniors Housing	**825.3**	795.7
Total United States		**1,203.2**	1,340.5
Total property investments, investment properties and mezzanine loans		**6,844.3**	7,289.8

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

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

(e) Share of joint ventures and associates' commitments

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

11. Equity accounted investments (continued)

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

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

	Australia		Europe		United States		Total	
	31 Dec 08	31 Dec 07	**31 Dec 08**	31 Dec 07	**31 Dec 08**	31 Dec 07	**31 Dec 08**	31 Dec 07
	$M	$M	**$M**	$M	**$M**	$M	**$M**	$M
(i) Joint ventures								
Carrying amount at beginning of the financial year	**964.7**	830.8	**317.5**	268.7	**271.8**	166.5	**1,554.0**	1,266.0
Additions	**10.7**	18.4	**-**	-	**26.6**	-	**37.3**	18.4
Transfers in from investments in associates	**11.9**	-	**-**	-	**-**	-	**11.9**	-
Acquisitions	**-**	-	**-**	57.4	**-**	116.1	**-**	173.5
Transfer out to controlled entities	**-**	-	**-**	(1.5)	**-**	-	**-**	(1.5)
Disposals	**-**	(2.3)	**-**	(10.1)	**-**	-	**-**	(12.4)
Share of joint ventures' net operating profit	**(48.4)**	168.9	**(279.1)**	16.1	**(218.0)**	11.5	**(545.5)**	196.5
Share of increment in joint ventures' reserves	**-**	-	**(11.5)**	11.5	**-**	-	**(11.5)**	11.5
Distributions received/receivable from joint ventures	**(52.8)**	(51.1)	**-**	(24.7)	**(8.6)**	(9.9)	**(61.4)**	(85.7)
Repayment of capital	**-**	-	**(43.5)**	-	**-**	-	**(43.5)**	-
Foreign exchange rate differences on translation	**(0.1)**	-	**16.6**	0.1	**37.1**	(12.4)	**53.6**	(12.3)
Carrying amount at end of the financial year	**886.0**	964.7	**-**	317.5	**108.9**	271.8	**994.9**	1,554.0
(ii) Associates								
Carrying amount at beginning of the financial year	**1,912.1**	928.7	**49.0**	-	**4.4**	4.5	**1,965.5**	933.2
Additions	**0.1**	8.3	**33.2**	-	**-**	-	**33.3**	8.3
Acquisitions	**-**	-	**-**	-	**-**	-	**-**	-
Transfers in from investment properties	**-**	795.5	**-**	-	**-**	-	**-**	795.5
Transfers in from controlled entities	**-**	-	**-**	49.0	**-**	-	**-**	49.0
Transfers out to investments in joint ventures	**(11.9)**	-	**-**		**-**		**(11.9)**	-
Disposals	**-**	-	**-**	-	**-**	-	**-**	-
Share of associates' net operating profit	**(95.4)**	271.8	**(27.3)**	-	**(0.2)**	0.4	**(122.9)**	272.2
Share of increment in associates' reserves	**-**	-	**-**	-	**-**	-	**-**	-
Impairment expenses	**-**	-	**-**	-	**(3.7)**	-	**(3.7)**	-
Distributions received/receivable from associates	**(96.2)**	(92.2)	**(7.9)**	-	**(0.3)**	(0.4)	**(104.4)**	(92.6)
Foreign exchange rate differences on translation	**-**	-	**11.9**	-	**0.2**	(0.1)	**12.1**	(0.1)
Carrying amount at end of the financial year	**1,708.7**	1,912.1	**58.9**	49.0	**0.4**	4.4	**1,768.0**	1,965.5

12. Other assets

Available for sale investments					
Investments in unlisted entities - at cost*		**2.7**	3.6	**-**	0.1
Total available for sale financial assets		**2.7**	3.6	**-**	0.1
Other assets					
Investments in controlled entities - at cost	21	**-**	**-**	**3,721.5**	4,248.6
Total non-current other assets		**2.7**	3.6	**3,721.5**	4,248.7

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

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

13. Property, Plant and Equipment

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

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

	Ownership Interest (1) %	Acquisition Date	Cost 31 Dec 2008 $M	Cost 31 Dec 2007 $M
21 Talavera Rd, Macquarie Park, NSW	100.0	Jun 2006	16.0	19.2
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	15.6	16.4
Rouse Hill Town Centre, NSW (2)	100.0	Dec 2005	-	477.3
workplace6, Darling Island, NSW (3)	* 100.0	Dec 2006	-	-
connect@erskinepark, Erskine Park, NSW	100.0	Jun 2006	116.1	-
Total Consolidated Entity			**147.7**	**512.9**

(1) Freehold unless otherwise marked with a '*' which denotes leasehold.
(2) Practical completion on the Rouse Hill Town Centre was achieved in March 2008 and the property was reclassified to investment property (refer note 10(a)).
(3) This property has been sold to the GPT Wholesale Office Fund on 12 November 2008 with a consideration of $190.1 million.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

13. Property, Plant and Equipment (continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

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

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

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

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

As a result of current market conditions, this CGU has been unable to achieve the growth in funds under management envisaged and has incurred losses since acquisition, accordingly an impairment review has been undertaken. The recoverable amount of the goodwill has been determined based on value in use.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

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

(i) workplace[6] was completed and sold to the related party on 12 November 2008 (refer to note 13(a)).

16. Borrowings

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

16. Borrowings (continued)

(a) Bank facilities

Unsecured

(i) Multi option syndicated facility

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

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

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

(ii) Overdraft facility

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

(iii) Bridge facility

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

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

Secured

(iv) Bank loan

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

(v) Multi option facility

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

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

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

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

(vi) Bank facilities

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

16. Borrowings (continued)

(a) Bank facilities (continued)

(vi) Bank facilities (continued)

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

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

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

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

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

(vii) Eagle Street

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

(viii) Underwriting facilities

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

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

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

(i) Short Term Notes (STNs

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

(ii) Medium Term Notes (MTNs)

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

(c) CPI coupon indexed bonds

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

16. Borrowings (continued)

(d) Financing Facilities

A summary of GPT's finance facilities is below:

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

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

(e) Maturity profile of financing facilities

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

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

(f) Gearing Ratios

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

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

(g) Debt Covenants

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

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

17. Provisions

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

18. Contributed Equity

Ordinary stapled securities

		Note	GPT Stapled Securities Number	GPT $M	Other entities stapled to GPT $M	External minority interest $M	Total $M
1 Jan 2007	Opening securities on issue		2,041,530,506	4,391.5	307.0	-	4,698.5
25 May 2007	Distribution reinvestment plan issue		12,105,370	56.0	2.4	-	58.4
21 Sep 2007	Distribution reinvestment plan issue		13,169,408	56.2	2.2	-	58.4
23 Nov 2007	Distribution reinvestment plan issue		10,589,549	46.8	1.9	-	48.7
23 Nov 2007	Issue of stapled securities		22,219,109	98.1	4.0	-	102.1
31 Dec 2007	Closing securities on issue		2,099,613,942	4,648.6	317.5	-	4,966.1
1 Jan 2008	Opening securities on issue		**2,099,613,942**	**4,648.6**	**317.5**	**-**	**4,966.1**
28 Mar 2008	Distribution reinvestment plan issue	(a)(i)	**9,059,869**	**27.3**	**0.7**	**-**	**27.9**
28 Mar 2008	Issue of stapled securities	(a)(ii)	**40,613,601**	**122.4**	**2.9**	**-**	**125.3**
27 May 2008	Distribution reinvestment plan issue	(a)(i)	**13,353,787**	**40.5**	**1.0**	**-**	**41.5**
27 May 2008	Issue of stapled securities	(a)(ii)	**36,492,741**	**110.6**	**2.6**	**-**	**113.3**
26 Sep 2008	Distribution reinvestment plan issue	(a)(i)	**18,599,258**	**32.5**	**-**	**-**	**32.5**
11 Nov 2008	Issue of stapled securities	(b)(i)	**1,697,973,421**	**1,018.8**	**-**	**-**	**1,018.8**
28 Nov 2008	Issue of stapled securities	(b)(i)	**551,657,181**	**331.0**	**-**	**-**	**331.0**
	Less: Transaction costs			**(46.7)**	**-**	**-**	**(46.7)**
			4,467,363,800	**6,285.0**	**324.7**	**-**	**6,609.7**
			-	(0.0)			
				check			

Exchangeable securities

		Note	Number	GPT $M	Other entities stapled to GPT $M	External minority interest $M	Total $M
1 Jan 2008	Opening securities on issue		**-**	**-**	**-**	**-**	**-**
27 Nov 2008	Issue of exchangeable securities	(b)(ii)	**2,500**	**250.0**	**-**	**-**	**250.0**
	Less: Transaction costs		**-**	**(9.4)**	**-**	**-**	**(9.4)**
			2,500	**240.6**	**-**	**-**	**240.6**
Total Contributed Equity				**6,525.6**	**324.7**	**-**	**6,850.3**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

18. Contributed Equity (Continued)

Terms and conditions of contributed equity

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

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

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

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

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

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

(b) Equity raising

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

19. Reserves

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

19. Reserves (continued)

Nature and purpose of reserves

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

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

Treasury stock reserve
The treasury stock reserve is used to record the issue and repayment of securities under the non-recourse scheme of the Employee Incentive Scheme – General. Refer to note 23 (i) for further details.

Employee incentive scheme reserve
The employee incentive scheme reserve is used to recognise the notional fair value of the implied option in respect of the securities issued under the Employee Incentive Scheme – General Scheme, as described in note 23(i).

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

20. Retained Profits

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

21. Controlled entities

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

Name of entity	Country of	Consolidated Entity		Parent Entity	
	of incorporation	**2008**	2007	**2008**	2007
		%	%	**%**	%
Australian Resorts Pty Limited	Australia	**100.0**	100.0	**-**	-
Ayers Rock Resort Trust	Australia	**100.0**	100.0	**-**	-
Bedarra Hideaway Pty Limited	Australia	**100.0**	100.0	**-**	-
Bedarra Island Pty Limited	Australia	**100.0**	100.0	**-**	-
Brampton Island Pty Limited	Australia	**100.0**	100.0	**-**	-
Dunk Island Pty Limited	Australia	**100.0**	100.0	**-**	-
Destinations & Voyages Travel Pty Limited	Australia	**100.0**	100.0	**-**	-
GPT BM Loan Trust	Australia	**100.0**	100.0	**100.0**	100.0
GPT BM Investment Trust	Australia	**100.0**	100.0	**100.0**	100.0
GPT Commercial Subsidiary Trust	Australia	**100.0**	100.0	**100.0**	100.0
GPT Development Pty Limited	Australia	**100.0**	100.0	**-**	-
GPT Development Custodian Pty Limited (Formerly GPT Hotels Pty Limited)	Australia	**100.0**	100.0	**-**	-
GPT Finance Pty Limited	Australia	**100.0**	100.0	**100.0**	100.0
GPT Funds Management Limited	Australia	**100.0**	100.0	**-**	-
GPT Funds Management 2 Pty Limited	Australia	**100.0**	100.0	**100.0**	100.0
GPT Hamilton Island Trust	Australia	**100.0**	100.0	**-**	-
GPT Hotel Trust	Australia	**100.0**	100.0	**99.9**	99.9
GPT Hotel (Darling Harbour) Trust	Australia	**100.0**	100.0	**-**	-
GPT Industrial Trust	Australia	**100.0**	100.0	**99.9**	99.9
GPT Industrial (Somerton) Trust	Australia	**100.0**	100.0	**-**	-
GPT Industrial Subsidiary Trust	Australia	**100.0**	100.0	**-**	-
GPT Industrial Subsidiary Trust No.2	Australia	**100.0**	100.0	**-**	-
GPT International Pty Limited	Australia	**100.0**	100.0	**-**	-
GPT Investment Trust No 1	Australia	**100.0**	100.0	**100.0**	100.0
GPT Management (Custodian) Pty Limited	Australia	**100.0**	100.0	**100.0**	100.0
GPT Management Holdings Limited	Australia	**100.0**	100.0	**-**	-
GPT Nominees Pty Limited	Australia	**100.0**	100.0	**100.0**	100.0
GPT Property Management Pty Limited	Australia	**100.0**	100.0	**-**	-
GPT Pty Limited	Australia	**100.0**	100.0	**100.0**	100.0
GPT RE Limited	Australia	**100.0**	100.0	**-**	-
GPT Residential Trust (formerly GPT Office Trust)	Australia	**100.0**	100.0	**99.9**	99.9
GPT Residential Pty Limited	Australia	**100.0**	100.0	**-**	-
GPT Residential (Hunter) Pty Limited (formely GPT Energy Pty Limited) [1]	Australia	**100.0**	-	**-**	-
GPT Residential (Rouse Hill) Trust	Australia	**100.0**	100.0	**-**	-
GPT Residential (Twin Waters) Trust	Australia	**100.0**	100.0	**-**	-
GPT Retail (Rouse Hill) Trust	Australia	**100.0**	100.0	**100.0**	100.0
GPT Subsidiary Holding Trust	Australia	**100.0**	100.0	**100.0**	100.0
Hamburg Trust Australia 1	Australia	**80.0**	80.0	**-**	-
Heron Island Pty Limited	Australia	**100.0**	100.0	**-**	-
Homemaker Retail Property Trust No 2	Australia	**100.0**	100.0	**100.0**	100.0
Homemaker Retail Property Trust	Australia	**100.0**	100.0	**-**	-
Homemaker Retail Management Pty Limited	Australia	**100.0**	100.0	**99.9**	99.9
Homemaker Property Management Pty Limited	Australia	**100.0**	100.0	**-**	-
Hunter Trust	Australia	**100.0**	100.0	**-**	-
Lizard Island Pty Limited	Australia	**100.0**	100.0	**-**	-
Melbourne Central Unit Trust	Australia	**100.0**	100.0	**50.0**	50.0
Melbourne Central Custodian Pty Ltd	Australia	**100.0**	100.0	**100.0**	100.0
Melbourne Central Holdings Pty Ltd	Australia	**100.0**	100.0	**100.0**	100.0
Oyl Pty Limited	Australia	**100.0**	100.0	**100.0**	100.0
Silky Oaks Pty Limited	Australia	**100.0**	100.0	**-**	-
Subsidiary Trust	Australia	**100.0**	100.0	**100.0**	100.0
The Mutitjulu Foundation Limited	Australia	**100.0**	100.0	**-**	-
The Mutitjulu Foundation Trust	Australia	**100.0**	100.0		
Voyages Pty Limited	Australia	**100.0**	100.0	**-**	-
Voyages Hotels & Resorts Pty Limited	Australia	**100.0**	100.0	**-**	-
Voyages Lodges Pty Limited	Australia	**100.0**	100.0	**-**	-
Voyages Mountain & Marine Pty Limited	Australia	**100.0**	100.0	**-**	-
Wrotham Park Lodge Pty Limited	Australia	**100.0**	100.0	**-**	-
818 Bourke Street Trust	Australia	**100.0**	100.0	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

21. Controlled entities (continued)

Name of entity	Country of of incorporation	Consolidated Entity 2008 %	Consolidated Entity 2007 %	Parent Entity 2008 %	Parent Entity 2007 %
Alliance HT Limited Partnership	United States	**74.4**	74.4	**-**	-
Alliance HT Mezz, LLC	United States	**74.4**	74.4	**-**	-
Alliance HT Mezz Limited Partnership	United States	**74.4**	74.4	**-**	-
Alliance HTTX Limited Partnership	United States	**74.4**	74.4	**-**	-
Alliance HTFL Limited Partnership	United States	**74.4**	74.4	**-**	-
Alliance HTTX GP, LLC	United States	**74.4**	74.4	**-**	-
Alliance HTFL GP, LLC	United States	**74.4**	74.4	**-**	-
GPT BM Investment LLC	United States	**100.0**	100.0	**-**	-
GPTMH BM Investment LLC	United States	**100.0**	100.0	**-**	-
GPT US Inc	United States	**100.0**	100.0	**-**	-
BGP (UK) Investments Limited	United Kingdom	**100.0**	100.0	**-**	-
EB8 Investments 1 Limited	United Kingdom	**100.0**	100.0	**-**	-
GPT Halverton Limited	United Kingdom	**100.0**	100.0	**-**	-
GPT Halverton Financial Services Limited	United Kingdom	**100.0**	100.0	**-**	-
GPT UK Limited	United Kingdom	**100.0**	100.0	**-**	-
Halverton Co-investment Limited	United Kingdom	**100.0**	100.0	**-**	-
Halverton EB8 Limited	United Kingdom	**100.0**	100.0	**-**	-
Halverton Investments Limited	United Kingdom	**100.0**	100.0	**-**	-
Halverton Investments (GO) Limited	United Kingdom	**100.0**	100.0	**-**	-
Halverton Investment (GRP) Limited	United Kingdom	**100.0**	100.0	**-**	-
Halverton Management Limited	United Kingdom	**100.0**	100.0	**-**	-
Halverton Secretaries Limited	United Kingdom	**100.0**	100.0	**-**	-
Roofgold Limited	United Kingdom	**100.0**	100.0	**-**	-
GPT Halverton GmbH	Germany	**100.0**	100.0	**-**	-
Hamburg Trust Asset Management HTAM GmbH	Germany	**80.0**	80.0	**-**	-
Hamburg Trust Beteiligungsmanagement HTB GmbH	Germany	**80.0**	80.0	**-**	-
Hamburg Trust Grundvermögen and Anlage GmbH	Germany	**80.0**	80.0	**-**	-
Hamburg Trust HTG Australien 1 GmbH & Co KG	Germany	**80.0**	80.0	**-**	-
Hamburg Trust HTG Australien 2 GmbH & Co KG	Germany	**80.0**	80.0	**-**	-
Hamburg Trust HTG Australien 3 GmbH & Co KG	Germany	**80.0**	80.0	**-**	-
Hamburg Trust HTG Deutschland 2 GmbH & Co KG	Germany	**80.0**	80.0	**-**	-
Hamburg Trust HTG Deutschland 3 GmbH & Co KG	Germany	**80.0**	80.0	**-**	-
Hamburg Trust HTG USA 1 GmbH & Co KG	Germany	**80.0**	80.0	**-**	-
Hamburg Trust HTG USA 3 GmbH & Co KG	Germany	**80.0**	80.0	**-**	-
Hamburg Trust HTG USA 4 GmbH & Co KG	Germany	**80.0**	80.0	**-**	-
Hamburg Trust Treuhand HTT GmbH	Germany	**80.0**	80.0	**-**	-
Hamburg Trust Verwaltung HTV USA GmbH	Germany	**80.0**	80.0	**-**	-
Hamburg Trust Verwaltung HTV Europa GmbH	Germany	**80.0**	80.0	**-**	-
Hamburg Trust Verwaltung HTV Asien GmbH	Germany	**80.0**	80.0	**-**	-
HT HTG Australien 1 Beteiligungs GmbH & Co KG	Germany	**80.0**	80.0	**-**	-
HT HTG Australien 2 Beteiligungs GmbH & Co KG	Germany	**80.0**	80.0	**-**	-
HTBO Bergedorf Objekt GmbH & Co KG (1)	Germany	**80.0**	-	**-**	-
HTBO Bergedorf Objektbeteilgungs GmbH (1)	Germany	**80.0**	-	**-**	-
EB8 France Propco Aps	Denmark	**100.0**	100.0	**-**	-
GPT Halverton ApS	Denmark	**51.0**	51.0		
H20 Am Moosfield ApS	Denmark	**97.4**	97.4	**-**	-
H20 Berlin Charlottenburg ApS	Denmark	**97.4**	97.4	**-**	-
H20 Denmark PropCo ApS	Denmark	**97.4**	97.4	**-**	-
H20 France HoldCo ApS	Denmark	**97.4**	97.4	**-**	-
H20 France PropCo ApS	Denmark	**97.4**	97.4	**-**	-
H20 Gaertringen ApS	Denmark	**97.4**	97.4	**-**	-
H20 Germany HoldCo ApS	Denmark	**97.4**	97.4	**-**	-
H20 Krefeld Fichtenhain ApS	Denmark	**97.4**	97.4	**-**	-
H20 Munster ApS	Denmark	**97.4**	97.4	**-**	-
H20 Offenburg ApS	Denmark	**97.4**	97.4	**-**	-
H20 Puchheim ApS	Denmark	**97.4**	97.4	**-**	-
H20 Sinisheim ApS	Denmark	**97.4**	97.4	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

21. Controlled entities (continued)

Name of entity	Country of of incorporation	Consolidated Entity 2008 %	Consolidated Entity 2007 %	Parent Entity 2008 %	Parent Entity 2007 %
German Retail Property Fund Manager SARL	Luxembourg	**100.0**	100.0	**-**	-
GPT Europe SARL	Luxembourg	**100.0**	100.0	**-**	-
GPT Europe 2 SARL	Luxembourg	**100.0**	100.0	**-**	-
GPT Europe Finance SA	Luxembourg	**100.0**	100.0	**-**	-
GPT Halverton SARL (1)	Luxembourg	**100.0**	-	**-**	-
H20 Finland LuxCo SARL	Luxembourg	**97.4**	97.4	**-**	-
H20 FundCo SARL	Luxembourg	**97.4**	97.4	**-**	-
HBI Lux PropCo A SARL	Luxembourg	**100.0**	100.0	**-**	-
H20 LuxCo SARL	Luxembourg	**97.4**	97.4	**-**	-
NELI Management SARL (1)	Luxembourg	**100.0**	-	**-**	-
H20 Finland HoldCo OY	Finland	**97.4**	97.4	**-**	-
H20 Propco One OY	Finland	**97.4**	97.4	**-**	-
H20 Amsterdam BV	The Netherlands	**99.7**	99.7	**-**	-
H20 Dutch BV	The Netherlands	**97.4**	97.4	**-**	-
GPT Halverton BV	The Netherlands	**100.0**	100.0	**-**	-
Wooloomooloo Investments BV	The Netherlands	**100.0**	100.0	**-**	-
Benelux Industrial Partnership General Partner BV	The Netherlands	**100.0**	100.0	**-**	-
Halverton SAS	France	**100.0**	100.0	**-**	-
GPT Halverton AB	Sweden	**70.0**	70.0	**-**	-
Scandinavian Active Fund Holdco AB (formerly Goldcup D2668 AB)	Sweden	**100.0**	100.0	**-**	-
Scandinavian Active Fund Propco AB (1)	Sweden	**100.0**	-	**-**	-
MAV Fastighets AB (1)	Sweden	**100.0**	-	**-**	-
GPT Halverton Storm AB (1)	Sweden	**100.0**	-	**-**	-
OLB-E: Taby AB (2)	Sweden	**-**	100.0	**-**	-
GPT MaltaCo 1 Limited	Malta	**100.0**	100.0	**-**	-
GPT MaltaCo 2 Limited	Malta	**100.0**	100.0	**-**	-

1 Controlled entities acquired during the current financial year.
2 This entity merged with Scandinavian Active Fund Propco AB during the year.

22. Key management personnel disclosures

(a) Details of Key Management Personnel

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

Peter Joseph
Eric Goodwin
Malcolm Latham
Nic Lyons (1 January 2008 to 23 October 2008)
Ian Martin
Anne McDonald
Ken Moss
Elizabeth Nosworthy (1 January 2008 to 21 August 2008)

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

Michael O'Brien	Acting Chief Executive Officer and Chief Operating Officer
Kieran Pryke	Chief Financial Officer
Neil Tobin	General Manager - Joint Venture
Jonathan Johnstone	Head of Europe
Mark Fookes	Head of Retail
Nicholas Harris	Head of Wholesale
James Coyne	General Counsel and Secretary
Richard Croft	CEO GPT Halverton

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

22. Key management personnel disclosures (continued)

(b) Key management personnel compensation

	Consolidated entity		Parent entity	
	31 Dec 08	31 Dec 07	**31 Dec 08**	31 Dec 07
	$'000	$'000	**$'000**	$'000
Short term employee benefits	**8,582.4**	10,011.4	**8,582.4**	10,011.4
Post employment benefits	**227.2**	193.1	**227.2**	193.1
Other long term benefits	**6,853.9**	3,740.3	**6,853.9**	3,740.3
Termination benefits	**9,265.2**	-	**9,265.2**	-
Total key management personnel compensation	**24,928.7**	13,944.8	**24,928.7**	13,944.8

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

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

1 Elizabeth Nosworthy resigned and Nic Lyons's employment was discontinued during the year and their holdings at 31 December 2008 are not shown.
2 Richard Croft is part of the key management personnel in 2008.

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

	Opening balance 1-Jan-08 $	Loans made during the year $	Interest charged for the year $	Interest not charged for the year* $	Closing Balance 31 Dec 2008** $	Highest indebtedness during the year $
Nic Lyons [1]	4,891,401	-	245,595	100,066	-	4,844,734
Michael O'Brien	2,440,195	-	150,147	62,461	2,363,566	2,417,338
James Coyne	741,132	-	45,560	18,953	716,484	733,780
Kieran Pryke	1,389,771	-	85,436	35,542	1,343,631	1,376,008
Neil Tobin	1,449,724	-	89,156	37,089	1,402,701	1,435,698
Mark Fookes	1,448,552	-	89,065	37,051	1,400,934	1,434,348
Jonathan Johnstone	925,828	-	56,904	23,672	894,720	916,549
Nicholas Harris	1,102,360	-	67,858	28,229	1,068,690	1,092,317
Richard Croft [2]	-	-	-	-	-	-

* The amounts shown for interest not accrued represent the difference between the amount paid and payable for the financial year and interest that would have been charged on an arm's length basis.
** On 31 December 2008, the term of these loans have been converted from full recourse to limited recourse as discussed in the Remuneration Report and note 23.

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

22. Key management personnel disclosures (continued)

(e) Other transactions with key management personnel
There have been no transactions with key management personnel other than those transactions outlined above.

23. Share based payments

Employee Incentive Scheme
The Employee Incentive Scheme (EIS), which was approved by shareholders at the 2006 annual general meeting, is a scheme under which GPT stapled securities are issued or purchased on-market on behalf of GPT employees for no cash consideration.

The EIS has two qualifying levels – the 'General Scheme' which applies to all GPT employees (other than certain Senior Executives) and the 'Long Term Incentive (LTI) Scheme' where participation is only offered to certain Senior Executives by the GPT Board.

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

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

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

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

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

(ii) The Long Term Incentive (LTI) Scheme

<u>Up to 31 December 2008</u>
The Board of GPT, on the recommendation of the Nomination and Remuneration Committee, determines the GPT Senior Executives eligible to participate in the LTI Scheme and, for each participating Senior Executive, their maximum potential LTI and loan amount, calculated by reference to a percentage of their TPV having regard to the advice received from external remuneration consultants.

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

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

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

<u>From 31 December 2008</u>
On 26 February 2009, the Board, on the recommendation of the Nomination and Remuneration decided to:

1. Convert the existing scheme loans from full-recourse to the individual to limited recourse effective 31 December 2008 (the date of conversion), such that while the loan remains in place the participant is only obligated to GPT to the value of the underlying securities. However, employee loans remain outstanding and have not been waived as a result of the transition to limited recourse;
2. Reduce the interest charge on the loans to participants to approximate the net distributions receivable; and
3. Retain the performance conditions associated with 2006, 2007 and 2008 LTIs.

23. Share based payments (Continued)

Employee Incentive Scheme (Continued)

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

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

1. On 1 July 2006, the taxation legislation was amended and consequently, the stapled securities became eligible for the tax deferral and tax exemption concessions in Division 13A. Other companies in the A-REIT sector – in line with general market practice – progressively moved to simpler LTI arrangements which provide upside to the participants, but with no downside financial risk to employees. The loan based schemes that remained, either in full operation or as legacy systems, were characterised by a non-recourse structure.

2. In 2008, with the unprecedented dislocation in global financial markets and the A-REIT sector in particular, GPT's LTI scheme participants had a significant shortfall in the value of their equity versus the value of their loans. While GPT's LTI scheme provided upside potential for participants, it also exposed the individual - through the full recourse nature of the loan - to significant financial risk.

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

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

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

Other Share-based Incentive Scheme

(i) The GPT Group All Employee Stapled Security Plan (AESSP)
Implemented in March 2008, the AESSP allows eligible participants to salary sacrifice $1,000 to purchase GPT Group stapled securities on market. GPT stapled securities acquired under the AESSP must be held for a minimum of 3 years (or earlier if employment ceases) during which time they cannot be sold or otherwise dealt with.

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

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

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

	Number of GPT stapled securities issued during the year		**Total number of GPT stapled securities issued**	
	31 Dec 2008	31 Dec 2007	**31 Dec 2008**	31 Dec 2007
GPT stapled securities issued under the 'General Scheme'	**1,113,974**	394,569	**1,868,281**	1,691,384
GPT stapled securities issued under the 'Long Term Incentive Scheme'	**328,154**	2,735,376	**7,301,313**	8,445,708
GPT stapled securities issued under the 'The GPT Group All Employee Stapled Security Plan'	**19,264**	-	**19,264**	-
GPT stapled securities issued under the 'The GPT Group Deferred Stapled Security Plan'	**31,442**	-	**31,442**	-
GPT stapled securities issued under the 'The GPT Group Non-Executive Director Stapled Security Plan"	**-**	-	**-**	-

24. Related party transactions

(a) Ultimate Parent
General Property Trust is the ultimate parent entity.

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

(c) Key management personnel
Disclosures relating to key management personnel and remuneration paid to directors of the ultimate parent entity are set out in note 22. Included within note 22(a) in 'other key management personnel' is Ian Martin who is director of Babcock & Brown Limited, with whom GPT has a joint venture arrangement. The remuneration he received was transacted at arms length.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

24. Related party transactions (Continued)

(d) Transactions with related parties

	Consolidated entity		Parent entity	
	31-Dec-08	31 Dec 07	**31-Dec-08**	31 Dec 07
	$M	$M	**$M**	$M
Transactions with related parties other than associates and joint ventures				
Revenues				
Distributions received / receivable from controlled entities	**-**	-	**265.2**	253.4
Rent revenue from the Company	**-**	-	**1.4**	0.9
Expenses				
Cost associated with internalisation paid to GPT RE Limited	-	-	**-**	(3.8)
Responsible Entity fees paid to GPT RE Limited	-	-	**(33.7)**	(24.0)
Responsible Entity fees paid to GPT RE Limited (capitalised)	-	-	**(7.1)**	(7.0)
Property management fee to the Company	-	-	**(13.2)**	(16.7)
Development management fee paid to the Company	-	-	**(11.5)**	(13.5)
Management costs recharged from the Company	-	-	**(6.9)**	(5.3)
Payroll costs recharged from the Company	-	-	**(8.0)**	(5.8)
Contributions to superannuation funds on behalf of employees	**(9.3)**	(7.7)	**-**	-
Other transactions				
Loan advanced to the Company	**-**	-	**(94.5)**	(42.2)
Loans advanced to controlled entities	**-**	-	**(137.5)**	(20.9)
Interest received on loan from the Company	**-**	-	**19.8**	7.2
Interest received on loans from controlled entities	**-**	-	**18.6**	4.6
Increase in units in controlled entities	**-**	-	**(212.7)**	(1,211.6)
Redemption of units in controlled entities	**-**	-	**-**	1,674.0
Acquisition of Floreat Forum from controlled entity	**-**	-	**-**	(120.0)
Disposal of Rouse Hill Town Centre to controlled entity	**-**	-	**-**	477.3
Payments for loans under the Employee Incentive Scheme	**(3.8)**	(15.5)	**-**	-
Transactions with associates and joint ventures				
Revenues				
Responsible Entity fees from associates	**31.7**	30.6	**-**	-
Development management fees from associates	**68.4**	41.5	**-**	-
Property Management fees from associate	**7.2**	6.2	**-**	-
Distributions received/receivables from joint ventures	**61.9**	85.7	**52.1**	50.7
Distributions received/receivables from associates	**112.8**	92.6	**94.8**	92.2
Interest revenue from joint ventures	**127.6**	96.6	**95.7**	79.0
Interest revenue from associates	**-**	1.2	**-**	-
Payroll costs recharged to associate	**5.0**	4.8	**-**	-
Proceeds on sale of workplace[6] from associate	**83.6**	**-**	**-**	-
Proceeds on sale of 111 Eagle Street from associate	**58.0**	**-**	**58.0**	-
Deposit received from GWOF for workplace[6]	**-**	106.5	**-**	-
Other transactions				
Loans advanced to joint ventures	**(25.7)**	(465.0)	**-**	(325.2)
Loans advanced to associates	**-**	-	**-**	-
Loan repayments from joint ventures	**-**	12.8	**86.3**	-
Loan repayments from associates	**7.2**	1.9	**-**	-
Increase in units in joint ventures	**-**	(192.9)	**-**	(7.7)
Decrease in units in joint ventures	**-**	1.0	**-**	-
Increase in units in joint ventures	**(6.2)**	-	**-**	-
Increase in units in associates	**(21.0)**	(8.3)	**-**	-
Interest paid to GWOF	**(7.2)**	-	**-**	-
Rental guarantee for workplace[6]	**(1.5)**	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

25. Notes to the Statement of Cashflow

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

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

(b) Reconciliation of cash
Reconciliation of cash at the end of the financial year (as shown in the Statement of Cashflow) to the related item in the financial statements as follows:

	Consolidated 31 Dec 08 $M	Consolidated 31 Dec 07 $M	Parent 31 Dec 08 $M	Parent 31 Dec 07 $M
Cash at bank and on hand	**961.9**	350.3	**871.1**	292.1
Total cash at end of the financial year	**961.9**	350.3	**871.1**	292.1

(c) Non-cash financing and investing activities

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

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

26. Contingent Assets and Liabilities

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

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

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

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

27. Commitments

(a) Capital expenditure commitments

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

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

(b) Operating lease commitments

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

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

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

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

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

(c) Other commitments

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

Due within 1 year	**24.0**	-	**-**	-
Due between 1 and 5 years	**2.8**	-	**-**	-
Over 5 years and expiry date of leases.	**0.1**	-	**-**	-
Total other commitments	**26.9**	-	**-**	-

(d) Commitments relating to associate and joint venture investments

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

28. Capital and financial risk management disclosures

GPT's Treasury Risk Management Committee (TRMC) oversees the establishment and implementation of the capital and financial risk management system which identifies, evaluates, classifies, monitors, quabtifies and reports significant risks to the Audit and Risk Management Committee (ARMC) and, through the ARMC, to the GPT Group Board. The Trust and all controlled entities in the GPT Group apply this risk management system to manage their own risks.

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

Capital management is monitored in two main ways:

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

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

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

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

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

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

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

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

(b) Financial risk management
The financial risks that result from GPT's activities are credit risk, liquidity risk, refinancing risk and market risk (interest rate risk, foreign exchange risk and price risk). GPT manages its exposures to these key financial risks in accordance with its treasury risk management policy which forms part of the capital risk management system which focuses on mitigating the impact of volatility in financial markets.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

28. Capital and financial risk management disclosures (continued)

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

GPT manages this risk by:
- establishing credit limits for customers that GPT trades with and managing its exposure to individual entities
- transacting with multiple derivative counterparties that have a long term credit rating of at least AA- (or its equivalent) from S&P, Moodys or Fitch (note; at the time of entering into credits financial institutions had a credit rating of A (or its equivalent)
- providing loans as an investment into joint ventures, associates and third parties where it is comfortable with the underlying property exposure within that entity
- regularly monitoring loans and receivables balances on an ongoing basis
- regularly monitoring the performance of its associates, joint ventures and third parties on an ongoing basis, and
- obtaining collateral as security (where appropriate).

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

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

The table below shows the ageing analysis of loans and receivables with their associated impairments in note 7.

Consolidated Entity

	31 December 2008					
	Not Due 2008 $M	**0-30 days 2008 $M**	**31-60 days 2008 $M**	**61-90 days 2008 $M**	**90+ days 2008 $M**	**Total 2008 $M**
Receivables	**-**	**149.4**	**3.1**	**3.6**	**60.0**	**216.1**
Provision for doubtful receivables	**-**	**-**	**-**	**-**	**(1.5)**	**(1.5)**
Current loans	**68.0**	**-**	**-**	**-**	**-**	**68.0**
Impairment	**(21.1)**	**-**	**-**	**-**	**-**	**(21.1)**
Non current loans and receivables	**2,180.4**	**-**	**-**	**-**	**-**	**2,180.4**
Impairment	**(871.9)**	**-**	**-**	**-**	**-**	**(871.9)**
Total loans and receivables	**1,355.4**	**149.4**	**3.1**	**3.6**	**58.5**	**1,570.0**

	31 December 2007					
	Not Due 2007 $M	0-30 days 2007 $M	31-60 days 2007 $M	61-90 days 2007 $M	90+ days 2007 $M	Total 2007 $M
Receivables	-	213.4	7.8	1.9	38.5	261.6
Provision for doubtful receivables	-	-	-	-	(0.9)	(0.9)
Current loans	10.5	-	-	-	-	10.5
Impairment	-	-	-	-	-	-
Non current loans and receivables	1,841.3	-	-	-	-	1,841.3
Impairment	-	-	-	-	-	-
Total loans and receivables	1,851.8	213.4	7.8	1.9	37.6	2,112.5

Parent Entity

	31 December 2008					
	Not Due 2008 $M	**0-30 days 2008 $M**	**31-60 days 2008 $M**	**61-90 days 2008 $M**	**90+ days 2008 $M**	**Total 2008 $M**
Receivables	**-**	**131.6**	**-**	**-**	**41.1**	**172.7**
Provision for doubtful receivables	**-**	**-**	**-**	**-**	**0.1**	**0.1**
Current loans	**400.0**	**-**	**-**	**-**	**-**	**400.0**
Impairment	**(183.0)**	**-**	**-**	**-**	**-**	**(183.0)**
Non current loans and receivables	**1,721.9**	**-**	**-**	**-**	**-**	**1,721.9**
Impairment	**(774.4)**	**-**	**-**	**-**	**-**	**(774.4)**
Total loans and receivables	**1,164.5**	**131.6**	**-**	**-**	**41.2**	**1,337.3**

	31 December 2007					
	Not Due 2007 $M	0-30 days 2007 $M	31-60 days 2007 $M	61-90 days 2007 $M	90+ days 2007 $M	Total 2007 $M
Receivables	-	75.0	-	-	28.6	103.6
Provision for doubtful receivables	-	-	-	-	-	-
Current loans	256.0	-	-	-	-	256.0
Impairment	-	-	-	-	-	-
Non current loans and receivables	1,448.2	-	-	-	-	1,448.2
Impairment	-	-	-	-	-	-
Total loans and receivables	1,704.2	75.0	-	-	28.6	1,807.8

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

28. Capital and financial risk management disclosures (continued)

(d) Liquidity risk
Liquidity risk includes the risk that GPT, as a result of its operations:
- will not have sufficient funds to settle a transaction on the due date;
- will be forced to sell financial assets at a value which is less than what they are worth; or
- may be unable to settle or recover a financial asset at all.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities (refer to note 16), the ability to close out market positions, and the option to raise funds through the issue of new stapled securities or DRP, as discussed in note 18(a)(i) and (ii).

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

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

Consolidated Entity

	31 December 2008					31 December 2007				
	1 Year or less	**Over 1 year to 2 years**	**Over 2 year to 5 years**	**Over 5 years**	**Total**	1 Year or less	Over 1 year to 2 years	Over 2 year to 5 years	Over 5 years	Total
	$M	**$M**	**$M**	**$M**	**$M**	$M	$M	$M	$M	$M
Liabilities										
Payables	**284.0**	**-**	**-**	**-**	**284.0**	510.7	-	-	-	510.7
Borrowings*	**216.4**	**2,101.7**	**2,279.9**	**415.3**	**5,013.3**	922.3	814.0	2,648.1	610.6	4,995.0
Forecast interest cost borrowings**	**207.4**	**161.2**	**256.8**	**193.6**	**819.0**	283.5	206.6	395.7	280.4	1,166.2
Forecast Interest cost derivatives**	**59.6**	**90.4**	**138.9**	**80.0**	**368.9**	(40.2)	(11.8)	(27.2)	(75.3)	(154.5)
Forecast payments forward exchange contracts	**7.6**	**1.9**	**6.1**	**0.7**	**16.3**	4.9	0.6	8.5	1.2	15.2
Capital commitments	**369.6**	**262.8**	**146.4**	**-**	**778.8**	444.8	-	12.4	-	457.2
Total liabilities	**1,144.6**	**2,618.0**	**2,828.1**	**689.6**	**7,280.3**	2,126.0	1,009.4	3,037.5	816.9	6,989.7
Less Cash	**961.9**	**-**	**-**	**-**	**961.9**	350.3	-	-	-	350.3
Total	**182.7**	**2,618.0**	**2,828.1**	**689.6**	**6,318.4**	1,775.7	1,009.4	3,037.5	816.9	6,639.4

Parent Entity

	31 December 2008					31 December 2007				
	1 Year or less	**Over 1 year to 2 years**	**Over 2 year to 5 years**	**Over 5 years**	**Total**	1 Year or less	Over 1 year to 2 years	Over 2 year to 5 years	Over 5 years	Total
	$M	**$M**	**$M**	**$M**	**$M**	$M	$M	$M	$M	$M
Liabilities										
Payables	**317.6**	**-**	**-**	**-**	**317.6**	412.6	-	-	-	412.6
Borrowings*	**173.8**	**2,101.7**	**2,204.0**	**84.7**	**4,564.2**	795.5	756.8	2,858.9	124.6	4,535.8
Forecast interest cost borrowings**	**191.8**	**147.6**	**215.3**	**166.8**	**721.5**	263.0	195.0	362.1	248.9	1,069.0
Forecast Interest cost derivatives**	**54.8**	**84.9**	**120.1**	**68.4**	**328.2**	(39.8)	(15.8)	(40.4)	(82.2)	(178.2)
Forecast payments forward exchange contracts	**7.6**	**1.9**	**6.1**	**0.7**	**16.3**	4.9	0.6	8.5	1.2	15.2
Capital commitments	**225.0**	**254.1**	**62.8**	**-**	**541.9**	205.0		12.4	-	217.4
Total liabilities	**970.6**	**2,590.2**	**2,608.3**	**320.6**	**6,489.7**	1,641.2	936.6	3,201.5	292.5	6,071.8
Less Cash	**871.1**	**-**	**-**	**-**	**871.1**	292.1	-	-	-	292.1
Total	**99.5**	**2,590.2**	**2,608.3**	**320.6**	**5,618.6**	1,349.1	936.6	3,201.5	292.5	5,779.7

* The contractual maturities of borrowings differ from note 16 as borrowings associated with the warehoused property investments have been reclassified to their contractual maturities.
** Forecast is based on the likely outcome of contracts given the interest rates, margins, forecast exchange rates and interest rate forward curve as at 31 December 2008 up until the contractual maturity of the contract. The forecast does not ascribe any value to optionality on any instrument which may be included in the current market values shown in note 9.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

28. Capital and financial risk management disclosures (continued)

(e) Refinancing risk

Refinancing risk is the risk that unfavourable interest rate and credit market conditions result in an unacceptable increase in GPT's credit margins and interest cost. Refinancing risk arises when GPT is required to obtain debt to fund existing and new debt positions.

GPT is exposed to refinancing risks arising from the availability of finance as well as the interest rates and credit margins at which financing is available. GPT manages this risk by spreading maturities of borrowings and interest rate swaps, using interest rate derivatives to hedge known and forecast positions and reviewing potential transactions to understand the impact on the credit rating.

(f) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

(i) Interest rate risk contracts – loan receivables

The income and the associated operating cash flows of GPT's assets are substantially independent of changes in market interest rates. GPT's loans are primarily provided to investments in joint ventures and associates as a means of obtaining an underlying property exposure. Loans are at arms length fixed rates and reset every 3 years in the case of the joint venture arrangement with Babcock & Brown Limited, and reset every 10 years in the case of the joint venture arrangement with Benchmark. Loans are also provided to associates on a long term basis where all investors contribute to the associate in the same debt and equity ratio. Refer to note 7 for terms and interest rates.

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

(ii) Interest rate risk contracts – borrowings

GPT's primary interest rate risk arises from long term borrowings. Borrowings issued at floating rates expose GPT to cash flow interest rate risk. Borrowings issued at fixed rates expose GPT to fair value interest rate risk.

GPT manages the cash flow effect of interest rate risk by entering into interest rate swap agreements that are used to convert floating interest rate borrowings to fixed interest rates. Such interest rate swaps are entered into with the objective of hedging the risk of interest rate fluctuations in respect of underlying borrowings. Under the interest rate swaps, GPT agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.
Under certain interest rate swaps the fixed contract rate is indexed by CPI. As at 31 December 2008 the notional amount of these swaps was $400 million (Dec 2007: $400.0 million). The CPI indexed cost of borrowings is a natural hedge against anticipated CPI indexed rental revenue. The CPI has been estimated in relation to these swaps in order to disclose underlying fixed interest rate exposure.

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

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

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

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

Interest rate swap contracts have been recorded on Balance Sheet at their fair value in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. The AIFRS documentation, designation and effectiveness requirements cannot be met in all circumstances, as a result derivatives do not qualify for hedge accounting and are recorded at fair value through the income statement. Refer accounting policy at note 1(x).

28. Capital and financial risk management disclosures (continued)

(f) Interest rate risk (continued)

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

The following table depicts (in each currency):

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

31 December 2008

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

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

31 December 2007

	Total Interest bearing liabilities	Fixed rate Interest bearing liabilities					
	2007 M	2007 M	2008 M	2009 M	2010 M	2011 M	2012 M
Australian Dollar							
Interest rate swaps		1,625.0	1,375.0	1,225.0	850.0	650.0	600.0
Borrowings		550.0	550.0	225.0	125.0	125.0	125.0
Total	2,135.5	2,175.0	1,925.0	1,450.0	975.0	775.0	725.0
Average rate	6.0%	6.0%	6.1%	6.3%	6.6%	7.1%	7.5%
Euro							
Interest rate swaps		1,150.9	490.0	390.0	340.0	240.0	140.0
Borrowings		-	-	-	-	-	-
Total	1,245.6	1,150.9	490.0	390.0	340.0	240.0	140.0
Average rate	4.2%	4.2%	3.7%	3.6%	3.6%	3.7%	3.5%
US Dollar							
Interest rate swaps		560.0	700.0	500.0	300.0	250.0	170.0
Borrowings		72.0	-	-	-	-	-
Total	683.7	632.0	700.0	500.0	300.0	250.0	170.0
Average rate	5.0%	4.9%	5.0%	5.1%	5.4%	5.3%	5.4%
Danish Kroner							
Interest rate swaps		124.5	-	-	-	-	-
Borrowings		-	-	-	-	-	-
Total	124.5	124.5	-	-	-	-	-
Average rate	5.0%	5.5%					

At balance date, the fair value of interest rate swaps and interest rate options were an asset of $43.5 million (Dec 2007: $91.6 million) and a liability of $764.4 million (Dec 2007: $123.1 million) as disclosed in note 9. In the year ended 31 December 2008, the loss in the income statement from the increase in fair value of the net asset together with the net receipts received during the year is $662.0 million (Dec 2007: loss $36.0 million).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

28. Capital and financial risk management disclosures (continued)

(f) Interest rate risk (continued)

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

Parent entity
The parent entity holds the Australian Dollar, Euro and US Dollar financial assets from the previous table with the exception of Euro €98.7 million in swaps and USD $72 million in borrowings for 2008 (Dec 2007: All balances held in the parent entity the exception of Euro €100.9 million in swaps and USD $72 million in borrowings).

(iii) Cash flow at risk analysis

Under GPT's Treasury Risk Management Policy hedge balances in a 'market forecast' scenario must be in line with hedge parameters outlined in its policy. GPT is currently outside these hedge parameters as:

- the cash received from the issuance of equity has been used to reduce borrowings and interest rate hedge positions have not been reduced to reflect the new borrowing levels, and
- A number of interest rate options have been triggered as a result of the changes in financial markets which were outside forecast parameters.

The policy also requires a 'cash flow at risk' sensitivity analysis be performed to test the impact of upwards and downwards movements in the market interest rates on GPT's hedge position (including the impact of any interest rate options) against forecast debt levels for a set year period and its annual profit forecast for a three year period. The policy requires that the result of the cash flow at risk sensitivity analysis must be within predetermined limits against forecast realised operating income at risk.

The sensitivity applied to the consolidated entity's hedge position over a three year period at 31 December 2008 and 31 December 2007 was:

- AUD interest rates increase by 210 bps and decrease by 190 bps
- EUR, DKK and SEK interest rates increase by 140 bps and decease by 200 bps
- USD interest rates increase by 190 bps and decrease by 280 bps, provided that the minimum rate applied is not less than zero.

In the case of currency linked trigger swaps, AUD/EUR exchange rates moved up or down by 0.04.

This sensitivity was used as it provides a reasonable sensitivity given the level of debt and currency exposure the group has and the impact they have to group results and investor expectations.

The results of the cash flow at risk is as follows:

	31 Dec 2008 $M	31 Dec 2007 $M
Year 1	**42.6**	20.8
Year 2	**64.3**	39.4
Year 3	**107.5**	37.0

The parent entity's cash flow at risk is the same when taking into account the effect in its controlled entities, which impacts the distribution it receives.

Management is reviewing its derivative positions to realign with hedge parameters outlined in its policy.

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

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

GPT is exposed to foreign exchange risk arising from currency exposures to the Euro and US dollar.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

28. Capital and financial risk management disclosures (continued)

(g) Foreign exchange risk

(i) Foreign currency assets and liabilities

GPT traditionally managed its foreign exchange risk for its assets and liabilities denominated in foreign currency by borrowing in the same functional currency of its investment to form a natural economic hedge against any foreign currency fluctuations as well as using forward exchange contracts where funds were borrowed in local currency. GPT's policy was not to hedge unrealised fair value increases/decreases which may have occurred in its foreign currency assets.

With the deterioration of global financial markets there has also been a negative impact on asset values with GPT's offshore investments. This has introduced foreign currency exposure in GPT's balance sheet as there are now significantly more foreign currency liabilities than assets. Refer note (g)(ii). Management is currently in a process of restructuring GPT's borrowings to realign with hedge parameters which will require a matching of foreign denominated assets and liabilities.

For accounting purposes, net foreign operations and interests in the joint ventures and associates are revalued at the end of each reporting period with the fair value movement reflected in equity as a movement in the foreign currency translation reserve. The interests in joint ventures and associates are then equity accounted to reflect the underlying net assets of the entities with changes reflected in the income statement as share of after tax profits of equity accounted entities, refer accounting policy note 1(e) (iii).

The loans to the joint ventures are revalued at the end of each reporting period with the fair value movement reflected in equity as a movement in the foreign currency translation reserve. Borrowings and forward exchange contracts are revalued at the end of each reporting period with the fair value movement reflected in the income statement as exchange gains or losses on foreign currency borrowings and net gains or losses on derivative financial instruments held at fair value respectively, refer accounting policy note 1(e)(ii).

The following table shows the Australian dollar equivalents of GPT's investments denominated in foreign currencies.

Consolidated Entity

	Euros		United States Dollars		Danish Kroner		Swedish Kroner		New Zealand Dollars	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	A$M	A$M	**A$M**	A$M	**A$M**	A$M	**A$M**	A$M	**A$M**	A$M
Assets										
Cash	**35.5**	30.9	**46.7**	13.7	**3.0**	-	**0.9**	-	**0.8**	-
Warehoused property	**229.2**	252.7	**116.0**	108.2	**37.2**	27.9	**64.3**	8.5	**-**	-
Interests in equity accounted investments	**58.9**	366.5	**109.3**	276.2	**-**	-	**-**	-	**-**	7.8
Loans and receivables	**1,056.7**	1,463.2	**370.2**	391.5	**-**	-	**-**	-	**24.4**	43.7
Other assets including goodwill	**-**	124.7	**-**	-	**-**	-	**-**	-	**-**	-
Forward exchange contracts	**-**		**-**		**-**		**4.3**			
	1,380.3	2,238.0	**642.2**	789.6	**40.2**	27.9	**69.5**	8.5	**25.2**	51.5
Liabilities										
Borrowings	**2,534.5**	2,065.8	**1,061.4**	765.7	**32.8**	27.9	**6.4**	6.3	**52.7**	-
Payables	**52.4**	74.9	**7.7**	10.2	**-**	-	**-**	-	**-**	-
Forward exchange contracts [(1)]	**-**	34.6	**-**	-	**-**	-		-	**-**	51.8
	2,586.9	2,175.3	**1,069.1**	775.9	**32.8**	27.9	**6.4**	6.3	**52.7**	51.8
Net assets/(liabilities)	**(1,206.6)**	62.7	**(426.9)**	13.7	**7.4**	-	**63.1**	2.2	**(27.5)**	(0.3)

Parent Entity

	Euros		United States Dollars		Danish Kroner		Swedish Kroner		New Zealand Dollars	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	A$M	A$M	**A$M**	A$M	**A$M**	A$M	**A$M**	A$M	**A$M**	A$M
Assets										
Cash	**14.9**	11.3	**38.8**	13.7	**-**	-	**-**	-	**0.8**	-
Loans and receivables	**1,135.1**	1,500.2	**0.2**	-	**-**	-	**35.1**	-	**-**	-
	1,150.0	1,511.5	**39.0**	13.7	**-**	-	**35.1**	-	**0.8**	-
Liabilities										
Borrowings	**2,340.5**	1,891.9	**921.3**	588.9	**-**	-	**-**	-	**52.7**	-
Forward exchange contracts [(1)]	**-**	34.6	**-**	-	**-**	-	**4.3**	-	**-**	51.8
	2,340.5	1,926.5	**921.3**	588.9	**-**	-	**4.3**	-	**52.7**	51.8
Net assets/(liabilities)	**(1,190.5)**	(415.0)	**(882.3)**	(575.2)	**-**	-	**30.8**	-	**(51.9)**	(51.8)

1. GPT had entered into a forward exchange contract to hedge its SEK investment funded by EUROS as at 31 December 2008 for SEK 185.7 Million. The forward exchange contract has since been replaced by purchase of SEK from EURO.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

28. Capital and financial risk management disclosures (continued)

(g) Foreign exchange risk (continued)

(ii) Forward exchange contracts to hedge net foreign cash flows
GPT manages the foreign exchange risk of income (net of funding costs) derived from its foreign operations and investments in joint ventures and associates by entering into forward foreign exchange contracts. These contracts may be simple forward agreements or may involve contracts with market triggers (such as knock outs).

- A forward exchange contract obliges GPT to sell and the other party to buy a specific foreign currency at a specified price, amount and future date.
- Accumulating knock out contracts are similar to forward exchange contracts, but the transaction is permanently cancelled (i.e. knocked out) when the predetermined level of accumulation points is reached.
- Knock in contracts are as for forward exchange contracts but will only become an active transaction if the exchange rate reaches a pre agreed level.
- Advantage contracts are as for forward exchange contracts but the agreed exchange rate may vary if the currency trades at a certain level in a certain time frame.

Contracts are entered into based on forecast distributions from the entities for the ensuing financial years. The contracts are timed to mature at the end of each quarter when the distribution is expected to be received from the entities. Contracts are deferred or closed out where distributions are deferred.

The cash flows from GPT's net foreign operations and investments in joint ventures and associates were expected to occur at the various dates outlined below. These investments have been impaired as a result of the impact of the global financial markets on their performance and underlying asset values. As a result, there is now more uncertainty around these cash flows and whether these hedges will be required.

Management is currently in a process of reviewing its forecast net foreign income and borrowings to address the foreign currency exposures.

At 31 December 2008, the details of outstanding contracts under a 'market scenario' are set out in the following table.

Parent and Consolidated Entity

EURO/AUD Contracts

	Buy Australian Dollars		Sell euro		Average exchange rate	
	2008 $M	2007 $M	**2008 $M**	2007 $M	**2008**	2007
Maturity						
Less than 1 year	**94.9**	74.8	**52.7**	41.4	**0.5548**	0.5531
1 - 2 years	**128.8**	90.5	**71.3**	50.5	**0.5535**	0.5575
2 - 3 years	**145.4**	77.0	**80.7**	43.3	**0.5547**	0.5624
3 - 4 years	**123.3**	58.3	**67.7**	32.6	**0.5488**	0.5591
4 - 5 years	**65.7**	41.4	**35.7**	22.8	**0.5434**	0.5503
Over 5 years	**102.6**	14.6	**55.8**	7.8	**0.5438**	0.5360
Total	**660.7**	356.6	**363.9**	198.4		

USD/AUD CONTRACTS

	Buy Australian Dollars		Sell US Dollars		Average exchange rate	
	2008 $M	2007 $M	**2008 $M**	2007 $M	**2008**	2007
Maturity						
Less than 1 year	**6.9**	5.9	**4.9**	4.3	**0.7060**	0.7346
1 - 2 years	**7.6**	6.7	**5.3**	4.9	**0.7018**	0.7346
2 - 3 years	**3.7**	7.2	**2.7**	5.3	**0.7346**	0.7346
3 - 4 years	**-**	3.7	**-**	2.7	**-**	0.7346
4 - 5 years	**-**	-	**-**	-	**-**	-
Over 5 years	**-**	-	**-**	-	**-**	-
Total	**18.2**	23.5	**12.9**	17.2		

EURO/SEK Contracts

	Buy SEK		Sell Euro		Average exchange rate	
	2008 $M	2007 $M	**2008 $M**	2007 $M	**2008**	2007
Maturity						
Less than 1 year	**19.1**	-	**185.7**	-	**9.7260**	-
Total	**19.1**	**-**	**185.7**	**-**		

At balance date fair value of forward exchange contracts for balance sheet and net cash flow hedging were an asset of $4.3 million (Dec 2007: $14.9 million) and a liability of $119.7 million (Dec 2007: $17.6 million). In the year ended 31 December 2008, the loss in the income statement from the decrease in fair value of the net assets and liabilities together with the net receipts received is a loss $102.3 million (Dec 2007: gain $19.0 million).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

28. Capital and financial risk management disclosures (continued)

(g) Foreign exchange risk (continued)

(iii) Equity and cash flow at risk analysis

GPT monitors the impact of adverse or favourable movements in foreign exchange rates and the impact this may have on its capital management and cash flow. Adverse versus favourable movements are determined relative to the underlying exposure. An adverse movement in exchange rates implies an increase in GPT's foreign currency risk exposure and a worsening of GPT's financial position. A favourable movement in exchange rates implies a reduction in GPT's foreign currency risk exposure and an improvement of GPT's financial position.

Under GPT's treasury risk management policy net cash flow hedge balances in a 'market forecast' scenario must be in line with hedge parameters outlined in its policy. The policy also requires a 'cash flow at risk' sensitivity analysis be performed to test the impact of upwards and downwards movements in the market foreign exchange rates on GPT's net cash flow hedge position (including the impact of foreign exchange trigger contracts) against it's foreign net cash flow forecast for a three year period. The policy requires that the result of the sensitivity analysis must be within predetermined limits against forecast realised operating income.

GPT is currently outside policy as there is now more uncertainty around these cash flows and whether these hedges will be required. Management is currently in a process of reviewing its forecast net foreign income and borrowings to address the foreign currency exposures.

The sensitivity applied to GPT's hedge position over a three year period at 31 December 2008 and 31 December 2007 was:

- AUD/EUR exchange rate increased/decreased by 0.0400 euro cent
- AUD/USD exchange rate increased/decreased by 0.0700 United States cents
- AUD/NZD exchange rate increased/decreased by 0.1500 New Zealand cents

This sensitivity was used as it provides a reasonable sensitivity given the level of debt and currency exposure the group has and the impact they have to group results and investor expectations.

An increase/ decrease in foreign exchange rates at 31 December 2008 would have decreased/ increased the net assets of the consolidated entity by AUD $141.9 million (Dec 2007: 5.3 million) and increased/ decreased the net assets of the parent entity by AUD $189.0 million (Dec 2007: AUD $4.0 million). This is an increase/ decrease in the consolidated entity of AUD $96.0million (Dec 2007: AUD $4.2 million) on Euro assets, AUD $42.5 million (Dec 2007: AUD $1.1 million) on USD assets and AUD $3.4 million (Dec 2007: nil) on NZD assets. In the parent entity this is an increase/ decrease in the parent entity of AUD $94.7 million (Dec 07: AUD $27.7 million) on Euro assets, AUD $87.9 million (Dec 07: AUD $45.9 million) on USD assets and AUD $6.4 million (Dec 07: AUD $6.8 million) on NZD assets.

The foreign exchange exposure in the parent is higher than that consolidated entity as the parent entity has raised foreign currency borrowings and on lent these funds to the Company in Australian Dollars to fund its acquisitions of foreign operations and investments in joint ventures and associates.

Had an increase/decrease in the foreign exchange rates occurred for the entire 2008 year the impact on the consolidated entity's realised operating income after considering the impact of net cash flow hedges would have resulted in a decrease/increase of AUD $5.0 million (Dec 2007: AUD $4.0 million). The impact on the parent entity's realised operating income after considering the impact of the net cash flow hedges would have resulted in a increase/decrease of AUD $12.8 million (Dec 2007: AUD $3.6 million).

This calculation is impacted by the timing of the cash receipts and payments; in particular the cash receipts from investments in joint ventures and associates. Whilst the net income hedges are in place the effect of these hedges is not reflected in realised operating income until the cash is received. The effect however of the deferral of the net income hedges to match the forecast cash flows is however reflected in fair value adjustments of the foreign exchange derivatives.

(h) Price risk

At 31 December 2008 GPT is no longer exposed to Property derivatives and equity securities price risk.

In the year ended 31 December 2008, the loss in the income statement from the unwinding of the property derivative together with the net payments during the financial year is AUD $83.1 million (Dec 2007: AUD $17.6 million gain)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

28. Capital and financial risk management disclosures (continued)

(i) Fair value

At 31 December 2008, the carrying amounts and fair values of financial assets and financial liabilities are:

		Consolidated entity				Parent entity			
	Financial Statements notes	**Carrying Amount 2008 $M**	**Fair Value 2008 $M**	Carrying Amount 2007 $M	Fair Value 2007 $M	**Carrying Amount 2008 $M**	**Fair Value 2008 $M**	Carrying Amount 2007 $M	Fair Value 2007 $M
Financial assets									
Cash and cash equivalents	25(a)	**961.9**	**961.9**	350.3	350.3	**871.1**	**871.1**	292.1	292.1
Loans and receivables (current)	7(a)	**261.5**	**261.5**	271.2	271.2	**389.8**	**389.8**	359.6	359.6
Loans and receivables (non-current)	7(b)	**1,308.5**	**1,308.5**	1,841.3	1,835.6	**947.5**	**947.5**	1,448.2	1,436.9
Derivative assets	9	**47.8**	**47.8**	143.4	143.4	**47.8**	**47.8**	141.8	141.8
Available for sale assets	12	**-**	**-**	3.6	3.6	**-**	**-**	0.1	0.1
Total financial assets		**2,579.7**	**2,579.7**	2,609.8	2,604.1	**2,256.2**	**2,256.2**	2,241.8	2,230.5
Financial liabilities									
Payables	15	**284.0**	**284.0**	510.7	510.7	**317.6**	**317.6**	412.6	412.6
Derivative liabilities	9	**884.1**	**884.1**	140.7	140.7	**867.6**	**867.6**	140.2	140.2
Borrowings						**-**			
- multi option facility	16(a)(v)	**-**	**-**	50.0	50.0	**-**	**-**	50.0	50.0
- multi option syndicated facility	16(a)(i)	**3,869.5**	**3,869.5**	2,480.8	2,488.9	**3,869.5**	**3,869.5**	2,480.8	2,488.9
- short term bank loan	16(a)	**-**	**-**	299.8	300.0	**-**	**-**	299.8	300.0
- overdraft	16(a)(ii)	**-**	**-**	7.8	7.8	**-**	**-**	-	-
- bridge facilities	16(a)(iii)	**42.6**	**42.6**	102.4	103.4	**-**	**-**	-	-
- bank facilities (secured)	16(a)(vi)	**406.5**	**406.5**	349.0	356.6	**-**	**-**	-	-
- short term notes	16(b)(i)	**-**	**-**	45.8	46.0	**-**	**-**	45.8	46.0
- medium term notes	16(b)(ii)	**609.9**	**556.9**	1,534.8	1,503.0	**609.9**	**556.9**	1,534.8	1,503.0
- CPI coupon indexed bonds	16(c)	**84.7**	**83.8**	124.6	144.2	**84.7**	**83.8**	124.6	144.2
Total financial liabilities		**6,181.3**	**6,127.4**	5,646.4	5,651.3	**5,749.4**	**5,695.4**	5,088.6	5,084.9
Net financial liabilities		**(3,601.6)**	**(3,547.7)**	(3,036.6)	(3,047.2)	**(3,493.2)**	**(3,439.2)**	(2,846.8)	(2,854.4)
Unrealised Losses			**53.8**		(10.6)		**53.9**		(7.6)

The fair value of interest bearing borrowings (excluding medium term notes and CPI coupon indexed bonds) has been determined by adjusting for transaction costs.

The fair value of medium term notes have been calculated by discounting the expected future cash flows by market swap rates applicable to relevant term of the note, adjusted for transaction costs. The discount rates applied range from 7.76% to 11.17% (Dec 07: 7.90% to 8.49%). The fair value of the CPI coupon indexed bonds have been calculated by discounting the cash flows by a rate derived by reference to a market swap rate of 3.52% (Dec 07: 6.4%) and with reference to the relevant Commonwealth Government indexed bond real yield and appropriate margins for liabilities with similar risk profiles.

(i) Fair value

The fair value of GPT's derivatives has been determined as follows:

- forward foreign exchange contracts – fair valued using quoted forward exchange rates at reporting date
- Interest rate swaps - fair valued by discounting the present value of the estimated future cash flows based on the forward price curve of interest rates.
- Fair value of all derivative contracts has been confirmed with counterparties.

GPT executes all instruments at fair value and therefore has no significant day one gains or losses on any financial instruments.

Non-current loans and receivables are based on cash flows discounted at a rate reflecting current market rates adjusted for counterparty credit risk, where applicable. The carrying value of all other financial assets and liabilities approximate their fair values due to their short term nature.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

29. Auditors' Remuneration

During the financial year the following amounts were paid or payable for services provided by the auditor of the Trust or any other entity in the consolidated entity and its related parties:

	Consolidated entity		Parent entity	
	31 Dec 2008 AUD $'000	31 Dec 2007 $'000	**31 Dec 2008 $'000**	31 Dec 2007 $'000
Audit services				
PricewaterhouseCoopers Australia				
Audit and review of financial reports and other statutory audit work	**2,241.6**	1,566.0	**1,530.6**	909.0
Affiliates of PricewaterhouseCoopers Australian firm including overseas firms				
Audit and review of financial reports and other statutory audit work	**443.6**	392.0	-	-
Total remuneration for audit services	**2,685.2**	1,958.0	**1,530.6**	909.0
Other assurance services				
PricewaterhouseCoopers Australian firm				
Regulatory and contractually required audits	**103.0**	94.8	**-**	87.6
Due diligence services	**1,100.0**	160.0	**1,100.0**	45.0
Other services	**267.7**	11.0	**-**	-
Affiliates of PricewaterhouseCoopers Australian firm including overseas firms				
Due diligence services	**135.4**	-	**-**	-
Total remuneration for other assurance services	**1,606.1**	265.8	**1,100.0**	132.6
Total remuneration for audit and assurance services	**4,291.3**	2,223.8	**2,630.6**	1,041.6
Non audit related services				
PricewaterhouseCoopers Australian firm				
Taxation services	**48.7**	55.8	**-**	-
Affiliates of PricewaterhouseCoopers Australian firm including overseas firms				
Taxation services	**87.4**	39.1	**-**	**-**
Total remuneration for non audit related services	**136.1**	94.9	**-**	-
Total auditor's remuneration	**4,427.4**	2,318.7	**2,630.6**	1,041.6

30. Net Tangible Asset Backing

	Consolidated entity	
	31 Dec 08 $	31 Dec 07 $
Net tangible asset backing per stapled security/unit - adjust no of stapled securities	**1.43**	3.86

Net tangible asset backing per security is calculated by dividing the sum of net assets less intangible assets by the total number of potential stapled securities, assuming the conversion of the exchangeable securities at an exchange price of $0.9628.

31. Events subsequent to reporting date

Declaration of December quarter distribution
On 26 February 2009, a distribution of 2.1 cents per stapled security ($93.8 million) was declared for the quarter ended 31 December 2008 (refer to note 3(b)).

Post year end sale
An industrial investment property at 120 Miller Rd, Villawood, NSW has been sold on 12 January 2009 with a consideration of $17.5m.

Post year end acquisitions
On 8 January 2009, GPT acquired a 95% interest in the freeholds associated with 4 of the existing US Senior Housing properties for a total acquisition cost of US$59.47M. This acquisition was funded with debt.

Directors' Declaration
For the year ended 31 December 2008

In the directors of the Responsible Entity's opinion:

(a) the financial statements and notes set out on pages 24 to 85 are in accordance with the *Corporations Act 2001*, including:
- complying with the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- giving a true and fair view of the Trust's and GPT Group's financial position as at 31 December 2008 and of their performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations by the chief executive officer and chief financial officer required by Section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with the resolution of the directors.

Peter Joseph
Chairman

Anne McDonald
Director

GPT RE Limited

Sydney
26 February 2009

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Independent auditor's report to the unitholders of General Property Trust

Report on the financial report

We have audited the accompanying financial report of General Property Trust (the Trust), which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year-ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both General Property Trust and the GPT Group (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled at the year's end or from time to time during the financial year, including GPT Management Holdings Limited and its controlled entities.

Directors' responsibility for the financial report

The directors of GPT RE Limited (the responsible entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001.* This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of General Property Trust is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Trust's and consolidated entity's financial position as at 31 December 2008 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 21 of the directors' report for the year ended 31 December 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of General Property Trust for the year ended 31 December 2008, complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of the Trust and the GPT Group for the year ended 31 December 2008 included on the GPT Group web site. The directors are responsible for the integrity of the GPT Group web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

DH Armstrong Partner	SJ Hadfield Partner	Sydney 26 February 2009